UNITED STATES



OF AMERICA

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PROCEEDINGS AND DEBATES OF THE 76th CONGRESS FIRST SESSION

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PROCEEDINGS AND DEBATES OF THE 76th CONGRESS, FIRST SESSION

SENATE

FRIDAY, MAY 19, 1939

Rev. Carl C. Rasmussen, pastor of Luther Place Memorial Church, Washington, D. C., offered the following prayer:

O Lord, our Lord, how excellent is Thy name in all the earth! Before Thee, who breakest the bow and cuttest the spear in sunder, we would be still and know that Thou art God. Establish Thy regnant presence in our hearts: for the foolishness of God is wiser than men, and the weakness of God is stronger than men. Except the Lord build the house, they labor in vain that build it.

The times have laid great cares on our hearts. In the high noon of our responsibility we pray for light to know the truth, and for resolution to walk in it. We have prayed for plenty, and Thy hand has rewarded our toil with abundance. And yet our hearts are anxious, for our feet tread on trembling pathways. We seek for the way, that we may lead a stumbling world. We seek for brotherhood, that divinely given mercies may not be withheld from human need by human error. We pray for peace, that the might of nations may not violate the likeness of the Creator in the breast of the creature.

May Thy voice still the fears of womanhood, Thy hand defend the weakness of childhood, Thy judgments stay the grasp of oppression, Thy fingers smooth the brow of human anxiety, and Thy love bind all mankind in the gracious unity of the family of God.

All of this we ask in the name of Jesus Christ, our Lord, who liveth and reigneth with Thee and the Holy Ghost, ever one God, world without end. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Thursday, May 18, 1939, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Calloway, one of its reading clerks, announced that the House had passed a bill (H. R. 6264) authorizing the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes, in which it requested the concurrence of the Senate.

CALL OF THE ROLL

Mr. MINTON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

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The Chief Clerk called the roll, and the following Senators answered to their names:

Andrews	Davis	King	Radcliffe
Ashurst	Downey	La Follette	Reed
Austin	Ellender	Lee	Russell
Bailey	Frazier	Lodge	Schwartz
Barbour	George	Logan	Schwellenbach
Barkley	Gerry	Lucas	Sheppard
Bilbo	Gibson	Lundeen	Shipstead
Bone	Gillette	McKellar	Smathers
Borah	Green	McNary	Stewart
Brown	Gurney	Mead	Taft
Bulow	Hale	Miller	Thomas, Okla.
Burke	Harrison	Minton	Thomas, Utah
Byrnes	Hatch	Murray	Townsend
Capper	Hayden	Neely	Truman
Caraway	Herring	Norris	Vandenberg
Chavez	Hill	Nye	Wagner
Clark, Idaho	Holman	O'Mahoney	Walsh
Clark, Mo.	Holt	Overton	Wheeler
Connally	Johnson, Calif.	Pepper	Wiley
Danaher	Johnson Colo	Pittman	111103

Mr. MINTON. I announce that the Senator from South Carolina [Mr. Smith] is detained from the Senate because of illness in his family.

The Senator from Indiana [Mr. Van Nuys], the Senator from Maryland [Mr. Tydings], the Senator from Virginia [Mr. Glass], and the Senator from Ohio [Mr. Donahey] are unavoidably detained.

The Senator from Nevada [Mr. McCarran] is absent on official business for the Committee on the Judiciary.

The Senator from Colorado [Mr. Adams], the Senator from Alabama [Mr. Bankhead], the Senator from Virginia [Mr. Byrd], the Senator from Mississippi [Mr. Biled], the Senator from Pennsylvania [Mr. Guffey], the Senator from Delaware [Mr. Hughes], the Senator from Connecticut [Mr. Maloney], and the Senator from North Carolina [Mr. Reynolds] are detained on important public business.

The VICE PRESIDENT. Seventy-nine Senators have answered to their names. A quorum is present.

LAND REGIONS AND REGIONAL LAND OFFICES

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Interior, transmitting a draft of proposed legislation to authorize the creation of land regions and regional land offices, and for other purposes, which, with the accompanying paper, was referred to the Committee on Public Lands and Surveys.

SESSION LAW OF HAWAII, 1939

The VICE PRESIDENT laid before the Senate copy of an act of the Legislature of Hawaii (S. B. 339) to amend act 243 of the session laws of Hawaii, 1937, relating to the unemployment-compensation law, which was referred to the Committee on Territories and Insular Affairs.

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CLAIMS OF MARY PIERCE AND JOHN K. QUACKENBUSH

The VICE PRESIDENT laid before the Senate a letter from the Acting Comptroller General of the United States, transmitting, pursuant to law, his report and recommendation concerning the claims of Mary Pierce and John K. Quackenbush against the United States, which, with the accompanying paper, was referred to the Committee on Claims.

INVESTMENT TRUSTS AND INVESTMENT COMPANIES

The VICE PRESIDENT laid before the Senate a letter from the Acting Chairman of the Security and Exchange Commission, transmitting, pursuant to law, the second section of chapter II of part 3 of the Commission's Report on the Study of Investment Trusts and Investment Companies (pt. 3), relating to abuses and deficiencies in the organization and operation of investment trusts and investment companies, and Chapter II, Detailed Histories of Various Investment Trusts and Investment Companies (second section), which, with the accompanying report, was referred to the Committee on Interstate Commerce.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following concurrent resolution of the Legislature of the Territory of Hawaii, which was referred to the Committee on Territories and Insular Affairs:

House Concurrent Resolution 69

Whereas by act of Congress of August 14, 1935, otherwise known whereas by act or Congress of August 14, 1935, therwise known as the Social Security Act, it is provided, among other things, that employers, subject to the excise tax on employers therein imposed, otherwise known as the unemployment tax, shall be entitled to receive credit for 90 percent of said tax if the State or Territory wherein they have employees imposes a tax under an unemployment compensation law which has been certified to by the Social Security Board as substantially complying with the purposes of the Social Security Act, and, further, it is provided that additional credit allowances will be given to such employers as comply with the conditions of a merit-rating system established for employers having a stable employment record when and if such merit-rating system is established under such State or Territorial law on a best example with extra conditions improved under the Social basis complying with certain conditions imposed under the Social

Security Act; and Whereas the legislature has given full consideration to a meritrating system which will effectively accomplish the purposes of the Social Security Act and the Unemployment Compensation Act now operative in the Territory with respect to unemployment; and

now operative in the Territory with respect to unemployment; and Whereas at the rate of tax now imposed on employers in the Territory of Hawaii there will be accumulated by the end of 1939 an unemployment trust fund in Washington, D. C., in excess of \$5,000,000, which fund is more than ample to satisfy the requirements under the unemployment compensation law of the Territory, rendering unnecessary further contributions at the rates presently imposed: Now, therefore, be it

*Resolved by the House of Representatives of the Territory of Hawaii (the senate concurring). That the Congress of the United States of America be, and it hereby is, respectfully memorialized to provide by appropriate legislation that the provisions of law contained in act 243 of the Session Laws of Hawaii, 1937, relating to the employers' merit-rating system as amended by enactment of this legislature shall become effective immediately without impairment of any of the credit or additional credit rights or allowances now provided in sections 902 to 910, inclusive, of said Social Security Act notwithstanding the provisions and conditions therein contained, to the end that employers in the Territory who qualify contained, to the end that employers in the Territory who qualify under the provisions of the merit-rating system established by the legislature may pay contributions at the reduced rates in accordance with said merit-rating system without incurring additional liability for contribution or tax under the Social Security Act or any other Federal law relating to the same subject; and be it

Resolved, That certified copies of this resolution, together with a copy of the Unemployment Compensation Act of the Territory of Hawaii, as amended at this session of the legislature, be transmitted to the Speaker of the House of Representatives and to the President of the Senate of the Congress of the United States of America and also to the Secretary of the Interior, to the Delegate to Congress from Hawaii, and to the Social Security Board.

The VICE PRESIDENT also laid before the Senate resolutions of the General Court of Massachusetts, memorializing Congress relative to the Jewish National Home in Palestine, which were referred to the Committee on Foreign Relations.

(See resolutions printed in full when presented by Mr. Walsh on the 18th instant, p. 5686, Congressional Record.)

Mr. WILEY presented the following joint resolution of the Legislature of Wisconsin, which was referred to the Committee on Immigration:

Assembly Joint Resolution 108

Joint resolution relating to the Citizenship Day ceremonies at Manitowoc, and to memorializing the Congress of the United States to designate a Citizenship Day for the purpose of observing the duties, rights, and privileges of citizenship

Whereas the proposal of Prof. R. J. Colbert, of the University of Wisconsin, for a public formal program to install persons who have

Wisconsin, for a public formal program to install persons who have reached the age of 21 during the past current year into the status of citizenship is meritorious, forward-looking, and timely; and Whereas the step from minority to majority, full-fledged citizenship, is so important not only to the particular individuals directly involved but to our State and the United States as well, that impressive, patriotic, and dignified installation ceremonies that would properly impress the important and serious duties and responsibilities, as well as the rights and privileges of full-fledged American citizenship, would bring results and benefits of practical and farreaching effect conducive to a more alert and loval Americanism: reaching effect conducive to a more alert and loyal Americanism; and

Whereas such ceremonies would stimulate a much-needed direct effective interest in government, especially in those about to be-come qualified, active voting stockholders in the all-important affairs of their own Government; and

Whereas such citizenship plan and program is the most valuable contribution to our national life ever proposed and the Nation's most essential educational need and has already received national attention and approval, and there is every indication that Citizenship Day will become a permanent national program, and the eyes of the entire country will be focused on Manitowoc and Wisconsin on May 21, 1939, for there on that day will be performed ceremonies and programs rendered for the purpose of observing the duties, rights, and privileges of citizenship and installing into citizenship those entitled thereto, such ceremonies and programs being the first of their kind in the United States: Now, therefore, be it

Resolved by the assembly (the senate concurring). That the legislature of this State wholeheartedly endorses said Manitowoo County Citizenship Day ceremonies and programs; be it further

Resolved, That the members of the Wisconsin State Legislature and all other State officials and the people of the State in general attend and participate in, so far as possible, the ceremonies and programs at Manitowoc, Wis., on May 21, 1939; be it further Resolved, That His Excellency the Governor of Wisconsin issue and publish an appropriate proclamation to the people of Wisconsin in the resolved of the State of the

sin relative thereto; be it further

Resolved, That this legislature hereby memorializes the Congress of the United States to select and designate a day to be spent in performing ceremonies and rendering programs for the purpose of observing the rights, privileges, and duties of citizenship and for the purpose of publicly and formally installing individuals entitled thereto to citizenship; and be it further

Resolved. That duly attested copies of this resolution be sent to the Governor of this State, the President of the United States, each House of Congress, and each Wisconsin Member thereof.

The VICE PRESIDENT laid before the Senate a joint resolution identical with the foregoing, which was referred to the Committee on Immigration.

Mr. WALSH presented a resolution of the Common Council of the City of Everett, Mass., favoring refusal on the part of of the United States to become involved in any European conflict, which was referred to the Committee on Foreign Relations.

Mr. MEAD presented a resolution of the Holy Name Society of St. Francis of Assisi Church, Brooklyn, N. Y., expressing opposition to the Government of the United States becoming involved in any entangling alliances with European nations, which was referred to the Committee on Foreign Relations.

Mr. CAPPER presented a letter in the nature of a petition from the Young Women's Christian Association, of Salina, Kans., signed by Helen B. Avery, general secretary, praying for the enactment of legislation to provide for the prevention of, and punishment for, the crime of lynching, which was referred to the Committee on the Judiciary.

Mr. SHIPSTEAD presented a resolution of Townsend Club, No. 118, of Minneapolis, Minn., favoring the prompt enactment of House bill 2, a general-welfare bill granting old-age assistance, which was referred to the Committee on Finance.

He also presented petitions of sundry citizens of the State of Minnesota, praying that the United States keep clear of any foreign entanglements, which were referred to the Committee on Foreign Relations.

REPORT OF THE COMMITTEE ON APPROPRIATIONS

Mr. McKELLAR, from the Committee on Appropriations, to which was referred the bill (H. R. 5427) making appropriations for the Labor Department for the fiscal year ending June 30, 1940, and for other purposes, reported it with amendments and submitted a report (No. 455) thereon.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows: By Mr. WILEY:

S. 2458. A bill to facilitate export trade by providing insurance against certain losses to exporters; and

S. 2459. A bill to amend the Internal Revenue Code with respect to the tax on employers of eight or more, and for other purposes; to the Committee on Finance.

(Mr. George introduced Senate bill 2460, which was referred to the Committee on Education and Labor, and appears under a separate heading.)

By Mr. ANDREWS:

S. 2461. A bill to amend section 212 of the Sugar Act of 1937 (Public, No. 414, 75th Cong., ch. 898, 1st sess.); to the Committee on Agriculture and Forestry.

VOCATIONAL EDUCATION

Mr. GEORGE. Mr. President, I introduce a bill relating to the present vocational education acts, which I ask may be referred to the Committee on Education and Labor. I also desire to have inserted in the RECORD, as a part of my remarks, a statement explanatory of this amendment of our vocational education program.

The VICE PRESIDENT. The bill will be received and referred as requested by the Senator from Georgia, and, without objection, the statement referred to by him will be printed in the RECORD.

The bill (S. 2460) relating to the development of vocational education in the several States and Territories was read twice by its title and referred to the Committee on Education and Labor.

The statement presented by Mr. George is as follows:

STATEMENT ON THE BILL (S. 2460) TO AMEND VOCATIONAL LAWS

Federal grants to the States for vocational education are now authorized to the extent of about \$22,000,000 annually, mainly by the Smith-Hughes Act of 1917 and the George-Deen Act of 1936. Although there is no doubt that these grants are providing funds much needed by the States and are on the whole promoting very desirable forms of education, in recent years there has been criticism as to the manner in which the grants are administered.

When the George-Deen Act was passed, there was some discussion of the situation which had arisen in some States by which vocational trainees were being utilized by migratory industries as a source of unpaid labor. A provision was written into the George-Deen Act to meet this situation. On further study of the problem, however, it appears that there are other situations in addition to

the so-called plant training programs in which there is likely to be exploitation of vocational trainees for private profit.

The question has also arisen as to whether there is not an excessive degree of Federal control over the administration of the grants for vocational education. The Smith-Hughes Act is the basic act providing the framework of administration and the basic act providing the framework of administration and the conditions under which the funds may be expended. It was enacted more than 20 years ago, at a time when public high schools were relatively little developed throughout the country and those which did exist were almost wholly academic in character. In order to bring about the rapid development of a system of vocational education, it doubtless seemed necessary at the time to include many specific provisions in the Smith-Hughes Act and to provide for a very large amount of Federal supervision over matters which are purely educational in character. purely educational in character.

It now seems desirable to reconsider the vocational statutes with It now seems desirable to reconsider the vocational statutes with respect both to their administrative provisions and to the safe-guards provided to protect vocational trainees against commercial and industrial exploitation. An amending bill is therefore being introduced for appropriate consideration. It is expected that public hearings on the bill will be scheduled at an early date.

The bill is strictly limited in scope and will not affect the amount of the authorized for appropriate them.

of funds authorized for appropriation, their distribution among the various fields of vocational education, or the present apportion-ment of the grants among the States, all of which remain un-

changed.

Labor aspects of the program of vocational education would be safeguarded more adequately under the bill by rewriting section

6a of the George-Deen Act and by adding three new sections to that act.

Section 6a of the George-Deen Act now provides that any funds spection to of the George-Deen Act how provides that any funda-appropriated under the act which are expended for industrial plant training shall be expended only for "bona-fide vocational train-ing" and not as a device "to utilize the services of vocational trainees for private profit." The revised section 6a would extend the same provision to the Smith-Hughes grants and other educational grants and would also apply it to part-time training programs, which have been subject to much the same criticism as plant training.

The three new sections proposed for addition to the George-Deen Act appear at the end of the bill and are self-explanatory. They require the State boards for vocational education to designate and consult with advisory committees, to provide adequate safeguards against exploitation of vocational trainees and to con-

nate and consult with advisory committees, to provide a maintees and to conform to minimum labor standards. Minimum labor standards to cover situations not already provided for by law would be established by the Secretary of Labor, on recommendation of a representative national committee. The United States Commissioner of Education in carrying on his functions would be required to consult with a general advisory committee.

In some cases, the difficulties encountered in connection with trade and industrial education appear to have been due to the fact that specialized trade training was provided for pupils too young to profit by it. The minimum age specified in the present laws is 14 years. This appears to be satisfactory for agricultural and home economics education, but too low for trade training since most of the trade and industrial occupations cannot be entered below age 18 even after 2 years of specialized training in the schools. The bill therefore amends the respective provisions of the Smith-Hughes and George-Deen Acts to provide a minimum age of 16 years for trade and industrial pupils.

of 16 years for trade and industrial pupils.

The bill provides for the decentralization of Federal control over vocational education standards through the revision of sections

8, 9, 10, 11, and 12 of the Smith-Hughes Act. Section 8 of the Smith-Hughes Act contains the general provision requiring State plans for vocational education and specifying the

requiring State plans for vocational education and specifying the list of items to be included in all plans. All of the content of these plans is now subject to Federal approval. In the proposed revision of section 8, the part of the plans subject to Federal review would be greatly reduced. The plans for the division of funds among the various fields, namely, agriculture, home economics, trades and industries, and distributive occupations, would still be subject to Federal expressed in conformity with the status nomics, trades and industries, and distributive occupations, would still be subject to Federal approval in conformity with the statutory provisions dividing the funds among the fields. The State boards would continue to be required to prepare additional plans on the other matters now specified and to file such additional plans with the Federal office, but the provisions of the additional plans on matters discretionary with the State boards, such as the methods of instruction, the equipment to be used, and the qualifications of teachers, would not be subject to Federal disapproval. Sections 9 through 12 of the Smith-Hughes Act cover details of the program in the various fields and specify duties of the State boards for vocational education. In connection with various matters discretionary with the State boards, Federal approval is now required some 10 times in these four sections. In the revision, it is proposed that these specific requirements of Federal approval over discretionary State action be removed, although the State boards would continue to be required to prepare plans on every one of the points now specified.

one of the points now specified.

one of the points now specified.

The existing degree of Federal control over vocational education violates the principle of State autonomy in educational metters. Moreover, a high degree of Federal control over a limited part of the total educational process for children and youth appears to have resulted in many cases in the establishment of separate and competing types of high-school programs, in which the vocational pupils become a class apart from other pupils in the high-school grades.

In a democracy based on the absence of class distinctions, it is of the greatest importance to maintain unity in the educational system. The dual type of school system maintained in some European countries, with one set of opportunities for young people who are to enter the professions and another for the working classes, must be avoided in this country if the purposes of American democracy are to be achieved.

Decentralization of control to the respective State boards for vocational education should result in greater adaptation of vocational education to local conditions and the improved integration of vocational education into the entire program of secondary education. The only satisfactory organization for schools in the United States is a unified educational program through which each pupil is offered opportunities best suited to his particular abilities. It is a part of the democratic American tradition that this can best be brought about under State and local control over education.

HOUSE BILL REFERRED

The bill (H. R. 6264) authorizing the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes, was read twice by its title and referred to the Committee on Commerce.

PRISON INDUSTRIES REORGANIZATION ADMINISTRATION—AMENDMENT

Mr. LA FOLLETTE submitted an amendment intended to be proposed by him to the bill (S. 2303) authorizing the continuance of the Prison Industries Reorganization Administration, established by Executive Order No. 7194 of September 26, 1935, to June 30, 1941, which was referred to the Committee on the Judiciary and ordered to be printed.

PAY TO CERTAIN GOVERNMENT PRINTING OFFICE EMPLOYEES-AMENDMENT

Mr. SHIPSTEAD submitted an amendment in the nature of a substitute intended to be proposed by him to the joint resolution (S. J. Res. 71) relating to pay to certain employees of the Government Printing Office for uncompensated leave earned during the fiscal year 1932, which was referred to the Committee on Printing and ordered to be printed.

MEMORIAL ADDRESSES ON THE LATE SENATORS COPELAND AND LEWIS

On motion by Mr. BARKLEY, and by unanimous consent, it was

Ordered, That on Monday, May 29, 1939, at 2 o'clock p. m., the legislative business of the Senate be suspended for the purpose of permitting memorial addresses to be delivered on the life, character, and public service of the Honorable ROYAL S. COPELAND, late a Senator from the State of New York, and the Honorable James Hamilton Lewis, late a Senator from the State of Illinois.

NAVAL CLOTHING FACTORY

Mr. WALSH. Mr. President, yesterday I introduced a resolution (S. Res. 134) in which I suggested a study by some of the departments of the Government as to the feasibility of the Government itself manufacturing meat products.

The Senate and the country will be surprised to know that the Navy at the present time maintains a clothing factory. It is located at Brooklyn, N. Y. It was established in 1879, by giving the material out to sewers, and has been operating since. In 1927 the uniforms of the enlisted men were made by complete manufacture in the clothing factory.

The material for making all the clothing used in the Navy is purchased and manufactured at this factory. The value

of the equipment of the plant is \$73,267.30.

There are six officers attached to the naval clothing depot, Brooklyn, N. Y., where the Naval Clothing Factory is located, who have charge of provisions and clothing, as well as management of the factory.

The employees of the sewing room of the Naval Clothing Factory are 320 in number. They are all civilians taken on through the Labor Board under civil-service rules. No en-

listed men are employed.

The output is valued at \$1,770,659.04 a year-1933-which is absorbed in the price of the uniforms, including the expense of manufacture. The Government does not ultimately pay for the cost of manufacture. If the clothing was purchased by competitive bidding, the cost would be greater than in the factory, as was shown at the hearing in 1933 before the House Appropriations Committee.

The types of clothing manufactured are as follows: Blue undress jumpers, trousers, overcoats, white dress jumpers, and white undress jumpers. The material and sewing charges go into the price fixed to the enlisted men, except outfits on first enlistment, which are issued free of cost to the new

After a bluejacket has been given his original outfit of uniforms, on his first enlistment, he must pay for the uniforms which he is required to have thereafter, exactly the same as civilians purchasing any needed clothing. The bluejacket has no volition in this matter. Therefore the furnishing to the enlisted men of these uniforms at the lowest prices is in the nature of a trust of the Navy Department.

PROTECTION OF AMERICAN MARKET FOR AMERICAN PRODUCERS

Mr. VANDENBERG. Mr. President, supplementing the able address delivered yesterday by the Senator from Wyoming [Mr. O'MAHONEY] regarding the jeopardy to the domestic sugar situation. I submit a copy of a letter I have

written to Secretary of Agriculture Wallace regarding the particular effect of this jeopardy in the beet-sugar areas of Michigan. I ask that a copy of the letter be printed in the body of the RECORD.

The VICE PRESIDENT. Is there objection?

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

MAY 19, 1939.

Hon. HENRY A. WALLACE,

Secretary of Agriculture, Washington, D. C.

MY DEAR MR. SECRETARY: When the Sugar Act became law in
1937, it was the result of months of consideration. So much time was spent on this legislation that there remained no doubt in the minds of the committees in charge of the bill as to the intent

of the provisions. Since that time there has been much controversy, all of which has been due to the interpretations placed upon the provisions of the Sugar Act.

The administration of the Jones-Costigan Act proved fairly satisfactory to the industry as a whole. I acknowledged this at the hearings on the sugar bill in 1937. It was my understanding at the time that the new constructions are the sugar belief. the time that the new sugar legislation would continue the policies

the time that the new sugar legislation would continue the policies of the administration substantially.

Recently marketing allotments have been made under section 205 of the Sugar Act. Under the law these allotments must be "fair, efficient, and equitable." It has always been my understanding that in order to provide orderly marketing these allotments should not disturb established practices of the trade within reasonable efficiency; therefore, I am very much concerned to learn that the effect of the marketing allotments in Michigan will be to require many of our companies to warehouse sugar made in 1938 until 1940. Because of the humid climate in the Great Lakes region, I understand that this abnormal extended period of warehousing will probably force the reprocessing of these sugars or cause them to be sold at a considerable discount.

housing will probably force the reprocessing of these sugars or cause them to be sold at a considerable discount.

I am also informed that many of our companies will not be permitted to market any of the new crop sugar in the fall of 1939 until 1940. This brings up a new financial problem for these companies who have been able to pay farmers from \$5 to \$5.50 per ton of beets as an initial payment in December, made possible by the selling of the new crop sugars for cash in the fall. In those cases where the company finds it necessary to borrow money to make the payments to growers, the sugar has been accepted as collateral, but the value of sugar which cannot be marketed in the current year raises the question from the standpoint of its acceptability as collateral for a loan at the bank.

ability as collateral for a loan at the bank.

As I look into the facts I find that the entire quota for the beetsugar area amounts to 29,284,470 bags of sugar. Effective January 1, 1939, the inventory of beet sugar held by the entire industry was 26,906,705 bags, which means that there were available at the first 26,906,705 bags, which means that there were available at the first of this year 2,377,765 bags of sugar less than the quota. It is normal that the old crop of sugar should be marketed by all companies at the earliest available opportunity and before any new-crop sugars are put on the market; therefore, to make the marketing allotments "fair, efficient, and equitable" to all companies, they should have been permitted to market all of the sugar produced in good faith during 1938 before the sugar to be produced in 1939 was made the subject of marketing allotments. made the subject of marketing allotments.

But I find an even more interesting situation. Among the largest multiple-plant companies of the United States are three in the vestern area which have received a 1939 marketing allotment of 15,294,111 bags, while these three companies had an effective inventory on January 1, 1939, of 12,775,960 bags, which means that they will be permitted to sell their entire inventory plus 2,518,151 bags of new-crop sugar. On the other hand, the remaining 22 companies have a combined marketing allotment of 13,990,359 bags, while their effective inventory was 14,130,745 bags. The net effect is that they will not be permitted to market their entire inventory

or any new-crop sugars until 1940.

Bringing the results of the marketing allotments nearer home, I find that in the State of Michigan four of the companies will be forced to carry 1938 sugars into 1940 and will be permitted to market no new-crop sugars. The net effect of the marketing allotments on the industry in Michigan is that the combined marketing allotment is less than the January 1 inventory by 25,905 bags. Normally these companies would market in the fall of 1939, 756,509 bags of new-crop sugars if there were no marketing allotments. So the industry in Michigan is practically forced out of its own home market in the fall of the year, when Michigan-made sugar is always sold, and the demand will be supplied by other States while Michigan-made sugar is kept in the warehouse. It does not require business experience to see immediately what the effect upon our Michigan producers will be to completely upset their established practices and natural market during a period of the year when they have the most sugar available for sale. It is not possible that anyone will contend that Congress intended such a result from an act

whose every purpose is to protect the welfare of those persons engaged in the domestic sugar-producing industry.

The whole subject cannot be considered without some reference to returns from sales of sugar. Necessarily, if costly burdens are being created which must be paid for by the industry, then the net returns should cover these costs and compensate for them. But a review of the price of sugar presents an emerging nighting. Let But a review of the price of sugar presents an amazing picture. Let

me present here the average retail price in the United States for the past 15 years:

1924	9.200
1925	7.200
1926	6.900
1927	7.300
1928	7.100
1929	6, 600
1930	6.200
1931	5.700
1932	5. 100
1933	5.400
1934	5. 600
1935	5.700
1936	5. 600
1937	5. 643
1938	5.300

Average, first 3 months 1939, 5.100.

Average, inst 3 months 1939, 5.100.

The above list shows that the price paid for sugar by the consumer today is less than it has been at any time, excepting only in the year 1932. The President recognized that the price was too low for the maintenance of the domestic sugar industry when he asked Congress in 1934 to stabilize the sugar industry. During the regime under the Jones-Costigan Act the price remained fairly consistent, carying less than one-tenth of a cent for each of the 4 years. All official statements in 1937 approved of the price levels, and it was the understanding of Congress that these were to be maintained. Of course, it was understood and expressed by the President that the price of sugar would not be increased because of the dent that the price of sugar would not be increased because of the assessing of a tax on sugar. No one expected or intended that, in addition to absorbing the tax, the domestic sugar industry was to suffer an additional half-cent reduction in price. The consumers of the United States understood this and accepted this fact as fair and reasonable.

Nevertheless, we find now that not only is the production of sugar in the United States being restricted and reduced, but that the marketing of the sugar produced within the law and in good faith is made the subject of upsetting allotments which create new burdens which must also be paid out of the price of sugar.

Under the circumstances I submit that the domestic sugar industry has cause for compellat and research to self-form relief from

Under the circumstances I submit that the domestic sugar industry has cause for complaint and reason to ask for relief from the regulatory measures which are being put upon them under the discretionary powers authorized by the Sugar Act. But these powers were made discretionary in order to facilitate the administration of the act rather than to be used as a means for exerting a stifling control which jeopardizes the maintenance of the domestic sugar industry, with which the Secretary of Agriculture is charged specifically under the law.

In behalf of the growers of sugar beets and producers of sugar, who are citizens of the State of Michigan, I ask for a reconsideration of the policies now being enforced under the Sugar Act, with a view to such amelioration as will maintain the domestic sugar industry in the manner intended by Congress and provided for in the Sugar Act of 1937

Cordially and faithfully,

ARTHUR H. VANDENBERG.

MOTHER'S DAY ADDRESS BY SENATOR NEELY

[Mr. Ashurst asked and obtained leave to have printed in the Record an address delivered by Senator Neely on Mother's Day at the Mayflower Hotel under the auspices of the Lions Club of Washington, which appears in the Appendix.1

SUBMERGED OCEAN LANDS-STATEMENT BY SENATOR SHEPPARD

[Mr. Sheppard asked and obtained leave to have printed in the Record a statement made by him on March 27, 1939, before the Committee on Public Lands and Surveys on the question of submerged ocean lands, which appears in the Appendix.]

MOTHER'S DAY ADDRESSES BY SENATOR DAVIS AND W. J. CAMERON

[Mr. Davis asked and obtained leave to have printed in the RECORD a Mother's Day address delivered by W. J. Cameron, at Philadelphia, Pa., and also an address delivered by himself on the same subject, which appear in the Appendix.]

ADDRESS BY HON, JAMES A. FARLEY AT DES MOINES, IOWA

[Mr. Herring asked and obtained leave to have printed in the RECORD an address delivered by Hon. James A. Farley, Postmaster General, at the annual convention of the Iowa Chapter of the National Association of Postmasters, held at Des Moines, Iowa, May 13, 1939, which appears in the Appendix.]

ADDRESS TO MARYLAND CONGRESSIONAL DELEGATION BY DR. ARTHUR O. LOVEJOY

IMr. RADCLIFFE asked and obtained leave to have printed in the Record an address delivered by Dr. Arthur O. Lovejoy on May 9, 1939, before the Maryland congressional delegation, which appears in the Appendix.1

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Latta, one of his secretaries.

The VICE PRESIDENT. The routine morning business is closed. The consideration of bills on the calendar under rule VIII is in order.

Mr. BARKLEY. I ask unanimous consent that the calling of the calendar be limited to the consideration of unobjectedto bills.

The VICE PRESIDENT. Is there objection to the request of the Senator from Kentucky? The Chair hears none; and the clerk will call the calendar for the consideration of unobjected-to bills.

BILLS, ETC., PASSED OVER

The first business on the calendar was the resolution (S. Res. 58) providing that a calendar day's notice shall suffice in connection with suspension of a rule.

Mr. VANDENBERG. Let the resolution go over.

The VICE PRESIDENT. The resolution will be passed over

The resolution (S. Res. 74) providing for a Committee on Civil Aviation was announced as next in order.

Mr. VANDENBERG. Let the resolution go over.

The VICE PRESIDENT. The resolution will be passed over

The joint resolution (S. J. Res. 45) to amend the act of July 3, 1926, entitled "An act conferring jurisdiction upon the Court of Claims to hear, examine, adjudicate, and render judgment in claims which the Crow Tribe of Indians may have against the United States, and for other purposes," was announced as next in order.

Mr. KING. Let the joint resolution go over.

The VICE PRESIDENT. The joint resolution will be passed over.

The bill (S. 783) to amend the act, as amended, entitled "An act to refer the claims of the Delaware Indians to the Court of Claims, with the right of appeal to the Supreme Court of the United States," approved February 7, 1925, was announced as next in order.

Mr. KING. Let the bill go over. The VICE PRESIDENT. The bill will be passed over.

Mr. KING. Mr. President, heretofore objection has been made to a number of these so-called Indian bills, pending reports from the various departments. The reports have now been submitted, and the able Senator from Oklahoma [Mr. THOMAS | and I will examine them; and at the next session we hope to present the bills for consideration. The bills to which I refer go down to and include Calendar No. 116.

The VICE PRESIDENT. Without objection, all the bills referred to will be passed over. The Chair hears no objection.

The following bills were passed over:

Senate bill 784, for the relief of certain Indians of the Winnebago Agency, Nebr.;

Senate bill 790, conferring jurisdiction upon the Court of Claims to hear and determine the claims of the Prairie Band or Tribe of Pottawatomie Indians of Kansas and Wisconsin against the United States;

Senate bill 1222, authorizing an appropriation for payment to the Osage Tribe of Indians on account of lands sold by the United States:

Senate bill 767, conferring jurisdiction on the Court of Claims to hear, examine, adjudicate, and enter judgment in any claims which the Assiniboine Indians may have against the United States, and for other purposes;

Senate bill 864, authorizing the Arapahoe and Cheyenne Indians to submit claims to the Court of Claims, and for other purposes:

Senate bill 962, to define the status of certain lands purchased for the Choctaw Indians, Mississippi; and

Senate bill 498, authorizing an appropriation to carry out the provisions of section 26 of the agreement with the Muskogee or Creek Tribe of Indians, approved March 1, 1901.

The bill (S. 1162) to provide for the recognition of the services of the civilian officials and employees, citizens of the United States, engaged in and about the construction of the Panama Canal was announced as next in order.

Mr. KING. Let the bill go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 1303) to amend the Agriculture Adjustment Act of 1938, as amended, with respect to cotton, was announced as next in order.

Mr. McNARY. Let the bill go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (H. R. 2971) for the relief of certain Indians of the Winnebago Agency was announced as next in order.

Mr. McKELLAR. That is one of the Indian bills. Let it go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (H. R. 3367) to define the status of certain lands purchased for the Choctaw Indians, Mississippi, was announced as next in order.

Mr. McKELLAR. That is another one of the Indian bills. The VICE PRESIDENT. The bill will be passed over.

The bill (S. 795) to provide for the education of all types of physically handicapped children, to make an appropriation of money therefor, and to regulate its expenditure was announced as next in order.

Mr. KING. Let the bill go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 1681) to amend section 107 of the Judicial Code to create a mountain district in the State of Tennessee, and for other purposes, was announced as next in order.

Mr. AUSTIN. Let the bill go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 570) to regulate interstate and foreign commerce in agricultural products; to prevent unfair competition; to provide for the orderly marketing of such products; to promote the general welfare by assuring an abundant and permanent supply of such products by securing to the producers a minimum price of not less than cost of production, and for other purposes, was announced as next in order.

Mr. BARKLEY. Let the bill go over.

The VICE PRESIDENT. The bill will be passed over.

The resolution (S. Res. 107) opposing sales of American cotton during the present world crisis to foreign purchasers below the cost of production was announced as next in order.

Mr. BARKLEY. Let the resolution go over.

The VICE PRESIDENT. The resolution will be passed over

The bill (S. 1305) to promote the general welfare through appropriation of funds to assist the States and Territories in providing more effective programs of public education was announced as next in order.

Mr. WALSH. Let the bill go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 1265) to establish a Department of Public Works, to amend certain sections of the Social Security Act, and for other purposes, was announced as next in order.

Mr. McNARY. Let the bill go over.

The VICE PRESIDENT. The bill will be passed over.

JOHN B. JONES

The bill (S. 1081) for the relief of John B. Jones was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That John B. Jones, who served as a first lieutenant, One Hundred and Forty-third Regiment United States Infantry, shall be entitled to apply for benefits of the World War Adjusted Compensation Act, as amended and supplemented, in the same manner as other officers and enlisted men of the United States Army who served during the World War and who were discharged under honorable conditions, and upon presentation of proper proof to receive such compensation.

SALE OF AVIATION SUPPLIES TO FOREIGN MILITARY AND AIR ATTACHÉS

The bill (S. 1082) to authorize the Secretary of War to provide for the sale of aviation supplies and services to aircraft

operated by foreign military and air attachés accredited to the United States, and for other purposes, was announced as next in order.

The VICE PRESIDENT. This bill is identical with Calendar No. 361, House bill 3221. Without objection, the House bill will be substituted for the Senate bill, and will be now considered.

There being no objection, the Senate proceeded to consider the bill (H. R. 3221) to authorize the Secretary of War to provide for the sale of aviation supplies and services to aircraft operated by foreign military and air attachés accredited to the United States, and for other purposes, which was read, as follows:

Be it enacted, etc., That the Secretary of War, under such regulations as he may prescribe, may provide for the sale to any aircraft operated by any foreign military or air attaché accredited to the United States of fuel, oil, equipment, and supplies, and for the furnishing to such aircraft of mechanical service, shelter, and other assistance, except for shelter for which no charge shall be made, all such articles shall be sold and such mechanical service and other assistance furnished at the cost thereof to the United States. All amounts received shall be credited to the appropriation from which such cost was paid.

Mr. McKELLAR. Mr. President, may we have an explanation of the bill?

Mr. SHEPPARD. The bill accords to foreign attachés in this country the same treatment that is accorded to our attachés in other countries as to purchasing gasoline and other aviation supplies from Government stations.

The VICE PRESIDENT. The question is on the third reading and passage of the bill.

The bill was ordered to a third reading, read the third time, and passed.

The VICE PRESIDENT. Without objection, Senate bill 1082 will be indefinitely postponed.

EXCHANGE OF OBSOLETE, ETC., ORDNANCE MATÉRIEL

The bill (S. 1083) to authorize the Secretary of War to exchange obsolete, unsuitable, and unserviceable machines and tools pertaining to the manufacture or repair of ordnance matériel for new machines and tools was announced as next in order.

The VICE PRESIDENT. This bill is identical with House bill 3587, which was passed on May 4, 1939, and is now a law. Mr. SHEPPARD. I move that Senate bill 1083 be indefi-

nitely postponed.

The VICE PRESIDENT. Without objection, it is so ordered.

RANK OF WARRANT OFFICERS OF ARMY MINE-PLANTER SERVICE

The Senate proceeded to consider the bill (S. 2096) to amend section 4a of the act entitled "An act for making further and more effectual provision for the national defense, and for other purposes," approved June 3, 1916, as amended, which was read, as follows:

Be it enacted, etc., That section 4a of the act entitled "An act for making further and more effectual provision for the national defense, and for other purposes," approved June 3, 1916, as amended (41 Stat. 761), be, and the same is hereby, amended by striking out the last clause thereof reading as follows: "and shall take rank next below second lieutenants and among themselves according to the dates of their respective warrants" and inserting in lieu thereof the following: "and all warrant officers, including those of the Army Mine Planter Service, shall take rank next below second lieutenants and among themselves according to the dates of their respective warrants: Provided, That for command purposes aboard their vessels, warrant officers of the Army Mine Planter Service shall take rank among themselves, in the order, master, chief engineer, first mate, assistant engineer, second mate, each according to the date of appointment to such rating."

Mr. KING. Mr. President, I should like an explanation of this bill.

Mr. SHEPPARD. Mr. President, there are two groups of warrant officers in the Army—warrant officers of the Army Mine Planter Service and warrant officers assigned to the several arms and services of the Regular Army. In the National Defense Act the warrant officers of the Army Mine Planter Service were not given rank below second lieutenant, as were the other groups of warrant officers. This bill merely places the two groups on the same basis as to rank. It involves no appropriation.

The PRESIDING OFFICER (Mr. La Follette in the chair). The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILLS, ETC., PASSED OVER

The bill (S. 2202) to establish a public works agency was announced as next in order.

Mr. KING. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.
The bill (S. 2203) to amend certain sections of the Social
Security Act was announced as next in order.

Mr. KING. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

W. K. RICHARDSON

The joint resolution (S. J. Res. 34) for the relief of W. K. Richardson was announced as next in order.

Mr. KING. Mr. President, I should like an explanation

of the joint resolution.

Mr. CAPPER. Mr. President, the claimant in this measure, Mr. William K. Richardson, has for many years had a claim pending to compensate him for an alleged infringement by the United States of his patent, No. 1,141,415. Mr. Richardson invented a projectile consisting of three salient features, to wit, a long point, reduced cylinder length, and tapered base, now known as the streamline or boattail projectile. Patent was issued for this invention June 1, 1915, being Patent No. 1,141,415. A copy of Mr. Richardson's patent was forwarded to France by the Smithsonian Institution, and receipt of it was acknowledged August 30, 1915.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. CAPPER. Yes.

Mr. McKELLAR. I notice that the Secretary of War says:

The War Department reiterates its opposition to the passage of Senate Joint Resolution 34. The claimant has had his day in court. The merits of his claim have been fully considered upon those principles of law which are applied by the court to all other claimants in similar cases.

If the claimant has had his day in court, ought he to

Mr. CAPPER. Mr. President, this bill was considered and favorably reported by the Committee on Military Affairs. The report was made by the Senator from Minnesota [Mr. Lundeen], who went into the matter very carefully, and thought Mr. Richardson was entitled to this relief.

Mr. McKELLAR. Let the joint resolution go over for the time, and I will talk to the Senator from Minnesota

about it.

The PRESIDING OFFICER. The joint resolution will be passed over.

BILL PASSED OVER

The bill (S. 2017) to amend the Railroad Unemployment Insurance Act approved June 25, 1938, was announced as next in order.

Mr. KING. Mr. President, the chairman of the committee, the Senator from Montana [Mr. Wheeler], is not present. This is a very important bill, and I doubt whether it could be considered under the unanimous-consent rule. Let it go over.

The PRESIDING OFFICER. The bill will go over under objection.

IVAN CHARLES GRACE

The Senate proceeded to consider the bill (S. 1894) for the relief of Ivan Charles Grace, which had been reported from the Committee on Claims with an amendment, at the end of the bill to insert a proviso, so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Ivan Charles Grace the sum of \$6,000, in full settlement of all claims against the United States on account of personal injuries and expenses incident thereto, as a result of a collision involving an Army truck on April 30, 1937, near Bejuco, Republic of Panama: Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or

attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

MARIA ENRIQUEZ DE LOS REYES AND OTHERS

The Senate proceeded to consider the bill (S. 1895) for the relief of Maria Enriquez, Crisanta, Anselmo, Agustin, and Irineo de los Reyes, which had been reported from the Committee on Claims with an amendment, at the end of the bill to insert a proviso, so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Maria Enriquez, Crisanta, Anselmo, Agustin, and Irineo de los Reyes, the widow and children, respectively, of Jose de los Reyes, the sum of \$3,100 in full satisfaction of all their claims against the United States on account of the death of the said Jose de los Reyes as the result of an accident involving an Army airplane near Nichols Field, P. I., on March 17, 1938: Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

JOHN J. TRIMBLE

The bill (H. R. 1301) for the relief of John J. Trimble was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to John J. Trimble, West Haverstraw, N. Y., the sum of \$2,500. The payment of such sum shall be in full settlement of all claims of the said John J. Trimble against the United States for damages sustained by him as a result of being struck, on June 9, 1937, at the Weehawken, N. J., terminal of the New York Central Railroad, by a vehicle in the service of the United States Post Office Department: Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

FRANCIS GERRITY

The bill (S. 648) for the relief of Francis Gerrity was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers Francis Gerrity shall be held and considered as having been honorably discharged from the military service of the United States as a private, Troop D, Fourth Regiment United States Cavalry, on December 16, 1901: Provided, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

BILLS PASSED OVER

The bill (S. 517) to amend the Communications Act of 1934 to prohibit the advertising of alcoholic beverages by radio was announced as next in order.

Mr. McNARY and Mr. McKELLAR. Let the bill go over. The PRESIDING OFFICER. The bill will be passed over. The bill (S. 1904) relating to age requirements for persons in the classified civil service was announced as next in order.

Mr. KING. Let the bill go over. The PRESIDING OFFICER. The bill will be passed over.

The PRESIDING OFFICER. The bill will be passed over. The bill (S. 1730) to amend the civil-service law to permit certain employees of the legislative branch of the Government to be transferred to positions under the competitive classified civil service was announced as next in order.

Mr. KING. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

CADETS FROM DISTRICT OF COLUMBIA TO MILITARY ACADEMY

The bill (S. 1683) to amend the act of June 7, 1935 (49 Stat. 332), and for other purposes, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the act entitled "An act to provide for an additional number of cadets at the United States Military Academy, and for other purposes," approved June 7, 1935 (49 Stat. 332), is hereby amended by striking out the word "five" appearing between the words "zone" and "for" in line 8 of said act and by substituting in lieu thereof the word "nine."

CHARITABLE CONTRIBUTIONS BY NATIONAL BANKING ASSOCIATION

The bill (S. 1964) to amend section 5136 of the Revised Statutes, as amended, to authorize charitable contributions by national banking associations was considered, ordered to be engrossed for a third reading, read the third time, and passed.

Mr. LUCAS subsequently said: Mr. President, I ask unanimous consent to return to Senate bill 1964, and I ask unanimous consent that the votes by which the bill was ordered to be engrossed for a third reading, was read the third time, and passed be reconsidered.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the bill is before the Senate.

Mr. LUCAS. Mr. President, I now offer two amendments to the bill, which are acceptable to the Senator from New York.

The PRESIDING OFFICER. The first amendment will be stated for the information of the Senate.

The CHIEF CLERK. In line 10 it is proposed to strike out "permit" and to insert in lieu thereof "do not expressly prohibit."

Mr. WAGNER. Mr. President, I think the amendment clarifies the provision of the bill.

The amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the second amendment.

The CHIEF CLERK. On line 11, it is proposed to strike out the words "to contribute" and to insert in lieu thereof the words "from contributing."

The amendment was agreed to:

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 5136 of the Revised Statutes, as amended, is amended by adding at the end thereof the following new paragraph:

"Eighth. To contribute to community funds, or to charitable, philanthropic, or benevolent instrumentalities conducive to public welfare, such sums as its board of directors may deem expedient and in the interests of the association, if it is located in a State the laws of which do not expressly prohibit State banking institutions from contributing to such funds or instrumentalities."

VOLUNTEER OFFICERS OF THE SPANISH-AMERICAN WAR

The bill (H. R. 289) for the relief of officers and soldiers of the Volunteer service of the United States mustered into service for the War with Spain and who were held in service in the Philippine Islands after the ratification of the treaty of peace, April 11, 1899 was announced as next in order.

Mr. KING. Mr. President, I shall ask to have this bill recommitted to the Committee on Claims. The War Department desires to be heard, and no hearings were had and no opportunity was afforded the War Department to consider the matter. If I understand correctly, similar bills have been vetoed twice by the President of the United States.

Mr. LOGAN. Mr. President, there have been hearings during the last 15 or 20 years, and the hearings were so voluminous that perhaps no one could ever go through them. The War Department has made a report opposing the bill. It has been passed by both Houses several times and has been vetoed by the President, with a very strong veto message, in each instance. I hardly think it would be necessary to put the committee to the trouble of holding hearings on the measure. I think it should be considered and disposed of on its merits.

Mr. KING. The War Department has advised me that it desires to present some views.

Mr. LOGAN. Of course, we could not oppose recommitting the bill, if the War Department desires to be heard.

Mr. KING. I am perfectly willing to leave the bill on the calendar and let the War Department submit its views in writing for the consideration of the chairman of the committee.

Mr. LOGAN. That would be entirely satisfactory.

The PRESIDING OFFICER. The bill will go over under objection.

ATLAS POWDER CO.

The Senate proceeded to consider the bill (H. R. 2067) for the relief of Atlas Powder Co., which was read, as follows:

Be it enacted, etc., That the Comptroller General of the United States is hereby authorized and directed to settle and adjust the claim of the Atlas Powder Co. for reasonable compensation incident to its abandonment, under protest, at the request of the United States, of a certain parcel of land on Winter Island in Salem, Mass., more particularly described in the deed of E. I. du Pont de Nemours Powder Co. to Atlas Powder Co., dated December 28, 1912, recorded with Essex Deeds, Southern District, Book 2201, page 209, and to allow in full and final settlement of said claim a sum not exceeding \$1,762.75 in consideration for the execution by said Atlas Powder Co. of a quitclaim deed conveying to the United States all of its right, title, and interest in said parcel of land. There is hereby appropriated out of any money in the Treasury not otherwise appropriated, the sum of \$1,762.75, or so much thereof as may be necessary for payment of this claim: Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

Mr. McKELLAR. Mr. President, the Department approved this bill, did it not?

Mr. CAPPER. It did.

The PRESIDING OFFICER. The question is on the third reading of the bill.

The bill was ordered to a third reading, read the third time, and passed.

HARRY K. SNYDER

The bill (S. 1821) for the relief of Harry K. Snyder was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That notwithstanding the provisions and limitations of sections 15 to 20, both inclusive, of the act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes," approved September 7, 1916, as amended, the United States Employees' Compensation Commission be, and is hereby, authorized and directed to receive and consider, when filed, the claim of Harry K. Snyder, of Wilmington, Del., for disability alleged to have been incurred by him on February 16, 1926, while employed as a keeper of the United States Lighthouse Service, Port Penn, Del., and to determine said claim upon its merits under provisions of said act: Provided, That no benefits shall accrue prior to the enactment of this act.

LOYD J. PALMER

The Senate proceeded to consider the bill (S. 1452) for the relief of Loyd J. Palmer, which had been reported from the Committee on Claims with an amendment to strike out all after the enacting clause and to insert:

That the Comptroller General of the United States be, and he is hereby, authorized and directed to settle and allow the claim of Loyd J. Palmer for compensation for services rendered as United States commissioner in the district of Minnesota from December 1, 1935, to June 6, 1937, inclusive, notwithstanding the fact that accounts therefor were not submitted by the commissioner within 1 year after the rendition of such services in accordance with the provisions of the act of March 1, 1933 (47 Stat. 1383).

The amendment was agreed to, and the bill was ordered to be engrossed for a third reading, read the third time, and passed.

ADDITION OF LANDS TO THE PAPAGO INDIAN RESERVATION

The Senate proceeded to consider the bill (S. 2149) to add certain lands to the Papago Indian Reservation in Arizona, which was read, as follows:

Be it enacted, etc., That the Secretary of the Interior is hereby authorized to purchase for the use and benefit of the Papago In-

dians with any funds heretofore or hereafter appropriated pursuant to authority contained in section 5 of the act of June 18, 1934 (48 Stat. 994), notwithstanding any general limitation in acts making such appropriations against the use of the appropriated funds for the acquisition of lands outside of Indian reservations in Arizona, all privately owned lands, water rights, and improvements within the south half of section 9, township 14 south, range 11 east, Gila and Salt River base and meridian, containing 320 acres, more or less, in the State of Arizona, at the appraised value of \$5,570.

SEC. 2. Title to the lands shall be taken in the name of the

SEC. 2. Title to the lands shall be taken in the name of the United States in trust for the Papago Tribe, and the lands, when purchased, shall become a part of the Papago Indian Reservation.

Mr. KING. Mr. President, will not the Senator from Arizona give us a brief explanation of the bill?

Mr. HAYDEN. Mr. President, this bill was drafted by the Office of Indian Affairs and was recommended by the Secretary of the Interior. It was introduced by my colleague and myself.

The statute now provides that no land may be added to an Indian reservation in Arizona without the authority of Congress. We have appropriated this year half a million dollars for the purchase of Indian lands, and the bill provides that out of that appropriation the purchase of 320 acres of land may be made at a cost not to exceed \$5,570.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

CLAIMS OF UTE INDIANS

The Senate proceeded to consider the bill (S. 72) to amend the act entitled "An act conferring jurisdiction upon the United States Court of Claims to hear, examine, adjudicate, and render judgment on any and all claims which the Ute Indians or any tribe or band thereof may have against the United States, and for other purposes," approved June 28, 1938, which had been reported from the Committee on Indian Affairs with an amendment, on page 2, line 6, after the word "north" to insert "and striking out the word "of following the word 'ownership' appearing in the first proviso of said section", so as to make the bill read:

Be it enacted, etc., That section 6 of the act entitled "Conferring jurisdiction upon the United States Court of Claims to hear, examine, adjudicate, and render judgment on any and all claims which the Ute Indians or any tribe or band thereof may have against the United States, and for other purposes," approved June 28, 1938, is hereby amended by striking out the words "anything in any other acts of Congress to the contrary notwithstanding" and inserting in lieu thereof a period and the following: "Anything in any other acts of Congress to the contrary notwithstanding"; and by striking out "range 35" wherever it appears in such section and inserting in lieu thereof the following: "township 35 north"; and striking out the word "of" following the word "ownership" appearing in the first proviso of said section.

The amendment was agreed to.

Mr. KING. Mr. President, I wish to ask the Senator from Colorado whether, in various bills which have been passed heretofore, going back some 15 or 20 years, in the interest of the Uncompander and Ute Indians, provisions were not made for the subject matter treated of in the pending measure.

Mr. JOHNSON of Colorado. Mr. President, this measure is to correct a typographical error made in a bill on this subject passed a year ago. The bill will have no legislative effect whatever, except to correct a typographical error.

Mr. KING. I knew we had passed a number of bills affecting the Uncompanges and the Utes. I have no objection to the bill.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

PINE RIDGE SIOUX ALLOTMENT CLAIMS

The bill (S. 2178) to provide for the correction of the list of approved Pine Ridge Sioux lost allotment claims, and for other purposes, was announced as next in order.

The PRESIDING OFFICER. There is an identical bill on the calendar, House bill 5746. Is there objection to the substitution of the House bill for the Senate bill and its consideration at this time?

There being no objection, the Senate proceeded to consider the bill (H. R. 5746) to provide for the correction of the list of approved Pine Ridge lost allotment claims, and for other purposes, which was ordered to a third reading, read the third time, and passed.

The PRESIDING OFFICER. Without objection, Senate bill 2178 is indefinitely postponed.

GEORGE LANCELLOTTA

The bill (S. 1856) conferring jurisdiction upon the United States District Court for the District of Rhode Island to hear, determine, and render judgment upon the claim of George Lancellotta was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That jurisdiction is hereby conferred upon the United States District Court for the District of Rhode Island to hear, determine, and render judgment, as if the United States were suable in tort, upon the claim of George Lancellotta, of Providence, R. I., for damages resulting from personal injuries received by him on June 29, 1932, at Providence, R. I., by reason of being struck by an Army automobile while crossing Jackson Street at Westminster Street: Provided, That the judgment, if any, shall not exceed \$3,000.

SEC. 2. Suit upon such claim may be instituted at any time within 1 year after the enactment of this act, notwithstanding the lapse of time or any statute of limitations. Proceedings for the determination of such claim, appeals therefrom, and payment of any judgments thereon shall be in the same manner as in the cases over which such court has jurisdiction under the provisions of paragraph twentieth of section 24 of the Judicial Code, as expended

BONITO RIVER, LINCOLN NATIONAL FOREST

The Senate proceeded to consider the bill (S. 1879) to amend the United States mining laws applicable to the area known as the watershed of the headwaters of the Bonito River in the Lincoln National Forest, within the State of New Mexico, which had been reported from the Committee on Public Lands and Surveys with an amendment, on page 3, line 25, after the word "is", to strike out "cut under sound principles of forest management as defined by the national forest rules and regulations" and to insert "removed in accordance with the rules for timber cutting on adjoining national-forest land", so as to make the bill read:

Be it enacted, etc., That hereafter mining locations made under the United States mining laws upon lands within the watershed of the headwaters of the Bonito River in the Lincoln National Forest within the State of New Mexico, specifically described as those certain pieces or parcels of land situate, lying, and being in the county of Lincoln, State of New Mexico, described as follows:

The east half east half section 12, east half east half section 13, east half northeast quarter section 24, township 10 south, range 10 east, New Mexico principal meridian; southeast quarter section 25, southwest quarter section 26, south half section 27, southeast quarter and south half southwest quarter section 28, southeast quarter section 31, and all of sections 32, 33, 34, 35, and 36, township 9 south, range 11 east, New Mexico principal meridian; all of sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 20, 21, 22, 23, 27, 28, and 29, north half section 19, north half and southwest quarter section 24, northwest quarter section 26, north half northeast quarter section 32, and north half north half section 33, township 10 south, range 11 east, New Mexico principal meridian; southwest quarter section 25, south half of fractional section 26, all of fractional section 25, and all of section 36, township 9 south, range 12 east, New Mexico principal meridian; all of section 12, all of fractional section 13, all of fractional section 14, north half of fractional section 23, and north half section 14, north half of fractional section 23, and north half section 14, north half of fractional section 13, all of fractional section 14, north half of fractional section 23, and north half section 24, township 10 south, range 12 east, New Mexico principal meridian; having an area of approximately 39.376 square miles, shall confer on the locator the right to occupy and use only so much of the surface of the land covered by the location as may be reasonably necessary to carry on prospecting and mining, including the taking of mineral deposits and timber required by or in the mining operations, and no permit shall be required or charge made for such use or occupancy: Provided, however, That the cutting and removal of timber, except where clearing is necessary in connection with mining operations, shall be conducted in accordance with the rules for timber cutting on adjoining national-forest land, and no u

SEC. 2. That hereafter all patents issued under the United States mining laws affecting lands within the watershed of headwaters of the Bonito River in the Lincoln Forest, in the State of New Mexico,

shall convey title to the mineral deposits within the claim, together with the right to cut and remove so much of the mature timber therefrom as may be needed in extracting and removing the min-eral deposits, if the timber is removed in accordance with the rules for timber cutting on adjoining national-forest land, but each patent shall reserve to the United States all title in or to the surface of the lands and products thereof, and no use of the surface

face of the lands and products thereof, and no use of the surface of the claim or the resources therefrom not reasonably required for carrying on mining or prospecting shall be allowed except under the rules and regulations of the Department of Agriculture.

SEC. 3. That valid mining claims within the watershed of the headwaters of the Bonito River in the Lincoln National Forest, within the State of New Mexico, as above described, existing on the date of the enactment of this act and thereafter maintained in compliance with the law under which they were initiated and the laws of the State of New Mexico, may be perfected under this act or under the laws under which they were initiated, as the claimant or under the laws under which they were initiated, as the claimant

Mr. McKELLAR. Mr. President, may we have an explanation of this bill?

Mr. HATCH. Mr. President, this measure relates only to the limited area in the Lincoln National Forest in New Mexico and provides that hereafter mining claims taken up under the mining laws of the United States shall be restricted in their use to mining operations alone. The reason for the bill is that certain mining claims in this particular area have been taken up and are being used for agricultural purposes, for the maintenance of cows, and hogs, and chickens, and things of that sort, resulting in the pollution of certain streams which are providing water for other districts.

Mr. McKELLAR. Is the bill recommended by the Depart-

Mr. HATCH. Oh, yes.

Mr. KING. Mr. President, I should like to ask the Senator whether he regards this measure as within the authority of Congress. When Congress deeds the land, whether it is obtained by homestead, or by mining entry, or however it is obtained, and a patent is issued without restriction, I have some doubt about the power to impose restrictions.

Mr. HATCH. The Senator did not understand my statement. This measure will apply only to claims taken up in the future. Certainly we have a right to write such a restriction into the law. It applies only to the one area and does not affect the general mining laws at all. The land is even described.

Mr. KING. I doubt the wisdom of imposing such restrictions.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

CITY OF DUBUQUE BRIDGE COMMISSION

The Senate proceeded to consider the bill (S. 955) creating the City of Dubuque Bridge Commission and authorizing said Commission and its successors to purchase and/or construct, maintain, and operate a bridge or bridges across the Mississippi River at or near Dubuque, Iowa, and East Dubuque, Ill., which had been reported from the Committee on Commerce with amendments, on page 2, line 21, after the name "Illinois", to strike out "including real estate and other property acquired for or devoted to a public use or other purposes by the State of Illinois or the State of Iowa, or any governmental or political subdivisions thereof"; on page 3, line 6, after the word "respectively" and the period, to insert "The Commission, its successors and assigns, is further authorized to enter into agreements with the States of Illinois and Iowa, and any political subdivision thereof, for the acquisition, lease, or use of any lands or property owned by such State or political subdivision"; on page 4, line 8, to strike out "In like manner, bonds may be issued to pay the cost of improvements and permanent repairs to any bridge or bridges purchased"; on line 14, to strike out "twenty-five" and to insert "twenty"; and on page 5, line 1, after the word "exceeding", to strike out "fifty" and to insert "twenty", so as to make the bill read:

Be it enacted, etc., That in order to facilitate interstate commerce, improve the postal service, and provide for military and other purposes, the City of Dubuque Bridge Commission (hereinafter created, and hereinafter referred to as the "Commission"), and its successors and assigns be, and are hereby, authorized to construct, maintain, and operate a bridge or bridges and approaches thereto, across the Mississippi River at or near the cities of Dubuque, Iowa, and East Dubuque, Ill., at a point suitable to the interest of navigation, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906, subject to the conditions and limitations contained in this act. For like purposes said Commission, or its successors and assigns, are hereby authorized to purchase, maintain, and operate all or any existing bridges for vehicular traffic crossing the Mississippi River at or after created, and hereinafter referred to as the "Commission") bridges for vehicular traffic crossing the Mississippi River at or near the city of Dubuque, Iowa, and may acquire control of any or all such existing bridges by purchase of stock in any corporation owning any such bridges, or by a conveyance from such corporation and in any case, said Commission shall be authorized to maintain and operate said bridge or bridges subject to the conditions and limitations contained in this act.

SEC. 2. There is hereby conferred upon the Commission and its successors and assigns the right and power to enter upon such lands and to acquire, condemn, occupy, possess, and use such real estate and other property in the State of Iowa and the State of Illinois as may be needed for the location, construction, operation, and maintenance of any such bridge and its approaches, upon making just comparisation theorems to be essentiated and paid

Illinois as may be needed for the location, construction, operation, and maintenance of any such bridge and its approaches, upon making just compensation therefor, to be ascertained and paid according to the laws of the State in which such real estate or other property is situated, and the proceedings therefor shall be the same as in the condemnation of private property for public purpose in said State, respectively. The Commission, its successors, and assigns, is further authorized to enter into agreements with the States of Illinois and Iowa, and any political subdivision thereof, for the acquisition, lease, or use of any lands or property owned by such State or political subdivision.

SEC. 3. The Commission and its successors and assigns are hereby authorized to fix and charge tolls for transit over such bridge or bridges in accordance with the provisions of this act, subject to the approval of the Secretary of War as provided by the act of Congress approved March 23, 1906.

SEC. 4. The Commission and its successors and assigns are hereby authorized to provide for the payment of the cost of such bridge or bridges as may be purchased or constructed, as provided herein, and approaches (including the approach highways which, in the judgment of the Commission, it is necessary or advisable and adequate connection with existing improved highways) and the necessary land easements, and appurtenances thereto, by an issue or issues of negotiable bonds of the Commission, bearing interest at the rate or rates of not more than 6 percent per annum, the principal and interest of which bonds, and any premium to be paid for retirement thereof before maturity, shall be payable solely from the sinking fund provided in accordance with this act, and such payments may be further secured by mortgage of the bridge or bridges. All such bonds may be registerable as to principal alone or both principal and interest, shall be in such form not inconsistent with this act, shall mature at such time or times not exceeding 20 years from the inconsistent with this act, shall mature at such time or times not exceeding 20 years from their respective dates, shall be in such denominations, shall be executed in such manner, and shall be payable in such medium and at such place or places as the Com-mission may determine. The Commission may repurchase and may reserve the right to redeem all or any of said bonds before maturity in such manner and at such price or prices, not exceeding 105 and accrued interest, as may be fixed by the Commission prior to the issuance of the bonds. The Commission, when it deems it to be to the best interest of the Commission, may issue refunding bonds to repurchase and redeem any outstanding bonds, refunding bonds to repurchase and redeem any outstanding bonds, before the maturity thereof: *Provided*, That the refunding bonds shall mature at such time or times, not exceeding 20 years from the date of approval of this act, as the Commission may determine. The Commission may enter into an agreement with any bank or trust company in the United States as trustee having the power to make such agreement, setting forth the duties of the Commission in respect to the purchase, construction, maintenance, operation, repair, and insurance of the bridge or bridges, the conservation and application of all funds, the security for the payoperation, repair, and insurance of the bridge or bridges, the conservation and application of all funds, the security for the payment of the bonds, the safeguarding of money on hand or on deposit, and the rights and remedies of said trustee and the holders of the bonds, restricting the individual right of action of the bondholders as is customary in trust agreements respecting bonds of corporations. Such trust agreement may contain such provisions for protecting and enforcing the rights and remedies of the trustee and the bondholders as may be reasonable and proper and

not inconsistent with the law.
Said bonds shall be sold in such manner and at such time or Said bonds shall be sold in such manner and at such time or times and at such price as the Commission may determine, but no such sale shall be made at a price so low as to require the payment of more than 5 percent interest on the money received therefor, computed with relation to the absolute maturity of the bonds in accordance with standard tables of bond values, and the bonds in accordance with standard tables of bond values, and the face amount thereof shall be so calculated as to produce, at the price of their sale, the cost of the bridge or bridges, acquired and/or constructed, and approaches and the land, easements, and appurtenances used in connection therewith when added to any other funds made available to the Commission for the use of said purposes. The cost of the bridge or bridges acquired hereunder and the cost of the bridge to be constructed as provided herein, together with approaches and approach highways, shall be deemed to include interest during construction of the said bridge, and for 12 months thereafter, and all engineering, legal, architectural, traffic-surveying, and other expenses incident to the construction of the bridge and the acquisition of the necessary property, incident to the financing thereof, including the cost of acquiring existing franchises, riparian rights, plans, and works of and relating to the bridge or bridges now owned by any person, firm, or corporation, and the cost of purchasing all or any part of the shares of stock of any such corporate owner, or by conveyance from such corporation, if, in the judgment of the Commission, such purchases should be found expedient. If the proceeds of the bonds issued shall exceed the cost as finally determined, the excess shall be placed in the sinking fund hereinafter provided. Prior to the preparation of definite bonds the Commission may, under like shall be placed in the sinking fund hereinatter provided. Prior to the preparation of definite bonds the Commission may, under like restrictions, issue temporary bonds or interim certificates, with or without coupons, of any denomination whatsoever, exchangeable for definite bonds when such bonds that have been executed are available for delivery.

SEC. 5. In fixing the rates of toll to be charged for the use of

such bridge or bridges, in accordance with the act of Congress approved March 23, 1906, the same shall be so adjusted as to provide a fund sufficient to pay for the reasonable cost of maintaining, repairing, and operating the bridge or bridges and approaches under economical management, and to provide a sinking fund sufficient to pay the principal and interest of such bonds as the same shall fall due and the redemption or repurchase price of all or any thereof redeemed or repurchased before maturity as herein provided. All tolls and other revenues from said bridge or bridges provided. All folis and other revenues from said bridge or bridges are hereby pledged to such uses and to the application thereof as hereinafter in this section required. After payment or provision for payment therefrom of all such cost of maintaining, repairing, and operating and the reservation of an amount of money estiand operating and the reservation of an amount of money estimated to be sufficient for the same purpose during an ensuing period of not more than 6 months, the remainder of tolls collected shall be placed in the sinking fund, at intervals to be determined by the Commission prior to the issuance of the bonds. An accurate record of the cost of the bridge or bridges and approaches; the expenditures for maintaining repairing and operating the curate record of the cost of the bridge or bridges and approaches; the expenditures for maintaining, repairing, and operating the same; and of the dally tolls collected, shall be kept and shall be available for the information of all persons interested. The Commission shall classify in a reasonable way all traffic over the bridge or bridges so that the tolls shall be so fixed and adjusted by it as to be uniform in the application thereof to all traffic falling within reasonable classes, regardless of the status or character of any reasonable classes, regardless of the status or character of any person, firm, or corporation participating in such traffic, and shall prevent all use of such bridge or bridges for traffic except upon payment of tolls so fixed and adjusted. No toll shall be charged officials or employees of the Commission, nor shall toll be charged officials of the Government of the United States while in the discharge of duties incident to their office or employment, nor shall toll be charged members of the fire department or peace officers when engaged in the performance of their official duties.

Within a reasonable time after the construction of any bridge or bridges, or the purchase of any bridge or bridges, the Commission shall file with the Bureau of Public Roads of the United States Department of Agriculture a sworn itemized statement showing the cost of constructing or purchasing the bridge or bridges and their approaches, the cost of acquiring any interest in real or other property necessary therefor, and the amount of bonds, de-bentures, or other evidence of indebtedness issued in connection with the construction or purchase of said bridge or bridges.

SEC. 6. Nothing herein contained shall require the Commission

or its successors to maintain or operate any bridge or bridges purchased hereunder, if and when all bonds issued for account of such bridge or bridges shall have been retired or provision for the payment of interest on and retirement of such bonds from the revenue. ment of interest on and retirement of such bonds from the revenues from any other bridge or bridges shall have been made at the time of issuance of such bonds. Any bridge or bridges so purchased, with appurtenances and property thereto connected and belonging, may be sold or otherwise disposed of or may be abandoned or dismantled whenever in the judgment of the Commission or its successors, and subject to the approval of the Chief of the Bureau of Public Roads, United States Department of Agriculture, and the United States Secretary of War, it may be declared expedient so to do, and provisions with respect to and regulating any such sale, disposal, abandonment, or dismantlement may be included in proceedings for the issuance and sale of bonds for account of any such bridge or bridges. The Comment may be included in proceedings for the issuance and sale of bonds for account of any such bridge or bridges. The Commission and its successors may fix such rates of toll for the use of such bridge or bridges as it may deem proper, subject to the same conditions as are hereinabove required as to tolls for traffic over the bridge to be constructed provided tolls shall be fixed and revised from time to time for traffic over all bridges so as not to adversely reflect upon the earnings of any bridge or bridges for account of which bonds may be outstanding. An accurate record of the cost of purchasing or constructing each such bridge; the expenditures for maintaining, repairing, and operating the same; and of the daily tolls collected shall be kept and shall be available for the information of all persons interested.

Sec. 7. (a) After payment of the bonds and interest, or after a sinking fund sufficient for such payment shall have been provided

sinking fund sufficient for such payment shall have been provided and shall be held for that purpose, the Commission shall deliver deeds or other suitable instruments of conveyance of the interest of the Commission in and to the bridge or bridges extending between the State of Iowa and the State of Illinois, that part of said bridge or bridges within Iowa to the State of Iowa or any municipality or agency thereof as may be authorized by or pursu-

ant to law to accept the same (hereafter referred to as the "Iowa interests"), and that part of said bridge or bridges within Illinois to the State of Illinois or any municipality or agency thereof as may be authorized by or pursuant to law to accept the same (hereafter referred to as the "Illinois interests"); likewise the Commission shall deliver deeds or other suitable instruments of conveyance of the interest of the Commission in and to any bridge that may cross the Mississippi River between the city of Dubuque, Iowa, and the State of Wisconsin, that part of said bridge within Iowa to the State of Iowa or any municipality or agency thereof as may to the State of Iowa or any municipality or agency thereof as may be authorized by or pursuant to law to accept the same (hereafter referred to as the "Iowa interests"), and that part of said bridge within Wisconsin to the State of Wisconsin or any municipality or agency thereof as may be authorized by or pursuant to law to accept the same (hereafter referred to as the "Wisconsin interests"), under the condition that the bridge or bridges shall thereafter be free of tolls and be properly maintained, operated, and repaired by the Iowa interests, the Illinois interests, and the Wisconsin interests, as may be agreed upon; but if the Iowa Illinois consin interests as may be agreed upon; but if the Iowa, Illinois, or Wisconsin interests, as the case may be, fail to accept, or are not authorized to accept, their respective portions of said bridge not authorized to accept, their respective portions of said bridge or bridges, then the Commission may deliver deeds, or other suitable instruments or conveyance of said portions, to any other interest which may accept and may be authorized to accept the same, under the condition that the bridge or bridges shall thereafter be free of toll and be properly maintained, operated, and repaired by said interests to whom said conveyances are delivered; but if either the Iowa interests, or the Illinois interests, or the Wisconsin interests, or any other interest hereinabove mentioned shall not be authorized to accept or shall not accept the same under such conditions, then the bridge or bridges shall continue to be owned, maintained, operated, and remired by the Commission. under such conditions, then the bridge or bridges shall continue to be owned, maintained, operated, and repaired by the Commission, and the rates of tolls shall be so adjusted as to provide a fund of not to exceed the amount necessary for the proper maintenance, repair, and operation of the bridge or bridges and approaches under economical management, until such time as the Iowa interests, the Illinois interests, the Wisconsin interests, or any other interest hereinabove mentioned, shall be authorized to accept and shall accept such conveyance under such conditions. The rate of rates of toll for crossing any bridge now existing or bereafter conshall accept such conveyance under such conditions. The rate of rates of toll for crossing any bridge now existing or hereafter constructed which abuts upon or enters into the corporate limits of the city of Dubuque, Iowa, shall not be reduced below the rate or rates now in effect on existing bridges so long as any indebtedness of said Commission for the account of any bridge or bridges shall be outstanding and unpaid.

outstanding and unpaid.

(b) Notwithstanding any restrictions or limitation imposed by the act entitled "An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes," approved July 11, 1916, or by the Federal Highway Act, or by an act amendatory of or supplemental to either thereof, the Secretary of Agriculture or any other Federal department or agency of the United States Government may extend Federal aid under such acts for the construction of said bridge or bridges out of any moneys allocated to the State of Iowa with the consent of the State highway commission of said State, and out of moneys allocated to the State of Illinois with the consent of the department of highways of said State.

ment of highways of said State.

SEC. 8. For the purpose of carrying into effect the objects stated in this act, there is hereby created the city of Dubuque Bridge Commission, and by that name, style, and title said body shall have perpetual succession; may contract and be contracted with, sue and be sued, implead and be impleaded, complain and defend in all courts of law and equity; may make and have a common seal; may purchase or otherwise acquire and hold or dispose of real estate and other property; may accept and receive donations or gifts of money or property and apply same to the purposes of this act; and shall have and possess all powers necessary, convenient, or proper for carrying into effect the objects stated in this act.

act.

The Commission shall consist of W. M. Clemens, Charles G. Kretschmer, Charles T. Landon, Thomas M. Stampfer, of Dubuque, Iowa, and R. E. Werner, of East Dubuque, Ill.; such Commission shall be a public body corporate and politic. Each member of the Commission shall qualify within 30 days after the approval of this act by filing in the office of the Secretary of Agriculture an oath that he will faithfully perform the duties imposed upon him by this act, and each person appointed to fill a vacancy shall qualify in like manner within 30 days after his appointment. Any vacancy occurring in said Commission by reason of failure to qualify as above provided, or by reason of death or resignation, shall be filled by the Secretary of Agriculture. Before the issuance of bonds as hereinabove provided, each member of the Commission shall give such bond as may be fixed by the Chief of the Bureau shall give such bond as may be fixed by the Chief of the Bureau of Public Roads of the Department of Agriculture, conditioned upon the faithful performance of all duties required by this act, the cost of such surety prior to and during the construction of the bridge shall be paid or reimbursed from the bond proceeds and thereafter such costs shall be deemed an operating expense. The Commission shall elect a chairman and a vice chairman from its

Commission shall elect a chairman and a vice chairman from its members, and may establish rules and regulations for the government of its own business. A majority of the members shall constitute a quorum for the transaction of business.

SEC. 9. The Commission shall have no capital stock or shares of interest or participation, and all revenues and receipts thereof shall be applied to the purposes specified in this act. The members of the Commission shall be entitled to a per diem compensation for their services of \$10 for each day actually spent in the

business of the Commission, but the maximum compensation of the chairman in any year shall not exceed \$1,200, and of each other member shall not exceed \$600. The members of the Commission shall also be entitled to receive traveling-expense allowance of 10 cents a mile for each mile actually traveled on the business of 10 cents a mile for each mile actually traveled on the business of the Commission. The Commission may employ a secretary, treasurer, engineers, attorneys, and other such experts, assistants, and employees as they may deem necessary, who shall be entitled to receive such compensation as the Commission may determine. All salaries and expenses shall be paid solely from the funds provided under the authority of this act. After all bonds and interest thereon shall have been paid and all other obligations of the Commission paid or discharged, or provision for all such payment shall have been made as hereinbefore provided and after the bridge or bridges shall have been conveyed to the Iowa interests, the Illinois interests and the Wisconsin interests, as herein provided, or otherwise disposed of as provided herein, the Commission shall be dissolved and shall cease to have further existence by an order of the Chief of the Bureau of Public Roads made upon his own initiative or upon application of the Commission or any member or mem-Chief of the Bureau of Public Roads made upon his own initiative or upon application of the Commission or any member or members thereof, but only after a public hearing in the city of Dubuque, Iowa, notice of the time and place of which hearing and the purpose thereof shall have been published once, at least 30 days before the date thereof, in a newspaper published in the city of Dubuque, Iowa. At the time of such dissolution all moneys in the hands of or to the credit of the Commission shall be divided and distribution made between the interests of the States, as may be determined by the Chief of the Bureau of Public Roads of the United States.

SEC. 10. Notwithstanding any of the provisions of this act, the Commission shall have full power and authority to negotiate and enter into a contract or contracts with the State Highway Commission of Iowa and the Department of Highways of Illinois, the State Highway Department of Wisconsin, the city of Dubuque, Dubuque County, Iowa, or any county or municipality in the State of Illinois, whereby the Commission may receive financial aid in the construction or maintenance of a bridge or bridges and approaches thereto, and said Commission in its discretion may avail itself of all of the facilities of the State Highway Commission of the State of Iowa and the Department of Highways of the State of Illinois with regard to the construction of said proposed bridge or bridges, and the Commission may make and enter into any contract or contracts which it deems expedient and proper with the State Highway Commission of Iowa and the Department of Highways of Illinois, whereby said highway departments or either of them may construct, operate, and maintain or participate with the Commission in the construction, operation, maintenance of said bridge or bridges to be constructed hereunder, and approaches. It bridge or bridges to be constructed hereunder, and approaches. It is hereby declared to be the purpose of Congress to facilitate the construction of a bridge and proper approaches across the Mississippi River at or near Dubuque, Iowa, and East Dubuque, Ill., and to authorize the Commission to promote said object and purposes, with full power to contract with either the State Highway Commission of Iowa or the Department of Highways of Illinois or with any agency or department of the Federal Government, or both, in relation to the purchase or condemnation, construction, operation, and maintenance of said bridges and approaches.

SEC. 11. Nothing herein contained shall be construed to authorize or permit the Commission or any member thereof to create any obligation or incur any liability other than such obligations and liabilities as are dischargeable solely from funds contemplated to be provided by this act. No obligation created or liability incurred pursuant to this act shall be a personal obligation or liability or

pursuant to this act shall be a personal obligation or liability of any member or members of the Commission but shall be charge-able solely to the funds herein provided, nor shall any indebtedness created pursuant to this act be an indebtedness of the United States.

SEC. 12. The design and construction of any bridge which may be built pursuant to this act shall be in accordance with the standard specifications for highway bridges adopted by the American Association of State Highway Officials.

SEC. 13. In the event that the State of Iowa, or some political subdivision or agency thereof, shall appoint or constitute, pursuant

subdivision or agency thereof, shall appoint or constitute, pursuant to statute duly enacted, the Commission hereby created as a bridge commission or board for the city of Dubuque, with authority to construct, purchase, or acquire bridges across the Mississippi River, abutting upon or entering the corporate limits of the city of Dubuque, then such bridge commission or board shall have authority to construct, purchase, or acquire the bridge or bridges referred to in this act in the manner herein set forth, or in the manner prescribed by State law, and if said commission or board shall elect to proceed in the manner prescribed by State law, it shall ipso facto succeed to all right of the City of Dubuque Bridge shall ipso facto succeed to all right of the City of Dubuque Bridge Commission under this act, and all right, title, and interest of the City of Dubuque Bridge Commission under this act to any bridge and bridges referred to in this act, subject to any outstanding obligations of said Commission as hereby created, which obligations shall thereby be assumed by, and become the obligations of, the new bridge commission or board.

SEC. 14. The right to alter, amend, or repeal this act is hereby

expressly reserved.

The amendments were agreed to.

Mr. GILLETTE. Mr. President, there is a provision on page 5 of the bill which was unintentionally adopted and which changes the other provisions of the bill. I have con-

sulted with the subcommittee having the bill in charge, and we have agreed to an amendment which I will now propose.

I move to strike from line 2, page 5, the words "from the date of approval of this act" and to substitute in lieu thereof the words "from the date of the bonds."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Iowa.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

MUSKINGUM RIVER CANAL BRIDGE, OHIO

The Senate proceeded to consider the bill (H. R. 3375) to authorize M. H. Gildow to construct a free, movable, pontoon footbridge across Muskingum River Canal at or near Beverly, Ohio, which had been reported from the Committee on Commerce with an amendment, on page 1, line 3, after the name "Gildow", to insert "his heirs, or legal representatives", so as to make the bill read:

Be it enacted, etc., That M. H. Gildow, his heirs, or legal representatives, is hereby authorized to construct, maintain, and operate a free, movable, pontoon footbridge and approaches thereto across the Muskingum River Canal at or near Island Park, in Beverly, Ohio, at a point suitable to the interests of navigation, in accordance with the provisions of the act entitled "An act to regulate the construc-tion of bridges over navigable waters," approved March 23, 1906, and subject to conditions and limitations contained in this act. SEC. 2. The right to alter, amend, or repeal this act is hereby

expressly reserved.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

MISSISSIPPI RIVER BRIDGE, ILLINOIS

The Senate proceeded to consider the bill (H. R. 4370) authorizing the city of Chester, Ill., to construct, maintain, and operate a toll bridge across the Mississippi River at or near Chester, Ill., which had been reported from the Committee on Commerce with an amendment, on page 3, line 2, after the word "including", to strike out "reasonable interest and financing cost" and to insert "interest at a rate of not to exceed 5 percent per annum and reasonable financing cost, as approved by the Chief of the Bureau of Public Roads", so as to make the bill read:

Be it enacted, etc., That in order to promote interstate commerce, improve the Postal Service, and provide for military and other purposes, the city of Chester, Ill., be, and is hereby, authorized to construct, maintain, and operate a bridge and approaches thereto across the Mississippi River, at a point suitable to the interest of navigation, at or near Chester, Ill., in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906, and subject to the conditions and limitations contained in 1906, and subject to the conditions and limitations contained in this act.

SEC. 2. There is hereby conferred upon the city of Chester, Ill., SEC. 2. There is hereby conferred upon the city of Chester, Ill., all such rights and powers to enter upon lands and to acquire, condemn, occupy, possess, and use real estate and other property needed for the location, construction, maintenance, and operation of such bridge and its approaches, as are possessed by railroad corporations for railroad purposes or by bridge corporations for bridge purposes in the State in which such real estate or other property is situated, upon making just compensation therefor, to be ascertained and paid according to the laws of such State, and the proceedings therefor shall be the same as in the condemnation or expropriation of property for public purposes in such State.

or expropriation of property for public purposes in such State.

SEC. 3. The said city of Chester, Ill., is hereby authorized to fix and charge tolls for transit over such bridge, and the rates of toll so fixed shall be the legal rates until changed by the Secretary of War under the authority contained in the act of March 23,

SEC. 4. In fixing the rates of toll to be charged for the use of such bridge the same shall be so adjusted as to provide a fund sufficient to pay for the reasonable cost of maintaining, repairing, sufficient to pay for the reasonable cost of maintaining, repairing, and operating the bridge and its approaches under economical management, and to provide a sinking fund sufficient to amortize the cost of such bridge and its approaches, including interest at a rate of not to exceed 5 percent per annum and reasonable financing cost, as approved by the Chief of the Bureau of Public Roads as soon as possible, under reasonable charges, but within a period of not to exceed 30 years from the completion thereof. After a sinking fund sufficient for such amortization shall have been so provided, such bridge shall thereafter be maintained and operated free of toils. An accurate record of the cost of the bridge and its approaches, the expenditures for maintaining, repairing, and operating the same, and of the daily toils collected pairing, and operating the same, and of the daily tolls collected

shall be kept and shall be available for the information of all persons interested.

SEC. 5. The right to alter, amend, or repeal this act is hereby expressly reserved.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

Mr. LEE subsequently said: Mr. President, I move that the votes by which House bill 4370, Calendar No. 409, was ordered to be engrossed for a third reading, was read the third time and passed, be reconsidered.

The PRESIDING OFFICER. Is there objection? The Chair hears none, the votes are reconsidered, and the bill is

before the Senate.

Mr. LEE. I ask unanimous consent that the vote by which the committee amendment on page 3, beginning in line 2, was agreed to, be reconsidered.

The PRESIDING OFFICER. Without objection, the vote

is reconsidered.

Mr. LEE. In the committee amendment, in line 4, after the words "financing cost", I move to strike out the words "as approved by the Chief of the Bureau of Public Roads."

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

HOMER N. HORINE

The bill (S. 688) for the relief of Homer N. Horine, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers Homer N. Horine, who was a member of Company charged soldiers Homer N. Horine, who was a member of Company G, Fourth Regiment Kentucky Volunteer Infantry, shall hereafter be held and considered to have become a member of Company G, Fourth Regiment Kentucky Volunteer Infantry, on the 11th day of July 1898, and to have been honorably discharged from the military service of the United States as a sergeant of that organ-ization on the 1st day of November 1898.

BILLS PASSED OVER

The bill (H. R. 5375) to promote nautical education, and for other purposes, was announced as next in order.

Mr. KING. I ask that the bill be passed over.

The PRESIDING OFFICER. The bill will be passed over. The bill (S. 773) conferring jurisdiction upon the United States Court of Claims to hear, examine, adjudicate, and render final judgment on any and all claims which the Yakima Indian Tribes may have against the United States, and for other purposes, was announced as next in order.

Mr. KING. Let that bill fall in the same category as the

other Indian bills.

The PRESIDING OFFICER. The bill will be passed over under objection.

MELVIN GERARD ALVEY

The bill (H. R. 4131) for the relief of Melvin Gerard Alvey was considered, ordered to a third reading, read the third time, and passed.

NAVAL CONSTRUCTION-BILL PASSED OVER

The bill (H. R. 2878) to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes, was announced as next in

Mr. KING. Mr. President, may we have an explanation of that bill?

Mr. WALSH. Mr. President, the bill is the annual publicworks bill. Each year the Senate Committee on Naval Affairs submits a bill authorizing the Navy to proceed with certain repairs to shore establishments. There is no "steel" in this bill. It covers 86 projects. The amount of money involved is \$53,719,500. Some of the projects are maintenance facilities, aeronautical requirements, ordnance depots, supply facilities, hospital facilities, radio stations, training, education, welfare, and housing, navy yard, Pearl Harbor, Hawaii, and various items of that kind and character. Repair of the naval torpedo station, Newport, R. I.; naval proving grounds, Dahlgren, Va.; navy powder factory, Indian Head, Md., and so forth.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. WALSH. I yield.

Mr. McKELLAR. What will be the amount of appropria-

tion required at the present session of Congress?

Mr. WALSH. The bill would authorize \$53,000,000. There are some amendments to the bill. Two of them should be explained. They are committee amendments offered in lieu of committee's amendments previously reported by the committee. I should like to refer to them when the bill is taken up for consideration.

Mr. KING. Let the bill be passed over until the calendar has been called, at which time it can be taken up and we can

have a proper explanation of it.

Mr. WALSH. I have no objection. I shall move at the conclusion of the call of the calendar that the bill be con-

The PRESIDING OFFICER. The bill will be passed over temporarily.

HOLDING OF CIVIL OFFICE BY RETIRED SERVICE PERSONNEL

The Senate proceeded to consider the bill (S. 1116) to amend section 1860 of the Revised Statutes, as amended (48 U. S. C. 1460), to permit retired officers and enlisted men of the Army, Navy, and Marine Corps to hold civil office in any Territory of the United States, which had been reported from the Committee on Naval Affairs with amendments, on page 1, line 6, after the word "Navy", to strike out "or"; in line 7, after the word "Corps", to insert "or Coast Guard"; on page 2, line 1, after the word "Navy", to strike out "or"; and on the same page, in line 2, after the word "Corps", to insert "or the Coast Guard", so as to make the bill read:

Be it enacted, etc., That the fourth clause of section 1860 of the Revised Statutes of the United States, as amended (48 U. S. C. 1460), is hereby further amended to read as follows:

"Fourth. No person belonging to the Army, Navy, Marine Corps, or Coast Guard shall be elected to or hold any civil office or appointment in any Territory, except officers and enlisted men of the Army, the Navy, the Marine Corps, or the Coast Guard on the retired list."

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill to amend section 1860 of the Revised Statutes, as amended (48 U.S. C. 1460), to permit retired officers and enlisted men of the Army. Navy, Marine Corps, and Coast Guard to hold civil office in any Territory of the United States."

HAROLD R. WOOD-DISTINGUISHED SERVICE MEDAL

The bill (S. 860) authorizing the President to present a Medal of Honor to Harold R. Wood was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the President is authorized to present a Distinguished Service Medal to Harold R. Wood, formerly a corporal of the United States Marine Corps, for conspicuous bravery on the night of October 31-November 1, 1919, as an officer in the Gendarmerie d'Haiti.

The title was amended so as to read: "A bill authorizing the President to present a Distinguished Service Medal to Harold R. Wood."

BILL PASSED OVER

The bill (S. 1854) to increase the number of misdshipmen allowed at the United States Naval Academy from the District of Columbia was announced as next in order.

Mr. McNARY. I ask that the bill be passed over.

Mr. WALSH. I think a brief explanation will clarify any misunderstanding which may exist concerning the measure.

Mr. McNARY. Mr. President, I objected to consideration of the bill before because the quota of those who may be admitted to the Naval Academy for the District of Columbia is much larger than that for the States. I am giving some study to the matter, and I ask that it go over for today.

Mr. WALSH. That is agreeable.

The PRESIDING OFFICER. The bill will be passed over.

ACCEPTANCE OF GOVERNMENT PAY CHECKS OUTSIDE THE UNITED

The bill (S. 1118) to provide for acceptance and cashing of Government pay checks of retired naval personnel and members of the Naval and Marine Corps Reserves by commissary stores and ship's stores ashore located outside the continental limits of the United States was considered, ordered to be engrossed for a third reading, read the third time, and passed,

Be it enacted, etc., That notwithstanding the provisions of sections 3639 and 3651, Revised Statutes, as amended (31 U. S. C. 521, 543), the Secretary of the Navy, in his discretion, may hereafter authorize the officer in charge of any commissary store or ship's store ashore, located outside the continental limits of the United States, to accept Government checks tendered by retired personnel of the Navy and Marine Corps and by members of the Naval and Marine Corps Reserves in payment of amounts due by such personnel to any such commissary store or ships' store ashore, and to refund, in cash, to the payees of the tendered checks any difference between the amounts due and the amounts of the tendered checks.

BILL PASSED OVER

The bill (H. R. 5765) to authorize commissioning aviation cadets in the Naval and Marine Corps Reserves upon completion of training, and for other purposes, was announced as next in order.

Mr. WALSH. I request that that bill stand on the calendar for the present.

The PRESIDING OFFICER. The bill will be passed over under objection.

CONVEYANCE OF LAND AT WEST POINT MILITARY RESERVATION

The bill (H. R. 3131) to authorize the Secretary of War to convey certain lands owned by the United States for other lands needed in connection with the expansion of West Point Military Reservation, N. Y., and for other purposes, was considered, ordered to a third reading, read the third time, and passed.

RETIREMENT PRIVILEGES FOR OFFICERS OF WAR WITH SPAIN

The bill (S. 839) to amend the Retirement Act of April 23, 1904, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the act of Congress approved April 23, 1904, authorizing the retirement to the next higher grade of officers of the United States Army who served in the Civil War is hereby extended to include those officers not above the grade of colonel who served in the War with Spain between April 21, 1898, and April

11, 1899.

That the advance in grade herewith provided shall be without any additional pay above that of the grade held by them at the date of retirement.

WARRANT OFFICERS AND ENLISTED MEN OF THE REGULAR ARMY

The bill (S. 1181) to provide for the status of warrant officers and of enlisted men of the Regular Army who served as commissioned officers was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That hereafter any warrant officer or enlisted man of the Regular Army who shall serve on active duty as a Reserve officer of the Army of the United States or who shall be discharged to accept a commission in the Army of the United States and whose active service as a commissioned officer shall terminate honorably, shall be entitled, without regard to any physical disqualification incurred, or having its inception, while on active duty in line of duty, to reappointment as warrant officer or to reenlistment in the grade held prior to such commissioned service, without loss of service or seniority and without regard to whether a vacancy exists in the grade of warrant officer or in the appropriate enlisted grade: Provided, That application for reappointment or reenlistment shall be made within 6 months after the termination of such commissioned service in each case: after the termination of such commissioned service in each case: Provided further, That warrant officers and enlisted men of the Regular Army shall be entitled to count active commissioned service in the Army of the United States as warrant or enlisted service for all purposes

SEC. 2. The act approved March 30, 1918 (40 Stat. 501), is hereby

RIGHT-OF-WAY, FORT MIFFLIN MILITARY RESERVATION, PA.

The bill (S. 1666) to provide a right-of-way, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of War be, and he is hereby, authorized and empowered, under such terms and conditions as are deemed advisable by him, to grant to the Atlantic

Refining Co., its successors and/or assigns, an easement for a right-of-way for oil-pipe lines over, across, in, and upon the Fort Mifflin Military Reservation, in the State of Pennsylvania: Provided, That such right-of-way shall be granted only upon a finding by the Secretary of War that the same will be in the public interest and will not substantially injure the interest of the United States in the property affected thereby: Provided further, That all or any part of such right-of-way may be annulled and forfeited by the Secretary of War if the property is needed for governmental purposes, or for failure to comply with the terms or conditions of any grant hereunder, or for nonuse or for abandonment of rights granted under authority hereof.

The title was amended so as to read: "A bill to provide a right-of-way across the Fort Mifflin Military Reservation. Pa."

Mr. McNARY. Mr. President, the senior Senator from Pennsylvania [Mr. Davis] has been called from the Chamber. I ask unanimous consent that the report accompanying Senate bill 1666 be printed in the RECORD immediately following the action on the bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

The report (No. 399) is as follows:

The Committee on Military Affairs, to whom was referred the bill (S. 1666) to provide a right-of-way, having considered the same

The Committee on Military Affairs, to whom was referred the bill (S. 1666) to provide a right-of-way, having considered the same reported favorably thereon with a recommendation that it do pass, the title amended so as to read: "A bill to provide a right-of-way across the Fort Mifflin Military Reservation, Pa."

The purpose of this bill is to authorize the Secretary of War to grant an easement to the Atlantic Refining Co. for a right-of-way for oil pipe lines across the Fort Mifflin Military Reservation, Pa.

The bill also provides that the right-of-way shall be granted only upon the finding by the Secretary of War that it will be in the public interest and will not substantially injure the interest of the United States in the property affected; that the grant will be subject to such terms and conditions as are deemed advisable by the Secretary of War, and that all or any part of such right-of-way may be annulled and forfeited by the Secretary of War if the property is needed for governmental purposes, or for failure to comply with the terms of the grant or for nonuse.

The Secretary of War has no authority to grant easements of this character. However, the Attorney General has held that a revocable license could be granted, with the stipulation that the license subsequently obtain authority of Congress for continuation of the grant. Accordingly a revocable license dated November 22, 1938, was granted this company to install, operate, and maintain the oil pipe lines referred to for a period not to exceed 5 years. This license specifically provides that extension or renewal of the grant will not be made unless the licensee has meanwhile obtained the authority of Congress to continue the operation and maintenance of the pipe lines.

Report from the War Department on S. 1666, under date of April nance of the pipe lines.

Report from the War Department on S. 1666, under date of April

18, 1939, follows:

Hon. Morris Sheppard,

Chairman, Committee on Military Affairs, United States Senate.

DEAR SENATOR SHEPPARD: Careful consideration has been given to the bill S. 1666, "To provide a right-of-way."

The legal effect of the bill would be to authorize the Secretary of War to grant an easement to the Atlantic Refining Co. for a right-of-way for oil pipe lines across the Fort Mifflin Military Reservation, Pa. The measure provides that—

"The right-of-way shall be granted only upon a finding by the Secretary of War that it will be in the public interest and will not substantially injure the interest of the United States in the prop-

erty affected.

"The grant will be subject to such terms and conditions as are deemed advisable by the Secretary of War.

"All or any part of such right-of-way may be annulled or forfeited by the Secretary of War if the property is needed for governmental purposes, or for failure to comply with the terms of the grant or for nonuse."

There is no existing law authorizing the Secretary of War to grant easements for rights-of-way for oil pipe lines across military reservations.

While the Secretary of War has no authority to grant easements of this character, the Attorney General has held that a revocable license could be granted, with the stipulation that the licensee subsequently obtain authority of Congress for a continuation of the grant.

the grant.

A revocable license dated November 22, 1938, was accordingly granted to the Atlantic Refining Co. to install, operate, and maintain the oil pipe lines referred to in the above bill for a period not to exceed 5 years. This license specifically provides that extension or renewal of the grant will not be made unless the licensee has meanwhile obtained the authority of Congress to continue the operation and maintenance of the pipe lines.

In view of the foregoing, the War Department has no objection to the enactment of S. 1666 into law.

This proposed legislation was submitted to the Bureau of the Budget, which advises that there would be no objection to the submission of the above report to the committee.

Sincerely yours,

HARRY H. WOODRING,

HARRY H. WOODRING, Sincerely yours, Secretary of War. TRANSFER OF GOVERNMENT LAND TO THE STATE OF TEXAS

The Senate proceeded to consider the bill (S. 1820) to provide for the transfer of certain land owned by the United States to the State of Texas, and certain other land to the county of Galveston, Tex., which had been reported from the Committee on Military Affairs with an amendment at the end of the bill to add a proviso, so as to make the bill read:

Be it enacted, etc., That the Secretary of War is authorized and directed to convey to the State of Texas all right, title, and interest of the United States in and to all of that certain tract or parcel of land out of lot 525, section 1, Trimble and Lindsey survey, Galveston Island, Tex., described as follows:

Beginning at the southwest corner of said lot 525 as established by United States engineers for the southwest corner of a 2.1-acre

tract owned by the United States of America and described in book 329, page 628, Deed Records, Galveston County, Tex.; thence north 25°11' west along the westerly line of said 2.1-acre tract 165 feet to the northwest corner of said 2.1-acre tract 241.9' east along the northerly line of said 2.1-acre tract 241.9 feet to a point in a right angle job in the northerly right-of-way line of the State highway leading to the new causeway across Galveston Bay, as said State highway is shown on plat of record in the office of the county clerk, Galveston County, Tex., to which plat reference is hereby made; thence south 29°2' west perpendicular to said center line of proposed State highway 32.6 feet to a point 200 feet perpendicularly distant northerly from said center line of proposed State highway; thence south 60°58' east parallel to said center line 180 feet to the southerly line of said 2.1-acre tract; thence south 64°49' west along the southerly line of said 2.1-acre tract 320 feet to the place of beginning, contains .996 acre.

It is the intention in the above description to include all of that tract owned by the United States of America and described in book

It is the intention in the above description to include all of that portion of said 2.1-acre tract owned by the United States of America that is within the limits of the right-of-way of said State highway.

that is within the limits of the right-of-way of said State highway.

Sec. 2. The Secretary of War is authorized and directed to convey to the county of Galveston, Tex., all the right, title, and interest of the United States in and to all of that certain tract or parcel of land out of lot 525, section 1, Trimble and Lindsey survey, Galveston Island, Tex., described as follows:

Beginning at the intersection of the northerly right-of-way line of the State highway leading to the new causeway across Galveston Bay, as said State highway is shown on map of record in the office of the county clerk, Galveston County, Tex., with the southerly line of the United States of America 2.1-acre tract of land on Galveston Island. Tex. and described in book 329 pages 628 and erly line of the United States of America 2.1-acre tract of land on Galveston Island, Tex., and described in book 329, pages 628 and 629, Deed Records, Galveston County, Tex.; thence from said beginning point north 60°58' west along said State highway northerly right-of-way line 180 feet to a right angle jog to the right in said right-of-way line; thence north 29°2' east 32.6 feet to the northerly line of said United States of America 2.1-acre tract; thence north 64°49' east 253.8 feet, more or less, to the southerly right-of-way line of the old State Highway No. 6, formerly a county road; thence south 60°58' east 203.4 feet along said southerly right-of-way of the old State Highway No. 6 to the said erly right-of-way of the old State Highway No. 6 to the said southerly line of the United States of America 2.1-acre tract; and thence south 64°49' west along said southerly line of 2.1-acre tract 282.2 feet, more or less, to the place of beginning. Contains 1.104 acres.

SEC. 3. The grantee in each case shall bear any expense (other than for the preparation of the deeds) necessary to carry out the provisions of this act, but shall not be required to pay any consideration for the right, title, and interest conveyed: *Provided*, That the Secretary of War is authorized to make such deviations in the description of the lands above described as may be necessary to carry out the purpose and intent of this act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading. read the third time, and passed.

BILL PASSED OVER

The bill (S. 912) for the relief of Joseph Kenney was announced as next in order.

Mr. KING. I ask that the bill be passed over.

The PRESIDING OFFICER. The bill will be passed over.

JAMES T. MOORE

The bill (S. 871) for the relief of James T. Moore was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the President of the United States be, and he is hereby, authorized to summon James T. Moore, formerly chaplain with rank of first lieutenant of the Army of the United chaplain with rank of first lieutenant of the Army of the United States, before a retiring board to inquire whether at the time of his honorable discharge, December 22, 1922, he was incapacitated for active service, and whether such incapacity was the result of an incident of service, and upon the result of such inquiry the President is authorized to nominate and appoint, by and with the advice and consent of the Senate, the said James T. Moore a first lieutenant in the Corps of Chaplains and place him immediately thereafter upon the retired list of the Army, with the same privileges and retired pay as are now or may hereafter be provided by law or regulation for officers of the Regular Army: Provided, That the said James T. Moore shall not be entitled to any back pay or allowances.

STOCKYARD DEALERS AND MARKETING AGENCIES

The bill (S. 446) to amend the Packers and Stockyards Act of 1921 was announced as next in order.

Mr. McNARY. Mr. President, may we have an explanation of the bill?

Mr. GILLETTE. The report was written by the senior Senator from Kansas [Mr. CAPPER], but I will do the best I can to explain the bill.

An identical bill was passed by the Senate last year in the closing days of the session, but was not acted on by the House. The bill amends title III of the Packers and Stockyards Act, which deals particularly with stockyard dealers and marketing agencies. It attempts to do what the present act does not do. Because of the increased volume of direct buying, the seller on these markets does not have the protection which Federal supervision was intended to give him.

The present law provides for the establishment by the Secretary of Agriculture of a maximum rate of charge—a just and reasonable rate—and a minimum rate. The bill provides for fixing the maximum and minimum rates when they are found by the Secretary of Agriculture to be just and reasonable.

The second part of the bill provides for the licensing of additional agents to perform these services under a finding of convenience and necessity.

Mr. TAFT. I ask that the bill be passed over.

The PRESIDING OFFICER. The bill will be passed over.

BILL PASSED OVER

The bill (S. 1806) to provide for the construction and equipment of a building for the experiment station of the Bureau of Mines at Rolla, Mo., was announced as next in order.

Mr. KING. I ask that the bill be passed over.

The PRESIDING OFFICER. The bill will be passed over.

ALTERATIONS OF AND REPAIRS TO NAVAL VESSELS

The Senate proceeded to consider the joint resolution (S. J. Res. 126) to amend the act to authorize alterations and repairs to certain naval vessels, and for other purposes, approved April 20, 1939, which was read, as follows:

Resolved, etc., That the act to authorize alterations and repairs to certain naval vessels, and for other purposes, approved April 20, 1939 (Public, No. 37, 76th Cong.), be, and the same is hereby, amended by striking out in the proviso the figures "\$5,000,000" and inserting in lieu thereof "\$5,500,000", so as to make the proviso read: "Provided, That the total cost of such alterations and repairs shall not exceed \$5,500,000."

Mr. WALSH. That joint resolution merely corrects an error made in the Government Printing Office. The bill as it passed the Senate and the House and was enacted into law carried the figures "\$5,500,000." In printing the bill the Government Printing Office printed "\$5,000,000" instead of "\$5,500,000."

The purpose of the joint resolution is to correct that error. The PRESIDING OFFICER. The question is on the engrossment and third reading of the joint resolution.

The joint resolution was ordered to be engrossed for a third reading, read the third time, and passed.

FEDERAL COURT DISTRICTS, KENTUCKY

The Senate proceeded to consider the bill (S. 438) to repeal and reenact section 83 of the Judicial Code, as amended, relating to Federal court districts in the State of Kentucky, which had been reported from the Committee on the Judiciary with an amendment to strike out all after the enacting clause and to insert:

That section 83 of the Judicial Code, as amended, is hereby repealed and reenacted so as to read as follows:
"The State of Kentucky is divided into three districts, to be

"The State of Kentucky is divided into three districts, to be known as the eastern, middle, and western districts of Kentucky. "The eastern district shall include the territory embraced on the 1st day of January 1939 in the counties of Bath, Boone, Boyd, Bracken, Breathitt, Campbell, Carter, Elliott, Fleming, Floyd, Gallatin, Grant, Greenup, Harrison, Johnson, Kenton, Knott, Lawrence, Lee, Lechter, Lewis, Magoffin, Martin, Mason, Menifee, Montgomery, Morgan, Nicholas, Owsley, Pendleton, Perry, Pike, Powell, Robertson, Rowan, and Wolfe, with the waters thereof.

"Regular terms of the District Court of the United States for the Eastern District of Kentucky shall be held at the following times and places:

"At Covington: Beginning on the fourth Monday in May and the

first Monday in December in each year.

"At Catlettsburg: Beginning on the third Monday in February and the second Monday in September in each year.

"At Jackson: Beginning on the fourth Monday in March and the first Monday in October in each year.
"At Pikeville: Beginning on the fourth Monday in April and the

"At Pikeville: Beginning on the fourth Monday in April and the fourth Monday in October in each year.
"At Mount Sterling: Beginning on the third Monday in January and the third Monday in June in each year. And at such other times and places as may be provided hereafter by law.
"The clerk of the court for the eastern district of Kentucky shall maintain an office in charge of himself, a deputy, or a clerical assistant at each of the places of holding court within said district, which offices shall be kept open at all times for the transaction of the business of the court.

"The middle district shall include the territory embraced on the 1st day of January 1939 in the counties of Adair, Allen Anderson.

International district shall include the territory embraced of the left day of January 1939 in the counties of Adair, Allen, Anderson, Barren, Bell, Bourbon, Boyle, Butler, Carroll, Casey, Clark, Clay, Clinton, Cumberland, Edmonson, Estill, Fayette, Franklin, Garrard, Green, Harlan, Hart, Henry, Jackson, Jessamine, Knox, Larue, Laurel, Leslie, Lincoln, McCreary, Madison, Marion, Mercer, Metcaffe, Monroe, Nelson, Owen, Pulaski, Rockcastle, Russell, Scott, Stelly, Simpson, Spancer, Taylor, Tripple, Warren, Weshington, Shelby, Simpson, Spencer, Taylor, Trimble, Warren, Washington, Wayne, Whitley, and Woodford, with the waters thereof.

"Regular terms of the District Court of the United States for the Middle District of Kentucky shall be held at the following times

and places:

and places:

"At Lexington: Beginning on the second Monday in May and the second Monday in November in each year.

"At London: Beginning on the second Monday in April and the second Monday in October in each year.

"At Richmond: Beginning on the second Monday in January and the second Monday in June in each year.

"At Frankfort: Beginning on the second Monday in March and the second Monday in September in each year.

"At Bowling Green: Beginning on the third Monday in May and the second Monday in December in each year. And at such other times and places as may be provided hereafter by law.

"The clerk of the court for the middle district of Kentucky shall maintain an office in charge of himself, a deputy, or a clerical assistant at each of the places of holding court within said district, each of which offices shall be kept open at all times for the transaction of the business of the court.

"The western district shall include the territory embraced on the

'The western district shall include the territory embraced on the

Western District of Kentucky shall be held at the following times

and places:

"At Louisville: Beginning on the first Monday in March and the

fourth Monday in September in each year.
"At Owensboro: Beginning on the first Monday in May and the

"At Owensboro: Beginning on the first Monday in May and the fourth Monday in November in each year.

"At Paducah: Beginning on the third Monday in April and the second Monday in November in each year. And at such other times and places as may be provided hereafter by law.

"The clerk of the court for the western district of Kentucky shall maintain an office in charge of himself, a deputy, or a clerical assistant at each of the places of holding court within said district, each of which offices shall be kept open at all times for the transaction of the business of the court

transaction of the business of the court.
"The clerks of the courts for the eastern, middle, and western districts, upon issuing original process in a civil action, shall make it returnable to the court nearest to the county of the residence of the defendant, or of that defendant whose county is nearest to a court, and shall, immediately upon payment by the plaintiff of his fees accrued, send the papers filed to the clerk of the court to which the process is made returnable; and whenever the process is not thus made returnable, any defendant may, upon motion, on or before the calling of the cause, have it transferred to the court to which it should have been sent had the clerk known the residence of the defendant when the action was brought."

Mr. LOGAN. I have two amendments to offer to the bill. One of them simply fixes the time for holding court in one of the districts. The bill divides the State of Kentucky into three judicial districts, and since judges were appointed for a particular district the second amendment simply provides that the judge shall be judge of the district in which he resides.

I ask that the two amendments to the committee amendment be stated.

The PRESIDING OFFICER. The amendments offered by the junior Senator from Kentucky to the committee amendment will be stated.

The CHIEF CLERK. On page 7, beginning with line 17, it is proposed to strike out down to and including the word "year", in line 2 on page 8, and to substitute the following:

Frankfort, second Monday in February, second Monday in Sep-

Richmond, fourth Monday in February, fourth Monday in September.

Lexington, second Monday in March, second Monday in October. London, second Monday in February, first Monday in November. Bowling Green, second Monday in May, first Monday in December.

And at the end of the bill to add a new section, as follows:

SEC. 2. United States District Judge MacSwinford, residing in Sc. 2. United States District Judge MacSwinford, residing in the eastern district, shall be the judge of the eastern district; United States District Judge H. Church Ford, residing in the middle district, shall be judge of the middle district; United States District Judge Shackelford Miller, Jr., residing in the western district, shall be judge of the western district. All other officials of these courts shall continue in the positions now held until separated from the service as now provided by law.

This act shall not become effective until the first day of January 1940.

Mr. KING. Can the Senator tell us whether or not the bill would necessitate the erection of a large public building?

Mr. LOGAN. It would not. Court is to be held at only one new place. Court will be held at the same places at which it has heretofore been held, except for one small town, where there is a courthouse.

We have three judges. They have caught up with their work. Kentucky is a large State. It borders on the Ohio River for four or five hundred miles, and on the Mississippi for 50 miles. The bill divides the State into three Federal judicial districts instead of two, and assigns each of the three judges to his own district to conduct his own court. As the Senator knows, of course, the appointment of a district attorney and a clerk will be necessary. Further than that I know of no expense which will be added. At first, I hardly thought the bill was necessary, but I have been convinced by letters which I have received that the bill should pass. I have not conferred with my colleague with respect to the last amendment offered, but yesterday I received a communication in which some of the judges asked that the bill be made effective beginning the 1st of January 1940, because they will have to have some time in which to shift and arrange their dockets.

The PRESIDING OFFICER. The question is on agreeing to the amendments to the committee amendment.

The amendments to the amendment were agreed to.

The amendment, as amended, was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (S. 2270) to authorize the Secretary of Agriculture to purchase refuge lands within the State of South Carolina for the perpetuation of the eastern wild turkey and to provide pure-blood brood stock for restocking within its native range, and for other purposes, was announced as next in

Mr. KING. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

LEONARD E. BROWNING

The bill (S. 1901) to extend to Sgt. Maj. Leonard E. Browning, United States Marine Corps, the benefits of the act of May 7, 1932, providing highest World War rank to retired enlisted men was announced as next in order.

Mr. KING. Mr. President, I should like to ask the Senator from Kentucky [Mr. Logan] whether or not the bill has the approval of the War Department.

Mr. LOGAN. I think it has. The report is in the files of Senators. The bill does not increase the pay of the enlisted man. It permits him to retire after 30 years' service with the highest rank he held during the World War, without any increase in pay. Similar action has been taken in other cases.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed as follows:

Be it enacted, etc., That Sgt. Maj. Leonard E. Browning, United States Marine Corps, upon retirement after 30 years' service in the Army and Marine Corps (double time for service in the Philippines and China included), be placed on the retired list of the United States Marine Corps with the rank of captain: Provided, That no increase in active or retired pay or allowances shall result from the passage of this act over and above that now authorized under the act of June 6, 1924, to enlisted men on the retired list.

HIGHWAY BETWEEN CHORRERA AND RIO HATO, REPUBLIC OF PANAMA

The bill (S. 2163) to authorize an appropriation to meet such expenses as the President, in his discretion, may deem necessary to enable the United States to cooperate with the Republic of Panama in completing the construction of a national highway between Chorrera and Rio Hato, Republic of Panama, for defense purposes was announced as next

Mr. GILLETTE. Let the bill go over.

Mr. LOGAN. Mr. President, will the Senator withhold his objection for a moment?

Mr. GILLETTE. Gladly.

Mr. LOGAN. The President, in one of his messages, recommended an appropriation, or an arrangement with the Republic of Panama whereby the United States and the Republic of Panama, for defense purposes, might jointly construct a highway. I understand the cost will be \$1,500,000. The War Department prepared the bill and sent it to Congress with the recommendation that it pass. The chairman of the Military Affairs Committee happened to be absent at the time, and the bill was sent to me with the request that it be expedited, so the Committee on Military Affairs favorably reported it. I do not know much about its purpose, other than that it is proposed to construct a highway for defense purposes in connection with the Panama Canal.

Mr. GILLETTE. Mr. President, will the Senator yield?

Mr. LOGAN. I yield.

Mr. GILLETTE. As I understand the explanation, the cost of the proposed highway would be \$1,500,000.

Mr. LOGAN. That is what I understand. If the Senate will bear with me for a moment I should like to read what is said about it. I read from the report of the committee:

In the message of the President, dated January 12, 1939, to the Congress of the United States, he mentioned the necessity for the construction of a highway outside the limits of the Panama Canal Zone for purposes of defense of the zone. The highway to be constructed will be a concrete road, at a cost not to exceed \$1,500,000, the completion of which will provide an essential transportation artery to areas considered vital to the defense of the Panama Canal. Letter of the War Department, dated April 8, 1939, on this

subject, follows:

Hon. MORRIS SHEPPARD,

. Morris Sherran, Chairman, Committee on Military Affairs, United States Senate.

DEAR SENATOR SHEPPARD: There is enclosed the draft of a bill to authorize an appropriation to meet such expenses as the President, in his discretion, may deem necessary to enable the United States to cooperate with the Republic of Panama in completing the construction of a national highway between Chorrera and Rio Hato, Republic of Panama, for defense purposes.

The purpose of this bill is to authorize the collaboration of the United States, at a cost of not to exceed \$1,500,000, with the Republic of Panama in the construction of a concrete highway outside the of Panama in the constitution of a control o

This proposed legislation was submitted to the Bureau of the Budget which reports that it is in accord with the program of the

President.

Sincerely yours,

LOUIS JOHNSON, Acting Secretary of War.

That is all I know about the subject.

Mr. McKELLAR. Mr. President, may I ask the Senator if the highway referred to is the road to the airport?

Mr. LOGAN. That is my information.

Mr. SHEPPARD. It is.
Mr. McKELLAR. If it is, it ought to be built by all means.

Mr. MINTON. Mr. Fresident, will the Senator yield? Mr. LOGAN. I yield to the Senator.

Mr. MINTON. Mr. President, I was in Panama last fall, and I went over to Rio Hato. Rio Hato is the auxiliary aviation field necessary for the defense of the Panama Canal Zone. It is the finest natural aviation field I have ever seen. It is situated on a broad prairie, where nothing has been done to the land. It is a perfect landing field. I visited the field with General Stone and the officer in charge of the air force. They say that the aviation field is absolutely essential to the defense of the Panama Canal. The auxiliary forces are sent out to the aviation field and kept there all the time. There is no road to the field. The proposed highway will inure to the benefit of the United States and not the Republic of Panama.

As I understood from General Stone, the proposal was that Panama should provide the right-of-way and the labor for the highway and that we should provide the material only. In order to reach this splendid aviation field it is necessary to have a highway. It cannot be reached by truck or transportation of that kind. The roads are utterly impassable. So it is absolutely essential to have some communication with the aviation field by land. That is the reason why the War Department is vitally interested. The highway would be between the Canal Zone itelf and Rio

Hato.

Mr. McKELLAR. Mr. President, will the Senator yield? Mr. MINTON. I yield.

Mr. McKELLAR. I was in Panama last summer, and I can endorse all that the Senator from Indiana has said in connection with this enterprise. I think the highway would be most valuable to our defense.

Mr. GILLETTE. Mr. President, if the project has the value which it undoubtedly has, as stated by the Senator from Indiana and the Senator from Tennessee, and it is necessary to our national defense, if it is to cost \$1,500,000, it is perfectly right and proper that we should authorize an appropriation of \$1,500,000. However, the bill provides for the construction of the highway in cooperation with the Republic of Panama, and gives the President the discretion of determining what amount shall be contributed, up to the limit of \$1,500,000. If the highway is entirely for the purpose of aiding the United States, and if the Republic of Panama would gain nothing from the construction of such a highway, why should the discretionary power be lodged in the President for the contribution of such sum as the President sees fit? Why do we not authorize an appropriation of \$1,500,000? I object to the consideration of the bill at this time.

The PRESIDING OFFICER. Objection is heard. Under the rule the bill will be passed over.

BILLS PASSED OVER

The bill (H. R. 5136) to amend the act entitled "An act to provide books for the adult blind," approved March 3. 1931, was announced as next in order.

Mr. BARKLEY. Mr. President, that bill should go over for the present, because it is desirable to investigate certain matters in connection with it.

The PRESIDING OFFICER. The bill will be passed over. The bill (S. 897) to correct the military record of Walter Ballhaus was announced as next in order.

Mr. KING. Let the bill go over.

The PRESIDING OFFICER. The bill will go over under objection.

PROHIBITION OF EXPORTATION OF TOBACCO SEED AND PLANTS

The bill (H. R. 2378) to prohibit the exportation of tobacco seed and plants, except for experiment only, was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That it shall be unlawful to export any tobacco seed and/or live tobacco plants from the United States or any Territory subject to the jurisdiction thereof, to any foreign country, port, or place, unless such exportation and/or transportation is in pursuance of a written permit granted by the Secretary of Agriculture. Such permit shall be granted by the Secretary only upon application therefor and after proof satisfactory to him that such seed or plants are to be used for experimental purposes only.

Sec. 2. Any persons violating any of the provisions of this act shall be guilty of a misdemeanor and shall be punished by a fine of not more than \$5,000 or by imprisonment for not more than 1 year, or by both such fine and imprisonment.

LEGAL REPRESENTATIVE OF ANNA BARBARA KOSICK

The Senate proceeded to consider the bill (S. 1942) for the relief of Barbara Kosick, which had been reported from the Committee on Claims, with amendments, on page 1, line 5, after the word "to", to strike out "Barbara Kosick" and insert "the legal representative of Anna Barbara Kosick, deceased"; in line 7, after the words "sum of", strike out "\$9,500" and insert "\$5,000"; in line 9, after the word "said", to strike out "Barbara Kosick" and insert "legal representative of Anna Barbara Kosick, deceased"; on page 2, line 6, after the word "Provided", to strike out "That no part of the amount appropriated in this act in excess of 10 percent shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000" and insert "That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the legal representative of Anna Barbara Kosick, deceased, of Los Angeles, Calif., the sum of \$5,000. Such sum shall be in full settlement of all claims against the United States for damages sustained by the said legal representative of Anna Barbara Kosick, deceased, on account of the death of her daughter Anna Barbara Kosick on or about the 10th day of September 1937 as the result of injuries sustained in a collision involving the car in which the said Anna Barbara Kosick was riding and a Government vehicle in the service of the Civilian Conservation Corps at the intersection of Huntington Drive and Baldwin Avenue, in the city of Arcadia, county of Los Angeles, State of California: Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

The amendments were agreed to; and the bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill for the relief of the legal representative of Anna Barbara Kosick, deceased."

HUGH A. SMITH

The Senate proceeded to consider the bill (S. 2082) for the relief of Hugh A. Smith, which had been reported from the Committee on Claims, with an amendment, on page 1. line 11, after the word "Provided", to strike out "That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with such claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with such claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000"; and insert, "That no part of the amount appropriated in this act in excess of 10 per-

cent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Hugh A. Smith, of Bend, Oreg., the sum of \$220.65, in full satisfaction of his claim against the United States for expenses incurred, and property damage sustained, by him as a result of a collision between his automobile and a War Department truck which occurred near Fort Canby, Wash., on August 12, 1938: Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (H. R. 2695) for the relief of Kenneth B. Clark was announced as next in order.

Mr. KING. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over under objection.

CHARLES H. PARR

The bill (H. R. 3965) for the relief of Charles H. Parr was considered, ordered to a third reading, read the third time, and passed.

EXPENSES OF INVESTIGATION OF INDIANA SENATORIAL ELECTION

The resolution (S. Res. 130) to authorize the payment of expenses in the investigation of the 1938 senatorial election in Indiana was considered and agreed to, as follows:

Resolved, That the Committee on Privileges and Elections, or a subcommittee thereof, hereby is authorized to expend from the contingent fund of the Senate not to exceed \$100 for expenses incurred incident to the investigation of the election in 1938 of a Senator from the State of Indiana.

BILL PASSED OVER

The bill (S. 522) to provide pensions to members of the Regular Army, Navy, Marine Corps, and Coast Guard who become disabled by reason of their service therein, equivalent to 90 percent of the compensation payable to war veterans for similar service-connected disabilities, and for other purposes, was announced as next in order.

Mr. KING. I ask that the bill go over.

Mr. SCHWARTZ. Mr. President, will the Senator who made the objection withhold it for a moment?

The PRESIDING OFFICER. Does the Senator from Utah withhold his objection?

Mr. KING. I have received several letters in connection with the bill, one approving it, and one suggesting an amendment. I should like it to go over, and I will talk with the Senator about it.

Mr. SCHWARTZ. Very well.

The PRESIDING OFFICER. The bill will be passed over under objection.

ALBERT P. DUNBAR

The bill (S. 1033) for the relief of Albert P. Dunbar was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers Albert P. Dunbar, who was a member of Company A, Third Regiment Texas Volunteer Infantry, shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a member of that organization on the 9th day of November 1898: Provided, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

Mr. KING subsequently said: Mr. President, with respect to Senate bill 1033, for the relief of Albert P. Dunbar, I note there is a very strong recommendation against it by the Department. I ask to reconsider the vote by which the bill was

The PRESIDING OFFICER. Is there objection to the request of the Senator from Utah that the vote by which Senate bill 1033 was passed be reconsidered?

The Chair hears none, and the vote is reconsidered.

Mr. KING. I now ask that the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

FRED M. MUNN

The bill (S. 1165) for the relief of Fred M. Munn was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers Fred M. Munn, who served as a private in Troop L. Second Regiment United States Cavalry, shall hereafter be held and considered to have been honorably discharged from the military service of the United States on January 10, 1878: Provided, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

IRVING L. LEAFE

The bill (S. 1669) relating to the military record of Irving L. Leafe was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of War is authorized and directed to review the military record of Irving L. Leafe, formerly a first lieutenant, One Hundred and Fourth Trench Mortar Battery, United States Army, and, upon such review the Secretary of War may, in his discretion, issue to the said Irving L. Leafe a certificate of honorable discharge as a first lieutenant, One Hundred and Fourth Trench Mortar Battery, United States Army, under date of March 31, 1919.

ALVIN C. YORK

The bill (S. 2183) authorizing the President of the United States to appoint Sgt. Alvin C. York as a colonel in the United States Army and then place him on the retired list, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the President of the United States be, and he is hereby, authorized, by and with the advice and consent of the Senate, to appoint Sgt. Alvin C. York, late of Company G, Three Hundred and Twenty-eighth Infantry, United States Army, an officer with the rank of colonel in the United States Army and then to place him on the retired list in that grade.

INTERNATIONAL PETROLEUM EXPOSITION AT TULSA, OKLA,

The bill (S. 2043) authorizing the President to invite the States of the Union and foreign countries to participate in the International Petroleum Exposition at Tulsa, Okla., to be held May 18 to May 25, 1940, was announced as next in order.

The PRESIDING OFFICER. The Chair is advised that there is on the calendar an identical House bill. Without objection, the House bill will be substituted for the Senate

bill and considered at this time.

There being no objection, the bill (H. R. 5447) authorizing the President to invite the States of the Union and foreign countries to participate in the International Petroleum Exposition at Tulsa, Okla., to be held May 18 to 25, 1940, was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the President of the United States is authorized to invite by proclamation, or in such other manner as he may deem proper, the States of the Union and all foreign countries to participate in the proposed International Petroleum Exposition, to the held at Tulsa, Okla., from May 18 to May 25, 1940, inclusive, for the purposes of exhibiting samples of fabricated and raw products of all countries used in the petroleum industry and bringing together buyers and sellers for promotion of trade and commerce in such products.

bringing together buyers and sellers for promotion of trade and commerce in such products.

SEC. 2. All articles which shall be imported from foreign countries for the purpose of exhibition at the International Petroleum Exposition or for use in constructing, installing, or maintaining foreign buildings or exhibits at the said exposition, upon which articles there shall be a tariff or customs duty, shall be admitted without payment of such tariff, customs duty, fees, or charges under such regulations as the Secretary of the Treasury shall prescribe; but it shall be lawful at any time during or within 3 months after the close of the said exposition to sell within the area of the

exposition any articles provided for herein subject to such regula-tions for the security of the revenue and for the collection of import duties as the Secretary of the Treasury may prescribe: Pro-vided, That all such articles when withdrawn for consumption or use in the United States, shall be subject to the duties, if any, imposed upon such articles by the revenue laws in force at the date of their withdrawal; and on such articles, which shall have suffered diminution or deterioration from incidental handling or exposure, the duties, if payable, shall be assessed according to the appraised value at the time of withdrawal from entry hereunder for consumption, or output under the general tarify law. Provided for consumption or entry under the general tariff law: Provided further, That imported articles provided for herein shall not be subject to any marking requirements of the general tariff laws except when such articles are withdrawn for consumption or use in the United States, in which case they shall not be released from customs custody until properly marked, but no additional duty shall be assessed because such articles were not sufficiently marked when imported into the United States: *Provided further*, That at shall be assessed because such articles were not sufficiently marked when imported into the United States: Provided further, That at any time during or within 3 months after the close of the exposition, any article entered hereunder may be abandoned to the Government or destroyed under customs supervision, whereupon any duties on such article shall be remitted: Provided further, That articles which have been admitted without payment of duty for exhibition under any tariff law, and which have remained in continuous customs custody or under a customs exhibition bond, and imported articles in bonded warehouses under the general tariff law may be accorded the privilege of transfer to and entry for exhibition at the said exposition under such regulations as the Secretary of the Treasury shall prescribe: And provided further, That the International Petroleum Exposition shall be deemed, for customs purposes only, to be the sole consignee of all merchandise imported under the provisions of this act, and that the actual and necessary customs charges for labor, services, and other expenses in connection with the entry, examination, appraisement, release, or custody, together with the necessary charges for salaries of customs officers and employees in connection with the supervision, custody of, and accounting for articles imported under the provisions of this act shall be reimbursed by the International Petroleum Exposition to the Government of the United States, under regulations to be prescribed by the Secretary of the Treasury, and that receipts from such reimbursements shall be deposited as refunds to the appropriation from which paid, in the manner provided for in section 524, Tariff Act of 1930.

Sec. 3. That the Government of the United States is not by this act obligated to any expense in connection with the holding of such exposition and is not hereafter to be obligated other than for suit-

act obligated to any expense in connection with the holding of such exposition and is not hereafter to be obligated other than for suit-

able representation thereat.

Mr. THOMAS of Oklahoma. I ask unanimous consent that Calendar No. 449, Senate bill 2043, be indefinitely postponed.

The PRESIDING OFFICER. Without objection, that order will be entered.

SUSPENSION OF ANNUAL ASSESSMENT WORK ON MINING CLAIMS

The bill (S. 1288) providing for the suspension of annual assessment work on mining claims held by location in the United States was announced as next in order.

Mr. HAYDEN. Mr. President, I move that the bill be indefinitely postponed. In explanation of the motion, I may state that the bill comes to the Senate with an adverse report from the Department of the Interior. The measure has also been reported adversely by the Committee on Mines and Mining. I quote these lines from the report of the Acting Secretary of the Interior, as follows:

For the years 1936, 1937, and 1938 I opposed the legislation to continue the suspension, and I am now of the opinion that further suspension of annual assessment work is not necessary nor in the public interest and should be discontinued.

He then points out that the increased price of metals and other factors make this proposed legislation unnecessary.

Without objection, the bill The PRESIDING OFFICER. will be indefinitely postponed.

Mr. JOHNSON of California. Mr. President, the author of the bill is not present. I suggest to the Senator from Arizona that he let the bill go over rather than to have it indefinitely postponed.

Mr. HAYDEN. The author of the bill is in the same situation as are all other Senators from the West. It is important to know whether or not Congress is going to act on such a measure and to know in due time.

Mr. JOHNSON of California. That is always important. Mr. HAYDEN. It is important in the sense that, if Congress delays action upon the bill until a few days before the end of the session, then the plea will be made, as it was made last year, the year before, and the previous year, that everyone who could afford to do the assessment work had done it and that the few that remained should obtain relief. When this proposal was considered by the Committee on Mines and Mining, the committee in substance said, "Let the bill be reported adversely and let action be promptly taken upon it by the Senate, at least 6 weeks before the end of the mining year, so that every holder of a mining claim may know with certainty that he must do his assessment work." For that reason the Senate should take final action upon the bill today.

Mr. JOHNSON of California. I have no objection to that being done, if the Senator has consulted the author of the

bill and it is agreeable to him.

Mr. HAYDEN. I have consulted with the author of the bill. He was present at the hearings. He knows that the Committee on Mines and Mining has made the adverse recommendation which I have indicated.

Mr. JOHNSON of California. Is he agreeable to that

course being pursued?

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Mr. HAYDEN. The Senator from Montana would like to have the bill passed, but he agrees with the committee that the Senate should act either favorably or unfavorably and settle the matter now. That is what I am trying to do. I advised the Senator from Montana [Mr. Murray] this morning that I would move that the bill be indefinitely postponed. I am sure that he understands the position that the Committee on Mines and Mining has taken and realizes that a final decision now is the sound and proper action to take.

Mr. JOHNSON of California. In the West, as the Senator knows, there is a great deal of interest taken in the bill and many people, whether justly or not, want the extension. I have no objection to the course suggested by the Senator from Arizona being pursued, if it is satisfactory to the Senator

from Montana. If it is, I will not object at all.

Mr. HAYDEN. It is understood by the Senator from Montana that action will be taken now. The Senator from Montana, of course, would like to have his bill passed, but he realizes that the Senate is not going to pass the measure; that there is no chance for it to be passed. So the wise and proper thing to do is to determine the question without delay so that everyone concerned may know the exact situation.

Mr. JOHNSON of California. It is a bold man who will venture to say what the action of the Senate will be. I

would not attempt it.

Mr. HAYDEN. I can simply say that there is no chance for this bill becoming a law, first, because there are those in the Senate who would not permit it to be considered by unanimous consent; second, the House Committee on Mines and Mining has adopted a resolution that they will not consider further exemption from assessment work; and third, the President said when he approved one of the last bills of this character that he did so solely because the House Committee on Mines and Mining had by formal report stated there would not be another one. So the bill has three very substantial hurdles to surmount, and, under these circumstances, I believe I am justified in predicting that the bill will not become a law.

Mr. JOHNSON of California. I do not question at all what the Senator from Arizona says. I was only seeking to protect the Senator from Montana in relation to the bill. If the Senator from Arizona will assure us that the procedure suggested is known to the Senator from Montana—

Mr. HAYDEN. It is.

Mr. JOHNSON of California. And that the course proposed is acceptable to him, I will agree that the action

suggested be taken.

Mr. HAYDEN. The Senator from Montana knows that I would make this motion. I advised him this morning that it was intended to dispose of the matter today. The Senator said that he would like to have his bill passed; but, if it could not be passed, the next important thing was to notify the holders of mining claims throughout the West that it would not be passed. That is what I am seeking to have done today.

Mr. JOHNSON of California. Since the Senator says that, I think there is no objection to the course suggested by

him.

Mr. SCHWELLENBACH. Mr. President, the Senator from Arizona in his remarks suggested three reasons why the bill would not be passed. I should like to inquire if for several years in the past the same reasons have not been presented and that ultimately we have been able to have the bill passed.

Mr. HAYDEN. Yes, and very unfairly, because if it is held out during the year to men who can possibly afford to do their assessment work that they must do it, and they expend a hundred dollars on their mining claims, and then at the last minute the man who took a chance can save his hundred dollars, it is unjust to those who expended their money to do the work. For that reason the Committee on Mines and Mining had a hearing on this bill and determined that the time to give the notice was now, in order that the country might definitely know that there would be no such legislation. Therefore, I am asking that the action be taken today so that every claim owner may be fully aware that he must do his assessment work.

Mr. SCHWELLENBACH. I should like to make another inquiry. Is the position of the House committee this year any different than it has been in years past? The Senator said that they have very definitely said that they would not report such a bill as the one now being discussed. In years past have they or have they not given out similar announcements?

Mr. HAYDEN. No. This is what happened. In 1937 the House Committee on Mines and Mining made the following declaration in its report:

Notwithstanding the report of the Department, the committee recommends the passage of the bill, because prospectors were not put on notice that the practice of granting moratoriums from year to year would be discontinued. The committee agreed that any further attempt to waive the annual assessment work or payment will not be considered.

That was the last time that the House committee reported such a bill. The action taken last year, to which the Senator refers, was under a suspension of the rules of the House in the very closing days of the session, without action by the committee at all. My information is that the committee on Mines and Mining of the House of Representatives takes the same view as the committee in the Senate that any such bill as this should not be passed.

Mr. SCHWELLENBACH. And their disposition is more definite and certain this year than it has been during the

past few years.

Mr. HAYDEN. I am so advised.

Mr. JOHNSON of California. A margin must be allowed for the change of mind of Congress and the others concerned.

The PRESIDING OFFICER. The question is on the motion of the Senator from Arizona that Senate bill 1288 be indefinitely postponed.

The motion was agreed to.

AGE REQUIREMENTS IN CLASSIFIED CIVIL SERVICE

Mr. MEAD. Mr. President, I ask unanimous consent that the Senate return to Calendar No. 365, being Senate bill 1904.

The PRESIDING OFFICER. The clerk will state the bill by title

The CHIEF CLERK. A bill (S. 1904) relating to age requirements for persons in the classified civil service.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Civil Service with amendments, on page 1, line 5, after the word "any", to insert "maximum"; on page 2, line 1, after the words "reason of", strike out "the age of such person" and insert "having attained the maximum age so prescribed"; and at the end of the bill to insert a proviso, so as to make the bill read:

Be it enacted, etc., That notwithstanding any provision of the civil-service laws, or any rule or regulation made or promulgated thereunder, prescribing any maximum age limit with respect to any examination for or any position in the classified civil service of the United States, hereafter no person who is otherwise duly qualified for examination for or appointment or promotion to any position in such service shall be held ineligible for, or in any man-

ner discriminated against with respect to, any such examination, appointment, or promotion by reason of having attained the maximum age so prescribed: Provided, That nothing in this act shall prohibit the fixing of reasonable minimum or maximum age limits for positions which are hazardous or require great physical effort: And provided further, That any applicant admitted to any examination under the provisions of this act who passes such an examination and who is later appointed to a position in the classified civil service and who by reason of his age at the time of appointment may not serve a minimum of 15 years before he shall reach the retirement age for his group shall not be eligible for admission to or participation in the retirement benefits as provided in the Civil Service Retirement Act of 1930, as amended.

The amendments were agreed to.

Mr. KING. Mr. President, will the Senator permit a question?

Mr. MEAD. Certainly.

Mr. KING. Was this bill brought to the attention of the Civil Service Commission, who are greatly interested in the protection of the civil-service system?

Mr. MEAD. Yes.

Mr. KING. Has it met with their approval?

Mr. MEAD. No; I will say to the Senator that the bill did not meet with their approval, although the Committee on the Civil Service brought it to their attention. The Committee on the Civil Service also brought the subject to their attention a year ago when a similar bill was favorably reported and passed. I will say to the Senator, however, that a special committee designated by the Secretary of Labor to study the problem of the older worker made a report, the recommendations of which are carried in this bill. I will quote briefly from that report as follows:

As part of a general attack on the problem of employment for older workers, we—

Meaning the committee-

strongly recommend that the Federal Civil Service Commission and appointing officers of the Government abolish age limits for entrance into the Government service.

So the bill is in keeping with the report of a Government agency that was appointed by the Labor Department.

Mr. SCHWELLENBACH. Mr. President, will the Senator yield?

Mr. MEAD. I shall be glad to yield to the Senator from Washington.

Mr. SCHWELLENBACH. Has the Senator ascertained whether or not the Department of Labor itself has paid any attention to the report? I understand that the Department of Labor has more strict rules about the age limit than has any other department of the Government. I should like to have a little consistency. If this Department is going to have legislation enacted, I should like to have the Department itself follow it.

Mr. MEAD. I think the Senator's suggestion is very timely. I will say to the Senator, as one who has been as helpful as possible in bringing about a legislative program beneficial to the older workers, that the Labor Department has furnished me with a resolution bearing upon the subject which, in my judgment, if enacted into law, will result in the presentation of a constructive program along the lines indicated in this measure.

Mr. SCHWELLENBACH. Does the Senator think the adoption of the resolution would cause the Labor Department to change its attitude toward the question within its own organization?

Mr. MEAD. I really am not familiar with the attitude of the Labor Department, but I will say from experience and observation that they have been cooperative in advancing the program in favor of the older workers which I am sponsoring and which includes several bills.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

AUGUST R. LUNDSTROM

The bill (S. 1225) for the relief of August R. Lundstrom was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of the pension laws August R. Lundstrom, late of Company L, Eighteenth Regiment United States Infantry, shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a member of said organization on the 6th day of April 1903: Provided, That no bounty, back pay, pension, or allowances shall be held to have accrued prior to the passage of this act.

GEORGE EDELMAN

The bill (S. 1069) for the relief of George Edelman was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of the pension laws or any laws conferring rights, privileges, or benefits upon persons honorably discharged from the United States Army George Edelman shall be held and considerel to have been honorably discharged on November 15, 1899, as a private, Company B, Forty-fifth Regiment United States Volunteer Infantry: Provided, That no pension, pay, bounty, or other benefit shall be held to accrue by reason of this act prior to its passage.

MARKERS FOR CERTAIN GRAVES

The Senate proceeded to consider the bill (S. 608) to authorize the Secretary of War to furnish certain markers for certain graves, which had been reported from the Committee on Military Affairs with an amendment at the end of the bill to insert a proviso, so as to make the bill read:

Be it enacted, etc., That, notwithstanding any provision of existing law, the Secretary of War is authorized and directed to furnish, at the option of the relative or representative of the deceased war veteran, either a flat stone grave marker, a standard flat bronze grave marker, or an upright stone grave marker or headstone, for the grave of any deceased person for which the Secretary of War is authorized to furnish a marker or headstone: Provided, That the Secretary of War shall furnish the upright stone marker, authorized by section 4877 of the Revised Statutes, for cemeteries under the jurisdiction of the Secretary of War: And provided further, That the price of each bronze grave marker furnished by the Secretary of War under the provisions of this act shall not exceed \$9.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (S. 1047) for the relief of Emerson J. French was announced as next in order.

Mr. KING. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

ROBERT CLYDE SCOTT

The bill (S. 949) for the relief of Robert Clyde Scott was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of the pension laws or any laws conferring rights, privileges, or benefits upon persons honorably discharged from the United States Army, Robert Clyde Scott shall be held and considered to have been honorably discharged as a private, Company L, Seventh Regiment United States Infantry, on September 27, 1912: Provided, That no pension, pay, bounty, or other benefit shall be held to have accrued by reason of this act prior to its passage.

ADMINISTRATION OF UNITED STATES COURTS

The Senate proceeded to consider the bill (S. 188) to provide for the administration of the United States courts, and for other purposes, which had been reported from the Committee on the Judiciary with amendments.

Mr. ASHURST. Mr. President, a somewhat similar measure was the subject of much discussion before the Senate Committee on the Judiciary in the Seventy-fifth Congress.

In his annual report for 1937, the Attorney General of the United States said:

I believe, too, that there is something inherently illogical in the present system of having the budget and expenditures of the courts and the individual judges under the jurisdiction of the Department of Justice. The courts should be an independent, coordinate branch of the Government in every proper sense of the term. Accordingly I recommend legislation that would provide for the creation and maintenance of such an administrative system under the control and direction of the Supreme Court.

I quote from an article in the Washington Post of January 8, 1938:

The Government is the chief litigant in the Federal courts. It is a party in interest not alone in all the Federal criminal cases but

in a large and growing number of civil actions involving the Gov-

ernment and its citizens.

There is no intention here even to intimate that the Attorney General or his aides would use their power over the purse strings of the judiciary to bring a recalcitrant judge into line. But the fact that the Attorney General could do so if he wished constitutes a factor in the relationship between the Justice Department and the courts which should be eliminated.

I am much pleased to say that the present Attorney General, Mr. Murphy, advocates the passage of this bill, as did the former Attorney General, Mr. Cummings.

I ask unanimous consent to have printed in the RECORD at this point a short editorial from the New York World-Telegram commenting on this bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

The editorial referred to is as follows:

[From the New York World-Telegram] ASHURST BILL AT WORK

Since the method of the Federal Ashurst bill has been adopted as an ideal by opponents of the city's petition for relief from overstuffed county and court pay rolls, Mayor LaGuardia has taken them at their word.

He has submitted to Albany, as a substitute for the maligned Desmond bill an exact counterpart of the Ashurst bill in Wash-The mayor's purpose and the city's essential need are the ington. The mayor's purpose and the city's essential need are the same as before—to curb future unlimited boosts in these correspondences and the correspondence of the correspo and county jobs and to bring current excessive salaries under reasonable control.

The Desmond bill would have accomplished that and, we are The Desmond bill would have accomplished that and, we are convinced, with ample safeguards to the judiciary. Opponents viewed it with unconcealed alarm, however, as a destroyer of the independence of the courts. It ran, they said, "directly contrary to the best current thought as typified by the support of the Ashurst bill in Congress."

And what is the Ashurst bill which commands support from the best current thought? It provides that budgets for the Federal courts shall be drawn up by an independent administrative officer and transmitted without change to Congress. And Congress, which has responsibility for levying taxes and raising revenue to meet its bills, may take this independent judiciary budget and amend and cut it as it deems wise. The Ashurst bill certainly is no blank check for the judiciary.

The mayor's Ashurst bill provides for independent administrative officers to submit the budgets prepared by the courts themselves, without change, to the appropriating body of the city. And this body, responsible for raising revenue to meet the bill, would have the duty of scrutinizing and modifying expenditures as conditions warrant.

The board of estimate would perform this function, and we predict that under this Ashurst bill it would make important savings by eliminating sinecures and reducing fat salaries in accordance

with services rendered. When this dire effect of the Ashurst method is perceived by its newly enlisted friends a sudden cooling of their enthusiasm may be

Mr. HATCH. Mr. President, will the Senator from Arizona yield to me?

Mr. ASHURST. I yield the floor to the Senator from New

Mr. HATCH. I have no desire to take the floor, except to ask the Senator from Arizona if he does not think the bill might be passed today. I know of no objection to the bill.

Mr. ASHURST. Mr. President, the Supreme Court of the United States, so far as it may express any opinion, is in favor of the bill. Am I correct about that?

Mr. HATCH. That is quite true; yes.

Mr. ASHURST. If I am correct, the Chief Justice of the United States sent a letter which is in the Record, expressing his approbation of this bill.

Mr. HATCH. It is included in the report of the committee. Mr. ASHURST. Of course, if the bill may be passed, I shall be delighted to have action upon it.

The PRESIDING OFFICER. The clerk will state the amendments reported by the committee.

Mr. HATCH. Mr. President, after the committee amendments shall have been disposed of, there are two corrective amendments which I should like to offer.

The PRESIDING OFFICER. The amendments of the committee will be stated.

The amendments were, on page 2, line 1, after the words "by the", to strike out "Chief Justice" and insert "Supreme Court"; in line 3, after the words "by the", to strike out "Chief Justice" and insert "aforesaid Court"; in line 11, after the word "proper", to insert: "Neither the Director nor the Assistant Director, nor any official or employee, shall, during his term of office or employment, directly or indirectly engage in the practice of law in any of the Federal courts of the United States"; on page 3, line 18, after the word "thereto", to insert "but inspections of the dockets of the courts outside the continental United States shall be made through officials of the United States Government residing within the jurisdiction, respectively, of the said courts"; in line 21, after the word "disbursement", to insert "directly and through the several United States marshals as now provided by law"; on page 4, line 4, after the word "the", to strike out "provision" and insert "providing"; and on page 7, line 18, after the word "shall", to strike out "constitute" and insert "be deemed to be", so as to make the bill read:

Be it enacted, etc., That the Judicial Code is hereby amended by adding at the end thereof a new chapter to be numbered XV and entitled "The Administration of the United States Courts," as

"CHAPTER XV-THE ADMINISTRATION OF THE UNITED STATES COURTS

"SEC. 302. There shall be at the seat of government an establishment to be known as the Administrative Office of the United States Courts and a Director at the head thereof, who shall be appointed by the Supreme Court of the United States and hold office at the pleasure of and be subject to removal by the aforesaid Court or by the Conference of Senior Circuit Judges. There shall be in said establishment an Assistant Director, to be appointed and hold office in like manner, who shall perform such duties as may be assigned to him by the Director and, during the absence or incapacity of the Director or during a vacancy in that office, shall act as Director. There shall also be in said establishment such additional officers and employees as the Director may find pressent or proper. Notition There shall also be in said establishment such additional officers and employees as the Director may find necessary or proper. Neither the Director nor the Assistant Director, nor any official or employee, shall, during his term of office or employment, directly or indirectly engage in the practice of law in any of the Federal courts of the United States. The Director and Assistant Director shall receive annual salaries of \$10,000 and \$7,500, respectively. The Director shall cause a seal of office to be made for the said establishment of such device as the Chief Justice of the United States shall approve, and judicial notice shall be taken of the States shall approve, and judicial notice shall be taken of the said seal.

"Sec. 303. The Director with the approval of the Chief Justice shall have authority to appoint, remove, and prescribe the duties and fix the salaries of officers and employees of said establishment,

other than the Assistant Director.

"SEC. 304. The Director shall be the administrative officer of the United States courts and shall have charge, under the supervision and direction of the Conference of Senior Circuit Judges, of (1) all and direction of the Conference of Senior Circuit Judges, of (1) all administrative matters relating to the offices of the clerks and other clerical and administrative personnel of the courts; but nothing contained in this chapter shall be construed as affecting the authority of the courts to appoint their administrative or clerical personnel or the authority of the Attorney General respecting United States marshals and their deputies, United States attorneys and their assistants and probation officers; (2) examining the state of the dockets of the various courts and securing information as to their needs for assistance, if any, and the preparation of statistical data and reports of the business transacted by the courts and promptly transmitting the information so obtained quarterly to the data and reports of the business transacted by the courts and promptly transmitting the information so obtained quarterly to the senior circuit judges of the respective circuits, to the end that proper action may be taken with respect thereto; but inspections of the dockets of the courts outside the continental United States shall be made through officials of the United States Government residing within the jurisdiction, respectively, of the said courts; (3) the disbursement, directly and through the several United States marshals as now provided by law, of moneys appropriated for the maintenance, support, and operation of the courts; (4) the purchase, exchange, transfer, and distribution of equipment and supplies; (5) the examination and audit of vouchers and accounts of the officials and employees covered by this chapter; (6) the providing of accommodations for the use of the courts and the various officials and employees covered by this chapter; and (7) such other officials and employees covered by this chapter; and (7) such other matters as may be assigned to him by the Conference of Senior Circuit Judges. The clerks of the district courts, their deputies and assistants, and all other employees of said courts, shall comply with any and all requests made by the Director or one of his assistants for information and statistical data bearing on the state of the for information and statistical data bearing on the state of the dockets of such courts. The Director shall, under the supervision of the Conference of Senior Circuit Judges, prepare and submit to the Bureau of the Budget annually estimates of the expenditures and appropriations necessary for the maintenance and operation of the United States courts and the administrative office of the United States courts, and such supplemental and deficiency estimates as may be required from time to time for the same purposes, in accordance with the provisions of the Budget and Accounting Act. Such estimates in respect of the circuit courts of appeals, the district courts of the United States, and the courts hereinafter referred to in the Territories and possessions and of the administrative office shall be approved by the Conference of Senior Circuit Judges before their presentation to the Bureau of the Budget. Such estibefore their presentation to the Bureau of the Budget. Such esti-

mates in respect of the United States Court of Customs and Patent Appeals, the Court of Claims, and the United States Court of Customs and Patent Appeals, the Court of Claims, and the United States Customs Court shall be approved by the judges of such courts, respectively, before their submission to the Bureau of the Budget. All estimates so submitted shall be included in the Budget without revision, in the same manner as is provided for the estimates of the Supreme Court by section 201 of said act. The Director shall annually submit to the Conference of Senior Circuit Judges a report of the activities of the state of business of the courts.

by section 201 of said act. The Director shall annually submit to the Conference of Senior Circuit Judges a report of the activities of the administrative office and of the state of business of the courts, together with the statistical data compiled and submitted by him to the senior circuit judges as provided by clause 2 of this section, with his recommendations. Such report shall be filed at least 2 weeks prior to the annual meeting of the conference, and a copy thereof shall also be filed with the Attorney General. Such report shall be a public document.

"Sec. 305. To the end that the work of the district courts shall be effectively and expeditiously transacted, it shall be the duty of the senior circuit judge of each circuit to call at such time and place as he shall designate, but at least twice in each year, a council composed of the circuit judges for such circuit, who are hereby designated a council for that purpose, at which council the senior circuit judge shall preside. The senior judge shall submit to the council the quarterly reports of the Director required to be filed by the provisions of section 304, clause (2), and such action shall be taken thereon by the council as may appear to be necessary. It shall be the duty of the district judges promptly to carry out the directions of the council as to the acministration of the business of their respective courts. Nothing contained in this section shall affect the provisions of existing law relating to the assignment of district judges to serve outside of the districts for which they were respectively appearance. district judges to serve outside of the districts for which they were

respectively appointed.
"Sec. 306. A conference shall be held annually in each judicial circuit, at such time and place as shall be designated by the senior circuit judge thereof, which shall be composed of all circuit and district judges within such circuit, with participation in such conference on the part of members of the bar under rules to be prescribed by the circuit courts of appeals, for the purpose of considering the state of the business of the courts and advising ways and means of improving the administration of justice within the circuit. The senior circuit tudge and each judge supposed and circuit. The senior circuit judge and each judge summoned and attending such conferences shall be allowed his actual expenses of travel and his necessary expenses for subsistence, not to exceed \$10 per day, which payments shall be made by the United States mar-shal for the district in which the conference is held, upon the written certificate of the judge incurring such expenses, approved

written certificate of the judge incurring such expenses, approved by the senior circuit judge.

"Sec. 307. The provisions of this chapter shall apply to the several United States circuit courts of appeals, the United States Court of Appeals for the District of Columbia, the several district courts of the United States in the continental United States, the Court of Claims, the United States Court of Customs and Patent Appeals, the United States Customs Court, the District Court for the District of Alaska, the District Court for the District Court of the United States for Puerto Rico, the United States District Court for the District of the Canal Zone, the District Court of the Virgin Islands, the United States Court for China, the Supreme trict Court for the District of the Canal Zone, the District Court of the Virgin Islands, the United States Court for China, the Supreme Court of the Territory of Hawaii, and the circuit courts of the Territory of Hawaii. The term 'courts' as used in this chapter means the courts specified in this section. The term 'continental United States' as used in this chapter means the States of the Union and the District of Columbia. For the purposes of this chapter, the District of Columbia shall be deemed to be a judicial circuit, the Chief Justice of the United States Court of Appeals for the District of Columbia shall have the duties, powers, and authority of the senior circuit judge for such circuit and the associate justices of the United States Court of Appeals for the District of Columbia shall have the duties, powers, and authority of circuit judges for such circuit."

duties, powers, and authority of circuit judges for such circuit."

SEC. 2. The employees of the Department of Justice engaged in the audit of accounts and vouchers referred to in section 304 of the Judicial Code may be transferred to the Administrative Office of the United States Courts. In such event, the appropriations available United States Courts. In such event, the appropriations available for the current fiscal year, from which such employees are paid, shall be apportioned between the Department of Justice and the Administrative Office of the United States Courts, on the basis of duties transferred to the latter office. All records, documents, and papers relating to the audit of accounts referred to in section 304 of the Judicial Code shall be transferred from the Department of Justice to the Administrative Office of the United States Courts.

SEC. 3. All unexpended appropriations for the support, maintenance and operation of the courts specified in section 306 of the

SEC. 3. All unexpended appropriations for the support, maintenance, and operation of the courts specified in section 306 of the Judicial Code for the current fiscal year, and all unexpended appropriations covering judicial personnel as specified in section 304 (1) of the Judicial Code, including appropriations for the salaries of justices and judges who have retired or who have resigned under the provisions of section 260 of the Judicial Code (U. S. C., title 28, sec. 375), are hereby transferred to the control of the Administrative Office of the United States Courts.

SEC. 4. All powers and duties now conferred or imposed by law

SEC. 4. All powers and duties now conferred or imposed by law upon the Department of Justice or the Attorney General, relating to the administrative audit of the accounts and vouchers referred to in section 304 of the Judicial Code, are hereby transferred to and vested in the Administrative Office of the United States Courts.

SEC. 5. All administrative powers and duties now conferred or imposed by law upon the Department of Justice or the Attorney General, respecting clerks of courts, deputy clerks of courts, and clerical assistants, law clerks, secretaries, and stenographers to the

Judges, and librarians in charge of libraries of the courts, are hereby vested in the Administrative Office of the United States Courts.

SEC. 6. This act shall take effect 90 days after its approval.

The amendments were agreed to.

Mr. HATCH. Mr. President, there are two corrective amendments which I desire to offer.

The PRESIDING OFFICER. The amendments will be

The CHIEF CLERK. On page 4, line 8, it is proposed to strike out the words "district courts" and insert in lieu thereof the words "courts which are the subject of this act."

The amendment was agreed to.

The CHIEF CLERK. On page 9, line 10, after the word "courts", it is proposed to insert "and all other employees of the courts."

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. ASHURST. Mr. President, I am in such a high state of felicity over the passage of this bill that I cannot easily remain quiet. Permit me to congratulate the Senate Committee on the Judiciary, and particularly the subcommittee which considered this bill. It breaks new ground, and I believe for years to come it will remain a monument to their assiduity and their diligence. The subcommittee was composed of the Senator from New Mexico [Mr. HATCH] as chairman, the Senator from Nebraska [Mr. Burke], the Senator from Kentucky [Mr. Logan], the Senator from Vermont [Mr. Austin], and the Senator from Connecticut [Mr.

Mr. HATCH. Mr. President, the genial and courteous and able chairman of the committee always overwhelms us with his eloquence and his graciousness. I cannot reply in kind, of course; but I think, as chairman of the subcommittee, in behalf of the subcommittee, I should at least say, "Thank

Mr. McNARY. I call for the regular order. [Laughter.] FORT SNELLING BRIDGE, MINNESOTA

The bill (H. R. 1774) to authorize the transfer to the State of Minnesota of the Fort Snelling Bridge at Fort Snelling, Minn., was considered, ordered to a third reading, read the third time, and passed.

TRANSFUSION OF BLOOD BY MEMBERS OF MILITARY ESTABLISH-MENT, ETC.

The Senate proceeded to consider the bill (H. R. 2987) providing for the transfusion of blood by members and former members of the Military Establishment, and by employees of the United States Government, which was read, as follows:

Be it enacted, etc., That section 1 of the act of February 9, 1927, entitled "An act relating to the transfusion of blood by members of the Military Establishment" (U. S. C., title 24, sec. 30) is hereby amended so as to read as follows: "That any person in the Military Establishment, or who has been a member of the Military Establishment, and any employee of the United States Government, who shall furnish blood from his or her veins for transfusion to the veins of a member or former member of the Military Establishment who is a patient in a Government hospital shall be entitled to be paid therefor such reasonable sum, not to exceed establishment who is a patient in a Government hospital shall be entitled to be paid therefor such reasonable sum, not to exceed \$50, as may be determined by the head of the hospital concerned, from public funds available for the operation of such hospital: *Provided*, That expenditures heretofore made to persons in Government service for blood furnished from his or her veins for transfusion to the veins of an official patient in a Government hospital are hereby authorized and validated."

Mr. KING. Mr. President, I should like to ask the Senator from Indiana [Mr. MINTON] whether this is deemed proper legislation.

Mr. MINTON. Mr. President, under existing law there is authorization for paying for blood used in transfusion processes in the veterans' hospitals if the person from whom the blood is taken is in the Military Establishment of the Government. This bill simply broadens the matter so that a person who does not happen to be in the Military Establishment when a blood transfusion is necessary may be paid as are those in the Military Establishment. That is all there is to the bill. Its passage is requested by the Veterans' Administration.

Mr. BURKE. Mr. President, will the Senator yield?

Mr. MINTON. I yield.

Mr. BURKE. I notice that the title of the bill refers to the transmission of blood by employees of the Government. There was a measure a year or two ago, about which there was much discussion, which had to do with a proposal to infuse blood into the judicial department. Is there any connection between these bills? [Laughter.]

Mr. MINTON. I do not think there is any.

The PRESIDING OFFICER. They are not germane to one another.

The question is on the third reading and passage of the

The bill was ordered to a third reading, read the third time, and passed.

TRANSFER OF LAND TO DULUTH

The bill (H. R. 3593) authorizing and directing the Secretary of War to execute an easement deed to the city of Duluth for park, recreational, and other public purposes, covering certain federally owned land, was considered, ordered to a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (S. 581) for the relief of Robert H. Muirhead was announced as next in order.

Mr. KING. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

OTIS M. CULVER AND OTHERS

The bill (H. R. 1882) for the relief of Otis M. Culver, Samuel E. Abbey, and Joseph Reger, was considered, ordered to a third reading, read the third time, and passed.

The title was amended so as to read: "An act for the relief of Otis M. Culver, Samuel E. Abbey, Joseph Reger, and August H. Krueger."

EDWARD HAGENSON

The bill (S. 182) for the relief of Edward Hagenson was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the provisions and limitations of sections 15 to 20, both inclusive, of the act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes," approved September 7, 1916, as amended, are hereby waived in the case of Edward Hagenson, formerly employed by the Alaska Railroad; the general manager of the Alaska Railroad is authorized and directed to consider and act upon any claim filed with said railroad, within 1 year after the date of enactment of this act, by said Edward Hagenson for compensation under the provisions of such act of September 7, 1916, as amended, for disability due to silicosis. In the consideration of such claim, any such disability of said Edward Hagenson shall be held and considered to be directly attributable to injury received by him in the performance of his duties as an employee of said railroad.

CONSTRUCTION OF VESSELS FOR THE COAST AND GEODETIC SURVEY

The Senate proceeded to consider the bill (S. 1842) to authorize the construction of certain vessels for the Coast and Geodetic Survey, Department of Commerce, and for other purposes, which was read, as follows:

Be it enacted, etc., That there is hereby authorized to be appropriated not to exceed \$1,425,000 to be expended by the Secretary of Commerce for the construction of one main surveying ship of not over 1,500 tons light displacement tonnage and of one auxiliary surveying vessel of not over 125 tons light displacement tonnage, including purposes or construction of complete equipment. including purchase or construction of complete equipment and outfit and including cost of preparation of plans, specifications, and inspection during construction, said ships to be designed and equipped for Coast and Geodetic Survey duties in Alaska.

Mr. KING. Mr. President, I should like to have an explanation of this bill.

Mr. BAILEY. Mr. President, this bill authorizes the construction of certain survey vessels in line with the program of the Department of Commerce. The present survey vessels are old mine sweepers, now more than 20 years of age. New vessels are very greatly needed on the coast of Alaska and around the Aleutian Islands, and the Navy is pressing for

surveys, which are necessary to the national defense. The vessels we now have are not adequate for that work.

Mr. KING. I asked for an explanation because my recollection is that at the last session of Congress we made rather a large appropriation-it may have been only an authorization-for the construction of ships for the Coast and Geodetic Survey.

Mr. BAILEY. I am not familiar with that act, but I am familiar with this matter. It has been very carefully considered by the committee, and we would not recommend the bill if we were not sure that the ships are needed. The ships we now have are utterly inadequate and are worn out.

Mr. KING. I do not object.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

ALLOTMENT OF WAGES BY SEAMEN

The bill (H. R. 199) to amend section 10 (b), (c), and (d) of the act of June 26, 1884, as amended (U.S.C., 1934 edition, title 46, sec. 599), relative to the allotment of wages by seamen, was considered, ordered to a third reading, read the third time, and passed.

CHANGE OF MASTERS OF VESSELS

The bill (H. R. 1782) to amend section 4335 of the Revised Statutes of the United States, relative to change of masters of vessels, was considered, ordered to a third reading, read the third time, and passed.

Mr. KING. Mr. President, are these various bills regarded

as proper?

Mr. BAILEY. The bill we have just passed is a mere formality, but it is necessary to the proper administration of ships.

RENEWAL OF LICENSES OF VESSELS

The bill (H. R. 1784) to amend section 4498 of the Revised Statutes of the United States, as amended, relative to the renewal of licenses of vessels was considered, ordered to a third reading, read the third time, and passed.

The bill (H. R. 1786) to amend section 4325 of the Revised Statutes of the United States, as amended, relative to renewal of licenses of vessels was considered, ordered to a third reading, read the third time, and passed.

IMPROVEMENT OF LIGHTHOUSE SERVICE

The Senate proceeded to consider the bill (S. 2170) to improve the efficiency of the Lighthouse Service, and for other purposes, which was read, as follows:

Be it enacted, etc., That section 9 of the act approved June 17, 1910 (36 Stat. 538; U. S. C., title 33, sec. 716), is amended to read as follows:

Commissioner of Lighthouses is authorized to employ temporarily at the seat of government draftsmen and engineers for the preparation of plans and specifications for tenders, light vessels, lighthouses, aids to navigation, and other works for the Lighthouse Service that may be authorized or appropriated for by Congress, to be paid from the appropriations applicable to such works."

SEC. 2. Section 4661 of the Revised Statutes (U. S. C., title 33.

Sec. 2. Section 4661 of the Revised Statutes (U. S. C., title 33, sec. 727) is amended to read as follows:

"No lighthouse beacon, public pier, or landmark shall be built or erected on any site until cession of jurisdiction over the same has been made to the United States: Provided, That cession of jurisdiction shall not be required in the case of sites lying under navigable waters of the United States."

Sec. 3. The Secretary of Commerce is authorized to acquire by

SEC. 3. The Secretary of Commerce is authorized to acquire by purchase and/or lease the necessary land for locating a lighthouse depot at or in the vicinity of St. Louis, Mo., and he is authorized to erect thereon such wharves, docks, buildings, or other structures as he may determine to be necessary or suitable for the

tures as he may determine to be necessary or suitable for the purposes of the lighthouse depot.

SEC. 4. The Secretary of Commerce is authorized to purchase a site for a servicing base for the Lighthouse Service at or in the vicinity of Atlantic City, N. J.

SEC. 5. The Secretary of War is authorized to transfer to the Department of Commerce for lighthouse purposes, the tract of land no longer needed for military purposes and comprising the whole of tract No. 2 of the United States Military Reservation on Yerba Buena Island in San Francisco Bay, State of California, containing 26.51 acres, more or less, exclusive of the two parcels, together containing 2.69 acres, now under the control and jurisdiction of the Navy Department, all as shown on map No. 6797–101, en-

titled "Yerba Buena Island, Calif. (Goat Island) Reservation Map," dated December 1935, revised to May 21, 1938, on file in the office of the Quartermaster General, War Department, Washington, D. C., the specific tract of land to be more fully described by metes and bounds at the time of transfer.

SEC. 6. The Secretary of Commerce is authorized and empowered to lease for a period not to exceed 25 years to the New York Central Railroad Co., a corporation organized and existing under and by virtue of the laws of the State of New York and other States, its successors and assigns, for railroad-track purposes, that portion of the Rochester Harbor Lighthouse property at Charlotte, N. Y., now occupied by wye track of said railroad company under the terms and provisions of a revocable license granted by the Department of Commerce, which license expires by limitation during 1939, or such modification thereof as may be deemed to be in the public interest. The New York Central Railroad Co. for such use of the propery in question shall pay the same yearly rental as stipulated in stated existing revocable license or such yearly rental as may be hereafter determined by the Secretary of Commerce, at his discretion: Provided, That nothing herein contained shall grant or convey or be held to grant or convey to said railroad company, its successors or assigns, during such time as it or they may hold, said land under the lease hereby authorized, nor any right or privilege to take or remove any of such land or structures other than the property of the said railroad company: Provided further, That the Secretary of Commerce may at any time during the said lease period of 25 years, at his discretion, terminate and cancel said lease, in case said company shall fail to comply with the stipulated terms or conditions. It shall also be stipulated in the lease hereby authorized that upon termination or expiration the said railroad company shall promptly remove from the land all of its property and restore the same to the condition when first taken or condition otherwise satisfactory to the Government.

taken or condition otherwise satisfactory to the Government.

Sec. 7. That so much of sections 1 and 2 of the act approved July 30, 1937 (50 Stat. 549), entitled "An act to authorize the Secretary of Commerce to convey to the Commissioners of the Palisades Interstate Park, a body politic of the State of New York, certain portions of the Stony Point Light Station Reservation, Rockland County, N. Y., including certain structures, and for other purposes," as reads in the enacting clause "to convey to the Commissioners of the Palisades Interstate Park, a body politic of the State of New York," and in section 1 "to convey to the Commissioners of the Palisades Interstate Park" is hereby amended to read "to convey to the Palisades Interstate Park Commission, a body corporate and politic established by compact between the States of New York and New Jersey, authorized by joint resolution of Congress approved August 19, 1937" (50 Stat. 719), and so much of section 2 as reads "In exchange for the property to be transferred to the Commissioners of the Palisades Interstate Park shall transfer title to the United States to" is hereby amended to read "The Secretary of Commerce is also authorized to accept on behalf of the United States."

Mr. KING. Mr. President, will the contemplated improvement of the Lighthouse Service be very expensive?

Mr. BAILEY. No, it will not be expensive; but it is very necessary. We must provide for the improvement of the Lighthouse Service by way of the procurement of tenders, by way of the furnishing of further equipment of the ships serving the Lighthouse Service. The Lighthouse Service is becoming increasingly important by reason of the development of aeronautics. This is a department bill and is fully approved.

Mr. KING. What will be the cost of the administration of Senate bill 2170?

Mr. BAILEY. The Commissioner of Lighthouses is authorized to employ draftsmen and engineers to prepare temporary plans and specifications.

Mr. KING. Is there no limitation upon the amount to be expended for preparation and for final execution? There should be some limitation upon the authorization. I beg to suggest that to the Senator.

Mr. BAILEY. I do not think there is any appropriation or any authorization of an appropriation in the bill.

Mr. KING. Let the bill pass, with the understanding that after examination a motion may be made to reconsider.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (S. 2009) to amend the Interstate Commerce Act, as amended, by extending its application to additional types of carriers and transportation and modifying certain pro-

visions thereof, and for other purposes, was announced as next in order.

Mr. McNARY. Let that bill go over.

The PRESIDING OFFICER. The bill will be passed over.

MISSOURI RIVER BRIDGE, MONTANA

The Senate proceeded to consider the bill (S. 1907) granting the consent of Congress to the State of Montana, or the counties of Roosevelt, Richland, and McCone, singly or jointly, to construct, maintain, and operate a free highway bridge across the Missouri River at or near Poplar, Mont., which had been reported from the Committee on Commerce with an amendment to strike out section 1, as follows:

That the consent of Congress is hereby granted to the State of Montana, the counties of Roosevelt, Richland, and McCone thereof, or any of them, to construct, maintain, and operate a free highway bridge and approaches thereto across the Missouri River, at a point suitable to the interests of navigation, at or near Poplar, Mont., in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable rivers," approved March 23, 1906, and subject to the conditions and limitations contained in this act.

And to insert:

That the times for commencing and completing the construction of a bridge across the Missouri River, at or near Poplar, Mont., authorized to be built by the State of Montana, the counties of Roosevelt, Richland, and McCone thereof, or any of them, by an act of Congress approved July 28, 1937, are hereby extended 1 and 3 years, respectively, from the date of approval hereof.

So as to make the bill read:

Be it enacted, etc., That the times for commencing and completing the construction of a bridge across the Missouri River, at or near Poplar, Mont., authorized to be built by the State of Montana, the counties of Roosevelt, Richland, and McCone thereof, or any of them, by an act of Congress approved July 28, 1937, are hereby extended 1 and 3 years, respectively, from the date of approval hereof.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Poplar, Mont."

BILLS PASSED OVER

The bill (S. 1650) to promote peace and the national defense through a more equal distribution of the burdens of war by drafting the use of money according to ability to lend to the Government was announced as next in order.

Mr. KING. Let that bill go over.

The PRESIDING OFFICER. The bill will be passed over. The bill (S. 915) to provide for the more expeditious settlement of disputes with the United States, and for other purposes, was announced as next in order.

SEVERAL SENATORS. Over.

The PRESIDING OFFICER. The bill will be passed over.

RIO GRANDE COMPACT OF 1938

The bill (S. 1808) giving the consent and approval of Congress to the Rio Grande compact signed at Santa Fe, N. Mex., on March*18, 1938, was announced as next in order.

The PRESIDING OFFICER. This bill is identical with the next bill on the calendar, House bill 4997. Is there objection to the substitution of the House bill for the Senate bill and its consideration at this time?

There being no objection, the Senate proceeded to consider the bill (H. R. 4997) giving the consent and approval of Congress to the Rio Grande compact, signed at Santa Fe, N. Mex., which was ordered to a third reading, read the third time, and passed.

The PRESIDING OFFICER. Without objection, Senate bill 1808 is indefinitely postponed.

OBTAINING MONEY BY FALSE PRETENSES ON THE HIGH SEAS

The bill (S. 1874) to amend the Criminal Code in regard to obtaining money by false pretenses on the high seas was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Criminal Code of the United States be amended by inserting after section 288 the following section: "Sec. 288A. Whoever, upon the high seas or on any waters within the admiralty and maritime jurisdiction of the United States and out of the jurisdiction of any particular State, or within the admiralty and maritime jurisdiction of the United States and out of the jurisdiction of any particular State on board any vessel belonging in whole or in part to the United States or any citizen thereof or to any corporation created by or under the laws of the United States, or of any State, Territory, or District thereof, by any fraud, or false pretense whatsoever with intent to defraud, obtains from any person anything of value, or procures the execution and delivery of any instrument of writing or conveyance of real or personal property, or the signature of any person, as maker, endorser, or guarantor, to or upon any bond, bill, receipt, promissory note, draft, or check, or any other evidence of indebtedness, or fraudulently sells, barters, or disposes of any bond, bill, receipt, promissory note, draft, or check, or other evidence of indebtedness, for value, knowing the same to be worthless, or knowing the signature of the maker, endorser, or guarantor thereof to have been obtained by any false pretenses, shall be fined not more than \$5,000 or imprisoned not more than 5 years, or both."

CONVEYANCE OF LAND TO OREGON

The bill (H. R. 5501) authorizing the Secretary of Commerce to convey a certain tract of land to the State of Oregon for use as a public park and recreational site was considered, ordered to a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (S. 2390) to amend an act entitled "An act to provide for the complete independence of the Philippine Islands to provide for the adoption of a constitution and a form of government for the Philippine Islands, and for other purposes" was announced as next in order.

Mr. BARKLEY. Mr. President, that bill will have to go

The PRESIDING OFFICER. The bill will go over, under objection.

MOUNT M'KINLEY NATIONAL PARK, ALASKA

The Senate proceeded to consider the bill (S. 1785) to amend the act authorizing the President of the United States to locate, construct, and operate railroads in the Territory of Alaska, and for other purposes, which was read, as follows:

Be it enacted, etc., That section 1 of the act to authorize the President of the United States to locate, construct, and operate railroads in the Territory of Alaska, and for other purposes, approved March 12, 1914 (38 Stat. 305), as amended, be, and the same is hereby, amended by adding thereto the following:

"That in order to provide for the adequate housing, feeding, and the same the same that the same that the same than the sam

"That in order to provide for the adequate housing, feeding, and transportation of the visiting public and residents of Mount McKinley National Park in Alaska, the President of the United States be, and he is hereby, authorized and empowered, through such agency or agencies as he may designate, to construct, reconstruct, maintain, and operate hotels, lodges, and other structures and appurtenances incident thereto; to purchase upon such terms as he may deem proper the personal property, structures, and buildings of the Mount McKinley Tourist & Transportation Co. that are operated and used in said park under contract authorization by the Department of the Interior, and the equities of the Mount McKinley Tourist & Transportation Co. in the business developed and conducted in connection therewith; to purchase or otherwise acquire motor-propelled passenger-carrying vehicles and all necessary fixtures and equipment, and to operate, repair, recondition, and maintain the same in order to carry out the purposes of this act, notwithstanding the restrictions now or hereafter imposed by law with regard to the purchase, maintenance, repair, or operation of motor-propelled, passenger-carrying vehicles; and to operate the equipment and facilities herein authorized, directly or by contract or contracts with any individual, company, firm, or corporation, under such schedule of rates, terms, and conditions as he may deem proper: Provided further, That out of the revenues from and the appropriations for the Alaska Railroad, there is authorized to be used such amount thereof as may be necessary for the purchase of the property of the Mount McKinley Tourist & Transportation Co., and the purchase, construction, operation, and maintenance of the facilities for the public as herein authorized."

Mr. McKELLAR. Mr. President, may we have an explanation of the bill?

Mr. HAYDEN. Perhaps I can explain the bill. The Alaska Railroad Co. operates a hotel near Mount McKinley National Park. They have not authority to take care of buildings off the right-of-way. This permits that to be done. The proposed legislation is much desired, and is recommended by the Secretary of the Interior.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

DISTRICT JUDGE, WESTERN DISTRICT OF WASHINGTON

The bill (S. 1554) to provide that the district judge for the western district of Washington, authorized to be appointed under the act of May 31, 1938, shall be a district judge for the eastern and western districts of Washington was announced as next in order.

Mr. KING. Mr. President, I rise to inquire of either of the Senators from Washington whether the controversy, or perhaps I would better say the disagreement, between some of the Representatives of that State, has been settled.

Mr. HATCH. I do not think it has been settled.

Mr. CLARK of Idaho. What was the question, Mr. President?

Mr. KING. I was asking whether there has not been some disagreement regarding this bill between Representatives of the State of Washington, either in the House or in the Senate, or in both.

Mr. HATCH. I ask that the bill go over.

The PRESIDING OFFICER. Objection is interposed, and the bill will go over, under the rule.

RELIEF FOR WATER USERS ON RECLAMATION PROJECTS

The bill (S. 1898) to authorize further relief to water users on United States reclamation projects and on Indian reclamation projects was announces as next in order.

The PRESIDING OFFICER. This bill is the same as the next number on the calendar, House bill 5076. Is there objection to substituting the House bill for the Senate bill and considering the House bill at this time?

There being no objection, the bill (H. R. 5076) to authorize further relief to water users on United States reclamation projects and on Indian reclamation projects was considered, ordered to a third reading, read the third time, and passed.

The PRESIDING OFFICER. Without objection, Senate bill 1898 is indefinitely postponed.

EFFECTIVE DATE OF REORGANIZATION PLANS NOS. I AND II

The Senate proceeded to consider the joint resolution (S. J. Res. 138) providing that reorganization plans Nos. 1 and 2 shall take effect on July 1, 1939, which was read as follows:

Resolved, etc., That the provisions of reorganization plan No. I, submitted to the Congress on April 25, 1939, and the provisions of reorganization plan No. II, submitted to the Congress on May 9, 1939, shall take effect on July 1, 1939, notwithstanding the provisions of the Reorganization Act of 1939.

Mr. KING. Let us have an explanation of the joint resolution.

Mr. BARKLEY. Mr. President, this joint resolution, introduced by the Senator from South Carolina [Mr. Byrnes], makes effective plans Nos. I and II, already sent to the Congress by the President and already approved in effect by the defeat of motions to reject. For accounting purposes it is desirable that plan No. II take effect on the 1st day of July. Plan No. I will take effect on the 25th day of June, anyway, and plan No. II will take effect on the 7th of July. In order that the accounting and bookkeeping in the department may be coincident with the fiscal year, it is desirable that the plans shall take effect on July 1, which is only a week ahead of the date on which the second plan would take effect anyway.

Mr. McNARY. Mr. President, I have conferred with the Senator from South Carolina [Mr. Byrnes], and for the purpose of simplifying the bookkeeping I think the effective date should be the first day of the fiscal year. Nothing remains to be done save to get started with the work, and I think it should begin on the first day of the fiscal year.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the joint resolution.

The joint resolution was ordered to be engrossed for a third reading, read the third time, and passed.

BILLS PASSED OVER

The bill (S. 2229) authorizing and providing for the construction of additional facilities on the Canal Zone for the purposes of more adequately providing for the defense of the Panama Canal and for increasing its capacity for the further needs of interoceanic shipping, was announced as next in order.

Mr. KING. Let that bill go over.

The PRESIDING OFFICER. The bill will be passed over. The bill (S. 1869) to protect interstate commerce from the dangers of unsound financial structures and to establish improved procedures and standards for financial rehabilitation of railroads engaged in interstate commerce, and for other purposes, was announced as next in order.

Mr. BARKLEY. That bill will have to go over.

The PRESIDING OFFICER. The bill will be passed over. That completes the calendar.

NAVAL CONSTRUCTION

Mr. WALSH. Mr. President, I move that the Senate proceed to the consideration of House bill 2878, the naval construction bill.

The PRESIDING OFFICER. The question is on the motion of the Senator from Massachusetts.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 2878) to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes, which had been reported from the Committee on Naval Affairs with amendments.

The PRESIDING OFFICER. The clerk will state the first amendment of the committee.

The first amendment of the Committee on Naval Affairs was, in section 1, page 4, after line 2, to insert:

Naval operating base, Norfolk, Va.: Chapel, \$150,000.

So as to make the section read:

That the Secretary of the Navy is hereby authorized to proceed

That the Secretary of the Navy is hereby authorized to proceed with the construction of the following public-works projects at a cost not to exceed the amount stated after each item enumerated: Navy yard, Pearl Harbor, Hawaii: Graving drydock for large vessels, services, and accessories, \$4,845,000; personnel buildings and accessories, \$4,214,000; recreation facilities, including buildings and accessories, \$125,000; pipe and copper shop building and accessories, \$150,000; electric shop building and accessories, \$46,000; galvanizing shop building and accessories, \$2,000,000; praving drydock for small vessels, services, and accessories, \$2,000,000; public works shop and storage building, \$170,000; ordnance shop building and accessories, \$165,000; storehouse building and accessories, \$750,000. Navy yard, Mare Island, Calif.: Graving drydock, services, and accessories, \$1,750,000; utility and transportation buildings and accessories, \$1,00,000; laboratory building and accessories, \$120,000. Navy yard, Portsmouth, N. H.: Submarine barracks and mess hall, \$270,000.

Navy yard, Puget Sound, Wash.: Graving drydock, services, and accessories, \$3,000,000.

Naval station, Guam: Officers' quarters and accessories, \$75,000. Naval station, Tutuila, Samoa: Chief petty officers' quarters and accessories, \$66,000; officers' quarters and accessories, \$45,000; recreation building and accessories, \$70,000.

Naval station, Guantanamo, Cuba: Enlisted men's quarters and accessories, \$50,000.

Naval torpedo station, Newport, R. I.: Explosive-manufacturing

Naval roving and accessories, \$250,000.

Naval proving ground, Dahlgren, Va.: Magazine building and accessories, \$35,000; dispensary building and accessories, \$40,000; locomotive and crane shed and accessories, \$20,000; garage building and accessories, \$20,000; carpenter-shop building and accessories, \$25,000.

Naval powder factory, Indianhead, Md.: Barracks building and accessories, \$125,000.

Accessories, \$125,000.

Naval ammunition depot, Hawthorne, Nev.: Additional magazine buildings and accessories, \$1,260,000.

Naval ammunition depot, Oahu, Hawaii: Additional magazine buildings and accessories, \$223,500.

Naval ammunition depot, St. Juliens Creek, Va.: Explosive-loading plant and processories for INTH and block recorder, \$125,000.

Naval ammunition depot, St. Juliens Creek, Va.: Explosive-loading plant and accessories for TNT and black powder, \$165,000.

Naval ammunition depot, Iona Island, N. Y.: Replacement of filling house No. 307 and accessories, \$30,000.

Naval ammunition depot, Fort Mifflin, Pa.: Projectile loading plant building and accessories, \$45,000.

Naval training station, San Diego, Calif.: Trade school and auditorium buildings and accessories, \$525,000.

Naval Training Station, Norfolk, Va.: Dispensary building and accessories, \$190,000; receiving station mess hall and galley building and accessories, \$800,000.

Naval Operating Base, Norfolk, Va.: Chapel, \$150,000.

Destroyer base, San Diego, Calif.: Power plant building and accessories, \$50,000; torpedo storehouse and accessories, \$90,000; dispensary building and accessories, \$40,000; bachelor officers' quarters and accessories, \$70,000.

Submarine Base, Pearl Harbor, Hawaii: Individual storehouse and accessories. \$20,000.

Naval Air Station, San Diego, Calif.: Purchase and improvement of auxiliary landing fields, \$321,000.

Naval Air Station, Norfolk, Va.: Purchase of auxiliary landing

Naval Air Station, Noriole, Va.: Furchase of auxiliary landing fields, \$300,000.

Naval Air Station, Noriole, Va.: Furchase of auxiliary landing fields, \$300,000.

Fleet Air Base and Submarine Base, Coco Solo, C. Z.: Personnel buildings and accessories, \$1,736,000.

Fleet Air Base, Coco Solo, C. Z.: Aircraft storehouse and accessories.

sories, \$285,000. Marine Aviation Facilities, Charlotte Amalie, V. I.: Quarters for

marine Aviation radinties, Charlotte Amalie, V. 1.: Quarters for naval personnel, including services and accessories, \$259,000; dispensary building and accessories, \$30,000.

Marine Corps Flying Field, Quantico, Va.: Aircraft and engine overhaul building and accessories, \$250,000; motor-test-stand building and accessories, \$80,000.

Marine Barracks, Parris Island, S. C.: Buildings and accessories, \$2,015.60.

\$3,018,500.

Marine Barracks, San Diego, Calif.: Development of rifle range at La Jolla, Calif., \$305,000.

Marine Barracks, Quantico, Va.: Contagious ward and accessories, \$65,000; barracks building and accessories, \$60,000; shop building and accessories, \$172,000; nurses' quarters and accessories, \$56,000; school building and accessories, \$250,000.

Marine Corps Depot of Supplies, Philadelphia, Pa.: Storage build-

Marine Corps Depot of Supplies, Philadelphia, Pa.: Storage buildings and accessories, \$1,300,000.

Naval Research Laboratory, Bellevue, D. C.: Barracks, mess hall, and instruction building, and accessories, \$230,000.

Naval Supply Depot, Pearl Harbor, Hawaii: Provision storage building and accessories, \$250,000.

Naval Hospital, Mare Island, Calif.: Administration and subsistence building and accessories, \$475,000.

Naval Hospital, San Diego, Calif.: Sick officers' quarters and outpatients' clinic and accessories, \$175,000.

Naval Hospital, Norfolk, Va.: Barracks building and accessories, \$200,000.

\$200,000 Naval Hospital, Guam: Isolation and tuberculosis wards and

accessories, \$47,000.

Naval Hospital, Pearl Harbor, Hawaii: Barracks buildings and accessories, \$105,000.

Naval Radio Station, Gatun, C. Z.: Quarters and accessories,

\$40,000 Naval Radio Station, Eureka, Calif.: Quarters and accessories, \$15,000.

Naval Radio Station, Point Loma, Calif.: Quarters and accessories, \$22,000.

Naval Radio Station, Dutch Harbor, Alaska: Recreation building and accessories, \$12,000.

Naval Direction Finder Station, Point St. George, Calif.: Purchase of land, \$2,500.

Naval Direction Finder Station, Point Arguello, Calif.: Power-

house, garage, dormitory building, and accessories, \$27,000; quarters and accessories, \$6,000.

Naval Direction Finder Station, Folly Island, S. C.: Reconstruc-

tion of station at new location, \$60,000.

Naval Direction Finder Station, Poyners Hill, N. C.: Barracks, compass house quarters, and accessories, \$52,000.

Naval Direction Finder Station, Jupiter, Fla.: Barracks, compass house, quarters, and accessories, \$50,000.

The amendment was agreed to.

The next amendment of the committee was, in section 3, on page 8, line 14, after the word "section", to strike out "1" and to insert "3 (a)", and on line 19, after the word "purposes", to insert "of section 3 (a)", so as to read:

Sec. 2. The act entitled "An act to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes," approved April 15, 1935 (49 Stat. 155), is hereby amended by deleting the words and figures "floating drydock, type D, including mooring facilities and accessories, \$750,000" from the paragraph headed "Navy Yard, Pearl Harbor, Hawaii:", and by adding to the act of April 15, 1935, the following paragraph:

"Floating drydock, type D, including mooring facilities and accessories, \$1,710,000."

Sec. 3. (a) The Secretary of the Name is beachers and in the secretary of the Name is beachers.

cessories, \$1,710,000."

SEC. 3. (a) The Secretary of the Navy is hereby authorized to accept or acquire title in fee simple at a cost of not more than \$300,000 to all that area of land, including tide and submerged lands, filled and unfilled, situate, lying, and being in the middle harbor area of the city of Oakland, county of Alameda, State of California, now owned in part by the said city of Oakland and in part by the Southern Pacific Co., and described on a so-called Map and Description of Naval Supply Depot Site, dated September 17, 1936, as parcels A, B, C, D-1, D-2, D-3, and E, containing in all 402 acres, more or less, for use as a site for a naval supply depot: Provided, That such land shall be used only as a naval supply depot and for no other purpose, shall be a part of the Navy Yard, Mare Island, and shall be so administered by the commandant of that yard: Provided further, That the activities of said depot shall not overlap or encroach upon the storage of supplies, materials, and

equipment required in connection with the industrial activities of the Navy Yard, Mare Island, Calif.

(b) The Secretary of the Navy is hereby authorized to proceed with the construction of fleet supply facilities, including buildings and accessories, on the land of which title has been accepted and acquired under authority of section 3 (a) of this act, at a cost of not more than \$6,500,000.

(c) There is hereby authorized to be appropriated, out of any money in the Treasury of the United States not otherwise appropriated, such sums not to exceed \$6,500,000 as may be necessary to

effectuate the purposes of section 3 (a) of this act.

The amendments were agreed to.

The next amendment of the committee was, on page 8, after line 20, to insert a new section, as follows:

SEC. 4. The Secretary of the Navy is hereby authorized to acquire, by purchase or otherwise, the two graving drydocks situated on San Francisco Bay and known as the Hunters Point drydocks and approximately 48 acres of adjoining land and improvements thereon approximately 48 acres of adjoining land and improvements thereon and to construct on said land an assembly building, storehouse, latrine, and galley, and accessories to each, and to provide a quay wall and weight-handling facilities, all to constitute an annex of the Navy Yard, Mare Island, Calif., and to be operated under the direction of the commandant of said navy yard, and to cost not to exceed \$6,000,000: Provided, That no part of any appropriation made to effectuate the purposes of this act shall be used to duplicate at said annex any manufacturing, construction, or repair facilities available at the Navy Yard, Mare Island, Calif., except as herein specifically authorized, and no such duplicate facilities shall be provided hereafter at said annex unless specifically authorized provided hereafter at said annex unless specifically authorized

Mr. WALSH. On behalf of the Committee on Naval Affairs, I offer an amendment to take the place of the amendment heretofore proposed as section 4.

The PRESIDING OFFICER. The amendment will be

stated.

The CHIEF CLERK. It is proposed to strike out the committee amendment on page 8, after line 20, and insert in lieu thereof the following:

SEC. 4. The Secretary of the Navy is hereby authorized to acquire by purchase the two graving drydocks situated on San Francisco Bay and known as the Hunters Point drydocks and approximately 48 acres of adjoining land and improvements thereon and to con struct on said land an assembly building, storehouse, latrine, and struct on said land an assembly building, storehouse, latrine, and galley, and accessories to each, and to provide a quay wall and weight-handling facilities, all to constitute an annex of the Navy Yard, Mare Island, Calif., and to be operated under the direction of the commandant of said navy yard, and to cost not to exceed \$6,000,000: Provided, That no part of any appropriation made to effectuate the purposes of this act shall be used to needlessly duplicate at said annex any manufacturing, construction, or repair facilities available at the Navy Yard, Mare Island, Calif., except as herein specifically authorized, and no such duplicate facilities shall be provided bereafter at said annex unless specifically authorized. be provided hereafter at said annex unless specifically authorized by law: Provided further, That should the Secretary of the Navy, after 90 days' negotiations with the owners of said drydocks, land, and improvements, be unable to agree with said owners upon a purchase price not to exceed for such properties \$4,000,000, then, and in that event, the said Secretary is authorized to acquire a and in that event, the said secretary is authorized to acquire a suitable tract of land on San Francisco Bay and to construct theron, by contract or otherwise, a graving drydock capable of docking the largest vessel built, building, or projected, together with buildings, accessories, and incidental facilities, all at a cost not to exceed \$6,000,000, and to be used and operated as hereinbefore provided, but not more than 10 percent of \$6,000,000 shall be expended for the acquisition of the site of the said dock.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. WALSH. In lieu of section 5 as reported by the committee, I send to the desk an amendment on behalf of the Committee on Naval Affairs.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The CHIEF CLERK. It is proposed to strike out the committee amendment on page 9, after line 13, being section 5, and to insert in lieu thereof the following:

SEC. 5. (a) The Secretary of the Navy is hereby authorized to proceed with the construction of such public works and utilities, including buildings and accessories, as are needed to equip South Boston drydock for use as an annex of the Boston Navy Yard in the repair of naval vessels.

(b) There is hereby authorized to be appropriated, out of any money in the Treasury of the United States not otherwise appropriated and hereby authorized to be suppropriated.

priated, such sums not to exceed \$2,545,000 as may be necessary to effectuate the purposes of section 5 (a) of this act.

The PRESIDING OFFICER. The question is on agreeing to the amendment to the amendment.

Mr. WALSH. Perhaps a brief explanation should be made of the amendment. The Navy Department has recommended that an appropriation of \$3,500,000 be authorized, to be used in conjunction with funds provided by private capital, in building a huge and necessary drydock in New York Harbor. In view of the contribution by the Government, preference was to be given the Navy Department in the use of the dock. The Navy Department already owns a drydock in South Boston, the largest in all the United States, but it has no facilities for the repair of vessels. The amendment strikes out the earlier suggestion of the Navy Department and substitutes an appropriation of \$2,500,000 for equipment and for the necessary machinery which would be required to repair the largest naval vessels at this large drydock. That is decidedly preferable to the plan or arrangement at first suggested of entering into a partnership with private capital for the purpose of doing this work.

The PRESIDING OFFICER. The question is on agreeing

to the amendment to the amendment.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. WALSH. There is one more committee amendment on page 13.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 13 it is proposed to add the following new section:

Sec. 6. The Secretary of the Navy is hereby authorized to continue the employment, in the District of Columbia and elsewhere, of such employees now carried on the rolls as will be required for the preparation of plans and specifications and administrative work in connection with the public-works and public-utilities projects authorized by this act or heretofore otherwise authorized.

The PRESIDING OFFICER. The question is on agreeing to the amendment on page 13.

The amendment was agreed to.

THE JEWS AND PALESTINE

Mr. KING. Mr. President, I ask the indulgence of the Senate while I discuss a matter in which our Government and the American people are profoundly interested. A discussion of this matter is not only justified but, in my opinion, made necessary by reason of the action of the British Government in issuing what is called the White Paper, which deals with Palestine and its obligations under the terms of the mandate which it voluntarily accepted. It repudiates solemn covenants made with 52 nations and its obligations to the United States created under the mandate and the treaty of 1924 entered into by the British Government and the United States.

The so-called White Paper has created deep concern among peoples in many countries and particularly those which are parties to the League of Nations and joined in naming the British Government as a mandatory to carry out solemn and important duties and obligations in territory which formerly belonged to the Turkish Empire but which was transferred to the League of Nations to be administered in a just and equitable manner. This action of the British Government which, as I have stated, is equivalent to an abandonment of its duty, a repudiation of its obligation, is a most calamitous act and affects not only the residents of Palestine but hundreds of thousands of persecuted people in European countries who are the victims of relentless, sadistic, and barbarous treatment. It closes the door to hundreds of thousands who can find no resting place. It is a cruel and illegal act and, as I have stated, is a repudiation of solemn pledges which had been voluntarily assumed by the British Government.

Our Government is profoundly interested in all matters relating to Palestine, and particularly those which are connected with the Balfour declaration and the treaty of 1924 between the United States and Great Britain.

At the conclusion of the World War the Treaty of Versailles was entered into and under its terms Turkey renounced all her rights to Palestine to which she was entitled. Article 22

of the covenant of the treaty provides that certain territories which ceased to be under the sovereignty of the states which formerly governed them should be subject to the mandates which were to be issued by the League of Nations, the terms of the mandates to be explicitly defined in each case by the council of the League. The Palestinian territory which passed under the Treaty of Versailles to Great Britain under the mandate consisted of approximately 45,000 square miles, 10,500 of which were west of the River Jordan and the balance east of the river. The historic right of the Jews to Palestine for a homeland was recognized. The greater part of the territory within the boundaries of Palestine was vacant and unoccupied land, but a limited area was cultivated, and the greater part consisted of hills and mountains and swamps and arid and desert lands which for centuries had lain fallow. Title to the unoccupied lands passed from Turkey to the allied and associated powers and under the mandate was transferred to Great Britain as a mandatory power. Prior to and during the World War there were a large number of Jews in Palestine. They were thrifty and progressive and were earnestly devoting themselves to the rebuilding of the lands which had belonged as a heritage to their forefathers. In various countries there were remnants of the Jewish race. many of whom looked with eagerness to the day when the barren wastes of Palestine would be reclaimed and the land of their forefathers made habitable for several millions of the Jewish race. These facts were recognized by the allied and associated powers and emphasized by the League of Nations and the terms of the mandate dealing with Palestine.

The drafters of the Treaty of Versailles were familiar with the action taken by the British Government and in part by the United States as set forth in what is known as the Balfour declaration. That declaration reads as follows:

His Majesty's Government view with favor the establishment in Palestine of a national home for Jewish people and will use their best efforts to facilitate the achievement of this object, it being clearly understood that nothing shall be done which may prejudice the civil and religious rights of existing non-Jewish communities in Palestine or the rights and political status enjoyed by Jews in other countries.

Great Britain accepted the mandate and assumed the obligation of establishing in Palestine a national homeland for the Jewish people. The American people were greatly interested in the movement to create a national homeland in Palestine for the Jewish people, and our Government, in my opinion, greatly influenced the formulation of the Balfour declaration and the terms of the mandate drafted by the League of Nations, under which Great Britain, as a mandatory, assumed the responsibility of executing such terms.

During the discussions culminating in the Balfour declaration the President of the United States was consulted and gave his approval of the same before it was issued by the British Government on the 2d day of November 1917.

I invite the attention of the Senate to a letter written by President Wilson in 1918, which shows his interest in Palestine and the Zionist movement.

THE WHITE HOUSE,

Washington, August 31, 1918.

My Dear Rabbi Wise: I have watched with deep and sincere interest the reconstructive work which the Weizmann Commission has done in Palestine at the instance of the British Government, and I welcome an opportunity to express the satisfaction I have felt in the progress of the Zionist movement in the United States and in the allied countries since the declaration by Mr. Balfour on behalf of the British Government of the Great Britain's approval of the establishment in Palestine of a national home for the Jewish people, and his promise that the British Government would use its best endeavors to facilitate the achievement of that object, with the understanding that nothing would be done to prejudice the civil and religious rights of non-Jewish people in Palestine or the rights and political status enjoyed by the Jews in other countries.

I think that all Americans will be deeply moved by the report that even in this time of stress the Weizmann Commission has been able to lay the foundation of the Hebrew University at Jerusalem with the promise that that bears of spiritual rebirth.

Cordially and sincerely yours,

As stated, the American people were profoundly interested in the purpose of the Balfour declaration, and in 1922 a joint resolution was adopted by Congress, to the effect that-

The United States of America favors the establishment in Pales-tine of the national home for the Jewish people, in accordance with provisions contained in the declaration of the British Government of November 2, 1917, known as the Balfour declaration.

This resolution, as I recall, met with unanimous approval in both Houses of Congress, and certainly it was approved by the American people.

As further evidence of the interest which our Government and the American people had in the plan for the establishment in Palestine of a national home for the Jewish people, a treaty between the United States and Great Britain was entered into in 1924, which specifically dealt with the mandate under which Great Britain became a mandatory for the administration of the territory of Palestine. contains all of the provisions of the mandate.

It declared that Great Britain, as mandatory, was responsible for putting into effect the Balfour declaration for the establishment in Palestine of a national home for the Jewish people. This treaty fully advised our Government and the American people of the obligations resting upon Great Britain as mandatory, and also made it clear that our Government was interested in the faithful discharge of the obligations of the mandate which had been assumed by the British Government.

The mandate, which, as stated, was set forth in haec verba in the treaty, declared that Great Britain was responsible for placing the country, namely, Palestine, under such political, administrative, and economic conditions as "will secure the establishment of the Jewish national home and the development of self-governing institutions, and the safeguarding of the civil and religious rights of all the inhabitants of Palestine."

The mandate also set forth the fact that the Jewish agency was recognized as a body politic with the duty of advising and cooperating with the administration of Palestine in all matters relating to the establishment of the Jewish national home and the interests of the Jewish population in Palestine.

An important provision of the mandate, which, as stated. is incorporated in the treaty between the British Government and the United States, required the mandatory "to facilitate Jewish immigration under suitable conditions," and that it should, in cooperation with the Jewish agency, encourage close settlement by Jews on the land, including state lands and waste lands. There was also a provision in the mandate that the administration should facilitate the acquisition of Palestinian citizenship by Jews who take up their permanent residence in Palestine.

The mandatory was required to make an annual report to the Council of the League of Nations, satisfactory as to the measures which it had taken to carry out the provisions of the mandate. It further provided that if any disputes arose beween the mandatory and other members of the League of Nations relating to the interpretation or application of the terms of the mandate which were not settled, jurisdiction of the Permanent Court of International Justice was to be invoked.

The mandate also provided that the consent of the Council of the League of Nations was required for any modification of the terms of the mandate.

May I say by way of parenthesis that the terms of the mandate have been violated by Great Britain in a number of particulars and by the provisions of the White Paper, which change the terms of the mandate without the consent of the Council of the League.

The treaty to which our Government is a party, after reciting the provisions of the mandate, provides that the United States consents to the administration of Palestine by the British Government, but pursuant to the provisions of the mandate; and that the United States and its nationals shall enjoy all the rights and benefits secured under the terms of articles 2 to 9, inclusive, of the mandate, even though our Government is not a member of the League of Nations.

The treaty also declares that the United States, by participating in the war against Germany—

Contributed to her defeat and the defeat of her allies, and to the renunciation of the rights and title of Germany and her allies in the territory transferred by them, though it has not ratified the covenant of the League.

In effect, it gives the United States, though it failed to ratify the Versailles Treaty, an interest in the territories surrendered by the defeated Central Powers to the victorious nations

An important provision of the treaty declares that nothing in the treaty shall be affected by any modification which may be made in the terms of the mandate, unless such modification shall have been assented to by the United States. As I have indicated, the White Paper not only modifies the mandate and the duties and obligations resting upon the mandatory, but it repudiates and seeks to repeal important provisions in the mandate. Our Government, not having consented to these modifications and repudiations, has the right to protest against violations by Great Britain of the terms of the mandate and the provisions of the treaty between Great Britain and the United States.

As I have indicated, Great Britain accepted the mandate and the primary purpose of it was to establish in Palestine a national home for the Jewish people. In my opinion, the mandatory has failed to carry out the letter or the spirit of the declaration or the terms of the mandate, and has contravened the terms of the treaty between it and the Government of the United States. It has hampered the Jews in their efforts to develop the resources of Palestine and to provide homes for their coreligionists. It has refused to regard a large part of Palestine, particularly that part lying east of the Jordan River, as within the provisions of the mandate.

It is worthy of note that the White Paper concedes that the growth of the Jewish national home and its achievements in many fields are—

A remarkably constructive effort which commands the admiration of the world and must in particular be a source of pride to the Jewish people.

It admits that the British Government has been charged as a mandatory with authority to secure the development of self-governing institutions. And further adds that the fulfillment of the policy of establishing a Jewish national home makes it necessary that the Jewish community in Palestine should be able to increase its numbers by immigration, but that such immigration should not be a burden on the people of Palestine as a whole and that it should not deprive any section of the present population of their employment.

In my opinion, the advent of the Jews into Palestine has not deprived any section of the population of their employment, but, upon the contrary, has materially advanced the cause of the Arabs and all of the inhabitants of Palestine and laid the foundations for further expansion, growth, and development of the entire country. But the terms of the White Paper seeks to prevent the acquisition of land by Jews and gives the Commissioner almost unlimited power to establish areas, and all land sales will be prohibited. In this connection it is worthy to note that Sir John Simon, now Chancellor of the Exchequer, and Viscount Hailsham, who was Lord Chancellor until a few months ago, in a letter to the London Times, in November 1930, denounced the late Ramsey MacDonald for introducing a temporary limitation of immigration. They stated that it was a grave legal question as to whether this step was not in violation of the mandate and recommended that a World Court opinion be obtained before such limitation was enforced.

The new policy announced in the White Paper, as I have stated, violates the provisions of the mandate, as well as the treaty with the United States. It denies the Jewish people the right to build their national home and seeks to confer authority upon the Arabs to control Palestine and the Jewish population. Certainly it prevents Jewish immigration, and

when one-third of the total population is reached, it seeks to establish a territorial ghetto for Jews in their homeland.

A brilliant writer—Miss Dorothy Thompson—referring to the White Paper, states that—

For a piece of disingenuous argument, the latest British Government paper, detailing plans for the future of Palestine, deserves to rank with the late Runciman report by which the British Government presented a lofty argument for whitewashing terror and preparing the way for the ruthless conquest of Czechoslovakia.

In view of all the facts, I submit that there is justification for the contention that if the mandatory carries into effect the terms of the White Paper, it will be regarded as a faithless trustee, a violator of solemn pledges and a betrayer of a persecuted and helpless race. In many points of the world protests are being heard against this policy and the betrayal upon the part of the British Government.

The Pro-Palestine Federation of America, an organization of Christians which has favored the movement for a Jewish national home in Palestine, has asked President Roosevelt to intervene against the application of the plan announced in the White Paper. The telegram was signed by a large number of persons, including Charles Edward Russell, president of the federation; William Green, president of the American Federation of Labor; Bishop Francis J. McConnell; Dr. Charles S. Macfarland, secretary emeritus of the Federal Council of Churches; John Haynes Holmes, of the Community Church; the Rev. Ames I. Dushaw, of the First Presbyterian Church; the Rev. John Paul Jones, of the Unity Church of Bay Ridge; William R. Hopkins, former city manager of Cleveland: the Rev. Ralph W. Sockman, former president of the Greater New York Federation of Churches; Dr. Justin H. Moore, dean of New York City College; Justice Carroll Hayes; Prof. Bradley Otis; and Dr. Guy Emery Shipler, editor of The Churchman. The telegram to the President declares that-

This calamitous act of the British Government comes when the very life and existence of millions of Jews in Europe are endangered.

It further states that-

Over 5,000,000 Jews in Germany, Austria, Czechoslovakia, Italy, Rumania, and Poland are systematically deprived of an opportunity to earn a livelihood; they are being evicted from those countries. All continents are hermetically sealed against them. Where shall they go? Palestine is not a question of life or death for the Arabs as it is for the Jews. The Holy Land, cradle of Jewish culture and civilization, morally, legally, and historically belongs to the Jewish race.

Your past efforts in behalf of the Jewish right to Palestine fully accord with basic principles of international law and the democratic concept of inviolability of international covenants. We respectfully urge you, Mr. President, to continue your efforts to convince the British Government that the only way to preserve peace and democracy is by living up to signed pledges and covenanted obligations. We feel that the United States, whose friendship and cooperation are so eagerly sought by Great Britain, has the unmistakable right to refer to the American-British Palestine mandate convention of December 3, 1924, and demand full application of its stipulations, without any modifications involving a violation of the mandate for Palestine.

I think it is known that our Government has communicated with the British Government concerning the Palestinian situation and I have reason to believe that it has in every proper way indicated its interest and the interest of the American people in the faithful execution of the treaty between our Government and the British Government.

One of the distinguished citizens of the United States is Mr. Justice Brandeis. He has the confidence and esteem of the American people. According to Dr. Goldman, Mr. Justice Brandeis has contended that—

1. A legal obligation assumed by Great Britain is the basis for Jewish constructive enterprise in Palestine. That legal right, sustained by humanitarian needs, cannot be obliterated for private advantage.

2. What does the world propose to do with the Jews from whom exile is enforced? Unless civilization has so reverted to primitivism as to wish the destruction of homeless Jews, it must encourage the proved medium to solve in great measure the problem of Jewish homelessness.

3. The absorptive capacity is stated to be the criterion by which Jewish entry into Palestine should be determined. Disinterested

experts have proved that Palestine is equipped to absorb 100,000

4. On the basis of legal right, which Great Britain with the sanction of the world established, and of the pressing human need, Jews will continue to enter Palestine, assured of the confident support of the Jewish people that they will build in Palestine a land beneficial to all its inhabitants.

Some question has been raised as to the capacity of Palestine for an increase in population. May I say that I visited Palestine for the purpose of investigating economic, political, and other conditions, and particularly to ascertain its resources and capacity for an increased population? After a rather careful examination, I reached the conclusion that that part of Palestine west of the Jordan River was capable of providing homes and employment for several millions of people; and that that part of Palestine east of the Jordan River was capable of supporting at least a million people. Experience in the last 20 years in Palestine has proved that the economic absorptive capacity of that country cannot be predicted by any rule or yardstick. It is a dynamic and expanding concept, and cannot therefore be definitely predicted.

Immigration is conditioned by absorptive capacity, but immigration itself, with its accompanying influx of wealth and the driving power of energy, enlarges absorptive capacity by creating new opportunities for livelihood.

This is quoted from Mr. Granovsky, in his Absorptive Capacity and Development, Palestine and Middle East Economic Magazine, January 1937, page 15.

The British Royal Palestine Commission reports that-

In 1934 there were 42,359 authorized immigrants into Palestine, and in 1935, 61,854. * * * So far from reducing "economic absorptive capacity," immigration increased it. The more immigrants came in, the more work they created for local industries to meet their needs, especially in building; and more work meant more room for immigrants under the "labor (immigration) sched-ule." Unless, therefore, the Government adopted a more restrictive policy, or unless there were some economic or financial set back, there seemed no reason why the rate of immigration should not go on climbing up and up.

That view of the British Government is important, and negatives the contention made now by some that there is but limited opportunity for further development in Palestine. The British agent in Haifa, reporting to British Government Department of Overseas Trade on economic conditions in Palestine in July 1935, writes as follows:

Various factors have combined to foster the rapid development Various factors have combined to foster the rapid development of local industries in the past 2 or 3 years. In the first place they form an outlet for the new capital flowing into the country, a considerable proportion of which is still lying idle. They also provide work for new immigrants. Their promoters are often new arrivals with years of experience in particular industries which they desire to use in their new home. Local demand has so much increased as to justify local production of certain goods and expansion of existing factories. The promoters are fortunate in that they can open their works with the most modern plant and methods.

Permit me to invite attention to some reports indicating the growth of Jewish industry and handicrafts from 1921 to 1937, as follows:

	1921-22	1930	1933	1937	In- crease since 1933
Establishmentsnumber Personnel: Owners and work-	1, 850	2, 475	3, 388	5, 606	Percent 65
ersnumber_ Value of annual output_LP	4,750 500,000	10, 968 2, 510, 000	19, 595 5, 352, 000	30, 040 9, 109, 000	53 75
Capital LP Horsepower LP	600, 000 880	2, 234, 000 10, 100	5, 371, 000 50, 500	11, 637, 300 106, 495	108

Thus, since 1921, the personnel in Jewish industry increased 6 times, the output 17 times, the capital 18 times, and machinery equipment even to a greater degree. (Census of Jewish Industry and Handicrafts, 1937, Bulletin of Economic Research Institute, March-April 1938, p. 54.)

In a report of the British Government's Administration of Palestine and Trans-Jordan in 1933, page 27, it is stated that the influx of Jewish immigrants and Jewish capital developed work opportunities and quickened industrial activities for all sections of the population of the country. As early as 1933 the Government reported that the non-Jewish industrial undertakings had increased by more than 80 percent over the pre-war non-Jewish establishments in the country.

Two other notable examples are as follows:

First. Jews of Palestine, since 1932, invested approximately \$100,000,000 in building construction, giving employment, in 1935 alone, to 16,500 Jews. (Horowitz and Hinden, Economic

Survey of Palestine, p. 106.)
Second. In 1937 transportation, clerical work, unskilled work, services, liberal professions, and unclassified work gave employment to 41,658 additional workers. (Memorandum to Permanent Mandates Commission 1937, June 1938, p. 16.)

Thus we see the dynamic principle of economic absorptive capacity at work. Not only has it not displaced any part of the non-Jewish population but it has made new places for them where none existed before.

The development of agriculture and horticulture parallels that of industry, as shown by the report of the Palestine Royal Commission (op. cit. supra, pp. 233-34). The same report refers to the maritime plain, the area of Palestine which is now the most productive and the most thickly populated. It refers to the condition of the plain in 1913, as follows:

The road leading to Gaza to the north was only a summer tract suitable for transport by camels and carts. * * * In the rainy season it was impassable. In the villages no orange groves, chards, or vineyards were to be seen. * * Trees generated a rare sight in these villages. Trees generally

In all the villages dotting the plain * * * there was only one well in a village, and in the smaller villages there were no wells at all. Water was scantily used for drinking purposes by man and beast.

Houses were all of mud. No windows were anywhere to be seen. The cattle were small and poor; so were the chickens * * *. The plows used were of wood; not a village could boast of a cart.

Sowing was done by hand; harvesting by the scythe and threshing by animals. Fields were never manured.

Every second year the fields were measured by sticks and ropes and distributed among the cultivators. Division of land always led to strife and bloodshed * * * The yields were very poor * * *. poor

The sanitary conditions in the villages were horrible. Schools id not exist. In passing a village one noticed a large number did not exist. of blind or half-blind persons. Malaria was rampant. Many ruins of villages were scattered over the area * * * deserted by their inhabitants who migrated to the hills.

The Royal Commission found in 1936 a situation vastly different. It reports as follows:

Twelve years ago the National Home was an experiment. Today it is a going concern * * * the process of Jewish agricultural colonization has steadily continued. There are now 203 agricultural settlements containing 97,000 people * * *. These wide stretches of plain land, drained and irrigated, and green citrus trees or brown from the plows are the agrarian basis of the National Home. The country towns have likewise grown and prospered. Tel-Aviv, still a wholly Jewish town, has leaped to the first place among the towns of Palestine. Its population now exceeds 150,000.

From its beginnings the contrast between Tel-Aviv rising so quickly from a barren strip of sand and ancient Jaffa * * * was clearly marked, and it is now quite startling. There is the same effect at Jerusalem. The population of Jerusalem has grown to 125,000; and of that some 76,000 are Jews.

The industrial structure has not entirely outgrown its agrarian

The relation between rural and urban areas, between indus trialists and agriculturists, have remained fairly constant from the start.

The Jewish rural population has grown from 14,782 in 1922 to 98,303 in 1936. Jewish productivity on the land has greatly increased, and cooperative methods in Jewish agriculture have

Increase in absorptive capacity through development of agriculture is indicated by the following:

First. In the beginning settlers were given 250 dunams of land-sufficient to support a family. Now 20 dunams is the rule, because of the greater productivity of irrigated and well-fertilized land.

Second. By importing cows from Holland the yield of a cow was raised from 700 liters a year to 4,000 liters-some cows giving as much as 8,000 liters.

Third. By bringing over new poultry, the Leghorn, from the United States the increase of a hen per year was raised from 70 to 120 eggs.

Fourth. The yield of wheat was raised from 70 kilos a dunam to 130 and 140.

We have introduced new trees, for instance, bananas, many varieties of deciduous fruits. We had here the support of our agricultural station at Rehovot (minutes of evidence, Palestine Royal Commission, London, 1937, p. 103).

Fifth. The export of Palestine citrus fruit had risen from 2,470,000 cases with a value of £P745,000 in the 1930-31 season, to approximately 10,774,000 cases with an approximate value of £P3,900,000 in the 1936-37 season. At that time, Palestine had already achieved third place in the list of the citrus-exporting countries of the world. (Horowitz and Hin-

den, Economic Survey in Palestine, p. 70.)

The coming of the Jews provided an expanded market for agricultural products, furnished purchasers for land at high prices, thus enabling the Arab peasants to dispose of surplus land and to utilize the proceeds for the introduction of more productive methods of cultivation on the remainder of their holdings, transformed Palestine agriculture from its primitive pre-war state to present-day standards, enabled the government to make loans and wholesale tax remissions to the Arab peasant as a result of the flourishing state of Palestine's finances, and, most important of all, has given the Arab peasant an object lesson in modern agricultural practice which he has not been slow to adopt. Here again the dynamic principle of economic absorptive capacity has been at work.

Jewish Palestine shows that great creative forces have been generated by the pressure of Jewish misery and by the ageold longing of the Jewish people to normalize Jewish life on their ancient soil in the social framework of the prophets. Under the impact of these forces the static elements which go to make up the physical country called Palestine are adjusting and will continue to adjust themselves to expanding Jewish need. Impelled by these forces, the builders of Jewish Palestine have frequently projected enterprises and employed methods which to orthodox economists appeared "uneconomic." To a British economist, to a member of a British commission, or to a British Government official whose "time sense" is influenced by the security which he and his nation enjoy, haste in the colonization and upbuilding of a new country is naturally "uneconomic." But to a Jew who must help find a home for his wandering brethren an accelerated economic tempo is soundly "economic." Doubtless it was "uneconomic" for the Jews to pay the exorbitant prices of the land which they acquired in Palestine. The growth of the Jewish agricultural and horticultural structure of Palestine tell another story. It was wholly "uneconomic" for a prominent group of Jewish business and professional men in America to aid Moise Novomeysky to attempt the commercial extraction of the mineral resources of the Dead Sea. Expert opinion throughout the world, particularly in Germany, foredoomed this attempt to failure. Today this "most useless body of water in the world" is furnishing work opportunities for 1,500 Jews and Arabs and sustenance for 2,500 dependents. The foundations have been laid for the creation of a great chemical industry, which, it is hoped, will in the course of a generation furnish employment to untold thousands. It was certainly "uneconomic" for Pinhas Rutenberg to project the harnessing of the Jordan for the creation of power for industries and for a land-irrigation system which were nonexistent at the time.

Today Rutenberg's Palestine Electric Corporation has industrially transformed the country. In 1927 this company sold 2,527,126 kilowatt-hours; in 1937, 71,265,000 kilowatt-hours. It was undoubtedly "uneconomic" for the Jews to pay \$1,000,000 for a drainage concession of the Huleh Lake and marshes which had been granted before the war by the Ottoman Government to two Beirut merchants and which had been lying dormant, and to plan the expenditure of an additional \$3,000,000, plus \$1,000,000 to be contributed by the Government, for the drainage and rehabilitation of tha; area of 56,939 dunams. But it is likely to prove highly "eco-

nomic" when the work is completed and this area plus an additional 46,000 dunams is ameliorated, whereas now it is only a disease-breeding and malarial swamp. Without laboring the point too much, it is perfectly clear to the Jews of the world that it is wholly "economic" for them to apply a small percentage of their total resources to the founding of a home for their brethren who have been so cruelly deprived of every vestige of human dignity. It will still be "economic" if, in the future, it should be found necessary to write off part of the capital which the Jewish people may devote to the intensive development and rehabilitation of Palestine.

It is in the light of the foregoing considerations that it may be reasonably said that Palestine, freed from terror and secure in good government, will carry its share of the Jewish refugee burden by annually absorbing from 100,000 to 125.000

Jews for many years to come.

As I have indicated, the area of Palestine west of the Jordan River and its resources, developed and undeveloped, will support at least 4,000,000 people. East of the Jordan River—that part of Palestine sometimes called Trans-Jordania—has an area of 35,000 square miles, with a population of less than 300,000. Properly cultivated and developed, this territory can easily sustain a million people.

The claim is made by some persons that the Jewish population in Palestine has been injurious to the Arabs. The facts are quite to the contrary. The Arab population has increased since the Balfour Declaration and the mandate given to Great Britain by the League of Nations. The records conclusively demonstrate that the Jewish development of Palestine has materially opened up avenues for an increase in the Arab population, who have taken advantage of the improved economic and industrial conditions. The Arab population in Palestine in 1922 was approximately 600,000. Since then it has increased to nearly 1,000,000. In Egypt, a neighboring and prosperous country, the increase in population during the same period was but 13 percent, as against 40 percent in Palestine.

Reference to the population of Syria and other countries inhabited by Arabs establishes the fact that the population during the period referred to was static. Before the war emigration from Palestine was the rule. Its resources were undeveloped, and the Arabs lived in very primitive conditions. Since the war the immigration into Palestine by Arabs, as I have indicated, has materially increased.

As an illustration, in Jaffa the Arab population has increased since the war by 69 percent. In 1934-35 the Governor of Huran (southern Syria) declared that 30,000 Huranites

left for Palestine and settled there.

The improved conditions in Palestine since 1922 have been so remarkable as to induce Arabs in other countries to take residence in Palestine. Wage and health conditions and opportunities for employment—these and other conditions—resulted in a large influx of Arab population from surrounding Arab countries. The average wage in Palestine is 15 piasters, as compared with 4½ elsewhere in the Near East. In 1935, 40 percent of laborers on Jewish plantations were Arabs—7,500 Arabs worked on Jewish plantations, representing, with their dependents, 40,000 souls. Since then there has been an increase in the number of Arabs who have sought employment in industries developed by the Jews and upon Jewish farms and plantations.

The infant mortality among Arabs dropped from 220 per thousand in 1927 to 135 in 1936, the lowest in the entire Near East. The government health budget for 1935 was 166,000 pounds, the Jews receiving only 10,000 pounds. The government educational budget for 1934–35 was 212,000 pounds, of which the Jews received but 34,000 pounds.

It should be stated that the Arab population in 1921–22 contributed but 25 percent to the revenues of the Government, and in 1934–35 only 5 percent, although during this period the standard of living among the Arabs continued to improve. As indicated, the public revenues are derived largely from the Jewish population. By 1935 the Jews had purchased 1,243,000 dunams of land, which is approximately 300,000 acres. The area of Palestine is 26,158,000 dunams;

so that the Jews own less than 5 percent of the total area. This refutes the statement sometimes made that the Jews were acquiring all the land to the disadvantage of the Arabs.

The Arab citrus groves increased from 20,000 dunams in 1922 to 130,000 in 1935, representing an investment of £8,000,000, which had been largely derived from the sale of lands to the Jews at high prices. The fact is that a large part of the lands of Palestine were barren and sterile. In the valleys a large part of the lands consisted of swamps and were unavailable for cultivation without drainage at great expense. The Jewish population have acquired from the Government some of the properties to which it succeeded after Turkish control was lost, and have purchased from the Arabs, as I have stated, at very high prices, several hundred thousand dunams. In 1934 the Government assigned the swampy area at Hulah, consisting of 57,000 dunams, to a Jewish company for drainage, it being stipulated that upon reclamation the Arabs were to be given onethird of the area without cost.

There were practically no educational facilities for the Arabs before the war, but now more than 300 schools are maintained by the mandatory for the Arabs. The Arabs have gained materially in improving their agricultural practices and in the greater development of the general economy. This is directly the result of the advent of the Jews and the improved methods of cultivation which they have

inaugurated.

Those familiar with Palestine are impressed with the development by the Arab villages near Jewish settlements and the primitive conditions of the unchanged Arab villages elsewhere. Mr. Ettinger, Palestine economic expert, estimates that in 1935, for example, the Jews paid to the Arabs in wages, rents, agricultural products, and so forth, a total of two and one-half million pounds. To this must be added Government expenditures for the benefit of Arabs from revenues obtained from the Jewish population, estimated at from a million to a million and a half pounds. During this same period more than a million pounds were bought by the Arabs from the Jews, taking all forms of transactions into consideration. Thus, in 1 year, a net gain to the Arabs of more than £2.000,000.

Dr. Bonne, another economic expert, estimates that in the same year, 1935, Jews have passed on to Arabs, through various channels, more than three and one-half million pounds. This has been a tremendous factor in the Arab economy. The Jews poured into the Arab economy more money than the total income of all the peasants.

In 1930 Sir John Hope-Simpson made a careful survey of conditions in Palestine, particularly of the so-called landless Arabs. Recently, in his book upon the refugee problem, he stated that the Jews could enter Palestine at the rate of 100,000 a year without detriment to the Arabs or to their economic development.

A British commission, investigating the question of displaced Arabs, reported that throughout the entire period of Jewish development only 32 Arabs were left without land. Between 1919 and 1939 the Arab population increased nearly 100 percent; but, as I have indicated, in adjacent countries there was practically no increase.

The fact is that the economic, cultural, and social benefits from the Jewish settlement and development of Palestine are directly responsible for the increase in the Arab population, lifting it out of indescribable poverty and freeing it from disease and providing it with such health and educational services as are still unavailable to Arabs in contiguous territory.

The claim is made by some that the Arabs in Palestine have opposed Jewish immigration. I have invited attention to the fact that the Arabs in Palestine have greatly benefited by the advent of the Jews and that thousands of them have found employment with the Jews. It is true that a limited number of Arabs belonging to terrorist organizations have, by assassination and intimidation, endeavored to prevent the development of Jewish enterprises, but my information is that these terroristic gangs were not bona

fide residents of Palestine and they assailed Arabs who were developing Palestine and cooperating with the Jews as well as the Jews themselves. My information is that they were inspired—in part at least—by German and Italian agents who sought to create strife and precipitate uprisings. There is authority for this view, which comes from the British War Office. In January of this year the British War Office gave out a press release on this subject and according to the report—

The Arab rebellion in Palestine is actually limited to 1,000 to 1,500 men, split up into small bodies * * * and forming the permanent nuclei of rebel gangs. These small parties are reinforced by temporary detachments of armed Fellahin (Arab peasants). * * In parts of the country * * definite detachments with leaders and a quota of arms are in existence. Elsewhere villagers are pressed into service by the permanent gangs * * combining by night for sniping and sabotage—which have become a recognized and remunerative racket. * * * The general policy is more or less directed by the Mufti and the higher Arab committee, but within Palestine the gang leaders are practically independent. * * * The two principal leaders are Abdul Rahim El Haj Mahomed and Aref Abdul Razzik. * * * These two leaders are on such bad terms that on more than one occasion open hostilities have almost broken out between them.

TERROR GRIP RULES ARAB POPULATION

The former has endeavored to conduct his campaign on decent lines and dislikes the campaign of assassination and intimidation waged against all moderate Arabs who might oppose the Mufti's policy. * * *

policy. * * The second is entirely unprincipled. He consequently enjoys the complete confidence of the rebel leaders outside Palestine and is their principal agent in maintaining the terrorist grip on the Arab population. Incidentally he pockets a large rake-off from forced subscriptions to rebel funds. * * The lower class of terrorist "thugs" who by assassination, abduction, and intimidation of all sorts, maintain a grip of terror on the population. * *

subscriptions to rebel funds. * * * The lower class of terrorist "thugs" who by assassination, abduction, and intimidation of all sorts, maintain a grip of terror on the population. * * * The power of the rebellion and the safety of its supporters depend on the terrorism imposed on the population by the man with the gun. * * * Even in the large towns there is little sign that the educated classes combine to give support to the gangs. * * * Owing to terrorism, they are supported by the rest of the popula-

tion, etc.

Mr. President, throughout our country, our Jewish friends are now marshaling their strength in order to bring immediate relief to their impoverished, disorganized, broken, and, in many cases, despoiled Jewish communities in European countries-despoiled by the very governments of which they are citizens and by the very peoples that of right ought to give them protection. By their combined efforts, the Jews living in a free democracy such as is ours seek to bring to their fellow coreligionists in other less fortunate portions of the world, strength and a chance for survival until this madness that now possesses Europe shall have passed away, as pass away it must if civilized life is to persist on the earth. To the thousands upon thousands of homeless refugees, stateless people without home or country, the Jews of America offer the only defense against utter despair.

The Jewish tragedy in Europe beggars description. more than a thousand years, for more than half a century even before the discovery of America, Jews had been living in Europe, and particularly in those countries-in Germany, Austria, and Italy-whose dictators and rulers now oppress and disown them. Before these countries had yet accepted the Christian faith Jews were settled there. And throughout the years this people of the Book, had by its toil and by its blood helped to fertilize these newborn kingdoms of the European Continent. Throughout the dark years of the Middle Ages they suffered untold persecution; yet they persevered. Hundreds of thousands succumbed before the cruelty and tyranny of a blind and ignorant age; yet they lived on. Hundreds of thousands more, unable to withstand the penalty of nonconformity on the one hand or the blandishments of conformity on the other, gave up the struggle. Yet their communities grew and continued to grow until they slowly became integrated into the life of every European

The world, too, was growing and learning and expanding its frontiers—economic, social, religious—until it soon was recognized that the Jew not only had a place in Europe, but a right to life and liberty, equally with all the other peoples

of the continent. The eighteenth, the nineteenth, the twentieth centuries, with their emphasis on liberty, equality, fraternity, opened the doors of freedom and opportunity to Jew and non-Jew alike. Christian teaching with its emphasis on love of one's neighbor, on brotherhood, on social justice, began to have its influence on rulers and ruled. The world at last gave promise of a better day, where life, liberty, and the pursuit of happiness were to be the right of all. The Jew throughout Europe, as everywhere else in the world, gave himself completely and without reservation to this new expression and promise of an unfolding democratic ideal of life and government. He saw in it, not alone his own emancipation, but the emancipation of all mankind. He saw, for the first time, the teachings of his prophets consciously implemented in the institutions of the countries in which he lived. He gave himself to these new European countries with patriotic zeal. He fought and died, achieved and met defeat along with his neighbors-all in a common effort to make the world a better place in which to live.

The Jew asked no special favor. He asked only to be permitted to give of his strength and of his talents, that the well-being of all mankind might be advanced.

And now, in this twentieth century, the Jew, in fact the whole world is told that all this advance along the path of enlightenment and civilized human relationships, is a mistake and a delusion. The Nazi and the Fascist authorities ask us to revert to brutish paganism, to abandon our noblest saints and teachings—the teachings both of Judaism and Christianity—and in their place, in their new Pantheon, to enshrine the Nazi and Fascist leaders. Mad with power and consumed by an ambition, they have not alone enslaved their own people, but made of the Jew a wanderer and an outcast. To him who is of the descendants of Abel they would assign the fate of Cain—that of a homeless wanderer across the earth's surface.

Alone responsible for the present unrest in Europe, brutalizing their own peoples, these totalitarian dictators have leveled their attacks upon Jew and Christian alike—the Jew particularly today; tomorrow the Catholic; next day 'the Lutheran; and the following day the Protestant. All come under the condemnation of Hitlerism and fascism.

Because of his greater vulnerability, because he can be singled out as the chief scapegoat for all the world's ills, the fate of the Jew is especially tragic. Wanderers, men, women, children, old and young, are mercilessly driven from the homes that have been theirs and their fathers' for centuries, for no better reason than that the leaders covet their wealth, and even their poverty. Though we read the harrowing details in the daily press, we do not realize nor fully appreciate what this wandering means for the thousands upon thousands of refugees—that miserable multitude dumped, as it were, upon the mercy of the world. Consider the tragic lot of some who, driven from Germany, fled to Austria, then to Sudetenland, then to Czechoslovakia, and then to Italy, and are now expelled from Italy and are literally adrift on boats on the Mediterranean, with all doors shut to them.

Not alone our Jewish friends in America, but every true Christian, every true follower of the Prince of Peace, should be equally concerned for these victimized, abandoned, and helplessly impoverished Jews of Europe. As Senators know, there are approximately 3,000,000 in Poland and 600,000 still in Germany, to say nothing of 500,000 or 600,000 who, through intermarriage are perhaps one-eighth Jewish blood; and yet they come under the ban and are subject to the same penalties and ostracisms visited upon those of wholly Jewish blood. In other European countries hundreds of thousands are subject to merciless persecution at the hands of governments.

Mr. WALSH. Mr. President, will the Senator yield? Mr. KING. I yield.

Mr. WALSH. I wish to take this occasion to compliment the Senator for raising his voice in behalf of persecuted peoples, and to express the sympathy which nearly all fairminded and broad-minded Americans entertain toward the plight of these unhappy people. I am not surprised at the Senator giving expression to the sentiments which he has

expressed. Ever since I have been a Member of the Senate, year in and year out, he has raised his voice in eloquent protests against persecution and in sympathy with the downtrodden and the oppressed in every corner and part of the world, regardless of race, creed, or color. I wish to join with him in extending and expressing sympathy.

I should like to inquire of him whether or not he has thought out any practical steps which we could take to be helpful in the situation. Perhaps he is coming to that problem later in his speech. If so, I do not wish to interrupt

him.

Mr. KING. Mr. President, first permit me to express my appreciation for the generous expressions of the Senator with respect to my feeble efforts upon various occasions to protect and defend the oppressed and downtrodden, regardless of race, creed, or nationality. I have raised my voice when I believed that policies were being pursued that were unjust and oppressive; and I have condemned the policies of the Nazi Government in its merciless and, indeed, diabolical persecution of the Jews.

Answering the inquiry of the Senator concerning the steps to be taken to meet the situation, may I say that I have given some thought to the development of a plan which would alleviate the suffering of the Jews and aid them in finding suitable places for their development. I confess that I have not reached any satisfactory conclusion. I do feel, however, that the civilized nations should protest against the wicked and brutal activities of the Nazi Government which are destroying the intellectuals, robbing and plundering those with property, and condemning to penury and want, if not destruction, hundreds of thousands of men, women, and children.

Mr. WALSH. However, I think the very fact that the Senator raises his voice in the Senate has an influence and effect upon the formation of public opinion throughout the world, and may result in a lessening of persecutions and hasten the end of the denial of civic and religious rights to minorities.

Mr. KING. I again express my thanks to the Senator for his kind reference to my efforts. I am happy to know that the Senator from Massachusetts, in the dark days of persecutions of the Armenians, Jews, and other minorities lifted his eloquent voice in their behalf and protested against wrongs to which they were subjected.

May I repeat what I have stated, that our Government has taken cognizance of the tragic situation of the Jews and has regarded the Balfour Declaration, supplemented by the Treaty of 1924, as justification for its interposition in a proper way to lift the heavy hand of persecution from those who were afflicted.

Our Government, as well as the American people, has been interested in the development of Palestine as a national home for the Jews. And the American people, Jews and non-Jews, have made contributions for the rehabilitation of Palestine—the building of hospitals, schools, and the advancement of policies and measures conducive to the welfare not only of the Jews in Palestine but of the Arabs.

Great Britain, in assuming the mandate, assumed a heavy responsibility. There has been much criticism of the methods employed by the British Government in executing the mandate. It has been believed by many that it has not been duly considerate of the Jews and the great constructive work in which they have been and are engaged, in fashioning Palestine into a reasonably prosperous, modern government. There has been, I fear, extraneous consideration, which has influenced the British Government to the extent that it has not exercised as it should have done its authority in suppressing the terroristic activities of a small group of Arabs, who have attempted to thwart the work of the Jews and to nullify the provisions of the mandate.

When in Palestine a few years ago I was witness to the remarkable developments—economically and industrially—in the Holy Land. I saw what had been accomplished in converting sterile lands and swamps and rocky ridges and hills into fields and groves and productive lands. I saw the towns and cities which had been and were being erected, and the

successful efforts to convert barren wastes and infertile lands into promising fields and homes.

As I have indicated, Great Britain has not always cooperated with the Jews who were rightfully in Palestine, and to that extent has not carried out, in letter and in spirit, the terms of the mandate.

The question arises, If the Jews are denied access to Palestine, where may they go? The bars are being erected against them in European nations, and for that matter, in other nations. Palestine was promised to them as a homeland. The persecutions to which they are subjected in Germany and in other countries was taken cognizance of by our Government as well as by others, and more than a year ago a committee was selected from 30 nations to take council with a view to ascertaining what could be done, what plan might be developed and carried into execution, which would mitigate some of the horrors to which the Jews were subjected by the Hitler regime. The evidence was conclusive that thousands were being sent to concentration camps; that the intellectuals were being subjected to the most brutal and inhuman treatment; and that, as a result of the hideous wrongs inflicted upon the Jews and other minorities, thousands of them prematurely lost their lives. The committee of nations met and attempted to formulate a plan; but nothing thus far has been successfully accomplished.

And now the White Paper seeks to destroy the only place of refuge for the Jews, who are proscribed and hounded and subjected to the most horrible brutalities. They are despoiled of their property; their sanctuaries have been burned; their holy books have been destroyed; and Germany now, under the Nazi regime, manifests those atavistic qualities

that were apparent in barbarous ages of the past.

It is true that during past months Christian leaders and leaders of all our democracies have expressed great sympathy for these homeless wanderers. They have urged one place after another as a possible refuge. They have suggested numerous corners of the earth. In Africa, in South America, in Alaska, as possible havens of refuge. The former German colony Tanganyika, Kenya, Uganda, Madagascar, sections of the East Indies, British Guiana, lower California, northern Canada, and Alaska have all been proposed by friends or pseudo friends of the persecuted Jews. Many of the places mentioned have been investigated and are still under investigation by commissions of one kind or another; but, after all these months of discussion it has become clearly evident that one after another they are found wanting and incapable of immediately receiving any reasonable number of these wandering Jews. Obstacles that would take years and millions of dollars to overcome present themselves in relation to every proposal. As an example, British Guiana that only a few years ago was found by a responsible commission as impractical for the settlement of Assyrian refugees, some poor people who had been driven by the Fascist government out of Abyssinia, is now seriously advanced as a haven for the Jew. I submit it is unjust and cruel to propose these will-o'-the-wisps for a people that is now sunk to the lowest depths of despair. It is dishonest seriously to talk about proposals that will take years and years and years to develop while what is needed to relieve the present inhuman situation is to find for the Jews homes today. Rather than waste our sympathies and our efforts on these ill-considered proposals, let us concentrate our attention and the attention of the whole world, our strength and the strength of the whole world, upon the one place on this earth that has already in very great measure offered and that continues to offer the only possible and practical solution. While these various territories have been suggested as possible centers of colonization for Jews, Palestine in the empty Near East offers an actual center of Jewish colonization and is the best answer to the question, Where shall they go?

I might add that when in Palestine I investigated the resources of Transjordania. There is a vast area there in which at least 1,000,000 people might find habitation. We all know that the historian Josephus reported that there were 4,000,000 Jews in Palestine in his day, as I recall.

If we wish to contribute an honest solution to Jewish homelessness, let us unite on this single project, because, in our own time. Palestine has proved its capacity to receive and to provide the opportunities of life for many thousands of pogromized Jews. I submit that Palestine is the answer, because in the last 40 years the Jews have poured into the land \$500,000,000, and have with their money, their sweat, and their blood changed Palestine from a barren, backward land to a fertile country. They have developed arid wastes, built cities and towns, and erected educational institutions. Approximately 500,000 Jews are now living there in a condition of advanced civilization. Largely because by the development of Palestine, the Jews have opened up widened economic frontiers for the whole Near East, because Palestine is the most readily accessible, easily reached country open for refugee colonization, because Palestine, historically, has been the home of the Jewish people from the Bible times until this day, because 52 nations, including our own, have recognized this historic claim of the Jewish people to Palestine, and solemnly affirmed the right of the Jews to settle there, because all these accomplishments have been to the advantage of the whole population, Jew and Arab alike-for all these reasons and for many more, which I might take time to enumerate, we ought seriously to direct our attention and our effort to the Holy Land and to the right of the Jews to occupy that far-off territory.

Of all those who have migrated since 1933-since the advent of Hitler-from the pestilential centers of Europe, more than half, more than 200,000, have gone to Palestine. This little country in the Near East, the ancient land of Israel, has proved the equal—nay, more than the equal—of all the other countries of the world combined, in its capacity and readiness to receive and to absorb the homeless Jew. Here in Palestine, in the land of his fathers, in the land of his future, he ceases to be a wanderer. Here he takes firm root. Here the Jew builds for himself and for his children, with dignity and with permanence. Here he establishes his economy and his culture, his faith and his religion, so that it cannot be moved. Here at last he returns to his Jerusalem

and to his promised land-and calls it home.

Nearly 500,000 Jews are, as I have said, now in Palestine, for the most part-particularly the new arrivals-a youthful generation with the will to build in a hard land, and with the capacity to withstand rigors of every kindbuilding not alone for themselves, but the many, many thousands more, they hope and know that Palestine can and will absorb. They are creating there from day to day wider possibilities for refugee immigration. By the expansion of agriculture, industry, and commerce they are enlarging the absorptive capacity of the land so that serious and authentic surveys recently made reveal that the country can receive at least 100,000 new settlers the coming year and in the very reasonable future, can receive as much as another two or three million. In the face of all this it is dishonest and sinful and stupid and ridiculous to suggest undeveloped, unprepared African and South American wastes. In the face of the possibilities that the Jewish people has created in Palestine and in the whole Near East, what a tragic blunder it is to distract and to divert their attention and our attention to such ephemeral schemes as Tanganyika and British Guiana.

Mr. LODGE. Mr. President, will the Senator yield? Mr. KING. I yield.

Mr. LODGE. I should like to say how inspiring I think the Senator's address has been. I am one of those who had a great deal of hope as a result of the Balfour declaration. It seemed to me it was a great step forward in human history; and by the same reasoning the change of policy which has recently been evidenced must be a great step backward. I share the view of the Senator from Utah as to the appropriateness and fitness of setting up Palestine as a home for the Jewish people. I am grateful for what he has already said, and I shall certainly be interested and appreciative if he will indicate to me or to the Senate what our Government can do at this critical time.

Mr. KING. Mr. President, I would expect such expressions from the distinguished Senator from Massachusetts. He is the grandson, if he will pardon me for being personal, of a great Senator who exhibited a profound interest in the formulation and the bringing into life of the so-called Balfour declaration. Senator Henry Cabot Lodge was deeply interested in the solution of the Jewish question. With his knowledge of history he perceived that the time might come when some nation would develop an anti-Semetic spirit which would result in a denial of rights to which Jews were entitled. He joined in securing the adoption by the Senate of the United States of the Balfour declaration. My recollection is that he introduced the resolution into the Senate. I do not think there was a single vote in opposition to it. I regret that this declaration, which was a solemn covenant upon the part of Great Britain, is being broken, and the Jewish homeland is being denied the protection which is guaranteed in this mandate and in the guarantees of the Allies and associated powers.

With the millions that the Jews are pouring into Palestine they buy land, they build roads, they open schools, they provide hospitals, they drain swamps, they reclaim land, they dig irrigation ditches, they plant orchards, they construct homes, they tap new water sources, they provide and give innumerable services, including assistance to new immigrants-all in a gigantic effort to bring Jews to Palestine and to prepare Palestine for the Jew. Daily, through their combined work, the two outstanding Zionist and Jewish organizations-the Jewish National Fund and the Foundation Fund—create ever larger opportunities for immigration into Palestine. Every dollar they collect from the Jews of America and from Jews in all other portions of the world these organizations spend in a constructive effort to reclaim the Holy Land and to reconstitute life anew for the homeless, driven children of Israel of continental Europe.

Palestine challenges not alone the Jew but the whole Christian world as the one bright constructive and promising achievement of our present generation. In Palestine the Jew has come and remains—none can dislodge him—and remains as of right and not by sufferance. Here the Jew has learned to sow and to reap, to plant and to harvest, and, what is most important of all, to feel—actually to feel that it is his own.

The Jewish people have wrought a miracle in Palestine, a miracle made possible only by a lavish outpouring of love for the very soil of a land sanctified by the presence of their There their patriarchs, Abraham, seers and prophets. Isaac, and Jacob, had made their home, if only for awhile. There they had been promised the land of Canaan, and there today they are buried. There Moses and Joshua, David and Solomon, Amos and Hosea, Jeremiah and Isaiah, and that whole great company of prophets, had lived, taught, and died. There, too, Judas Maccabeus had rallied his people in defense of their sacred soil and for the preservation of the Hebrew faith. There in Palestine every inch of soil is made holy by the blood of martyrs; every stone, every marker, every mountain, every valley, every river and stream, is filled with memories, rich, and meaningful.

Is it any wonder, then, that the Jews love Palestine? Is it any wonder, then, that they can create in Palestine miracles and surmount untold difficulties? Is it any wonder, then, that in Palestine Jewish genius and Jewish love can make possible what seems impossible elsewhere in the World? Palestine for them is no longer a dream and a vision, but a reality. They have made it so.

It is this fact of modern Palestine, with its present potentialities for colonization and opportunities for expansion, that I submit for consideration and for the consideration of all those who earnestly seek a solution for the homelessness of the Jew today.

In my opinion, the efforts of those who seek to aleviate the sorrows of the Jews, should, for the present at least, be devoted to preserving the Holy Land as a national home for them.

Mr. President, I ask unanimous consent to have inserted in the Record at the conclusion of my remarks a statement by Dr. Solomon Goldman, chairman of the National Emergency Committee on Palestine and president of the Zionist Organization of America. It has been given to the press, as I understand, and I ask to have it inserted in the Record as part of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

The statement is as follows:

STATEMENT BY DR. SOLOMON GOLDMAN, CHAIRMAN, NATIONAL EMERGENCY COMMITTEE ON PALESTINE, AND PRESIDENT, ZIONIST ORGANIZATION OF AMERICA, AT WASHINGTON PRESS CONFERENCE, THURSDAY, MAY 18, 1939

American Jewry is dismayed to find that the British Government, which was moved by a sense of justice and humanity two decades ago to give to the Jewish people a promise for the reestablishment of the Jewish National Home in Palestine, has now seen fit, in a period of gravest crisis and need for the Jews in many lands of persecution, to revoke that promise and in this very act give sad evidence of the bankruptcy of civilization and the triumph of might over right, terror over heroic self-restraint.

The issuance of the Chamberlain White Paper represents a uni-

The issuance of the Chamberlain White Paper represents a unilateral action of nullification of pledges made to the Jewish people on behalf of the entire civilized world. Great Britain's decision to stop Jewish immigration into Palestine after 1944 and thereafter freeze the Jewish population to a permanent minority status is tantamount to the creation in Palestine of another ghetto. There the rights of the Jews guaranteed in the mandate by 52 nations of the world, including the United States, will be handed over for safekeeping to an Arab majority supported in its terroristic activities by the very dictator countries which have sought to destroy the Jews in Palestine and in every country of the world.

ties by the very dictator countries which have sought to destroy the Jews in Palestine and in every country of the world.

Great Britain's policy of appeasement in Palestine, of yielding to Arab terrorism on the one hand, and pressure from the totalitarian states on the other, will add the Jewish community of Palestine to the other victims of power politics. The White Paper asserts that an effort will be made to safeguard Jewish rights under the new plan for an independent state in Palestine. If Great Britain has now determined to scrap the solemn pledges contained in the Balfour declaration and the League of Nations mandate, to what extent can the Jews today rely on Britain's promise that their future status in Palestine will not be further imperiled by progressive shrinkage of their rights?

promise that their future status in Palestine will not be further imperiled by progressive shrinkage of their rights?

As Americans and as Jews who have a deep sympathy and friendship for the British people, we refuse to believe that the White Paper reflects the considered sentiment of public opinion in England. We believe that the action of the Chamberlain government clearly and ruthlessly violates the policies with regard to Palestine established and defined over a period of more than 2 decades by successive governments of Great Britain. We believe, moreover, that the present decision will gravely complicate and jeopardize any solution of the refugee problem. During the past 6 years Palestine has been the major center for Jewish refugee migration, having absorbed more than 210,000 Jews from Germany, Austria, Poland, Rumania, Hungary, Czechoslovakia, and other countries. This figure represents a larger Jewish immigration than to all other countries in the world combined during the same period. More than 60,000 of these settlers came from Germany after the advent of the Nazi regime.

The White Paper stipulates that a maximum of 75,000 Jews will be permitted to enter Palestine within the next 5 years. This cannot but be interpreted as a sharp political reduction having no relationship to the principle of economic absorptive capacity recognized as the governing measure of Jewish immigration into Palestine. In 1935 a total of 61,435 Jews entered Palestine. The present economic absorptive capacity, despite the disturbances of the past 3 years, warrants the admission of at least an equally large number during the next 12 months. During the past two decades Palestine has established a unique record as homeland and refuge. There are today more than 475,000 Jews in Palestine. In line with the principle of going back to the land some 120,000 of them are engaged in agricultural pursuits while 40,000 are employed in industry. Thirty-eight new agricultural settlements have been founded in the past 3 years, bringing to a total of 250 the chain of Jewish colonies that have converted to a flourishing land of plenty what two decades ago were arid wastes or pestilential swamps. Many industries have been founded by the Jewish pioneers. A great Jewish metropolis has risen on the shores of the Mediterranean—Tel Aviv—with a population of 176,000. The self-sacrifice and heroic labors of the Jewish builders and settlers have redounded to the benefit of all the inhabitants of the country. Arabs who lived in indescribable poverty prior to Jewish development have had their living standards raised, their conditions of health improved to such an extent that a large-scale Arab immigration has taken place from neighboring countries.

health improved to such an extent that a large-scale Arab immigration has taken place from neighboring countries.

Throughout the past 3 years of disorder the Jews have steadfastly refrained from any acts of retaliation or violence. They have stood guard over their communities side by side with British soldiers, placing their faith in the justice and humanity of the British Government and the civilized world at large. It is those heroic pioneers who have transformed Palestine into a land of promise and uncovered rich possibilities for its fulfillment who are now

being penalized by the White Paper.

This courageous, pioneering spirit that has wrung hope and faith from solid rock and dry dust and thrown into the teeth of the

oppressors of the Jewish people a glowing record of Jewish creative achievement will not be trampled under foot without a struggle. The Jews of the lands of persecution, the Jews without homes in the no-man's lands of Europe, whose spirits have been nurtured by the proud record of Palestine progress, will not permit their last ray of hope to be destroyed. Their prayers will go out for a strong and brave stand by the Jewish men and women in Palestine. In the ghettos of Europe the Jew cannot defend himself against the ravages of anti-Semitism. In Palestine the young, sturdy pioneers must preserve not only their rights but the rights of those defenseless Jews in European lands to come to Palestine and to share in the revival of the Jewish people and the rehabilitation of the broken

Jewish body and soul.

All Americans will be deeply disappointed at the action of the British Government, for the people and Government of the United States have had an important role in the shaping of the Balfour Declaration and the League of Nations mandate as the expression of their concern over the suffering of the Jewish people and the need for rebuilding the Jewish homeland in Palestine as a means of restoring a measure of hope and faith to this perse-cuted people. As early as 1917, when the Balfour Declaration was being drafted, President Wilson was constantly consulted and the final draft was submitted to him for approval before it was issued by the British Government on November 2, 1917. declaration was ratified by a joint resolution of Congress on June 30, 1922. The American-British Convention of December 3, 1924, 30, 1922. The American-British Convention of December 3, 1924, was a treaty between the United States and Great Britain in which the United States gave its consent to the mandate of the League of Nations. Article seven of this convention provides:

"Nothing contained in the present convention shall be affected by any modification which may be made in the terms of the mandate, as recited above, unless such modification shall have been assented to by the United States."

In the light of this undertaking American Jewry appeals to the President of the United States and to Secretary of State Hull

the President of the United States and to Secretary of State Hull to intercede in the present situation to prevent the unilateral abrogation of this treaty through the nullification of the mandate. On October 14, 1938, Secretary Hull issued a statement on the Palestine question in which he said:

"It is expected that this Government will have an opportunity to submit its views to the British Government with respect to any changes affecting American rights which may be proposed in the

Palestine Mandate.'

FEDERAL PARTICIPATION IN EDUCATION

Mr. DAVIS. Mr. President, I desire to make a few brief remarks on an amendment offered by the senior Senator from New York [Mr. Wagner] and myself to Senate bill 1305. The bill is designed to promote the general welfare through appropriation of funds to assist the States and Territories in providing more effective programs of public education. I ask that the amendment be printed in the RECORD

There being no objection, the amendment intended to be proposed by Mr. Davis and Mr. Wagner to Senate bill 1305 was ordered to be printed in the RECORD, as follows:

On page 4, line 17, after the period insert the following new sentence: "For each of such fiscal years there is hereby authorized to be appropriated, for use exclusively in connection with nursery schools and kindergartens, an additional sum equal to 10 percent of the sum otherwise authorized to be appropriated by this section for each such fiscal year.'

Mr. DAVIS. Mr. President, I am glad I had an opportunity to participate in the White House Conference on Child Health and Protection called by President Hoover, which assembled in Washington on November 19, 1930, with 3,000 men and women-leaders in the medical, educational, and social fields as they touch the life of the child-in attendance. This was the third conference on child welfare, the first having been summoned by President Theodore Roosevelt in 1910, and the second by President Woodrow Wilson in 1919. The stimulus of the first conference led to the organization of the Children's Bureau of the Department of Labor in 1912. The results of both of these earlier conferences were broad and farreaching. The third conference included the subjects in the two former conferences, but the range was enlarged to take in not only the dependent child or the child in special need of protection but all children, including those social and environmental factors which are influencing modern childhood.

Mr. President, I wish time would permit me to read all of the children's charter that was promulgated in 1930, recognizing the rights of the child as the first rights of citizenship. I shall not read all of its provisions, but wish to refer briefly to section 8:

For every child a school which is safe from hazards, sanitary, properly equipped, lighted, and ventilated. For younger children nursery schools and kindergartens to supplement home care,

Surely this is an urgent need. It is the first right of citizenship, but is now tragically neglected. Even back in the comparatively prosperous days of the last decade, of the 45,000,000 children in the United States, 6,000,000 were accounted as improperly nourished, 1,000,000 having defective speech, 1,000,000 with weak or damaged hearts, 675,000 having present behavior problems, 450,000 mentally retarded, 382,000 tubercular, 3,000,000 having impaired hearing, 300,000 crippled, 50,000 partially blind, 200,000 delinquent, and 500,000 as dependent, and so on, at that time to a total of at least 10,000,000 deficients, more than 80 percent of whom were not receiving the necessary attention, though our knowledge and experience show that these deficiencies can be prevented and remedied to a high degree.

I am convinced that after this decade of depression, conditions for American children have not materially improved. There remain at least 25 percent who are ill-housed, illclothed, and ill-fed; and a much larger percentage are deprived of the benefits of pregrade education in nurseries and kindergartens, for which I am speaking today.

Mr. President, the typical public-school system in the United States provides 8 years in the elementary school, and 4 years in the high school. Beyond these units are commonly found the 4-year college and the professional and graduate schools of the university, offering advanced work for 3 or 4 additional years. This pattern is rapidly being mcdified. The common-school program now extends from the nursery school and kindergarten through the junior college. Instead of the traditional organization, many communities are now organizing their school system in three major units. The first includes the nursery school and kindergarten and the first 6 years of the common-school program; the second a 4-year program of continued general education; and the third a 4-year unit, an important function of which is the differentiation of courses in line with the vocational outlook of the more mature boys and girls enrolled in it.

During the period of transition in which we now find ourselves, a great variety of organization still exists. In some communities we have the kindergarten and the first two grades organized as a primary school; in others the nursery school and kindergarten and the first 6 years of the common school are organized as the elementary school. Beyond this period the variations consist of three types of organization: (1) A 3-year junior high school, a 3-year senior high school, and a 2-year junior college; or (2) a 6-year high school and a 2-year junior college; or (3) the organization suggested above, which consists of an elementary school carrying children to approximately 12 or 13 years of age, followed by two units of 4 years each, which complete the common-school program at approximately 20 years of age.

Mr. President, in many local administrative areas in the United States a 1- or 2-year kindergarten enrolling children 4 and 5 years of age is included as a part of the elementary school. In fewer centers the nursery school, admitting children at 21/2 to 3 years of age, has been provided for some children. It is commonly accepted that the first 2 years of the traditional elementary school, enrolling children 6 and 7 years of age, are more closely related to the work of the kindergarten and nursery school than to the upper years of the elementary school. For this reason a primary or junior school, combining the nursery school, kindergarten, and first two elementary grades, has been proposed as an important unit in the educational system.

It is common practice in the United States to admit children to kindergarten or the first grade on the basis of their chronological ages. These vary in the kindergarten from 4 to 5 years of age, and for entrance to the first grade from 5 to 7 years of age. Lifelong habits and attitudes are formed during the pregrade years, and yet only one child in eight may go to kindergarten. The State laws were passed before the value of the kindergarten years and methods was known. The States have been slow in recognizing the fundamental values of pregrade education. Local people try year after year to get kindergartens in their public schools. They try to get better State laws. There has been

altogether too little success. Many of those who now hold administrative positions or governmental authority never went to kindergarten, and lack an understanding of its high values.

Mr. President, with only a small annual appropriation, the Children's Bureau in the United States Department of Labor, with which I was connected for so many years, has led in research, in administrative demonstration, in cooperation with State and local agencies, and in its teaching of the need for a unified approach to the problems of childhood. I want to make it clear that in my opinion this is a national as well as a State and local problem. If any subject is endowed with national interest, it is the welfare of the Nation's children. The Nation's future existence, the intelligent use of its resources, the role it will play in the world, depend on its children—whether or not they are physically fit, and whether or not they are trained in self-control, in respect for the rights of others, and in an understanding of their own rights and obligations.

Since the training of the young child for health is a function that involves his entire handling, rather than the giving of formal instruction, no separation can be made of health education and general care and training. Herein lies the basic importance of nursery schools and kindergartens. The outstanding problem of this period is the establishment of basic habits of physical care and of attitudes and adjustments toward objects and persons. The physical and mental health of later years is built on the foundations of these early years, and the widest possible recognition should be accorded this most important period. One of the many recommendations appearing in the report of the Regents' Inquiry Into the Character and Cost of Public Education in the State of New York recently was the insistence that pregrade or kindergarten work should be a part of the regular school program.

Mr. President, the obligation of the Federal Government to provide increased support for the schools is based not only upon the need of the several States, but also upon the unity which exists in our economic structure. No State or locality maintains itself. Each community throughout the Nation finds itself dependent upon all parts of the country. An important factor in the development of the interdependence of all sections of the country has been the financing of our economic enterprises. This has been recognized in countless ways through the legislation enacted in the last 20 years. An outstanding characteristic of our modern life is found in the mobility of our population. Boys and girls who go to school in rural areas may spend their adult lives in cities. Large numbers of adults migrate with their families from one section of the country to another. There is no large city in the United States which has a birth rate sufficient to maintain its population. It is, therefore, apparent that the economic and social development of every section of the country is dependent upon the provision made for education

it. I can see no reason why the doctrine should be accepted that the distribution of Federal money to the States necessarily carries with it the control of education by the Central Government.

The issue of Federal control needs to be fully explored. In rare instances Federal legislation has definitely provided for control by a Federal agency. In many areas of the country in which funds from the Federal Government have been made available to the States there has been a requirement that a plan for the conduct of the services supported

by Federal appropriations be submitted by the State author-

in each of the several States. However, the danger of Fed-

eral control of education must be recognized. I do not favor

ity to Federal officials as a preliminary step before funds are allocated.

The Social Security Act operates on this principle. Such provisions as are at present operating seem to have resulted primarily in encouraging State officials to maintain a high standard of service, and in acquainting them with good practices as carried on in other States and as proposed by the Federal authority. So long as the requirement of the submission of plans results in effecting the purpose of the Federal

eral grant, and does not lead to control in the organization of schools, I can consistently support this procedure.

Mr. President, I know of no field of education that holds a larger promise of social usefulness and educational benefits than nursery schools and kindergartens. My position on this bill will be governed very largely by the action taken on the amendment which the distinguished Senator from New York [Mr. Wagner] and I have jointly proposed. I believe no appropriation made in Congress during this decade could prove more beneficial to the Nation than that contemplated in this amendment. If any part of this proposal deserves consideration, I believe it is this part, which will enable formal education in the United States, starting with the pregrade school child, to make its full contribution to the youth of the Nation.

NAVAL CONSTRUCTION

The Senate resumed the consideration of the bill (H. R. 2878) to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes.

Mr. FRAZIER. Mr. President, I notice that accompanying the pending naval bill is a report of 46 pages, and I venture to say that not one Member of the Senate has read the report, except possibly the chairman of the committee. Of course, the bill does not carry such a large appropriation, only \$54,674,500. That, together with the appropriations made yesterday for the naval service, makes a total of \$828,000,000.

Mr. WALSH. Mr. President, the reason why the report is so lengthy is that there are some 56 distinct items, and the

report covers each one.

Mr. FRAZIER. I appreciate that; but the fact is that a bill, accompanied by a report of 46 pages, is being passed in about 3 minutes; and I do not believe any Member of the Senate, outside of the chairman of the committee, has read the report. It is a sort of a "pork barrel" affair. It carries appropriations for a great many places. I notice, for instance, that there is an appropriation for the navy yard at Pearl Harbor, Hawaii, in the amount of \$8,485,000. It may be perfectly justified, but I cannot see the justification. In these times, when we are having such difficulty in providing money to take care of the unemployed and others who must be taken care of, it is rather strange to me that we should appropriate eight and a half million dollars for improvements at Pearl Harbor, Hawaii.

Then there is the navy yard at Puget Sound, Wash., \$3,000,000. I am giving only a few of the larger items. There is the marine barracks at Parris Island, S. C., \$3,000,000 plus. There is the Marine Corps depot of supplies at Philadelphia, \$1,300,000. There is the naval hospital at Guam, \$47,000. I think that in the regular appropriation bill yesterday there was an appropriation for the hospital at Guam. Then there is an appropriation for the naval hospital at Pearl Harbor of \$105,000, which is in addition to the eight and a half million to which I have referred. In the city of Oakland, Calif., there is to be construction work at a cost not to exceed \$6,500,000. It is quite a "pork barrel" proposition for the city of Oakland, just across the bay from San Francisco. Then San Francisco has a nice little item also, which will help out a good deal on the West coast.

There is an appropriation for the navy yard at Mare Island, Calif., of \$6,000,000. But that does not mean much, either. For New York Harbor and vicinity, \$3,500,000 is to be appropriated for improvements. And so on.

It seems rather out of place to pass a bill in 3 or 4 minutes carrying such appropriations and accompanied by such a lengthy report. Inasmuch as we have not had time to read the report, I shall ask unanimous consent that it be printed in the RECORD.

I do not believe there is any use making any objection, because this is one of the Navy bills, which go through as ordered. Nevertheless, I could not refrain from saying a few words in regard to it. It seems to me that we are putting our country into a military frame of mind. We are becoming more military conscious than ever before, spending more

money than we have ever spent in peacetime for naval and military purposes, setting an example to other countries to spend like amounts.

As was stated here yesterday, this policy will lead to the bankruptcy of our own Nation and many other nations if it shall continue. I cannot help feeling that way about it. I think there should be a more detailed explanation of the bill; but I shall not make further objection.

I ask that the report of the committee be printed in the

The PRESIDING OFFICER. Is there objection?

There being no objection, the report (No. 390) was ordered to be printed in the RECORD, as follows:

The Committee on Naval Affairs, to whom was referred the bill (H. R. 2878) to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes, having considered the same, report favorably thereon with amendments and with the recommendation that the bill, as amended, do

pass.

Amend the bill as follows:
On page 2, line 2, strike out the word "drylock" and insert in lieu thereof the word "drydock."
On page 3, after line 25, add the following:
"Naval Operating Base, Norfolk, Va.: Chapel, \$150,000."
On page 8, line 7, strike out the figure "1" and insert in lieu thereof "3 (a)."
On page 8, line 11, strike out the words "this act" and insert in lieu thereof the following: "section 3 (a) of this act."
On page 8, following line 11, add three new sections, as follows:
"Sec. 4. The Secretary of the Navy is hereby authorized to ac-

On page 8, following line 11, add three new sections, as follows: "SEC. 4. The Secretary of the Navy is hereby authorized to acquire, by purchase or otherwise, the two graving drydocks situated on San Francisco Bay and known as the Hunters Point drydocks and approximately 43 acres of adjoining land and improvements thereon and to construct on said land an assembly building, storehouse, latrine, and galley, and accessories to each and to provide a quay wall and weight-handling facilities, all to constitute an annex of the Navy Yard, Mare Island, Calif., and to be operated under the direction of the commandant of said navy yard, and to cost not to exceed \$6,000,000: Provided, That no part of any appropriation made to effectuate the purposes of this act shall be used to duplicate at said annex any manufacturing, construction, or repair facilities available at the Navy Yard, Mare Island, Calif., except as herein specifically authorized, and no such duplicate facilities shall be provided hereafter at said annex unless specifically authorized by law.

"SEC. 5 (a) The Secretary of the Navy is hereby authorized to

"Sec. 5 (a) The Secretary of the Navy is hereby authorized to solicit proposals from qualified and reliable individuals, firms, and corporations to provide an adequate site for, and to construct or cause to be constructed thereon, a graving drydock with dimensions and structural strength sufficient to accommodate the largest naval and structural strength sufficient to accommodate the largest naval or merchant vessel built, building, or projected, and adequate shop, transportation, weight-handling, and incidental facilities, according to designs and general plans and specifications to be submitted with said proposals as a part thereof, said site to be in New York Harbor or its vicinity, and to submit to the Congress an estimate for an appropriation of an amount not to exceed \$3,500,000 which shall be available for the purposes and subject to the limitations hereinafter stated.

"(b) Any amount appropriated under the authority contained in this section shall be available for payments on account of a contract to be negotiated between the Secretary of the Navy and the individual, firm, or corporation whose proposal submitted as hereinbefore provided shall have been accepted by the Secretary of the Navy as the most advantageous proposal received.

of the Navy as the most advantageous proposal received.

"(c) The contract so negotiated shall require the contractor to construct or cause to be constructed the graving drydock and to constructed the graving drydock and to be provide facilities contemplated by the accepted proposal, to be ready for docking purposes coincident with the launching of the projected 45,000-ton battleship to be built at the navy yard at Brooklyn, N. Y., at his own expense and risk and in accordance with plans and specifications to be approved by the Secretary of

the Navy.

"(d) Expenditures made by the contractor for and on account of the construction of said graving drydock and facilities shall be subject to monthly audit under the direction of the Secretary of the Navy and there shall be paid monthly to the contractor on account of the contract negotiated as herein authorized an amount equal to one-half of the amount of the approved expenditures made by the contractor, including the cost of the acquisition of any land purchased with the approval of the Secretary of the Navy, but in the aggregate not more than \$3,500,000.

"(e) From and after the time said graving drydock and facilities "(e) From and after the time said graving drydock and facilities are ready for use preferential service shall be given in said drydock or by means of other adequate drydock facilities to naval and other public vessels of the United States and to commercial vessels owned by the United States or by any corporation of which the majority of the stock is owned by the United States. The charges for docking all naval vessels and such of the other vessels mentioned in this section as cannot be docked in privately owned drydocks in the port of New York, N. Y., shall not exceed the commercial docking rates of said port nor the actual direct operating costs plus an allowance, to be agreed upon, for overhead charges, which shall not include profit, interest, taxes, or amortization for or on the amount of the payments made by the Government under paragraph (d) of this section; and for all other vessels shall be

paragraph (d) of this section; and for all other vessels shall be
the prevailing commercial rates for such service in said port.

"(1) In time of war or national emergency, as declared by the
President of the United States, the United States shall have exclusive priority for the use of said graving drydock and utilities.

"(g) During the construction of said graving drydock and utilities the Secretary of the Navy shall have the right to cause the
work in progress and materials used or to be used inspected by or
under the direction of a naval officer detailed for such duty who
shall have the right to reject workmapship and materials subject shall have the right to reject workmanship and materials, subject to appeal by the contractor to the Secretary of the Navy.

"(h) After the completion of said graving drydock and utilities the contractor shall maintain the same at his own expense to the

"(h) After the completion of said graving drydock and utilities the contractor shall maintain the same at his own expense to the satisfaction of the Secretary of the Navy for such term or terms as may be agreed upon, but in no case for more than 50 years.

"(i) In the event of any breach by the contractor of any provision of the contract negotiated as herein authorized, resulting in damage to the United States, the United States shall have a lien on said graving drydock and utilities.

"(j) There is authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary to effectuate the purposes of this section.

"(k) All acts and parts of acts inconsistent or in conflict with the provisions of this section are hereby suspended during the period in which such provisions of this section are in effect to the extent of such inconsistency or conflict.

"Sec. 6. The Secretary of the Navy is hereby authorized to continue the employment, in the District of Columbia and elsewhere, of such employees now carried on the rolls as will be required for the preparation of plans and specifications and administrative work in connection with the public-works and public-utilities projects authorized by this act or heretofore otherwise authorized."

The purpose of the bill is to authorize the Secretary of the Navy to proceed with the construction of the necessary public-works projects to continue the orderly development of the naval shore establishment.

The projects are those which have been given high priority by the

The projects are those which have been given high priority by the Navy Department. The items authorized by the bill are a part of a studied and necessary development of the naval shore establishment and are considered necessary for the support of the naval forces.

THE COMMITTEE AMENDMENTS

The committee amended the bill to include two other measures pending before the Congress of great importance to the Navy Department's public-works program. These are:

(a) A measure to authorize the acquisition of the Hunters Point drydocks in San Francisco Bay, as represented by the bill H. R.

5766: and

(b) A measure to provide for the construction of a drydock in New York Harbor, as represented by the bills S. 1939 and H. R. 5331. The committee also amended the bill authorizing the construction of a chapel at the naval operating base, Hampton Roads, Va., at an estimated cost of \$150,000 and authorizing the employment of such employees now carried on the rolls as will be required for the preparation of plans and specifications and administrative work in connection with the public-works and public-utilities projects authorized by this act or heretofore otherwise authorized.

HUNTERS POINT DRYDOCKS

Section 4 authorizes the Secretary of the Navy to acquire, by purchase or otherwise, the two graving drydocks situated on San Francisco Bay and known as the Hunters Point drydocks and approximately 48 acres of adjoining land and improvements thereon and to construct on said land an assembly building, storehouse, latrine, and galley, and accessories to each and to provide a quay wall and weight-handling facilities, all to constitute an annex of the Navy Yard, Mare Island, Calif., and to be operated under the direction of the commandant of said navy yard, and to cost not to exceed \$6,000,000.

It provides that appropriations authorized by this act shall not be used to duplicate at Hunters Point any manufacturing, construction, or repair facilities available at the Navy Yard, Mare Island, Calif., except as specifically authorized and that no such duplicate facilities shall be provided hereafter unless specifically

authorized by law.

The desirability of acquiring the Hunters Point drydocks and operating them under naval control has been evident ever since the large dock was completed in 1918.

On March 25, 1939, a board of naval officers was appointed to investigate and report upon the desirability of acquiring these docks. The following is a summary of the board's conclusions and recommendations:

"After due consideration of all the information and evidence which was obtained relative to the subject matter of the investigation, the board has reached the following conclusions:

"1. That, for the purposes of the national defense, there is need for and the Navy should acquire the Hunters Point drydocks property as soon as possible, and thereafter prosecute a program of improvements and additions thereto, as indicated hereafter in paragraph 34 of this report, which will render these drydocks capable of being utilized to their full capacity as an annex to the United States Navy Yard, Mare Island, Calif.

"2. That, considering the appraised valuation contained in the report of the board's appraisers and making allowance for possible increases therein which might be sustained in condemnation proceedings as well as an allowance for 'going concern' value, \$3,500,000

165,000

constitutes the maximum sum of money which should be expended by the Government for the acquisition of this property, "Accordingly, the board respectfully submits its recommendations

"I. That the Government acquire the Hunters Point drydocks, including their appurtenances and accessories, machinery and equipment, and the structures appertaining thereto, which are located on the tract of land described by metes and bounds in paragraph 3 (a) of this report.

"2. That a sum of money not in excess of \$3,500,000 be expended

for the acquisition of this property by the Government.

"3. That after acquisition of this property by the Government, not less than the following minimum facilities, at the estimated costs shown, be provided to permit utilization of the property as an annex to the United States Navy Yard, Mare Island, Calif.:

Grading and filling (400,000 cubic yards at 60 cents per \$240,000 800,000 plus cranes (\$63,000).

Storehouse (320 by 120 feet, 2 stories; 1,150,000 cubic feet, at 25 cents per cubic foot, plus bins and fixed equipment (\$12,500)). 600,000 300,000

Latrine and wash house (100 by 50 feet; 75,000 cubic feet, at 40 cents per cubic foot)
Galley (100 by 50 by 15 feet high; 75,000 cubic feet at 30 cents per cubic foot, plus galley equipment (\$17,500))_50-ton drydock crane 30,000 40,000 175,000

per linear foot) __

2, 500, 000

The committee recommends the acquisition of the Hunters Point drydock property at a cost not to exceed \$3,500,000 and the installation of additional facilities at a cost not to exceed \$2,500,000.

DRYDOCK IN NEW YORK HARBOR

Section 5 of the bill provides for the construction in New York Harbor of a graving drydock of sufficient size and capacity to accom-modate the largest naval or merchant vessel built, building, or proposed. It permits the United States to bear one-half of the cost of the proposed dock, including the cost of the site and accessories, but not to exceed \$3,500,000, in return for which the United States would obtain the use of the dock in a preferred status for its men-of-war and for its largest merchant vessels.

ontain the use of the dock in a preferred status for its men-of-war and for its largest merchant vessels.

The need for a drydock in New York Harbor capable of accommodating the largest commercial vessel afloat or projected has long been recognized and has been strongly advocated by shipping interests and public officials.

There are only four naval drydocks on the east coast that can take a modern battleship. These are at South Boston, New York, Philadelphia, and Norfolk. However, only three of these docks can take the proposed 45,000-ton battleships, and these are at South Boston, Philadelphia, and Norfolk. At South Boston there are no shops, while at Philadelphia the controlling depth of the channel is only 36 feet. Therefore, the only naval dock which would be ready and fully equipped at all times to go to work on such a battleship needing repairs quickly is at Norfolk.

The situation with respect to commercial docking facilities is worse. There is not a single commercial dock on the east coast that will take a modern battleship. The two biggest docks are the Todd dock at South Brooklyn, and the Newport News Shipbuilding Co.'s dock at Newport News, Va. The former has an entrance width of only 89 feet with a 32-foot depth over the sill, and the latter has an entrance width of 87 feet with a 30-foot depth over the sill. It is highly desirable that there be in New York Harbor a clock, either commercial or naval, which can accommodate the layest vessel vessel were a series and the series of the commercial control of the layest vessel vessel vessel entered cell. a dock, either commercial or naval, which can accommodate the largest vessel now making New York as a regular port of call. There are 12 such vessels now in commission, and 1 under con-There are 12 such vessels now in commission, and 1 under construction, which cannot be accommodated in any drydock (naval or commercial) in New York Harbor. In addition to the necessity for a drydock in New York Harbor which can accommodate the largest commercial vessel of any nationality, now built or projected, consideration must be given for the need of such a dock in connection with the Navy's shipbuilding program. The principle having been established that a battleship should be launched only the relative and windows which could dook here in

having been established that a battleship should be launched only if there is in the vicinity a drydock which could dock her immediately after launching, such a dock must be provided in New York Harbor or a large part of the investment in the New York Navy Yard, which is designed primarily to build battleships, will be lost.

The Navy's three battleship-building yards are New York, Philadelphia, and Norfolk. At both Philadelphia and Norfolk, drydocks of sufficient capacity for the new 45,000-ton battleships are available. Unless the Navy is prepared to relegate the New York Navy Yard to the position of a secondary yard, and to lose the value of the large investment in battleship-building facilities at that yard, there must be constructed in New York Harbor a drydock sufficiently large to accommodate the 45,000-ton battleships.

The bill provides that the private corporation maintain the dock

The bill provides that the private corporation maintain the dock at its own expense and that preferential service be given to naval and other public vessels of the United States and to commercial vessels owned by the United States or by a corporation of which the majority of the stock is owned by the United States. It also pro-

vides for a reduction in docking charges in the case of public vessels that will be accommodated in the proposed dock.

The committee is of the opinion that it is of the greatest importance to provide in New York Harbor, at the earliest practicable date, a drydock with dimensions and structural strength sufficient to accommodate (a) the largest merchant vessels of any nationality now built or planned, (b) the 45,000-ton battleships now projected, and (c) any vessel which would be able to traverse the proposed new locks for the Panama Canal.

The construction of this dock will serve the following purposes:

The construction of this dock will serve the following purposes:
(a) It will permit the Navy to proceed with the construction of a 45,000-ton battleship in the New York Navy Yard, and will permit the continued use of that navy yard for the construction of these large ships.

(b) It will provide a docking facility in New York Harbor for the largest merchant vessels now calling at that port.

(c) It will provide a dock which will be of great utility in connection with mobilization and overhaul docking in case of a national

emergency.

(d) It will provide an essential docking facility in case the fleet

(d) It will provide an essential docking facility in case the fleet is transferred to the east coast.

The principle of the Government assisting in the construction of a drydock is not new. The Navy Department participated in the construction of the large drydock at Hunters Point, Calif., by means of a guaranty of annual payments.

In view of the fact that our fleet spends most of its time in the Pacific, the proposed dock would ordinarily be used by the Navy at infrequent intervals. The committee is of the opinion that the proposed dock should be constructed by private enterprise, assisted by the Government, rather than by the Government itself. This procedure will result in a lower cost to the Government, obviate maintenance costs, reduce operating charges to a minimum, and relieve the Government of the necessity of providing shop facilities which are necessary accessories to any drydock.

which are necessary accessories to any drydock.

CHAPEL AT NAVAL OPERATING BASE, HAMPTON ROADS, VA.

The committee recommends that a chapel be constructed at the naval operating base at Hampton Roads, Va., at an estimated cost of \$150,000.

The purpose of this project is to provide a suitable and adequate place for religious worship and welfare work for Protestants and Catholics on the base, including both commissioned and enlisted personnel and their families. Protestant services are and enlisted personnel and their families. Protestant services are now conducted in a small wooden church on the site when the property was taken over by the Navy in 1917. It is too small to accommodate all those desiring to attend religious services, seating only 96 persons. This has necessitated the use of the base action picture auditorium as a place in which to conduct Protestant services on Sunday, the total monthly attendance running between 6,500 and 7,000. In addition, the present Protestant chapel has none of the auxiliary facilities usually associated with church activities, such as Sunday-school rooms, committee rooms, study, etc. The building is in bad condition and repairs are costly; its age and type of construction do not justify the expenditure of large sums of money for its maintenance. Catholic services are held in a building which was constructed in 1917 for use as a recreation hall and remodeled some years ago to make it suitable as a place for Catholic worship. It is of temporary wartime, wooden construction, and is also not large enough to accommodate all those desiring to attend services, seating only 220 persons. It is kept in usable condition only by the expenditure of large sums of money for maintenance, which its age and type of construction do not justify.

type of construction do not justify.

The lack of proper Sunday-school facilities has necessitated the use of rooms in the general school building in which to hold classes. These rooms are not suitable for Sunday-school purposes classes. These rooms are not suitable for Sunday-school purposes as they contain technical equipment used during the week by enlisted classes undergoing instruction, which is frequently misplaced and injured by other occupancy. Sunday-school classes of the Catholic chapel are held in alcoves and entry ways, etc., or in most any place where the children can be collected. Nearly all the military establishments in this section have suitable and adequate places of worship. A total of 5,900 recruits go through the training station annually. These young men are at the most impressionable period of their lives and it is considered desirable that the chaplains on duty at the base be provided with adequate facilities to assist them in their work of developing the character and qualifications of these men for the naval service. The provision of adequate chapel facilities will also correct a situation, which is very objectionable, in that there is now no suitable place on the naval operating base in which to hold funeral services or to perform weddings.

on the naval operating base in which to hold funeral services of to perform weddings.

The proposed building will consist of two sections, one for Catholics and the other for Protestants, each section accommodating 512 worshippers, so that services could be conducted simultaneously. The structure will be arranged so that the two chapels could easily be converted into one large assembly space. In addition to the chapels, auxiliary features will be provided; these will include choir rooms, sacristies, Sunday-school rooms, chaplains' offices, rest rooms, studies and a library. studies, and a library.

RETENTION OF TRAINED EMPLOYEES

At the present time the Navy Department has on its rolls a large number of employees who have been employed by the Department for 1 or more years in a temporary status. They have been working on the Navy's emergency-construction programs. They are largely technical men who have been trained for this work. In the ordinary course of events their employment would terminate on June 30 of this year and it would become necessary, in connection with the program authorized in this bill and the program authorized by the naval air bases bill, to hire new people and train them.

The committee amendment (sec. 6) authorizes the Secretary of the Navy to continue the employment of such employees now carried

on the rolls as will be required for the preparation of plans and specifications and administrative work in connection with the

public-works and public-utility projects authorized by this act or heretofore otherwise authorized.

Retention of these trained employees will enable the Department to expedite the construction of the new naval air bases and other public-works projects, and will effect very material economies, since the cost of training new employees will be obviated.

SUMMARY

The bill as passed by the House of Representatives authorized appropriations amounting to \$45,024,500.

The Senate committee recommends the following increases:

3, 500, 000 (c) Additional expenditure for facilities at Hunter Point

drydocks at San Francisco, Calif... (d) Drydock at New York..... 2, 500, 000 3,500,000

Total increase recommended by the committee__ 9,650,000 Authorized by House bill_____ 45, 024, 500

Total authorized__

The following excerpts from House of Representatives Reports Nos. 192 and 281 explain the various items contained in the bill as passed by the House of Representatives and are hereby made a part of this report.

[Excerpts from H. Rept. No. 192 (76th Cong., 1st sess.)]

The projects are those which have been given high priority by the Navy Department. The items authorized by the bill are a part of a studied and necessary development of the naval shore estab-lishment and are considered necessary for the support of the naval

The items in the bill fall under certain general headings, indicative of the activity they serve most directly, as follows:

Subject	Number of items	Amount
Drydocking requirements. Fleet maintenance facilities. Aeronautical requirements Ordnance depots. Supply facilities. Hospital facilities. Radio stations Training, education, welfare, housing.	5 8 6 12 4 12 10 29	\$16, 945, 000 1, 312, 000 1, 241, 000 2, 323, 500 2, 320, 000 1, 483, 000 286, 500 12, 608, 500
Total	86	38, 524, 500

Following is a brief general statement under each of the headings in the above table:

DRYDOCKING REQUIREMENTS

The situation confronting the Navy with respect to adequate drydocking facilities is of serious concern to the national defense. Docking facilities on the west coast and in Hawaii are now inade-quate to meet the needs of the existing fleet in time of peace. Even with the completion of the drydocks now under construction at the Navy Yards, Mare Island and Puget Sound, the peacetime situation will become steadily worse unless further relief is afforded, as vessels now under construction or authorized are added to the

The question of docking facilities has been the subject of exhaustive study and analysis in the Navy Department over a great many years. Shortages exist in all sizes of docks to meet peacetime and wartime requirements. As a result of these studies, the Department has outlined a program of additional docking facilities considered essential for the proper support of the fleet in the Pacific. The items listed in this authorization bill are those which the pact ware the pact which cannot long be deferred if the Navy are the most urgent and which cannot long be deferred if the Navy is to meet its responsibility for national defense.

FLEET MAINTENANCE FACILITIES

The items under this heading, involving only four stations, are for replacements and improvements of industrial facilities which are essential for adequate maintenance of the fleet. At all of these stations certain industrial activities are carried out in buildings which are seriously overcrowded and deteriorated or else are badly scattered. The result is inefficient work and inadequate service.

AERONAUTICAL REQUIREMENTS

The necessary development and expansion of shore facilities required for operation of fleet aircraft have not kept abreast of the increase in the number of aircraft included in the aircraft program. Even with the additional facilities now being provided, there still is serious congestion in many phases of aircraft shore activities. The items in this bill, under this heading, provide for essential expansion of facilities at existing stations.

ORDNANCE DEPOTS

The program for the manufacture of ammunition to meet the requirements of the fleet for active and reserve ammunition, the allowances for vessels now being added to the fleet and for those to be laid down under the act of May 17, 1938, require adequate loading, filling, and storage facilities. Present safe, modern storage facilities are not adequate for this purpose. Additional magazines are essential at Hawthorne and Pearl Harbor to store reserve ammunition. Torpedo storage at San Diego is insufficient for the vessels basing there at present. The facilities at Newport for the manufacture of explosives are overcrowded. Items requested in this authorization bill are designed to meet the deficiencies

SUPPLY FACILITIES

The acute shortage of supply facilities and storage space has been somewhat ameliorated by construction now under way. Three of the remaining essential items for which authorization is requested are for such storage facilities at Pearl Harbor. The remaining item, a storage building at the Marine Corps Depot of Supplies, at Philadelphia, is sorely needed to replace old wartime structures which are badly deteriorated and which constitute a fire hazard.

HOSPITAL FACILITIES

An effective Naval Establishment requires the maintenance of facilities for the preservation of the health of its personnel and for proper care of the sick and injured. Hospital facilities ashore have not kept pace with the expanding personnel and the expansion in other shore facilities made necessary by the enlarged fleet program. Although a number of much needed improvements in hospital facilities are now being undertaken there still remain others that are sorely needed. Suitable sick wards, dispensaries, administration buildings, and quarters for personnel are either nonexistent or are in such poor condition or so overcrowded as to render them unsuitable for their purpose.

RADIO STATIONS

The Navy direction-finder stations are of vast strategic importance to national defense. Their great value to all mariners in promoting safety at sea is too well known to need any explanation. Most of these stations are in rather isolated communities. promoting safety at sea is too well known to need any explanation. Most of these stations are in rather isolated communities. It is essential that the personnel manning them live on the stations, where they are on call for duty day and night, and suitable accommodations must be provided. Nearly 70 percent of the funds for which authorization is requested under this heading are to provide accommodations and suitable technical facilities for certain of these stations. Other authorization is asked for necessary accommodations at other isolated stations where personnel must live at the station and where present accommodations are very unsatisfactory. All of these stations form integral and vital links in the Navy's communication system and must be maintained at the highest possible efficiency. tained at the highest possible efficiency.

TRAINING, EDUCATION, WELFARE, HOUSING

Most of the items under this heading might well be classified under the heading of maintenance and improvement of morale. Seventy percent is for authorization for housing of naval person-nel at stations beyond the continental limits of the United States. nel at stations beyond the continental limits of the United States. The funds which were allotted to the Navy under the current Public Works Administration-Works Progress Administration program could not be spent outside of the continental limits and hence no relief for inadequate housing facilities at these outlying stations could be obtained from that source. The general unsatisfactory situation as regards housing conditions at these stations, particularly at Coco Solo and Pearl Harbor, is well known. The authorization requested in this bill would permit the Navy Department to proceed with an orderly program of housing developments.

The cost estimates given in the bill are based on present-day

The cost estimates given in the bill are based on present-day costs of construction of a similar character.

A detailed list of the items included in the bill with the necessity for their authorization follows:

NAVY YARD, PEARL HARBOR, HAWAII

Graving drydock for large vessels, services, and acces-_ \$8, 485, 000

There is but one drydock in the navy yard, Pearl Harbor, and there are no commercial facilities available in the fourteenth naval there are no commercial facilities available in the fourteenth naval district (Hawaiian area) capable of docking battleships. The present dock at Pearl Harbor has a depth of water over the sill at mean high water of 35 feet and a depth of water over the blocking at mean high water of 32 feet 6 inches. These depths are insufficient to permit the docking of battleships in ordinary service condition and it is necessary to materially decrease ordinary drafts before battleships can be accommodated in this dock. Some of the deeper draft battleships could not be docked without the removal of beavy fixed equipment, an impracticable procedure especially in of heavy fixed equipment, an impracticable procedure, especially in time of an emergency.

A study of docking facilities on the west coast and in Hawaii indicates a serious shortage of both naval and commercial docks.

No docks now exist on the west coast or at Pearl Harbor which

can accommodate a battleship which might have more than normal draft because of damage.

This project contemplates the construction of a graving dock 1,000 feet in length, 132 feet in width at entrance and through body of dock, and with a depth of 45 feet over the sill at mean low water or 46 feet 6 inches at mean high water.

Personnel buildings and accessories__

The seriousness of the housing situation in the fourteenth naval district has frequently been brought to the Department's attention. The purpose of this item is to provide a number of decent quarters for enlisted men attached to the fourteenth naval district and civilians who are unable to obtain suitable living accommodations in the nearby towns and villages within reach of their income. The under an item in Senate bill S. 2338, act of June 25, 1938, the land in question being adjacent to the navy yard to the northeast. Anumber of enlisted men with their families are now required to live in Honolulu, at a distance of from 10 to 12 miles from the live in Honolulu, at a distance of from 10 to 12 miles from the navy yard, in insanitary, dilapidated, and unhealthful surroundings. There is no possibility that private enterprises will provide suitable housing at prices which enlisted men can afford to pay in Honolulu or in the vicinity of the navy yard. The provision of adequate housing in the fourteenth naval district is a matter of vital importance. The Department is convinced that the situation in the fourteenth naval district with respect to housing will never be satisfactory until the Government takes the initiative and provides these hally needed quarters.

satisfactory until the Government takes the initiative and provides these badly needed quarters.

The housing situation in relation to married officers is comparable to that for enlisted men. Junior officers are required to seek what houses may be available in Honolulu and adjacent towns, at distances ranging from 10 to 15 miles. For the housing that is available, the rents are exorbitant for the accommodations offered and are beyond the reach of the salaries of junior officers.

Repeated efforts have been made by the Navy Department for interest the Housing Corporation in undertaking a development for

interest the Housing Corporation in undertaking a development for naval personnel, without results.

This project contemplates the construction of quarters for 18 senior officers, 129 junior officers, 28 chief warrant and warrant officers, 232 enlisted men, and 40 civilians on the land mentioned above. cers, 232 enlisted men, and 40 civilians on the land mentioned above. The estimate for officers' quarters is based on a unit type of construction, costing approximately \$14,000 for senior officers, \$12,000 for junior officers, \$8,500 for chief warrant and warrant officers per quarters. The estimate for enlisted men and civilians is based upon the construction of a standard low-cost building on concrete piers at an estimate of \$8,000 per house. The buildings will be provided with two and three bedrooms, a combined living and dining room, kitchen, bath, and outside porches. The above estimate includes a reasonable allowance for roads, walks, services, grading, etc., in the immediate vicinity of the quarters.

Land is available for the additional quarters over those included in this project when authorization referred to above is secured and appropriation is made for their construction.

Recreation facilities, including buildings and accessories.

Recreation facilities, including buildings and accessories_

The facilities for recreation for enlisted personnel attached to the navy yard and adjacent naval activities are extremely limited. The personnel is required to seek such recreation facilities in other communities and Honolulu, where they are away from naval jurisdiction.

It is essential to contentment and morale of naval personnel that wholesome recreational facilities be provided on the station.

This project contemplates the construction of a recreation building in a convenient location in the navy yard, for naval personnel, where moving pictures and athletic events can be witnessed outside of the weather. The building will be of permanent construction and so designed as to be adapted to all forms of recreational features. Pipe and copper shop building and accessories__

The purpose of this item is to provide a building of suitable The purpose of this item is to provide a building of suitable dimensions to house the pipe and copper shop activities of the yard. The present building No. 2 is entirely too small for the existing work load and during the past year it was necessary to construct a lean-to approximately 30 feet wide by 80 feet long adjacent to the present structure in order to accommodate material removed from

The proposed building will be 80 feet wide, 250 feet long, and contain approximately 584,000 cubic feet. The building is to be of steel frame, three bays wide, with fireproof wall covering and roof. Electric shop building and accessories__

The present electric shop is now housed in a building which is totally inadequate for the present work load. A new shop of adequate size will reduce the cost of work and make available the present building for boatshop activities.

The proposed building will be 120 feet wide by 280 feet long and contain approximately 2,000,000 cubic feet of space. A steel-frame building with fireproof walls and roof is contemplated.

Galvanizing shop building and accessories_

Graving drydock for small vessels, services, and accessories. _ \$2,000,000

This item contemplates the construction of a concrete graving drydock for destroyer leaders, submarines, and other light craft. The dock will be wide enough to accommodate two ships side by

side. The dock will be pumped with the pumping plant for the

large docks and will be otherwise fully equipped for service.

Docking facilities for light craft at Pearl Harbor at present consist of a single marine railway, built in 1922, which was designed to accommodate the old World War type of destroyer. Present-day destroyers in service condition cannot be safely docked on this marine railway. The new dock will thus provide urgently needed docking accommodations for this class of ships at Pearl Harbor. At present these ships must return to the mainland for docking or be accommodated in the existing large graving dock which is not only uneconomical but limits the use of this dock for the larger ships for which it is needed.

Public-works shop and storage building

with which the yard is able to effect material reductions in the cost

of maintenance work.

The provision of a suitable shop building for the various building trades, including pipefitters and plumbers, electricians, carpenters, and painters, in lieu of the maintaining of these activities in small detached buildings throughout the yard, will add materially to the efficiency of the public works organization.

small detached buildings throughout the yard, will add materially to the efficiency of the public-works organization.

This project contemplates the construction of a building 100 feet wide by 150 feet long, containing approximately 600,000 cubic feet of space. It will be of steel frame with corrugated asbestos siding and roof and equipped with crane service, storage facilities, and space for the individual activities comprising the building-trades group. Facilities for the overhaul of trucks and tractors and other transportation equipment will be provided.

Ordnance shop building and accessories ___

The purpose of this item is to provide an ordnance shop building of sufficient size to take care of the ordnance overhaul activities. At the present time this work occupies a large part of the machine shop which is urgently needed for regular machine-shop activities. With the increased number of vessels being assigned to Pearl Har-bor for repair and overhaul, the ordnance repair work is corre-spondingly larger and additional space should be provided in a location detached from the regular machine shop activities of the

This project contemplates the construction of a permanent building 50 feet wide and 200 feet long, with 35-ton bridge cranes and railroad service running into the center of the building for the economical handling of ordnance parts. The building will be provided with offices, tollet and locker rooms, and with the necessary facilities for the operation of the shop.

Storehouse building and accessories_

The purpose of this item is to provide storage space to meet the demands of the industrial department of the yard. The expansion of industrial activities has made it necessary to carry in store a large or industrial activities has made it necessary to carry in store a large quantity and variety of material, with resultant serious overcrowding in the existing storehouses. There is one permanent multistory concrete building on the yard and several smaller temporary buildings which have been converted into storage buildings and which are extremely overcrowded at the present time. With the increase in the number of ships and with the resultant larger volume of stores to be carried, present facilities are not only inadequate but will be entirely deficient in the future entirely deficient in the future.

The project contemplates the construction of a multistory, reinforced concrete building, approximately 220 feet wide and 260 feet long, with a total volume of approximately 3,000,000 cubic feet.

NAVY YARD, MARE ISLAND, CALIF.

Graving dry dock, services, and accessories_ . \$1,750,000

An intensive study has been made of the docking situation in the San Francisco Bay area, particularly in reference to the requirements for the work load imposed on the Mare Island Navy Yard at present and that anticipated upon the completion of the Vinson Navy and other requirements which may be expected in an emergency.

The facilities now existing at the Mare Island Navy Yard consist of a small dock constructed in 1891, which will accommodate the

of a small dock constructed in 1891, which will accommodate the smaller vessels of the fleet; a dock constructed in 1910, which will accommodate cruisers and large auxiliaries; and a dock now under construction which will also accommodate cruisers, auxiliaries, and others of the smaller units of the fleet.

The Mare Island Navy Yard is designated as a small shippard and in addition to the shipbuilding is the repair yard for cruisers, auxiliaries, destroyers, and other small vessels of the fleet. The present docking facilities are inadequate to meet the present docking requirements and will be seriously deficient in capacity for docking the increased number of vessels of the Vinson Navy as also the load which may be expected in an emergency. which may be expected in an emergency.

The studies indicate that additional small-ship docking capacity should be provided, and this project contemplates the construction of a drydock of 508 feet in length, 104 feet in width, with 21 feet of water over the sill at mean high water, in which two destroyers

can be docked abreast and where other ships of equivalent length, draft, and beam can be accommodated.

Utility and transportation buildings and accessories__

The numerous small public-works shop activities and transportation overhaul facilities of the yard are now housed in 12 scattered sheds, nondescript in character and widely scattered over the navy-yard reservation. These buildings, on account of their temporary nature and limited size, are inconvenient and undesirable from an administrative standpoint, do not adequately serve the needs of the public works department of the yard, and are a decided fire risk to adjacent activities.

The purpose of this project is to centralize under one roof the

The purpose of this project is to centralize under one roof the numerous small public-works activities and consumable supplies storage sheds and transportation repair facilities now scattered in these 12 temporary sheds and lean-tos. This centralization will permit coordination of activities, the common use of a minimum of prime movers, tools, telephones, storekeepers, etc.; will greatly save the time of mechanics and laborers in the performance of their work; will greatly reduce the existing fire risk and overhead costs; and improve the general appearance of the yard by the elimination of these many unsightly structures.

This project contemplates the construction of a one-story building 200 feet long by 90 feet wide, founded on piles, with concrete floor, steel frame, and corrugated asbestos roof and siding. The building will be provided with the necessary partitions to separate the various activities of the public-works department. The provision of this building will materially add to the efficiency of the

sion of this building will materially add to the efficiency of the maintenance activities of the yard.

Laboratory buildings and accessories. Present facilities for laboratory work are scattered into several structures of antiquated and nonfireproof character. The buildings are located in the industrial section of the yard where noise and vibration seriously interfere with the activities of the laboratories. In spite of this restriction in facilities, the laboratories are depended upon to analyze and test contract and construction madepended upon to analyze and test contract and construction material as to compliance with specifications for coast and outlying stations. In addition to the chemical, physical, paint, sound, micro, and gamma ray photographic laboratories, it is anticipated that there will be added electrical, optical, fire-control, and metallurgical laboratories. The present facilities are entirely inadequate

It is necessary in view of the large volume of work being undertaken by the yard to have sufficient laboratory space well equipped to conduct the tests required on construction and contract materials.

This project contemplates the construction of a three-story building approximately 135 feet long by 35 feet wide of concrete and steel construction to afford the necessary space for laboratory

NAVY YARD, PORTSMOUTH, N. H.

Submarine barracks and mess hall_ \$270,000 A wood frame building on concrete piles with wood shingled roof A wood frame building on concrete piles with wood shingled roof constructed in 1918 provides the only accommodations ashore for housing officers and men attached to submarines when the submarines are uninhabitable due to the performance of work on these vessels and during construction and overhaul periods. On account of the very limited spaces on board a submarine the overhaul usually requires the vessel to be vacated as living quarters. The present building was constructed in 1918 to house the marine transfer of 55% men and 20 necessarily constructed. The present building was constructed in 1918 to house the marine guard consisting of 585 men and 30 noncommissioned officers. It was built of green lumber, the only kind obtainable during the war emergency. In spite of repairs amounting to over \$27,000 since 1934, the building is now beyond economical repair. For reasons of economy and sanitation and safety and morale of the occupants it should be replaced at an early date with a small fire-proof barracks building. A capacity of 270 men, including 20 chief petty officers, is considered adequate. This number is equivalent to the crews of five submarines, the maximum required in recent years. The smaller building will result in savings in heating and upkeep. When the new building is occupied it is proposed that the older building be removed and that usable materials be salvaged by relief labor. The buildings will include sleeping, toilet, galley, mess hall, and recreation facilities, and offices for the management of the barracks. agement of the barracks.

NAVY YARD, PUGET SOUND, WASH.

Graving drydock, services and accessories__ 1913 and extended in 1930; one for cruisers completed in 1896 and remodeled in 1931; a shipbuilding dock of shallow draft for the construction of all types of naval vessels, constructed in 1918; and a capital ship drydock of maximum dimensions now under construction. The Puget Sound Navy Yard is the main repair base for the capital ships and heavy auxiliaries of the fleet and will become the most important yard for reconditioning and commissioning of additional units in an emergency.

Studies indicate that the present docking equipment will not provide the necessary facilities to meet the docking load which will be placed upon the yard upon the completion of the expanded Navy and will not provide for emergency conditions.

An additional dock of the cruiser type is essential to the efficiency of the docking operations of the yard both in peace and emergency conditions, and this project contemplates the construction of such

The proposed dock will be 710 feet long by 104 feet wide, with 32 feet of water over the sill at mean high water. The dock will be provided with all necessary facilities.

NAVAL STATION, GUAM

Officers' quarters and accessories \$75,000

This project provides for the construction of six quarters for officers on Federal property at Asan. At present officers are required to live in poorly constructed and equipped native houses with squalid and insanitary surroundings. The construction of the quarters will increase the general morale of the station and effect a considerable annual saving in commutation for quarters.

NAVAL STATION, TUTUILA, SAMOA

Chief petty officers' quarters and accessories. \$66 000 settlements.

This project will provide quarters for eight married petty officers for whom no quarters are available either on the station or in the vicinity. The plan proposes the construction of eight houses of the bungalow type, 90 feet by 50 feet, on the hillside adjacent to present quarters, and overlooking the harbor, in a cool and healthful location that does not obstatic the third does not obstatic the state of tion that does not obstruct the other development.

Officers' quarters and accessories__. of tropical design of a permanent nature and provided with through ventilation, adequate sanitary facilities, and raised above the ground so as to provide ventilation under the floor.

A break-down of the estimate is as follows:

Quarters for one officer, at \$14,500_____Quarters for two officers, at \$12,500______ 25,000 Roads and services_____ 5, 500

Recreation building and accessories_____

At the present time no suitable facilities exist for recreation at the present time no suitable facilities exist for recreation except the enlisted men's club and movie pavilion, which are temporary structures and not suitable for recreation for the number of personnel attached to the station. In addition to its use as a building for recreation purposes, the building should be designed to house families of naval personnel in case of a disaster or a severe hurricane. Under present conditions families must, in case of hurricanes or earthquakes, retreat to the storehouse building and adjust themselves in the best way possible amongst shelves and tiers of stored material

and adjust themselves in the best way possible amongst shelves and tiers of stored material.

Under this project it is proposed to construct a two-story building, 140 feet long by 80 feet wide, to contain all of the facilities necessary for the recreation of enlisted personnel at a remote station, such as auditorium for dancing, motion pictures, indoor sports, church services, bowling alleys, poolroom, restaurant and soda fountain, library and reading room, barber shop, ship's service room, and other minor activities. In addition, the building will be planned to serve as a haven for families in case of a disaster.

NAVAL STATION, GUANTANAMO, CUBA

Enlisted men's quarters and accessories__ This project covers the construction of six sets of quarters for married enlisted personnel. Enlisted personnel of the higher ratings, with wives and children, should have some means provided so that they can have their families with them during a 2-year tour of duty in Guantanamo.

There are 29 chief petty officers and 31 petty officers first class attached to this station. All of these are authorized by law transportation for dependent families to their permanent station. In addition to these, men of lower ratings desire to bring families to a segregated station on which they are to serve for 2 years. The only living accommodations for these families than can be found are those on the reservation. found are those on the reservation.

Efforts are made by those responsible for designating replacements to send no more married enlisted men than can obtain quarters on the station for their families. This does not appear quarters on the station for their families. This does not appear to work out in practice, and at the present time there are on the station 38 chief petty officers and petty officers first class who are married, of which 22 have quarters on the station. Of this 22, 14 live in quarters that have been constructed or obtained through the welfare fund.

Of the Government quarters occupied by the remaining eight, only three are regularly fitted and furnished by the Government.

These three are for men attached to the radio station. Married quarters are furnished at radio stations, presumably because such stations are isolated and the presence on the station of the personnel is requisite. The same reasoning applies to this station in general, and it is believed that steps to remedy the present unsatisfactory situation as regards quarters for enlisted men should be inaugurated. The amount estimated is not sufficient to pro-vide completely for probable needs.

NAVAL TORPEDO STATION, NEWPORT, R. I.

Explosive-manufacturing building and accessories ...

The present facilities for the manufacture of fuzes, primers, detonators, and other small-ammunition units are carried on in a number of small temporary, detached buildings scattered over the station. The buildings used are temporary wood buildings, Nos. 59, 68, and 63, constructed during the war and have long since passed the point where further upkeep charges bear proper relation to the value of the buildings.

It is necessary, in order to keep pace with the construction program, that adequate facilities be provided for the manufacture of these small ordnance parts. With the increasing demand for ammunition, the manufacture of explosives such as detonators, fuzes, igniters, and tracers must be increased to meet the current demand.

This project contemplates the construction of a brick and steel The present facilities for the manufacture of fuzes, primers, det-

This project contemplates the construction of a brick and steel building, one section to be three stories in height and the remainder, one story. The cubical contents will be approximately 750,000 cubic feet. The building will have a ground area of 205 feet by 130 feet, the upper two floors being 205 by 50 feet. The accessory features in connection with the construction of the building include the clearing of the site and grading and the extension ing include the clearing of the site and grading and the extension of roads, walks, and service lines to the new site.

NAVAL PROVING GROUNDS, DAHLGREN, VA.

Magazine building and accessories____

The storage facilities for smokeless powder at the naval proving ground are insufficient to meet the demands in connection with the testing and the conducting of experiments on various types of ordnance. It is necessary that an additional magazine be constructed to meet the storage requirements of the station. This project contemplates the construction of one standard magazine. 100 feet by 50 feet, for the storage of approximately 500,000 pounds of smokeless powder.

All requirements of House Document No. 199 for the storage of

smokeless powder will be fulfilled.

Dispensary building and accessories_

The present dispensary at the naval proving ground was constructed in 1919 and consists of a temporary building with scraptile foundations, wood siding and framework, and tar-paper roof, and cost \$5,857. On account of the temporary construction of this building, it is extremely difficult to heat and is a severe fire hazard. One fire which was extinguished before any serious damage was done occurred on January 1, 1932. The building is uncomfortable for patients, being drafty and leaky. This building constitutes the only facilities on the station for emergency cases and for patients only facilities on the station for emergency cases and for patients requiring hospital treatment preparatory to being sent to Washington, the nearest general hospital. In addition, the building is badly located, being at considerable distance from the mess hall, thus requiring the transportation of food to patients, which is extremely undesirable, as it becomes cold and unpalatable in transit.

The building should be replaced with a permanent structure in

order that adequate facilities of a size commensurate with the activities of the base may be provided.

This project contemplates the construction of a permanent building of modern design similar to that recently constructed at the naval ammunition depot, Hawthorne, and to include quarters for a pharmacist who is continuously on duty in the dispensary. The building will be approximately 50 feet wide by 30 feet deep with a ward building 30 feet by 25 feet attached and of two

Locomotive and crane shed and accessories ____

There are no facilities on the station at the present time for There are no facilities on the station at the present time for the housing of heavy-duty cranes and the locomotives used for handling large-caliber guns. This equipment is required to remain in the open and is subject to more or less deterioration from the elements. The equipment represents a considerable investment running into over \$100,000 and its proper storage is necessary to protect it from deterioration.

This project contemplates the construction of a steel frame, corrugated-iron structure, 120 feet long by 44 feet wide and 20 feet high, into which can be run the locomotives and locomotive cranes to protect them from the weather and to afford a space where repair work on this equipment can be done under cover.

. . Garage building and accessories ___ \$20,000

The present garage is a frame structure constructed in 1919 at a cost of \$1,800, is expensive to keep in repair, and is a constant fire hazard. The building is of frame construction and has deteriorated so that maintenance repairs are paramount to recon-

With the new program of ship construction, the motor-transport equipment of the station has been materially increased by the addi-tion of expensive trucks, trailers, and ordnance-handling equip-ment. It is necessary that adequate facilities of a fireproof nature be constructed for the housing of this transportation equipment.

The project contemplates the construction of a modern fireproof garage building of hollow tile construction with concrete foundation, approximately 112 feet long by 58 feet wide, with necessary services and road connection to place it in operation. Carpenter shop building and accessories____

of the activities of this department in one building, it is desired that the present carpenter-shop building, which now houses the majority of the construction activities of the yard, be replaced with

majority of the construction activities of the yard, be replaced with a building of adequate size to house the present activities, with allowances for an additional space for increased activities due to the new program of ordnance construction.

This project contemplates the construction of a concrete, hollow-tile, and galvanized corrugated-iron building, approximately 200 feet long by 60 feet wide, 1 story high, to house lumber storage, sawmill shop for woodworking machinery, joiner shop, paint shop, and other miscellaneous maintenance activities of the station.

NAVAL POWDER FACTORY, INDIANHEAD, MD.

_ \$125,000 Barracks building and accessories__

The present marine barracks, building No. D19, was constructed in 1907. The building is a wood frame structure on wood foundations with a galvanized-iron roof. While the building is one of the largest on the station, it is in the poorest condition and maintenance funds to keep it habitable are out of proportion to the value of the structure. The building is a rambling structure, added to from time to time to accommodate additional men, until now it is entirely unsatisfactory for housing and messing the marine guard, and bathing, cooking, and recreation facilities are inadequate. On account of the type of construction, living conditions in summer are unbearable on account of heat from the galvanized-iron roof.

There are approximately 75 men on normal detail at the powder factory, and it is highly desirable that these men be satisfactorily and adequately housed. Existing conditions under which these men are living is detrimental to the health and morale of the marine guard.

marine guard.

This project contemplates the construction of a brick and con-crete barracks building to house 100 men, with necessary facilities for messing, cooking, bathing, and recreation.

NAVAL AMMUNITION DEPOT, HAWTHORNE, NEV.

Additional magazine buildings and accessories_____ \$1,260,000

For the storage of additional ammunition required for ships now under construction, for which ammunition no storage is now available, it is proposed to add to the ammunition storage facilities at Hawthorne additional magazines for the storage of smokeless powder, loaded projectiles, and high explosives. The magazines proposed consist of 26 smokeless-powder magazines at an estimated cost of \$832,000, 4 projectile magazines at \$218,000, and 28 highexplosive magazines at \$210,000.

The construction of these magazines will accomplish in part the provision of adequate storage for ammunition now in course of manufacture for ships under construction and for reserve require-

These magazines are essential to meet the storage requirements for ammunition and will be designed and located in accordance with House Document No. 199, which document outlines the safety requirements and methods of storage of the various classes of ammunition.

NAVAL AMMUNITION DEPOT, OAHU, HAWAII

Additional magazine buildings and accessories____

To provide for storage of ammunition required for reserve for the constantly increasing number of ships based and overhauled at Pearl Harbor, it is necessary to increase the storage facilities of the ammunition depot, Lualualei, Hawaii. There is insufficient storage at the present time to meet these requirements, and additional facilities must be provided for the safe storage of reserve ammunition for the fleet. The magazines proposed for construc-\$75,000, two projectile magazines at \$90,000, and seven high explosive magazines at \$2,500 at the Lualualei site and two small subsurface magazines at \$6,000 at the West Loch Shipping Depot for high explosives removed from ships undergoing overhaul at the navy yard.

These magazines are essential to meet the storage requirements for ammunition and will be designed and located in accordance with House Document No. 199, which document outlines the safety requirements and methods of storage of the various classes of ammunition.

NAVAL AMMUNITION DEPOT, ST. JULIENS CREEK, VA.

Explosive loading plant and accessories for TNT and

black powder \$165,000 There is no suitable building on the depot for loading of minorand medium-caliber projectiles with TNT and black powder. The

work is at present done in building No. 93, a small wooden frame work is at present done in building No. 93, a small wooden frame building, 60 feet by 20 feet. The maximum output from this building is 250 projectiles per 8 hours. The present program requirements far exceeds this output. Furthermore, building No. 93 is close to officers' quarters, the administration building, the marine barracks, and the dispensary.

The provision of a loading plant building for medium—and minor-caliber projectiles is the most urgenty needed improvement on the depot and should be provided as early as possible to meet production requirements and to eliminate the present unsafe method and unsafe location of present building.

method and unsafe location of present building.

method and unsafe location of present building.

It is proposed to erect a new fireproof building on vacant ground north of and adjacent to building M-5. Adequate bombproofs will be provided with openings over clear ground unoccupied for more than 1,800 feet. The building is planned to be of adequate size to meet all requirements for loading of medium and minor caliber projectiles. The building will be approximately 250 feet long by 120 feet wide, of concrete construction, and provided with the necessary loading platforms and accessory construction to make the building a complete unit.

AMMUNITION DEPOT, IONA ISLAND, N. Y.

Replacement of filling house No. 307 ... __ \$30,000

Filling house No. 307 is a wood frame structure on wood foundations, constructed in 1908. The building has deteriorated and maintenance costs to keep it in a serviceable condition are excessive. This building with two companion structures now being rebuilt constitute the ammuniton filling facilities of the depot. In order to meet the ammunition construction program, it is necessary that this building, in addition to the two now being rebuilt, be reconstructed. The building when completed will be used as a projectile loading house and will form part of the filling facilities of the depot.

The project contemplates the construction of a permanent building 140 feet long by 20 feet wide and provided with loading platforms and the necessary road and service extensions. The building will be of brick walls, concrete floors, steel trusses, and concrete foundations and covered with corrugated-asbestos roof.

NAVAL AMMUNITION DEPOT. FORT MIFFLIN, PA.

Projectile loading plant building and accessories____

The present loading or filling plant is housed in building No. 49, a corrugated-iron building constructed over 25 years ago. It is in poor condition structurally and is poorly designed for projectile loading.

The program for ammunition filling to meet the requirements of the fleet for active and reserve ammunition and to provide ammunition allowances for new ships under construction and those to be laid down under the Vinson Act requires adequate loading and filling facilities at Fort Mifflin as well as the other ammuni-

tion depots

This project contemplates the construction of a new building of modern design, properly laid out for filling shells and fixed ammunition. The building will be of steel, brick, and concrete construction and located between the water front and building No. 51, where there is adequate space for both the building and railroad service to the loading platforms. The building will be approximately 80 feet long by 40 feet wide and provided with accessory features as may be necessary.

NAVAL TRAINING STATION, SAN DIEGO, CALIF.

Trade school and auditorium buildings and accessories__ \$525,000

The general educational training of recruits and the advanced technical training of enlisted men in the various trades constitute two of the basic objects of the training station. These obtute two of the basic objects of the training station. These objects cannot be efficiently accomplished unless the station is equipped with permanent school facilities, properly designed and adequate for the purpose. Existing facilities consist of temporary barracks buildings which are badly needed by the transfer unit. The use of barracks for school purposes is not only an unsatisfactory expedient in itself but deprives the station of barracks green which was constructed for the housing of men. The unsatisfactory expedient in itself but deprives the station of barracks space which was constructed for the housing of men. The auditorium is an essential part of the trade school. The administration feature of the building constitutes a relatively small part of the activity but is very necessary. No facilities are now provided for an enclosed auditorium for recreation of enlisted men which is considered very essential.

The trade schools as now established at the station, will require accommodations for electrical school, radio operators' school

accommodations for electrical school, radio operators' school, stenography school, gyrocompass school, sound motion picture technicians' school, recruiting training school, cooks' and bakers' school, and officers' and officers' cooks' school.

school, and officers' and officers' cooks' school.

This project contemplates a new detached fireproof building of four separate units, connected by arcades, together with service connections and permanent fixtures. The classroom units will have a total floor area of approximately 49,000 square feet. The auditorium unit will have a floor area of approximately 14,000 square feet and a seating capacity for 1,700 men. The administration unit will have a total floor area of 24,000 square feet.

NAVAL TRAINING STATION, NORFOLK, VA.

Dispensary building and accessories_.

The present dispensary facilities are housed in temporary wartime buildings of wooden construction, built in 1918, and are of the old cantonment type, warped, deteriorated, difficult and expensive to repair and maintain, and are entirely improper for further use for

such an important purpose as caring for the sick and injured. The physical condition of these buildings is such that excessive maintenance funds must be expended to keep them in anything like a habitable condition. It is proposed to replace these temporary facilities with a complete dispensary unit in which can be housed the medical activities of the training station. The building under treasure conditions with the property of t present conditions and with the present complement of enlisted men should be of sufficient size in all of its units to take care of the many other activities on the base, in addition to the training station itself.

The project contemplates a dispensary of 50 beds capacity, equipped with toilet, bathing facilities, diet kitchens, etc.; dispensary with sufficient space to accommodate the drugs issued to pensary with sumcient space to accommodate the drugs issued to the entire naval base with the exception of the air station; a laboratory for routine work of the dispensary and, in addition, offices for medical officers and nurses; waiting room and examining room for patients and all general conveniences required for a family clinic; an operating room for minor cases; examining room for general medical examinations; an examining room for eye, ear, nose, and throat cases; and X-ray and other activities for a complete dispensary unit.

The project contemplates the construction of a modern two-story concrete and brick building, with slate roof, and of sufficient dimensions to house all of the activities enumerated above.

Receiving station mess hall and galley building and

This project is a companion item to the project for the replace-This project is a companion item to the project for the replacement of barracks buildings at the receiving station, the condition of the mess hall being similar to that of the temporary barracks buildings described under the project for the replacement of the barracks buildings. The mess-hall building was constructed in 1918 and is of similar type to the barracks buildings and is in an advanced state of deterioration, requiring replacement.

The project contemplates the construction of a two-story concrete and brick building with slate roof, to provide the necessary facilities for messing 1,000 men.

Receiving station barracks buildings and accessories__ The existing receiving station barracks and associated buildings are all one-story, wartime, temporary wooden cantonment buildings that are now 20 years old, having been maintained in a usable conthat are now 20 years old, having been maintained in a usable condition only by the constant expenditure of maintenance funds out of proportion to the value of the buildings. Even with the maintenance funds so expended, the physical condition of the buildings is very poor and any further repairs must be of major proportions and paramount to reconstruction. The receiving station is an activity under the training station and consists of barracks and mess-hall facilities for transient enlisted men awaiting discharge, assignment to new ships, transportation, and instruction.

This project contemplates the construction of two 500-men barracks of reinforced concrete and brick, two stories high, with slate roofs, and located in a section of the base to be developed as a permanent receiving-ship activity. It is highly desirable that permanent housing be provided for these men so that their accommodations will be in keeping with the rest of the enlisted men housed

on the station.

DESTROYER BASE, SAN DIEGO, CALIF.

Power-plant building and accessories_ The existing power system at the destroyer base is a makeshift arrangement consisting of small units located in scattered temporary buildings. The buildings housing the power units consist of temporary buildings constructed in 1918 by the shipbuilding company which owned the property at that time and which have deteriorated to a condition which makes them unsuitable for their

continued use.

More and more ships are being assigned to the San Diego area, the destroyer base in particular, and this station is the only activity which is equipped for effecting repairs and docking of the smaller units so assigned. The base is growing in activities and the new structures are not sufficiently provided with power and service lines. In order to promote economy and efficiency in power and its distribution to the various activities of the base, it is considered essential that a central plant be constructed in which to house all of the power units now scattered in the several temporary buildings.

This project contemplates the construction of a power plant building to house equipment for electricity, steam, and compressed air, in a central location which will provide for the requirements of all of the activities of the base.

This is part of a project to cost \$200,000, which project will include the installation of the necessary power-plant equipment and accessories (boilers, air compressors, motor-generator sets, and control equipment), and the installation of the necessary additional electric, steam, and compressed air lines for supply service to the

Torpedo storehouse and accessories____

Present storehouse No. 36 is completely filled with torpedoes for decommissioned ships and reserve torpedoes for active ships of the light forces. More and more ships are being based at San Diego and consequently more storage space is required for their spare torpedoes.

On account of the delicate nature of torpedo mechanism it is necessary that adequate facilities be provided for their storage, overhaul, and maintenance.

This project contemplates the construction of a permanent steel and concrete building, 240 feet long by 70 feet wide, and containing approximately 360,000 cubic feet.

Dispensary building and accessories_

Present medical facilities on the base consist solely of a very Present medical facilities on the base consist solely of a very small sick bay and dental office on the U. S. S. Regal, the tender for destroyers moored at the water front. The space is entirely inadequate for the number of men who are attached to the base and ships berthed temporarily at the base. Whenever the U. S. S. Regal moves away there are no medical facilities whatever. It is essential that adequate medical facilities for preserving the health of personnel be provided and the station should not be dependent upon facilities which are afloat and subject to removal at short notice, leaving the remainder of the station without suitable medical leaving the remainder of the station without suitable medical facilities.

This project contemplates the construction of a permanent building of approximately 4,000 square feet of floor area or 90,000 cubic feet of volume and to be located in an area adjacent to industrial

activities and the water front.

Bachelor officers' quarters and accessories_____ \$70,000

It is anticipated that the officer instructors to be assigned to the Fleet School Building now being constructed under the emergency program will be obtained from units of the fleet, their duty being temporarily additional duty. Inasmuch as bachelor officers among them will undoubtedly be living on the ship to which they are permanently attached and not maintaining a domicile ashore, they will be put to great inconvenience and additional expense when their ships go to sea for gunnery and other training exercise.

No facilities exist on the submarine base for housing officers in

this status.

The project contemplates the construction of a permanent building to house 26 officers and will contain approximately 195,000 cubic

SUBMARINE BASE, PEARL HARBOR, HAWAII

Individual storehouse and accessories___ __ \$20,000

The recent assignment of additional submarines to this station recent assignment of additional facilities for storage of individual submarine equipment. The present facilities consist of an old condemned wooden structure, 120 feet by 58 feet, constructed in 1919, and beyond economical repair. It is necessary that adequate storage be provided so that individual lockers can be assigned to each boat for the storage of gear and replacement parts peculiar to the individual submarine. to the individual submarine.

This project contemplates the construction of a permanent build-

ing of reinforced concrete, with tile partition walls to form a number of fireproof individual compartments. The building will be approximately 110 feet long by 42 feet wide, with loading platforms

for ready access to the individual compartments.

NAVAL AIR STATION, SAN DIEGO, CALIF.

Purchase and improvement of auxiliary landing fields____ \$321,000

Twelve auxiliary landing fields are now leased by the Navy on a year-to-year basis in the San Diego area and are used as auxiliary operating fields by the squadrons based on and operating from the station. During periods of fleet concentration in the San Diego area there are over 400 planes based on North Island. The acquisition by purchase of these fields is of such immediate importance that a continuance of the present policy of year-to-year rental with increasing complications on renewals of leases, etc., is very unsatisfactory. Annually the Navy is placed in the unfortunate position factory. Annually the Navy is placed in the unfortunate position of accepting terms of leases from civilian owners whose knowledge of the situation confronting the Navy results in the dictation of terms manifestly discriminatory. Furthermore, there is doubtful justification for the expenditure of Government funds for the graduations of the standard justification for the expenditure of Government funds for the grading and surfacing of leased fields where there always arises the question as to whether leases can be renewed. It is essential in practically all cases that the fields be improved to promote safety and operating efficiency. Any such improvements necessarily accomplished by the Navy constitute the very basis on which the owners justify advanced rentals. While, in most instances, only the Navy would be interested in procuring such leases, it is a matter of common knowledge that such fields are indispensable for service purposes. The continuance of this policy merely defers the date when the issue must necessarily be met. In the meanwhile, the operations of such permanent bases as those at San Diego are threatened annually. Relief from this situation in a locality where the Navy's interests are permanent is a matter of sound and essential economy. economy

The acquisition of permanent titles to the fields will place the Navy in a position to effect permanent improvements such as grading and oil surfacing, together with such other items as may be pertinent and necessary. The general uses to which auxiliary landing fields are placed embrace, in general training, bombing, machine-gun practice, coastal gunnery, etc. Certain of those practices cannot, for obvious reasons be carried on in congested

practices cannot, for obvious reasons be carried on in congested areas where habitations are near. The authorization contemplates the purchase and conditioning of the auxiliary landing fields now used by the Navy under lease, or so contemplated.

Information with respect to the present existing values of each tract was obtained from the San Diego County assessor's office. The estimated selling price per acre was established after conference with what are considered competent and dependable real-estate authorities in San Diego. Due regard was given to recent appraisals and transfer of properties in the same vicinity where such information was available. While it is estimated that the fields may be purchased for a total expenditure of approximately

\$200,000, it is possible that the final cost may be somewhat more. It is estimated, however, that the total amount of the authorization herein requested will adequately take care of the purchase prices, together with conditioning of the fields where required, such as clearing, grading, and surfacing.

NAVAL AIR STATION, NORFOLK, VA.

Purchase of auxiliary landing fields_ The congested operating conditions for aircraft at Hampton Roads parallel the situation at San Diego and Pensacola. A further agparallel the situation at San Diego and Pensacola. A further aggravating complication is caused by the present limited size of the station field proper, the ultimate size of which is also dictated by existing permanent construction. Without the relief afforded by outlying fields, undue hazards are inevitable, and effective training of squadrons cannot be realized. Approximately 200 aircraft are based at and operating from this station at the present time. The Department is convinced that the policy of leasing outlying fields in the vicinity of major air bases annually threatens the continuity of training operations and consequently menaces the war readiness of squadrons concerned. Furthermore, it effectively prevents urgently needed improvements of a permanent return of prevents urgently needed improvements of a permanent nature at

prevents urgently needed improvements of a permanent nature at such fields, because of the restriction of expending public funds on privately owned property. Permanent improvements, including resurfacing of fields, are becoming increasingly important with the acquisition of more modern and speedier carrier aircraft types. The Department has requested the commandant, fifth naval district, to study the situation in the Norfolk area and submit recommendations, together with estimates of cost, for purchasing auxiliary landing fields. The acquisition of adequate auxiliary landing fields in the Norfolk area is urgent and the basic estimate for which authorization is requested is considered by the Department adequate for the purpose intended. While specific recommendations cannot at present be given as to the lands proposed for purchase, it is considered inadvisable in the authorization for purchase to specify the lands which are under contemplation, as such chase to specify the lands which are under contemplation, as such action would tend to enhance the land values. The authorization herein requested would permit the Department to investigate this important subject insofar as it pertains to the Norfolk area, with a view to obtaining estimates and more pertinent data for use at such time as an appropriation may be requested for purchase.

NAVAL AIR STATION, SEATTLE, WASH.

Radio direction-finder house and accessories.

To provide for the installation of modern direction-finding equipment proposed for air stations under the new enunciated policy of the Department, it is proposed to construct one direction-finder house for this equipment. This building will be located clear of existing structures to be away from noises and other electrical

This project contemplates the construction of a building approximately 18 feet square and 40 feet high, to be provided with space for the facilities of the operator and direction-finder equipment.

FLEET AIR BASE AND SUBMARINE BASE, COCO SOLO, C. Z.

Personnel buildings and accessories____ \$1,736,000 At the present time, and with only a few exceptions, naval enlisted personnel and civil employees are totally unprovided for and of necessity must resort to extreme and improper means in finding a place for themselves and their dependents to live. These means include the renting of native houses and tenements in Colon; servants' quarters and other parts of quarters occupied by Panama Canal personnel; the subleasing of temporary unoccupied Panama Canal quarters when available; residence in hotels at excessive cost; or with friends and relatives and occupation of sheds and sive cost; or with friends and relatives and occupation of sheds and shacks which have been abandoned by contractors upon the completion of construction projects. Only very meager Government quarters are available, and in Colon enlisted men are obliged to rent quarters with little or no sanitary conveniences, in a foreign community, and adjacent to restricted areas 5 miles or more distant from the base. The only homes within their means are in settle-ments where conditions are unwholesome for American citizens. The entire situation is one which can well be described as degrading

The entire situation is one which can well be described as degrading and which fully warrants prompt corrective attention.

The situations under which naval personnel and employees are forced to live are primitive, as is well known to the Department from the numerous routine and special reports which have been submitted from the fifteenth naval district.

This project contemplates the construction of 21 detached houses for senior officers, 7 four-family apartments for junior officers, and 41 four-family apartments for chief petty officers, petty officers first-class, and civilians. A break-down of the estimate is as follows: mate is as follows:

\$294,000

\$10,500 per apartment. 294,000 41 4-family apartments for chief petty officers, petty offi-cers first-class, and civilians, at \$7,000 per apartment__ 1, 148,000

FLEET AIR BASE, COCO SOLO, C. Z.

Aircraft storehouse and accessories_____

There is no adequate building at the fleet air base, Coco Solo, for the storage of aircraft fuselages, structural parts, aircraft engines, and other miscellaneous large aircraft material. At present the old kite balloon hangar No. 6 (constructed in 1919) and part of hangar

No. 125 are used for this purpose. However, the balloon hangar, 75 feet high and located at the edge of the flying field directly in line with take-off and landing area, is a serious hazard to the operation of aircraft. It has been surveyed and should be removed immediately when other aircraft storage space is made available. Hangar No. 125 is employed as an aircraft assembly shop, and the space in this structure now assigned to aircraft storage should be made available for shop activities.

This project contemplates the construction of an aircraft storage building approximately 325 feet by 120 feet with 42 feet clear interior height. The structure will have concrete foundations, concrete floor, steel-frame superstructure covered with corrugated-asbestos siding, and built-up roofing. The building will be equipped with a 10-ton crane.

The estimated cost of the building is \$240,000. Accessories, including water, sewers, and electric services, 10-ton traveling crane, paving, tracks, etc., are estimated to cost \$45,000. Total estimated cost is \$225,000.

A break-down of the estimate is as follows:

A break-down of the estimate is as follows:

Building	\$240,000
Cranes	15,000
Services	30,000

285,000

MARINE AVIATION FACILITIES, CHARLOTTE AMALIE, V. I. Quarters for naval personnel, including services and ac-

cessories. The marine aviation facilities recently constructed on Lindbergh

Bay, adjacent to St. Thomas, do not provide housing on Government property for officers and enlisted personnel attached to the station. The accommodations available in St. Thomas are very limited and The accommodations available in St. Thomas are very limited and are of a character not in keeping with American standards of living. Sanitary facilities are either entirely lacking or of a very minor character. The few houses available are at a considerable distance from the aviation activities and in undesirable surroundings and rents are exorbitant.

This project contemplates the construction of a housing development comprising quarters for the commanding officer, quarters for 13 other officers, a bachelor quarters for about 6 officers, and 8 quarters for married enlisted men.

MARINE AVIATION FACILITIES, CHARLOTTE AMALIE, V. I.

Dispensary building and accessories. \$30,000

There are no adequate hospital facilities on the island at present There are no adequate hospital facilities on the island at present for the satisfactory care of the service personnel and their families. The improved sick bay at the station is located in an old stone-and-mortar building which was on the property when the station was established, and it is not suitable for the purpose. The nearest hospital is the Army Hospital at San Juan, P. R., some 60 miles distant; and in an emergency, patients must be transported this distance by plane. Obviously this condition should be corrected by the provision of more modern facilities.

This project contemplates the construction of a two-story build-

This project contemplates the construction of a two-story building approximately 65 by 40 feet, with porches on two sides, including sleeping quarters for hospital corps men. The building will be designed with a view to providing extensions in the future

if found necessary.

MARINE CORPS FLYING FIELD, QUANTICO, VA.

Aircraft and engine overhaul building and accessories__

Aircraft and engine overhaul building and accessories...... \$250,000

The existing Marine Corps aircraft and engine overhaul facilities at Quantico are located at the old field (Brown Field) in buildings of temporary wartime construction; and these facilities are inadequate for the efficient maintenance and overhaul of engines and the sixty-odd modern aircraft operated by the Marine Corps on the east coast. The operations and shop facilities at Quantico are gradually being moved from Brown Field to Turner, which was purchased and constructed under authority of the act of May 14, 1930. To date the only permanent structures built on the new field area are four hangars. In addition, a barracks building, roads, and services, together with major improvement of the flying field and runways will be provided under the Work Relief and Public Works Administration Act of 1938.

This project contemplates the construction of a combined aircraft and engine overhaul shop on the new field. The building proposed will be of steel-frame construction with brick walls, approximately 144 feet wide and 300 feet long, approximately one-half of the building furnishing clear space for assembling and disassembling of planes being overhauled; the remaining half of the

assembling of planes being overhauled; the remaining half of the building to be constructed with mezzanine floors to be used largely for engine overhaul. The building will provide for such activities as sheet metal, fabric, and dope shops, woodworking, instrument and experimental shops, together with office and washroom facilities. Motor test stand building and accessories_.

There are no permanent or adequate facilities available at Quantico for the testing of airplane engines. This work is now carried on at Brown Field in a temporary building of wartime construction in which facilities have been improvised for this activity. The old building is of wood-frame construction covered with corrugated iron in which have been located four test stands and their escaleted continuent. This installation is neither as and their associated equipment. This installation is neither safe nor adequate for the testing of modern airplane engines and the construction of a suitable building is necessary as an adjunct to the new aircraft- and engine-overhaul shop covered under another item of this program. This project contemplates the construction of a brick and concrete building approximately 90 feet long by 50 feet wide, of the tunnel type, to reduce the noise and with suitable partitions and observation rooms to provide for the four test stands considered necessary for this station.

MARINE BARRACKS, PARRIS ISLAND, S. C.

Buildings and accessories__ \$3, 018, 500 The items to be constructed under this authority and the need

therefor follow: Mess hall and galley building and accessories, main station, \$300,000.

Barracks buildings with a total capacity of about 900 men are now under construction with funds allocated from P. W. A. and will provide permanent housing at the main station for the complement of post troops as well as recruits under training at Parris Island.

The existing mess-hall facilities, however, are housed in an old navy yard industrial building constructed as a boatshop in 1899 and located about one-fifth of a mile from the center of the barracks

area. The building now in use provides limited messing facilities on the second floor, has a seating capacity of not over 500 men, and is not satisfactory for mess-hall purposes with regard to design or location. It is necessary that a mess hall properly designed to accommodate not less than 900 men be provided in a suitable loca-

tion with regard to the new barracks buildings.

The project contemplates a permanent building in keeping with the barracks buildings now under construction and designed to mess

900 men.

Garage and maintenance shop building and accessories__

The present housing of motor vehicles is inadequate, and consists of lean-tos and open shelters. The present shops are partly located in the original navy-yard buildings and partly in temporary buildings erected as a part of the wartime program. All these garage and maintenance activities are now widely separated in the various structures at different locations at the main station.

A new garage and shop building combining all facilities under one roof is precessary for efficient and settlestory organization of the

roof is necessary for efficient and satisfactory organization of the garage and maintenance forces under the post quartermaster and will eliminate excessive maintenance on numerous small buildings.

The project contemplates a one-story fireproof building with concrete floor area of approximately 35,000 square feet. The building will be located in an area to be reserved for industrial purposes adjacent to the power house. The project contemplates all accessories, including electric, water, sewer, and telephone connections, and overhead traveling crane for garage shop.

Quarters and accessories for officers___

The present quarters which this item will replace consists of 6 wood-frame buildings erected in 1894 and 44 wood-frame quarters erected as a part of the cantonment established in 1917. The older quarters require excessive maintenance to keep them in a suitable condition for habitation, and the wartime quarters, which are of extremely light construction and not insulated or otherwise protected from the weather, require, in addition to excessive main-

tenance, a large yearly sum for heating.

New quarters with individual heating plants will result in a saving for yearly maintenance and heating alone of \$50,000 and in addition by their new location will release areas for training of recruits near the new barracks.

recruits near the new barracks.

In addition to the foregoing covering permanent quarters for commissioned officers, one building of permanent construction with a capacity for 10 bachelor officers is necessary. The present quarters for bachelor officers is located in the training-station area. It is a wood-frame building two stories in height, erected as a part of the 1917 program and due to its large size is not suited to the present small number of bachelor officers regularly assigned. Provision of a new bachelor officers' quarters of small size to provide for 10 officers will effect a saving of approximately \$5,000 a year in the cost of maintenance and heating.

The estimate for the quarters development is based on two-story permanent construction on concrete foundations with exterior siding and sheathing of asbestos and roof of asbestos cement shingles.

ing and sheathing of asbestos and roof of asbestos cement shingles. A break-down of the estimate is as follows:

Quarters for commanding general	\$14,500
Quarters for commanding officer, naval hospital	
Quarters for chief of staff	14,500
Quarters for 38 field and company officers at \$12,500 each_	475,000
Quarters for 11 warrant officers, \$10,000 each	
Quarters for 10 bachelor officers	50,000
Roads, walks, and service lines	150,000

Quarters and accessories for noncommissioned officers____ 370,000 The present noncommissioned officers' quarters now in use are

The present noncommissioned officers' quarters now in use are wood-frame buildings erected as part of the cantonment constructed in 1917 or constructed from salvaged materials from buildings demolished after the World War. Due to their original light construction they have deteriorated rapidly, so that present maintenance costs, together with costs for heating, are excessive. The erection of new permanent quarters will reduce the annual cost of maintenance by at least \$25,000 per year.

The project contemplates the construction of quarters for 45 noncommissioned officers of two-story permanent construction on concrete foundations with exterior siding and roofing of asbestoscement shingles.

cement shingles. Storehouse and accessories...

The present storage facilities are inadequate and unsafe and are scattered throughout the station in various types of buildings, some

of which are wood-frame structures, others ex-aviation hangars,

and others small corrugated-iron buildings.

and others small corrugated-iron buildings.

This project will provide storage for post quartermaster's supplies, clothing, materials, and equipment in one central location in the industrial area. The proposed building will replace 18 temporary buildings now being used and which will result in a marked decrease in maintenance costs.

The estimate is based on the construction of two 3-story reinforced concrete storehouses having a combined floor area of 142,000 concerns.

square feet.

Post exchange building and accessories___

The present post-exchange activities are carried on in a group of four wood-frame buildings constructed in 1919, which due to age and deterioration are difficult and uneconomical to maintain. It is desirable to combine activities of store, library, tailor shop, shoe shop, bowling alley, theater, etc., in one building to reduce maintenance costs.

The project contemplates the construction of a permanent building to house the welfare activities of the post exchange, including library, theater, post office, post prison, and post amusement activities. The building will be located in an area adjacent to the new

barracks.

Hospital facilities, including buildings and accessories__

The present hospital consists of one- and two-story frame buildings having an average age of 21 years, and the annual maintenance costs on these structures are excessive. The buildings are all of light construction, not insulated, and are expensive to operate

during the heating season.

It is considered essential in the interest of safety to the sick that fireproof hospital facilities combining the outlying dental office and sick bay be provided, and it is planned to place all of the hospital activities in one building in order to economically care for the regular station personnel of over 1,100, including

dependents. The estimate is based on a two-story fireproof building on concrete foundations with steel frame and brick walls, having operating room, surgical and medical wards, urology, X-ray, dental, and outpatient departments.

Recreation building and accessories for enlisted men ...

On account of the isolation of this station and the lack of nearby cities, it is necessary to provide a suitable building of permanent construction to house various recreational activities of the station. No facilities of a permanent nature exist for this purpose.

The temporary wooden building which has been serving this purpose was partially destroyed by fire on January 18, 1939.

The project contemplates a fireproof permanent single-story building with brick walls on concrete foundations to provide satisfactory facilities for the recreation of enlisted men.

Barracks, mess hall, and galley building and accessories,

Page Field__ \$120,000

No facilities at Page Field exist for housing and subsisting personnel connected with aircraft. It is necessary at present to transport all personnel to and from the main station, which is unsatisfactory, due to the difference in hours of work for aircraft and the necessity of maintaining guard at night. Facilities are re-quired for the housing of personnel attached to aircraft squadrons on training schedule.

The project contemplates the provision of a permanent barracks, galley, and mess hall for 120 men, and will consist of a single-story, fireproof building of permanent construction.

Post chapel building and accessories_ On account of the distance of 17 miles from Beaufort and the impracticability of furnishing transportation thereto, a permanent chapel suitable for all types of religious services is considered necessary and desirable on the station. The only facilities existing consist of a small temporary building constructed in 1917, which is entirely inadequate for the purpose.

The project contemplates the construction of a fireproof building constructed of appropriate design and interface transport treatment with a seating capacity.

of appropriate design and interior treatment, with a seating capacity of approximately 500.

Post school building and accessories___

Due to the distance of 17 miles to the next grammar school in Beaufort, S. C., the number of young children on the station and the lack of suitable transportation, it is necessary to maintain a school to include six grades at the station. The only existing facilities consist of a temporary building constructed in 1917, which is of light frame construction. The building constitutes a serious fire hazard, is hadly deteriorated and maintenance costs are excessive. is badly deteriorated, and maintenance costs are excessive

The project contemplates a permanent fireproof building with adequate classroom, office space, and other pertinent facilities for at

least four teachers and five grades.

MARINE BARRACKS, SAN DIEGO, CALIF.

Development of rifle range at La Jolla, Calif.

The present facilities at the rifle range, La Jolla, are entirely inadequate for the large number of men from the Marine Corps base, destroyer base, training station, naval air station, and ships' detachments of the fleet regularly using this range. The land on which the range is to be developed was recently transferred from the city of San Diego to the Navy Department for this purpose.

The project will provide an administration building, eight 100-man barracks, mess hall, and galley and services, including heating plant, roads, walks, and distributing systems for water, cas, electricity.

reads, walks, and distributing systems for water, gas, electricity,

steam, and sewers. The provision of these facilities is required to augment the present housing and messing facilities which are insufficient to meet present and growing demands.

Temporary buildings of semipermanent type of construction are to

Temporary buildings of semipermanent type of construction are to be constructed rather than permanent ones, for the reason that any future expansion which might be required may change the nature of the use of this area as far as location of firing points and butts are concerned, which are determined by the development of the range of weapons and ammunition. Temporary buildings of the type contemplated are capable of change in location or of a considerable salvage of material should their use be discontinued. The 100-man barracks are recommended to permit the use of only such barracks as the continuously changing strength of the range would necessitate, thus permitting a considerable saving in maintenance and upkeep by the closing of barracks not in use. The messing and galley facilities will provide for 1,000 men at one sitting.

This project contemplates the development of the necessary facilities for the housing, messing, and service of 1,000 men, includ-

cilities for the housing, messing, and service of 1,000 men, including the necessary installation of roads, walks, and service systems

for a complete working unit.

MARINE BARRACKS, QUANTICO, VA.

Contagious ward and accessories_.

The present facilities for handling contagious diseases in temporary type buildings are entirely inadequate, of a make-shift character, and do not provide the segregation necessary. With the development of a medical center in the shipyard area at a considerable distance from present medical facilities, it is necessary that a permanent building for handling contagious diseases be constructed adjacent to the new dispensary building now being constructed under an allotment obtained from the emergency relief funds. relief funds.

relief funds.

This project contemplates the construction of a 2-story building with basement, of concrete frame and brick construction, approximately 120 feet long by 30 feet wide, providing accommodations in quiet rooms and general wards for 20 isolation patients and the necessary facilities for the special preparation of food, sterilization of dishes, disinfection of patients, personnel, and building accommodations. clothing.

Barracks building and accessories_____

A project for the construction of a new dispensary unit was included in the program of emergency construction and an allot-ment secured for this purpose. The dispensary or hospital is being constructed at a somewhat remote location from the present facilities, which will necessitate the removal of the corps men's quarters to this new location. Corps men are now quartered in temporary wartime buildings which have deteriorated beyond rea-

sonable repair.

This project contemplates the construction of a 2-story building with partial basement of concrete frame and brick construction, approximately 108 feet long by 50 feet wide, to accommodate 50 corps men and 15 miscellaneous personnel. Messing facilities for these men will be provided in the main dispensary unit.

Shop building and accessories__

The existing shop facilities for the maintenance of the post are located in several detached and widely separated temporary wartime buildings which have deteriorated through constant use to a point where repairs for their continued use is paramount to reconstruction.

reconstruction.

It is highly desirable for the efficient maintenance of the post that these isolated activities be concentrated under one roof in the industrial section of the post to reduce transportation and to save time of workmen in the discharge of their duties.

This project contemplates the construction of a permanent concrete and brick E-shaped building in the industrial section of the post, approximately 300 feet long by 125 feet wide, to serve as a combined shop building for the machine shop, carpenter shop, plumbers shop, electricians shop, and other miscellaneous trades engaged in the maintenance of the post.

Nurses' quarters and accessories.

Nurses' quarters and accessories_____

This project is similar to a companion project for the conruns project is similar to a companion project for the construction of quarters for corpsmen adjacent to the new dispensary building, now being erected under the emergency-construction program on a site somewhat remote from the present location, which necessitates the provision of new housing facilities for

It is essential that nurses be quartered within a reasonable distance to the hospital unit for quick access in an emergency. This project will provide adequate accommodations in the new location for the nurses assigned to the medical center and will replace

existing temporary inadequate and unsatisfactory quarters.

The project contemplates a two-story building with partial basement, of concrete-frame-and-brick construction, approximately 120 feet long by 30 feet wide to accommodate 10 nurses and providing the following facilities: Eight nurses' bedrooms with connecting bath; two suites with bedroom, bath, and living room; dining room and reception room; laundry; kitchen and other miscellaneous facilities.

School building and accessories ___.

There are now on the Marine Corps reservation approximately 300 officers and enlisted men's children of school age. These children are now housed in three old wooden buildings constructed as barracks during the World War, are badly deteriorated, and exceedingly hazardous and expensive to maintain. The buildings are a dangerous firetrap and are poorly suited to school purposes

as regards heating, lighting, and ventilation. The buildings are located on the side of a high bank where any accident or fire to the buildings would create a very dangerous situation and might

be accompanied by tremendous loss of life.

The existing school is supported by parents of the children, a particular hardship on the enlisted men. The county has refused to contribute to the support of the school and yet is unable to provide facilities for the education of the post children in nearby schools, due to lack of space and instructors. The State has been contributing in part, having allotted only \$3,400 for this scholastic year. There is no certainty that the grant will be continued. The school accommodates children from kindergarten through the eleventh grade. Children attending the twelfth grade must go to private schools or to the public high school in Quantico. The authorities have stated that transportation to the latter cannot be provided because of crowded busses and only after all

cannot be provided because of crowded busses and only after an other children have been accommodated.

In general, the educational authorities feel that they have no responsibility for the education of children residing on Federal reservations. This situation places a heavy burden on the enlisted men and officers of the post and discriminates against their children by the lack of opportunity for the benefits of free education. This project contemplates the construction of a building to accommodate approximately 300 children of 12 grades and kindergarten, with chemistry and physical laboratories, library, assembly hall gymnasium, miscellaneous offices, storerooms, etc. The school hall, gymnasium, miscellaneous offices, storerooms, etc. The school will be laid out to conform to the recognized standards and requirewill be laid out to conform to the recognized standards and requirements of regional educational associations. A lay-out has been made in accordance with the principles accepted by the Office of Education, Department of the Interior. The building will be of two stories, concrete and brick construction, approximately 215 feet long and 87 feet wide with half basement, and will contain approximately 744,000 cubic feet. The estimated cost of the building complete with the necessary roads and service connections is \$250,000.

MARINE CORPS DEPOT OF SUPPLIES, PHILADELPHIA, PA.

Storage buildings and accessories____

The storage buildings for the Marine Corps depot of supplies in Philadelphia are located at the foot of Snyder Avenue on the Dela-Philadelphia are located at the foot of Snyder Avenue on the Delaware River water front on land leased from private individuals. The buildings on this leased land consist of temporary structures constructed by the Army during the war as a motor-transport depot. The ground lease and custody of the buildings were taken over by the Marine Corps in 1922, and the buildings were taken over by the Marine Corps in 1922, and the buildings at that time were of barely sufficient capacity to meet the storage needs with regard to expeditionary equipment. On December 9, 1937, one building was destroyed by fire, which reduced the available storage capacity by about 25 percent, to a remaining total of 206,600 square feet, which has resulted in severe overcrowding of the remaining facilities both because of lack of space and increased storage requirements due to a considerable increase in the quantity of materials to be stored. Much of the Marine Corps mobile equipment, amounting in value to \$9,000,000, is stored in these buildings and is subject to fire hazard and to damage through leaky roofs, winis subject to fire hazard and to damage through leaky roofs, windows, doors, and side walls. The lease under which the land was obtained expires in 1940, and the maintenance cost on the existing

temporary storehouse structures is excessive.

In view of the importance of this activity, it is considered essential that adequate buildings of permanent character be provided on Government-owned property for the storage of the vast amount of material and equipment held in readiness for emergency expe-

ditionary use.

The Secretary of the Navy has recently made available to the Marine Corps the property known as the Naval Home wharf property as a site for the construction of the proposed new storage buildings for the Marine Corps depot of supplies in Philadelphia, with the proviso that when such property is no longer required by the Marine Corps the use thereof will revert to the Naval Home, and all permanent improvements placed thereon will inure to the benefit of the Naval Home.

This project contemplates the construction on the United States aval Home wharf property of the following buildings at the

estimated cost given:

Storage building and accessories (about 320,000 square feet of storage area)______Lumber storage (7,500 square feet in area)______ \$1, 200, 000 35,000 Heating plant

The storehouse will be a four-story reinforced concrete structure, designed for the rapid handling of expeditionary stores and equipment. The heating plant will be of reinforced concrete construction in keeping with the architectural treatment of the storage building. The lumber storage will be of one-story permanent-type construction and designed to facilitate the air drying and seasoning of the materials stored therein.

NAVAL RESEARCH LABORATORY, BELLEVUE, D. C.

Barracks, mess hall, and instruction building and ac-\$230,000

The enlisted men attached to the radio school and other activities of the research laboratory are housed in wartime frame barracks and mess-hall buildings built at Norfolk and moved to Bellevue in 1924 and in a very old frame farmhouse which was on the site when taken over by the Government. The laboratory

rooms are located in the research laboratory buildings. The activities in which the men are engaged are the radio-material school and interior-communications school.

school and interior-communications school.

To avoid cost of extensive repairs to the present buildings, to improve school facilities, improve health conditions, avoid serious fire hazards, and release laboratory space for research work, it is necessary and desirable that a permanent building for housing, messing, and providing school and instruction facilities for the enlisted men attached to the laboratory be provided.

This project contemplates the construction of a permanent, reinforced concrete building of approximately 500,000 cubic feet and harmonizing with existing buildings to quarter and mess 200 men and provide classrooms, workshops, laboratories, and offices for the schools.

NAVY SUPPLY DEPOT, PEARL HARBOR, HAWAII

Provision storage building and accessories ___ _ \$250,000

No facilities now exist at Pearl Harbor for the concentration of supplies of provisions for the naval units of the fleet based on Pearl Harbor and to act as a reservoir for replenishing stocks of provisions on the vessels of the fleet when based on Pearl Harbor and maneuvering in the Hawaiian Islands area. The purpose of the light was a reason of the stock of the sto

and maneuvering in the Hawalian Islands area. The purpose of this item is to provide adequate storage for flour, beans, rice, coffee, sugar, and similar items of dry provisions needed for the fleet. This to be a part of the fleet supply depot facilities proposed to be constructed at Kuahua Island.

The estimate is based upon the construction of a single-story, reinforced-concrete building 140 feet wide by 220 feet long. Foundations of the building will be designed to carry an additional story if this should become necessary in an emergency or when required by assignment of additional units to be based on Pearl Harbor. The structure is an essential unit of the fleet supply depot. Its construction is made necessary by the facts cited above and by the possibility of strikes in the maritime industry such as occurred recently, at which times the present storage for provisions is entirely inadequate to tide over such an emergency. The building proper is estimated to cost \$175,000, the remainder of the estimate being required for the necessary roads, services, and fixed equipment to place the building in commission. commission.

NAVAL HOSPITAL, MARE ISLAND, CALIF.

Administration and subsistence building and accessories__ \$475,000

The present old wooden administration building was constructed in 1889 and contains 70 beds for patients, to which can be assigned only ambulant patients because of the fire hazard. The building also contains numerous offices; surgical and dental wards; lock wards; eye, ear, and nose departments; subsistence section; and quarters for commissary, night corpsmen, and officer of the day. This building is an extreme fire hazard on account of its temporary nature, narrow halls, and stairways and inadequate fire escapes and being surrounded by modern fireproof wards of recent construction is incongruous.

construction is incongruous.

In order to provide the necessary utilities for the proper administration of the hospital, and to provide adequate subsistence facilities for patients and hospital staff, it is necessary that the present obsolete building be removed and a modern fireproof construction be substituted to be located and connected to the existing permanent ward buildings. This is a much-needed improvement and will materially add to the efficiency of the operation of the hospital and provide adequate and permanent facilities for administration and subsistence and add to the facilities for caring for the sick. for the sick.

This project contemplates the construction of a reinforced concrete five-story building of approximately 1,200,000 cubic foot space. The building will be connected to the existing permanent ward buildings and will be connected to the existing service lines and road system of the hospital reservation.

NAVAL HOSPITAL, SAN DIEGO, CALIF.

Sick officers' quarters and out-patients' clinic and accessories_

The present accommodations for sick officers are insufficient for needs and out-patient examination, and treatment is car-

present needs and out-patient examination, and treatment is carried on in improvised spaces in the basement of building No. 5, which are inadequate in size and poorly located.

With the increasing number of ships being based on San Diego, with the consequent increase in officer personnel attached to these ships and to activities ashore, it is necessary that additional facilities be provided to care for sick officers and additional space for out-patients clinic and examination.

This project contemplates the construction of a permanent

This project contemplates the construction of a permanent building three stories in height, of reinforced-concrete construction, approximately 132 feet long by 75 feet wide. The building will be located east of the existing sick officers' quarters and connected thereto at each end with covered corridors. The constructions of the construction of tion will be in keeping with the present hospital.

NAVAL HOSPITAL, NORFOLK, VA.

Barracks building and accessories___

There are 150 corps men attached to the naval hospital, who are now living in building No. 59, a temporary wartime constructed building, the condition of which is such that early replacement is necessary. The continued use of this building is accomplished only by the expenditure of maintenance funds out of proportion to the value of the building.

The project contemplates the construction of a two-story permanent building is accomplished on the value of the building.

nent building to include dormitory and laboratories for 150 corps

men; a room and bathroom each for 12 pharmacists' mates; a separate dormitory for 15 corps men on night duty; and a recreation room and visitors' waiting room. The building will be approximately 136 feet long and 122 feet wide of U shape, with a central court 70 feet by 61 feet. The cubical contents of the building will be approximately 355,000 cubic feet. The building will be of steel frame with hollow-tile stuccoed walls and permanent roofing.

NAVAL HOSPITAL, GUAM

Isolation and tuberculosis wards and accessories__

The present facilities for isolaton of contagious diseases consist of two small wooden shacks, one 15 by 15 feet and the other 20 by 20 feet. The former without partitions has been used for males, and the latter without partitions has been used for female pa-tients. They have no fixed toilets or arrangements for an attend-ant or for messing or other service. They are used for such lepers as it is necessary to give temporary domiciliary care. Typhoid fever and other contagious diseases at present must be treated in the centeral wayis the general wards.

No provision for the treatment of naval personnel who developed tuberculosis exists other than the wards where, despite all precautions that may be taken, patients with tuberculosis are a definite menace and a source of infection to other patients. Facilities for the isolation and treatment of the most dangerous open terminal cases should be built at the earliest date

This project contemplates the construction of two isolation units in a location where such diseases as are mentioned above can be treated in a safe manner. The site recommended is upon ground owned by the Federal Government and is entirely suitable for the purpose intended. Accommodations will be provided for 60 patients.

NAVAL HOSPITAL, PEARL HARBOR, HAWAII

Barracks buildings and accessories_____

There are 77 hospital corps men now attached to the hospital who are required to live in the cooks' quarters, over the galley, and in a temporary wooden building originally constructed for convalescing patients. The present arrangement it entirely unsatisfactory, wholly inappropriate, and crowded. They are too near the hospital wards and too close to sick officers' quarters to maintain a proper degree of quiet.

It is highly desirable that advants are six and too close to sick officers' quarters to maintain a proper degree of quiet.

It is highly desirable that adequate quarters be provided for these men in a location where they will be to themselves, in order that proper rest periods may be established and where they will be free from the strict discipline now required on account of their close

proximity to patients.

This project contemplates the construction of a two-story building approximately 234 feet long by 72 feet wide and containing approximately 370,000 cubic feet. The building will be designed to house 100 men and will be of permanent construction and in keeping with the architectural design of the present hospital.

NAVAL RADIO STATION, GATUN, C. Z.

Quarters and accessories_.

At the present time 18 enlisted men are quartered at this station, leaving accommodations available consisting of quarters for three married and four single operators. Although every reasonable effort is made to reduce the number of married men attached to the station to a minimum, there is nevertheless necessity for from two to four married radio men to find quarters in Cristobal or Colon. If the normal percentage of married men were transferred to this station, a much greater number would be forced to seek quarters off the station.

It is highly desirable that adequate quarters be provided in order that the men may not be forced to seek housing in the undesirable sections of Colon. The facilities that are available are in questionable localities and the men and their families are subjected to

This project contemplates the construction of a two-story apartment-type building containing accommodations for four families.

NAVAL RADIO STATION, EUREKA, CALIF.

Quarters and accessories __

This station is located 19 miles from Eureka, Calif., and operators must necessarily live on the station. The complement of the station consists of 10 operators, and while there are adequate quarters for single men only 3 married operators can be accommodated. It has been found desirable to assign married operators to such isolated shore stations. Experience with social conditions developed at this isolated station indicates the necessity for adequate housing of married operators.

This project contemplates the construction of a two-family quarters building for married operators. The construction of this building will materially add to the contentment of the personnel and result in more efficient service.

NAVAL RADIO STATION, POINT LOMA, CALIF.

Quarters and accessories__ _ \$22,000

The complement of this station averages 29 men. The average number of married men on the station for the past several years has been 21, and this appears to be the continuing average which may be anticipated. Quarters are now available on the station for the chief radioman in charge and eight married enlisted operators. Additional quarters are therefore required for married operators in order that as many as possible of the peacetime complement may live on the station

In order to obtain housing facilities within their income, 14 of the personnel residing off the reservation find it necessary to live in the eastern and southern sections of San Diego, which are from 10 to 15 miles from the radio station. Watches change at midnight, 8 a.m., and 4 p. m. In case of necessity, it would be impossible to assemble the entire crew except by messenger and at a considerable loss of time. It is proposed to provide for four of these operators at this time by providing two double quarters for their

NAVAL RADIO STATION, DUTCH HARBOR, ALASKA

Recreation building and accessories_ \$12,000

Due to the weather conditions and terrain at this station, outdoor recreation facilities are impracticable for a large part of the year. Since the Department policy is to send married men to this station, recreational facilities are highly desirable and required for from 25 to 30 persons. It is believed that consideration of both health and morale indicates the necessity for a recreational building for the personnel attached to this isolated station.

The project contemplates the construction of a frame building 50 feet by 30 feet to provide for indoor exercises such as bad-

minton, handball, volleyball, etc.

NAVAL DIRECTION FINDER STATION, POINT ST. GEORGE, CALIF. Purchase of land_ \$2,500

The Point St. George naval radio direction-finder station is located on a rented site comprising 1.63 acres, more or less. This station is one of the most accurate on the Pacific coast, having station is one of the most accurate on the Pacine coast, having the least deviation of any direction-finder station in the twelfth naval district. Renewal of the annual lease at a reasonable figure is becoming increasingly difficult due to an increase in local land values, and in the event that the owner should refuse to renew the lease the Navy would be compelled to move from the site and re-locate this valuable station. Such a move would result in a considerable loss to the Government, since the cost of existing structures and equipment approximate 95,000, much of which would not be salvageable. In addition to the cost of new buildings, there

would be the expense of moving equipment; the cost and inconvenience of changing charts, sailing directions, etc.; the inconvenience to mariners involved in the change; and the difficulty and delay in acquiring a suitable new site.

NAVAL DIRECTION FINDER STATION, POINT ARGUELLO, CALIF. Powerhouse, garage, and dormitory building, and accessories_ \$27,000

The existing powerhouse and combined dormitory and operating building were erected in 1905 and 1906, respectively. These buildings have become antiquated and are not suitable in type of construction or lay-out for present-day needs at this isolated and remote station. It is not feasible to remodel the existing buildings

and the work and expense necessary to retain them in use is far beyond their potential value.

This project contemplates the replacement of the existing powerhouse and combined operating building and dormitory by a new fireproof powerhouse and dormitory for 10 enlisted men. Because Point Arguello is one of the most important direction-finder stations on the southern California coast and is to be kept in operations the facilities for housing the means of the contemplate of the stations of the southern California coast and is to be kept in operations. tion, the facilities for housing the men and equipment should be

made permanent.

Quarters and accessories_.

At the present time there are no separate quarters for the radio-man in charge, who now lives in one of the double quarters which should be made available for other married personnel attached to the station. It is considered essential that the radioman in charge be provided with separate and adequate quarters at this remote station in order to administer the affairs of the station in an efficient manner.

This project contemplates the construction of a four-room building for the radioman in charge, of a permanent character, and suitable for a man of this rank.

NAVAL DIRECTION FINDER STATION, FOLLY ISLAND, S. C.

Reconstruction of station at new location_____

The naval direction finder station at Folly Island is now located on Folly Island, in a position which is subject to beach erosion and where electrical conditions are such that bearings furnished to ships in the vicinity are erratic. For a number of years the buildings at this station have been in bad condition, and the station is kept in operation only by the expenditure of excessive funds for the maintenance of the present buildings. Permission has been granted by the Army to relocate this station on Sullivan Island, which is the Fort Moultrie Military Reservation. This station is one of the important links in the direction finder and tracking chain of stations and it is essential that it be relocated in a satisfactory position so that reliable service can be rendered to vessels in the

This project contemplates the construction of a combined barracks, compass house, and quarters building and will be located on the Army reservation at Fort Moultrie, where conditions have proved satisfactory for reliable direction-finder service and where living conditions and potable water supply and access is satisfactory to the health and contentment of the radio personnel and to the satisfactory operation of the station.

NAVAL DIRECTION FINDER STATION, POYNERS HILL, N. C.

Barracks, compass house, quarters, and accessories_____ \$52,000 The buildings comprising the direction-finder station at Poyners Hill consist of temporary makeshift structures over 58 years old, having formerly been utilized by the Life Saving Service and the Coast Guard. The quarters for operators consist of one old Coast

Guard building which has been remodeled to accommodate two Guard building which has been remodeled to accommodate two families and one old building which can be occupied by one married family. The inadequacy of the quarters and the general condition of the station indicate the necessity for modernization and rebuilding in order to provide satisfactory living conditions for the operators and a permanent structure for the housing of the direction-finder equipment. The existing makeshift structures are by no means of a proper nature for permanent occupancy by a naval activity, and replacement is a matter of urgent necessity both for improved radio service and adequate housing of personnel at this isolated station isolated station.

This project contemplates the construction of a combined barracks, compass house, and quarters building of permanent construction and of a type suitable to the exposed location at Poyners Hill. Accommodations will be provided for four families, combined with a direction-finder operating room, a new pump house, and double

married quarters.

NAVAL DIRECTION FINDER STATION, JUPITER, FLA.

Barracks, compass house, quarters, and accessories...

The existing buildings at the Jupiter station consist of temporary buildings which have been rebuilt from time to time, due to their being damaged by hurricanes. This station is in the path of tropical hurricanes and is an important link in the direction-finder and tracking system. The rebuilding of this station in perfinder and tracking system. The rebuilding of this station in permanent construction to withstand hurricanes is essential to provide continuous direction-finder service for this section of the Atlantic coast. The buildings are badly in need of repair and are now kept in serviceable condition only by the expenditure of maintenance funds out of proportion to their value.

This project contemplates the construction of a combined barracks, compass house, and quarters building of a type suitable to the exposed location at Jupiter and of a type to withstand the tropical hurricanes which frequently occur in this area.

Floating drydock, type D, including mooring facilities

__ \$1,710,000

An authorization for a dock of this size and type was given in the Naval Authorization Act of April 15, 1935. An appropriation of \$750,000 for the work was contained in the Naval Appropriation

Act approved August 12, 1935.

The preliminary design for this dock was based in general on the design of a similar dock, the ARD-1, in service at San Diego. Exdesign of a similar dock, the ARD-1, in service at San Diego. Experience with this dock demonstrated, however, that certain changes were desirable in the new dock. Also, an increase in dimensions was necessary to accommodate the new destroyer leaders and the larger submarines. These two factors in combination with the large increase in labor and material costs indicated that the amount available was too small for a complete dock. Nevertheless, the work was proceeded with and bidding data were arranged so that various features could be added to the basic dock if available funds permitted.

Bids were opened on February 3, 1937, and four bids were received from various shipbuilding concerns. An estimate of the cost of construction of the dock was also obtained from the Navy Yard, Philadelphia, Pa. The low bids from the shipbuilding companies ranged from \$1,982,400 for a complete dock to \$1,182,000 for a bare operating dock. In comparison with these figures, the navy-yard estimates ranged from \$1,861,700 to \$1,213,000. All these figures were exclusive of certain accessories which were to be furnished by the Government. Under the circumstances, the award of a contract was not advisable and all bids were rejected.

The \$1,710,000 authorization now requested when covered by an appropriation, will permit the construction of a dock complete in every respect and ready to perform the functions for which designed.

The ARD-1 has been very successful in operation at San Diego.

The ARD-1 has been very successful in operation at San Diego, and the provision of a dock of this type will ordinarily provide much needed docking facilities for small craft, and, in an emergency, there will be available, also, a complete docking and repair facility that can be quickly moved elsewhere.

The increased cost of a dock of this type over a graving dock of equal capacity is justified by the tactical and strategical advantages inherent in this type of structure.

[Excerpts from H. Rept. No. 281, 76th Cong., 1st sess.] NAVAL SUPPLY DEPOT, OAKLAND, CALIF.

Supply facilities on the west coast are inadequate to meet present-day demands of the fleet. As the adequacy of storage and supply facilities is of the greatest importance in the preparation of the fleet for its mission, the deficiency in these facilities is a mat-

the fiest for its mission, the deficiency in these facilities is a matter of growing concern to the Navy.

The Mare Island Navy Yard is now an issuing point for supplying the fiest. Their stocks are located about 25 miles from the fleetanchorage area in San Francisco Bay. Materials requiring covered or enclosed storage have to be placed in scattered locations wherever space is available at the time of their receipt. They then have to be lightered or handled by supply ships from the yard to the anchorage ground, requiring a considerable time and involving expensive transportation and handling, damage, and waste.

There is an actual shortage of approximately 2,500,000 square feet of covered storage space on the west coast at the present time; and while this estimate is based on ships building and appropriated for, it does not take into consideration the large ship program already authorized by the Congress.

To correct these conditions and to make possible the provision of adequate stocks of stores on the west coast, which is imperative

even in time of peace because of the distance of west-coast yards from the general sources of supply, it is proposed to provide these supply facilities in lower San Francisco Bay.

A suitable site has been selected at Oakland, Calif., and tenta-

A suitable site has been selected at Oakland, Calit., and tentative plans have been made for a peacetime development of a supply
depot of an ultimate capacity approximately equal to that of the
naval supply depot at Norfolk, Va., the total development proposed
providing about 1,728,000 square feet of storage area.
This bill contemplates a start toward the development of the site
by providing a nucleus of needed facilities.
The detailed break-down is as follows:

(a) Acquisition and preparation of site and marginal

\$300,000 500,000 875,000

1,675,000

(b) Building program: illding program:

1. General stores
2. Dry provisions
3. Cold storage (part)
4. Heavy materials
5. Paint and oil
6. Pipe and metals
7. Transit sheds
8. Equipment building
9. Garage 1, 330, 000 255,000 575,000 255,000 215,000 40,000 11. Heating plant and equipment (part) ______12. Distribution systems and sewers (part) ______ 200,000 400,000 225,000 540,000 _ 4, 825, 000

Grand total _____

these stations will be increased and the reliability of the service endangered.

While additional acreage at the north end of Mare Island is unused at the present time, it is anticipated that the ultimate industrial development of this yard will require a very considerable portion of this space for industrial storage.

Establishment of a supply base for the handling of fleet and military supplies elsewhere is therefore necessary, although the committee recognizes that Mare Island must still continue to supply a considerable portion of fleet and military supplies to vessels that are docked there or are berthed for overhaul and repair.

Industrial supplies must continue to be stored at Mare Island

Industrial supplies must continue to be stored at Mare Island Navy Yard, and this storage would be more imperative even in wartime than in peacetime.

wartime than in peacetime.

For these reasons the committee has written into the bill a definite statement that the activities of the proposed Oakland supply depot shall not overlap or encroach upon the storage of supplies, materials, and equipment required in connection with the industrial activities of the navy yard at Mare Island. Realizing that some military and fleet supplies must be put on board ships at Mare Island, it has not limited the storage of supplies at Mare Island Navy Yard solely to industrial stores.

In order that there may be no conflict whatsoever between Mare Island Navy Yard and the new proposed supply base, it has made the latter a part of the navy yard at Mare Island and placed its administration under the jurisdiction of the commandant of that area. This is done chiefly for the sake of efficiency in management but partially as a measure of economy, in order that there may not develop a duplication in administrative personnel at the new supply base, which would be costly to the country both in peacetime and in possible wartime.

The committee have strictly limited the amount authorized to be

The committee have strictly limited the amount authorized to be appropriated to not to exceed \$6,500,000 for the reason that it be-lieves that this is the largest amount that can be justifiably expended in the development of any supply base on the Pacific coast. They have further limited this amount for the reason that any larger authorization would definitely tend to bring about further requests for additional facilities at the Oakland Supply Base which would definitely duplicate existing facilities at Mare Island Navy Yard.

To this duplication of existing facilities the committee is posi-

tively opposed.

The committee take the position that the establishment of the supply base at Oakland will not interfere and is not intended to interfere in any way with the continued operation of Mare Island Navy Yard as the main Navy base for the San Francisco Bay area. Navy Yard as the main Navy base for the San Francisco Bay area. The Navy now has an investment of over \$34,000,000, according to official figures, in Mare Island Navy Yard. The yard is operated efficiently and economically, employing over 5,000 men, most of whom live in the immediate vicinity and who have their life savings invested in their homes there. It is neither the intention nor the desire of the committee to see existing conditions disturbed. In fact, the committee look forward hopefully to the time when it can report additional improvements at Mare Island resulting in increasing its operations as an industrial and a construction plant. ing its operations as an industrial and a construction plant.

Mr. WALSH. Mr. President, in view of the fact that the Senator from North Dakota [Mr. Frazier] has asked that the committee report be printed in the RECORD, which is a very proper request, and I made no objection to it, I call attention to the fact that there were material changes in two amendments, and in order that there may be correct information in the RECORD, I ask that a memorandum relating to the two important amendments be printed following the report of the committee.

The PRESIDING OFFICER. Is there objection?

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

On May 8, 1939, the Senate Committee on Naval Affairs amended the bill to include two measures pending before the Congress of great importance to the Navy Department's public works pro-

(a) A measure to authorize the acquisition of the Hunters Point drydock in San Francisco Bay, as represented by the bill H. R.

(b) A measure to provide for the construction of a drydock in New York Harbor, as represented by the bills S. 1939 and H. R. 5331.

These two amendments are sections 4 and 5 of the bill as reported

to the Senate.

committee amendment authorized the Secretary of the The committee amendment authorized the Secretary of the Navy to acquire by purchase, or otherwise, the two graving drydocks situated on San Francisco Bay and known as Hunters Point drydocks at a cost not to exceed \$3,500,000 and to construct thereon at a cost not in excess of \$2,500,000, the facilities necessary to undertake repairs to naval vessels. The amendment permits the Navy to purchase these drydocks, or if they cannot be purchased, to condemn them for national defense purposes.

The Naval Affairs Committee of the House recently reported a similar bill to the House of Representatives. This bill authorizes

similar bill to the House of Representatives. This bill authorizes the Navy to purchase the Hunters Point drydocks but it adds a proviso which reads in part as follows:

"Should the Secretary of the Navy, after negotiations extending for a period of not over 90 days from the date of the enactment of this act, with the owners of said drydocks, be unable to agree with said owners upon a purchase price not to exceed for such properties \$4,000,000, then and in that event, the Secretary is authorized to acquire a suitable tract of land on San Francisco Bay and to construct thereon a graving drydock capable of docking the largest struct thereon a graving drydock capable of docking the largest vessel built, building, or projected, together with buildings, accessories, and incidental facilities, at a cost not to exceed \$6,000,000."

The Senate Committee on Naval Affairs, on May 18, 1939, recommended that this language be enacted as section 4 in lieu of the

language previously recommended by the committee.

Section 5 of the bill as reported by the committee on May 8, 1939, authorized the construction in New York Harbor of a drydock of sufficient size and capacity to accommodate the largest naval vessel or merchant vessel built, building, or projected. It permits the United States to bear one-half the cost of the proposed dock, including the cost of the site and accessories, but not to exceed \$3,500,000, in return for which the United States would obtain the use of the

dock in a preferred status for its war and its largest merchant vessels.

The House Naval Affairs Committee tabled a similar bill in the House of Representatives authorizing the Federal Government to assist private capital in the construction of a drydock in New York

The Navy Department now recommends that the drydock at South The Navy Department now recommends that the drydock at South Boston, Mass., which is owned by the Navy Department and which is large enough to take the largest ship built, building, or projected, be equipped to make repairs to naval vessels. On May 18 the Committee on Naval Affairs of the Senate recommended that a new section be added to the bill in lieu of section 5, previously recommended. The new section provides that the Secretary of the Navy is authorized to proceed with the construction of such public works and utilities, including buildings and accessories, as are needed to equip South Boston drydock for use as an annex of the Boston Navy Yard in the repair of naval vessels and authorized appropriation not to exceed \$2.545.000 for this purpose. exceed \$2,545,000 for this purpose.

The PRESIDING OFFICER. The question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

NATIONAL HIGHWAY IN PANAMA

Mr. MINTON. Mr. President, I ask unanimous consent that the Sanate recur to Calendar No. 434, Senate bill 2163, and that the bill be now considered.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the bill (S. 2163) to authorize an appropriation to meet such expenses as the President, in his discretion, may deem necessary to enable the United States to cooperate with the Republic of Panama in completing the construction of a national highway between Chorrera and Rio Hato, Republic of Panama, for defense purposes, which was read, as follows:

Whereas the United States now has under lease an area of about 19,000 acres in the vicinity of Rio Hato, Republic of Panama, a distance of approximately 70 miles west of the Canal Zone, which is being developed and used as a landing field, bombing range, and training center for the Air Corps units established in the Canal Zone: and

Whereas the present road facilities between Chorrera and Rio

Hato, Republic of Panama, are inadequate to accommodate the heavy traffic necessary in event of hostilities: Therefore

Be it enacted, etc., That there is hereby authorized to be appropriated the sum of not to exceed \$1,500,000, to meet such expenses as the President, in his discretion, may deem necessary to enable the United States to congrete with the Republic of Reserve to enable the United States to cooperate with the Republic of Panama in connection with the construction of a highway between Chorrera and Rio Hato, in the Republic of Panama: *Provided*, That the expenditure of such sum shall be subject to the receipt of assurances satisfactory to the President from the Government of the Republic of Panama of its cooperation in such construction.

Mr. McNARY. Mr. President, this bill is worthy of explanation. Will not the Senator from Indiana explain it briefly?

Mr. MINTON. Mr. President, in Panama, about 85 or 90 miles from the Canal Zone itself, is an auxiliary aviation field known as Rio Hato. It is a natural field, one of the finest natural aviation fields the aviators of our Army have ever seen. We have bombers there, a part of our Aviation Corps, at Rio Hato, all the time. There are about 19,000 acres in the whole area. There is no highway to the field at all. It is possible to reach it only by flying.

The Government of the United States has entered into an understanding with the Republic of Panama under which Panama will cooperate in building a highway from the Canal Zone to Rio Hato. My understanding is that the Government of Panama has agreed to provide the right-of-way and the labor to construct the highway, if our Government will furnish the material.

Mr. HAYDEN. Mr. President, will the Senator yield?

Mr. MINTON. I yield.

Mr. HAYDEN. If this highway would extend for 80 or 90 miles through Panamanian territory, people living between Rio Hato and the Canal Zone who are Panamanians could use the highway coming and going, could they not?

Mr. MINTON. They could.

Mr. HAYDEN. It would open up the Panamanian terri-

Mr. MINTON. That is correct.

Mr. HAYDEN. And therefore the Panamanian Government would be interested in having the highway constructed. It would benefit its people. Our Government would benefit by reason of obtaining access to the airport.

Mr. MINTON. Yes. As I said a while ago, there is not any other road there; and, as the Senator from Arizona has said, the construction of the road would not only benefit us, but it would likewise benefit those whose territory would be opened up between the Canal Zone and the airport.

Mr. HAYDEN. For that reason it would seem to me proper that the Panamanian Government should contribute toward the construction of the road.

Mr. MINTON. My understanding is they are willing to contribute the right-of-way and the labor.

Mr. McNARY. What is the amount of the obligation imposed on our Government?

Mr. MINTON. It is not definitely fixed, but it is estimated the cost will not exceed one and one-half million dollars. The highway will be something like 85 miles long. It is quite an extensive undertaking, because there is no right-of-way there at all. There is no road there of any kind at the present time.

Mr. McNARY. Was the matter brought before the Mili-

tary Affairs Committee?

Mr. MINTON. It was recommended by the War Department and unanimously approved by the Military Affairs Committee.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The preamble was agreed to.

AUTHORITY TO REPORT AND SIGN BILLS, ETC., DURING RECESS
On motion by Mr. Barkley, and by unanimous consent, it was

Ordered, That during the next recess of the Senate authority be, and it is hereby, given to the Vice President to sign duly enrolled bills, to committees to make reports, and to the Secretary to receive and refer messages from the House of Representatives.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. LA FOLLETTE in the chair) laid before the Senate messages from the President of the United States submitting several nominations, which were referred to the Committee on the Judiciary.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

Mr. BAILEY, from the Committee on Commerce, reported favorably the nominations of sundry persons to be ensigns in the Coast Guard, to rank as such from May 29, 1939.

Mr. SHEPPARD, from the Committee on Military Affairs, reported favorably the nominations of sundry officers for appointment, by transfer, in the Regular Army.

The PRESIDING OFFICER. The reports will be placed on the Executive Calendar.

If there be no further reports of committees, the clerk will state in order the nominations on the Executive Calendar.

NATIONAL LABOR RELATIONS BOARD

The legislative clerk read the nomination of William M. Leiserson, of Ohio, to be member of the National Labor Relations Board.

Mr. TAFT. Mr. President, after further study of the writings of Mr. Leiserson, I wish to withdraw any objections I may have made yesterday.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

The PRESIDING OFFICER. Without objection, the nominations of postmasters are confirmed en bloc.

IN THE NAVY

The legislative clerk read the nomination of Capt. Harry A. Stuart to be promoted an additional number in grade, to be rear admiral in the Navy.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

That concludes the calendar.

RECESS TO MONDAY

Mr. BARKLEY. As in legislative session, I move that the Senate take a recess until 12 o'clock noon on Monday next.

The motion was agreed to; and (at 2 o'clock and 38 minutes p. m.) the Senate took a recess until Monday, May 22, 1939, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate May 19, 1939
ASSISTANT ATTORNEY GENERAL

Oetje John Rogge, of Illinois, to be Assistant Attorney General of the United States, vice Brien McMahon, resigned.

UNITED STATES DISTRICT JUDGE

Robert N. Wilkin, of Ohio, to be United States district judge for the northern district of Ohio, vice Hon. Samuel H. West, deceased.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 19, 1939
NATIONAL LABOR RELATIONS BOARD

William M. Leiserson to be a member of the National Labor Relations Board.

PROMOTION IN THE NAVY

Harry A. Stuart to be rear admiral.

POSTMASTERS

ILLINOIS

Jesse L. Jennings, Beecher City. Linnie M. Robinson, Elkville, Alfred Johnson, Hollywood. Ethel D. Henry, Lewistown,

LOUISIANA

Lucille M. Wilton, Laplace. Dorothy S. Roy, Mansura.

MAINE

Norman R. Thombs, Greenville.

OREGON

James Hinds, Empire. Nona F. Fulton, Rockaway.

HOUSE OF REPRESENTATIVES

FRIDAY, MAY 19, 1939

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O God of glory and Lord of love, help us to commit our ways unto Thee and trust in Thee, for all Thy paths are mercy and truth unto such as keep Thy covenant. We pray that we may walk the way of life in holy confidence. We earnestly beseech Thee to be with our country; may industry turn its wheels more and more until countless workers shall have employment and bread enough and to spare. We pray for the rich that they may help the poor, for the strong that they may stoop to the weak. Oh, help us all to live that life that shall be good enough to last forever. Inspire us with a boundless faith founded on the revelation of Thy will, and bring us at last to see Thy face in peace. In the holy name of our Saviour. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had passed, with amendments, in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 6149. An act making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1940, and for other purposes.

The message also announced that the Senate disagrees to the amendment of the House to the bill (S. 1164) entitled "An act for the relief of Nadine Sanders." requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. Logan, Mr. Burke, and | Mr. CAPPER to be the conferees on the part of the Senate.

EXTENSION OF REMARKS

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to extend my remarks on the Tennessee Tombigbee Inland Waterway project and to insert therein a map which was printed in the hearings. I may say, this map has already been

The SPEAKER. Is there objection to the request of the gentleman from Mississippi [Mr. RANKIN]?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi [Mr. RANKIN]?

There was no objection.

INLAND WATERWAY AND ARGENTINE BEEF

Mr. RANKIN. Mr. Speaker, on yesterday certain misguided Democrats in the House, under the pressure of misleading railroad propaganda, joined with the Old Guard Republicans in defeating the administration's inland waterway program by striking the Tennessee-Tombigbee Inland Waterways project, the Columbia River project and the Connecticut River project, from the river and harbor bill, and then proceeded, according to the morning papers, to the dining room to eat their lunches of Argentine beef.

Regardless of the demagogic abuses that have been heaped upon President Roosevelt about the purchase of a small amount of Argentine beef for the Navy, his critics do not seem to realize that by that movement he was probably rendering a service to the American farmers by forcibly bringing to public attention the fact, that because of the exorbitant freight rates in this country, the people along the Atlantic seaboard are eating beef from the Argentine, because it is cheaper to ship it from that far country around Cape Horn, or up through the Panama Canal, and deliver it throughout the Northeastern States, as well as here in Washington, than it is to pay the exorbitant freight rates the railroads are now charging to ship beef from the cattlegrowing States of the South and West.

The insinuation that President Roosevelt would intentionally injure the American farmers is a vile slander unbecoming a Member of the Congress of the United States.

Sometimes it takes a thunderbolt to arouse a sleeping community to lurking dangers. As sound asleep as the Old Guard Republicans and a few subservient Democrats appear to be on the question of transportation, it seems that nothing short of a stroke of this kind could arouse them to a realization of the merciless penalties to which the American people, and especially the American farmers, are subjected in overcharges and discriminations in transportation rates now

imposed by the railroads of this country.

You can ship beef from the Argentine, or fruit, cotton, or vegetables from Brazil, or sugar from the Philippines, or coal from Russia, or lumber from Paraguay and deliver them to the people in the northeastern portion of the United States, where the majority of our population now reside, cheaper than you can ship cattle from Texas, Iowa, Nebraska, Kansas, or Missouri, corn from Illinois, fruit from Florida, coal from Alabama or Kentucky, sugar from Louisiana or Colorado, or lumber, cotton, limestone, asphalt, and other raw materials from the South and lay them down to the people of the great northeastern section of the country.

No wonder the railroads fight all waterway projects.

Let us develop our own resources, give our own people reasonable transportation rates, and develop America for Americans. [Applause.]

CONSIDERATION OF CERTAIN BILLS

Mr. JONES of Texas. Mr. Speaker, I ask unanimous consent that it may be in order at any time for the House to consider the joint resolutions and bills H. J. Res. 247, H. J. Res. 248, and S. 1096, H. R. 5498 or S. 1569 and H. R. 4539 under the

general rules of the House; that debate on each bill be limited to not exceeding 1 hour, the time to be controlled one-half by myself and the other half by the gentleman from Kansas [Mr. HOPE].

The SPEAKER. Is there objection to the request of the gentleman from Texas [Mr. Jones]?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, I understand that all of these bills have come from the Agricultural Committee with practically a unanimous report?

Mr. JONES of Texas. I think all of them have been reported unanimously.

Mr. MARTIN of Massachusetts. By the gentleman's request he simply avoids going to the Rules Committee and consuming more time than will be needed on any single bill?

Mr. JONES of Texas. That is correct.

Mr. MARTIN of Massachusetts. Each one of these bills will be considered in the regular way, and there will be opportunity for debate and the offering of amendments?

Mr. JONES of Texas. The gentleman is correct.

Mr. MARTIN of Massachusetts. I further understand that it is the gentleman's intention to take these bills up next

Mr. JONES of Texas. We hope to take them up next week with the consent of the House.

Mr. MARTIN of Massachusetts. Mr. Speaker, I have no

The SPEAKER. Is there objection to the request of the gentleman from Texas [Mr. Jones]?

Mr. SABATH. Mr. Speaker, reserving the right to object, and I will not object, this will eliminate bringing in a special rule on these minor bills?

Mr. JONES of Texas. Yes; there are two or three other bills involved.

Mr. SABATH. All of these bills have been unanimously reported by the Committee on Agriculture?

Mr. JONES of Texas. Yes. I do not think there is an exception. There might be in the case of one or two bills but I think not.

Mr. SABATH. If any of the bills have been objected to, that might be different.

Mr. JONES of Texas. There is not a minority report on any of them.

Mr. SABATH. I shall be obliged to object in the case of those bills where there may be objection because I have in good faith entered into an agreement with the minority members of the Rules Committee that we will give the minority members a chance and opportunity at all times to appear before any rule is granted.

Mr. MARTIN of Massachusetts. I may say to the gentleman that the minority members are not objecting to this.

Mr. JONES of Texas. I have consulted with the minority members and they do not object.

Mr. SABATH. The minority members on the Rules Com-

Mr. RAYBURN. They are not asking the Rules Committee for a rule.

Mr. SABATH. It is a question whether or not the agreement that has been entered into relative to hearing on rules which makes in order these bills applies also to the unanimous consent which the gentleman is seeking to obtain now so far as these bills are concerned and which he otherwise would have to have a special rule on.

Mr. RAYBURN. Of course, if the House can operate by unanimous consent it is much better.

Mr. SABATH. That is my thought.

Mr. RAYBURN. The gentleman from Texas, the chairman of the committee, has consulted with the minority members of the committee, and this is agreeable to them. I consulted with the minority leader and it was entirely satisfactory to him, after consulting with the minority members on the Committee on Agriculture. This is a usual and a very expeditious way to do business.

Mr. SABATH. I am in favor of it. I desire to save time in the hope that we may be able to adjourn as early as possible.

Mr. JONES of Texas. I have not included in this request three bills on which there is controversy.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

MOTHER'S DAY

Mr. KLEBERG. Mr. Speaker, I ask unanimous consent to address the House for one-half minute.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. KLEBERG. Mr. Speaker, my time does not permit a longer expression on this occasion immediately subsequent to Mother's Day of a proper tribute to the mothers of America, so I ask unanimous consent to insert in the RECORD a brief editorial which appeared in many papers in my district and which has been clipped and sent to me by many fine American mothers, many of whom are known to me in my district.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. KLEBERG. Mr. Speaker, this editorial is as follows:

MOTHER'S DAY MESSAGE TO CONGRESS

Mothers of America:

Do you want to help to keep your country out of war?

Do you want to spare your sons from service and from probable injury and death in a foreign war which is no concern of their

Do you want to spare yourselves from being the gold-star mothers of the future?

Then sign and send this Mother's Day message to your Congressmen and Senators, who, while having the power to make war, have also the power and duty to keep America at peace.

To the Congress of the United States:

On May 8, 1914, the Congress of the United States officially established the observance of Mother's Day.

Three months later the World War was in progress.

And 3 years later the United States was, by act of Congress in that war, and the sons of American mothers were fighting and dying on foreign battlefields.

This year Mother's Day finds the United States confronted by

dying on Ioreign battlefields.

This year Mother's Day finds the United States confronted by the same awful possibility and peril.

It must not happen again.

While the mothers of America will make any sacrifice, including the lives of their sons, for the defense of the United States, they demand to be spared the futile and senseless tragedy of American participation in a foreign war in which our country has no business or concern ness or concern.

The Congress of the United States should not use the power to make war to destroy our sons and our country.

Keep us out of foreign alliances, intrigues, and entanglements, as George Washington wisely admonished the United States to do.

Keep us out of war!

That is the Mother's Day message from the women of America to the Congress of the United States.

(Signed) Mrs. F. E. GOODWYN.

HEBBRONVILLE.

EXTENSION OF REMARKS

Mr. COCHRAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, and include therein a short article on national aeronautics concerning the Administrator and the Civil Aeronautics Authority.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. HENDRICKS and Mr. THILL asked and were given permission to extend their own remarks in the RECORD.

Mr. HOLMES. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on recovery and relief.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. CORBETT. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, and include therein an editorial by David Lawrence on the advisability of the Members of the House hiring additional secretarial help.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, and include therein a speech by the Assistant Administrator of the W. P. A.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

SUGAR PROGRAM

Mr. PIERCE of Oregon. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. PIERCE of Oregon. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the RECORD and to quote certain tables furnished by the Department showing the capitalization of the processors and the profits, together with the amounts of money paid by the processors to the growers of sugar beets.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. PIERCE of Oregon. Mr. Speaker, on May 10 our colleague from Michigan [Mr. Woodruff] made a speech which attracted my attention. His opening sentence was:

The policy of the New Deal administration, which for the past 6 years has constantly been to gradually eliminate the sugar industry of the United States—particularly the beet-sugar industry is still being pursued.

My interest was immediately aroused because of the fact that one of the few really prosperous agricultural activities in my district during the past year has been the growing of sugar beets under one of our great irrigation projects in Malheur County. Our settlers there have been rejoicing in their good fortune in having had constructed recently a fine modern sugar-beet plant, the financial success of which is of the utmost importance to the farmers who raise the beets, as well as to the processors. I was also once a grower of many acres of sugar beets and have had practical experience in marketing under the old methods.

I do admit that we in Oregon have had, and are now having, our difficulties under the quota system as related to both acreage and marketing. I will not take the time to rehearse those troubles, but I do wish to say that I believe the processor must enjoy the right to sell his manufactured stock of sugar just as freely as possible. I have learned that we must approach these marketing and control problems in the cooperative spirit, and should not be misled by criticism unless it is borne out by facts. For this reason I have taken some pains to examine into the facts in connection with the administration's sugar program and its results in general. I have a high regard for the Secretary of Agriculture and believe he is trying to do right, and is guided by sincerity and a desire to initiate procedures which will be most beneficial to all involved-producers, processors, and consumers.

I join with my colleague in regretting that we have not made greater progress in increasing the production within the continental United States. Reliable figures do, however, show that we are now producing nearly twice as much sugar (beet and cane) as was being produced just prior to this administration. So, in the spirit of giving the devil his due I call upon my discontented colleague to note some of the facts showing what progress has been made under the difficult conditions of this period of "stress and strain."

I investigated the Michigan situation about which he spoke and learned that, during the last 5 years under the Coolidge-Hoover administrations when our colleague's party was in power, the Michigan Sugar Co., the largest sugar-beet company in his State, suffered losses totaling a million and a half dollars. I also find that under the same administrations the owners' equities in the company decreased from \$14,000,000 in 1929 to \$6,725,000 in 1933. In contrast, I note that during the last 5 years, under the Roosevelt administration, that Michigan company made a profit of \$1,150,000 and that the owners' equities have increased to approximately \$8,000,000.

Our colleague from Michigan alleges that the sugar industry in Michigan is being strangled. I find that in the 5-year period, 1928 to 1932, Michigan had an average of only 10 sugar factories operating. In the 5 years of the sugar program, 1934 to 1938, there were 13, and present indications are they will all operate this year. In the 5-year period, from 1928 to 1932, the average annual harvested sugar-beet acreage in his State was only 75,000 acres. In 1938 the acreage was almost twice as great-140,000 acres.

The facts are that the total sugar-beet acreage in the United States increased from 717,000 acres in the period from 1928 to 1932, to an average of 809,000 acres in the period from 1933 to 1937, while in 1938 the acreage harvested was 931,000 acres—the greatest on record, except for the one year, 1933. It seems to me, therefore, that if, as the gentleman from Michigan insists, the New Deal has tried to wipe out the sugar industry of the United States, it has surely proceeded in a very bungling fashion.

In other words, under the Roosevelt administration, processors' profits have been increased, growers' returns are greater, beet labor is better paid, little children have been taken out of the beet fields, American sugar production has reached a record high point, price of sugar to consumers has been low, only speculators have suffered any hurt or Under the previous administration processors neared bankruptcy, growers were in distress, child labor operated in the beet fields, production was low, wages were low, speculators succeeded in getting all the profits.

Now, in order to make these facts apparent graphically, I ask unanimous consent to insert in the Record some simple and accurate tables showing the income of sugar-beet processors during each of the last 10 years, and also the financial returns to sugar-beet growers for the last 7 years. The table on processor profits is taken from page 18 of the preliminary report of the sugar division on processor-grower relations, recently issued. In the first table data with respect to the net income of sugar-beet processors for the period 1929-38 have been assembled and expressed as a percentage of the average net worth. The figures are taken from Farr's Manual of Sugar Companies, Moody's Manual, and other reliable sources.

Income of a group of sugar-beet processors

Year in which fiscal period ended	Net income after taxes	Net income as percent- age of av- erage stated net worth	100-pound bags sugar	Percentage of total beet sugar proc- essed by companies included
1929	\$6, 395, 706	4.68	(2)	¥80. 00
1930	4, 065, 037	2.58	19, 433, 016	97.53
1931	-9, 178, 255	-6.29	22, 375, 325	96, 63
1932	-7,813,129	-5.84	22, 487, 903	94. 56
1933	2, 430, 439	1,85	25, 855, 989	94, 29
1934	13, 560, 497	11.08	29, 094, 760	88, 45
1935	14, 183, 136	11.11	22, 015, 611	94. 90
1936	4 17, 242, 387	412.91	22, 944, 474	95, 29
1937	4 15, 989, 411	12, 43	22, 098, 427	85. 53
1938	4 9, 835, 783	48.56	19, 843, 512	75.94

Returns to sugar-beet grovers 1932-38

Year	Average price of sugar beets, per ton	Govern- ment pay- ments, per ton!	Income received by producers, per ton
1932 1933 1934 1934 1935 1936 1937	\$5. 26 5. 13 5. 16 5. 76 6. 05 35. 25	\$0. 25 1. 75 1. 13 (3) 3 1. 95	\$5. 25 5. 38 6. 91 6. 69 6. 05 7. 20 3 6. 30–6. 50

EXTENSION OF REMARKS

Mr. SABATH. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a short editorial on our exports.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

THE PHILIPPINE PROBLEM

Mr. ALEXANDER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. ALEXANDER. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks in the RECORD and include therein a resolution which I am introducing.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. ALEXANDER. Mr. Speaker, I have just filed a resolution calling for an investigation of the dangerous situation rapidly developing in the Philippine Islands.

In view of Japan's recent naval victories taking over strategic neighboring islands in an encirclement movement, and also in view of the widespread infiltration and peaceful conquest of the Philippines on the part of the Japanese, aided and abetted by certain Filipino officials and politicians, this is an important and a serious problem, involving as it does not only our own peace and welfare but also our investments there, estimated at about \$840,000,000—investments by this Government in the last 40 years, and of our citizens.

Widespread demands aided by Japanese propagandists are being made for a plebiscite to determine whether to demand immediate independence or wait till 1946, as the present Independence Act provides.

In view of the action of the House on February 23 striking out the Guam proposal-205 to 168-I assume there is a majority in this body who would, in the interest of peace, vote to cut loose from the Philippines also. My resolution calls for an immediate investigation of the whole problem to determine whether we should immediately withdraw now, before being embroiled in a war in the Pacific, or whether we should clean up the traitorous pro-Japanese and highly inflammable situation. I hope the Members will study this situation and my resolution carefully.

Whereas the people of the United States have a total investment in the Philippine Islands estimated at \$840,000,000, of which \$45,-000,000 is invested in Philippine government bonds guaranteed by the United States Government and \$95,000,000 is invested in com-mercial ventures, and \$700,000,000 by the Government of the United States; and

Whereas the Philippines are almost our sole source of hemp, chromite, and other basic strategic minerals and raw materials needed for our national defense; and

Whereas each year more and more Japanese people and businesses are moving into the Philippines; and
Whereas certain Philippine public officials have leased large sections of land in Davao Province to Japanese persons and companies;

Production of prior year's crop except where fiscal and crop years coincide.
 Information not available.
 Estimated on percentage of production contributed by these companies in other

The comparisons made in the above table are based upon the net equity of the owners, so direct consideration is not given to capital secured through bond issue or direct loan. However, as the object is to show the position of owners, the purpose of the table is accomplished. It will be noted that this industry has in recent years been on an exceedingly profitable basis, although sugar prices have been somewhat below the levels prevailing in the decade of the 20's. It is estimated that the net income of processors for the fiscal year ended in 1939 shall be substantially lower than for the previous ended in 1939. eriod ended in 1938.

Does not include abandonment and deficiency payments or payments under the Soil Conservation and Domestic Allotment Act.
 No payments, as the result of the invalidation of the Agricultural Adjustment Act by the U. S. Supreme Court.
 Preliminary.

Whereas wives of certain Philippine public officials have leased

shipping interests to Japanese persons and companies; and
Whereas certain members of the National Assembly of the Philippines and former members of the Philippine Legislature have sold
and leased lands and properties of Japanese persons and companies;

Whereas many members of the National Assembly of the Philip-pines and former members of the Philippine Legislature have been accused of having been bribed by Japanese persons and companies;

Whereas President Quezon and other certain Philippine public officials have attempted to inject a pro-Japanese attitude and spirit into the Philippine people in an attempt to disrupt the harmonious

Into the Philippine people in an attempt to disrupt the harmonious relations between the Philippines and the United States; and Whereas a bill has been introduced and is now pending in the National Assembly of the Philippines, the purpose of which is to amend the existing immigration laws of the Philippines so as to relax regulations regarding Japanese immigration to the Philippines; and

relax regulations regarding Japanese immigration to the Philippines; and
Whereas President Quezon, of the Philippines, has repeatedly appointed to high public office Japanese-minded persons; and Whereas certain sources and amounts of President Quezon's income are allegedly unknown and unaccounted for; and
Whereas under the administration of President Quezon the freedom of speech and press has been impaired and the use of the mails denied persons in transmitting unfavorable information regarding the policies of President Quezon; and
Whereas the legal rights of the United States Government and of citizens of the United States and of the Philippines have been invaded by the government and officials of the Philippines: Now, therefore, be it

Resolved by the House of Representatives, That for the purpose of obtaining information necessary as a basis for legislation, the Speaker shall appoint a special committee of six members with power to issue subpenas to investigate the aforesaid matters and to ascertain the advisability of more definitely determining our immediate and/or our future relations with the islands. The chairman of the committee or any member thereof may administer oaths to witnesses. Every person who, having been summoned as a witness by authority of said committee or any subcommittee thereof, willfully makes default, or who, having appeared, refuses to answer any questions pertinent to the matter herein authorized, shall be held to the penalties provided by section 102 of the Revised Statutes of the United States, as amended (U. S. C., 1934 ed., title 2, sec. 192); and be it further

Resolved. That said committee be allowed \$100.000 to carry on sec. 192); and be it further

Resolved, That said committee be allowed \$100,000 to carry on said investigation.

The committee shall report to the House as soon as practicable the results of its investigations, together with such recommenda-tions for remedial measures or for legislation as it deems desirable.

PERMISSION TO ADDRESS THE HOUSE

Mr. SEGER. Mr. Speaker, I ask unanimous consent to address the House for one-half minute.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. SEGER. Mr. Speaker, last week there was celebrated in my district the golden jubilee of one of the largest woolen industries of my district. At that time a very comprehensive and instructive address was delivered by a director of the Reconstruction Finance Corporation, the Honorable Charles B. Henderson. I ask unanimous consent to extend my remarks in the RECORD and to include this address.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. SEGER. Mr. Speaker, the address to which I have referred is as follows:

Address Delivered by Charles B. Henderson, Director, Reconstruction Finance Corporation, May 11, 1939, at the Golden Jubilee of Botany Worsted Mills, 1889-1939

It is a great pleasure for me to be present at the fiftieth anniversary of Botany Worsted Mills.

Chairman, Jesse H. Jones, has asked me to express to you his sincere regrets that he cannot be present on this occasion, and in behalf of our Board of Directors to extend to you our cordial greetings and our sincere interests in the well-being of

your company.

This notable occasion reminds me of the custom of celebrating the fiftieth anniversary of married couples, which throughout the ages has symbolized gold. Just as there are many trials and tribulations in 50 years of married life, so has Botany gone through many vicissitudes and trying experiences in its 50 years of existence. But your organization, under courageous leadership of men like Colonel Johnson, has met all obstacles with courage, energy, and perseverance; on your golden anniversary you stand at the threshold of what we all hope and believe will be a golden era.

Let us consider for a moment the place of Botany Worsted Mills in its community. Fifty years ago, when Eduard Stoehr, of Leipzig, bought some land and built a spinning mill at Passaic, it was a little village of less than 3,000 in the midst of a farming of Leipzig, bought some land and built a spinning mill at Passaic, it was a little village of less than 3,000 in the midst of a farming country. The first plant was successful, and Eduard Stochr built a weaving plant, then a dyeing and finishing plant. Men of the highest skill were brought to the plants, and the first impetus was given to the industrial growth of Passaic. The success of Botany Worsted Mills attracted other industries, until today Passaic and the surrounding cities form a great industrial area of 150,000 people—a far cry from the little farming center of 1889. Throughout all these years, the great Botany Mills have formed the backbone of the community. With a normal employment of more than 4,000 persons, and adding the dependents of these employees, it is probable that over 20,000 people are vitally concerned with the fortunes of Botany.

As you all know, the difficulties with which Botany Worsted Mills have had to contend—and which at times have appeared almost insurmountable—have not been peculiar to your company, but have confronted woolen manufacturers generally, and, indeed, almost the entire textile industry. During and after the war, an abnormal demand resulted in a great expansion in textile productive capacity, and the output per machine also increased due to improved machinery. This brought about a large overcapacity, intensifying competition and reducing profit margins.

In the wool industry, there began as far back as 1924 a steady increase in the percentage of idle looms to total looms in place. In 1923, for example, 81 percent of the total looms were active; by 1925 this percentage had dropped to 69 percent, and it declined without interruption to a low of 39 percent in 1932. Style changes and growing competition from rayon likewise hampered the wool trade, so that wool consumption fell from an average of 386,000,000 pounds in the five years 1920–24, to 349,000,000

the wool trade, so that wool consumption fell from an average of 386,000,000 pounds in the five years 1920–24, to 349,000,000 pounds in 1925–29, and 270,000,000 pounds in 1930–34.

or 386,000,000 pounds in the five years 1920-24, to 349,000,000 pounds in 1925-29, and 270,000,000 pounds in 1930-34.

Under these circumstances, the industry could hardly be expected to make adequate profits, and during the depression the situation became acute. The picture is clearly revealed by the income reports of textile manufacturers made to the Bureau of Internal Revenue, covering about 15,000 textile concerns. In the 3 years 1927-29 combined, these concerns were able to show net earnings of \$653,000,000; but in the next 3 depression years, 1930-32, they reported a deficit of \$809,000,000. Even more illuminating is the proportion of the total which reported deficits; in 1927-29 about 41 percent of the total number showed deficits, while in 1930, 60 percent reported a loss; in 1931, 65 percent, and in 1932, 81 percent.

As to the woolen and worsted goods industry alone, an analysis by the National Association of Wool Manufacturers, covering about 600 concerns from 1926 through 1935, shows that in 7 of the 10 years less than half of these companies reported a profit, the low point being in 1932, when 86 percent had a deficit. Moreover, in 7 out of 10 years, the combined net earnings of all companies were in the red, the total losses in these years exceeding the total profits in the other 3 years by a very large margin.

profits in the other 3 years by a very large margin.

This, then, was the background of the industry at the time the Reconstruction Finance Corporation made its first advance to

Botany in 1934. Another important factor in the case was the local situation in

and around Passaic, and the importance of Botany to the welfare of that community. At the time the Reconstruction Finance Corporation was asked for aid, 18 manufacturing companies in Passaic poration was asked for aid, is manufacturing companies in Passaic and the surrounding towns, employing over 8,000 persons, had already closed, failed, or moved. Eight of the banks were closed or merged; 2 were open in full, and 1 was open under restrictions. The disastrous effect of closing the Botany Mills, normally employing 4,000 or more, can be easily visualized.

As already indicated, it was clearly evident in 1934, that Botany was not the only weekers.

As already indicated, it was clearly evident in 1934, that Botany was not the only woolen firm struggling against heavy obstacles, and that the business recovery afforded the company a chance to work out of its troubles, under its progressive management and secure place in the trade which it enjoyed. This view proved to be justified by the progress made by Botany since 1934, and by the wool industry in general. While many problems remain, the industry has definitely improved since that time. For example, much idle machinery has been scrapped; the reduction of installed looms in the past several years has been about 27 percent. The percentage of active to total looms advanced from 39 percent in 1932 to 67 percent in 1937, and wool consumption rose 54 percent in the same period. While mill activity dropped off sharply in the last half of 1937 and early 1938, it showed a rapid rise thereafter and further gains are anticipated.

The loans to Botany Worsted Mills illustrate the kind of aid

The loans to Botany Worsted Mills illustrate the kind of aid extended by the Reconstruction Finance Corporation to industry, and I think a brief description of these business loans will be

interesting to you.

The long depression caused the failure of many business firms and, of course, greatly weakened the financial condition of many of those which were able to carry on. When recovery finally began, about the middle of 1933, a considerable number of concerns found their working capital so badly depleted that they were hardly able to meet the day-to-day expenses of running their business. Efforts to secure credit from the usual sources frequently proved unsuccessful.

This situation brought a demand for credit not being supplied through normal channels. To meet this demand the Reconstruction Finance Corporation commenced to make business loans in the fall of 1933. Since then its powers under the law have been broadened

broadened.

The Corporation has authorized 7,849 loans to business enterprises totaling \$422,768,190.47 (including \$82,351,166.67 commitments outstanding). Banks have participated in 1,878 of these loans and commitments for an additional \$66,096,047.55, making a grand total of \$488,864,238.02 authorized. The Reconstruction Finance Corporation has disbursed \$166,629,204.09, and participating banks have disbursed \$52,322,426.64, making \$218,949,630.73 in all. A substantial number of loans have been withdrawn or canceled because the borrowers found they were able to secure funds elsewhere after the Reconstruction Finance Corporation had approved the loans.

Business loans authorized have involved the maintenance or addition of 657,819 employees. It is also interesting to note that judging from the size of loans, by far the greater number have been made to the little business concerns. Thirty-seven percent of the number of loans authorized are for \$5,000 or less, and 34 percent are from \$5,001 to \$25,000, making a total of 71 percent that were authorized for \$25,000 or less. As to loans which are commonly regarded as large, the real measure of helpfulness can only be computed in terms of the thousands of employees and their families to whom the proceeds of such loans eventually are paid out as wages.

We have authorized loans and commitments to 561 textile com-

We have authorized loans and commitments to 561 textile companies totaling \$62,594,250, of which \$35,051,697 has been disbursed. These 561 textile borrowers include 85 cotton-goods manufacturers, 48 woolen-goods manufacturers, 39 silk and rayon, 31 dyeing and finishing, 110 knit goods and hosiery, 146 apparel, and 102 miscellaneous.

and 102 miscellaneous.

Our business loans authorized in New Jersey number 267, for a total of \$22,230,391.80, of which \$12,908,356.19 has been disbursed. Of the amount disbursed \$3,815,917.48 has been repaid or 29.6 percent.

In what way has Botany and the community around Passaic been benefited by these activities? It enabled Botany to furnish 33,718,-000 man-hours of work, involving \$21,874,000 in wages, from 1934 to the end of 1938; it enabled Botany to clear up its warehousing and inventory loans and to complete the reorganization of the holding company. As a result Botany was able to devote its energies to the business of selling and manufacturing, and in the first 3 months of 1939 Botany had manufactured, sold, and delivered over \$4,000,000 worth of merchandise, equivalent to the entire output, sales, and deliveries for the first 6 months of the year 1938. For the first quarter of 1939, Botany's pay rolls averaged from \$110,000 to \$128,000 weekly, and employment averaged 5,600 people.

In closing may I tell you what happened 50 years ago in northeastern Nevada? The winter of 1888 and 1889 was the severest ever known in that section of the State. The thermometer registered more than 60° below zero, and snow fell to great depths over the country. My father owned the little bank at Elko, and for 10 years had been financing the livestock men. In the spring of 1889 one

In closing may I tell you what happened 50 years ago in northeastern Nevada? The winter of 1888 and 1889 was the severest ever known in that section of the State. The thermometer registered more than 60° below zero, and snow fell to great depths over the country. My father owned the little bank at Elko, and for 10 years had been financing the livestock men. In the spring of 1889 one by one these sturdy cattlemen and ranchers came to the bank and told of their great losses, and said, "Jeff, take the outfit, it's yours; I'm busted." I could see that my father was greatly worried. A little later he called all these borrowers in, and going over the situation said, "If you are broke, I am. We must all stick together. If I can arrange to finance you to restock your ranges, will you stick with me?" In one breath they replied, "Jeff, if you can do that we will stick by you 'til Hell freezes over." Father went to San Francisco and through the banks there raised the money to restock these cattlemen. They stuck, and by 1900 nearly all of them were out of debt. The banks at San Francisco helped us then; only the Federal Government could help us in 1932, when the thermometer not only froze, but busted.

There is no telling what would have happened to my father and that community if these men had not stuck. There is no telling what would have been Botany's fate had it not been for the great loyalty of every employee of Botany and the indomitable will, tireless energy, and hard work of all, from Colonel Johnson throughout the entire organization.

PERMISSION TO ADDRESS THE HOUSE

Mr. COX. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. COX. Mr. Speaker, the most insistent demand that comes up to us from all parts of the country is for a change of the Wagner Act and for a new board. The demand is for a just law and for a fair board. It is the unanimous opinion of informed people throughout the country that the law is not just; that the Board is not fair; and that we have had bad administration of the law we have.

[Here the gavel fell.]

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks in the Record and include therein a letter written to Attorney General Murphy and a resolution directed to him.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HOFFMAN. Mr. Speaker, John Lewis and the C. I. O. by their acts are repudiating the law and the actions of the National Labor Relations Board. This may be news to some. The law provides and the Board has consistently held that it is an unfair labor practice for an employer to tell his men they should join or should not join a particular union. Last week Lewis announced that no one could work in the soft-coal mines until he had joined the United Mine Workers. He now calls upon the operators of those mines to make it a condition for employment that the employees join the United Mine Workers Association. Think that over and see where Brother John and his C. I. O. are getting, and whether or not he is now demanding, while opposing the federation's amendments, that these operators violate this law.

Lewis and the C. I. O. oppose any amendment of the National Labor Relations Act. That act provides that it is an unfair labor practice for an employer to influence his employees to join any particular union. Nevertheless, John L. Lewis now demands that the mines of Kentucky shall remain closed, the soft-coal miners remain idle, unless the operators do that which the law forbids; that is, tell their employees that they cannot work until they have joined Lewis' United Mine Workers.

The Department of Justice has sent investigators to Harlan County, Ky., to learn, according to the papers, whether the civil liberties of residents of that county are being denied to them.

To get the viewpoint of the Department of Justice as to whether in this country it is a denial of civil liberty to prevent a man working, the following letter has been directed by me to the Attorney General:

MY DEAR SIR: Under the N. L. R. A., is it an unfair labor practice:

1. For an employer to advice his employee (a) that he should or that he must join a particular union; (b) that he should not or that he must not join a particular union?

2. For an employer, at the demand of a union or a union official, to tell those seeking employment with him that, as a condition to the giving of that employment, the applicant must be a member of a union?

It is reported in the press that John L. Lewis, acting as representative of the United Mine Workers, has demanded that all miners seeking to dig coal in certain mines must belong to the United Mine Workers of America. Does such demand, if enforced, deprive those who do not wish to become members of such union, of their civil liberties?

Respectfully submitted.

His reply is awaited with interest. [Here the gavel fell.]

EXTENSION OF REMARKS

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein an article written by David Lawrence that appeared in the Evening Star of Washington last night.

The SPEAKER. Is there objection to the request of the gentleman from Montana?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. SHORT. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. SHORT. Mr. Speaker, the present wage and hour law threatens to annihilate the small shoe factories of this country, and I have asked for this opportunity to inform Members of the House that on next week, May 25, the hearing will be held before the Wage and Hour Division in the Department of

Labor, and those Members who have small shoe factories in their districts will be given an opportunity to be heard at that

EXTENSION OF REMARKS

Mr. CASE of South Dakota. Mr. Speaker, I ask unanimous consent to place in the RECORD some remarks I delivered on George Washington's advice over the intercity network.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

NAVY DEPARTMENT APPROPRIATION BILL, 1940

Mr. SCRUGHAM. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 6149) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1940, and for other purposes, with Senate amendments, and consider the same.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

The Clerk read the Senate amendments, as follows:

Page 4, line 16, strike out "\$21,000" and insert "\$22,000."

Page 4, line 17, strike out "\$36,000" and insert "\$37,000."

Page 5, line 19, strike out "\$64,500" and insert "\$70,000."

Page 8, line 13, strike out "\$218,000" and insert "\$22,290."

Page 10, line 2, strike out "\$1,902,190" and insert "\$1,906,480."

Page 22, line 25, strike out "\$31,948,000" and insert "\$32,548,000."

Page 25, line 14, strike out all after "list", down to and including "Columbia" in line 20, and insert "except seven for assignments filled on September 30, 1937, exclusive of the assignments at the Naval Mine Depot, Yorktown, Va., and in the Treasury Department, three for duty exclusively with the Maritime Commission, two for duty exclusively with the Maritime Commission, two for duty exclusively in connection with the naval petroleum reserves, one for duty as curator of the Naval Academy Museum, and one for duty at the Naval Gun Factory, Washington, D. C."

D. C."
Page 41, line 19, after "\$510,000", insert "improvement of shipways No. 2 for the construction of a 45,000-ton battleship, \$560,000."

*\$560,000."

Page 42, line 20, after "\$50,000", insert "riggers and laborers shop building (to replace structure destroyed by fire on May 2, 1939), \$150,000; two 15-ton shipbuilding cranes, \$150,000."

Page 45, line 24, strike out all after "1939", down to and including "1940", in line 4, page 46.

Page 46, line 5, strike out "\$83,298,000" and insert "\$82,798,000."

Page 51, line 21, strike out "\$588,500" and insert "\$690,000."

Page 53, after line 5, insert:

"Expenses, Marine Band, United Confederate Veterans' Reunion, Tringled Colo. and National Enganyment, Grand Army of the

"Expenses, Marine Band, United Confederate Veterans' Reunion, Trinidad, Colo., and National Encampment, Grand Army of the Republic, Pittsburgh, Pa.: For expenses of the United States Marine Band in attending the United Confederate Veterans 1939 Reunion at Trinidad, Colo., August 22 to 25, 1939, and in attending the National Encampment of the Grand Army of the Republic, Pittsburgh, Pa., August 27 to September 1, 1939, as authorized by the acts approved April 20, 1939, and April 24, 1939, \$13,000."

Page 53, line 6, strike out "\$9.117,755" and insert "\$9.232,255."

Page 53, line 12, strike out "\$95,000" and insert "\$15,000."

Page 55, lines 9 and 10, strike out "\$46,611,000" and insert "\$46,011,000."

Page 59, line 1, strike out "\$125,000" and insert "\$126,620."

Page 59, line 1, strike out "\$125,000" and insert "\$126,620."
Page 59, line 7, strike out "\$415,000" and insert "\$417,000."
Page 59, line 19, strike out "additional."
Page 59, line 24, strike out "additional."
Page 59, line 25, strike out "\$4,159,039" and insert "\$89,400."

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, I would like to ask the gentleman a question. I understand the Senate has retained the provision which is known as "Buy American," which would not permit the purchase of foreign beef.

Mr. SCRUGHAM. Yes.

Mr. MARTIN of Massachusetts. And in the other amendments there has not been any increase in the total amount carried in the bill?

Mr. SCRUGHAM. The total amount is less by some hundred thousand dollars.

Mr. RICH. Mr. Speaker, reserving the right to object, I would like to ask the gentleman whether the Senate retained the provisions in the bill for the construction of those \$116,000,000 battleships.

Mr. SCRUGHAM. There were no \$116,000,000 battleship appropriations in the bill.

Mr. RICH. There seems to be a difference of opinion among some of the members of the subcommittee about that.

Mr. SCRUGHAM. The bill provides for the construction of two 45,000-ton battleships, for which \$1,500,000 is appropriated.

Mr. RICH. May I ask the gentleman what the cost is going to be?

Mr. SCRUGHAM. Ninety-three million dollars each is the cost estimated by the Navy Department.

Mr. RICH. Some of the members of the subcommittee made the statement before the full Committee on Appropriations that they would cost \$116,000,000.

Mr. SCRUGHAM. They appear to have more infor-

mation than the Navy Department. Their estimate is \$93,000.000.

Mr. RICH. I just wanted to know about that, because there is such a difference in the estimates with respect to the cost of these battleships.

The SPEAKER. Is there objection to the request of the gentleman from Nevada?

There was no objection.

Mr. SCRUGHAM. Mr. Speaker, I move that the House concur in the Senate amendments.

The Senate amendments were concurred in, and a motion to reconsider was laid on the table.

DEPARTMENTS OF STATE AND JUSTICE, THE JUDICIARY AND THE DEPARTMENT OF COMMERCE APPROPRIATION EILL, 1940

Mr. THOMAS S. McMILLAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 6392) making appropriations for the Departments of State and Justice and for the judiciary, and for the Department of Commerce, for the fiscal year ending June 30, 1940, and for other purposes.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 6392, with Mr. COOLEY in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

TITLE I-DEPARTMENT OF STATE OFFICE OF THE SECRETARY OF STATE

Salaries: For Secretary of State; Under Secretary of State, \$10,000; counselor, \$10,000; and other personal services in the District of Columbia, including temporary employees, and not to exceed \$6,500 for employees engaged on piecework at rates to be fixed by the Secretary of State; \$2,183,500: Provided, That in expending appropriations or portions of appropriations, contained in this act, for the payment of personal services in the District of Columbia in accordance with the Classification Act of 1923, as amended, with the exception of the four Assistant Secretaries of State and the legal adviser of the Department of State, the Assistant to the Attorney General, the Assistant Solicitor General, and six Assistant Attorneys General, the Assistant Secretaries of Commerce, the As-Attorneys General, the Assistant Secretaries of Commerce, the Assistant Secretary and the Second Assistant Secretary of Labor, the average of the salaries of the total number of persons under any grade in any bureau, office, or other appropriation unit shall not at any time exceed the average of the compensation rates specified for the grade by such act, as amended, and in grades in which only one position is allocated the salary of such position shall not exceed the average of the compensation rates for the grade, except that in universal in marketions. exceed the average of the compensation rates for the grade, except that in unusually meritorious cases of one position in a grade advances may be made to rates higher than the average of the compensation rates of the grade but not more often than once in any fiscal year and then only to the next higher rate: *Provided*, That this restriction shall not apply (1) to grades 1, 2, 3, and 4 of the clerical-mechanical service, or (2) to require the reduction in salary of any person whose compensation was fixed as of July 1, 1924, in accordance with the rules of section 6 of such act, or (3) to require the reduction in salary of any person who is transferred from one position to another position in the same or different grade in the same or a different bureau, office, or other appropriagrade in the same of a different but add, offset, of other appropriation unit, or (4) to prevent the payment of a salary under any grade at a rate higher than the maximum rate of the grade when such higher rate is permitted by the Classification Act of 1923, as amended, and is specifically authorized by other law, or (5) to reduce the compensation of any person in a grade in which only one position is allocated.

Mr. THOMAS S. McMILLAN. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Page 2, lines 16 and 17, strike out the words "the Assistant Secretary and the Second Assistant Secretary of Labor."

Mr. THOMAS S. McMILLAN. Mr. Chairman, I do not think it is necessary to carry that language in this bill any

longer. The Department of Labor is not included in this bill.

Mr. CARTER. Mr. Chairman, we have no objection to the amendment.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

The Clerk read as follows:

Salaries, reciprocal-trade treaties: For personal services to be expended by the Secretary of State without regard to civil-service laws and regulations or the Classification Act of 1923, as amended,

Mr. MAPES. Mr. Chairman, I make the point of order to this paragraph upon the ground that it is legislation on an appropriation bill, in that it provides that the appropriation shall be expended "without regard to civil-service laws and regulations or the Classification Act of 1923, as amended."

The CHAIRMAN. Does the gentleman from South Caro-

lina desire to be heard on the point of order?

Mr. THOMAS S. McMILLAN. Mr. Chairman, I do not know that the gentleman is really serious in making the point of order. This provision is subject to the Classification Act

of 1923, and I think it is clearly in order.

Mr. MAPES. Mr. Chairman, in reply I might say that I assume that the chairman of the committee is not very serious when he says that, in his opinion, this paragraph is in order. As the Chair knows, legislation on an appropriation bill is not in order unless it retrenches expenditures. The law provides that all employees of the Government are subject to the Classification Act and the civil-service laws unless otherwise provided by law. This clearly repeals or modifies the classification law and the civil-service law as far as these employees are concerned, and there is no pretense of reducing appropriations by so doing. It seems to me it is clearly subject to the point of order.

Mr. THOMAS S. McMILLAN. Mr. Chairman, I really seriously ask the gentleman from Michigan if he is going to insist on the point of order. This matter was set up a few years ago, and these employees are engaged in this service and are highly technical and trained in the work in which they are engaged. The work has been carried on for several years, and if the gentleman insists upon his point of order, it is going to mean, and he knows well it is going to mean that the paragraph will be very seriously chal-

lenged.

Mr. MAPES. Mr. Chairman, I am not arguing the merits of the reciprocal-trade program, but I am surprised that the State Department especially comes in here and asks for the privilege of making appointments without regard to the civil service and to the Classification Act. The argument the gentleman from South Carolina makes is made against all civil-service legislation. This is a blanket provision which includes stenographers and everyone else employed upon this work whether he is an expert or not. I think I shall have to insist upon the point of order.

Mr. THOMAS S. McMILLAN. Of course the gentleman is aware of the fact that this identical language has been carried in this bill for 4 years. I am not going to assume that the gentleman has been asleep for 4 years and just

now recognizes there is such a thing in the bill.

Mr. MAPES. If it has been carried for 4 years, it is permanent work, and the employees engaged in it should come under the civil-service laws and the Classification Act the same as other employees of the Government.

Mr. THOMAS S. McMILLAN. Mr. Chairman, I have no further remarks, if the gentleman insists upon the point of

The CHAIRMAN. Unless the gentleman from South Carolina can point to some authority to the contrary, the Chair thinks that this is clearly subject to the point of order. It is legislation on an appropriation bill, and the Chair sustains the point of order.

Mr. TREADWAY. Mr. Chairman, a parliamentary inquiry. The CHAIRMAN. The gentleman will state it.

Mr. TREADWAY. Does that strike out the entire paragraph?

The CHAIRMAN. It does.

Mr. TREADWAY. So that a motion to do away with the appropriation is already taken care of in that respect?

The CHAIRMAN. The gentleman is correct.

Mr. TREADWAY. Does the gentleman from South Carolina intend to offer it in a form that would make it in order?

Mr. THOMAS S. McMILLAN. I am not going to assume the responsibility for that. The gentleman from Michigan [Mr. Mapes] has raised the point of order and he will have to assume the responsibility for it now.

Mr. RICH. Mr. Chairman, I move to strike out the last word, and ask unanimous consent to extend my remarks in

the RECORD

The CHAIRMAN. Is there objection?

There was no objection.

Mr. RICH. Mr. Chairman, I think if ever we did a good job today, we did it in striking out this paragraph for \$225,000 for reciprocal-trade agreements. To confirm that opinion, all we have to do is to recall the reciprocal-trade agreements that have been made with foreign countries and the fact that we have permitted the importation of farm produce and manufactured articles to the extent under these reciprocal-trade agreements that our American manufacturers are being put out of business by competition from foreign countries. We can recall how the farmers of this country are compelled to have their land lie idle, farmers who are receiving small prices for their commodities because of increased imports of farm and dairy produce, particularly when we think of the 12,000,000 men who are unemployed, and that we are in this way doing more to take care of the people in foreign countries than we are in looking after our own people. People who live under the Stars and Stripes are entitled to its protection—the American labor, and American industry, and the American agriculture. In the name of America why do we permit such things to happen? Do you think more of the farmers of some foreign country than our own farmers? Do you think more of the workers of foreign countries than our own American workers-men and women who want jobs; men and women who want to work for a livelihood for themselves and their families? It is time we think in terms of our American worker and American farmer. What this New Deal means in helping others before it helps our own I cannot understand. I am for American farmer and American labor first. Then if we can help others, it is O. K. to do so.

When that old American flag waves over these people of ours it means that we ought to take care of them. It is a symbol of protection and freedom to our people. But when we are doing more by the reciprocal-trade agreements to look after people in foreign nations, then I say we did a very fine thing by cutting out this appropriation to put a staff of men to work to help foreigners at the expense of our own people, even though we had to do it on a point of order. I would very much prefer to have seen that stricken by a vote of the Representatives, by the majority party giving us a vote that would put these reciprocal-trade agreements some place where they cannot be doing the injury they are to our American people.

Mr. RABAUT. Mr. Chairman, will the gentleman yield?

Mr. RICH. Yes; I yield to the gentleman.

Mr. RABAUT. Is the gentleman entirely unmindful of the great automobile industry in this country, and does he not know that it is the first industry in this country and that the reciprocal-trade agreements have been very beneficial to it?

Mr. RICH. There is no use trying to keep our automobile plants in operation when we ruin our farmers and all other kinds of manufacturing establishments, just in order to give the automobile industry a joy ride. [Applause.]

Mr. RABAUT. Does the gentleman know that the farmer was the largest buyer of automobiles in 1937?

Mr. RICH. Well, let the American farmers buy American automobiles.

Mr. RABAUT. That is what I am talking about.

Mr. RICH. But let us not go automobile crazy. That is the trouble with us in this country. We are taking the greatest joy ride we ever had and we are ruining all other kinds of business. I am for the American automobile industry, but I do not want to see that industry put at the top of all industries in this country. Our greatest duty is to give employment to our American citizens. The next thing we have to do is to take care of the American farmers, so that they can be prosperous, and then our American industries will be pros-

Let me give you a little food for thought on what has happened in the last 3 years since we have permitted reciprocal-trade agreements to import fabric-something that I know a little something about:

FOOD FOR THOUGHT

The rising tide of fabric imports is manifest from the figures for the first quarter of 1939. During the first 3 months of this year we imported 1,275,241 square yards of worsteds, as against 477,324 square yards in the corresponding period of 1938. Imports of woolens in the 3 months ended March 31, 1939, amounted to 2,381,875 square yards, compared with 1,544,984 square yards in the same

period a year ago.

Suffice it to say that the volume of woolens and worsteds imported during the first quarter exceeded by far all the yardage cut for suits, topcoats, and overcoats in the Rochester market

cut for suits, topcoats, and overcoats in the Rochester market during all of last year.

Granted that the yardage imported for the quarter had been manufactured in this country, over 6,000 additional American textile operators could have been fully employed for 3 months at prevailing wage rates.

Oh, why do we not protect our American worker and our American manufacturer? We will buy more automobiles if our American worker has a job, if our American farmer raises and sells the produce consumed in America. The best market in all the world. One hundred and thirty million Americans produce as good a market as 500,000,000 Europeans or 1,000,000,000 Asiatics. Congress should make our trade agreements, not a lot of professors or clerks under the guidance of the Secretary of State and the President. Congress, assume your authority. Do not delegate it to others when you know they are making a mess of it. It is time to save our jobs and our people before it is too late.

Mr. TREADWAY. Mr. Chairman, I move to strike out

the last two words.

Mr. Chairman, I want to supplement what the gentleman from Pennsylvania [Mr. Rich] has said about the iniquity of the trade-treaty program. I was prepared to make the motion to strike out this item if it had not been eliminated on a point of order. It provides \$225,000 to further the importation of competitive foreign products which displace the products of our own farms and factories, and thereby to destroy American industry and add to the ranks of the unemployed. The State Department has already done sufficient damage to American producers under the trade-treaty program without our providing still more impractical theorists to sit with foreign emissaries behind barred doors and still further surrender our rich home market to the world. The State Department ought to confine its activities to foreign affairs and let the Congress write our tariff laws, as the Constitution provides.

What I am saying now has more or less to do with the expectation that the administration will endeavor to reinsert this item in the other body. I want particularly to call attention to exactly what is happening. In the independent offices appropriation bill a few weeks ago an appropriation of \$927,000 was made for the support of the Tariff Commission. The work of the Tariff Commission has absolutely been nullified by the trade-treaty program. They are simply clerks in behalf of the trade-treaty negotiators. There is no question about that. That body was set up as an independent institution to carry out the mandate of Congress that tariffs should be adjusted up or down to equalize the difference in foreign and domestic production costs. That was the purpose of the Tariff Commission under the law, but it has been supplemental to this hobby of the Secretary of State to bring about a downward revision of the tariff under trade treaties without regard to foreign competitive advantages. In addition to the \$927,000 being wasted for the reciprocal trade agreement program, we are now confronted with this item of \$225,000 additional, making over \$1,000,000 for clerk hire to provide the Secretary of State with information, so-called, of the character that he wants, in order to aid in the destruction of our industries.

What did the Secretary of State say before the Committee on Appropriations? Mr. McMillan asked him about the trade-treaty agreements, and Secretary of State Hull stated:

We have negotiated 21 agreements. In my opinion, this policy has been steadily gaining favor in the country as a whole.

In my opinion, this ruinous policy will defeat the Democratic Party next year. That is the difference between his opinion and mine. Who does our distinguished former colleague, the Secretary of State, see to get that information? Let him go out among the people of this country rather than to foreign countries and get public opinion. He will then find that the remark which he made in answer to Mr. McMillan's question is absolutely incorrect. You Members representing the agricultural sections of the West and the business areas know what the feeling and what the pulse of the people is with regard to this detrimental program. The people will rise in their might next year-let me tell our distinguished Secretary of State—and put into the White House a man who will have a different Secretary of State, and one interested not in foreign producers but in American home industries. [Applause.]

Mr. CASE of South Dakota. Mr. Chairman, will the gen-

tleman yield?

Mr. TREADWAY. I yield.

Mr. CASE of South Dakota. I wonder if the gentleman noticed that in the language that was stricken out by the point of order these agreements were referred to as reciprocal-trade treaties. The gentleman knows, of course, that treaties must be confirmed by the Senate.

Mr. TREADWAY. We have discussed this many times. We know that these agreements should not be on the statute books at all, but we are in the hands of the Philistines. A change will come about, though, in the powers that be as a result of the elections in the fall a year hence. I agree with the gentleman from South Dakota that they are designated as treaties. If they be such in fact, then to have any force or effect in law they must be confirmed by the Senate, not entered into under blanket authority to the Secretary of State to do just as he blamed pleases with the industries of this country. I for one am willing to aid in leaving this question to be decided next year by the voters of the country. Then we will see what they think as to the popularity of this buy foreign movement.

[Here the gavel fell.]

Mr. THOMAS S. McMILLAN and Mr. SABATH rose.

The CHAIRMAN. The Chair recognizes the gentleman from South Carolina [Mr. McMILLAN], chairman of the committee.

Mr. THOMAS S. McMILLAN. Mr. Chairman, it is my purpose, inasmuch as our Republican friends are going to make an issue of this thing, to offer an amendment restoring the \$225,000 to the bill; and in order to save time I will now ask my colleague from Illinois if he will not permit me to offer this amendment at this time. Let us have the issue out on its merits.

Mr. SABATH. Mr. Chairman, I am glad to defer to my colleague from South Carolina.

The Clerk read as follows:

Amendment offered by Mr. Thomas S. McMillan: Page 3, following line 17, insert a new paragraph, as follows:
"Salaries, reciprocal-trade treaties: For personal services in

carrying out the reciprocal trade treaty program, \$225,000."

Mr. CASE of South Dakota. A point of order, Mr. Chairman.

The CHAIRMAN. The gentleman will state his point of order.

Mr. CASE of South Dakota. Mr. Chairman, I make the point of order that the appropriation proposed is without authority of law. The law provides for reciprocal-trade agreements. The proposed amendment appropriates money for salaries under reciprocal-trade treaties. There is no authority of law for making appropriations for the negotiation of reciprocal-trade treaties. Under the Constitution treaties must be ratified by the Senate. This is not contemplated by the law under which the reciprocal-trade agreements are entered into. There is, therefore, no authority of

law for an appropriation for salaries to carry out reciprocal trade treaties.

Mr. THOMAS S. McMILLAN. Mr. Chairman, will the gentleman yield?

Mr. CASE of South Dakota. I yield.

Mr. THOMAS S. McMILLAN. Will the gentleman be agreeable to this amendment if I strike out the word "treaties" and insert in lieu thereof the word "agreements"?

Mr. CASE of South Dakota. I will not make a point of order against it.

Mr. THOMAS S. McMILLAN. Mr. Chairman, I ask unanimous consent to modify my amendment by striking out the word "treaties" and inserting in lieu thereof the word "agreements."

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The CHAIRMAN. The Clerk will report the modified amendment.

The Clerk read as follows:

Amendment offered by Mr. Thomas S. McMillan: Page 3, following line 17, insert a new paragraph, as follows:
"Salaries, reciprocal-trade agreements: For personal services in

carrying out the reciprocal trade agreement program, \$225,000."

Mr. THOMAS S. McMILLAN. Mr. Chairman, I wonder if we cannot agree as to a limitation of debate on this matter?

Mr. CARTER. I am uncertain at this time as to the number of Members on this side of the aisle who may desire to speak for 5 minutes. I believe this is the only item about which there will be much controversy. I suggest to the gentleman from South Carolina that we let the debate run along for 15 or 20 minutes and then endeavor to reach an agreement. I assure the gentleman that I will not prolong the debate unduly.

Mr. THOMAS S. McMILLAN. That is satisfactory.

Mr. SABATH. Mr. Chairman, when I arose a few moments ago I did not know that the amendment now pending would be offered by the gentleman from South Carolina.

Mr. Chairman, it is my personal opinion that the gentleman from Massachusetts [Mr. TREADWAY] and the gentleman from Pennsylvania [Mr. Rich] are both wrong when they question the statement of the Secretary of State. From hundreds of letters I receive from various industries throughout the land I am satisfied that the country favors these trade agreements. In a few instances there may have been an adverse effect from some of the agreements, but on the whole they have greatly benefited the Nation and increased our exports to a great degree. Indicative of these increases I include herewith in my remarks an excerpt from the Department of Agriculture's December 1938 issue of the Agricultural

United States foreign trade with trade-agreement countries 1 and with other countries

STATES AND LESS	CARLEY SANA			
Year ended June 30—				A PLANTS
tion of the state	Increas decrea	e (+) or use (-)		
1935-36	1930-37	1937-382	1937–38 over 1935–36	
Million dollars 805 1,570	Million dollars 1,034 1,757	Million dollars 1, 236 2, 123	Million dollars +431 +553	Percent +54 +35
186 580	207 525	288 600	+102 +20	+55 +3
934 1, 274	1, 194 1, 698	970 1, 361	+36 +87	‡4 ‡7
468 674	600 937	454 701	$^{-14}_{+27}$	-3 +4
	934 1,274 468	Million dollars dollars 805 1,034 1,757 186 207 525 934 1,194 1,274 1,698 468 600	1935-36 1936-37 1937-38 1936-37 1937-38 1936-37 1937-38 1937	1935-36 1936-37 1937-38

¹ Belgium; Brazil; Canada; Colombia; Costa Rica; Cuba; El Salvador; Finland; France, including her colonies, dependencies, and protectorates other than Morocco; Guatemala; Honduras; Haiti; Kingdom of the Netherlands; Nicaragua; Sweden; and Switzerland.

² Preliminary.

From this it is evident that while there has been a 35percent increase in exports to countries not under trade agreements, during the period 1937-38 over 1935-36, an increase of 54 percent in exports is shown to those countries with whom trade agreements have been concluded.

Let me say to those who try to make capital out of the Argentine corned-beef incident that our exports to Argentina during the year 1938 increased by nearly \$31,000,000. In other words, we have nearly doubled our exports to Argentina, and our exports are over \$41,000,000 greater than our imports.

Mr. DWORSHAK. Mr. Chairman, will the gentleman vield?

Mr. SABATH. No; I cannot yield.

To those Republicans who day in and day out prophesy as to what will happen in 1940, let me say that they are as poor prophets today as they were in 1932 and 1936, and that their statements would be much more interesting if they could demonstrate their sincerity in trying to help the country instead of playing politics. The people are onto you, they are onto anyone nowadays who plays politics at the expense of the country.

I concede that conditions are not what they should be or what they would be if you gentlemen and those who oppose President Roosevelt had cooperated instead of opposing every effort that has been made. You owe it to yourself and to the country to cease this course of feeding politics and bunkum to the people.

The farmers are receiving much more today for their produce than they did in 1931, 1932, and the beginning of 1933. I would like to see them get a good deal more. I would like to see the price of wheat raised to \$1.25. I wish we could raise the price of all farm products, because the more the farmer receives for his produce the better it is for the country. I have the same feeling toward the wage earners.

I am sure that if the gentlemen on the Republican side would stop their ridiculous faultfinding and refuse to be used by the various interests opposed to the sincere efforts and policies of President Roosevelt they could help to reestablish confidence, and their hopes for 1940 would be far brighter than they are today. The reciprocal-trade agreements and the policies of this administration generally have proven helpful and beneficial. The increase in our exports is but one indication of this. To you Republicans let me say that for your own benefit I hope you will realize that these foolish accusations will gain you nothing. You cannot continue to advocate certain policies at home when seeking election, come down here and vote against them, and then hope to fool the people into sending you back to Congress.

Mr. BOLLES. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, a few days ago I put the statement in the RECORD that there were three kinds of lies-lies, damn lies, and statistics. Whenever gentlemen from the stockyards district of Chicago rise here and quote statistics, they are subject to marvelous limitations. Any man who says on the floor of this House that he has received thousands of letters in support of the reciprocal-trade agreements must have a very narrow sphere. What in the world do the people of the gentleman's district in Chicago know about dairy farming in Wisconsin, which has been half destroyed already by these reciprocal treaties or agreements? That is merely a subterfuge. I notice in the original bill they had "treaties." You called them "treaties," because most of the gentlemen who propose these do not know the difference between an agreement and a treaty. A treaty is a solemn pledge between two nations, supported by the Senate of the United States and originated always under the Constitution by the President of the United States.

Mr. Chairman, I sat in a meeting this morning with dairy farmers from the States of Wisconsin and Minnesota. I have heard the story of their business, the story of an industry being destroyed. You have destroyed the cotton industry. The next step is to destroy the dairy industry. You destroyed the cotton industry by the strange machinations of a mental perversion and the thought that you could

control the cotton market of the world with all the soil there is in other countries on which to raise cotton. Again, you want to suppress the dairy industry by reason of the fact that you can import into this country the products of the dairy industry.

I am going to invite the gentleman from Chicago to have dinner with me some time and I am going to have Polish ham, brought in here in competition with hams made in his district. I am going to have cheese from Finland brought in here in competition with the processed cheese of his country. I am going to have potatoes from Scotland brought in here. I am going to present him with a pair of hose for his wife or some lady friend, possibly lady friend, from Czechoslovakia, Germany, or Japan; and for his Christmas tree I will give him ornaments made in Japan for 27 cents on which the labor cost in Schenectady, N. Y., would be 58 cents.

Oh, yes; your trade treaties have done much for this country. Our exports have fallen away. Our imports are less because we have no standardization for commerce in these United States. You have destroyed the dairy industry. You can buy butter from Denmark or from New Zealand cheaper than you can produce it in Wisconsin or in the upper reaches of New York State. You can produce cheese and bring it over here. There are 10,600,000 pounds of Swiss cheese made in one section of my State. I fed it to the Congressmen sometime ago and they agreed it was better than the imported article. Yet we imported 10,800,000 pounds of that cheese under a reciprocal-trade agreement.

That has a wonderful effect. It is a great help to this Nation, is it not?

Mr. Chairman, I think this item awarding \$225,000 should be cut out. I do not think there ought to be a dollar spent for this. Let it stand on its own bottom. You do not need to have any bookkeeping. You do not have to have anything else except propaganda. I would like to have you go with me to a club to which I belong, the National Press Club, and look on the tables and see how many hundreds of people are busy writing pieces to support the policies of this administration, as evidenced by the product—a dying administration, an administration that is fading away into the votes of the people in November next year.

[Here the gavel fell]

Mrs. ROGERS of Massachusetts. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, whether this appropriation is put back into the bill or not, there will still be an appropriation for the present year. I know the Members have had the same difficulty I have had in securing accurate information with reference to exports to foreign countries and our imports from foreign countries. I actually feel sorry for the honest men in the State Department and the Department of Commerce when I ask them questions. They know perfectly well they are expected not to give me the information which they have. I can prove this, but I do not want to get these people into serious trouble. There are men in the departments who do not want the kind of reciprocal-trade agreements we have today, but they are bound to follow the directions of their leaders.

When these agreements were passed, the Congress put a noose around its neck and the necks of the businessmen and around the necks of the workers of this country. That noose is growing tighter and tighter. I deplore the situation.

Mr. AUGUST H. ANDRESEN. Will the gentlewoman

Mrs. ROGERS of Massachusetts. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. The gentlewoman has referred to the Government clerks down here who give out this information. She feels sorry for them. How will the gentlewoman feel when all of this statistical information on

exports and imports is turned over to the State Department?

Mrs. ROGERS of Massachusetts. I shall regret it ex-

tremely, and I have made that statement before.

Mr. Chairman, I feel that Congressmen, businessmen, workers, and all taxpayers are enttiled to know what is trans-

piring under the reciprocal trade agreement program. When I ask for detailed information I am told that it takes too long to get the figures together on exports and imports of the individual commodities under each agreement. However, if the State Department is pursuing this program on a scientific basis, it would be necessary that they have such information at their finger tips. During the early part of the program that Department issued releases showing the results of all agreement items individually and collectively and the nonagreement items individually and as a whole under each agreement. However, I have been unable to secure releases of that nature showing the trade for the past 2 years.

I have in my hand a release which 2 years ago the State Department used in issuing information with regard to these trade agreements. This shows the effect upon this country of the trade agreements. The effects were not too good upon the United States so the State Department no longer issues these releases. If anyone would like to ascertain that himself, he will find it to be true. You cannot secure these releases with this information today. The releases today are cleverly done, but very incomplete.

Also, we all know that certain supposed concessions were made by foreign countries. Those countries are trying to renew their reciprocal-trade agreements. We know certain trade concessions were made by those foreign countries, but I wonder how many people have checked up and tried to find out and have secured information as to whether Belgium, for instance, or any other country under the reciprocal-trade agreements, is actually buying all our commodities that were given concessions. I believe you will find that we are not exporting to foreign countries to any such degree as the State Department would have us believe. Certainly. the Members of Congress are entitled to every bit of information they can get. We are certain Congress will protect the people of our districts. I sincerely hope the chairman of the committee, the distinguished gentleman from South Carolina [Mr. McMillan], and every member of the committee will join with me in going to the Department and insisting that if this money goes back into this appropriation bill, all statistics and information will be given to us. It is all very well to say that the country likes the reciprocal-trade agreements. Perhaps a few industries have prospered under them, but, as a whole, I feel very sure that if you will investigate you will find that many of the workers of our country today are walking the streets on account of the reciprocal-trade agreements. [Applause.]

[Here the gavel fell.]

Mr. RABAUT. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, we have just been told about the loss of jobs in America due to the existence of the reciprocal-trade agreements. I want to tell you that the Smoot-Hawley tariff, whereby industry took its capital and the money made from American labor and jumped the walls created by the tariff and established new factories abroad in competition with and to the loss of the American workingman, is the place where the American workingman was sold down the river.

The reciprocal-trade agreements have sought the exchange of goods. The entire world today is suffering from lack of employment. Before goods can be exchanged they must be made, and accordingly that presupposes labor.

The question came up here about the treatment agriculture has received under the reciprocal-trade agreements. In that connection let me turn to the condition of the automobile industry, which has benefited under the reciprocal-trade agreements. The good road on which the farmer goes to market is the result of the activity of the automobile industry. The very way he travels is the result of the activity of the automobile industry.

On an output of 5,000,000 cars there is consumed annually by the automobile industry: Cotton, over 600,000 bales; wool, the yield from 4,000,000 sheep; lumber, the product of over 100,000 acres; leather, the hides from 150,000 head; flax, 5,500,000 bushels; tung oil, 3,625,000 gallons; corn, 2,500,000 bushels; hair, the yield of over 425,000 goats; turpentine,

10,000,000 pounds; sugar, the yield of 60,000 acres; and so I could go on

The ribbons of highway throughout the land and the stopand-go system give silent evidence of automobile advancement. The widening of thoroughfares is the result of the automobile industry. All this has had its indirect effect on the agricultural districts of this Nation. We should stop the practice in this House of petty differences according to the districts from which we come. The laborers in the automobile industry are as much brothers in toil of those working on the farms as any other workmen throughout the Nation.

A survey made by the National Committee for Reciprocal Trade shows that from a total of 356 daily newspapers stepping into the field of comment editorially on this subject that 286 have commented most favorably upon this trade agreement; and these newspapers, as I said previously, are daily papers, which have without reservation endorsed the program, and among them are some with the largest circulations in the country.

Mr. SIROVICH. Mr. Chairman, will the gentleman yield?
Mr. RABAUT. I am glad to yield to my friend from New
York

Mr. SIROVICH. About 11 years ago I beheld the Republican members of the Committee on Ways and Means rise in this Hall and state that if the Hawley-Smoot tariff bill was passed it would bring prosperity back to our country. Ninety-two percent of all the newspapers of the country and 89 percent of all the editors of the Nation were opposed to it. When the bill was passed it compelled many American interests to go to European countries and industrialize Europe, Asia, and Africa and produce with cheap labor. This plagued America and brought about the panic. The reciprocal-trade agreements are now an attempt to overcome the tragedy of what the Hawley-Smoot tariff gave to our country.

Mr. RABAUT. The gentleman is correct. [Applause.] [Here the gavel fell.]

Mr. KITCHENS. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, the program of certain people of this country in fighting trade treaties is for the benefit of foreign countries. As stated by the speaker who just preceded me, they are causing our capital and our experts in production and industry and our industrial plants to be moved out of the United States to Asia, Europe, to South America, and other lands. I cannot comprehend the attitude of anyone who desires to build up the industries of foreign countries at the expense of Americans. On yesterday the gentleman from California [Mr. CARTER] stated that he saw at the San Francisco Exposition cans of beef made by the Armour and Swift companies. These companies have moved plants to South America and built plants there and have deprived the laboring men of America of work in that way. We know the Ford Co. has built several plants in foreign countries. We know of a great machinery company of Chicago which moved one of its great plants to Canada. We know that the President Suspender Co. moved to Canada. We are moving these and many other concerns to foreign countries by our tariff laws.

Mr. CARTER. Mr. Chairman, will the gentleman yield?

Mr. KITCHENS. I yield to the gentleman from California.
Mr. CARTER. Does not the gentleman believe that inasmuch as Swift and Armour and other packing companies have moved to South America and are shipping into this country their packed products we ought to have a sufficient tariff to protect our smaller packers here?

Mr. KITCHENS. I appreciate that they are moving to these foreign countries to get business. Under the Hawley-Smoot Tariff Act that business was cut off in favor of a few people in this country who obtained a monopoly.

I now want to read from the report of the Department of Commerce supported by the Department of Agriculture.

In 1929, under the Smoot-Hawley Act, or about the time that act went into effect, under the Republican administration, there were imported into this country 407,000 bushels of corn while in 1938 there were only 404,000 bushels imported.

There were imported into this country in 1929, 275 bushels of rye, and in 1938 only 2 bushels.

There were imported in 1929, 30,787 tons of hay, while in 1938 there were imported 18,954 tons,

There were imported in 1929 soybean-oil cakes and oil-cake meal, 17,185,000 pounds, as against 6,591,00 pounds in 1938.

The gentlemen from Wisconsin have been talking about butter. Let us see how much butter was imported into this country in 1929 and 1938—2,773,000 pounds of butter in 1929 and 1,624,000 pounds in 1938. Why not be accurate and not deal in percentages of isolated articles?

Let us see about cheese. There were 7,638,200 pounds of cheese imported in 1929, while in 1938 there were only 5,443,200 pounds of cheese imported. These facts should not be distorted for political advantage.

There were hogs imported in 1929 amounting to 614,000 pounds, while in 1938 there were only 57,000 pounds imported.

There were fresh beef and veal imported in 1929 of 4,288,200 pounds, while in 1938 only 1,737,000 pounds were imported. We have lately and are now hearing a lot about canned beef as though a new thing. In 1929 we imported 7,989,900 pounds of canned beef, while in 1938 we imported 7,859,700 pounds. Yet a great howl is made by Republican Members, although importations of canned beef are less under this administration.

How much was the total of all meat products imported in 1929? Two hundred and three million six hundred and fourteen pounds, while in 1938 only 148,250,000 pounds.

In 1929 we imported 28,037,100 pounds of wool and mohair, while in 1938 we imported only 10,427,400 pounds.

In 1929 we imported 51,565,900 pounds of hides, while in 1938 we imported only 18,195,100 pounds.

In 1929 we imported 22,327,500 pounds of cotton, while in 1938 we imported only 10,638,200 pounds.

In 1929 we imported 4,276,000 pounds of potatoes, while in 1938 we imported only 764,000 pounds.

In 1930, 1931, and 1932 there was really no foreign market for our farm products. So we had 2-cent beef, 4-cent hogs, 10-cent corn, 25-cent wheat, and 5-cent cotton, and everybody broke except a few. Are we going to return to such conditions as existed under the last Republican administration, or are we going to stay with the safe, sound, commonsense program of reciprocal trade with all peoples as promoted by our great Secretary of State, Hon. Cordell Hull? Mr. Speaker, we want no more of Grundyism, Hawley-Smootism, or of the American Tariff League.

Mr. THOMAS S. McMILLAN. Mr. Chairman, I rise at this time to ascertain how much more time may be desired on this amendment.

Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 40 minutes.

Mr. DITTER. Mr. Chairman, reserving the right to object, does that contemplate that half of the time will be allocated to the minority?

Mr. THOMAS S. McMILLAN. I am not in a position, as the gentleman knows, to pass on that question. That is a matter for the Chair to determine.

Mr. DITTER. Then I shall have to object.

Mr. THOMAS S. McMILLAN. Mr. Chairman, I ask unanimous consent that debate on this amendment and all amendments thereto close in 1 hour.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, when I heard the distinguished gentleman from Arkansas [Mr. KITCHENS] open his remarks here a few moments ago I really thought he was going to make a speech against reciprocal-trade agreements, and when he began to criticize some of the Republican Members for their speeches I came to the conclusion that probably he was for the reciprocal-trade agreements. Now, he has spoken on both sides of the question, and it is rather difficult to determine just

what side he is on. Probably I can help him come to a definite conclusion, so he may make up his mind as to how he

is going to vote on this matter.

The reciprocal-trade policy was designed principally to aid in the exportation of our cotton surpluses from this country. It was stated that the dairy farmers, beef farmers, pork farmers, and the farmers producing the ordinary food products of the country should be required to stand for some extra competitive imports from foreign countries so that foreigners could build up their exchanges here with which to buy cotton. The program has now been in effect for several years, and let us see how it has acted on cotton.

In the first year of the New Deal the southern cotton farmers exported 8,400,000 bales of cotton, which was the average exportation of cotton for the 10 years prior to that time. The exports of cotton have not been increased by the reciprocal-trade policies, as was intended, and this year the exports will not exceed 3,500,000 bales, as against more than 8,000,000 bales the first year the reciprocal-trade program was in operation. So the cotton farmers are losing their cotton market not only on account of the reciprocal-trade policy, but on account of some of the other unfortunate policies that the administration has made with reference to cotton production.

Why, right at the present time the textile mills which have been so recently located in the South are going out of business. They are closing down. The first 3 months of this year it is noted that the Japanese cotton textiles sent into this country more than 17,000,000 yards of bleached cotton goods as against only 4,500,000 yards during the same

period a year ago.

So our cotton farmers are gradually losing their world trade because of the reciprocal-trade program and because of the detrimental policies now in effect in the general farm program.

Mr. Chairman, will the gentleman yield? Mr. PACE.

Mr. AUGUST H. ANDRESEN. I am sorry, but I cannot vield.

Another thing about the cotton farmer. The program in this country has transferred the production of cotton from the United States to foreign countries, and Japan today, instead of producing cotton goods for shipment into the United States from American cotton, is producing and selling goods in this country from cotton which is grown in Brazil and other foreign countries of the world because they can buy it cheaper. I cannot understand how the gentleman from Arkansas [Mr. Kitchens], or how a man from any other cotton State, can advocate the continuance of the program that is working so detrimentally to his advantage and is losing him the world market. I therefore hope my friend from Arkansas and the real friends of cotton here in the Congress will vote to eliminate this item from the appropriation bill, because our American farmers are entitled to the market of this country.

Mr. Chairman, much has been said today by leading Democrats of this House who favor the continuation of the reciprocal-trade policy which gives our domestic market to foreign producers. These free-traders claim that our farmers are now receiving handsome prices for their farm products and seek to make political capital over the fact that farm prices today are in some instances a few cents higher than they were in 1932. They also cite with satisfaction the falling off of competitive farm imports for the calendar year 1938, but they forget about the flood of farm imports in 1937 which caused a glutted market in this country and brought about falling farm prices.

In order to keep the record straight I quote herewith from a speech which I made in the House on June 14, 1938, showing, first, a comparative table of farm prices under both Republican and Democratic administrations: and, second, a statement with tables of increasing imports under New Deal reciprocal-trade experimentation.

COMPARISON OF AVERAGE PRICES RECEIVED BY FARMERS FOR CERTAIN PRODUCTS BETWEEN 1921-32 (REPUBLICAN ADMINISTRATION) AND 1933-37 (NEW DEAL OR DEMOCRATIC ADMINISTRATION)

Because of extremely low prices for farm products throughout the entire world in 1932, New Deal leaders, in order to maintain

political control, have done their utmost to prejudice the minds of American farmers against the Republican Party which had control of the Federal Government from March 4, 1921, to March 4, 1933, with the exception that the Democrats controlled the House of Representatives in Congress from March 4, 1931, to March 4, 1933.

I personally feel, very strongly, that partisan politics should not enter into important matters relating to the welfare of American farmers or any other group. Everyone admits that conditions and prices were deplorable in 1932, and no one wants to return to that distressing time. Although, with falling farm prices and a 59-cent dollar in purchasing power, conditions do not look very promising today.

But what are the true facts as to comparative prices? The answer is supplied by the Department of Agriculture, which has been dominated by Secretary Wallace for the past 5 years. During the 12 years of Republican administration there was no curtailment of production; average exports of surplus farm products far exceeded exports of similar products under the New Deal; every effort was node to protect the home method for introduct foreign effort was made to protect the home marker from injurious foreign competition; and, last but not least, the average prices received by the farmers for their products during the 12 years under Republican administration (including 1932) were 25 percent higher than anything realized under 5 years of the New Deal. Therefore, let the Department of Agriculture give the facts in the following comparative table of prices: comparative table of prices:

Products	Average price Re- publican period 1921–32	A verage price New Deal per- iod 1933-37	Percent change	Farm prices 1938 1
Wheatbushel.	\$1.017	\$0,855	-16.2	homatic
Corndo	. 724	. 693	-4.3	
Oatsdo	. 386	. 363	-6.0	
Barley (feed)do	. 543	. 548	+.9	
Ryedo	. 737	. 603	-18.2	
Cottonpound	. 167	.109	-34.7	
Butterfatdo	.381	. 273	-28.3	
Chickens de dozen	.192	. 133	-30.7	
Eggsdozen Beef cattle100 pounds	6.43	5, 33	-27. 0 -17. 1	*********
Veal calvesdo	8, 93	6.48	-27.4	
Lambsdo	9, 65	6.75	-30.1	
Hogsdo	8, 31	6.99	-15.9	
Potatoesbushels	1.01	.743	-26.9	100000000
Woolpounds_	. 297	. 234	-21. 2	

¹ Average prices for 1938 not available. Will you, Mr. Farmer, fill in the prices received by you when you market your farm products this fall in order that the comparison may be complete?

NEW DEAL FREE TRADERS GIVE AMERICAN MARKET TO FOREIGN PRODUCERS

Mr. Speaker, the home market, which rightfully belongs to American farmers, has been given to foreign producers. During the past 5 years (1933-37) when the farmers of the United States have been persuaded to restrict general farm production, so as to produce less, New Dealers at Washington have literally invited foreign farmers to produce more of the same competitive farm commodities for shipment into this country. These cheaply pro-duced foreign farm products were sold in the United States in competition with domestic production.

American farmers took approximately 40,000,000 acres of good farm land out of customary production at the demand of the New Deal. The competitive farm imports for 1937, valued at around \$1,000,000,000, displaced nearly 75,000,000 acres of domestic farm land and brought a glutted market with falling prices and

distress to American agriculture.

The following table covers a partial list of competitive farm imports for the years 1933 and 1937 from official figures furnished by the United States Department of Commerce:

Products	1933 imports	1937 imports	United States acres dis- placed in 1937
Cattle head Hogs pounds Pork products do Meat products do Butter do Cheese do Corn bushels Wheat do Barley do Barley malt pounds Flaxseed bushels Soybeans pounds Cottonseed do Wool and mohair do Molasses gallons Eggs and products value Vegetables do Hides and skins do	74, 658 6, 470 2, 925, 517 62, 474, 911 1, 021, 806 48, 396, 740 100, 288 10, 286, 236 None 109, 485, 885 13, 825, 163 42, 630, 809 7, 004, 025 178, 927, 605 169, 936, 000 51, 141, 739 \$15, 448, 223 \$45, 675, 600	494, 945 16, 555, 218 74, 830, 480 191, 906, 612 11, 110, 762 60, 650, 000 86, 337, 248 17, 423, 837 10, 384, 108 371, 243, 456 10, 418, 304 194, 008, 241 326, 034, 700 301, 449, 509 \$5, 010, 824 \$25, 175, 015	2, 494, 725 82, 776 575, 619 1, 919, 660 3, 453, 489 1, 340, 095 500, 000 627, 024 4, 671, 900 1, 953, 893 1, 340, 000 5, 000, 000 2, 000, 000 180, 000 750, 000 3, 634, 600

In addition to the loss of the home market and billions of dollars to American farmers, several millions of our unemployed would have had work in this country in the production and preparation of these farm products if our domestic market had received proper protection. Mr. American farmer and laboring man, will you permit this un-American policy to continue?

Comparative table giving imports and exports for 1937, for the United States—value in dollars and detrimental effect of foreigntrade policies of the New Deal

Products	1937 imports	1937 exports
1. Animals and animal products, edible	\$114, 494, 760	\$62, 428, 593
2. Animals and animal products, inedible	222, 392, 014	53, 891, 732
3. Vegetable food products and beverages	738, 879, 148	216, 419, 606
4. Vegetable products, inedible	489, 932, 612	219, 219, 918
5. Textile fibers and manufactures	476, 988, 464	467, 292, 767
6. Wood and paper	306, 469, 074	136, 627, 453
7. Nonmetallic minerals	153, 107, 478	498, 730, 592
8. Metals and manufactures	280, 741, 358	501, 373, 360
9. Machinery and vehicles	24, 999, 256	889, 003, 198
10. Chemicals and related products	102, 571, 308	139, 447, 201
11. Miscellaneous	101, 911, 481	110, 481, 81
Total values	3, 012, 486, 953	3, 294, 916, 251

Note.—Import and export figures above given from reports of U. S. Department of Commerce, Washington. D. C.

A careful study of the above table of imports and exports for the year 1937 should convince the most skeptical individual that the American farmer has been traded off so as to permit manufacturers of war supplies and machinery to sell their products in foreign markets.

Mr. McCORMACK. Mr. Chairman, I rise in opposition to the pro forma amendment. The pending motion is being utilized by our Republican friends for a wholesale attack on the reciprocal-trade agreements. No matter how much they may make appeal to those representing cotton-producing States, the whole attack today is political. We on the Democratic side might just as well realize that fact. The reciprocal-trade agreements have received the support of the outstanding Republican leaders of the country. The Republican Members of the House repudiate those leaders, but you and I as Democrats and the country generally know that the program under the leadership of Secretary Hull is doing more to brush aside misunderstanding among the peoples of the nations of the world, more toward universal peace than any policy instituted by any government for many decades. It is being conducted in a practical manner, consistent with the best interest of our country. Here and there, of course, there will be some harmful repercussions, but in considering this program we must look at the entire picture, our whole national economy, and not some particular isolated part of it. Since the passage of the reciprocal trade agreement law our exports have increased tremendously. The figures and facts indisputably support that statement. Our Republican friends are playing politics. Do not let us on the Democratic side deceive ourselves in that respect. My Republican friends from New England will get up and talk about the plight of industry in New England. They give only lip service to the Townsendites, kidding them for their vote, when as a matter of fact they will vote against them when the bill comes up. But in the meantime they will hug them prior to the final vote in the hope that they will get support from them and in the hope that the bill will not come up.

Mr. HOFFMAN rose.

Mr. McCORMACK. Oh, I know that the gentleman from Michigan is not one of them.

Mr. HOFFMAN. I just wanted to ask the gentleman when we will get that bill out.

Mr. McCORMACK. I am for bringing it out.

Mr. HOFFMAN. So am I.

Mr. McCORMACK. My Republican friends from New England talk about the flight of industry to the South. That took place, as a matter of fact, during the years from 1922 to 1929, during a Republican administration in Washington and during a Republican administration in Massachusetts. Massachusetts was the only industrial State in the Union to lose business in the great days of prosperity when the Republicans were loaning money to European nations with which to buy American goods, thus creating artificial prosperity. Massachusetts is the only industrial State in the Union that lost business and industry, all of which occurred under Republican rule, both National and State,

and yet today in Massachusetts and in New England they endeavor to create the impression that the Democrats are responsible for that condition. It is the same way with the reciprocal-trade agreements. They are sniping. This is an appropriation of \$225,000, and they are trying to sabotage the effect of the operation of the law, a Democratic measure, which many Republicans supported by their votes, but on which they are trying to play both ends against the middle by speaking against it now. I do not blame them because they are playing politics, but let you and I on the Democratic side realize what they are doing and realize that if this amendment is defeated it will go forth to the country as an attack on the reciprocal-trade policy of our administration, as an attack on the great leadership of President Roosevelt and Secretary Hull. [Applause.]

Mr. HOFFMAN. Mr. Chairman, I move to strike out the last word, and ask unanimous consent to revise and extend my remarks in the Record.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. HOFFMAN. Mr. Chairman, we may be playing politics, as the gentleman from Massachusetts [Mr. McCormack] said, but, for one, I deny that. But if we admit, for the sake of the argument, that we are playing politics, I call the attention of the gentlemen on the majority side to the fact that we are doing it with our own money. Men furthering the interest of the administration, the New Deal, are collecting money from the workers of the country to play politics with. Last year the United Mine Workers of America gave \$470,000 to the New Deal campaign fund, and other labor organizations contributed enough more to make a total of \$1,700,000. That is a fair-sized contribution, wherever they got it.

Where did they get it? They got it out of the pockets of the workers. They have no other source of revenue. They are using the National Labor Relations Act and the National Labor Relations Board to force all the workers into the C. I. O. or the United Mine Workers' organization, contrary to the spirit and purpose of the law. Why are they doing that? They are doing that so that John L. Lewis can collect the membership fees and the dues from the men who want to work, who have to work for a living. After John collects it, then he will turn around and give a part of it to the Democratic campaign fund. Now, that is one way to get campaign money.

With that thought in mind, realizing that fact, we can understand why it is that the force of the administration is today thrown behind John Lewis when he goes down into Kentucky and says that no man down there can work in a coal mine until he joins the United Mine Workers because. after the United Mine Workers get the money-and they had something like \$3,000,000 in 1936-they will turn around and support the C. I. O., back financially the C. I. O., which tried to crowd all the automobile workers into that organization, and then they will collect from all those hundreds of thousands of workers a membership fee, and then they will contribute part of what they collect to the great Democratic organization. The administration and the N. L. R. B. will help Lewis to force the workers into his organization. Then Lewis will squeeze them, force dues and fees out of them, and give part of the money so collected to New Deal politicians. A sweet racket.

Now, that is one way to get campaign money. Dr. Townsend passes the hat to get his money. That is the way he gets it, through a voluntary contribution; but the C. I. O. and Lewis use the Labor Board and the power of the administration and the power of the Department of Justice to, by intimidation and coercion, force it out of the worker. The Department of Justice, according to the press, is saying to those operators down there, "You fellows sign up and you compel your miners to go into our organization, or we will prosecute you again for violating the criminal law. We will give you 6 or 8 weeks more of this prosecution under the Federal law."

If the operators are to be prosecuted, they should be prosecuted because they have violated the law, not because they refuse to compel their employees to join Lewis' organization. Mr. KITCHENS. Mr. Chairman, will the gentleman yield? Mr. HOFFMAN. I yield.

Mr. KITCHENS. Would you not as soon receive a little money and pay it back to the C. I. O. as to receive it through the American Tariff League, controlled by such men as Grundy and fellows like that?

Mr. HOFFMAN. I do not know Grundy. Most of the grafters today, most of the racketeer revenue collectors today, are in the C. I. O., or with the New Deal administration, the outfit that uses or permits the use of relief funds for political

[Here the gavel fell.]

Mr. HAWKS. Mr. Chairman, I move to strike out the last

Mr. Chairman, my good friend from Massachusetts [Mr. McCormack] certainly put this thing exactly where it belongs. as a political issue. I am glad he brought it out, making it unnecessary for me to do so.

If the reciprocal-trade agreements, if the entire policy of the "friendly neighbor" was sound, why do we have 12,000,000 unemployed American workers? Why do we have American agriculture prostrate and on its back because of low prices? Why is our cotton industry destroyed? Why is milk, butter, and cheese from Wisconsin selling at prices less than onehalf their cost of production? You say the reciprocal-trade agreements are not operating as a detriment to the great dairy industry in this country, and in doing so you point, as did the gentleman from Arkansas [Mr. KITCHENS] to the small imports in 1939 of farm produce as compared with 1938. Of course, they are not importing anything to this country today. They cannot import to this country because our prices are so far below their prices that it is not profitable. There is another thing you do not realize in this reciprocal trade agreement business, particularly in its relationship to Canada, and that is that the imports have little to do with the matter, but it is the world price level, the Canadian price level, that is hanging over the American market that makes it utterly impossible for our prices to seep up through that level. We cannot get up there. The minute we do, then you watch the imports come in. What happens to the price structure then? It immediately goes right down.

Putting this \$225,000 on a political basis means just one thing to me. It means that the \$225,000 will go back into the bill. Why will it go back into the bill? Because the tremendous majority on the democratic side of the aisle will put it back, but I, for one, cannot vote \$225,000 or \$2.25 to support a program which, in my honest opinion and from all the facts I can gather and analyze as honestly as I possibly can, is driving the farmers in my State, is driving the farmers all through the Nation, into bankruptcy; is destroying industry in this country; is adding to and building the big monopolies that we have in this country. Why are Bordens, National Dairies, Kraft-Phenix, and all the rest of them. growing every year under your New Deal administration? Why are they waxing fat, while the Wisconsin farmers and others are not getting anywhere near cost of production and every small industry in the country is going out of business? You talk about kicking the money-changers out. Go after these monopolies! [Applause.]

The CHAIRMAN. The time of the gentleman from Wisconsin [Mr. Hawks] has expired.

Mr. LEWIS of Ohio. Mr. Chairman, this is the first time I have addressed this House, and I sincerely regret that I have to take the floor in opposition to a measure that is sponsored by my good friend the gentleman from South Carolina [Mr. McMillan] whom I love sincerely; but the people of my district, the interests of my district are being destroyed by this reciprocal trade agreement policy that this item if inserted in this bill will tend to foster. What are those industries?

I represent a district that is largely agricultural. We raise practically everything in the eighteenth district of Ohio that can be raised in our section of the country. We have dairy farms. Our dairy farmers are selling their milk cheaper than it costs them to produce it. Where do they sell it? They sell it in the Pittsburgh market. Pittsburgh is the central market for all that section.

Yesterday a delegation of men representing the milk industry of Ohio met me out here in the Hall and told me what is happening to their industry. The dairy farmers are going into bankruptcy, and they are forced into bankruptcy by the price of milk fixed at Pittsburgh. This price has been fixed, as the gentleman from Wisconsin said, by importations of foreign milk from Canada. This is not a guess. They have traced the milk, they told me yesterday, and found that it is coming from Canada. The surplus supply that is beating down the price of milk in the Pittsburgh area comes from Canada. What else is happening?

We have turned over the making of glassware by hand to the Japanese under this policy. Oh, you say, we have no reciprocal-trade agreement with Japan, and this is true; but, Mr. Chairman, Japan is the chief beneficiary under this reciprocal trade agreement policy, because under the mostfavored-nation clause they benefit by every one of the 19 trade agreements made with other countries. Come with me down into my district and I will show you the smokeless stacks of glass mills in Bellaire, and men out of work, tramping the streets with nowhere to go for a job because you have under this policy turned the glass markets of America over to the producers of Japan. [Applause.]

Then there is the pottery industry. In 1937 more than 10,000,000 dozen pieces of potteryware came into this country from Japan alone, and as a result the potteries of my district are working part time, if they are working at all. My district contains the greatest pottery center in the United States, the city of East Liverpool, Ohio, where it is practically the sole industry, and as a result of this policy of trading our markets to the producers of pottery in foreign lands the American markets have been largely taken over by the Japanese products.

I also have in my district a great coal-mining industry. My district produces more coal than any other congressional district in the State of Ohio, and yet in 1937 a quota agreement was entered into between the United States and Russia, whereby 400,000 tons of Russian coal was to be admitted to American markets free of all taxes, while at the same time our coal miners were out of work. Does this make sense? Is it a sound policy that gives the markets for American coal to the coal miners of Russia instead of to the coal miners of the United States?

My district also is a great steel-producing district, and under present conditions steel from Belgium and the steelproducing centers of Europe is sold in the United States, at all points within 200 miles of the seacoast, cheaper than American steel can be produced in my district and sold in that same area. Does this make sense? Is it sound policy to trade off the markets of the products of tens of thousands of people, who derive their living from the production of steel, to the steel-producing centers of Europe? I insist that such a policy, if continued and persisted in, will deepen the depression rather than tend to lift us out of it. How can we expect a recovery of business in all of these industries that I have named if we insist on turning over our legitimate markets in this country to the products of similar industries in foreign lands. We are selling the American people. by this policy, "down the river," and under protestations of humanitaria i ideals we are deepening and prolonging the depression.

The CHIRMAN. The gentleman from Idaho [Mr. Dworshak] is recognized.

Mr. DWORSHAK. Mr. Chairman, we have listened to the distinguished gentleman from Massachusetts [Mr. McCor-MACK), recognized as the spokesman of the administration, tell us that the Republicans are playing politics with the issue which is confronting us at this time. The country for more than 6 years has been surfeited and deluged with politics, not by the Republicans but by the administration, which has had complete control of the legislative and executive branches of our Federal Government.

We have been told how beneficial these reciprocal-trade agreements and other New Deal policies are, insofar as the welfare and security of American industry and agriculture are concerned. Let me refer you to a letter addressed a few days ago by the President of the United States to the chairman of the Monopoly Committee. Possibly we must believe what the Democrats say, that all of these policies have been cutstanding successes, but in this letter to Senator O'MA-HONEY the President states that a large part of our vast reservoir of money and savings has remained idle in stagnant pools, and he wants to know the solution that will get this money to flowing into the field of investment in productive enterprise. I have not time to read further, but apparently the President has come to realize that despite planned economy and an attempt to regulate and control the production of agriculture in our country, today we have ruincusly low prices and the farmers no longer believe that it is possible to enjoy prosperity under the New Deal plannedeconomy program.

It was first sought to remove the exportable surpluses of agricultural crops and to establish parity prices for our farmers, yet through these reciprocal-trade agreements we find that our domestic markets have been surrendered to the farmers and the laborers of foreign countries.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield? Mr. DWORSHAK. Briefly.

Mr. KNUTSON. I call the gentleman's attention to the fact that the only prosperous manufacturers in the country today are the manufacturers of red ink.

Mr. DWORSHAK. The gentleman is quite correct. We hear a great deal about our exports. May I direct attention to the imports of agricultural products? We find foreign countries sending to the United States livestock, wool products, dairy products, sugar, potatoes, and almost every conceivable agricultural commodity.

There is little justification to surrender our domestic markets and restrict production here. American producers do not want regimentation and subsidies—all they want is an opportunity to supply the American market. They want an opportunity to farm 50,000,000 acres of land which would be required to produce the commodities which have been imported under reciprocal-trade agreements. They want their purchasing power restored and thus stimulate business and accentuate activity in our factories. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. Reed].

Mr. REED of New York. Mr. Chairman, not a Member of this Congress can deny that the United States of America is the highest cost-production country in the world, and our cost of production is being increased all the time. Under the trade agreements the barriers to imports are being lowered all the time, and these lowered duties are on goods and agricultural products that come from nations where the people live upon a bare subsistence level. Our labor and our farmers cannot defeat a program of that kind. I challenge any man to stand up and on his honor say that we can. It just cannot be done. Every thoughtful man in this country knows the truth whereof I speak. We talk about exports.

Here is a circular from the National Foreign Trade Week. The Government is sending out salaried men into every corner of the United States at the taxpayers' expense trying to stimulate exports, yet exports are decreasing. What is the history? These figures I am presenting on our imports and exports are taken from the United States Department of Commerce. I shall read the table and then put them in my remarks. [Applause.]

This is only a partial list of imports and exports, but later when the list is fully tabulated, I shall cover the whole field.

Agricultural exports, 3 months ended March 1938 and 1939
[Value of United States exports of agricultural products]

punka avenovalita a arol	3 months ended March—		Decrease (-)
Agricultural products	1938	1939	increase (+)
Total agricultural exports	\$233, 686, 000	\$160, 312, 000	-\$73, 374, 000
Cotton, unmanufactured	78, 909, 000	45, 665, 000	-33, 244, 000
Tobacco, unmanufactured	36, 936, 000	28, 340, 000	-8, 596, 000
Foodstuffs (total)	111, 380, 000	80, 806, 000	-30, 574, 000
Wheat	27, 406, 000	16, 630, 000	-10,776,000
Corn	27, 491, 000	8, 357, 000	-19, 234, 000
Wheat flour	6, 189, 000	5, 381, 000	-808,000
Oilcake and meal	3, 036, 000	2, 360, 000	-676,000
Vegetables and preparations of Fruits:	3, 249, 000	3, 216, 000	-33, 000
Fresh	8, 985, 000	10, 591, 000	+1,606,000
Dried and evaporated	4, 577, 000	4, 570, 000	-7,000
Canned	5, 483, 000	5, 401, 000	-82,000
Meat products	6, 665, 000	7, 413, 000	+748,000
Lard, including neutral	5, 037, 000	5, 772, 000	+735,000
Dairy products (except fresh milk) _	1, 252, 000	1, 378, 000	+126,000
Other foodstuffs	11, 910, 000	9, 737, 000	-2, 173, 000
Other agricultural products	6, 461, 000	5, 501, 000	-960,000

Source: U. S. Department of Commerce figures.

Farm imports, 3 months ended March 1938 and 1939

Import item	3 month Mar	Increase (+), de-	
great of normal but to	1938	1939	(-)
Cattlehead	89,000 30,268,000 11,231,000 83,000	274, 000 31, 602, 000 13, 220, 000 2, 595, 000	‡
Flaxseed do Wool and mohair pounds Hides and skins do Vegetable oils, edible do Tobacco, unmanufactured do Cotton, unmanufactured do do do do do do do	4, 719, 000 11, 881, 000 32, 426, 000 35, 511, 000 17, 719, 000 22, 452, 000	6, 391, 000 64, 667, 000 90, 226, 000 46, 458, 000 17, 904, 000 21, 628, 000	+++++++++++++++++++++++++++++++++++++++

Source: U. S. Department of Commerce figures.

Mr. Chairman, the 11,000,000 idle working men and women, made idle by imports, and these hundreds of thousands of farmers who are losing their farms under foreclosure, know full well the tragedy these figures disclose.

The CHAIRMAN. The Chair recognizes the gentleman from Colorado [Mr. Cummings].

Mr. CUMMINGS. Mr. Chairman, ordinarily I do not take much part in this bushwah and chewing the rag about farm prices. I am a farmer and have been a farmer all my life. Outside of the little time spent here, every dollar I have made has come from the farm and stock business. It makes me rather tired to hear these gentlemen who represent the farmers come in here and howl about prices. Why do they not talk about what prices were when we took over—and when I say "we," I mean the Democrats. I am not saying that the prices are today what they should be, but let us go back to 1932, when hogs were selling for 2 cents; cattle, 4 cents; and wheat, 25 cents. In the fall of 1932 I know a man who bought 24 carloads of wheat for 22 cents. You gentlemen from Iowa can remember when your corn was selling for 8 cents, if you could find a buyer.

What is the use of howling about that and telling things that are not true? Of course, it is not as good as it ought to be. You know that with the labor-saving machinery we have, and with the vast multitude of people in this country, all of them can never be put back to work again. You know that there is not another possibility for another New York, Chicago, or Omaha. You know there is not a chance for all this surplus labor.

Why lay it all onto the farmer? We hear a lot about Canadian cattle. Last week I noticed in the paper the reports from Chicago. I was watching them because I had a few cattle to sell. There were 12,000 cattle on the Chicago market. There were 2 cars of Canadian cattle. What does the Canadian treaty amount to? It does not amount to one-half of 1 percent.

I have a town in my district, Greeley, Colo., with 13,000 people. For all the people of Greeley, barring all of the Canadian cattle, it would not make a difference of 25 cents in the meat bill. If all the milk cows that could come in, 25,000, at \$1 reduction in tariff were barred, what would the reduction be? It would not amount to as much as it would if one farmer milked one more cow in the city of Greeley.

Why not tell the truth? We know times are hard. We know business is bad. You know that in the fall of 1932 you could not borrow a dollar on any farm in the United States; but today you can borrow all you want at 31/2 percent. You know what the farm debt was at that time. The farm debt of the United States has decreased by hundreds of millions in the last few years. Why not tell the truth? Do not exaggerate for political purposes. God knows the truth is bad enough, but let us be decent with one another. [Laughter and applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Rhode Island [Mr. SANDAGER].

Mr. SANDAGER. Mr. Chairman, I want to say a word in protest against the reciprocal-trade policy for a New England industry which, unlike some others mentioned today by the free-traders, has never been able, nor has it ever desired, to set up factories in foreign countries, but has gallantly in these New Deal days fought to keep its head above water. I refer to the woolen and worsted industry of New England. We have had a lot of figures pro and con on reciprocal-trade agreements. Permit me to quote some figures provided by Col. William B. Brown, of the Continental Mills, Inc., of Philadelphia.

During the first quarter of 1929 under the terms of British trade agreement, we imported 1,275,241 square yards of worsteds as against 477,324 square yards for the corresponding period of 1938. The imports of woolens for the same period was 2,381,875, as compared with 1,544,984 for 1938.

Roughly, this means that over 6,000 American textile workers could have been employed for 3 months at the prevailing wage rates, but they were deprived of the opportunity to manufacture this amount of goods, which slid into America on the reciprocity skids. I may say that in Rhode Island our rates for textile workers are the highest in the country, therefore the highest in the world. In other words, the reciprocal-trade agreements are putting Americans out of work-the woolen workers, the worsted workers, the lace workers-all have lost millions in wages on account of these trade agreements.

These industries are prominent in Rhode Island, that great industrial State from which the Government has wrung in taxes, from 1933 to 1938, the sum of \$128,233,759 and received back in farm subsidy payments during the same time the mere pittance of \$74,860. That is the part of the New Deal record of Rhode Island.

There is nothing political, therefore, in the protest of Rhode Island against so many industry-wrecking phases of the New Deal. If our case is a legitimate economic argument, we in Rhode Island are being bled white. The facts and figures prove it. Let me assure you that these facts and figures had a great deal to do with the vote of protest in that State last

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin [Mr. Griswold].

Mr. GRISWOLD. Mr. Chairman, I can very readily see why the gentleman from Arkansas in his defense of the treaties wants to defend the administration. I notice the comparison of total farm value in his State with total subsidies and taxes paid with the State of Wisconsin. I can very readily see why Arkansas got twice as much in subsidy payments as it paid in taxes to the Federal Government.

My State got one-ninth as much in subsidy as it paid in Federal taxes. Arkansas got 20 percent of the farm value of the State in agricultural subsidies. Wisconsin got less than 1 percent of the value of its farms in agricultural subsidies.

We talk here about figures that do not mean anything. Last year we imported into this country 428,000 head of cattle. We talk about the exports, but we only exported 3,000 head. During the first 2 months of this year we imported 183,000 head. If we keep up our importations at that rate, we will bring into this country over a million head, which is one-third of all the cattle in my State, and probably more than all of the cattle in the State of Arkansas.

Mr. CUMMINGS. Will the gentleman yield? Mr. GRISWOLD. I yield to the gentleman from Colorado. Mr. CUMMINGS. In the first place, I am not from Arkansas. I am from Colorado. This reduction in tariff does not increase the number of cattle that can come in one head.

It does lower the tariff \$1 per hundred. It makes it \$2 per hundred instead of \$3 per hundred. On the amount of cattle imported it equals one-half of 1 percent of the total slaughter in the United States. Now, confine yourself to figures and facts. [Laughter and applause.] And it all came in under a Republican tariff.

Mr. GRISWOLD. Let me say this to the gentleman. In the first place, the gentleman does not know what the treaty does, because it cuts the duty down to 11/2 cents per pound.

Mr. CUMMINGS. It does not; it cuts it to 2. It reduces it from 3 to 2.

Mr. GRISWOLD. There is absolutely no limit on dairy cows; no restriction whatsoever.

Mr. CUMMINGS. There is. There is a limit of 25,000 head. Mr. GRISWOLD. No. Not under the present treaty.

Mr. CUMMINGS. It reduces the tariff \$1 per hundred on 25,000 head. They may bring in as many as they want up to 25,000.

Mr. GRISWOLD. I am talking about the treaty of January 1, 1939.

Mr. SCHAFER of Wisconsin. Mr. Chairman, will the gentleman vield?

Mr. GRISWOLD. I yield to the gentleman from Wisconsin. Mr. SCHAFER of Wisconsin. The gentleman from Colorado knows very little about the dairy or cattle industry. The gentleman hails from Colorado. I receive hundreds of letters per week from sugar producers in Colorado raising the "old Harry" about the reciprocal-trade agreements and the New Deal sugar policies which have taken the market away from the sugar producers of the gentleman's State and given it to the Cuban sugar monopoly.

Mr. CUMMINGS. I believe the gentleman is one who helped pass the sugar bill, too.

Mr. SCHAFER of Wisconsin. Absolutely not. I support and vote for legislation in the interest of American sugar producers and not the Cuban sugar monopoly.

Mr. GRISWOLD. The President let in 48,000 pounds of canned beef. That is a drop in the bucket. Seventy-eight million pounds of canned beef was shipped into this country last year. What is 48,000 pounds? We ship in 78,000,-000 pounds and shipped out only 1,500,000 pounds. In the first 2 months of this year we shipped in 7,400,000 pounds of canned beef.

Talk about hides, we shipped in 181,000,000 pounds of hides and shipped out 44,000,000 pounds; during the first 2 months of this year we shipped in 8,549,000 pounds. We imported last year 54,431,000 pounds of cheese and exported 1,840,000 pounds; during the first 2 months of this year we have imported 8,339,000.

We imported last year 100,000,000 pounds of barley malt; exported 135,000 pounds, and during the first 2 months of this year have imported 12,482,000 pounds. We imported last year 95,000,000 furs, exported 11,000,000 furs, and during the first 2 months of this year have imported 16,909,644 furs.

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin [Mr. MURRAY].

Mr. MURRAY. Mr. Chairman, I have had many friends. on both sides of the aisle talk on this subject this morning, and I wish it were possible to get them calmed down a little to discuss the facts. The worthy gentleman from Massachusetts said this is purely a political question. I wish to

say that I attended meetings of farmers and businessmen about these trade treaties before they were ever entered into. We protested to our United States Senator and Congressmen against that. We relieved one United States Senator from the opportunity of coming back again because he did not follow our wishes. I hope the other one has the same results.

Mr. SCHAFER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. MURRAY. No, I am not in a yielding mood. I am sorry, but I never yield in the few times I get up here to speak. I do not want to get mixed up.

Let us talk about the facts. My good friend from Colorado—and I am on the committee with him—made a very impassioned plea there. I am sorry that he does not see it the way that I see it. My very best friend in the world is in this particular department. If there is anyone in the world I do not want to harm it is he. He is one of the agricultural commissioners in South America at the present time. He was up here this summer and spent hours with me. So as far as I am concerned personally it is not political.

I just want to show you what the trade-agreement program did to the cheese industry in the State of Wisconsin. I inquired before I came down here and I got the figures. I did not have any trouble getting the figures, although some of the Members seem to have difficulty. I would like to show you this chart, and no one can make me believe these are not the facts.

In 1935 we had the same treaty we had before, the same tariffs. You notice in 1935, all during that time, the price of cheese went up during the winter and went down during the spring. In 1936, when all this talk about renewing the Canadian treaty was going on, what happened to the price of cheese? It went from 17 cents a pound to 12½ cents a pound. The farmers of Wisconsin lost more money on cheese that year than they ever got out of the United States Treasury through subsidies.

Mr. DOUGHTON. Mr. Chairman, will the gentleman yield?

Mr. MURRAY. I have just explained that I am not a very yielding sort of an individual. I will yield if I get time at the end of my remarks.

In 1937 the price of cheese was uniform. The same tariff applied. That shows you the effect of these trade treaties which many times has nothing to do with the supply and demand, because you notice that in 1936 we had more cheese in storage on January 1 that we had on July 1, a reduction, as you can see, from ninety-some million pounds down to eighty-some million pounds.

I do not like to bring in the political part of this discussion but I see our good friends like to bring it in. This is a chart that shows you the national farm income throughout the years. As far as I am concerned, I cannot see anything for agriculture to feel very good about, which ever party may wish to defend it. When pretty nearly 30 percent of our people cannot get 10 percent of our national income I do not know any reason why either party should have any pleasure in looking at the figures. I might ask you there to check up and take the last 5 years of the Republican administration, as bad as it was as far as agriculture is concerned, and compare it with the 5 years of the present administration, which are as you will note:

National farm income last 5 Republican	years
1928	\$8, 756, 000, 000
1929	8, 720, 000, 000
1930	6, 761, 000, 000
1931	4, 476, 000, 000
1932	3, 040, 000, 000
Total	31, 753, 000, 000
National farm income first 5 years present ad	ministration
1933	\$3, 771, 000, 000
1934	4, 661, 000, 000
1935	5, 517, 000, 000
1936	6, 378, 000, 000
1937	6, 757, 000, 000

Total_____ 27, 084, 000, 000

Mr. COCHRAN. Mr. Chairman, will the gentleman yield?
The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. JOHNS. Mr. Chairman, I would not take the time to talk to you gentlemen of the House this afternoon if I had not heard my distinguished farmer friend from Chicago tell us about products being two and three times higher than they were during the Republican administration.

I happen to own and operate some stock farms, and I have kept a record of the prices I have received for butterfats.

I am not going to talk about reciprocal treaties; I am going to talk to you about free trade, because that is all this is—free trade. We have no treaties with anybody about tariff or anything like it; this is just free trade. [Applause.]

Now, I am going to go back to 1924, and I want you to follow closely on these figures, because they are interesting and they are accurate; and if there is anybody here who questions them, I can show them the actual figures, because I have kept them throughout all these years.

In 1924 the price of butterfat for cheese was 44.8 cents, in 1925 it was 53.6 cents, in 1926 it was 51 cents, in 1927 it was 58.5 cents, in 1928 it was 57.7 cents, in 1929 it was 52 cents, in 1930 it was 41.5 cents, in 1931 it was 31.9 cents, in 1932 it was 24.8 cents, in 1933 it was 26 cents, in 1934 it was 30.2 cents, in 1935 it was 37.7 cents, in 1936 it was 41.4 cents, and in 1938 it was 33.5 cents. Month of April 1939, 28.5 cents.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I had not expected to address the Committee on the subject before the House at this time; however, I rise in support of the McMillan amendment, which, I understand, proposes to restore the small appropriation for the enforcement of the reciprocal trade agreement law which was passed by a Democratic Congress.

It is unfortunate that a discussion of matters of this sort should assume a partisan aspect and that it cannot be discussed free from any partisanship. However, the main part of the discussion has been with reference to the political record of the two great parties. In 5 minutes you would not expect me, of course, to compare the records of the two parties. However, Mr. Chairman, if there is any one policy of any administration in this country for the last decade, or perhaps longer, that has received from fair-minded people more commendation and less condemnation and less criticism, it has been the policy of the present administration with respect to its tariff policy.

When this administration came into power the Smoot-Hawley law was on the statute books and the effect of its operation had been felt by the entire country. The farm income was almost at the lowest level in our history. It is at least 50 percent greater today than it was in the last year of the previous administration. Farmers were losing their homes by the million, not by the thousand. The farming industry was paralyzed and industry was prostrate. Banks were closing by the thousand and there was greater distress and suffering than ever previously known.

These are conditions we inherited from the Republican administration under the Smoot-Hawley Tariff Act. You cannot laugh that off because it is a fact known to all. The people were warned by more than 1,000 of the leading economists of this country when that act was being considered by the Congress of the ill effects that would follow.

Mr. SCHAFER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. No; I cannot yield. The gentleman occupies a great deal more time of the House than I do.

Mr. SCHAFER of Wisconsin. I just want to say that the record in regard to the Smoot-Hawley tariff bill indicates that you southern Democrats—

Mr. DOUGHTON. The gentleman is violating the rules of the House. He seems to think that the rules of the House do not apply to him. Why does not the gentleman address the Chair and get permission to interrupt a Member? He has been here long enough to know the rules of the House.

The Smoot-Hawley Tariff Act was the last Republican tariff law and everybody knows what followed that act. The country under it was headed for disaster at a velocity that bewildered the mind, sickened the heart, and staggered the imagination. We were on the verge of a revolution. Now you hear talk about spending too much money. Well, it is cheaper to spend money than it is to have a revolution, and we could not have continued as we were going without one. No administration in all the history of this country ever inherited such a situation or ever found the country in such an economic condition or had the difficult economic problems to solve that this administration has had to deal with.

If you contrast the condition of the farmer, of industry, of banks, the economic condition in every way, during the last years of the previous administration, with present economic conditions, you will find that the picture is one so favorable to the present administration and so unfavorable to the former administration that certainly no Republican can boast, but on the contrary should be ashamed. Gentlemen talk about conditions now, but they do not say a word about the conditions that existed in this country at the time and previous to the time the present administration came into power. This amendment should be adopted and the fine work of Secretary Hull should proceed. His is a record of which we should all be proud regardless of party. [Applause]

The CHAIRMAN. The time of the gentleman from North

Carolina has expired.

Mr. RABAUT. Mr. Chairman, I want to refer to a few figures on agriculture from the Department of Commerce which are authentic. First, value of automobile products exported: Total to all countries in 1934, \$191,268,000; in 1935, \$228,717,000; in 1937, \$398,893,000; in 1938, \$272,306,000. Now let us review the exports to the 17 countries and colonies with which trade agreements were in effect: In 1934, \$71,820,000; in 1935, \$83,593,000; in 1937, \$141,882,000; and in 1938, \$106,513,000.

Percentage of totals to all countries which went to the 17 trade-agreement countries: In 1934, 37.5 percent; in 1935, 36.5 percent; in 1937, 40.7 percent; in 1938, 39.2 percent.

The average increase in exports of automotive products: In 1937 and 1938, as compared with 1934 and 1935, to all countries, 45 percent; to the 17 trade-agreement countries,

Mr. Chairman, those figures tell their own tale.

The value of foreign trade of the United States in agricultural products: For the calendar year 1929, imports of agricultural products, \$2,218,000,000; in 1938, \$955,637,000. Therefore, there is a reduction in imports of about \$1,250,-000,000. Exports in 1929 of agricultural products, \$1,693,-000,000; and in 1938, \$827,629,000. The difference of approximately \$750,000,000 leaves a balance on our side, roughly, of \$500,000,000.

The CHAIRMAN. The time of the gentleman from Mich-

igan has expired.

Mr. MUNDT. Mr. Chairman, inasmuch as the preceding speaker has quoted from a Government report and stated it is an accurate source of information, I shall quote from a Government report issued on the 10th of this month in answer to the argument of the gentleman from Colorado [Mr. Cum-MINGS] as to why we do not go back into the history of the farming business in order to make our comparisons. I am going to talk about eggs and poultry in this connection; and while eggs and poultry may seem to some of you a rather inconsequential matter, something of not very great importance in farm statistics, yet the figures reveal that they rate among the five major divisions of the farming industry in this country. Out in South Dakota we find eggs and poultry to be one of the steady sources of income for our farmers. I take my figures now from the United States Department of Agriculture, Bureau of Agricultural Economics, report of May 10, this year, which quotes the price, referring to the price of eggs in January 1939 as 18.8 cents per dozen, on the average, and the average price is what we must take. The average price per dozen, 1928 to 1937, during 5 Republican years added to 5 New Deal years, was 25.9 cents per dozen, or definitely a decreased price for eggs received under the New Deal administration, going down until January of this year, when we find them 18.8 cents per dozen.

In February 1939 the New Deal farmer was receiving 16.7 cents per dozen for eggs, whereas during the 10-year average—and we must consider prices in averages, which includes both 5 Republican and 5 New Deal years—the price was 21.6 cents per dozen. In March of this year we find the price 16 cents per dozen, while the average price during the 10 years was 18 cents.

Now for the report of the import of farm products. Let me give them to you in just one aspect in the few minutes allotted to me, and that is from the standpoint of live poultry. In January 1938, under the New Deal reciprocal-trade treaties-which I hope today we can eliminate from the standpoint of appropriating money for them in order to commit agricultural suicide for ourselves—we imported \$45.539 worth of live poultry into America, or more than we imported in all of the other Januarys of the present decade added together.

So the American farmer continues to be discriminated against; foreign farmers get his market; the prices for farm products toboggan, while the prices of what the farmer buys go up and up. It is by such duplicity that the New Deal deceives the farmers with hand-outs and handbills, while it loads him down with mortgages, confuses him with regulations and restrictions, while giving his market to low-

production-cost competitors in foreign lands.

After completing the reading of this bill, we Republicans are going to insist upon a roll call in the matter of these reciprocal-trade agreements which will give the farmers an opportunity to see just which of the Members of this House are more interested in promoting New Deal policies than they are of promoting New World prosperity for the American farmer. It will be an open vote in a public roll call, after which every farmer can determine for himself whether the import program of the New Deal or the "Buy American" philosophy of the Republican Party, as indicated by this vote, is the most logical one in the all-important business of giving a fair price for a full crop to the farmers of America.

On Monday I introduced in Congress H. R. 6329, known as the Buy American Farm Products in America Act, which would make it unlawful for Government agencies to buy competitive foreign farm products. I hope you will support this act and that you will also vote down this new money for the trade pacts. In conclusion, I want to insert here an editorial entitled "Argetine Bully Beef" from the Sioux City Tribune, which is one of the most carefully edited and most thoughtfully read daily papers in Midwest America.

[From the Sioux City Tribune] ARGENTINE BULLY BEEF

In authorizing the Navy to purchase Argentine canned beef, President Roosevelt not only stirred up a hornet's nest but focused national attention upon the unsound principles of economy that have sabotaged his entire recovery program. In this, as in many other matters, the President has had unsound economic advice.

The President defends his position by calling attention to the saving on Argentine beef at 9 cents per pound over American beef at 23 cents per pound. Granted, but if that is the sole reason for buying competitive products abroad, why not import all of our pork, butter, beef, eggs, fats, oils, etc., and put all our farmers on relief? And then start buying steel for the battleship and uniforms for the troopers.

The President said that the Argentine beef is better in quality.

The President said that the Argentine beef is better in quality, at he didn't know why that was true. We can supply the answer but he didn't know why that was true. We can supply the answer that he couldn't give. The price of all cuts of meat in Argentina is so low that the Argentinians can make more by packing it in steaks, roasts, and all, than they can selling the fresh

product.

Granting that Argentine bully beef costs less and is of superior quality, let's look at the economics of the thing, let's make certain that we really got a bargain on that 9-cent beef. In any event Swift or Armour get the profit, whether here or in Argentina. A good fat Argentine range steer, weight 800 pounds, will dress out about 52 percent, or 416 pounds which, when deboned, will yield about 250 pounds available for tinning. At 9 cents per pound this 250 pounds of tinned beef is worth \$22.50 which is about what the Argentine farmer receives for the animal; the hide and byproducts just about cover the cost of processing. In

order to compete with the Argentine steer, then, a Nebraska or Iowa beef critter would be worth about \$2.75 per hundred on

the American market.

Let us suppose, on the other hand, that the Navy had purchased corned beef made from a Nebraska steer, using 250 pounds of steaks, roasts, chuck, etc., for which the farmer had been paid \$9 per hundred, or \$72. On that basis Uncle Sam would have paid 28.8 cents per pound for the corned beef, granting that the hide and byproducts would have paid for the processing, as we have figured in the case of the Argentine steer.

In that case the Nebraska farmer would have drawn \$72 in cash out of our national capital and credit pool which he would have turned loose for goods and services. We know from experience and mathematical reckoning that within the course of a year the Nebraska farmer's \$72 would have turned over seven times, yielding Let us suppose, on the other hand, that the Navy had purchased

Nebraska farmer's \$72 would have turned over seven times, yielding \$72 of American factory pay rolls and \$514 of collective income. That 1-1-7 ratio of turn-over is infallible, as has been successfully proven by the Raw Material National Council's research.

Now, let's see which beef is cheapest. In the case of the Argentine beef we have incurred an international obligation in the tine beef we have incurred an international obligation in the amount of \$22.50, which must be paid with gold or goods or for which we must tax ourselves. In the case of the domestic beef, society at large would have \$442 left after paying the farmer \$72 for his critter, of which \$72 would have gone to swell factory pay rolls, and the balance would have been divided among the truckers, railroads, wholesalers, retailers, "white collar" workers, and the American tax collector. And we wouldn't be taxing ourselves to pay the Nebraska farmer \$40 for keeping out of production the 4 acres that would have been required to raise and fatten the 800-pound \$72 steer.

Actually, then, when we count the tax for the start of t

Actually, then, when we count the tax for subsidizing nonproduction, we have actually paid about \$62.50 for the Argentine steer and we have none of the benefits that otherwise would have

and we have none of the benefits that otherwise would have accrued to labor, transportation, and merchandising agencies from having utilized a Nebraska beef.

Wise old Abraham Lincoln, discussing the tariff problem, once said: "If we trade with ourselves we have both the goods and the money, but if we trade with the other fellow we have the goods and he has the money."

Enough a statement of the benefits that otherwise would have a statement of the statement of

he has the money."

Knowing simple arithmetic as he did, "Honest Abe" would have purchased American beef at an American price and kept the money at home to revolve through the channels of domestic labor and business enterprise. President Roosevelt has allowed himself to be duped by the honeyed words of internationalists whose policies contribute to mass impoverishment of the American people through disemployment of our own labor, land, and capital.

President Roosevelt should get rid of the phony economists who tell him that cheapness is paramount. Businessmen who scorn

tell him that cheapness is paramount. Businessmen who scorn patronage of home enterprise as "isolation" should wake up to the fact that the big-hearted policies of internationalism which they preach will tax the pants off them if carried far enough.

The CHAIRMAN. The time of the gentleman from South Dakota has expired.

Mr. COCHRAN. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD.

The CHAIRMAN. Is there objection?

There was no objection.

The CHAIRMAN. There are 14 minutes remaining. The gentleman from South Dakota [Mr. Case] is recognized.

Mr. CASE of South Dakota. Mr. Chairman, the gentleman from Michigan [Mr. RABAUT] put his finger upon the issue that is involved. But he proved too much. He quoted figures to show how we had improved the buying power of the countries with which these trade treaties have been made, and by the very token of those figures, proved exactly that we have been exporting jobs and have been exporting prosperity and have been exporting buying power. [Applause.]

The gentleman did show right well how trade-treaty countries have the exchange to buy more cars but he neglected to give you the figures on the drop in the sale of cars to American farmers. Give good markets to the farmers I know and you will sell more cars in 6 months than you will sell abroad in 6 years! The thing that this country needs today is the development of some buying power and prosperity in the United States.

The wording of this item as it was proposed by the committee and as it was first reproposed in the amendment by the chairman of the committee, proposed to make appropriations for personnel for carrying on reciprocal-trade "treaties"; not trade agreements, but treaties. That was a tacit confession of the true nature of these trade agreements and of the philosophy that underlies this program. Everybody knows that these are treaties, although they seek to get around the constitutional provision that treaties shall be approved by the Senate, and have used the words "trade agreements," and that phrase was used in the Trade Agreements Act.

The subterfuge indicates that the philosophy back of this is to attempt in some way to bring the trade of the country under the control of the State Department, to make trade a matter of policy or politics and not of business. It is a matter that was brought to your attention by the gentleman from Illinois [Mr. DIRKSEN], the other day in commenting upon the transfer of the Bureau of Foreign Commerce to the State Department.

Our friends attempt to justify this program on the ground of promoting peace; they overlook the sound advice of George Washington who told us that the great rule in extending our trade was, "To have with it as little political connection as possible." They forget that trade built on favors is a snare and a delusion. It leads to loans based on anything but sound policy. It is an attempt to buy friendships and the results are the same as when private loans are made on that basis. Unsound loans lead to entanglements and good money is thrown after bad. Eventually such a policy leads a nation into wars in which they have no natural concern. That is not the road to peace.

The gentleman from Massachusetts [Mr. McCormack] said that the Republicans were trying to play politics with this issue today. If that be true, the reason for it is that there exists a sound basis for appealing to a majority of the people in this country today for a different kind of

policy. [Applause.]

The gentleman also said we were trying to play both ends against the middle. The real playing of both ends against the middle today is the attempt to establish a high standard of living in this country and then to force those who support high standards into competition with low standards abroad. [Applause.] It is that playing of two ends against the middle that is grinding the middle class of this country into poverty today. What we need is not this philosophy of exporting jobs or buying power or prosperity. We need a philosophy of confidence in America by developing prosperity and buying power in America. [Applause.]

The CHAIRMAN. The time of the gentleman from South

Dakota has expired.

The gentleman from Michigan [Mr. CRAWFORD] is recog-

Mr. CRAWFORD. Mr. Chairman, those who live in the automobile manufacturing sections, I think, are all familiar with the fact that the automobile companies, particularly the export divisions of those companies, want the reciprocal trade agreement program continued. In recent weeks I have thoroughly satisfied myself in that respect, starting with the speeches that were made on the Farm Hour by officers of the exporting divisions of the companies.

A situation developed in Great Britain the other day wherein, I am informed, through the establishment of a new scheme of local taxation, it may deprive our automobile exporters of many of the benefits that the reciprocal-trade agreements were supposed to have given to them. So we can make reciprocal-trade agreements, but we do not have the power to guarantee that the benefits will flow to our automobile manufacturers. For instance, Great Britain imposes an increased local tax on the horsepower of motor-driven vehicles. The tax becomes so burdensome on the local people that they cannot afford to purchase and operate the automobiles. Therefore we lose the anticipated market.

At the present time I have a discussion running with the automobile companies in the form of correspondence on this very problem, which I hope to present to the House at some future time.

There has developed this problem which dovetails directly into what the automobile companies expect to obtain through the operation of the reciprocal trade agreement program, and they may find that through the imposition of local taxes by countries with which we make agreements, their benefits set forth in the agreements will be entirely washed out.

Mr. Chairman, I desire to make one or two comments relative to the remarks made by the gentleman from Michigan [Mr. RABAUT]. Indeed, we did import a lot of goods into this country in 1929. When our income is running around eighty or ninety billion dollars annually as then, keep in mind that we will import tens of millions of dollars of goods designated as agricultural products. Certainly you will import rubber. Certainly you will import many other items, because you have the buying power to pay for those imports. When your buying power is gone your imports will drop as they have dropped in recent months. That answers the gentleman's proposition with reference to the imports in 1929 as compared with the imports in 1938. You do not have the consuming ability now. Therefore, the imports do not come in. Of course your exports override your imports under such a situation. So, the conditions the gentleman is talking about is nothing to brag about whatsoever. It is a shame and a disgrace to the country that we have such low income and buying power now in operation. [Applause.]

The CHAIRMAN. The time of the gentleman from Mich-

igan [Mr. CRAWFORD] has expired.

The Chair recognizes the gentleman from South Carolina

[Mr. Thomas S. McMillan].

Mr. THOMAS S. McMILLAN. Mr. Chairman, I regret that at the outset of consideration of this bill under the 5-minute rule our Republican friends have taken occasion to challenge the paragraph in the bill carrying the appropriation for the continuation of the reciprocal trade agreement work. I think, Mr. Chairman, that it comes with poor grace on the part of our Republican friends to undertake to compare conditions in America today with those of 1929 to 1932. Why, it is absurd, perfectly absurd, and every intelligent man of this House knows it is. As our friend the gentleman from Massachusetts said this morning, every leading recognized Republican authority of the country has supported this reciprocal trade agreement work. I read now a statement on this point by Secretary Hull made before the committee a few weeks ago. Said Secretary Hull:

I may say that I think nearly three-quarters of the press of the Nation regardless of political considerations have supported our trade-agreements program for the reasons that we have so often stated. The general public so far as our information goes is favorable by a large margin toward it. I think it was Mr. James G. Blaine who originated the basic idea. He did not get it through the Congress to the full extent, but it is a fact that he and later President McKinley, and then President Theodore Roosevelt, strove earnestly to carry forward this broad economic idea which does not mean the old-time Democratic position about the tariff any more than it means the old-time position of any of the other party tariffs. It means—

Said Secretary Hull-

a carefully worked out plan and purpose to go out to the other nations to see what concessions they can make to develop mutually helpful and profitable trade.

That, Mr. Chairman, is the position of the Secretary of State. This is the first time, to the knowledge of any of us, here in this Congress, that there has been an effort to work out a satisfactory trade agreement without political affiliations having any part in it. If there is one thing to be said in support of this reciprocal trade agreement program, it is that during this administration for the past 4 years there have been experts employed on this work without any partisan consideration entering into their appointment; and now, Mr. Chairman, here today after 4 years of this program we find the first effort to strike out the paragraph which means that if it is done all these experts, all these men, highly trained without regard to any party considerations, are here thrown out of employment and that the administration will not have the benefit of their views. [Applause.] I say to you, Mr. Chairman, let us lay aside this party question and vote for the amendment to restore this amount of money for this very desirable purpose. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The time of the gentleman from South Carolina has expired. All time has expired.

The question is on the amendment offered by the gentleman from South Carolina.

The question was taken; and on a division (demanded by Mr. Carter) there were—ayes 127, noes 98.

So the amendment was agreed to.

The Clerk read as follows:

CONTINGENT EXPENSES (DEPARTMENTAL)

Contingent expenses: For contingent and miscellaneous expenses, including stationery, furniture, fixtures; typewriters, adding machines, and other labor-saving devices, including rental exchange and repair thereof (not to exceed \$27,500); purchase and exchange of books, maps, and periodicals, domestic and foreign, and, when authorized by the Secretary of State, dues for library membership in societies or associations which issue publications to members only or at a price to members lower than to subscribers who are not members, newspapers, teletype rentals, and tolls (not to exceed \$12,000); purchase, including exchange, of one passenger-carrying automobile and two automobile mail wagons; maintenance, repair, and storage of motor-propelled vehicles, to be used only for official purposes (including one passenger-carrying vehicle for the Secretary of State and one for the general use of the Department); streetcar fare; traveling expenses, including not to exceed \$5,000 for expenses of attendance at meetings concerned with the work of the Department of State when authorized by the Secretary of State; refund of fees erroneously charged and paid for the issue of passports to persons who are exempted from the payment of such fee by section 1 of the act making appropriations for the Diplomatic and Consular Service for the fiscal year ending June 30, 1921, approved June 4, 1920 (22 U. S. C. 214, 214a); the examination of estimates of appropriations in the field; and other miscellaneous items not included in the foregoing, \$138,000.

Mr. THOMAS S. McMILLAN. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. Thomas S. McMillan: Page 4, line 2, after the word "rental", insert a comma.

The committee amendment was agreed to.

Mr. VOORHIS of California. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I do this simply for the purpose of getting in rather belatedly on the debate that has just taken place. I want to point out one or two things that seem to me perfectly obvious.

Our friends on the other side of the aisle object to imports. They say that imports are ruinous to agriculture and to various American industries. At the same time they are constantly contending that they want to restore world markets to American farmers. I do not care which of these things they want to contend for as long as they do not contend for both at the same time. We cannot do both at the same time. The truth of the matter is that unless you can get American exchange into the hands of foreign buyers you cannot have foreign markets. You have got to have some means of doing that, and there are only two or three of them. The main one is to buy yourself from foreign countries in order to give American exchange to foreign people who in turn can buy from you. There are other ways, too, which have come in for a good deal of criticism, such as purchasing gold, but the main one is by making purchases from people whom you want to make purchases from you.

America is a creditor Nation. We can no longer expect that we can get our exchange into the hands of other peoples without buying from them. I therefore think it is important for us to tell the absolute truth about these matters, and if we are going to take the position that we want to try to stop imports into the United States we must then recognize that we must find our entire market within this country for the goods we produce and go forward to try to develop a selfcontained economy. I do not think it is fair, or just, or right to try to ride both these horses at once. If you really want to restore world markets to the farmer you must necessarily make purchases abroad in order that people abroad can buy the things that you want to produce and in turn sell to them. If you believe our imports are hurtful then you must be prepared to increase domestic markets and the buying power of the people so as to make up for the loss of world markets.

I know of no better illustration of the truth uttered by President John Adams when he said that our troubles were all traceable to a fundamental "ignorance of the nature of coin currency and circulation" than the fact that under present circumstances, with our outworn methods of distributing purchasing power and creating money in this country, we believe that the more valuable goods we import into the country the worse off we are and the more valuable goods we send out the better off we are.

I just wanted to make the point that if you really want to restore world markets you must remember that you must buy abroad in order to enable foreign countries to make purchases from you. You cannot at the same time restore world markets and also cut off all imports. [Applause.]

[Here the gavel fell.]

The Clerk read as follows:

PROMOTION OF FOREIGN TRADE

PROMOTION OF FOREIGN TRADE

Promotion of foreign trade: For the purpose of carrying into effect the provisions of section 4 of the act entitled "An act to amend the Tariff Act of 1930," approved June 12, 1934 (48 Stat. 945), as amended, including personal services without regard to civil-service laws and regulations or the Classification Act of 1923, as amended, stenographic reporting services, by contract if deemed necessary, without regard to section 3709 of the Revised Statutes (41 U. S. C. 5), contingent expenses, printing and binding, traveling expenses, and such other expenses as the President may deem necessary, \$43,000. necessary, \$43,000.

Mr. CULKIN. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, as a sort of aftermath to the recent discussion on trade agreements, I desire to make a minor contribution, but one which I consider important. The gentleman from California just stated that our choice was somewhat between domestic and foreign markets. Not long ago I read a book by Samuel Crowther, one of the most distinguished of American economists, and he stated that in normal years our exports were but 6 percent of our production. He also stated that if we eliminated the intercompany relations—that is, where American plants had subsidiaries abroad-we only exported 3 percent of our national products. The rest of our production went into home consumption and was taken care of by the American home market, consisting of 130,000,000 people.

I would like the American people and the Members of the House to know that in normal years the American people consume 97 percent of our production and but 3 percent goes into exports. At the same time I want to emphasize the proposition cited here today by a gentleman on my own side of the aisle that the important thing to America is the protection of its home market—this rich, consuming, American market-and not to make all and sundry concessions to manufacturing and agricultural countries abroad for the purpose of stimulating exports.

As I visualize it, our standard of living is so distinct, it is so high, that the time may come, assuming our high standard of living still continues, when America under these conditions might well be self-contained. On that theory my conclusion is that the policies of the distinguished Secretary of State are wholly destructive of the American farmer, wholly destructive of the American industrialist and the American consumer. I wish I had time to expand on that. All of the propaganda paid for by the international bankers and all of the editorials from importer newspapers cannot alter or change this situation.

Our market is at home. Do not let us go all over the world like Don Quixote, tilting windmills and looking to right the wrongs of the world.

Mr. VOORHIS of California. Will the gentleman yield? Mr. CULKIN. I yield to the gentleman from California.

Mr. VOORHIS of California. I think the gentleman has presented a consistent argument. May I say that I am not at all sure he may not be correct, that we may come to the time when we will have to have self-contained economy. The point I want to stress is this: If that be true, then those who advocate it must face the fact that they must supply a market for those industries which depend largely on exports.

Mr. CULKIN. We are supplying a 97-percent market now, and if we shut off our exports the other 3 percent will be taken care of. There are only a half dozen commodities which we need to import. The gentleman knows that. Mr. VOORHIS of California. I know that.

Mr. CULKIN. Why go out in the world and trade off our markets in textiles, dairy products, or whatever it may be? It is not sound, because our standard of living is so absolutely distinct from the foreign producers. We hope it will always remain distinct.

Mr. REED of New York. Will the gentleman yield? Mr. CULKIN. I yield to the gentleman from New York.

Mr. REED of New York. The gentleman has practically answered my question. Why sacrifice a market that now consumes over 90 percent of all we produce for the little bit that we hope to get through exports?

Mr. CULKIN. I agree with my colleague from New York. The fact is both the American farmer and American labor are fed up on this hopeless program? [Applause.]

[Here the gavel fell.]

Mr. HINSHAW. Mr. Chairman, I move to strike out the last word

Mr. TARVER. Mr. Chairman, I am going to make the point of order that in offering these pro forma amendments the gentlemen must confine themselves to the subject matter of the amendment and I shall insist hereafter that the Chair enforce this rule.

Mr. HINSHAW. I was going to enter into the debate only slightly, and if the gentleman will permit me to recount a little story in connection with this thing I would appreciate it.

Mr. TARVER. The gentleman is discussing a question which has been decided by the House. It does seem to me that the rules ought to be enforced.

Mr. HINSHAW. If I am out of order, the gentleman may

Mr. Chairman, there has been some discussion concerning impressions. A great many years ago I worked in the stockyards in Chicago. At that time I became acquainted with one Wayne Dinsmore.

Mr. TARVER. Mr. Chairman, I make the point of order that the gentleman must confine himself to the subject of his amendment.

Mr. CARTER. Mr. Chairman, a gentleman on the other side spoke out of order and no objection was raised. If the gentleman over there desires to get technical we certainly will get technical over here. I think the gentleman ought to permit the gentleman from California to proceed.

Mr. TARVER. I have no desire whatever to be discriminatory. I have not heard all of the debate, but I am glad to say the portion of it I heard was very enlightening. If the gentleman wishes me to reserve the point of order as far as the present speaker is concerned, I will do so.

Mr. CARTER. I hope the gentleman from Georgia will

Mr. SCHAFER of Wisconsin. Mr. Chairman, the gentleman from California is in order. You cannot build a building unless you build a foundation. He is now preparing the foundation for his argument, which will be strictly in order under the rules of the House.

The CHAIRMAN. The gentleman from California [Mr. HINSHAW] will proceed in order.

Mr. HINSHAW. Mr. Chairman, this gentleman by the name of Wayne Dinsmore was secretary of the Horse Association of America, although now I believe it is the Horse and Mule Association, and he was a very smart man.

It was his contention in 1921, 1922, and 1923, when I knew him, that bringing mechanical equipment such as tractors, and so forth, into use on the farms was going to throw some 30 percent of the land then used for the purpose of raising feed for farm draft animals, the grain and forage crops, and for pasturage into production of food for human consumption, and that this 30 percent of land forced into production for consumption purposes would prove the ultimate ruination of the farmer through flooding the market with farm products. Whether or not his prognostication has come true, you here can judge. We do have a very considerable excess of farm land in production for consumption, and consequently we seek export markets. I look forward to the time when that 30 percent of land formerly used to support draft animals will be put back into production for the use of the farmer himself through the development of chemical processes with which you are all familiar and which some day, no doubt, will be perfected. I refer to what is known now as "farm chemurgic." In the meantime, we do have a problema problem that is demanding of us to make agricultural exports. I know the farmers are cooperating in this program all the way down the line. [Applause.]

I just wanted to bring this point to your attention. I am

not entering into the debate otherwise.

[Here the gavel fell.]

The Clerk read as follows:

Foreign intercourse-

Mr. MAPES. Mr. Chairman, the Clerk read the title to the preceding paragraph and one or two lines of the paragraph, and then Members interrupted the reading of it and asked for recognition. I assumed they were addressing their remarks to the paragraph in controversy and that this one would be read after they finished their remarks.

The CHAIRMAN. To which paragraph is the gentleman

referring?

Mr. MAPES. The paragraph beginning on page 6.

The CHAIRMAN. That paragraph was read.

Mr. MAPES. It was read in a very scientific manner, Mr. Chairman, and under circumstances which I think ought not to foreclose returning to it.

The CHAIRMAN. The Chair was under the definite im-

pression the paragraph was read.

Mr. THOMAS S. McMILLAN. The paragraph was definitely read, I may say to the gentleman from Michigan.

Mr. MAPES. I may say to the Chairman that I was paying very strict attention to the reading. I understood the reading clerk to say "Promotion of foreign trade," when the gentleman from California [Mr. Voornis] asked for recognition. That is as far as I understood the reading clerk to

The CHAIRMAN. Perhaps the gentleman heard the Clerk say "Foreign intercourse" instead of "Foreign trade."

Mr. MAPES. No; I did not understand the Clerk to get that far. I desired to make a point of order against certain

language in that paragraph.

Mr. THOMAS S. McMILLAN. Mr. Chairman, I make the point of order that the point of order of the gentleman from Michigan comes too late. The paragraph has already been read, and the Clerk had proceeded with the reading of the next paragraph.

Mr. CARTER. Mr. Chairman, I was endeavoring to follow the reading, too, and my impression was that just the title of the paragraph beginning on page 6 has been read. If such is not the case, I ask unanimous consent that we return to this paragraph in order that the gentleman from Michigan may offer an amendment or make a point of order or do whatever it is he wishes to do.

Mr. COCHRAN. Reserving the right to object, Mr. Chair-

man, what is the paragraph under discussion?

Mr. CARTER. The title of the paragraph is "Promotion of foreign trade."

Mr. COCHRAN. If we go back to the paragraph it will probably be subject to a point of order.

Mr. CARTER. Surely it is.

Mr. COCHRAN. For the moment, I object, Mr. Chair-

Mr. MAPES. Mr. Chairman, I desire to repeat that I was following the reading very closely because I intended to make a point of order, and I understood the reading clerk to say only "Promotion of foreign trade," when the gentleman from California [Mr. Voornis] asked for recognition and started to discuss the matter which had come up under the preceding paragraph.

Mr. VOORHIS of California. Mr. Chairman, will the gen-

tleman yield?

I yield to the gentleman from California. Mr. MAPES. Mr. VOORHIS of California. I may say to the gentleman that I, too, was following the reading very closely because I wanted to move to strike out the last word in order to get the floor. I heard the Clerk say "\$43,000", and then I rose.

Mr. CARTER. Mr. Chairman, regardless of whether the paragraph was or was not read, I ask unanimous consent

to return to that paragraph.

Mr. COCHRAN. Mr. Chairman, of course, I am not one to take advantage of a Member, especially when he says he did not hear the Clerk read the paragraph. Therefore, Mr. Chairman, in order to give my friend, the gentleman from Michigan an opportunity to make his point of order, or submit an amendment, I will withdraw my objection.

The CHAIRMAN. Is there objection to the request of

the gentleman from California?

Mr. COCHRAN. I withdraw my objection, Mr. Chairman.

The CHAIRMAN. The Chair hears no objection.

The Clerk will read the paragraph referred to.

The Clerk read as follows:

PROMOTION OF FOREIGN TRADE

Promotion of foreign trade: For the purpose of carrying into effect the provisions of section 4 of the act entitled "An act to amend the Tariff Act of 1930", approved June 12, 1934 (48 Stat. 945), as amended, including personal services without regard to 945), as amended, including personal services without regard to civil-service laws and regulations or the Classification Act of 1923, as amended, stenographic reporting services, by contract if deemed necessary, without regard to section 3709 of the Revised Statutes (41 U. S. C. 5), contingent expenses, printing and binding, traveling expenses, and such other expenses as the President may deem necessary, \$43,000.

Mr. MAPES. Mr. Chairman, I desire to make a point of order against the following language in lines 11 and 12:

Without regard to civil-service laws and regulations or the Classification Act of 1923, as amended.

I may say, Mr. Chairman, that I confine the point of order to that specific language in order to avoid a long debate, such as we got into a little while ago.

Mr. THOMAS S. McMILLAN. Mr. Chairman, as the gentleman has confined his point of order to the specific language to which he has referred, I will concede the point of order.

The CHAIRMAN. The point of order is sustained.

Mrs. ROGERS of Massachusetts. Mr. Chairman, I understand that this appropriation of \$43,000 is to carry on the hearings on reciprocal-trade agreements. Is that correct?

Mr. THOMAS S. McMILLAN. Yes.

Mrs. ROGERS of Massachusetts. Mr. Chairman, I bring to the attention of the House again the fact that the administration is always talking about maintaining the civil service and then brings in bill after bill eliminating civil service from the provisions of such bill.

I want the Members on the Democratc side to realize that I have the highest respect for the Secretary of State. Mr. Hull, a very fine and a very courteous gentleman. He has a right to his own opinions. They are not mine. has been known as a free-trader. He has a perfect right to those opinions, but I believe our industries must be protected if we want to maintain our standard of living. If there be free trade, our standard of living will be lowered. Our workers cannot compete at good wages with low coolie wages. Everyone on the floor of Congress realizes that.

I cannot let go unchallenged the statement of the gentleman from Massachusetts that industries left New England during Republican administrations, and he indicated they were not leaving New England today under the New Deal administration. I refer the gentleman to the controversy in the newspaper, in which the gentleman from Massachusetts [Mr. Casey] claimed and took credit for having prevented the R. F. C. from granting a large loan in order that the South might move an industry to the South in order to compete with our New England manufacturers and take jobs away from our Massachusetts workers. Senator Longe, the junior Senator from Massachusetts, claimed credit, because he went to the President, for preventing the R. F. C. from making that loan to a firm in the South, which was to compete with our workers. Industries, under this New Deal, have not only moved south but they have moved to Brazil and have moved to other countries. Many of our northern

concerns have closed down, and their mills and shops have been demolished in the past 5 years.

These facts cannot go unchallenged, and it is manifestly unfair for the gentleman to cry politics in this matter. Those from the farming area of the South, those from the manufacturing area of the South, are just as anxious to protect their industries as we are. They are placed today in a very embarrassing situation because they do not want to fight publicly and openly against the administration, but I know they want to keep sales of farm products for their farmers and also employment for their industrial workers.

Mr. SANDAGER. Mr. Chairman, will the gentlewoman

from Massachusetts yield?

Mrs. ROGERS of Massachusetts. I yield.

Mr. SANDAGER. Will the gentlewoman from Massachusetts inform me whether she has been able to get any accurate information relative to that loan? I may say that I wrote to the Reconstruction Finance Corporation over a month ago, and I have not received the courtesy of a reply.

Mrs. ROGERS of Massachusetts. I understand the gentleman from Massachusetts [Mr. Casey] to have said-and this is from the newspaper—that the loan would not be made and that the industry would remain in Massachusetts. Others have had the same experience with the R. F. C. as the gentleman from Rhode Island, as numerous New England Congressmen have tried to help, and they have received no reply from the R. F. C. in this matter; but the gentleman from Massachusetts [Mr. Casey], in whose district the industry is located, states it will not move, and I sincerely hope that is true. The gentleman from Rhode Island knows only too well the number of idle spindles in his State and the number of mills that have been torn down.

I further wish to express at this time my very great distress that the commercial attachés are now to operate under the Department of State. We have heard again and again that we must trade with other countries. Under the State Department, or under the Foreign Service, those diplomats are going to try to maintain the friendliest relations possible with other countries, and my fear is that every time the advantage in trade will be given to the foreign country rather than our own. Some one has stated truly, I believe it was the gentleman from South Dakota [Mr. Case], that this country is "exporting jobs and importing materials.

I carnestly hope the reciprocal-trade agreements at least will be changed so as to make them reciprocal; that is, have our country sell our goods and then we will buy the things that will not interfere with our own manufacturers or our own agriculture. We cannot afford to lose our own great domestic markets, and put our workers out of employment.

Mr. BATES of Massachusetts. Mr. Chairman, will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I yield to the gentleman from Massachusetts.

Mr. BATES of Massachusetts. In respect of the reciprocal-trade agreements, is it not true that, perhaps, the Czechoslovakian trade agreement is an outstanding example of the damage that can be done to an industry, namely, the shoe industry, because of the tremendous influx of foreign-made goods, and then when the influx stops, as it did after the German intervention in Czechoslovakia, the shoe industry in our part of the country became, and has continued to be, more flourishing than in many, many years?

Mrs. ROGERS of Massachusetts. That is a very good example and I thank the gentleman for bringing it up. [Applause.]

[Here the gavel fell.]

The Clerk read as follows:

FOREIGN INTERCOURSE

Salaries, Ambassadors and Ministers: Ambassadors Extraordinary and Plenipotentiary to Argentina, Brazil, Chile, China, Colombia, Cuba, France, Germany, Great Britain, Italy, Japan, Mexico, Panama, Peru, Poland, Spain, Turkey, Union of Soviet Socialist Republics, and Venezuela, at \$17,500 each;

Mr. VORYS of Ohio. Mr. Chairman, I make the point of order in the paragraph to the words "Colombia" in line 21,

"Panama" in line 22, "Union of Soviet Socialist Republics" and "Venezuela" in line 23. I make the point of order that each is an appropriation not authorized by law. Title 22, section 31, of the Code sets forth the act of March 2, 1909, which provides:

No new ambassadorships shall be created unless the same shall be provided for by act of Congress.

As to the other ambassadorships which are listed in this paragraph, they have been provided for by acts of Congress. As to these four, the Union of Soviet Socialist Republics has no statutory authorization, and the other three are new ambassadorships created in South America during last fall by the Department of State, for which there is no authority in law. There is not only no authority, but the appropriation is in clear violation of the act of Congress which I have quoted, which forbids the creation of new ambassadorships unless the same shall be provided for by act of Congress.

The CHAIRMAN. Does the gentleman from South Carolina desire to be heard? First, will the gentleman advise the Chair as to whether or not the Ambassadors or Ministers in the act referred to were appointed and have been confirmed by the Senate?

Mr. THOMAS S. McMILLAN. The three Ambassadors referred to were appointed and confirmed by the Senate, as will be found by reference to the Congressional Record of March 17, page 2919. The appointment of the Ambassador to Panama was confirmed by the Senate on March 17.

The CHAIRMAN. Will the gentleman permit the Chair to ask the gentleman from Ohio a question? The Chair would like to know whether or not the gentleman has taken the position that the Ambassadors or Ministers referred to have not been actually appointed and confirmed.

Mr. VORYS of Ohio. Oh, no, Mr. Chairman, that is not

the point at all.

The CHAIRMAN. The gentleman concedes that these Ambassadors have been appointed and confirmed by the Senate? Mr. VORYS of Ohio. I concede that.

The CHAIRMAN. The Chair feels justified in taking judicial notice of the appointment of these Ambassdors to these various countries named.

Mr. VORYS of Ohio. Mr. Chairman, the point I make is not that these Ambassadors have not been appointed and confirmed. My objection is that there is no authorization in law for the increase in their salaries, and that the attempt to create a new embassy is in direct violation of an act of Congress. I concede that, under the Constitution, the President has power to label his emissary an Ambassador, with the advice and consent of the Senate; but this power cannot be extended to constitute legislative authorization for a salary increase, and the precedents of this body, improperly holding the law of 1909 unconstitutional, have ignored this distinction between the constitutional power of the President and the legislative responsibility of Congress.

The CHAIRMAN. The Chair is prepared to rule. This specific question seems to have been passed upon on a former occasion. In Cannon's Precedents, volume 7, section 1248, we find the following language:

The power of the President to appoint diplomatic representatives to foreign governments and to determine their rank is derived from the Constitution and may not be circumscribed by statutory enact-

Where the President has appointed a diplomatic representative and the appointment has been approved by the Senate, a point of order does not lie against an appropriation for the salary of such

representative unless the rate of pay has been otherwise fixed by law. A statute prohibiting the creation of new ambassadorships except by act of Congress is in contravention of the President's constitutional prerogatives and will not support a point of order against an appropriation for the salary of an ambassadorship not created by act of Congress but appointed by the President and confirmed by the Senate.

The President, at will, may raise a legation to an embassy or reduce an embassy to a legation, any statute to the contrary notwithstanding, and where the President has made such change and followed it with an appointment which has been approved by the Senate, an appropriation for the salary of the appointee is in order unless the rate of pay is in contravention of law.

In the decision to which the Chair has referred the Honorable Horace M. Towner, of Iowa, Chairman of the Committee of the Whole House on the state of the Union, referred to the identical statute referred to by the gentleman from Ohio, and that was taken into consideration at the time the decision was rendered.

In view of the precedents of the House, the Chair overrules the point of order.

Mr. SCHAFER of Wisconsin. Mr. Chairman, I move to strike out the paragraph.

The CHAIRMAN. The gentleman from Wisconsin offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. Schaffer of Wisconsin: Strike out the paragraph beginning with line 18, page 6, and ending with line 24.

Mr. SCHAFER of Wisconsin. Mr. Chairman, our distinguished New Deal leader, the chairman of the Committee on Ways and Means, the gentleman fom North Carolina [Mr. Doughton], bitterly criticized the Hawley-Smoot Tariff Act and blamed the Republican Party and that tariff act for most of the political and economic ills of America. The facts and the record indicate that the depression was primarily the result of the World War, which we were told by our Democratic brethren, was to make the world safe for democracy and end all wars.

This has made the world safe for dictators, and most of the nations of the world, including the United States, are now arming to the teeth in preparation for future wars.

The Democratic Party got us into the World War which

made America safe for old man depression.

If you go back into the Record when the Smoot-Hawley tariff bill was considered, you will find that almost every Democratic Member of this body and the other body were vociferous champions of a high-protective tariff, in most cases embargo tariffs, to protect the products of their districts and their States from unfair competition of cheap foreign imports. Senator Walsh pleaded for an embargo tariff on copper. Southern Democratic Congressmen and Senators pleaded for an embargo tariff on vegetables from Cuba and other lands. The Democratic gentlemen from Texas pleaded for an embargo tariff on Angora goats and oil. Democratic gentlemen from Kentucky pleaded for a high-protective tariff on coal. It would take hours to name all of the high-protective tariff positions supported by our Democratic brethren.

We should not overlook the fact that in the 1930 election the Democratic Party obtained control of the House of Representatives where tariff legislation must originate, under the Constitution. We had a Democratic majority in the House after the 1930 election, and a Democratic Speaker, Mr. GARNER. It is true that the Republicans had a paper majority of one in the Senate after the 1930 election. The new dealers had control of that body, however, since a number of the Members were only Republicans while running for office. So the New Deal has had control of the Senate and the House from the 1930 November election. What did you do? You had control of the House wherein tariff legislation must originate, under the Constitution. You demagogued and denounced the Hawley-Smoot tariff bill and yet when you had control of the House after the 1930 election you did not even bring before that body a bill to reduce one tariff rate, not even the rate on aluminum pants buttons one-half of 1 percent. This notwithstanding your vitriolic denunciations of Andy Mellon and his alleged aluminum monopoly which you charged was protected by an embargo tariff.

You now compare the condition of the country under Democratic and Republican administrations, and praise the Democratic and denounce the Republican. Let us examine a part of the record. I hold in my hand the hearings before the subcommittee of the Committee on Appropriations of the House of Representatives on House Joint Resolutions 209 and 246, the W. P. A. appropriation bill. I quote from page 189 of the hearings, which were conducted in the year of our Lord 1939.

The gentleman from Indiana [Mr. Ludlow], a Democratic member of the Appropriations Committee, was examining Colonel Harrington, the Democratic W. P. A. Administrator, and said:

Colonel, how was it before we had any Federal Surplus Commodities Corporation, or before there was any Federal relief?

Colonel Harrington answered:

I only know in a general way. I imagine you know as well as I do. They were fed by the Salvation Army, and in some cases by municipal soup kitchens.

The gentleman from Missouri [Mr. Cannon], another Democratic member of the committee and a New Deal leader, then said:

Of course, at that time the need was not so great. We have now the greatest destitution in the history of the United States.

Colonel Harrington replied:

That is correct.

Explain that away, my New Deal Democratic friends. One of your congressional leaders, the gentleman from Missouri [Mr. Cannon] and your other New Deal leader, Colonel Harrington, who is now in charge of the administration of W. P. A., testified in the year 1939 as follows:

We have now the greatest destitution in the history of the United States.

Mr. Chairman, I agree with their indictment of the New Deal, which has had complete control of the Federal Government for 6 long years.

Now, my friends, it will not be long before our distinguished friend the gentleman from North Carolina [Mr. Doughton] will come down knocking on the doors of Congress, asking for a high protective embargo tariff on imported cotton. Let us compare the cotton record of the New Deal Democratic administration and the Republican administration. I have here reports from the State Department indicating that in 1932 Brazil exported 2,377 bales of cotton. In 11 months of the year 1938, under the New Deal, Brazil exported 1,134,000 bales of cotton. We find in the year 1932 when the Republicans had control of our Federal Government America exported 8,916,000 bales of cotton, while we exported only 4,316,000 bales in 1938 when our Democratic New Deal brethren had control.

New Deal legislation and bureaucratic control is responsible for the deplorable condition which now exists in our American cotton industry. Is it not time for Representatives from the cotton States to oppose the planned economy which Mordecai Ezekiel and Henry Wallace have imported direct from Moscow? Is it not time for them to oppose the handouts of millions of dollars to Brazil and other South American dictatorship countries which have been taking our American cotton-export market?

[Here the gavel fell.]

Mr. SCHAFER of Wisconsin. Mr. Chairman, I ask unanimous consent to withdraw my amendment.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. THOMAS S. McMILLAN. Mr. Chairman, in order that there may be no misunderstanding on the part of those of us in charge of the bill, and I hope the membership understands this, we are trying to get along with the bill now. I think we have been rather liberal in the time that has been extended for the purpose of debate. We want to finish this bill this afternoon. Hereafter, I must serve notice on the membership, in addressing the Committee it will be necessary to confine the remarks to the paragraph under consideration.

The Clerk read as follows:

Representation allowances, Foreign Service: For representation allowances as authorized by the act approved February 23, 1931 (22 U. S. C. 12), \$140,000.

Mr. STEFAN. Mr. Chairman, I offer an amendment. The Clerk read as follows:

Amendment offered by Mr. Stefan: On page 10, line 25, after the comma, strike out "\$140,000" and insert "\$125,000."

Mr. STEFAN. Mr. Chairman, I offer this amendment in good faith. I would prefer to eliminate this entire paragraph which relates to representation allowances but I realize this would be useless and that such an amendment would be defeated. But I feel the membership of the House should go

along with me in cutting this amount down to what it was a year ago. The \$140,000 in this item is \$15,000 more than was allowed last year for this entertainment fund. The increase in my opinion is merely the first wedge to include nearly every employee we have in foreign missions to receive an entertainment fund from the Public Treasury. The increase represents the camel getting its nose under the tent. If we allow this increase, they will be back here next year for another increase and soon the entire camel will be under the tent and we will have demands for tremendous amounts for these people for lavish entertainments.

I want the membership of this House to know something about this item. It comes to you simply reading, "Representation allowance for Foreign Service, \$140,000." You should know that this is the "entertainment fund" which is used by our foreign representatives to give dances, parties, teas, and other social functions. It is used to buy punch, pastries, fine foods, cakes, and so forth. No one will deny that liquor is served at these functions. It can legally be purchased with this money but, by Executive order, we are told it is not being

used for that purpose.

I know that our foreign representatives must give some kind of social functions, because they must return the entertainments given them by other people. I am not opposed to dignified and economic social functions if they have to be held, but why should we increase the appropriation? Whindicate here that we favor lavish and bigger and more entertainments? Let us be sane and give them just what they had last year instead of increasing the amount.

I hope the membership will support me in this effort to serve notice on our highly paid Foreign Service officers that we want some common sense in the expenditure of taxpayers'

money.

Here is a bill appropriating over \$19,000,000 for the Department of State, and we are asked to increase their entertainment fund. What I ask is a small decrease compared with the total. It represents only \$15,000, but it is the principle I am after. A determination to check right now what may become a tremendous appropriation next year or in the years to follow. I believe the regular amount of \$125,000 is

plenty of money for entertainment.

It is too much, in my opinion, in the face of conditions in our own country. Here we are with a public debt of over \$40,000,000,000. Here we are faced with hundreds of letters from our own people at home who are out of jobs; farmers who are losing their farms; people who do not have enough money with which to properly clothe or feed their children. Yet we are asked to appropriate an increase for our foreign officers for entertainment purposes. Such extravagance is not consistent with conditions in my own district in Nebraska. This money would go a long way toward helping my own people, who today are facing another drought, and who fear another failure of small grain. I wish I could take some of you gentlemen through my district-the Third District of Nebraska-and show you first-hand what has happened to the real producer in America. I wish I could take you through Boone, Knox, Antelope, Greeley, and other counties of my district and show you the abandoned farms. I wish I could show you the conditions of the retail trade there. I wish I could take you into the homes of our people there. I wish I could have my own people tell you what they think of appropriating money for entertainment in these days of trouble and foreclosures. I am sure you would go along with me in these efforts to stop extravagant expenditures of taxpayers' money. I know that you would agree with me in my continued statements that we must concentrate on our own troubles at home and keep our noses out of foreign entanglements.

By adopting my amendment, Mr. Chairman, I feel we shall indicate to the people at home that we are actually doing something here to safeguard the interests of our own people.

I will admit that my subcommittee has cut expenditures in these appropriations for the Department of State wherever we found it possible and that there will be some effort later to put back what we cut out. But we are not niggardly in these

appropriations for the State Department. They amount to over \$19,000,000. We took into consideration the unsettled conditions of the world and we respect the Department of State because it is our first line of defense, and we depend upon it to take care of our foreign interests. We realize the great importance of this Department. But all of our Departments, in my personal opinion, take advantage of every "break" they can, and as a result we are asked to provide greater funds. Here we are confronted with statements that "chaotic world conditions" make for more work for the State Department. Then come demands for more money for that Department. The Army takes advantage of the same "break" and demands more money. The Navy finds it a real "break" and we pass the biggest peacetime Navy bill in our history. I feel we are providing sufficient funds for all these Departments. But when they take advantage of every "break" and make demands which go beyond reason I feel it my duty as the Representative of worried people back home to take some

I want to repeat that we are not niggardly in our appropriations to the Department of State. When I say we should not increase the money for entertainment purposes for our Foreign Service officers I want to call the attention of this House to the fact that we pay our Ambassadors and Ministers a lot more money than is paid to the same class of officers by other governments. We pay our Ambassadors over \$17,000 a year. We are making new Ambassadors this year in small countries where Ministers could do the work. We pay the Ministers from ten to twelve thousand a year. These foreign officers get their homes free; they get their light and heat and living allowances free; we pay their transportation to and from their stations; we pay the transportation to and from the United States for themselves and their entire families, and we even pay for the transportation of their household goods. They receive retirement and disability funds. So you see we are not niggardly. Yet they come here and ask that we not only allow them their regular \$125,000 for entertainment purposes, they now ask that the fund be increased to \$140,000. I for one, Mr. Chairman, am opposed to it, and I have a feeling that my own people at home feel as I do.

Mr. Chairman, the argument will be made by those opposing my amendment that this small increase is to give some entertainment money to the minor officers in the foreign missions who do not have it now. I feel that the higher officials who have the \$125,000 now can divide some of it with their minor officials.

Another argument will be made that representatives of other governments get a much larger amount for entertainment purposes. The answer to that is that these officials get a much smaller salary than we pay to our officers.

In asking that my amendment be adopted I do not wish to cast any reflection on the fine service which is being rendered to us by our Department of State and our Foreign Service officers. I wish to go on record as stating that we have the best Foreign Service officers in the world. They are rendering unusually fine service, of which I am sure we are all proud. They represent our first line of defense, and are just as important to our safety and welfare as are the Departments of War and Navy. I have been acquainted with many of the fine officials of the Department of State and I feel that the country should know that there is no finer, more patriotic, more loyal group of men in the employ of our Federal Government.

In spite of all of these commendations, which I make with the utmost sincerity and seriousness, Mr. Chairman, I feel they, too, have a responsibility to the taxpayers of the Nation. The time has come for every employee of our Government to realize the conditions as they really exist and cooperate in our desperate efforts to expend the people's money more wisely and more economically. Spending it for entertainment in these days when we have millions of our own people walking the streets looking for any kind of job is not wise expenditure in my humble opinion.

I hope my amendment will be adopted.

I have been asked whether or not this is the so-called "wine fund." There is nothing in the law that says they cannot use it for that, although there is an Executive order saying they cannot.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. STEFAN. I yield.

Mr. KNUTSON. Is there anything in the law to prohibit

them from buying Scotch?

Mr. STEFAN. There is nothing in the law prohibiting them from using it legally to buy liquor, but they do not, I am reliably informed. By an Executive order they cannot buy liquor with this money. It is for parties and official entertainment. I feel \$125,000 is sufficient amount for this purpose. [Applause.]

Mr. THOMAS S. McMILLAN. Mr. Chairman, I do not know whether the membership is really familiar with this representation allowance that the Government affords to our Foreign Service men and women. As the gentleman from Nebraska [Mr. Stefan] has just told you, it totals only

\$125,000 annually.

Mr. Chairman, I regret very much to have to oppose the amendment offered by my colleague; but when you men and women stop for a moment and realize what \$140,000 means to some 75 or 80 foreign missions, you will realize that when it is allocated to the Ambassadors and Ministers it amounts to only a few hundred dollars per mission. Let us, for purpose of comparison, call attention to what some of the foreign embassies in Washington receive as a representation allowance. The British Ambassador here in the city of Washington has a \$67,000 annual allowance. Cuba's Ambassador in Washington receives \$35,000 a year. As a matter of fact, the representative of every country in the city of Washington, whether Ambassador or Minister, has a representation allowance in some cases almost equal to half the total amount we allow for our entire Foreign Service. What is this increase for?

The Members who have been abroad know that it is not always the Ambassador or the Minister of our missions who entertain. Quite often it is a member of the staff of the embassy, the secretaries, those fellows who are over there on modest salaries. Those are the fellows for whom this increase is intended. You gentlemen who have been abroad know what the problem is to these officials. They want to entertain you, and they have the right to entertain you; and we have the obligation to see that our representatives abroad have sufficient means with which to do a little entertaining of an absolutely necessary nature, not only of our people when they go abroad but others, such as visits of the fleet, and so forth. We have the obligation to see that they are treated in the matter of these allowances in a way comparable to the standards and the dignity of our country abroad.

I hope, Mr. Chairman, in view of this situation, that the Members will not vote for the amendment offered by the

gentleman from Nebraska. [Applause.]

[Here the gavel fell.]

Mr. KNUTSON. Mr. Chairman, I move to strike out the

last three words.

I think there is a great deal in what the gentleman from South Carolina has said. He tells the committee that the British Ambassador has an allowance of \$85,000 for entertainment purposes, and that the Ambassador of Cuba has \$50,000 a year for entertainment purposes. I assume that other foreign countries allow their representatives in Washington proportionate amounts. I fear the amount carried by this bill is far too small, and my reason for this statement is this: When we see what England with her \$85,000 got, and what Cuba with her \$50,000 got in the way of trade concessions from this Government, we should make this sum \$5,000,000. With such a sum we would get somewhere in negotiating future trade agreements.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN (Mr. Bland). The question is on the amendment offered by the gentleman from Nebraska.

The amendment was rejected.

Mr. DINGELL. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, altogether, too frequently persons not qualified, attempt to discuss reciprocal-trade agreements and the effect upon the automobile industry. Their expressions are contrary to the views of the automobile industry.

Our national economy has been geared to support millions of workers in industries which are vitally dependent upon foreign markets. The automobile industry comes within this

group.

When the present administration assumed leadership of the country the foreign trade of the United States was stymied behind excessive tariff walls and trade barriers of various descriptions. To free the channels of foreign commerce from these uneconomic devices required sober judgment and careful consideration. After thorough deliberation, Congress, on June 12, 1934, authorized the reciprocal trade agreements program.

The scores of increases in exports from the United States since the first trade agreement became effective, clearly demonstrates the effectiveness of the program as an instrument to restore foreign markets for American producers.

The high degree of development and growth reached by the automobile industry makes profitable foreign sales opportunities increasingly important. The decline in automobile production running concurrently with export contraction following 1929 reflects the value and importance of foreign markets to the automobile industry. Exports of automobiles and parts declined from \$539,298,000 in 1929 to \$191,268,000 in 1934, the year of authorization of the trade-agreements program.

Concessions on automobiles and parts have been obtained

in 17 trade agreements concluded to date.

Trade statistics published by the Department of Commerce show that trade agreements have aided in restoring foreign markets for American automobiles and parts. The value of exports to foreign countries which granted concessions have increased 48.3 percent, or from \$71,820,000 to \$106,513,000 between 1934 and 1938. The value of exports to all other countries increased 38.8 percent, or from \$119,448,000 to \$165,793,000 between 1934 and 1938.

That trade agreements have contributed to restore employment opportunities and prosperity in the automobile industry is also clear. Data in the Census of Manufactures recently released show that production of automobiles has increased in value by \$1,234,200,000 between 1925, the first year in which the trade-agreements program commenced to function, and 1937; employment of wage earners increased by 91,500 and employment of salaried employees increased by 13,600 between the same 2 years. It is amply clear from these figures that the trade-agreements program, by reopening foreign markets for automobiles, has also brought a fuller measure of prosperity to thousands of Americans.

Moreover, there exists another and broader aspect to the whole program of trade agreements—the benefits indirectly received by many industries as a result of the direct concessions obtained on automobiles. A study recently published by the American Automobile Association discloses that 54 percent of total United States consumption of malleable iron is used in the construction of automobiles and automotive products, 20 percent of steel, 17 percent of copper, 13 percent of aluminum, 8.5 percent of cotton, 31 percent of lead, 28 percent of nickel, 12 percent of tin, 73 percent of plate glass, and 67 percent of leather. Expressed in simple terms these figures emphasize the fundamental fact that the program as a whole is in the interest of the entire country.

In a radio broadcast a short time ago, Mr. Edgar W. Smith, vice president of General Motors Overseas Corporation stated:

The businesslike manner in which the State Department has dealt with the tariff problem has given us, to date, 19 trade agreements which have greatly expanded our exports, without harming, in the instance of the reciprocal imports, a single efficient industry or a single producer of basic commodities in the United States.

The program is not, by itself, a cure-all for the economic ills of the country. Nor does it promise a complete solution of the economic problems demanding our attention. But it is a fundamental, a sound, and an important contribution to

the solution of those problems, and no amount of misrepresentation or misleading use of trade statistics by critics of the program can alter this fact.

The Clerk read as follows:

CONTRIBUTIONS, QUOTAS, ETC.

For payment of the annual contributions, quotas, and expenses, including loss by exchange in discharge of the obligations of the United States in connection with international commissions, con-United States in connection with international commissions, congresses, bureaus, and other objects, in not to exceed the respective amounts, as follows: Cape Spartel and Tangier Light, coast of Morocco, \$784; International Bureau of Weights and Measures, \$4,342.50; International Bureau for Publication of Customs Tariffs, \$1,318.77; Pan American Union, \$195,566.96, including not to exceed \$20,000 for printing and binding; International Bureau of Permanent Court of Arbitration, \$1,722.57; Bureau of Interparliamentary Union for Promotion of International Arbitration, \$20,000, including not to exceed \$10,000 for the expenses of the ex mentary Union for Promotion of International Arbitration, \$20,000, including not to exceed \$10,000 for the expenses of the American group of the Interparliamentary Union, including personal services in the District of Columbia and elsewhere without regard to the Classification Act of 1923, as amended, stenographic reporting services by contract if deemed necessary, without regard to section 3709 of the Revised Statutes (41 U. S. C. 5), traveling expenses, purchase of necessary books, documents, newspapers, periodicals, maps, stationery, official cards, printing and binding, entertainment, and other necessary expenses to be disbursed on youchers ment, and other necessary expenses to be disbursed on vouchers approved by the president and executive secretary of the American group; International Institute of Agriculture at Rome, Italy, \$48,756, including not to exceed \$11,700 for the salary of the American member of the permanent committee (at not more than \$48,756, including not to exceed \$11,700 for the salary of the American member of the permanent committee (at not more than \$7,500 per annum), compensation of subordinate employees without regard to the Classification Act of 1923, as amended, expenses for the maintenance of the office at Rome, including purchase of necessary books, maps, documents, and newspapers and periodicals (foreign and domestic), printing and binding, allowances for living quarters, including heat, fuel, and light, as authorized by the act approved June 26, 1930 (5 U. S. C. 118a), for the use of the American member of the permanent committee, and traveling and other necessary expenses, to be expended under the direction of the Secretary of State; Pan American Sanitary Bureau, \$58,522.75; International Office of Public Health, \$3,015.63; Bureau of International Telecommunication Union, Radio Section, \$5,790; Government of Panama, \$250,000; International Hydrographic Bureau, \$5,404; Inter-American Trade-Mark Bureau, \$14,330.20; International Bureau for Protection of Industrial Property, \$1,471.63; Gorgas Memorial Laboratory, \$50,000; Provided, That hereafter, notwithstanding the provisions of section 3 of the act of May 7, 1928 (45 Stat. 491), the report of the operation and work of the laboratory, including the statement of the receipts and expenditures, shall be made to Congress during the first week of each regular session thereof, such report to cover a fiscal-year period ending on June 30 of the calendar year immediately preceding the convening of each such session; American International Statistical Bureau at The Hague, \$2,000; International Map of the World on the Millionth Scale, \$50; International Technical Committee of Aerial Legal Experts, \$6,745, including not to exceed \$6,500 for the expenses of participation by the Government of the United States in the meetings of the International Technical Committee of Aerial Legal Experts, and of the commissions established by that committee, including traveling expenses, personal services committee, including traveling expenses, personal services in the District of Columbia and elsewhere without reference to the Clas-sification Act of 1923, as amended, stenographic and other services by contract if deemed necessary without regard to the provisions of section 3709 of the Revised Statutes (41 U. S. C. 5), rent, purchase of necessary books and documents, printing and binding, chase of necessary books and documents, printing and binding, official cards, entertainment, and such other expenses as may be authorized by the Secretary of State; Convention Relating to Liquor Traffic in Africa, \$55; International Penal and Penitentiary Commission, \$4,332, including not to exceed \$800 for the necessary expenses of the Commissioner to represent the United States on the Commission at its annual meetings, personal services without regard to the Classification Act of 1923, as amended, printing and binding traveling expenses and such the Secret binding, traveling expenses, and such other expenses as the Secretary of State may deem necessary; Permanent Association of International Road Congresses, \$588; International Labor Organization, \$168,528.28, including not to exceed \$25.867 for the expenses of participation by the United States in the meetings of the Genof participation by the United States in the meetings of the General Conference and of the governing body of the International Labor Office and in such regional, industrial, or other special meetings as may be duly called by such governing body, including personal services, without reference to the Classification Act of 1923, as amended, in the District of Columbia and elsewhere, stenographic reporting and translating services by contract if deemed necessary without regard to section 3709 of the Revised Statutes (41 U. S. C. 5), rent, traveling expenses, purchase of books, documents, newspapers, periodicals, and charts, stationery, official cards, printing and binding, entertainment, hire, maintenance, and operation of motor-propelled passenger-carrying vehicles, and such other expenses as may be authorized by the Secretary of State; Implementing the Narcotics Convention of 1931, \$10,551.85; International Council of Scientific Unions, and Associated Unions, as follows: International Council of Scientific Unions, \$19.30; International Astronomical Union, \$617.60; International Union of Geodesy and Geophysics, \$2,316; International Scientific Radio

Union, \$154.40; International Union of Physics, \$62.72; International Geographical Union, \$125.44; and International Union of Biological Sciences, \$154.40; in all, \$4,124.86; and Pan American Institute of Geography and History, \$10,000; in all, \$870,000, together with such additional sums, due to increase in rates of exchange as the Secretary of State may determine and certify to the Secretary of the Transport to be presented by the Transport of the Transport o the Secretary of the Treasury to be necessary to pay, in foreign currencies, the quotas and contributions required by the several treaties, conventions, or laws establishing the amount of the obligation.

Mr. MAPES. Mr. Chairman, a point of order. The CHAIRMAN. The gentleman will state it.

Mr. MAPES. Mr. Chairman, I reserve a point of order against the language at the bottom of page 19, "without reference to the Classification Act of 1923 as amended.'

This language does not apply to the civil service. What is the purpose of it, I would like to inquire of the gentleman from South Carolina?

Mr. THOMAS S. McMILLAN. This language, I may say to the gentleman from Michigan, is only intended to provide \$6,500 for the expenses of a meeting of the International Technical Committee of Aerial Experts. I am sure the gentleman would not want to have the Civil Service Classification Act apply to a meeting of that sort.

Mr. MAPES. Does the qualification "without reference to the Classification Act" only apply to the portion of the paragraph to which the gentleman is referring?

Mr. THOMAS S. McMILLAN. That is right.

Mr. MAPES. The \$6,500 item?

Mr. THOMAS S. McMILLAN. It applies up to the semicolon shown in line 18, page 19.

Mr. MAPES. Mr. Chairman, I withdraw the point of order. Mr. WADSWORTH. Mr. Chairman, I move to strike out the last word in order to ask a question.

Will the gentleman in charge of the bill turn to page 20, line 7, and tell the committee what progress the Convention Relating to Liquor Traffic in Africa expects to make with

Mr. THOMAS S. McMILLAN. May I say to the gentleman from New York that I will have to look up the justification sheet for that. I do not recall offhand.

Mr. WADSWORTH. It is a very vital matter.

Mr. THOMAS S. McMILLAN. If the gentleman will pardon me a moment, I think I can give him the information.

Mr. WADSWORTH. Mr. Chairman, out of a charitable instinct which always impels me, I withdraw the inquiry. The Clerk read as follows:

INTERNATIONAL BOUNDARY COMMISSION, UNITED STATES AND MEXICO Salaries and expenses: For expenses of meeting the obligations of the United States under the treaties of 1884, 1889, 1905, 1906, and 1933 between the United States and Mexico, and of compliance with the act approved August 19, 1935, as amended (49 Stat. 660, 1370), operation and maintenance of the Rio Grande rectification project and of the American dam and canal feature of the Rio Grande rectification project consoliration projects consoliration projects. Grande canalization project; construction and operation of gaging stations where necessary and their equipment; personal services and rent in the District of Columbia and elsewhere; fees for proand rent in the District of Columbia and eisewhere; lees for professional services at rates and in amounts to be determined by the Secretary of State; expenses of attendance at meetings which in the discretion of the Commissioner may be necessary for the efficient discharge of the responsibilities of the Commission (not to exceed \$500); traveling expenses, including transportation of effects; printing and binding; law books and books of reference; subscriptions to foreign and domestic newspapers and periodicals; subscriptions to foreign and domestic newspapers and periodicals; purchase, exchange, maintenance, repair, and operation of motor-propelled passenger- and freight-carrying vehicles; hire, with or without personal services, of work animals, and animal-drawn and motor-propelled vehicles and equipment; purchase of rubber boots and waders for official use of employees; purchase of ice; drilling and testing of dam sites, by contract if deemed necessary, and purchase in the field of planographs and lithographs and of one special electrically operated typewriter, without regard to section 3709 of the Revised Statutes (41 U. S. C. 5); equipment and such other miscellaneous expenses as the Secretary of State may deem proper \$193,000. proper, \$193,000.

Mr. KNUTSON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, may I ask the chairman of the subcommittee if he has ascertained whether or not there is money in the Treasury to pay these various appropriations? I heard today that we have just about reached the debt limit fixed in the Second Liberty Loan law.

Mr. THOMAS S. McMILLAN. I might suggest to the gentleman that his colleague, sitting behind him, in charge of the bill on the minority side, can give him the information.

Mr. KNUTSON. I am a little apprehensive.

Mr. THOMAS S. McMILLAN. I may say from my own observation that the gentleman from California is quite an authority on this subject.

Mr. KNUTSON. An evening paper carries the following

Administration forces were reported authoritatively today to be drafting a new spending-lending program involving billions in Federal funds.

The program has not yet taken definite form, it was learned, but is being put in shape for submission to President Roosevelt and possible transmission to Congress.

As tentatively outlined, it would include: Release of \$1,500,000,000 of the Treasury's \$2,000,000,000 stabilization fund and use of the money to finance a Nation-wide homeailding program.

Establishment of new Federal machinery for loans to business,

with emphasis on advances to small firms.

Liberalization of social-security benefits, with discussion centering on old-age pensions of \$40 monthly for single persons and \$60 monthly for married persons.

Government insurance of loans for utility construction.

Reduction of the 5-percent interest rate on construction loans insured by the Federal Housing Administration.

Government purchase of new railroad equipment and its rental

to the carriers.

In connection with the consideration of this bill, may I ask the gentleman if any thought was given to this ambitious program which, if it is put into effect, would certainly insure making the country safe for the Democratic Party in 1940? I would like to have some information on whether or not after we have carried out the all-embracing program which is announced in the Evening Star there will be any money left for the appropriations that are carried in this bill? Has the gentleman any definite information on that?

Mr. THOMAS S. McMILLAN. I think our friend from California, the gentleman over on the minority side in charge of the bill for the minority, might give the gentleman the information he desires. The gentleman is quite an authority on this question. If the gentleman from California is unable to give it to him, I respectfully refer him to the gentleman

from Pennsylvania [Mr. RICH].

Mr. KNUTSON. Has the majority leader any information on this program which is outlined in the evening paper? [Pause.] Evidently not.

Mr. RAYBURN. Evidently not. Mr. KNUTSON. Is history to repeat itself? In 1935 Congress unwisely gave the President \$4,880,000,000 free from all restrictions to do with as he saw fit in fighting the depression. The election returns in November 1936 showed that the money had been put to good use politically. I am wondering if the one and one-half billions above referred to would be used to influence the next election. I would indeed be surprised if it were not.

The pro forma amendment was withdrawn.

The Clerk read as follows:

Ninth International Seed Testing Congress: For the expenses of official entertainment and other expenses authorized by the Secretary of State in connection with holding the Ninth International Seed Testing Congress in the United States, as authorized by and accordance with the act approved April 8, 1938 (52 Stat. 201),

Mr. HOLMES. Mr. Chairman, I offer an amendment. The Clerk read as follows:

Amendment offered by Mr. Holmes: On page 30, after line 15, in-

Amendment offered by Mr. Holmes: On page 30, after line 15, insert a new paragraph, as follows:
"Delaware Valley Tercentenary Commission: The unappropriated balance of the appropriation of \$10,000 for the United States Delaware Valley Tercentenary Commission, contained in the 'Department of State Appropriation Act, 1937,' and continued available for the fiscal year 1939, is hereby continued available during the fiscal year 1940 for expenditure under the same conditions as set forth under this head in the 'Second Deficiency Appropriation Act, 1938.'"

Mr. THOMAS S. McMILLAN. Mr. Chairman, I may say for the committee that the amendment is acceptable to the

The amendment was agreed to.

Mr. WADSWORTH. Mr. Chairman, I move to strike out the last word for the purpose of asking a question of the chairman of the committee. Can the chairman tell us where the Ninth International Seed Testing Congress is to be held?

Mr. THOMAS S. McMILLAN. Right here in the United

Mr. WADSWORTH. Five hundred dollars will take most of the delegates to the Congress, I assume?

Mr. THOMAS S. McMILLAN. This is just a small item and takes care of transportation.

The Clerk read as follows:

FEDERAL BUREAU OF INVESTIGATION

Salaries and expenses, detection and prosecution of crimes: For the detection and prosecution of crimes against the United States; for the protection of the person of the President of the United States; for the protection of the person of the President of the United States; the acquisition, collection, classification, and preservation of identification and other records and their exchange with the duly authorized officials of the Federal Government, of States, cities, and other institutions; for such other investigations regarding official matters under the control of the Department of Justice and the Department of State as may be directed by the Attorney General; purchase and exchange not to exceed \$50,000, and hire, maintenance, upkeep, and operation of motor-propelled passenger. maintenance, upkeep, and operation of motor-propelled passenger-carrying vehicles, to be used only on official business; maintenance, upkeep, and operation of not more than three armored automoand operation of not more than three armored automobiles; firearms and ammunition; such stationery, supplies, floor coverings, equipment, and telegraph, teletype, and telephone service at the seat of government or elsewhere as the Attorney General may direct; not to exceed \$10,000 for taxicab hire to be used exclusively for the purposes set forth in this paragraph and to be expended under the direction of the Attorney General; traveling expenses, including expenses, in an amount not to exceed \$4,500, of attendance at meetings concerned with the work of such Bureau when suthorized in writing by the Attorney General; not to exceed of attendance at meetings concerned with the work of such Bureau when authorized in writing by the Attorney General; not to exceed \$1,500 for membership in the International Criminal Police Commission; payment of rewards when specifically authorized by the Attorney General for information leading to the apprehension of fugitives from justice, including not to exceed \$20,000 to meet unforeseen emergencies of a confidential character, to be expended under the direction of the Attorney General, who shall make a certificate of the amount of such expenditure as he may think it advisable not to specify and every such certificate shall be deemed. tilicate of the amount of such expenditure as he may think it advisable not to specify, and every such certificate shall be deemed a sufficient voucher for the sum therein expressed to have been expended; and including not to exceed \$1.872,480 for personal services in the District of Columbia; \$7,000,000: Provided, That section 3709 of the Revised Statutes (41 U. S. C. 5) shall not be construed to apply to any purchase or service rendered for the Federal Bureau of The Statutes in the field when the expression approach is the field when the expression and the services and the service services are serviced to the section of the section in the field when the expression are serviced to the section of the s cf Investigation in the field when the aggregate amount involved does not exceed \$50: Provided further, That none of the funds appropriated herein under the Federal Bureau of Investigation shall e used to pay the compensation of any civil-service employee.

With the following committee amendments:

On page 34, line 25, strike out the word "three" and insert in lieu thereof the word "four."

On page 36, line 3, after the word "employee", insert the words "except fingerprint classifiers."

The committee amendments were agreed to. The Clerk read as follows:

PENAL AND CORRECTIONAL INSTITUTIONS

Salaries and expenses: For every expenditure authorized by law or by orders and regulations made in pursuance of law, not otherwise provided for, requisite for and incident to the support of prisoners, and the maintenance and operation of Federal penal and correctional institutions; expenses of interment or transporting remains of deceased inmates to their homes in the United States; purchase of not to exceed 20 passenger-carrying automobiles; purchase of 2 busses in an aggregate amount not exceeding \$14,000; maintenance and repair of passenger-carrying automobiles: exchase of 2 busses in an aggregate amount not exceeding \$14,000; maintenance and repair of passenger-carrying automobiles; expenses of attendance at meetings concerned with the work of the Prison Service when authorized in writing by the Attorney General; traveling expenses of members of advisory boards authorized by law incurred in the discharge of their official duties; packing, crating, drayage, and transportation, not to exceed 5,000 pounds in any one case of household effects of employees, whether shipped by railroad or by motortruck, when transferred from one official station to another for permanent duty; uniforms for the guard force; newspapers, books, and periodicals; firearms and ammunition; purchase and exchange of farm products and livestock; under the following heads: Provided, That any part of the appropriations under this heading used for payment of salaries of personnel employed in the operation of prison commissaries shall be reimbursed from commissary earnings, and such reimbursement shall be in addition to the amounts appropriated herein.

Mr. HULL. Mr. Chairman, I offer an amendment. The Clerk read as follows:

Amendment offered by Mr. Hull: On page 42, line 18, after the ord "herein", insert the following: "Provided further, That no

part of the appropriations under the heading 'Penal and Correctional Institutions' shall be used for payment for oleomargarine or other butter substitutes."

Mr. HULL. Mr. Chairman, I offer this amendment in order to have the penal and correctional institutions of the Government use butter instead of oleomargarine. Last year these institutions used approximately 400,000,000 pounds of oleo. Heretofore Congress has abolished the purchase of oleo in the Army, including the camps of the C. C. C., and has abolished the use of it in the veterans' hospitals. Practically no other institution of the Government is now using oleomargarine except the penal and correctional institutions.

I should like to call attention to the fact that at present the Government of the United States is holding 95 percent of all the storage butter in the country, part of that purchased by the Government under the appropriation a year ago for the purpose of stabilizing the dairy markets. The Government is now holding approximately 60,000,000 pounds of that butter. Since the time the Government stepped out of the market and allowed this surplus to go undistributed the price of other dairy products in this country has fallen approximately 20 percent, and on butter about 25 percent.

Last year the Government purchased approximately 152,-000,000 pounds of butter. It does not seem logical to me that the Government should continue to buy butter and other dairy products for the purpose of stabilizing the market and at the same time, for the very small economy concerned, continue to use oleomargarine in any of its institutions. There is a bill, which will be before us in the House in a few days, setting aside a further sum for the purpose of stabilizing the markets, not only of dairy products but also on fresh fruits and vegetables, cotton, and other commodities. If we are going to continue this policy of stabilizing the market, certainly there is no reason why any portion of this appropriation should be used in these penal and correctional institutions for the purchase of oleomargarine.

Mr. SCHAFER of Wisconsin. Mr. Chairman, will the gen-

tleman yield for a brief question?

Mr. HULL. I yield to the gentleman from Wisconsin.

Mr. SCHAFER of Wisconsin. In order to get some real benefit from the Government purchase of this so-called surplus butter, does not the gentleman believe we will have to plug the holes in the tariff wall? If Uncle Sam buys up the surplus American butter and permits millions of pounds of foreign butter to come in here to replace it, we are not going to make the Government purchase of surplus butter effective.

Mr. HULL. Yes; but I may say to the gentleman from Wisconsin that the price of butter is now so low that there is practically no butter coming into this country. Last year the imports of butter, I believe, amounted to only 456,000 pounds, as compared with approximately 22,000,000 pounds which was imported in 1937. It is these low prices which are depressing the dairy industry and causing serious distress, especially in those sections of the country which produce the larger part of the butter, cheese, condensed milk, and so forth. The 20-percent decline in the price of dairy products in this country is not a small item. In the State of Wisconsin alone it will amount to more than \$40,000,000, an equal amount in the State of Iowa, and about the same amount in the State of Minnesota.

Mr. STEFAN. Mr. Chairman, will the gentleman yield? Mr. HULL. I yield to the gentleman from Nebraska.

Mr. STEFAN. I am inclined to go along with the gentleman's amendment, because I as a member of this committee put into the hearings a table showing the amount of substitutes used in the prisons instead of butter. You will find in those hearings a table showing how much surplus food commodities was given to these prisons by the Federal Surplus Commodities Corporation. Included in these commodities was a tremendous amount of sugar, but absolutely no butter, of which we have a great surplus. I am very much in sympathy with the gentleman's amendment.

Mr. HULL. I appreciate the suggestion of the gentleman from Nebraska, and would say that the exact figure as given in the table he mentions is 396,000 pounds.

Mr. VAN ZANDT. Mr. Chairman, will the gentleman yield?

Mr. HULL. I yield to the gentleman from Pennsylvania. Mr. VAN ZANDT. Did not this Congress a few years ago rule oleomargarine out of the Veterans' Administration facilities?

Mr. HULL. It did. Furthermore, it has ruled it out of every other Government institution except these. I am asking that the Government continue that policy and put butter, some of the surplus butter, if need be, into use in these prisons and other institutions instead of using oleomargarine. [Applause.]

[Here the gavel fell.]

Mr. THOMAS S. McMILLAN. Mr. Chairman, the amendment offered by our friend the gentleman from Wisconsin [Mr. Hull], of course, appeals to many of us who are interested in our farm problems and the farmers of the country and, particularly, the dairy industry, which is directly concerned. However, there are the oleomargarine people to be considered and there are still a lot of them in the country; and when it comes to the matter of employment, putting out of employment one group of citizens offsets the employment of another group, and to that extent I can see no gain whatever in the amendment offered by the gentleman from

However, let us go a step further and look at it from the standpoint of Uncle Sam. This year you will find in the report on this bill that we have reduced the per capita cost of the support of prisoners in our penal institutions by onehalf cent per day per prisoner. If this amendment is adopted, it simply means that the little saving we have made by the reduction of one-half cent per prisoner per day will be more than taken up by the additional cost of this amendment because, by a little figuring here, this would cost, based on the population in our penal institutions, between \$40,000 and \$50,000 annually.

I have every sympathy in the world for the dairy interests and for the farmers and all the men engaged in the production of butter, but at the same time we have other interests here to be considered, such as those who are engaged in the production of oleomargarine products.

If you gentlemen have had occasion to look over this record, you have found that more than \$3,000,000 of the \$6,-000,000 of increase under the Department of Justice has been due to the expansion of our penal institutions. This additional money is required to take care of our constantly increasing prison population.

The record shows that the per capita cost of every prisoner that goes into one of our security Federal institutions is \$2,750. That figure represents the capital investment per prisoner.

Now, with all this additional cost to the taxpayers of this country and all this expansion of facilities, are we now going to cut out the use of oleomargarine and provide for the use of butter only at an additional cost of \$50,000? I do not believe you will want to do that, and I ask you to vote down the amendment.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin.

The question was taken; and on a division (demanded by Mr. Schafer of Wisconsin) there were-ayes 41, noes 48.

So the amendment was rejected.

The Clerk read as follows:

JUDICIAL

UNITED STATES SUPREME COURT

Salaries: For the Chief Justice and eight Associate Justices; Reporter of the Court; and all other officers and employees, whose compensation shall be fixed by the Court, except as otherwise provided by law, and who may be employed and assigned by the Chief Justice to any office or work of the Court, \$455,000.

With the following committee amendment:

On page 47, line 20, change the figures "\$455,000" to "\$445,000."

The committee amendment was agreed to.

The Clerk read as follows:

Miscellaneous expenses: For miscellaneous expenses of the Supreme Court of the United States, to be expended as the Chief Justice may approve, \$25,000.

With the following committee amendment:

On page 48, following line 3, insert a new paragraph, as follows: "For the purchase of books and periodicals for the Supreme Court, to be a part of the Library of Congress, and purchased by the Marshal of the Supreme Court, under the direction of the Chief Justice, \$10,000."

The committee amendment was agreed to. The Clerk read as follows:

Traveling expenses: For all necessary traveling expenses under the Department of Commerce, including all bureaus and divisions thereunder except the Bureau of the Census, and traveling expenses for the examinations authorized by the act entitled "An act to provide for retirement for disability in the Lighthouse Service," approved March 4, 1925 (33 U. S. C. 765), but not including travel properly chargeable to the appropriation herein for "Transportation of families and effects of officers and employees and allowances for living quarters," Bureau of Foreign and Domestic Commerce: Provided, That not exceeding \$3,000 of this appropriation shall be available for the hire of automobiles for travel on official business, without regard to the provisions of the act of July 16, 1914 (38 Stat. 508), \$455,900.

Mr. BLAND. Mr. Chairman, I offer an amendment. The Clerk read as follows:

Amendment offered by Mr. BLAND: On page 59, line 22, strike out "\$455,900" and insert in lieu thereof "\$458,400."

Mr. BLAND. Mr. Chairman, the purpose of this amendment is to increase the appropriation for the Bureau of Fisheries by \$10,000. Doubtless Members of the House have received notice that I would offer an amendment for \$10,000 for an investigation of certain conditions in the fisheries.

Upon investigation, however, I find that it may be as well to break down the amount in detail. I am sure that the Department will carry out the purpose of Congress by attention to the particular matter that I have in mind. If this amendment is adopted, there will be some additions on page 86, which will bring the entire increase to \$10,000. This change on page 59 arises from the fact that a part of the expenditure will be for travel expenses and a part for other purposes, making it necessary to ask for increases in the detailed items.

There has arisen in the industry a problem involving the discoloration of oysters in shipment. This has impaired their marketability in some instances, and it is desired to make an investigation to ascertain just what is the cause of the discoloration and what will correct it. I cannot, in the limited time I have, go into detail about it. I have heard of several instances at various places in the industry. There have been some instances in which the discolorations have developed after the oysters have been canned and shipped. The cause at present is unknown. Whatever it is, the edibility of the oyster does not seem to be impaired at all, but, if continued, the marketability would be seriously injured. Persons who are familiar with the oyster industry will know that that condition sometimes exists with respect to what is known as green gills. Those of us who live in the oyster sections know that green gills evidence a good oyster; that it does not inter-fere with the edibility of the oyster, but that if you try to sell them you find difficulty in doing so.

We want to find out the cause of this discoloration. The condition appears sporadically at different points. We do not want to have it go too far. There may be come reason which can be easily checked. The Bureau of Fisheries advises me that with the appropriations they receive they cannot undertake the necessary work. I tried to get an estimate from the Bureau of the Budget, and they are considering the matter, but so far I have not received any estimate, and it appears to me that \$10,000 affecting an industry as large as this, which may be very vitally injured, is not asking too much. In a few cases the shippers have suffered loss from rejections of shipments, and it can be seen that a few cans which may be affected seriously affect the whole lot. For this reason I have asked you to increase this appropriation from \$455,900 to \$458,400. If that is agreed to, there will be a corresponding increase in other items, which will bring it up to an amount not exceeding \$10,000.

Mr. THOMAS S. McMILLAN. Mr. Chairman, I regret very much to oppose the amendment offered by the gentleman from Virginia [Mr. Bland]. I am sure most of you know that

the gentleman from Virginia has been very greatly interested for a number of years in the activities of the Bureau of Fisheries. The committee is very grateful to him for the very fine assistance and cooperation he has given us in connection with the Bureau's program. However, if you look over the record of the hearings and the review of the appropriations that have been made for the Bureau of Fisheries during the past few years you will find that Congress has been very generous with that Bureau. This year we have increased even over the estimates of the Budget one item for the Bureau of Fisheries. We recognize the value of the services this Bureau is rendering to the people of the country. It is a very fine organization.

However, we do have our limitations, and here is an illustration of it.

Here is an item in the way of an amendment that is requested over the estimates of the Budget. There is no Budget estimate for it. I am going to ask you at this time if you want to go along with the committee, to vote down the amendment. If, as the gentleman says, the Budget is considering this estimate, perhaps in time it will send the estimate down here even before the Congress adjourns, and then the question can be taken up by the deficiency committee, in the last deficiency bill, and the amendment I am sure would have the careful consideration of that committee. In view of the situation as it stands at this time, I ask you to vote down the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia.

The amendment was rejected. The Clerk read as follows:

The appropriation herein under title III for traveling expenses shall be available in an amount not to exceed \$5,000 for expenses of attendance at meetings concerned with the promotion of foreign and domestic commerce, or either, and also expenses of illustrating the work of the Bureau of Foreign and Domestic Commerce by showing of maps, charts, and graphs at such meetings, when incurred on the written authority of the Secretary of Commerce.

Mrs. ROGERS of Massachusetts. Mr. Chairman, I move to strike out the last word.

I rise at this time to ask the chairman of the subcommittee how this appropriation is divided. Is this appropriation for foreign and domestic commerce as large as it was last year? I have felt that the Department of Commerce has been very much hampered in its work. It has not been allowed to function. Is the appropriation as large as it was last year?

Mr. THOMAS S. McMILLAN. Yes, it is. In fact, there are one or two items in the appropriation that have been increased over last year's appropriation.

Mrs. ROGERS of Massachusetts. What are you giving the foreign commerce commercial attachés?

Mr. THOMAS S. McMILLAN. I may say there is a total increase of \$83,900 over last year's appropriation for this Bureau.

Mrs. ROGERS of Massachusetts. Then that will be transferred to the Department of State when they take over the work?

Mr. THOMAS S. McMILLAN. Well, not all of the appropriation, but part of it will. There are several types of work performed by the Bureau of Foreign and Domestic Commerce as the gentlewoman knows. Most of their services will still be retained in the Department of Commerce. It is only the foreign commerce service of the Bureau of Domestic and Foreign Commerce that will be transferred to the State Department.

Mrs. ROGERS of Massachusetts. I realize that. I am sorry it is being transferred, because I feel that is the department to take care of our commerce and help sell our products abroad. I know what splendid work the gentleman and the ranking minority Member from California [Mr. Carter] have done, and it is not the fault of this committee this reorganization will put it under the State Department.

I thank the gentleman.

The pro forma amendment was withdrawn.

The Clerk read as follows:

BUREAU OF THE CENSUS

For beginning the work of taking, compiling, and publishing the Sixteenth Census of the United States, as authorized by the act of June 18, 1929 (13 U.S. C. 201-218), and for carrying on other authorized census work, within a limit of cost for the period July 1, 1939, to December 31, 1942, of \$45,100,000, including personal services and rentals in the District of Columbia and elsewhere; the services and rentals in the District of Columbia and elsewhere; the cost of transcribing State, municipal, and other records; contracts for the preparation of monographs on census subjects and other work of specialized character which cannot be accomplished through ordinary employment; per diem compensation of employees of the Department of Commerce and other departments and independent establishments of the Government who may be detailed for field work; expenses of attendance at meetings concerned with the collection of statistics, when incurred on the written authority of the Secretary of Commerce; purchase of books written authority of the Secretary of Commerce; purchase of books of reference, periodicals, maps, newspapers, manuscripts, first-aid outfits for use in the buildings occupied by employees of the census; purchase, exchange, maintenance, operation, and repair of a passenger-carrying automobile to be used on official business; a passenger-tarrying automobile to be used on official business; construction, purchase, or rental of punching, tabulating, sorting, and other labor-saving machines, including technical, mechanical, and other services in connection therewith; printing and binding, traveling expenses, streetcar fares, and all other contingent expenses in the District of Columbia and in the field, \$21,900,000.

Committee amendment: On page 66, line 16, strike out the word "exchange" and insert the word "exchange" following the second

comma in line 18.

The CHAIRMAN. Without objection, the committee amendment will be agreed to.

There was no objection, and the amendment was agreed to. The Clerk read as follows:

Committee amendment: On page 66, line 23, strike out the period and insert the following language: "of which amount not to exceed \$50,000 shall be available immediately."

The CHAIRMAN. Without objection, the committee amendment will be agreed to.

There was no objection, and the amendment was agreed to. The Clerk read as follows:

Total, National Bureau of Standards, \$2,166,000, of which amount not to exceed \$1,914,000 may be expended for personal services in the District of Columbia.

Mr. BLAND. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I feel I should not permit this item to pass without a reference to the splendid work that has been done by the Bureau of Lighthouses, which this year celebrates its one hundred and fiftieth anniversary and which, by order of the President in the plan last submitted to this House, will be merged with the Coast Guard.

It is especially significant to note the language in the report filed this year on the splendid work of the Bureau of Lighthouses. I read:

In 1932 the Lighthouse Bureau was operating 21,574 aids to navigation, and the appropriation for that year for the entire Service was \$12,082,410. At the present time slightly over 29,000 aids are being maintained and operated on an appropriation of \$11,737,000. The picture presented by this comparison is indeed a refreshing one, and the committee enthusiastically commends the adminis-tration of the Bureau that has made this record possible.

The Lighthouse Service is that branch of the Government which has charge of all aids to navigation on the coasts and rivers of the United States. These aids comprehend light-houses, lightships, buoys of all kinds, lighthouse tenders, beacons, sound fog signals consisting of bells, reed horns, steam and air whistles, diaphones and sirens, submarine fog signals, and all the most modern devices for marking channels, aiding navigation, and saving life and property.

Lighthouses and light beacons were maintained to some extent before the Revolution, probably the first on the American continent having been built by the Province of Massachusetts, in 1716, on Little Brewster Island at the entrance of Boston Harbor. Later lighthouses, with their respective dates of construction, were: Brant Point Light, Nantucket Harbor, Mass., 1746; Beavertail Light, Conanicut Island, Narrangansett Bay, R. I., 1749; New London Harbor Light, Conn., 1760; Sandý Hook Light, entrance to New York Bay, 1764; Cape Henlopen Light, entrance to Delaware Bay, Del., 1765; Charleston Light, on Morris Island, S. C., 1767; Plymouth Light, on Gurnet Point, Mass, 1768; Portsmouth Light, entrance to Portsmouth Harbor, N. H., 1771; Cape Ann Lights, Thatchers Island, Mass., 1771; Nantucket Light, Great Point, Nantucket Island, Mass., Newburyport Harbor Lights, Mass., 1788. Other lighthouse stations which had been undertaken by the Colonies, but which were not in operation when the Government of the United States was created were Portland Head Light, Maine. completed in 1791; Tybee Light, at the entrance to Savannah River, Ga., 1791; Bald Head Light at the entrance to Cape Fear River, N. C., 1796.

The Lighthouse Service is practically as old as the National Government. By the ninth law of the Congress of the United States approved August 7, 1789 (1 Stat. L. 53), which was the first law for any public work, it was provided that all expenses which should accrue from and after the 15th day of August 1789 in the necessary support, maintenance, and repairs of all lighthouses, beacons, buoys, and public piers erected, placed, or sunk before the passing of the act, at the entrance of or within any bay, inlet, harbor, or port of the United States, for rendering the navigation thereof easy and safe, shall be defrayed out of the Treasury of the United States. It was provided that none of the said expenses shall continue to be so defrayed by the United States after the expiration of 1 year from the day aforesaid, unless such lighthouses, beacons, buoys, and public piers shall in the meantime be ceded to and vested in the United States by the State or States, respectively, in which the same may be together with the lands and tenements thereunto belonging and together with the jurisdiction of the same.

When the law which resulted in the Lighthouse Service was passed in 1789. Viriginia had collected the materials for a lighthouse at Cape Henry, at the mouth of Chesapeake Bay, but construction had not been commenced. The lighthouse at Cape Henry at the entrance to Chesapeake Bay was the first built by the United States, the work being included in the first appropriation made by Congress for lighthouse purposes on March 26, 1790.

Illustrative of the dangers suffered by these sentinels of the coasts are the damages and losses in life and property sustained by the Service on the occasion of the September (1938) hurricane. An assistant keeper of a station in Narragansett Bay lost his life, the wife of another keeper was drowned. and in a third case a keeper lost both wife and son. The Whale Rock Light Station, in the western passage of Narragansett Bay, close to Narragansett Pier, was completely swept from its base and destroyed. In this catastrophe the first assistant keeper, Walter B. Eberle, the only person at the station at the time, lost his life. The head keeper at the time was on shore and was prevented from returning to the station by the severity of the storm.

Diamond Shoals lightship, stationed off Cape Hatteras, N. C., was caught in the center of the tropical hurricane of September 1933, and was forced off its station notwithstanding its 5,500-pound anchor and 12 tons of anchor chain. The vessel dragged into the edge of the dangerous Diamond Shoal. but was gotten off again. President Roosevelt sent the officers and crew of the Diamond Shoals lightship a letter of commendation and appreciation for the heroic work done by them.

Volumes could be written of the heroic vigil and daring service of all engaged in this work whether on lightships, lighthouses, tenders, or any other branch. Sometimes their stations are destroyed by ice, and sometimes they become havens of refuge, as in June 1916 when 155 persons from the wrecked steamer Bear were taken aboard Blunts Reef lightship California, and cared for until taken off, or as in October 1916, when South Pass lighthouse gave shelter in the rooms of the tower to 75 people throughout the night of the hurricane, or as at Ocracoke, N. C., when 27 persons took refuge in the light tower when their dwellings were destroyed in the storm of September 1933.

It has been well said that the lightkeeper "stands his vigil for all humanity, asking no questions as to the nationality or purpose of him whom he directs to safety."

We are likely to forget the part played by the Lighthouse Service in time of war. It has cooperated in all wars and national emergencies with the military and naval forces of the United States.

The perils to lightships and their crews are illustrated by the case of the lightship No. 117 occupying the Nantucket Shoals station with which the steamship Olympic collided on May 15, 1934, in a dense fcg. The lightship sank on station with a loss of 7 members of its crew. Boats from the Olympic were immediately put over and 7 of the 11 officers and crew who were aboard the lightship were picked up, but 3 of these died the same day of injuries.

The public generally should know more of the great work of the Lighthouse Service, and it is eminently fitting and proper that the one hundred and fiftieth anniversary of this great Service should be celebrated throughout the United States

and in all of its Territories and possessions.

It is with distinct sorrow that I recall that this, the one hundred and fiftieth year of the establishment and beginning of the work of the Lighthouse Service under the Federal Government, will see that Service lose its identity. It was with the ninth law of the first session of the First Congress of the United States that the Lighthouse Service began, and it is to be regretted that the one hundred and fiftieth year of its birth should see its death. I am not raising any criticism. I regret the action. I do not believe there will be any economy. I believe that the Bureau would have functioned just as efficiently and just as economically in the way it has functioned in the past. However, that is now only a moot question. I do want to call the attention of the Members to the splendid, noble, patient, and patriotic service that has been rendered by these men who along the coast have kept the lights burning that vessels, passengers, and crews might escape danger. They have kept the lights burning. The Service, as a distinct organization, may pass out, but they have established for themselves a record that can never die.

May I cite only one other instance of their extreme courage and bravery on the Massachusetts coast last year. A lighthouse operator was washed out to sea. His wife was living with him. She immediately attempted to row out and rescue him. He swam back and was saved, but only in time to see her perish in the waves. He turned to his lights, and those lights kept flashing through the night. He never left his post.

The record of that Service for years will tell the story of sacrifice and of danger and of unsurpassed heroism. They have not been before the public, but they have always been true. [Applause.]

The pro forma amendment was withdrawn. The Clerk concluded the reading of the bill.

Mr. THOMAS S. McMILLAN. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. Cooley, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H. R. 6392) making appropriations for the Departments of State and Justice and for the judiciary, and for the Department of Commerce, for the fiscal year ending June 30, 1940, and for other purposes, directed him to report the same back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Mr. THOMAS S. McMILLAN. Mr. Speaker, I move the previous question on the bill and all amendments thereto to final passage.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendment?

Mr. CARTER. Mr. Speaker, I demand a separate vote on the so-called reciprocal trade agreement amendment.

The SPEAKER. Is a separate vote demanded on any other amendments? If not, the Chair will put them en gross.

The other amendments were agreed to.

The SPEAKER. The Clerk will read the amendment on which a separate vote is demanded.

The Clerk read as follows:

Page 3, following line 17, insert a new paragraph, as follows: "Salaries, reciprocal-trade agreements: For personal services in carrying out the reciprocal trade agreements program, \$225,000."

The SPEAKER. The question is on the amendment.

The question was taken; and the Chair being in doubt, the House divided, and there were-ayes 91, noes 74.

Mr. CARTER. Mr. Speaker, I object to the vote on the ground that a quorum is not present.

The SPEAKER. The Chair has just counted the membership present in the Chamber. One hundred and sixty-five Members are present, not a quorum.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were-yeas 165, nays 139, not voting 126, as follows:

[Roll No. 77]

YEAS-165

Allen, La. Disney Kitchens Pearson Doughton Doxey Anderson, Mo. Kocialkowski Kramer Peterson, Ga. Arnold Ashbrook Poage Dunn Lanham Rabaut Barnes Bates, Ky. Larrabee Lea Durham Rankin Eberharter Rayburn Beam Elliott Leavy Lesinski Beckworth Bland Ellis Robinson, Utah Lewis, Colo. Sabath Sasscer Evans Bloom Boland Fitzpatrick Flaherty Ludlow McAndrews Schaefer, Ill. Boykin Flannagan McCormack Scrugham Flannery Ford, Miss. McGehee Secrest Brown, Ga. McKeough
McLaughlin
McMillan, John L. Strovich
McMillan, Thos. S. Smith, Conn.
Smith, Ill. Buck Bulwinkle Ford, Thomas F. Fulmer Burch Garrett Gathings Burgin Byrns, Tenn. Caldwell Geyer, Calif. Smith, Va. Gibbs Mansfield Snyder Cannon, Mo. Cartwright Gore Gossett Grant, Ala. Marcantonio Martin, Colo. Martin, Ill. Somers, N. Y. South Chandler Sparkman Gregory Clark Massingale Spence Claypool May Mills, Ark. Mills, La. Sutphin Cochran Coffee, Nebr. Coffee, Wash. Cole, Md. Hare Hart Sweeney Tarver Hennings Monroney Moser Tenerowicz Hill Terry Thomas, Tex. Thomason Hook Collins Mouton Colmer Houston Murdock, Ariz Hunter Murdock, Utah Tolan Izac Jacobsen Vincent, Ky. Voorhis, Calif. Cooper Norrell Cox Creal Jarman O'Day O'Neal Warren Johnson, Lyndon Johnson, W. Va. Weaver Crowe Owen Pace Williams, Mo. Woodrum, Va. Jones, Tex. Keller Cummings D'Alesandro Parsons Zimmerman Darden Dempsey Kelly Kennedy, Md. Patman Patrick Dingell Kilday Patton

-139

	NAY	S
Alexander	Crawford	1
Allen, Ill.	Crowther	1
Andersen, H. Ca		1
Anderson, Calif.	Curtis	1
Andresen, A. H.	Darrow	1
Andrews	Dirksen	1
Angell	Ditter	1
Arends	Dondero	1
Austin	Dowell	1
Ball	Dworshak	1
Bates, Mass.	Eaton, Calif.	1
Blackney	Elston	
Bolles	Engel	
Bradley, Mich.	Englebright	
Brewster	Fenton	-
Buckler, Minn.	Gartner	
Burdick	Gearhart	1
Carlson	Gehrmann	- 3
Carter	Gilchrist	1
Case, S. Dak.	Gillie	1
Chiperfield	Graham	I
Church	Grant, Ind.	1
Clason	Green	1
Clevenger	Griswold	1
Cluett	Gross	1
Cole, N. Y.	Guyer, Kans.	1
Corbett	Gwynne	1

Hancock McLean Harter, N. Y. McLeod Hawks Maas Mapes Marshall Heinke Hendricks Martin, Iowa Martin, Mass. Hoffman Holmes Mason Hope Horton Mott Mundt Murray O'Connor Hull Jarrett Oliver Peterson, Fla. Pittenger Johns Johnson, Ill. Johnson, Ind. Pittenger Powers Reece, Tenn. Reed, Ill. Reed, N. Y. Rees, Kans. Risk Robsion, Ky. Jones, Ohio Kean Keefe Kinzer Knutson Kunkel Lambertson Rodgers, Pa. Rogers, Mass. Landis LeCompte Routzohn Rutherford Ryan Lemke Lewis, Ohio Luce

Sandager Schafer, Wis. Schiffler Seger Shafer, Mich. Short Smith, Maine Smith, Ohio

Allen, Pa.

Barden Barry

Barton

Bell Bender

Boehne Bolton

Bradley, Pa. Brown, Ohio

Bryson Buckley, N. Y. Byrne, N. Y. Byron

Cannon, Fla. Casey, Mass. Celler

Chapman

Connerv Crosser Cullen

Curley Delaney

DeRouen

Dickstein

Douglas

Duncan Eaton, N. J.

Boren

Springer Stearns, N. H. Stefan Sumner, Ill. Taber Talle Taylor, Tenn. Thill

Thomas, N. J. Thorkelson Tibbott Tinkham Treadway Van Zandt Vorys, Ohio Vreeland

Wadsworth White, Ohio Wigglesworth Wolfenden, Pa. Wolverton, N. J. Woodruff, Mich. Youngdahl

NOT VOTING-126

Faddis Kerr Kirwan Kleberg Lord Fay Ferguson Fernandez McArdle McDowell McGranery Fish Folger Ford, Leland M. McReynolds Gamble Magnuson Gavagan Gerlach Maloney Merritt Gifford Michener Hall Miller Halleck Mitchell Harness Monkiewicz Harrington Myers Harter, Ohio Hartley Nichols Norton Havenner Healey O'Brien O'Leary Hinshaw Osmers O'Toole Pfeifer Pierce, N. Y. Pierce, Oreg. Hobbs **Jeffries** Jenkins, Ohio Jenks, N. H. Jensen Plumley Johnson, Luther A. Johnson, Okla. Polk Ramspeck Kee Kennedy, Martin Rich Kennedy, Michael Robertson Rockefeller Rockefeller

Rogers, Okla. Romiue Sacks Satterfield Schuetz Schwert Seccombe Shannon Simpson Smith, Wash. Smith, W. Va. Starnes, Ala. Steagall Sullivan Sumners, Tex. Taylor, Colo. Vinson, Ga. Wallgren Walter West Wheat Whelchel White, Idaho Whittington Williams, Del. Winter Wolcott Wood

So the amendment was agreed to. The Clerk announced the following pairs: On this vote:

On this vote:

Mr. Kerr (for) with Mr. Jenkins of Ohio (against).

Mr. Drewry (for) with Mr. Monkiewicz (against).

Mr. McGranery (for) with Mr. Bender (against).

Mr. Havenner (for) with Mr. Seccombe (against).

Mr. Havenner (for) with Mr. Miller (against).

Mr. Myers (for) with Mr. Miller (against).

Mr. Bradley of Pennsylvania (for) with Mr. Hartley (against).

Mr. Walgren (for) with Mr. Douglas (against).

Mr. Cullen (for) with Mr. Michener (against).

Mr. Delaney (for) with Mr. Jensen (against).

Mr. Delaney (for) with Mr. Jensen (against).

Mr. Starnes of Alabama (for) with Mr. Hinshaw (against).

Mr. Mardle (for) with Mr. Brown of Ohio (against).

Mr. Sacks (for) with Mr. Williams of Delaware (against).

Mr. Martin J. Kennedy (for) with Mr. Gifford (against).

Mr. O'Leary (for) with Mr. Wheat (against).

Mr. Gavagan (for) with Mr. Heleck (against).

Mr. Celler (for) with Mr. Rich (against).

Mr. Sullvan (for) with Mr. Bolton (against).

Mr. Barry (for) with Mr. Gambie (against).

Mr. Barry (for) with Mr. O'Brien (against).

Mr. Michael J. Kennedy (for) with Mr. Jenks of New Hampshire against).

Mr. Buckley of New York (for) with Mr. Jenks of New Hampshire against).

Mr. Michael J. Kennedy (for) (against).

Mr. Buckley of New York (for) with Mr. Osmers (against).
Mr. Merritt (for) with Mr. Rockefeller (against).
Mr. Dickstein (for) with Mr. Winter (against).
Mr. Fay (for) with Mr. Plumley (against).
Mr. Byrne of New York (for) with Mr. Barton (against).

Until further notice:

Until further notice:

Mr. Robertson with Mr. Simpson,
Mr. Ramspeck with Mr. Fish.
Mr. Hobbs with Mr. Fries.
Mr. Steagall with Mr. Edmiston.
Mr. Vinson of Georgia with Mr. Harness,
Mr. Kleberg with Mr. Jeffries.
Mr. Walter with Mr. Lord.
Mr. Crosser with Mr. McDowell,
Mr. Boehne with Mr. McDowell,
Mr. Whittington with Mr. Gerlach,
Mr. Schulte with Mr. Welch.
Mr. West with Mr. Leland M. Ford.
Mr. Taylor of Colorado with Mr. Kirwan.
Mr. Nichols with Mr. Allen of Pennsylvania,
Mr. Pierce of Oregon with Mr. Whelchel,
Mr. Barden with Mr. Ferguson.
Mrs. Norton with Mr. Bell,
Mr. Fernandez with Mr. Duncan.
Mr. Connery with Mr. Sumners of Texas,
Mr. Randolph with Mr. Boren.
Mr. Smith of West Virginia with Mr. Curley,
Mr. Harrington with Mr. Casey of Massachusetts,
Mr. Bryson with Mr. Harter of Ohio,
Mr. Bryson with Mr. Harter of Ohio,
Mr. Romjue with Mr. Schuetz.

Mr. Luther A. Johnson with Mr. Faddis, Mr. Schwert with Mr. Chapman. Mr. Satterfield with Mr. Maloney. Mr. McReynolds with Mr. Bolger. Mr. Dies with Mr. Cannon of Florida.

Mr. HENDRICKS and Mr. WHITE of Ohio changed their vote from "yea" to "nay."

The result of the vote was announced as above recorded.

The doors were opened.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the

Mr. HAWKS. Mr. Speaker, I offer a motion to recommit. The SPEAKER. Is the gentleman opposed to the bill?

Mr. HAWKS. Yes. The SPEAKER. The gentleman qualifies. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. Hawks moves to recommit the bill to the committee with instructions to report it back forthwith with the following amendment: At the end of the bill insert a new paragraph, as follows: "No part of the funds appropriated in this bill shall be used for the purpose of purchasing any foreign dairy or other competitive foreign agricultural products which are not produced in the United States in sufficient quantities to meet domestic needs." States in sufficient quantities to meet domestic needs.

Mr. THOMAS S. McMILLAN. Mr. Speaker, I make a point of order against the motion to recommit.

The SPEAKER. The gentleman will state the point of

Mr. THOMAS S. McMILLAN. Mr. Speaker, I make the point of order that the motion to recommit is not in order in that it is an attempt to place legislation in an appropriation bill.

Mr. MARTIN of Massachusetts. Mr. Speaker, it is a limitation on appropriations.

The SPEAKER. The Chair is ready to rule on the point of order made by the gentleman from South Carolina

The point of order has been made that the motion to recommit is not in order because of the fact that it sets up matters of legislation in an appropriation bill. The Chair has tried carefully to read the provisions of the motion. On a fair reading and construction of the whole motion it appears that there is nothing affirmative in the motion in the way of legislation. It appears to the Chair on the whole to be a restriction or a limitation upon the expenditure of funds.

The Chair, therefore, overrules the point of order.

Mr. THOMAS S. McMILLAN. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

Mr. CASE of South Dakota. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. CASE of South Dakota. May the motion again be I think there was an error in it.

The SPEAKER. It may be read by unanimous consent.

Is there objection to the reading of the motion?

Mr. LESINSKI. Mr. Speaker, I object.

Mr. MOTT. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. MOTT. May I inquire whether the apparent inaccuracy or error to which attention was called by the gentleman from South Dakota has been corrected? There was a double negative in there as I heard the amendment read.

The SPEAKER. That is not a matter within the control of the Chair, the previous question having been ordered.

Mr. CASE of South Dakota. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. CASE of South Dakota. Mr. Speaker, some of us are under the impression that the wording of the amendment as it is on the Clerk's desk is not in the form in which it was read. May I ask as a parliamentary inquiry whether the amendment upon which we will vote is as it was read to the House or if the words "may not be" are changed to "can"?

The SPEAKER. There is no amendment pending before the House.

Mr. CASE of South Dakota. I refer to the motion to recommit.

The SPEAKER. The motion to recommit has been reduced to writing and has been read from the Clerk's desk. It speaks for itself.

The question is on the motion to recommit.

Mr. CARTER. Mr. Speaker, I ask for the yeas and nays. The yeas and nays were ordered.

The question was taken; and there were-yeas 113, nays 167, answered "present" 19, not voting 131, as follows:

[Roll No. 78] YEAS-113

Alexander	Ditter	Johnson, Ind.	Routzohn
Andersen, H. Carl	Dondero	Jones, Ohio	Rutherford
Anderson, Calif.	Dowell	Kean	Ryan
Andresen, A. H.	Eaton, Calif.	Keefe	Fandager
Andrews	Elston	Kinzer	Schafer, Wis.
Angell	Engel	Knutson	Schiffler
Arends	Englebright	Lambertson	Seger
Austin	Fenton	LeCompte	Short
Balı	Gartner	Lemke	Smith, Maine
Bates, Mass.	Gearhart	Luce	Springer
Blackney	Gehrmann	McLean	Stearns, N. H.
Bolles	Gillie	McLeod	Stefan
Bradley, Mich.	Graham	Maas	Sumner, Ill.
Brewster	Griswold	Mapes	Taber
Buckler, Minn.	Gross	Martin, Iowa	Talle
Burdick	Guyer, Kans.	Martin, Mass.	Taylor, Tenn.
Carlson	Gwynne	Murray	Thill
Carter	Hancock	Oliver	Tibbott
Chiperfield	Hawks	Osmers	Tinkham
Clason	Heinke	Pittenger	Treadway
Clevenger	Hess	Powers	Van Zandt
Cluett	Hinshaw	Reece, Tenn.	Vreeland
Cole, N. Y.	Hoffman	Reed, Ill.	Wigglesworth
Corbett	Holmes	Reed, N. Y.	Wolfenden, Pa.
Crawford	Horton	Rees, Kans.	Woodruff, Mich.
Crowther	Hull	Risk	Youngdahl
Culkin	Jarrett	Robsion, Ky.	
Curtis	Johns	Rodgers, Pa.	
Darrow	Johnson, Ill.	Rogers, Mass.	

NAYS-167

Anderson, Mo.	Durham	Kocialkowski	Peterson, Ga.
Arnold	Eberharter	Kramer	Pierce, Oreg.
Ashbrook	Elliott	Lanham	Poage
Barnes	Ellis	Larrabee	Rabaut
Bates, Ky.	Evans	Lea	Rankin
Beam	Ferguson	Leavy	Rayburn
Beckworth	Fitzpatrick	Lesinski	Richards
Bloom	Flaherty	Lewis, Colo.	Robinson, Utah
Boenne	Flannagan	Ludlow	Sabath
Boland	Flannery	McAndrews	Sasscer
Brown, Ga.	Folger	McCormack	Schaefer, Ill.
Buck	Ford, Miss.	McGehee	Scrugham
Bulwinkle	Ford, Thomas F.	McKeough	Secrest
Burch	Fulmer	McLaughlin	Shanley
Burgin	Garrett	McMillan, John L	
Byrns, Tenn.	Gathings	McMillan, Thos. S	Sirovich
Caldwell	Geyer, Calif.	Maciejewski	Smith, Conn.
Cannon, Mo.	Gibbs	Mahon	Smith, Ill.
Cartwright	Gore	Mansfield	Smith, Va.
Chandler	Gossett	Marcantonio	Snyder
Claypool	Grant, Ala.	Martin, Colo.	Somers, N. Y.
Cochran	Green	Martin, Ill.	South
Coffee, Nebr.	Griffith	Massingale	Sparkman
Coffee, Wash.	Hare	May	Spence
Cole, Md.	Hart	Mills, Ark.	Steagall
Collins	Hendricks	Mills, La.	Sutphin
Colmer	Hennings	Monroney	Sweeney
Cooley	Hill	Moser	Tarver
Cooper	Hook	Mouton	Tenerowicz
Costello	Houston	Murdock, Utah	Terry
Cox	Hunter	Nelson	Thomas, Tex.
Creal	Jacobsen	Norrell	Thomason
Crowe	Jarman	O'Day	Tolan
Cummings	Johnson, Lyndon	O'Neal	Vincent, Ky.
D'Alesandro	Johnson, Okla.	Owen	Voorhis, Calif.
Darden	Johnson, W. Va.	Pace	Vorys, Ohio
Dempsey	Jones, Tex.	Parsons	Warren
Dingell	Keller	Patman	Weaver
Disney	Kelly	Patrick	Williams, Mo.
Doughton	Kennedy, Md.	Patton	Woodrum, Va.
Doxey	Kilday	Pearson	Zimmerman
Dunn	Kitchens	Peterson, Fla.	

	ANSWERED	"PRESENT"-19	
Allen, La. Brooks Case, S. Dak. Church Dirksen	Dworshak Glichrist Grant, Ind. Harter, N. Y. Hope	Kunkel Landis Mundt Murdock, Ariz. O'Connor	Shafer, Mich. Smith, Ohio Thorkelson White, Ohio
	NOT V	OTING-131	

Allen, Ill. Allen, Pa.

Barden Barton Bender Bell

Bolton	Ford, Leland M.	McArdle	Sacks
Boren	Fries	McDowell	Satterfield
Boykin	Gamble	McGranery	Schuetz
Bradley, Pa.	Gavagan	McReynolds	Schulte
Brown, Ohio	Gerlach	Magnuson	Schwert
Bryson	Gifford	Maloney	Seccombe
Buckley, N. Y.	Gregory	Marshall	Shannon
Byrne, N. Y.	Hall	Mason	Simpson
Byron	Halleck	Merritt	Smith, Wash.
Cannon, Fla.	Harness	Michener	Smith, W. Va.
Casey, Mass.	Harrington	Miller	Starnes, Ala.
Celler	Harter, Ohio	Mitchell	Sullivan
Chapman	Hartley	Monkiewicz	Sumners, Tex.
Clark	Havenner	Mott	Taylor, Colo.
Connery	Healey	Myers	Thomas, N. J.
Crosser	Hobbs	Nichols	Vinson, Ga.
Cullen	Izac	Norton	Wadsworth
Curley	Jeffries	O'Brien	Wallgren
Delaney	Jenkins, Ohio	O'Leary	Walter
DeRouen	Jenks, N. H.	O'Toole	Welch
Dickstein	Jensen	Pfeifer	West
Dies	Johnson, Luther A.	Pierce, N. Y.	Wheat
Douglas	Kee	Plumley	Whelchel
Drewry	Kennedy, Martin	Polk	White, Idaho
Duncan	Kennedy, Michael	Ramspeck	Whittington
Eaton, N. J.	Keogh	Randolph	Williams, Del.
Edmiston	Kerr	Rich	Winter
Faddis	Kirwan	Robertson	Wolcott
Fay	Kleberg	Rockefeller	Wolverton, N. J.
Fernandez	Lewis, Ohio	Rogers, Okla.	Wood
Fish	Lord	Romjue	

So the motion to recommit was rejected. The Clerk announced the following pairs:

General pairs:	
Mr. Robertson with Mr. Jenkins of Ohio. Mr. Ramspeck with Mr. Monkiewicz. Mr. Hobbs with Mr. Bender. Mr. Kerr with Mr. Seccombe. Mr. Drewry with Mr. Miller. Mr. McGranery with Mr. Hartley. Mr. Havenner with Mr. Douglas. Mr. Havenner with Mr. Michener. Mr. Bradley of Pennsylvania with Mr. Eaton of New Jersey. Mr. Walgren with Mr. Jensen. Mr. Cullen with Mr. Brown of Ohio.	
Mr. Magnuson with Mr. Williams of Delaware. Mr. Delaney with Mr. Wolcott. Mr. Starnes of Alabama with Mr. Gifford. Mr. McArdle with Mr. Wheat. Mr. Sacks with Mr. Halleck.	
Mr. Pfeifer with Mr. Rich. Mr. Martin J. Kennedy with Mr. Pierce of New York.	
Mr. O'Leary with Mr. Bolton. Mr. Gregory with Mr. Gamble. Mr. Bland with Mr. O'Brien.	
Mr. Gavagan with Mr. Jenks of New Hampshire. Mr. Keogh with Mr. Rockefeller. Mr. Boykin with Mr. Winter. Mr. Celler with Mr. Plumley.	
Mr. Sullivan with Mr. Barton.	

Mr. Boykin with Mr. Winter.
Mr. Celler with Mr. Plumley.
Mr. Sullivan with Mr. Barton.
Mr. Luther A. Johnson with Mr. Fish.
Mr. DeRouen with Mr. Simpson.
Mr. Merritt with Mr. Gerlach.
Mr. Taylor of Colorado with Mr. Allen of Illinois.
Mr. Schulte with Mr. Hall.
Mr. Romjue with Mr. Welch.
Mr. Randolph with Mr. Leland M. Ford.
Mr. Nichols with Mr. Lewis of Ohio.
Mr. Barden with Mr. Lewis of Ohio.
Mr. Barden with Mr. Harness.
Mr. Chapman with Mr. Harness.
Mr. Dies with Mr. Marshall.
Mrs. Norton with Mr. Lord.
Mr. Vinson of Georgia with Mr. Thomas of New Jersey.
Mr. Sumners of Texas with Mr. McDowell.
Mr. Kleberg with Mr. Wadsworth.
Mr. Smith of West Virginia with Mr. Mott.
Mr. West with Mr. Mason.
Mr. Maloney with Mr. Kirwan.
Mr. McReynolds with Mr. Wood.
Mr. Satterfield with Mr. Fay.
Mr. Whittington with Mr. Allen of Pennsylvania.
Mr. Ferguson with Mr. Whelchel.
Mr. Barry with Mr. Fries.
Mr. Bell with Mr. O'Toole.
Mr. Boren with Mr. Bryson.
Mr. Harter of Ohio with Mr. Casey of Massachusetts.
Mr. Buckley of New York with Mr. Duncan.
Mr. Walter with Mr. Schwert.
Mr. Schuetz with Mr. Harrington.
Mr. Harter with Mr. Harrington.
Mr. Schuetz with Mr. Michael J. Kennedy.
Mr. Connery with Mr. Michael J. Kennedy.
Mr. Conser with Mr. Cannon of Florida.
Mr. Dickstein with Mr. Edmiston.
Mr. Faddis with Mr. Kee.
Mr. Dworshak changed his vote from "yea" to "

Mr. Dworshak changed his vote from "yea" to "present." Mr. Church changed his vote from "yea" to "present." Mr. Smith of Ohio changed his vote from "yea" to "present." The result of the vote was announced as above recorded. The SPEAKER. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

PERMISSION TO ADDRESS THE HOUSE

Mr. THOMAS S. McMILLAN. Mr. Speaker, I ask unanimous consent to proceed for 3 minutes.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina [Mr. Thomas S. McMillan]?

Mr. WADSWORTH. Mr. Speaker, reserving the right to object, will the gentleman be able to indicate to us the subject which is to be covered in his remarks?

Mr. THOMAS S. McMILLAN. I expect to speak on the bill just passed.

Mr. SCHAFER of Wisconsin. Mr. Speaker, reserving the right to object, after the roll call on the motion to recommit, will the gentleman permit the Members of the House to have the amendment reported so that we may know at this time what the amendment was?

Mr. THOMAS S. McMILLAN. That is entirely beyond my control or jurisdiction.

Mr. MOTT. Mr. Speaker, reserving the right to object, may I take the opportunity to state to the gentleman that the Record will show I declined to vote upon this motion to recommit. The reason I did not vote is obvious. There was a mistake or error in the amendment which made it absurd.

The regular order was demanded.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina [Mr. Thomas S. McMillan]? There was no objection.

Mr. THOMAS S. McMILLAN. Mr. Speaker, we have just seen here this afternoon a very unusual performance. Throughout the day, Mr. Speaker, we have heard from time to time from our Republican brethren and the lofty advice and wisdom that they have presented to us in connection with the consideration of this bill. To climax this great effort, this glorious performance, we find here now a most unusual result in the motion to recommit the bill.

Mr. Speaker, of course I will pay my respects to our new friend and Member from Wisconsin who offered the motion a moment ago. He is new and will be coming along, and we hope he will improve with age as his service in the House is extended.

The vote just taken is interesting. In order, however, that we may know exactly what we voted on, I want to read again the language of this motion. I quote:

No part of the funds appropriated in this bill shall be used for the purpose of purchasing any foreign dairy or other competitive foreign agricultural products which are not produced in the United States in sufficient quantities to meet domestic needs.

Oh, so many nots, nots, nots and nots. There are all the negatives I ever heard of expressed in this motion.

What provokes me or, rather I should say, what gives me a great deal of concern is the fact that there were 113 of our Republican colleagues who voted for that sort of language which means absolutely nothing.

Mr. SHORT rose.

Mr. THOMAS S. McMILLAN. There were 19 of our Republican friends, I may say, only 19 like our friend, the gentleman from Oregon [Mr. Mort] who is now on his feet—19 gentlemen over there who did catch the significance of the language proposed. It shows there is still a little intelligence yet left over there, but just a little.

I think for the RECORD it is well to call the situation to the attention of the Members of the House. Let us all hope that later on we will see at least a little more intelligence displayed on the part of our Republican friends to carry on in a more statesmanlike and dependable manner. If this is a fair sample of legislation we are to get from our Republican brethren may the good Lord help us. [Applause.]

[Here the gavel fell.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I ask unanimous consent to address the House for 3 minutes. The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. MARTIN of Massachusetts. Mr. Speaker [applause], I am glad to see from the applause that there is more sportsmanship in evidence now than there was in the last speech. [Applause.] One would think from the talk of my good friend from South Carolina that he never made a mistake.

The facts are we have had an unusual situation here this afternoon. For the first time in years, when a Member of this House demanded to know what the motion to recommit was, it was not permitted to be read a second time so the House could have the information. [Applause.] I am sure orderly parliamentary procedure and good sportsmanship would have permitted the motion to be again presented to the House so everyone would have known exactly the text of the motion.

I will say, however, every Member who voted "yea" was voting for a principle. He was voting to lay down in this House a principle to the effect we would not make foreign purchases when there were American goods to be obtained. That was the real issue. [Applause.]

Mr. ANDREWS. Mr. Speaker, will the gentleman yield

for a short observation?

Mr. MARTIN of Massachusetts. I must decline to yield. I may say to my brethren on both sides of the House, and I say this in good spirit, that things have come to a great pass when a technical construction of a motion is all the Democrats have to rejoice about. [Applause.]

PERMISSION TO ADDRESS THE HOUSE

Mr. WHITE of Ohio. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. WHITE of Ohio. Mr. Speaker, I am unalterably and unequivocally opposed to the use of Government money for the purchase of foreign farm or other products when the products of our own country are obtainable. Had this motion to recommit been clear in expressing that purpose, I would have voted "yea." Because it was not clear in stating that purpose, I answered "present." I believe this statement expresses the sentiments of every other Member who answered "present." At the same time, all of us who have watched these proceedings know that every person who voted "yea" likewise desired to express himself in favor of the purchase of domestic, instead of foreign, products.

[Here the gavel fell.]

ADJOURNMENT OVER

Mr. RAYBURN. Mr. Speaker, I desire to submit a unanimous-consent request, but before doing so may I state that I was a Member of this House for 12 years when the Republicans were writing the legislation, and, having as long a memory as that, I am somewhat surprised at the motion to recommit that was offered this afternoon.

Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

HON. HAROLD L. ICKES LOGICAL CHOICE FOR NEW WORKS POST

Mr. KRAMER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. KRAMER. Mr. Speaker, recent press releases refer to a campaign to draft Secretary of the Interior Harold L. Ickes to head the newly organized Federal Works Agency. I do not know where the campaign originated, but I agree most emphatically that the appointment would be a logical one, having personally known him for more than 30 years. I hope the President can persuade Mr. Ickes to accept the post.

Some of these dispatches from the press contend that if Mr. Ickes is appointed head of the works unit he would be required to retire immediately from the Cabinet. There seems to be no real reason for this contention. There is nothing in the Reorganization Act which would prohibit a Cabinet official from administering the works program. Mr. Ickes has successfully launched past public-works programs, and this almost superhuman task interfered in no way with the efficient administration of his Interior duties.

The gentlemen of the press have nicknamed him "Honest Harold," and since members of the fourth estate rarely bestow complimentary appellations on public officials, it is to be assumed the title is no phony.

The billions of dollars of public money to be spent in the next 12 months by the P. W. A., W. P. A., Procurement, Housing, and Public Roads must be handled by a man whose reputation as a public official and administrative ability is of the highest degree, "Honest Harold's" record speaks for itself. In addition to launching the billion-dollar public-works program and running the Interior Department, he has administered the petroleum law with such success that this industry is in better shape today than ever before.

Undoubtedly government will remain in the field of public works for some time, and it is quite probable a permanent agency will be established to undertake the planning of worthwhile public improvements on a long-range basis. Government housing subsidies may also continue for some time. The relief problem is another function of the new works agency, and it is imperative that this matter be dealt with in an honest and fair manner. All of this means that the new agency will occupy an important place in government and emphasizes the importance of selecting as administrator a man who will not surrender to any political pressure.

Gen. Hugh S. Johnson, who has been wont to air public differences with the Secretary in his daily column, recently lauded the President's move in placing administration of the Coal Act under Mr. Ickes. He refers to his erstwhile enemy as "the best public administrator for this kind of system that could be selected." I am quoting the editorial here in full, since it presents a fair picture of the Cabinet official by one who can in no manner be described as a partisan admirer:

LAUDS TRANSFER OF COAL CONTROL—DECLARES ROOSEVELT "100 PER-CENT RIGHT" IN GUFFY ACT MOVE

(By Hugh S. Johnson)

Washington.—The President's transfer of administration of the Guffey Act from the Bituminous Coal Commission to the Interior Department is 100 percent right. That this stricken industry can be put in a position to earn reasonable profits and afford reasonable employment and compensation was proved beyond peradventure of doubt by the coal code. That went into effect within 60 days after the problem was tackled and in a situation which, 9 months earlier, had been the most chaotic and hopeless in our economy.

had been the most chaotic and hopeless in our economy.

The Bituminous Coal Commission has been so ridden by politics and incompetency that, with much clearer powers, it has never been able to reproduce a similar result along a well-charted path.

Honest Harold Ickes and this writer have had their very vocal public differences, notwithstanding a genuine private personal mutual respect, perhaps approaching affectionate regard. I don't want to appear to be reneging on any stand I have taken in this too-much publicized feud, but I do owe it to candor and fairness to say that I think he is the best public administrator for this kind of system that could be selected.

BUREAU OF MINES GOOD ORGANIZATION

I negotiated the petroleum code, but he administered it. His department was much better equipped for that kind of job than anything we had in N. R. A. I asked him to take over the administration of the coal code also. But he was too canny. The Bureau of Mines is one of the best technical organizations in all government. It just wasn't good sense not to put that problem there at the outset.

Honest Harold is supposed to be by business an intimate of dragons and a companion of owls. From my observations, he is the most practical administrator in the whole New Deal. I think the petroleum industry will bear that out and I believe that the coal industry will find it so.

Surely he is suspicious. He sees in corners ghosts of gents with little black bags who formerly haunted those halls. But Harold understands the two-three-fours of business. He won't go to sleep with his thumb in anybody's mouth. But he doesn't expect bricks to be made without straw. If I were in the coal business I would be willing to trust my case with him, especially in view of the proved efficiency of the Bureau of Mines.

Except for the code period and a short time during the British coal strike, that industry on the average hasn't made any profits since the World War. Approximately 400,000 miners, breadwinners for 1,500,000 people, are peculiarly dependent on this business for support. Furthermore, it is an industry that simply must be preserved. It is our essential reserve for fuel, solid or liquid, after our petroleum is exhausted.

ROOSEVELT ACT WAS NECESSARY

Its present situation in competition with gas, oil, and hydroelectric power is one that absolutely requires artificial support from the Government, even to the extent of outright price-fixing and an unusual degree of cooperation among capital, labor, and government.

Critics of John Lewis can find plenty of pegs on which to hang an argument in other activities of C. I. O., but an honest appraisal will find few in his conduct of labor relations in coal mining. Most honest coal operators will concede that. He has done more to keep that industry on a livable basis than any mine owner in the business.

The President's intervention in the recent coal labor negotiations reveals him at his best. He knows that industry better than any other. His action was in no sense political and it is unfair to suggest that it was taken in favor of one side or the other of the feud between the A. F. of L. and the C. I. O. It was absolutely necessary in the national interest.

EXTENSION OF REMARKS

Mr. JOHNSON of Oklahoma. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and include therein a communication from the Farm Credit Aministration.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

GENERAL LEAVE TO PRINT

Mr. THOMAS S. McMILLAN. Mr. Speaker, I ask unanimous consent that all Members who so desire may have the privilege of revising and extending their remarks in the Record on the appropriation bill just passed.

The SPEAKER. Is there objection?

There was no objection.

EXTENSION OF REMARKS

Mr. PATRICK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. CRAWFORD. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include an address I delivered last evening.

The SPEAKER. Is there objection?

There was no objection.

PERSONAL EXPLANATION

Mr. VORYS of Ohio. Mr. Speaker, I am one Republican who voted "no" on the motion to recommit, because I found by reading the motion at the Clerk's desk that the language of the motion did not carry out the purpose for which it was intended.

Mr. CASE of South Dakota. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. CASE of South Dakota. Mr. Speaker, the gentleman from South Carolina [Mr. Thomas S. McMillan] in calling attention to the procedure a little while ago, said that he hoped somebody would grow up and then learn not to make mistakes. I call attention to the fact that the author of the bill himself this afternoon included a provision to pay salaries to people who were engaged in making reciprocal-trade treaties, for which there is no authority of law, and obligingly changes the word "treaties" to "agreements" this afternoon without objection.

EXTENSION OF REMARKS

Mr. AUGUST H. ANDRESEN. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record, and to include therein certain tables given to me by the Department.

The SPEAKER. Is there objection?

There was no objection.

Mr. ROBSION of Kentucky. Mr. Speaker, I ask unanimous consent to extend my remarks and to include therein a

brief statement from the Louisville Times and the Courier-Statesman.

The SPEAKER. Is there objection?

There was no objection.

Mr. LYNDON B. JOHNSON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. JOHNSON of Oklahoma. Mr. Speaker, I ask unanimous consent to extend my remarks and to include a radio

The SPEAKER. Is there objection?

There was no objection.

Mr. ELIZALDE. Mr. Speaker, I ask unanimous consent to extend my own remarks and insert in the Appendix of the RECORD the following statement on House Resolution 198, introduced by Representative John G. Alexander, of Minnesota, proposing a congressional investigation of the Philippines.

The SPEAKER. Is there objection?

There was no objection.

Mr. PITTENGER. Mr. Speaker, I ask unanimous consent to extend my own remarks and include a short editorial by David Lawrence in last night's Washington Star.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. ALEXANDER. Mr. Speaker, I ask unanimous consent that I may be allowed to address the House for 20 minutes on next Tuesday after the conclusion of the legislative business of the day.

The SPEAKER. Is there objection?

There was no objection.

EXTENSION OF REMARKS

Mr. ALEXANDER. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the RECORD and insert therein a letter from Walter H. Wheeler, designing and consulting engineer of Minneapolis, and an article from Mr. Wheeler entitled "How Engineering Can Reduce Government Expenditures."

The SPEAKER. Is there objection?

There was no objection.

EXPLANATION

Mr. CHURCH. Mr. Speaker, I ask unanimous consent to proceed for one-half minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. CHURCH. Mr. Speaker, with reference to the motion to recommit and my vote thereon, I do not believe it necessary for me to advise the Members of the House, who are familiar with my record, that I am definitely opposed to the importation of foreign agricultural products which compete with American farmers. I have many times stated that we can never solve the farm problem if we permit our domestic markets to be flooded with foreign products. Why ask the American farmer to limit his acreage and then permit foreign products to be sold in the American market? It does not make sense, and our farmers know it.

That being my unequivocal position, I certainly cannot approve the use of any Government money-not even a dime of it; not a single cent-to purchase farm products from foreign countries where the same products are produced in the United States in sufficient quantities to meet domestic needs. That would amount to taxing the American people, even the farmer himself, to obtain money to buy goods to compete with their goods.

My first impression of the motion to recommit this bill, made by the gentleman from Wisconsin [Mr. HAWKS], was that it would carry out the very thing I much desire-prevent any Government money being used to purchase foreign dairy

and agricultural products that are produced in the United States in sufficient quantities to meet domestic needs. For that reason I voted "yea." But upon a more careful reading of the motion I found that it was not clear and would not accomplish the purpose. For that reason I changed my vote from "yea" to "present." I very much regret that the language of the motion was not clear in its purpose.

And so, Mr. Speaker, in order that I may be recorded as favoring the spirit of the motion and the purpose in the mind of the gentleman from Wisconsin [Mr. Hawks], I voted "vea." I changed the vote to "present" in order that I may also be recorded as believing the language employed did not carry out the admirable purpose.

I want to say, Mr. Speaker, that there are no farmers anywhere who excel the American farmers and there are no agricultural products produced anywhere that excel our American

EXTENSION OF REMARKS

Mr. WHITE of Ohio. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks.

The SPEAKER. Without objection it is so ordered.

There was no objection.

EXPLANATION

Mr. KUNKEL. Mr. Speaker, I ask unanimous consent to proceed for one-half minute.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. KUNKEL. Mr. Speaker, in explanation of my vote "present," on the last roll call, I would like to call attention to the remarks made by the gentleman from Ohio [Mr. WHITE], and to say that they express my views on this particular vote

[Here the gavel fell.]

Mr. MUNDT. Mr. Speaker, I ask unanimous consent to proceed for one-half minute.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. MUNDT. Mr. Speaker, in explanation of my vote "present" on the last roll call, as in the case of the gentleman from Ohio [Mr. WHITE], and the gentleman from Pennsylvania [Mr. Kunkel], I am opposed to the importation of foreign competitive farm products in competition with products raised in America, and would have so voted had I been given an opportunity on the last roll call.

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. SANDAGER. Mr. Speaker, in my remarks I alluded to some figures by Col. Millard Brown. I ask unanimous consent to include in my remarks a letter from Mr. A. F. Walker, secretary-treasurer, Rhode Island Textile Association, to Colonel Brown.

The SPEAKER. Without objection, it is so ordered. There was no objection.

Mr. KEAN. Mr. Speaker, I ask unanimous consent to extend my own remarks and include an editorial from the Newark Evening News on the subject of idle capital.

The SPEAKER. Without objection, it is so ordered. There was no objection.

Mr. SCHIFFLER. Mr. Speaker, I ask unanimous consent to extend my own remarks and to include an article appearing in The Protectionist.

The SPEAKER. Without objection, it is so ordered. There was no objection.

EXPLANATION

Mr. GRANT of Indiana. Mr. Speaker, I ask unanimous consent to proceed for one-half minute.

The SPEAKER. Without objection, it is so ordered. There was no objection.

Mr. GRANT of Indiana. Mr. Speaker, we are now considering a principle that means much to the future of agriculture in America, and, consequently, to the future prosperity of the American people. Under the free-trade policy of the New Deal, erroneously denominated "reciprocal-trade agreements," we are day by day seeing the American market—the best market in the world-taken from the American farmer and turned over to foreign countries, with their cheap labor and low standards of living.

It would be a wonderful thing, Mr. Speaker, if we could so uplift all of the peoples of the world that they might, too, enjoy the standard of living to which we believe the American people are entitled. However, Mr. Speaker, I, for one, do not believe that this should be attempted at the expense of the American workingman, the American farmer, and the American businessman. Why restrict immigration if we are to open the floodgates of our ports to the produce produced by cheap labor of the Old World?

The appalling economic confusion and uncertainty attending this strange legislation makes it perfectly clear that we are being driven in the wrong direction. The Constitution demands that Congress perform the duty of regulating imports and exports. Congress has no right to give away or delegate this duty or authority to any President, New Deal or otherwise, and it is high time that Congress should reassert its duty in this respect.

Our domestic market, which rightfully belongs to the American farmer and to the American workingman, has been given to foreign producers. During the past 6 years, while the farmers of the United States have been persuaded to restrict general farm production, foreign farmers have been literally invited to produce farm commodities for America. These farm imports, valued at millions of dollars, displace domestic farm land, and have brought a glutted market with falling prices and distress to American agriculture.

In addition to the loss of our home market and the money it would have meant to American farmers, several millions of our unemployed would have work in this country if our domestic market had received proper protection during this time. I believe that when prosperity returns to the American farmer, it will come from the American market. And we can expect no real prosperity in America until the American farmer and the American workingman can work at real jobs at real wages.

Mr. Speaker, I am wholly in disagreement with the attempt of the administration to buy canned meat from the Argentine with which to feed American soldiers and sailors. Of course, domestic meat costs more, principally because in the higher price of our domestic product there is represented the American home, the automobile, the education of one's children, and those other priceless privileges that go to make up the standards of living that we enjoy. If we are to maintain that standard of living, we must recognize this fact, and I submit that it is most unfortunate that those high in our Government should drive the opening wedge that, if ever carried to its conclusion, would break down this standard.

Mr. Speaker, on the motion to recommit, which was just considered, I voted "present." I did this because of the ambiguity of its language and the uncertainty attending its construction. This motion was read but once and the request that it be read again was denied. It was impossible to secure the copy of the motion for personal examination. Had this motion been in the form that would have prohibited the use of the money herein appropriated for the purchase of foreign agricultural products in competition with domestic production. I would have voted "aye." It is not encouraging for the future of the American farmer and for the future prosperity of America to have observed the most unusual tactics of the majority on the floor of this House this afternoon endeavoring to defeat an adequate prohibition in this bill that would have given renewed assurance and some encouragement to the American farmer, the American laborer, and the American businessman.

EXTENSION OF REMARKS

Mr. MURRAY. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks and include in the RECORD a report from Colonel Harrington, showing the amount of W. P. A. money, C. W. A. money, and direct relief money that has been paid to various States of the Union; also accompanied by another chart from Colonel Harrington that shows the total amount paid to each State.

The SPEAKER. Without objection it is so ordered. There was no objection.

EXPLANATION

Mr. HARTER of New York. Mr. Speaker, I ask unanimous consent to proceed for one-half minute.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. HARTER of New York. Mr. Speaker, on the last roll call I voted "present." In explanation of that vote I want to reiterate what the gentleman from Ohio [Mr. White], and the gentleman from Pennsylvania [Mr. Kunkel], stated. If this motion to recommit had been without any ambiguity, directing that no purchases of foreign products could be made when domestic products were available of the type mentioned, I would have voted in favor of the motion.

[Here the gavel fell.]

Mr. MURDOCK of Arizona. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Without objection it is so ordered.

There was no objection.

Mr. MURDOCK of Arizona. Mr. Speaker, I certainly believe it is possible for us to have reciprocal-trade agreements to the mutual benefit of this country and those with whom we trade, without at the same time doing harm to our farmers or industrialists. I voted "present" on the latest roll call because the language of the amendment was not clear. I not only object to importing from other countries that which we produce on our farms, but I object equally to importing from other countries manufactured articles in competition with our own made by cheap labor and American capital abroad.

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. MUNDT. Mr. Speaker, I ask unanimous consent to extend the remarks I made in the Committee by including an editorial from the Sioux City Journal.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

ADJOURNMENT

Mr. THOMAS S. McMILLAN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 38 minutes p. m.) the House, in accordance with its order previously adopted, adjourned until Monday, May 22, 1939, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON THE POST OFFICE AND POST ROADS

There will be a meeting of Subcommittee No. X of the Committee on the Post Office and Post Roads, Tuesday, May 23, 1939, at 10 a. m., for the consideration of H. R. 3136, for the relief of postal employees, and H. R. 4050, to provide for the transportation and distribution of mails on motor vehicle routes.

The Committee on the Post Office and Post Roads will continue to hold public hearings on Wednesday, May 24, 1939, at 10 a.m., for the consideration of H. R. 3835, a bill to authorize the Post Office Department to cooperate with the several States in the collection of State taxes.

COMMITTEE ON PATENTS

A subcommittee of the Committee on Patents will hold hearings in the committee room, 1015 House Office Building, on Tuesday, May 23, 1939, at 10: 30 a.m., on H. R. 3605, a bill to provide a permanent force to classify patents, etc., in the Patent Office. Hon. John M. Coffee, of Washington, is chairman of the subcommittee.

COMMITTEE ON THE JUDICIARY

There will be a public hearing before Subcommittee No. III of the Committee on the Judiciary on May 24, 1939, at 10 a. m., on the bill (H. R. 2318) to divorce the businesses of production, refining, and transporting of petroleum products from that of marketing petroleum products. Room 346, House Office Building.

On May 31, 1939, beginning at 10 a.m., there will be a public hearing before the Committee on the Judiciary on the bill H. R. 6369, to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplemental thereto; to create a Railroad Reorganization Court, and for other purposes.

COMMITTEE ON MERCHANT MARINE AND FISHERIES

The Committee on Merchant Marine and Fisheries will hold public hearings in room 219, House Office Building, at 10 a.m., on the bills and dates listed below:

On Monday, May 22, 1939, on H. R. 4051, hiring of seamen on Government vessels.

On Thursday, May 25, 1939, on H. R. 4592 and H. R. 4593, relating to the whale fishery.

On Wednesday, May 31, 1939, at 10 a.m., on H. R. 4985, relating to Fishery Educational Service in Bureau of Fisheries (Caldwell); H. R. 5025, purchase and distribution of fish products (Bland); and H. R. 5681, purchase and distribution of fish products (Caldwell).

On Tuesday, June 6, 1939, on H. R. 6039, motorboat bill of 1939 (Bland); and H. R. 6273, outboard racing motorboats

On Thursday, June 8, 1939, on H. R. 5837, alien owners and officers of vessels (Kramer); and H. R. 6042, requiring numbers on undocumented vessels (Kramer).

COMMITTEE ON IMMIGRATION AND NATURALIZATION

There will be a meeting of the Committee on Immigration and Naturalization at 10:30 a.m. on Wednesday, May 24, and Thursday, May 25, 1939, for the public consideration of House Joint Resolution 163, Rogers child refugee bill and House Joint Resolution 165, Dingell child refugee bill.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

772. A letter from the Acting Chairman of the Securities and Exchange Commission, transmitting the second section of chapter II of part 3 of the Commission's report on the study of investment trusts and investment companies made pursuant to section 30 of the Public Utility Holding Company Act of 1935 (H. Doc. No. 279); to the Committee on Interstate and Foreign Commerce and ordered to be printed, with an illustration.

773. A letter from the Acting Comptroller General of the United States, transmitting a report with recommendation to the Congress relative to the claims of Mary Pierce and John K. Quackenbush against the United States; to the Committee on Claims.

774. A letter from the Secretary of the Interior, transmitting a draft of a proposed bill to authorize the creation of land regions and regional land offices, and for other purposes; to the Committee on the Public Lands.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. BLAND: Committee on Merchant Marine and Fisheries. H. R. 5584. A bill to amend the Canal Zone Code; with amendment (Rept. No. 666). Referred to the Committee of the Whole House on the state of the Union.

Mr. ELLIOTT: Committee on Public Buildings and Grounds. H. R. 6017. A bill to authorize the disposal of the Portland, Oreg., old courthouse building; without amendment (Rept. No. 667). Referred to the Committee of the Whole House on the state of the Union.

Mr. KIRWAN: Committee on Public Buildings and Grounds. H. R. 6021. A bill to repeal the minimum price limitation on sale of the Akron, Ohio, old post-office building and site; without amendment (Rept. No. 668). Referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CARTER:

H. R. 6420. A bill granting a qualified-hours exemption under the Fair Labor Standards Act of 1938 to certain employees employed in connection with continuous process operations; to the Committee on Labor.

By Mr. MASSINGALE:

H. R. 6421. A bill providing for publicity of names, compensation, and position of certain officers, employees, and other persons in the executive branch of the Government; to the Committee on the Civil Service.

By Mr. MURDOCK of Arizona:

H. R. 6422. A bill to authorize the Reconstruction Finance Corporation to grant mine loans to all classes of mineral properties; to the Committee on Banking and Currency.

By Mr. PETERSON of Florida:

H. R. 6423. A bill to provide for the holding of a term of the district court of the United States at Fort Myers, Fla.; to the Committee on the Judiciary.

By Mr. SWEENEY:

H.R. 6424. A bill to provide for the transportation and distribution of mails on motor-vehicle routes; to the Committee on the Post Office and Post Roads.

By Mr. BYRNS of Tennessee:

H. R. 6425 (by request). A bill to incorporate the National Spiritualists Union of America; to the Committee on the Judiciary.

By Mr. PETERSON of Florida:

H.R. 6426. A bill to amend section 212 of the Sugar Act of 1937 (Public, No. 414, 75th Cong., ch. 898, 1st sess.); to the Committee on Agriculture.

By Mr. TENEROWICZ:

H. R. 6427. A bill to admit to citizenship the alien parents of United States war veterans; to the Committee on Immigration and Naturalization.

By Mr. BROOKS:

H.R. 6428. A bill to provide an old-age pension; to the Committee on Ways and Means.

By Mr. KRAMER:

H.R. 6429. A bill to prohibit discrimination on account of maximum age of men and women in employment under the United States; to the Committee on the Civil Service.

By Mr. COOLEY:

H.R. 6430. A bill relating to the reconcentration of cotton held by the Commodity Credit Corporation as security for loans; to the Committee on Agriculture.

By Mr. EBERHARTER:

H. R. 6431. A bill to extend the time for filing claims for refunds under section 15 (c) of the Agricultural Adjustment Act, as amended, and to permit direct filing of claims for refund by charitable institutions where processors were prohibited from filing same for such institutions under title IV, section 601 (b) of the Revenue Act of 1936; to the Committee on Ways and Means.

By Mr. CELLER:

H. J. Res. 300. Joint resolution proposing an amendment to the Constitution of the United States; to the Committee on the Judiciary.

By Mr. HOFFMAN:

H. Res. 197. Resolution requesting certain information from the Attorney General of the United States; to the Committee on the Judiciary.

By Mr. ALEXANDER:

H. Res. 198. Resolution authorizing the appointment of a special committee to investigate future relations with the Philippine Government; to the Committee on Rules.

By Mr. DEMPSEY:

H. Res. 199. Resolution providing compensation for a superintendent and messenger for the radio room of the House Radio Press Gallery; to the Committee on Accounts.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. D'ALESANDRO:

H.R. 6432. A bill for the relief of Daniel Darago; to the Committee on Claims.

H. R. 6433. A bill for the relief of Ethel Ray Sowder; to the Committee on Claims.

By Mr. DARROW:

H.R. 6434. A bill for the relief of Siegfried Stein, Erna Stein, and Marion Stein; to the Committee on Immigration and Naturalization.

By Mr. FLANNERY:

H. R. 6435. A bill to authorize cancelation of deportation in the case of Louise Wohl; to the Committee on Immigration and Naturalization.

By Mr. SABATH:

H. R. 6436. A bill for the relief of H. W. Sharpe, trustee for the stockholders of the Joliet Forge Co., and the estates of the Joliet National Bank and the Commercial Trust & Savings Bank, of Joliet, Ill.; to the Committee on Claims.

By Mr. SOMERS of New York:

H. R. 6437. A bill for the relief of Standard Oil Co. for losses sustained by payment of discriminatory excess tonnage taxes and light moneys; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3172. By Mr. LELAND M. FORD: Petition signed by Mamie Peek and 149 others, petitioning the Seventy-sixth Congress to enact the improved General Welfare Act, thus relieving the suffering of our needy citizens over 60 years of age and providing prosperity for America and security for all at 60; to the Committee on Ways and Means.

3173. By Mr. GRANT of Indiana: Petition of J. A. McLean and 50 residents of South Bend and Mishawaka, Ind., urging enactment of the General Welfare Act (H. R. 11); to the

Committee on Ways and Means.

3174. Also, petition of Ivar Hennings and 29 other members of the St. Joseph County (Ind.) Chapter of the Izak Walton League of America, urging passage of House bill 4170; to the Committee on Rivers and Harbors.

3175. By Mr. GWYNNE: Petition of Mable Gilbert and numerous citizens of Waterloo, Iowa, asking the enactment of House bill 11: to the Committee on Ways and Means.

3176. By Mr. JOHNS: Joint resolution of the Legislature of the State of Wisconsin, memorializing the Congress of the United States to select and designate a day to be spent in performing ceremonies and rendering programs for the purpose of observing the rights, privileges, and duties of citizenship and for the purpose of publicly and formally installing individuals entitled thereto to citizenship; to the Committee on the Judiciary.

3177. Also, petition of Goldenrod Camp, No. 1337, Royal Neighbors of America, Whitehall, Wis., signed by 19 members of their camp, urging that a bill be passed by the Congress of the United States amending the Federal Social Security Act to exempt local lodges, officers, and employees thereof, from the provisions of the act; to the Committee on Ways

and Means.

3178. By Mr. KEOGH: Petition of the New York State Forestry and Park Association, Inc., Albany, N. Y., concerning appropriations for Dutch elm disease eradication and gypsy and brown-tail moth control; to the Committee on

Appropriations.

3179. By Mr. MACIEJEWSKI: Petition of the City Council of the City of Chicago, urging enactment of pending bills to appropriate additional funds for the United States Housing Authority, and requesting the allocation of \$60,000,000 for housing for the lowest-income families in Chicago, Ill.; to the Committee on Banking and Currency.

3180. By Mr. PFEIFER: Petition of the New York State Forestry and Park Association, Inc., Albany, N. Y., urging the retention of \$500,000 for Dutch elm disease eradication and \$375,000 for gypsy and brown-tail moth control in the agricultural appropriation bill (H. R. 5269); to the Committee on Appropriations.

3181. Also, petition of Notre Dame College, South Euclid, Ohio, urging a strong neutrality act; to the Committee on

Foreign Affairs.

3182. By Mrs. ROGERS of Massachusetts: Petition of the General Court of Massachusetts, memorializing Congress relative to the Jewish National Home in Palestine; to the Committee on Foreign Affairs.

3183. By Mr. SCHAEFER of Illinois: Petition of the United Packing House Workers of America, Local No. 42, Ben Callahan, secretary, East St. Louis, Ill., opposing amendment to the Wagner Labor Relations Act; to the Committee on Labor.

3184. By Mr. SPRINGER: Petition of Harrison Stanley, Harvey Leffler, Mrs. M. Somers, John W. Rippley, William H. Nicely, L. A. Moomaw, J. H. Leffler, William A. Johnson, C. M. Dill, Carry Castlow, Mrs. Fred Temple, Lanaise Van Cleave, William Mader, Roy McNickle, Robert C. Petterson, and Mrs. Rachel Wake, of Muncie; R. R. Hayes and Harlan Calloway, of Shelbyville; and Oliver Dillie, of Parker, all of the Tenth Congressional District of the State of Indiana, containing 870 names, favoring enactment of the General Welfare Act (H. R. 5620, amended H. R. 11); to the Committee on Ways and Means.

3185. By Mr. WIGGLESWORTH: Petition of the General Court of Massachusetts, relative to the Jewish National Home in Palestine; to the Committee on Foreign Affairs,

3186. By the SPEAKER: Petition of Mrs. William Jeska, of Waukegan, Ill., petitioning consideration of their resolution with reference to America and foreign wars; to the Committee on Foreign Affairs.

3187. Also, petition of Josephine O. Evans, of Los Angeles, Calif., petitioning consideration of their resolution with reference to America and foreign wars; to the Committee on Foreign Affairs.

3188. Also, petition of the Russian National League of America, Inc., Bronx, N. Y., petitioning consideration of their resolution with reference to participation by the Union of Soviet Socialist Republics in the world's fair at New York City; to the Committee on Foreign Affairs.

SENATE

MONDAY, MAY 22, 1939

(Legislative day of Friday, May 19, 1939)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Z@Barney T. Phillips, D. D., offered the following prayer:

O Thou who hast laid the foundations of the earth when the morning stars sang together and all the sons of God shouted for joy: Reveal to each one of us, as we bow before Thee, the promise and miracle of morning as it holds within its joyous heart every possibility of high achievement, every opportunity for serving Thee with a high and cheerful courage, with a gratitude born of the immortal bloom of gladness, that our work this day may be crowned with blessings abounding on our beloved country.

Make us to dwell with Thee in Thy secret place, O Thou Most High; let it be not an occasional refuge but an abiding habitation where complacency cannot endure Thine eyes of holy love and where the soul is secure against all distracting influences as it is anointed by Thy Spirit's breath on the mountaintop of the hidden life. We ask it in our Saviour's name and for His sake. Amen,

THE JOURNAL

On request of Mr. Minton, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day, Friday, May 19, 1939, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Calloway, one of its reading clerks, announced that the House had agreed to the amendments of the Senate to the bill (H. R. 6149) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1940, and for other purposes.

The message also announced that the House had passed the bill (H. R. 6392) making appropriations for the Departments of State and Justice and for the judiciary, and for the Department of Commerce, for the fiscal year ending June 30, 1940, and for other purposes, in which it requested the concurrence of the Senate.

CALL OF THE ROLL

Mr. MINTON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Donahey	Johnson, Colo.	Radcliffe
Andrews	Downey	King	Reed
Ashurst	Ellender	La Follette	Schwartz
Austin	Frazier	Lee	Schwellenbach
Bailey	George	Lodge	Sheppard
Bankhead	Gerry	Logan	Shipstead
Bone	Gibson	Lucas	Smathers
Borah	Gillette	Lundeen	Stewart
Bridges	Glass	McCarran	Taft
Brown	Green	McKellar	Thomas, Okla.
Bulow	Guffey	McNary	Thomas, Utah
Burke	Gurney	Mead	Townsend
Byrd	Hale	Miller	Truman
Byrnes	Harrison	Minton	Tydings
Capper	Hayden	Murray	Vandenberg
Caraway	Herring	Neely	Van Nuys
Chavez +	Hill	Norris	Wagner
Clark, Idaho	Holman	O'Mahoney	Walsh
Connally	Holt	Overton	Wheeler
Danaher	Hughes	Pepper	White
Davis	Johnson, Calif.	Pittman	Wiley

Mr. MINTON. I announce that the Senator from South Carolina [Mr. Smrth] is detained from the Senate because of illness in his family.

The Senator from Kentucky [Mr. BARKLEY], the Senator from Mississippi [Mr. Bilbo], the Senator from Missouri [Mr. Clark], the Senator from Connecticut [Mr. Maloney], the Senator from North Carolina [Mr. Reynolds], the Senator from Georgia [Mr. Russell], and the Senator from Illinois [Mr. Slattery] are detained on important public business.

The Senator from New Mexico [Mr. Hatch] is absent on business for the Committee on the Judiciary.

The VICE PRESIDENT. Eighty-four Senators have answered to their names. A quorum is present.

OBSERVANCE OF MARITIME DAY

Mr. BAILEY. Mr. President, I wish to extend to the Senate an invitation from the United States Maritime Commission in connection with the observance of Maritime Day to visit the training ship American Seaman, the sailing vessel Joseph Conrad, and the school ship Nantucket at the Navy Yard, Washington, after 2 p. m. today. I hope Senators will visit the navy yard and inspect the ships in pursuance of the invitation.

FISHING RIGHTS IN PEARL HARBOR, T. H.

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Navy, transmitting, pursuant to law, a report relating to the value of privately owned rights of fishing in Pearl Harbor, T. H., and recommending that awards in the instant cases be not ratified, which, with the accompanying report, was referred to the Committee on Naval Affairs.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution of Local No. 87, United Federal Workers of America, of Danville, Ill., favoring the enactment, with amendment, of legis-

lation extending civil-service classifications to various departments of the Government, which was referred to the Committee on Civil Service.

He also laid before the Senate a resolution of the Peoples Legislative Federation and other organizations in the State of Washington, protesting against amendment of the National Labor Relations Act, which was referred to the Committee on Education and Labor.

He also laid before the Senate a resolution of Local No. 582, San Juan (P. R.) Teachers' Union, American Federation of Teachers, favoring the enactment of pending legislation granting Federal aid to education in Puerto Rico, which was referred to the Committee on Education and Labor.

He also laid before the Senate resolutions of the Alabama Osteopathic Society, the Florida Association of Osteopathic Physicians and Surgeons, the Montana Osteopathic Association, the Pennsylvania Osteopathic Association, the South Carolina Osteopathic Association, and the Wyoming Association of Osteopathic Physicians and Surgeons, favoring the amendment of Senate bill 1620, the so-called national health bill, so as to preserve the freedom of choice of the physician and school of practice to persons entitled to medical care, and providing osteopathic representation on Federal and State advisory councils, which were referred to the Committee on Education and Labor.

He also laid before the Senate a resolution of the Louisiana Public Welfare Association, Baton Rouge, La., favoring the enactment of legislation to establish the National Youth Administration as a separate and permanent department of the proposed Federal Security Agency, which was referred to the Select Committee on Government Organization.

He also laid before the Senate the petition of teachers of Cuyahoga Falls, Ohio, praying for the enactment of pending legislation to provide Federal aid to public education in the States and Territories, which was ordered to lie on the table.

Mr. JOHNSON of California. Mr. President, I present for appropriate reference in behalf of twenty-odd thousand citizens of the State of California petitions praying that the Congress keep this Nation out of war. These petitions were presented to me by the Reverend Martin Luther Thomas, of Los Angeles, Calif., with the request that I present them to the Senate, and I now do so.

The VICE PRESIDENT. The petitions will be received and referred to the Committee on Foreign Relations.

Mr. CAPPER presented the petition of Camp No. 2563, Royal Neighbors of America, of Coolidge, Kans., praying for the enactment of legislation to exempt fraternal societies from the tax provisions of the Social Security Act, which was referred to the Committee on Finance.

He also presented the petition of members of the Bedford Apartments Tenants' Cooperative Group, of Pittsburgh, Pa., praying for the enactment of pending legislation to authorize the admission into the United States of a certain number of refugee children from Germany, which was referred to the Committee on Immigration.

Mr. LODGE presented resolutions of the General Court of Massachusetts, memorializing Congress relative to the Jewish National Home in Palestine, which were referred to the Committee on Foreign Relations.

(See resolutions printed in full when presented by Mr. Walsh on the 18th instant, pp. 5686-5687, Congressional Record.)

Mr. LODGE also presented petitions of sundry citizens of the State of Massachusetts, praying for the enactment of legislation to dredge the Connecticut River between Hartford, Conn., and Holyoke, Mass., so as to improve navigation and the sanitary conditions, which were referred to the Committee on Commerce.

REPORTS OF COMMITTEES

Mr. BYRNES, from the Committee on Appropriations, to which was referred the joint resolution (H. J. Res. 280) authorizing the payment of salaries of the officers and employees of Congress on the first workday preceding the last

day of any month when the last day falls on Sunday or a legal holiday, reported it without amendment.

Mr. GILLETTE, from the Committee on Agriculture and Forestry, to which was referred the bill (S. 1031) to amend section 243 of the Penal Code of the United States, as amended by the act of June 15, 1935 (49 Stat. 378), relating to the marking of packages containing wild animals and birds and parts thereof, reported it without amendment and

submitted a report (No. 456) thereon.

Mr. McNARY, from the Committee on Agriculture and Forestry, to which was referred the bill (S. 229) to authorize the withdrawal of national-forest lands for the protection of watersheds from which water is obtained for municipalities, and for other purposes, reported it with an amendment and submitted a report (No. 457) thereon.

Mr. THOMAS of Oklahoma, from the Committee on Agriculture and Forestry, to which were referred the following bills and joint resolutions, reported them severally without

amendment and submitted reports thereon:

H.R. 913. A bill to prohibit the unauthorized use of the name or insignia of the 4-H clubs, and for other purposes (Rept. No. 459);

H. R. 3646. A bill to authorize certain officers and employees to administer oaths to expense accounts (Rept. No.

H. J. Res. 188. Joint resolution authorizing the delegation of certain authority within the Department of Agriculture (Rept. No. 461); and

H. J. Res. 189. Joint resolution to define the status of the Under Secretary of Agriculture, and for other purposes

(Rept. No. 462).

Mr. LOGAN, from the Committee on the Judiciary, to which was referred the bill (S. 1335) relating to the filing of affidavits of prejudice in the District Court for the District of Alaska, reported it without amendment and submitted a report (No. 458) thereon.

Mr. ELLENDER, from the Committee on Education and Labor, to which was referred the bill (S. 591) to amend the United States Housing Act of 1937, and for other purposes, reported it with an amendment and submitted a report

(No. 463) thereon.

Mr. WHITE, from the Committee on Commerce, to which was referred the bill (S. 1409) to authorize the conveyance by the United States to the town of Bristol, Maine, of a portion of the Pemaquid Point Lighthouse Reservation, and for other purposes, reported it with amendments and submitted a report (No. 464) thereon.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. HOLMAN:

S. 2462. A bill authorizing the conveyance of the beds of certain lakes to the State of Oregon; to the Committee on Public Lands and Surveys.

By Mr. WALSH:

S. 2463. A bill to authorize the acquisition by the United States of certain lands adjacent to the Navy Yard, Boston,

S. 2464. A bill to amend the act of March 27, 1934 (48 Stat. 505), as amended (49 Stat. 1926; 34 U. S. C., Supp. IV, 496; sec. 14 of Public, No. 18, 76th Cong.), to adjust the limitations on the profits of certain contractors with the United States; to the Committee on Naval Affairs.

By Mr. TYDINGS:

S. 2465. A bill to authorize the award of a decoration for distinguished service to George J. Frank; to the Committee on Military Affairs.

By Mr. SHEPPARD:

S. 2466. A bill to amend the Communications Act of 1934 so as to prevent monopolies and to prohibit excessive duplication of broadcast programs in any area; to the Committee on Interstate Commerce.

S. 2467. A bill authorizing cash relief for certain employees of the War and Navy Departments in the Canal Zone not LXXXIV-371

coming within the provisions of the Civil Service Retirement Act; and

S. 2468. A bill to place accountability for disbursement of public moneys or disposal of public property upon commanding officers directing such disbursement or disposal; to the Committee on Military Affairs.

HOUSE BILL REFERRED

The bill (H. R. 6392) making appropriations for the Departments of State and Justice and for the judiciary, and for the Department of Commerce, for the fiscal year ending June 30, 1940, and for other purposes, was read twice by its title and referred to the Committee on Appropriations.

PAYMENTS TO STATE AND TERRITORIAL HOMES FOR VETERANS-AMENDMENT

Mr. SHEPPARD submitted an amendment intended to be proposed by him to the bill (S. 1325) to increase annual payments to State and Territorial homes for veterans, which was referred to the Committee on Finance and ordered to be printed

AMENDMENT OF INTERSTATE COMMERCE ACT-AMENDMENTS

Mr. BROWN submitted an amendment intended to be proposed by him to the bill (S. 2009) to amend the Interstate Commerce Act, as amended, by extending its application to additional types of carriers and transportation and modifying certain provisions thereof, and for other purposes, which was ordered to lie on the table and to be printed.

Mr. MILLER. Mr. President, I submit an amendment intended to be proposed by me to the bill (S. 2009) to amend the Interstate Commerce Act, as amended, by extending its application to additional types of carriers and transportation and modifying certain provisions thereof, and for other purposes. Accompanying the amendment is a brief statement which I should like to have printed in the RECORD along with the amendment.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The amendment of Mr. MILLER was ordered to lie on the table and to be printed, as follows:

Amend section 30 of Senate bill No. 2009, page 120, under the heading "Rate-Making Rule", so that said section when amended

shall read as follows:

"SEC. 30. It shall be the duty of the Commission in the exercise "SEC. 30. It shall be the duty of the Commission in the exercise of its power to prescribe just and reasonable rates, to give due consideration among other factors, to the effect of rates on the movement of traffic by the carrier or carriers for which the rates are prescribed; to the need, in the public interest, of adequate and efficient transportation service by such carrier or carriers at the lowest cost consistent with the furnishing of such service; and to the need of revenues sufficient to enable such carrier or carriers under honest, economical, and efficient management, to provide such service. When used in this section the term "rates" means rates, fares, and charges, and all regulations and practices relating thereto. In order that the public at large may enjoy the benefit and economy afforded by each type of transportation, the relating thereto. In order that the public at large may enjoy the benefit and economy afforded by each type of transportation, the Commission shall permit each type of carrier or carriers to reduce rates so long as such rates maintain a compensatory return to the carrier or carriers after taking into consideration overhead and all other elements entering into the cost to the carrier or carriers for the service rendered. It shall be unlawful to establish rates for any type of transportation which shall not be compensatory, as herein defined, whether such rates are established to meet competition of other types of transportation or for other purposes." petition of other types of transportation or for other purposes.

The statement presented by Mr. MILLER is as follows:

I submit an amendment in the nature of a substitute intended I submit an amendment in the nature of a substitute intended to be proposed to section 30, pages 120 and 121 of the bill, S. 2009. My purpose in presenting this amendment is to give security to the shippers and the public who pay the freight bill. As presented to the Senate this is a carriers' bill. As drawn it is designed to promote the interests of the rail carriers. It involves carriers by truck, by bus, by pipe lines, and by water lines, though it is of doubtful benefit to any of them.

doubtful benefit to any of them.

This bill was designed by the President's Committee. That committee consisted of six members, three from the railway brotherhoods and three railway executives. The success of the railroads was their sole objective. There was no one on that committee to represent the producing and consuming public. In other words, there was no one there to look out for the interests of the great mass of people who pay the freight bills.

My purpose in offering this amendment is to make provision for safeguarding the interests of the man who pays the freight. It is an amendment to clarify and make certain, in the public interest,

the rate-making rule which the bill now contains. Its purpose is to guarantee to the shipper the economy of each form or transportation without reference to the cost of any other form of transportation.

AMENDMENT OF THE SOCIAL SECURITY ACT

Mr. WILEY. Mr. President, sometime in the near future the Senate will receive the House report on the so-called Byrnes bill, which is already on the Senate Calendar. In anticipation of that report I should like to present briefly a few facts relating to an amendment which I intend to propose to the Social Security Act.

One portion of the Byrnes bill will virtually tear to shreds the "experience rating" unemployment provisions in the Wisconsin Unemployment Compensation Act.

There are 32 States whose law provides a definite incentive to employers to maintain stable employment. There are 6 States in addition to Wisconsin that have the so-called "individual employer reserve" type of law. The others in this group of 32 States have what is known as the "pooled fund with automatic experience rating." The general idea behind both of these plans is to provide a lower unemployment contribution rate where there is a low rate of unemployment. We might compare this to the automobile insurance company which collects a smaller premium from the man who over a period of years has had few or no accidents.

The Unemployment Reserves and Compensation Act in Wisconsin became law on January 29, 1932. Wisconsin, on November 27, 1935, was the first State to have its unemployment compensation law approved under the Federal Social Security Act. The benefit rights of most of our workers began to build up on July 1, 1936. On August 17 of that year our industrial commission paid to a Wisconsin worker the first unemployment benefit check ever paid in America from a State unemployment compensation fund.

Under the provisions of the Wisconsin law, Wisconsin employers contribute to separate accounts in the State unemployment reserve fund maintained for them and their employees by the State industrial commission. The experience rating system means that each employer's contribution rate will depend on his own experience or record. In Wisconsin by the close of 1938 more than 1,500 employers had their rate reduced. Other employers with a bad experience record paid an increased rate.

That plan, by the way, was enacted in 1932 by a group that included the State industrial commission and leading employer and labor representatives.

By the end of last year over eleven and one-half million dollars had been paid in benefits under the Wisconsin law to more than 200,000 workers who had been partially or totally unemployed sometime between August 1936 and December 1938. In 1938 about 10,000 employers and 450,000 workers were covered by the Wisconsin law. At the close of last year the net balance of the Wisconsin unemployment reserve was more than \$38,000,000.

I do not believe that the Byrnes bill should scrap any State provision for experience rating where employers with good unemployment records pay less.

It is apparent that the individual employer will work to reduce unemployment when he has this incentive. He will slice the seasonal zigzags from his employment chart and spread his employment evenly throughout the year.

Throwing the experience rating State provision into the discard means that we are one step nearer to a complete and undesirable nationalization of the present State programs. It means that we are snatching the unemployment insurance from the hands of the unemployed and replacing it with something that looks suspiciously like a dole. It means that we are beginning to open the floodgates of unemployment funds with every possibility for a haphazard benefit-payment system. It means that we are setting the stage for whooping up the contribution rates for the accumulation of huge reserves.

It means that we will rob the employer of a great incentive to eliminate unemployment. It means that we are literally "opening our arms" to embrace a system which offers no incentive to eliminate the harrowing discouragement of seasonal lay-offs.

Mr. President, I ask consent to submit an amendment intended to be proposed by me to amend certain sections of the Social Security Act.

The VICE PRESIDENT. Without objection, the amendment will be received for appropriate disposition,

The amendment submitted by Mr. WILEY intended to be proposed by him to the bill (S. 2203) to amend certain sections of the Social Security Act was ordered to lie on the table and to be printed.

CONGRESSIONAL WELCOME TO THEIR MAJESTIES THE KING AND QUEEN OF GREAT BRITAIN

Mr. BARKLEY submitted a concurrent resolution (S. Con. Res. 17), which was considered by unanimous consent, and agreed to, as follows:

Resolved by the Senate (the House of Representatives concurring), That the two Houses of Congress shall assemble in their respective Houses on Friday June 9, 1939, at 10:30 o'clock a.m., and thereafter, in recess, the Members of each House shall proceed and thereafter, in recess, the Members of each House shall proceed informally to the rotunda of the Capitol at 11 o'clock a.m., for the purpose of welcoming Their Majestles the King and Queen of Great Britain, and the members of their party, on the occasion of their visit to the Capitol, and at the conclusion of such ceremonies the two Houses shall reassemble in their respective Chambers.

That a joint committee consisting of three Members of the Senate, to be appointed by the President of the Senate, and three Members of the House of Representatives, to be appointed by the Speaker of the House, is hereby authorized to make the necessary arrangements for carrying out the purpose of this concurrent resolution.

REAR ADMIRAL HARRY A. STUART—RECONSIDERATION OF NOMINATION

Mr. WALSH. Mr. President, I must leave the Chamber immediately to attend a committee meeting. As in executive session I should like to enter a motion to reconsider the vote by which the nomination of Harry A. Stuart to be rear admiral was confirmed. Personally I favor the confirmation. However, one of the members of the Committee on Naval Affairs who is not present at the moment desires to be present when the nomination is acted upon. I therefore enter the motion in his behalf.

The VICE PRESIDENT. The motion will be entered.

TEMPORARY NATIONAL ECONOMIC COMMITTEE-LETTER FROM THE PRESIDENT OF THE UNITED STATES

Mr. O'MAHONEY. Mr. President, on May 16, the President of the United States addressed a letter to the chairman of the Temporary National Economic Committee. The letter deals with the present phase of the committee's hearings, namely, savings and investments and their use. I ask unanimous consent that the letter be printed in the body of the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

> THE WHITE HOUSE Washington, May 16, 1939.

Hon. Joseph C. O'MAHONEY,

Chairman, Temporary National Economic Committee, United States Senate, Washington, D. C.

DEAR JOE: In my message to the Congress initiating the work of

DEAR JOE: In my message to the Congress initiating the work of the Temporary National Economic Committee I had occasion to say that "idle factories and idle workers profit no man." It may equally be said that idle dollars profit no man. The present phase of the hearings before the committee bear directly upon this problem.

It is a matter of common knowledge that the dollars which the American people save each year are not yet finding their way back into productive enterprise in sufficient volume to keep our economic machine turning over at the rate required to bring about full employment. We have mastered the technique of creating necessary

machine turning over at the rate required to bring about full employment. We have mastered the technique of creating necessary credit; we have now to deal with the problem of assuring its full use. In the series of hearings which the Securities and Exchange Commission is to hold before your committee, I take it that a major problem of your committee will be to ascertain why a large part of our vast reservoir of money and savings have remained idle in stagnant pools.

Is it because our economy is leaving an era of rapid expansion and entering an era of steadier growth, calling for relatively less investment in capital goods?

Is it because of lag, leak, and friction in the operation of investment markets which pervert the normal flow of savings into nonproductive enterprise?

These are questions for your committee to answer.

I know of no more urgent one in the country today.

I know of no more urgent one in the country today.

The hearings before your committee, I hope, will assume the task of analyzing the financial machine in its relation to the creation of more needed wealth. We know that the mechanism can be improved. Improvement can only be made on a basis of clear analysis. Having made that analysis, I hope that your committee will then be able to indicate ways by which the machine may be made to function more efficiently.

tion more efficiently.

We have an immense amount of wealth which needs to be created in this country. Much of it can be created through private enter-prise. Some of it can properly be created through quasi-public agencies. The problem is to use our added savings and increased agencies. The problem is to use our added savings and increased credit to get this wealth moving—that is, to get it now in productive enterprise—and, at the same time, to make savings available for use in all categories of private enterprise, as well as for the great and recognized enterprises which can command capital, but have less actual need of capital than many smaller but equally deserving enterprises. There is also the problem of determining how credit can best be made available for instrumentalities of local government and for those quasi-public enterprises which must do the work which capped be done by private enterprise

which cannot be done by private enterprise.

We have developed several methods of connecting money with men and materials so as to get useful work done. We shall need to use all of these opportunities, or, if you choose to put it differently, we must meet all of the demands made on our system, if we are to have lasting prosperity. It is our task to find and energetically adopt those specific measures which will bring together idle men, machines, and money. In proportion as we succeed, we shall strengthen the structure of democratic economy.

Very sincerely yours,

FRANKLIN D. ROOSEVELT.

Mr. O'MAHONEY. In this connection I desire to call the attention of readers of the Congressional Record to the fact that parts I and II of the hearings of the committee have now been printed by the Government Printing Office and are ready for distribution. There has been a great demand for copies of the hearings. Part I of the hearings is available at the Government Printing Office from the Superintendent of Documents at 25 cents a copy. The price has not been fixed on part II. Part II deals with the hearing upon pat-However, I am sure that a very reasonable price will be fixed upon that part of the hearings. The number of free copies made available to the committee is so small that free distribution is not adequate to supply the demand, and I am taking advantage of the opportunity to advise those who may be interested that copies may be obtained in the manner indicated.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Latta, one of his secretaries.

RELIGION AND DEMOCRACY—ADDRESS BY SENATOR THOMAS OF UTAH

[Mr. MEAD asked and obtained leave to have printed in the RECORD an address delivered by Senator Thomas of Utah at the forty-fourth annual national memorial services of the Jewish War Veterans of the United States, in the Temple Emanuel, New York City, on May 21, 1939, which appears in the Appendix.]

COST OF PRODUCTION FOR FARMER

[Mr. Johnson of Colorado asked and obtained leave to have printed in the RECORD a speech delivered by him on the subject of proposed legislation designed to secure to farmers cost of production for the portion of their crops domestically consumed, which appears in the Appendix.]

ADDRESS BY COMPTROLLER OF THE CURRENCY AT NORTH CAROLINA BANKERS' ASSOCIATION

[Mr. McNary asked and obtained leave to have printed in the RECORD the address delivered by Hon. Preston Delano, Comptroller of the Currency, at the Forty-third Annual Convention of the North Carolina Bankers' Association, at Pinehurst, N. C., May 10-12, 1939, which appears in the Appendix.]

PART PLAYED BY VERMONT IN ELECTION OF THOMAS JEFFERSON

[Mr. Gibson asked and obtained leave to have printed in the RECORD a statement by John E. Gale, of Guilford, Vt., concerning the part played by Vermont in the election of Thomas Jefferson, which appears in the Appendix.]

THE PRESIDENT'S SUGGESTIONS TO MONOPOLY COMMITTEE

IMr. WILEY asked and obtained leave to have printed in the RECORD an editorial from the Milwaukee Journal of the issue Wednesday, May 17, 1939, under the heading "President Roosevelt Asks Why," which appears in the Appendix.]

DEPARTMENT OF LABOR APPROPRIATIONS

Mr. McKELLAR. Mr. President, I move that the Senate proceed to the consideration of House bill 5427, making appropriations for the Department of Labor.

The VICE PRESIDENT. The question is on the motion of

the Senator from Tennessee.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 5427) making appropriations for the Labor Department for the fiscal year ending June 30, 1940, and for other purposes, which had been reported from the Committee on Appropriations with amendments.

Mr. McKELLAR. I ask unanimous consent that the formal reading of the bill be dispensed with, that the bill be read for amendment, and that the amendments of the committee be first considered.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. McKELLAR. Mr. President, the first amendment, found on pages 2 and 3, is exactly the same provision which appears in all the other appropriation bills. It merely refers to the average of the grade in the payment of employees, and it also contains a provision by which five employees now detailed to the office of the Secretary from the United States Employment Service may be continued in that employment without competitive examination.

No other explanation of the bill is really necessary. There are practically no differences between the bill as reported by the Senate committee and the bill as passed by the House, except a few miscellaneous increases, amounting to \$212,000. Those are the only increases made in the bill; and, so far as I know, there were practically no differences of opinion on the part of the committee in reference to the various matters.

The PRESIDENT pro tempore. The amendments reported by the committee will be stated.

The first amendment of the Committee on Appropriations was, under the heading "Department of Labor-Office of the Secretary", on page 2, line 9, after the word "examinations", to insert a colon and the following additional provisos:

Provided further, That persons (not exceeding five in number) now detailed to the Office of the Secretary from the United States Employment Service may be continued in the Office of the Secretary and paid from the amount herein appropriated without regard to the provisions of the civil-service laws requiring competitive examinations: Provided further, That in expending appropriations or portions of appropriations, contained in this act, for the payment of personal services in the District of Columbia in accordance with the Classification Act of 1923, as amended, with the exception of the Assistant Secretary and the Second Assistant Secretary of Labor, the average of the salaries of the total number of persons under any grade in any bureau, office, or other appropriation unit shall not at any time exceed the average of the compensation rates specified for the grade by such act, as amended, and in grades in which only one position is allocated the salary of such position shall not exceed the average of the compensation rates for the grade, except that in unusually meritorious cases of one position in a grade advances may be made to rates higher than the average of the compensation rates of the grade but not more often than once in any fiscal year and then made to rates higher than the average of the compensation rates of the grade but not more often than once in any fiscal year and then only to the next higher rate: And provided further, That this restriction shall not apply (1) to grades 1, 2, 3, and 4 of the clerical-mechanical service, or (2) to require the reduction in salary of any person whose compensation was fixed as of July 1, 1924, in accordance with the rules of section 6 of such act, or (3) to require the reduction in salary of any person who is transferred from one position to another position in the same or different grade in the same or a different burcau, office, or other appropriation unit, or (4) to prevent the payment of a salary under any grade at a rate higher than the maximum rate of the grade when such higher rate is permitted by the Classification Act of 1923, as amended, and is specifically authorized by other law, or (5) to reduce the compensation of any person in a grade in which only one position is allocated, in a grade in which only one position is allocated,

So as to read:

Salaries: Secretary of Labor, Assistant Secretary, Second Assistant Secretary, and other personal services in the District of Columbia, \$391,680: Provided, That persons (not exceeding 10 in number) now employed in the determination of wages pursuant to the provisions of the act entitled "An act to amend the act approved March 3, 1931, relating to the rate of wages for laborers and mechanics employed by contractors and subcontractors on public buildings," approved August 30, 1935, may be continued in such

employment and paid from the amount herein appropriated without regard to the provisions of the civil-service laws requiring competitive examinations: Provided further, That persons (not exceeding five in number) now detailed to the Office of the Secretary from the United States Employment Service may be continued in the office of the Secretary and paid from the amount herein appropriated without regard to the provisions of the civil-service laws requiring competitive examinations: Provided further, That in expending appropriations or portions of appropriations, contained in this act, for the payment of personal services in the District of Columbia in accordance with the Classification Act of 1923, as amended, with the exception of the Assistant Secretary and the Second Assistant Secretary of Labor, the average of the salaries of the total number of persons under any grade in any bureau, office, or other appropriation unit shall not at any time exceed the average of the compensation rates specified for the grade by such act, as amended, and in grades in which only one position is allocated the salary of such position shall not exceed the average of the compensation rates for the grade, except that in unusually meritorious cases of one position in a grade advances may be made to rates higher than the average of the compensation rates of the grade but not more often than once in any fiscal year and then only to the next higher rate: And provided further, That this restriction shall not apply (1) to grades 1, 2, 3, and 4 of the clerical-mechanical service, or (2) to require the reduction in salary of any person whose compensation was fixed as of July 1, 1924, in accordance with the rules of section 6 of such act, or (3) to require the reduction in salary of any person who is transferred from one position to another position in the same or different grade in the same or a different bureau, office, or other appropriation unit, or (4) to prevent the payment of a salary under any grade at a rate higher than the maximu

The amendment was agreed to.

The next amendment was, under the subhead "Contingent expenses, Department of Labor", on page 4, line 4, after the word "exceeding", to strike out "\$500" and insert "\$1,800"; in line 13, after the word "periodicals", to strike out "teletype service and tolls (not to exceed \$900)"; in line 18, after the word "services", to insert "teletype service and tolls (not to exceed \$900)"; and in line 23, after the words "in all", to strike out "\$250,120" and insert "\$233,620", so as to read:

Contingent expenses: For contingent and miscellaneous expenses of the offices and bureaus of the Department, for which appropriations for contingent and miscellaneous expenses are not specifically made, including the purchase of stationery, furniture, and repairs to the same, carpets, matting, oilcloths, file cases, towels, ice, brooms, soap, sponges, laundry, street-car fares not exceeding \$1,800; purchase, exchange, maintenance, and repair of motorcycles and motor trucks; maintenance, operation, and repair of two motor-propelled passenger-carrying vehicles, to be used only for official purposes; freight and express charges; newspaper clippings not to exceed \$1,200; postage to foreign countries, telegraph and telephone service, typewriters, adding machines, and other laborsaving devices; purchase and exchange of law books, books of reference, newspapers, and periodicals, and, when authorized by the Secretary of Labor, dues for library membership in societies or associations which issue publications to members only or at a price to members lower than to subscribers who are not members, not exceeding \$5,300; contract stenographic services; teletype service and tolls (not to exceed \$900); all other necessary miscellaneous expenses not included in the foregoing; and not to exceed \$25,000 for purchase of certain supplies for the Immigration and Naturalization Service; in all, \$233,620.

The amendment was agreed to.

The next amendment was, on page 5, line 6, after the word "thereunder", to strike out "\$1,216,700" and insert \$1,221,700", so as to read:

Traveling expenses: For all traveling expenses, except traveling expenses incident to the deportation of allens, under the Department of Labor, including all bureaus and divisions thereunder, \$1,221,700.

The amendment was agreed to.

The next amendment was, on page 5, line 10, after the word "elsewhere", to strike out "\$438,300" and insert "\$454,800", so as to read:

Printing and binding: For printing and binding for the Department of Labor, including all its bureaus, offices, institutions, and services located in Washington, D. C., and elsewhere, \$454,800, of which amount not to exceed \$2,000 shall be available immediately.

The amendment was agreed to.

The next amendment was, under the subhead "Maternal and child welfare", on page 12, line 24, before the word "supplies", to strike out "printing and binding"; and on page

13, line 2, after the word "clippings", to strike out "\$334,000" and insert "\$324,000", so as to read:

Salaries and expenses, maternal and child welfare, Children's Bureau: For all authorized and necessary administrative expenses of the Children's Bureau in performing the duties imposed upon it by title V of the Social Security Act, approved August 14, 1935, including personal services, rentals, repairs, and alterations to buildings, in the District of Columbia and elsewhere; supplies; services; equipment; newspapers, books of reference, periodicals, and press clippings, \$324,000.

The amendment was agreed to.

The next amendment was, under the subhead "United States Employment Service", on page 15, line 20, after the word "system", to insert "and for cooperation with the States in the promotion of such system"; on page 16, line 1, before the word "of", to strike out "\$1,095,000" and insert "\$1,135,-640"; and in line 2, after the word "exceed", to strike out "\$580,000" and insert "\$600,320", so as to read:

Salaries: For personal services in carrying out the provisions of the act entitled "An act to provide for the establishment of a national employment system, and for cooperation with the States in the promotion of such system, and for other purposes", approved June 6, 1933 (29 U. S. C. 49-491), including the Veterans' Placement Service, the Farm Placement Service, and the District of Columbia Public Employment Center, \$1,135,640, of which amount not to exceed \$600,320 may be expended for personal services in the Department in the District of Columbia.

The amendment was agreed to.

The next amendment was, under the subhead "Wage and Hour Division", on page 17, line 16, before the word "of", to strike out "\$2,339,000" and insert "\$2,439,000"; and in line 18, after the name "District of Columbia", to insert a colon and "Provided, That not to exceed \$100,000 of the sum herein appropriated shall be immediately available", so as to read:

Salaries: For all personal services for the Wage and Hour Division necessary in performing the duties imposed upon it by the Fair Labor Standards Act of 1938, \$2,439,000, of which amount not to exceed \$1,162,170 may be expended for personal services in the District of Columbia: *Provided*, That not to exceed \$100,000 of the sum herein appropriated shall be immediately available.

The amendment was agreed to.

The next amendment was, on page 18, line 7, after the word "rendered", to strike out "\$196,800" and insert "\$273,-170", so as to read:

Miscellaneous expenses (other than salaries): For all authorized and necessary expenses, other than salaries, of the Wage and Hour Division in performing the duties imposed upon it by the Fair Labor Standards Act of 1938, including rent in the District of Columbia and elsewhere, contract stenographic reporting services, purchase (not to exceed \$1,250), maintenance, repair, and operation of motor-propelled passenger-carrying vehicles, law books, books of reference, periodicals, manuscripts and special reports, newspapers, and press clippings, supplies, office equipment, advertising, postage, telephone and telegraph service, reimbursement to State, Federal, and local agencies and their employees for services rendered, \$273,-170: Provided, That the Secretary of Labor may allot or transfer, with the approval of the Director of the Bureau of the Budget, funds from this appropriation to any bureau or office of the Department of Labor to enable such agency to perform services for the Wage and Hour Division.

The amendment was agreed to.

The PRESIDENT pro tempore. That completes the committee amendments.

The bill is before the Senate and still open to amendment. If there be no further amendments to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

REGULATION OF MODES OF TRANSPORTATION

Mr. WHEELER. Mr. President, I move that the Senate proceed to the consideration of Senate bill 2009.

The PRESIDENT pro tempore. The question is on the motion of the Senator from Montana.

The motion was agreed to; and the Senate proceeded to consider the bill (S. 2009) to amend the Interstate Commerce Act, as amended, by extending its application to additional types of carriers and transportation and modifying certain provisions thereof, and for other purposes, which had been

reported from the Committee on Interstate Commerce with amendments.

Mr. McNARY. Mr. President, is it the purpose of the Senator from Montana to make the usual request to have committee amendments first considered?

Mr. WHEELER. It is.

Mr. McNARY. Then is it the purpose of the Senator to discuss the bill in all its details?

Mr. WHEELER. That is correct.

Mr. BAILEY. Mr. President, with reference to the notice given by the Senator from Missouri [Mr. Clark] last Thursday or Friday of a motion to have this bill referred to the Committee on Commerce for special purposes, and especially with a view to the consideration of its effect upon water transportation, I desire to say that I am not going to press consideration of that motion now because I have an engagement to make a short speech. I believe it will be just as well to have the motion go over until tomorrow.

Mr. NORRIS. Mr. President, will the motion which the Senator intends to make come before the consideration of the

bill or after its consideration?

Mr. BAILEY. I take it that the motion will be brought up

tomorrow or this afternoon, if possible.

Mr. WHEELER. Mr. President, I ask unanimous consent that the formal reading of the bill be dispensed with, that it be read for amendment, and that the amendments of the committee be first considered.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Montana? The Chair hears none. The clerk will state the first amendment reported by

the committee.

The first amendment of the committee on Interstate Commerce was, on page 2, line 1, after the word "transportation", to insert "subject to the provisions of this act", so as to read:

Be it enacted, etc., That the Interstate Commerce Act, as amended, including both part I and part II thereof, is hereby amended to read as follows:

"DECLARATION OF POLICY

"Section 1. It is hereby declared to be the national transportation policy of the Congress to provide for fair and impartial regulation of all modes of transportation subject to the provisions of this act, so administered as to recognize and preserve the inherent advantages of each; to promote safe, adequate, economical, and efficient service and foster sound economic conditions in transportation and among the several carriers; to encourage the establishment and maintenance of reasonable charges for transportation services, without unjust discriminations, undue preferences or advantages, or unfair or destructive competitive practices; and to encourage fair wages and equitable working conditions established through collective bargaining; all to the end of insuring the development and preservation of a national transportation system adequate at all times to meet most economically and efficiently the full needs of the national defense.

Mr. NORRIS. Mr. President, I understood that the Senator from Montana was going to explain the bill in full. I suggest that he do that before we pass on the amendments.

Mr. WHEELER. Very well, Mr. President. In view of the suggestion which has been made by the Senator from Nebraska, I withdraw my request to act on the committee amendments at this time, and I shall proceed to explain the bill.

The PRESIDENT pro tempore. Without objection, the request is withdrawn.

Mr. WHEELER. Mr. President, last year the President of the United States, recognizing the financial condition of the railroads of the country, called together a committee composed of three members of the Interstate Commerce Commission, the Secretary of the Treasury, representatives of the R. F. C. and the S. E. C., and members of the Interstate Commerce Committees of the House of Representatives and the Senate. Following that meeting, the President appointed a committee of three, which made recommendations to the President which were forwarded to the Congress of the United States. The recommendations were not acted upon at that time because it was so late in the session. Then the President appointed another committee, a committee of six, consisting of three railroad executives and three representatives of the railroad employees of the country. They

made their report to the President of the United States, and a copy of that report is on the desk of every Member of the Senate.

After the report was made the President asked me to work out and introduce legislation to carry out the provisions of the report. The Senator from Missouri [Mr. TRUMAN] and I introduced in the Senate a bill which did not include all of the recommendations of the Committee of Six. In fact, we found that the Committee of Six had made some recommendations with which we were not in sympathy, and we did not introduce them in the form of legislation. did work out a bill which we introduced, and then we held hearings before the full Committee on Interstate Commerce. Every shipper, every representative of the carriers, and everybody else who wanted to be heard was heard before the committee. The hearings lasted for something like 2 weeks, and they have now been printed. We called before us persons from the Interstate Commerce Commission and from other bureaus; and after that, as chairman of the committee, I appointed a subcommittee consisting of the Senator from Kansas [Mr. Reed], the Senator from South Dakota [Mr. GURNEY], the Senator from Missouri [Mr. TRUMAN], the Senator from Indiana [Mr. MINTON], and myself. We then took up each and every objection which had been made to the bill in the committee. Not only did we take up every objection which was made to the bill in the committee hearings, but we likewise took up every letter that was written suggesting amendments or changes; and we spent something like 2 months—meeting practically every morning and nearly every afternoon-hearing each and every one of these persons over again, and trying to work out provisions which would be fair to everyone concerned.

The bill as we present it here today is not a panacea for all the ills of the railroads of the country, nor is it a panacea for the bus and truck people, nor is it a panacea for the shipping people. When the bill was first introduced, the bus and truck people immediately sent their representatives before the committee, and they complained about certain provisions of the legislation. Today, however, I may say that the bus and truck people of the country, as represented through their organizations, have notified me that they have no objections to this measure.

The water carriers appeared before the committee. Some of them were in favor of the bill and some were opposed to it. But it is significant that General Ashburn, the president of the Inland Waterways Co., owned by the Government of the United States, appeared before the committee and testified in favor of the bill. Likewise, Mr. Ames, who also is the head of one of the other three largest water carriers on the Mississippi River, appeared before the committee in favor of the bill. I believe one of the other water carriers did not appear, and did not express any opinion one way or the other. Mr. Narelle, one of the large shippers, also appeared before the committee and stated that he was in favor of the regulation.

I might say, with reference to the water carrier bill, that in 1935 the President of the United States sent a message to the Congress in which he said:

Another bill for the regulation of intercoastal and coastwise trade and of some of the inland waterway carriers prepared by the Coordinator has been introduced and is before the Congress for action. I recommend that this bill be considered by the appropriate committees and pressed to early passage. I can see no reason why the responsibility for the regulation of intercoastal, coastwise, and inland waterways should not be vested in the Interstate Commerce Commission, with proper provision for the departmentalizing of the work of the Commission.

I believe it is safe to say that domestic common carriers by water, other than those who are industrial affiliates, or in some way subsidized, favor the regulation of water carriers.

At that time I introduced a bill which had been drafted by the Interstate Commerce Commission, and we held long hearings upon that particular measure. Some of the water carriers expressed themselves as in favor of the proposed regulation at that time. A few of them came and opposed regulation; they did not want regulation of any kind or character. The bill was reported out of the Committee on Interstate Commerce and was brought to the floor of the Senate. About the same time the late Senator from New York, Senator Copeland, introduced a bill creating the Maritime Commission, and that became a law. It vested in the Maritime Commission the regulation of some of the rates of the shipping industry now provided for in the pending bill.

I call attention to the fact that in the bill that was passed it was provided that the President of the United States could, within 2 years, by Executive order, transfer all of the regulatory provisions with reference to rates to the Interstate Commerce Commission if he so desired. Instead of just transferring the provisions, as the law provded—and that was recommended by the Interstate Commerce Committee of the Senate—in order to set up the authority in the Interstate Commerce Commission, and to make the law applicable to the Interstate Commerce Commission, as it should be, we wrote regulatory provisions into the pending bill.

I wish to call specifically to the attention of the Senate the provision of the bill with reference to the policy outlined, because I think it is extremely important that the policy provision should be understood.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. NORRIS. Before the Senator enters upon a discussion of the policy provision of the bill, I wish he would tell the Senate to what extent the law providing for a Maritime Commission is affected by the pending bill; and also tell the Senate—and I have only a very indefinite idea of this—to what extent the so-called interstate water carriers, the river carriers particularly, are organized. The Senator said they appeared before the committee. Do they have an organization which represents all of them, or are they in a rather disorganized state?

Mr. WHEELER. I think they are in a rather disorganized condition. There are three large groups which are interested in Mississippi waterway thipping. There is the Inland Waterways Co., the Mississippi Valley Barge Line, and the American Barge Line. Two of those appeared before the committee and testified in favor of the pending bill.

With reference to the Maritime Commission and their duties, in the first place, the Commission owns and runs ships. Secondly, they subsidize ships. Thirdly, they attempt to regulate the rates of shipping. Some of the water carriers have come to me and complained that the Maritime Commission is in an untenable position, for the reason that when the water carriers go to the Commission and submit their rates, they appear before a commission which not only runs ships but is seeking to regulate the rates of its competitors. In addition, they are subsidizing other shipping companies, and while they are subsidizing other ships they are also regulating the rates of the competitors of the ships they subsidize. I say to the Senate that that is an untenable position.

All we seek to do by the pending bill is to regulate all forms of transportation in exactly the same way—water carriers, railroads, and busses and trucks. When the bus and truck bill came before the committee—and it had been pending before the Committee on Interstate Commerce for 10 years prior to the time we passed it—the bus and truck people came before the committee and said, "If you pass this bill the Interstate Commerce Commission is going to legislate us out of business. They are going to raise our rates, and raise them to such an extent, and in the interest of the railroads of this country, that they are going to put us out of business to the benefit of the railroads."

Today scarcely a bus or truck carrier in the country can be found which would want to see the law repealed. Every one of them says that the Interstate Commerce Commission is doing a fair and impartial job. Some of the railroads have complained that the Interstate Commerce Commission has leaned clear over to the busses and trucks and is not giving the railroads a fair deal. On the other hand, a few bus and truck carriers say the Commission is giving the railroads too good a deal. Broadly speaking, there is general satis-

faction on the part of the bus and truck people and on the part of the railroads with reference to regulation by the Interstate Commerce Commission.

Senators have heard the statement that the railroads of the country are in a strait jacket. We have seen great advertisements and propaganda put out by the railroads to the effect that they are in a strait jacket, and that they have not anything to say with reference to how they run the railroads. During the hearing I said to the representatives of the railroads, "Suppose I should introduce a bill to repeal the Interstate Commerce Act." They said, "We would not want that." I said, "Suppose we should repeal the provisions of the Interstate Commerce Act providing for regulation of the rates of the railroads of this country?" They said, "We would not want that." They said, "If you did that, there would be such cutthroat competition between the various railroads that it would utterly ruin the railroads of the country."

The shipping industry has not come to us with any definite statement that one provision is particularly bad or another provision is particularly good. When they came to us and presented arguments which were in the interest of fair play, and which could be justified, and which were approved by the Interstate Commerce Commission and the experts of the Maritime Commission, we included all provisions embodying their views.

The truth is that some of the water carriers do not want to be regulated at all. I do not know that I particularly blame them. Some object to regulation. Some say that it is not the thing to do, that we should not regulate them at all. Our country is committed to regulation, and if it is committed to regulation of the railroads and to the regulation of trucks and busses, then what excuse can there be for not regulating competing forms of transportation?

Mr. BROWN. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. BROWN. I agree with everything the Senator has stated about regulation of water carriers generally, but it seems to me that when there is such a situation that American water carriers are in competition with foreign carriers, as is the case on the Great Lakes, where the grain trade, and the iron-ore trade, and the coal trade, and the limestone trade, are handled in both Canadian and American vessels, there should not be regulation of American shipping when the United States cannot in any way affect the Canadian shipping.

I realize that the committee put an amendment in the bill which the Senator feels has taken care of that situation. I have read it with care, and I should like to have some consideration given by the Senator from Montana and other Senators who are experts on the subject to this question. As I understand the amendment, all bulk carriers on the Great Lakes are exempted from the provisions of the bill-exempted from regulation—unless a common carrier competes with them. I will refer to the situation on the Great Lakes. The Senator from Montana doubtless remembers the line known as the Great Lakes Transit Corporation, formerly known as the Anchor Line. They are carriers of package freight on fresh water. They engage in the carrying of package freight during practically all the sailing season. But they can and do engage in the grain-carrying business. If they do that, as they have done in the past and as they may do in the future, then as a common carrier they would be competing with the bulk carriers, and if that situation arose the exemption which the Senator's amendment provides would not apply. It would be eliminated because the bulk carriers would then be in competition for a time with a common carrier.

I have prepared a simple amendment which I should like to submit to the Senator for his consideration. I think my amendment will cover that situation. Everyone, including Commissioner Eastman, the chairman of the special committee, concedes that these water carriers should not be regulated, so long as we cannot regulate the Canadian trade. That competition, I will say to the Senator, is very keen.

Mr. WHEELER. I shall be happy to submit the amendment to the experts.

Mr. BROWN. I shall be very glad to have the Senator do that.

Mr. WHEELER. I call attention to the fact that on page 9 is to be found the following provision:

(7) Nothing in this act shall apply to the transportation of property by interstate contract carriers by water, which by reason of the inherent nature of the commodities transported, their requirement of special equipment, or their shipment in bulk, is not actually and substantially competitive with transportation by interstate common carriers by water in the same trade or route; and the Commission shall proceed immediately to determine the transportation to be so excluded and shall from time to time make such modifications of its findings as may be necessary to carry out the policy declared in section 1.

Mr. BROWN. I think the Senator from Montana fully intends to cover what we have in mind, but the Great Lakes Transit Corporation has at various times been in competition with the bulk carriers during the carrying season, and we would like to have that situation taken care of, if it is possible, so that there would be no question about the exemption.

Mr. WHEELER. I call attention also to the next section on page 9, as follows:

(8) Whenever it shall appear from complaint made to the Commission or otherwise that the rates, fares, regulations, or practices of water carriers engaged in transportation to or from a port or ports of any foreign country in competition with interstate common carriers by water or interstate contract carriers by water cause undue disadvantage to such interstate carriers by reason of such competition, the Commission may relieve such carriers from the provisions of this act to such extent, and for such time, and in such manner as in its judgment may be necessary to avoid or lessen such undue disadvantage consistently with the public in-

terest and policy declared in section 1 of this act.

Mr. BROWN. That would mean, I will say to the chairman of the committee, that if the Canadian lines operating from Duluth, we will say, to Port McNichol or some port lower on the St. Lawrence River or on the lower Great Lakes, should change their grain carrier rates, and the rate fixed for the American carriers had been established because of the situation I have mentioned, then before the American carriers could meet that competition they would have to make application to the Interstate Commerce Commission.

Mr. WHEELER. Yes.

Mr. BROWN. I merely plead for provision to be made whereby the Great Lakes bulk carriers would have the absolute right to fix their own rates, because the Commission cannot fix the rates of the Canadian carriers. That is all I seek to bring about.

Mr. WHEELER. Let me say to the junior Senator from Michigan that the committee considered that matter and worked out the paragraph I have read, and the members of the committee felt, and the Interstate Commerce Commission felt, and so did the experts, that the provision to which I have referred gave ample protection to the lake carriers, and all that has to be done is to make the regulation.

The water carriers do not want any regulation at all. They want everything thrown wide open. So long as the paragraph I read is contained in the bill I believe the water carriers have no reason at all to complain. We want to go along with them as far as possible, without completely relieving them of any regulation of any kind or character at all times and under all conditions.

If the Senator from Michigan can work out something else to help expedite the matter, I am perfectly willing to take it up for consideration.

Mr. BROWN. I intend to submit an amendment to the chairman before today's session shall have been concluded.

Mr. DAVIS. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. DAVIS. We have a number of industries in Pennsylvania which transport their own goods from one place to the other on the rivers. Is there anything in the bill which affects private transportation such as that?

Mr. WHEELER. There is nothing in the bill that affects private transportation on boats privately owned and controlled. We take it that we cannot regulate private transportation. Much as we may think it should be regulated, yet there exists no basis on which the Government of the

United States can regulate a ship which is owned by a man who transports his own goods from one place to another.

Mr. REED. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. REED. I wish to say to the distinguished chairman, with whom I have worked very closely, that I do not fully concur in that statement, because I think the time may come when we shall have to regulate the transportation of private property by the owner of such property when it is transported for commercial purposes. But I fully concur in the statement of the chairman of the committee that there is nothing in the bill which undertakes to do it. However, I hope the time will come during my term of service in the Senate when we shall undertake certain regulations that is not now considered in the bill.

Mr. WHEELER. I may say that I have presented the question to the committee, and the Senator from Kansas made the same statement there that he has now made on the floor of the Sena.e. Incidentally let me say that I have had the fullest cooperation of every member of the committee, including the Senator from Kansas, and I desire here and now to say, what I have said privately previously, that I do not think there is any Senator who has such wide experience or who so thoroughly understands the rate-making problems and the problems of transportation as does the Senator from Kansas, because of his wide experience in handling such matters before he came to the Senate.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. VANDENBERG. The definition which the Senator has just given, sustained by the Senator from Kansas, of this particular section, goes, it seems to me, to the very heart of one of the chief fears upon the Great Lakes with respect to the matter. The Senator from Montana makes the unequivocal statement that this measure is not intended to reach the bulk carrier which is self-contained, within an operating business unit.

Mr. WHEELER. That is correct.

Mr. VANDENBERG. Their fear is that this language actually and substantially competitive with transportation by interstate common carriers—

might mean something else, for they are, in a way, in competition, because, of course, their commodities could be transported by rail.

Mr. WHEELER. Yes; but they are not contract carriers. Let me say to the Senator from Michigan that they do not have the slightest reason to fear. I know, as all other members of the committee know, what are the views of the committee and what are the views of the Interstate Commerce Commission. The Commission's views were presented in testimony before the committee. Commissioner Eastman has presented the views of the Interstate Commerce Commission. So I ask, Why should the contract carriers have anything to fear when the Commission has already expressed its views in advance as to what its position is? So the contract carriers have nothing to fear.

Mr. VANDENBERG. I think the Senator's statement is very important, and ought to be very comforting, and ought to be very conclusive, whether it is or not.

Mr. WHEELER. They do not have anything in the world to fear about it.

This is the position in which we find ourselves: For years on the floor of the Senate I have advocated deepening and widening of the channels of the Mississippi River, the Ohio River, and the Missouri River; I have been in favor of that. We have taken millions of dollars out of the Treasury of the United States to be used for that purpose—

Mr. REED. A billion and one-half dollars.

Mr. WHEELER. We have taken a billion and a half dollars out of the Treasury of the United States to be used to widen and deepen those river channels. Who has paid the taxes to provide that money? All the people of the United States, including the railroads of the country, have paid those taxes. They have helped to pay for the widening and deepening of those channels with their own money. In view

of the fact that the Government furnishes the water carriers with the means to carry on their transportation, they should at least submit to having their rates regulated upon a fair basis with their competitors. I challenge anyone to say that that is not fair and just.

Mr. NORRIS. Mr. President-

Mr. WHEELER. Mr. President, I should like to conclude with one further statement before I yield to the Senator from Nebraska.

A great ado was made by some persons who came before the committee in respect to this matteer. One man who appeared before the committee said he represented 400,000 farmers in the Northwest. He said he represented the farmers in Montana. I telegraphed to Montana, and the reply was he did not represent the farmers there at all.

The claim is made that the consuming public gets the benefit of the channels we have made in the rivers. Let me read a statement from one of the oil companies. Before I do that I wish to call the Senate's attention to the fact that we held hearings on a bill intended to do away with the socalled Pittsburgh-plus basis of rates, or what is called the basing-point system. The fact of the matter is that when the oil companies, the steel companies, or any of the rest of them ship their products by water they receive a benefit, but the consuming public does not get one 5-cent piece benefit out of it. At a matter of fact, when the companies ship oil or steel on the Mississippi River they charge the railroad rate from Pittsburgh to the particular point, whether the commodity is shipped by water or whether it is shipped in any other way.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. MILLER. The Senator said that shipments by water bear the railroad rate. That rate, however, is much less than it would be if we did not have water transporation, is it not?

Mr. WHEELER. The Senator misunderstood me. I said that when most of these shippers ship by water up the Mississippi River or down the Mississippi River, or up the Ohio, they pocket the difference they would have to pay if they shipped by rail. Steel, oil, and other corporations receive the benefit of the lower rates, but they do not pass the benefit on to the consumer. They put it in their pockets.

Mr. MILLER. I misunderstood the Senator. I understood

the Senator to say the rate was no different.

Mr. WHEELER. Let me call attention to some testimony. In a recent hearing before the Interstate Commerce Commission, held in Memphis, Tenn., in February 1939, on fourth section application No. 17,430, involving rates on gasoline and kerosene from Baton Rouge to Alabama points, a Mr. A. M. Stephens, general traffic manager of the Standard Oil Co. of Kentucky, testified as follows:

We do not take into consideration any evaporation charges in connection with any service we made for any individual terminals, because we find that on all of our inland-waterways terminals we amortize this investment; as to our inland-waterway terminals, we usually amortize them within 2 or 3 years. In other words, the money we make on our water terminals, we put in our pocket. We don't pass it on to the consumer. No other oil company does, that I know of, except where there is price competition, and naturally, in that condition, we have a depreciation set up that may last for in that condition, we have a depreciation set up that may last for 10 years, but in the meantime we have fully amortized the investment shown in our accounting procedure, and the economy that we realize is credited to the P. & L. account for margin.

We have such a great savings in our waterways terminals, inland-

waterways terminals, that we eliminate entirely evaporation, and insurance, in all of our calculations. That enters into our general account, by reason of the great number of water terminals operating at the present time on the South Atlantic coast, the Gulf coast, and the Ohio River, and the evaporation loss, from our aggregate figures, is less than 40 points; in other words, it is less than onehalf of 1 percent. I have the figures here showing our evaporation losses in connection with all of our transportation to these Ohio River points which I have indicated, and I will be glad to file them for the record if they are so desired, because they do bear out my statement that our evaporation losses are less than one-half of 1 percent of the total.

On cross-examination the following occurred:

Question. (By Mr. Beck.) Mr. Stephens, with regard to the possibility of imposition of tolls on these rivers, has that received the full consideration of your company in dealing with these matters? That is, do you view things like that for any particular time in future?

Answer. Oh, yes. We exercise our judgment and foresight in the Answer. On, yes. We exercise our judgment and foresight in the consideration of all of these matters. We have found that none of the other companies are passing any of this money on to the

consuming public.

Now, as an instance in mind, I have before me at the present time a statement of the market price delivered to points in northern Georgia, to which you move gas out of Guntersville, for northern Georgia, to which you move gas out of Guntersville, for instance, at Dalton when you first began operation the market price at Dalton was 18 cents; that is the posted market on May 8, 1938. In December 1938 it was 17.5 reflecting a reduction in the refined market at Shreveport and the Gulf coast, and it represents a one-half cent reduction entirely in the tank price so far as dollars are concerned. In other words, Mr. Beck, we have not seen any passage of this savings to the consuming public. We have examined the markets at Dalton, Fort Payne, Cedar Bluff, etc., and we have not found that any of that has been passed on to the consumer. on to the consumer.

Question. And there are other cases though where you could find just the opposite conditions?

Answer. No; I have not. I have tried to but I cannot.

Mr. SHIPSTEAD. Mr. President, will the Senator yield? Mr. WHEELER. I yield.

Mr. SHIPSTEAD. These commodities are carried by private carrier.

Mr. WHEELER. Yes.

Mr. SHIPSTEAD. And whatever they save they do not pass on to the consumer.

Mr. WHEELER. That is correct.

Mr. SHIPSTEAD. I believe the man quoted testified that whenever there was competition in price, they did pass on the saving

Mr. WHEELER. Of course, that is true when there is competition; but I have a letter from a representative of the Farmers' Union in the Northwest in which he makes the same statements with reference to elevators along the Mississippi River. He states that the saving is not passed on, except at one or two points. He points out that, as a matter of fact, when only a small portion of their wheat is shipped down the Mississippi River the tendency is to break the price in the wheat markets throughout the country; and that the farmer, instead of receiving a benefit from it, actually loses because of that fact. The great bulk of the product is shipped by railroad, and the railroad price is so much; but when a small amount is shipped by water the great bulk of the farmers have to reduce the price of their wheat in order to meet the competition of the small amount shipped by water.

Mr. SHIPSTEAD. The same situation is true, is it not, in connection with the steel industry, which carries its own products in its own boats?

Mr. WHEELER. Yes.

Mr. SHIPSTEAD. The industry has a base price. Mr. WHEELER. That is correct. The same thing applies to steel, cement, lumber, and many such products.

Mr. SHIPSTEAD. Are such carriers regulated under the bill?

Mr. WHEELER. No; those carriers are not regulated.

As I stated a moment ago, I disagree with the Senator from Kansas [Mr. Reed]. I think there is a serious constitutional question whether or not the Government could regulate my rates when I owned the company. I doubt very much whether the Federal Government could regulate my rates in transporting my family from Washington to Montana by automobile and say that I must pay a certain rate for transporting my family. In other words, I take the money out of one pocket and put it into the other. I do not see that we can do very much about it.

Mr. SHIPSTEAD. It is a matter of price fixing instead of transportation.

Mr. WHEELER. Not entirely.

Mr. SHIPSTEAD. A monopoly has the power to fix prices f. o. b. the factory, and then can take it own load, unregulated, and haul it for a third of the commercial rate. That is a matter of price fixing. Can the Senator tell me what percentage of the traffic on inland waterways is carried by private carriers?

Mr. WHEELER. I think a large portion of it.

Mr. SHIPSTEAD. At least 95 percent?

Mr. WHEELER. I should not be surprised. However, I wish to call attention to the fact that we stood on the floor of the Senate and argued that deepening and widening the channel of the Mississippi River and the Ohio River would render a great service to the consuming public. We have taken the money out of the pockets of the railroads to build these channels, and have taken the traffic away from the railroads and turned it over to the shippers of oil, steel, lumber, cement, and other products. I submit to the Senator that when shippers receive a benefit from such a project, as they have been doing, they ought to pay something toward the building and maintenance of the channels. In other words, when we take money and put it in their pockets, and they do not pass on the saving, there ought to be some provision for the Government to charge tolls, so that the Government may get back some of the money expended.

Mr. REED and Mr. NORRIS addressed the Chair.

The PRESIDING OFFICER (Mr. TRUMAN in the chair). Does the Senator from Montana yield; and if so, to whom?

Mr. WHEELER. I yield to the Senator from Kansas.

Mr. REED. Mr. President, I wish to emphasize the very point which the distinguished Senator from Montana has made. For about 3 months we have struggled to obtain a uniform principle of rate making among railroad carriers, water carriers, and motor-vehicle carriers. I emphasize the phrase, "a uniform principle of rate making." I do not mean uniformity of rates.

The great difficulty we run into is the fact that both the common carriers and the contract carriers are in competition with the so-called private carriers—the big steel companies, the big oil companies, the big cement companies, and others—which are big enough to own their own boats and move their own traffic. It is my belief that when that character of business moves, whether upon a highway or upon a waterway provided by public money out of the Treasury, paid by the taxpayers of the United States, even though a private carrier may be moving its own merchandise or commodities, it ought to pay for the use of those public facilities.

Mr. WHEELER. I now yield to the Senator from Nebraska. Mr. NORRIS. Mr. President, I wish to make a suggestion to the Senator. I do not disagree with what he has stated as a fundamental principle. I agree with him. I believe there is something in what the Senator from Kansas [Mr. Reed] says, although, as I understand, the bill does not go that far.

Mr. WHEELER. That is correct.

Mr. NORRIS. We shall have to come to it some day.

Mr. WHEELER. That is correct.

Mr. NORRIS. I think we ought to come to it now. However, that is not the suggestion I wish to submit to the Senator. Take river transportation or, as it is called, water transportation; it has certain inherent advantages over railroad transportation. There is nothing in this bill, is there, that would deprive a shipper on a river of that inherent advantage which I think ought to be his?

Mr. WHEELER. Not at all.

Mr. NORRIS. There are many who, like myself, say, "I have no objection to regulation." Indeed, I cannot conceive how any honest man can object to honest regulation at the hands of an honest tribunal. I am proceeding on the theory that the Interstate Commerce Commission, which has charge of the work, is honest. The Commission wants to do what is right and is going to do what is right, and any man who himself is not doing anything that is wrong need not fear that kind of regulation. But still the inherent advantage that water transportation gives ought to be preserved and ought to be taken into consideration, as I see it, by the Interstate Commerce Commission. That is all provided for in the bill, is it not?

Mr. WHEELER. That is all provided for in the bill. Let me specifically call attention to the provision in the declaration of policy as follows:

Section 1. It is hereby declared to be the national transportation policy of the Congress to provide for fair and impartial regulation of all modes of transportation subject to the provisions of this act, so administered as to recognize and preserve the inherent advantages of each; to promote safe, adequate, economical, and efficient service and foster sound economic conditions in transpor-

tation and among the several carriers; to encourage the establishment and maintenance of reasonable charges for transportation services, without unjust discriminations, undue preferences or advantages, or unfair or destructive competitive practices; and to encourage fair wages and equitable working conditions established through collective bargaining; all to the end of insuring the development and preservation of a national transportation system adequate at all times to meet most economically and efficiently the full needs of the commerce of the United States, of the Postal Service, and of the national defense.

I wish to call attention to another provision in section 6, which reads:

Provided further, That differences in the classifications, rates, fares, charges, rules, regulations, and practices of a water carrier in respect of water transportation from those in effect by a rail carrier with respect to rail transportation shall not, in and of themselves, be deemed to constitute unjust discrimination, prejudice, or disadvantage, or an unfair or destructive competitive practice within the meaning of section 1 of this act.

We put that in at the suggestion of the water carriers who felt that that was a needed protection.

When it comes to the rate-making provision, as the bill was introduced it did not contain some of the provisions which the committee have put into the bill. The rate-making rule as now provided in the bill is as follows:

SEC. 30. It shall be the duty of the Commission in the exercise of its power to prescribe just and reasonable rates, to give due consideration, among other factors, to the effect of rates on the movement of traffic by the carrier or carriers for which the rates are prescribed.

Let me say that as the recommendation was made by the President's committee it called for the elimination of that particular sentence as to the effect of rates on the movement of traffic. I said very frankly that I felt that wording ought to be in the legislation, and that I would not eliminate it. So it is in the bill. Under it the Interstate Commerce Commission must consider the effect of the rates on the movement of traffic by the carrier or carriers for which the rates are prescribed. In other words, if they are going to regulate a rate on the Mississippi River for a water carrier they can consider the effect of the rate on the movement of traffic for that particular kind of transportation.

The rate-making rule further provides-

To the need, in the public interest, of adequate and efficient transportation service by such carrier or carriers at the lowest cost consistent with the furnishing of such service; and to the need of revenues sufficient to enable such carrier or carriers, under honest, economical, and efficient management, to provide such service. When used in this section the term "rates" means "rates, fares, and charges, and all regulations and practices relating thereto."

No one who is willing to have honest and efficient regulation, if he has not anything to cover up, should object to that provision. Our country is committed to regulation. Some people tell me that regulation is a failure and that it will never be completely successful; some say that it creates monopoly; some say that the railroads would have been better off if there had never been any regulation of them; some say that the utilities should not be regulated and that they would be better off without regulation; but the Congress of the United States has announced its policy; and all we are seeking to do by this proposed legislation is to say that the competitors in the various fields of transportation, particularly water carriers, inasmuch as we take millions of dollars out of the Treasury every year to improve the waterways so that the water carriers may operate upon them and the railroads pay a part of that cost, ought to be regulated in the same manner and under the same circumstances as the other forms of competing transportation are regu-

Mr. McNARY. Mr. President, will the Senator yield? Mr. WHEELER. I yield to the Senator from Oregon.

Mr. McNARY. Mr. President, I think the able Senator and his fellow workers have done a very excellent job, although some amendments may be required that will not only clarify present provisions but perhaps change substantive provisions. There is in my possession which I have been reading—and I have just had it in my hands for a few moments—very impressive minority views submitted by the able Senator from Minnesota [Mr. Shipstead]. So long as

the Senator from Montana has been referring to water competition, I wish to quote from the minority views of the Senator from Minnesota briefly for the Record. He says:

Has the demand for regulation of water carriers come from the farmers? Positively no.

Mr. WHEELER. How is that?

Mr. McNARY. I am quoting from paragraph 6, on page 2, of the minority views of the Senator from Minnesota, and I wish to submit this statement to the Senator:

Has the demand for regulation of water carriers come from the farmers? Positively no. Has it come from the consumers? Positively no. Has it come from commercial organizations? Positively no. Has it come from the processors or distributors? Positively no. Where has the demand for regulation come from? It comes from the railroads.

That is the statement in the minority views of the Senator from Minnesota. I have no knowledge on that point, and I was curious to know if anyone, save the railroads, has asked for regulation of water carriers.

Mr. WHEELER. Let me say that the water carriers themselves asked for it. The Interstate Commerce Commission has repeatedly urged regulation of water carriers. Mr. Eastman, for whom we all have the greatest respect, and concerning whom I believe no one on the floor of the Senate would say that he was controlled by the railroads of the country, when he was coordinator and making a study of the subject submitted to Congress a bill to regulate the water carriers. That bill came before the Interstate Commerce Committee in 1935; it was reported by the Interstate Commerce Committee after full hearings in 1935. The President of the United States in his message of 1935 recommended it. The bill was reintroduced in the Seventy-fifth Congress, and in 1937 the committee authorized a favorable report thereon to the Senate. So, when it is stated that merely the railroads are asking for the regulation proposed, I think it is plainly apparent that that is erroneous. I will quote the testimony of Mr. Ames, of the Mississippi Valley Barge Line:

And on behalf of that company I desire to go on record as saying that we are not opposed to regulation; in fact, we favor regulation which will bear equally and protect equally all forms of transportation. We do not favor the regulation of water carriers for the benefit of rail carriers, or vice versa, but we do favor reasonable regulation.

I would like also to point out to the committee that the lack of regulation of a water line has not the benefit that some people advocate for it, but in many respects it is a distinct handicap. Let us assume that the rail carriers reduce their rate which is competitive with the water carrier, and the water carrier appears before the regulatory body, protesting that rate, and the water carrier itself is not regulated. There is a tendency on the part of the regulatory body, and I think it is a pardonable and justifiable tendency, to say, "Why should we prevent the rail carrier from reducing its rate when we cannot prevent you?"

Let me say further—

Mr. McNARY. Mr. President, I do not want to interfere with the Senator's line of argument.

Mr. WHEELER. I should like to say a word further, and then I will yield. In the 1920 Transportation Act, what did the Congress of the United States do? The courts construed that act as a mandate from Congress to the Commission to foster and to guard the railroads. The Congress of the United States said to the Interstate Commerce Commission, "It is your duty to protect the railroads of the country." One or two members of the Interstate Commerce Commission have said to me that, as a matter of fact, the passage of the pending bill would benefit the water carriers for exactly the same reason stated by Mr. Ames. They say, "The water carriers charge that we are railroad-minded; we are not railroad-minded, but the Congress of the United States has said that we must protect the railroads. Here is a water carrier that cuts a rate. We cannot say whether that is a justifiable rate or whether it is not. The railroads say, 'We want to cut our rates to meet the cut in the water rates.' We say to ourselves, 'When a water carrier cuts a rate and cannot say whether such rate is justified or not, why should we not permit the railroads to cut their rates?""

The water carriers, as will be recalled, came before the Interstate Commerce Committee and opposed the repeal of the long-and-short haul. I dare say if it had not been for me that that bill would have been reported from the Interstate Commerce Committee during the Seventy-fourth Congress. It passed the other House twice, and it would have been passed by the Senate of the United States during the Seventy-fifth Congress if it had reached the floor of the Senate in time.

The reason I was opposed to it was because if we turned the railroads of this country loose and said to them, "You can cut your rates to any point you desire," in my judgment, because of the financial condition of several of the big, powerful railroads, they could drive the water carriers out of business on the Mississippi River. Then, after that, they could put up their rates. I said, "That is unfair"; the water carriers came in and opposed it, and I agreed that that was not the right thing to do. I said to them at that time, however, "You are coming here and saying that the railroads should not be permitted to cut their rates. You are opposed to the fourth section, and so am I; but," I said, "on the other hand, you cannot come here and say in one breath, 'We do not want to be regulated,' and in the next breath, 'We want the railroads regulated so that they cannot compete with us.'"

Mr. NORRIS. Mr. President, may I ask the Senator a question at that point?

Mr. WHEELER. Certainly.

Mr. NORRIS. I think the doctrine the Senator promulgated is sound. I should like to protect the railroads if they need protection, and in any case in which honesty would give them protection, of course, they ought to have it, the same as everybody else; but take the case of the witness Ames, to whom the Senator has referred. At the present time the water carriers are not regulated.

Mr. WHEELER. That is correct.

Mr. NORRIS. I do not think the railroads are now in a position to complain. In order to have a right to complain, they ought to put themselves in the same attitude as those against whom they make the complaint.

Mr. WHEELER. Exactly.

Mr. NORRIS. Suppose, however, this bill should become a law, and an article of freight were to be transported which admittedly could be carried by water better than by railroad, and suppose the railroad should undertake to reduce its rate down to the water rate: Would there be anything in the law to prevent the railroad from doing that?

Mr. WHEELER. Of course there would be.

Mr. NORRIS. Disastrous rates can be brought about by reducing them just as well as by increasing them, as a matter of fact.

Mr. WHEELER. Exactly.

Mr. NORRIS. And the water carrier ought to be protected on the freight that ought to be carried by water rather than on the railroad.

Mr. WHEELER. It would be absolutely protected under this measure.

Mr. NORRIS. That is what I want to see done.

Mr. WHEELER. There is not any question about it. Under the rate-making provision and under the other provisions I have read, there is not any question about it.

Mr. REED. Mr. President-

Mr. WHEELER. I yield.

Mr. REED. This seems to be an appropriate point to deal with the interest which the farmer, and particularly the grain farmer, may have in this so-called river navigation. The distinguished Senator from Oregon [Mr. McNary], the disguished Senator from Minnesota [Mr. Shipstead], and other Senators have had this question in their minds. It came up frequently in the hearings.

It so happens that I have tried more freight-rate cases for the farmers, paid by the farmers when they had any money which they usually did not have—and farm organizations, than have all the rest of the practitioners before the Interstate Commerce Commission combined; and in these various cases the question of market prices, and what fixes them, and the effect of transportation costs, has been thoroughly threshed over.

After the distinguished Senator from Minnesota [Mr. Shipstead], with a witness from St. Paul, became concerned about the effect upon the grain farmer if this bill should pass, I wrote a letter to General Ashburn, who is the chairman of the Board and president, I think, of the Inland Waterways Corporation. That Corporation does not operate on the Ohio River. It does operate upon the upper Mississippi River, the Missouri River, and some other streams.

I hope Senators will pay attention to this particular point. The Senator from North Dakota, the Senator from South Dakota, and the Senator from Minnesota ought to be especially interested.

No wheat or other grain is raised within the limits of St. Paul, Minneapolis, Kansas City, Omaha, St. Louis, or any of the other towns up and down the river. The only way in which a farmer could get any benefit out of the river rate would be if his grain should move on a combination rail rate to the river, plus the river rate from there on. In rate discussion and practice and rate cases we make a clear distinction between rail-and-water rates, which are one thing, and port-to-port rates on the water, which are another thing.

So I wrote to General Ashburn, because I was seeking to find out how much benefit the farmer back in the country might get out of these water rates; and the only way he could get it would be if his grain moved on a joint rail-and-water rate. Under date of May 10 I have a letter from General Ashburn. The Inland Waterways Corporation is the largest operator on the inland rivers. I wrote General Ashburn and asked him how much of the grain moved by the Inland Waterways Corporation moved on joint rail-andwater rates and how much moved on port-to-port rates. I will state the substance of his answer. He divides the freight into wheat, corn, oats, barley, and rye. I do not think it is necessary to take the time of the Senate to give the amounts in the different classifications; but here is his total:

Of all the traffic the Inland Waterways Corporation moves of grain, 823,184 tons in the year 1938 moved on port-to-port rates and 6,635 tons—less than 1 percent—moved on joint rail-and-water rates.

Mr. President, there is a "joker" in that. General Ashburn goes on to make this comment with reference to the 6,635 tons that moved on joint rail-and-water rates:

The tonnage shown as handled on joint rail-barge rates is traffic that originated at St. Louis and East St. Louis and had to be diverted on account of our operating disability for movement via rail to Cairo and barge beyond.

Except for that incident, except for the inability of the Inland Waterways Corporation to operate at that particular time between St. Louis and Cairo, which forced some traffic to move over the railroad, not a single ton of grain in 1938 would have moved by the Inland Waterways Corporation on a rail-water rate. Every ton of it would have moved on a port-to-port rate.

I do not mean to say that in a few instances, perhaps, some grain dealer located on the river did not get an advantage out of the water rate. I think that could easily happen; but otherwise I make the statement without fear of successful contradiction, having tried for 20 years the class of cases in which the question of marketing costs and the effect of water transportation rates upon the price of grain to the farmer is involved. I am not talking about an elevator man who has a big elevator, and one of them is in my State, at Kansas City, Kans. I am not saying that he cannot get an advantage and an additional profit out of the lower rate if he has time to use the barges; but I am saying that nobody has ever been able to point out how any benefit has been derived by a farmer in the State of Kansas from the water rate. I think this statement applies equally to Minnesota, to South Dakota, to North Dakota, and the rest of the so-called grain States. It has never been possible for anybody to show that the farmer got any benefit out of the water rate; and General Ashburn's letter to me dated May 10, 1939, is a complete demonstration of that fact.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. WHEELER. I yield to the Senator from Oregon.
Mr. McNARY. I desire to state to the very able chairman of the committee a hypothetical case, with reference to the regulation of water rates, because of a number of letters and telegrams I have received from the great Columbia Basin country, which annually produces about 90,000,000 bushels of grain known as soft wheat.

That part of the country is the watershed of the Columbia River, and naturally, following the course of least resistance, all the grain raised there follows the water grade down the river, chiefly to ports along the Columbia River, and to some ports on Puget Sound, for shipment to the Far

The section of the country of which I speak includes western Montana and part of western Wyoming, Idaho, eastern Oregon, and eastern Washington. At this time in one of the House bills there is a provision to take care of the construction of a navigation dam at Umatilla Rapids, which is the last link between the Bonneville Dam and Lewiston, Idaho. For a distance of over 350 miles the country is susceptible of service by water transportation, by a system of barges.

A big dam was constructed on the Columbia River 160 miles from the sea, affording transportation for coastwise vessels. Locks also have been constructed at Bonneville, which permit transportation for an additional 50 miles, up to what is called The Dalles, Oreg., nearly 200 miles inland from the Pacific Ocean. Beyond that, if a dam is constructed at Umatilla, water transportation by barges could be had 350 miles from the sea, to the mouth of the Snake River in Idaho.

My question is, if this transportation on the Columbia River, far distant from the sea, is regulated under the provisions of the pending bill, would it in any way affect the cost the farmers must pay for sending their wheat in bulk to be converted at mills on the Sound, and at Portland, and at The Dalles, or elsewhere? I am propounding the question, because I am not familiar with the provisions of the bill. I am interested in the cost the farmer must pay for the transportation of his wheat to the mills and thence, converted into flour, to the Orient.

I want the able Senator's expression, with which I shall be content, as to whether there is anything in the bill which would injuriously affect the producers or shippers of wheat by reason of the regulation of water transportation.

Mr. WHEELER. Mr. President, there should not be the slightest difficulty in the world. If the Interstate Commerce Commission is honest and does an honest job—and we all think they are honest—then there cannot be any damage at all. We have written into the bill a provision that they shall take into consideration the advantages of inland water transportation.

I wish to read the Senator an editorial which appears in the Farmers' Union Herald of Minneapolis, in which it is stated:

THE TRANSPORTATION PROBLEM

One of the difficult problems which the administration of President Roosevelt has on its hands is that of reorganizing the Government's method of regulating transportation. There are a number of sick railroads subsidized by means of Reconstruction Finance Corporation loans, thus making some kind of an interstate transportation program imperative. The administration has also to deal with a very complicated highway truck transportation system which is in open competition with the reilroads subsidized by Federal loans. There is also water transportation, and finally there will be airship transportation of what is now known as "express."

In cooperation with President Roosevelt, Senator WHEELER is endeavoring to bring out of the Interstate Commerce Committee a bill regulating all kinds of common carrier transportation.

In anticipation of such a measure there have been widespread fears on the part of truck and waterway transportation interests that a regulatory measure will be administered in the interest of the railroads and to the disadvantage and injury of highway and water transportation. No one may safely predict what an administrative body may do when clothed with power by Congress, but it seems obvious that if we are to have Government regulation of one form of transpor-

tation, we must, of necessity, regulate all forms.

One of the objects of regulation was to stop discrimination, unfair rate structures, and rebating. When there is no regulation it follows that the evils referred to above may be a part of all

transportation systems.

The cooperatives, both marketing and purchasing are, of course, concerned about regulation of transportation. Cooperatives are nonprofit organizations and they, therefore (rightly, we think) expect to be exempted from restrictions laid on privately owned corporations which operate solely for profit. While in Washington the National Board of the Farmers Union and the Northwest Farmers Union legislative committee asked Senator WHEELER for amendments to the transportation bill now being considered in committee, which amendments will protect the cooperatives.

Then he proceeds to talk about the cooperatives, and states that they are in favor of the proposed legislation.

In addition to that, I have a letter from Mr. M. W. Thatcher, of the Farmers Union Grain Terminal Association, dated at St. Paul. He comments upon the fact that a Mr. Feltus came here and said he represented 400,000 farmers. Mr. Thatcher states:

There are just a bunch of red faces out here, about the appearance of Mr. Harry Feltus, when he attempted to speak for our Northwest Farmers Union group at the hearings on your "transportation bill." Shortly after the Feltus episode there were about 40 members of our Northwest group in meeting at St. Paul. I brought the matter before them. They unanimously condemned brought the matter before them. They unanimously condemned the statement of Mr. Feltus, and the group passed a resolution that hereafter no one, except their legislative representative, was to speak on national matters before committees at Washington, D. C. So far as the regulation of traffic on the river is concerned, there

is no more reason why traffic thereon should not be regulated than as applied to railroads. In any important branch of our industry

as applied to railroads. In any important branch of our industry bad practices, such as discrimination, rates, rebates, preferences, or what not, can only be minimized through governmental regulation. There is no opportunity to enjoy an ordered society without some degree of regimentation and regulation.

Years ago we built a terminal elevator at St. Paul on the river. I have managed that elevator, with over 2,000,000 bushels capacity, for several past years. I have made many attempts to secure facilities and rates of transportation that would permit us to put farmers' wheat through that elevator and ship it abroad in competition with others. I have not once been quoted a rate on the river that would enable us to ship any grain in foreign commerce because the would enable us to ship any grain in foreign commerce because the rate was just too high. We have been able to move a little oats and barley in domestic commerce down the river, and all in the world that accomplishes is to put us into competition with producers in other areas who had a railroad advantage over us. That sort of business, which would give us an advantage by river over another group of farmers in the United States using rail service, tends to bear down on price of the agricultural product. It certainly doesn't enhance the income to agriculture.

Our entire group has historically been for development of water.

Our entire group has historically been for development of waterway transportation. The theory back of our support rests upon an excess charge by the railroads, but since railroads are generally in the "red," the question now comes to our mind as to whether or not there is a great deal of value in our old position. We believe that there is a great deal of value in our old position. We believe that water transportation is desirable as a means of competition against railroads, which might otherwise have a monopoly. It is generally believed amongst our group that with some of the products moved up the river to our consumers, that gain from lower transportation is sometimes retained by the shipper and not of any material benefit

I call attention to another provision, in which I am sure many Southern Senators are interested-

Mr. McNARY. Mr. President, will the Senator bear with me before we desert the particular section of the country to which I referred?

Mr. WHEELER. Certainly.

Mr. McNARY. I do not wish to discuss the bill from a sectional standpoint, of course. There is much to be commended in the idea of a regulated system applicable to all forms of transportation, I grant. In my desire to pursue the matter further, I am curious to know what effect regulation of water transportation would have upon the transportation companies and those affected thereby. Would it have a tendency to increase or diminish the rates? Would it leave them in statu quo? Would regulation of water transportation be of any advantage to the man who raises wheat in western Montana and wants to employ the Columbia River and its tributaries to get his wheat to the sea, for the purpose of converting it, and then shipping it across the water to the Orient? Would it be of any benefit to the water-transportation companies? What may we expect from this measure? I

have no fixed views on the subject, but many letters come to me from those who are satisfied with the present unregulated conditions, who are hopeful of an extension of the service, and worder what will occur if regulation is fastened upon them now. Will it be to their advantage or to the railroads' advantage? Will it affect them in any way? Is it a thing which we want to see applied to a great region where 90,-000,000 bushels of soft wheat are annually exported, from five States?

Mr. WHEELER. Mr. President, I will answer the question as best I can. The pending bill regulates transportation. Of course, what benefit will come from the legislation it is difficult for me to say, because to a large extent it depends upon the kind of regulation provided by the Interstate Commerce Commission.

Do we want cutthroat competition? Should we have cutthroat competition as between water carriers? Should we have cutthroat competition as between railroads? Should we have cutthroat competition as between trucks and busses? One of the great problems which faces the United States is whether or not that would be more beneficial, or whether it would be more beneficial to have regulation. Upon that subject we can get as many viewpoints as there are people.

Generally speaking, the industry has almost universally said, whenever we talk regulation with them, "We do not want regulation. It will be more detrimental and costly to

the consuming public if we have regulation."

The shipping industry is in a bad way, in any instance. It has been stated that the shipping industry has been put out of business in many places because someone would go into business temporarily and cut rates, and the established industry would have to come down in its rates. Such practices destroy the whole economic order of the industry.

We found a similar situation in the case of trucks and busses. They were against regulation. For 10 years they fought it bitterly before the committee. Finally regulation was imposed on them, and they are satisfied now, and say

that it has really been helpful to the industry.

With reference to the particular thing to which the Senator has called attention, certainly if the Interstate Commerce Commission carries out the provisions of the proposed legislation there cannot be any complaint that the rates imposed on the carriage of wheat are not fair and reasonable and just. I call attention to the rate-making policy, and to the provision that the Commission must take into consideration whether or not a permissible rate will result in moving wheat.

If the wheat will not move, then the rate is too high, and it should be lowered.

Mr. McNARY. The Senator must have a very sincere feeling in the matter because some of the wheat to which I adverted comes from his own State-

Mr. WHEELER. The Senator is correct. Mr. McNARY. Which the Senator so ably represents.

Let me ask a question which I think is pertinent. In the Senator's judgment, will the wheat carriers of those five States receive any benefit by reason of the proposed regu-

Mr. WHEELER. To be honest and fair, I must say that I do not know whether they will receive any benefit from it at They will receive benefit at least in one way. If the railroads of the United States or the shipping interests cannot continue to operate successfully, and we have a complete break-down of the transportation system of America, then there is no question in the world that the farmers of the Northwest and other sections of the country will be injured. This bill through regulation seeks to insure for the people not only of Montana, but of all the States, a sound and coordinated transportation system.

When representatives of the railroads of the country came before the committee and testified in favor of repealing the fourth section they said, "If you will repeal the fourth section and let us reduce rates we will do so, and that will be helpful to the farmers of the Northwest. It will be helpful to those farmers if you let us be unregulated when we come in compe-

tition with water carriers."

Temporarily such a situation would undoubtedly have brought down railroad rates, until such time as the rail carriers put the water carriers entirely out of business, and then the rail carriers would have put up the rates again.

I do not wish to see the water carriers put out of business. I wish to see the water carriers maintained, and I wish to see continued competition between the rail carriers and the water carriers. I think the pending bill will preserve that competition. Let me say to the Senator from Oregon that if the provision of the bill regulating water carriers is not adopted the only fair alternative is to repeal the fourth section entirely and turn the railroads loose and say to them, "Go in and have cutthroat competition," and then we should see where the water carriers would be.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. SHIPSTEAD. I believe Commissioner Joseph Eastman appeared before our committee 2 or 3 years ago and said that he did not believe it was necessary to regulate the large bulk carriers on the Great Lakes. Does the Senator remember that?

Mr. WHEELER. I think so.

Mr. SHIPSTEAD. He said it would not be necessary to regulate the large bulk carriers on the Great Lakes because there could be no possible competition between them and the railroads. Of course, there cannot be any competition between them. How can there be competition when wheat can be hauled by water from Duluth to Buffalo, a thousand miles, for $2\frac{1}{2}$ cents, and the railroads have to charge 18 cents? Under such circumstances there can be no competition.

Mr. WHEELER. That is correct.

Mr. SHIPSTEAD. So what is the use of talking about destructive competition when there cannot be any? If it is desired to have the railroads carry that freight, then take all the boats off the Great Lakes. But at the same time the bill contains no provision for regulating the private water carriers and other private carriers.

Mr. WHEELER. We are not regulating the bulk carriers either.

So the bill does not affect them.

Mr. SHIPSTEAD. No. And they carry 95 percent of the business.

Mr. WHEELER. What is the use of arguing about regulating the carriers to which the Senator is referring? The bill does not provide for their regulation, and we are not attempting to regulate them.

Mr. SHIPSTEAD. I make the point because the bill attempts to regulate common carriers whose services anyone can make use of and get the benefit of low common carrier rates, but leave unregulated the private carriers and the bulk carriers owned by the monopolies, which by their power can fix prices, get the advantage of the low rates on the waterways, and retain the resulting profits, which should be passed on to the consumers.

Mr. WHEELER. Let me ask the Senator a question. The Senator is opposed, is he not, to putting tolls upon these waterways?

Mr. SHIPSTEAD. Yes.

Mr. WHEELER. Who are making the profits from use of the waterways? They are the ones the Senator is condemning; they are the oil companies, the steel companies, and the cement companies, and the Senator does not wish to see a toll charge applied to them so they can help pay for building the waterways. I say that they should help to pay for the canalization of the waterways.

Mr. SHIPSTEAD. Mr. President, will the Senator again yield?

Mr. WHEELER. I yield.

Mr. SHIPSTEAD. I claim that is an entirely different matter.

Mr. WHEELER. No; it is not.

Mr. SHIPSTEAD. That is a price-fixing proposition, and the Senator is well aware that our committee held hearings for several weeks 2 or 3 years ago when representatives of the basing point industries came before the committee. The Senator I am sure agrees with me that legislation should be enacted to compel those industries to give the public the benefit of a fair price, and to eliminate the base price fixing.

Mr. WHEELER. I not only agree with the Senator, but I introduced a bill to that effect and tried to secure its enactment.

Mr. SHIPSTEAD. If the Senator would push such a bill, I think it would be of great service to the public.

Mr. WHEELER. Let me say to the Senator that as the result of the investigation which our committee conducted, and the hearings we had, and as the result of the bill being introduced the Federal Trade Commission has taken the matter up and held hearings on it. It now has some matters relating to that subject pending before it and is trying to remedy the situation.

Mr. SHIPSTEAD. If the Senator will permit me a moment before we leave the St. Paul situation and Inland Waterways Corporation, with respect to the shipment of wheat between St. Louis and Minneapolis, let me say that, as a matter of fact, there has not been any channel in the Mississippi River of sufficient width and depth to justify a transportation company in giving a constant rate to a shipper because it could not tell whether or not its boats would have sufficient water, due to lack of canalization. Half of a load might be carried or a third of a load might be carried, and if there were a great deal of rain a whole load could be carried; but it would never be known just when it was going to rain. So until the canalization is finished the river channel cannot be depended upon with respect to cargo-carrying capacity. Therefore, no rate can be depended upon, nor can it be certain that shipment can be made. Consequently, I think it is neither just nor fair to talk about what has not been carried on the Mississippi River for the channel has not been of sufficient depth. It is just as ridiculous to talk about that as to talk about how much freight is carried on a railroad when two-thirds of the line has not been completed.

Mr. WHEELER. The Senator is asking for a channel to be made so that boats carrying full cargoes can go from the mouth of the Mississippi River up to Minneapolis and St. Paul. However, in order to deepen the channel it is necessary to take money out of the Public Treasury. If a channel were provided so that full cargoes could be carried on the river, then the oil companies and steel companies and all the rest of them could use the river and make money out of that traffic, but not have to pay a cent back to the Treasury of the United States.

Mr. SHIPSTEAD. No; the Senator is not fair. I have always said that the Congress should see to it that the practice of using multiple basing points for fixing prices should be stopped because it is a monopolistic practice.

Mr. WHEELER. Yes; it is a monopolistic practice, but it is one which the Senator knows and which those who followed the investigation held by the committee know is very difficult to reach. It is easy for us to stand on the floor of the Senate and say that we ought to abolish such practices, and I have tried as hard or harder than anyone in the Senate to abolish them, but I am not so simple-minded as to think that it is an easy thing to do.

Mr. SHIPSTEAD. It is a matter of price fixing rather than transportation.

Mr. WHEELER. Yes; of course it is a matter of price fixing rather than transportation, but certain lower transportation rates afforded by water carriage permit even greater profits for these special interests. I say when the money is taken out of the Treasury of the United States and when the railroads take money out of their pockets to pay taxes for building channels, the water carriers at least should not object to regulation. We have subsidized such carriers by Government improvement of necessary facilities for them. The Government has spent millions of dollars every year to protect them along the coasts. We do everything for them. We widen the river channels. Yet they do not want to have their rates regulated.

The Congress has spoken upon that subject. The Congress in 1936, when it passed the present maritime law, said in that piece of legislation that jurisdiction should be transferred to the Interstate Commerce Commission within 2 years

by order. The difficulty with that is that when it comes to transferring it by Executive order a bad muddle is created. It cannot be done efficiently under the present set-up, so consequently it is necessary for us to pass the pending legislation.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. MILLER. I realize that probably the Senator's committee would not have authority seriously to consider the levying of a tonnage tax on water transportation, but the fact remains that we are spending approximately \$60,000,000 a year on the upkeep of our waterways—not on new work but on upkeep. There is no reason why the traffic should not bear that charge, or at least some of it.

Mr. WHEELER. It ought to bear some of that charge.

Mr. MILLER. Has the Senator's committee given any consideration to that point in lieu of undertaking to regulate water transportation through the Interstate Commerce Commission?

Mr. WHEELER. The committee has not done so, for the simple reason that it is not a matter that comes before our committee.

Mr. MILLER. I know the Senator's committee does not have jurisdiction of it.

Mr. WHEELER. A bill is brought before Congress by which provision is made for deepening and widening every little river, with the idea that some day in the United States we shall establish a great transportation system. In Germany and some other countries that has been done, because those countries are geared to that sort of transportation; but in the United States we can take money out of the Treasury of the United States and widen and deepen every creek that runs into the Mississippi River, and yet we will never have any water transportation to speak of. The only accomplishment would be to put more money into the pockets of the great monopolies and trusts of the country, and they would not pass on the benefits they receive to the general public, nor would they pay taxes upon the improvement.

Mr. McNARY. Mr. President-

The PRESIDING OFFICER (Mr. TRUMAN in the chair). Does the Senator from Montana yield to the Senator from

Mr. WHEELER. I yield.

Mr. McNARY. Does the bill deal with inland waterways as well as the coastwise trade?

Mr. WHEELER. It does.

Mr. McNARY. Would a ship which starts from Puget Sound in Washington, goes through the Panama Canal and reaches its destination in Boston be under regulation?

Mr. WHEELER. That is correct. It would be under regulation with respect to its rates.

Mr. McNARY. Beside the coastwise trade, does the bill attempt to regulate ships doing a general world trade?

Mr. WHEELER. No, indeed; we do not touch that at all, because it is impossible to regulate the rates of the world trade when they come in competition entirely with foreign commerce.

Mr. McNARY. Take the Panama-Pacific Line, which used to operate from San Francisco to New York by way of the Panama Canal, now running to South American ports from New England ports. Those vessels are now owned by or are largely controlled through loans by the Maritime Commission.

Mr. WHEELER. That is correct.

Mr. McNARY. Does the bill regulate the rates on such vessels?

Mr. WHEELER. On ships going to South America?

Mr. McNARY. Yes.

Mr. WHEELER. No, indeed.

Mr. McNARY. The bill covers only the coastwise trade?

Mr. WHEELER. Coastwise trade and traffic on inland waterways.

Mr. McNARY. I should like to ask another question. How about boats operated by the Maritime Commission and those which are privately owned?

Mr. WHEELER. We are not seeking to regulate Maritime Commission vessels at all.

Mr. McNARY. It is not sought to regulate vessels owned and operated by the Federal Government?

Mr. WHEELER. That is correct.

Mr. McNARY. Only those in private hands?

Mr. WHEELER. Yes.

Mr. McNARY. And doing a coastwise business?

Mr. WHEELER. Yes. All the promotional activities in the Maritime Commission still remain in the Maritime Commission. The Maritime Commission is a promotional organization and is granting subsidies for building ships. It is also operating ships.

I said to the expert of the Maritime Commission who appeared before the committee, "Are you not in an untenable position?" He said, "Yes; we are in an untenable position, because people come to us and say, 'What use is there in submitting our rates to you, because you are operating boats in competition with us?""

In addition to the untenable position of the Maritime Commission, it seems to me that when we have one body regulating one kind of rates, and another body regulating another kind of rates, one regulating busses and trucks, another regulating water carriers, and a third regulating some other form of transportation, we are bound to have inefficiency. Jealousies are bound to creep in.

It has been contended by almost every President in late years that regulation ought to be under one body. The Interstate Commerce Commission has recommended for years

that it be under one commission.

Mr. WHITE. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. WHITE. I have been necessarily absent for some 10 days and have not been able to keep in touch with the latest changes in the draft of the bill. I understand, of course, that it applies generally to our domestic water trade.

Mr. WHEELER. That is correct.

Mr. WHITE. Of course, our trade to Hawaii, for example, is technically domestic trade.

Mr. WHEELER. That is correct.

Mr. WHITE. As the bill now stands, would boats going from the Pacific coast to Hawaii come within its terms?

Mr. WHEELER. I think they would.

Mr. WHITE. That service is in no respect competitive with railroad service.

Mr. WHEELER. That is correct.

Mr. WHITE. It seems to me, for example, that boats going to Alaska and boats going to Hawaii are in no degree competitive with either bus or rail transportation.

Mr. WHEELER. That is correct.

Mr. WHITE. Therefore, in my judgment, they should not be brought under the terms of the bill.

Mr. WHEELER. Let me say to the Senator that the Senator from Kansas [Mr. REED] has an amendment which he submitted to me this morning, and which I am taking up with the experts. At first blush I do not see any reason for such vessels being included in the bill, but I wish to submit the question to the experts for their viewpoint.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. NORRIS. In connection with the question asked by the Senator from Maine, a shipment from Chicago to Hawaii would be partly by rail, but still it would travel on the same boat which carried a shipment from San Francisco to Hawaii. If that statement is correct, one shipment would be regulated and the other would not.

Mr. WHEELER. A port-to-port shipment would not be regulated.

Mr. WHITE. We do not undertake to regulate the rates of our vessels engaged in foreign commerce. Of course, that is because we cannot regulate our ships and leave unregulated their competitors.

Mr. NORRIS. But unregulated ships could not go to Chicago. The point I am trying to make is that a rate may be partly by water and partly by rail.

Mr. WHEELER. The rail part of the transportation would be subject to regulation.

Mr. WHITE. That situation would apply to ships going anywhere. It would apply to coastwise ships, ships in the intercoastal trade, or what might be called the offshore domestic trade, and ships in the foreign trade.

Mr. REED. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. Johnson of Colorado in the chair). Does the Senator from Montana yield to the Senator from Kansas?

Mr. WHEELER. I yield.

Mr. REED. I will say to the Senator from Nebraska and the Senator from Maine that they have put their fingers upon one of the difficult things to accomplish. We have done about 999,999 difficult things. The point they mention is perhaps the one-millionth difficult thing. As the Senator from Montana has stated, I have an amendment which will exclude from regulation by the Interstate Commerce Commission water traffic to Alaska, Puerto Rico, and Hawaii. Personally I lean to the idea that such traffic ought to be regulated; but, on the other hand, I am frank to say that there is a slight element of doubt.

The Senator from Nebraska raises a question which is important. Answering the Senator from Nebraska with respect to the specific point which he mentioned, the rate from Chicago to San Francisco would be regulated, of course, because it is part of interstate commerce within the country. If the amendment which I have in mind is adopted, the water rate from San Francisco, Los Angeles, or Spokane to Hawaii, or the rates from any of the ports to Puerto Rico or Alaska, would not be regulated.

I am inclined to urge the amendment upon the chairman. However, the question is one of the difficult things with

which we are struggling.

Mr. WHITE. I appreciate that. Mr. WHEELER. When we come to regulate motor-vehicle rates, we find contract-carrier busses and common-carrier busses. Those interests are in disagreement on certain points. When it comes to regulating boats, we have contract carriers conflicting with common carriers, and there is a disagreement. We have a disagreement between some of the railroad organizations and the railroads. We have a disagreement between express companies and bus and truck operators. We have a disagreement among some of the railroads themselves. The railroads are opposed to some of the provisions of the bill, but we put them in. Somebody has been opposed to every provision in the bill. However, I wish to say that in my 16 years of experience upon the Interstate Commerce Committee no bill has come before that committee which has had more careful, minute, and detailed study than has this particular piece of legislation.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. LUCAS. Returning to the previous discussion with respect to control of inland waterways, I will say to the Senator that I live in the Illinois Valley. We have transportation upon the Illinois River between Chicago and St. Louis and on down the Mississippi to New Orleans. The town in which I live is a focal point for the transportation of wheat and corn down the Illinois. The price of wheat and corn at the elevator there is always 2 or 3 cents higher than it is at elevators some 25 or 30 miles farther inland because of the difference between the rates by rail and those by water.

Under the bill, as I understand it, the Interstate Commerce Commission would have the power, and it would be its duty, to fix rates on the Illinois River with respect to the transportation of that wheat and corn. Would it be possible for the Interstate Commerce Commission to fix the rate the same as the railroad rate from that point to St. Louis?

Mr. WHEELER. Not if the Commission does its duty, because the bill specifically provides that it must take into consideration the inherent advantages of the water carrier. Everyone agrees that goods can be shipped more cheaply by water than by rail.

Let me call attention to a case now pending before the Interstate Commerce Commission. It is one of a type which frequently arises. The railroads operating along the Mississippi River come before the Interstate Commerce Commission and say, "We want to reduce our rate on sugar so as to obtain some of the traffic from New Orleans up the river to Chicago." Ordinarily, the Interstate Commerce Commission has said, as I would say if I were on the Commission, or as any of us would have to say if we were on the Commission, "We have no power to examine into the barge line, or the ships going up the Mississippi River and the Illinois River. We do not know whether or not they are charging a fair rate. Why should we not permit the Illinois Central to reduce the rate if it wishes? Why should we not let it reduce the rate to whatever point it wishes, inasmuch as we do not regulate the water carrier?"

The water carrier may go in and cut the rate so as to take the business from the railroad, regardless of whether or not the new rate meets the out-of-pocket cost. So the Interstate Commerce Commission has said very frankly that it is put in an extremely difficult position, because it has no jurisdiction over the water carriers to say whether or not they are charging just and reasonable rates.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. NORRIS. Of course the Senator touches upon a point which has been a controversial point ever since we have had any competition between railroads and water carriers. We all know that the water carriers got the worst of it, because the railroads cut their rates sufficiently low to put the water carriers out of business, and, after they had been put out of business, up went the rates.

Mr. WHEELER. That is correct.

Mr. NORRIS. Everybody concedes that to have been the condition in the past, and, of course, those who are living in the territory of the great Mississippi Valley, remembering that, would look with jealous fear upon any attempt to regulate the water carriers. They know how the water carriers once were driven out of business. We know there is some justice in that position, and perhaps there is some injustice in the present situation; but we have got to consider the fact that we have been burned once in the fire and we do not want to be burned again.

Mr. WHEELER. It seems to me that this question should be looked upon in a reasonable way. In my judgment, from conversations with those who have had to do with the matter, the water carriers would be much better off to have reasonable regulation under provisions laid down in this bill

Mr. NORRIS. I think the Senator is correct, and I am not contending otherwise.

Mr. WHEELER. I think the enactment of the bill will stabilize the condition of shipping in the intercoastal trade and will also stabilize shipping on the inland waterways.

Mr. NORRIS. The fear of which the Senator has spoken exists; there is no doubt about that; and it is a natural fear. It comes from the experience of the people in the past when they got the worst of it and the railroads came out on top.

Mr. WHEELER. And that is what will happen again if proper regulation is not provided.

Mr. NORRIS. I think it will.

Mr. WHEELER. I could not stand on the floor of the Senate and say that the Congress should regulate the railroads and regulate their rates and then turn their competitors loose, particularly when money is being taken out of the Treasury of the United States, which is put there partly by the railroads, to help build the waterways on which the water carriers may operate.

Mr. NORRIS. Conscientiously, I cannot defend a refusal to regulate transportation on the rivers so long as I insist on the regulation of transportation that compete with them, even though my prejudice might be all the other way because of the experience we have gone through in the recent past.

Mr. WHEELER. The Senator has stated my position exactly. I have sat on the Interstate Commerce Committee for 16 years, and I have seen what the Senator describes take place. I cannot, so far as I am concerned, in good conscience stand before the Senate and say the Congress ought to regulate the railroads, but it ought to turn their competitors loose and make the railroads go down into their pockets for money with which to build the waterways and then not regulate water carriers.

Mr. LUCAS. Mr. President, will the Senator yield there?

Mr. WHEELER. I yield.

Mr. LUCAS. Is it not a fact that those who got the worst of it at the hands of the railroads did so at a time prior to any regulation of the railroads?

Mr. WHEELER. Yes.

Mr. LUCAS. I should like to make a further observation, if I may, because the pending measure is an important one

and I am vitally interested in it.

As chairman of the Illinois Tax Commission under Governor Horner for a period of 2 years, I had occasion, along with two other members of that commission, to assess all the railroad properties in the State. We know, as the Senator from Nebraska said a while ago, and as the Senator from Montana has indicated, that the railroads themselves, because of various practices in which they engaged, were responsible for the regulation to which they were finally subjected.

But the railroads of the country today are in a pitiful and serious condition. Of the 92 railroads that operate in the State of Illinois only three made any money during the 2 years that I was on the Tax Commission of Illinois. I learned as a result of that experience to have a considerable degree of sympathy for the fight that railroads have been

making during a time of distress in this country.

I am in sympathy with the pending bill, even though we have inland waterway transportation on the Illinois River. Realizing such transportation does affect to a certain extent the present price of some of the products shipped from the valley of the Illinois; nevertheless, I cannot forget-and I wish to place it in the RECORD-that 10 years ago the old P. & St. L. Railroad, which ran through the section of the State where I live, was practically bankrupt; it was ready to be junked and the two rails of rust were ready to be torn up and the road to pass out of existence. People along that railroad's right-of-way, in order to save the railroad, did a number of things in addition to raising money for the purchase of a 100 additional feet of right-of-way for the railroad. They had public gatherings along the right-of-way to interest people primarily for the purpose of keeping that transportation system in operation; but, secondarily-and this is very important and partially explains the question raised a moment ago by the Senator from Oregon when he asked the Senator from Montana whether or not the farmers were going to be benefited as a result of this measurethe farmers and the taxpayers in my county and in every other county through which this railroad ran were tremendously benefited by the saving of that railroad.

At the particular time to which I have referred I was called upon to make an investigation of what the farmers' land along each side of that railroad was paying toward the upkeep of schools and in county, municipal, and State taxes. Approximately \$1 per acre was paid by farm land on each side of that railroad, but the railroad itself at that particular time and today pays between \$80 and \$90 per acre for taxes into that community. When the people of that section realized how much taxes the railroad companies paid, the farmers wished that there might be a railroad through every

40 acres in the particular county.

Mr. WHEELER. I thank the Senator from Illinois. Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. WHEELER. I yield to the Senator from Minnesota.
Mr. SHIPSTEAD. Assuming that this bill is introduced
for the purpose of helping the railroads by regulating water
transportation, how can it do that except by eliminating competition? Does the Senator know of anything in this bill that
would eliminate competition?

Mr. WHEELER. Let me say to the Senator that I do not assume for a moment that this bill in the regulation of water carriers is going to help the railroads to any appreciable extent. It will but stabilize transportation. The Senator has stated in his minority views on this bill that a certain thing is what the railroads wanted before the railroads ever suggested or ever mentioned it. When they came before the Interstate Commerce Committee, they wanted to repeal the fourth section. If Senators will read the record, they will note that I said repeatedly, "I am against the fourth section because I think it is unfair."

Mr. SHIPSTEAD. I remember that.

Mr. WHEELER. What ought to be done is to ask the Congress that they be put upon an equal basis so far as regulation is concerned. That is what I said time and time again, I said:

If you would devote the time, energy, and money you have spent trying to bring about the repeal of the fourth section, which I think is unfair and unjustified under the present circumstances, and is discriminatory against certain portions of the country, to a movement to regulate the water carriers, then you would be upon a basis which would be fair and just.

Mr. SHIPSTEAD. I remember very well the Senator said that.

Mr. WHEELER. I repeatedly said that and I still say it. I do not think, and I do not want anybody to get the idea that I think, that this bill with reference to water carriers is going to put money into the pockets of the railroads. I do say that if we want a coordinated national transportation system, that the bill will stop some of the practices which have been indulged in, such as temporarily cutting the rate on some commodities simply to take some business away from the railroads. That is not helping the general public in the long run.

Mr. SHIPSTEAD. Was there any testimony taken by the committee that anything like that was done?

Mr. WHEELER. I do not recall that there was. All the Senator has got to do, all anybody has got to do, is to ask any member of the Interstate Commerce Commission that has to deal with the water-carrier situation. As I have said, a case is pending before the Commission now in which the railroads are asking that they may reduce their rate in order to carry sugar up the river. The water carriers are protesting, saying that should not be done, that that would be out-of-pocket money; that the railroads would not get sufficient money to pay the cost of transporting the sugar. What right have the water carriers, when they do not want to be regulated, to say that it would cost the railroads, more money to carry the freight than they would receive? They say they want to protect the consumers; the minute we touch them they say we are injuring the consumers, but when the railroads ask to reduce their rates along the river the water carriers say, "Oh, no; you cannot do that because you are going to lose money when you do it."

As Mr. Ames testified before the committee, he did not blame the Interstate Commerce Commission if they let the railroads reduce their rates to the point where there was an out-of-pocket cost because, he said, we, the water carriers, have no regulation and it cannot be said to the boats that go up the river, "You are losing money if you take certain freight at this price"; but they do say to the railroads, "You cannot cut your rates, because thereby you would lose money." That is the great interest in the consuming public of the people who have boats going up the Mississippi River.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?
The PRESIDING OFFICER (Mr. Herring in the chair).
Does the Senator from Montana yield to the Senator from Minnesota?

Mr. WHEELER. I do.

Mr. SHIPSTEAD. Is it the purpose of the pending bill to increase water rates?

Mr. WHEELER. No, indeed.

Mr. SHIPSTEAD. What other purpose does it have? Has there been any complaint or any request for regulation of waterways on the same basis as railroads because they have been guilty of the practices that compelled the public to demand regulation of railroads?

Mr. WHEELER. Oh, no.

Mr. SHIPSTEAD. What brought on that regulation? It was because the railroads discriminated between shippers; they gave rebates; they discriminated against communities.

Mr. WHEELER. That is the identical thing that is being done at the present time. There are cases of rebating at this moment. Some of the trucks at this very moment are charging one price to one shipper and another price to another shipper.

Mr. SHIPSTEAD. How can the trucks do that when they

are regulated?

Mr. WHEELER. Because there is no adequate legislative provision for preventing it. Some of them have come to us and asked for legislation to prevent that sort of thing. The bus and truck regulation that we passed was not perfect when we passed it, and the Commission then did not know as much as it does now about the regulation of buses and trucks and the practices that grew up. As a matter of fact, some of the bus and truck people have recently come to us asking us to correct some of the evils that are taking place.

Mr. SHIPSTEAD. On the inland waterways, did any witness come and ask for regulation because his community was discriminated against? Did any shipper come and ask that the waterways be regulated because his competitor was getting

a rebate and he was discriminated against?

Mr. WHEELER. Let me answer that question by saying this:

I fought for the passage of the utility holding company bill, and, with the help of others, put it through the Senate. What was the argument that was made on the floor of the Senate by every single Member who was opposed to that bill? They said, "Have any consumers come here complaining and wanting to have this done?" Did a single consumer ever come before the Committee on Interstate Commerce asking that the utility holding company bill be passed? Not one; not one. Who was it that was asking for it?

Mr. SHIPSTEAD. There were plenty of them in the country.

Mr. WHEELER. Not one of them came before the committee.

Mr. SHIPSTEAD. Consumers?

Mr. WHEELER. Not one consumer ever came before the Interstate Commerce Committee and asked for the passage of that bill.

Mr. SHIPSTEAD. The utility holding company bill?

Mr. WHEELER. Not one ever came before the committee and asked for the passage of the bill.

Mr. SHIPSTEAD. They did not have to do so.

Mr. WHEELER. Oh, well, they did not come here. Every time we bring up regulation someone says, "Where is the consumer?" On the other hand, in one or two hours one night, after I made a speech over the radio, I received 2,000 telegrams denouncing me because of the speech I made. From whom did the telegrams come? Supposedly from consumers in the country. I received telegrams from persons in my State who were users of electricity denouncing me, and I received telegrams from persons from one end of the country to the other. Those persons did not come before the committee and testify; no. Not only that but let me say to the Senator that the shipping people came to me and said, "We should like to testify in favor of this bill, but we are afraid."

Mr. SHIPSTEAD. Shippers on the inland waterways?

Mr. WHEELER. No; I am talking about shippers generally. They said, "We do not dare to do it, because of the fact that we may want a subsidy from the Government of the United States."

Senators talk about the public coming before the committee and demanding regulation. After all, we are here to represent the public. I am here representing as nearly as I can the public of my State and the general public. The public generally do not know, many times, when there should be regulation and when there should not be regulation, because of the fact that they do not know the details. But

here is the Interstate Commerce Commission, supposed to be representing the public. It is a public body. Here is the President of the United States. Whom does he represent? He represents the public—not the railroads, but the public. He and other Presidents have recommended this legislation; and to say that the public does not want it is to say that the President of the United States is representing the railroads, and I say that he is not. To say that the public does not want this legislation is to say that the Interstate Commerce Commission is railroad-owned and railroad-minded, and I submit that it is not.

Mr. TRUMAN. Mr. President, will the Senator yield?
The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Missouri?

Mr. WHEELER. I yield.

Mr. TRUMAN. The same thing might be said about the members of the Interstate Commerce Committee of the Senate. The majority of them are in favor of this legislation.

Mr. WHEELER. Why, of course—the vast majority. Mr. MILLER. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Arkansas?

Mr. WHEELER. I do.

Mr. MILLER. A moment ago I understood the able Senator to say that in the event this bill were passed it would add very little to the revenue of the railroads.

Mr. WHEELER. I think that is true.

Mr. MILLER. Assuming that that is true, I think probably we are all agreed that the basic trouble of our railroads is the rate structure of the Nation.

Mr. WHEELER. That is true.

Mr. TRUMAN. Mr. President, I will say to the Senator that the basic trouble of our railroads is lack of tonnage, and tonnage cannot be created by legislation.

Mr. MILLER. No; tonnage cannot be created unless we have shippers, and we cannot have shippers unless we have such rates that the shipper can pay them in the first place, and the consumer can pay them on the other end.

This is the fear that I have about this bill, to be perfectly frank:

The argument made by the learned Senator as to the reason for the regulation and coordination of the carriers of the country into one transportation system is sound, to say the least, in theory; and I am aware of the provisions in the bill which undertakes to put a limitation upon the rates that may be fixed for water carriers. I am fearful, however, that when the water carriers are put under the control of the Interstate Commerce Commission it will not result in leveling rates, but it will result in freezing rates at the highest points now in existence, and that instead of permitting the water carriers to have the effect upon rates that they now have in some instances, the rates will be raised by the Interstate Commerce Commission. That is the fear I have.

Mr. WHEELER. Of course, that is the fear that some persons have; but if they take that position they have to say that they do not trust the Interstate Commerce Commission.

Mr. MILLER. To be perfectly frank, I do not. [Laughter.]

Mr. WHEELER. All right; but I have more faith in them than the Senator has.

Mr. MILLER. I mean that with all due respect; not personally in any way.

Mr. WHEELER. Certainly. Let me say to the Senator, however, that I trust the Interstate Commerce Commission just as much as I trust the Congress of the United States. It was the Congress of the United States which in 1920 passed the Transportation Act and said to the Interstate Commerce Commission in effect, "Fix rates so as to protect the railroads." We should not condemn the Interstate Commerce Commission. We should take the responsibility and say, "The responsibility rests upon the Congress of the United States and not upon the Interstate Commerce Commission." We do not like to do it, of course. If there is one thing that

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a Senator or a Representative likes to do, it is to find somebody he can condemn and say, "I am not responsible for what has been done"; but we are to blame in this instance because of the fact that we passed the law; and, in my judgment, the Interstate Commerce Commission has operated

honestly and efficiently under it.

What was proposed in this legislation? Let me call attention to what was proposed. Some of the railroads were complaining because, they said, "the Interstate Commerce Commission leans away over to the busses and trucks. They have become bus- and truck-minded instead of railroadminded." That is what they were saying; and, as a matter of fact, some of the railroads wanted to take away a good deal of power from the Interstate Commerce Commission and place it in another transportation board. I said, "Nothing doing. I will not do it. I have disagreed with the Interstate Commerce Commission at times," and I said, "I thought at times they were wrong; but, frankly, on the whole, I think the Interstate Commerce Commission has been about as reputable and high class a commission as exists in the city of Washington today"; and there has not been any scandal in the Interstate Commerce Commission. So far as I know, there has not been a breath of scandal connected with them; and that is more than we can say with reference to a number of other commissions and bodies that have been set up, not merely during this administration but during administrations which preceded it.

Mr. TRUMAN. Mr. President-

Mr. WHEELER. I yield to the Senator from Missouri.

Mr. TRUMAN. The Senator will remember that when we were getting the bus and truck regulation bill through the Interstate Commerce Committee and through the Senate, it was stated that the Interstate Commerce Commission were entirely ra'lroad-minded and that they would not be fair in the regulation of busses and trucks. Now the railroads have come to us and said, "The Interstate Commerce Commission are too much bus- and truck-minded." I think the same condition will hold with the waterways.

Mr. MILLER. Mr. President, will the Senator further yield?

Mr. WHEELER. Yes.

Mr. MILLER. I desire to say that I have no complaint against the personnel of the Interstate Commerce Commission. Probably what I object to is the result of enactments by Congress; but apparently this is what has happened so far as the Interstate Commerce Commission is concerned: Most of the tariff rates in this country, as I understand, are carrier-initiated. They are initiated by the carriers themselves, and are approved by the Interstate Commerce Commission.

Mr. WHEELER. Many of them are.

Mr. MILLER. I think probably 90 percent of the actual tariffs that are in existence are carrier-initiated and approved. Therein lies the trouble with our freight structure. This bill does not seek to remedy that condition.

Mr. WHEELER. That is true.

Mr. MILLER. In my opinion, that is one of the greatest arguments for this bill; and I desire to discuss with the Senator at some time during the afternoon or evening an amendment to section 30, because I want to take away from the Interstate Commerce Commission any chance to be blamed for our rate structure,

Mr. WHEELER. I shall be glad to discuss that question with the Senator.

Mr. MILLER. As I now see the matter, the railroads of the country cannot regulate themselves. The Interstate Commerce Commission cannot regulate them, because they are entwined and enmeshed in a rate structure which it would take a Solomon to unravel.

Mr. WHEELER. I think the Senator is correct about that. I have introduced and have pending before the committee a bill to investigate that matter.

bill to investigate that matter.

While I am on the subject of the Interstate Commerce Commission, let me say that the great complaint about the Commission, and one of the difficulties they have had, is that

they have taken too long with many of the cases which have been pending. There has been general and universal complaint about the length of time they have taken in the reorganization of railroads and in the decision of the rate cases.

The bill before us seeks to simplify the procedure before the Interstate Commerce Commission, and instead of having the full Commission pass upon every little rate matter which comes before the Commission, to have one Commissioner pass upon a small rate matter, with the right of appeal to a division of the Commission. It will expedite matters, and the reason for many of the complaints which have been made will have disappeared.

Mr. BORAH. Mr. President-

The PRESIDING OFFICER (Mr. Bone in the chair). Does the Senator from Montana yield to the Senator from Idaho?

Mr. WHEELER. I yield.

Mr. BORAH. I suppose I am in the situation other Members of the Senate are in, except those who are members of the committee; we find the details of this bill beyond our reach. We must rely, and are relying, upon those who have charge of the bill. I wish to ask this question: To what extent has there been any competition between water carriers and railroad carriers of recent years?

Mr. WHEELER. There is a great deal of it. I called attention to the fact a moment ago that there was in the record the testimony of Mr. Ames, of one of the large carriers on the Mississippi River. The Illinois Central at the present time is asking for permission to reduce its rate on sugar from New Orleans to Chicago, and immediately the boats on the Mississippi River come to the Interstate Commerce Commission and say, "You should not reduce those rates." They present the argument that if the rates are reduced it will mean that they will go down to a point where they will be out-of-pocket cost to the railroads.

Here is an unregulated system. The railroads helped to pay for building the channel in the Mississippi. I mean, the cost comes out of the general fund, but the railroads pay taxes into the general fund, and this channel is built up the Mississippi and the carriers are permitted to use it without any cost, and when the railroad says, "We want to reduce our rates to meet competition," the carriers say, "You cannot do that."

We are saying to the railroads, and I have repeatedly said to them, "In fairness you ought to have the right to reduce your rates if you want to reduce them, when you are competing with an outfit which is not regulated, or both of you ought to be regulated."

Mr. AUSTIN. Mr. President, will the Senator yield for a question?

Mr. WHEELER. Have I made myself clear to the Senator from Idaho?

Mr. BORAH. Yes; I understand the Senator's position. But I wish to ask a further question. The Senator and those in charge of the bill have reached the conclusion that it is a wise policy for this country to eliminate competition between the railroads and the water carriers?

Mr. WHEELER. No; we say that there should be competition, but we have written into the proposed legislation a provision that the Interstate Commerce Commission should recognize the inherent advantages in waterways and railroads. If there is to be competition between them, then it should not be one-sided competition. We ought to say that the railroads can cut their rates to any point they wish when they come in competition with water transportation, but when they seek to do that, there is a terrific protest.

The railroads did not ask for this bill. They came and asked for the repeal of the fourth section, and I fought that. A bill making provision for the repeal of the fourth section passed the House twice almost unanimously, but I opposed it in the Committee on Interstate Commerce. I said to the railroads at that time, "I do not think this is the right thing to do. You are discriminating against the Northwest, and you are going to put us out of business. But there is one thing, so far as I am concerned, I would favor.

I would favor regulation so that you would be upon an equal footing."

I do not know whether or not regulation is the right thing, and I do not think anyone else knows, but if we believe in regulation—and the country is committed to regulation—then I say that we cannot let one group be regulated and another group not be regulated. That is the position I take.

Mr. AUSTIN. Mr. President, will the Senator yield?

Mr. WHEELER. I vield.

Mr. AUSTIN. While the distinguished Senator from Idaho was on his feet I desired to ask the author of the bill whether it is not a fact that the bill is so drawn that the regulation is not equal?

Mr. WHEELER. That is correct.

Mr. AUSTIN. On the contrary, it provides only that degree of regulation which will permit fair competition between the different types of common carriers?

Mr. WHEELER. That is correct.

Mr. AUSTIN. So, if there is one type of common carrier which has a natural facility or a natural advantage over another, the bill does not require, indeed, I understand it not to permit, the extinguishment of the natural advantage in competition for the benefit of the competitor which has not the advantage. Am I correct in that interpretation?

Mr. WHEELER. The Senator is entirely correct, and I thank him for his statement. In the rate-making provision, and in three different places in the bill, we wrote in such a

provision specifically so as to protect them.

Mr. BORAH. In other words, in the judgment of the Senator from Montana, the bill preserves a certain amount of competition?

Mr. WHEELER. That is correct.

Mr. BORAH. Is it the judgment of the Senator from Montana that we can preserve a part of the competition?

Mr. WHEELER. I certainly think we can. If we cannot,

I should be very much disappointed.

Mr. BORAH. After the study given to the bill by the Senator from Montana, I hesitate to disagree with him; but I think that once we enter the field of regulation, the effort to limit and curtail competition to fit certain natural situations is imposing upon the Interstate Commerce Commission a very difficult task.

Mr. WHEELER. That has been done in the case of busses and trucks. For 10 years the busses and trucks complained and were bitterly opposed to any regulation by the Interstate Commerce Commission. They said it was railroad-minded. Eventually we passed legislation imposing regulation, and to-day the railroads say that the Interstate Commerce Commission is bus- and truck-minded. To me that is the best evidence that they are doing a very fair and a very decent job.

Mr. BORAH. I suppose it is also true, is it not, that the pending measure is really here by reason of the terrific condition economically in which the railroads find themselves?

Mr. WHEELER. I think that is one of the reasons.

Mr. BORAH. It must be true, then, that this effort to regulate water transportation is designed in some way to ameliorate the condition of the railroads.

Mr. WHEELER. Frankly, I think some of the railroads feel that they will get much greater benefit out of it, so far as this portion of it is concerned, than I have any idea they are going to receive. I do not think they will get very much benefit out of it.

In some instances someone will, in order to take business away from a railroad, cut a rate way down. Temporarily perhaps some consumer will get the benefit. But if the Senator was in the Chamber this morning and heard me explain the bill he noted that when we were constructing the waterways, and deepening and widening the channels, I, in common with other Senators, said on the floor of the Senate what great benefit the consumers would get out of it. The truth is that the consumers have gotten very little if any benefit. The people who got the benefit out of it have been the trusts and the monopolies who were big enough to own their own ships; they charged the same rates the railroads charged, and have stuck the money in their pockets.

Mr. BORAH. That is customary. Does the bill undertake to deal at all with the question of the overcapitalization of the railroads?

Mr. WHEELER. No. There is a bill which has been reported by the Committee on Interstate Commerce which deals with the reorganization of the roads, and I am hoping we will be able to pass it at this session. We could not, of course, take that up in connection with the pending legislation.

Mr. BORAH. Does the Senator hope to pass that bill at this session?

Mr. WHEELER. I certainly do.

Mr. BORAH. Does the Senator expect some relief for the public and for the rate payers from that bill?

Mr. WHEELER. I candidly think that that will be the result. So far as the general public is concerned, if we can pass that legislation I think it will be of very material benefit to the consuming public of this country.

Mr. BORAH. I hope so.

Mr. FRAZIER. Mr. President, I wish to make a number of inquiries concerning the bill as it would affect the rates on wheat from North Dakota to Buffalo, and the rates on coal from Pittsburgh to Duluth and points West.

Mr. WHEELER. Let me say to the Senator from North Dakota that the Senator from Kansas [Mr. Reed] has that phase of the question more clearly in mind than I have. As I see the proposed legislation, there is nothing contained in it which will affect the traffic to which the Senator from North Dakota has referred, because it is bulk cargo. When the barge lines carry coal they charge, I believe, 5 cents, and on the return trip, which would otherwise be made empty, they carry wheat for 2 cents. However, the proposed legislation will not affect such transportation.

Mr. FRAZIER. It will not affect the present rate?

Mr. WHEELER. That is my view of the matter.

Mr. REED. Mr. President-

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Kansas?

Mr. WHEELER. I yield.

Mr. REED. I received a copy of a letter written by the chairman of the North Dakota Railroad Commission to both Senators from North Dakota and to me, to which I made reply, a copy of which I sent the Senator from North Dakota. The railroad commission was under considerable misapprehension, predicated upon House bill 4862, the language of which is taken from a bill prepared by the association of American railroads, responsive, as that association considered, to the report of the President's Committee of Six.

I wrote the Railroad Commission of North Dakota that their fears were unfounded; that there was no change in the regulation of intrastate rates, of which they were very fearful. There is such a suggestion in the report of the President's Committee of Six, and the language in House bill 4862. Senate bill 2009, to which the able Senator from Montana and myself, if I may say it, have devoted most of our time for 3 months, has had all the "bugs" taken out of it that we could find were in it, and I assure the Senator from North Dakota there is nothing in the bill which would in any way affect the rate which the North Dakota farmer pays on his wheat, either by railroad from North Dakota to Duluth or Minneapolis, or by boat cargo carriage down the Lakes to Buffalo.

Mr. FRAZIER. Mr. President, that is quite a broad statement, because I cannot see how anyone can tell what the Interstate Commerce Commission is going to do under the bill or what the courts are going to do about the changes that are made by the bill.

Mr. REED. In the first place, let us consider the terms of the bill with respect to the bulk-cargo carriers on the Lakes. The bulk-cargo transportation now consists principally of coal north-bound from Lake Erie ports to Lake Superior ports for distribution through Minnesota and North and South Dakota; the bulk-cargo transportation south consists of ore, which is the largest item; of grain, which is the next largest item; and of limestone quarried in northern Michigan and moved to Lake Erie ports for the use of the steel

mills there. They are the four large items of bulk transportation—coal up, and grain, ore, and limestone down. The terms of the bill exclude bulk-cargo traffic requiring special equipment designed for that character of traffic and not competitive with other traffic on the same route. I do not know how much more than that could be asked.

Mr. BROWN. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. BROWN. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Donahey	Johnson, Colo.	Radcliffe
Andrews	Downey	King	Reed
Ashurst:	Ellender	La Follette	Schwartz
Austin	Frazier	Lee	Schwellenbach
Bailey	George	Lodge	Sheppard
Bankhead	Gerry	Logan	Shipstead
Bone	Gibson	Lucas	Smathers
Borah	Gillette	Lundeen	Stewart
Bridges	Glass	McCarran	Taft
Brown	Green	McKellar	Thomas, Okla.
Bulow	Guffey	McNary	Thomas, Utah
Burke	Gurney	Mead	Townsend
Byrd	Hale	Miller	Truman
Byrnes	Harrison	Minton	Tydings
Capper	Hayden	Murray .	Vandenberg
Caraway	Herring	Neely	Van Nuys
Chavez	Hill	Norris	Wagner
Clark, Idaho	Holman	O'Mahoney	Walsh
Connally	Holt	Overton	Wheeler
Danaher	Hughes	Pepper	White
Davis	Johnson, Calif.	Pittman	Wiley

The PRESIDING OFFICER. Eighty-four Senators have answered to their names. A quorum is present.

Mr. VANDENBERG. Mr. President, will the Senator vield?

Mr. WHEELER. I yield.

Mr. VANDENBERG. Just before the quorum call the able Senator from Kansas made the unequivocal statement, which was very welcome, that the exemption at the top of page 9 conclusively takes the bulk carrier out from under the control of the bill. But suppose there were 10 such carriers on the Great Lakes trade, and one of them happened to become a common carrier, would not that immediately throw the other 9 under the terms of the bill, inasmuch as they would then find themselves in competition in interstate commerce with transportation by interstate commerce carriers by water in the same trade or route?

Mr. REED. I will say to the Senator from Michigan that whether a carrier is a common carrier or a contract carrier depends partly upon the nature of its business, partly upon what it holds itself out to do, and to a limited degree upon a finding by the Commission as to what it does. This section applies only to contract carriers; and, so far as I know, all the carriers on the Lakes to which reference has been made are contract carriers.

Mr. VANDENBERG. Suppose in the off season a contract carrier went into the package freight business for 20 minutes, speaking figuratively. Under the language at the top of page 9 would not the entire bulk carrier traffic be opened to regulation?

Mr. REED. Only insofar as that one carrier is concerned. I will say further to the Senator from Michigan that if I myself were writing the bill, I would bring all the lake carriers under regulation.

Mr. VANDENBERG. I understand.

Mr. REED. They are not brought under regulation by the bill.

Mr. VANDENBERG. I am very happy that the Senator did not write the bill.

Mr. REED. There was a time when the railroads of the country were in effect contract carriers, because they made different rates to different shippers for the same service under the same circumstances; and because they did so they were finally brought under rigorous regulation. Contract carriers on the Lakes are open to the same criticism; but the bill does not propose to bring them under commoncarrier regulation.

Mr. VANDENBERG. At all?

Mr. REED. At all.

Mr. WHEELER. Let me answer the Senator by saying that in the case which he submitted, the carrier to which he referred would not be in competition with the bulk carrier. It might be a common carrier for that specific period of time, but when it began carrying packages it would not be in competition with the bulk carriers.

Mr. VANDENBERG. If the whole situation is as conclusive as the able Senator from Montana and the Senator from Kansas indicate—and I shall depend upon the validity of their interpretation—I still do not understand why we do not say in plain language that bulk carriers are not

included in the bill.

Mr. WHEELER. It seems to me the thing is perfectly simple. Some carrier may claim to be a bulk carrier when it is actually a common carrier. It may say "I am a bulk carrier. I claim to be a bulk carrier, because I call myself a bulk carrier. I am not in competition." In fairness to the common carrier, it seems to me the Interstate Commerce Commission ought to have the power to say whether or not such a carrier is a common carrier, or is in competition.

Mr. VANDENBERG. I am inclined to agree with the Sen-

ator that his suggestion is a fair one.

Mr. WHEELER. Some of the common carriers which have appeared before our committee are very much in favor of this legislation and feel that it is the proper thing. However, when a contract carrier comes along and says, "I want to get out from under regulation; I am a bulk carrier," all we say is, "If you are competing with a common carrier which is regulated, you must be regulated. If you are not competing, you are in the clear and you are exempt." It seems to me that is all there is to it.

Mr. VANDENBERG. Mr. President, I completely agree with the philosophy of the bill. I agree with all the arguments which the Senator has presented. My only interest is that I want the legitimate bulk contract carrier to be exempt because he does not belong in the theory of the legislation.

Mr. WHEELER. That is correct. We all agree to that. Mr. VANDENBERG. Everybody agrees to it. I just want to be sure that the language is sufficiently specific so that, after we have all agreed on it, we who write the bill shall not suddenly discover that those who administer and interpret the law put a totally different construction on the thing we have written.

Mr. WHEELER. I do not think the Senator need worry about that contingency because of the fact that the provision was drafted originally by Mr. Eastman, and he takes the same position the Senator takes. We shall always have some "chiselers" who wish to be common carriers, but who wish to be considered contract carriers. They do not want to be regulated. They are "chiseling." We want somebody to have the power to say, "You are a common carrier, and you cannot get away from being regulated in the same way in which ordinary common carriers are regulated."

Mr. VANDENBERG. I agree with that theory. When the Lake Carriers' Association presents its protest, I suppose one might wonder whether or not there is a selfish interest, although I doubt it. However, when the Great Lakes Harbors Association presents a similar statement and expresses the same fear, I am put upon notice to make my inquiry.

Mr. WHEELER. The only difficulty with this legislation is that in the case of every piece of legislation that comes before the Interstate Commerce Committee somebody comes in and says, "The language is all right, but I am afraid." Within the past year or so I have heard many persons before the Interstate Commerce Committee say, "That is all right, but I am afraid."

Mr. VANDENBERG. In the past few years people have been taught to be afraid.

Mr. WHEELER. The reason why some persons are so much opposed to some of the legislation we have placed upon the statute books in the past few years is not because of the way in which the legislation was written, but because of the way it has been administered and carried into effect by those who have been entirely incompetent for the jobs to which they have been appointed.

Mr. VANDENBERG. I completely agree with the Senator's statement.

Mr. WHEELER. In my judgment, it is exceedingly unfortunate that progressive legislation should have to be carried out by those who have no conception of public duty. That difficulty has been present in connection with most such legislation. In the case of administrative bodies and bureaus which have been conducted by officials who have tried to administer the law in a constructive way, there has been little, if any, opposition to the legislation.

Mr. VANDENBERG. The Senator is not afraid that under this bill we shall run into any synthetic tyrants?

Mr. WHEELER. No; because the Interstate Commerce Commission is one of the older commissions. It has seasoned representatives. It has men who are judicially minded, who have had long experience in regulatory legislation, and who as a whole have done a pretty good job.

Mr. REED. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. REED. I wish to say to the distinguished Senator from Michigan that when counsel for the Lake Carriers' Association appeared before the committee he thought the language of the bill was a little too general. I asked him in what way it could be improved. He said, "We should like to have the bulk commodities named in the act." I asked him, as the hearings will show, to indicate the commodities which he thought should be exempted by writing them into the act. He suggested coal up the lake; grain, limestone, and iron ore down the lake. I said, "Is that sufficient?" He said, "Yes." I think we were discussing the commodities clause at the time. I said, "We now have the case of a carrier out of a Puget Sound port. Lumber is already exempted, but many things are processed from lumber. This carrier makes the suggestion that in order to take care of its situation we ought to write into the bill an exemption not only for lumber but also for paper." I asked counsel for the Lake Carriers' Association just how far we could go in writing into a general bill the names of the commodities which are to be exempt under this, that, or the other condition; and he said, "I don't think you can get anywhere by doing that. The bill as it is drawn is probably the very best you can do."

Mr. TAFT. Mr. President-

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Ohio?

Mr. WHEELER. I yield.

Mr. TAFT. I still do not understand the Senator's explanation of clause 7. If it was intended to exclude the interstate contract carriers by water what difference does it make whether or not they compete with some bulk common carrier? The Senator suggests that they may be really common carriers; but, if they are, the Interstate Commerce Commission can find them to be so. There is ample law to determine who is a contract carrier and who is a common carrier. I cannot understand, if the clause means what the Senator says it means, why we should not omit the words beginning "which by reason of the inherent nature of the commodities transported," and simply provide that "nothing in this act shall apply to transportation of property by interstate contract carriers by water."

Mr. WHEELER. One of the reasons is that all contract carriers are not exempt from regulation under the bill. The bill regulates contract carriers. The only contract carriers exempted are those which by their very nature or the nature of the commodity transported are not competitive. We are trying to deal specifically with contract carriers upon the Great Lakes. Consequently, we wrote in that language for that purpose. They wanted to be taken out entirely, and

not even have to go before the Commission.

Mr. TAFT. It seems to me if they are interstate contract carriers they ought to be exempted. I understood the Senator to say he intended that they should be exempted. If so, why not so provide in so many words because it seems to me that the objection of the Senator from Michigan [Mr. VANDENBERG] is absolutely valid. One carrier might become a common carrier, and that it would immediately subject all other carriers to regulation by the Interstate Commerce Commission.

Mr. WHEELER. I do not agree with the Senator's interpretation.

Mr. BROWN. Mr. President, will the Senator yield to me?

Mr. WHEELER. I yield.

Mr. BROWN. I told the Senator this morning that I would prepare an amendment, which I have done. The amendment meets the approval of the lake carriers' representatives. It would place at the end of subsection (b) on page 3 this proviso:

Provided, however, That nothing in this act shall apply to contract carriers by water of commodities in bulk on the Great Lakes and connecting waters whose vessels during the normal course of a voyage pass within the international waters between the United States and Canada and whose vessels compete in respect to any portion of such contract carrier's trade with water carriers of a foreign country.

I ask, Mr. President, that this amendment be printed. I imagine we may not reach it until tomorrow, and I should like to have the chairman of the Committee on Interstate Commerce and his advisers consider the amendment overnight and, if possible, see if they cannot agree to accept it, because it is satisfactory to the Great Lakes carriers, I am certain.

The PRESIDING OFFICER. The amendment will be received and lie on the table.

Mr. REED. Mr. President, will the Senator from Montana yield to me to answer the distinguished Senator from Ohio?

Mr. WHEELER. I yield.

Mr. REED. For 3 months I have listened to controversies between carriers of various kinds, including water carriers, inland water carriers, and common contract and private carriers. If Senators think there is no difference of opinion or distinction of interest between water carriers on the Great Lakes and the inland waterways and through the Panama Canal and those engaged in the coastal business they are mistaken. All one has to do is to sit down and try to perfect a bill such as the one now pending, and he will find the reason-and, to my mind, the complete reason-why the suggestion of the Senator from Ohio should not be adopted, namely, that there comes a conflict as to facts whether a carrier is a common carrier or a contract carrier, and the minute one carrier in any class is exempted by the terms of the bill, without giving the Interstate Commerce Commission some jurisdiction to determine the facts, we have defeated the purpose of the bill.

I am sorry that the Senator from Minnesota [Mr. Ship-STEAD] is not present at the moment, as well as some of the other Senators who have assumed that all is peace and harmony between the water carriers. Nobody knows better than the distinguished chairman of the committee that that is not so. Every class of carrier has alleged chiseling by other carriers classed the same as they were or alleged to be in their class. A majority of the water carriers over the inland waterways, coastal, and Panama Canal carriers that have come to me and talked to me in the last 3 months have been in favor of regulation. They have not always agreed on just the way it should be written, but we have done the very best we could to meet all situations that have been suggested. It would be impossible to meet the situation in the way the Senator from Ohio suggests.

Mr. BROWN. Mr. President, if the Senator from Montana will yield to me for just a moment, the Senator from Kansas realizes that there is a difference between contract carriers of bulk commodities in competition with foreign carriers and ordinary contract carriers. That is what I seek to cover by my amendment. I want to prevent an unfair competitive situation where Canadian carriers may come in and take grain, limestone, and iron ore trade away from American shippers. In my judgment, they could readily do that under the amendment which the committee has affixed to the bill, because the moment a common carrier competed with a bulk carrier under the bill as drafted, then such bulk

carrier would come within the jurisdiction of the Interstate Commerce Commission, and its rates would be subject to the Interstate Commerce Commission's finding. I do not think that such a situation should exist, and I believe if the Senator from Montana and the Senator from Kansas will look over the amendment I have suggested they will find that it covers the situation.

Mr. REED. I am quite sympathetic with the point of view of the Senator from Michigan. The lake carriers brought this competitive situation to our attention, and we tried as best we could in the language of the bill to meet the situation. Perhaps we were not entirely successful. If we were not, speaking for myself alone, I am entirely willing to give the most thorough consideration to the suggestion of the Senator from Michigan.

I think the Senator from Michigan, if he will permit me to say so, may have left a somewhat wrong impression as to the extent of the competition. A Canadian carrier may not compete between two United States ports.

Mr. BROWN. Mr. President, I will say to the Senator that he is entirely right in that statement; but there can be of course a shipment from Duluth, Minn., to Port McNichol, Ontario, which is then transported by rail to New York, and so for the entire route from Duluth or Superior, or whatever the port may be, to New York City there is actual competition between the Canadian shipper by water plus an American railway.

Mr. REED. The committee was not unmindful of the very closely competitive situation on the Great Lakes and we have done the best we could to meet the situation.

Mr. BROWN. The committee has striven very ably to meet that situation, but I want by this amendment to make it certain that the situation which we fear will not arise. I hope the Senator in charge of the bill will give the amendment most careful consideration.

Mr. REED. The Senator from Michigan, I think, will agree that this question arises principally in connection with competition in the carriage of Canadian grain, in which American vessels may compete although Canadian vessels may not compete in the carriage of American grain directly between American ports; but, still desiring to give the lake carriers the fullest opportunity to compete, we tried to draw this bill so that they could do so.

Mr. WHEELER. Mr. President, let me say to the Senator from Ohio that it is perfectly simple for any Senator to listen to argument presented by some interested carrier that wants to amend this proposed legislation, but in that way he only gets one side of it. In the case of the pending measure we did not take a particular contract carrier, but we had to figure how he competed with the common carrier and then we had to figure how he competed with another contract carrier. We simply had to work out the legislation not for one individual carrier or another, but on the basis of what was best in the interest of all the carriers. In order to do that we had to put some discretion in the hands of the Interstate Commerce Commission.

So far as I am concerned, with reference to this legislation, the contract carriers do not have any complaint. If they will trust the Interstate Commerce Commission, the Commission will see to it, in my humble judgment, that they are treated fairly; that is all they are entitled to, and, so far as I am concerned, that is all they are going to get.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. TAFT. For many years now we have been regulating rates on the Great Lakes. What abuse has arisen that gives rise to any need for regulation for the particular water transportation on the Great Lakes? They cannot possibly compete with the railroads anyway, or, at least, the railroads cannot compete with them. Has any serious abuse arisen that would require the regulation of the rates? I am asking for information. I do not know.

Mr. WHEELER. I will say to the Senator that I thought I had covered that point a half a dozen times. The same abuses exist upon the Great Lakes that are found any other place. There is on the Great Lakes the same competition

with the railroads that there is in the Mississippi Valley and in other places. You may say, "What abuse has happened here and what abuse has happened there?"

Mr. TAFT. I never have heard the railroads complain to any considerable extent of the Great Lakes competition.

Mr. WHEELER. If the Senator has not heard of it, he would have heard of it if he had been chairman of the Interstate Commerce Committee. If the Senator had been on that committee for 16 years, he would have heard plenty of it, and I have heard it.

Mr. NORRIS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Nebraska?

Mr. WHEELER. I do.

Mr. NORRIS. It seems to me we ought to consider this legislation in a broader light than whether or not one system of transportation complains against another.

Mr. WHEELER. Of course we should.

Mr. NORRIS. After all, the real people who ought to be behind the legislation are the public themselves.

Mr. WHEELER. That is true.

Mr. NORRIS. They are scattered all over thousands and thousands of miles of territory. If we judge human nature as we know it to exist, it seems to me we must come to the conclusion that the same things that the railroads did to put water transportation out of business would be done, if possible, by men who operate trucks and men who operate river carriers or lake carriers or ocean carriers. It is human nature, if you have control of a situation, to get out of it for yourself all there is in it in the way of money.

Mr. WHEELER. Certainly.

Mr. NORRIS. Can it be possible that any Member of the Senate believes that the persons who now operate boats on the rivers, or who are going to operate them in the future, are devoid of the same selfishness that caused the railroads to take advantage of the situation for their own benefit? Will they not do just the same thing? Would not we do it if we had an opportunity?

Mr. WHEELER. Of course.

Mr. NORRIS. Would not the truckmen do it if they had an opportunity?

Mr. WHEELER. Not only would they do it, but, as a matter of fact, they have done it.

Mr. NORRIS. I think so; but the statement is very often made here, "Nobody has complained about this matter." The public have not been in a position to complain rightly. Are men shipping cargoes on the rivers the only set of men in the country who do not have the taint of human selfishness which exists in the breasts of all other men? Will they not do the same thing as other men if they have an opportunity? And how are they to be hurt if, even in advance of a complaint, we pass a law providing for regulation that is honest and just?

Mr. WHEELER. The Senator's position is exactly correct.
Mr. NORRIS. I do not think we have any right to assume that the regulation provided in any law will be administered by dishonest men, or even by men who are not experts on the subject. They are going to do what they believe to be right. Can any honest shipper contradict that statement? Are not the public entitled to a regulation by which they will get the benefit of the cheaper transportation that water affords over railroads?

Mr. WHEELER. There is not any question about it.

Mr. BROWN. Mr. President, will the Senator yield to me? Mr. WHEELER. If I may say just a word further before yielding, the Senator from Ohio [Mr. Taft] says he has not heard of anybody wanting regulation of the water carriers on the Great Lakes. Let me say to him that some of the water carriers themselves have come before me and said they ought to be regulated. Frequently people do not like to come before a committee and testify to things that they will tell you privately. When Senators speak of the general public and ask, "Who has complained about this and who has complained about that?" many times Mr. Public, Mr. Farmer, or Mr. Somebody Else is getting cheated, and he does not know it; and even if he did know it, he would not know to whom to

complain, and he would not come before the Interstate Commerce Committee to testify because he would not have the money to come here. But I say to you that in all of my experience in dealing with legislation I have never seen selfishness on the part of different groups in the same industry come to the surface any more than when this legislation came before our committee.

As I say, some of those affected by the bill do not want to be regulated; but the more decent people, engaged in shipping transportation upon the Mississippi River and upon the Great Lakes and also along the seacoast are in favor of suitable legislation. They have repeatedly said to me, "All we are asking for and all we want is to have our industry regulated by some fair and impartial body. We feel that the Interstate Commerce Commission will be fair and will be impartial. We do not want to be regulated by a body that on one hand is regulating ships and on another hand is taking money out of the Treasury and donating it to certain people while seeking to regulate the rates of their competitors."

As I say, we worked out this legislation, and we went just as far as we possibly could to be fair to all concerned.

Now, let me call attention to what took place.

Mr. BROWN. Mr. President, I do not want the Senator to get too far away from the point about which I wanted to ask him.

Mr. WHEELER. I will not get too far away from it; but I desire to finish the thought I have in mind.

Every one of these persons first came before the full Interstate Commerce Committee and testified. We heard their complaints and we heard their lawyers. After that a subcommittee composed of the Senator from Kansas [Mr. Reed], the Senator from Indiana [Mr. MINTON], the Senator from Missouri [Mr. Truman], the Senator from South Dakota [Mr. GURNEY 1, and myself went over in detail every single objection that was made in the committee. Sometimes we went over the objection twice. Sometimes we went over it three times. We called in the experts of the Interstate Commerce Commission, we called in the experts of the Maritime Commission, we talked with everybody we could possibly find who was qualified to advise us on the matter, and we spent weeks and months in the committee room, both morning and afternoon. After we have done that, and have worked out the matter the best we could, of course some of those affected by the bill are going around and appealing to individual Senators and saying, "Can you not have the measure amended upon the floor?" While there are some amendments that we have considered and are going to accept, if the bill is to be amended upon the floor to any great extent we are going to have a bill that will not be worth the paper it is written upon, because it is an impossibility to frame legislation properly in that way.

It has been proposed that the bill be sent to the Commerce Committee. That, I am sure, is because those who wish to have that done do not understand and have not given sufficient study to the provisions of the bill. If the bill should go to the Commerce Committee, that committee would have exactly the same pressure that has been put upon us for 3 months, and it would be a physical impossibility for them to get the bill out of the committee in less than a month or 2 months. They could not do it and at the same time give a fair hearing to all the persons who want to be heard about the bill.

the bill.

I know that some of the lobbyists are sitting up in the galleries; and because they did not get everything they wanted before the Interstate Commerce Committee, after having had all the hearings they asked for, they are going around and appealing to individual Senators to amend the bill.

If the Senate wants to emasculate the bill, of course, it may do so. I have not any interest in the legislation. I am simply trying, and the other members of the committee are simply trying, to carry out what the President of the United States has repeatedly said ought to be done and what the Interstate Commerce Commission have said ought to be done with reference to the water carriers, and what the Committee of Six have said ought to be done with reference to the water carriers.

I do not know anything about water carriers except this: A few years ago, when I was opposed to the repeal of the long-and-short-haul clause, some of my enemies said I probably had some interest in some ships, and that was the reason I wanted to protect the shipping industry and was against the railroads. Now, of course, the same crowd is saying, "What Senator Wheeler is seeking to do is to protect the railroads and put the ships out of business." I say that the Senator from Kansas [Mr. Reed] and the Senator from Missouri [Mr. Truman], and the other members of the subcommittee have worked harder on this piece of legislation and have devoted more time and work to it than has been devoted to any other piece of legislation that has ever come before the Interstate Commerce Committee since I have been a member of it, including the utility holding company bill; and we spent a great deal of time on that measure.

Mr. BROWN. Mr. President, will the Senator yield? Mr. WHEELER. I yield to the Senator from Michigan.

Mr. BROWN. In reply to what has been said by the Senator from Nebraska [Mr. Norris], I desire to say that I agree that all forms of transportation for the carriage of freight and passengers ought to be regulated by the Interstate Commerce Commission. I do not agree with the view that there should be no regulation of the rates upon the Great Lakes; but the situation with respect to the carriage of iron ore, grain, coal, and limestone differs from the general situation in this respect:

Canadian operators of great steamship lines are in direct competition with American lines which carry those commodities. If we could regulate the Canadian lines—and we cannot—and compel them to charge the same rates that are charged by the American lines, I should agree with the Senator from Nebraska; but we do not attempt to tell the Cunard-White Star Line what they shall charge for the carriage of freight between New York and Liverpool, and the British do not attempt to tell the American lines what they should charge between those two ports. There is direct competition there; and the only way I know of regulating it is either to leave the matter to competition or else to establish some kind of an international tribunal to regulate the traffic.

I am not alone in my views upon this subject. In the letter which Commissioner Eastman wrote to Representative Lea, the chairman of the House Interstate Commerce Committee, he said there are contract carriers such as those carrying iron ore, coal, and grain in common-carrier service on the Great Lakes which could be relieved from regulation without harm. In other words, when it comes to competing with Canadian lines, we have to give our shippers the same advantages and release them from any of the impediments from which the Canadians themselves are released.

In the Canadian law governing shipping upon the Great Lakes the bulk carriers are expressly exempted when they are in competition with American shippers. So I wish to say to the Senator from Nebraska that, while I agree with the general view he and the Senator from Montana have expressed, that there ought to be regulation of all carriers of freight and passengers, when we come to competition with foreign shippers and foreign carriers, I do not see how we can apply that principle.

Mr. NORRIS. Do we come in competition with foreign carriers in transportation which does not go abroad?

Mr. WHEELER. Let me say to the Senator—Mr. BROWN. I had not concluded the remarks I was making along that line.

Mr. WHEELER. I have been very patient; I have permitted other Senators to interrupt me and to make speeches, but I have been on my feet for 4 hours and I wish to conclude

my remarks.

Mr. BROWN. I wish to say to the Senate that from the time I was a boy up until 15 or 20 years ago the carriage of passengers and package freight upon the Great Lakes was a great business. In it thousands of sailors were employed. They do not operate now because we regulated our carriers and the Canadians did not regulate theirs in the same way.

I am pleading, therefore, not for the carriers particularly, but I am pleading for thousands of Michigan sailors who are employed upon hundreds of ships which carry bulk freight on the Great Lakes. If we once put them under the regulation of the Interstate Commerce Commission-and we will if the bill is enacted as it is now before the Senate-we will drive that business away from American bottoms and turn it over to Canadians.

Mr. WHEELER. I am afraid the Senator has his figures slightly exaggerated when he says 10,000 sailors on 300 ships.

Mr. NORRIS. Perhaps that is the reason why they do not carry passengers; they have too many sailors and the ships will not hold any more people. [Laughter.]

Mr. WHEELER. I call attention again to the provisions of paragraph 8:

Whenever it shall appear from complaint made to the Commission or otherwise that the rates, fares, regulations, or practices of water carriers engaged in transportation to or from a port or ports of any foreign country in competition with interstate common car-riers by water or interstate contract carriers by water, cause undue disadvantage to such interstate carriers by reason of such competi-tion, the Commission may relieve such carriers from the provisions of this act to such extent, and for such time, and in such manner as in its judgment may be necessary to avoid or lessen such undue disadvantage, consistently with the public interest and the policy declared in section 1 of this act.

Mr. BROWN. Mr. President-

Mr. WHEELER. One moment. If that does not take care of the matter, I do not know what we could write into the regulation, unless we say to them that there is to be no regulation at all.

There are four classes of water carriers. They are the carriers on the Great Lakes, on the inland waterways, on the coasts, and in the intercoastal area. We have four different groups of waterways.

I do not wish to take any further time on this particular subject. We have discussed it backward and forward, and I have covered it a dozen times, and the Senator will have an opportunity to offer his amendment, and we will discuss it further at that time. I wish to proceed now to some other matters in the bill.

There has been a great deal of agitation throughout the South and to some extent throughout the West, but I must confess that the western section of our country has not been so aggressive, in my judgment, as it ought to have been, with reference to discrimination on account of freight rates. Of course, the West enjoys many commodity rates, and because of them has not fought class rate discriminations as vigorously as it might have. We have inserted in the bill the language of a resolution which was offered by the Senator from Alabama [Mr. HILL], a paragraph which provides as follows:

Sec. 52. The Commission is hereby authorized and directed to proceed immediately, in such manner as it deems advisable in the interest of a correct ascertainment of the facts, to investigate the rates on manufactured products and raw materials between points in one classification territory and points in another such territory, and to like rates within any of such territories maintained by common carriers engaged in transportation subject to this act, for the mon carriers engaged in transportation subject to this act, for the purpose of determining whether such rates are unjust or unreasonable or unlawful in any other respect in and of themselves or in their relation to each other, and to enter such orders as may be appropriate for the removal of any unlawfulness which may be found to exist: *Provided*. That the Commission in its discretion may confine its investigation to such manufactured products and raw materials and the rates thereon as shippers thereof may specifically request to be included in such investigation. cifically request to be included in such investigation.

The Members of the Senate will recall that particularly throughout the South there has been a great deal of discussion and much dissatisfaction, the people in the South contending that there are preferences and that they are discriminated against. The same charge has been made by many in the Western States.

There are some who would like to see specific legislation directing the Interstate Commerce Commission to do certain things; but the more thoughful and the more moderate with reference to this matter have asked that an investigation be made by the Commission. As the matter was first proposed in the amendment of the Senator from Alabama it applied to manufactured articles only, but those of us of the West

wanted it to include raw materials. If the Commission will make such an investigation, I am sure it is bound to learn that some of these discriminations exist, and I am sure that the Commission will correct them. If it does not, and if the investigation is not broad enough to make the Commission correct the inequities, then, so far as I am concerned, I shall be in favor of passing more drastic legislation than merely providing for an investigation of the matter in order to correct the discriminations.

Mr. CONNALLY. Mr. President-

The PRESIDING OFFICER (Mr. DANAFER in the chair). Does the Senator from Montana yield to the Senator from Texas?

Mr. WHEELER. I yield. Mr. CONNALLY. I am very much interested in the Senator's statement. The particular section to which he is referring does not do more than call the matter to the attention of the Interstate Commerce Commission. 'Is not that true?

Mr. WHEELER. It goes further than that. Mr. CONNALLY. It does not give them any additional authority.

Mr. WHEELER. The language is:

For the purpose of determining whether such rates are unjust or unreasonable or unlawful in any other respect in and of themselves or in their relation to each other, and to enter such orders as may be appropriate for the removal of any unlawfulness which may be found to exist.

Mr. CONNALLY. "Any unlawfulness" does not reach the matter at all, because I assume the rates are now lawful in the sense that they are put into effect legally. The point I wish to stress is that the Commission already knows the facts, the Commission already knows everything the investigation is supposed to reveal. But this practice is an overhang from the practice followed by the railroads long before the Interstate Commerce Commission was created, when they made regional rates on the theory that a sparsely settled country did not produce traffic, and therefore the rates should be higher. When the Interstate Commerce Commission came into being the railroads continued right along with the same old practice. These sparsely settled areas are not heavily populated, and the same old practice continues.

I have talked to the Commission about this matter. They know now the conditions we are going to ask them to ascertain. But they have the old idea that nothing can be done unless someone files a complaint, the respondent is served with a citation, and an examiner is sent out, after a year or two, and by the time the case is finally adjudicated, the commodity has either dried up or blown away and there is no occasion for changing the rate.

I had hoped the committee would give the Commission a modest command to do something after they find the facts. because there is no doubt on earth that many areas, particularly in the great Southwest, from which I come, are suffering greatly from rates out of our territory which are prohibitive, so that the people there cannot compete successfully with others in selling what they originate, whereas frequently the rates into our territory are much less for the same mileage on the same commodity than when the commodity is leaving our area for another area. That is not fair; it is not right; it is not just.

Mr. WHEELER. I agree entirely with the Senator. It is not only in the section from which he comes-

Mr. CONNALLY. I know that. I am merely citing my section because I know more about it.

Mr. WHEELER. The people of my State and the people of the Northwest generally, particularly of the inland territory, suffer just exactly as the people in Texas suffer, if not to a greater degree.

I call attention also to section 6, pages 26 and 27, which

UNDUE PREFERENCE AND PREJUDICE

SEC. 6. It shall be unlawful for any common carrier to make or give any undue or unreasonable preference or advantage to any particular person, company, firm, corporation, association, locality, port, port district, gateway, transit point.

Then we have added the words "region, district, territory," which are to be found at the bottom of page 26 and the top of page 27.

Mr. CONNALLY. That is at least some progress.

Mr. WHEELER. The previous provision with regard to "discrimination" simply referred to discrimination as to "locality, port, port district, gateway, transit point" without specifying the region, district, or territory. So we felt that by broadening the language we would at least take away that excuse, and we would provide expressly that the Commission should not discriminate in its rate structures. The Commission is directed to proceed immediately. Perhaps it will not mean anything to the Commission, but, as I said a mcment ago, if what Congress says does not mean anything to the Commission when we pass legislation, then so far as I am concerned I am willing to have Congress pass more stringent laws. At the present time, however, I feel that as far as we could go would be to direct the Commission to investigate, and then to put into effect any orders necessary, and then to broaden the other section with reference to unjust discrimination.

Mr. HILL. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. HILL. As the Senator has said, section 52 must be read in connection with section 6, which specifically makes unlawful any undue or unreasonable preference or advantage as between regions, districts, and territories. Then, after making that unlawful, section 52, as the Senator said, directs the investigation, and it goes further and directs that the Commission shall enter such orders as may be necessary to remove any unjust, unreasonable, or unlawful rates.

In that connection let me say that my distinguished colleague the Senator from Texas [Mr. Connally], who is very much interested in the subject and who sat with our subcommittee for several days helping us to work the matter out, himself introduced a resolution, which, as I recall, is more or less substantially the provision which is written in the bill. I am sure the resolution was not any stronger in any way than is the language now written in the bill.

Mr. WHEELER. I also wish to call the attention of the Senator from Texas to something which the Senator from Alabama already knows, that recently the President of the United States appointed a new Interstate Commerce Commissioner. He is the author of a study on freight-rate discriminations. The State of Alabama now has two Commissioners on the Interstate Commerce Commission, and both of them are there, as I understand, because of the request and suggestion of the Senator from Alabama. I congratulate the Senator upon the influence he now has, and I am sure that with these two added Commissioners from Alahama-

Mr. HILL. And one from Texas.

Mr. WHEELER. I am not sure that there are not two from Texas.

Mr. CONNALLY. That would be cause for comment.

Mr. WHEELER. Yes. Unquestionably this matter will be straightened out.

Mr. CONNALLY. Let me say to the Senator that I was not complaining. I was only hoping that the committee would go further. I introduced a resolution which did not go any further than the language of the bill. But I had in mind the Interstate Commerce Commission and wanted to introduce something that I thought the committee would adopt. I wish to congratulate the Senator from Alabama [Mr. Hill] for his very great enterprise and industry in pressing the matter, and it was largely because of his service as the chairman of the subcommittee that the item went into the bill.

Mr. WHEELER. Exactly.

Mr. CONNALLY. He held long and exhaustive hearings. I congratulate the committee on what was done. But still I am fearful that this is not going to be sufficient. When I spoke about the Interstate Commerce Commission I did not mean that the Commissioners were indifferent, but, like many others, they get into a rut. They know the condition exists, but they say, "Under the law we consider only cases in which complaint is filed."

Mr. REED. Mr. President, let me ask the distinguished Senator from Texas a question.

Mr. WHEELER. I yield.

Mr. CONNALLY. I shall be very happy to answer the

Mr. REED. I understand the Senator from Texas desires that the bill be made stronger?

Mr. CONNALLY. In that respect.

Mr. REED. Would the Senator suggest that we write the bill strong enough so as to remove the regional division of the State of Texas, which has been maintained by the Texas State authority for 70 years, since Texas established a railroad commission, and a distinguished United States Senator, John H. Reagan, resigned from the Senate to become chairman of the Texas Railroad Commission, one of the early railroad commissions in the country? From that day to this the State of Texas by State authority has divided its own State into two regions, known as "common point" and "differential territory." In the "differential territory" they charge a higher rate than they do in "common point" territory. There is no difference in principle between what Texas does by State authority-a continuing practice throughout the years-and what the Interstate Commerce Commission

Would the Senator from Texas desire that we make the law sufficiently strong to require the State of Texas to remove the regional distinction which it maintains by State authority within the State of Texas?

Mr. CONNALLY. I have never heard the Senator from Kansas make a stronger argument than he has by citing the precedent in my State. Of course, I did not mean to imply that all these regions should be done away with, but I did mean that the differentials between the regions in many cases are outrageous.

Mr. REED. I may say that in rate cases I have heard those living in the "differential territory" in Texas make as bitter complaint over the distinction between their rates and the rates in the "common point" territory as I have ever heard made in any Interstate Commerce Commission case.

Mr. CONNALLY. That may be true. There is no doubt it is true. But that does not answer the question.

Mr. LEE. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. LEE. In that regard I wish to support the point made by the Senator from Texas by a brief quotation from the hearings of the subcommittee, from the testimony of Mr. Bee. of Oklahoma City, formerly with the corporation commission. I read from page 330, as follows:

In the territory east of the Mississippi River the rate is 87 cents

per 100 pounds. For a similar distance in zone 1, which is central and northern Missouri, the rate is \$1.06 per 100 pounds.

In zone 2, which comprises southern Missouri and eastern Kansas, the rate is \$1.22 per 100 pounds. In central Oklahoma, which comprises zone 3, the rate is \$1.34 per 100 pounds. And in that portion of Oklahoma and Texas west of the one hundredth meridian roughly speaking the rate is \$1.53 per 100 pounds.

ian, roughly speaking, the rate is \$1.53 per 100 pounds.

I direct specific attention to the fact that in eastern territory the rate was 87 cents, while in western Oklahoma it would be \$1.53 for

an equivalent haul.

There is the difference thrown out in strong relief of 87 cents for 100 pounds hauled 300 miles just over the Missouri River, as against \$1.53 in western Oklahoma and Texas. And that is the point I am sure the Senator from Texas and the Senator from Alabama had in mind in the proposed amendment. I wish to say to the Senator, who has worked so hard on this matter, that our only interest is to be sure that that condition will be changed.

As the Senator from Texas has well pointed out, that situation has existed for years. Of course, the Interstate Commerce Commission knows that already. If we trust only to their generosity or to their feeling of justice I fear that it will not be changed. But we hope that the bill will contain such mandatory language as to bring about a change.

Mr. WHEELER. Let me say to the Senator from Oklahoma that I have generally found that when the Senate and the House pass a measure, even though we do not direct the Commission positively to reduce the rate, yet the Commission recognizes that we are the policy-making body and they generally try to rectify these matters. As I understand, the Commission has a case pending before it at the present time, and is going into some of the very matters to which the Senator from Texas, the Senator from Alabama, and the Senator from Oklahoma have called attention, and I am of the opinion that some of these matters may be straightened

Mr. HILL. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. HILL. The Senator has been very kind to yield to me. He has been on the floor nearly 4 hours now, and I do not want to detain him much longer. Is it not true that as a legislative matter there is no way for the Congress to write a statute directing the Interstate Commerce Commission, or for that matter any other commission, to reduce rates? The rate structure is so complex and so complicated that if we were to sit around a desk today and try to write language by which to direct the Commission to reduce certain rates we would find it almost impossible to do it.

Mr. WHEELER. It would be absolutely impossible to do it. Mr. PEPPER. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. PEPPER. In connection with this discussion, and in view of what the Senator from Alabama has just stated, that the freight-rate structure of the country has, like Topsy, just grown up through the years, is it not desirable that there be established some kind of a rational freight rate-making principle, either by the Congress or by the Interstate Commerce Commission or some other agency, so that there shall be something of rationality about the structure?

The impression I have is that throughout the years, perhaps because of some kind of pressure or some kind of good fortune or because of one influence or another, certain areas have gained distinct economic advantages over other areas because they had a particularly favorable freight-rate structure. That simply meant that the whole economic direction was in favor of one community and against the growth of some competing community in a similar field.

I wonder if it is not also within the ambition of the chairman of the committee and the committee that there may be something like equality for the whole country with respect to transportation facilities and transportation rates. In other words, should not every section of the country be allowed to develop economically according to its own merits, rather than through the fortunate instrumentality of a freight-rate structure which makes it possible for one section to grow and makes it obligatory that another section shall forever be retarded in its opportunity to grow?

Mr. WHEELER. I thank the Senator for his contribution, and I agree with him, of course. Various freight-rate structures grew up because of the fact that big shippers or localities received favorable treatment. There was discrimination against certain localities. That was one of the reasons why we created the Interstate Commerce Commission. Frankly, I feel that the bill is not perfect; but I think it is a very long step in the direction of accomplishing some of the things which all of us want to see accomplished with reference to national transportation.

Mr. FRAZIER. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. FRAZIER. Is it the expectation of the committee that by the amendment in section 52 the rates in the various classification territories will be equalized or made the same in different territories?

Mr. WHEELER. I do not think that is possible. Mr. FRAZIER. I do not see how it is possible. I was wondering what the intention was.

Mr. WHEELER. It is not possible for a number of reasons. For example, it costs more to carry freight over the mountains in two trains than to carry it on the plains in one train. Likewise, we must recognize the fact that railroad transportation service and rates depend somewhat on the intensity of the traffic. In long stretches of territory with no traffic. shippers must pay more for railroad service than do shippers in a densely settled part of the country where traffic is plentiful and where there is much competition from busses, trucks, and things of that kind. However, it seems to me from my study of the question that apparent inequalities ought to be corrected.

I have gone into the question somewhat particularly as a result of agitation by many persons from the South who have called my attention to it. The question has also been called to my attention by many persons in the West. I am hopeful that the investigation will result in benefits to the people of North Dakota and the Middle West, and likewise that it will result in benefits to the Southern States, which have been discriminated against.

Mr. FRAZIER. In North Dakota we have a large volume of wheat to transport in the fall of the year, and because we have that large volume, and because our territory is practically level, we have a rather beneficial rate on wheat as compared with some other territories. Our railroad commission and traffic experts are afraid that the provision to which reference has been made will take that special rate away from us.

Mr. WHEELER. I believe this provision will help the people of the Senator's State rather than harm them in many respects.

Mr. FRAZIER. We have a much lower rate than prevails in many other sections of the country. If rates are to be

equalized, it will mean raising our rates.

Mr. WHEELER. The bill does not mean that rates are to be equalized. The Senator's section of the country now enjoys a special rate because of the peculiar circumstances of the traffic. The reason why that section of the country did not have such a rate in the past was because of favoritism. The people of the Senator's State might just as well disabuse their minds of the fear that as a result of the bill they will lose any benefit which they now have. I should also like to invite the Senator's attention to the fact that the low rates the people of his State presently enjoy are largely commodity rates. This bill contains nothing that would necessarily disturb them. The South, like the West, is fighting the class-rate discriminations at which sections 6 and 52 are aimed.

Mr. PEPPER. Mr. President, will the Senator permit one further very brief statement?

Mr. WHEELER. I yield.

Mr. PEPPER. A moment ago the able chairman of the committee referred to the freight rate being affected by the density of the traffic in the area served. It seems to me that any transportation system must in the first instance be a national transportation system.

Mr. WHEELER. That is correct.

Mr. PEPPER. It must adequately and effectively serve the whole country. It seems to me that an adequate transportation system should not inflict a higher cost upon a given area to haul a given commodity through a given distance than is paid in some other area. I ask the Senator if it is not desirable in the public interest, in order that the large cities shall not always remain large and the small country towns always remain small or sparsely populated, that there be some adjustment so that the national transportation system, as such, will have a degree of adequacy for the whole country, and so that the small community, just because it is a small community, may not be penalized in its effort to grow

Mr. WHEELER. I will say to the Senator that the committee, and especially the subcommittee, have had that very question under discussion. The next provision to which I shall call attention is one which was insisted upon by the Senator from Kansas [Mr. REED]. I have been told that the provision is socialistic. When I am told that it is socialistic I reply that it was put in the bill at the insistence of a conservative Republican from the State of Kansas.

The provision is as follows:

Provided further, That whenever the Commission is of opinion, after hearing upon general application of carriers in any rate area or territory or group, or in the country as a whole, or upon its own initiative, after hearing, that increases in rates, fares, or charges should be permitted upon a percentage or other uniform basis because of the revenue needs of the affected carriers, considered collectively, it may provide for the pooling or division of the avails of such increases, or any part thereof, among the affected carriers so as to enable, to the extent reasonably practicable, each of them to afford adequate transportation service, giving due consideration, among other things, to the efficiency with which the carriers concerned are operated, the amount of revenue required to pay their respective operating expenses, taxes, and a fair return on their railway property held for and used in the service of transportation, and the importance to the public of the transportation services of such carriers.

Mr. PEPPER. Does that language suggest the principle of the recapture clause?

Mr. WHEELER. That is correct. It is the principle of the

recapture clause.

There have been about eight general increases in railroad rates. When the Interstate Commerce Commission permitted the last general increase in rates, it pointed out that to raise the rates of some of the railroads, particularly in certain districts, was against its conscience, or something to that effect; but that because of the fact that other railroads needed more money there was nothing it could do but to raise the rates generally.

In the event of a general increase in rates, the bill seeks to take away the increase which would ordinarily accrue to the wealthy railroads and distribute it among the poorer and weaker roads. That is the sum and substance of it.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. BARKLEY. Back in 1920 I was a member of the House committee which wrote the Transportation Act. One of the most controversial points in the conference, after the two Houses had acted, was the recapture provision.

Mr. WHEELER. That is correct.

Mr. BARKLEY. At the time I very much doubted its constitutionality; and for that reason and one or two other reasons I voted against the bill. However, the Supreme Court held that provision to be constitutional. What has been the result of the recapture clause in the Transportation Act of 1920 so far as assisting weak railroads is concerned?

Mr. WHEELER. None whatever, because the recapture clause did not work. In my judgment, the administration of the pending legislation will be very difficult. I must be frank and say that it will be difficult for the Interstate Commerce Commission to say what it will do with the money taken from some roads. The recapture clause was in effect for some period of time. Then it was repealed. Its repeal was recommended by the Interstate Commerce Commission, by many of the State commissions, and by the railroads themselves. It was said to be unworkable.

Mr. BARKLEY. My recollection is that some of the money was impounded until the Supreme Court passed upon the question.

Mr. WHEELER. That is correct.

Mr. BARKLEY. I suppose it was returned to the companies from which it was collected.

Mr. WHEELER. That is correct. The theory is that whenever a general rate increase takes place the Interstate Commerce Commission should have authority to say, "Here is a road which really does not need more money. Why should rates to the shippers be raised in order to give more money to this road if it does not need it?" In many instances rates are raised to help weak roads. The railroads are constantly talking about a national transportation system and unification. I must say that some of them are opposed to this particular provision, but I want to call the attention of the Senate to it.

Mr. McKELLAR. Mr. President, will the Senator yield? Mr. WHEELER. I yield.

Mr. McKELLAR. Is the Senator referring to the provision which requires a certain part of the money to be put in a pool and turned over to the weaker roads?

Mr. WHEELER. That is correct.
Mr. McKELLAR. The money is taken from the stronger roads and turned over to the weaker roads.

Mr. WHEELER. That is correct.

Mr. McKELLAR. I am inclined to think this body has already passed on that question. Did we not repeal the recapture provision?

Mr. WHEELER. We repealed what was called the recapture clause

Mr. McKELLAR. As I recall that clause, it was substantially the same as the proposed provision.

Mr. WHEELER. It was somewhat on the same order. As I just stated to the Senator from Kentucky [Mr. BARKLEY],. the recapture clause went into effect in 1920 and remained in effect until 1933, when we repealed it. It was held to be constitutional by the Supreme Court in two different cases. the Dayton and Goose Creek case and the New England Divi-

sions case. Mr. McKELLAR. I am inclined to think the bill would be much better if that provision were left out. I doubt whether the roads which by reason of superior management, greater efforts, better judgment, and higher skill, or for other reasons, are able to make more money than the weaker roads should be penalized, and the poor roads which do not make such efforts should be given a premium for their lack of effort.

Mr. WHEELER. I am becoming a little weary, but I wish

to call attention to the provision in question.

Mr. McKELLAR. I merely wanted to call attention to the views I had about it.

Mr. WHEELER. A Senator informed me that he would have an amendment to offer to this provision, and at that time we will consider it. In going over the bill I wanted to call attention to its various provisions.

Mr. BARKLEY. Mr. President, will the Senator yield for a question there?

Mr. WHEELER. Yes. Mr. BARKLEY. My recollection is that in the previous act one-half of the excess was to be used for loans or for other purposes to help the weaker roads, and the other half was to be devoted to another purpose. What provision does this bill make as to the excess? Is it left in the discretion of the

Commission? Mr. WHEELER. It is left in the discretion of the Commission to be distributed among the weaker roads.

Mr. REED. To be distributed among all the roads.

Mr. WHEELER. I may say that the Senator from Kansas [Mr. Reed] is the one who drafted this provision, and he is much more familiar with it than am I, and when the time comes he will discuss it.

Mr. BYRD. Mr. President, may I inquire if hearings on this amendment were held by the committee?

Mr. WHEELER. No.

Mr. BYRD. I have been reading the hearings, and I cannot find anything in the hearings in relation to it.

Mr. WHEELER. No hearings were held by the committee on this point. We considered the matter, as I recall, in subcommittee. It was taken up by the Interstate Commerce Commission, as I remember. As I recall, the Interstate Commerce Commission really drafted the language.

Mr. BYRD. The Interstate Commerce Commission has not

gone on record as favoring it, has it?

Mr. WHEELER. I do not think it has, although I do not

Mr. REED. Mr. President, as a matter of fact, the language of this amendment was drafted by the Interstate Commerce Commission, and the amendment has been recommended by the Commission through its legislative committee. I shall be very happy to address the Senate regarding it at an appropriate time.

Mr. BYRD. Has it been recommended by the Commission as a body or merely by one or two individual members?

Mr. REED. It has been approved by the legislative committee of the Commission, and it was approved on the recommendation of the President's committee last year. I will say to the distinguished Senator from Montana I should like to have an opportunity to make a statement to the Senate upon this important matter before it closes its mind.

Mr. WHEELER. I think that opportunity will be af-

forded.

Mr. BYRD. What I want to make clear is that there were no hearings before the committee; and in support of that statement let me say that the chairman of the committee stated in the hearings that this particular matter would not come up. He said:

It is not going to be done-not at this session of Congress,

That was said with respect to this mandatory pooling arrangement.

Mr. WHEELER. I did not know that I made that statement in reference to the pooling provision. I think the Senator will find I made that statement with respect to another question. I think that was with reference to the commodity clause, because the only time I said it was not going to be done was when we had up the question of the commodity clause. There was a great deal of controversy over it, and I said then they need not worry over the commodity clause because it was not going to be taken up, and we would not pass upon it at this session of Congress.

Mr. BYRD. It was in connection with the testimony offered by Mr. J. V. Norman, who asked the question whether or not the monetary pooling provision would come up.

Mr. WHEELER. I have no recollection of having said what the Senator quotes, but I may have said it.

Mr. BYRD. I should like to ask another question. Has the Committee of Six approved this particular provision?

Mr. WHEELER. I do not know that they did; I do not think they recommended it.

Mr. BYRD. I should like the chairman of the committee to make clear to the Senate that the Interstate Commerce Commission as a body, as the Senator from Kansas intimates, has not recommended this provision. My understanding is that the chairman of the Commission recommended it and one other member, but not the Commission as a whole or a majority of the Commission.

Mr. WHEELER. I will read what was said by the Commission in its report to the other House.

We believe, however, that the proposed amendment to paragraph (1) would be more adequately worded if changed to read as follows:

"(1) That except upon specific approval by order of the Commission as in this section provided, and except as provided in paragraph (16) of section 1 of this part, it shall be unlawful for paragraph (16) of section 1 of this part, it shall be unlawful for any common carrier subject to this part to enter into any contract, agreement, or combination with any other such common carrier or carriers for the pooling or division of traffic or of gross or net earnings, or of any portion of traffic or earnings; and in any case of an agreement for the pooling or division of traffic or earnings as aforesaid each day of its continuance shall be a separate offense: *Provided*, That whenever the Commission is of opinion, after hearing upon application of any carrier or carriers engaged in the transportation of passengers or property subject to this part. the transportation of passengers or property subject to this part, or upon its own initiative, that the pooling or division, to the extent indicated by the Commission, of their traffic or gross or net earnings, or of any portion of traffic or earnings, including all or any portion of general increases in rates authorized by the Commission, will be in the interest of better service to the public, or economy in operation, the Commission shall have authority by order to approve and authorize, or require, such pooling or division, under such rules and regulations, and for such consideration as between such carriers and upon such terms and conditions. tion as between such carriers and upon such terms and conditions, as shall be found by the Commission to be just and reasonable in

Mr. REED. Mr. President, there is a question of personal privilege with me now. The Senator from Virginia rather indicated-I do not think he intended it that way-that there may be involved a question of bad faith in the inclusion of this provision.

Mr. BYRD. What I said was that my information was that the Interstate Commerce Commission as a body has not approved this amendment. That is my information. If I am incorrect in that, I should be glad to stand corrected. I am asking the chairman of the Committee on Interstate Commerce if the Interstate Commerce Commission approved this particular amendment.

Mr. REED. Mr. President, I should like the Senator from Montana to state whether or not at the time of the approval of this bill as reported to the Senate there was not a meeting of the whole committee at which all matters were discussed and whether this provision was in it.

Mr. WHEELER. I did not catch the question.

Mr. BYRD. Mr. President, I never questioned whether or not this particular provision was in the bill when it was approved by the whole committee. What I said was that my information was that the Interstate Commerce Commission had not approved this particular amendment.

Mr. REED. My answer to that is that the legislative committee of the Interstate Commerce Commission, of which Joseph B. Eastman is Chairman and which communicates with either or both Houses of Congress upon legislative matters of this kind, has approved this principle, and the language included in this section of the bill is precisely the language drafted by somebody connected with the Commission—the legislative committee or somebody else. Certainly, I did not draft it, and it has the approval of the legislative committee of the Interstate Commerce Commission which speaks for the Commission.

Mr. BYRD. Has the legislative committee the right to speak for the entire Commission on all matters of legislation?

Mr. WHEELER. I do not think so. I do not think it was submitted to the full Commission.

Mr. BYRD. My information is-and if I am not correct I want the Senator from Kansas to correct me-that this particular amendment has not been approved by the Interstate Commerce Commission as a whole.

Mr. REED. In response to the Senator I will say that, so far as my knowledge of legislative action goes, I do not recall an instance of the full Interstate Commerce Commission having been called upon to approve or disapprove any bill pending in either House. I would not want to go so far as to say that there has been no such case; but certainly, having had considerable familiarity with such matters, I can say that no case of that kind exists so far as my knowledge goes. The legislative committee is selected by the Commission and acts for the Commission in giving either House of Congress advice upon bills.

Mr. BYRD. Was a letter written by the Chairman of the Interstate Commerce Commission to the chairman of the Senate Committee on Commerce favoring this particular amendment?

Mr. REED. I cannot say as to that.

Mr. WHEELER. I do not think so. Let me say that, of course, the Interstate Commerce Commission do not always agree with measures which are introduced, and the fact that they do not agree is not always convincing to me. I like to have their approval when I can have it; but if I come to the conclusion, or the committee comes to the conclusion, that the Interstate Commerce Commission are wrong we do not follow their advice. Frequently, for instance, I think the Congress of the United States has made a mistake in following blindly whatever proposals for legislation commissions send to the Congress.

Mr. BYRD. I agree with the Senator's statement.

Mr. WHEELER. After all we are the policy-making body and not the Commission.

Mr. BYRD. I agree with the Senator about that, but the practicability and the workability of this amendment should be passed upon by the Interstate Commerce Commission. The chairman of the committee has just expressed a question in his mind as to whether or not it is a practicable and workable amendment to accomplish the results it contemplates, just as in the case of the recapture clause.

Mr. WHEELER. Of course, the recapture clause did not accomplish the purpose, and the Commission itself recommended the repeal of that clause. As to this provision, as I have said, the Senator from Kansas has given a great deal of study and thought to it, and when the time comes he will go into it, no doubt, in considerable detail and discuss it. I hope Members of the Senate will keep their minds open until such time as they may have an opportunity to hear the Senator from Kansas.

Mr. REED. Mr. President, will the Senator yield to me for 2 or 3 minutes? I desire to discuss this matter.

I wish to say to the distinguished Senator from Virginia [Mr. Byrd] and the other Senators that we spent 3 months in the committee in preparing a bill on this subject, and the Senate has devoted all of today to it; and our consideration has been given to the agencies of transportation. I think the shipper who pays the freight is entitled to a break; he is entitled to a chance, along with the railroads and the trucks and the waterways.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. REED. Yes.

Mr. McNARY. Is it the desire of the able Senator from Kansas to discuss this important provision of the bill this afternoon? If so, I desire to suggest the absence of a quorum; or the matter may go over until tomorrow. What is the pleasure of the Senator?

Mr. BYRD. I hope this subject will go over until

tomorrow.

Mr. REED. I desire to say, for the benefit of the Senators who are present, that we have been discussing a number of things from the standpoint of whether they pleased the railroads or whether they did not; whether they dealt thus and so with the water carriers or whether they did not; how the truckers looked upon things, and so forth. I want to bring into this picture the shipper who pays the freight; and this is one of the two or three possible provisions in this 206-page bill that go to the burden that may be put upon the shipper. I shall be glad to have a quorum present when I discuss this question.

Mr. BARKLEY. Mr. President, will the Senator yield? The PRESIDING OFFICER. Does the Senator from Mon-

tana yield to the Senator from Kentucky?

Mr. WHEELER. I yield to the Senator. Mr. BARKLEY. A moment ago the Senator from Kansas privately said to me that he desired to speak following the Senator from Montana, whenever he should conclude. I did not know how long that would be, but I imagined we would continue in session until nearly 5 o'clock. The Senator from Kansas will not want to begin his remarks then, so whatever the Senator's pleasure is about the matter is satisfactory to me.

Mr. REED. May we have an agreement that this will be the unfinished business in the morning?

Mr. BARKLEY. It will be.

Mr. WHEELER. Mr. President, I am going to conclude in just a moment. I may say that there are some provisions of the bill which I should like to analyze, but they are not very controversial.

We have put in the bill a provision regulating private car companies. Private car companies have been a means whereby some of the railroads have been milked and, really, rebates have been given. A few of the railroads have been opposed to the regulation of private car companies, but the great majority of the railroads themselves favored it, and in the subcommittee we put in the provision for their regulation. Some persons appeared before the subcommittee who suggested that we put in such a provision, and I think it is going to be a very healthy and a very fine thing for the railroads.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. WHEELER. I yield to the Senator from Texas. Mr. CONNALLY. Under the bill as now drawn, will the Commission have adequate control and authority over the Pullman Co., for instance? On some lines, instead of the Pullman Co. paying the railroads for hauling their cars, the railroads pay the Pullman Co. for the privilege of hauling their cars. Is that matter within the province of the Commission?

Mr. WHEELER. The regulation of those rates is within the province of the Interstate Commerce Commission at the present time. We put in the bill, for instance, the following provision:

It shall be unlawful for any carrier by railroad or express company subject to this act to make or enter into any contract, agreement, or arrangement with any corporation, company, firm, or person regardless of ownership providing for the furnishing to or on behalf of such carrier or express company of (a) protective service against heat or cold to property transported or to be transported in interstate commerce, or (b) any type of cars for the transportation of property in interstate commerce, or for any carrier by railroad or express company to continue after January

1, 1940, as a party to any such contract, agreement, or arrangement, unless and until such contract, agreement, or arrangement has been submitted to and approved by the Commission as just, reasonable, and consistent with the public interest.

I may say that representatives of some of the weaker roads of the country came before the subcommittee and said they thought this provision would be of great benefit to some of the smaller and weaker roads of the United States.

Mr. CONNALLY. Mr. President, will the Senator yield again?

Mr. WHEELER. I yield.

Mr. CONNALLY. I beg the Senator's pardon for interrupting him a second time.

Mr. WHEELER. That is all right.

Mr. CONNALLY. Is there anything in the measure which gives the Interstate Commerce Commission authority over the equipment companies and others that are supposed to be subsidiaries of the railroads, and make tremendous profits out of selling them their cars, their equipment, and things of that kind?

Mr. WHEELER. Let me say to the Senator that during an investigation of railroad finances we heard a great many rumors to the effect that some of the equipment companies were milking the railroads. Some individual would come to us and tell us that that was so. We sent out investigators and tried to run down those rumors, tried to get some proof of their correctness, and did the very best we could; but I am frank to say to the Senator that we were not able to put our fingers upon any specific thing of that kind.

There is not any question about the fact that some years ago a great deal of that sort of thing was going on. Some of it may be going on at the present time; but, if so, it is covered up in such a way that we were unable to uncover it. We had in our employ some of the best men in the country who know how to investigate railroads, and we were not able

to find proof of abuses of that sort.

I was told that in the case of one railroad which happened to be in receivership there was some evidence of contracts of insurance being written which were afterward canceled by the receivers when the matter looked shady. The contracts had been entered into just before the road went into the hands of receivers, and I was told that the railroad saved a considerable amount of money on that particular transaction. It is frequently charged that this and that is the case, but we were

unable to find any definite proof along that line.

Then I may say that in several ways we have modified the present law to facilitate and expedite the work of the Commission. One complaint that has been made by the railroads with reference to the fourth section is that if they wanted to reduce their rates to meet water competition, or some other competition, an unduly long time elapsed before the reduced rates were permitted to go into effect. We have amended the fourth section so that when the railroads make their application the rates shall go into effect at once unless they are suspended by the Interstate Commerce Commission, and they have the power to suspend them. We also recommend the repeal of a portion of the old fourth section which the Interstate Commerce Commission had recommended to be repealed, and which the railroads had asked to have repealed; namely, the equidistant clause. The Interstate Commerce Commission says the clause is pretty nearly unworkable; that it is very expensive and very difficult to put into effect; and to that extent we have lessened the burdens upon the railroads.

We also set up a transportation board. Complaint has been made by the railroads that the busses and trucks are being subsidized by reason of the fact that the Government builds roads. The busses and trucks dispute that statement and say that we are subsidizing the railroads. We have put in the bill an amendment providing that an independent transportation board shall be set up for the purpose of studying that question.

The provision reads as follows:

(2) It shall be the duty of the board to investigate—(a) concerning the relative economy and fitness of rail carriers, water carriers, and motor carriers for transportation service, or any particular classes or descriptions thereof, with the view of determining the service for which each is especially fitted or unfitted and for which its use should accordingly be encouraged or discouraged in the interest of avoiding wasteful and destructive competition.

A study is to be made and a report made to the Congress of the United States of their findings.

Mr. GERRY. Mr. President, will the Senator state the number of that section?

Mr. WHEELER. It is section 53. This provision was recommended by the Committee of Six. In fact, they went much further than the full committee did; but this particular provision met with no opposition from either the busses or the trucks or anybody else. We wanted to have an impartial investigation made, and so we took that particular matter away from the Interstate Commerce Commission; and the authority is limited to a period of 2 years.

There may be other minor changes we have made which I have not called to the attention of the Senate, but I think I have discussed the important things. Tomorrow I hope we may dispose of the committee amendments, and then I hope we shall be able to dispose of the bill in a very short time.

In conclusion, I say, as I said at the beginning, that this bill is not a panacea for the railroads. In my judgment it is not going to do all that some people hope it will do for the railroads; it is not a perfect bill, but it is as nearly perfect as the subcommittee and the Interstate Commerce Committee itself could make it after nearly 3 months of intensive study, both morning and afternoon. Five or six members of the committee have done nothing else during that period but devote practically their entire time and attention to the bill.

Mr. REED obtained the floor.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. REED. I yield to the Senator from Kentucky, with the understanding that I will have the floor tomorrow morning.

LOAD LINES FOR AMERICAN VESSELS

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 1583) to amend the act of March 2, 1929 (45 Stat. 1492), entitled "An act to establish load lines for American vessels, and for other purposes", which was, on page 2, line 6, to strike out "excepted" and insert, "excepted."

(c) This act shall not apply to merchant vessels that are being towed and which are carrying neither cargo nor passengers.

Mr. OVERTON. I move that the Senate concur in the amendment of the House.

The motion was agreed to.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. Danaher in the chair) Iaid before the Senate messages from the President of the United States submitting several nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. NEELY (for Mr. HATCH), from the Committee on the Judiciary, reported favorably the nomination of Felipe Sanchez y Baca, of New Mexico, to be United States marshal for the district of New Mexico.

Mr. AUSTIN (for Mr. Hughes), from the Committee on the Judiciary, reported favorably the nomination of Jesse Jacobs, of New York, to be United States marshal for the porthern district of New York.

Mr. CONNALLY, from the Committee on the Judiciary, reported favorably the following nominations:

Frank E. Flynn, of Arizona, to be United States attorney for the district of Arizona; and

Alva M. Lumpkin, of South Carolina, to be United States district judge for the eastern and western district of South Carolina, vice Hon. J. Lyles Glenn, deceased.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The PRESIDING OFFICER. The reports will be placed on the Executive Calendar. If there be no further reports of committees, the clerk will proceed to state the nominations on the calendar.

IN THE COAST GUARD

The legislative clerk proceeded to read sundry nominations in the Coast Guard.

Mr. BARKLEY. I ask unanimous consent that the nominations in the Coast Guard be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations in the Coast Guard are confirmed en bloc.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask unanimous consent that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations of postmasters are confirmed en bloc.

IN THE ARMY

The legislative clerk proceeded to read sundry nominations in the Army.

Mr. SHEPPARD. I ask unanimous consent that the Army nominations be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations in the Army are confirmed en bloc.

That concludes the calendar.

THE JUDICIARY-ALVA M. LUMPKIN

Mr. CONNALLY. Mr. President, earlier in the day I reported favorably from the Committee on the Judiciary the nomination of Alva M. Lumpkin, of South Carolina, to be United States district judge for the eastern and western districts of South Carolina. I ask unanimous consent for the immediate consideration of the nomination.

The PRESIDING OFFICER. Is there objection? The Chair hears none. The question is, Will the Senate advise and consent to this nomination?

The nomination was confirmed.

Mr. CONNALLY. I ask unanimous consent that the President be immediately notified.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the President will be immediately notified.

CAPT. HARRY A. STUART

Mr. McNARY. Mr. President, I have a memorandum from the Senator from New Jersey [Mr. Barbour] to which I wish to call attention. It seems that Capt. Harry A. Stuart was nominated to be rear admiral and a few days ago the nomination was confirmed. I think the nomination was reported by the Senator from Massachusetts [Mr. Walsh]. The Senator from New Jersey desires that there be a reconsideration of the vote by which the nomination was confirmed, and to ask unanimous consent that the nomination be restored to the calendar. That was agreed to by the Senator from Massachusetts, and the matter was left in my hands.

The PRESIDING OFFICER. The Chair is informed that the Senator from Massachusetts entered the motion earlier today.

Mr. BARKLEY. As in legislative session, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 4 o'clock and 30 minutes p.m.) the Senate took a recess until tomorrow, Tuesday, May 23, 1939, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate May 22 (legislative day of May 19) 1939

COMMISSIONER OF THE DISTRICT OF COLUMBIA

George E. Allen, of the District of Columbia, to be a Commissioner of the District of Columbia for a term of 3 years, and until his successor is appointed and qualified.

UNITED STATES MARSHAL

Reuben Gosnell, of South Carolina, to be United States marshal for the western district of South Carolina. (Mr. Gosnell is now serving in this office under an appointment which expired June 14, 1938.)

CONFIRMATIONS

Executive nominations confirmed by the Senate May 22 (legislative day of May 19) 1939

UNITED STATES DISTRICT JUDGE

Alva M. Lumpkin to be United States district judge for the eastern and western districts of South Carolina.

COAST GUARD OF THE UNITED STATES

TO BE ENSIGNS IN THE COAST GUARD OF THE UNITED STATES

Robert Donald Brodie, 4th.
Robert William Goehring
Harry Lewis Morgan
John Delmond McCubbin
Ross Pharo Bullard
Orvan Ronald Smeder
Victor Pfeiffer
William Llewelyn Morrison
David William Sinclair
Robert Raymond Russell
Charles Electus Masters, Jr.

Robert Henry Prause, Jr.
James Newton Schrader
Harry Franklin Frazer
Julian James Shingler
Warner Keith Thompson, Jr.
William Robert Riedel
Louis Boyd Kendall
Ralph McMurray West
Charles Edward Sharp
Charles William Schuh
Lynn Parker

APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY Capt. Irving Arthur Duffy to Judge Advocate General's Department.

Capt. Damon Mott Gunn to Judge Advocate General's

Maj. Daniel Bernard Cullinane to Quartermaster Corps. Capt. Joseph Vincent de Paul Dillon to Judge Advocate General's Department.

Capt. David Hottenstein to Judge Advocate General's Department.

Capt. Albert Walker Johnson to Judge Advocate General's Department.

Capt. Albert Svihra to Judge Advocate General's Depart-

Capt. Arthur Nicholas Ziegler to Judge Advocate General's

Pepartment.

First Lt. Howard Walter Quinn to Quartermaster Corps.

Second Lt. Jack Alban Gibbs to Air Corps.

Second Lt. John Thomas Shields to Air Corps. Second Lt. William Swinton Steele to Air Corps.

PROMOTIONS IN THE REGULAR ARMY

William Swinton Steele to be first lieutenant, Air Corps. Samuel Winchester Reeves to be lieutenant colonel, Medical Corps.

Charles Tindal Young to be major, Medical Corps.
Walter Richard Cook to be captain, Medical Corps.
Frank Wilson Threadgill to be captain, Medical Corps.
George John Matt to be captain, Medical Corps.
Walter Lee Reesman to be colonel, Dental Corps.
Wilfred Arthur Emond to be first lieutenant, Medical

Administrative Corps.

POSTMASTERS

ALABAMA

Lennie E. Tutt, Butler. Grace Roy, Deatsville. Walter M. Thompson, Gadsden. Daniel W. Hollis, Headland. Morgan M. Pearson, Wadley.

GEORGIA

Charles E. Head, Cleveland.

KENTUCKY

Annie R. Young, Allensville. Arthur E. Smith, Fordsville. Alphonse B. Jaeger, Independence. MONTANA

Leroy Von Eschen, Fort Peck. Floyd J. Hughes, Manhattan. Olive M. Mitchell, Poplar.

NEBRASKA

Rudolph H. Rennecker, Alma.

NEW YORK

Donald W. Rogers, Eaton. John F. Farrell, Indian Lake. Catherine McCarthy, Massapequa.

NORTH DAKOTA

Theodore J. Naumann, Kramer.

OKLAHOMA

Ernest R. Christopher, Bartlesville. Lawrence W. Karr, Tecumseh.

WASHINGTON

Frank E. Thomas, Ellensburg. Thomas E. Skaggs, Everett. Clarence E. Sears, Mason City.

HOUSE OF REPRESENTATIVES

MONDAY, MAY 22, 1939

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Almighty God, we thank Thee for the gift of Thy Son, for the patience of Thy love, and for the guidance of Thy spirit. O Thou who has trod the path of prayer, teach us how to pray and take us unto Thy loving heart. The desert blossoms as the rose, and springs break out in the parched ground when we walk with Thee. Oh, may the inner light never fail and our feet never falter in the way. So pervade our hearts as to sanctify our failures and give us confidence for the work we have yet to do. Grant that our ministries today may lead us to thoughtful obedience to Thy will; may we feel the challenge of an earnest call to help our day and generation in every holy thing. Unto Thee be eternal praise, world without end. Amen.

The Journal of the proceedings of Friday, May 19, 1939, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had passed without amendment bills of the House of the following titles:

H.R. 199. An act to amend section 10 (b), (e), and (d) of the act of June 26, 1884, as amended (U. S. C., 1934 ed., title 46, sec. 599), relative to the allotment of wages by seamen;

H. R. 1301. An act for the relief of John J. Trimble;

H.R. 1774. An act to authorize the transfer to the State of Minnesota of the Fort Snelling Bridge at Fort Snelling, Minn.;

H.R. 1782. An act to amend section 4335 of the Revised Statutes of the United States, relative to change of masters of vessels:

H.R. 1784. An act to amend section 4498 of the Revised Statutes of the United States, as amended, relative to the renewal of licenses of vessels;

H.R.1786. An act to amend section 4325 of the Revised Statutes of the United States, as amended, relative to renewal of licenses of vessels;

H. R. 2067. An act for the relief of the Atlas Powder Co.;

H. R. 2378. An act to prohibit the exportation of tobacco seed and plants, except for experimental purposes;

H.R. 2987. An act providing for the transfusion of blood by members and former members of the Military Establishment, and by employees of the United States Government;

H.R. 3131. An act to authorize the Secretary of War to convey certain lands owned by the United States for other

lands needed in connection with the expansion of West Point Military Reservation, N. Y., and for other purposes;

H. R. 3221. An act to authorize the Secretary of War to provide for the sale of aviation supplies and services to aircraft operated by foreign military and air attachés accredited to the United States, and for other purposes;

H. R. 3593. An act authorizing and directing the Secretary of War to execute an easement deed to the city of Duluth for park, recreational, and other public purposes covering certain federally owned lands;

H. R. 3965. An act for the relief of Charles H. Parr;

H. R. 4131. An act for the relief of Melvin Gerard Alvey; H. R. 4997. An act giving the consent and approval of Congress to the Rio Grande compact signed at Santa Fe, N. Mex.,

on March 18, 1938; H. R. 5076. An act to authorize further relief to water users on United States reclamation projects and on Indian reclamation projects:

H. R. 5447. An act authorizing the President to invite the States of the Union and foreign countries to participate in the International Petroleum Exposition at Tulsa, Okla., to be held May 18 to May 25, 1940;

H. R. 5501. An act authorizing the Secretary of Commerce to convey a certain tract of land to the State of Oregon for use as a public park and recreational site; and

H.R. 5746. An act to provide for the correction of the list of approved Pine Ridge lost allotment claims, and for other purposes.

The message also announced that the Senate had passed, with amendments, in which the concurrence of the House is requested, bills of the House of the following titles:

H. R. 1882. An act for the relief of Otis M. Culver, Samuel E. Abbey, and Joseph Reger;

H. R. 2878. An act to authorize the Secretary of the Navy to

proceed with the construction of certain public works, and for other purposes;

H. R. 3375. An act to authorize M. H. Gildow to construct

H. R. 3375. An act to authorize M. H. Gildow to construct a free, movable, pontoon footbridge across Muskingum River Canal at or near Beverly, Ohio; and

H. R. 4370. An act authorizing the city of Chester, Ill., to construct, maintain, and operate a toll bridge across the Mississippi River at or near Chester, Ill.

The message also announced that the Senate had passed bills and joint resolutions of the following titles, in which the concurrence of the House is requested:

S. 72. An act to amend the act entitled "An act conferring jurisdiction upon the United States Court of Claims to hear, examine, adjudicate, and render judgment on any and all claims which the Ute Indians or any tribe or band thereof may have against the United States, and for other purposes," approved June 28, 1938;

S. 182. An act for the relief of Edward Hagenson;

S. 188. An act to provide for the administration of the United States courts, and for other purposes;

S. 438. An act to repeal and reenact section 83 of the Judicial Code, as amended, relating to Federal court districts in the State of Kentucky:

S. 608. An act to authorize the Secretary of War to furnish certain markers for certain graves;

S. 648. An act for the relief of Francis Gerrity;

S. 688. An act for the relief of Homer N. Horine;

S. 839. An act to amend the Retirement Act of April 23, 1904:

S. 860. An act authorizing the President to present a Distinguished Service Medal to Harold R. Wood;

S. 871. An act for the relief of James T. Moore;

S. 949. An act for the relief of Robert Clyde Scott;

S. 955. An act creating the City of Dubuque Bridge Commission and authorizing said commission and its successors to purchase and/or construct, maintain, and operate a bridge or bridges across the Mississippi River at or near Dubuque, Iowa, and East Dubuque, Ill.;

S. 1069. An act for the relief of George Edelman;

S. 1081. An act for the relief of John B. Jones;

S. 1116. An act to amend section 1860 of the Revised Statutes, as amended (48 U. S. C. 1460), to permit retired officers and enlisted men of the Army, Navy, Marine Corps, and Coast Guard to hold civil office in any Territory of the United States;

S. 1118. An act to provide for acceptance and cashing of Government pay checks of retired naval personnel and members of the Naval and Marine Corps Reserves by commissary stores and ship's stores ashore, located outside the continental limits of the United States:

S. 1165. An act for the relief of Fred M. Munn;

S. 1181. An act to provide for the status of warrant officers and of enlisted men of the Regular Army who serve as commissioned officers;

S. 1225. An act for the relief of August R. Lundstrom:

S. 1452. An act for the relief of Loyd J. Palmer;

S. 1666. An act to provide a right-of-way across the Fort Mifflin Military Reservation, Pa.;

S. 1669. An act relating to the military record of Irving L. Leafe;

S. 1683. An act to amend the act of June 7, 1935 (49 Stat. 332), and for other purposes;

S. 1785. An act to amend the act authorizing the President of the United States to locate, construct, and operate railroads in the Territory of Alaska, and for other purposes:

S. 1820. An act to provide for the transfer of certain land owned by the United States to the State of Texas; and certain other land to the county of Galveston, Tex.;

S. 1821. An act for the relief of Harry K. Snyder;

S. 1842. An act to authorize the construction of certain vessels for the Coast and Geodetic Survey, Department of Commerce, and for other purposes;

S. 1856. An act conferring jurisdiction upon the United States District Court for the District of Rhode Island to hear, determine, and render judgment upon the claim of George Lancellotta:

S. 1874. An act to amend the Criminal Code in regard to obtaining money by false pretenses on the high seas:

S. 1879. An act to amend the United States mining laws applicable to the area known as the watershed of the headwaters of the Bonito River in the Lincoln National Forest within the State of New Mexico;

S. 1894. An act for the relief of Ivan Charles Grace;

S. 1895. An act for the relief of Maria Enriquez, Crisanta, Anselmo, Agustin, and Irineo de los Reyes;

S. 1901. An act to extend to Sgt. Maj. Leonard E. Browning, United States Marine Corps, the benefits of the act of May 7, 1932, providing highest World War rank to retired enlisted men;

S. 1904. An act relating to age requirements for persons in the classified civil service;

S. 1907. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Poplar, Mont.;

S. 1942. An act for the relief of the legal representative of Anna Barbara Kosick, deceased;

S. 1964. An act to amend section 5136 of the Revised Statutes, as amended, to authorize charitable contributions by national banking associations;

S. 2082. An act for the relief of Hugh A. Smith;

S. 2096. An act to amend section 4a of the act entitled "An act for making further and more effectual provision for the national defense, and for other purposes," approved June 3, 1916, as amended;

S. 2149. An act to add certain lands to the Papago Indian Reservation in Arizona;

S. 2163. An act to authorize an appropriation to meet such expenses as the President, in his discretion, may deem necessary to enable the United States to cooperate with the Republic of Panama in completing the construction of a national highway between Chorrera and Rio Hato, Republic of Panama, for defense purposes;

S. 2170. An act to improve the efficiency of the Lighthouse Service, and for other purposes;

S. 2183. An act authorizing the President of the United States to appoint Sgt. Alvin C. York as a colonel in the United States Army and then place him on the retired list;

S. J. Res. 126. Joint resolution to amend the act to authorize alterations and repairs to certain naval vessels, and for other purposes, approved April 20, 1939; and

S. J. Res. 138. Joint resolution providing that reorganization plans Nos. I and II shall take effect on July 1, 1939.

THE TOWNSEND PLAN

Mr. HENDRICKS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. HENDRICKS. Mr. Speaker and Members of the House, I had planned to place a petition in the Well of the House today on Resolution 189, a resolution to discharge the Ways and Means Committee from further consideration of H. R. 2, and asking the Rules Committee for a rule, but I have now decided to wait until the House meets tomorrow.

There are a few Members of the House and other interested parties who have had very little regard for the word of the leaders and members of the Ways and Means Committee and who urged the petition method long ago. For the benefit of those skeptics I wish to say that I have a copy of the call for the meeting of the Ways and Means Committee for tomorrow morning at 10 o'clock to consider H. R. 2 and H. R. 6378. I have the word of Chairman Doughton that by the time the House meets tomorrow we shall have action one way or the other, and I wish to say further that I have had a conference with Dr. Townsend this morning and he has authorized me to say that he feels that it would be better strategy to wait until tomorrow to file the petition.

PERMISSION TO ADDRESS THE HOUSE

Mr. PATMAN. Mr. Speaker, I ask unanimous consent that on tomorrow after the disposition of business on the Speaker's table and the legislative program for the day, I may address the House for 30 minutes.

The SPEAKER. Is there objection to the request of the

gentleman from Texas? There was no objection.

THE VISIT OF THE KING AND QUEEN OF ENGLAND

Mr. O'TOOLE. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. O'TOOLE. Mr. Speaker, Great Britain has once again decided to send to the United States so-called ambassadors of good will. While we are always ready to receive with true American graciousness any representatives of a recognized foreign government, it is well that we remember not to be overwhelmed by the presence of royalty and not to throw caution to the winds.

It would be well for the United States to remember the history of the world for the past 20 years. This is particularly true of the diplomatic history of Great Britain. The diplomatic policy of Great Britain both before and since the World War makes the political philosophy of Machiavelli seem angelic or divinely inspired. Every nation with whom Great Britain has made treaties or has offered the hand of friendship has soon found that they were at the short end of the bargain. This Nation, which has the temerity to call itself one of the great democracies, does not inform the world that with all of its boasted freedom it does not allow a Jew or a Catholic to be its ruler, despite the fact that the Jews and Catholics have fought its wars for hundreds of years and the House of Rothschild has saved the Empire on many occasions.

During the past year the Members of this body can remember that in the succeeding European crises Britain told Austria, Czechoslovakia, Albania, and the other affected nations that she would stand by them until the bitter end. Each time she let them down. It finally reached the point that where nations were threatened by the dictators they

became afraid that Britain might offer her help. They knew that if this happened they were doomed.

For 450 years they kept in a practical state of slavery the people of Ireland. In the last few years they have given to Ireland a measure of freedom but have compelled that nation to pay them \$50,000,000 in tribute; yet Great Britain has no hesitancy in repudiating her debt of over \$5,000,000,000 to the United States.

During the World War she guaranteed to the Jewish people that if the war was successful she would establish and protect a Jewish homeland in Palestine. She allowed Jewish regiments to fight in the Palestine sector during the World War, and at its termination announced to the entire world that she would keep her word and establish forever a new home for Zion. Hundreds of millions of dollars were spent by the Jewish people to reclaim the desert and to establish one of the most progressive communities that the world has ever seen. Then when the tree of Palestine has borne its fruit and has developed into a flourishing state Britain once again repudiates her agreement and decides to leave the Jews defenseless against the ravages of the semisavages of Arabia.

Now she extends the hand to the United States. Let us beware! England is threatened on all sides, but we Americans are determined that we shall not spend American blood nor American money in the defense of a nation who has only thought of herself throughout her entire history. We have resolved that it is not safe for our people to become entangled with another nation whose diplomatic policy has been so flagrantly dishonest throughout the pages of history.

Let us welcome the royal guests as such, but let us strengthen our determination to resist the offer of alliance either actual or implied. Let us remember Czechoslovakia, the history of Ireland, the \$5,000,000,000 war debt, the plight of the Jews in Palestine, and, above all, the thousands of Americans who lie dead in the fields of Europe who fought that England, and England alone might live.

EXTENSION OF REMARKS

Mr. COLMER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record by inserting a copy of a speech that was made by Mr. William Green, president of the American Federation of Labor, last night over the radio.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mrs. O'Day asked and was given permission to extend her own remarks in the Record.

Mr. DARDEN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein a speech delivered by my colleague the gentleman from Virginia [Mr. ROBERTSON].

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. ROMJUE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein an address delivered by the Honorable James A. Farley, Postmaster General, at the State convention of the Missouri Chapter of the National Association of Postmasters at St. Louis, Mo., on the 12th of May last.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

AMERICA MUST KEEP OUT OF WAR

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. RANKIN. Mr. Speaker, several days ago I inserted in the Congressional Record a speech made on the battlefield of Verdun by the Duke of Windsor. I have received letters from all over the United States commending that effort, but not one criticizing it.

So intently are the American people and all other Christian peoples of this world bent on keeping us out of another war that even newspapers that formerly opposed this attitude or were silent on the subject are now coming out in its support.

During the World War Mr. Viviani, from this platform, said of those men who went down at Verdun that, except to those who loved them, their names disappeared with their bodies.

Today from their voiceless lips there comes no protests, but their blood cries out from the ground against another such conflict.

The men who made the sacrifice, the women who shed the tears, and the toiling masses who must pay the debts are not going to see this world plunged into another World War if they can possibly prevent it. [Applause.]

The following editorial is from the Jackson (Miss.) Daily News, a paper whose policies are usually at variance with mine, but on this point it certainly expresses my views. If the victims of the last war could only speak and make themselves heard, there would be no war.

The editorial referred to follows:

THE DEAD DO NOT SPEAK

Nobody knows how many men lie buried near the spot at Verdun where the Duke of Windsor made his appeal for peace.

It is certainly not less than 600,000. It may be nearly a million. These are the men to whom Windsor referred when he said, "I am deeply conscious of this great company of the dead, and I am convinced that could they make their voices heard they would be with me * * *."

Their voices are heard no longer. Some became silent in February of 1916, when the German attack began. Each day, as the attack swelled to its crescendo, more and more men became silent,

swelled to its crescendo, more and more men became silent, frequently as many as 10,000 between sun and sun.

The supreme German assault did not come until July, when the gray green waves swept down from the Douaumont ridge, across the ruins of what had been the village of Fleury, to pile up in horrid windrows against the inner girdle of forts. The mud swallowed up the living and the dead—"pure de cadavres," or corpse soup, the grim French called it.

In October it was done all.

In October it was done all over again, the French retaking the captured fort of Douaumont. Longer and longer rows of men became silent.

The great French ossuary at Verdun now commemorates 400,000 French and Allied dead. The German dead must have been almost

as great.

as great.

And, as we generally believe, they are silent, they do not speak any longer. Great stretches of the hills about Verdun lie bare and naked even today, and not even weeds will grow amid the 20-year-old scars of one of the most monumental battles of history.

We say they do not speak any longer, these nameless dead whose strong young bodies were alive one day and food for quicklime the next. And yet—

Window was well eduised in his choice of words as always. He

Next. And yet—
Windsor was well advised in his choice of words, as always. He said, "* * Could they make their voices heard * * *."

They do speak, these dead. They speak with eloquence beyond words and beyond speech.

It is we who will not hear. Coarsened by the years of brutalization that followed the World War, our ears are not attuned to the message

from the ossuary at Verdun.

Behind the peace appeal of the exiled British prince, once himself, as circumstances permitted, a soldier, there is a vast unearthly murmuring, a soundless sound of men calling from another time and place.

It is not that these dead do not speak. We will not listen. That is the world's tragedy.

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to insert therein an editorial from a southern newspaper on this subject.

The SPEAKER. Without objection it is so ordered. There was no objection.

EXTENSION OF REMARKS

Mr. LEWIS of Colorado. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an inspiring address delivered yesterday by the Speaker of the House of Representatives.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

THE ROAD AWAY FROM REVOLUTION-WOODROW WILSON'S LAST MESSAGE TO THE AMERICAN PEOPLE

Mr. SMITH of Washington. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD at this point and to include therein a statement made by Woodrow Wilson.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. SMITH of Washington. Mr. Speaker, it has been my privilege to reread recently the last message to the American people penned by Woodrow Wilson, an article entitled "The Road Away From Revolution," which was published in the Atlantic Monthly for August 1923, some 6 months before the noble spirit of the great war President was wafted to the realm of eternity. We know that during all his life Woodrow Wilson was a student of history, and deeply interested in social and economic reform, and many of the principles and ideals of the New Deal and President Franklin D. Roosevelt are very similar to those embodied in the new freedom which he advocated in the campaign of 1912. It is quite generally recognized that if the World War had not interfered and required Woodrow Wilson to devote himself almost exclusively to international problems that he would have dedicated his great talents and energies to bringing about social justice and economic security in these United

The article to which I have alluded sets forth important facts and the profound ideas of one of the deepest students of history and lovers of mankind who has ever lived and we would do wisely to consider and be guided by his opinions at this time if we are to avert national disaster. It reads as follows:

THE ROAD AWAY FROM REVOLUTION (By Woodrow Wilson)

(By Woodrow Wilson)

In these doubtful and anxious days, when all the world is at unrest—and look which way you will, the road ahead seems darkened by shadows which portend dangers of many kinds—it is only common prudence that we should look about us and attempt to assess the causes of distress and the most likely means of removing them.

There must be some real ground for the universal unrest and perturbation. It is not to be found in superficial politics or in mere economic blunders. It probably lies deep at the sources of the spiritual life of our time. It leads to revolution; and perhaps if we take the case of the Russian revolution, the outstanding event of its kind in our age, we may find a good deal of instruction for our judgment of present critical situations and circumstances. circumstances.

THE RUSSIAN REVOLUTION

THE RUSSIAN REVOLUTION

What gave rise to the Russian revolution? The answer can only be that it was the product of a whole social system. It was not in fact a sudden thing. It had been gathering head for several generations. It was due to the systematic denial to the great body of Russians of the rights and privileges which all normal men desire and must have if they are to be contented and within reach of happiness. The lives of the great mass of the Russian people contained no opportunities but were hemmed in by barriers against which they were constantly flinging their spirits, only to fall back bruised and dispirited. Only the powerful were suffered to secure their rights or even to gain access to the means of material success.

It is to be noted as a leading fact of our time that it was

It is to be noted as a leading fact of our time that it was against "capitalism" that the Russian leaders directed their attack. It was capitalism that made them see red; and it is against capitalism under one name or another that the discontented classes everywhere draw their indictment.

THE CAPITALISTIC SYSTEM

There are thoughtful and well-informed men all over the world who believe, with much apparently sound reason, that the abstract thing, the system which we call capitalism, is indispensable to the industrial support and development of modern civilization. And yet everyone who has an intelligent knowledge of social forces must know that great and widespread reactions like that which is now unquestionably manifesting itself against capitalism do not occur without cause or provocation and before we commit ourselves irreconcilably to an attitude of hostility to this movement of the time, we ought frankly to put to ourselves the question, Is the capitalistic system unimpeachable?, which is another way of asking, Have capitalists generally used their power for the benefit of the countries in which their capital is employed and for the benefit of their fellow men?

THE EVILS OF EXPLOITATION

Is it not, on the contrary, too true that capitalists have often seemed to regard the men whom they used as mere instruments of profit, whose physical and mental powers it was legitimate to exploit with as slight cost to themselves as possible, either of money or of sympathy? Have not many fine men who were actuated by the highest principles in every other relationship of life seemed to hold that generosity and humane feeling were not among the imperative mandates of conscience in the conduct of a banking business, or in the development of an industrial or commercial enterprise?

And if these offenses against high morality and true citizenship have been frequently observable, are we to say that the blame for the present discontent and turbulence is wholly on the side of those who are in revolt against them? Ought we not, rather, to

seek a way to remove such offenses and make life itself clean for those who will share honorably and cleanly in it?

THE ROAD AWAY FROM REVOLUTION CLEARLY MARKED

The road that leads away from revolution is clearly marked, for it is defined by the nature of men and/or organized society. It, therefore, behooves us to study very carefully and very candidly the exact nature of the task and the means of its accomplishment.

The nature of men and of organized society dictates the mainte-

The nature of men and of organized society dictates the maintenance in every field of action of the highest and purest standards of justice and of right dealing; and it is essential to efficacious thinking in this critical matter that we should not entertain a narrow or technical conception of justice. By justice the lawyer generally means the prompt, fair, and open application of impartial rules; but we call ours a Christian civilization, and a Christian conception of justice must be much higher. It must include sympathy and helpfulness and a willingness to forego self-interest in order to promote the welfare, happiness, and contentment of others and of the community as a whole. This is what our age is blindly feeling after in its reaction against what it deems the too great selfishness of the capitalistic system.

SPIRITUAL REDEMPTION IS ESSENTIAL

SPIRITUAL REDEMPTION IS ESSENTIAL

The sum of the whole matter is this: That our civilization cannot survive materially unless it be redeemed spiritually. It can be saved only by becoming permeated with the spirit of Christ and being made free and happy by the practices which spring out of that spirit. Only thus can discontent be driven out and all the shadows lifted from the road ahead.

THE FINAL CHALLENGE-THE NEW DAY

Here is the final challenge to our churches, to our political organizations, and to our capitalists—to everyone who fears God or loves his country. Shall we not all earnestly cooperate to bring in the new day?

EXTENSION OF REMARKS

Mr. WOODRUFF of Michigan. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an article appearing in the National Grange Monthly by Fred Brenckman.
The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. DARROW. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a speech delivered before the Philadelphia Patriotic Luncheon Club on May 18, 1939, by our former colleague and former chairman of the Committee on Rules, John J. O'Connor.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. SHAFER of Michigan. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an article appearing in the Washington Post this morning by Roger W. Babson.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. THORKELSON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD at this point and to include excerpts from the Congressional Record and topics from the papers of today.

The SPEAKER. Is there objection to the request of the gentleman from Montana [Mr. Thorkelson]?

There was no objection.

Mr. THORKELSON. Mr. Speaker, out in the Rockies, in the so-called open spaces, there is an old expression, often used, which is, "Let us take five." To us it means to reflect and meditate before taking action. To me it means just that, "take five"; and in the observance of it I am better prepared to protect my State and the people in their rights, as proclaimed in amendment 10, and which I have obligated myself not to belittle or treat lightly. If all Members would accept their oath of obligation sincerely and in its full meaning, their responsibility would stand out clearly and distinctly.

The Federal Government was created by the States, and can, therefore, be impeached by the States. It is the duty of each State to protect its industries and its people against all enemies, even from the Federal Government itself, and the time has arrived for such action. This can be done peacefully by convening the legislatures in all the States for repeal of the seventeenth amendment. That will restore the sovereign rights of the States and a representative republican form of government, as proclaimed in the Constitution. If this is not done, we are bound to end as a totalitarian state with a dictator or a despot for ruler.

To perpetuate a republican form of government—our Government—it is necessary that one legislative body represent the States and the other the people. The Constitution provided for this by naming the Senate as representative of the States and the House as representative of the people.

The adoption of the seventeenth amendment in 1913 changed our Government from a democratic Republic to a degenerative democracy. This change in the Government is the cause for the present confusion, illness, and poverty.

Before 1913 two Senators were elected by the State legislature to represent the State. The Senate represented all the United States and, with the House of Representatives, the United States in international relations. Congress was the "ruler," responsible for the Government to the States and the people. We started with real statesmen, but we have finished with "rubber stamps."

It is well to remember further that the Federal Government was created and organized by the States, as an aid to them and to the people, not as a vindictive monster of destruction

to them.

The Senators and Representatives are now elected by direct vote, and therefore responsible to the people alone. This leaves the country without a responsible head, and is a weakness now used to bring about our destruction. The invisible government planned it so, and have employed the Third Internationale to help in carrying out the plan. This invisible government does not spend its own money for this but uses, instead, the taxpayers' money, appropriated by Congress. It is because of this that I have said anything may happen, for Congress is too busy looking after communistic front organizations, the so-called "liberals," to be of any value to

The President is now the Chief of the Army, Navy, and all intelligence and policing units, which is an absolute power in a democracy. He may, when conditions are favorable, take charge of the Government, in spite of Congress. For the past 10 years, greater and greater power has been turned over by Congress to the President, and the Reorganization Act of 1939 is about the last power Congress could bestow upon him. He can now appoint, promote, and shift anyone in any position favorable and important to This is very important and a great aid for complete control of the Federal machinery when he takes command. The master stroke to complete conversion of the Government is mobilization; but for that there must be a reasonably good excuse, in order to allay suspicion. I do not say this will happen, but I do assert the stage is set for such control.

To provoke mobilization or war, newspapers and publications speaking for the invisible government, has headlined war. The nations selected for this propaganda furnish the best evidence for identification of the invisible government. I have said before that the United States has absolutely no reason or cause for war in Europe. We have nothing at stake in property, and our people's lives are not jeopardized or threatened; so common sense should set this matter straight. Our own people in the United States do not want war, and Congress itself is opposed not only to war, but to all agitations and belligerent publications provocative of war. This should be clear to those who constantly preach Nazi hatreds and boycotts against European nations. The word "Nazi" is a myth, for there is no government in Europe or anywhere else of such designation. All European governments are so-cialistic, based upon the Marxian philosophy. The only difference between them is the type of people in charge of the governments. Of all these European socialistic states, Russia is the most vindictive and cruel, yet nothing is said in the invisible government's subsidized press about atrocities in Russia. A good example of Russia and the character of the people who are in control has already been demonstrated in mass executions, which have shown no regard for human life. It is further evidenced in suppression of Christian churches in Russia, and destruction of churches and life during the red regime in Spain.

A recent example of Russian ruthlessness may be found in an article, from which I now quote:

(New York Enquirer, Monday, May 15, 1939): Beseech Stalin to spare lives of red flyers. Signers of Paris petitions plead for Kokkinaki and Gordienko. Paris, May 14. Hundreds of copies of a petition asking Josef Stalin and the Soviet Government to spare

the lives of Gen. Vladimir Kokkinaki and Maj. Mikhail Gordienko, Russian flyers who failed to complete the Moscow-New York flight,

are in circulation here.

is understood here that Stalin is furious over the flyers' crack-up on the Nova Scotia coast and frequent reports are heard to the effect that he suspects Kokkinaki and Gordienko of being counter-revolutionaries who deliberately brought their plane down before their New York destination was reached. The flyers are now returning to Europe on the *Ile de France*.

Word reaching here from New York indicates that in that city

and other large American cities similar petitions to Stalin, favoring sparing the lives of Kokkinaki and Gordienko will be started.

Now, observe the difference; when our aviators are lost, we send the fleet out to look for them. When the Russian aviators are lost or crack-up, as these two gentlemen did, fear is held that they may be executed, because their ship failed to carry them through. If we had the same government in charge in the United States similar attempts would be made upon us-and would we like it? You answer the question.

It is not easy to understand the propaganda constantly poured out in the press, and when I read articles like the one I quote below, from the Washington Post, Friday, May

19, 1939, I wonder what it is all about:

Representative Dies links General Moseley to race intolerance drive. Letters quoted by Congressman, who says Officer South to

enlist support from Army reserves.

Dies, whose committee has taken testimony in a session yesterday which was surrounded with extraordinary secrecy, made public a letter which he said Moseley, former Fifth Corps Area commander in the Army, had written to a New York National Guard officer. The letter, which Dies announced was part of his committee's record, said in part:

"The fact is that the most serious problem confronting America dear is that the problems of the letter and how to get rid of his

today is just this problem of the Jew, and how to get rid of his influence definitely—locally, nationally and internationally."

Another letter, alleged to have been written by Moseley to a reserve Army captain, said:

If the Jews bump me off, be sure to see that they get the credit for it from coast to coast. It will help our cause.

Such articles create race hatreds and should therefore be suppressed.

I am not acquainted with General Moseley, or the other gentlemen mentioned in the Post article, but I am reasonably sure that all of them are sincere and patriotic Amer-

I do not believe they are particularly opposed to any race, as this article states, but are instead bitterly opposed to socialism and communism. I am also opposed to the Government's tolerance toward communism, concerning which everyone in Washington is informed. The Socialists and Communists have "bumped off" hundreds in Russia and they have also "bumped off" many in the United States. must not forget that attempts were made on the life of Representative McFadden, now deceased. I, therefore, do not blame anyone for leaving enough evidence in different places to expose the gang that is here, so that the patriotic citizens may in due time drive them into the ocean. The Communists are here and the Federal Government knows it. Why look for other groups that do not exist and use them for a smoke screen to cover up un-American activities with which nearly everyone is familiar?

If the F. B. I. gets orders to apprehend those who are Socialists, Communists, and those connected with subversive organizations, no doubt the most astonishing revelation would be forthcoming. Yes, information which may set the Nation afire when the truth is out.

It is now up to the Dies committee to hold public hearings and question the gentlemen who have been mentioned in our daily papers. If the hearings are private, the witnesses should be allowed to employ private stenographers to check testimony, so that there will be no diversion to protect the higher-ups. Let us get this thing straight now, in common defense and for the general welfare of the United States. Article III, section 3, should not be used for whitewashing, but only as it reads.

I have never held and do not hold malice toward anyone. because of their beliefs, creed, or race. As a Member of Congress, I am interested in the safety of the Republic and in the security and protection of all the people, regardless of creed or race. I am, therefore, opposed to all un-American

activities and to all legislation which deprives our people of their liberties and rights. It is because of this that I have always been and will always be opposed to the Gold Reserve Act and the money power granted to the President and the Secretary of the Treasury. It was one of the most reprehensible pieces of legislation ever enacted by any legislative body, because of its injustice to our own people. Why should our people be deprived of gold, the international standard security for all money? Why should our people be left with a commodity and unsecured dollar? Why should our Government deprive our own people of the ownership of gold money and gold securities, and then turn around and bestow the same rights, of which we were deprived, to foreigners and foreign governments? Why should the President and the Secretary of the Treasury be allowed to use \$2,000,000,000 in gold without even giving an accounting for the use of it? If this \$2,000,000,000 had been used to retire the public debt, a 5 years saving at 2 percent would have amounted to \$200,000,000. It is my sincere opinion that every Member of Congress who has the welfare and the interest of the people at heart should oppose extension of the monetary power to the President and the Secretary of the Treasury. The vote on this measure should set the people at home right, as to those who are for and against them. Those who are for the people will vote "no" to the extension of this power to the President and the Secretary of the Treasury.

If any of you are interested in discovering the identity of "him who planned it so," read Philip Dru Administrator and Gabriel Over the White House and you will discover the hand of Colonel House. Do not forget destruction of our Government has been planned for a long time, but strenuously since 1912, and especially during both Democratic

administrations.

The power of money is the greatest power of all and so recognized in Asia thousands of years ago. The money changers came from Asia, and they are largely instrumental in the control of the invisible government, and the ownership of \$15,000,000,000 in gold now in the United States. To maintain this power it is very important that the invisible government control all governments in which they operate. Hitler saw this and recognized their hand in the inflation which wrecked the German Government, and for that reason drove the money changers out from the temple. It is for that reason he is hated by the invisible government.

Greed for gold is a national blight. Gold, of course, is necessary and useful but only when held as security for all people. When gold is held, owned, or controlled by a small group it becomes a national menace and it is for that reason I advocate return to the gold standard, so we may enjoy a

more equitable distribution of our own property.

The invisible government buys the Communists, Socialists, and the liberals, and use them for pawns to do their bidding. as they have done for a number of years. These "rubber stamps" or victims of hypnotism have been led up to the peak and shown the richness of Egypt, and will eventually bump

their nose when they fall off their perch.

A persistent minority can always destroy a popular government such as ours, so we cannot afford to tolerate the Socialists or Communists in our midst, particularly if they are the underground workers for the invisible government. had hope that the Members of Congress would understand this so as to better realize their responsibilities, not only to their people but also to themselves. It does not take a smart man to realize that we are heading pell-mell for destruction. and it should require less intelligence to understand that all the rubber stamps which have been used for the past 10 years will be left on the city dump, where they rightfully belong. The sad part is the ending, because it will entail suffering to the innocent as well as the guilty.

In closing I cannot help but to call attention to the closing hour on House Resolution 6392. The gentleman from Wisconsin [Mr. Hawks] introduced an amendment to the bill to protect and provide home markets for the Nation's agricultural production in the North, South, East, and West. This amendment unfortunately was incorrectly worded, yet by simply erasing the word "not" its purpose would have been served. For some reason or another the Chair did not allow this correction, I presume because of rules, and so our Nation's farm industries were left in the same place where they have been for 7 years—on the plowed up rows of their impoverished farms—waiting for a market. I voted "present" as a protest against stupid and asinine rules, particularly those used by the House when they want to railroad legislation and sell the Nation "down the river."

I am hopeful, however, that the gentleman from South Carolina [Mr. McMillan] did not mean the following:

I think, for the Record, is is well to call the situation to the attention of the Members of the House. Let us all hope that later on we will see at least a little more intelligence displayed on the part of our Republican friends to carry on in a more statesmanlike and dependable manner. If this is a fair sample of legislation we are to get from our Republican brethren, may the good Lord help us.

The absurdity of this criticism may be fully appreciated when we bear in mind that the Democratic majority in Congress since 1930 is responsible for enacting the greatest mass of unconstitutional legislation ever enacted before in Congress. It is my desire to go even a little further than that and to say that the legislation enacted is not only unconstitutional but it is contemptible and despicable, because it has betrayed our people. It has sold our Nation's industries and business "down the river" to bankruptcy, a most unforgivable offense against any popular government and a people who have cheerfully paid all the Government expenses since the inception of the Republic—a people who are still paying for their own destruction by a Government they have nourished and fought for since it came into being.

The gentleman from South Carolina should bear in mind that a massive, legal structure and our mania for laws are not signs of intelligent statesmanship. It is instead evidence of dumb statesmanship. The most conclusive evidence of poor statesmanship is the condition in which we find ourselves today. That should convince even the gentleman from South Carolina that there are no statesmen in control of the Government.

I cannot comprehend the indulgence and tolerance of our people in submitting quietly to congressional incompetence. In using the word "incompetence," I only repeat opinions as expressed by Members themselves when the Reorganization Act of 1939 was before the House. It is now time for the people to arouse themselves and get busy. The time is now at hand when the people must strike at the Communist and the Socialist or else be struck down themselves.

PERMISSION TO ADDRESS THE HOUSE

Mr. FISH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. Fish]?

There was no objection.

Mr. FISH. Mr. Speaker, as the author of the Zionist resolution for a homeland for Jewish people in Palestine, which passed the Congress by a unanimous vote and was enacted into law in 1923, I urge that there be no retreat, surrender, or compromise with the British betrayal of the promises and pledges given in the Balfour resolution. There can be no compromise with such a perfidious proposal to repudiate her plighted word.

I hope that the Zionists all over the world will not yield to this proposed breach of trust in order to cajole the Arabs and promote the interests of the British Empire by doublecrossing the Jewish people in Palestine and selling them out for a mess of pottage in return for Arab support elsewhere.

I urge the President, the State Department, and the Congress to demand that there shall be no modification of our treaty rights in Palestine without our consent. I shall be glad to urge in Congress immediate and favorable action on any appropriate resolution to this effect.

The proposed disgraceful and shocking repudiation of the Balfour pledges, under which vast sums of money have gone from America to Palestine to rebuild and establish it as a place of refuge for hundreds of thousands of Jewish people of Central Europe must be vigorously opposed. There never was a time when there was more need for such a homeland. There must be no compromise, otherwise all past efforts will have been in vain.

EXTENSION OF REMARKS

Mr. HALLECK. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein an article by Raymond Clapper, which appeared in the papers of the country under date of May 20.

The SPEAKER. Is there objection to the request of the gentleman from Indiana [Mr. HALLECK]?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Texas [Mr. RAYBURN]?

There was no objection.

Mr. RAYBURN. Mr. Speaker, on May 19, after the motion to recommit was offered, I am quoted in the Record as follows:

Mr. Rayburn. Mr. Speaker, I desire to submit a unanimous-consent request, but before doing so may I state that I was a Member of this House for 12 years when the Republicans were writing the legislation, and, having as long a memory as that, I am somewhat surprised at the motion to recommit that was offered this afternoon.

What I did say was, "I am not surprised at the motion to recommit," and so forth.

Mr. DIRKSEN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Illinois [Mr. Dirksen]?

There was no objection.

Mr. DIRKSEN. Mr. Speaker, Judea is still the promised land. Since the Balfour declaration of 1917 Great Britain has been promising to go forward with the program for "the establishment in Palestine of a national home for the Jewish people." While there was promise, there was yet hope, despite all the heartache and disillusionment that has ensued since Palestine became a British mandate in 1923. But today, after the release of the most recent White Paper by the British Government, even the promise is gone and a Jewish homeland seems doomed.

How quickly are promises forgotten. How casual is national ingratitude. During the World War, when German submarines were coursing the seas and plundering British shipping, and when German armies were menacing the very existence of Great Britain, she scoured the world to enlist the financial and physical resources of the Jewish people in the allied cause. The Jewish people responded. It was in pursuance of this aid that Lord Balfour made his declaration in 1917, stating that the Government of Great Britain looked with favor upon the establishment of a national home for the Jewish people in Palestine.

The matter was of more than casual interest to the people and to the Government of the United States. When Palestine became a British mandate in 1923 by action of the League of Nations, the United States concurred in the understanding to make Palestine a Jewish homeland and approved a treaty which recited its support of this understanding. General rejoicing sprang from the belief that the establishment of this homeland for Jewish people was definitely under way. In the last 20 years, 400,000 Jewish immigrants and millions of dollars have poured into Palestine to transform it from ashes and disease into a vibrant land.

Jews throughout the world watched the steady development of this promised homeland. They saw pestilence wiped out. They saw schools and hospitals constructed. They saw thin, neglected lands converted to orchards and golden fields of grain. They saw hope and ambition and enthusiasm transform ancient cities into modernized places of abode. They saw gradual fruition of a slender and persistent dream which has endured through the centuries. Then they saw hope reduced to ashes.

In 1937 came the Peel Commission of the British Government to recommend partition of Palestine into a Jewish state, an Arab state and a British corridor. In 1938 they saw the Woodhead commission return a confused and anomalous report which recommended partition of Palestine and in the same report admitted the impossibility of a feasible and workable partition. All this while the hope of Jewish people burned dimly, but it burned.

Now, in 1939, that hope is all but extinguished by the White Paper of last week, which proposes a Palestine state for both Arab and Jewish people to become an independent state in 1949. The death stab to Jewish hope of a homeland is found in the provision that Jewish immigration to Palestine shall be limited to 15,000 persons annually for 5 years, and thereafter the number of Jews shall be limited to one-third of the population.

to one-third of the population.

Thus is hope of homeland decimated. Thus does Britain, for political considerations, renounce the promises of the Balfour declaration of 1917. Thus does the sacrifices of the Jewish people in marshaling every financial and physical resources on the side of Britain in 1917 meet the reward of ingratitude 22 years later.

Sixteen years ago, when the mandate over Palestine was given to Great Britain, the people and the Government of the United States labored under official assurance that His Majesty's Government would proceed under the sentiment of the Balfour declaration that a Jewish homeland would be established in Palestine. The recent White Paper and the proposal which it makes violates that assurance, and I, as a citizen of the United States and as a Member of Congress, protest such action by the Government of Great Britain.

EXTENSION OF REMARKS

Mr. GEARHART. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the Record and to include therein an address delivered on May 10 by the Honorable Fred K. Nielsen, formerly with the State

Department.

The SPEAKER. Is there objection to the request of the gentleman from California [Mr. Gearhart]?

There was no objection.

Mr. O'BRIEN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein a speech by J. Edgar Hoover at Nashville, Tenn., on May 20.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. O'BRIEN]?

There was no objection.

Mr. Lemke asked and was given permission to extend his own remarks in the Record.

Mr. GUYER of Kansas. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein an address on A Tribute to Motherhood by H. S. Roberts.

The SPEAKER. Is there objection to the request of the gentleman from Kansas [Mr. Guyer]?

There was no objection.

Mr. STEFAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein a brief editorial on Farm Power—Alcohol.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska [Mr. STEFAN]?

There was no objection.

Mr. McDOWELL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein a resolution of the Council of the Borough of Pitcairn, Allegheny County, Pa., opposing the Lake Erie-Ohio River Canal.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania [Mr. McDowell]?

There was no objection.

Mr. WILLIAMS of Delaware. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein a resolution adopted by the Grand Lodge of Wilmington (Del.) Order of the Sons of Italy and America, representing 15,000 Italians in the city of Wilmington, Del., asking that the United States take no part in European affairs,

The SPEAKER. Is there objection to the request of the gentleman from Delaware [Mr. Williams]?

There was no objection.

Mr. Ludlow asked and was given permission to extend his own remarks in the Record.

Mr. COCHRAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein a brief excerpt from the records of the Continental Congress.

The SPEAKER. Is there objection to the request of the gentleman from Missouri [Mr. Cochran]?

There was no objection.

Mr. RICH. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and include therein an editorial headed "Moscow-Led Communism Endorses the New Deal." This editorial was sent to me by a Jeffersonian Democrat. It is from the New York Journal-American of Tuesday, May 16.

Mr. Speaker, I dislike very much to place editorials in the RECORD, but since the majority leader and the ones in power are not trying to keep out editorials, possibly this would be a good thing for them to see. For that reason I should like

to see it inserted in the RECORD.

Mr. RAYBURN. Reserving the right to object, Mr. Speaker, until the gentleman and his committee function, of course, I am not going to make any objection.

Mr. RICH. We cannot get that committee to function. I am more anxious than the gentleman from Texas, the

majority leader, that it will do so.

Mr. RANKIN. Reserving the right to object—and I shall not object—may I say to the gentleman from Pennsylvania that the Congressional Record is the one free press we have left in which both sides can be presented. I believe in Members exercising their prerogatives and arguing both sides of every question that comes up. For that reason, I have advocated using the Congressional Record freely.

Besides, we already have the men employed in the Printing Office and have the machinery. All it costs to print an extra page is the cost of a little ink and paper. So I am in favor of letting the gentleman from Pennsylvania carry on his campaign for economy, that he has waged for the last few years, even though he has to borrow an editorial from a Moscow

paper, was it?

Mr. RICH. No; it is a New York paper. I may say to the gentleman from Mississippi that the gentleman makes the statement we have no free press in this country. The New Deal, I am sure, will close them all up when it can, so be careful and beware. It is certainly making a dictatorship out of our Government; and with a dictator you cannot have free speech, free press, or freedom of any kind. I am for American freedom, therefore against the New Deal.

The regular order was demanded.

The SPEAKER. The regular order is demanded. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

DISTRICT OF COLUMBIA

The SPEAKER. This is District of Columbia day. The Chair recognizes the chairman of the Committee on the District of Columbia, the gentleman from West Virginia [Mr. Randolph].

THE PHILADELPHIA, BALTIMORE & WASHINGTON RAILROAD CO.

Mr. RANDOLPH. Mr. Speaker, I call up the bill (H. R. 5680) to amend section 1 of the act entitled "An act to authorize the Philadelphia, Baltimore & Washington Railroad Co. to extend its present track connection with the United States navy yard so as to provide adequate railroad facilities in connection with the development of Buzzards Point as an industrial area in the District of Columbia, and for other purposes," approved June 18, 1932 (Public, No. 187, 72d Cong), and ask unanimous consent that the bill be considered in the House as in Committee of the Whole.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 1 of the act entitled "An act to authorize the Philadelphia, Baltimore, & Washington Railroad Co. to extend its present track connection with the United States Navy Yard so as to provide adequate railroad facilities in connection with the development of Buzzards Point as an industrial area in the District of Columbia, and for other purposes", approved June 18, 1932 (Public, No. 187, 72d Cong.), be amended by striking out the words "One-half Street SW, One-half Street SE., and Second Street SW., south of Potomac Avenue and north of Potomac Avenue to P Street", and inserting in lieu thereof "One-half Street SW., and Second Street SW., south of Potomac Avenue and north of Potomac Avenue to P Street, and One-half Street SE., south of Potomac Avenue and north of Potomac Avenue and north of Potomac Avenue to O Street."

Mr. RANDOLPH. Mr. Speaker, this measure is merely to permit the Philadelphia, Baltimore & Washington Railroad Co. to extend its present track connections on One-half Street north of Potomac Avenue from P to O Streets.

Mr. Speaker, I move the previous question.

The previous question was ordered.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

INSOLVENT BUILDING ASSOCIATIONS IN THE DISTRICT OF COLUMBIA

Mr. RANDOLPH. Mr. Speaker, I call up the bill (H. R. 4434) to provide for the abatement of personal taxes from insolvent building associations in the District of Columbia, and ask unanimous consent that the bill be considered in the House as in Committee of the Whole.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That whenever and after any building or homestead association, which was incorporated or doing business under the law of the District of Columbia, has ceased to do business by reason of insolvency no tax on personal property, either tangible or intangible, shall be levied, assessed, or collected by the District of Columbia against or from such association if such tax shall diminish the assets of such association necessary for the payment of the full amount due on share accounts in, or on shares of, such association to the holders thereof, and such tax, if heretofore levied, shall be abated as against any such associations as are or have been found by the Comptroller of the Currency to be insolvent.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PURCHASE OF BEER ON CREDIT BY RETAILERS IN THE DISTRICT OF COLUMBIA

Mr. RANDOLPH. Mr. Speaker, by direction of the Committee on the District of Columbia, I call up the bill (H. R. 5137) to prohibit the purchase of beer on credit by retailers in the District of Columbia, and request its immediate consideration.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 35 of the District of Columbia Alcoholic Beverage Control Act, as amended, is amended by inserting after the first sentence thereof the following new sentence: "No holder of a retailers' license shall purchase beer on credit."

"No holder of a retailers' license shall purchase beer on credit."

SEC. 2. (a) So much of section 18 of such act, as amended, as reads as follows: "Nothing herein contained, however, shall prohibit the sale of alcoholic and nonalcoholic beverages and the reasonable extension of credit therefor by a manufacturer to a wholesale or retail licensee," is amended to read as follows: "Nothing herein contained, however, shall prohibit the sale of alcoholic and nonalcoholic beverages and the reasonable extension of credit therefor by a manufacturer to a wholesale or retail licensee if the purchase by the retailer would not constitute a violation of section 35."

(b) So much of section 19 of such act, as amended, as reads as follows: "Nothing herein contained, however, shall prohibit the reasonable extension of credit by a wholesaler for merchandise sold to a retail licensee for resale as herein permitted," is amended to read as follows: "Nothing herein contained, however, shall prohibit the reasonable extension of credit by a wholesaler for merchandise sold to a retail licensee for resale as herein permitted if the purchase by the retailer would not constitute a violation of section 35."

SEC. 3. The amendments made by this act shall apply only to beer delivered after 10 days after the date of the enactment of Mr. RANDOLPH (interrupting the reading of the bill). Mr. Speaker, I ask unanimous consent that the further reading of the bill be dispensed with.

Mr. RICH. Reserving the right to object, Mr. Speaker, may I say to the gentleman that there are rules and regulations in the District under which no retailer can dispense intoxicating liquors within 500 feet of a church. Some mistakes have been made in granting requests for licenses for as this provision is concerned. Is there anything in this bill that will permit retailers to establish a place of business closer than 500 feet to a church?

Mr. RANDOLPH. Mr. Speaker, I may say in answer to the inquiry of the gentleman from Pennsylvania that in the District of Columbia we have the Alcoholic Beverage Control Board which considers all applications for licenses. This measure would in no way change the regulations under which this board is operating at the present time. The sole purpose of this particular bill is to prohibit the purchase of beer on credit by retailers in the District. The wholesalers have suffered heavy losses due to failure of retailers to pay valid bills and the committee feels this legislation is necessary. Similar measures are in force in adjoining States.

Mr. RICH. As I understand, the board will not permit the dispensation of alcoholic beverages within 500 feet of a church.

Mr. RANDOLPH. In answer to the gentleman's second inquiry, I may state that the board has adopted a 500-foot limit and is attempting to carry out this provision of the regulations.

Mr. RICH. I hope the gentleman as mayor of the city will see that this provision is enforced and that no dispensaries of alcoholic beverages are located within 500 feet of a church.

Mr. RANDOLPH. I will say in answer to the third inquiry of the gentleman from Pennsylvania, as chairman of the Committee on the District of Columbia, joining with the other members of that committee on both sides of the aisle, that we are attempting in every possible way to carry out the legislative functions in connection with its duty as a committee of the Congress.

Mr. RICH. We know the gentleman is making a good mayor, and we want to stand by the gentleman.

Mr. RANDOLPH. I thank the gentleman very sincerely. I shall try at all times to merit such confidence.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. RANDOLPH. Mr. Speaker, I ask for recognition for just a moment, even though all the business of the Committee on the District of Columbia has been completed.

The SPEAKER. The Chair recognizes the gentleman from West Virginia.

Mr. RANDOLPH. Mr. Speaker, the kind words of the gentleman from Pennsylvania cause me to make this observation to the House.

The Committee on the District of Columbia through its 21 members has the responsibility of dealing with matters which concern the District of Columbia. There are times when the matters that come before us bear indirectly, if not directly, on legislation of a national character. I feel it only fair and proper to say that this 21-member committee is giving close scrutiny to the measures that come before us. Last Saturday the Subcommittee on the Judiciary, with both Democratic and Republican members present, held a hearing on a so-called fair-trade bill that lasted well into Saturday afternoon. This morning at the regular meeting of the Committee on the District of Columbia 19 of the 21 members were present and gave an hour and one-half to a discussion of the milk situation here and as it affects other sections of the Nation.

I believe the House would like to know that even though this committee is charged with a task which perhaps is not so pleasant, I have said that members, both Democrat and Republican, are working diligently. I want to express my gratitude for the high type of membership on the committee and for the careful attention these men are giving to the measures that come before them. I say this in deference to my Republican membership and to my Democratic membership. I can again assure the House that we shall attempt to bring before this body only legislation which has been most carefully considered. [Applause.]

MINIMUM NATIONAL ALLOTMENTS FOR WHEAT

Mr. JONES of Texas. Mr. Speaker, I call up the joint resolution (H. J. Res. 248) to provide minimum national allotments for wheat.

The Clerk read the title of the joint resolution.

The SPEAKER. The Chair thinks it proper to remind the House that these bills are being called up by unanimous consent heretofore granted by the House.

Mr. JONES of Texas. Mr. Speaker, this particular bill

simply provides-

The SPEAKER. Is it the desire of the gentleman from Texas to have this bill considered in the House as in the Committee of the Whole?

Mr. JONES of Texas. Mr. Speaker, I ask unanimous consent that the joint resolution may be considered in the House as in Committee of the Whole.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the joint resolution, as follows:

House Joint Resolution 248

Resolved, etc., That the last sentence of section 333 of the Agricultural Adjustment Act of 1938, as amended (relating to the minimum acreage allotment for wheat), is amended to read as follows: "The national acreage allotment for wheat for any year shall be not less than 55,000,000 acres."

The SPEAKER. Under the previous agreement, the gentleman from Texas is recognized for 30 minutes and the

gentleman from Kansas for 30 minutes.

Mr. JONES of Texas. Mr. Speaker, this measure simply fixes the minimum allotment of the national acreage in wheat in the event a marketing quota is voted upon and adopted. We establish this as the lowest allotment that can be made. It is a very simple proposition and it continues the provision applicable to this year and makes it a permanent provision. I do not see why there should be any objection to it and, Mr. Speaker—

Mr. CRAWFORD. Mr. Speaker, will the gentleman yield for a question?

Mr. JONES of Texas. I yield.

Mr. CRAWFORD. As I understand the law at the present time, in the absence of this type of legislation, the Secretary

could fix an allotment, say, of 30,000,000 acres.

Mr. JONES of Texas. The formula is in the bill, but if a large supply of wheat were on hand it would drive the allotment down in some instances. It would not do it this year, but in some future years it might drive it down to the figure indicated by the gentleman from Michigan, and certainly much below the 55,000,000.

Mr. CRAWFORD. That is, drive it down through the

operation of the formula?

Mr. JONES of Texas. Yes; through the operation of the formula.

Mr. CASE of South Dakota. Mr. Speaker, will the gentleman yield?

Mr. JONES of Texas. I yield to the gentleman from South Dakota.

Mr. CASE of South Dakota. I may say to the gentleman that I have prepared a suggested amendment fixing the base at 60,000,000 acres instead of 55,000,000 acres. Has the gentleman considered that or would the gentleman have any objection to that?

Mr. JONES of Texas. Mr. Speaker, I rather doubt the wisdom of that suggestion, due to the fact that conditions might arise under which it would be desirable to get the allotment as low as 55,000,000 acres in order to protect the wheat farmers. None of these quotas can be put into effect until two-thirds of those producing the commodity have voted

to establish the quota system. I think last year the quota was around 60,000,000, and I believe this year the quota was placed at 55,000,000 by such a limitation as we have here; otherwise it would have been just below 50,000,000 acres. After all, the farmers vote on it; and if we put it at 60,000,000, under the present act, it might cause the price to be so much lower as to be unsatisfactory. I believe it would be wise if it were left at 55,000,000.

Mr. CASE of South Dakota. I believe I shall offer my

amendment.

Mr. RICH. Mr. Speaker, can the gentleman tell us how much wheat has been imported this year?

Mr. JONES of Texas. No, I cannot; although there has not been a great deal. There are certain types of wheat, as the gentleman understands, that come in for milling purposes at certain seasons of the year; but the export wheat has been far above the incoming wheat.

Mr. RICH. The gentleman knows we are importing about 9,000 or 10,000 bales of cotton a month into this country?

Mr. JONES of Texas. There has been much ado made about that, but the importation of cotton has not been much in excess of normal importations of cotton. We always import a little cotton. I will state to the gentleman that there is a provision in the present act which enables that situation to be dealt with both on cotton and cotton products, if that should become necessary.

Mr. RICH. It seems to me our American manufacturers

ought to use American cotton.

Mr. JONES of Texas. I thoroughly agree with the gentleman. I noticed in the Record the other day that when we had up a provision that would have required the Post Office Department to use the American commodity instead of the foreign commodity, a good many of the gentlemen over on that side voted to use the foreign commodity.

Mr. RICH. You will find the gentleman from Pennsylvania interested in using American farm produce from top to bottom, just the same as I am in favor of protecting the American manufacturer and American labor by having a tariff that will protect all of our people, and the gentleman

from Texas knows that.

Mr. JONES of Texas. May I state to the gentleman that I have the record vote and while the gentleman is not recorded as voting on the proposition, he is recorded as being paired against using American cotton and in favor of using Indian jute. [Applause.]

Mr. RICH. Let me say here that the gentleman will recall that a few days ago when a number of Members were not present to vote on the veterans' bill, they paired them all as being against veterans' legislation. It was a mistake. They had no more right to pair me against that bill than they had in the case of the veterans' bill. I gave no one the authority, nor did I request the pair. And I say here that I am for the use of American cotton and will do everything I can to help the American cotton grower, and I want to help everybody that is American.

Mr. JONES of Texas. Mr. Speaker, I accept the gentleman's statement, and I congratulate him on that statement and on his position.

Mr. RICH. And I want that to be recorded in the Record.
Mr. JONES of Texas. All I had to go by, of course, was
the Congressional Record, and I suggest that the gentleman
have it corrected.

Mr. RICH. I thank the gentleman for calling that to my attention, and I am not running out on any votes, either; and I ask that the permanent Record be so recorded.

Mr. STEFAN. Mr. Speaker, will the gentleman yield?

Mr. JONES of Texas. Yes.

Mr. STEFAN. When the gentleman's committee was taking into consideration the allotment of wheat, the wheat quota, did he take into consideration new conditions that exist in the Middle West and the West? I am receiving numerous letters from people in my district—several from prominent farmers in my State, indicating that if we do not get rain in my part of Nebraska very soon we do not need to talk about quotas and allotments at all, be-

cause the small grain is practically gone now. How will this legislation affect my farmers if they lose part or all of

their small grain by drought?

Mr. JONES of Texas. The conditions now would indicate that there will be no quota on wheat for this year. I am glad my friend asked the question. I may say that under the terms of the present act a farmer will receive his soil payments regardless of whether he produces a crop. They are based on normal and not actual production. We also have a provision for wheat insurance which is available to

Mr. STEFAN. I would like to get this into the RECORD. The condition of the small grain in my part of Nebraska is very serious, and I would like the members of the committee to be apprised of that situation, especially as it exists in my part of Nebraska. We are very short of moisture. The seed is not germinating, and the wind is blowing the seed out of the ground. I am alarmed over crop prospects

in the third district of Nebraska.

Mr. JONES of Texas. And may I say one word more on the proposition that my friend from Pennsylvania [Mr. RICH] talks about. I appreciate the statement that he has made and thank him for it, but I noticed a few days ago when the question of Argentine beef was being so thoroughly discussed, that the gentleman, my friend from Massachusetts [Mr. Martin] said that notwithstanding the way the motion to recommit was worded, notwithstanding the fact that it would not accomplish what it was intended to accomplish, he voted for it as a matter of principle. However, I find in this same vote to which the gentleman from Pennsylvania [Mr. Rich] refers, that when the question was up of using American cotton by our Department, instead of jute produced in India, my friend, the gentleman from Massachusetts voted in favor of continuing to use jute. I will be interested to have him explain the difference in principle as applied to beef and the principle as applied to cotton. The gentleman is acknowledged to be a great legislator, but I should think that he should lift up his eyes and see across this whole country. Notwithstanding that, when jute and cotton are involved, he votes to use the products from abroad. O Consistency, thy name is not Joseph.

Mr. McCORMACK. Mr. Speaker, will the gentleman

yield?

Mr. JONES of Texas. Yes.

Mr. McCORMACK. I understand the gentleman to take the position that everybody who voted against the cotton

amendment is against farm legislation?

Mr. JONES of Texas. Oh, no; I made no such imputation. The point I make is that when gentlemen from the other side decry the use of a foreign commodity and then when opportunity is offered on another commodity on an exactly similar basis, it is strange, peculiarly strange, that they should say they would take the foreign commodities in one case and insist on the native commodities in the other case. I agree that we should purchase American commodities for all of the departments.

Mr. McCORMACK. In other words, my friend from Texas is having a little fight with the Republicans.

Mr. JONES of Texas. Yes. Rather I am inquiring into their logic and consistency.

Mr. McCORMACK. In view of that, I shall not ask the gentleman any more questions.

Mr. JONES of Texas. Not particularly a fight. The gentleman from Pennsylvania [Mr. RICH] raised the issue and I called his attention to the Congressional Record in which he is recorded as voting for the foreign commodity and I am happy that he has made an explanation that the RECORD is in error.

Mr. RICH. Mr. Speaker, I have always stood for the principle of having a tariff that would protect American industry, American labor, American manufactures, and all American people, and I am going to stand for that principle as long as I am in the House, but if the gentleman is going to be consistent, he ought to stop voting for reciprocal-trade agreements whereby he is permitting these farm commodities to come in here, and whereby he is permitting manufactured products to come in here, thus taking our jobs from American labor.

Mr. JONES of Texas. I decline to yield further. The gentleman is going into a different field altogether. I state to the gentleman that while I do not believe in a high protective tariff system, I do believe in a tariff for all, or a tariff for none. It ought to be uniform on all commodities, and nobody can gainsay the wisdom of that.

Mr. MARTIN of Massachusetts. Mr. Speaker, will the

gentleman yield?

Mr. JONES of Texas. Yes.

Mr. MARTIN of Massachusetts. Do I understand from what I have heard of the gentleman's talk that he has joined the Republican side in favor of protection?

Mr. JONES of Texas. No, sir; I have not. I made no such statement.

Mr. MARTIN of Massachusetts. What do I infer from

Mr. JONES of Texas. I said I do not believe in the principle of a high-protective tariff, but I believe in a tariff for all or a tariff for none, and I have so voted at all times. Whenever you have a tariff system it should treat all commodities alike.

Mr. MARTIN of Massachusetts. How did the gentleman

vote on the cotton-jute amendment?

Mr. JONES of Texas. I voted to provide for the use of cotton. I have at all times felt that when we have a tariff system there should be a compensatory tax on the foreign commodity. We had that in the original farm bill.

Mr. MARTIN of Massachusetts. Now, to be honest about it—let us forget all this political hysteria that the gentleman

has been trying to bring about-

Mr. JONES of Texas. I did not bring this up. The gentleman from Pennsylvania [Mr. Rich] raised the issue, and he had a right to raise it.

Mr. MARTIN of Massachusetts. I was out of the Chamber at the time you brought my name up, but to be honest about the matter, was there not something else besides protection involved in the jute-cotton question? Was there not the fact that you were instructing the Department that they must buy certain commodities in their purchases?

Mr. JONES of Texas. No: it was a general proposition, as I remember it, that they could buy only American commodities. In fact, it provided that in the purchase of twine at least 25 percent of it should be made from American

materials.

Mr. MARTIN of Massachusetts. But it was not a general principle; it was just simply one order to a department.

Mr. JONES of Texas. No, no. The Post Office Department could only buy supplies produced in America where those supplies were available. That is exactly the proposition that was involved when the gentleman made his statement on the floor the other day.

Mr. MARTIN of Massachusetts. Now, I welcome the gentleman to the "party of protection," and I hope that when the next protection measure comes up in the House the gentleman from Texas will vote for it and not confine his protec-

tion simply to cotton.

Mr. JONES of Texas. I do not; and I want to state to the gentleman that the amendment of the gentleman from Georgia was absolutely general in its nature. I also want to express the hope that, since the gentleman declares that position, the next time the general proposition is considered that provides for buying American-made products, that even though cotton may be incidentally or directly involved, he will also vote for that and be consistent.

Mr. MARTIN of Massachusetts. I want to have it fixed right here and now. When we have a tariff bill and when we call the roll on the reciprocal-trade agreements, you will vote to abolish those treaties because you want everything bought here in America?

Mr. JONES of Texas. No, sir.

Mr. MARTIN of Massachusetts. You do not want anything foreign, and I will go with you if you will go along.

Mr. JONES of Texas. No, sir. The gentleman is bringing up an entirely different issue. I stated awhile ago—the gentleman probably was not here then—that I did not believe in a high protective tariff, and I believed it should be brought down all along the line; but I do say that, whatever tariff we have, high or low, the American farmer should have whatever advantage he may obtain from it, the same as others. Even though the principle is declared here on the floor of the House that we buy American products, I invoke that principle generally; and I think it is unfair for the gentleman or anyone else in the House—and if they will stop to think about it I think they will agree—to say that we will forbid the buying of farm produce on one line and vote to permit it along another line. On both these propositions it was not a question of the tariff, but one of purchasing supplies for the respective departments from American materials and production.

Mr. MARTIN of Massachusetts. I agree with the gentleman. I am in favor of buying all American products, and I will so vote, but when you have a situation in the House where the gentleman himself and most of those on his side of the aisle only vote when cotton is involved, and they do not care whether the other fellow gets any protection or not, I am not for that.

Mr. JONES of Texas. The gentleman is in error. If the gentleman will look at the Record of April 27, the amendment of the gentleman from Georgia simply provided that the Post Office Department should buy all supplies from American-made products, and the gentleman from Massachusetts, on page 6813 of the Record, is recorded as voting "no." Is that a correct or an incorrect record?

Mr. MARTIN of Massachusetts. That is an absolutely correct record, and it is brought about because as long as the gentleman is going to discriminate who will get protection, we on this side must have an opportunity. But I will make this agreement with you right now. I will buy 100 percent if you will. Will you?

Mr. JONES of Texas. I will state to the gentleman that I voted and will vote in both instances to buy American products where they are available, to supply the departments. It does not make any difference whether cotton or anything else is involved.

Mr. AUGUST H. ANDRESEN. Mr. Speaker, will the gentleman yield?

Mr. JONES of Texas. I yield.

Mr. AUGUST H. ANDRESEN. The gentleman is calling the record. Will he let me know how I voted on that question?

Mr. JONES of Texas. Well, I think the gentleman is recorded here. I am happy to state that the gentleman is recorded as voting for the proposition, and I congratulate him because he is consistent in doing so.

Mr. AUGUST H. ANDRESEN. Let me say this to the chairman of the committee, and I consider him a very able legislator—that if we are going to have this much controversy over each piece of legislation that is outside the legislation, I am going to object to future bills.

Mr. JONES of Texas. I agree with the gentleman. I had not intended to bring it up, but the gentleman from Pennsylvania [Mr. Rich] raised the issue. The issue having been raised I felt that I should make my position on it clear.

Mr. RICH. Mr. Speaker, will the gentleman yield for a question?

Mr. JONES of Texas. I yield briefly, but I wish to reserve some of my time.

Mr. RICH. When we consider the wages paid American labor and the fact that the American standard of living is the highest of any in the world, and when we compare these advantages with similar conditions in foreign countries, does not the gentleman think we should have a tariff that would protect our commodities?

Mr. JONES of Texas. I am sorry, I cannot yield further. I have made my position known two different times today. I trust it is clear to the House.

Mr. Speaker, I reserve the balance of my time.

Mr. HOPE. Mr. Speaker, I yield 5 minutes to the gentleman from South Dakota [Mr. Case].

Mr. CASE of South Dakota. Mr. Speaker, the discussion that has just taken place is about as closely related to the bill under consideration as a cousin fifth removed.

The particular bill before us proposes to put a floor under the minimum quota allotments for wheat. This bill or something akin to it is desirable legislation. Personally, I think this bill does not go as far as it should in giving protection to the spring wheat farmer and protection to the American public under the Farm Act of 1938. The Farm Act of 1938 sets up a definite formula for the fixing of wheat acreage allotments for each year. It provides that in any year the wheat acreage allotment shall be based upon the supplies in evidence, normal consumption, and normal exports, plus 30 or 35 percent; and the Secretary is authorized to base the acreage allotment for wheat in any year upon that formula. This bill proposes a bottom or floor below which acreage shall not be reduced regardless of the formula.

At the time the Farm Act was approved, early in 1938, the wheat acreage for the United States was about 79.000,000 that is, in 1937, we planted 79,000,000 acres of wheat. The bill provided that for the year 1938 the wheat acreage allotment should be 62,500,000 acres. Then it was discovered that for this year, 1939, had the formula been applied, the wheat farmers would have been restricted to approximately 44,000,000 or 45,000,000 acres, meaning that this year there would be little more than half the wheat acreage of 1937. It was recognized that such a reduction in the wheat acreage would be disastrous to many individual wheat farmers because their acreage would be so reduced. Last year, therefore, the Committee on Agriculture brought in a bill to provide that the wheat acreage for this year should not go below 52,000,000 acres; that is, a floor of 52,000,000 acres below which the acreage allotment should not go. I objected to the consideration of that bill when it came in under the unanimous-consent rule and held it up until the bill was revised to make the minimum 55,000,000 acres. This bill was allowed to go through. The Secretary adopted the minimum as the maximum and placed the wheat acreage allotment at 55,000,000 acres. The gentleman from Texas has now brought in a bill from the Committee on Agriculture, and that is the bill before us, to provide that in no year shall wheat acreage go below 55,000,000 acres. The bill was offered on the Consent Calendar last week, but objections put it over for this consideration today.

The very day this bill came up on the Consent Calendar, on the 15th, the Secretary of Agriculture, surveying the situation, announced a wheat acreage allotment for next year of 62,000,000 acres. That is 7,000,000 over the 55,000,000 acres proposed in this bill.

Personally, I feel that 55,000,000 acres is too low a floor to set up as permanent legislation, so I have placed on the desk for consideration at the appropriate time an amendment to increase the 55,000,000 to 60,000,000, which, as you will realize, is still under the 62,000,000 acres already indicated for 1940, and 2,500,000 acres below that indicated for 1938 under the original bill.

Mr. CRAWFORD and Mr. MOTT rose.

Mr. CASE of South Dakota. I yield first to the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. If I understood the gentleman correctly, did not the 7,000,000-acre increase immediately follow the spending of \$15,000,000 or \$30,000,000 subsidizing exports of something like 100,000,000 bushels of wheat? Is it not true that the increase in acreage immediately followed the subsidy?

Mr. CASE of South Dakota. I would not say immediately followed.

Mr. CRAWFORD. Let us say within 30 or 60 days.

Mr. CASE of South Dakota. If I may answer the gentleman's question, the export policy was adopted last fall, in September, I think. The announcement of the 1940 base of 62,000,000 acres was made last week. Conditions have changed in that time. I received in this morning's mail letters from six widely scattered parts of my State, indicating that the wheat crop, because of dry weather, is apt to be reduced to the extent that the Secretary of Agriculture would be fully justified in raising the quota this year by 7,000,000

Mr. CRAWFORD. I am not criticizing the Secretary for

raising the wheat quota.

Mr. CASE of South Dakota. Then I trust the gentleman will support my amendment which raises the base to at least

60,000,000 acres.

Mr. CRAWFORD. I am questioning the advisability and common sense of Congress and our Government's spending \$25,000,000 or \$50,000,000 in subsidizing exports and immediately following that with an increase in acreage to produce more wheat to affect the market.

Mr. CASE of South Dakota. The export subsidy, of course, is not involved in the bill before us.

[Here the gavel fell.]

Mr. MOTT. Mr. Speaker, I yield 2 additional minutes to the gentleman from South Dakota.

Mr. Speaker, will the gentleman yield? Mr. CASE of South Dakota. I yield.

Mr. MOTT. As I understand the gentleman's statement, the bill now before us is not one to give additional authority to the Secretary of Agriculture in the matter of acreage allotments but is one to limit that authority to a definite

Mr. CASE of South Dakota. The gentleman is correct. This bill does not add to the authority of the Secretary; it reduces that authority by providing that the Secretary shall not go below a specified bottom. Otherwise he might cut us down to 40,000,000 acres.

Mr. MOTT. Since we already have this law on the statute books there would be no reason for one's voting against this bill even though he opposes the general philosophy of agri-

cultural scarcity.

Mr. CASE of South Dakota. The gentleman is correct. In fact, he should welcome this bill as a partial improvement. Mr. SMITH of Ohio. Will the gentleman yield?

Mr. CASE of South Dakota. I yield to the gentleman from Ohio.

Mr. SMITH of Ohio. Will there not be a tendency to make this minimum a maximum? Is it not the general tendency on the part of bureaucracy to make the minimum the max-

Mr. CASE of South Dakota. The fear expressed by the gentleman from Ohio, I think, is well founded. That is exactly why I shall offer the amendment to raise the minimum from 55 to 60, because I fear that the minimum will tend to become the maximum.

Mr. PACE. Will the gentleman yield?

Mr. CASE of South Dakota. I yield to the gentleman from

Mr. PACE. How does the 60 compare with the average

over the last 5 or 10 years?

Mr. CASE of South Dakota. It would be considerably below the average. In 1937 it was 79,000,000; in 1938, 62,500,-000; and the Secretary is now allowing 62,000,000 for next year. The sixty is below that but is above the fifty-five allotted this year. We can now see how far wrong the formula would have been this year. Had we not put in the fifty-five million floor, had we gone to forty-four or fortytwo million, we would face a wheat famine in the 1939 crop.

Mr. PACE. Is not the gentleman afraid if that is the absolute minimum we might have a situation where we will

have to subsidize another crop?

Mr. CASE of South Dakota. Judging from our experience right now, it will not be necessary to subsidize this crop. The press Saturday quoted Department of Agriculture officials as saying that the prospective short crop this year will take care of any surplus in wheat stocks.

Mr. PACE. That relates only to the one year.

[Here the gavel fell.]

Mr. HOPE. Mr. Speaker, I yield 1 minute to the gentleman from Ohio [Mr. CLEVENGER].

Mr. CLEVENGER. Mr. Speaker, the country has heard much from this New Deal administration, especially from the State Department, whose head has a background of free-trade philosophy, about "trade barriers" and about a "good neighbor" policy. And now we behold the break-down through foreign trade agreements of the farmer's last line of defense by an influx into the farmers' American market of cattle under the Canadian trade agreement. By the process of attrition the farmer's chief market, the American consumer, the greatest market in the world, has been invaded, here a little, there a little, until now the American farmer's citadel, thought to be impregnable from the attack, has been stormed, his last "barrier" thrown down and tramped upon by an avalanche of Canadian cattle, as clearly shown by the following article from the financial page of the Chicago Tribune of May 21.

The cattle farmers, the last of all of our agricultural producers to feel the sting of a New Deal destructive policy, have been betrayed in the House by their lip-service friends. Their last "barrier" to foreign invasion has gone the way of the "barriers" erected by a protective tariff to keep the American market for American farmers. The New Deal railed against the Hawley-Smoot tariff rates, but they lacked the courage directly to change a rate, but, instead, have opened wide the door to our markets through foreign trade agreements and given foreign producers free access to our shores, to the great detriment of the American cattle raiser and the American producer.

[From the Chicago Tribune of May 21, 1939]

CANADA POURING CATTLE INTO UNITED STATES UNDER LOW DUTY-IMPORTS SUFFICIENT FOR 2,000,000 PEOPLE

President Roosevelt's "good neighbor" policy of lowering import President Roosevelt's "good neighbor" policy of lowering import duties is largely responsible for the current heavy influx of cattle over the Canadian border. These cattle during recent weeks have been making a strong bid for the American beef trade. Between January 1 to May 11 Canada sent in a total of 111,557 cattle and calves, an increase of 71,015 head, or 174 percent, over the corresponding period last year.

Livestock men at the Chicago yards estimated that, converted into meat, these animals represented approximately 45,000,000 pounds.

ENOUGH FOR 2,000,000 PEOPLE

This was sufficient meat to furnish beef and veal to about 2,000,000 people, equivalent to almost 60 percent of the population of Chicago, without help from the American cattle raisers. Since these cattle are slaughtered in packing houses in this country, the meat loses its identity and is sold to consumers as domestic

Since January 1 Canadian cattle raisers have saved well over \$1,000,000 through the reduction of \$1.50 a hundred pounds in the tariff on beef cattle over 700 pounds and \$1 on calves from the regular duty. The lowered rates went into effect again January 1, as provided in the reciprocal-trade agreement between this country and Canada.

SHIPMENTS UNDER LOW TARIFF

This country permits 225,000 cattle and 100,000 calves annually to come in under the lowered tariff. The charge until these quotas are filled is \$1.50 on cattle as well as calves. The regular rate is

\$3 on cattle and \$2.50 on calves.

Not more than 60,000 cattle are accepted at the reduced rate in any one quarter during the year. It was estimated at the stock-yards yesterday that about 90 percent of the quota for the second quarter of 1939 has been filled as a result of the heavy movement

from Canada since April 1.

Cattle markets in this country have been feeling the effects of the competition from Canada lately, and many cattlemen contend that pressure of these cattle has forced some classes to the lowest levels of the year, particularly domestic stock selling in competition

with the imports.

PRICES LOWEST OF YEAR

Canadian cattle last week sold within a range of \$9 to \$10.75 and, together with comparable quality domestic cattle within this price range, were lowest of the year. Although pressure on such cattle was severe, a few "specialties" from well-known feeders in this country sold up to \$14, as high as at any time since December 1997.

Last week's cattle average at the Chicago stockyards dropped 25 cents to \$9.80, lowest since December 1938. Some of the plainest quality steers, as well as most butcher stock, finished the week 15 to 25 cents higher, but the general trend for most steers and yearlings was lower, with the bulk off 25 cents. Calves closed steady. Stockers and feeders were strong to 15 cents higher.

HOGS LOWER FOR WEEK

The market for hogs declined unevenly 10 to 35 cents under pressure of heavy receipts last week, some kinds closing at the lowest price levels since July 1934. The 6-day average at \$6.80

was the same as the preceding week, but it compared with \$8.40 a year ago and with \$11.35 2 years ago.

A sharp break also hit the market for slaughter lambs. Prices closed off mostly 50 cents. The week's average at \$9.30 was lowest since the middle of March. Old sheep slumped 25 to 50 cents to

the lowest levels of the season.

Yesterday's lamb trade was active and fully steady. Two loads of 82-pound California spring lambs sold to a packer at \$10.65 and four loads averaging 86 pounds went at the same price. A load of 67-pound Californias sold at \$9.50.

Mr. Speaker, I ask unanimous consent to revise and extend my own remarks in the RECORD and to include therein an article from the Chicago Tribune of yesterday relating to importation of Canadian beef cattle.

The SPEAKER. Is there objection to the request of the gentleman from Ohio [Mr. CLEVENGER]?

There was no objection.

Mr. HOPE. Mr. Speaker, I have no further requests for time on this side.

The SPEAKER. The Clerk will read the resolution for amendment.

The Clerk read as follows:

House Joint Resolution 248

Resolved, etc., That the last sentence of section 333 of the Agricultural Adjustment Act of 1938, as amended (relating to the minimum acreage allotment for wheat), is amended to read as follows: "The national acreage allotment for wheat for any year shall be not less than 55,000,000 acres."

Mr. CASE of South Dakota. Mr. Speaker, I offer an amendment, which I send to the Clerk's desk.

The Clerk read ts follows:

Line 7, strike out "fifty-five" and insert "sixty."

Mr. CASE of South Dakota. Mr. Speaker, the amendment just read is the one I mentioned in my previous remarks. The legislation proposed I regard as desirable, but I think it does not go far enough in protecting us against too low a bottom. My amendment merely proposes to change the bill before us by making 60,000,000 acres the minimum base instead of fifty-five.

Mr. TAYLOR of Tennessee. Will the gentleman yield? Mr. CASE of South Dakota. I yield to the gentleman from Tennessee.

Mr. TAYLOR of Tennessee. How many acres were planted in wheat last year?

Mr. CASE of South Dakota. In 1938, 62,500,000 acres was the acreage allotment.

Mr. TAYLOR of Tennessee. This would reduce it?

Mr. CASE of South Dakota. For this current year it is 55,000,000. The bill before us would fix 55,000,000 as the permanent base. My amendment would raise that to sixty.

Mr. HOPE. The gentleman does not mean "permanent base." He means a permanent minimum.

Mr. CASE of South Dakota. A permanent minimum; yes.

Mr. RICH. Will the gentleman yield?

Mr. CASE of South Dakota. I yield to the gentleman from Pennsylvania.

Mr. RICH. When we try to limit this acreage, we ask the farmers to only plant so many acres; is that correct?

Mr. CASE of South Dakota. I am not trying to limit the farmers. I am trying to limit the Secretary. The low base falls especially hard on the growers of hard spring wheat, which is never produced in surplus. It really should have a separate allotment.

Mr. RICH. What I am getting at is this: I know from statements made by a farmer in Virginia that practically all the farmers in Virginia who agreed to a certain limitation of wheat acreage last year did not obey the rule that was laid down by the Secretary. They planted and raised as much wheat as they had theretofore, yet they all received checks for not raising wheat.

Mr. CASE of South Dakota. Then that situation should be investigated.

Mr. RICH. That happened with the farmers between here and Richmond. If they are going to have an honest allotment and the farmers expect to be paid, does not the gentleman think they should agree to do a certain thing and do it?

Mr. CASE of South Dakota. Yes; I think they should. As far as I know, no farmer in my territory is being paid who does not comply.

Mr. JONES of Texas. Mr. Speaker, I rise in opposition to the amendment.

Mr. Speaker, I think it would be unwise to adopt this amendment. It simply places a minimum below which the allotment cannot go. The formula is in the bill for determining the national allotment, which depends upon the supply.

For this year, 1939, the acreage of wheat would have been between forty-five and forty-seven million acres if we had not had a provision in the bill which made the minimum allotment 55,000,000 acres. We placed that in the bill for 1 year, and this merely continues the minimum allotment.

If the gentleman who offers the pending amendment will study the situation carefully I think he will reach the conclusion it may be an unwise amendment. I hope that they may only rarely go this low. They will not go this low unless there is a tremendous oversupply or a considerable oversupply of wheat. The difficulty with raising the minimum to 60,000,000 acres is that you will have a vote on a marketing quota many more times with a 60,000,000 minimum than you will with a 55,000,000 minimum. I hope there will not be a necessity for a marketing quota, but if we put the minimum allotment at 60,000,000 acres and we do happen to get an excessive supply of wheat, it might take a number of years to get it adjusted properly and we might have to have a marketing quota for 3 or 4 years; whereas if we have a minimum of 55,000,000 acres, then I think there will be only rarely the necessity for a marketing quota. In fact, there will not be such necessity this year. If we had had the 60,000,000 acres right along we might have had the necessity for a marketing quota this year, but I hope that one will not be necessary often.

Mr. McCORMACK. If the gentleman will yield, what would be the difference in the cost between 55,000,000 and

60,000,000 acres?

Mr. JONES of Texas. There will be no difference in the cost between 55,000,000 and 60,000,000 acres. It is simply a minimum below which the national allotment for wheat cannot go. The payments are the same in either event. The payments are based on soil conservation, and that is based on the distribution of a certain fund which is available. The amount of payment is gaged on the number of acres essential to take up the particular fund that is to be used for soil conservation.

Mr. McCORMACK. Suppose 55,000,000 was used one year and 60,000,000 another year; would there be any difference?

Mr. JONES of Texas. There would not be any difference in the payments at all.

Mr. McCORMACK. I mean, would there be any difference in the cost?

Mr. JONES of Texas. There would be no difference in the cost.

Mr. Speaker, I ask for a vote.

The SPEAKER. The question is on the amendment offered by the gentleman from South Dakota [Mr. Case].

The question was taken; and on a division (demanded by Mr. Case of South Dakota) there were-ayes 39, noes 63. So the amendment was rejected.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record by inserting therein a message of the Honorable Franklin D. Roosevelt, President of the United States, as read by Secretary Hull in a radio address Sunday.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD by making a brief statement on a low-rent housing project in my district, and to include therein a short editorial.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

AMENDMENT OF THE SECOND LIBERTY BOND ACT

Mr. SABATH, from the Committee on Rules, submitted the following privileged resolution for printing in the RECORD:

House Resolution 200

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for consideration of H. R. 5748, a bill to amend the Second Liberty Loan Act, as amended. That after general debate, which shall be confined to the bill and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

MINIMUM NATIONAL ALLOTMENTS FOR COTTON

Mr. JONES of Texas. Mr. Speaker, I call up the joint resolution (H. J. Res. 247) to provide minimum national allotments for cotton and ask unanimous consent that it be considered in the House as in Committee of the Whole.

The Clerk read the title of the joint resolution.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the joint resolution as follows:

House Joint Resolution 247

Resolved, etc., That section 343 (b) of the Agricultural Adjustment Act of 1938, as amended (relating to the national allotment for cotton), is amended by adding at the end thereof the following new sentence: "The national allotment for any year (after 1939) shall be not less than 11,500,000 bales."

Mr. JONES of Texas. Mr. Speaker, this simply does the same thing for cotton that the other joint resolution did for

Mr. CASE of South Dakota. What does it do for cotton in relation to what the other resolution did for wheat? What proportion is this 11,500,000 bales of the total production of cotton?

Mr. JONES of Texas. This resolution simply continues the same provision we have this year on cotton, as the other resolution did a similar provision we have as to wheat.

Mr. CASE of South Dakota. The wheat provision was apparently settled by the vote of representatives of the cotton States. I am not going to suggest that the provisions as to cotton be settled by those who come from the wheat States, but at least I would like to have the resolution explained. The amendments under this or any other resolution are difficult for those who are not in the States affected to understand.

Mr. JONES of Texas. I may state to the gentleman that on the average we have had above 30,000,000 acres of cotton in production each year. This resolution puts the minimum acreage at around 28,000,000 acres. Being a minimum, we felt it should go below the average production but should be high enough to prevent the dismantling of the machinery. This is practically the same treatment of cotton as is applicable to wheat. The formula determines the amount of the allotment just as in the case of wheat. This will simply form the minimum base, that is all.

Mr. CASE of South Dakota. May I ask whether or not the acreage or bale allotment for cotton was not raised at least twice by special measures that were brought before the House before anything was done to put a floor under wheat?

Mr. JONES of Texas. No, that act was for 1938; and there is no change in 1938. This base provision was put in on cotton and there was a provision for a base on the amount, but the combination of the two would still leave cotton a little below the similar percentage of the average production of wheat. We are really treating wheat a little better than we did cotton, even with the combination.

Mr. CASE of South Dakota. There was some adjustment of the cotton acreage allotment as a result of the showing by the California and Arizona people. We had a resolution before the House once, if not twice, before we had this minimumacreage amendment.

Mr. JONES of Texas. That was done because there was an unfortunate provision in the Cotton Act, which did not make proper provision for the newer producing areas. There were more of those in cotton than in wheat, but even with that adjustment cotton is still left a much greater percentage below the normal acreage than wheat, and properly so, because of the larger supply of cotton.

Mr. CASE of South Dakota. Of course, I am not going to object to this joint resolution or try to amend it, or do anything of the sort, but I should like to call the attention of the Members of the House, if I may, to the fact that because in the early consideration of the wheat bill there was some discussion in which a certain amount of party feeling was expressed; the vote apparently followed pretty much on party lines, and as a result the acreage allotment for wheat was determined by the vote of representatives of the cotton-growing States and not by those of the wheat-growing States. At the same time, I hope those who come from the wheat States will not interfere with the fixing of an acreage satisfactory to the cotton people.

Mr. JONES of Texas. I may state that I have more wheat in the district I have the honor to represent than I have cotton. My district is more western than southern. The little partisan tinge that was brought in was not in connection with this bill, but in connection with some discussion that has been going on for several days, with which the gentleman is familiar.

Mr. CASE of South Dakota. That is probably true of the gentleman's district.

Mr. JONES of Texas. I hope it will not have any effect on the measure, because that is one of the field-day affairs we exercise the privilege of having in the House occasionally. It has been going on for several days, as the gentleman knows.

Mr. CASE of South Dakota. Apparently it did have some effect on the vote, because, although what the gentleman states as to his district is doubtless true, an examination of those who were standing on the floor would indicate that the vote was decided by those who come from the cotton States rather than the wheat States.

Mr. JONES of Texas. If it had any effect, it was very little.

Mr. HARE. Mr. Speaker, will the gentleman yield?

Mr. JONES of Texas. I yield.

Mr. HARE. I gather from this bill that it does not interfere with the acreage of cotton and I want to know whether it does interfere with the allocation of acreage.

Mr. JONES of Texas. No; it does not interfere with that at all.

Mr. HARE. A parliamentary inquiry, Mr. Speaker.

The SPEAKER. The gentleman will state it.

Mr. HARE. I would like to know whether or not an amendment to this resolution would be in order.

The SPEAKER. It would be in order if germane to the resolution.

Mr. HARE. Mr. Speaker, I offer an amendment.

The SPEAKER. Debate has not been exhausted on the bill.

Mr. JONES of Texas. Mr. Speaker, I ask for a reading of the bill for amendment.

The SPEAKER. Does the gentleman from Kansas desire to use any time?

Mr. HOPE. Mr. Speaker, I yield 10 minutes to the gentleman from Michigan [Mr. Crawford].

Mr. CRAWFORD. Mr. Speaker, I wish to assure the distinguished chairman of the Committee on Agriculture that I shall not speak in opposition to this bill, and I take the floor now in order to make a few observations with reference

to the cotton program in general because I feel that this little eight-line bill is of national interest and national importance.

Beginning in the fiscal year 1928–29, under a Republican administration and running down to the present time, we have submitted to Congress and imposed on the people and the cotton growers of this country 21 cotton programs, a little over 2 per annum. If I had the time, I would go into the details of some of those programs. They start with the 16-cent loan made by the Federal Farm Board in the fall of 1929 and they come down to the bill of last year, and the twenty-second program is now before us in the form of a \$338,000,000 addition to the Senate bill. When I say before us, I mean before the Congress.

When we go out and start spending something like \$200,000,000 per annum in connection with one particular crop, we are dealing with a question of national importance. When we deal with a crop that involves something like 3,000,000 persons directly employed, which loses its export market to a point where within recent months we have dropped to a 50-year low, that should attract our attention

in a very emphatic manner.

My State of Michigan is interested in the cotton business the same as the Southern States because we produce and export automobiles from Michigan to the South, and I become concerned when I see a thing happening in cotton which is in effect today, with the cotton mills of the country running in the red, with the cotton mills of the country without raw cotton with which to operate, although the Commodity Credit Corporation holds something like eleven and a half or twelve million bales in its hands, which cotton is not in the channels of commerce. I am concerned when the cotton mills of this country, finding themselves in that position, are forced to negotiate for the importation of Brazilian cotton when we have such an amount of cotton on hand. I am concerned when the mills of other parts of the world, which have heretofore purchased American cotton for their consumption to be converted into cloth, find themselves afraid to purchase any additional cotton because of the fact that we sit here and talk about subsidizing exports, which means to say that if those subsidies begin to operate within the near future there is a chance that the stocks of cotton and cotton goods on the floors of the foreign mills will break in price. Therefore they become less interested in purchasing and importing to their warehouses and mills cotton which we have to sell. This is a staggering blow to our international trade and brought about through discussions about subsidizing exports. It shows what "talk" does to markets.

I also become concerned when we sit here and talk about raising the quotas on cotton acreage—and I am in favor of raising the quotas—and at the same time talk about spending \$143,000,000 on cotton, in rough figures, as carried in the bill you are going to have before you here in a few days, and I should like to make these suggestions to my cotton friends in the South, and I repeat that I am interested in this cotton, and I voted for cotton the other day instead of jute, and I am now giving some of my reasons for my vote at that time, as much as I disliked to break with the leadership of my side of

the House when we voted.

If we would take the \$50,000,000 that is coming through in the bill to which I have just referred, and earmark that for parity payments to farmers who do not put their cotton in the loan, and thereby induce them to sell cotton instead of adding to the loan cotton held by the Commodity Credit Corporation, that would be a constructive move. And if we would also take about \$53,000,000 of that \$143,000,000 and earmark this sum for parity payments, coming out of the \$225,000,000 which is carried under section 303, I believe it is, and let that run to growers who did not put their cotton in the loan, that, no doubt, would also be very constructive. If we would take a few steps like this, I think we would wind up with results that would give us several benefits:

First. You would have a complete elimination of necessity for an export subsidy, and you would not in that manner provide the money with which to pay a subsidy on exports of cotton.

Second. You would also induce the growers through paying them something like \$10 per bale, or 2 cents a pound, in the form of parity payments, to sell cotton instead of putting cotton in the loan, and that would help relieve the burden of the Commodity Credit Corporation in that no additional cotton would go in the loan. If cotton continues to go into the loan pool in future months and years, we will be requested to give additional money to help subsidize the exports of increased loan cotton.

Third. It would also enable the Secretary of Agriculture to keep under his control approximately \$40,000,000 in order to assist him in purchasing compliance of cotton growers with his 1940 cotton program; so the Secretary would not be

handicapped in that manner.

Fourth. This plan will also enable us to escape an international cotton trade war which will certainly follow the initiation by us of a program of subsidizing cotton exports. Europe wants at least 4,500,000 bales of cotton from our next crop at the world market price, which is now approximately 8 cents per pound.

Fifth. A 2-cent-per-pound subsidy or \$10 per bale would call for cotton dropping below 6 cents per pound before it would be profitable for the cotton producer to take advantage of loan provisions. Students of the market agree that a drop to 6 cents per pound is very remote. When cotton is placed in the loan, carrying charges immediately begin to accrue at about \$4 per bale per year.

Sixth. Paying the grower a \$10 cash subsidy per bale or say 2 cents per pound, at time of sale, should be sufficient inducement to keep every bale of cotton out of the loan and thereby eliminate additions to our present 11,500,000 bales on which the Government has already advanced in excess of \$600,000,000 and which if liquidated on today's market, would indicate a loss of around \$170,000,000.

Seventh. This plan would again put American cotton in the competitive market of the world and its better grade and staple would enable it to resume its natural and historical

position in the channels of trade.

Those are some of the things that could be accomplished. Mr. FERGUSON. Mr. Speaker, will the gentleman yield? Mr. CRAWFORD. Yes,

Mr. FERGUSON. Is the gentleman in favor of the funds carried in the agricultural appropriation bill for parity

payments?

Mr. CRAWFORD. I am in favor of those funds being appropriated if we can use them in a manner which will not subsidize the export of cotton or induce farmers to put additional cotton into the loan; otherwise, I see no sense in making the appropriations.

Mr. FERGUSON. Does not the gentleman believe that if the parity payments are sufficient, and if necessary we should write into the law, "If you accept parity payments, you do not get a loan," that in the long run it will be a cheap method of handling the situation? That is, parity payments will cost us less than loans above the market value.

Mr. CRAWFORD. I think the parity payments will cost far less than the program carried through the loan mechanism, will cost, eventually.

Mr. FERGUSON. I hope the gentleman will get a lot of support on his side when these payments come into the

Mr. CRAWFORD. These 21 programs that I have mentioned briefly have cost the people of this country, the Treasury of the United States, roughly, \$1,200,000,000, and that does not include the \$143,000,000 now tied up in the Senate bill going to conference. Neither does it provide for losses which we may incur on eleven and a half million bales of cotton now in the commodity loan. The time has come for the Republican Members on our side of the House to give just as much consideration to this cotton program as those on the opposite side give to it.

The SPEAKER. The time of the gentleman from Michigan has expired.

Mr. HOPE. Mr. Speaker, I yield the gentleman 5 minutes more.

Mr. MURRAY. Mr. Speaker, will the gentleman yield? Mr. CRAWFORD. Yes.

Mr. MURRAY. Did I understand the gentleman that he personally is in favor of subsidizing eleven and a half million bales of cotton and also did he make the statement that we did not need one-half of it, and still that we ought to use the United States Treasury?

Mr. CRAWFORD. The gentleman did not understand my statement at all and I shall repeat it because I want to be understood. In my opinion a cotton program involving only parity payments will cost the Treasury of the United States, in other words, the taxpayers of this country, far less than will a program which operates on a basis which carries soil-benefit payments and at the same time operates in such a manner that it includes the cotton grower to put his cotton into a loan, to be further subsidized at some future time, through the loss which the Treasury will suffer on sales out of that loan pool, in addition to the subsidies which Congress will be asked to appropriate for the purpose of subsidizing exports of the loan cotton to some other part of the world. Does that clear up the gentleman's question?

Mr. MURRAY. I understood the gentleman to say that he is against the amendment.

Mr. CRAWFORD. Oh, I did not say that I was against the amendment. I opened my remarks by saying that I am in favor of this bill as presented.

Mr. MURRAY. Then the gentleman must be in favor of subsidizing 11.500.000 bales of cotton.

Mr. CRAWFORD. I am not. I now advocate a program which, had it been followed from the beginning under Republican administration or Democratic administration, those eleven and one-half million bales would never have been accumulated in the first place, and, in the second place, I now recommend that the money be handled in such a way that no farmer will be induced or hired to put his cotton into a loan.

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield?

Mr. CRAWFORD. I yield.

Mr. O'CONNOR. The gentleman is speaking about subsidies being paid to the growers of cotton, wheat, and so forth.

Mr. CRAWFORD. It is a choice between two evils, if I may say so.

Mr. O'CONNOR. Is this not the fact, that they are really not subsidies at all that are being paid to the cotton and wheat growers, but simply such sum of money as restitution to place the cotton grower and the wheat grower and the agricultural producer on the same basis as tariff-protected industries?

Mr. CRAWFORD. Well, it is an attempt to do that, and also to bring about parity, or income as related to outgo.

Mr. O'CONNOR. And is it not further the fact that that is what Mr. Hamilton, the author of the tariff upon industries to protect infant industries, advocated?

Mr. CRAWFORD. Well, in reading his reports I find that he stated in substance that that would necessarily have to come if you had a prosperous agriculture.

Mr. MASSINGALE. Mr. Speaker, will the gentleman yield?

Mr. CRAWFORD. I yield.

Mr. MASSINGALE. If I understand the gentleman correctly, I gather that he is of the opinion that all of these little appropriations that are given to the farmers in aid of their agricultural pursuits are more or less a little salve—

Mr. CRAWFORD. Political salve.

Mr. MASSINGALE. And they do not bring about any real relief. Now, the gentleman heard the arguments by the statesmen on the tariff and trade agreements. Is it the gentleman's opinion that we cannot be honest—I mean this Congress—cannot be honest with the American farmer unless we either give him some kind of compensating legislation that will make up for what the tariff costs him, or repeal both the tariff and the trade agreements?

Mr. CRAWFORD. Well, I have advocated for years before coming to Congress, in my business associations, that

what we need to do is revamp the whole tariff structure so that its benefits would go down to the bottom of the pockets of the fellow who wears the overalls, or else get rid of the whole proposition. I believe in that kind of a program today.

Mr. MASSINGALE. The gentleman, by no stretch of the imagination, I apprehend, can see any real benefit to the American farmer from a protective tariff?

Mr. CRAWFORD. I would not go with the gentleman on that statement, because when you say "protective tariff," you leave it wide open for a man's imagination to run wild. You mean a protective tariff as related to what?

The SPEAKER. The time of the gentleman from Michigan has expired.

Mr. JONES of Texas. Mr. Speaker, I ask that the Clerk read the resolution.

The Clerk read the resolution, as follows:

Resolved, etc., That section 343 (b) of the Agricultural Adjustment Act of 1938, as amended (relating to the national allotment for cotton), is amended by adding at the end thereof the following new sentence: "The national allotment for any year (after 1939) shall be not less than 11,500,000 bales."

Mr. HARE. Mr. Speaker, I offer an amendment. The Clerk read as follows:

Amendment offered by Mr. Hare: At the end of line 8 add the following: "Provided, That allotment of acreage to the various States be based upon the ratio of the number of cotton growers and their dependents in each State bears to the total number of such persons in the United States."

Mr. JONES of Texas. Mr. Speaker, I desire to make a point of order against the amendment, that it is not germane. This resolution deals with section 343 of the Agricultural Adjustment Act, and this amendment has to do with section 344 of the State allotments.

If the gentleman desires me to reserve the point of order, I will reserve it.

The SPEAKER. The gentleman from South Carolina is recognized for 5 minutes.

Mr. HARE. Mr. Speaker, I am not unaware that this amendment is probably subject to a point of order, but I wanted to offer it at this time for the benefit of future consideration by the members of our Committee on Agriculture, because if this Government is to continue to regulate acreage, is to continue to regulate production, then, in my opinion, it will have to change its basis for allocation of both acreage and production. The only fair, equitable, and just basis for the allocation of acreage for cotton, for instance, is that of the individual engaged in the business. In other words, if the Government is to say to me, "I will submit a plan if you will follow it and endeavor to insure your success," such plan should afford each and all persons so engaged the same opportunity. It takes as much to feed and clothe and educate a family in one cotton-producing State as it does in another. The opportunity, therefore, for getting the necessary food, clothing, and opportunity for education should be equal.

As I just said, I am aware that this amendment is probably not germane to this bill, but I want to submit this for later consideration of the committee and the Congress, and I submit that the same principle, sooner or later, if the policy is to be continued, must apply to other crops as well as cotton, namely, wheat, corn, and rice, and so forth. But, Mr. Speaker, if the chairman of the committee will yield me about 2 additional minutes I want to refer to some remarks that have been made here today and for the last few days with regard to the high-tariff policy and our reciprocal trade-agreement policy.

Much has been said about the effect of the reciprocal tradeagreement policy on our exports. Figures have been quoted showing that the value of exports has decreased under the trade-agreement policy.

This is significant, but it is not at all conclusive, because the value of exports may decrease materially and volume remain the same. One cannot measure the quantity of exports simply by referring to value. The same is true of imports.

Much has been said about the loss of our foreign market for cotton. It has been magnified by Members on both sides of the aisle. I desire to make a few comparisons which may dissipate some of the conclusions heretofore presented.

To illustrate, I invite attention to the average annual production of cotton for the 5-year period 1921 to 1925, inclusive. The average annual production here was 11,-515,000 bales. The average annual exports for the same period were 6,755,000 bales. In other words, the average annual exports were 58 percent of the average annual production.

[Here the gavel fell.]

Mr. HARE. Mr. Speaker, I ask unanimous consent to proceed for 5 additional minutes.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. HARE. Let us take the second 5-year period 1926 to 1930, inclusive. Here the average annual production was 14,834,000 bales, the average annual exports being 8,348,000 bales; in other words, 57 percent of the average annual production was exported. Now let us come a little closer to date, and take the 5-year period, 1932 to 1936. The average annual production here was 11,746,000 bales, and the average annual exports for the same period was 58 percent of the average annual production.

Taking the years between 1921 to 1936, inclusive, and consider them by 5-year groups, we find the first 5-year period. 1921 to 1925, the average annual exports of cotton were 58 percent of the average annual production; during the second 5-year period, 1926 to 1930, the average annual exports were 57 percent of the average annual production; and during the third 5-year period, 1932 to 1936, inclusive, the annual average exports were 58 percent of the average annual production; that is, we find by taking the figures over a period of years that the average annual exports have kept pace with our average annual production. It would seem from these figures that if we have lost our markets in foreign countries we have lost corresponding markets at home.

Mr. CRAWFORD. Mr. Speaker, will the gentleman yield?

Mr. HARE. I yield.

Mr. CRAWFORD. But the gentleman is not in support of that kind of proposition, is he? I asked that question for this reason: As we lose our domestic-consumption market the rayon man and the silk man absorbs it. That is No. 1. No. 2: As the world consumption of cotton goes up we should retain our pro rata share of that increase in consumption. We have not retained it. The balance of the world, through our cotton program in 21 different sections, to which I referred, has increased the acreage by leaps and bounds in other parts of the world. World consumption went along with it, and today we find ourselves without the enjoyment of that increased market.

Mr. HARE. No; I am not in favor of losing our markets anywhere. But the point I am making is in reply to the argument that the reciprocal trade-treaty policy was responsible for the loss of the foreign cotton market. This is not supported by the facts, because while exports have decreased-certainly they have decreased-they have not decreased in any greater proportion than total production of cotton in our country has decreased. The charge cannot be made, therefore, that the reduction in cotton exports is due to the reciprocal trade-agreement policy.

Mr. CRAWFORD. I agree with the gentleman. Personally I think the reciprocal trade agreement program has had nothing to do with our cotton situation. I think the trouble with our cotton situation can be laid at the feet of Congress under both administrations, beginning back in 1929.

Mr. HARE. Another observation I would like to make is that too often we attempt to reach a conclusion on one illustration. You could take and compare any 2 years during the 15-year period I have referred to and the percentages would all be different and would, therefore, give no definite information as to what has been taking place. Just as "one swallow does not make a summer," so you cannot compare one single transaction with another and draw a positive, definite conclusion. It is necessary to compare a number of transactions with a corresponding number of other transactions in order to arrive at a positive and sound conclusion.

[Here the gavel fell.]

Mr. JONES of Texas. Mr. Speaker, I insist on the point of order.

The SPEAKER. The gentleman from Texas makes the point of order against the amendment offered by the gentleman from South Carolina on the ground that it is not germane to the pending joint resolution. The Chair has considered the amendment offered by the gentleman from South Carolina and finds upon a careful reading of the amendment that it does not relate to the section of the act that the resolution under consideration seeks to amend and, therefore, cannot possibly be in order.

The point of order is sustained.

The question is on the engrossment and third reading of the joint resolution.

The joint resolution was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the resolution.

The resolution was passed, and a motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. CANNON of Missouri. Mr. Speaker, I ask unanimous consent that my permission to extend remarks secured on March 22 be renewed, and that I also be allowed to insert in the extension of remarks a statement made by the president of the Missouri Farmers' Association on the silver jubilee of this organization.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had passed, with amendments, in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 5427. An act making appropriations for the Labor Department for the fiscal year ending June 30, 1940, and for other purposes.

COTTON BALEAGE AND ACREAGE ALLOTMENTS

Mr. JONES of Texas. Mr. Speaker, I call up the bill (H. R. 5498) to make applicable to the years after 1939 the special provisions relating to cotton baleage and acreage allotments which apply for 1939 and ask unanimous consent that the bill may be considered in the House as in the Committee of the Whole.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas that the bill be considered in the House as in the Committee of the Whole?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 343 (b) of the Agricultural Ad-Be it enacted, etc., That section 343 (b) of the Agricultural Adjustment Act of 1938, as amended (relating to maximum and minimum national baleage allotments for cotton), is amended by striking out "1938 or 1939" and inserting in lieu thereof "1938, 1939, or any subsequent year."

SEC. 2. Section 344 (e) (1) of such act, as amended (relating to minimum county allotments of acreage), is amended by striking out "For 1938 and 1939" and inserting in lieu thereof "For 1938, 1939, or any subsequent year."

1939, or any subsequent year."

SEC. 3. Section 344 (g) of such act, as amended (relating to the 4-percent allotment to farms), is amended by striking out "For each of the years 1938 and 1939" and inserting in lieu thereof "For 1938, 1939, and each subsequent year.'

1938, 1939, and each subsequent year.

SEC. 4. Section 344 (h) of such act, as amended (relating to providing an acreage to farms of not less than 50 percent of 1937 planted acreage plus diverted acreage), is amended by striking out "for each of the years 1938 and 1939" and inserting in lieu thereof "for 1938, 1939, and each subsequent year."

Mr. JONES of Texas. Mr. Speaker, I yield to the gentleman from Mississippi [Mr. Doxey] such time as he may desire.

Mr. DOXEY. Mr. Speaker, I desire to be very brief. However, may I say that when I drafted this bill-H. R. 5498-I included in it an extension of the national cotton allotment and provided for a maximum and minimum also. section 1 of my bill. When we discussed this bill in committee, it was determined that it would be best not to provide for a national maximum allotment for cotton, and, as my colleague [Mr. Jones], the gentleman from Texas, chairman of our Committee on Agriculture, had a bill with reference only to national allotments pending, section 1 of my bill was stricken and in lieu thereof the Jones bill pertaining only to national allotments was reported. At the same time sections 2, 3, and 4 of the Doxey bill-H. R. 5498-was reported, which deals only with cotton allotments with reference to counties and individual farms.

The bill continues the same provisions after 1939 that now apply to the cotton allotments. I will not go into detail and explain the full provisions because I do not feel it is necessary. The bill speaks for itself. There is no opposition. I have talked to a number of you men on both sides of the aisle regarding it. We have had hearings on a national farm program in my committee ever since January and it does not lock like we are going to have any general farm legislation at this session of Congress. When that situation rose, I presented this matter to the committee, which reported my bill favorably. I know you gentlemen are anxious to complete this work today and take up other bills, so I will not continue to speak further unless there are questions regarding my bill. I will be glad to answer them as best I can. All I ask is to please be brief.

Mr. MURDOCK of Arizona. Will the gentleman yield? Mr. DOXEY. I yield to the gentleman from Arizona.

Mr. MURDOCK of Arizona. There is not only no opposition to the bill but there is an understanding that there is need for haste in the passage of this measure. In some of the cotton-growing sections they have already begun to plant and there is a little uncertainly in the minds of the farmers if this legislation is not extended for the 2-year term. I favor the bill. I wish it could have been brought before the House at an earlier date.

Mr. DOXEY. I thank the gentleman from Arizona. We made all the haste possible, but these matters have to move slowly. I appreciate this opportunity of bringing the matter up, and I am going to show my appreciation by not discussing it at any great length. I am sure the bill will pass this

Mr. WHITTINGTON. Will the gentleman yield?

Mr. DOXEY. I gladly yield to the gentleman from Mississippi.

Mr. WHITTINGTON. In other words, the three sections of your bill merely continue the existing provisions of the present law under which we are now operating?

Mr. DOXEY. That is right. My bill provides for years subsequent to 1939.

Mr. WHITTINGTON. It makes no change?

Mr. DOXEY. It is necessary that this be done immediately, and the reason is obvious. If there are no other questions, I will ask if the gentleman from Kansas desires any time?

Mr. HOPE. I have no requests for time on this side.

Mr. JONES of Texas. Mr. Speaker, I ask unanimous consent that the Senate bill, S. 1569, be substituted in lieu of the House bill.

The SPEAKER pro tempore (Mr. WARREN). Is there objection to the request of the gentleman from Texas [Mr. JONES 1?

Mr. DOXEY. Mr. Speaker, may I say that after reporting the House bill we considered and reported the Senate bill, striking out all after the enacting clause in the Senate bill and inserting the language of the House bill. This procedure will save a conference between the Senate and House.

Mr. JONES of Texas. May I also say in this connection that the Senate bill as amended is simply substituting the Doxey bill as we have amended it here.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas [Mr. Jones]?

There being no objection, the Clerk read the Senate bill, as follows:

Be it enacted, etc., That subsection (e) of section 344 of the Agricultural Adjustment Act of 1938, as amended, is amended by striking out, in the first line thereof, the words "1938 and 1939" and inserting in lieu thereof the following: "1938, 1939, 1940, and 1941."

Mr. JONES of Texas. Mr. Speaker, I offer a committee amendment.

The Clerk read as follows:

Strike out all after the enacting clause and insert the following: "That paragraph (1) of subsection (e) of section 344 of the Agricultural Adjustment Act of 1938, as amended (relating to minimum county allotments of acreage), is amended by striking out 'For 1938 and 1939' and inserting in lieu thereof 'For 1938, 1939, and any subsequent year.'

"SEC. 2. Subsection (g) of section 344 of such act, as amended (relating to the 4-percent allotment to farms), is amended by striking out 'For each of the years 1938 and 1939' and inserting in lieu thereof 'For 1938, 1939, and each subsequent year.'

"SEC. 3. Subsection (h) of section 344 of such act, as amended (relating to providing an expresse to forms of not less than 50 percents."

(relating to providing an acreage to farms of not less than 50 percent of 1937 planted acreage plus diverted acreage), is amended by striking out 'for each of the years 1938 and 1939' and inserting in lieu thereof 'for 1938, 1939, and each subsequent year.'"

Mr. COCHRAN. Mr. Speaker, I rise in opposition to the amendment to ask the gentleman a question. I notice in the House bill you have stricken out certain language.

Mr. JONES of Texas. Yes; that is because we reported another bill.

Mr. COCHRAN. You substituted language and in that language this is made permanent legislation.

Mr. JONES of Texas. Yes. It is already in the present law for this year and it is simply continued.

Mr. COCHRAN. Yes; but you continue it from now on under the terms of this bill. Why continue it for subsequent years without naming the years?

Mr. JONES of Texas. Simply because it is a minimum provision, anyway. It simply provides a method by which we can prevent the allotment being too low. It is simply a provision for a minimum allotment; otherwise the allotment is made just as usual.

Mr. COCHRAN. In other words, as long as the law exists this provision is part of the law?

Mr. JONES of Texas. That is correct.

Mr. COCHRAN. The law is not being extended by this

Mr. JONES of Texas. Not at all.

The committee amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill (H. R. 5498) was laid on the table.

NATIONAL HOUSING ACT AMENDMENTS, 1939

Mr. STEAGALL submitted a conference report and statement on the bill (H. R. 5324) to amend the National Housing Act, and for other purposes.

PERMISSION TO ADDRESS THE HOUSE

Mr. COCHRAN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, in order that I may ask the gentleman from Alabama a question on the conference report just submitted.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. COCHRAN. Mr. Speaker, may I ask the gentleman from Alabama when he intends to call up the conference report he has just submitted?

Mr. STEAGALL. That will be entirely subject to the wishes of the Speaker and the House organization.

Mr. COCHRAN. The Senate must act first?

Mr. STEAGALL. No; I believe the House acts first, although I may be mistaken about it.

Mr. COCHRAN. Was not this a House bill, and did not the Senate ask for a conference?

Mr. STEAGALL. No; the House asked for a conference. I may say I will give the gentleman notice before calling up the conference report.

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Mr. COCHRAN. I thank the gentleman. [Here the gavel fell.]

EXTENSION OF REMARKS

Mr. DOXEY. Mr. Speaker, I ask unanimous consent to revise and extend in the RECORD the remarks I have just made in regard to H. R. 5498 and the Senate bill that was substituted for it, S. 1569.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

PACIFIC NORTHWEST BOXED APPLES

Mr. JONES of Texas. Mr. Speaker, I call up for immediate consideration the bill (S. 1096) to amend section 8c of the Agricultural Marketing Agreement Act of 1937, as amended, to make its provisions applicable to Pacific Northwest boxed apples, and ask unanimous consent that the bill be considered in the House as in Committee of the Whole.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 2 of the Agricultural Marketing Agreement Act of 1937, as amended, is amended by adding at the end thereof the following: "(k)." Paragraphs (2) and (6) of section 8c are amended by inserting after the word "apples" the words ", other than Pacific Northwest boxed apples."

With the following committee amendments:

Page 1, line 5, after the word "following", strike out "'(k)'" and "'(m)' insert

Line 7, after the word "than", strike out the remainder of line 7 and the word "apples" in line 8 and insert "apples produced in the States of Washington, Oregon, and Idaho."

The committee amendments were agreed to.

Mr. JONES of Texas. Mr. Speaker, I yield to the gentleman from Oregon [Mr. PIERCE] such time as he may desire.

Mr. PIERCE of Oregon. Mr. Speaker, the bill under consideration, a Senate bill, applies simply to the Northwest-Oregon, Washington, and Idaho—and relates to apples. We strike out the words "Pacific Northwest boxed apples" and insert the words "apples produced in the States of Washington, Oregon, and Idaho." There is no opposition to the bill that I know of, and I ask that it be passed.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid

on the table.

The title was amended so as to read: "An act to amend the Agricultural Marketing Agreement Act of 1937, as amended, to make its provisions applicable to apples produced in the States of Washington, Oregon, and Idaho."

HOP MARKETING AGREEMENTS

Mr. JONES of Texas. Mr. Speaker, I call up the bill (H. R. 4539) to extend the time during which orders and marketing agreements under the Agricultural Adjustment Act, as amended, may be applicable to hops, and ask for its immediate consideration.

The Clerk read the title of the bill.

Mr. JONES of Texas. Mr. Speaker, I ask unanimous consent that the bill be considered in the House as in Committee of the Whole.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. JONES of Texas. Mr. Speaker, I yield to the gentleman from Oregon [Mr. Pierce] such time as he may desire.

Mr. PIERCE of Oregon. Mr. Speaker, this bill is of great importance to a few hop farmers. There are only 1,300 farmers raising hops in the United States. Half of them are in Oregon, about a quarter of them are in California, and about a quarter in Washington.

Two years ago we passed a hop bill which put that industry under the Triple A Act, giving the producers the right to have enforcable orders. Hops at that time were 13 cents a pound, and the industry was in bad shape. Under the agreement hops were put at a minimum of 20 cents a pound, and the farmers were fairly happy. It cost about that amount to raise the hops. This program has been in operation 2 years and has been very successful.

This bill is a compromise and seeks the extension of the program for an additional 2 years. The brewers are the only people interested outside of the farmers, and the brewers have written the following letter to the chairman of the Committee on Agriculture:

DEAR CONGRESSMAN JONES: Reference is made to H. R. 4539, a bill to amend the Agricultural Adjustment Act, as amended, as the

same may be applicable to hops.

The United States Brewers' Association, which is composed of approximately 180 brewers who manufacture more than 50 percent of the malt beverages sold in the United States, has given serious consideration to the proposal contained in H. R. 4539, which would extend the provisions of section 8c of the Agricultural Adjustment Act, as amended, insofar as hops are concerned, to September 1, 1942

We feel that on the basis of experience to date under existing law that the proposed amendment is justified, and we are more than glad to join with the hop growers in asking favorable consideration of this legislation.

Mr. PACE. Mr. Speaker, will the gentleman yield?

Mr. PIERCE of Oregon. I yield to the gentleman from Georgia.

Mr. PACE. Why did not the gentleman make this program permanent instead of extending it for 2 years?

Mr. PIERCE of Oregon. We would like to do so, but the brewers have asked for an extension of only 2 years. This is a compromise, so I am asking for an extension for 2 years.

Mr. PACE. Are the brewers in charge of this legislation? Mr. PIERCE of Oregon. The brewers are satisfied with an extension of 2 years. They asked that a limit of 2 years be placed on the extension. I may say that most of the hops in Oregon are grown in the district of my colleague the gentleman from Oregon [Mr. Mott].

Mr. Speaker, under leave to extend my remarks I include the following comments on the bill now under consideration:

AREA OF PRODUCTION

Practically the entire quantity of hops produced in the United States are grown in the States of Oregon, Washington, and California. Approximately one-half of the production comes from the Oregon area, while California and Washington produce about equal amounts of the remainder. There is a very small production in the States of New York and Idaho, but the volume produced in the latter States is very small in relation to the entire production.

ACREAGE AND VOLUME OF PRODUCTION

There are at the present time approximately 31,500 acres in production yielding in 1938, 35,000,000 pounds of hops. These are produced on about 1,300 farms.

USES FOR HOPS AND COST OF PRODUCTION

Hops are used almost entirely for the manufacture of beer and ale. Because of this restricted outlet, the industry finds that even a relatively small annual oversupply means returns to growers far below cost of production. Owing to heavy capital investment and the use of hand labor in picking, the cost of production is in excess of 20 cents per pound.

MARKETING AGREEMENT AND ORDER FOR CROP YEARS 1938 AND 1939

In order to eliminate this annual overproduction of hops and bring to growers at least a little profit above production costs, Congress in 1938 amended the Agricultural Adjustment Act permitting hops to come under the provision of the act. A marketing agreement and order was adopted for crop years 1938 and 1939. The results in 1938 have been very satisfactory. In contrast to 1937 when hops were selling for as low as 13 cents per pound, the price for 1938 hops under the agreement has been held at 20 cents per pound or better.

H. R. 4539 NOW UNDER DISCUSSION

This successful operation to date merits the continuation of said program for an additional period of time in order that the purposes of the Federal Agricultural Adjustment Act, as amended, may be accomplished for the growers of hops and for the benefit of the hop industry as a whole. This additional period of time is stated in bill S. 1579 and in identical terms in H. R. 4539 as crop years 1940 and 1941.

The bill designated as S. 1579 was passed by the Senate a short time ago, and the House is asked to give H. R. 4539 similar consideration.

H. R. 4539 HAS GENERAL APPROVAL

The Senate has already passed a bill identical to the one under discussion now and designated as S. 1579.

The Hop Control Board, in charge of the hop-marketing agreement and order, made up of elected growers, brewers, and handlers, has urged that Congress give its approval, as indicated by a resolution.

The House Agricultural Committee gave H. R. 4539 unani-

mous approval.

A favorable report to the chairman of the House Agricultural Committee was submitted by the Department of Agriculture.

H. R. 4539 IS NOT NEW LEGISLATION AND DOES NOT ASK FOR FINANCIAL ASSISTANCE

There is no request for financial aid nor is new legislation involved. It merely asks that Congress permit an additional period of time for hops to come under the provisions of the act. When such permission is granted, the adoption of a marketing agreement and order for crop years 1940 and 1941 is subject to a favorable vote of two-thirds of the growers and 50 percent of the handlers by volume.

H. R. 4539 DOES NOT INCREASE THE PRICE OF BEER TO THE CONSUMERS

The amount of hops used does not exceed and often is less than three-fourths pound per barrel of beer, and a few cents more or less for hops used cannot reflect itself in the retail price either up or down. The increased cost of hops to brewers is offset by better-quality hops produced under financial returns favorable to the growers.

DOES H. R. 4539 APPLY TO THE ENTIRE UNITED STATES?

The production of hops in States other than Oregon, Washington, and California is so small that the marketing agreement and order so far has applied only to the three Pacific Coast States mentioned. Unless production in other areas should greatly increase, there is no need to apply the agreement and order to areas other than Oregon, Washington, and California.

MIGHT RESTRICTED SHIPPING UNDER A MARKETING AGREEMENT AND ORDER LEAD TO A SHORTAGE OF HOPS AND BE A DETRIMENT TO BREWERS AND A LOSS TO THE GROWERS?

No restriction will be placed on shipping if available supplies plus current crop are no greater any one year than requirements of the brewing industry.

PLEASE EXPLAIN HOW THE PROGRAM OPERATED IN 1938

The elected grower members of the Hop Control Board, known as the allocation committee, made an estimate of each grower's crop the total of which in 1938 was 35,101,398 pounds. The entire Hop Control Board made up of elected growers, brewers, and dealers worked with the Secretary of Agriculture and after considering the supplies of 1934 annual consumption of beer, it was determined that brewers' needs would be sufficient if 29,600,000 pounds were allotted for certification and shipment. The reduction, therefore, in 1938 was slightly under 20 percent. As stated earlier, this resulted in a price level on the 1938 crop certificated hops of 20 cents per pound or better, as compared to 13 cents per pound in 1937, when their was no agreement.

UNDER THIS PLAN A PORTION OF THE CROP IS NOT HARVESTED. IS THIS NOT A LOSS TO THE GROWERS?

The growers generally are in favor of early spring allotments so that land not needed for hops that year might be used for other crops, but it is doubtful whether this can be done under the Triple A Act as now written. However, in spite of any loss incurred through a reduction under the agreement, the growers feel that they are still much better off with the present agreement than they would be without

WHAT ARE THE EXPENSES OF THE HOP CONTROL BOARD AND HOW ARE THEY PAID?

The Hop Control Board now makes a charge of two-fifths cent per pound for all hops allocated and shipped and this charge is paid by the first handlers which are generally the dealers in hops. If at the end of the fiscal year this charge proved greater than required, the unused portion is returned. No salaries are paid to the elected members of the Hop Control Board. The principal and branch office employ a total of 13 persons. Total cost \$77,000 covering all costs incurred in estimating all the crops in the three States and certifying shipments of allocated hops.

IMMEDIATE FAVORABLE ACTION DESIRED

Present and future prices on hops are affected by this legislation and the hop growers ask that favorable action be taken immediately.

Mr. HOPE. Mr. Speaker, I yield 5 minutes to the gentle-

man from Oregon [Mr. Mott].

Mr. MOTT. Mr. Speaker, my colleague from Oregon [Mr. Pierce] has so well explained this bill that I believe no further explanation is really necessary, except to say that, so far as I can learn, there is no opposition to this proposal on the part of either the growers, the dealers, or the brewers. They are all in favor of the bill, and so, generally, are the people in the States of Oregon, Washington, and California, where practically all the hops are grown.

I have prepared some data, thinking I might be called upon to answer some questions in regard to the bill; but since I am able to discover no opposition to it, I ask unanimous consent, Mr. Speaker, to extend my remarks at this point and to include some of the data I have on this subject.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. MOTT. Mr. Speaker, the data to which I have referred are as follows:

PURPOSE OF BILL

The purpose of this bill—H. R. 4539—is to extend the hop-marketing provisions of the Agricultural Adjustment Act for another 2 years to cover the crop years of 1940 and 1941. The 1938 amendment to the A. A. A. permitting hops to come under the provisions of that act for the crop years 1938 and 1939 proved by experience that it was of great benefit not only to the hop growers but to the dealers and brewers as well. So beneficial, in fact, have been these hop-marketing agreements that, whereas prior to their adoption there was much doubt and skepticism as to their value and practicability, now all those engaged in the industry are of the opinion that without the agreements it would be difficult for the industry to function at all.

From the viewpoint both of necessity and workability, the production and sale of hops through marketing agreements is the ideal solution to the problem of overproduction. In the first place, practically all the hops produced in the United States are grown in three States—Oregon, Washington, and California—the State of Oregon producing nearly half of the entire hop output of the country. All of these hops are raised on farms not exceeding in number 1,300, so that the number of growers involved is exceedingly small.

In the second place, hops are practically a "one use" commodity, about 99 percent of all hops grown in the United States being used exclusively in the manufacture of beer, ale, and other fermented malt beverages. When surpluses are produced which are not required by domestic brewers or for export, hops cannot find other market outlets. The number of purchasers, like the number of growers, is small. This fact, together with the fact that the interests of the growers, dealers, and brewers are the same, in that it is for the benefit of all to have a stabilized, profitable industry, makes the marketing agreements not only highly desirable but definitely workable. As evidence of this, attention is called to the fact that the hop-control board, functioning under the Federal hop-marketing agreement and order, at its annual meeting held in Salem, Oreg., May 8 and 9, unanimously adopted the following resolution:

Whereas there is now pending before the Congress of the United States a bill, designated as H. R. 4539, which would extend to September 1, 1942, the period of time during which hops would be covered by the Federal Agricultural Adjustment Act, as amended; and

Whereas the successful operation to date of the hop-control program merits the continuation of said program for an additional

period of time in order that the purposes of the Federal Agricultural Adjustment Act, as amended, may be accomplished for the growers of hops and for the benefit of the hop industry as a whole:

Resolved, That this control board, consisting of the elected representatives of the hop growers, hop dealers, and brewers, hereby does approve and does urge the early enactment of the aforesaid bill, designated as H. R. 4539, in order that the hop-control program may be continued for the further period of time specified in said bill; and

Resolved, That the secretary of this board shall notify the members of the congressional delegation from the hop-producing States and other Members of the Congress of this action by this board.

MARKETING AGREEMENT FOR HOPS

(1) The marketing agreement for hops for the 2 crop years 1940 and 1941 will seek to improve the purchasing power of hop growers primarily by correcting what appears to have been the principal cause of unsatisfactory prices, namely, too many hops available for sale in years of large production.

(2) The marketing agreement will fix the maximum quantity of hops which may be marketed from the 1940 and 1941 crops, which will be termed "the salable quantity of hops." This quantity will be fixed by the Secretary of Agriculture following the public hearings. Each producer of hops will share equitably and ratably in this quantity in proportion to the volume of his 1940 production and allocations to growers made on the following basis:

(A) An estimate will be made prior to the harvest of each

grower's production.

(B) Each grower will be informed of the estimate of his production and also the estimate of total production of the Pacific coast crop.

(C) Time will be allowed each grower for appeal after

notice of estimate.

(D) Each grower will thereafter be advised of his allotment or percentage of his 1940 production which he may market in interstate or foreign commerce. This allocation will be calculated on the basis of the percentage between the estimated total 1940 hop production and the salable quantity of hops as fixed in the agreement.

(E) For the program to be most effective it is desirable that growers will adjust their harvest of hops to that quantity

which will be indicated in the notice of allotment.

(3) The growers' allocation committee, composed of the grower and grower-dealer members of the control board, will, with the assistance of the advisory committee in each State, supervise the estimate of production of each grower and recommend the allotments.

(4) The control board will be composed of the following representative members: Eight growers, two dealers, two

grower-dealers, and four brewers.

(5) The salable quantity of hops to be marketed from the 1940 crop, it is believed, will be fixed in the agreement by the

Secretary of Agriculture to be 29,600,000 pounds.

This marketing agreement will enable the growers to adjust their production to the demand. It will enable them to produce hops at a profit instead of at a loss. While it benefits the grower, it will harm no one else. It will stabilize and perpetuate a great industry upon which thousands of people in the Pacific Northwest are dependent for their livelihood.

Mr. HOPE. Mr. Speaker, I yield such time as he may desire to the gentleman from Oregon [Mr. ANGELL].

Mr. ANGELL. Mr. Speaker, being from Oregon, I am, of course, heartily in favor of this bill. However, it is not necessary for me to go into a further discussion of the bill.

I am equally interested in another matter, pertaining to filberts in our State, and I ask unanimous consent, Mr. Speaker, to extend my remarks in the RECORD at this point and include therein a brief report on this industry by the Chamber of Commerce of Portland, Oreg.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. ANGELL. Mr. Speaker, the filbert industry is an important one in the State of Oregon. Over 98 percent of the commercial production of filberts in the United States is in Oregon and Washington. Of this 98 percent, 86 percent is in the State of Oregon. In 1927, it is estimated, the production of filberts in western Oregon and Washington did not exceed 50 tons. This was increased in 1932 to 351 tons and in 1938 in excess of 2,200 tons, which was a year of low production. When the present acreage comes into full production, the industry will probably reach 5,000 tons. Oregon State College reports that there are at least 400,000 acres of strictly first-class filbert land in the Willamette Valley.

The protection of the market for this essential crop of Oregon and Washington is important. The 7-year average price received for filberts for the period of 1930-36 was 12.1 cents per pound. In 1932 Italian filberts were quoted at 4 cents to 41/2 cents per pound delivered c. i. f. New York, without duty. After the duty was paid, the price was as low as 11 cents, which undermines the local market, to the

destruction of the domestic producer.

In the reciprocal-trade agreement just negotiated with Turkey the duty on shelled filberts was reduced from 10 cents to 8 cents. Under the 10-cent duty, the United States imported \$336,000 worth of shelled filberts in 1938. There is an excellent American market for this agricultural product, which is a growing industry in the West. American growers are entitled to protection in this market. The reciprocaltrade agreement should be modified to give this protection. Our filbert producers, as well as the producers of walnuts and other nut crops, should not be placed on parity with India, Turkey, and other countries with low standards of living and low wages. Senate bill S. 1333 and its companion, H. R. 5521, providing for an increase in tariff on filberts, should be enacted into law to give this protection.

A factual and informative brief prepared by Mr. R. A. Ward, of the agricultural committee of the Portland Chamber of Commerce, showing the necessity for this legislation is as follows:

BRIEF OF AGRICULTURAL COMMITTEE REQUESTING SUPPORT OF LEGISLATION TO INCREASE TARIFF ON FILBERTS, BY THE PORTLAND CHAMBER OF COMMERCE

(By R. A. Ward)

Your agricultural committee recommends that Portland Chamber of Commerce go on record in support of Senate bill S. 1333, providing for an increase in the tariff on filberts. This is the only crop or commodity produced in Oregon on which our own State has practically a monopoly on its production. Over 98 percent of the commercial production of filberts in the United States is in the commercial production of filberts in the United States is in the States of Oregon and Washington. Of this 98 percent over 86 percent is in the State of Oregon. Therefore, it is distinctly an Oregon industry and deserves all of the support we can give it. At the present time there are in excess of 12,000 acres planted to filberts in Oregon and Washington. According to the brief sub-

mitted before the Committee for Reciprocity Information by all of the nut growers' associations in Oregon and Washington, as well as the private packers in Portland and other cities in Oregon, the the private packers in Portland and other cities in Oregon, the value of the filbert properties in Oregon and Washington is approximately \$8,400,000. The report of the Department of Agriculture for 1935 shows 3,483 producers of filberts in Oregon and 1,384 producers in the State of Washington, as of that date. Those who are familiar with the great increase in plantings made in the years 1936 to 1939 believe that probably 5,500 producers are now engaged in filbert production. About 97 percent of this immense acreage has been planted in the past 17 years. At present approximately 47 percent of the acreage is not bearing and another 29 percent is not yet in full bearing; thus, only about 24 percent of the total filbert acreage is in full bearing at this time. In 1927 the commercial tonnage of filberts produced in western Oregon and Washington probably did not exceed 50 tons. In 1932 commercial production was 351 tons. In 1938 production was in excess of 2,200 tons, and the 1938 season was a year of low production compared with the year 1937. It is obvious that when

in excess of 2,200 tons, and the 1938 season was a year of low production compared with the year 1937. It is obvious that when the present plantings come into full production the industry will face the problem of disposing of burdensome surpluses. Production Outlook, circular No. 12, issued in 1937, states:

"Although very few filbert orchards are in full bearing it is possible the before 1945 the Occara Washington files the control of t

sible that before 1945 the Oregon-Washington filbert crop will reach the 5,000-ton level."

I believe this estimate to be conservative. Bulletin No. 351

of Oregon State College states:
"There are at least 400,000 acres of strictly first-class filbert land

"There are at least 400,000 acres of strictly first-class infert land in the Willamette Valley."

Cultivation cost of the present acreage of filberts is around \$120,000 annually. Picking, packing, washing, drying, and marketing requires an additional annual outlay of approximately another \$120,000. From this it can be seen that the industry is a sizable one.

The Oregon filbert grower is faced with a probable overproduction. He has two methods available to assist in meeting this problem. One of these is the institution of an extensive advertising campaign to increase the consumption of filberts. This has already started in a small way. The other is the raising of

existing tariffs to protect the American market from importations of the poor quality, cheaply produced Mediterranean filberts.

The cost of producing filberts per pound is a variable figure, depending upon age of orchard, soil, and climatic conditions. For pending upon age of orchard, soil, and climatic conditions. For example, the cost of producing filberts per pound in 1932, on 32 orchards, averaged 13.2 cents per pound. In 1933, a year of very heavy crop, the cost on 45 orchards amounted to 7½ cents per pound. The brief submitted by the nut growers' associations gives an average production cost of around 11 cents per pound. Another figure shows that in orchards where the yield is under 400 pounds to the acre the average cost is 14½ cents per pound. The average net price received by Willamette Valley filbert growers for filberts sold in the shell during the 7-year period 1930-36 is as follows:

1930-36, is as follows:

Crop year:	Cents
1930	. 14.3
1931	. 12.1
1932	. 8.9
1933	12.7
1934	9.6
1935	12.5
1936	14.3

7-vear average_ As before stated, the bulk of the filberts imported come from the Mediterranean Basin. Italy Spain and Turkey are the chief centers of production. Over a 7-year period the annual produc-tion in these three countries has been 84,800 short tons. Of this amount 82,502 tons have been exported. The importation of filberts into the United States has been as follows:

Year	Shelled pounds	Value	Unshelled pounds	Value
1030	4, 658, 695	\$1, 064, 175	5, 348, 497	\$513, 343
	3, 767, 578	661, 563	6, 750, 639	564, 727
	2, 803, 948	300, 058	5, 901, 933	265, 442
	2, 413, 754	298, 820	2, 849, 710	249, 741
	2, 231, 198	378, 327	2, 451, 751	175, 993
	2, 104, 314	373, 722	3, 533, 300	304, 044
	2, 339, 913	434, 037	4, 173, 537	325, 794
	2, 004, 889	383, 956	329, 865	30, 894
	1, 940, 332	335, 504	416, 935	44, 886

Filberts also have to compete with many other nuts, many of which are protected by higher specific duties. Herewith is shown the specific duty and the approximate ad valorem equivalent duty on nuts imported into the United States. This also shows the pounds imported in 1937 and the value thereof:

Type of nut	Specific duty (per pound)	Ad valo- rem equiva- lent	Pounds imported	Value
Almonds: Unshelled	Cents 51/2	Percent 77.5	16, 608	\$2, 222
Shelled	1636	81.4	6, 609, 787	1, 888, 635
Brazil, or cream nuts, unshelled	3/4		12, 775, 359	1, 268, 001
Brazil nuts, shelled	21/4		7, 367, 397	1, 726, 661
ChestnutsFilberts:	None		22, 216, 538	736, 603
Shelled	-10	56.3	2, 004, 889	383, 956
Not shelled	5	58. 17	329, 865	30, 894
Walnuts:			TO COMPANY OF THE PARTY OF THE	
Shelled	15	96.4	6, 100, 757	950, 265
UnshelledPeanuts:	5	71, 6	263, 327	19, 899
Shelled	7	59.5	1, 262, 890	80, 452
Not shelled	414 214 214 214		796, 292	33, 528
Pecans	23/2		177, 039	38, 077
Pignolia.	21/2		458, 663	98, 225
Pistachio: Not shelled	914	10	1	
Shelled.	21/2	11	3, 458, 338	896, 006
Cashew	2	13	26, 848, 147	4, 112, 576
Other edible nuts	21/2		702, 967	87, 239

From this it can be seen that on an ad valorem basis the present tariff on filberts is too low. In years of heavy production abroad foreign nuts come in at a very low price. In 1932 Italian Naples filberts were quoted at from 4 to 4½ cents per pound, delivered c. i. f. New York, without duty. Duty-paid landed cost on filberts has been as low as 11 cents. These prices are disastrous to the

domestic producer.

The point has been raised that an increase in tariff would increase the costs of filberts to the consumer. If any such increase took place it would be infinitesimal. The present consumption of took place it would be infinitesimal. The present consumption of filberts in the United States is about four-one hundredths of a pound per capita per annum. The filbert is not a staple article of food—it is a specialty product and is somewhat of a luxury. The matter of consumer costs does not greatly enter into discussion. At the present time it is a holiday nut—that is, it is sold chiefly during the holiday season, principally in mixed nuts. Until recently I have found it impossible to buy in ordinary retail stores filberts by themselves when visiting eastern cities. Usually they are sold with mixed nuts. Herewith is given the consumption of nuts per capita compiled on November 1, 1938, by the Bureau of Agricultural Economics of the United States Department of Agriculture:

	nund
Walnuts	0.34
Pecans	.22
Cashews	. 19
Almonds	.12
Brazil nuts	. 12
Filberts	.04

The bulk of the domestic filbert production is sold in the shell, as American producers cannot afford to shell them in competition with the very low labor costs existing in Turkey, which now supplies the United States with 65 percent of all of the shelled filberts that come into this country. The balance are imported from Italy and Spain. However, the northwestern filbert growers are going to have to shell a substantial portion of the crop if it is to be marketed. The present duty of 10 cents per pound on shelled filberts is insufficient to prevent the importation of filbert kernels into this country from Turkey Italy, and Spain, where much of the into this country from Turkey, Italy, and Spain, where much of the work is done with very cheap labor—frequently in homes—without the stringent State or Federal laws under which the American

out the stringent State or Federal laws under which the American product must be packed. In 1938 foreign-shelled filberts, duty paid, were offered as low as 24 cents per pound in New York. This is a much lower price than the American grower can meet.

In the reciprocal-trade agreement just negotiated with Turkey the duty on shelled filberts was reduced from 10 cents to 8 cents. This amounts to 46 percent ad valorem (1938 basis). Under the 10-cent duty the United States imported \$336,000 worth of shelled filberts in 1938. In attempting to justify this reduction the State Department pointed out additional competition to our filbert industry when it stated that \$3,535,000 worth of shelled cashew nuts, \$518,000 of shelled almonds, and \$1,417,000 of shelled Brazil nuts were imported in 1938. There is no duty on unshelled cashew nuts were imported in 1938. There is no duty on unshelled cashew nuts and only a 2-cent duty on shelled cashews. Under this low 2-cent duty 27,000,000 pounds of cashews were imported in 1938, chiefly from India. This Board should give consideration to protecting our

from India. This Board should give consideration to protecting our filbert and our walnut industry as well, by working for a substantial increase in the duty on cashew nuts and also Brazil nuts.

The American growers of filberts have a right to the American market, insofar as they can supply it. The United States was built up and has prospered under a protective tariff policy. The tariff is not an instrument for raising prices in this country or defrauding the consumer. It is, as the words "protective tariff" indicate, a means of equalizing the price of competitive imports so as to protect our domestic industry against the products of lowso as to protect our domestic industry against the products of lowcost foreign labor.

I am informed that in California all of the large chambers of commerce—San Francisco, Los Angeles, Oakland, etc.—have always fought consistently for tariffs to protect their walnut and almond industry. As before stated, the filbert industry is our only monopoly industry and everything that can possibly be done to develop and protect it should be done by this chamber and other organi-

zations who can help.

Incidentally, there are many members of this organization who are filbert producers, and they include some of the largest producers in the State. There are also processors and packers of Oregon filberts who are members of this chamber and who have joined forces with the producers in this attempt to increase the duty on filberts. It is sincerely hoped that this chamber of commerce will do all it can to support them.

Mr. HOPE. Mr. Speaker, I yield 2 minutes to the gentleman from Wisconsin [Mr. MURRAY].

Mr. MURRAY. Mr. Speaker, personally I surely would have no reason to stand up here and oppose my two worthy colleagues from Oregon, but I think it is only fair at this time to call the attention of every Member of this House to the unfairness of keeping on enacting legislation that only includes a small part of our agricultural life. We are appropriating millions of dollars to certain crops that represent but little over one-third of the national farm income.

These 1,300 hops farmers are not going to make much of an impression, but at this time I want to call this particular point to the attention of the Members of this House, because it is coming up more and more every day. I want to repeat the statement that we are appropriating this money to farm crops that represent but little over one-third of the national farm income.

Mr. MOTT. Mr. Speaker, will the gentleman yield?

Mr. MURRAY. I yield.

Mr. MOTT. The gentleman understands, I am sure, that no money is appropriated in this bill. There are no parity payments. The growers are paid nothing for reducing their crops and no financial element is involved.

Mr. MURRAY. Yes; but I just wanted to put the statement in the Record the way I said it.

[Here the gavel fell.]

Mr. JONES of Texas. Mr. Speaker, I desire to state in that connection that the soil payments and the marketing agreements apply to practically all crops, the soil payments applying to all commodities and the marketing agreements applying to all commodities which desire to be included. The parity payments apply only to those surplus crops where there is an effort to have some adjustment and none of the other commodities wanted to be included in this adjustment program at the time these commodities were included.

Mr. Speaker, I ask unanimous consent that the Senate bill S. 1579, which is a similar bill, be taken up and considered in lieu of the House bill, and that all after the enacting clause be stricken out and the provisions of the House bill inserted as an amendment, and the Senate bill, as amended, be passed.

The SPEAKER pro tempore. The gentleman from Texas asks unanimous consent that a similar bill be considered in lieu of the House bill. Is there objection?

There being no objection, the Clerk read the Senate bill, as follows:

Be it enacted, etc., That section 3 of the act entitled "An act to amend the Agricultural Adjustment Act, as amended, by including hops as a commodity to which orders under such act are applicable", approved April 13, 1938, is amended to read as follows:
"Sec. 3. No orders issued pursuant to section 8c of the Agricultural Adjustment Act, as amended, shall be applicable to hops after September 1, 1942."

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A House bill (H. R. 4539) was laid on the table.

EXTENSION OF REMARKS

Mr. POAGE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a statement published by the Texas Investment Bankers Association.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

The SPEAKER pro tempore. Under a special order of the House previously entered, the gentleman from Massachusetts [Mr. TREADWAY] is recognized for 30 minutes.

THE DOWNWARD TARIFF REVISION UNDER TRADE TREATIES

Mr. TREADWAY. Mr. Speaker, ordinarily, inasmuch as the subject of trade treaties has been so thoroughly discussed during the last week in this body, I would hesitate to bring up the subject at this time, were it not for the fact that it is a matter of the very greatest importance to the people of this country. I do not think we can discuss the trade-treaty program too much, because it is one thing that ought to be brought to the attention of the American people and it will only be brought to their attention, so far as the actual facts in the case are concerned, by a discussion on this floor.

I may have bored this membership by frequent references to the subject, but I consider it a duty that we owe the producers of this country and I believe we should continue this sort of procedure. While I may be "ringing the changes" in the statements I make from time to time, I propose to keep up this discussion until I feel I have exhausted the subject, and that will be when the act is repealed.

There is another interesting detail that has been discussed here, although perhaps not having any very direct bearing on trade treaties, and that is the subject of the purchase of Argentine beef. I do not need to discuss that matter today other than to draw the conclusion that this administration prefers to aid in disposing of foreign products rather than American products of any kind whatsoever. The statement made by the President a week ago is right along this same line-build up foreign trade at the expense of our own American trade. This is absolutely contrary to my theory of our duty to the American people.

The whole purpose of the trade-treaty program, Mr. Speaker, is to tear down our tariffs on foreign products so

as to make possible increased importations which, in turn, displace the products of our own farms and factories, as well as the products of American labor.

I prefer to see us follow lines that will build up our American farming industry and our American labor instead of providing markets for foreign products.

Let us see just what has happened to the rates under the tariff acts. They have been drastically reduced on over 1,000 articles, and over one-third of these reductions have been to the full 50 percent permitted under the Reciprocal Trade Act. I say "permitted" advisedly. The law so states that the tariff rates can be reduced 50 percent, but the fact that that law is on the statute books does not make it constitutional in my judgment. Approximately half of the reductions amount to 40 percent or more. Two-thirds of the reductions are of 30 percent or more.

In a number of instances, the most outstanding of which is sugar, the rates were reduced under the so-called flexible tariff provisions and subsequently reduced under the treaty program, thus going beyond the 50-percent limitation. I think that is a direct infringement on both laws. It was never intended that the tariff rates under the reciprocal treaties should be reduced beyond 50 percent of the act of 1930, but in these instances that 50 percent has been in-

It is well to consider now where these drastic reductions are taking us. For comparative purposes let us see how the reduced rates measure up against the Fordney-McCumber Tariff Act of 1922, and even our Democratic friends for the most part concede that this was a moderate law. You have not heard a great deal of criticism of the Fordney-McCumber Act on the part of the Democratic majority. The criticism has been more an attack on the Hawley-Smoot Act in which they claim the rates were excessive, which, of course, we do not admit. Of the 1,050 reductions in duty made under the trade treaties, not including the recent Turkish agreement or the bilateral Cuban agreement, 928 are comparable with the rates in the 1922 act. Seven hundred and seventy-six of these reduced rates, or approximately 84 percent, are below the level of the comparable rates of the act of 1922. Think of it! Over eighttenths of the reductions have been below the level of the 1922 rates, and still our Democratic friends are saying they are not injuring American industry. This means that they are off in the direction of free trade, similar to that of the Underwood Act of 1913, enacted during the Wilson administration. That is exactly where this present administration is taking us. They are taking us toward the conditions that existed under the Underwood Act, at the breaking out of the war and following, until the Republican Party came into power and repealed that iniquitous law.

Here is some further startling information. Of the items on which reductions have been made the duty in the case of more than one-half was not increased when the 1930 act went into effect. Bear that in mind. Over one-half of the comparable rates under the 1922 act were retained in the 1930 act. Hence it cannot be argued that in this instance the trade treaty merely restored the 1922 rates, since the 1922 rates were never increased.

Let us analyze these several hundred odd reductions and see where they were distributed in the various schedules of the tariff act. In the chemical, oil, and paint schedule there were 104 reductions; in earth and earthenware, 99; and in manufactures and metals, 246. There were 246 reductions in the latter schedule alone, undoubtedly all of them competitive with articles manufactured in this country. In wood and manufactures, 12; in sugar, molasses, and manufactures thereof, 6; in tobacco and manufactures thereof, 4. Here is an interesting one: In agricultural products and provisions there have been 160 reductions and still our good Democratic friends say that they are the friends of agriculture and the friends of the farmer and are legislating in their behalf. There are 160 reductions from the tariff act in that schedule. I ask the gentleman from Minnesota [Mr. August H. Andresen] whom I notice listening to me whether he approves of that procedure on the part of the Democratic

Party?

Mr. AUGUST H. ANDRESEN. Mr. Speaker I say to the gentleman from Massachusetts that I am absolutely opposed to the policy and that it is contrary to what the President promised the farmers in 1932 when he said he would not reduce any of the agricultural schedules.

Mr. TREADWAY. But that was when he was a candidate trying to pass out the good word for the benefit of the voters. That promise and many others have not been lived

up to in my opinion.

Mr. AUGUST H. ANDRESEN. I agree with the gentleman, and could the gentleman state the items that have been cut?

Mr. TREADWAY. I have referred to these items many times. They are well known.

The 160 reductions we have just been referring to are where the farmer "gets it in the neck," without sticking his head out with any expectation of getting it there. In other words, it is where the farmer is being "sold down the river" by the present administration.

Mr. HOFFMAN. Mr. Speaker, will the gentleman yield? Mr. TREADWAY. Briefly, because I have a lot that I want

to get in.

Mr. HOFFMAN. Then, I will just waive it.

Mr. TREADWAY. No. I will answer the gentleman.

Mr. HOFFMAN. Does the gentleman recall that back in 1935 the representatives from the Department of Agriculture assured us they were going to put the farmers of Michigan out of the sugar-beet business because we could get sugar cheaper from the offshore area?

Mr. TREADWAY. That is nothing different than the Argentine beef situation. We might just as well say, as any other person, that you can buy these goods cheaper. Why do we not equip our Army and Navy with uniforms made abroad? They can make them cheaper than we can.

Mr. HOFFMAN. Why not let the Chinese furnish us

children? [Laughter.]

Mr. TREADWAY. I think it is logical to follow that line. Mr. AUGUST H. ANDRESEN. Mr. Speaker, will the gentleman vield?

Mr. TREADWAY. I yield.

Mr. AUGUST H. ANDRESEN. This morning some members of the Committee on Agriculture received some figures from Louisiana showing that the farmers down there are plowing up every other row of sugarcane. Those figures showed that 38,000 acres are being plowed up so that foreign producers of sugar may ship more sugar into the United States.

Mr. TREADWAY. Has there ever been a time since this administration came into power that Cuba and other sugarproducing countries have not been favored over the beetsugar producers of Michigan and the cane-sugar producers of Louisiana? I do not know of any time that our people, either in Michigan or in Louisiana or any other sugar-beet or cane-raising sections, have been given less consideration by this administration.

Mr. HOFFMAN. Mr. Speaker, will the gentleman yield further?

Mr. TREADWAY. I yield. Mr. HOFFMAN. Is it not true that this good-neighbor policy is getting us an invitation from the King and Queen to go over there next fall?

Mr. TREADWAY. Of course, if you receive a social visit from a party, you are expected to return the call. I believe that is the plan.

Mr. HOFFMAN. And is that ample compensation for the destruction of our sugar factories?

Mr. TREADWAY. Not exactly. I think you will find there will be something of a financial consideration brought up before this visit is over, the same as occurred with the President of Nicaragua last week. I do not think it is entirely social, this demonstration we are about to receive.

Mr. AUGUST H. ANDRESEN. Will the gentleman yield further?

Mr. TREADWAY. I yield.

Mr. AUGUST H. ANDRESEN. I assume the gentleman has noticed that in the first 3 months of this year Japan has shipped in more than 17,000,000 yards of unbleached cotton as against 4,000,000 yards a year ago; that the cotton goods shipped in from Japan were not made from American cotton but came from Brazilian cotton.

Mr. TREADWAY. Oh, certainly. Our friends on the other side have been very anxious about taking care of cotton, but they have not accomplished anything along that line.

Now, I would like to call attention to some of these other reductions. In cotton manufactures, the very item the gentleman just spoke of, there have been 41 reductions. In wool manufactures, 61; in silk, 21. Paper and books-and I represent a paper-producing constituency—there have been 46 reductions. In the sundries schedule there were 185. Think of it, my friends! Over 1,000 reductions in all under the reciprocal treaties below the prevailing rates of duty.

Now, the gentleman from Minnesota spoke a moment ago about a list of these reductions. I had expected to ask permission to put that list into the RECORD some little time past. It is in print. The Tariff Commission has furnished it. It contains over 125 pages. I thought it was information that the American people ought to have, and so when the British reductions were announced I asked the Public Printer how much it would cost to insert just that list in the Congres-SIONAL RECORD. As I am not one of this strong spending group, I decided I would not ask to put it in, as the Public Printer estimated it would cost over \$900 for the British reductions alone, which are about half the total number. It was rather a large figure, from my conception of finances up in Massachusetts, but nevertheless it might be well worth it if it would be well circulated among the American people.

Mr. AUGUST H. ANDRESEN. Does not the gentleman believe it would be money well spent to let the people have

this information?

Mr. TREADWAY. I thoroughly believe in that; but, nevertheless, I am sure that I for one would be criticized if I asked permission to insert it in the RECORD, and I do not do so, but I do think the people ought to know the way their industries are being abused by the present administration along this

Here is a suggestion, however: If you have not already received a copy of this pamphlet you ought to get one. Every Member of Congress should have a copy of this in his office. Look it over with a view to how these reductions apply in your respective districts, and tell your people what the Democratic Party has been doing here in the last 5 years to their interests. The folks generally do not know it. Let them know it. Nothing could be better, as I see it, than next year to use this document in the campaign. Have it right in your pocket next year when you go around among your constituents. For example, if you live in the Corn Belt, take this book with you when speaking to farmers and turn to page 16 and show them what the New Deal administration has done toward taking care of the hog producer. They reduced the tariff from 2 cents to 1 cent per pound under the Canadian trade treaty-a 50-percent reduction. That would be nice information to give your folks.

Last Friday I was talking with one of my colleagues about the duty on coal. Here is an interesting situation. Congress a few years back imposed an import excise tax of 10 cents a hundredweight put on coal, except where treaty provisions interfered. Under our treaty with the Netherlands coal is admitteed free. We have no trade-treaty agreement with Russia, but give her most-favored-nation treatment, which means that Russian coal also comes in free despite the import tax of \$2 per ton. I see my friend from Pennsylvania listening. I doubt very much if he is in favor of that method of procedure, taking off a duty that Congress actually put on because for sooth we made a bargain with some other country. Could anything be more ridiculous to the Yankee trader? We

have a little horse trading up in our country, but honestly we try to get a fairer bargain and get our end of the trade. We may get fooled, but we do not go into it open-eyed the way the Democratic Party has gone into the trade-treaty program, and the Democratic majority of this House has been willing to allow this policy to continue. There is not a congressional district, Mr. Speaker, in the United States which does not have a direct interest in the reductions which have been made.

The title of this book to which I have been referring is "Changes in the Import Duties Since the Passage of the Tariff Act of 1932." I said the book contained 125 pages. I am mistaken—I am always modest in my statements, you know—I made a mistake, it covers 172 pages.

Mr. HOFFMAN. Mr. Speaker, will the gentleman yield?

Mr. TREADWAY. I yield.

Mr. HOFFMAN. Did I understand the gentleman to say

this administration had reduced the rates on coal?

Mr. TREADWAY. There was an excise tax on imported coal of 10 cents per hundredweight, but because of a treaty made with the Netherlands under which coal was admitted free, we had to extend the same terms to Russia and now Russian coal comes in free.

Mr. HOFFMAN. Does the gentleman consider that fair to the mine owners and John Lewis' miners? How can John collect that money from the miners and turn it over to the

New Deal campaign fund if they let coal in free?

Mr. TREADWAY. I am not basing my argument solely on the coal item, but on the whole trade-treaty program. It is not fair to a single American citizen. [Applause.] I do not make any exception for one man over another.

Mr. HOFFMAN. The point I was trying to make was how Lewis could make these collections from the miners who dig coal in this country, and turn it over to the New Dealers if we let foreign coal in free. That does not seem quite square.

Mr. TREADWAY. This coal item is merely an incident. I am calling attention to the whole trade-treaty program.

Mr. TAYLOR of Tennessee. Mr. Speaker, will the gentleman yield?

Mr. TREADWAY. I yield.

Mr. TAYLOR of Tennessee. Has the gentleman any figures to show how much coal has been brought in from the Netherlands since this trade treaty was entered into?

Mr. TREADWAY. No: I have not.

Mr. TAYLOR of Tennessee. Does the gentleman think any will be brought in?

Mr. TREADWAY. No, I do not think so; there ought not to be

Mr. TAYLOR of Tennessee. Considerable Russian coal was being brought into the United States, so much so in fact that we put on this excise tax of 10 cents a hundredweight, or \$2 a ton.

Mr. TREADWAY. Yes; and Russian coal is still being brought into this country. I think the tax was a proper one to protect the miners down in the gentleman's section.

Mr. TAYLOR of Tennessee. The gentleman is correct. Mr. TREADWAY. Recently a number of interesting speeches have been made on this general subject, and I wish more would be made, Mr. Speaker. I particularly commend the subject matter to our new colleagues. It is my impression—and I think this will be borne out—that this subject was one of the principal issues in every district in which the new men beat the Democrats in the last campaign, and I thank these gentlemen for coming in here and making their remarks.

Mr. THILL. Mr. Speaker, will the gentleman yield?

Mr. TREADWAY. Certainly.

Mr. THILL. The trade-treaty program was one of the outstanding factors in the campaign in Wisconsin.

Mr. TREADWAY. In every district.

Mr. THILL. In every district.

Mr. TREADWAY. How many seats did the Republicans gain in Wisconsin?

Mr. THILL. Eight seats in the State of Wisconsin.

Mr. TREADWAY. And we hope to get that many from a number of other States in the next campaign.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. TREADWAY. I yield.

Mr. RICH. If we continue with these reciprocal-trade agreements I figure that it will not be long until we have lost practically all of our markets in this country to foreigners. Does it seem fair that the 130,000,000 American people who create a market as extensive as that created by 500,000,000 Europeans and 1,000,000,000 Asiatics, should have their interests sacrificed and their market taken away from them under these reciprocal-trade agreements?

Mr. TREADWAY. No; certainly not. The only men who have made any sort of argument for these trade treaties was a group of men who wanted to sell automobiles in foreign countries. If the American wage scale is maintained we would sell more automobiles to our citizens than would be

purchased in Europe in 10 years.

Mr. HOFFMAN. Mr. Speaker, will the gentleman yield?

Mr. TREADWAY. I yield.

Mr. HOFFMAN. Does the gentleman recall that we lent China the money with which to buy the automobiles we sold her?

Mr. TREADWAY. I hope it will be the same with the money that is going down to Nicaragua and these other southern countries under this friendly relations procedure. I do not see that this friendly relation game, peace and good will among men, is keeping the world at peace; but if we carried out the theories of Secretary Hull we would not have any place to ship our goods. We would not have any markets or anything else.

Mr. HOFFMAN. Will the gentleman tell me just where this profit will come in when we lend China \$50,000,000 and they turn around and buy automobiles with that money?

Mr. TREADWAY. I am surprised the gentleman asks me questions of that sort. He should ask them of the ones who advocate the trade-treaty program.

Mr. HOFFMAN. The gentleman has the answer.

Mr. RICH. If he would put the question up to the Members on the other side of the House, there would not be anybody here to answer them. They have practically all gone. Whenever you start to talk about reciprocal-trade agreements you scare them out. They have all left the House.

Mr. TREADWAY. That is one reason why I am telling

Mr. TREADWAY. That is one reason why I am telling them this sort of story. I know they do not want to hear me and I do not give a rap whether they do or not, if the

American people will listen to me.

Mr. RICH. We want to drive them clear out of the country.

Mr. TREADWAY. We want a few Democrats left in order to have fair competition.

Mr. Speaker, I ask unanimous consent to proceed for 15 additional minutes beyond my time. I understand there are no other special orders.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts [Mr. Treadway]?

There was no objection.

Mr. MICHENER. Will the gentleman yield?

Mr. TREADWAY. I yield to the gentleman from Michigan.

Mr. MICHENER. The gentleman says he would like to have some Democrats left. Does not the gentleman differentiate between Democrats and new dealers?

Mr. TREADWAY. Oh, very distinctly. This New Deal is a third party. Of course, the gentleman has read and heard and I have read and heard that there is likely to be a third party candidate next year, a New Deal candidate, and a real old-fashioned Democratic candidate. That would be all right for us.

Mr. MICHENER. After Mr. Farley makes his trip across the continent, followed by the President within a few days, does not the gentleman think we will have a more general idea whether or not we are going to have a New Deal Democratic candidate or a Democratic and a New Deal candidate? Mr. TREADWAY. I think we are going to have the two. I may say, in answer to the gentleman, that if all precedent of history is superseded next year and the present occupant of the White House runs for a third term, there will be a real Democratic candidate run against him.

Mr. COCHRAN. Will the gentleman yield?

Mr. TREADWAY. Yes, certainly.

Mr. RICH. This gentleman is a Jeffersonian Democrat.

Mr. TREADWAY. Absolutely. I have a little more information I want to give the House.

Mr. COCHRAN. In view of the fact that so many Republicans joined this so-called New Deal Party, will the gentleman tell us if he is going to be a member of this New Deal Party

next year?

Mr. TREADWAY. The experience has been such that they are all sorry. Those Republicans were misled, and they have seen the error of their ways and have come back into the fold. They are just waiting for a chance to get at the New Deal Democrats next year. There is no question about that.

Mr. COCHRAN. But the last official result we had in No-

vember shows they are still there.

Mr. TREADWAY. We will stand by the November results and prophesy they will be duplicated and triplicated next year.

Mr. HOOK. Will the gentleman yield?

Mr. TREADWAY. I yield to the gentleman.

Mr. HOOK. Do those Republicans who joined with the New Deal now intend to fight the New Deal by joining up with the Townsend organization?

Mr. TREADWAY. I have not heard there was such a party as that. The New Deal Republicans are back in the Republican fold, as shown by the 82 new Members of the House elected from the various States.

Mr. HOOK. Did not the gentleman hear of the Townsend

group last summer?

Mr. BENDER. Will the gentleman yield?

Mr. TREADWAY. I yield to the gentleman from Ohio.

Mr. BENDER. The gentleman talks about the Townsend movement. I may say to him that the New Deal has made it impossible for a man over 45 years of age to get a job in this country. The old people do not know what to do. They want to work and have not the opportunity to work. You would not have the demand that there is today in this country for consideration on the part of the old people of this country if they could get a job. He had better look into the New Deal and see what they have done to the aged people of this country as well as to the young people. A young man or young woman looking for a job in this country today cannot find one, as they were in the habit of being able to do before the New Deal came into being.

Mr. STEFAN. Will the gentleman yield?

Mr. TREADWAY. I yield to the gentleman from Nebraska.
Mr. STEFAN. I do not want to inject myself into any
political controversy, because I am not going to take any part
in a political fight.

Mr. TREADWAY. Of course not.

Mr. STEFAN. But I would like to make a contribution to the discussion on the coal question, if the gentleman does not mind referring back to that.

Mr. TREADWAY. Not at all. Everything goes. This is

a free afternoon.

Mr. STEFAN. The other day we passed an appropriation bill making appropriations for the State, Justice, and Commerce Departments, carrying a total sum of around \$121,000,000. I doubt that very many Members of the House read the hearings which came to you separately as to the Commerce Department. In view of the fact we were discussing the coal question, I wish to refer the Members of the House to page 396 of the hearings on the appropriations for the Commerce Department, where you will find a statement of Norman Patton, representing the Anthracite Institute of New York, to this effect:

In regard to the anthracite industry, the situation is simply this: We have a very distressed and depressed industry in that we have lost well over half of our markets. We have 60,000 unemployed miners, and entire communities in the Commonwealth of Pennsyl-

vania are wholly dependent on the taxes derived from our industry. We have lost our markets to competitive fuels both in the United States and in Canada, and that loss of market has been due, in large measure, to the importation of foreign fuels—foreign fuel oil, for instance, from Venezuela, and foreign anthracites from as far away as French Indochina, Russia, Wales, Scotland, and other countries.

Mr. TREADWAY. I thank the gentleman very much. I hope if there is more of that statement the gentleman will insert it in the Record.

I am glad to see that a few of our Democratic friends have arrived on the scene from lunch, including our Speaker and the majority leader. I am delighted to have them in the audience. It might just possibly be that I could give them a little more information about the trade-treaty program, but I shall not presume to do so at this time. However, I shall be delighted to yield to the gentleman from Florida.

Mr. GREEN. I was quite interested in the rejuvenation meeting that has been held across the aisle in the last few minutes. I am rather reluctant to butt in on it, but one of the speakers mentioned the great number of unemployed and the bad times prevailing. In spite of all these bad times and unemployment, does not the fact remain that in 1932, when the people took the Government back from the Republican Party the income of the American people was approximately \$38,000,000,000, and in 1937, and last year, also,

it was approximately double \$38,000,000,000?

Mr. TREADWAY. I thank the gentleman for his statement. I assumed when yielding to the gentleman that he was going to refer to how much he was pleased at the reduction of the cuties on citrus fruits in Florida. I have heard the gentleman elucidate that question quite materially. I was in hopes the gentleman was going to make that contribution to the good cause here but he turned to another subject. I know how he feels. He is one of the General Hancock type of believers in the tariff. He believes in a local tariff. He would like to protect the citrus fruits of Florida and sugar, but he is a little backward about protecting the industries in New England.

Mr. JOHNS rose.

Mr. TREADWAY. I yield to the gentleman from Wisconsin, and then I should like to proceed, if I may.

Mr. JOHNS. I should like to ask the gentleman a couple of questions. First, may I say to the gentleman that he is along in years, I'ke myself?

Mr. TREADWAY. I do not admit it.

Mr. JOHNS. No. It is a fine thing always to be young but we do get along in years. We have heard a great deal said here about 1932. There are some of us here who are cld enough to remember 1892. Let me ask the gentleman whether he sees anything different in the reciprocal-trade treaties we now have from the old free trade we had in 1892?

Mr. TREADWAY. There is no difference in the intention. The intention of the present administration is to get just as near to free trade as they possibly can. However, they are a little frightened, as I see it, by just such men as the gentleman from Florida. There are some of them who will not approve of this entire free-trade program; therefore, they are compromising it and doing it behind our backs and in the dark under the trade-treaty program, which is unconstitutional and should not be permitted.

Mr. JOHNS. Does the gentleman believe we are ever going to get back to normal in this country if we permit foreign countries which pay their labor about 30 cents a day to ship their products in here, while we pay our labor 75 or 80 cents

an hour?

Mr. TREADWAY. The only way we will ever get back to normal is to make our duties on the goods they manufacture commensurate with the difference in cost of production there and here. [Applause.]

Mr. JOHNS. I thank the gentleman.

Mr. HOOK and Mr. HOFFMAN rose.

Mr. TREADWAY. I should like to continue my statement, if I may.

Mr. HOOK. I just wanted to ask the gentleman if he wanted to go back to the Smoot-Hawley days?

Mr. TREADWAY. To what?

Mr. HOOK. The old tariff days.

Mr. TREADWAY. Smoot-Hawley?

Mr. HOOK. Yes.

Mr. TREADWAY. You give the voters the chance to tell you the truth as between the Smoot-Hawley tariff and the trade-treaty program next year, and you will find out what the answer will be. [Applause.] And it may affect the district the gentleman represents.

Mr. HOOK. They had their chance in 1932 and took it. Mr. RICH. And it may give the people of this country

Mr. RAYBURN rose.

Mr. TREADWAY. I know this gentleman will have something to offer.

Mr. RAYBURN. I simply want to ask the gentleman a question.

Mr. TREADWAY. Yes.
Mr. RAYBURN. Is it going to be the attitude of the gentleman's party next year in the campaign that they will repeal the right of anyone to make any sort of reciprocal trade arrangement?

Mr. TREADWAY. No. We are believers in reciprocal treaties of the McKinley type, not of the Roosevelt type. That is the difference. [Applause.] President McKinley, when he was chairman of the great Ways and Means Committee, as the gentleman from Texas so well knows, was an advocate of reciprocity, but where it did not affect competitive articles made in this country.

Mr. RAYBURN. We never did have any of it, and the gentleman from Massachusetts is now taking the position that his party usually takes, a position looking both ways to get them "gwine and comin'."

Mr. TREADWAY. That is the handy way. The gentle-

man from Texas would like to do the same.

Mr. RAYBURN. We stand for somebody having authority to make reciprocal trade arrangements, and when they do make them to increase the trade of this country we do not

Mr. TREADWAY. Mr. Speaker, in view of the discussion that has taken place, may I ask unanimous consent to proceed for 10 additional minutes?

The SPEAKER pro tempore (Mr. EBERHARTER). Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. BANKHEAD. Mr. Speaker, I want to submit a unanimous-consent request in behalf of the gentleman from Massachusetts. In view of the fact he called attention to my presence on the floor, and that of the gentleman from Texas [Mr. RAYBURN], I would be perfectly willing for the gentleman to have more than 10 minutes with the hope that in the use of the time he might give us some real information on the question of reciprocal-tariff agreements.

Mr. TREADWAY. Permit me to say, Mr. Speaker, that

I was giving that information-

Mr. BANKHEAD. I was taking into consideration what the gentleman had already said and then expressing the hope he might give us some information. [Laughter and

Mr. TREADWAY. I do not believe the gentleman from Alabama was present when I was really giving them some information about the number of reductions and all that sort of thing. Later on I was interrupted, but I have some very useful information to submit if I can get these other gentlemen answered in time, Mr. Speaker, and I thank you very much for your kind contribution.

Mr. HOFFMAN. Mr. Speaker, will the gentleman yield? Mr. TREADWAY. I want to yield first to the gentleman from Texas.

Mr. RAYBURN. I am through.

Mr. TREADWAY. Then I yield to the gentleman from Michigan.

Mr. HOFFMAN. Mr. Speaker, might it not be well to call the attention of the distinguished gentleman from Alabama,

the Speaker of the House [Mr. BANKHEAD], who professes his inability to understand certain things which were so ably discussed just now by the gentleman from Massachusetts [Mr. TREADWAY], to the statement of the Apostle St. Mark, who said:

Having eyes, see ye not; and having ears, hear ye not; and do ye not remember?

Or again, might it be proper to call the attention of the gentleman from Alabama [Mr. Bankhead] to the possibility that there may still be a people like unto those referred to by Isaiah when he said-

Make the heart of this people fat and make their ears heavy and shut their eyes, lest they see with their eyes and hear with their ears and understand with their heart and convert and be healed.

We are asking that our misguided brethren on the majority side, having reached years of maturity, "put away childish things" and meet the situation which now confronts us face to face, realizing at last that we are dealing with a condition and not with a theory.

Let me also call attention to the fact that while the gentleman from Florida stated that the national income had been increased under this administration, the fact is that any increase in income received under this administration is wiped out by increased spending; that no matter what the income may be, year after year, every year that this administration has been in power, it has gone into debt on an average of \$3,000,000,000 per year. It makes no difference what they receive; they always spend more; they always increase the public debt.

Mr. TREADWAY. And even this morning I appeared before the Rules Committee aiding my Democratic friends in securing a change in the debt limitation or the debt arrangement because they have practically caught up now to the \$45,000,000,000 limit, and if we stay here long enough and spend money the way the administration wants us to spend it, they they will have to raise the \$45,000,000,000 limitation.

Mr. HOFFMAN. And no matter what they get, do not they

spend more than they get?

Mr. TREADWAY. I must agree that they have spent it very rapidly.

Mr. GORE. Will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. GORE. The other day we had a very interesting discussion of the question of the use of jute or cotton, and I wonder if the gentleman can enlighten us further on that

Mr. TREADWAY. That is a back number, and I voted on that according to the wishes of my constituents.

Mr. BROOKS. Mr. Speaker, will the gentleman yield?

Mr. TREADWAY. I yield.

Mr. BROOKS. The gentleman has made a very kind reference to the problems of the sugar farmer in Louisiana. May I construe his statements to mean that he is ready to support the sugar farmers in Louisiana in an effort to get an increased allotment?

Mr. TREADWAY. There is no question about that. I have stated several times that the Louisiana sugar growers and the beet-sugar growers up in Michigan and in that entire section are entitled to supply our market rather than

Cuba.

Mr. BROOKS. May I ask the gentleman further if his remarks can be extended to cover the remainder of the Republican New England delegation?

Mr. TREADWAY. I can only speak for one member of that group, but I can assure the gentleman that they believe in using American products rather than foreign products. Every one of them will subscribe to that.

Mr. RAYBURN. Mr. Speaker, will the gentleman yield for a question on sugar?

Mr. TREADWAY. On sugar?

Mr. RAYBURN. Yes.

Mr. TREADWAY. On the sugar question I will refer the gentleman to the gentleman from Michigan [Mr. CRAWFORD].

Mr. RAYBURN. The gentleman has just stated he wanted to fix it so that the Louisiana sugar producers and the beet-sugar producers could supply the United States with sugar. Does the gentleman mean that he believes they should supply the United States with all its sugar?

Mr. TREADWAY. Oh, no; we want to be fair with our

foreign friends.

Mr. RAYBURN. Does the gentleman want to bring about a condition under which Cuba could ship no sugar here?

Mr. TREADWAY. Oh, no, indeed. Mr. RAYBURN. Well, how much would the gentleman

permit them to ship here?

Mr. TREADWAY. Well, I will refer all sugar inquiries to the authority on sugar, the gentleman from Michigan [Mr.

Mr. RAYBURN. How much would the gentleman give the Louisiana sugar producers and how much would he give the beet-sugar producing States?

Mr. CRAWFORD. Mr. Speaker, will the gentleman yield? Mr. TREADWAY. I yield to the gentleman from Michi-

Mr. CRAWFORD. I would like to say to the distinguished leader that I believe that question can be very simply answered and at the same time we can conform to real American institutions. Why not let the American sugar-beet growers and the cane growers of Louisiana and Florida and the growers of Hawaii and Puerto Rico and the Virgin Islands first grow all the sugar they want to grow toward supplying our market and then give the balance of our consumptive demands to Cuba and the Philippine Islands. I cannot see anything wrong with that.

Mr. RAYBURN. Is it the gentleman's position that he wants to so subsidize these possessions of ours, in the United States and out, that they can raise all the sugar that the United States uses and not have any importations whatever

from Cuba?

Mr. CRAWFORD. If our people desire to grow all of the sugar which we consume, and can do so at a cost not to exceed, we will say, the going average world retail price of sugar, then why should not our people be entitled to grow that sugar? If the gentleman means by that, would I subsidize them to that extent, indeed, I would.

Mr. RAYBURN. In other words, the gentleman would subsidize them to the point where we could not trade in sugar

with Cuba?

Mr. CRAWFORD. No.

Mr. RAYBURN. The last time I looked it up, I say to the gentleman, if the gentleman from Massachusetts [Mr. TREADWAY! vields-

Mr. TREADWAY. Oh, absolutely.

Mr. RAYBURN. The barriers we had at that time were costing the consumer of American sugar about \$300,000,000 a year. Is not that what the subsidization is costing them now?

Mr. CRAWFORD. Mr. Speaker, the statement to the effect that it is costing our consumers about 300 millions per year is a dishonest presentation of the facts. That cannot be supported and that statement has not been supported, and if the gentleman desires, I will demonstrate it again. I shall answer him categorically within the next day or two.

Mr. RAYBURN. The last time I looked it up it was stated that it costs \$300,000,000 a year.

Mr. CRAWFORD. It was so stated.

Mr. RAYBURN. What does the gentleman have to offset that?

Mr. CRAWFORD. It was stated that it was costing around \$350,000,000 a year, but here are the facts: Let us assume that the world price on sugar today is \$2 per 100 pounds, raw sugar, which is a little above the market. You can buy refined sugar in the Washington stores for \$4.40 per 100 pounds, in 10-pound sacks. You can buy it for about \$4.15 to \$4.25 per 100 pounds in bulk, in 100-pound When the administration, or whoever it is undertakes to make the statement-and I do not care to state who now, though I could—when they say that the consumers of this country are being burdened with \$350,000,000 per annum excess cost of sugar by reason of tariff protection on sugar, then they make a statement that cannot be supported by the facts. Turn it around the other way and deduct the \$350,000,000 from our total sugar bill, and I ask this, Do you want the world, including the growers under the American flag, to furnish sugar far below the cost of production, as our other farmers are doing today on cotton and other products?

Mr. RAYBURN. How much does the gentleman say it is

costing?

Mr. CRAWFORD. Tariff protection is not costing the consumers of sugar anything at all because of this fact: If you do not have tariff protection, which gives you a reasonable quantity of sugar produced under the American flag, you will be dependent upon foreign countries for your total supply of sugar, and they, the foreign producers, will impose a high cost on the housewives of the country per annum sufficient to pay for your entire sugar industry in the United States

Mr. RAYBURN. Oh, that is begging the question. Mr. CRAWFORD. It is not begging the question.

Mr. RAYBURN. How much does the gentleman think

it is costing, if it is not costing \$300,000,000?

Mr. CRAWFORD. It is not costing them anything. The average person believes that when you raise the tariff on sugar, the price of sugar goes up, but when you raise the tariff on sugar almost invariably, so the sugar history shows, the price of sugar has gone down, and why? Because you increase the domestic production and more sugar comes into the market. That is the history of sugar in this country. Take your situation in 1930 when you increased the tariff. The price of sugar went down. There is no way by which you can tie an increased tariff to an increased price of sugar. It does not work that way. It did not work that way in England and it is not worked that way in this country.

Mr. RAYBURN. The gentleman takes the position that the imposition that we make on sugar does not cost the

American consumer anything?

Mr. CRAWFORD. Yes; I take that position.

Mr. RAYBURN. Would the gentleman take that position about other tariffs? Does the gentleman think they all work

Mr. CRAWFORD. If you get a response in domestic production, they will work that way.

Mr. RAYBURN. There are a lot of things that you do not get a response in, in the domestic product.

Mr. CRAWFORD. That may be. We are discussing sugar

now, and I am qualifying on sugar.

Mr. RAYBURN. But the gentleman from Michigan claims he can demonstrate that the price of sugar does not go up when the tariff is imposed upon it. He has not demonstrated that as yet to me, and he is one of the most persuasive ex-Texans that I know.

Mr. CRAWFORD. I thank the gentleman, and I shall later demonstrate and answer very specifically when time permits.

Mr. RAYBURN. And I say to the gentleman that if at some time he could put it down somewhere where I could read in cold print that the tariff does not increase the cost of anything, it would be a wonderful thing to me, and one of the most enlightening things that has ever come to my mind.

Mr. CRAWFORD. I shall be glad to comply with the request of the majority leader. Now, let me restate my proposition so that it is clear, because this is something in which we are all interested. If the increase in tariff leads to a material increase in domestic production of that which is protected, you will invariably find that the increase in the tariff does not lead to an increase in the consumer's price of the commodity in question. That is just the history of com-

Mr. RAYBURN. Let me ask the gentleman this question: Is the gentleman in favor of putting the tariff at such a point that we will not buy any sugar at all from Cuba?

Mr. CRAWFORD. I would like to make it very clear that I am in favor of my stated formula-

Mr. RAYBURN. Cuba is our neighbor. That is its stock in trade. In other words, here is something about the tariff that I have never been able to get over. I am not a free trader, of course, unless everybody is the same—that is, that if we do not buy something from the other countries of the earth they cannot buy from us; because the gentleman knows, and everybody else who has studied the question knows, that money does not cross the ocean to balance trades between countries. It is goods for goods. It is trading the surplus of one country for the surplus of the other. If we close the ports of America against the surpluses of the remainder of the world, under that same theory we automatically close the ports of the world against our surplus commodities, the commerce of America.

Mr. CRAWFORD. There is great strength in the gen-

tleman's argument.

Mr. RAYBURN. I doubt if even the gentleman from Massachusetts [Mr. Treadway] would contend that the Smoot-Hawley tariff bill was a competitive tariff act. Was it a prohibitive tariff or was it a competitive tariff act?

Mr. TREADWAY. Oh, it was a competitive tariff act.

Mr. RAYBURN. I think the gentleman from Michigan [Mr. Crawford] would agree with me that the Smoot-Hawley tariff was more a prohibitive tariff than it was a competitive tariff.

Mr. KNUTSON. Well, why has not the gentleman's party carried out its promise made in 1932 to repeal this iniquitous tariff bill?

Mr. RAYBURN. We have passed the law for reciprocaltrade agreements. That is the only way we can do it. We are trying to iron out some of these iniquities, and trade with the remainder of the world.

Mr. KNUTSON. But they are not reciprocal.

Mr. RAYBURN. In 1926, 1927, and 1928 we had reached the point where we had practically no commerce with the rest of the world.

Mr. TREADWAY. The gentleman is greatly mistaken. Our foreign trade continually increased during those years. In 1928 our exports amounted to over five billions, as against only three billions last year.

Mr. Speaker, I now yield to the gentleman from Michigan [Mr. Crawford]. I want to get a little time to talk on trade

treaties. I yield to the gentleman from Michigan.

Mr. CRAWFORD. I do not like to take the time from anybody, but this is a very important situation we have developed here, and I would like to just summarize it shortly. If the farmers of the United States, Puerto Rico, Hawaii, and the Virgin Islands desire to grow the cotton which we consume, the sugar which we consume, the citrus fruits which we consume, and can do so at a price to the consumer which is not unreasonable, then why in the world should we not give those farmers that privilege? That is my formula. If it calls for an unreasonable tariff protection, that brings in an element which my formula does not provide.

The SPEAKER pro tempore (Mr. EBERHARTER). The time of the gentleman from Massachusetts [Mr. Treadway] has

again expired.

Mr. TREADWAY. Mr. Speaker, I ask unanimous consent to proceed for 10 additional minutes.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. HOOK. Mr. Speaker, will the gentleman yield to me for a short question?

Mr. TREADWAY. I yield.

Mr. HOOK. I would like to ask the gentleman from Michigan [Mr. Crawford] a question on the sugar situation. Can the gentleman tell me how much increase in the production of sugar there has been in the State of Michigan in the last 4 years?

Mr. CRAWFORD. The gentleman is familiar with the figures. If he will look at last year's production, he will find a very material increase over the previous year.

Mr. TREADWAY. I now yield to the gentleman from Michigan [Mr. WOODRUFF].

Mr. WOODRUFF of Michigan. Mr. Speaker, I will say to the gentleman from Texas [Mr. Rayburn] that he has a very natural and very proper curiosity to learn whether or not a tariff on sugar results in increasing the cost of that commodity to the American people. On last Tuesday I spoke on

the question of sugar, and at that time I discussed a certain period of our country's history. I spoke of the period from 1916 to 1923, inclusive, when, for various reasons, the American sugar industry did not produce in normal amounts. This covered the time when there were so many demands from all the warring European countries for all of the agricultural products this country could produce in order to supply their needs. During that time hand labor was at a premium in this country, and as a result the production of beet sugar dropped to a point where we did not produce enough sugar to give the offshore producer the sort of competition that he must have if the housewife of this country is to buy sugar at a reasonable price. I commend to my friend from Texas the figures in that speech. I do not have time to go into this question thoroughly at this time, but if the gentleman will read the speech, he will learn that during that period of 8 years-and, I repeat, which was during the time when we did not have enough domestic sugar on the market to provide competition for the offshore producers—it cost the consumers of this country during the full 8 years approximately \$4,000,000,000 more than a reasonable price for that product in this country, or \$500,-000,000 per year in addition to what would have been a reasonable price. As a matter of fact, the only time when the American housewife has paid more for her sugar than she should pay was when the Cuban and other offshore producers controlled the market and could charge what they pleased. No tariff on sugar spells just one thing, and that is an exorbitant price for this commodity. I commend that speech and those figures to my friend.

Mr. KNUTSON. Mr. Speaker, will the gentleman yield? Mr. TREADWAY. I yield to the gentleman from Min-

nesota.

Mr. KNUTSON. The gentleman from Texas had something to say about the good-neighbor policy and that we should buy from other countries, especially from neighboring countries. Does the gentleman from Texas recall that a few months ago a large importation of cotton from Brazil came to this country and was warehoused in Richmond for the use of manufacturers in North Carolina, and that the papers at that time said that it was only a question of time until Brazil would capture one-half the world's market for cotton? If that time ever comes, would the gentleman be in favor of buying one-half of our cotton needs from Brazil in order to show that we were friendly and good neighbors? I would like the gentleman to answer that question.

Mr. RAYBURN. I am willing to state to the gentleman, coming from a State that produces from one-third to one-quarter of all the cotton produced in the United States, that if it takes some trade in cotton with Brazil in order for us to sell some of our surpluses to Brazil and other sections of the world we will be willing to take it as American citizens.

[Applause.]

Mr. KNUTSON. That is a question of some future happening, but if it were the situation confronting us now the gentleman would sing another song.

Mr. RAYBURN. Certainly the gentleman does not mean

that; he does not mean to be funny.

Mr. KNUTSON. The gentleman is a good friend of mine, but the gentleman also knows that he would take a different stand if that were the situation that confronted us at this moment.

Mr. RAYBURN. I am stating to the gentleman from Minnesota what I would be willing to do, but I admit that it is not a problem we face at the present moment.

Mr. KNUTSON. But we are rapidly approaching that time.

Mr. RAYBURN. Oh, no!

Mr. KNUTSON. Oh, yes!

Mr. RAYBURN. We can produce in America better cotton and at a price that we can sell to the world because it is better cotton.

Mr. KNUTSON. Then why do you continually come in asking for subsidies for cotton if you can compete with the world?

Mr. RAYBURN. Just because of the policies adopted and the laws passed during 12 years of Republicanism. The reciprocal trade agreement program was inaugurated to cure those difficulties and to provide a way whereby we might exchange our surpluses.

Mr. KNUTSON. Cotton never has been in such desperate situation as it is now.

Mr. RAYBURN. Certainly not. Mr. KNUTSON. It never has been in such desperate situation as it is now under the New Deal.

Mr. BATES of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. TREADWAY. I yield.

Mr. BATES of Massachusetts. Probably one of the most discussed products affected by imports is shoes. My district is one that manufactures perhaps more women's shoes than any other district in the United States, and I make this very interesting comparison on the question whether trade agreements or imports of foreign products have a distressing effect on American industries, and no better illustration can be made than the matter of shoes.

Ninety percent of the shoes imported into this country came from Czechoslovakia, and when the Czechoslovakian shoe imports were entering this country at their peak in one city in my district alone out of 28 factories manufacturing shoes, 18 had closed their doors-18. In a city in which 75 percent of all the people work in shoe factories, we can appreciate what that importation did to the shoe industry in this country. What happened when those imports stopped? And the result will answer the question whether imports of shoes did any damage to our shoe industry.

When Germany went into Czechoslovakia last October the economic conditions of Czechoslovakia were such that exports of shoes from Czechoslovakia to this country practically stopped. From that time on the shoe industry in my district, which is more affected by imports of shoes from Czechoslovakia than any other part of the country, immediately started to rise; and business in that section of my district had never been so good for many, many years as from October to the present time as a result of the stopping of this importation of shoes. [Applause.]

Mr. TREADWAY. We are very glad, indeed, to hear that. Mr. Speaker, if the House will kindly indulge me for 10 minutes in addition to the last extension I had, I will yield to the gentleman from Tennessee [Mr. Gore], but to none other. I ask unanimous consent to proceed for an additional 10 minutes at the expiration of my time.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. TREADWAY. Mr. Speaker, I now yield to the gentleman from Tennessee [Mr. Gore].

Mr. GORE. Mr. Speaker, I wish to preface my question with the statement that, being a new Member, I have not spoken, but if the gentleman will not think me presumptuous I wou'd ask him to explain his answer to me. I asked the gentleman, a little while ago, to explain his vote on jute and cotton, and he gave two answers. I understood one of his answers-that he voted the way his constituents wished him to vote. I can understand that, because I have arrived at the inescapable conclusion that the gentleman, like the gentleman from New York [Mr. HANCOCK] considers the tariff a local question.

Mr. TREADWAY. No; that is not correct.

Mr. GORE. But the second reason the gentleman gave was that it was a back number, and I am unable to follow his reasoning.

Mr. TREADWAY. I think the gentleman misunderstood the reference. I was in a bit of a hurry to proceed with my remarks on reciprocal-trade treaties. What I referred to was the fact that the jute- and cotton-twine matter had been thoroughly discussed on the Post Office appropriation bill. That was the reference I had in mind when I said it was a back number.

Mr. GORE. Then, will the gentleman explain his position

Mr. TREADWAY. Yes; when the measure is up before us I shall be delighted to explain it for the benefit of the

Now, Mr. Speaker, I would like to go back to the point where I was interrupted a little over half an hour ago. I was about to make some remarks to the effect that we wanted to enlist the sympathies and support of the new Members. I had referred to the fine speech made by the gentleman from Wisconsin [Mr. THILL], who made a full and unanswerable exposition of the subject, pointing out in particular its effect on the dairy industry. Then the gentleman from Wisconsin [Mr. Griswold] made several notable addresses on the subject of the trade treaties and their effect upon his people.

It would be well, in my opinion, if every Member undertook to do this with respect to the products of his own district and State. Only in this way can the facts be brought home to the people. Something needs to be done to give them a true picture of what is going on. At the present time, except for an occasional speech on this floor, they are hearing only one side of the question.

The State Department is flooding the country with its biased and misleading propaganda, and is sending its emissaries far and wide at public expense to stir up support for the treaty program. No attempt is ever made by the State Department to tell the people the great cost at which our concessions are obtained. That part of the story is carefully hidden from the people. It is up to the representatives of the people in Congress to let them know the true facts.

The other day the gentleman from Arkansas [Mr. KITCH-ENS] attempted to answer my charge that most of the speeches made in this body in favor of the treaty program have all the earmarks of having been prepared by the State Department. The gentleman in the course of his remarks inserted an editorial from the Terre Haute (Ind.) Star for April 22 entitled "It Works," and offered this editorial as evidence of public support of the program.

It is a very strange thing that on the same day that editorial, word for word, as it appeared in the Terre Haute (Ind.) Star, was published with the same caption in a paper in Saratoga, N. Y. In each case it bore the same heading and contained the identical language. Some day we are going to know how much the propaganda is costing the American people for just that sort of thing-passing out editorials, putting on movie shows, theatrical projects, and everything under the sun to advertise these trade-treaty programs. Is it not right that we Members of the House should occasionally address our remarks to that subject?

In order to get any information as to the real effect of the treaty program, it must be obtained from outside the Government departments, since they are all a part of the New Deal propaganda machine.

Numerous instances of the direct adverse effects of the tariff reductions which have been made under the treaty program can be shown. Not long ago I called attention to a circular being distributed by an English tailoring concern soliciting orders for men's suits with the information that because of the British trade treaty the British suits could now be purchased for \$15 less than before.

That was borne out by the gentleman from Rhode Island [Mr. SANDAGER], who received a direct communication from the people interested. Just the other day our colleague from New Jersey [Mr. Powers] called my attention to a letter he had received from a china manufacturer in his district in which it was stated that English bone china is now being sold at from 35 to 50 percent less than before the treaty came into effect. Of course, that means just one thing-that the English manufacturer is going to get the business at the expense of our own producers and at the expense of our own

The trade-treaty program is a business appeasement program for foreign producers; but it is a business-destroying program insofar as our own producers are concerned.

We have heard a good deal about business appeasement for Americans, but the trade-treaty program is intended to

appease foreign producers.

The administration is solving the unemployment problem of the rest of the world under the treaty program but aggravating our own. The first evidence of improvement or the most recent evidence that has been submitted of an improvement in our condition is where the importation of shoes was cut off from Czechoslovakia. My colleague from Massachusetts [Mr. Bates] has told you the effect of that so far as the shoe business is concerned in the district he represents. It applies to all districts just the same. As long as they can keep up this trade-treaty program, the administration is solving the unemployment problem for foreign countries. Likewise it is furnishing a market for the foreign farm surpluses and taking the market away from our American farmers.

The reductions in tariffs being made under the treaty program are inconsistent with recovery and reemployment. How can our manufacturers raise wage levels and working conditions for labor when they are forced to compete with the cheap labor of Europe and the Orient? They simply cannot do it. That is the answer, they cannot do it. That same subject has been brought up this afternoon in the

course of the discussion.

How can our workers be provided with jobs when under the administration's tariff policy we are admitting more and more foreign products made by foreign labor, thereby displacing our own? That is a foolish question to ask. it answers itself.

How can we bring prosperity back for the farmer and restore parity prices under a program which gives up more and more of the home market to foreign producers and drives down the price level to that of the low-cost foreign products that are being brought in under drastically reduced rates? Of course, it is obvious that this cannot be done. It cannot be done even with the magic wand of the present admin-

A reasonable protective tariff which at least offsets the foreign cost-of-production advantage is absolutely essential to the maintenance of American wage and living standards.

While I said I would not pause for any further interruptions, if any of my Democratic friends want to answer that statement I will yield to them. It cannot be answered. It is a self-evident fact.

It is absolutely essential to the restoration of farm prices. It is absolutely essential to the existence of our vast indus-

trial development. Why, Mr. Speaker, the first major enactment of the First Congress in 1789 was a protective tariff measure, and throughout all our history the tariff has been the backbone

of our progress as a nation. The first major enactment of the First Congress in 1789 carried with it this very idea we are trying to get across here today 150 years afterward, and the experience of the Government has been that unless that tariff protection is maintained we must meet the wage scale of the foreign countries

with which we are competing.

Here is one other thought I would like to leave with you: Two subjects that are predominant in the public mind today are neutrality and national defense. An adequate protective tariff contributes to both. During the consideration of the tariff bill of 1816 John C. Calhoun and Henry Clay lent their support to the cause of protection by arguing that economic independence of Europe was essential to real political independence. That is as true today as it was then.

Moreover, what could contribute more to national defense than to be economically independent insofar as possible of the rest of the world? We built Muscle Shoals so that we would not have to depend upon Chile for nitrates. We had a very sorry experience after the outbreak of the World War because we had always been dependent upon Germany for

our dvestuffs.

Recently Congress has been considering legislation to lay in supplies of strategic war materials. One strategic war material is manganese, and that brings me back to the trade treaties once more. Under the Brazilian trade treaty this

administration reduced the tariff on manganese by 50 percent and took away what little encouragement there was for the development of the American manganese industry. This is just another illustration of inconsistency and lack of foresight on the part of the administration.

In one of my recent speeches on the subject of trade treaties, I inserted a copy of a letter which the War Department addressed to the Ways and Means Committee during

the consideration of the 1930 Tariff Act.

In that letter the Department asked that protection be extended to a certain industry because in the event of war its facilities would be used for the production of arms. Today the War Department has an arrangement with factories throughout the country for shifting over to the production of war materials. If these factories were not sustained in peacetimes by having a market here in the United States for their products, they would not be available in time of war.

In the defense measure which Congress passed there was an item for educational orders. Of course, the only purpose of this item was to get our plants used to the production of these war supplies. I do not want to stress the nationaldefense angle of the tariff too much, but it certainly is an

important phase to keep in mind.

Then there is the question of patriotism. Some of those who protest their patriotism the most are among the first to encourage the use of foreign products. Even the President has come out in favor of buying Argentine beef, as I have previously pointed out.

My friend the gentleman from Mississippi [Mr. RANKIN] is a patriot of the first order when it comes to defending his country, but when it comes to the tariff he goes along with the President and Secretary Hull and advocates "Buy foreign."

The only purpose of the tariff is to give our home producers-our farmers, our working people, and our manufacturers—the first opportunity to supply the needs of the home market. Certainly that is their birthright. But this administration would deny it to them.

There is no reason and no justification for our buying goods from abroad that we can and do produce for ourselves. That is the basic objection to the present treaty program, in that it has resulted in lowering the tariff on foreign products that compete with and displace our own. Foreign trade of this character is not profitable. Nor is it fair to those groups of American producers who are being sacrificed in the mere hope of securing increased export markets for other groups of American producers.

That the treaty program has not been successful in opening up foreign markets for American products is evidenced by the fact that our exports last year were \$255,000,000 less than in 1937. Had it not been for the large sales of war materials and supplies, the decline would have been much greater. While the treaty program is supposed to be dedicated to world peace, it is being sustained largely by the sale

of these war materials.

Trade-treaty proponents point to the large favorable trade balance last year as an indication of the success of the treaty program.

However, they fail to look into the reason for such a favorable balance. It did not result from an increase in exports, because, as I have pointed out, exports declined last year. The real cause was the fact that our imports of raw materials declined more than our export trade, and this left us with an excess of exports over imports.

The decline in imports was not due to any tariffs imposed under the treaty program, because that is not its function. Rather, it seeks to destroy and undermine the existing tariffs.

The decline in imports resulted, as admitted in official Government publications, to which I have previously called the attention of the House, from a decline in purchasing power in the United States resulting from the present Roosevelt depression. Hence it is clear that the trade-treaty program has no connection whatever with last year's favorable trade balance.

What then has the treaty program accomplished? Certainly it has not achieved any of the objectives for which it

was supposedly intended.

It has not expanded our export markets and it has not brought about peace. On the other hand, it has thrown the American home market open to ruthless foreign competition, which threatens our industries, further depresses our agricultural producers, and sacrifices the American wage earner.

The treaty program has been tried and found wanting. Like other New Deal experiments, it has aggravated, rather than remedied, the problem it was supposed to solve. It is on the way out. After the 1940 elections we are going to see in this country a restoration of the Republican protective tariff. This does not mean that reciprocity will be abandoned. Reciprocity has long been a cardinal Republican policy, of which the great McKinley was the chief proponent. But under real reciprocity-Republican reciprocity-the expansion of our foreign trade will go hand in hand with protection.

Adequate tariffs will be maintained on the products we can and do produce to assure our own people at least an equal chance with foreign producers in the home market.

We will use the great market in this country for things we need but do not produce ourselves in bargaining for export markets for our own surpluses. Under such a policy, no American interest will be injured, but all will benefit. [Applause.] [Here the gavel fell.]

EXTENSION OF REMARKS

Mr. COFFEE of Washington. Mr. Speaker, I ask unanimous consent to insert in the RECORD at this point, following the remarks of the gentleman from Massachusetts [Mr. TREADWAY] a statement in answer to his argument as presented on this floor.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. COFFEE of Washington. Mr. Speaker, the statement to which I refer is as follows:

[From Commerce Reports of February 18, 1939] 1938 RESULTS UNDER THE RECIPROCAL TRADE AGREEMENTS PROGRAM (Albert J. Hutzler, Trade Agreements Unit)

During the year 1938, United States exports to both the group of 17 countries with which reciprocal-trade agreements had been concluded, and to the group of nonagreement countries, decreased, the rate of decline being slightly smaller to the agreement group than to the nonagreement group. Taking an annual average for the past 2 years, however, exports to agreement countries have shown a much greater rate of increase over the preagreement period 1934-35 than average exports to the nonagreement group. The value of total imports into the United States during 1938 declined sharply from the relatively high level of the preceding

declined sharply from the relatively high level of the preceding year, with a lesser rate of decline from the agreement group than from the nonagreement country group. During the 2-year period, 1937-38, the increase in imports from the agreement country group over the 2-year preagreement period was less than the average increase in exports to those countries.

RELATIVE CHANGE IN EXPORTS

While United States exports experienced a moderate decline in 1938 from the level of 1937, the exports from this country have shown smaller declines than those from most other countries. Exports from this country remained at high levels in 1938 because of the continued demand abroad for American aircraft, machinery, and metal manufactures, and because of the large surpluses of wheat, corn, fruit, tobacco, and other agricultural commodities, some of which were again available for export from this country. The demand for American machinery and metal manufactures has continued strong, due in a considerable measure to the heavy requirements of the rearmament programs of several European countries which have prevented those normally large exporting countries from supplying both export and domestic demands.

In 1938 there was a net decline of 6.8 percent compared to 1937 in the value of exports to the 17 agreement countries (not including the United Kingdom, with which an agreement became effective only on January 1, 1939), while the decline in exports to all other countries during the same period averaged 8.1 percent. In contrast to the general trend, exports to the Netherlands (including overseas territories), Switzerland, Czechoslovakia, Honduras, Colombia, and Costa Rica, of the agreement group, were greater in 1938 than in 1937.

That exports to the nonagreement group as a whole during the same periods did not show a greater decline was due largely to the continued high level of exports to the United Kingdom and to increases in exports to Norway, the Union of Soviet Socialist Republics, and some other countries. Exports to the United Kingdom accounted, roughly, for one-third of the exports to the nonagreement group. Although United States exports of cotton

to the United Kingdom declined in 1938, total exports to that to the United Kingdom declined in 1938, total exports to that country were well maintained for the year because of increased shipments of petroleum products, wheat, tobacco, and other agricultural products. Exports as a whole to the Union of Soviet Socialist Republics experienced a large gain in 1938 over the previous year, mainly because of the substantial gain in exports of machinery, particularly metal-working machinery.

The comparison of exports during the 2-year agreement period which closed on December 31, 1938, with the 2-year preagreement period of 1934-35, shows a definitely greater average rate of increase in exports from the United States to the group of agreement countries has to the proagreement countries as a whole.

crease in exports from the United States to the group of agreement countries than to the nonagreement countries as a whole. Exports to the agreement group in the 2-year period 1937-33 were greater in value by 61.2 percent than the average for the preagreement period 1934-35, while exports to all other countries increased by an average of only 37.9 percent in value.

During the past few years there have been several powerful forces other than trade agreements which have served to increase and then to maintain American foreign trade above the levels that previously prevailed. However, it seems significant that in com-

previously prevailed. However, it seems significant that in comparison with the two preagreement years 1934–35, during the past 2 years our exports have experienced a much greater rate of increase to trade-agreement countries which have reduced or stabilized their tariffs or other trade barriers on distinctive American products than our exports to the nonagreement group.

RELATIVE CHANGE IN IMPORTS

As previously indicated, imports into the United States during 1938 experienced a marked decline in comparison with 1937. This 1938 experienced a marked decline in comparison with 1937. This decline in imports is generally attributed to the recession in business, and to the large domestic supply of agricultural products which, in contrast to the previous year, was more than ample for this country's needs. While most categories of imports declined in 1938, the decline was particularly severe in imports of certain raw materials, notably rubber, tin, wool, hides, and skins, and certain farm products, such as grain, fodder, and oil seeds. Beginning in the latter months of 1937, the demand for certain imported raw materials lessened considerably with the decline in industrial activity in this country and, in the case of some products, prices decreased markedly. Also, beginning in the latter months of 1937, the domestic supply of certain agricultural products became substantial enough to eliminate the necessity for large scale importations of these products. It so happens that imports of the raw materials and agricultural products in question had been obtainable mainly in nonagreement countries. Consequently the perable mainly in nonagreement countries. Consequently the percentage of decline in the value of imports in 1938 was greater for nonagreement countries as a whole than for the agreement group.

Table 1.—United States foreign trade with trade-agreement countries and with all others, 1938 compared with 1937, and 1937-38 compared with 1934-35

[Values in millions of dollars]

	Comp	arison o	1938 with	Comparison of 1937-38 1934-35				with	
Item			Chan	ge	1934 and	1937 and	Change		
	1937 value	1938 value	Value	Per- age ag	1938 aver- age value	Value	Per- cent		
United States exports, including reexports									
Total, all trade- agreement coun- tries 1	1, 267. 9	1, 181. 8	-86.1	-6.8	759.8	1, 224. 8	+465.0	+61.2	
Total, all nonagree- ment countries	2, 081. 2	1, 912. 3	-168.9	-8, 1	1,448 0	1, 996. 8	+548.8	+37.9	
Total, all countries	3, 349. 2	3, 094. 1	-255.1	-7.6	2, 207. 8	3, 221. 6	+1, 013. 8	+45.9	
United States general imports								17	
Total, all trade- agreement coun- tries 1	1, 254. 7	892, 5	-362, 2	-28.9	793. 9	1, 073. 6	+297.7	+35. 2	
Total, all nonagree- ment countries	1, 829. 0	1,068.0	-761.0	-41.6	1, 057. 4	1, 448. 5	+391.1	+37.0	
Total, all countries	3, 083. 7	1, 960. 5	-1, 123. 2	-36, 4	1, 851. 3	2, 522, 1	+670.8	+36. 2	

¹ Including the 17 countries (and colonies) with which agreements were in operation during the greater part of the last 12 months. Only 1 of the agreements was in operation throughout 1935, 6 throughout 1935, 12 by the middle of 1936, 15 by the middle of 1937, and 18 by the end of 1938. The last (with Ecuador) only came into force on Oct. 23, 1938, and is therefore not yet included in the above calculations as an agreement country. The new agreement with Canada, and the agreement with the United Kingdom (including Newfoundland and non-self-governing British colonies) which became effective Jan. 1, 1939, bring the number of agreement countries up to 19. GENERAL NOTE—Percentage changes have been calculated upon tiller forumes.

GENERAL NOTE.—Percentage changes have been calculated upon fuller figures in thousands

Source: Latest records of Division of Foreign Trade Statistics, Bureau of Foreign and Domestic Commerce.

In 1938 there was a decline of 28.9 percent over 1937 in imports into the United States from the group of agreement countries, whereas imports during the same period of comparison from the nonagreement countries declined by 41.6 percent. In the broader comparison between the 2-year period 1937-38 and the preagreement period 1934-35, the increase in imports into the United States from agreement countries averaged 35.2 percent, while imports from the nonagreement group increased 37 percent. That imports from nonagreement countries during the 2-year period increased at a greater rate than imports from agreement countries, whereas a contrary tendency would normally have been expected, is due to a contrary tendency would normally have been expected, is due to the heavy imports of raw materials and agricultural products, mainly from nonagreement countries during 1937, to which attention has already been called. In 1938 this abnormal tendency was reversed and imports from agreement countries showed a smaller rate of decline in imports than from nonagreement countries.

COMPARATIVE CHANGES IN EXPORTS AND IMPORTS

United States exports during 1938 to the agreement countries as a whole decreased about \$86,000,000 from the levels of 1937, while the year's decrease in imports into the United States from the same countries was about \$362,000,000.

Taking a broader view, a comparison of the past 2 years with the preagreement years of 1934 and 1935 shows an increase in exports to the agreement countries group averaging about \$465,000,000 annually, and an increase in imports from the same countries averaging approximately \$280,000,000 annually.

PROGRESS OF PROGRAM—RECENT AGREEMENTS CONCLUDED—NEGOTIATIONS ANNOUNCED

With the conclusion of the trade agreement between the United States and the United Kingdom in November 1938, the reciprocal trade-agreements program assumed greater proportions as a trade-enlarging influence. At the same time a second agreement with Canada was signed, superseding the first agreement concluded at the end of 1935, and an agreement was concluded in the latter part of 1938 with Ecuador. The 19 countries with which reciprocal trade agreements are now in operation, together with their colonies account for approximately 60 percent of the total foreign trade of the United States.

The United States.

The trade agreement between the United States and the United Kingdom, which became effective January 1, 1939, covers not only the trade between these two countries, the largest trading countries in the world, but also the trade of the United States with Newfoundland and the nonself-governing British colonies. The importance of this agreement may be judged by the fact that the trade of the United States with the United Kingdom and the other areas accepted by the suggestions are traded. covered by the agreement constitutes nearly one-fifth of our trade with the world as a whole. The United Kingdom is generally the

largest market for our exports and ranks among the three leading countries as a source of our imports. Our trade with some of the more than 50 British colonies to which the agreement relates is also large.

The second agreement with Canada, which became effective January 1, 1939, considerably enlarged the undertakings by each Government, since the experience of both countries under the first agreement had been considered to have been highly satisfactory. In recent years Canada has closely followed the United Kingdom at the best customer for our exports, taking about one-seventh of the total. Canada is much the largest source of imports into the total. Canada United States.

The agreement with Ecuador will enable the United States to retain its already favorable trade position in that country, as well as provide new opportunities for expansion.

During 1938 announcements were made of the intention to nego-

tiate agreements with Turkey and Venezuela, and a limited supplemental agreement with Cuba.

Table 2.—United States trade with agreement countries and with countries announced for negotiation

Control of the Control	Expor	ts, 1938	Imports, 1938		
Item	Value	Percent of total	Value	Percent of total	
Total United States trade, all countries	3, 094. 1	100.0	1, 960. 5	100. 0	
Countries with trade agreements concluded ' Additional countries announced for ne- gotiations. Turkey. Venezuela.	1, 784. 7 65. 5 13. 2 52. 3	57. 7	1, 181. 2 39. 0 19. 0 20. 0	60. 2	
Total—countries with agreements concluded or announced for nego- tiations.	1, 850. 2	59. 8	1, 220. 2	62. 2	

Includes agreement with Ecuador which became effective Oct. 23, 1938. Also, the new agreement with Canada, and the agreement with the United Kingdom (including Newfoundland and non self-governing British colonies), both of which became effective Jan. 1, 1939.

(Commerce Reports carries a section each week devoted to an up-to-date list of all countries with which trade agreements have been concluded by the United States, together with the official texts of any current announcements as to new countries with which negotiations have been announced, and details as to dates and directions or presentation of views to the Committee for Reciprocity Information.)

TABLE 3.—United States trade with individual trade-agreement countries, 1934-38

A STATE OF THE PARTY OF THE PAR			[Value	es in milli	ons of dol	lars							
		United States exports, including reexports				United States general imports							
Trade-agreement countries (in order of effective dates)	Dates effec-	1934 and	1937 and			Perce cha		1934 and	1937 and			Percer	ntage
		1935 average value	1938 average value	1937 value	1938 value	1937–38 over 1934–35	1938 over 1937	1935 average value	1938 average value	1937 value	1938 value	1937–38 over 1934–35	1938 over 1937
Total, all trade-agreement countries. Cuba. Belgium Haiti Sweden. Brazil. Canada. Netherlands(incl.overseas territories)¹- Netherlands Indies. Netherlands West Indies. Netherlands West Indies. Switzerland ¹ Honduras. Colombia. Guatemala. France (including colonies) ¹ France proper. Nicaragua. Frinland. El Salvador. Costa Rica. Czechoslovakia ¹ Total, all nongreement countries. Total, all countries.	June 3, 1935 Aug. 5, 1935 Jan. 1, 1936 Feb. 1, 1936 Mar. 2, 1936 May 20, 1936 June 15, 1936 Aug. 5, 1936 May 31, 1937 Aug. 2, 1936 Aug. 1, 1936 Aug. 1, 1936 Aug. 1, 1937 Aug. 2, 1937 Aug. 2, 1937 Aug. 2, 1937 Aug. 2, 1937	759. 8 52. 7 54. 2 3. 3 35. 6 42. 0 312. 8 74. 9 50. 0 10. 5 13. 9 8. 0 5. 8 21. 8 4. 0 116. 4 2. 5 6. 1 3. 0 2. 7 1, 448. 0 2, 207. 8	1, 224. 8 84. 3 86. 1 3. 9 64. 3 65. 3 488. 5 100. 6 95. 1 26. 3 38. 5 5 10. 1 5. 9 40. 0 7. 2 164. 8 149. 2 3. 1 12. 1 3. 6 5. 0 9. 1 9. 1 9. 1 9. 1 9. 1 9. 1 9. 1 9. 1	1, 267. 9 92. 3 95. 3 4. 11 64. 5 68. 6 59. 3 153. 5 25. 1 34. 2 9. 6 5. 6 39. 2 7. 6 181. 4 164. 5 3. 4 12. 3 3. 6 4. 5 2, 081. 2 2, 081. 2	1, 181. 8 76. 3 76. 9 3. 6 6. 64. 2 62. 0 467. 7 167. 8 96. 8 27. 5 42. 8 10. 6 6. 9 148. 3 133. 8 2. 8 12. 0 3. 5 5, 4 2. 8 12. 3 3. 5 5, 4 2. 8 1. 3 3. 5 5, 4 2. 8 1. 3 3. 5 5, 5 5, 4 2. 8 3. 5 5, 5 5, 5 5, 5 5, 5 5, 5 5, 5 5, 5 5	+61. 2 +59. 9 +59. 1 +15. 6 +80. 5 -55. 5 +36. 2 +114. 4 +90. 1 +177. 0 +20. 0 +20. 0 +22. 0 +32. 8 +81. 2 +24. 8 +34. 2 +24. 8 +100. 4 +27. 0 +23. 8 +34. 3 +35. 3 +45. 3 +55. 3	-6.8 -17.3 -19.3 -10.8 -0.3 -9.7 -8.2 +9.4 +3.5 5 +9.9 +25.1 +10.0 +13.0 -18.7 -15.5 -2.2 -2.8 +10.0 -2.8 -18.3 -2.8 -2.8 -2.8 -2.8 -2.8 -2.8 -2.8 -2.8	793. 9 91. 6 33. 0 1. 22 37. 6 95. 6 95. 6 95. 6 34. 5 46. 4 10. 7 7. 0 48. 8 5. 3 67. 7 67. 7 59. 6 2. 2 10. 6 3. 7 2. 6 19. 5 1, 057. 4 1, 851. 3	1,073.6 128.8 58.4 2.9 51.9 109.3 329.3 157.4 42.3 92.0 20.0 25.0 5.7 50.9 9.6 82.8 2.8 17.8 7.1 4.3 3.1.7 1.448.5 2.522.1	1, 254. 7 148. 0 75. 1 2. 9 9 58. 7 120. 6 398. 3 191. 0 53. 3 115. 2 19. 5 26. 9 5. 7 75. 6 3. 1 17. 6 8. 6 4. 4 4 37. 2 1, 8. 2 1, 8. 2 1, 8. 2 1, 8. 3 1, 8. 6 1, 8	892. 5 105. 8 41. 7 8. 0 97. 9 9260. 3 123. 7 31. 4 68. 7 20. 6 23. 0 5. 7 49. 4 9. 5 70. 8 54. 1 2. 5 18. 1 1. 26. 2 1. 0 68. 7	+35. 2 +38. 5 +77. 0 +146. 0 +143. 0 +14. 3 +27. 1 +70. 0 +22. 6 +38. 3 +96. 6 +58. 6 -18. 9 +4. 3 +79. 1 +22. 4 +68. 5 +90. 5 +64. 6 +62. 6 +37. 0 +62. 6 +37. 0 +63. 6 +63. 6 +64. 6 +64. 6 +64. 6 +64. 6 +65. 6 +64. 6 +65. 6 +64. 6 +65. 6 +	-28.1 -28.4 -44.4 +2.2 -2318.1 -34.1 -404514. -52528. -202528. -20423333333333333333333

¹ These figures include Surinam (Dutch Guiana), the trade with which is too small to warrant individual listing.

² United States statistics show only a small portion of the actual exports to Switzerland as most of the exports are transshipped through a third country and are shown as exports to the third country. Therefore too much significance should not be attached to the statistics of exports to Switzerland.

² These figures include all French colonies. Only France proper is listed separately.

⁴ Agreement became effective Apr. 16, 1938. The statistics of exports to Czechoslovakia are not representative of the actual trade as many shipments are declared as

destined to third countries from which they are transshipped to Czechoslovakia. This was particularly true prior to 1938 during which year a larger share of exports to Czechoslovakia was consigned direct.

General note.—Percentage changes have been calculated upon fuller figures in thousands.

Source: Latest records of Division of Foreign Trade Statistics, Bureau of Foreign

PERMISSION TO ADDRESS THE HOUSE

Mr. HARE. Mr. Speaker, I ask unanimous consent that on Monday, June 5, after disposition of the business on the Speaker's desk and following the legislative program of the day and any special orders heretofore entered, I may be permitted to address the House for 30 minutes.

The SPEAKER pro tempore. Is there objection to the

request of the gentleman from South Carolina?

There was no objection.

Mr. VAN ZANDT. Mr. Speaker, I ask unanimous consent that on Thursday next, after the disposition of the business on the Speaker's desk and following the legislative program of the day, I may be permitted to address the House for 30 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. FISH. Mr. Speaker, I ask unanimous consent to address the House for 10 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. FLAHERTY. Mr. Speaker, will the gentleman yield for a unanimous-consent request?

Mr. FISH. Mr. Speaker, I will yield at this point for gentlemen to make unanimous-consent requests.

EXTENSION OF REMARKS

Mr. FLAHERTY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and include therein a communication from a manufacturing concern in my district, which is accompanied by a copy of a letter from an American business concern in Argentina stating that American business in that country has been at a serious disadvantage for some time and is now faced with a crisis that threatens the very existence of American business there, and that American businessmen in that country are much in favor of this country's negotiating a trade agreement with Argentina.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. IZAC. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and include therein a letter from a constituent.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. BENDER. Mr. Speaker, I ask unanimous consent to address the House for 3 minutes at the conclusion of the remarks of the gentleman from New York [Mr. Fish].

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. FISH. Mr. Speaker, so much time has been consumed by these requests that I ask unanimous consent to proceed for 10 minutes beyond the time which has been taken out.

The SPEAKER pro tempore. The gentleman from New York asks unanimous consent to proceed for an additional 10 minutes after the expiration of the time which has already been allotted to him under previous order. Is there objection?

There was no objection.

Mr. FISH. Mr. Speaker, I listened with the other Members of the Congress to the distinguished gentleman from Massachusetts [Mr. Treadway] as he criticized the reciprocaltrade treaties. It is very difficult for the minority to make their voices heard on this particular issue. I venture to say that very little will be carried in the press in connection with the remarks made by the gentleman from Massachusetts [Mr. Treadway] or any other Member of Congress who has spoken in criticism of the reciprocal-trade agreements. In

today's paper you will find headlines regarding the statement that has been repeated at least 100 times by the Secretary of State, Mr. Hull, and President Roosevelt in an attempt to make out to the public that the reciprocal-trade treaties are synonymous with peace. They have been deliberately sold to the American people on that basis, yet when members of the minority speak in opposition to them their voices are never heard or their views carried in the press.

After hearing the gentleman from Massachusetts criticize the trade treaties, I decided to add a few words to offset the peace propaganda deliberately injected in support of the

trade agreements to deceive the American people.

First, with regard to the repeated propaganda emanating from the White House and the State Department to the American people, and particularly the women, that the trade treaties are synonymous with peace, I want to say as one who has served nearly 20 years on the Committee on Foreign Affairs that the reciprocal-trade agreements have no more to do with peace than cheese has to do with chalk. The Czechoslovakian agreement, which up to that time was the most important trade treaty we had entered into, did not save Czechoslovakia from being gobbled up by Germany; and that the British trade treaty, which today is the most important one, will be thrown overboard whenever it is in the interest of the British Empire, as it has nothing whatever to do with peace.

Now, my Republican friends, I want you to get these facts about the trade agreements, especially the new Members of the House: First, when they were presented to the Congress of the United States, we were assured, and the American people were assured, that after they had been in effect 6 months' time they would put 3,000,000 American wage earners back to work. It was also claimed that if we adopted these trade treaties the prices of agricultural products would go up, and it was stated that they were for the benefit of the farmers because the products of our farmers would be exported. None of these promises have been fulfilled; quite the contrary, instead of putting 3,000,000 people back to work, we now have 12,000,000 unemployed and millions more on part time. Instead of exporting more agricultural products, we have been exporting less and less each year, importing more and more, and the price of our farm commodities has been going down and down.

Now, the gentleman from Texas [Mr. Rayburn], the majority leader, made one of the most fantastic statements a few minutes ago that has ever been made in the House of Representatives, and the statement should not go unanswered. He said, "The trouble is we Democrats have been unable to repeal the Republican tariff acts." This is not the first time the gentleman has said that according to friends of his in the State of Texas.

I happen to have made a speaking tour down in Texas in a symposium with Senator La Follette after the last election where I spoke three times. Whether this story is true I do not know, but after what the gentleman has said here in the House a few minutes ago I am quite confident it is true and accurate.

I was told that the gentleman from Texas, the majority leader, in talking to his constituents—and I hope he will listen to what I am saying because I would not do him an injustice for anything in the world—at a little courthouse meeting, where all the farmers were gathered, said to them, "Now, if I am reelected and sent back to Washington and we have a big majority up there, I promise that we will, through legislation, increase the price of agricultural products, particularly of wheat, cotton, corn, and so on." Naturally, they were very delighted by this assurance. Two years later a meeting was held in the same courthouse and thousands of farmers came and packed the courthouse and gathered on the outside.

The majority leader was unable to say that his party had raised the price of agricultural products with respect to these three commodities, so he is reported to have said exactly what he said here a few minutes ago. He was reported to me as saying, "I made those promises to you and I made them to you in good faith, but those Republicans up in Congress, those Republicans in the House and in the Senate, blocked all our attempts to legislate benefits for agriculture in order to raise the prices of cotton and wheat and corn." He did not go on to say that in the last House we only had 88 Republicans and that in the Senate the Democrats were 4 or 5 to 1, the Republicans having only 16 Senators, but he said, "It was the Republicans that blocked all our attempts to modify the tariff and do away with the iniquitous Republican tariff."

Now, what happened under the Republican tariff right down in the gentleman's district and in the Southland, where all this support came for reciprocal-trade agreements and against these so-called iniquitous Republican tariffs of the past?

I am going to be very brief, because I have made this statement before, but it is one that cannot be denied. Under Republican administrations from 1920 to 1930 cotton in the Southland averaged 171/2 cents a pound. Today, under the reciprocal-trade treaties, it averages between 8 and 9 cents a pound. This is the difference, a 100-percent decrease under these trade treaties, and this is only part of the sad story, because we have lost one-half of our export trade in cotton alone. Under the Republican administrations it was between 8,000,000 and 10,000,000 bales a year. Now it is around 4,000,000 bales a year and going down every year and practically every month, and yet we Republicans—just a handful in the last Congress—are blamed because the Democrats said they could not modify the tariff or do away with the tariff written by the Republicans, and the majority leader has repeated that same fantastic statement on the House floor here only 15 minutes ago.

Mr. ROUTZOHN. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield.

Mr. ROUTZOHN. Is it possible that the gentleman should have said that his own Democratic colleagues would not go

on record in repealing the Tariff Act?

Mr. FISH. I know this only—that the Democrats control this House by a large majority, and the Senate likewise; and any time they want to repeal the tariff or any other law they can do it; and it is their duty to do it as they think it advisable, but they do not dare do it.

Mr. ROUTZOHN. That is the point of my question.

Mr. FISH. Let me proceed to discuss these trade treaties. We Republicans are at a great disadvantage because we are

unable to reach the public.

The President gives out a statement each week that the whole peace policy of America is based on the trade agreements. The next week it is followed by a similar statement from the Secretary of State, the next week by some Democratic Senator, and the next week by Mr. Sayre, Assistant Secretary of State, and then it starts all over again down the line from the President, the Secretary of State, a Democratic Senator, to Mr. Sayre, selling the trade agreements to the public on utterly fictitious and false premises. As Republicans we object to this vicious merry-go-round of propaganda. We object to the unconditional most-favored-nation clause, whereby if we enter into one treaty, and let us take for example the British treaty, we give the same concessions, the same advantages, and the same favors to all other nations. In other words, it brings the American wage earner who is paid \$3 a day and upward into direct competition with the wage earner in Germany, Italy, and Czechoslovakia who is paid about \$1 a day, and it brings the American wage earner into direct competition with the wage earner of Japan, who is paid 20 cents a day.

It must be self-evident, and will be self-evident, to the American people before we get through that our American labor cannot compete with 20-cent skilled labor in Japan, with modern factories, built for mass production; that our labor, if we continue on that basis, will continue to lose cut in our own American market; that there will be more and more unemployment; that factory wheels will cease to go

round; and instead of there being 12,000,000 Americans unemployed, more millions will be added to that number each year. It must be self-evident, in spite of the propaganda of this administration and the State Department to build up these trade treaties on a fake peace issue that we cannot continue to compete with the skilled labor of Europe paid a dollar a day, or 20 cents a day in Japan, and that is exactly what the unconditional most-favored-nation clause does.

As long as that clause remains, it means only one thing and that is that the American wage earner will be crucified on a cross made by the sweatshop labor and the cheap labor of Europe and of Asia, and we Republicans owe a duty to our country to carry this message to the American wage earner, and if they ever find out the facts it will be the end of these trade treaties which are ruining our industries. They are also ruining the farm industry and losing our foreign markets as well as our own. In spite of the propaganda from the State Department, it is up to us to get these facts to the public, and if we ever get them to the public the wage earners will know where their own interest lies and will act accordingly.

Mr. BATES of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. FISH. Yes.

Mr. BATES of Massachusetts. The gentleman mentions 20 cents a day labor in Japan. The textile workers in Japan get paid as low as 15 cents a day for an 8½-hour day, and in 1932 Japan exported to this country about 1.000,000 yards of cotton cloth. I come from one of the largest cotton-manufacturing States in the Union. As against 1,000,000 yards imported in 1932 into this country, Japan imported in 1937 over 100,000,000 yards of cotton cloth into this country.

Mr. FISH. It must be self-evident to everybody that it is simply a matter of wage scales. If they have modern factories equal to ours, equipment equal to ours, and skilled labor, and they pay the skilled labor 15 to 20 cents or even 30 cents a day, and we pay our labor \$3 a day and up, and they do not have adequate protection, it must be selfevident that the products of cheap Japanese labor will take away not only the world markets but our own markets as well. But getting back to the root of the whole thing, on our side the gentleman from Massachusetts [Mr. Treadway], who has been a member of the Ways and Means Committee for 20 years and more, can get up and orate at length in the House and not one word will appear in the newspapers, and every other member of the Committee on Ways and Means can get up and say the same thing and yet there will not be a single word in the newspapers about it. These trade treaties are being sold every day on a fictitious and an unfair basis, giving the wage earners the idea that they are identical with peace, and confusing the issue so that the American wage earner does not know the facts.

Whenever we get the opportunity it is our duty to present the facts and make this one of the main issues in the next Presidential campaign, and if it is made an issue in the campaign, so that it can be heard throughout the country, there will be an overwhelming demand to repeal the trade-treaty legislation and give back to Congress the right to write tariff legislation. [Applause on the Republican side.]

The SPEAKER pro tempore (Mr. EBERHARTER). Under previous order of the House, the gentleman from Ohio [Mr. Bender] is recognized for 3 minutes.

BRITISH RULE OF PALESTINE

Br. BENDER. Mr. Speaker, the White Paper issued by the British Government last week is a blow to our modern civilization. It is a matter which concerns every man and woman who cherished a belief in the right of humanity. No one—of any race, color, or creed—who looks upon himself as a civilized human being can willingly remain silent while injustice is done to our fellow men. Great Britain by its action of the last week has informed the world that her promises are worth no more than those which have been denied by many another nation. By repudiating the Balfour declaration, the English Government confesses to the world its surrender to

force and violence. The nobility and courage of almost half a million Jewish pioneers who have dedicated their lives, hopes, and their fortunes to the rebuilding of a barren land have been mocked, and, in their place, terrorism and anarchy have been rewarded.

The people of America have a right to be deeply concerned over these happenings. We have the duty to civilization to resist every step in human history which takes us backward toward barbarism and chaos. If the fruits of virtue and self-denial are to be dust and ashes, if bloodshed and rioting are to be crowned with success, there can be no order in our society.

The entire world was roused at the end of the World War when Turkish marauders killed innocent Christian Armenians. We were shocked. To me it does not matter who the victims are. I will not remain silent while men deny others the God-given right to live. In central Europe today there are more than 5,000,000 Jews. They have no place to turn. Germany destroys their bodies and souls. Other nations threaten them with mass starvation. The doors of every nation are closed to them. For these people, Palestine was the land of promise. For generations they have prayed for it, worked for it, and today, when it is almost a reality, Britain forgets its obligation.

We in the United States are parties to the agreement by which Britain rules Palestine. It is our duty to protest against any treatment which deprives people of their right to hope.

I call upon the Government of this Nation to demand that the White Paper be recalled and that the British Cabinet reinstate the Balfour declaration as Lord Balfour meant it. I demand that our administration remind London that there is a law higher than the laws of man; that the principles of every religious faith demand justice for the oppressed. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from Ohio has expired.

APPROPRIATIONS FOR DEPARTMENT OF AGRICULTURE, 1940

Mr. COX, from the Committee on Rules, submitted the following resolution (H. Res. 201) for printing in the RECORD:

House Resolution 201

Resolved, That immediately upon the adoption of this resolution the bill H. R. 5269, a bill making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1940, and for other purposes, with Senate amendments thereto, be, and the same hereby is, taken from the Speaker's table to the end that all Senate amendments be, and the same are, disagreed to and a conference is requested with the Senate upon the disagreeing votes of the two Houses and the Speaker shall immediately appoint conferees on the part of the House without intervening motion.

EXTENSION OF REMARKS

Mr. COX. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein a letter from a friend and constituent of mine, Mr. H. T. McIntosh, in which he discusses in a very interesting and informative manner the work of the National Resources Committee.

The SPEAKER. Without objection it is so ordered. There was no objection.

EXTENDING FACILITIES OF PUBLIC HEALTH SERVICE TO ACTIVE OFFICERS OF FOREIGN SERVICE OF UNITED STATES

Mr. BLOOM. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 3537) to extend the facilities of the United States Public Health Service to active officers of the Foreign Service of the United States, with a Senate amendment, disagree to the Senate amendment, and ask for a conference.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. MAPES. Mr. Speaker, reserving the right to object, I wonder if the gentleman from New York would let that go over until tomorrow morning. It is rather unusual to

have matters of that kind taken up after speeches have been made.

Mr. BLOOM. It is simply to disagree to the Senate amendment and ask for a conference. If the gentleman objects or would rather have it to go over, I do not object.

Mr. MAPES. I do not like to object, but I do not know what understanding the gentleman has had with the other Members.

Mr. RAYBURN. Mr. Speaker, will the gentleman yield? Mr. BLOOM. I yield.

Mr. RAYBURN. The gentleman from Massachusetts [Mr. Martin] had to leave, and he was promised there would be no business transacted after the Committee on Agriculture had concluded its business.

Mr. BLOOM. Mr. Speaker, with that understanding, I withdraw the request.

EXTENSION OF REMARKS

Mr. RAMSPECK. Mr. Speaker, I ask unanimous consent to extend my own remarks by printing a speech made by me.

The SPEAKER. Without objection, it is so ordered. There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. Hare, for 4 days, on account of important business.

ADJOURNMENT

Mr. RAYBURN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 3 o'clock and 35 minutes p. m.) the House adjourned until tomorrow, Tuesday, May 23, 1939, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON THE POST OFFICE AND POST ROADS

There will be a meeting of Subcommittee No. 10 of the Committee on the Post Office and Post Roads, Tuesday, May 23, 1939, at 10 a.m., for the consideration of H. R. 3136, for the relief of postal employees, and H. R. 4050, to provide for the transportation and distribution of mails on motor vehicle routes.

The Committee on the Post Office and Post Roads will continue to hold public hearings on Wednesday, May 24, 1939, at 10 a.m., for the consideration of H. R. 3835, a bill to authorize the Post Office Department to cooperate with the several States in the collection of State taxes.

COMMITTEE ON PATENTS

A subcommittee of the Committee on Patents will hold hearings in the committee room, 1015 House Office Building, on Tuesday, May 23, 1939, at 10:30 a.m., on H. R. 3605, a bill to provide a permanent force to classify patents, etc., in the Patent Office. Hon. John M. Coffee (Washington) is chairman of the subcommittee.

COMMITTEE ON MILITARY AFFAIRS

There will be a meeting of the Committee on Military Affairs of the House in room 1310, New House Office Building, at 10:30 a. m., Tuesday, May 23, 1939, for the consideration of H. R. 3840 and H. R. 5471, "To amend the act entitled, 'An act for making further and more effectual provision for the national defense, and for other purposes,' approved June 3, 1916, as amended, and for other purposes."

COMMITTEE ON LABOR

The Committee on Labor will hold a hearing in the caucus room of the House Office Building, at 10 a.m. Tuesday, May 23, 1939, for the consideration of proposed amendments to the National Labor Relations Act.

COMMITTEE ON INDIAN AFFAIRS

The Committee on Indian Affairs will hold hearings on Wednesday next, May 24, 1939, at 10:30 a. m., for the consideration of H. R. 2390, H. R. 3797, H. R. 5002, H. R. 5409, H. R. 5451, and House Joint Resolution 117.

COMMITTEE ON PUBLIC BUILDINGS AND GROUNDS

There will be a meeting of the Committee on Public Buildings and Grounds at 10:30 a.m. on Wednesday, May 24, 1939, for the consideration of H. R. 965 and H. R. 5037.

COMMITTEE ON THE JUDICIARY

There will be a public hearing before Subcommittee No. 3 of the Committee on the Judiciary on May 24, 1939, at 10 a. m., on the bill (H. R. 2318) to divorce the businesses of production, refining, and transporting of petroleum products from that of marketing petroleum products. Room 346, House Office Building.

On May 31, 1939, beginning at 10 a.m., there will be a public hearing before the Committee on the Judiciary on the bill (H. R. 6369) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplemental thereto; to create a Railroad Reorganization Court, and for other purposes.

COMMITTEE ON MERCHANT MARINE AND FISHERIES

The Committee on Merchant Marine and Fisheries will hold public hearings in room 219, House Office Building, at 10 a.m., on the bills and dates listed below:

On Thursday, May 25, 1939, on H. R. 4592 and H. R. 4593, relating to the whale fishery.

On Wednesday, May 31, 1939, at 10 a.m., on H. R. 4985, relating to Fishery Educational Service in Bureau of Fisheries (Caldwell); H. R. 5025, purchase and distribution of fish products (Bland); and H. R. 5681, purchase and distribution of fish products (Caldwell).

On Tuesday, June 6, 1939, on H. R. 6039, motorboat bill of 1939 (Bland); and H. R. 6273, outboard racing motorboats (Boykin).

On Thursday, June 8, 1939, on H. R. 5837, alien owners and officers of vessels (Kramer); and H. R. 6042, requiring numbers on undocumented vessels (Kramer).

COMMITTEE ON IMMIGRATION AND NATURALIZATION

There will be a meeting of the Committee on Immigration and Naturalization at 10:30 a.m. on Wednesday, May 24, and Thursday, May 25, 1939, for the public consideration of House Joint Resolution 168, Rogers child refugee bill and House Joint Resolution 165, Dingell child refugee bill.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

775. A letter from the Secretary of the Navy, transmitting a report of the investigation made pursuant to the act of April 14, 1930 (46 Stat. 165), pertaining to fishing rights in Pearl Harbor, T. H., and in and about the channel to said harbor; to the Committee on the Territories.

776. A letter from the Secretary of the Interior, transmitting a draft of proposed legislation to clarify title to certain lands which have been acquired or are in process of being acquired by the United States; to the Committee on Indian Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. MUNDT: Committee on Indian Affairs. H. R. 952. A bill for the relief of Indians who have paid taxes on allotted lands for which patents in fee were issued without application by or consent of the allottees and subsequently canceled, and for the reimbursement of public subdivisions by whom judgments for such claims have been paid; without amendment (Rept. No. 669). Referred to the Committee of the Whole House on the state of the Union.

Mr. SABATH: Committee on Rules. House Resolution 200. Resolution providing for the consideration of H. R. 5748, a bill to amend the Second Liberty Bond Act, as amended; without amendment (Rept. No. 670). Referred to the House Calendar.

Mr. PETERSON of Florida: Committee on Merchant Marine and Fisheries. H. R. 1674. A bill to provide for the rec-

ognition of the services of the civilian officials and employees, citizens of the United States, engaged in and about the construction of the Panama Canal; with amendment (Rept. No. 671). Referred to the Committee of the Whole House on the state of the Union.

Mr. BLAND: Committee on Merchant Marine and Fisheries. H. R. 6076. A bill to provide for the registry of pursers and surgeons as staff officers on vessels of the United States, and for other purposes; with amendment (Rept. No. 673). Referred to the Committee of the Whole House on the state of the Union.

Mr. COX: Committee on Rules. House Resolution 201. Resolution providing for the consideration of H. R. 5269, a bill making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1940, and for other purposes, with Senate amendments thereto, be, and the same hereby is, taken from the Speaker's table to the end that all Senate amendments be, and the same are, disagreed to and a conference is requested with the Senate upon the disagreeing votes of the two Houses and the Speaker shall immediately appoint conferees on the part of the House without intervening motion; without amendment (Rept. No. 674). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BOYKIN:

H.R. 6438. A bill to amend section 404 of the Tariff Act of 1930; to the Committee on Ways and Means.

By Mr. LARRABEE:

H. R. 6439. A bill to amend the Revenue Act of 1936 by extending the time for filing claims for refund of processing taxes to January 1, 1940; to the Committee on Ways and Means.

By Mr. PATMAN:

H. R. 6440. A bill to amend the Interstate Commerce Act in regard to rates for transportation between rate-making or geographical sections of the United States designated for rate-making purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. ANDERSON of Missouri:

H. R. 6441. A bill authorizing the county of St. Louis, State of Missouri, to construct, maintain, and operate a toll bridge across the Mississippi River at or near Jefferson Barracks, Mo.; to the Committee on Interstate and Foreign Commerce.

By Mr. BLAND:

H. R. 6442. A bill to amend an act entitled "An act to authorize the establishment of a permanent instruction staff at the United States Coast Guard Academy," approved April 16, 1937; to the Committee on Merchant Marine and Fisheries.

By Mr. CLASON:

H.R. 6443. A bill to permit certain aliens whose childhood was spent in the United States, if eligible to citizenship, to become naturalized without filing declaration of intention; to the Committee on Immigration and Naturalization.

By Mr. DOUGHTON:

H. R. 6444. A bill to exempt from internal-revenue taxes, on the basis of reciprocity, articles imported by consular officers and employees of foreign states for their personal or official use; to the Committee on Ways and Means.

By Mr. HOOK:

H. R. 6445. A bill to amend certain sections of the Social Security Act; to the Committee on Ways and Means.

By Mr. MUNDT:

H. R. 6446. A bill amending section 4 of the act entitled, "An act to authorize the city of Pierre, S. Dak., to construct, equip, maintain, and operate on Farm Island, S. Dak., certain amusement and recreational facilities; to charge for the use thereof; and for other purposes"; to the Committee on the Public Lands.

By Mr. O'CONNOR:

H. R. 6447. A bill granting the consent of Congress to the counties of Valley and McCone, Mont., to construct, main-

tain, and operate a free highway bridge across the Missouri River at or near Frazer, Mont.; to the Committee on Interstate and Foreign Commerce.

By Mr. SABATH:

H.R. 6448. A bill to liberalize extension of credit to small businesses, to stimulate business, to create employment, and for other purposes; to the Committee on Banking and Currency.

By Mr. TENEROWICZ:

H. R. 6449. A bill to amend certain sections of the Social Security Act; to the Committee on Ways and Means.

By Mr. VOORHIS of California:

H.R. 6450. A bill to establish certain rights for combat veterans of wars of the United States; to the Committee on World War Veterans' Legislation.

By Mr. FULMER:

H.R. 6451. A bill to amend the Federal Crop Insurance Act; to the Committee on Agriculture.

H. R. 6452. A bill providing for control and eradication of the sand wireworm; to the Committee on Agriculture.

By Mr. KING:

H. R. 6453. A bill to amend the Hawaiian Organic Act so as to provide for reapportionment of the membership of the House of Representatives of the Legislature of the Territory of Hawaii and to create districts from which said Representatives shall be elected, and to provide for reapportionment within each county of the membership of the senate of said legislature; to the Committee on the Territories.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Wisconsin, memorializing the President and the Congress of the United States to consider their Joint Resolution No. 108A, with reference to the citizenship day ceremonies at Manitowoc; to the Committee on Immigration and Naturalization.

Also, memorial of the Legislature of the State of Illinois, memorializing the President and the Congress of the United States to consider their House Joint Resolution No. 26, with reference to Scenic Highway; to the Committee on the Public Lands.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ALLEN of Illinois:

H. R. 6454. A bill granting an increase of pension to Alzina McKey; to the Committee on Invalid Pensions.

By Mr. BUCKLEY of New York:

H. R. 6455. A bill for the relief of Marko Bralich; to the Committee on Immigration and Naturalization.

By Mr. GEHRMANN:

H. R. 6456. A bill for the relief of John Toepel, Robert Scott, Widmer Smith, and Louis Knowlton; to the Committee on Claims.

H. R. 6457. A bill for the relief of the Wallie Motor Co.; to the Committee on Claims.

By Mr. HARE:

H. R. 6458. A bill for the relief of W. H. Hughs; to the Committee on Claims.

By Mr. LEWIS of Ohio:

H. R. 6459. A bill granting a pension to Emma Moore; to the Committee on Invalid Pensions.

By Mr. ROBSION of Kentucky:

H. R. 6460. A bill granting a pension to Lou King; to the Committee on Invalid Pensions,

By Mr. SECCOMBE:

H.R. 6461. A bill directing the payment to Richard H. Bergman of travel pay and subsistence allowance from Balanga, Bataan Province, P. I., to San Francisco, Calif., and reenlistment pay; to the Committee on War Claims.

H. R. 6462. A bill for the relief of George Rasche; to the Committee on Interstate and Foreign Commerce.

H.R. 6463. A bill for the relief of James D. Scott; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3189. By Mr. ANDERSON of California: Senate Joint Resolution No. 16, relative to the enacting of legislation affecting the railroad industry, adopted by the California Legislature; to the Committee on Interstate and Foreign Commerce.

3190. Also, petition of Tessie M. Maxwell, of San Jose, Calif., and 30 others, and petition signed by Niels Johnson, of San Jose, Calif., and 15 others, urging that the Seventy-sixth Congress enact the improved General Welfare Act for relief of our citizens over 60 years of age; to the Committee on Ways and Means.

3191. By Mr. BALL: Petition of ministers and delegates of Congregational Churches, with reference to supplying potential munitions of war to Japan; to the Committee on Foreign Affairs.

3192. By Mr. CARLSON: Petition of Dennis Sanders and 29 others of the Stockton, Kans., general welfare group, urging enactment of House bill 11; to the Committee on Ways and Means.

3193. By Mr. CARTER: Petition of Mrs. C. L. Monsch and 250 other residents of Alameda County, Calif., urging the restriction of immigration into this country for at least 5 years on account of the unprecedented unemployment in our country; to the Committee on Immigration and Naturalization.

3194. Also, petition of Ellen C. Belfils and 149 other residents of Hayward, Calif., urging the enactment of House bill 5620, known as the general-welfare bill; to the Committee on Ways and Means.

3195. Also, petition of Cappy Ricks and 29 other citizens of Martinez, Calif., urging the enactment of House bill 5620, known as the general-welfare bill; to the Committee on Ways and Means.

3196. Also, petition of Anna M. H. Stark and 118 residents of Oakland, Calif., urging the enactment of House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

3197. Also, petition of E. B. West and 113 other residents of Oakland, Calif., urging the enactment of House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

3198. Also, petition of E. Alfred Johnson and 59 other residents of Oakland, Calif., urging the enactment of House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

3199. Also, petition of Lulu Parker and 34 other members of the Alameda Townsend Club, of Alameda, Calif., urging that House bill No. 2, known as the Townsend pension bill, be brought before the House for action; to the Committee on Ways and Means.

3200. Also, petition of members and officers of Elmhurst Townsend Club, No. 1, Oakland, Calif., urging that House bill 2 be brought before the House of Representatives for action; to the Committee on Ways and Means.

3201. By Mr. CHAPMAN: Petition presented by E. W. Reeves, Mrs. Tom Merriman, M. F. Cogar, and other citizens of Burgin, Mercer County, Ky.; to the Committee on Ways and Means.

3202. By Mr. EATON of California: Petition signed by 36 members of Townsend Club, No. 1, of Long Beach, Calif., urging that everything be done to get House bill 2 out of the Ways and Means Committee onto the floor for consideration, and urging its passage; to the Committee on Ways and Means.

3203. By Mr. THOMAS F. FORD: Resolution of the Senate and Assembly of the State of California, urging the

Congress of the United States to enact suitable legislation designed to improve and stabilize the railroad industry and to help solve the national transportation problem; to the Committee on Interstate and Foreign Commerce.

3204. By Mr. GUYER of Kansas: Petition of 63 citizens of Olathe, Johnson County, Kans., petitioning the enactment by the Seventy-sixth Congress of House bill 5620, designated as the improved General Welfare Act; to the Committee on Ways and Means.

3205. By Mr. JARRETT: Petition of R. W. McClelland, president, Townsend Club No. 1, Franklin, Pa., and other signers, urging passage of House bill 2; to the Committee on Ways and Means.

3206. By Mr. JOHNSON of Illinois: Petition of Victor C. Wilke and 148 signers, endorsing the strengthening of the Neutrality Act; to the Committee on Foreign Affairs.

3207. By Mr. MARTIN J. KENNEDY: Petition of the Notre Dame College, South Euclid, Ohio, urging a strong Neutrality Act; to the Committee on Foreign Affairs.

3208. Also, petition of New York State Forestry and Park Association, Inc., Albany, N. Y., concerning appropriation for Dutch elm disease eradication and gypsy and brown-tail moth control; to the Committee on Appropriations.

3209. Also, petition of the Federal-Postal Employees Association, Inc., Denver, Colo., urging support of House bill 960; to the Committee on the Civil Service.

3210. By Mr. MICHAEL J. KENNEDY: Memorial of the Golden Hill Chapter of the Daughters of the American Revolution, advocating the retention of all post exchanges without limitation on class of merchandise sold and that post exchanges be established in Army encampments and forts, so that enlisted men and officers may receive their benefits; to the Committee on Military Affairs.

3211. By Mr. KEOGH: Petition of Edwin Frank Goldman, the Goldman Band, New York City, favoring the passage of Senate bills 1306 and 1354 and House bills 3840 and 5471; to the Committee on Military Affairs.

3212. Also, petition of the Hudson River Conservation Society, Inc., concerning the Dutch elm disease eradication and Gypsy and brown-tail moth control appropriations; to the Committee on Appropriations.

3213. Also, petition of the Federal Postal Employees Association, Inc., Denver, Colo., favoring the passage of House bill 960; to the Committee on the Civil Service.

3214. Also, petition of the Associated Cooperage Industries of America, Inc., St. Louis, Mo., concerning rail legislation; to the Committee on Ways and Means.

3215. Also, petition of the World War Reconstruction Aides Association., Inc., New York City, concerning recognition which military status would bestow; to the Committee on Military Affairs.

3216. Also, petition of the Izaak Walton League of America, Inc., Chicago, Ill., concerning the Barkley bill (S. 685); to the Committee on Interstate and Foreign Commerce.

3217. By Mr. LUCE: Resolutions of the Commonwealth of Massachusetts, memorializing Congress relative to the Jewish National Home in Palestine; to the Committee on Foreign Affairs.

3218. By Mr. MILLER: Petition of 276 residents of the First Congressional District of Connecticut, asking for enactment of the General Welfare Act; to the Committee on Ways and Means.

3219. By Mr. PFEIFER: Petition of the metropolitan section of the American Society of Civil Engineers, New York City, concerning the Starnes bill (H. R. 4576); to the Committee on Appropriations.

3220. Also, petition of the Hudson River Conservation Society, Inc., headquarters 542 Fifth Avenue, New York City, favoring Senate amendments for Dutch elm disease eradication and Gypsy brown-tail moth control; to the Committee on Agriculture.

3221. Also, petition of Federal-Postal Employees Association, Inc., Denver, Colo., favoring the passage of House bill 960; to the Committee on the Civil Service.

3222. By Mr. RICH: Petition of members of the Covenant-Central Presbyterian Church of Williamsport, Pa., relative to social-security legislation; to the Committee on Ways and Means.

3223. By Mr. SCHIFFLER: Petition of Mrs. Allie McConnell, of Mannington, W. Va., a World War mother, urging that we be kept out of foreign alliances, intrigues, and entanglements as George Washington wisely admonished the United States to do; to the Committee on Foreign Affairs.

3224. By Mr. SECCOMBE: Petition of the women of the Methodist Church of Wooster, Ohio, urging Congress to oppose the development of any influence that may directly or indirectly involve America in a European entanglement; to the Committee on Foreign Affairs.

3225. By the SPEAKER: Petition of the Associated General Contractors of America, Inc., Washington, D. C., petitioning consideration of their resolution with reference to Works Progress Administration and construction works; to the Committee on Appropriations.

3226. Also, petition of the Alabama Bankers Association, Tuscaloosa, Ala., petitioning consideration of their resolution with reference to Federal Banking Act of 1935; to the Committee on Banking and Currency.

3227. Also, petition of the Louisiana Public Welfare Association, Baton Rouge, La., petitioning consideration of their resolution with reference to the National Youth Administration; to the Committee on Appropriations.

3228. Also, petition of the Associated Cooperage Industries of America, Inc., St. Louis, Mo., petitioning consideration of their resolution with reference to the Interstate Commerce Commission; to the Committee on Interstate and Foreign Commerce.

3229. Also, petition of the National Business Associates, Washington, D. C., petitioning consideration of their resolution with reference to Wagner-Rogers bill with reference to immigration; to the Committee on Immigration and Naturalization.

3230. Also, petition of the United Federal Workers of America, Danville, Ill., petitioning consideration of their resolution with reference to House bill 960 with reference to Works Progress Administration; to the Committee on the Civil Service.

3231. Also, petition of the Citizens' League of Nurses, Philadelphia, Pa., petitioning consideration of their resolution with reference to House bill 6270 relative to the Social Security Act; to the Committee on Ways and Means.

3232. Also, petition of the San Juan Tean Teachers' Union, Local No. 582, San Juan, P. R., petitioning consideration of their resolution with reference to House bill 3517 and Senate bill 1305, with reference to education; to the Committee on Education.

3233. Also, petition of the United Federal Workers of America, Local No. 134, Huntington, W. Va., petitioning consideration of their resolution with reference to House bill 960 with reference to Works Progress Administration; to the Committee on the Civil Service.

3234. Also, petition of the Fayette Exchange Club, Fayette, Ala., petitioning consideration of their resolution with reference to National Youth Administration; to the Committee on Appropriations.

SENATE

TUESDAY, MAY 23, 1939

(Legislative day of Friday, May 19, 1939)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. ZeBarney T. Phillips, D. D., offered the following prayer:

Dear Lord and Father, who art our only source of light and life: We thank Thee this day not only for the dawn as it came fresh from Thy creative love but also for this hour of noontide, when, in the midst of life's feverish, anxious ways, we may find the rest that comes to those who through

Thy life are led to the wells of peace.

If there be any of us who walk among the shadows, restore to us the sense of proportion, the salt of kindly reasonableness, the modesty and sympathetic geniality which are the very essence of Christian character, that we may rise from our lethargy to the splendor of the divine call and feel upon our faltering lips the touch of glowing embers from off Thine altar, enabling each one to say, "Tell me, O Thou whom my soul loveth, where Thou makest Thy flock to rest at noon." So lead us by the footsteps of the flock to the place of refreshment where we shall be re-created, where large horizons shall be opened up to eyes long weakened by the dust of life, and where we shall find our strength to be the might of God's almightiness. We ask it for the sake of Jesus Christ our Lord. Amen.

THE JOURNAL

On request of Mr. Barkley, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Monday, May 22, 1939, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations and a convention were communicated to the Senate by Mr. Latta, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had passed without amendment the bill (S. 1579) to extend the time during which orders and marketing agreements under the Agricultural Adjustment Act, as amended, may be applicable to hops.

The message also announced that the House had passed the bill (S. 1569) to amend the Agricultural Adjustment Act of 1938, as amended, with an amendment, in which it

requested the concurrence of the Senate.

The message further announced that the House had passed the bill (S. 1096) to amend section 8c of the Agricultural Marketing Agreement Act of 1937, as amended, to make its provisions applicable to Pacific Northwest boxed apples, with amendments, in which it requested the concurrence of the Senate.

The message also announced that the House had passed the following bills and joint resolutions, in which it requested the concurrence of the Senate:

H. R. 4434. An act to provide for the abatement of personal taxes from insolvent building associations in the District of Columbia;

H.R. 5137. An act to prohibit the purchase of beer on

credit by retailers in the District of Columbia;

H. R. 5680. An act to amend section 1 of the act entitled "An act to authorize the Philadelphia, Baltimore & Washington Railroad Co. to extend its present track connection with the United States navy yard so as to provide adequate railroad facilities in connection with the development of Buzards Point as an industrial area in the District of Columbia, and for other purposes," approved June 18, 1932 (Public, No. 187, 72d Cong.);

H. J. Res. 247. Joint resolution to provide minimum national allotments for cotton; and

H. J. Res. 248. Joint resolution to provide minimum national allotments for wheat.

CALL OF THE ROLL

Mr. MINTON. I suggest the absence of a quorum. The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Bone	Byrnes	Danaher
Andrews	Borah	Capper	Davis
Ashurst	Bridges	Caraway	Donahey
Austin	Brown	Chavez	Ellender
Bailey	Bulow	Clark, Idaho	Frazier
Bankhead	Burke	Clark, Mo.	George
Barkley	Byrd	Connally	Gerry

Gibson	Johnson, Colo.	Neely	Stewart
Gillette	King	Norris	Taft
Glass	La Follette	Nye	Thomas, Okla.
Green	Lee	O'Mahoney	Thomas, Utah
Guffey	Logan	Overton	Townsend
Gurney	Lucas	Pepper	Truman
Hale	Lundeen	Pittman	Tydings
Harrison	McCarran	Radcliffe	Vandenberg
Hayden	McKellar	Reed	' Van Nuys
Herring	McNary	Schwartz	Walsh
Hill	Maloney	· Schwellenbach	Wheeler
Holman	Mead	Sheppard	White
Holt	Miller	Shipstead	Wiley
Hughes	Minton	Slattery	5762350
Johnson, Calif	Murray	Smathers	

Mr. MINTON. I announce that the Senator from South Carolina [Mr. Smith] is detained from the Senate because of illness in his family.

The Senator from New Mexico [Mr. Hatch] is absent on official business for the Committee on the Judiciary.

The Senator from Mississippi [Mr. Bilbo], the Senator from North Carolina [Mr. Reynolds], the Senator from Georgia [Mr. Russell], and the Senator from New York [Mr. Wagner] are detained on important public business.

The Senator from California [Mr. Downey] is absent on

official business.

Mr. AUSTIN. The junior Senator from Massachusetts [Mr. Lodge] is necessarily absent on public business.

The VICE PRESIDENT. Eighty-six Senators have answered to their names. A quorum is present.

PACIFIC NORTHWEST BOXED APPLES

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the bill (S. 1096) to amend section 8c of the Agricultural Marketing Agreement Act of 1937, as amended, to make its provisions applicable to Pacific Northwest boxed apples, which were, in line 5, to strike out "(k)" and insert "(m)"; in line 7, to strike out "Pacific Northwest boxed apples" and insert "apples produced in the States of Washington, Oregon, and Idaho"; and to amend the title so as to read: "An act to amend the Agricultural Marketing Agreement Act of 1937, as amended, to make its provisions applicable to apples produced in the States of Washington, Oregon, and Idaho."

Mr. BONE. I move that the Senate concur in the House amendments.

The motion was agreed to.

LANDS IN TRUST FOR INDIAN USE

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Interior, transmitting a draft of proposed legislation to declare that the United States holds certain lands in trust for Indian use, which, with the accompanying papers, was referred to the Committee on Indian Affairs.

LIMITATION OF COST OF BUILDINGS IN NATIONAL PARKS

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Interior, transmitting a draft of proposed legislation to amend the act of August 24, 1912 (37 Stat. 460), as amended, with regard to the limitation of cost upon the construction of buildings in national parks, which, with the accompanying paper, was referred to the Committee on Public Lands and Surveys.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a telegram in the nature of a memorial from the national organization of Masters, Mates, and Pilots of America, signed by John J. Scully, secretary, New York City, remonstrating against the enactment of the bill (S. 2009) to amend the Interstate Commerce Act, as amended, by extending its application to additional types of carriers and transportation and modifying certain provisions thereof, and for other purposes, especially as the bill affects transportation by water, which was ordered to lie on the table.

Mr. MEAD presented the petition of sundry post-office employees of Brooklyn, N. Y., praying for the enactment of House bill 5479, to alleviate the hardships of substitutes and increase the efficiency and morale of the Postal Service,

which was referred to the Committee on Post Offices and Post Roads.

Mr. PEPPER presented the following memorial of the Legislature of Florida, which was referred to the Committee on Claims:

Senate Joint Memorial 1

Joint resolution as a memorial to Congress to pass an act for the relief of property owners who suffered damages from the campaign to eradicate the Mediterranean fruitfly

Whereas property owners in the State of Florida suffered great damage from quarantine regulations and destruction of property during the successful efforts to suppress the late invasion of the

Mediterranean fruitfly; and
Whereas the damage so wrought under the direction and regu-Whereas the damage so wrought under the direction and regulations of the Federal Government was for the primary purpose of protecting the health of citizens of the United States and in order to prevent the invasion of other States by this destructive pest, and thereby benefited other States and the United States by an incalculable amount far in excess of the damages sustained by the property owners of Florida; and

Whereas the citrus growers of Florida and the business interests and people of Florida who are dependent directly or indirectly upon the income of citrus growers have, during the present season, experienced great losses due to low prices of citrus fruits; and

Whereas there has already been many years delay in laying before the Congress, for final determination, the claims of the said property owners: Therefore be it

Resolved by the Legislature of the State of Florida:

Section 1. That the attention of the President of the United States and the Congress be drawn to the facts hereinbefore set forth, and that they be urgently requested to consider the claims of the property owners who suffered damages incident to the eradication of the Mediterranean fruitfly, and to provide the necessary appropriations to pay said claims at the earliest possible moment.

moment

SEC. 2. The secretary of state shall provide copies of this resolution, suitably prepared as a memorial, and to respectfully present such copies to the President of the United States, the President of the Senate of the United States, the Speaker of the House of Representatives of the United States, and to each of the Senators and Representatives in Congress from the State of

Mr. PEPPER also presented the following memorial of the Legislature of Florida, which was referred to the Committee on Foreign Relations:

Senate Memorial 3

Joint resolution as a memorial to Congress to pass an act terminating the selling of munitions and war materials by citizens of the United States to the country of Japan

whereas in the interests of humanity and world peace it becomes necessary that the President of the United States and the Congress of the United States take such action as will deny aid or assistance of any kind to the country of Japan in the furtherance of the war against the country of China; and

Whereas denial of the right to purchase munitions and materials of war would effectively accomplish such purpose: Now, therefore, be it

Resolved by the Legislature of the State of Florida:
SECTION 1. That this body memorialize the President of the United States and the Congress of the United States to take immediate action to terminate the selling of munitions and war materials by citizens of the United States to the country of Japan. Japan.

Japan.
SEC. 2. That the Senators and Representatives of the State of Florida, in the Congress of the United States, give their support to any measure that will accomplish the purpose of this resolution, and that copies of this memorial be forwarded to the President of the United States, the President of the Senate, and the Speaker of the House of Representatives of the Congress of the United States, and to the Senators and Representatives of the State of Florida in Congress.

NATIONAL HEALTH—RESOLUTION OF PENNSYLVANIA OSTEOPATHIC ASSOCIATION

Mr. DAVIS. Mr. President, I ask unanimous consent to have printed in the RECORD and referred to the Committee on Education and Labor a resolution of the Pennsylvania Osteopathic Association with reference to a resolution adopted by the American Osteopathic Association and agreed to by its forty-second annual session at Cincinnati, Ohio, in July 1938.

There being no objection, the resolution was referred to the Committee on Education and Labor and ordered to be printed in the RECORD, as follows:

Resolution of Pennsylvania Osteopathic Association

Whereas the American Osteopathic Association, a democratic and representative federation of State osteopathic societies, by its house of delegates assembled in forty-second annual session at Cincinnati, Ohio, in July 1938, resolved to cooperate "with employers and employees, with representatives of lay organizations, with other medical organizations, and with those departments of Government interested in the program, in working out a program of care (which will include, for the individual, the option of free choice of physician) for those not now receiving adequate medical care because of medical indigency"; and

care because of medical indigency"; and
Whereas osteopathy is recognized, regulated, and licensed in
the State of Pennsylvania and osteopathic physicians are engaged
in the practice of their profession in said State; and
Whereas osteopathic physicians in this State are concerned with
the promotion of maternal and child health, maternity care and
care of infants, medical care for children and services for crippled and other physically handicapped children in need of such
care, and public health work, and the construction and operation
of hospitals and health centers, and the furnishing of medical
care to those unable to provide adequate care; and
Whereas the national health bill, S. 1620, purports to extend
and multiply the medical care provisions of the Social Security
Act and to that end authorizes the Federal administrative agencies
to set up Federal advisory councils composed of representatives of

to set up Federal advisory councils composed of representatives of the professions concerned, and requires the State administrative agencies to do likewise; and

Whereas said national health bill makes no provision for the representation of the osteopathic profession on said Federal and State advisory councils: Now, therefore, be it

State advisory councils: Now, therefore, be it

Resolved by the Pennsylvania Osteopathic Association, representing the osteopathic profession in said State, That the United States Senators from this State, the author of said bill, and the Senate Committee on Education and Labor, and the President of the Senate, the Vice President of the United States, be informed by transmittal of copies hereof that the aims and purposes of said bill require amendments expressly preserving freedom of choice of physician and school of practice to persons entitled to medical care, and expressly providing for osteopathic representation on said Federal and State advisory councils to the end that the osteopathic profession in this State and in the United end that the osteopathic profession in this State and in the United States may be enabled to cooperate in implementing the medical-social security program of said bill.

RISIS IN PALESTINE-EDITORIAL FROM THE PITTSBURGH PRESS

Mr. DAVIS. Mr. President, I also ask unanimous consent to have printed in the RECORD and referred to the Committee on Foreign Relations an editorial from the Pittsburgh (Pa.) Press of May 19, 1939, entitled "Crisis in Palestine." is a condition of distress that is without parallel in the history of a people oppressed for ages long. Concern is expressed not only because of the fate of one race but also because of the international implications of this perplexing

There being no objection, the editorial was referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, as follows:

[From the Pittsburgh Press of May 19, 1939] CRISIS IN PALESTINE

Terror stalks through the streets once trodden by the feet of hrist.. Riots, strikes, fasts, incendiarism, and sabotage have

Terror stalks through the streets once trodden by the leet of Christ. Riots, strikes, fasts, incendiarism, and sabotage have brought police and troops into action as the Jews of Palestine, foreseeing the end of their long-cherished dream of a homeland, display their anger against the British.

The Jews call this the blackest day in their modern history as protest meetings are held in more than 200 cities, towns, and villages. Only the Arabs are jubilant. The Jews see themselves forever doomed to live as a minority in an Arab-dominated state and charge the British with a betrayal "which condemns Jewish Palestine to the tragic fate of Czechoslovakia."

The situation created by the British White Paper "solution" of the Palestine problem would be serious even were Europe not on the brink of disaster. Britain now needs all the friends she can muster if she is to impress Germany and Italy sufficiently to avert war. It is particularly important to have peace and unity in the Arabian Peninsula—the vital land bridge connecting the Mediterranean and the Persian Guif.

Accustomed as we are to hearing the British extolled as the world's shrewdest and most far-seeing statesmen, let us have a look at what lies behind this situation. For surely there have been blunders.

been blunders.

been blunders.

During the World War, Britain as now, was desperately in need of all the help she could get and from every possible direction. The war was going badly for her not only in Europe but against the Turks in the Near East. So, to get the Arabs on her side, she promised them an independent Arabia. At the same time, to win over world Jewry, she offered a "national home for the Jewish people" in Palestine.

In so doing, of course, she was borrowing trouble. The two promises were bound to conflict. Aware of this, Britain's policy has wavered weakly for years as if living in hope that a miracle would happen.

would happen.

But it didn't. Royal commissions tried to find a solution and failed. Conferences got nowhere. Meanwhile relations between Arabs and Jews grew steadily worse and bloodshed more common. Each side blames the other. They would hardly be human if they didn't. Certainly the British have muddled inexcusably. If

nowhere else they blundered in the beginning; and since, when they failed to state definitely just how far they were prepared to go, both with the Arabs and the Jews. The very haziness of the war-time Anglo-Arabian understanding left room for endless haggling, while the Balfour declaration with regard to the "national home" in Palestine was just as vague.

Britain's World War chickens seem to be coming home to roost.

And they are doing so at a particularly inopportune time. She has more than enough trouble without this.

But world Jewry also has its troubles in other quarters. Thus, whatever grievance it may have against Britain in Palestine, to attack her there would weaken her in her stand elsewhere—for instance, against the oppressors of Jewry in central Europe.

REPORTS OF COMMITTEES

Mr. BONE, from the Committee on Patents, to which was referred the bill (S. 547) to amend section 23 of the act of March 4, 1909, relating to copyrights, reported it with an amendment and submitted a report (No. 465) thereon.

Mr. SCHWARTZ, from the Committee on Mines and Mining, to which was referred the bill (S. 1542) to authorize the Director of the Geological Survey, under the general supervision of the Secretary of the Interior, to acquire certain collections for the United States, reported it without amendment and submitted a report (No. 466) thereon.

He also, from the Committee on Interstate Commerce, to which was referred the bill (S. 162) to protect producers, manufacturers, distributors, and consumers from the unrevealed presence of substitutes and mixtures in spun, woven, knitted, felted, or otherwise manufactured wool products, and for other purposes, reported it with amendments and submitted a report (No. 467) thereon.

Mr. AUSTIN, as a member of the Committee on Interstate Commerce, submitted minority views on the foregoing bill (S. 162), which were ordered to be printed as a part of

Report No. 467.

ENROLLED BILLS PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that that committee presented to the President of the United States the following enrolled bills:

On May 17, 1939:

S. 595. An act to increase further the efficiency of the Coast Guard by authorizing the retirement under certain conditions of enlisted personnel thereof with 20 or more years of service; and

S. 1876. An act to readjust the commissioned personnel

of the Coast Guard, and for other purposes.

On May 18, 1939:

S. 965. An act to amend the act entitled "An act authorizing the Port Authority of Duluth, Minn., and the Harbor Commission of Superior, Wis., to construct a highway bridge across the St. Louis River from Rice's Point in Duluth, Minn., to Superior in Wisconsin," approved June 30, 1938.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. HOLMAN:

S. 2469. A bill relating to the exchange of certain lands in the State of Oregon; to the Committee on Public Lands and

By Mrs. CARAWAY:

S. 2470. A bill for the relief of R. K. Garfield; to the Committee on Claims.

By Mr. SMATHERS:

S. 2471. A bill conferring jurisdiction upon the Court of Claims to hear, determine, and render judgment on the claim of Robert A. Watson; to the Committee on Claims.

By Mr. BROWN:

S. 2472. A bill to provide for the construction of a Coast Guard vessel designed for ice-breaking and assistance work on Lake Huron, Lake Michigan, and Lake Superior; to the Committee on Commerce.

By Mr. CONNALLY:

S. 2473. A bill to repeal the minimum-price limitation on sale of the Akron, Ohio, old post-office building and site; to the Committee on Public Buildings and Grounds.

By Mr. SHIPSTEAD:

S. 2474. A bill to authorize the city of Duluth, in the State of Minnesota, to construct a toll bridge across the St. Louis River, between the States of Minnesota and Wisconsin, and for other purposes; to the Committee on Commerce.

By Mr. KING:

S. 2475. A bill creating the Puerto Rico Water Resources Authority, and for other purposes; to the Committee on Territories and Insular Affairs.

By Mr. JOHNSON of Colorado:

S. 2476. A bill granting an increase in disability compensation to Richard M. Cleary; to the Committee on Finance.

By Mr. DANAHER:

S. J. Res. 139. Joint resolution to authorize compacts or agreements between or among the States bordering on the Atlantic Ocean with respect to fishing in the territorial waters and the bays and inlets of the Atlantic Ocean on which such States border, and for other purposes; to the Committee on Commerce.

HOUSE BILLS AND JOINT RESOLUTIONS REFERRED

The following bills and joint resolutions were severally read twice by their titles and referred as indicated below:

H. R. 4434. An act to provide for the abatement of personal taxes from insolvent building associations in the District of Columbia;

H.R. 5137. An act to prohibit the purchase of beer on

credit by retailers in the District of Columbia;

H.R. 5680. An act to amend section 1 of the act entitled "An act to authorize the Philadelphia, Baltimore & Washington Railroad Co. to extend its present track connection with the United States navy yard so as to provide adequate railroad facilities in connection with the development of Buzzards Point as an industrial area in the District of Columbia, and for other purposes," approved June 18, 1932 (Public, No. 187, 72d Cong.); to the Committee on the District of Columbia;

H. J. Res. 247. Joint resolution to provide minimum na-

tional allotments for cotton; and

H. J. Res. 248. Joint resolution to provide minimum national allotments for wheat; to the Committee on Agriculture and Forestry.

AMENDMENT TO RIVER AND HARBOR AUTHORIZATION BILL-UMATILLA DAM, COLUMBIA RIVER, OREG.

Mr. McNARY submitted an amendment intended to be proposed by him to the bill (H. R. 6264) authorizing the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes, which was referred to the Committee on Commerce and ordered to be printed.

AMENDMENT OF INTERSTATE COMMERCE ACT

Mr. BANKHEAD submitted an amendment intended to be proposed by him to the bill (S. 2009) to amend the Interstate Commerce Act, as amended, by extending its application to additional types of carriers and transportation and modifying certain provisions thereof, and for other purposes, which was ordered to lie on the table and to be printed.

CITIZENSHIP INDUCTION CEREMONY IN WISCONSIN

Mr. LA FOLLETTE. Mr. President, on Sunday last there was held at Manitowoc, Wis., a very thrilling ceremony. On that occasion the chief justice of the State, the president of the University of Wisconsin, and others participated in ceremonies inducting into citizenship all the youthful nativeborn new citizens who had attained the age of 21 years.

Prior to that time there had been educational classes con-

ducted in citizenship in the community.

The idea was originally suggested by Prof. R. J. Colbert, of the University of Wisconsin. It attracted Nation-wide attention, both in the press and as a result of a radio broadcast of the ceremony.

I am advised that since this ceremony was held in Manitowoc County, 38 other counties in the State have requested the extension division of the university to assist them in arranging for similar programs in the coming year, and likewise

there have been inquiries received by the extension division from many other counties scattered over the United States.

One of the prime movers in this ceremony was Judge Albert H. Schmidt, of Manitowoc County.

I ask unanimous consent that as a part of my remarks there may be printed in the RECORD the address of Judge Schmidt, Chief Justice Rosenberry, President Dykstra, the message sent by Mr. J. Edgar Hoover, and a letter which I received under date of May 20 from Prof. Richard C. Wilson, assistant director of the department of extension teaching in the University of Wisconsin.

There being no objection, the matters referred to were ordered to be printed in the RECORD, as follows:

Introductory Address by Judge Albert H. Schmidt, Manitowoc, Wis., Master of Ceremonies, Manitowoc County Citizenship Day Ceremonies, May 21, 1939

DAY CREMONIES, MAY 21, 1939

Members of the citizenship class of 1939, Dr. Colbert, Chief Justice Rosenberry, President Dykstra, distinguished guests, and fellow American citizens, we are met on this auspicious occasion, this Sabbath afternoon, to install, in the spirit of America, with appropriate, impressive, dramatic, colorful moving ceremony, the like of which America has never seen before, all young men and women of Manitowoc County, Wis., who have reached the age of 21 during the past current year, into the status of full-fledged American citizenship, the first plan and program of its kind in the United States. These young men and women and all of us who participate in these ceremonies are making history—important history. This is the birth of a new day in American democracy.

Here on these magnificent grounds—none more beautiful or suitable anywhere—at Manitowoc, meaning the "home of the great spirit," overlooking the majestic waters of Lake Michigan, in the very heart of the United States, in the midst of Dame Nature in all her glory, with every tree and every leaf and every blade of grass at attention, in the very spirit of our martyred President, Abraham Lincoln, whose name these grounds bear—what could be more magnificent, appropriate, and inspiring, as if foreordained for this very purpose?—we are inaugurating a movement representing the most essential contribution to our national life ever proposed, and the Nation's most essential educational need, which will contribute more to the security of our liberties than all the purely scientific foundations in the country, a movement already national in its scope and influence, whose far-reaching, beneficial effects scientific foundations in the country, a movement already national in its scope and influence, whose far-reaching, beneficial effects upon life and government will last long after we shall have gone to our reward.

The reconsecration of America in America is our greatest need-

our task here today.

We are not here concerned with nationalities, sectarian or political beliefs. We are all Americans, of America—for America. The eyes of the entire country, of other countries, are upon us, upon Manitowoc, Wis. Thus while the attention, the honor is great, equally great is our responsibility. And we are ready here and now to meet that responsibility—as free, patriotic, loyal, liberty-loving Americans.

Fortunately for us, only in the United States of America could a program like this take place, for here the people are the Government and the Government is the people—here the men and women of the Nation are the kings and queens of the country, for under our Constitution the powers not delegated to the United States by the Constitution nor prohibited by it to the States are reserved to the States respectively or to the people, and the enumeration in the Constitution of certain rights shall not be construed to deny nor

Constitution of certain rights shall not be construed to deny nor disparage others retained by the people.

We have planned with great care and detail, intending a national, democratic, permanent pattern, building not for a day or a year but for all time. Contemplate, if you please, some 2,500,000 21-year-old voters in the United States every year voluntarily being inducted into full-fledged American citizenship by a proper course of study as to the rights and responsibilities of citizenship, and formal, impressive, democratic, public installation ceremonies in the interests of a more alert and loyal Americanism, under the golden sun of liberty, and you have a picture of the importance, the immensity, and the far-reaching possibilities of the Manitowoc plan. Our aim and our hope is to make this the most impressive, the most dramatic, the most worth-while community undertaking in the history of Manitowoc County and the United States—a grand, graphic, tramatic, the most worth-wine community undertaking in the instruction of Manitowoc County and the United States—a grand, graphic, magnificent, inspiring spectacle of Americanism in action—not only to educate and inspire the young people of the country but the older citizens as well—a day when all Americans, irrespective of nationality, creed, or political belief, should reconsecrate themselves to a more vigilant, patriotic, and zealous interest in and devotion to the creek inspire the living life and liberty citizen revealed. to the great, inalienable, living, life, and liberty-giving principles of Americanism with which our Creator has endowed us—Americanism enlightening America, liberty enlightening the world—radiating cut from Manitowoc, Wis., on this May 21, 1939, to the four corners of the earth—the United States of America now and forever, one and inseparable—so that in truth and in fact government of the people, by the people, and for the people shall not perish from the

Address by Hon. Marvin B. Rosenberry, Chief Justice of the Supreme Court of Wisconsin

Mr. Chairman, members of the citizenship class of 1933, and fellow citizens, upon the invitation of the committee having charge of these exercises it becomes my privilege to administer to you the oath of allegiance. By reason of your being born in this country you are already under an obligation to support and maintain our constitutional system of government. The taking of the oath is merely a formal recognition on your part of this obligation. From the earliest times and in the most primitive societies those who were responsible for maintaining the Government were inducted into the body corporate of the tribe or the state with appropriate ceremonies. In many cases these ceremonies were participated in by the leading men of the community and were considered important. The object of the ceremony was to impress upon the initiate the seriousness of the step which he was about to take in assuming responsibility for the welfare of the group. The ceremony was responsibility for the welfare of the group. The ceremony was designed to acquaint the initiate with the character of the responsibilities which he assumed and the fundamental principles which underlay the government of which he was to become a part. These ceremonies were especially elaborate and impressive when an indi-

vidual was to become an emperor or king. Two years ago we heard and read a great deal about the coronation of King George VI.

While the coronation ceremony is a survival of former times, as the King of England no longer exercises the sovereign power of the state, it is an example of the great importance attached by of the state, it is an example of the great importance attached by peoples to induction into office of a new sovereign. In this country the sovereign power is exercised by the people and not by a king, an emperor, or other potentate. The sovereign power in this country is not exercised by royal edict or imperial proclamation but by the people acting through their chosen representatives in accordance with the limitations of the Constitution and in the manner prescribed therein. At the next election you will by your ballot choose the individuals from the body politic who are to act for you in the exercise of so much of the sovereign or supreme power as the people have vested in their officers—legislative, executive, and judicial. If and when you are called upon to vote upon amendments to the Constitution, you will act in your capacity as sovereigns. The people of the state by a majority vote will themselves determine how much additional sovereign power shall be exercised by their representatives. It is the failure to distinguish between the exercise of sovereign power in the making of the Constitution and the exercise of the right to choose to distinguish between the exercise of sovereign power in the making of the Constitution and the exercise of the right to choose representatives to exercise governmental power under the Constitution that leads many persons to ignore one of the fundamentals of our Government. The chosen representatives of the people exercise only such power as has been committed to them by the Constitution. When the people adopt a constitution, they exercise a different kind of power—the sovereign or supreme power in the state. When they choose officers they name the persons who are to act as their agents or representatives under the constitution. To prepare you for the performance of these duties, you have been trained in the public schools and you have taken a course of instruction preparatory to this citizenship-day program. The

instruction preparatory to this citizenship-day program. The principal purpose and object of your education at public expense—the whole purpose and object of the preparation for citizenship day—is to enable you to exercise this great power wisely and to prepare you to participate as citizens and, if chosen, as officers in the Government of the towns, villages, cities, counties, State, and

the United States.

The oath which I shall administer to you is that prescribed by the constitution of the State and required to be administered to all public officers, adapted to use on this occasion. There has been added to it the words, "So help me God," which are not, in fact, a part of the oath but a prayer by which each one of you calls upon Divine Providence to aid and strengthen you in the discharge of the duties you this day solemnly promise to perform.

Our Constitution declares that "The blessings of a free government can only be maintained by a firm adherence to justice, moderation, temperance, frugality, and virtue, and by frequent recurrence to fundamental principles."

It is my hope and prayer that you may square your lives as citizens with this profound declaration of the people speaking through the Constitution and that the pledge to support constitutional government which you are about to take may be fulfilled in your lives as citizens of this great Republic.

FORM OF OATH The oath which I shall administer to you is that prescribed by

FORM OF OATH

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of Wisconsin and the laws enacted pursuant thereto, and that I will faithfully discharge the duties and obligations of a citizen of the State of Wisconsin to the best of my ability, so help me God.

Address by Dr. C. A. Dykstra, President of the University of WISCONSIN

Our tribal ancestors recognized the transition from boyhood to manhood with solemn ceremonies. The dedication of young men to the service of the tribe and the assumption of responsibilities by individuals for the social group was the climax in the lives of the youth. Trials and tortures of many kinds preceded the initi-ation ceremony. During this period of preparation the young braves were made thoroughly familiar with tribal history, customs, and rituals.

The initiation rites were sacred undertakings of a deeply relifrom that moment on the initiate was presumed to be invested with a new purpose and a new strength. As an earnest of this new life the youth was given a new garment and a new name, as the tribe, amidst wild rejoicing, preclaimed him a man.

Vestiges of such ceremonies persist in most societies today, particularly in churches and fraterial organizations.

ticularly in churches and fraternal organizations. Young men-

and in these days young women participate in them—make their pledges and take their vows. In our democratic society which threw overboard all ritual, we have done nothing to impress upon our young people that at 21 they become responsible voting members of the body politic. This ceremony at Manitowoc today is an attempt to repair this long omission. Here is youth 700 strong about to assume the burden of adulthood in a free society.

You have experienced a period of training for this new enterprise. You have caught a new enthusiasm for democratic processes and possibilities. You know something of your obligations as citizens. You are organized as a convention of young voters.

As you look about, as you read your papers, you realize that our governments in many places have become corrupted and are no longer representative of the whole citizenship. Small groups of partisans and sometimes one person use the political device which

partisans and sometimes one person use the political device which we call government for exploitation and even for personal gain. Such a course is not wholesome, nor is it wise for a democracy to

allow the perversion of its own processes or aims.

The aims of a democratic society lead to the good life for all through the participation of all according to their talents and their merits. They proceed upon the theory that if opportunity is afforded and guaranteed to all, the general good will be

approximated.

approximated.

In accordance with this principle we have provided universal public education so that each individual may make the most of his talents. But to make the most of one's talents does not carry with it the license to exploit others or to trample upon the rights of our fellow men. It carries with it rather the deep obligation to see to it that all are fairly dealt with and that all are allowed to live their lives as individuals and as men.

to live their lives as individuals and as men.

Deeply imbedded in our legal and social history are the general doctrines of the rights of men. It is the manifest duty of Americans to protect these individual rights as the occasion demands. We must defend to the uttermost our ancient freedoms—free speech and assembly and the right to worship as we will. We must defend life and liberty and what Jefferson called the pursuit of happiness. In modern terms this last phrase means the right to make a living through access to opportunity to work and care for a family. This is a difficult thing to do in the modern world. But it is incumbent upon us to work at it—to bring it to pass. The validity and the perpetuation of the democratic way of life are bound up in a solution of this problem.

Certain challenges face you—who today assume the obligations

Certain challenges face you-who today assume the obligations of citizenship.

First. You must see to it that you have the personal integrity which is expected of the intelligent adult.

Second. You must exercise that integrity and your best judgment besides in the interest of the community in which you live.

Third. You must be loyal to the commitments made to the democratic way by our forefathers.

Fourth. You must be diligent and honorable in exercising the voting trust with which you are now invested.

Fifth. You must realize that patriotism is a quality or attribute

which requires daily cultivation and daily service. It is not a cloak to be worn for occasions and cast aside for individual gain or glory.

to be worn for occasions and cast aside for individual gain or glory. It is not a refuge for weak souls but a badge of opportunity. Today the democratic way is challenged the world over. Millions—hundreds of millions—have turned their backs upon it. They are persuaded that it is easier to cast their burdens upon someone who will carry the load and give the orders. They have sacrificed their freedoms by so doing. You are a portion of the youth of America who eventually will decide the question as to whether our complex problems can be solved by a democratic process which preserves our freedoms. Democracy is the hard way—the difficult road. the difficult road

Today I commend to you the hard road. Your fathers have traveled it for centuries. Continue upon it and keep it open. Millions still to be born have the right to be born free—you cannot sell their birthright for a mess of pottage.

Today set out with courage and stout hearts. Sing your marching songs. Hold high the banner. Let freedom ring! Yes; let it ring-but also let freedom live and work.

> FEDERAL BUREAU OF INVESTIGATION, UNITED STATES DEPARTMENT OF JUSTICE, Washington, D. C., May 12, 1939.

Hon. Albert H. Schmidt, 927 South Eighth Street, Manitowoc, Wis.

My Dear Judge: With further reference to my wire of May 10, 1939, and in accordance with the request contained in your letter of May 4, 1939, I am happy indeed to enclose a statement pertaining to the Manitowoc Citizenship Day, which I trust will be of some assistance to you.

assistance to you.

I regret so much that a previous commitment in Nashville,
Tenn., as I wired you, prevents my accepting the kind invitation
to be in Manitowoc on May 21.

With best wishes and kind regards,

Sincerely yours,

J. EDGAR HOOVER.

THE TRUE CITIZEN

Manitowoc's Citizenship Day is indeed commendable and worth while. Designed to protect the ideals of Americanism, it should truly have the wholehearted support and approbation of every citizen. If our democratic institutions are to survive, we must, of necessity, protect them against "isms" and the subversive forces of

lawlessness. In the final analysis the basic functions of governlawlessness. In the final analysis the basic functions of government center around the principles of maintaining law and order—and lawlessness is the greatest threat to American civil liberties today. It undermines the fundamental concept of our democracy, of insuring to all peoples life, liberty, and the pursuit of happiness. Lawlessness not only threatens national security but in doing so threatens our basic social unit, the home. The task confronting every American citizen today is to insure that law and order shall reign supreme.

A true citizen respects and loves the traditions laws and cus-

and order shall reign supreme.

A true citizen respects and loves the traditions, laws, and customs of our country. Young men and women who reach the age of 21 view a world with many perplexing problems. They find the public often apathetic toward lawlessness, graft, and corruption. They find that members of their own age group—21—were the most frequently arrested in 1938. This problem of crime can only be definitely solved with the development of law-abiding citizens. It is a tremendous task, but is one of importance and cannot be minimized. Law enforcement cannot fight this battle alone. True citizenship is the answer.

The day set apart in Manitowoc to focus attention on citizenship will prove a powerful sustaining force. Not only will it serve

The day set apart in Manitowoc to focus attention on citizenship will prove a powerful sustaining force. Not only will it serve to educate the youthful citizens as to their civic responsibility but will serve to reawaken the sense of public responsibility in general, to instill a constant vigil upon the part of every good citizen, and to reestablish a solid foundation of majesty of law. Without the wholesome support of the people, the efforts of law-enforcement officials must go for naught. After all, it is the will of the people which determines what sort of conditions shall continue to exist. Any citizen who yearns for good government will, if active in civic affairs, cause an improvement in conditions, ameliorating the crime burden. In the first place, he should give to the laws of the city, county, State, and Nation a scrupulous and conscientious personal obedience. He should take an active part in the administration of justice and become familiar with the workings of the courts and their jurisdiction. Of most importance, part in the administration of justice and become familiar with the workings of the courts and their jurisdiction. Of most importance, he should refuse to tolerate venal political interference with law-enforcement agencies and officials in the discharge of their duties. In the event the ugly head of corruption intrudes itself into the law-enforcement picture, he should, by all means, denounce it. Finally, he should, as a public-spirited citizen, set a needed example for his elder brethren, consider it an honor and privilege to sixt upon a turn. sit upon a jury.

> THE UNIVERSITY OF WISCONSIN, University Extension Division, Madison, May 20, 1939.

Senator ROBERT M. LA FOLLETTE,

Senate Office Building, Washington, D. C. DEAR SENATOR LA FOLLETTE: Wisconsin leads again!

America's first program of citizenship training for native-born new voters is being climaxed on May 21 with Citizenship Day—the occasion upon which all the 21-year-old new voters in Manitowoc County will be inducted into the electorate with appropriate ceremony. Chief Justice Rosenberry, President Dykstra, State Vocational Director Hambrecht, and others will take part

State Vocational Director Hambrecht, and others will take part in the impressive ceremony.

The Wisconsin plan for training new voters in citizenship includes a careful enumeration of the 21-year-olds in each community, their organization into classes for instruction, and their induction into the electorate. The educational program stresses the organization and function of the county unit of government—the town, village, city, and county—in which the voter has his closest contacts with government. Preparing this instructional material, organizing and conducting the classes, and setting up and carrying out the induction ceremony involve considerable effort and time. Arrangements must be made for their financing. This plan was conceived by Prof. R. J. Colbert, of the University of Wisconsin Extension Division, and carried out for the first time in Manitowoc County. As a result of the success of the program in that county, citizens of 38 other Wisconsin counties have asked the extension division to assist them in conducting similar programs for their new voters next year.

People in all parts of our Nation have received the plan with

People in all parts of our Nation have received the plan with open arms. Newspapers and magazines from coast to coast have carried feature stories. Hundreds of newspapers printed editorials urging the adoption of the plan on a Nation-wide basis. Interested citizens in every State of the Union have written to the extension division asking for information about the program. Many have asked how it can be adapted to their communities. The plan is being snapped up in many parts of the country. It is growing, expanding.

is growing, expanding.

Senator Josh Lee, of Oklahoma, and Representative Jennings Randolff, of West Virginia, showed great foresight when they introduced their bill which proposes Federal aid for States conducting programs of citizenship training. Such legislation will make it possible for the citizens of the United States to help their new voters better to understand governmental organization and operation and their relationship to it. The passage of the bill will help generate a more intelligent and creative participating citizenry. It will help make America a better place in which to live.

Wisconsin has laid the ground work for citizenship training programs. Congress has the opportunity to build a mighty structure upon this foundation.

Sincerely yours,

RICHARD C. WILSON, Assistant Editor.

DECISION OF SUPREME COURT IN O'MALLEY v. WOODROUGH

Mr. BROWN. Mr. President, I desire to call the attention of the Senate to the decision of the Supreme Court of the United States vesterday in the case of O'Malley against Woodrough, which definitely ends the immunity which by court decision heretofore made, particularly the case of Evans against Gore, was attached to the salaries of all Federal

Mr. Justice Frankfurter said, in speaking of Evans against

The decision met wide and steadily growing disfavor from legal scholarship and professional opinion.

It is now, in my judgment, definitely overruled.

The case was decided by a 7-to-1 vote, with one of the Justices not participating. I mention it now because the decision squarely upholds the position taken by those of us who advocated the public salary tax bill which the Congress enacted about a month ago. It will be recalled that the Senate adopted my amendment applying the tax to all Federal judges.

I ask that both the majority and the minority opinions be printed in the RECORD.

There being no objection, the opinions were ordered to be printed in the RECORD, as follows:

[Supreme Court of the United States. No. 810. October term, 1938. George W. O'Malley, Individually and as Collector of Internal Revenue, appellant, v. Joseph W. Woodrough and Ella B. Woodrough. On appeal from the District Court of the United States for the District of Nebraska. May 22, 1939]

Mr. Justice Frankfurter delivered the opinion of the Court.

The case is here under section 2 of the act of August 24, 1937 (50 Stat. 751), as a direct appeal from a judgment of a district court whose "decision was against the constitutionality" of an act of Congress. The suit below, an action at law to recover a tax on income claimed to have been illegally exacted, was disposed of upon the pleadings and turned on the single question now before us, to wit: Is the provision of section 22 of the Revenue Act of 1932 (47 Stat. 169, 178), reenacted by section 22 (a) of the Revenue Act of 1936 (49 Stat. 1648, 1657), constitutional insofar as it included in the "gross income," on the basis of which taxes were to be paid, the compensation of "judges of courts of the United States taking office after June 6, 1932."

That this is the sole issue will emerge from a simple statement of the facts and of the governing legislation. Joseph W. Woodrough was appointed a United States circuit judge on April 12, 1933, and qualified as such on May 1, 1933. For the calendar year of 1936 a joint income-tax return of Judge Woodrough and his wife disclosed his judicial salary of \$12,500, but claimed it to be constitutionally immune from taxation. Since it was not included in "gross income," no tax was payable. Subsequently a deficiency of \$631.60 was assessed on the basis of that item, which, with interest, was paid under protest. Claim for refund having been rejected, the present suit was brought, and judgment went against the collector. The assessment of the present tax was technically under the act of 1936, but that act merely carried forward the provisions of the act of 1932, for the inclusion of compensation of "judges of courts of the United States taking office after June 6, 1932," which had been similarly incorporated in the Revenue Act of 1934 (48 Stat. 680, 686-687). Therefore the power of Congress to include Judge Woodrough's salary as a circuit judge in his "gross income" must be judged on the basis of the validity of section 22 of the Revenue Act of 1932 and not as though that power had been originally asserted by the Revenue Act of 1936. For it was the act of June 6, 1932, that gave notice to all judges thereafter to be appointed, of the new congressional policy to include the judicial salaries of such judges in the assessment of income taxes. The fact that Judge Woodrough, before he became a circuit judge, and prior to June 6, 1932, had been a district judge is wholly irrelevant to the matter in issue. The two offices have different statutory origins, are filled by separate nominations and confirmations, and enjoy different emolu-That this is the sole issue will emerge from a simple statement of issue. The two offices have different statutory origins, are filled by separate nominations and confirmations, and enjoy different emoluments. A new appointee to a circuit court of appeals occupies a new office no less when he is taken from the district bench than when he is drawn from the bar.

By means of section 22 of the Revenue Act of 1932, Congress sought to avoid, at least in part, the consequences of Evans v. Gore (253 U. S. 245). That case, decided on June 1, 1920, ruled for the first time that a provision requiring the compensation received by the judges of the United States to be included in the "gross income" from which the net income is to be computed, although merely part of a taxing measure of general, nondiscriminatory application to all earners of incomes, is contrary to article III, section 1, of the Constitution which provides that the "compensation" of the "judges" "shall not be diminished during their continuance in office." (See also the separate opinion of Mr. Justice Field in Pollock v. Farmers' Loan & Trust Co., 157 U. S. 429, 586, 604 et seq.) To be sure, in a

letter to Secretary Chase, Chief Justice Taney expressed similar views. In doing so, he merely gave his extrajudicial opinion, asserting at the same time that the question could not be adjudicated. Chief Justice Taney's vigorous views were shared by Attorney General Hoar. Thereafter both the Treasury Department and Congress acted upon this construction of the Constitution. However, the meaning which Evans v. Gore imputed to the history which explains article III, section 1, was contrary to the way in which it was read by other English speaking courts. The decision met wide and steadily growing disfavor from legal scholarship and professional opinion. Evans v. Gore itself was rejected by most of the courts before whom the matter came after that decision.

Having regard to these circumstances, the question immediately before us is whether Congress exceeded its constitutional power in providing that United States judges appointed after the Revenue Act of 1932 shall not enjoy immunity from the incidences of taxation to which everyone else within the defined classes of income is subjected. Thereby, of course, Congress has committed itself to the position that a nondiscriminatory tax laid generally on net income is not, when applied to the income of a Federal judge, a diminution of his salary within the prohibition of article III, section 1 of the Constitution. To suggest that it makes inroads upon the independence of judges who took office after Congress had thus charged them with the common duties of citizenship, by making them bear their aliquot share of the cost of maintaining the Government, is to trivialize the great historic experience on which the framers based the safeguards of article III, section 1.9 To subject them to a general tax is merely to recognize that judges are also citizens, and that their particular function in government does not generate an immunity from sharing with their fellow citizens the material burden of the Government whose Constitution and laws they are charged with administering.

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Mr. Justice McReynolds did not hear the argument in this cause and took no part in its consideration or decision.

¹The letter was written on February 16, 1863, and will be found in

"The letter was written on residualy to solve the letter was written on residualy to 2.3.701.

2."* * I should not have troubled you with this letter if there was any mode by which the question could be decided in a judicial proceeding. But all of the judges of the courts of the United States have an interest in the question, and could not therefore with propriety undertake to hear and decide it" (157 U. S. at 702).

3.13 Op. A. G. 475)

*13 Op. A. G. 475).

*See Mr. Justice Field, concurring, in *Pollock v. Farmers' Loan & Trust Co.* (157 U. S. 429, 588, 606-607).

*See Wayne v. U. S. (26 Ct. Cl. 274; act of July 28, 1892, c. 311, 27

*See Judgments in Cooper v. Commissioner of Income Tax (4 Comm. L. R. 1304) construing sec. 17 of the Queensland Constitution Act of 1867, which prohibited "any reduction or diminution of the salary of a judge during his term of office"; also Judges v. Attorney General for Saskatchevan (1937) (2 D. L. R. 209), construing sec. 96 of the British North America Act, 1867, that "the salaries * * * of the judges * * * shall be fixed and provided by the Parliament of Canada" in connection with the Income Tax Act, 1932, of Saskatchevan.

by the Parliament of Canada in Contector with Act, 1932, of Saskatchewan.

See Clark, Further Limitations Upon Federal Income Taxation (30 Yale L. J. 75); Corwin, Constitutional Law in 1919–20 (15 Am. Pol. Sci. Rev. 635, 641–644); Fellman, Diminution of Judicial Salaries (30 Yale L. J. 75); Corwin, Constitutional Law in 1919–20 (15 Am. Pol. Sci. Rev. 635, 641–644); Fellman, Diminution of Judicial Salaries (24 Iowa L. Rev. 89); Lowndes, Taxing Income of Federal Judiciary (19 Va. L. Rev. 153); Powell, Constitutional Law in 1919–20 (19 Mich. L. Rev. 117–118); Powell, The Sixteenth Amendment and Income from State Securities, National Income Tax magazine (July 1923), 5–6 (20 Col. L. Rev. 794; 43 Harv. L. Rev. 318; 20 Ill. L. Rev. 376; 45 L. Q. Rev. 291; 7 Va. L. Rev. 69; 3 U. of Chi. L. Rev. 141).

*The cases, pro and con, are collected in the recent dissenting opinion by Chief Judge Bond, of the Court of Appeals of Maryland, in Gordy v. Dennis (5 A. (2d) 69, 82). Particular attention should be called to the decision of the Supreme Court of South Africa, Krause v. Commissioner for Inland Revenue (1929) (So. Afr. R. (A. D.) 286), construing section 100 of the South Africa act, which had taken over the identical clause from article III, sec. 1, of our Constitution.

*The provisions regarding security of salary came from the Act of 1760 (1 Geo. III, c. 23). See Holdsworth, The Constitutional Position of the Judges (48 L. Q. Rev. 25; 2 Holdsworth, The History of English Law, 559–564; 6 id. 234, 514).

*Public, No. 32 (76th Cong., 1st sess., c. 59). Section 209 of the same statute, however, provides that "In the case of the judges of the Supreme Court, and of the inferior courts of the United States created under article III of the Constitution, who took office on or before June 6, 1932, the compensation received as such shall not be subject to income tax under the Revenue Act of 1938 or any prior revenue act."

subject to income tax under the Revenue Act of 1938 or any prior revenue act."

Supreme Court of the United States. No. 810. October term, 1938. George W. O'Malley, Individually and as Collector of Internal Revenue, appellant, v. Joseph W. Woodrough and Ella B. Woodrough. On appeal from the District Court of the United States for the District of Nebraska. [May 22, 1939.]

Woodrough. On appeal from the District Court of the United States for the District of Nebraska. [May 22, 1939.]

Mr. Justice Butler, dissenting.

Concretely, the question is whether, by exacting from United States Circuit Judge Joseph W. Woodrough and his wife \$631.60 in the form of income tax on his salary of \$12,500 for 1936, the Government diminished the compensation for his services theretofore fixed by Congress. That item excluded, they had no taxable income. The judge's monthly pay was \$1,041.66. The tax took at the monthly rate of \$52.63.

The material details may be given briefly.

April 12, 1933, Judge Woodrough was appointed judge of the United States Circuit Court of Appeals for the Eighth Circuit. He qualified May 1, 1933. Congress had by the act of December 13, 1926,¹ enacted that "To each of the circuit judges the sum of \$12,500 per year" shall be paid as compensation. Since May 1, 1933, appellee has received the specified pay. The Revenue Act of June 6, 1932, applicable only to taxable years beginning after December 31, 1931, contained a provision declaring that in the case of judges taking office after that date "the compensation received as such shall be included in gross income; and all acts fixing the compensation of such * * * judges are hereby amended accordingly." The Revenue Act of 1934, applicable only to taxable years beginning after December 31, 1933, and that of 1936, applicable only to taxable years beginning after December 31, 1933, contain the same language as that just quoted from the act of 1932.

Judge Woodrough and his wife made a joint income tax return

Judge Woodrough and his wife made a joint income tax return for 1936; it disclosed his salary but claimed it was not subject to the tax. The commissioner held the item taxable and made a deficiency assessment of \$631.60. Plaintiffs paid under protest and filed claim for refund; it was denied. Claiming the tax that they were so compelled to pay diminished the judge's compensation and that therefore section 22 (a) of the act of 1936 violates section 1, article III, of the Constitution, plaintiffs sued to recover the amount of the tax. The collector moved to dismiss. The court held the act unconstitutional, overruled the motion and, defendant having elected not to plead further, gave plaintiffs judgment as prayed. Defendant appealed.⁵

Article III, section 1, declares: "The judges, both of the Supreme and inferior courts, shall hold their offices during good behavior,

and inferior courts, shall hold their offices during good behavior, and shall, at stated times, receive for their services, a compensation, which shall not be diminished during their continuance in

office."

It safeguards the independence of the judiciary. The abuse against which it was intended to be a barrier is included in the list of reasons for our Declaration of Independence. "The history of the present King of Great Britain is a history of repeated inor the present King of Great Britain is a history of repeated injuries and usurpations, all having in direct object the establishment of an absolute tyranny over these States * *. He has obstructed the administration of justice by refusing his assent to laws for establishing judiciary powers. He has made judges dependent on his will alone, for the tenure of their offices, and the amount and payment of their salaries."

Alexander Hamilton application the recommendations of their salaries.

Alexander Hamilton, explaining the reasons for and the purpose of section 1 of article III, said:

of section 1 of article III, said:

"The Executive not only dispenses the honors, but holds the sword of the community. The legislature not only commands the purse, but prescribes the rules by which the duties and rights of every citizen are to be regulated. The judiciary, on the contrary, has no influence over either the sword or the purse; no direction either of the strength or of the wealth of the society; and can take no active resolution whatever. It may truly be said to have neither force nor will, but merely judgment * * *.

"This simple view of the matter * * proves incontestably that the judiciary is beyond comparison the weakest of the three departments of power; that it can never attack with success either of the other two; and that all possible care is requisite to enable it to defend itself against their attacks. * * *

"The complete independence of the courts of justice is peculiarly

"The complete independence of the courts of justice is peculiarly essential in a limited constitution. By a limited constitution, I understand one which contains certain specified exceptions to the legislative authority; such, for instance, as that it shall pass no bills of attainder, no ex post facto laws, and the like. Limitations of this kind can be preserved in practice no other way than through the medium of courts of justice, whose duty it must be to declare all acts contrary to the manifest tenor of the Constitution void. Without this, all the reservations of particular rights or privileges would amount to nothing * * *." (The Federalist, No. 78.)

"Next to permanency in office, nothing can contribute more to the independence of the judges than a fixed provision for their sup-port. * * * In the general course of human nature, a power

over a man's subsistence amounts to a power over his will. The enlightened friends to good government in every State have seen cause to lament the want of precise and explicit precautions in the State constitutions on this head. Some of these, indeed, have declared that permanent salaries should be established for the judges, but the experiment has in some instances shown that such

have declared that permanent salaries should be established for the judges, but the experiment has in some instances shown that such expressions are not sufficiently definite to preclude legislative evasions. Something still more positive and unequivocal has been evinced to be requisite. * * * This provision for the support of the judges bears every mark of prudence and efficacy; and it may be safely affirmed that, together with the permanent tenure of their offices, it affords a better prospect of their independence than is discoverable in the constitutions of any of the States in regard to their own judges." (The Federalist, No. 79.)

Mr. Justice Story declared that "Without this provision, the other, as to the tenure of office, would have been utterly nugatory, and indeed a mere mockery. * * * " (2 Story, sec. 1628.)

Chancelor Kent said: "The provision for the permanent support of the judges is well calculated, in addition to the tenure of their office, to give them the requisite independence. It tends, also, to secure a succession of learned men on the bench, who, in consequence of a certain undiminished support, are enabled and induced to quit the lucrative pursuits of private business for the duties of that important station. The Constitution of the United States, on this subject, was an improvement upon all our previously existing constitutions" (1 Kent Com. 294).

The first judicial construction of the clause was by the circuit court of the District of Columbia in 1803 in the case of United States v. More.* The court was composed of Chief Justice Marshall, Chief Judge Kilty, and Circuit Judge Cranch. The opinion was written by Judge Cranch. The court sustained a demurrer to an indictment charging that More, a justice of the peace, under color of his office, exacted an illegal fee, 12 cents, for giving judgment upon a warrant for a small debt. The issue was whether an act of Congress abolishing fees of justices of the peace in the District of Columbia could affect those who accepted their commissions wh compensation for their services, which shall not be diminished during their continuance in office. The act of Congress of February 27, 1801, which constitutes the office of justices of the peace * * * ascertains the compensation which they shall have for their services in holding their courts. * * * This compensation is given in the form of fees, payable when the services are rendered. * * * That his—the justice's—compensation shall not be diminished during his continuance in office seems to follow as a necessary consequence from the provisions of the Constitution. * * * If his compensation has once been fixed by law, a subsequent law for diminishing that compensation (a fortiori for abolishing it) cannot affect that justice of the peace during his continuance in office * * *."

The first attempt to tax compensation of Federal judges was during the Civil War. Section 86 of the act of July 1, 1862, levied "on all salaries of officers, or payments to persons in the * * service of the United States * * * when exceeding the rate of \$600 per annum, a duty of 3 percent on the excess above the said

service of the United States * * * when exceeding the rate of \$600 per annum, a duty of 3 percent on the excess above the said \$600," and directed disbursing officers to deduct and withhold the duty. These general provisions were construed by the revenue officers to comprehend the compensation of the President and the judges of the United States. By letter of February 16, 1863, Mr. Chief Justice Taney protested to the Secretary of the Treasury. In the course of his letter, he said:

the course of his letter, he said:

"The act in question, as you interpret it, diminishes the compensation of every judge 3 percent, and if it can be diminished to that extent by the name of a tax, it may in the same way be reduced from time to time at the pleasure of the legislature.

"The judiciary is one of the three great departments of the Government, created and established by the Constitution. Its duties and powers are specifically set forth, and are of a character that requires it to be perfectly independent of the two other departments, and in order to place it beyond the reach and above even the suspicion of any such influence, the power to reduce their compensation is expressly withheld from Congress, and excepted from their powers of legislation.

"Language could not be more plain than that used in the Constitution. It is moreover one of its most important and essential provisions. For the articles which limit the powers of the legislative and executive branches of the Government, and those which provide safeguards for the protection of the citizen in his person

provide safeguards for the protection of the citizen in his person and property, would be of little value without a judiciary to uphold and maintain them, which was free from every influence, direct or indirect, that might by possibility in times of political excitement warp their judgments. * *

"Having been honored with the highest judicial station under the Constitution, I feel it to be more especially my duty to uphold and maintain the constitutional rights of that department of the Government, and not by any act or word of mine, leave it to be

¹ C. 6, 44 Stat. 919. ² Sec. 22 (a), c. 209, 47 Stat. 169. ³ Sec. 22 (a), c. 277, 48 Stat. 680. ⁴ Sec. 22 (a), c. 690, 49 Stat. 1648. ⁵ Act of Aug. 24, 1937 (sec. 2, c. 754, 50 Stat. 752).

The opinion is set forth in a footnote at p. 160 et seq., 3 Cranch.

⁷c. 119, 12 Stat. 472. ⁸ Printed in 157 U. S. at p. 701.

supposed that I acquiesce in a measure that displaces it from the independent position assigned it by the statesmen who framed the Constitution; and in order to guard against any such inference, I present to you this respectful but firm and decided remonstrance against the authority you have exercised under this act of Congress, and request you to place this protest upon the public files of your office as the evidence that I have done everything in my power to preserve and maintain the judicial department in the position and rank in the Government which the Constitution has

assigned to it." The letter of the Chief Justice was not answered and, at his request, the Court, May 10, 1863, ordered the letter entered on its records. In 1869 the Secretary of the Treasury requested the opinion of Attorney General Ebenezer Rockwood Hoar as to the conopinion of Attorney General Ebenezer Rockwood Hoar as to the constitutionality of the act construed to extend to judges' salaries. He rendered an opinion in substantial accord with the views expressed in Chief Justice Taney's protest (13 Op. A. G. 161). Accordingly, the tax on the compensation of the President and of judges was discontinued and the amounts theretofore collected from them were refunded—some through administrative channels; others through action of the Court of Claims and ensuing appropriations by Congress. See Wayne v. United States (26 C. Cis. 274, 200. 27, 2424, 206).

In 1889 Mr. Justice Miller, a member of the Court since 1862.

"The Constitution of the United States has placed several limitations upon the general power [of taxation], and * * * some of them are implied. One of its provisions is that neither the President of the United States (art. II, sec. 1, par. 6), nor a judge of the Supreme or inferior courts (art. III, sec. 1) shall have his salary diminished during the period for which he shall have been closted or during his continuous in office. It is very clear that

elected, or during his continuance in office. It is very clear that when Congress, during the late [Civil] war, levied, an income tax and placed it as well upon the salaries of the President and the judges of the courts as those of other people, that it was a diminution of them to just that extent."

Although the Income Tax Act of 1894 said nothing about the compensation of the judges, Mr. Justice Field construed section 33 10 to tax that compensation and assigned that ground among others for joining in the decision that the act was unconstitutional (Pollock v. Farmers' Loan & Trust Co., 157 U. S. 429, 604–606). Mr. Justice Field, who was confirmed the day this Court ordered Chief Justice Taney's letter entered on its records, had taken his place upon this bench at the beginning of the following

ordered Chief Justice Taney's letter entered on its records, had taken his place upon this bench at the beginning of the following term. His opinion recited the facts of that incident and quoted extensively from the letter, which was printed as an appendix to the volume of the reports containing the opinions in the Pollock case (157 U. S. 701). The Justice ended his discussion of the matter by stating his belief, based on information, that the opinion of Attorney General Hoar had been followed ever since without question by the Treasury. And, upon reargument of the cause, Attorney General Oney said in his brief: "There has never been a doubt since the opinion of Attorney General Hoar that the salaries of the President and judges were exempt."

The Revenue Acts of 1913 11 and 1916, 12 being the first two after adoption of the sixteenth amendment, expressly excluded from gross income the compensation of judges then in office. But after this country engaged in the World War the Revenue Act of 1918, approved February 24, 1919, defined gross income to include "in the case of the President * * * [and] the judges of the Supreme and inferior courts * * the compensation received as such." 12 The reports of the congressional committees having the measure in charge indicate that the Congress was in doubt as to the constitutional validity of that provision and intended to have the question decided by the courts. 14 The question was raised and presented for decision in Evans v. Gore (253 U. S. 245). The collector included the salary for 1918 of Judge Evans, appointed before enactment of the taxing statute, in gross income. Had it been excluded he would have had no taxable income. He paid the tax enactment of the taxing statute, in gross income. Had it been excluded he would have had no taxable income. He paid the tax and brought suit to recover the amount so exacted. The United States District Court for the Western District of Kentucky held him not entitled to recover. But after argument by eminent counsel, including the Solicitor General, this court held that the clause declaring that compensation of judges "shall not be diminished during their continuance in office" prevents diminution by taxation and that it has been so construed in the actual practice of the

For the purpose of disclosing the reasons for and true meaning of the clause forbidding diminution of compensation of judges, the opinion of the Court, written by Mr. Justice Van Devanter, brought forward statements of Alexander Hamilton, Chief Justice Marshall, Justice Story, Chancelor Kent, Chief Justice Taney, Justice Field, Attorneys General Hoar and Olney, and others.

Miller on the Constitution of the United States, p. 247.

Speaking for the Court, he said:

"With what purpose does the Constitution provide that the compensation of judges 'shall not be diminished during their continuance in office'? Is it primarily to benefit the judges or, rather, to promote the public weal by giving them that independence which makes for an impartial and courageous discharge of the judicial function? Does the provision merely forbid direct diminution, such makes for an impartial and courageous discharge of the judicial function? Does the provision merely forbid direct diminution, such as expressly reducing the compensation from a greater to a less sum per year, and thereby leave the way open for indirect, yet effective, diminution, such as withholding or calling back a part as a tax on the whole? Or does it mean that the judge shall have a sure and continuing right to the compensation whereon he confidently may rely for his support during his continuance in office so that he need have no apprehension lest his situation in this regard may be changed to his disadvantage?"

"* The primary purpose of the prohibition against

"* * * The primary purpose of the prohibition against diminution was not to benefit the judges, but, like the clause in respect of tenure, to attract good and competent men to the bench respect of tenure, to attract good and competent men to the bench and to promote that independence of action and judgment which is essential to the maintenance of the guaranties, limitations, and pervading principles of the Constitution and to the administration of justice without respect to persons and with equal concern for the poor and the rich. Such being its purpose, it is to be construed, not as a private grant, but as a limitation imposed in the public interest; in other words, not restrictively, but in accord with its spirit and the principle on which it proceeds.

"Obviously diminuition may be effected in more ways than one

"Obviously, diminuition may be effected in more ways than one. Some may be direct and others indirect or even evasive, as Mr. Hamilton suggested. But all which by their necessary operation and effect withhold or take from the judge a part of that which has been promised by law for his services must be regarded as has been promised by law for his services must be regarded as within the prohibition. Nothing short of this will give full effect to its spirit and principle. Here the plaintiff was paid the full compensation, but was subjected to an involuntary obligation to pay back a part, and the obligation was promptly enforced. Of what avail to him was the part which was paid with one hand and then taken back with the other? Was he not placed in practically the same situation as if it had been withheld in the first instance? Only by subordinating substance to mere form could it be held that his compensation was not diminished. his compensation was not diminished.

"The prohibition is general, contains no excepting words, and appears to be directed against all diminution, whether for one purpose or another; and the reasons for its adoption, as publicly assigned at the time and commonly accepted ever since, make with impelling force for the conclusion that the fathers of the Constitution intended to prohibit diminution by taxation as well as otherwise—that they regarded the independence of the judges as of far greater importance than any results that could come from taxing greater importance than any revenue that could come from taxing their salaries.

greater importance than any revenue that could come from taxing their salaries. * * * "When we consider * * * what is comprehended in the congressional power to tax—where its exertion is not directly or impliedly interdicted—it becomes additionally manifest that the prohibition now under discussion was intended to embrace and prevent diminution through the exertion of that power; for, as this court repeatedly has held, the power to tax carries with it 'the power to embarrass and destroy'; may be applied to every object within its range 'in such measure as Congress may determine'; enables that body 'to select one calling and omit another, to tax one class of property and to forebear to tax another'; and may be applied in different ways to different objects, so long as there is 'geographical uniformity' in the duties, imposts, and excises imposed [citing]. Is it not therefore morally certain that the discerning statesmen who framed the Constitution and were so sedulously bent on securing the independence of the judiciary intended to protect the compensation of the judges from assault and diminution in the name or form of a tax? Could not the purpose of the prohibition be wholly thwarted if this avenue of attack were left open? Certainly there is nothing in the words of the prohibition indicating that it is directed against one legislative power and not another; and in our opinion due regard for its spirit and principle requires that it be taken as directed against them all."

Mr. Justice Holmes wrote a dissenting onling in which Mr.

or another, and in our opinion due regard for its spirit and principle requires that it be taken as directed against them all."

Mr. Justice Holmes wrote a dissenting opinion, in which Mr. Justice Brandeis joined. With that expression, his opposition to the decision ended. Two years later, in Gillespie v. Oklahoma (257 U. S. 501), writing for the Court, invalidating a State tax upon net U. S. 501), writing for the Court, invalidating a State tax upon net income of a lessee from sales of his share of oil and gas received under leases of restricted Indian land, he said (p. 505): "In cases where the principal is absolutely immune from interference an inquiry is allowed into the sources from which net income is derived, and if a part of it comes from such a source the tax is pro tanto void; Pollock v. Farmers' Loan & Trust Co. (157 U. S. 429); a rule lately illustrated by Evans v. Gore * * *." And in that case he relied on the truth, as put by Chief Justice Marshall in McCulloch v. Maryland (4 Wheat. 316, 431), that "the power to tax involves the power to destroy." He quoted (p. 505) with approval from Indian Oil Co. v. Oklahoma (240 U. S. 522) the statement of the opinion (p. 530) that "a tax upon the leases is a tax upon the power to make them, and could be used to destroy the power to make them." 15 make them." 15

¹⁰ Sec. 33, 28 Stat. 557, in terms was much like sec. 86 of the act of 1862; it levied "on all salaries of officers or payments " to persons in the service of the United States, " * when exceeding the rate of \$4,000 per annum, a tax of 2 percent on the excess above the said \$4,000" and made it the duty of disbursing officers to deduct and withhold the tax.

¹¹ Sec. 2B, 38 Stat. 168.

¹² Sec. 4, 39 Stat. 759.

¹³ Sec. 213 (a), 40 Stat. 1062.

¹⁴ H. Rept. No. 767, 65th Cong., 2d sess., p. 29; S. Rept. No. 617, 65th Cong., 3d sess., p. 6; 56 Congressional Record, p. 10370.

¹⁵ Gillespie v. Oklahoma is one of the decisions subjected to condemnatory comment in the concurring opinion in *Graves v. New York ex rel. O'Keefe*, No. 478, October term, 1938. It is there said: "A succession of decisions (*Gillespie v. Oklahoma* is the first cited) thereby withdrew from the taxing power of the States and Nation

Miles v. Graham (1925) (268 U. S. 501) held invalid section 213 (a), Revenue Act of 1918 (condemned in Evans v. Gore), when applied to compensation of Judge Graham, appointed after its enactment. Mr. Justice Holmes joined in the decision. Mr. Justice Brandels merely noted dissent.

In the course of the opinion we said:

"Does the circumstance that defendant in error's appointment came after the taxing act require a different view concerning his right to exemption? The answer depends upon the import of the word 'compensation' in the constitutional provision.

"The words and history of the clause indicate that the purpose was to impose upon Congress the duty definitely to declare what sum shall be received by each judge out of the public funds and the times for payment. When this duty has been complied with, the amount specified becomes the compensation which is protected

against diminution during his continuance in office.

"* * The compensation fixed by law when defendant in error assumed his official duties was \$7,500 per annum, and to exact a tax in respect of this would diminish it within the plain rule of Evans v. Gore.

"The taxing act became a law [February 24, 1919] prior to the statute prescribing salaries for judges of the Court of Claims [approved February 25, 1919]; but if the dates were reversed, it would be impossible to construe the former as an amendment be impossible to construe the former as an amendment which reduced salaries by the amount of the tax imposed. No judge is required to pay a definite percentage of his salary, but all are commanded to return, as a part of 'gross income,' 'the compensation received as such' from the United States. From the 'gross income' various deductions and credits are allowed, as for interest paid, contributions or gifts made, personal exemptions varying with family relations, etc., and upon the net result assessment is made. family relations, etc., and upon the net result assessment is made. The plain purpose was to require all judges to return their compensation as an item of 'gross income' and to tax this as other salaries. This is forbidden by the Constitution.

"The power of Congress definitely to fix the compensation to be received at stated intervals by judges thereafter appointed is clear. It is equally clear, we think, that there is no power to tax a judge of a court of the United States on account of the salary prescribed for blim by lew."

for him by law."

for him by law."

In O'Donoghue v. United States (1933) (289 U. S. 516) we construed the act of June 30, 1932, seeducing the salaries of all judges "except judges whose compensation may not, under the Constitution, be diminished during their continuance in office." We there held that the Supreme Court and Court of Appeals of the District of Columbia were constitutional courts, and therefore that the judges of those courts were excepted from the salary reduction. We cited the authorities, adopted the reasoning, and reaffirmed the conclusions on which rest the Court's judgment in Evans v. Gore and Miles v. Graham. And see Booth v. United States (291 U. S. 339).

Evidently the Court intends to destroy the decision in Evans v. Gore. Without suggesting that there is any distinction between that case and Miles v. Graham, it declares that the latter "cannot survive." But the decision of today falls to deal with, much

not survive." But the decision of today fails to deal with, much less to detract from the reasoning of those cases. The opinion would imply that the letter of Chief Justice Taney to the Secretary of the Treasury and the separate opinion of Mr. Justice Field in the Pollock case were treated as having weight as judicial

a very considerable range of wealth without regard to the actual workings of our federalism, and this, too, when the financial needs

of all governments began steadily to mount."

At another place in that concurrence the writer stated: "The volume of the Court's business has long since made impossible the early healthy practice whereby the Justices gave expression to individual opinions. But the old tradition still has relevance when an vidual opinions. But the old tradition still has relevance when an important shift in constitutional doctrine is announced after a reconstruction in the membership of the Court. * * * The arguments upon which McCulloch v. Maryland (4 Wheat. 316) rested * * have been distorted by sterile refinements unrelated to affairs. These refinements derived authority from an unfortunate remark in the opinion in McCulloch v. Maryland. Partly as a flourish of rhetoric and partly because the intellectual fashion of the times indulged a free use of absolutes, Chief Justice Marshall gave currency to the phrase that "the power to tax involves the power to destroy." * * * The web of unreality spun from Marshall's famous dictum was brushed away by one stroke of Mr. Justice Holmes' pen: "The power to tax is not the power to destroy while this Court sits' (Panhandle Oil Co. v. Mississippi, 277 U. S. 218, 223 (dissent))." (dissent))

(dissent))."

But, in the Gillespie case, Mr. Justice Holmes, speaking for the Court, had definitely applied the doctrine that the power to tax does involve the power to destroy.

In the Panhandle case neither the Court, nor, indeed, another Justice dissenting, was impressed by "The power to tax is not the power to destroy while this Court sits." The statement is vague and may be read to imply a power that this Court never possessed. If taken to mean that we are empowered to regulate or to limit the exertion by Congress of its power of taxation, it justly may be regarded as hyperbole; if taken to mean that this Court has power to prevent imposition by Congress of taxes laid to discourage, to destroy, or to protect, then it is in the teeth of the law. See, e. g., Veazie Bank v. Fenno (8 Wall. 533, 548); McCray v. United States (195 U. S. 27, 53, et seq.); Magnano Co. v. Hamilton (292 U. S. 40, 44, et seq.); Cincinnati Soap Co. v. United States (301 U. S. 308).

**Secs. 106, 107, 47 Stat. 401, 402.

decisions. But nowhere has that ever been suggested. However, all who are familiar with our judicial history know that entitled to great respect are the reasoned conclusions of these eminent to great respect are the reasoned conclusions of these eminent American jurists as to the true intent and meaning of the Constitution of the United States. And similarly worthy of attention are the opinions of the Attorneys General and other public officials following the reasoning of Chief Justice Taney.

Now the Court cites, as if entitled to prevail against those well-sustained opinions and the deliberate judgments of this Court, opposing views—if indeed upon examination they reasonably may be so deemed—of English-speaking judges in foreign countries.

It refers, footnote 6, to the decision of the Privy Council in Judges v. Attorney General of Saskatchewan ((1937), 2 D. L. R. 209) construing income-tax statutes of Saskatchewan. Neither 209) construing income-tax statutes of Saskatchewan. Neither the Dominion nor the Province has any law forbidding diminution of compensation of judges while in office and that decision has nothing to do with the question before us. The Australian and South African cases cited, footnotes 6 and 8, involved construction of income-tax statutes under constitutions or charters created by legislative enactments and subject to authoritative interpretation or change by the local or British Parliament. They shed no light upon the issue in this case.

The opinion claims no support from any State court decision.

upon the issue in this case.

The opinion claims no support from any State court decision. The one it cites, footnote 8, that of the Maryland Court of Appeals in Gordy v. Dennis (5 A. (2d) 69) held that under a clause in the Constitution of Maryland like that in article III, section 1, the compensation of State judges may not be taxed.

The opinion also cites, footnote 7, selected gainsaying writings of professors—some are lawyers and some are not—but without specification of or reference to the reasons upon which their views rest. And in addition it cites notes published in law reviews, some signed and some not; presumably the latter were prepared by law students. pared by law students.

The suggestion that, as citizens, judges are not immune from taxation begs the question here presented. The Constitution itself puts judges in a separate class, declaring that at stated times they shall receive for their services compensation which "shall not be diminished." And so their salaries are distinguished from income of others. The immunity extends only to compensation for their services. No question of comparison or reasonableness is involved.

Admittedly the Court now repudiates its earlier decisions upon the point here in issue. The provision defining tenure and providing for undiminishable compensation was adopted with unsual accord. There has been unanimity of opinion that, because in comparison with the legislative and executive the judicial department is much the companion of th partment is weak, its independence is essential to our system of government. These safeguards go far to insure that independence. And, from the beginning, statesmen and jurists have agreed that the clause forbids diminution of judges' compensation by any form of legislation. The clause in question is plain; no exception is expressed; none may be implied. Its unqualified command should be given effect.

For one convinced that the judgment now given is wrong, it is impossible to acquiesce or merely to note dissent. And so this opinion is written to indicate the grounds of opposition and to evidence regret that another landmark has been removed.

I am of opinion that the judgment of the district court should

be affirmed.

POLITICAL USE OF W. P. A. MONEY

Mr. HOLT. Mr. President, I have addressed to the residents of Kanawha County, W. Va., a letter concerning W. P. A., and I shall ask to have it printed in the RECORD, but first I desire to make a short statement regarding the

No amount of beautiful poetry or nice-sounding words can cover up or excuse the political usage of the W. P. A. money as is shown by the facts. The W.P.A. workers are finding out that many of those shedding crocodile tears for the W. P. A. funds are interested only in protecting their political friends as bosses and are trying to use the funds for political

This story of one county in my State is duplicated throughout the United States. In this one county the monthly pay roll of bosses earning more than \$1,000 each charged to project-not charged to administration-amounted to \$20,380. This would mean an annual expenditure of \$244,560 and does not count those who received less than \$1,000. That is the amount spent to pay the salaries of only 160 individuals.

If thousands are begging for food, why not take part of this tremendous overhead and feed some of the needy?

This shedding of tears by the politician cannot convince the unemployed relief client that she should be fired while the high paid continue to receive salary increases. This

subject is now being investigated by me, and a further report | will be made to the people of West Virginia.

Many well-to-do individuals are being paid high salaries as W. P. A. officials. They were not named because of their knowledge of the relief problem but because they had political value through their large family connections or their financial connections.

The letter sent to the residents of Kanawha County reads as follows:

To the Residents of Kanawha County.

Dear Friends: Why are W. P. A. being fired? Where does the workers W. P. A. money go? Those questions are asked me nearly every day. The W. P. A. says it is due to lack of funds. Let's see some of the expenses of the organization:

If one were to believe the statistics of the W. P. A. staff (who are paid out of the Public Treasury to convince the people that the present handling of W. P. A. is the best), you would think that only a few cents out of every dollar went to the bosses. They try to say only 3 to 5 percent is spent for administration. The facts will disprove their statements. One of the ways they get around this administrative cost is to charge much of the expense to the projects. They claim there are only a few more than 500 adminprojects. They claim there are only a few more than 500 administrative employees in West Virginia, but they do not include the hundreds and hundreds of high-paid employees whose salaries and expenses are charged to the projects. They admit a State administrative cost of \$966,217.

But a thorough check-up will show the tremendous overhead cost. I shall give you the story of Kanawha County, as based on a pay-roll survey. It was impossible for me to get the pay rolls for the entire year, but the pay rolls checked showed the following

In Kanawha County I found 160 individuals on the W. P. A. who In Kanawha County I found 160 individuals on the W. F. A. who draw more than \$1,000 a year, whose salaries were charged to the projects, not to administration. I may find more. These 160 drew \$244,560 a year. One hundred sixty W. P. A. workers in Kanawha County would draw only \$86,720 a year if they worked every week of the year without a single lay-off for any cause. The difference between the bosses and the workers amounts to \$157,840 a year, or approximately \$1,000 average difference for each boss. It pays to

The difference between the amount paid 160 W. P. A. bosses and 160 W. P. A. workers would be enough to employ approximately 700 persons for 5 months. Why fire the workers and pay the high-

salaried overhead?

One W. P. A. project official in Kanawha County is paid approximately \$2 per hour for every hour he is employed. Yet I know there are hundreds and hundreds of men who are trying to get

there are hundreds and hundreds of men who are trying to get that much a day to keep their families.

Think of that! Almost a quarter of a million dollars a year for project supervision not being charged to administration. It is easy to figure. The pay-roll check shows over \$20,000 a month. Multiply that by 12, and you can figure the yearly cost.

You will note that I have referred to those who make \$1,000 or

more per year. I have confined my study to their cost. When they talk about the needy, ask them if they mean the ones who draw from \$1,000 to \$6,000 a year from the W. P. A.?

I believe while thousands in West Virginia are begging for enough to feed and clothe their families it is not wise to give a few favorites

exorbitant salaries. The bosses don't want me to say this.

They are giving the needy workers 403's. They claim it is necessary to reduce expenses. Why do they start the reduction with the needy rather than with the favorite bosses?

I want to make it clear that the above figures do not include the

I want to make it clear that the above lightes do not include the salaries of those in the district or State offices. Add this to the above and you will see where the W. P. A. money goes.

I have been saying more money should go to the workers and less to the high-paid bosses. The politicians don't like that.

It is to the advantage of the W. P. A. worker to cooperate in help-

ing to clean up W. P. A.

Some time ago I showed where more than 200 office employees of the W. P. A. in West Virginia had their salaries raised by more than \$78,000 a year. If you want a copy of that record, just send me a postal card or letter to Washington and I shall be glad to send it you. I want the people to know the facts.

I am sending this letter to those who do and do not work for the

W. P. A., because everyone is interested in finding out the story.

Sincerely.

RUSH D. HOLT.

ADDRESSES BY THE PRESIDENT AND SECRETARY HOPKINS TO THE AMERICAN RETAIL FEDERATION

[Mr. Barkley asked and obtained leave to have printed in the RECORD addresses delivered by the President and Secretary Hopkins on Monday, May 22, 1939, before the American Retail Federation, which appear in the Appendix.]

GOVERNMENT SPENDING AND THE NATIONAL DEBT—ADDRESS BY SENATOR MINTON

[Mr. McKellar asked and obtained leave to have printed in the Record a radio address delivered by Senator Minton on Sunday evening, May 21, 1939, on the subject, "Govern-

ment Spending and the National Debt," which appears in the Appendix.]

THE AMERICA I WANT-ADDRESS BY SENATOR BRIDGES

[Mr. Gurney asked and obtained leave to have printed in the RECORD an address on the subject, "The America I Want," delivered by Senator Bridges on the occasion of the rededication of the Wigwam at Chicago, May 18, 1939, on the Seventy-ninth anniversary of the nomination of Abraham Lincoln, which appears in the Appendix.]

PROPOSED ANTIALIEN LEGISLATION-ADDRESS BY SENATOR MURRAY

[Mr. MINTON asked and obtained leave to have printed in the RECORD an address delivered by Senator Murray before the National Emergency Conference, Hotel Raleigh, Washington, D. C., on May 14, 1939, on the dangers which threaten American democracy, which appears in the Appendix.]

TRIBUTES TO THE LATE J. D. ROSS

[Mr. Norris asked and obtained leave to have printed in the RECORD a tribute to the memory of the late J. D. Ross by Frank Farrand, published in the Journal of Electrical Workers and Operators, of the issue of May 1939, and also an article by Richard L. Neuberger published in the magazine, The Coast, which appear in the Appendix.]

POPULATION AND RESOURCES-ADDRESS BY E. B. MAC NAUGHTON

[Mr. McNary asked and obtained leave to have printed in the RECORD an address on the subject of Population and Resources From a Business Viewpoint, delivered by E. B. Mac-Naughton, president of the First National Bank of Portland, Oreg., at a meeting of the Seattle Chamber of Commerce on April 28, 1939, which appears in the Appendix.]

NATIONAL DEBT WEEK-ARTICLE BY RAYMOND CLAPPER

[Mr. Brown asked and obtained leave to have printed in the Record an article entitled "National Debt Week," by Raymond Clapper, published in the Washington Daily News of Tuesday, May 23, 1939, which appears in the Appendix.]

CREDIT NEEDS OF BUSINESS-ARTICLE BY DAVID LAWRENCE

[Mr. Andrews asked and obtained leave to have printed in the RECORD an article by David Lawrence on the credit needs of business, published in the Washington (D. C.) Evening Star of May 20, 1939, which appears in the Appendix.]

THE PROBLEM OF PALESTINE-EDITORIAL FROM ATLANTA CONSTI-TUTION

IMr. George asked and obtained leave to have printed in the RECORD an editorial entitled "Whose Country?" and dealing with the problem of Palestine, published in the Atlanta Constitution of May 20, 1939, which appears in the Appendix.]

SILVER ACQUIRED BY THE TREASURY

[Mr. Townsend asked and obtained leave to have printed in the RECORD a table entitled "Foreign and domestic silver acquired by the Treasury in 1934-39, in percent of total weight," which appears in the Appendix.]

THE BEET-SUGAR INDUSTRY

[Mr. Johnson of Colorado asked and obtained leave to have printed in the RECORD a letter and table prepared by S. K. Warrick, of Scottsbluff, Nebr., on the beet-sugar problem, which appears in the Appendix.]

REGULATION OF MODES OF TRANSPORTATION

The Senate resumed the consideration of the bill (S. 2009) to amend the Interstate Commerce Act, as amended, by extending its application to additional types of carriers and transportation and modifying certain provisions thereof, and for other purposes.

The VICE PRESIDENT. When the Senate took a recess vesterday the Senator from Kansas [Mr. REED] expressed the hope that he might proceed this morning to discuss the pending bill. The Chair now recognizes the Senator from Kansas.

Mr. REED. Mr. President, I shall continue the discussion which began yesterday on Senate bill 2009, known as the omnibus transportation bill. For the information of Senators I wish to say that the particular subject to which I shall address myself will be found at the bottom of page 49 of the bill, in line 21, beginning with the words "Provided further." This is the provision for what is known as the pooling of revenue.

Before I enter upon the discussion of that subject I desire, as a minority Member and a new Member of this body, to pay my tribute to the distinguished chairman of the committee for the thoroughness, the fairness, and the courtesy with which he has conducted the hearings upon the bill. I also wish to pay the chairman of the Interstate Commerce Committee the deserved personal compliment of saying that it would be very difficult for me to conceive of a man carrying on a running discussion in this body for 4 hours with more ability, more knowledge, and a clearer capacity for statement than the distinguished Senator from Montana.

I shall now refer to what is known as pooling, and as a preface I want to say to some of the Senators who are a little uncertain that the principle involved in the provision of which I shall speak has twice been passed upon by the Supreme Court of the United States in unanimous decisions.

The distinguished Senator from Montana [Mr. Wheeler] yesterday referred to me as a conservative Republican. I do not know where he obtained that idea. William Allen White and I all our lives have been known as members in good standing of the lunatic fringe of the Republican Party. I am going to establish my reputation as a liberal by concurring with the Supreme Court of the United States in an opinion written by the great Mr. Justice Brandeis, and then I am going to establish my reputation as a conservative by agreeing with a unanimous decision of the Supreme Court written by the late Chief Justice Taft, father of one of the distinguished Members of this body. When I can establish upon such a solid foundation a reputation both as a liberal and as a conservative, I think what I propose is entitled to careful consideration.

Mr. President, when we concluded 4 hours' discussion of this bill yesterday we had covered the field of competition between carriers. We talked about the railroads and their competition with the bus lines and the waterways; we discussed contract carriers and common carriers on the highway and on the sea; we talked about the inland waterways and the various modes of transportation and the competition between them; but, as I recall, hardly any Senator mentioned the shipper. The shipper is the man who pays the freight for any and all of these agencies of transportation; and in any consideration of a measure so important as this, the shipper is certainly entitled to consideration.

Mr. President, what brings up this question at this time? All agencies of transportation are in bad financial straits. More attention is focused upon the railroads than upon the trucks and busses and the steamship carriers; but, after all, the reason why the railroads take first place is twofold: First, their desperate situation; secondly, their relative importance in any scheme of a national transportation system.

I read from a statement prepared for me last week by the Bureau of Statistics of the Interstate Commerce Commission, in which the relative importance of the various forms of transportation is set down in percentages of revenue tonmiles moved, which is the best way to set out that fact.

Assuming that all the revenue ton-miles moving by all agencies of transportation amount to 100 percent, the waterways moved 20 percent. The Bureau of Statistics did not separate the revenue ton-miles by water by the various divisions of water transportation, but the Committee of Six did. It reported, and I think correctly, that 16 percent of the total ton-miles were moved on the Great Lakes. We all know that most of the traffic moving on the Great Lakes is bulk cargo composed of iron ore, grain, limestone, and coal; and, as a matter of fact, that traffic is not in effective competition with any other form of transportation. So from the 100 percent we might just as well deduct that 16 percent to start with, which leaves 84 percent.

Then, according to the Interstate Commerce Commission, in 1937 the pipe lines handled 8.4 percent of the revenue ton-

miles. Again, that is a form of transportation which is so economical that where there are trunk pipe lines there is no effective competition between those pipe lines and any other form of transportation.

Mr. BORAH. Mr. President, would it disturb the Senator to ask him to repeat the proportion of transportation passing

through pipe lines?

Mr. REED. Oh, no; I am very happy to answer any question at any time. The statement which the Interstate Commerce Commission sent me last week for use at this time sets forth that the pipe lines—trunk lines only—handled 8.4 percent of the total revenue ton-miles. So, from the 84 percent we had after deducting the Great Lakes transportation we may take away 8 percent for the pipe lines, ignoring the fraction, leaving 76 percent of the total transportation as the amount handled by the railroads and the waterways in their various phases; and of that remainder, according to the Interstate Commerce Commission report which I hold in my hand, the steam railways handled 66 percent. In other words, 66 as compared with 76 after including pipe lines and the Great Lakes.

Mr. President, that is why no scheme of regulation, no consideration of a national transportation system, can ignore the railroads. We may charge them with many sins of omission—and I do; we may charge them with many sins of commission—and I do. I am familiar with many such instances; but, when all is said and done, the railways of the United States are the backbone of our whole transportation system. Today the situation is such that one-third of the railroad lines is in the hands of receivers or trustees, another third of the total railroad mileage of the country totters upon the brink of bankruptcy, and only one-third of the railroad mileage may be reasonably expected to survive bankruptcy if conditions should continue as they are perhaps for 3 or 5 years.

Mr. President, I make the statement upon mature consideration that there are but three exits from the present situation so far as the railroads are concerned. The first is an improvement in general business conditions which would give them 20 or 25 percent more traffic than they now handle. I am not sure, nor can any other Senator be sure, that such an improvement will come about. I fondly hope it will.

The second alternative is a blanket increase in freight rates.

The third alternative, which we will have to face within 5 years, is Government ownership of the railroads.

A railroad system cannot be operated with two-thirds of it in bankruptcy. So I shall address myself, not to the question of an improvement in business, which is so highly problematical; not to the question of Government ownership, to which I am opposed; I shall address myself to the feasibility of a general increase in freight rates and, if that is to come, how it should be handled.

It may be of interest to the Senate to know that in years starting in 1913 there have been eight percentage or horizontal increases in freight rates.

Mr. McNARY. Mr. President-

The PRESIDING OFFICER (Mr. Herring in the chair). Does the Senator from Kansas yield to the Senator from Oregon?

Mr. REED. I am glad to yield to the Senator from Oregon.

Mr. McNARY. Of course, we are all hungry, I might say, to hear the Senator's discussion of the committee amendment, which we assumed he would cover in his address. Does the language employed in the amendment contemplate increased freight rates?

Mr. REED. No.

Mr. McNARY. The discussion now is wholly apart from the Senator's amendment?

Mr. REED. No; it is a part of the bill, because this section of the bill, which was approved in the committee, deals with the avails of a percentage increase in freight rates.

Mr. McNARY. Mr. President, in common with most other Senators I have not had an opportunity to dissect the bill. Does the Senator contemplate by his amendment that the rates which will be charged will represent increases over existing rates?

Mr. REED. Yes; if the Commission should authorize increased rates. I think the point of the Senator from Oregon is well taken. Of course, I really think that in his capacity as minority leader he should have read the bill through, but in order to get before the Senate an intelligent set-up, let me read the provision to which I am referring. I had hoped Senators would read the bill, so that I might save my voice. This is the provision which we are discussing:

That whenever the Commission is of opinion, after hearing upon general application of carriers in any rate area or territory or group, or in the country as a whole, or upon its own initiative, after hearing, that increases in rates, fares, or charges should be permitted upon a percentage or other uniform basis because of the revenue needs of the affected carriers, considered collectively, it may provide for the pooling or division of the avails of such increases, or any part thereof, among the affected carriers so as to enable, to the extent reasonably practicable, each of them to afford adequate transportation service, giving due consideration, among other things, to the efficiency with which the carriers concerned are operated, the amount of revenue required to pay their respective operating expenses, taxes, and a fair return on their railway property held for and used in the service of transportation, and the importance to the public of the transportation services of such carriers.

Mr. McCARRAN. Mr. President, will the Senator yield? Mr. REED. I yield.

Mr. McCARRAN. The Senator having made a study of this question, I should like to ask him how the provision he has read is comparable with the recapture clause which Congress repealed some years ago.

Mr. REED. Will the distinguished Senator from Nevada have patience with me while I develop the theme? I shall return to that point, I assure the Senator.

It has been suggested from the floor and in conversation that perhaps this pooling provision went into the bill by the back door. Nothing could be farther from the fact. I hold in my hand a message from the President of the United States to the Seventy-fifth Congress, House Document 583, in which he transmitted recommendations to meet the transportation emergency which he declared existed at that time. Upon page 40 of that document will be found this question alluded to, and a method of dealing with the situation proposed.

Later, when the subject came up in the Congress, the House of Representatives started hearings before the Senate did. The House asked the Interstate Commerce Commission for an expression of opinion upon various and sundry phases of the bill.

The question was raised here yesterday as to whether or not a letter from the legislative committee of the Interstate Commerce Commission reflected the sentiment of the entire Commission. The Interstate Commerce Commission has a legislative committee. Joseph B. Eastman happens to be chairman of that committee. I think, though I am not certain, that the other members are Commissioners Mahaffie and Splawn, and possibly Chairman Caskie may be a member, though I do not recall.

This document, which is a House committee print, has been extensively used, because the Commission offered it to us in order to save duplication. For the benefit of the junior Senator from Virginia [Mr. Byrd], who raised the question yesterday as to the extent to which a report from the legislative committee represented the views of the entire Commission, in transmitting the letter to the House of Representatives the chairman of the legislative committee used this language on page 1:

These matters have had the careful consideration of the Commission, and I am authorized to submit this report on its behalf.

On page 12 of the document from which I shall now read briefly, and perhaps I will come back to it later, the committee made the following statement as reflecting the views and recommendations of the Interstate Commerce Commission: We believe it probable that there are numerous situations in which railroad traffic, especially less-than-carload traffic or earnings, could be pooled to the advantage of both railroads and the public, and that it is desirable that the Commission be given authority not only to permit but to require such arrangements under appropriate conditions.

Mr. WHITE. Mr. President-

The PRESIDING OFFICER. Does the Senator from Kansas yield to the Senator from Maine?

Mr. REED. I yield.

Mr. WHITE. I myself should not want to suggest that the provision in question was brought in by the "back door," but it is true, is it not, that it was not in the bill as it was originally introduced?

Mr. REED. That is correct.

Mr. WHITE. So far as my recollection goes—and, of course, I was not present at all the hearings—I cannot recall that the matter was discussed in the hearings held on the bill. Am I right or wrong about that?

Mr. REED. There was reference made to the matter of pooling in the course of the hearings. The distinguished Senator from Maine is familiar with the history of the bill?

Mr. WHITE. Yes.

Mr. REED. As a member of the committee, I took the bill as it was written, and the hearings were held upon the bill as it was written. Since the hearings terminated the committee made a number of additions, a number of deletions, a number of changes.

Mr. WHITE. I understand that.

Mr. REED. And the clause in question is one of the additions.

Mr. WHITE. I wanted to understand the history of the provision. It was not in the bill as it was originally introduced in the Senate?

Mr. REED. The railroads are opposed to it.

Mr. WHITE. I was going to say that. It was not recommended by the railroad management when representatives of the railroad management appeared before the committee. I am correct in that statement, am I not?

Mr. REED. The Senator from Maine has stated the matter very mildly. The railroads not only did not approve it, but the Association of American Railroads, which is the servant of the rich railroads of America, and which talks much about a national transportation system but does not do anything about it, is opposed to the provision.

Mr. WHITE. The railroads are opposed to it. Let us leave it right there.

Mr. REED. Not all the railroads, but those speaking through the Association of American Railroads.

Mr. WHITE. Those who appeared before the committee by their representatives were opposed to it?

Mr. REED. So far as Judge Fletcher and Mr. Gray are concerned, that is correct.

Mr. WHITE. The representatives of the railroad brother-hoods did not urge the adoption of the provision before the committee, did they?

Mr. REED. I do not think they took any position on the pooling of revenues.

Mr. WHITE. They did not urge it, did they?

Mr. REED. Two representatives of the brotherhoods appeared before the committee, but they took no position on this particular matter.

Mr. WHITE. Then the answer to my question is that they did not urge it upon the committee?

Mr. REED. That is correct.

Mr. WHITE. That is all I wanted to ask about that particular matter. Who appeared before the committee to urge the inclusion of the provision in question?

Mr. REED. In the course of his testimony, Mr. Luther Walter, a leading practitioner before the Interstate Commerce Commission and a trustee of the Chicago Great Western Railroad, discussed it. My impression is that Mr. Eastman and myself discussed it when he appeared before the committee.

Mr. WHITE. My recollection is that the first witness the Senator named was the only one who urged the matter upon

the committee, and I do not recall that that witness devoted any particular time or attention to it.

Mr. REED. Oh, yes, Mr. President; he was very strongly in favor of it.

Mr. WHITE. So really he is the single witness who affirmatively urged the provision upon the committee, and it was put into the bill by the subcommittee. Is that not an accurate statement of the situation?

Mr. REED. It was put into the bill by the committee which worked upon it; yes.

Mr. WHITE. The inclusion of the provision in the bill was recommended by the subcommittee.

Mr. REED. I am sorry that the distinguished Senator from Maine did not spend more time working on the bill.

Mr. WHITE. I regret it also, but I was compelled to be

Mr. REED. We would have been very happy to have had the aid and cooperation of the distinguished Senator from Maine, who happens to be the ranking minority member, but we could not often reach him.

Mr. WHITE. I agree that is true.

Mr. BYRD. Mr. President, will the Senator yield?

Mr. REED. I yield to the junior Senator from Virginia. Mr. BYRD. I should like to call attention, on page 381 of the hearings, to the following which occurred while Mr. Norman was a witness before the committee. Mr. Norman asked whether it was contemplated to consider a mandatory pooling provision, and the chairman said:

It is not going to be done—not at this session of Congress, anyway.

No hearings were held before the full committee with respect to the provision, and I think no hearings were held on it before the subcommittee, and notification was given by the chairman that it was not contemplated to put it in the bill, and no effort was made to have hearings on it.

Mr. REED. I think the chairman made an offhand answer to the question, such as anyone might make. Let me say to the Senator from Virginia that the recommendation of the Interstate Commerce Commission—and that is probably what the chairman had in mind—goes very much further than the amendment does. The Interstate Commerce Commission, on page 12 of their letter to the House of Representatives, recommend the enactment of a law which would give the Commission authority to pool not only revenues from rate increases but existing revenues, existing traffic, and existing facilities. I think that is what the chairman had in mind when he made that reply to Mr. Norman, from Louisville, whom I know very well.

Mr. WHEELER. Mr. President, if I may interrupt the Senator from Kansas, I will say that I found on examining the record that the Senator from Virginia [Mr. Byrd] is correct, and that it was wrong when I said yesterday that I had not made that statement. I must confess that I did not have any recollection of having made the statement, but it was called to my attention that I had made the statement.

Mr. REED. Mr. President, I think the Senator was referring to a general pooling proposition.

Mr. WHEELER. Yes.

Mr. BYRD. Recurring to the question by Mr. Norman with respect to the matter of pooling, the chairman said: It is not going to be done-not at this session of Congress anyway.

No effort was made to have hearings, and no request was made by those in opposition to pooling to be heard. The point I am making to the Senator from Kansas is that this most important matter was inserted in the bill by the subcommittee without hearings either by the subcommittee or the full committee, although all other parts of the bill were very carefully considered and full hearings were had.

Mr. REED. If the Senator from Virginia will permit, I wish to say that in the hearings Mr. Norman was talking about this matter, which appears on page 381 of the hearings:

House bill 2531 provides that the Commission may compel pooling of earnings. There again we say you are going back to the

fallacy that was in the recapture-clause provision, which had to be abandoned for a number of reasons.

That will be found on page 381 of the hearings.

It is not because I have any particular fancy for a pooling of revenues that I urged upon the committee the inclusion of the amendment, but it is because I have concern for the shippers of America who have to pay the bill. They are the most important factor in the situation.

It was testified by a competent authority in the hearings before the committee that in 1937, when about half the railroads had a net income and the other half had no net income, that if a 3.9 percent addition had been made to the freight rates, either in the form of increased rates or as a surcharge upon freight bills, that the avails of such 3.9 percent increase would have been sufficient to meet the legitimate needs of all the carriers, provided the increase could be gotten to the railroads which needed it, whereas if it were undertaken to make a general increase which would be sufficient to accomplish the same purpose but which would permit the railroads which did not need the increase to keep all the increase, the shippers would have to pay a 12- or 15percent increase in rates. That is the heart of this question.

I shall answer the distinguished Senator from Virginia [Mr. Byrd] as well as the distinguished Senator from Maine [Mr. White], for no voice from New England should ever be raised against the pooling of railroad revenues. I shall show that no section of this country has so directly benefited by the application of this very principle as has New England.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. MILLER. The pooling order is predicated, as I understand, upon an authorized increase in the rates?

Mr. REED. Yes.

Mr. MILLER. If authority were given the Commission to order pooling, I wonder if such authority could be given without being predicated upon increasing the rates, having in mind that the rates in the official territory are one thing; the rates in the able Senator's region are 71 percent higher than the rates in official territory; and the rates in the southwest region, from which I come, are 75 percent higher. I am afraid of anything that even smacks of an increase in rates. I do not want to give the carriers, the Interstate Commerce Commission, or anybody else the opportunity to raise freight rates in our territory. If pooling could be predicated upon a decrease in rates, to use a common expression, we "might have something."

Mr. REED. I am very much afraid that that could not be done. Very few railroads are in a prosperous condition at this time. The Chesapeake & Ohio, the Norfolk & Western. the Union Pacific, the Pennsylvania, and perhaps half a dozen others are in pretty fair shape. However, many railroads whose credit is usually good, whose earnings are usually adequate for their needs, and which have always been in the habit of meeting their fixed charges are either in the hands of receivers or trustees or are threatened with that fate. In my solemn judgment, they face a situation which, if continued, will result in Government ownership of railroads in 5 years. I am trying to avoid that result.

As was stated yesterday, all the provisions of the bill would stabilize transportation and give equality of regulation. However, very few provisions of the bill would help the financial situation of the railroads. I concur in the statement made by the chairman of the committee near the end of the debate yesterday that the bill is the first proposal which has come to the Senate that means anything in the way of preserving the weaker roads.

I shall prove the remainder of my case from the decisions of the Supreme Court.

Mr. SHIPSTEAD. Mr. President, will the Senator yield? Mr. REED. I shall be glad to yield to the Senator from Minnesota.

Mr. SHIPSTEAD. As I understand, the funds which are raised for the purpose of pooling can only come from increased rates.

Mr. REED. That is correct; and if there should be no increased rates, there could be no pool.

Mr. SHIPSTEAD. If the common carriers by water should receive an increase in rates, the funds from the increase would go into a pool to be paid to the poor railroads.

Mr. REED. I will say to the Senator from Minnesota that when we wrote this provision we failed, through an oversight, to include, in line 23 on page 49, the language "upon general application of carriers by railroad." It is my purpose at the proper time to offer an appropriate amendment. The pooling applies only to railroads.

There is no thought of trying to pool the earnings of railroads with the earnings of water carriers and of motor carriers. That provision was an inadvertency that slipped into

Mr. SHIPSTEAD. That may be true. The bill as it now reads is very plain.

Mr. REED. The Senator is correct. I have tried to make the explanation. I assure the Senator that such an amendment will be offered.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. REED. Certainly.

Mr. McNARY. In reading the amendment hastily a few moments ago, I concluded that restrictions are not applicable to motor carriers or water carriers, but only to railroads.

Mr. REED. In order to make it clear-

Mr. McNARY. I think it is clear. If we have a coordinated system of transportation, including railroads, water carriers, and motor carriers, would not the bill throw out of line the rate structure of the country?

Mr. REED. No.

Mr. McNARY. If we should increase the rates of the railroads, and divide the increased earnings among the railroads, without touching the competitive water and motor carriers, would we not disturb the harmony and balance between the various divisions of the rate structure?

Mr. REED. Certainly not.

Mr. McNARY. I merely ask the question. The Senator knows, and I do not.

Mr. REED. Certainly not. We may decrease the rates of the railroads, or we may increase the rates of the railroads. The water carriers and motor carriers are at liberty at any time to come before the Interstate Commerce Commission and move to raise or lower their rates. The bill specifically prohibits the Interstate Commerce Commission from undertaking to relate railroad rates to the rates upon water or the rates upon highways.

Mr. WHITE. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. WHITE. In confirmation of what the Senator has said, I wish to call attention to the fact that in the same amendment, on page 50, there is specific reference in the text to railroad property. That reference confirms what the Senator intended to imply.

Mr. CONNALLY. Mr. President, will the Senator yield? Mr. REED. I yield.

Mr. CONNALLY. I should like to ask the Senator a question. Is there anything in the bill which would require the Interstate Commerce Commission, in fixing rail and water rates, to see that no rate is fixed which would kill the water carrier? If the water rate is not high enough, that is one thing; but it seems to me the railroads would not be so highly concerned about including water carriers in the bill if they did not think their inclusion would help the railroads.

If there is not already such a provision in the bill, I intend to offer an amendment to the effect that the Interstate Commerce Commission may not so manipulate rates as to put water carriers out of business or drive business away from them when, perhaps, the traffic ought to move by water. Certain kinds of traffic, under any conditions, ought to move by water rather than by rail.

Mr. REED. I shall be very happy to answer the question of the Senator from Texas. The declaration of policy says that the act shall be so administered as to recognize and

preserve the inherent advantages of each form of transportation.

Mr. CONNALLY. That is a beautiful, mouth-filling phrase; but what does it mean?

Mr. REED. On page 27, there is this provision:

That differences in the classifications, rates, fares, charges, rules, regulations, and practices of a water carrier in respect of water transportation from those in effect by a rail carrier with respect to rail transportation shall not, in and of themselves, be deemed to constitute unjust discrimination, prejudice, or disadvantage, or an unfair or destructive competitive practice within the meaning of section 1 of this act.

Then we have a rate-making rule which I shall read for the benefit of the Senator from Texas:

SEC. 30. It shall be the duty of the Commission in the exercise of its power to prescribe just and reasonable rates, to give due of its power to prescribe just and reasonable rates, to give due consideration, among other factors, to the effect of rates on the movement of traffic by the carrier or carriers for which the rates are prescribed; to the need, in the public interest, of adequate and efficient transportation service by such carrier or carriers at the lowest cost consistent with the furnishing of such service; and to the need of revenues sufficient to enable such carrier or carriers, under honest economical and efficient management to provide under honest, economical, and efficient management to provide such service. When used in this section the term "rates" means "rates, fares, and charges, and all regulations and practices relat-ing thereto."

I will say to the Senator from Texas that in three different places in the bill the committee tried to deal with the question, because it was one of the very much-discussed questions. I wish to move along as rapidly as I may.

Mr. BYRD. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. BYRD. Before the Senator leaves that point, why does not the amendment refer to the pooling of water transportation and of transportation by trucks? The bill is a general transportation bill, and if increases given to the railroads are to be pooled, why should not the same policy apply to the water and truck carriers and to all forms of transportation?

Mr. REED. If the Senator will be good enough to withhold his question until after I have read the Supreme Court decisions, I shall be very happy to give him an answer.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. CONNALLY. The bill covers not only inland water transportation but all coastwise shipping, does it not?

Mr. REED. It covers inland waterways, coastal, and intercoastal shipping.

Mr. CONNALLY. What does the Senator mean by "intercoastal"?

Mr. REED. Between the two coasts.

Mr. CONNALLY. From the Pacific to the Atlantic or the Atlantic to the Pacific, as the case may be?

Mr. REED. Yes.

Mr. CONNALLY. That term covers a great deal of territory.

Mr. REED. Yes.

Mr. CONNALLY. Unless the bill were properly drawn, I can see how it might work irreparable injury not alone to the shipping interests but to the people of the United States. because if the law permitted the railroads by fixing rates to kill all coastwise and intercoastal shipping it would be a very serious handicap to the commerce of the whole United States.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. WHEELER. Let me say to the Senator-

Mr. CONNALLY. I am asking for information. Mr. WHEELER. Exactly. I understand.

Mr. CONNALLY. I do not pose as an expert on these questions. I must rely on Senators who know.

Mr. WHEELER. This question has been before the Interstate Commerce Committee almost ever since I have been a member of that committee-for 16 years-and it has been discussed backward and forward. It came up before the committee in connection with the question of repealing the fourth section. When the question of repealing the fourth section was before the committee, as it has been ever since I have

been a member of the committee, the late Senator Gooding was fighting for it, as was the late Senator Walsh, of Montana. The question has been constantly discussed. The railroads wanted to repeal the fourth section so that they might put into operation any rates they chose when they came into competition with water transportation. We kept the fourth section. As I said yesterday on the floor of the Senate, I was responsible for preserving it during the last two or three sessions of Congress because of the fact that such a measure would have passed the committee if I had not opposed it, and it undoubtedly would have passed the Senate. It twice passed the House unanimously. The railroads said, "You are permitting the water carriers to establish any rates they choose, whether or not such rates pay the out-of-pocket costs. In other words, you are turning them loose and saying to them, 'If you want to take the business away from the railroads, you can cut your rates, you can put into effect any rate you desire,' but when it comes to us, then we are told, 'You cannot put into operation an out-of-pocket rate, you have got to keep your rate at such and such a point." The railroads state with a great deal of force, in my judgment, that they ought to be placed in the same position as are the water carriers. I said to them repeatedly when the matter was before the Interstate Commerce Committee, "Well, what the Congress ought to do is to place in some impartial body the regulation of rates of all competing forms of transportation." No one could complain about that. If the railroads had been permitted to do what they wanted to do, then, they could have cut rates, in my judgment, as they did on a previous occasion before there was regulation; they cut the rates so that they put the water carriers out of business; and then, of course, they raised their rates. I said that we did not want to see such a thing happen again in the United States of America: and that would have happened, in my judgment, if we had repealed the fourth section.

I suggested, the President of the United States suggested, the Interstate Commerce Commission suggested, that the thing to do was to to place in an impartial body the right to regulate the rates of the water carriers, not so that they would throw business over to the railroads but so that they could not deliberately take out-of-pocket costs in order to break down the rates of the railroad carriers and take over their business.

It seems to me that no one who is fair and no one who wants to be just to the railroads and to all other forms of transportation can object to such a course. As I pointed out yesterday, we have deepened and widened the Mississippi River channels; we have spent over a billion dellars on the rivers of the country; more money is sought to be spent on them. I have been one of those who have stood up on the floor of the Senate and voted for such appropriations and urged them. Now, those who have come to the Congress and asked for money from the Treasury of the United States with which to deepen and widen the waterways in order that their ships could have a water course on which they could travel from St. Louis up the Mississippi River to St. Paul, are protesting and saying, "We do not want to have our rates regulated." The railroads have to pay part of the expense of channel improvement for the water carriers.

No one has gone into the abuses of the railroads and fought the abuses of the railroads to the extent the Committee on Interstate Commerce has done. We have investigated them and shown them up as has not been done in years by the Congress of the United States; but I would not be fair to myself and I would not be fair to the general public if I did not say that, notwithstanding the abuses that have been going on, the railroads are entitled to a square deal; they are entitled to have their competitors regulated not so as to enable them to raise their rates to give them business, but so that their competitors may not put into effect out-of-pocket rates—rates upon which they lose money simply for the purpose of breaking down the railroad rates.

The Illinois Central and all the other railroads in the Middle West—and I submit that the railroads in the Middle

West are worse off than are almost any other group of railroads in the United States—pay taxes to furnish the channel for their competitors, and their competitors can cut their rates to any point they desire and then say, "We will not be regulated."

On the other hand, when the railroads ask that their rates be reduced so as to meet that water competition, who comes there and opposes such action? It is the water carriers, saying to the railroads, "You must not reduce your rates; if you do you will put us out of business." Water carriers are unregulated, and yet they appear before the Interstate Commerce Commission saying, "You should not reduce railroad rates." Then they come here to the Senate and say to the Members of the Senate, and whisper around the cloakrooms, "We are doing this in the interest of the general public." Doing what "in the interest of the general public"? In one breath they say they have brought down railroad rates, and, on the other hand, they protest every reduction of railroad rates that comes before the Interstate Commerce Commission. That is not fair; it is not just; and I submit there is no one on this floor who can get up and defend the position of the water carriers. The water carriers upon the Mississippi River are in the worst position of any carriers to come here and fight this piece of legislation. It is just pure selfishness and greediness upon their part when they do it, and they have not a leg to stand upon when it comes to honesty and decency before this body.

Mr. REED. Mr. President, I wish to call the attention of the Senator from Virginia and also the attention of the Senator from Maine, if he is present, to page 804 and the following pages where pooling as a possible remedy for some of the troubles that we are facing is rather extensively discussed. It is not a new subject. It has been discussed time and again.

Now let me proceed, for I do not wish to take all day on this subject.

Mr. McCARRAN. Mr. President, will the Senator yield for just a moment?

The PRESIDING OFFICER. Does the Senator from Kansas yield to the Senator from Nevada?

Mr. REED. Certainly.

Mr. McCARRAN. If I am not mistaken this provision is comparable to what we called "the recapture clause" in the Transportation Act?

Mr. REED. I may say again to the Senator from Nevada I am going to get to that point very shortly.

Mr. McCARRAN. I may not be able to be present at that time, and I wish to make a suggestion, if the Senator will bear with me. The Senator will recall that "the recapture clause," as we termed it at that time, resulted in a pool of many million dollars.

The Senator will recall that the railroads with large earnings, not the small railroads, came before the Congress and demanded that that "recapture clause" be repealed, and it was repealed, resulting, if I may express it bluntly, in what, to my mind, was one of the biggest steals that was ever put over by a legislative body, inadvertently, because the pool had resulted in the accumulation of a vast sum of money that was mulcted from the shippers of the country but never returned to them. I wonder if the Senator agrees in part with what I have said.

Mr. REED. I agree in part. I could go further into the history of "the recapture clause." I happened to be chairman of the Kansas Public Utilities Commission back in those days, and I appeared before the House Committee on Interstate Commerce in 1923, representing all the western State commissions. At that time I appeared as a witness for 2 days, for the committee was kind enough to ask me to come back the second day, when I thought they would throw me out, having occupied all the first day. However, I advised the committee that "the recapture clause" should be repealed, because it could not be made to work. I think the provision in the pending bill can be made to work.

It is not an easy task, but I am going to get to that later. At present, however, I should like to discuss the philosophy

of pooling as developed in the Supreme Court of the United States. I feel a degree of incompetence in discussing legal questions with so many able constitutional lawyers sitting around me.

In 1914 there was a horizontal 5-percent increase, and there was a 15-percent increase in 1917. The Director General of Railroads increased rates 25 percent when the Government took over the railroads in 1917, and when the railroads ceased to be operated by the Government, the Interstate Commerce Commission had to impose enormous increases, amounting to 40 percent in the eastern territory, 35 percent in the Midwest, if my section may be called the Midwest, 25 percent, I think, in the South, and 25 percent in the far West. That was on top of the 25 percent that the Director General had increased the rates.

What happened? There ensued the most desperate situation in the history of the railroads of the United States. I hope that the Senator from Vermont, who is the only New England Senator within the sound of my voice at the moment, will carry this message to his colleagues from New England, because it is important to them. The railroads in New England are in worse shape than are the railroads in any other part of the United States.

Now, I quote from the opinion rendered by Mr. Justice Brandeis in the Supreme Court in a case which, for the benefit of the lawyers of the Senate, I will say is to be found in Two Hundred and Sixty-first United States Reports, page 190.

The distinguished Mr. Justice Brandeis said:

The deficiency in income of the New England lines in 1920 was so great that even before the raise in wages ordered by the Railroad Labor Board an increase in freight revenues of 47.40 percent was estimated to be necessary to secure them a fair return. On a like estimate, the increased revenues required to give the same return to carriers in the trunk-line territory—

Which runs from New York to Buffalo and Pittsburgh—was only 29.76 percent, and to carriers in Central Freight Association territory 24.31 percent.

The Central Freight Association territory being from Pittsburgh and Buffalo to Chicago and St. Louis.

The Interstate Commerce Commission, to meet the needs of the New England railroads, on their application ordered that the division of the through rates should be changed so as to give the New England railroads 15 percent greater division of the through rates than had been agreed upon between the carriers themselves; and that was the first of the important cases to go to the Supreme Court of the United States.

Mr. AUSTIN. Mr. President, will the Senator yield?

Mr. REED. Certainly.

Mr. AUSTIN. I call attention to the fact that notwithstanding that relief, we now have in New England a great railway system in process of reorganization and receivership. We have another great railroad, not so great, that is on the verge of bankruptcy. The State of Vermont, for example, is doing extraordinary things to try to save that railroad line. It is making sacrifices and doing many things to save the life of the railroad for the service of the public, notwithstanding the benefits to which the Senator from Kansas refers.

Mr. REED. For the information of the Senator from Vermont, I desire to state that I am not saying this in any critical way at all. I am merely illustrating the processes under which matters of this kind are handled.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. REED. Certainly.

Mr. McNARY. The able Senator said, in beginning his thesis, that three fundamental alternatives must be recognized in order to save the railroad situation and maintain the status quo: One, we must have a revival of business; or two, we must have an increase in freight rates; or, three, we must have Government ownership.

Mr. REED. That is correct.

Mr. McNARY. The amendment of which the Senator now speaks contemplates an increase in freight rates, redistributed among the railroads according to the judgment of the

Commission. What extent of increase has the Senator in mind? What was proposed in the hearings before the committee?

I am interested in increases in freight rates. We in the far West pay the freight rates. In order to bring about an increase, the Senator must have in mind some sum or some structure so that would justify the contemplation of his amendment.

Mr. REED. Let me inform the distinguished Senator from Oregon that all I am trying to have incorporated into the bill is a plan under which the Interstate Commerce Commission may handle, to the advantage of the shippers and the public, any increase that they may in the future find necessary. I am not suggesting that there should be or that there will be an increase. All I am suggesting is that we have had eight percentage increases in 25 years; and if we should have another one—and I do not know that we shall; this bill may never have any such effect—if we should, I want that increase to rest as lightly as possible upon the public and the shippers of the country.

Now, may I proceed and read what the Supreme Court said about the legal questions involved in this so-called

pooling?

Mr. McNARY. Mr. President, will the Senator further yield?

The PRESIDING OFFICER. Does the Senator from Kansas further yield to the Senator from Oregon?

Mr. REED. Certainly.

Mr. McNARY. I do not want to press my position; but, in my judgment, it is important in determining one's attitude with respect to this amendment. Does the Senator believe it is essential in order to preserve the railroad structure that there be an increase in freight rates?

Mr. REED. I repeat the declaration which I made according to my very best judgment after a lifetime of experience with the transportation question—that either we must have a revival in business that will increase the volume of traffic on the railroads 20 or 25 percent, or we must have an increase in rates that will relieve their immediate and urgent necessities, or within 5 years we shall have Government ownership. Senators may take their choice. I am trying to take the choice which seems to me to be wise from the standpoint of the public interest.

Mr. McCARRAN. Mr. President, will the Senator yield?

Mr. REED. Certainly.

Mr. McCARRAN. Referring to the answer made by the able Senator from Kansas to the interrogatory propounded by the Senator from Oregon [Mr. McNary], am I correct in thus analyzing it?—

The bill, of course, does not provide for Government ownership.

Mr. REED. No, sir; it does not.

Mr. McCARRAN. The bill does not provide for an increased volume of business.

Mr. REED. It could not.

Mr. McCARRAN. It could not. Therefore the bill provides for an increase in freight rates.

Mr. REED. I beg to differ with the Senator from Nevada. If he will permit me to make a blunt statement, the bill does nothing of the kind. We have had eight percentage increases in 25 years. All the bill provides is that if we have another one, the increase—not the present revenues of the railroads, but the amount accruing from any increase in the future—shall be handled thus-and-so.

Mr. McCARRAN. It must be an increase from one of three sources. I am taking the Senator's analysis. It must be an increase from Government ownership, it must be an increase from an increase of business, or it must be an increase by reason of increased freight rates. The Senator has answered me that the bill does not provide for increased freight rates.

Mr. REED. Of course not.

Mr. McCARRAN. Will the Senator tell the Senate whether the bill provides for benefiting the railroads of the country?

Mr. REED. I think the bill as a whole will be beneficial to all the transportation interests of the country, considering the transportation system as a whole. The railroads will get some benefits: I think the motor transportation interests will get some benefits: I think the waterways will get some benefits from a stabilization of rates and an equality of regulations; but I agree with the statement of the chairman of the committee yesterday that in all the things that were discussed yesterday there is no answer to the railroad problem as it presently stands. I do not claim that the chairman used that exact language, but I think that is the thought he expressed.

Mr. McCARRAN. I take it, then, from the expression of the Senator from Kansas, that we may not look for any benefit flowing to the railroads by reason of the passage of

Mr. REED. Oh, no; I did not say that.

Mr. WHEELER. Mr. President, if I may be pardoned, let me repeat to the Senator from Nevada what I said yesterday. Mr. McCARRAN. I did not refer to the Senator's remark, because I did not hear him. I am sorry.

Mr. WHEELER. No; I understand that, but yesterday a Senator asked me if the railroads would not benefit by the regulation of the water carriers. Candidly, I think there

would be very little benefit to the railroads from water-carrier regulation.

The Senator from Nevada has been opposed to the repeal of the so-called fourth section, the long-and-short-haul section of the Interstate Commerce Act. The reason why the railroads wanted that section repealed was that the water carriers, which are unregulated, may cut their rates to any point to which they want to cut them, but the railroads may not cut railroad rates in order to compete with the water carriers. Now, we must do one of two things; we must either repeal the fourth section and turn the railroads loose and let them compete as they want to do with their unregulated competitors, or we must regulate the water carriers upon a reasonable basis, so that they may not indulge in cutthroat competition and then protest when the railroads want

Much has been said about the general public deriving benefits from the bill. I will not vouch for the statement, but I understand that one company ships automobiles and parts through the Panama Canal and up to Los Angeles. They charge for the automobile, however, the Detroit price f. o. b. freight to Los Angeles. In other words, they stick the money in their pockets, and they say to the consumer, "We are charging you for the railroad transportation"; but the railroad does not get it, nor does the consumer get it. The only person who gets it is the automobile manufacturer. The same thing is true of steel and oil and lumber and

various other commodities.

to compete with them.

Mr. McCARRAN. Mr. President, if I may interrupt, the same thing is true with reference to the caravan system. In other words, the automobile companies run caravans of automobiles across the country, but the purchaser is charged

the freight rate.

Mr. WHEELER. The purchaser is charged the freight rate. In my judgment, the only thing that can be said in favor of regulating the water carriers is that regulation would stabilize the industry. The water carriers are not in good condition. Many of the water carriers are in exactly the same position as the railroads. They are "broke" because they need what everybody needs-more transportation. In my judgment, this bill will tend to stabilize the watercarrier industry, as it likewise will tend to stabilize and put on an equal basis all forms of transportation.

Mr. McCARRAN. I trust the Senator will pardon me if I interrupt just a little further. I did not wish to break into the Senator's excellent discourse. I am taking now what the Senator from Montana has said, together with what I gathered from the most enlightening remarks of the Senator from Kansas. The Senator from Montana says this bill, if enacted, will stabilize conditions.

Mr. REED. I said the same thing.

Mr. McCARRAN. How is it going to stabilize them? If I may answer my own question, it is going to stabilize them by enabling the water carriers to raise their own rates. They will have to raise their rates, or the rates will be raised to be comparable with those of rail transportation. It cannot be otherwise, if they are stabilized.

Mr. WHEELER. Oh, no. The Senator is in error with reference to that, because, as the bill was originally introduced and came before the committee, it did not contain the provisions which are now in it. We see in the bill provision that the Commission shall not raise the rates of the water carriers in order to put them on a parity with railroad rates. We want to preserve competition between the railroads and the water carriers, but the water rates will only be regulated, giving to the water carriers the inherent advantages which they can get because of the fact that they can provide cheaper transportation. For 10 years while I was a member of the Committee on Interstate Commerce, the motor carriers opposed regulation. They said, "If you pass this bill regulating motor carriers the Interstate Commerce Commission will raise the rates of the motor carriers and put the motor carriers out of business in order to protect the railroads." They said, "We can haul freight cheaper than can the railroads." We said, "There is nothing in the bill making such provision." We included a provision with reference to inherent advantages. The railroads have complained and stated that the Interstate Commerce Commission, instead of being railroad minded, is bus and truck minded, and that there has been too much favoritism shown to the busses and the trucks as against the railroads. Today the bus and truck interests are in favor of the pending bill. I have a letter from one of the contract carriers in which he states:

My DEAR SENATOR WHEELER: I have just learned from C. D. Todd, executive secretary of the contract carrier division of the American Trucking Association, that a subcommittee of the legislative com-Trucking Association, that a subcommittee of the legislative committee of our national association had passed a number of resolutions dealing with proposed changes in S. 2009. Some of these proposed changes would apply definitely to regulation of contract carriers. The committee in question was not in any sense representative of the motor carrier industry—of the nine members, only one was a contract carrier operator.

The American Trucking Association, by resolution adopted in

one was a contract carrier operator.

The American Trucking Association, by resolution adopted in their annual convention in 1937, granted to the natural divisions of the industry self-autonomy and authorized those natural divisions to prosecute their claims individually on all controversial matters affecting two or more divisions of the industry. It was further agreed that the association as such would not participate in any activities involving controversial issues.

The action of the subcommittee in Washington yesterday is, in my opinion, in direct violation of the organization's rules of procedure, and I desire to take this opportunity as a vice president of that organization and chairman of the contract carrier division to notify you that our division does not consider itself bound by the action of this subcommittee, and our division seeks no change in S. 2009 as at present amended and indicated in committee print So 2009 as at present amended and indicated in committee print No. 6. Our division further urgently requests that the Senate not change to any extent the language now contained in section 8 of that bill, which deals with the filing of schedules of contract carriers.

As chairman of the contract carrier division of the American Trucking Association, I wish to advise that you are at liberty, in the event you deem it advisable, to make known to the Members of the Senate our division's position with respect to this proposed legis-

Mr. McCARRAN. I am thoroughly familiar with the attitude of the trucking industry.

Mr. WHEELER. There came before the Interstate Commerce Committee of the Senate a representative of the Mississippi Valley Barge Line, and also General Ashburn, the president of a Government-owned line. Those gentlemen appeared in favor of the bill. Likewise a number of people engaged in general intercoastal water transportation appeared before the committee, and they have said to me privately that they were in favor of the proposed legislation. In my judgment there is a small minority opposed to the bill, but all the more responsible people engaged in the business are in favor of it.

Mr. McCARRAN. I am not so enlightened as I should be in the matter. I have taken the remarks of the Senator from Montana on yesterday, and I have taken the remarks

of the Senator from Kansas today, and I have gained the impression, not a conclusion but an impression, that those who favor the legislation favor an increase of rates.

Mr. WHEELER. That is not the case. Mr. McCARRAN. I am going to recur to the remarks of the able Senator from Kansas. I cannot get away from them. I am taking his three points of analysis. In other words, the bill, if it brings about a benefit at all to the industry of shipping in this country, must bring it about by an increase of rates.

Mr. WHEELER. I do not agree with that.

Mr. McCARRAN. That was the remark of the Senator from Kansas

Mr. WHEELER. I do not agree with such a philosophy of the bill in the slightest degree.

Mr. REED. If I may break in, that is not the philosophy of the bill. I have never stated anything that could be so

Mr. McCARRAN. Did I not draw the Senator's attention to the three points which he said would bring about a change of conditions?

Mr. REED. Yes; and if the Senator will let me, I would preface that with the statement that every man in this country who knows the first elements of the railroad situation realizes that there has to be an increase in the railroad revenue.

Mr. McCARRAN. Very well. How will that come about? Mr. REED. That can only be brought about in one of

Mr. McCARRAN. That is, an increase of rates under the pending bill?

Mr. REED. No; the bill has nothing to do with it.

Mr. McCARRAN. The Senator told me that the bill did not involve Government ownership.

Mr. REED. That is correct.

Mr. McCARRAN. And that it did not involve an increase of business. Naturally, anyone would know that. Therefore, the Senator's third point was that it must involve an increase of rates; otherwise there would be no benefit to the railroads.

Mr. WHEELER. Oh, no.

Mr. REED. If there should be in the future an increase in rates, the increase should be so handled as to be in the public interest. That is all. It would still be in the discretion of the Interstate Commerce Commission.

Mr. McCARRAN. Let me consider it from another angle. If, following the remarks of the Senator from Kansas, there should be no increase of rates following in natural flow, as the Senator terms it, then there would be no benefit from the bill. Is that correct?

Mr. WHEELER. I do not think so. As a matter of fact. the bill does not in the slightest degree change the present law with reference to either lowering or increasing railroad rates.

Mr. McCARRAN. I beg the Senator's pardon. I may be wrong-he knows the bill and I do not-but the bill provides for consolidation by the Commission.

Mr. WHEELER. No; the Senator is wrong about that. Mr. McCARRAN. It provides for consolidation even without hearings.

Mr. WHEELER. No; the Senator is mistaken about that.

Mr. McCARRAN. I am glad to be corrected, of course. Mr. WHEELER. The Senator is mistaken about that. am familiar with the bill; and if I am not familiar with it and do not know what is in it, then there is something wrong with me.

Mr. McCARRAN. There is nothing wrong with the Senator from Montana.

Mr. WHEELER. There is nothing now in the bill which would permit general consolidation of railroads without submitting the matter to the Interstate Commerce Commission. There can be consolidation of railroads at the present time. If a consolidation were proposed under the provision of the bill it would have to be submitted to the Interstate Commerce Commission, and the Commission would have to take care of labor if a consolidation were brought about. There

was a Washington agreement, and that agreement provided that labor must be taken care of.

Mr. McCARRAN. If that is in the bill, I must ask the Senator from Montana, or the Senator from Kansas, to whom I sincerely apologize for taking up his time, to show the Senate where it appears in the bill, because my rather hurried study of the bill has not disclosed it.

Mr. WHEELER. This is the provision of the bill:

That, with respect to any transaction under this section involving motor vehicle or motor-vehicle operations, approval of such transaction may be given, without a hearing if in the judgment of the Commission a hearing is not necessary to enable it to make the Commission a hearing is not necessary to enable to to make the findings herein specified. Such approval may be upon such terms and conditions as the Commission shall find to be just and reasonable in the premises: Provided, however, That in the case of application for unification of motor carriers by a carrier by railroad, or any person which is controlled by such a carrier or affiliated therewith within the meaning of paragraph (6) of this section, the Commission shall not extend an approximation the aminated therewith within the meaning of paragraph (b) of this section, the Commission shall not enter an order approving the unification unless it finds that the transaction proposed will promote the public interest by enabling such carrier by railroad to use service by motor vehicle to public advantage in its operations and will not unduly restrain competition.

Mr. McCARRAN. Mr. President, I wonder if the able chairman of the committee, and the Senator from Kansas, who now supports him, would consent to striking out the words "without a hearing." I think that is beside the question we have been discussing.

Mr. WHEELER. That applies only to the unification of small motor-carrier companies.

Mr. McCARRAN. I hope so.
Mr. WHEELER. There may be some small motor carriers which desire to unify their lines. There are some in the Senator's State, and some in Montana. This provision was inserted at the instance of the motor carriers, who wanted it. There may be some small motor carrier in the Senator's State which desires to buy out another motor carrier, and we did not think that under such circumstances they should be required to come to Washington and have a hearing; that the Commission could send out an investigator, and if it was found to be a small matter, the transaction could be accomplished without a hearing.

Mr. McCARRAN. That is beside the question that was uppermost at the time I interrupted the Senator from Kansas. However, I am asking whether there may be a consolidation without a hearing in the case of railroads. I have tried to get away from the motor-carrier matter entirely.

Mr. WHEELER. That was stricken out on page 172. It

Provided, That approval of any transaction subject to the provisions of this section may be given without hearing if in the judgment of the Commission a hearing is not necessary to enable it to make appropriate findings.

We struck that out of the bill. That is one of the amendments that were inserted by the committee, and I hope the amendment will be approved. The question was raised by the railroad brotherhoods, and the provision was stricken out at the request of the railroad brotherhoods.

Mr. McCARRAN. That is rather incidental to the matter that is being discussed. I hope I will not find it necessary to interrupt the Senator from Kansas again.

Mr. McNARY. Mr. President-

The PRESIDING OFFICER (Mr. Brown in the chair). Does the Senator from Kansas yield to the Senator from Oregon?

Mr. REED. I yield.

Mr. McNARY. Earlier today I asked the Senator from Kansas if the amendment were adopted whether it would dislocate the present rate structure which applies to motor carriers, water carriers, and railroads? I understood the Senator to say "No."
Mr. REED. That is correct.

Mr. McNARY. I have not been very happy or satisfied with that answer, because it seems very plain to me that if an increase of railroad rates were authorized and directed by the Interstate Commerce Commission, it would disturb the rate structures of the motor carriers and water carriers which are operating in competition with the railroad lines.

Mr. REED. Mr. President, I have such a high opinion of the ability and intelligence of the Senator from Oregon—

Mr. McNARY. I agree with what the Senator may say in that respect, so we will not discuss it further. But—

Mr. REED. The last increase in railroad freight rates was on March 18, 1938, just a little over a year ago. The railroads sought a 15-percent increase. An increase of 10 percent upon some commodities was allowed, and an increase of 5 percent upon others. The previous increase in railroad rates was in 1937, in an application decided October 19, 1937. Both those increases were allowed since the passage of the Motor Carrier Act of 1935. The increases had no more effect upon the rates of motor carriers or of water carriers than the motor carriers and water carriers wanted them to have. If the railroads raised their rates and the motor carriers felt that they could obtain higher rates, they probably filed tariffs.

Mr. President, there is nothing in any part of the bill relating to any increase in railroad rates, or which would permit any increase in rates, and it would not have any effect on rates except possibly the natural competitive business effect which would result under any circumstances, whether this provision goes in the bill or stays out. All we are trying to do is to hold any future increase in railroad rates to a minimum for the benefit of the shippers, and arrange a plan whereby the shippers' increased rates may be distributed among the railroads which are in the greatest need of help.

Mr. McNARY. Mr. President, I wish to make an observation to the very learned Senator from Kansas. Yesterday and today the very distinguished Senator from Montana [Mr. Wheeler], who is conversant with the bill in its every provision, spoke at length of the coordination of the three great forms of transportation—water, rail, and road. I believe in such coordination. I was impressed by the able argument of the Senator. But coordination is omitted from the proposed amendment, and the increased rates are applied only to railroad carriers. If coordination applicable to rail carriers would carry out the general philosophy of the bill, why should it not apply to the other carriers? If it is applied to rail carriers, will it not have the effect of shifting a substantial portion of the traffic from the railroads to water transportation and to motor vehicles?

Mr. REED. That has been a disputed question in every general rate case that has been tried. The Interstate Commerce Commission in its decision has sought to ascertain whether or not an increase in rates would have an effect upon the movement of traffic.

Mr. McNARY. I am trying to clarify the matter in my own mind by getting the frank and candid judgment of the able Senator from Kansas. What does he think?

Mr. REED. About what?

Mr. McNARY. About increase of rates having a tendency to shift traffic from one system of transportation to another, and is that the Senator's excuse for not using the coordinated system clear through the bill?

Mr. REED. I do not want the record to rest under the intimation of the Senator from Oregon that there is any relation between the amendment, which has only a special purpose in view, and a national system of transportation. I said in the beginning that of the competitive traffic in this country, excluding the Great Lakes and the pipe lines, 66 percent was handled by the railroads and about 10 percent by motor carrier and inland waterways. Therefore, the 66 percent is important. It is so important that there is no person in this country who is not interested in it.

The time may come when the railroads will seek a further increase in rates. I do not know that they will. They tell me they have no present intention of doing so. But if the railroads were granted a further increase in rates, and only in that event, would the provision in question have any effect at all. The question which the Senator from Oregon asks could be asked with equal force and pertinency without the

provision in question being in the bill. It has no pertinency to this section at all.

I desire to proceed to the New England Divisions case, which presents a situation analagous to the present situation. Mr. Justice Brandeis, in writing the opinion in that case, made the following statement, which could be made with equal pertinency in the present situation:

The credit of the carriers, as a whole, had been seriously impaired. To preserve for the Nation substantially the whole transportation system was deemed important. By many railroads funds were needed, not only for improvement and expansion of facilities, but for adequate maintenance. On some, continued operation would be impossible, unless additional revenues were procured. A general rate increase alone would not meet the situation. There was a limit to what the traffic would bear.

I am still quoting from the opinion by Mr. Justice Brandeis:

Moreover, it was not clear that the people would tolerate greatly increased rates (although no higher than necessary to produce the required revenues of weak lines) if thereby prosperous competitors earned an unreasonably large return upon the value of their properties. The existence of the varying needs of the several lines and of their widely varying earning power was fully realized. It was necessary to avoid unduly burdensome rate increases and yet secure revenues adequate to satisfy the needs of the weak carriers.

And I particularly call attention to the following portion of the opinion and to remind the Senate that the case in question had to do with New England:

A further large increase in rates local to New England wou'd doubtless have provoked more serious competition from auto trucks and water carriers. For hauls are short and the ocean is near. Instead of erecting New England into a separate rate group, the Commission placed it, with the other two subdivisions of Official Classification Territory, into the eastern group, and ordered that freight rates in that group be raised 40 percent.

I read finally from the New England Divisions case, which is one of the leading cases upon a question of this kind:

It may be just to give the prosperous carrier a smaller proportion of the increased rate than of the original rate. Whether the rate is reasonable may depend largely upon the disposition which is to be made of the revenues derived therefrom.

Lest some Senator should argue that we are depriving a strong and prosperous railroad of something that belongs to it, let me say that the Supreme Court, speaking through Mr. Justice Brandeis, said:

It is not true, as argued, that the order compels the strong railroads to support the weak. No part of the revenues needed by the New England line is paid by the western carriers. All is paid by the community pursuant to the single rate increase ordered.

I think that is enough for the New England Divisions case, although I had desired to speak a little further about it.

I now wish to refer to the case in which Mr. Chief Justice Taft read the opinion. That is the case of Dayton-Goose Creek Railway Co. against United States, found in Two Hundred and Sixty-third United States Reports, at page 456. The syllabus in that case, paragraph d, reads:

d. A railroad, however strong financially, economical in facilities, or favorably situated as to traffic, is not entitled as of constitutional right to more than a fair, net operating income upon the value of its properties devoted to transportation.

In that connection I wish to read a sentence by former Chief Justice Taft:

Thus the question of the minimum of a fair percentage on value is shown to vary with the circumstances.

At the time of my service on the Kansas State Commission we always used 7 percent as a fair return on public-utility property. I doubt if under present conditions anyone would maintain that 7 percent is necessary in order to avoid confiscation.

Mr. CONNALLY. Mr. President, will the Senator yield for a question?

Mr. REED. Certainly.

Mr. CONNALLY. The Senator said his rule was 7 percent. Was that the only factor?

Mr. REED. Oh, no; but when we determined a fair return which we permitted a public-utility company to earn, as

nearly as we could we fixed it at 7 percent. There is no absolute way to determine whether it should be 7, $7\frac{1}{2}$, 8, 6, or 61/4.

Mr. CONNALLY. Of course the return is not always the only factor, because the value of the service, the cost of the service, and things of that kind, affect the rate, do they not? Seven percent was the maximum. Rates would not be fixed which would return more than 7 percent?

Mr. REED. That was about the general average. Some commissions allowed 8 percent. Some allowed 6 percent. Judgment varies upon questions of that kind, and variable factors enter into the judgment.

I wish to read from the language of former Chief Justice Taft, and then I shall conclude:

Uniform rates enjoined for all shippers will tend to divide the Uniform rates enjoined for all shippers will tell to discuss the business in proper proportion, so that, when the burden is great, business in proper proportion, will be used to its capacity. If the the railroad of each carrier will be used to its capacity. If the weaker roads were permitted to charge higher rates than their competitors, the business would seek the stronger roads with the lower rates, and congestion would follow. The directions given to the Commission in fixing uniform rates will tend to put them on a scale enabling the railroad of average efficiency among all the carriers of the section to earn the prescribed maximum return. Those who earn more must hold one-half of the excess primarily to preserve their sound economic condition and avoid wasteful expenditures and unwise dividends.

Mr. President, I do not see how any impression could be created that the bill seeks to raise rates. All it seeks to do is to apply a principle which has been recommended by the Interstate Commerce Commission, which actually has been used in the past, and which has been supported and confirmed by the Supreme Court of the United States in two separate decisions, one affecting the divisions of the New England railroads and the other involving the general principle of taking excess earnings away from strong carriers for the benefit of weak carriers.

I wish the Senator from Nevada [Mr. McCarran] were present in the Chamber, for I should say to him that we are not seeking to reenact the recapture provision. That was found to be unworkable and was repealed. We are seeking to establish a rule which is workable. I do not mean to say that the problem is simple or easy. The language was drafted by the Interstate Commerce Commission. I was in conference with the Commission on several occasions, and we wrote into the bill the provision that the Commission must take into consideration these factors:

The efficiency with which carriers concerned are operated; the amount of revenue required to pay their respective operating expenses, taxes, and a fair return on their railway property held for and used in the service of transportation; and the importance to the public of the transportation services of such carriers.

That language is found on page 50.

We do not seek to condone-in fact, we condemn-inefficiency. We do not seek to preserve railroads which are unnecessary. We seek to preserve railroads in the order of their importance to the public interest.

Mr. BYRD. Mr. President, will the Senator yield?

Mr. REED. Certainly.

Mr. BYRD. Suppose a railroad has an excessive capitalization, is very improvident in borrowing money, and owes a great debt; would the debt be considered as part of the operating expenses?

Mr. REED. No; not if I were a member of the Commission. I have a very high respect for the intelligence of the Interstate Commerce Commission.

Mr. BYRD. Of course, interest on a debt is a part of expenses.

Mr. REED. My own opinion, for whatever it may be worth-and it does not bind the Interstate Commerce Commission—is that the Interstate Commerce Commission would use the rate-making value of the property as a basis upon which to proceed, and not the capitalization or the bonded indebtedness.

Mr. BYRD. Is the language in the bill, "a fair return on their railway property held for and used in the service of transportation," based upon the valuation placed upon the property by the Interstate Commerce Commission?

Mr. REED. Yes; for rate-making purposes.

Mr. BYRD. Is that the same language that is in the present law with respect to the rates now in effect?

Mr. REED. I think it is; but I could not be certain without making a comparison.

Mr. BYRD. I understand the bill sets up a different standard.

Mr. REED. No: we did not intend to do so. I discussed this language at length with the Commission. The problem is not simple. I do not wish to leave the impression that it is. We are struggling with a difficult problem, and we are trying to find the best solution we can for it.

Mr. BYRD. I am unable to follow the Senator from Kansas on this point. He admits that the recapture clause

was unworkable.

Mr. REED. Not unconstitutional, but unworkable.

Mr. BYRD. Unworkable. Mr. REED. That is correct.

The recapture clause provided that 50 percent Mr. BYRD. of the earnings should be recaptured. The bill provides that 100 percent of the increased rates which may be allowed may be recaptured. Why is such a provision workable when the old law was not workable?

Mr. REED. Many factors in the old section 15a, which included the recapture clause, are not in the present law or in the bill. Much of the old debris has been cleared away. The Interstate Commerce Commission thinks the provision in the bill is workable. It does not think it is simple. It says frankly that its administration would be a hard job; but it is the only way out that the Interstate Commerce Commission thinks would be fair to the public and would limit any future rate increases to the amount required by the needs of the carriers as a whole in the public interest.

Mr. BYRD. If it is fair and just to pool the earnings from increased rates, why would it not be fair and just to pool all the earnings of railroads, not only such increases as they may receive in rates but all the present earnings, and to take money away from the well-managed, well-to-do roads and give it to the inefficient, poorly managed roads?

Mr. REED. As will be found from an examination of the letter of the Commission, the Commission went considerably further in its recommendation to the House than our committee has gone in this amendment. All we did was to look to future increases.

Mr. BYRD. Is not that action a recognition of a principle which could later be carried out, that all earnings should be pooled, thereby discrediting the debt structure of the railroads which are now making profitable earnings, and whose bonds are held by insurance companies, banks, and others? other words, what is the difference in principle between the proposal in the bill and the pooling of all the earnings?

Mr. REED. May I ask the distinguished Senator from Virginia whether or not he is a lawyer? I know he was formerly Governor of his State.

Mr. BYRD. No; I am not a lawyer. Mr. REED. The Senator is a newspaperman, is he not?

Mr. BYRD. Yes.

Mr. REED. So am I. I am not a lawyer. So, as one newspaperman to another, I shall try to make a distinction for the Senator which I am afraid my lawyer friends might frown upon. There is a difference between existing earnings, in which a carrier might establish a property right, and an increase in earnings granted by a public regulatory body. I cannot give the exact reference, but I think the Supreme Court has said in terms that no railroad has a property right in an increase of earnings authorized or ordered by the Interstate Commerce Commission. If I have made the distinction clear, that is about the best statement I can make as a layman.

Mr. BYRD. However, as a matter of fairness and justice, the principle is the same. If it is right to take a portion of an increase in rates from the railroads, it is likewise right to take, for the purpose of common pooling, the present earnings of a railroad; and it is right to take money from one railroad which perhaps makes more from a general schedule of rates than other railroads in other sections. The principle is the same.

Mr. REED. The railroad themselves had the recapture provision in section 15 (a) written into the 1920 act, but the provision was found to be unworkable. In 1931 the railroads suggested, and the Interstate Commerce Commission set up, a pool of the increased earnings, but they were only to be loaned to the weaker railroads and had to be repaid. In the last general rate increase the Commission had to allow an increase in coal rates to the Chesapeake & Ohio, the Norfolk & Western, the Virginian, even though the Commission said those roads were making a fair return. It shocked the conscience to increase the rates of those carriers that were already making a legal return, but under the system of competitive rate making, whereby competitive rates of railroads are kept on the same level, there was no escape from it. The provision in this bill will permit an escape from the dilemma in which the Commission found itself and as a result of which it issued the order which shocked the conscience of every man familiar with the order, which, taken by itself, assured increased rates to railroads that did not need them. I was trying to use the New England Divisions case and the statement of Chief Justice Taft in the Dayton-Goose Creek Railway Co. case to show that the Supreme Court has twice approved the legality of what has been written into this bill.

Mr. BYRD. Mr. President, of course the question whether or not particular railroads need an increase may be a question of the efficiency of management or the condition of their debt structure whereby they do not have interest and other charges to pay. Under this amendment, as the Senator understands it, suppose there was a weak road somewhere, very inefficiently managed and not economically sound in the sense that it had a territory tributary to it that justified its existence, could not the earnings of more prosperous roads be taken to sustain indefinitely and keep in operation the uneconomic and weak road?

Mr. REED. My own opinion is that there are between 15,000 and 25,000 miles of railroad in the United States that have no economic justification; that are going to have to be abandoned. I cannot conceive that a sensible regulatory body would ever take any part of the earnings of other roads under this provision and apply it to a situation of that kind.

Mr. BYRD. Of course, the Senator admits that the Interstate Commerce Commission has the power to do it under his amendment?

Mr. REED. No; not under the phraseology of the provision.

Mr. BYRD. Will the Senator point out to me some language in his amendment that prohibits such action on the part of the Interstate Commerce Commission?

Mr. REED. I do not know how to make the provision any tighter. May I suggest to the Senator that I was delegated by the committee to hold conferences with the Interstate Commerce Commission on a number of matters including this one. The first rule the Interstate Commerce Commissioners suggested to me as one which in their opinion would meet the situation was that the distribution should be just and reasonable. I said, "I am just a layman; but I do not think you can get by the courts with a proposition of that kind. What the Congress ought to do is to write into the law a rule by which the Commission must be governed." So we wrote this provision into the bill, and I may suggest to the Senator from Virginia that this language—

giving consideration, among other things, to the efficiency with which the carriers concerned are operated, the amount of revenue required to pay their respective operating expenses, taxes, and a fair return on their railroad property held for and used in the service of transportation, and the importance to the public of the transportation services of such character—

is identical, so far as my recollection goes, with the language of the law which the Supreme Court upheld in the New England Divisions case. In other words, we lay down here a rule that binds the Commission.

Mr. BYRD. Does the Senator contend that under this amendment the Interstate Commerce Commission could not use the increased revenue of the roads for the purpose of keeping in operation an uneconomic road?

Mr. REED. That would be my position.

Mr. BYRD. There is nothing in the language that prohibits it. If there is, I should like to have the Senator point it out to me.

Mr. REED. I suggest that the Senator consider the words, "the importance to the public of the transportation services of such carriers" and "the efficiency with which the carriers concerned are operated."

I do not know how much stronger we could have made the wording.

Mr. BYRD. Mr. President, the Senator has made a very able argument, and before he takes his seat I should like to ask him another question. A little while ago I asked why he did not include water transportation and likewise motor transportation in the general pooling, in view of the fact that this is a general transportation bill? I would greatly appreciate it if the Senator would answer that question.

Mr. REED. We have three reasonably distinct phases of transportation. The philosophy of this bill is to bring about an equality of regulation as between those three phases of transportation. We do not propose to merge them; we do not propose to let one obtain control over the other. All we are trying to do is to secure equality of regulation and to stabilize the regulation of transportation in the United States. I think it would be highly improper to undertake to pool earnings of water carriers and motor carriers or motor carriers and railroads, or railroads and water carriers.

Mr. BYRD. I do not mean to put the earnings of them all in one pool. Does the bill provide for putting water carriers' earnings in one pool, the earnings of truck carriers in another pool, and the earnings of railroad carriers in another?

Mr. REED. If the Senator from Virginia will permit me, I tried in the beginning to set out, as clearly as I know how to set it out in the English language, that of 76 percent of transportation, aside from the Great Lakes and the pipe lines, 56 percent is handled by the railroads. It is most important to the public interest that the railroad situation be preserved and something done for their benefit, and particularly to distribute any future increases in rates for the benefit of the weak carriers and not to pool the earnings of the different branches of transportation. The committee has never had that in mind.

Mr. TRUMAN obtained the floor.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. TRUMAN. I yield.

Mr. WHEELER. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. Austin in the chair). The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

King La Follette Lee Adams Davis Reed Donahey Schwartz Andrews Ashurst Ellender Schwellenbach Logan Lucas Frazier Sheppard Bailey Bankhead Barkley George Shipstead Gerry Gibson Slattery Smathers Lundeen McCarran McKellar Bone Gillette Stewart Glass Green McNary Maloney Thomas, Okla. Bridges Guffey Thomas, Utah Townsend Brown Bulow Mead Miller Minton Gurney Burke Hale Truman Harrison Hayden Murray Neely Tydings Vandenberg Byrd Byrnes Norris Van Nuys Walsh Wheeler Capper Caraway Herring Hill Nye O'Mahoney Holman Chavez Clark, Idaho Clark, Mo. Holt Overton White Wiley Pepper Johnson, Calif. Pittman Connally Johnson, Colo. Radcliffe

The PRESIDING OFFICER. Eighty-six Senators have answered to their names. A quorum is present.

Mr. TRUMAN. Mr. President, I desire to make a few remarks on Senate bill 2009. I shall take only a very few minutes.

I am familiar with this proposed legislation. I know its history from the beginning.

In 1935 the Senator from Montana [Mr. Wheeler] secured the adoption by the Senate of a resolution, known as Senate Resolution 71, providing for an investigation of the financial structure of the railroads. The committee which made the investigation under the resolution had its first meeting in December 1935 and continued in operation for about two and a half years. Early in 1938 the President asked a committee to call at the White House and discuss the situation of the railroads. The Senator from Montana and I were on the committee. We made two trips to the White House for the purpose of that discussion. Three members of the Interstate Commerce Commission then were appointed to outline a plan, which they did, and the plan was sent to the Senate by the President. No action was taken on the plan. Then last fall a Committee of Six was appointed by the President for the same purpose. They presented a report and outlined a program; and it was finally decided by the Interstate Commerce Committee that a transportation policy should be inaugurated by the Government of the United States.

This bill is a preliminary effort to inaugurate a transportation policy for the country. I was chairman of the subcommittee which worked for two and a half years on a bill to put air transportation under governmental control. It was first intended to place air transportation under the Interstate Commerce Commission. We met serious objection to that plan in the Senate and in the House, and finally created the Civil Aeronautics Authority, which has been in operation for, as I recall, about 9 months. The only reason why air transportation was not included in this general transportation policy bill was that the Civil Aeronautics Authority has recently been established and is just beginning to function as it should function, and it was not thought proper at this time to transfer control of air transportation to the Interstate Commerce Commission, although I think eventually that is what should happen.

The only serious objection to this bill has been by the water carriers. The serious objection is made by those who do not want regulation at all. The Government is committed to a policy of regulation, as the Senator from Montana [Mr. WHEELER] correctly stated yesterday. If we are going to regulate one method of transportation all ought to be treated

Mr. Eastman, chairman of the legislative committee of the Interstate Commerce Commission, in a letter to the chairman of the Committee on Interstate and Foreign Commerce of the House, in a House committee document of the Seventysixth Congress, first session, made this statement:

The Commission believes that the recommendation of the committee of three in regard to this matter-

That is, water transportation-

is basically sound, but that it is not, as a practical matter, important to change the present regulatory plan with respect to air carriers and gas-pipe lines. The latter have no closer relation to the general transportation problem than have electric power transmission lines, and can well be left to the regulation of the Federal Power Commission. Air carriers compete with other types of carriers in long distance passenger transportation and in the carriers of mail and express but such competition is of lesser course. riage of mail and express, but such competition is of lesser consequence. The Civil Aeronautics Authority is newly created, and we now see no sufficient reason for disturbing it.

The situation is otherwise as to water carriers. Their competi-

with railroads is in general keen and close. Many of them participate freely with railroads in joint rates, and also with motor carriers, which they often use for auxiliary or supplemental service. We have frequent occasion to consider important cases, particularly with respect to relief for the railroads from the long-and-short-haul rule—

About which a great deal has been said on the floor of the Senate-

Where competition between rail and water lines is the crucial factor. This is as true of the intercoastal and coastwise water as of those on the inland waterways. Present regulation of the water carriers, as has been seen, is incomplete and divided. We believe it should be comprehensive and concentrated in a single

Impartiality in the regulation of different types of carriers is promoted by giving a single agency comparable juridiction and responsibility for each type. Under H. R. 2531, the responsibility of this Commission would be primarily and chiefly for railroads and motor carriers, but it would have superseding authority to fix minimum rates (the vital factor in competition) for carriers for whom other governmental bodies would continue to have primary responsibility. Such a situation would invite doubts as to impartiality. Divided or superimposed jurisdiction also duplicates effort and is likely to engender confusion and ill will.

I think that is as plain a statement of the situation as could be made.

Mr. BROWN. Mr. President, will the Senator yield?

Mr. TRUMAN. Certainly.

Mr. BROWN. The letter from which the Senator is reading is the letter from Commissioner Eastman to Chairman LEA of the House Committee on Interstate and Foreign Commerce?

Mr. TRUMAN. That is correct.

Mr. BROWN. In that letter Mr. Eastman also says, I believe, that the so-called bulk carriers in competition with Canadian carriers on the Great Lakes could be left out of regulation without harm.

Mr. TRUMAN. We have made every effort to leave them out, and it is the intention of the committee to leave them out.

Mr. BROWN. I will say to the Senator that I am not satisfied that they are out; and I hope we can agree upon an amendment which will satisfy the Senators from the Great Lakes States that those carriers are undoubtedly out.

Mr. TRUMAN. I think that is a mere matter of word-

ing, and I think we can get together on it.

Mr. VANDENBERG. Mr. President, is there no doubt in the Senator's mind about the purpose to exclude those carriers?

Mr. TRUMAN. None whatever.

Mr. VANDENBERG. Then we have the joint testimony of the two authors of the bill and the Senator from Kansas [Mr. Reed]; yet we have a joint refusal specifically to exempt the bulk carriers on the Great Lakes. How does the Senator reconcile the two positions?

Mr. TRUMAN. I think we already have specifically exempted them. That is the intention of the wording of the bill, and we are not refusing specifically to exempt them at The committee is considering the amendment offered by the junior Senator from Michigan [Mr. Brown]; and when individual amendments come up for consideration I think we can arrive at an agreement which will be entirely satisfactory to both the Senators from Michigan.

Mr. VANDENBERG. Is the Senator from Missouri willing to exempt them specifically?

Mr. TRUMAN. I am certainly willing to exempt them, but I do not want to have the common carriers on the Lakes exempted and not have the common carriers on the other waterways exempted.

Mr. VANDENBERG. I agree to that.

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. TRUMAN. I yield.

Mr. PEPPER. Would the bill vest in the Interstate Commerce Commission jurisdiction over the water carriers along the Atlantic seaboard, for example, and the Gulf coast of the United States?

Mr. TRUMAN. Yes. Mr. PEPPER. They would not be affected?

Mr. TRUMAN. They would be under the jurisdiction of the Interstate Commerce Commission.

Mr. PEPPER. That is, water carriage, for example, from Fort Pierce, Fla., to New York City by coastwise vessels would be within the jurisdiction of the Railroad Commission?

Mr. TRUMAN. That is correct. I do not think the Senator ought to call it the Railroad Commission.

Mr. PEPPER. I mean the Interstate Commerce Com-

Mr. TRUMAN. The Interstate Commerce Commission; it

is not intended to be a railroad commission. Mr. PEPPER. In my State it happens to be called the Railroad Commission, and I lapsed into that error.

We have a situation at Fort Pierce, Fla., where waterway transportation was established for the carriage of citrus fruit by the installation of a precooling plant there and by the deepening of the harbor. What actually came about was that as soon as the water transportation became possible 3 days

a week the freight rates were reduced to the level of the water rates. They were the 3 days of the week when the boats sailed. On the 3 days of the week when the boats did not sail the rail rates went back to the normal base. I wonder how the question of convenience and necessity would be applied by the Commission in such a case as that.

Mr. TRUMAN. Does not the Senator think any commission possessing a reasonable amount of common sense would remedy a situation like that if they had control over both

methods of transportation?

Mr. PEPPER. When we come to judge the question of convenience and necessity, does it mean that there is need for water-transportation service, taking into consideration the freight rate as it then exists, or does it mean that if the freight rate were lowered there would not be a need for water transportation?

Mr. TRUMAN. When water transportation is taken into consideration by an unbiased and fair-minded commission it has nothing whatever to do with railroad rates or railroad

Mr. WHEELER. Mr. President, if the Senator will allow me to respond to the Senator from Florida, we have specifically inserted three provisions which definitely say to the Commission, with reference to rate making, and with reference to preferences, that they shall consider water transportation separate and distinct in and of itself, and that the railroads shall not be taken into consideration when they are considering the problem of water transportation. When they came to consider whether or not a certificate of convenience and necessity was needed with reference to water transportation, they would look at it purely from the standpoint of water transportation, and not with reference to the railroads.

Mr. PEPPER. Mr. President, I thank the Senator for that very fine statement. As I understand, a certificate of convenience and necessity will be exacted only of those who

propose to become public carriers by water.

Mr. TRUMAN. That is correct.

Mr. PEPPER. I suppose there is a "grandfather" clause protecting those who are already water carriers.

Mr. WHEELER. That is correct.

Mr. PEPPER. What is the effective date of the "grandfather" clause?

Mr. WHEELER. I cannot give it offhand. We expect to offer an amendment so as to take care of the rates which are in effect when the transfer takes place. There is perhaps a little loophole, to which the water carriers have called our attention, and we propose to rectify that with an amendment from the floor.

Mr. PEPPER. Having had some experience with the Motor Carrier Act of 1935, and having seen some of the injustices arising from relating the "grandfather" clause back to a time prior to the effective date of the act, I hope it will be the judgment of the committee to make the effective date of the act the effective date of the "grandfather" clause, whatever that may be.

Mr. TRUMAN. That is what is provided in the bill.

Mr. WHEELER. That is what is provided in the bill; and the provisions are entirely satisfactory to the water carriers

who have appeared before the committee.

Mr. PEPPER. One other question, if I may. The bill will not apply to any cooperative, or any agricultural agency, or to any private individual, person, firm, or corporation who or which desires to transport over a waterway its own goods in its own vessels?

Mr. TRUMAN. Not at all. Mr. PEPPER. When they are not engaged as carriers for hire or as common carriers?

Mr. TRUMAN. That is correct; a privately owned carrier does not come under the terms of the bill at all.

Mr. DAVIS. Mr. President, will the Senator from Missouri yield?

Mr. TRUMAN. Certainly.

Mr. DAVIS. I desire to ask the Senator whether there is anything in the bill-and I cannot find anything-which would permit a railroad monopoly of truck transportation?

Mr. TRUMAN. It is specifically forbidden in the bill.

Mr. DAVIS. I have received a telegram from the labor relations division of the Pennsylvania Truck Association referring to amendment of paragraph 2, section 49.

Mr. TRUMAN. They want the bill to remain as it is. They are afraid the express companies will try to have the bill amended so as to give the express companies the truck business, but the bill as written is entirely satisfactory to the trucking interests.

I will read the provision about the railroads owning trucks:

Provided, however, That in the case of application for unification of motor carriers by a carrier by railroad, or any person which is controlled by such a carrier or affiliated therewith within the meaning of paragraph (6) of this section, the Commission shall not enter an order approving the unification unless it finds that the transaction proposed will promote the public interest by enabling such carrier by railroad to use service by motor vehicle to public advantage in its operations and will not unduly restrain corportition. tage in its operations and will not unduly restrain competition.

Mr. DAVIS. I have read the paragraph. I wanted the RECORD to show that I propounded this particular question to the Senator from Missouri, one of the coauthors of the bill, in order that I might have an expression from him about it.

Mr. TRUMAN. Very well; that is the answer. Every effort is being made by the Senator from Montana as chairman of the Committee on Interstate Commerce, to inaugurate a transportation policy in the United States. We have not a transportation policy; we never have had a transportation policy, any more than we had a military policy until 1920. It is absolutely essential to the welfare of the country that we have a transportation policy. Transportation and communication are what make this country great, and it is absolutely essential that a preliminary study be made for that purpose.

The pending bill is the preliminary bill, the first bill in a proposed series of bills which will inaugurate, we think, a transportation policy which will be for the welfare and benefit of the country.

There is no way in the world to legislate traffic onto the railroads or onto ships or trucks. They are all in financially bad condition, and that can only be remedied by an increased amount of transportation. Neither the Committee on Interstate Commerce, nor the Senate, nor the House, nor the whole legislative machinery of the United States, can create traffic for the railroads.

We are hoping that if the railroads and busses and trucks and the waterways and airways are put on an equal basis, some of the evils which now exist will be eliminated.

The committee has been working on this problem for two years and a half. We have had day and night sessions on the pending bill. We have listened to everyone who desired to be heard. We have tried to please everyone we possibly could. It is not possible to please all. There are provisions in the bill which the railroads do not like but which the committee think are in the public interest. There are provisions the bus and truck interests do not like but which the committee thinks will be in the public interest; and that is true of the regulation of waterways.

We believe that the Interstate Commerce Commission will administer the proposed law fairly and justly, and that after it is in operation none of those who come under it will want to be taken from under its jurisdiction.

A few years ago, when we were working on the bus and truck legislation, all the bus and truck interests of the country, by every means of propaganda possible, said that the Interstate Commerce Commission would regulate them in the interest of the railroads. Now the railroads are saying that they are being regulated in the interest of the busses and trucks. I hope they will both say that they are being regulated in the interest of the waterways, if this bill shall be enacted: then we will be sure that the Interstate Commerce Commission is fair-minded.

Mr. PEPPER. Mr. President, will the Senator yield further?

Mr. TRUMAN. I yield.

Mr. PEPPER. I think it particularly important that the debate upon the bill shall disclose, by the utterances of the chairman and the active members of the committee, that there is no intention, by the passage of the bill, to minimize the importance or the responsibility to the country of the other types of transportation besides the railroads; so that there will not be even an implication that will go to the Interstate Commerce Commission that Congress has reached the conclusion that it wants to squeeze out or to minimize, or, certainly, to destroy, water transportation or motor-vehicle transportation. I am sure it is the opinion of the committee that those two means of transportation have grown up in fulfillment of a transportation demand; that they have filled and are filling a very meritorious economic service; and that the only thing the Congress has in mind is that there may be a body which will have authority to correlate and coordinate the activities of all these forms of transportation, so that each one of them shall render the best possible service to the country and serve in the sphere most appropriate for it.

Mr. TRUMAN. That is specifically what is proposed to be done under the bill.

Mr. WHEELER. Mr. President, will the Senator yield? Mr. TRUMAN. I yield.

Mr. WHEELER. I may say to the Senator from Florida that he has expressed better than the chairman of the committee himself could, the views of the chairman and the Committee on Interstate Commerce. Yesterday I called the Senate's attention to the fact that when Congress passed the Transportation Act of 1920 Congress itself practically said to the Interstate Commerce Commission, "You must see that the railroads get sufficient revenue to pay them a certain interest rate upon their investment." That was the declaration, that was the policy announced by the Congress, and Congress told the Interstate Commerce Commission that it was their duty to see that that policy was effectuated.

In the pending bill we say to the Commission, "Your duty is not only to the railroads, but you owe the same duty to water transportation and to bus and truck transportation that you owe to the railroads."

In my judgment, the Commission should not be blamed for much that was done by the railroads under the act of 1920, but the blame should be placed upon the Congress itself for setting up the policy it provided.

The argument has been made that the pending bill will serve to bring in more money to the railroads. I do not think the bill, if enacted, will have that effect. I do not think it will result in raising railroad rates. If I thought it would I should not be in favor of it.

What the railroads of the United States need most is more business, and I think, and I have repeatedly said, that the railroads must reduce rates in order to get more traffic. I hope the railroads will get out of their heads the idea that they must constantly raise rates in order to save themselves. I think the reverse is true.

The railroad industry is a mass-production industry, and in order for any mass-production industry to succeed it must have mass consumption. It cannot succeed without mass consumption. The way to get mass consumption is to reduce rates and thus create more traffic, induce more people to travel from one end of the country to the other, induce people to ship goods from one end of the country to another, from Florida to New York, from California to Montana. But to accomplish that the railroads must establish chapper rates. It is the policy of the committee to endeavor to bring about a condition which will permit the railroads to reduce their rates and still maintain a sound financial structure.

Mr. TRUMAN. Mr. President, the reason the discussion always gets back to the railroads is that the railroads handle about 67 percent of all the traffic. In 1926 they handled 75 percent of all the traffic. The present condition of the railroads is due to a great many things which are not necessary to be considered at this time. The railroads are absolutely essential to the welfare of the country, and they should not be discriminated against any more than any other method of transportation should be discriminated against. The ob-

ject of the pending bill is to try to put all methods of transportation on an equal basis. If it will not do that we shall have failed in our effort.

Mr. PEPPER. Mr. President, I really meant to say when I spoke a moment ago, if the Senator will further yield, that when the Senator referred to the various means of transportation being equal—

Mr. TRUMAN. Equal before the law.

Mr. PEPPER. If that is what the Senator meant by the expression he used, very well.

Mr. TRUMAN. Yes; that is exactly what it means.

Mr. PEPPER. They are not exactly in the same category, and they do not render the same service.

Mr. TRUMAN. We have argued that question half a dozen times, and we have pointed out that the specific provisions of the bill will authorize the Interstate Commerce Commission to regulate each method of transportation according to its inherent qualities. I think that matter has been gone into very thoroughly.

Mr. WHITE. Mr. President, will the Senator yield for an interruption?

Mr. TRUMAN. I yield.

Mr. WHITE. Mr. President, I was originally as much troubled as is the Senator from Florida by the thought of giving to a single commission regulatory powers over all the forms of transportation which the country enjoys. Originally I entertained the notion that, having these competitive means of transportation, if we were to preserve them as competitive systems, there was logic in having a separate regulatory body for each one of them, so that such regulatory body might be the protector and in a sense, the advocate of the particular mode of transportation within its jurisdiction. But I could not resist coming to the ultimate conclusion that that would result in wasteful and destructive competitive conditions, and that if we were to have a coordinated system of transportation, an ordered system of transportation throughout the United States, giving to our people the fullest benefits from these different modes of transportation, ultimately we would have to set up a single authority over them, and that that authority would have not only the obligation but the power to make these different systems complementary to each other, and give us in the Nation as a whole what I may call a rounded and coordinated and efficient system of transportation.

Water carriers in my section of the country have been disturbed by the proposed legislation. Some of them are rather resentful that I am supporting it, but I have reached the conclusion that it is in the public interest that all these modes of transportation should be related one to the other, and coordinated into an ordered system of transportation for all our people.

I originally was troubled by the same questions that are now in the mind of the Senator from Florida.

Mr. TRUMAN. I thank the Senator from Maine for his remarks.

I wish to read again the sentence I read from Mr. Eastman's letter:

Divided or superimposed jurisdiction also duplicates effort and is likely to engender confusion and ill will.

We all know that if two bureaus are in the same executive department, one sometimes, through the head of the department, can get them to cooperate, but if they are in different executive departments and under different executive heads, even the President himself sometimes cannot get them to cooperate. If we are going to have a transportation system and a transportation policy for the country, the regulation must be centered in one board in which the country has confidence. I believe the country and the Senate have confidence in the Interstate Commerce Commission, and I believe the Interstate Commerce Commission will make an honest effort to regulate all the methods of transportation in the public interest.

For the information of the Senate I wish to present some data with respect to what has been happening in the transportation industry. The total transportation bill for 1936

was \$6,774,000,000. The steam railroads received \$4,255,000,-000 of that income.

Transportation has been changing radically in the last 10 or 15 years. In 1926 the railroads hauled 89 percent of the livestock to the central markets. In 1937 the railroads hauled only 47 percent of the livestock to the central markets. The reason for that reduction is that truck transportation gave the service which those owning the livestock wanted. What we wish to see is every method of transportation used in the public interest and for the public welfare and benefit.

I have before me a small book, a copy of which I have handed to all Senators on the floor. It is entitled "What Shall We Do About the Railroads?" It contains 73 pages. It is a most excellent treatise on the present condition of the railroads and on transportation in general. I hope every

Senator will read it.

I ask unanimous consent to have printed in the RECORD at this point as part of my remarks chapter 11, being the conclusion, because it sets out more fully than I can set it out in a speech exactly what the transportation system of the country actually needs.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

CHAPTER 11-CONCLUSION

Generalization is hazardous, but in conclusion, the situation may be briefly summarized as follows: The railroad "problem" of today exists (a) because of the failure of the railroads to adjust themselves to the new transportation era in which we are living, and (b) because of a corresponding lag in the development of public policy as respects the industry. The matter should not be allowed to drift further, either by the railroads or the Government.

Because of the predominant national interest, the following

steps are suggested on the part of the National Government:

1. A centering of executive functions, now distributed among at least seven different Government departments and agencies, in a single head to have cabinet rank like the English Minister of Transportation:

Transportation;

2. A reorganized Interstate Commerce Commission, continuing as an independent agency responsible to Congress, and functioning quasi-judicially; and

3. A special constitutional court, with provision for appeal direct to the United States Supreme Court, to have, among other things, original jurisdiction in railroad bankruptcles and receiverships but with power in its discretion to impose upon an appropriate district court duties in connection with the actual operation of properties in bankruptcy or receivership. tual operation of properties in bankruptcy or receivership.

The above recognizes:
(a) The need for a coordination of governmental policy over

transportation in the widest sense of the term, to the extent of

the national power over interstate commerce;

(b) In a democratic government, the necessity for cabinet responsibility, with due regard for the constitutional doctrine of separation of powers between the executive, legislative, and judi-(c) The constitutional limitations imposed by the Federal

(c) The constitutional limitations imposed by the Federal courts upon the administrative process, which render the final adjudication by an administrative agency of private property rights, a matter of such complexity and difficulty, as to justify the creation, for this purpose, of a constitutional court composed of judges, chosen for their proven qualifications and special training in this field of law.

Because the present exigencies of the railroads are partly due to factors which will continue to operate to their detriment over the long term, new tools of government, need to be devised to keep

long term, new tools of government need to be devised to keep abreast of the changes which have occurred in the last 20 years in

abreast of the changes which have occurred in the last 20 years in the industry of transportation considered in its widest sense. In other countries where the same problem exists, solutions are being found which are alien to our governmental institutions. The arrangement herein suggested is adapted to preserve the freest opportunity for the exercise of the principles of a self-governing nation. Among its advantages would be the following:

I. An executive agency to discharge executive functions and determine executive policy, competent to promote the development of a national transportation policy, based upon a realization of the public's interest in the maintenance of the most efficient and economical agencies of transportation, capable of financing themeconomical agencies of transportation, capable of financing themselves privately, to the extent necessary to provide needed modernization of service.

zation of service.

II. The retention of the traditional judicial type of administrative agency to hear complaints and function quasi-legislatively and quasi-judicially with respect to such matters as rates, services, and capitalizations. It is in fields such as these that the prestige of the Interstate Commerce Commission as an expert body dispensing impartial, disinterested administrative justice has been established. There is a continuing need for a commission of this sort; but, because of the quasi-judicial nature of its duties, we cannot reasonably expect it also to discharge the duties of an

economic council, an advisory board, and a police force. An executive agency should be created to meet these needs.

III. The establishment of a special constitutional court to adjudicate expeditiously private rights of baffling magnitude and complexity. Because of the essential differences between the legal approach and that of an administrative agency, such a court is needed to supplement, rather than to take over, the duties now imposed upon administrative agencies of the judicial type like the Interstate Commerce Commission. The latter are better fitted to apply concepts of public interest than is a court. Moreover, procedure before such a Commission is more flexible than in a court cedure before such a Commission is more flexible than in a court of law, since an administrative agency is not confined to the strict application of the rules of evidence. If a special court were established, the court should be empowered to refer issues to the Commission for the taking of evidence; and, conversely, the Commission should be directed to consult the court on issues of law as they arise. Reciprocity of this sort would be especially advantageous in questions involving accounting, valuation for rate making, and valuation for the purpose of a condemnation award. The establishment of such a court would tend to minimize litigation and the law's delays, since conflicting construction of law by the several Federal district courts all over the country would be eliminated, and those courts, in many cases overworked or manned by judges inexperienced in the handling of large-scale corporate reorganizations, and more particularly in the economics of transportation, would be relieved from existing strain.

The issue posed by the transportation crisis is not one of more

The issue posed by the transportation crisis is not one of more regulation versus less regulation. Rather, it is a question of working out a solution consistent with the spirit of our institutions. Whether, in a democracy such as ours, our present governmental forms would be able to survive the impact of ownership of our largest corporation type of business, and if so, the effect upon the finances of the Federal Government are open questions.

With specific reference to the railroad situation it is the purpose

of this book to recommend that any legislative program that is worked out for adoption by Congress recognize the following principles:

(1) The undoubted fact that whether or not the country has a surplus of railroads, it does have, at the present time, a surplus of transportation facilities. There is not enough business to go around.

(2) The need of permitting the railroads to compete more effectively with their new competitors on the highways, on water, and in the air.

(3) The need of encouraging each form of service to go after the traffic it is best adapted to handle without penalizing any agency

traine it is best adapted to handle without penalizing any agency of transportation.

(4) Relief for the railroads can be obtained by (a) permitting the abandonment of lines that no longer can pay their way, and (b) by the realization of economies through mergers, consolidations, coordinations, pooling arrangements, and the like.

(5) Because in the case of either (a) or (b) the savings will be largely at the eventue of labor adaptive provision what is produced.

largely at the expense of labor, adequate provision must be made by the Government to satisfy the quite understandable concern of

the employees.

(6) To the end of reducing destructive competition, permission to railroads to engage in the transportation business generally. In this connection consideration should be given to the advantages of

Federal incorporation.

(7) To the same end an overhauling of the Transportation Act, particularly those sections which unduly handicap the railroads from being effective competitors with the newer agencies of trans-

(8) To the same end, encouraging mergers and consolidations, by granting to railroads the power of eminent domain of the property or the securities of other railroads, such power to be exercised only in those cases where the Commission has found the aim is in the public interest.

the public interest.

(9) Apart from the attitude of employees (the managements as well as labor) and obsolete statutory inhibitions, a major obstacle at the present time to mergers and consolidations is the reluctance of the stronger roads to take over their overcapitalized weaker competitors on a basis which will involve assumption of the present fixed charges of the latter.

(10) The latter is one reason, among many, for continuing emphasis on the need of the realistic reorganization of overcapitalized corporate structures.

(11) To this end a simplification of reorganization procedure and the speeding up of reorganizations.

Mr. TRUMAN. I sincerely hope the Senate will act favor-

ably on the bill.

The PRESIDING OFFICER. The question is on agreeing to the first committee amendment.

Mr. LA FOLLETTE. I suggest the absence of a quorum. The PRESIDING OFFICER. The clerk will call the roll. The Chief Clerk called the roll, and the following Senators answered to their names:

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Gibson	Johnson, Colo.	Neelv	Stewart
Gillette	King	Norris	Taft
Glass	La Follette	Nye	Thomas, Okla
Green	Lee	O'Mahoney	Thomas, Utah
Guffey	Logan	Overton	Townsend
Gurney	Lucas	Pepper	Truman
Hale	Lundeen	Pittman	Tydings
Harrison	McCarran	Radcliffe	Vandenberg
Hayden	McKellar	Reed	Van Nuys
Herring	McNary	Schwartz	Walsh
Hill	Maloney	Schwellenbach	Wheeler
Holman	Mead	Sheppard	White
Holt	Miller	Shipstead	Wiley
Hughes	Minton	Slattery	
Johnson, Calif.	Murray	Smathers	

The PRESIDING OFFICER. Eighty-six Senators have answered to their names. A quorum is present.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had disagreed to the amendment of the Senate to the bill (H. R. 3537) to extend the facilities of the United States Public Health Service to active officers of the Foreign Service of the United States, asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. Bloom, Mr. Luther A. Johnson, and Mr. Fish were appointed managers on the part of the House at the conference.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 5269) making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1940, and for other purposes, asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. Cannon of Missouri, Mr. Tarver, and Mr. Lambertson were appointed managers on the part of the House at the conference.

The message further announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 5427) making appropriations for the Labor Department for the fiscal year ending June 30, 1940, and for other purposes, asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. Tarver, Mr. Houston, Mr. Rabaut, Mr. Plumley, and Mr. Engel were appointed managers on the part of the House at the conference.

REGULATION OF MODES OF TRANSPORTATION

The Senate resumed consideration of the bill (S. 2009) to amend the Interstate Commerce Act, as amended, by extending its application to additional types of carriers and transportation and modifying certain provisions thereof, and for other purposes.

Mr. WHEELER. Mr. President, I ask unanimous consent at this time that the committee amendments be first considered. There are two or three committee amendments which probably will bring on some controversy. When we come to them I shall ask that they go over until all the noncontroversial amendments shall have been disposed of.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana? The Chair hears none, and it is so ordered.

The clerk will state the first committee amendment.

The first amendment of the Committee on Interstate Commerce was, under the heading "Declaration of policy", on page 2, line 1, after the word "transportation", to insert "subject to the provisions of this act", so as to read:

That the Interstate Commerce Act, as amended, including both part I and part II thereof, is hereby amended to read as follows:

"DECLARATION OF POLICY

"Section 1. It is hereby declared to be the national transportation policy of the Congress to provide for fair and impartial regulation of all modes of transportation subject to the provisions of this act, so administered as to recognize and preserve the inherent advantages of each; to promote safe, adequate, economical, and efficient service and foster sound economic conditions in transportation and among the several carriers; to encourage the establishment and maintenance of reasonable charges for transportation services, without unjust discriminations, undue preferences or advantages, or unfair or destructive competitive practices; and to encourage fair wages and equitable working conditions established through collective bargaining: all to the end of insuring the development and preservation of a national transportation system adequate at all

times to meet most economically and efficiently the full needs of the commerce of the United States, of the Postal Service, and of the national defense.

The amendment was agreed to.

The next amendment was, under the heading, "Scope and application", on page 2, line 21, before the word "or", to strike out "by air", so as to read:

(a) all common carriers by railroad, by water, or by motor vehicle on the highways, pipe-line companies, express companies, and sleeping-car companies.

The amendment was agreed to.

Mr. NORRIS. Mr. President, the same language, "by air", is stricken out all through the bill; is it not?

Mr. WHEELER. That is correct.

Mr. NORRIS. Was there any contention in the committee with regard to that matter?

Mr. WHEELER. No; there was no contention at all with reference to it.

Mr. NORRIS. What was the idea, in the first place, of inserting it in the bill?

Mr. WHEELER. I cannot say as to that. At any rate, we struck it out. There was some thought that air transportation ought to be regulated; but in view of the fact that we have set up the Civil Aeronautics Authority we struck out the language.

Mr. NORRIS. I have no fault to find with the committee for striking it out, and yet it seems to me it would have been better to leave it in. I presume discussion of the subject at this time is more or less academic, because at present there is no considerable amount of passenger or freight traffic by air. At the same time I should like to say in passing that I should not be surprised to see the time come—it may be nearer upon us than we think—when air transportation will be a very important activity of commerce.

I was a Member of the House of Representatives during the Fifty-eighth Congress, and I remember that a great debateat least I thought it was great-took place upon an appropriation bill in the House in regard to flying in the air. It was during the time of Professor Langley. There was considerable debate as to whether or not Congress should appropriate money for such purposes. I have not looked at the RECORD since. I am speaking only from memory. It is now nearly 100 years ago. [Laughter.] Some very able statesmen known all over the United States discussed the question. I think it would be well worth the time of the student to go back and read the debates which took place at that time, and see the fun that was poked at men who thought the time would ever come when we should be able to fly through the air like birds. It is exceedingly interesting to note how few friends aviation then had in the House of Representatives, and how few really thought anything could ever be done in that science. The consensus of opinion was that most of those who thought there was a future for aviation were "cracked," or were a little beside themselves in the "upper story."

Think of the wonderful developments which have taken place since, and what a great thing aviation has become. Literally billions of dollars are now being spent all throughout the world to navigate the air. I am wondering whether or not those who are now here and who will be here for many years to come will live to see the time when Congress will have to legislate for that kind of passenger and freight traffic as it now does for railroads. Perhaps all the railroads will have passed out of the picture.

Mr. WHEELER. Mr. President, I will say to the Senator that at the last session of the Congress a bill was introduced providing for the regulation of air commerce by the Interstate Commerce Commission. At that time also a bill was introduced, which subsequently was enacted, to set up a Civil Aeronautics Authority. One-tenth of 1 percent of the freight traffic of the country, and 1 percent of the passenger traffic are now carried by air. I agree with the Senator that the time may come, in the not very distant future, when both passenger and freight rates—particularly passenger rates—by air will have to be dealt with.

Mr. NORRIS. The bill before us is to regulate the transportation of passengers and freight. I believe the time will come comparatively soon when the percentage the Senator has just given with respect to freight and passenger service in the air will be increased to such an extent that it will be much more than the percentage now represented by freight and passenger service in trucks and busses. I should not be surprised to see the time come when it will be more important to regulate the traffic of passengers and freight in the air than it now is to regulate the small percentage of traffic which moves by truck or bus. In anticipation of that time, if I had my way about the matter, I believe I should leave the language in the bill just as the committee originally had it, so as to be prepared for the time when it will be necessary for us to regulate transportation in the air just as we now regulate other forms of traffic.

However, I realize that the discussion is now perhaps only academic. In passing over the subject at this time, and striking out the language referred to, it seems to me we do not realize what the future has in store, and what an important factor air commerce may become before we

know it.

Mr. MEAD. Mr. President, will the Senator yield at that point?

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from New York?

Mr. NORRIS. I yield.

Mr. MEAD. The Senator from Nebraska, at a very appropriate time, points out the progress that aviation is making, for on yesterday we read of the completion of the first regular scheduled passage of the Atlantic Ocean by one of America's new clipper airships. The ship which traveled approximately 5,000 miles and made the crossing in an elapsed time of a little over 27 hours, is as seaworthy, perhaps, as was any one of the ships which accompanied Columbus. The United States is the first nation on earth to establish scheduled air service over the Atlantic Ocean, and, in view of the keen competition and the arrangements which are being made by the powers of Europe, it is to our lasting credit that we have a line and an agency that is engaging in this regular service.

From the time of the consideration of the item the Senator from Nebraska has brought to our attention back in the Fifty-eighth Congress up to the present session aviation has grown, until now we have lines serving Canada and Alaska in the North; we have airplane service with Central and South America and the islands of the Caribbean Sea; we are spanning both the Atlantic and Pacific Oceans. We have magnificent airships in which the passengers may enjoy their meals and berths may be made up for them so

that they may take their rest.

It is my opinion that the sentiment voiced by the Senator from Nebraska that the day is coming when certain regulations with regard to air-service tariffs similar to those regulations now pertaining to railroads will be necessary is not merely a prophecy but will be an actual reality.

I merely wished to take advantage of this opportunity to point to the appropriateness of the remarks of the Senator from Nebraska and to the magnificent flight just accom-

plished by America's newest clipper airship.

Mr. NORRIS. Mr. President, I thank the Senator from New York for his contribution. He has said what I was about to say in so much better language than I could say it, that I will content myself by merely endorsing his statement and suggesting that in these days of invention and improvement in all lines of human activity the time is rapidly coming when this little item affecting air transportation which we are striking out of this important bill will be more important, perhaps, than any of the provisions affecting other modes of transportation which we will leave in the bill.

Mr. TRUMAN. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. TRUMAN. I think the Senator from Nebraska is absolutely correct. As chairman of the subcommittee of the Interstate Commerce Committee, I tried for 2 years to have

the regulation of air transportation placed under the Interstate Commerce Commission but we finally had to compromise and place it in the Civil Aeronautics Authority, which is supposed to have the same rules and regulations governing air transportation that the Interstate Commerce Commission has for other methods of transportation. I think the time will come, however, when every method of transportation will be under the same regulatory body, and I hope it will come

The PRESIDING OFFICER. The clerk will state the next committee amendment

The next amendment was, on page 2, in line 24, after the word "or", to insert "in"; in the same line, after the word "commerce", to insert "as defined in section 3 (25) and (26), respectively"; on page 3, line 4, after the word "water", to strike out "or by air"; in line 6, after the word "water", to strike out "or by air"; in line 7, after the word "port", to strike out "or airport"; in line 8, after the word "port", to strike out "or airport"; in line 9, after the word "port" to strike out "or airport"; in the same line, after the name "United States", to insert "from a foreign port"; and in line 11, after the word "United", to strike out "States." and insert "States;", so as to read:

"States;", so as to read:

SEC. 2. (1) The provisions of this act, except as hereinafter specifically limited, shall apply to—

(a) all common carriers by railroads, by water, or by motor vehicle on the highways, pipe-line companies, express companies, and sleeping-car companies, engaged in the transportation of passengers or property in interstate or in foreign commerce, as defined in section 3 (25) and (26), respectively, either singly or by combination of any two or more of said modes of transportation; but, with respect to foreign commerce, only insofar as such transportation, other than transportation by water, takes place within the United States, and only insofar as such transportation by water takes place prior to transshipment at a port in the United States for movement to a foreign port, or after transshipment at a port in the United States; The amountment was a such transportation to a point within the United States.

The amendment was agreed to.

The next amendment was, on page 3, line 12, before the word "or", to strike out "by air"; in line 15, after the word "commerce", to insert "as defined in section 3 (25) and (26), respectively"; in line 18, after the word "water", to strike out "or by air"; in line 19, after the word "port", to strike out "or airport"; in line 21, after the word "port" where it occurs the first time, to strike out "or airport,"; in the same line, after the word "port" where it occurs the second time, to strike out "or airport"; and in line 22, before the word "for", to insert "from a foreign port", so as to read:

(b) all contract carriers by water, or by motor vehicle, engaged (b) all contract carriers by water, or by motor vehicle, engaged in the transportation of passengers or property in interstate or in foreign commerce, as defined in section 3 (25) and (26), respectively, but with respect to foreign commerce, only insofar as such transportation by motor vehicle takes place within the United States and such transportation by water takes place prior to transshipment at a port in the United States for movement to a foreign port, or after transshipment at a port in the United States from a foreign port for movement to a point within the United States.

The amendment was agreed to.

The next amendment was, on page 4, line 6, after the word "line", to insert a comma and "nor to the transportation of passengers or property, nor to the receiving, delivering, storage, or handling of property, wholly within one State, and not shipped to or from a foreign country from or to any place in the United States as aforesaid", so as to read:

(2) Nothing in this act shall apply to the transportation of water or natural or artificial gas by pipe line, nor to the transportation of passengers or property, nor to the receiving, delivering, storage, or handling of property, wholly within one State, and not shipped to or from a foreign country from or to any place in the United States as aforesaid.

The amendment was agreed to.

The next amendment was, on page 4, line 16, after the word "to", to strike out "and" and insert "or"; on page 5, line 7, after the word "farmer", to strike out "and" and insert "when"; in line 13, after the word "amended", to insert a comma and "or by a federation of such cooperative associations, if such federation possesses no greater powers or purposes than cooperative associations so defined"; and in

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line 21, after the word "of", to insert "ordinary", so as to read:

(3) Nothing in this act, except the provisions of section 34 relative to qualifications and maximum hours of service of employees and safety of operation or standards of equipment of motor carriers, shall be construed to apply to-

(a) Motor vehicles employed solely in transporting school children and teachers to or from school; or

(b) Taxicabs or other motor vehicles performing a bona fide taxicab service, having a capacity of not more than six passengers, and not operated on a regular route or between fixed termini; or

(c) Motor vehicles owned or operated by or on behalf of hotels and used exclusively for the transportation of hotel patrons be-tween hotels and local railroad or other common carrier stations;

(d) motor vehicles operated under authorization, regulation, and control of the Secretary of the Interior, principally for the purpose of transporting persons in and about the national parks

and national monuments; or

(e) motor vehicles controlled and operated by any farmer
when used in the transportation of his agricultural commodities
and products thereof, or in the transportation of supplies to his

farm; or

(f) motor vehicles controlled and operated by a cooperative association as defined in the Agricultural Marketing Act, approved June 15, 1929, as amended, or by a federation of such cooperative associations, if such federation possesses no greater powers or purposes than cooperative associations so defined; or

(g) trolley busses, operated by electric power, driven from a fixed overhead wire, furnishing local passenger transportation similar to street relives expresses.

similar to street railway service; or

(h) motor vehicles used in carrying property consisting of ordinary livestock, fish (including shellfish), or agricultural commodities (not including manufactured products thereof), if such motor vehicles are not used in carrying any other property, or passengers, for compensation; or

The amendment was agreed to.

The next amendment was, on page 7, line 20, after the word "single", to strike out "territory" and insert "Territory"; in line 23, after the word "commerce", to insert "from a place in one Territory to a place in another Territory, or"; in line 24, after the word "limits", to insert "of a single Territory or solely within the limits"; on page 8, line 7, after the word "than", to strike out "fifty" and insert "one hundred"; in line 8, before the word "or", to insert "or not more than one hundred indicated horsepower"; in line 10, after the word "passengers", to insert a semicolon and "nor to the movement by water carriers of contractor's equipment employed or about to be employed in construction or repairs for such water carrier, nor to the operations of salvors", so as to read:

(4) Except to the extent that the Commission shall from time (4) Except to the extent that the Commission shall from time to time find that such application is necessary to carry out the policy of Congress enunciated in section 1, the provisions of this act, other than the provisions of section 34 relative to qualifications and maximum hours of service of employees and safety of operation or standards of equipment, shall not apply to—

(a) the transportation of passengers or property by motor vehicle, in interstate or foreign commerce, wholly within a municipality or between contiguous municipalities or within the zone adjacent to and commercially a part of any such municipality or municipalities, except when such transportation is under a commencipalities.

municipalities, except when such transportation is under a common control, management, or arrangement for a continuous carriage or shipment to or from a point without such municipalities, municipalities, or zone: *Provided*, That the motor carrier engaged in such transportation of passengers over regular or irregular route or routes in interstate commerce is also lawfully engaged in the intrastate transportation of passengers over the entire length of such interstate route or routes in accordance with the laws of

each State having jurisdiction; or

(b) the casual, occasional, or reciprocal transportation of passengers or property by motor vehicle in interstate or foreign commerce for compensation by any person not engaged in transportation by motor vehicle as a regular occupation or business, unless such transportation is sold or offered for sale, or provided or procured or furnished or arranged for, by any person who holds himself out as one who sells or offers for sale any transportation wholly or partially subject to this act, or who negotiates for or holds himself out by solicitation, advertisement, or otherwise as one who sells, provides, furnishes, contracts, or arranges for such transportation.

(5) Except to the extent that the Commission shall from time

to time find such application necessary to carry out the policy of Congress declared in section 1 of this act, nothing in this act shall apply to—

(a) transportation by motor vehicle in interstate commerce

within the limits of a single Territory; or

(b) transportation by water in interstate commerce from a place in one Territory to a place in another Territory, or solely within the limits of a single Territory or solely within the limits of a single harbor or between places in contiguous harbors, when

such transportation is not a part of a continuous through movement under a common control, management, or arrangement to or from a place without the limits of any such harbor or harbors, or to transportation by small craft of not more than 100 tons' carrying capacity or not more than 100 indicated horsepower, or to vessels carrying passengers only and equipped to carry no more than 16 passengers; nor to the movement by water carriers of contractor's equipment employed or about to be employed in construction or repairs for such water carrier, nor to the operations of salvors.

The amendment was agreed to.

The next amendment was, on page 8, after line 13, to

(6) Nothing in this act relating to motor vehicles or motorvehicle operations shall be construed to affect the powers of taxation of the several States or to authorize a motor carrier to do an intrastate business on the highways of any State, or to interfere with the exclusive exercise by each State of the power of regulation of intrastate commerce by motor carriers on the highways thereof, nor as to such operations, empower the Commission to prescribe, or in any manner regulate the rate, fare, or charge for intrastate transportation by motor vehicle, or for any service connected therewith, for the purpose of removing discrimination against interstate commerce or for any other purpose whatever,

The amendment was agreed to.

The next amendment was, on page 9, line 1, before the word "Nothing", to strike out "(6)" and insert "(7)", and in line 7, after the word "carriers", to insert "by water in the same trade or route", so as to read:

(7) Nothing in this act shall apply to the transportation of property by interstate contract carriers by water which by reason of the inherent nature of the commodities transported, their requirement of special equipment, or their shipment in bulk, is not actually and substantially competitive with transportation by interstate common carriers by water in the same trade or route; and the Commission shall proceed immediately to determine the transportation to be so excluded and shall from time to time make such modifications of its findings as may be necessary to carry out the policy declared in section 1.

Mr. VANDENBERG. Mr. President, I merely wish to make a brief observation in connection with this amendment to the particular section. This is the section which has been under substantial debate for 2 days, affecting bulk carriers on the Great Lakes. The amendment which will be proposed by my colleague the junior Senator from Michigan [Mr. Brown] will subsequently be in order with respect to this paragraph. I merely wish to take advantage of this opportunity to express the hope that the distinguished chairman of the committee and his colleagues who are sustaining this legislation will hospitably consider the proposal which my colleague will submit. All in the world it proposes to do is to say textually what the authors of the bill and its proponents insist the language already means. I am unable to perceive, for the life of me, why anything should be left indefinite that can be clarified to a conclusion, because the lack of clarity simply leads to needless litigation, and the clutter of traffic litigation is already sufficient in the Interstate Commerce Commission without needlessly adding to it. I am expressing the hope that when my colleague's amendment shall be submitted those who are in charge of the bill will be consistent with their own viewpoint and make it possible at least for me to ultimately vote for the bill by making it read in text what they say it means in spirit.

The PRESIDING OFFICER. The question is on agreeing to the amendment on page 9, line 7, which has been read. The amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment reported by the Committee on Interstate Commerce.

The next amendment was, on page 9, after line 23, to

(9) The Commission, by rules and regulations upon its own motion, or by order upon application, shall exempt from the provisions of this act any carrier by motor vehicle if such carrier is lawfully operating solely within the borders of a single State and does not have joint through rates, fares, and charges, or other proportional rates, fares, and charges with a carrier operating in an adjoining State, unless and except insofar as the Commission finds, after notice and hearing, that the carrier is so largely engaged in the transportation of passengers or property, or both, in interstate or foreign commerce that it is affected with an important interest within the policy of this act as declared in

section 1 hereof. Any exemption, as herein provided, may be revoked or modified if the Commission finds that the circumstances which gave rise to the exemption or any part thereof no longer exist. The filing of an application in good faith for an exemption as herein permitted shall exempt the applicant from the provisions of this act until the Commission has acted upon such applica-tion. It is the intent hereof that this paragraph shall be construed so as to leave carriers coming within its provisions subject to State jurisdiction and control to the greatest extent possible, not inconsistent with the policy of this act as declared in section 1 hereof.

The next amendment was, under the heading "Definitions", on page 11, line 9, before the word "means", to insert "or 'State authority'" so as to read:

DEFINITIONS

SEC. 3. As used in this act, unless the context otherwise requires—
(1) The term "person" means any individual, firm, copartnership, corporation, company, association, or joint-stock association; and includes any trustee, receiver, assignee, or personal representative thereof.

(2) The term "Commission" means the Interstate Commerce Commission.

(3) The term "joint board" means any special board constituted

(3) The term "joint board" means any special board constituted as provided in section 23 of this act.

(4) The term "State board" or "State authority" means the commission, board, or official (by whatever name designated in the laws of a State) which, under the laws of any State in which any part of the service in interstate or foreign commerce regulated by this act is performed, has or may hereafter have jurisdiction to the service of the service of the services of the ser grant or approve certificates of public convenience and necessity or permits to carriers, or otherwise to regulate the business of trans-portation by carriers in intrastate commerce within such State.

The amendment was agreed to.

The next amendment was, on page 11, after line 19, to strike out:

(6) The term "possession of the United States" includes Puerto Rico, notwithstanding the provisions of the act of March 2, 1917, entitled "An act to provide a civil government for Puerto Rico", or of any other act or acts which are inconsistent with the provisions of this act, and all other possessions of the United States except the Philippine Islands and the Canal Zone: Provided, That the transfer or transshipment of passengers or property at the Canal Zone shall not affect the character as interstate commerce, within the meaning of this act, of transportation of such passengers or property from a place in one State, Territory, or possession of the United States to a place in another State, Territory, or possession of the United States.

The amendment was agreed to.

The next amendment was, on page 12, line 8, before the word "The", to strike out "(7)" and insert "(6)", and in the same line, after the article "a", to insert "common carrier or a contract", so as to read:

(6) The term "carrier" means a common carrier or a contract carrier subject to this act and includes a receiver or trustee, or receivers or trustees, of any such carrier.

The amendment was agreed to.

The next amendment was, on page 12, line 12, before the word "The", to strike out "(8)" and insert "(7)", and in line 13, before the word "and", to strike out "by air", so as to read:

(7) The term "common carrier" includes all common carriers by railroad, by water, and by motor vehicle, pipe-line companies, express companies, and sleeping-car companies, engaged in transportation subject to this act.

The amendment was agreed to.

The next amendment was, on page 12, line 17, before the word "The", to strike out "(9)" and insert "(8)"; in line 25, after the words "forwarding companies", to insert "or of express companies"; on page 13, line 3, after the word "vehicle", to strike out the comma and "express companies, or persons transporting passengers or property by motor vehicle incidental to transportation by air, or by express" and insert "within terminal areas"; in line 7, after the word "vehicle", to strike out the colon and "And provided further, That such transfer or collection and delivery service by motor vehicle when performed by or for carriers by railroad shall be deemed transportation by railroad" and insert "but each such operation shall be deemed to be that of the carrier for which it is performed", so as to read:

(8) The term "common carrier by motor vehicle" means any person who undertakes, whether directly or by a lease or any other arrangement, to transport passengers or property, or any class or

classes thereof, for the general public in interstate or foreign commerce by motor vehicle for compensation, whether over regular or irregular routes, including such motor-vehicle operations (except when confined to transfer or terminal operations) of carriers by rail or water or forwarding companies or of express companies: Provided, That persons acting as agents for common carriers in the performance of transfer or collection and delivery service by motor rehidle, within terminal areas shall not set to such constitute by vehicle within terminal areas, shall not as to such operations be deemed common carriers by motor vehicle but each such operation shall be deemed to be that of the carrier for which it is performed.

The amendment was agreed to.

The next amendment was, on page 13, line 13, before the word "The", to strike out "(10)" and insert "(9)", and in line 18, after the word "Provided", to strike out "floatage, lighterage, car ferry, and transfer or terminal operations performed by or for carriers by railroad shall be deemed transportation by railroad" and insert "That persons acting in the capacity of agents for common carriers subject to this act in providing towage, floatage, lighterage, car ferry, and transfer or terminal operations shall not be deemed common carriers by water but each such operation shall be deemed to be that of the carrier for which it is performed", so as to read:

(9) The term "common carrier by water" means any person who undertakes, whether directly or by a lease or any other arrangement, to transport by water, in commerce subject to this act, passengers or property, or any class or classes thereof for the general public for compensation: *Provided*, That persons acting in the capacity of agents for common carriers subject to this act in providing towage, floatage, lighterage, car ferry, and transfer or terminal operations shall not be deemed common carriers by water but each such operation shall be deemed to be that of the carrier for which it is performed.

The amendment was agreed to.

The next amendment was, at the top of page 14, to strike

(11) The term "common carrier by air" means any person who undertakes, whether directly or by a lease or any other arrangement, to transport by air, in commerce subject to this act, passengers or property, or any class or classes thereof for the general public for compensation, including such air operations of carriers by railroad or water and of forwarding companies.

The amendment was agreed to.

The next amendment was, on page 14, line 8, before the word "The", to strike out "(12)" and insert "(10)"; in line 10, after the word "motor", to strike out "vehicle, by water, or by air" and insert "vehicle or by water"; in line 12, after the word "under", to strike out "a charter, contract, agreement, or arrangement" and insert "charters, contracts, agreements, or arrangements"; in line 15, after the word "of", to insert "towage"; and in line 17, after the word "vehicle" and the parenthesis, to strike out "or persons transporting passengers or property by motor vehicle incidental to transportation by air", so as to read:

(10) The term "contract carrier" means any carrier, other than (10) The term "contract carrier" means any carrier, other than a common carrier, which transports passengers or the property of others by motor vehicle or by water, in commerce subject to this act, for compensation or hire, under charters, contracts, agreements, or arrangements: Provided, That persons acting as agents for common carriers in the performance of towage, lighterage, floatage, car ferry, transfer, or terminal services (including collection and delivery service by motor vehicle), are not included in the term "contract carrier."

The amendment was agreed to.

The next amendment was, on page 15, after line 3, to strike out:

(15) The term "air carrier" or "carrier by air" means a common carrier by air or a contract carrier by air.

The amendment was agreed to.

The next amendment was, on page 16, line 18, before the word "The", to strike out "(23)" and insert "(20)", and in line 24, after the words "or rails", to insert a comma and "or a trolley bus as described in section 2 (3) (g)", so as to read:

(20) The term "motor vehicle" means any vehicle, machine, tractor, trailer, or semitrailer, or any combination thereof determined by the Commission, propelled or drawn by mechanical power and used upon the highways in the transportation of passengers or property, but does not include any vehicle, locomotive, or car operated exclusively on a rail or rails, or a trolley bus as described in section 2 (3) (g).

The amendment was agreed to.

The next amendment was, on page 17, after line 4, to strike out.

(25) The term "aircraft" means any contrivance now known hereafter invented, used, or designed for navigation of or flight Or in the air.

The amendment was agreed to.

The next amendment was, on page 17, line 19, before the word "The", to strike out "(28)" and insert "(24)", and in line 20, after the word "vehicles" where it occurs the second time, to strike out "aircraft", so as to read:

(24) The term "transportation" includes locomotives, cars and other vehicles, vessels, motor vehicles, pipe lines, and any and all instrumentalities and facilities of shipment or carriage, irrespective of ownership or of any contract, express or implied, for the use thereof and any and all services in connection with transportation, including the receipt, delivery, elevation, transfer in transit, refrigeration or icing, ventilation, storage, and handling of property transported or the interchange thereof with any other agency

The amendment was agreed to.

The next amendment was, on page 18, at the beginning of line 4, to strike out "(29)" and insert "(25)"; in the same line, to strike out the word "The" and insert "Except as re-stricted in section 2 of this act, the"; in line 7, after the word "one", to strike out "State, Territory, or possession" and insert "State or Territory"; in line 8, after the word "another", to strike out "State, Territory, or possession" and insert "State or Territory"; in line 16, after the word "paragraphs", to strike out "(22) and (26)" and insert "(19) and (22)"; and in line 17, after the word "section", to insert a colon and "Provided, That the transfer or transshipment of passengers or property at the Canal Zone shall not affect the character as interstate commerce, within the meaning of this act, of transportation of such passengers or property from a place in one State or Territory of the United States to a place in another State or Territory of the United States", so as to make the paragraph read:

(25) Except as restricted in section 2 of this act, the term "inter-(25) Except as restricted in section 2 of this act, the term "interstate commerce" means transportation of passengers or property a carrier or carriers from a place in one State or Territory of the United States to a place in another State or Territory (whether such transportation be wholly within the United States or through a foreign country or by way of a foreign port or waters or the high seas) or between places in the same State by a route or routes passing beyond the borders of said State, or between places in the passing beyond the borders of said State, or between places in the same Territory, and includes the use of any and all instrumentalities and facilities embraced in paragraphs (19) and (22) of this section: Provided, That the transfer or transshipment of passengers or property at the Canal Zone shall not affect the character as interstate commerce, within the meaning of this act, of transportation of such passengers or property from a place in one State or Territory of the United States to a place in another State or Territory of the United States.

The amendment was agreed to.

The next amendment was, on page 18, line 24, before the word "The", to strike out "(30)" and insert "(26)"; on page 19, line 4, after the word "definition", to strike out "the Philippine Islands and" and insert "the Philippine Islands. Puerto Rico"; and in line 5, after the name "Canal Zone", to insert a comma and "and all insular possessions of the United States", so as to make the paragraph read:

(26) The term "foreign commerce" means transportation of pascase the term foreign commerce means transportation of passengers or property by a carrier or carriers between any place in the United States and any place in a foreign country, or from a place in a foreign country through the United States to a place in a foreign country. For purposes of this definition the Philippine Islands, Puerto, Rico, the Canal Zone, and all insular possessions of the United States, shall be deemed foreign countries.

The amendment was agreed to.

The next amendment was, on page 19, after line 12, to insert:

(28) The word "Territory" means Hawaii and Alaska.

The amendment was agreed to.

The next amendment was, on page 20, line 25, after the word "reasonable", to strike out "classifications", so as to make the paragraph read:

(3) It shall be the duty of every contract carrier to establish and observe reasonable minimum rates and charges for any service rendered or to be rendered in the transportation of passengers

or property or in connection therewith and to establish and observe reasonable regulations and practices to be applied in connection with said reasonable minimum rates, fares, and charges.

The amendment was agreed to.

The next amendment was, on page 21, line 13, after the word "routes", to insert "and reasonable joint fares and charges", and in line 14, after the word "common", to strike out "carriers" and insert "carriers,", so as to make the paragraph read:

(5) It shall be the duty of every common carrier of passengers by motor vehicle to establish reasonable through routes and reasonable joint fares and charges with other such common carriers, and able joint lares and charges with other such common carriers, and to provide safe and adequate service, equipment, and facilities for operating through routes, and to make reasonable rules and regulations with respect to the operation of through routes and providing for reasonable compensation to those entitled thereto.

The amendment was agreed to.

The next amendment was, on page 23, line 15, after the word "apply" and the period, to strike out "By proportional rates are meant those" and insert "The term 'proportional rates' as used in this paragraph means those rates", so as to make the paragraph read:

(b) To establish proportional rates, or maximum, or minimum, or maximum and minimum proportional rates, by rail to and from the ports to which the traffic is brought, or from which it is taken by the water carrier, and to determine to what traffic and in connection with what vessels and upon what terms and conditions such rates shall apply. The term "proportional rates" as used in this paragraph means those rates which differ from the corresponding lead water teach from the port and which amply only to traffic ing local rates to and from the port and which apply only to traffic which has been brought to the port or is carried from the port by a common carrier by water.

The amendment was agreed to.

The next amendment was, on page 23, line 22, after the word "act", to insert "(except, on and after the date this amendatory act takes effect, a common carrier by water that is not owned, leased, operated, or controlled by another carrier subject to this act, which is engaged in any form of transportation subject thereto and, except a common carrier by water in which no such other carrier has any interest direct or indirect)", so as to make the paragraph read:

direct or indirect)", so as to make the paragraph read:

(9) It shall be unlawful for any railroad company or other common carrier subject to this act (except, on and after the date this amendatory act takes effect, a common carrier by water that is not owned, leased, operated, or controlled by another carrier subject to this act, which is engaged in any form of transportation subject thereto and, except a common carrier by water in which no such other carrier has any interest direct or indirect) to own, lease, operate, control, or have any interest whatsoever (by stock ownership or otherwise, either directly, indirectly, through any holding company, or by stockholders or directors in common, or in any other manner) in any common carrier by water operated through the Panama Canal or elsewhere with which said railroad or other carrier aforesaid does or may compete for traffic or any vessel carrying freight or passengers upon said water route or elsewhere with which said railroad or other carrier aforesaid does or may compete for traffic; and in case of the violation of this provision each day in which such violation continues shall be deemed a separate offense.

The amendment was agreed to

The amendment was agreed to.

The next amendment was, on page 25, line 15, after the word "operated", to insert "In every case of such extension, the rates, schedules, and practices of such water carrier shall be filed with the Commission and shall be subject to this act and all amendments thereto in all respects", so as to make the paragraph read:

(11) If the Commission shall be of the opinion that any such existing specified service by water other than through the Panama Canal is being operated in the interest of the public and is of advantage to the convenience and commerce of the people, and advantage to the convenience and commerce of the people, and that such extension will neither exclude, prevent, nor reduce competition on the route by water under consideration, the Commission may, by order, extend the time during which such service by water may continue to be operated. In every case of such extension, the rates, schedules, and practices of such water carrier shall be filed with the Commission and shall be subject to this act and all amendments thereto in all respects.

The amendment was agreed to.

The next amendment was, on page 25, after line 18, to insert:

(12) It shall be unlawful for any carrier by railroad or express company subject to this act to make or enter into any contract, agreement, or arrangement with any corporation, company, firm, or person regardless of ownership providing for the furnishing to or on behalf of such carrier or express company of (a) protective service against heat or cold to property transported or to be transported in interstate commerce, or (b) any type of cars for the transportation of property in interstate commerce, or for any carrier by railroad or express company to continue after January 1, 1940, as a party to any such contract, agreement, or arrangement, unless and until such contract, agreement, or arrangement has been submitted to and approved by the Commission as just, reasonable, and consistent with the public interest.

Mr. CONNALLY. Mr. President, I desire to ask the chairman of the committee or the Senator from Kansas [Mr. Reed] a question relative to paragraph (12) on page 25, which reads in part as follows:

(12) It shall be unlawful for any carrier by railroad or express company subject to this act to make or enter into any contract, agreement, or arrangement with any corporation, company, firm, or person regardless of ownership providing for the furnishing to or on behalf of such carrier or express company of (a) protective service against heat or cold to property transported or to be transported in interstate commerce—

And so forth. Suppose that in the case of perishable fruits and vegetables part of the service is refrigeration: Would this paragraph prevent the carriers from protecting shipments of that kind?

Mr. WHEELER. No; they may protect them. This paragraph merely gives to the Interstate Commerce Commission power to look into the charges made to railroads by private power companies.

Mr. CONNALLY. When the company rents the equipment?

Mr. WHEELER. Yes; when the company rents the equipment.

Mr. CONNALLY. Very well.

The PRESIDING OFFICER. The question is on agreeing to the amendment last stated.

The amendment was agreed to.

The PRESIDING OFFICER. The next amendment reported by the committee will be stated.

The next amendment was, under the subhead "Undue preference and prejudice", on page 27, line 2, after the word "point", to insert "region, district, territory"; in line 5, after the word "point", to insert "region, district, territory", so as to read:

UNDUE PREFERENCE AND PREJUDICE

SEC. 6. It shall be unlawful for any common carrier to make or give any undue or unreasonable preference or advantage to any particular person, company, firm, corporation, association, locality, port, port district, gateway, transit point, region, district, territory, or any particular description of traffic, in any respect whatsoever or to subject any particular person, company, firm, corporation, association, locality, port, port district, gateway, transit point, region, district, territory, or any particular description of traffic to any unjust discrimination or any undue or unreasonable prejudice or disadvantage in any respect whatsoever:

The amendment was agreed to.

The next amendment was, on page 27, line 8, after the word "whatsoever", to insert a colon and the words:

Provided, however, That this section shall not be construed to apply to discrimination, prejudice, or disadvantage by a motor common carrier or a water common carrier to the traffic of any other carrier of whatever description: Provided further, That differences in the classifications, rates fares, charges, rules, regulations, and practices of a water carrier in respect of water cansportation from those in effect by a rail carrier with respect to rail transportation shall not, in and of themselves, be deemed to constitute unjust discrimination, prejudice, or disadvantage, or an unfair or destructive competitive practice within the meaning of section 1 of this act."

Mr. NORRIS. Mr. President, referring to the amendment on page 27 just read, I do not intend to offer an amendment to it; but I did intend to do so until I talked to the chairman of the committee about the matter.

It seems to me that the words "in and of themselves," on page 27, line 17, ought to be stricken out. I think that should be done for the benefit of river transportation; but I suggested that amendment to the chairman of the committee, and he tells me that that very language was put into the bill at the request of the water carriers. It seems to me that if a

case should arise out of that language it might injure the case of the water carriers. If any question does arise about the matter, the attention of the Interstate Commerce Commission, at least, will be called to the fact that Congress put in this language for a reason exactly opposite to that for which the carriers wanted it in.

The proviso to which I refer reads as follows:

Provided further, That differences in the classifications, rates, fares, charges, rules, regulations, and practices of a water carrier in respect of water transportation from those in effect by a rail carrier with respect to rail transportation shall not, in and of themselves, be deemed to constitute unjust discrimination, prejudice, or disadvantage, or an unfair or destructive competitive practice within the meaning of section 1 of this act.

One fear, and so far as I know, practically the only fear I have had about this proposed legislation, is that which is shared by many people who want to preserve water transportation on the inland rivers of the United States and who are apprehensive that the bill will inure to their detriment. think their fear is groundless. I think the chairman of the committee was right when, in effect, he said so. I believe the water carriers have no honorable right to ask that other kinds of carriers be regulated and that they remain unregulated. Either none of them should be regulated or all of them should be regulated. But the fear of the water carriers, groundless as perhaps it is, has incited in the minds of a great many honest persons the belief that if this bill becomes a law, the Interstate Commerce Commission will impose upon water carriers conditions which will be unfair, because the Commission will forget and neglect to consider the inherent advantages which water transportation on the rivers has over rail transportation in regard to a great many different kinds of freight.

I share that fear. I do not think it is sufficient reason, however, why the water carriers should object to any kind of regulation applying to them.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. NORRIS. I yield to the Senator from Missouri.

Mr. CLARK of Missouri. Does not the Senator believe that that fear very naturally arises from the fact that the Interstate Commerce Commission is essentially a railroad-minded body? And that is no reflection on the personnel of the Commission, either past or present. It seems to me to be almost inevitable that the Interstate Commerce Commission should be a railroad-minded body, because all of its experience and all of its precedents have to do with the regulation of railroads; and the fear the people have is that by subjecting water carriers to regulation by a hostile commission, great disservice may be done to the public.

So far as I am concerned, it does not make any difference to me what may be the attitude of the water carriers. The people in whom I am interested, and those in whom I know the Senator from Nebraska is interested, are the shippers in the great inland empire between the two oceans. It seems to me the fear may be very well grounded that we are turning over the regulation of the water carriers—developed in the public interest, and certainly to a great extent at public expense—to a hostile organization which would not be interested in preserving that very necessary service to the people of the inland empire of the United States.

Mr. NORRIS. Mr. President, I thank the Senator from Missouri for his very fine suggestion. However, I do not completely share with him the belief that the people have reason to entertain such a fear.

Heretofore, under the law the Interstate Commerce Commission has had to deal with railroads, not with water transportation; but I feel that our fear comes from past experience. We all know that the time was when water transportation on the Mississippi River, for instance, flourished. We have improved the river; we have improved its tributaries; and transportation ought to have increased at a tremendous rate. It did not do so, mainly, as I think, because the railroads coming in competition with that water transportation cut their rates away down below cost, and

drove water transportation off the rivers. When the boats were driven off, the railroads raised their rates, and the country did not get the benefit it should have received from the use of our rivers for navigation, considering the money of the taxpayers which had been spent to improve that method of transportation.

Mr. President, I cannot understand why the Interstate Commerce Commission should be prejudiced against water transportation. If this bill shall go into effect, even as the law stands now, the railroads will not be at liberty to use their own judgment and cut their rates down to any point they may see fit to decide on. Still there rises the fear in

our minds that such a thing might occur.

From my examination of the bill I do not believe that the committee could have gone further than it has gone in attempting to allay the fear. The water carriers certainly have no moral right, as I see the matter, to say to the railroads, "You must be regulated, but we must not be regulated"; in other words, giving them an opportunity to do just what the railroads did a few years ago. It would be just as bad if the water carriers people did it as though the railroads did it.

My own idea is that it is perfectly natural, it is human nature, for those engaged in one form of transportation to try to get an advantage over those engaged in another form of transportation. I do not charge it as being dishonest. As business goes, and as it is looked upon now, it is perhaps a perfectly honorable thing to do. But here is a bill in which we are attempting to be just to all kinds of transportation and to allay any fear which might arise. It seems to me that for those who are friends of water transportation the words I have read, "in and of themselves," weaken our case. I had intended to offer the amendment on the floor of the Senate until I learned that it was inserted at the instance of the very people I was trying to befriend when attempting to strike that provision out. So I shall not offer the amendment.

Mr. REED. Mr. President will the Senator yield?

Mr. NORRIS. I yield.

Mr. REED. May I inquire of the Senator from Nebraska about how long ago it was when, as he states, the railroads cut the rates in order to take traffic off the Missouri River?

Mr. NORRIS. I did not state they did it in order to take traffic off the Missouri River. I cannot answer the question as to the exact number of years.

Mr. REED. I wonder whether the Senator had in mind any time within the last 20 years.

Mr. NORRIS. Yes.

Mr. REED. So far as the Missouri River is concerned, I can answer the Senator from first-hand knowledge that the railroads have made no reduction in rates on the Missouri River in the last 20 years, during which time I have had a first-hand knowledge of railroad rates, in order to affect traffic on the Missouri River.

Mr. NORRIS. I was not speaking of the Missouri River, although that is one of the rivers on which there is such transportation. At the present time, however, it is not in such an improved condition that there can be much traffic. It is now being improved. The building of Fort Peck Dam in Montana, in my judgment, is going to very greatly increase the possibility of traffic in freight on the Missouri River.

Mr. WHEELER. Mr. President, the language was inserted at the instance of the Senator from Minnesota [Mr. Shipstead] because of his desire to protect some of his con-

stituents.

The PRESIDING OFFICER. The question is on agreeing to the amendment on page 27, line 8.

The amendment was agreed to.

Mr. SHIPSTEAD subsequently said: Mr. President, I ask unanimous consent that the vote by which the committee amendment, on page 27, beginning in line 8, was agreed to be reconsidered.

The PRESIDING OFFICER. Without objection, the vote is reconsidered.

Mr. SHIPSTEAD. On page 27, line 17, in the committee amendment, I move that the first four words in the line, "in

and of themselves", be stricken out. I understand they were put in through a misunderstanding.

Mr. WHEELER. I have no objection.

The PRESIDING OFFICER. Without objection, the amendment offered by the Senator from Minnesota to the amendment reported by the committee is agreed to. Without objection, the amendment as amended is agreed to.

The clerk will state the next amendment of the committee. The next amendment was, under the heading "Filing of tariffs by common carriers", on page 28, line 7, after the word "thereunder", to insert "If no joint rate over the through route has been established, the several carriers in such through route shall file, print, and keep open to public inspection, the separately established rates, fares, and charges applied to the through transportation. The tariffs printed as aforesaid by any such common carrier shall plainly state the places between which property and passengers will be carried, and shall contain the classification of freight in force, and shall also state separately all terminal charges, storage charges, icing charges, and all other charges which the Commission may require, all privileges or facilities granted or allowed and any rules or regulations which in any wise change, affect, or determine any part or the aggregate of such aforesaid rates, fares, and charges, or the value of the service rendered to the passenger, shipper, or consignee. The provisions of this section shall apply to all traffic, transportation, and facilities defined in this act", so as to read:

Sec. 7. (1) Every common carrier shall file with the Commission and print and keep open to public inspection tariffs showing all rates, fares, charges, classifications, rules, regulations, and practices for transportation subject to this act between points on its own route and between points on its own route and points on the route of any other such carrier, when a through route and joint rate shall have been established, and all services in connection therewith, all privileges and facilities granted or allowed and all rules, regulations, or practices affecting such rate, fare, charge, or classification or the value of the service thereunder. If no joint rate over the through route has been established, the several carriers in such through route shall file, print, and keep open to public inspection, the separately established rates, fares, and charges applied to the through transportation. The tariffs printed as aforesaid by any such common carrier shall plainly state the places between which property and passengers will be carried, and shall contain the classification of freight in force, and shall also state separately all terminal charges, storage charges, icing charges, and all other charges which the Commission may require, all privileges or facilities granted or allowed and any rules or regulations which in any wise change, affect, or determine any part or the aggregate of such aforesaid rates, fares, and charges, or the value of the service rendered to the passenger, shipper, or consignee. The provisions of this section shall apply to all traffic, transportation, and facilities defined in this act. Such rates, fares, and charges shall be stated in terms of lawful money of the United States. The tariffs required by this section shall be published, filed, and posted in such form and manner, and shall contain such information as the Commission, by regulation, shall prescribe; and the Commission is authorized to reject, prior to the effective date thereof, any tariff filed with it which is not in consonance

The amendment was agreed to.

The next amendment was, on page 30, after line 18, to insert:

(5) The names of the several carriers which are parties to any joint tariff shall be specified therein, and each of the parties thereto, other than the one filing the same, shall file with the Commission such evidence of concurrence therein or acceptance thereof as may be required or approved by the Commission, and where such evidence of concurrence or acceptance is filed it shall not be necessary for the carriers filing the same to also file copies of the tariffs in which they are named as parties.

The amendment was agreed to.

The next amendment was, under the heading "Filing of schedules by contract carriers", on page 31, line 8, after the word "charges", to insert "containing"; in line 10, after the word "thereunder", to strike out "or, in the discretion of the Commission" and insert "and, if the Commission so orders"; and in line 13, after the word "this", to strike out "act, and" and insert "act: Provided, That such contracts, charters, agreements, or undertakings shall not be open for

public inspection unless the Commission upon investigation determines that any contract carrier in competition with any common carrier enjoys a favorable competitive position by reason of the fact that his contract is not open for public inspection, in which event the Commission may require that such contract carrier publish, post, and keep open for public inspection, a complete and exact copy of his contract, charter, agreement, or undertaking", so as to read:

SEC. 8. It shall be the duty of every contract carrier to file with the Commission, publish, post, and keep open for public inspection, in accordance with such rules and regulations as the Commission shall prescribe, schedules of minimum rates, fares, or charges, containing any rule, regulation, or practice affecting such charges and the value of the service thereunder and, if the Commission shall prescribe, schedules of provided the provided that the commission is a superior of the service thereunder and the commission of the service there is a service there is a service the servi mission so orders, complete and exact copies of every contract, charter, agreement, or undertaking for transportation subject to this act: *Provided*, That such contracts, charters, agreements, or undertakings shall not be open for public inspection unless the Commission, upon investigation, determines that any contract carcommission, upon investigation, determines that any contract carrier in competition with any common carrier enjoys a favorable competitive position by reason of the fact that his contract is not open for public inspection, in which event the Commission may require that such contract carrier publish, post, and keep open for public inspection, a complete and exact copy of his contract, charter, agreement, or undertaking. No contract carrier, unless otherwise provided by this act, shall engage in transportation subject to this act unless the minimum rates, fares, and charges or the contracts, charters, agreements, and undertakings for such otherwise provided by this act, shall engage in transportation subject to this act unless the minimum rates, fares, and charges or the contracts, charters, agreements, and undertakings for such transportation by said carrier have been published, filed, and posted in accordance with the provisions of this act. No reduction shall be made in any such rate, fare, or charge, either directly or by means of any change in any rule, regulation, or practice affecting such rate, fare, or charge or the value of service thereunder, except after 30 days' notice of the proposed change filed in the aforesaid form and manner; but the Commission may, in its discretion and for good cause shown, allow such change upon less notice, or modify the requirements of this section with respect to posting and filing of such schedules or copies of contracts, either in particular instances or by general order applicable to special or peculiar circumstances or conditions. Such notice shall plainly state the change proposed to be made and the time when such change will take effect. No such carrier shall demand, charge, or collect a less compensation for such transportation than the rates, fares, and charges filed in accordance with this section, as affected by any rule, regulation, or practice so filed, or as may be prescribed by the Commission from time to time, and it shall be unlawful for any such carrier, by the furnishing of special services, facilities, or privileges or by any other device whatsoever, to charge, accept, or receive less than the minimum rates, fares, or charges so filed or prescribed.

The amendment was agreed to.

The next amendment was, under the heading "Free and reduced rate transportation", on page 34, line 21, after the word "visitation", to insert "or be construed to prohibit any common carrier from giving reduced rates to ministers of religion, or to municipal governments for the transportation of indigent persons", so as to read:

Sec. 9. (1) No carrier shall, directly or indirectly, issue or give any interstate free ticket, free pass, or free transportation for pas-sengers, except to its officers, agents, and employees, and their families, and its surgeons, physicians, and attorneys at law; executive officers, general chairmen, and counsel of employees' organizations when such organizations are duly authorized and designated to represent employees in accordance with the provisions of the Railway Labor Act; to ministers of religion, traveling secretaries of railroad Young Men's Christian Associations, inmates of hospitals and charitable and eleemosynary institutions, and persons exclusively engaged in charitable and eleemosynary work; to inexclusively engaged in charitable and eleemosynary work; to indigent, destitute, and homeless persons, and to such persons when transported by charitable societies or hospitals, and the necessary agents employed in such transportation; to inmates of the national homes or State homes for disabled volunteer soldiers, and of soldiers and sailors' homes, including those about to enter and those returning home after discharge; to necessary caretakers of livestock, poultry, milk, and fruit; to employees on sleeping cars, express cars, and to linemen of telegraph and telephone companies; to Railway Mail Service employees, post-office inspectors, customs inspectors Mail Service employees, post-office inspectors, customs inspectors, and immigration inspectors; to newsboys on trains, baggage agents, witnesses attending any legal investigation in which the carrier is interested; persons injured in wrecks and physicians and nurses attending such persons; to inmates of soldiers and sailors' orphan homes, including those about to enter and those returning home after discharge, under arrangements with the board of managers of said homes; to the transportation of any totally blind person accompanied by a guide or seeing-eye dog or other guide dog specially trained and educated for that purpose at the usual ordinary fare charged to one person, under such reasonable regulations as may have been established by the carrier: *Provided*, That nothing in this act shall prohibit any carrier from carrying passengers free with the object of providing relief in cases of general epidemic, pestilence, or other calamitous visitation or be construed to prohibit any common carrier from giving reduced rates to ministers of religion, or to municipal governments for the transportation of indigent persons.

The amendment was agreed to.

The next amendment was, on page 36, line 24, after the word "Nothing", to insert "in this act shall prevent the free carriage, storage, or handling by a carrier of the household goods and other personal effects of its own officers, agents, or employees when required to move from one place to another at the instance or in the interest of such carrier. And nothing"; on page 37, line 7, before the word "or," to strike out "government" and insert "governments"; and in line 9, after the word "thereat," to insert a colon and the following proviso: "Provided, That section 3709, Revised Statutes (U. S. C., title 41, sec. 5), shall not hereafter be regarded or construed as requiring advertising for bids in connection with the procurement of transportation services when the services required can be procured from any common carrier lawfully operating in the territory where such services are to be performed", so as to read:

(4) Nothing in this act shall prevent the free carriage, storage, or handling by a carrier of the household goods and other personal effects of its own officers, agents, or employees when required to move from one place to another at the instance or in the interest of such carrier. And nothing in this act shall prevent the carriage, storage, or handling of property, or the transportation of persons, free or at reduced rates for the United States, State, or municipal governments, or the transportation of property for charitable purposes, or to or from fairs and expositions for exhibition thereat: *Provided*, That section 3709, Revised Statutes (U. S. C., title 41, sec. 5), shall not hereafter be regarded or construed as requiring advertising for bids in connection with the procurement of transportation services when the services required can be procured from any common carrier nection with the procurement of transportation services when the services required can be procured from any common carrier lawfully operating in the territory where such services are to be

The amendment was agreed to.

The next amendment was, under the heading "Car service, facilities for interchange of traffic, voluntary pooling, etc.", on page 39, line 12, after the word "railroad" and the period, to strike out "This section does not apply to carriers by air", so as to read:

SEC. 10. (1) The term "car service," as used in this act, shall include the use, control, supply, movement, distribution, exchange, interchange, and return of locomotives, cars, and other vehicles used in the transportation of property, including special types of equipment, and the supply of trains, by any common carrier by railroad.

The amendment was agreed to.

The next amendment was, on page 46, line 3, after the word "railroad", to insert "and by water", and in line 9, before the word "and", to insert "and water", so as to read:

(12) All common carriers by railroad and by water shall, according to their respective powers, afford all reasonable, proper, and equal facilities for the interchange of traffic between their respective lines and for the receiving, forwarding, and delivering of passengers or property to and from their several lines and connecting lines of railroad and water and shall not discriminate in their rates, fares, and charges between such connecting lines or unduly prejudice any such connecting line in the distribution of traffic that is not specifically routed by the shipper.

The amendment was agreed to.

The next amendment was, on page 46, line 13, after the word "carrier", to strike out "of property", and in line 15, after the word "transportation", to strike out "of property in interstate or foreign commerce" and insert "in which it is engaged subject to this act. The regulation of such transportation and of the procurement thereof, and the provision of facilities therefor, is vested in the Interstate Commerce Commission, and the Commission may establish reasonable requirements with respect to continuous and adequate service for the transportation of baggage and express by such common carriers", so as to read:

(13) It shall be the duty of every common carrier by motor vehicle to provide safe and adequate service, equipment, and facilities for the transportation in which it is engaged subject to this act. The regulation of such transportation and of the procurement thereof, and the provision of facilities therefor, is vested in the Interstate Commerce Commission, and the Commission may

establish reasonable requirements with respect to continuous and adequate service for the transportation of baggage and express by such common carriers.

The amendment was agreed to.

The next amendment was, on page 48, line 11, after the word "carrier", to insert "by railroad or by water"; in line 13, before the word "carrier", to insert "such"; in the same line, after the word "for", to insert "the"; in the same line, after the word "or" where it occurs the second time, to strike out "apportioning earnings, losses, traffic or service" and insert "division of earnings, traffic, or service, or of any portion thereof"; in line 23, after the word "earnings", to strike out "losses", so as to read:

"losses", so as to read:

(16) Except upon specific approval by order of the Commission as in this paragraph provided and except as provided in paragraph (7) of this section, it shall be unlawful for any carrier by railroad or by water to enter into any contract, agreement, or combination, with any other such carrier or carriers for the pooling or division of earnings, traffic, or service, or of any portion thereof: Provided, That whenever the Commission is of opinion, after hearing upon application of any carrier or carriers or upon its own initiative, that the division of traffic, service, or earnings, to the extent indicated by the Commission, will be in the interest of better service to the public or economy in operation and will not unduly restrain competition, the Commission shall have authority by order to approve and authorize, if assented to by all the carriers involved, such division of earnings, traffic, or service, under such rules and regulations and for such consideration as between such carriers and upon such terms and conditions as shall be found by the Commission to be just and reasonable in the premises.

The amendment was agreed to

The amendment was agreed to.

Mr. WHEELER. Mr. President, I ask that the amendment beginning, on line 2, page 49, down to and including the word "carriers", on line 13, page 50, be temporarily passed over, because those are two controversial provisions which I agreed

Mr. McNARY. Mr. President, should not the whole of the subdivision go over? There is a proviso, on line 13, page 50, which may have some reference to the subject matter which

Mr. WHEELER. I do not think it does; I am sure it does not. However, if it does have reference to it, we will take

Mr. McNARY. Very well. It seems to me that the language, on line 15, page 50, has relation to that which precedes it.

Mr. WHEELER. I am perfectly willing to have all the text down to the word "authorized" in line 9, page 51, go over.

The PRESIDING OFFICER. Under the unanimous-consent agreement, the clerk will state the amendment in line 24, page 51.

The CHIEF CLERK. Under the heading "Combinations to prevent continuous carriage of freight", on page 51, line 24, after the word "carrier", it is proposed to insert "by railroad", so as to read:

SEC. 11. It shall be unlawful for any carrier by railroad to enter into any combination, contract, or agreement, expressed or implied, to prevent, by change of time schedule, carriage in different cars, or by other means or devices, the carriage of freights from being continuous from the place of shipment to the place of destination, and no break of bulk, stoppage, or interruption made by such carrier shall prevent the carriage of freights from being and being treated as one continuous carriage from the place of shipment to the place of destination, unless such break, stoppage, or interruption was made in good faith for some necessary purpose, and without any intent to avoid or unnecessarily interrupt such continuous carriage or to evade any of the provisions of this act.

The amendment was agreed to.

The next amendment was, under the heading "Commodities clause", on page 52, after line 12, to strike out:

SEC. 12. It shall be unlawful for any carrier by railroad and, on and after January 1, 1941, it shall be unlawful for any carrier, other than a carrier by air, to transport, in commerce subject to this act, any article or commodity, other than timber and the manufactured products thereof, manufactured, mined, or produced by or under the authority of such carrier or any subsidiary, affiliate, or controlling person of such carrier, or any such article or commodity in which such carrier, subsidiary, affiliate, or controlling person has any interest, direct or indirect, legal or equitable, except such articles or commodities as may be necessary or intended for use in the conduct of the carrier business of such carrier.

And insert in lieu thereof the following:

SEC. 12. It shall be unlawful for any railroad company to trans-SEC. 12. It shall be unlawful for any railroad company to transport from any State, Territory, or the District of Columbia, to any other State, Territory, or the District of Columbia, or to any foreign country, any article or commodity, other than timber and the manufactured products thereof, manufactured, mined, or produced by it, or under its authority, or which it may own in whole or in part, or in which it may have any interest, direct or indirect, except such articles or commodities as may be necessary and intended for its use in the conduct of its business as a common carrier.

The amendment was agreed to.

The next amendment was, under the heading "Collection or rates and charges; beneficial ownership", on page 54, line 6, after the word "No", to insert "common", and in line 15, after the word "any", to insert "common", so as to read:

SEC. 14. (1) No common carrier shall deliver or relinquish possession at destination of any freight transported by it until all tariff rates and charges thereon have been paid, except under such rules and regulations as the Commission may from time to time prescribe to govern the settlement of all such rates and charges, including rules and regulations for periodical settlement, and to prevent unjust discrimination or undue preference or prejudice: *Provided*, That the provisions of this paragraph shall not be construed to prohibit any common carrier from extending credit in connection with rates and charges on freight transported for the United States, for any department, bureau, or agency for the United States, for any department, bureau, or agency thereof, or for any State or political subdivision thereof.

The amendment was agreed to.

The next amendment was, under the heading "Unauthorized disclosure of information", on page 56, line 22, after the word "be", to insert "or is"; in line 23, after the word "may", to insert "or does"; on page 57, line 2, after the "may", to insert "or does, on page 31, like 2, after the word "may be", to insert "or is"; and in line 12, after the word "brokers" and the period, to strike out "This section does not apply to carriers by air", so as to read:

does not apply to carriers by air", so as to read:

Sec. 15. It shall be unlawful for any carrier or broker or any officer, lessee, agent, or employee of such carrier, broker, or person, or for any other person authorized by such carrier, broker, or person to receive information, knowingly to disclose to, or permit to be acquired by any person, other than the shipper or consignee, without the consent of such shipper or consignee, any information concerning the nature, kind, quantity, destination, consignee, or routing of any property tendered or delivered to such carrier or broker for transportation subject to this act, which information may be or is used to the detriment or prejudice of such shipper or consignee, or which may or does improperly disclose his business transactions to a competitor; and it shall also be unlawful for any person to solicit or knowingly receive any such information which may be or is so used. Nothing in this act shall be construed to prevent the giving of such information in response to any legal process issued under the authority of any court, or to any officer or agent of the Government of the United States or of any State or Territory, in the exercise of his powers, or to any other officer or other duly authorized person seeking such information for the prosecution of persons charged with or suspected of crimes, or to another carrier or broker, or its duly authorized agent, in the ordinary course of business of such carriers or brokers.

The amendment was agreed to.

The amendment was agreed to.

Mr. BYRD. Mr. President, I should like to ask the chairman of the committee why section 12 relates only to railroads? Mr. WHEELER. That is the commodities clause, and it is the present law.

The PRESIDING OFFICER. The clerk will state the next amendment of the committee.

The next amendment was, under the heading "Right of shipper to route", on page 58, line 3, after the word "common", to strike out "carrier" and insert "carrier by railroad"; and on page 59, line 1, after the word "transported", to strike out the colon and "And provided further, That this section shall not apply to carriers by air", so as to read:

SEC. 17. (1) In all cases where, at the time of delivery of property to any common carrier by railroad for transportation subject to the provisions of this act, to any point of destination between which and the point of such delivery for shipment two or more through routes and through rates shall have been established, as in this act provided, to which through routes and through rates such carrier is provided, to which through routes and through rates such carrier is a party, the person making such shipment, subject to such reasonable exceptions and regulations as the Commission shall from time to time prescribe, shall have the right to designate in writing by which of such through routes such property shall be transported to destination, and it shall thereupon be the duty of the initial carrier to route said property and issue a through bill of lading therefor as so directed and to transport said property over its own line or lines

and deliver the same to a connecting line or lines according to such through route, and it shall be the duty of each of such connecting through route, and it shall be the duty of each of such connecting carriers to receive said property and transport it over said line or lines and deliver the same to the next succeeding carrier or consignee, according to the routing instructions in said bill of lading: Provided, however, That the shipper shall in all instances have the right to determine, where competing lines or carriers constitute portions of a through line or route, over which of said competing lines or carriers so constituting a portion of said through line or route his traffic shall be transported.

The amendment was agreed to.

The next amendment was, under the heading "Liability for loss and damage", on page 61, line 10, before the word "carrier", to insert "common"; in line 11, after the word "determined", to insert "by the bill of lading of the carrier by water and"; in line 15, after the word "water", to insert a colon and "Provided, That nothing in this act shall limit the right of a water carrier to publish 'uninsured' rates"; on page 62, line 10, before the word "which", to strike out "schedule"; and on page 64, line 3, after the word "thereof" and the period, to strike out "This section does not apply to carriers by air", so as to read:

SEC. 18. (1) Any common carrier receiving property for transportation subject to this act, shall issue a receipt or bill of lading therefor, and shall be liable to the lawful holder thereof for any therefor, and shall be liable to the lawful holder thereof for any loss, damage, or injury to such property caused by it or by any common carrier to which such property may be delivered or over whose line or lines such property may pass within the United States or within an adjacent foreign country when transported on a through bill of lading, and no contract, receipt, rule, regulation, or other limitation of any character whatsoever, shall exempt such common carrier from the liability hereby imposed; and any such common carrier so receiving property for transportation subject to this act, or any common carrier delivering said property so received and transported, shall be liable to the lawful holder of said receipt or bill of lading or to any party entitled to recover thereon, whether such receipt or bill of lading has been issued or not, for the full actual loss, damage, or injury to such property caused by it or by any such common carrier to which such property may be delivered or over whose line or lines such property may pass within the United States or within an adjacent foreign country when transported on a through bill of lading, notwithstanding any limitation of liability or limitation of the amount of recovery or representation or agreement as to value in notwithstanding any limitation of liability or limitation of the amount of recovery or representation or agreement as to value in any such receipt or bill of lading, or in any contract, rule, regulation, or in any tariff filed with the Commission; and any such limitation, without respect to the manner or form in which it is sought to be made, is hereby declared to be unlawful and void: Provided, That if the loss, damage, or injury occurs while the property is in the custody of a common carrier by water the liability of such carrier shall be determined by the bill of lading of the carrier by water and by and under the laws and regulations applicable to transportation by water, and the liability of the initial or delivering carrier shall be the same as that of such carrier by water: Provided, That nothing in this act shall limit the right of a water carrier to publish "uninsured" rates: Provided, however, That the provisions hereof respecting liability for full actual loss, damage, or injury, notwithstanding any limitation of liability or damage, or injury, notwithstanding any limitation of liability or recovery or representation or agreement or release as to value, and declaring any such limitation to be unlawful and void, shall not apdeclaring any such limitation to be unlawful and void, shall not apply, first, to baggage carried on passenger trains, motor vehicles, or boats carrying passengers; second, to property, except ordinary livestock, received for transportation concerning which the common carrier shall have been or shall hereafter be expressly authorized or required by order of the Commission to establish and maintain rates dependent upon the value declared in writing by the shipper or agreed upon in writing as the released value of the property, in which case such declaration or agreement shall have no other effect then to limit liability and recovery to an amount not exceedwhich case such declaration or agreement shall have no chereffect than to limit liability and recovery to an amount not exceeding the value so declared or released, and shall not, so far as relates to values, be held to be a violation of section 51 of this act; and any tariff which may be filed with the Commission pursuant to such order shall contain specific reference thereto and may establish rates varying with the value so declared and agreed the rest of the Commission is bearedy employed to make such may establish rates varying with the value so declared and agreed upon; and the Commission is hereby empowered to make such order in cases where rates dependent upon and varying with declared or agreed values would, in its opinion, be just and reasonable under the circumstances and conditions surrounding the transportation. The term "ordinary livestock" shall include all cattle, swine, sheep, goats, horses, and mules, except such as are chiefly valuable for breeding, racing, show purposes, or other special uses: Provided further, That nothing in this section shall deprive any holder of such receipt or bill of lading of any remedy or right of action which he has under the existing law: Provided deprive any holder of such receipt or bill of lading of any remedy or right of action which he has under the existing law: Provided further, That all actions brought under and by virtue of this paragraph against the delivering carrier shall be brought, and may be maintained, if in a district court of the United States, only in a district, and if in a State court, only in a State, through or into which the defendant carrier operates: Provided further, That it shall be unlawful for any such receiving or delivering common

carrier to provide by rule, contract, regulation, or otherwise a shorter period for the filing of claims than 6 months, and for the institution of suits than 1 year, such period for institution of suits to be computed from the day when notice in writing is given by the carrier to the claimant that the carrier has disallowed the claim or any part or parts thereof specified in the notice: Provided further, That for the purposes of this paragraph and of paragraph (2) the delivering common carrier shall be construed to be the common carrier performing the line-haul service nearest to the point of destination and not a carrier performing merely a switching or terminal service at the point of destination:

And provided further, That the liability imposed by this paragraph shall also apply in the case of property reconsigned or diverted in accordance with the applicable tariffs filed as in this act provided. provided.

The common carrier issuing such receipt or bill of lading, or delivering such property so received and transported, shall be entitled to recover from the common carrier on whose line the loss, damage, or injury shall have been sustained, the amount of such loss, damage, or injury as it may be required to pay to the owners of such property, as may be evidenced by any receipt, judgment, or transcript thereof.

The amendment was agreed to.

The next amendment was, under the heading "Accounts, records, reports, etc.", on page 65, line 21, after the word 'Commission", to strike out the semicolon and "and if any carrier, person, or corporation subject to the provisions of this act shall fail to make and file said annual reports within the time above specified, or within the time extended by the Commission, for making and filing the same, or shall fail to make specific and full, true, and correct answer to any questions authorized by the provisions of this section within 30 days from the time it is lawfully required so to do, such party shall forfeit to the United States the sum of \$100 for each and every day it shall continue to be in default with respect thereto", and on page 66, line 17, after the word "forfeitures", to strike out "last above provided" and insert "provided in section 51 (16) of this act", so as to read:

(2) Said annual reports shall contain all the required statistics for the period of 12 months ending on the 30th day of June in each year, or on the 31st day of December in each year if the each year, or on the 31st day of December in each year if the Commission by order substitute that period for the year ending June 30, and shall be made out under oath and filed with the Commission at its office in Washington within 3 months after the close of the year for which the report is made, unless additional time be granted in any case by the Commission. The Commission shall also have authority by general or special orders to require said carriers, or any of them, to file monthly reports of earnings and expenses, and to file periodical or special, or both periodical and special, reports concerning any matters about which the Commission is authorized or required by this or any other law to inquire or to keep itself informed or which it is required to enforce; and such periodical or special reports shall be under oath whenever the Commission so requires; and if any such carrier shall fail to make and file any such periodical or special report within the time fixed by the Commission, it shall be subject to within the time fixed by the Commission, it shall be subject to the forfeitures provided in section 51 (16) of this act, which forfeitures shall be recovered in the manner provided in this

The amendment was agreed to.

The next amendment was, on page 69, after line 5, to insert:

(7) The Commission shall at all times have access to, and through duly accredited special agents or examiners shall have authority to inspect, copy, and examine all accounts, records, and memoranda, including documents, papers, and correspondence, of all corporations, companies, firms, or persons which furnish cars or protective service against heat or cold to or on behalf of any carrier by railroad service against heat or cold to or on behalf of any carrier by railroad or express company subject to this act or which furnish any type of cars: Provided, however. That such authority granted to the Commission shall be limited to accounts, records, and memoranda which pertain or relate to the cars or protective service so furnished. The Commission shall further have authority, in its discretion, to prescribe the forms of any and all accounts, records, and memoranda to which it is hereby given access, and to require the corporations, companies, firms, or persons furnishing such cars or protective service, as aforesaid, to submit such reports and information, from time to time, relative to such cars or service, as the Commission may deem processary or useful in the performance of its Commission may deem necessary or useful in the performance of its

The amendment was agreed to.

The next amendment was, on page 70, line 12, after the word "to", to strike out "persons owning railroads subject to this act, but shall not apply to carriers by air" and insert "any corporation which is not a carrier but which is authorized

by order under section 49 hereof to acquire control of any carrier or two or more carriers", so as to read:

(10) This section shall also apply to brokers and, to the extent deemed necessary by the Commission, to any corporation which is not a carrier but which is authorized by order under section 49 hereof to acquire control of any carrier or two or more carriers.

The amendment was agreed to.

The next amendment was, under the heading "Damages for violation of act", on page 70, line 18, after the word "carrier", to insert "by railroad", and in line 22, after the word "carrier", to insert "by railroad", so as to read:

DAMAGES FOR VIOLATION OF ACT

SEC. 20. In case any carrier by railroad shall do, or cause to be done, or permit to be done, any act, matter, or thing in this act prohibited or declared to be unlawful, or shall omit to do any act, matter, or thing in this act required to be done, such carrier by railroad shall be liable to the person injured thereby for the full amount of damages sustained by said person in consequence of any such violation of the provisions of this act, together with a reasonable counsel or attorney's fee, to be fixed by the court in every case of recovery, which attorney's fee shall be taxed and collected as part of the costs in the case.

The amendment was agreed to.

The next amendment was, under the heading "Remedies", on page 71, line 6, after the word "carrier", to strike out "or broker" and insert "by railroad", and in line 9, after the word "carrier", to strike out "or broker", so as to read:

SEC. 21. (1) Any person or persons claiming to be damaged by any carrier by railroad may either make complaint to the Commission as hereinafter provided for, or may bring suit in his or their own behalf for the recovery of the damages for which such carrier may be liable under the provisions of this act, in any district court of the United States of competent jurisdiction; but such person or persons shall not have the right to pursue both of said remedies, and must in each case elect which one of the two methods of procedure herein provided for he or they will adopt. In any such action brought for the recovery of damages the court before which the same shall be pending may compel any director, officer, receiver, trustee, or agent of the corporation or director, officer, receiver, trustee, or agent of the corporation or company defendant in such suit to attend, appear, and testify in such case, and may compel the production of the books and papers of such corporation or company party to any such suit; the claim that any such testimony or evidence may tend to criminate the person giving such evidence shall not excuse such witness from testifying, but such evidence or testimony shall not be used against such person on the trial of any criminal proceeding.

The amendment was agreed to.

The next amendment was, on page 73, line 5, before the word "any", to strike out "If" and insert "(a) In addition to the penalties provided in section 51 of this act"; in line 22, after the word "to", to insert "either"; and on page 74, line 2, before the word "to", to strike out "and/or", so as to read:

2, before the word "to", to strike out "and/or", so as to read:

(4) (a) In addition to the penalties provided in section 51 of this act, if any carrier or broker operates in violation of any provision of this act (except as to the reasonableness of rates, fares, or charges and the discriminatory character thereof) or operates in violation of, or falls or neglects to obey any rule, regulation, requirement, or order of the Commission other than for the payment of money, or of any term or condition of any certificate or permit, while the same is in effect, the Commission or its duly authorized agent or any party injured thereby, or the United States, by its Attorney General, may apply to the district court of the United States for any district in which the carrier or broker operates, for the enforcement of such provision or of such rule, regulation, requirement, order, term, or condition. If, after the hearing, the court determines that the rule, regulation, requirement, term, condition, or order was regularly made and duly served, and that the carrier or broker is in disobedience of the same, the court shall have jurisdiction to either enforce obedience thereto by a writ of injunction or other proper process, mandatory or otherwise, to restrain such carrier or broker, its officers, agents, or representatives, from further disobedience thereof, or to enjoin upon it or them obedience to the same.

The amendment was agreed to.

The amendment was agreed to.

The next amendment was, on page 74, after line 3, to insert:

(b) The district courts of the United States shall have jurisdic-(b) The district courts of the United States shall have jurisdiction, upon application of the Attorney General of the United States at the request of the Commission alleging a failure to comply with or a violation of any of the provisions of this act or any act supplemental thereto, by any common carrier, to issue a writ or writs of mandamus commanding such carrier to comply with the provisions of said acts, or any of them.

The amendment was agreed to.

The next amendment was, on page 74, line 12, after the word "carrier", to strike out "or broker" and insert "by railroad", and in line 18, before the word "or", to strike out "the carrier or broker" and insert "such carrier", so as to read:

(5) If a carrier by railroad does not comply with an order of the Commission for the payment of money within the time limit in such order, the complainant, or any person for whose benefit such order was made, may file in the district court of the United States for the district in which he resides or in which is located the principal operating office of such carrier or through which the road or route of the carrier runs, or in any State court of general jurisdiction having jurisdiction of the parties, a petition setting forth briefly the causes for which he claims damages, and the order forth briefly the causes for which he claims damages, and the order of the Commission in the premises. Such suit in the district court of the United States shall proceed in all respects like other civil suits for damages, except that on the trial of such suit the findings and order of the Commission shall be prima facie evidence of the facts therein stated, and except that the petitioner shall not be liable for costs in the district court nor for costs at any subsequent stage of the proceedings unless they accrue upon his appeal. If the petitioner shall finally prevail he shall be allowed a reasonable attorney's fee, to be taxed and collected as part of the costs of the suit.

The amendment was agreed to.

The next amendment was, on page 75, line 9, after the word "carriers", to strike out "or brokers" and insert "by railroad", so as to read:

(6) In such suits all parties in whose favor the Commission may have made an award for damages by a single order may be joined as plaintiffs, and all of the carriers by railroad parties to such order awarding such damages may be joined as defendants, and such suit may be maintained by such joint plaintiffs and against such joint defendants in any district where any one of such joint plaintiffs could maintain such suit against any one of such joint defendants; and service of process against any one of such defendants as may not be found in the district where the suit is brought may be made in any district where such defendant has its principal operating office. In case of such joint suit the recovery, if any, may be by judgment in favor of any one of such plaintiffs, against the defendant found to be liable to such plaintiff.

The amendment was agreed to.

The next amendment was, on page 75, line 22, after the word "person", to insert "or broker"; in line 25, after the word "agents", to insert "or any broker"; on page 76, in line 3, after the word "carrier", to insert "or broker"; and in line 5, after the word "carrier", to insert "or broker", so as to read:

(7) Any person or broker, or any officer or agent thereof, who shall, by payment of money or other thing of value, solicitation, or otherwise, induce or attempt to induce any common carrier, or any of its officers or agents, or any broker, to discriminate unjustly in his favor as against any other consignor or consignee in the transportation of property, or who shall aid or abet any common carrier or broker in any such unjust discrimination, shall, together with said common carrier or broker, be liable, jointly or severally, in an action to be brought by any consignor or consignee discriminated against in any court of the United States of competent jurisdiction for all damages caused by or resulting therefrom, and such cause of action is independent of and separate from the penalties provided in section 51 (4) of this act.

The amendment was agreed to.

The next amendment was, on page 76, line 16, after the word "carrier", to insert "or broker", so as to read:

(8) In any proceeding for the enforcement of the provisions of this act, whether such proceedings be instituted before the Commission or be begun originally in any district court of the United States, it shall be lawful to include as parties, in addition to the carrier or broker, all persons interested in or affected by the rate, regulation, or practice under consideration, and inquiries, investigations, orders, and decrees may be made with reference to and against such additional parties in the same manner, to the same extent, and subject to the same provisions as are or shall be authorized by law with respect to carriers.

The amendment was agreed to.

The next amendment was, under the heading "Limitation of actions", on page 78, line 25, after the word "within", to strike out "1 year" and insert "18 months", so as to read:

SEC. 22. (1) All actions at law by carriers or brokers for recovery of their charges, or any part thereof, shall be begun within 18 months from the time the cause of action accrues, and not after, except as provided in paragraph (5) of this section.

The amendment was agreed to.

The next amendment was, on page 79, line 4, after the word "of", to insert "paragraph (1) of"; in line 6, after the

word "carriers", to insert "by railroad"; and in line 7, after the word "within", to strike out "1 year" and insert "18 months", so as to read:

(2) For the recovery of damages under the provisions of paragraph (1) of section 21, not based on overcharges, action at law shall be begun or complaint filed with the Commission against carriers by railroad or brokers within 18 months from the time the cause of action accrues, and not after, except as provided in paragraph (4) of this section.

Mr. FRAZIER. Mr. President, I ask the chairman of the Committee on Interstate Commerce regarding what I suppose is a compromise of 18 months. As I understand, provision was first made for 1 year, but now the bill contains a provision for 18 months. I wish to ask if 18 months seems to satisfy those who objected to shortening the time to 1 year?

Mr. WHEELER. Yes, Mr. President; it was a compromise. Some persons thought 1 year was too short a time, and everyone seemed to think that if the time were made 18 months it would be perfectly agreeable.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment on page 79, line 4.

The amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next committee amendment.

The next amendment was, on page 79, line 12, after the word "within", to strike out "1 year" and insert "18 months"; in line 16, after the word "the" where it occurs the second time, to strike out "1 year" and insert "18month"; and in line 18, before the word "days", to strike out "90" and insert "120", so as to read:

(3) For the recovery of overcharges action at law shall be begun or complaint filed with the Commission against carriers or brokers within 18 months from the time the cause of action accrues, and not after, except as provided in paragraph (4) of this section, and except that if claim for the overcharge has been presented in writing to the carrier or broker within the 18-month period of limitation said period shall be extended to include 120 days from the time notice in writing is given by the carrier or broker to the claimant of disallowance of the claim, or any part or parts thereof, specified in the notice.

The amendment was agreed to.

The next amendment was, on page 79, line 22, after the word "the", to strike out "1 year" and insert "18-month"; on page 80, line 3, after the word "include", to strike out "90" and insert "120"; and in line 5, after the word "carrier", to insert "or broker", so as to read:

(4) If on or before expiration of the 18-month period of limitation in paragraph (2) or in paragraph (3), a carrier or broker brings action under paragraph (1) for recovery of charges in respect of the same transportation service, or, without beginning action, collects charges in respect of that service, said period of limitation shall be extended to include 120 days from the time such action is begun or such charges are collected by the carrier or broker.

The amendment was agreed to.

The next amendment was, on page 80, line 6, after the word "the" where it occurs the second time, to strike out "1 year" and insert "18-month", so as to read:

(5) If on or before the expiration of the 18-month period of limitation in paragraph (1) a carrier or broker makes written demand for the payment of its charges, said period of limitation shall be extended to include 120 days from the time such demand

The amendment was agreed to.

The next amendment was, on page 80, line 22, after the word "tariffs", to strike out "or schedules", so as to read:

(8) The term "overcharges" as used in this section shall be deemed to mean charges for transportation services in excess of those applicable thereto under the tariffs lawfully on file with

The amendment was agreed to.

The next amendment was, under the heading "Interstate Commerce Commission, joint boards", on page 82, line 9, after the words "rate of", to strike out "\$10,000" and insert "\$9,000"; in line 16, after the word "the", to strike out "Commission," and insert "Commission."; and in line 25, after the word "Commission" and the period, to insert "And to carry out and give effect to the provisions of this act, or to any amendment or supplement thereto, the Commission is hereby authorized to employ special agents or examiners who shall have power to administer oaths, examine witnesses, and receive evidence", so as to read:

SEC. 23. (1) The Commission heretofore created and established known as the Interstate Commerce Commission, shall be composed of 11 Commissioners, with terms of 7 years, who shall be appointed by the President by and with the advice and consent of the Senate. Each Commissioner shall receive compensation at the rate of \$12,000 annually. Any Commissioner may be removed by the President for inefficiency, neglect of duty, or malfeasance in office. Not more than six of the Commissioners shall be appointed from the same political party. No person in the employ of or holding any official relation to any carrier or broker subject to this act, or owning stock relation to any carrier or broker subject to this act, or owning stock or bonds thereof, or who is in any manner pecuniarily interested therein, shall enter upon the duties of or hold such office. Said Commissioners shall not engage in any other business, vocation, or employment. No vacancy in the Commission shall impair the right of the remaining Commissioners to exercise all the powers of the Commission. The terms of the Commissioners holding office at the time this amountary act becomes effective or of any such of the Commission. The terms of the Commissioners holding office at the time this amendatory act becomes effective, or of any successor appointed to fill a vacancy caused by the death or resignation of any such Commissioner, shall expire as heretofore provided by law. Their successors shall be appointed for the full term of 7 years, except that any person appointed to fill a vacancy shall be appointed only for the unexpired term of the Commissioner whom he shall succeed. Upon the expiration of his term of office, a Commissioner shall continue to serve until his successor is appointed and shall have qualified.

missioner shall continue to serve until his successor is appointed and shall have qualified.

(2) The Commission shall appoint a secretary who shall receive compensation at the rate of \$9,000 per annum, and the Commission shall have authority to employ such other employees as it may find necessary to the proper performance of its duties. The compensation of such other employees shall be determined according to the Classification Act of 1923, as amended, insofar as said act is applicable, and to the extent that it is not applicable, shall be fixed by the Commission. The Commission may employ such attorneys as it finds necessary for the legal aid and service of the Commission or its members in the conduct of their work, or for proper representation of the public interest in investigations made by it, or proceedings pending before it, whether at the Commission's own instance or upon complaint, or to appear for or represent the Commission in any case in court; and the expenses of such employment shall be paid out of the appropriation for the Commission. And to carry out and give effect to the provisions of this act, or to any amendment or supplement thereto, the Commission is hereby authorized to employ special agents or examiners who shall have power to administer oaths, examine witnesses, and receive evidence.

The amendment was agreed to.

The next amendment was, on page 84, line 15, after the word "division", to insert "individual Commissioner, or board of employees"; in line 19, after the name "United States", to insert "In accordance with rules prescribed by the Commission, reasonable notice shall be afforded, in connection with any proceeding involving motor-carrier operations subject to this act, to interested parties and to the board of any State, or to the Governor if there is no board, in which the motorcarrier operations involved in the proceeding are or are proposed to be conducted, and opportunity for intervention in any such proceeding for the purpose of making representations to the Commission or for participating in a hearing, if a hearing is held, shall be afforded to all interested parties. The Commission shall, from time to time, by general rules or orders, establish regulations which shall provide for review by a division of the Commission of any decision or determination of an individual Commissioner or of a board of employees, whether application for such review is made by an interested party or upon the division's own motion. It shall be lawful for such division, in its discretion, to grant such a review or to reopen such proceeding for further hearing, if sufficient reason therefor be made to appear. Such general rules or orders of the Commission shall also provide for review by the entire Commission, and appropriate further action with respect thereto, either on its own motion or upon application, of any action of any division of the Commission in cases of certain classes or descriptions of general transportation importance or involving important national issues"; on page 85, line 20, after the word "division", to insert a comma and "individual Commissioner, or board of employees"; and on page 86, line 4, after the word "any", to strike out "division thereof" and insert "division, individual Commissioner, or board of employees thereof", so as to read:

(6) The Commission may conduct its proceedings in such manner as will best conduce to the proper dispatch of business and to the ends of justice. The Commission shall have an official seal, which

shall be judicially noticed. Any member of the Commission may administer oaths and affirmations and sign subpenas. A majority of the Commission shall constitute a quorum for the transaction of business, except as may be otherwise herein provided, but no Commissioner shall participate in any hearing or proceeding in which he has any pecuniary interest. The Commission may from time to time make or amend such general rules or orders as may be requisite for the order and regulation of proceedings before it, or before any division, individual Commissioner, or board of employees of the Commission, including forms of notices and the services thereof, which shall conform as nearly as may be to those in use in the courts of the United States. In accordance with rules prescribed by the Commission, reasonable notice shall be afforded, in connection with any proceeding involving motor-carrier operations subject to this act, to interested parties and to the board of any State, or to the Governor if there is no board, in which the motor-carrier operations involved in the proceeding are or are proposed to be conducted, and opportunity for intervention in any such proceeding for the purpose of making representations to the Commission or for participating in a hearing, if a hearing is held, shall be afforded to all interested parties. The Commission of any decision or determination of an individual Commission of any decision or determination of an individual Commission or any decision or determination of an individual Commission of any decision therefor be made to appear. Such general rules or orders of the Commission shall also provide for review by the entire Commission, and appropriate further action with respect thereto, either on its own motion or upon application, of any action of any division, in dividual Commission shall also provide for review by the entire Commission, and appropriate further action with respect thereto, either on its own motion or upon application, of any action of any division, individual Commission

The amendment was agreed to.

The next amendment was, on page 86, line 13, after the words "and so forth", to insert "or may be designated by the Commission by a term descriptive of the principal subject, work, business, or functions assigned or referred to such divisions under the provisions of this section. The Commission may designate one or more of its divisions as appellate divisions", so as to read:

(7) The Commission is hereby authorized by its order to divide the members thereof into as many divisions (each to consist of not less than three members) as it may deem necessary, which may be changed from time to time. Such divisions shall be denominated, respectively, division 1, division 2, etc., or may be designated by the Commission by a term descriptive of the principal subject, work, business, or functions assigned or referred to such divisions under the provisions of this section. The Commission may designate one or more of its divisions as appellate divisions. Any Commissioner may be assigned to and may serve upon such division or divisions as the Commission may direct, and the senior in service of the Commissioners constituting any of said divisions shall act as chairman thereof. In case of vacancy in any division, or of absence or inability to serve thereon of any Commissioner thereto assigned, the Chairman of the Commission or any Commissioner designated by him for that purpose may temporarily serve on said division until the Commission shall otherwise order.

The amendment was agreed to.

The next amendment was, on page 87, line 4, after the word "functions", to strike out "arising under this act, or under any act amendatory thereof, or supplemental thereto, or under any amendment which may be made to any of said acts, or under any other act or joint resolution which has been or may hereafter be approved, or in respect of" and insert "under any provision of law, or"; in line 15, after the word "functions", to insert "relating to rates, fares, and charges"; and in line 16, after the word "divisions", to insert "or to any individual Commissioner or board of employees", so as to read:

(8) The Commission may by order direct that any of its work, business, or functions under any provision of law, or any matter which has been or may be referred to the Commission by Congress or by either branch thereof, be assigned or referred to any of said divisions for action thereon, and may by order at any time amend, mcdify, supplement, or rescind any such direction: Provided, however, That the Commission shall assign its work, business, or func-

tions relating to rates, fares, and charges to said divisions, or to any individual Commissioner or board of employees, according to the nature of said work, business, or functions and not according to the kind or class of carriers or brokers which may be subject to regulation or the form or mode of transportation in which such carriers or brokers may be engaged. All such orders shall take effect forthwith and remain in effect until otherwise ordered by the Commission.

The amendment was agreed to.

The next amendment was, on page 88, line 12, after the word "the", to strike out "Commission, subject to rehearing by the Commission, as provided in section 31, paragraph (6), hereof for rehearing cases decided by the", and in line 15, after the word "Commission", to insert "Any action by an appellate division in any matter assigned to it, whether upon an application for rehearing or in any subsequent proceedings, shall have the same force and effect, and may be made, evidenced, and enforced, as if made or taken by the Commission. The secretary and seal of the Commission shall be the secretary and seal of each division thereof", so as to read:

(9) In conformity with and subject to the order or orders of the Commission in the premises, each division so constituted shall have power and authority by a majority thereof to hear and determine, order, certify, report, or otherwise act as to any of said work, business, or functions so assigned or referred to it for action by the Commission, and in respect thereof the division shall have all the jurisdiction and powers now or then conferred by law upon the Commission, and be subject to the same duties and obligations. Any order, decision, or report made or other action taken by any of said divisions in respect of any matters so assigned or referred to it shall have the same force and effect, and may be made, evidenced, and enforced in the same manner as if made, or taken by the Commission. Any action by an appellate division in any matter assigned to it, whether upon an application for rehearing or in any subsequent proceedings, shall have the same force and effect, and may be made, evidenced, and enforced, as if made or taken by the Commission. The secretary and seal of the Commission shall be the secretary and seal of each division thereof.

The amendment was agreed to.

The next amendment was, on page 89, line 2, after the article "a", to strike out "committee" and insert "board"; in line 6, after the word "reference", to strike out the colon and "Provided, however, That this authority shall not extend to investigations instituted upon the Commission's own motion nor, without the consent of the parties thereto, to contested proceedings involving the taking of testimony at public hearings"; in line 15, after the word "such", to strike out "committee" and insert "board"; in line 20, after the word "or", to strike out "committee" and insert "board"; on page 90, line 4, after the word "or", to strike out "committee" and insert "board"; in line 7, after the word "Commission" and the period, to strike out "Any party affected by any order, decision, or report of any such individual Commissioner or committee may file a petition for reconsideration or for rehearing by the Commission or a division thereof and every such petition shall be passed upon by the Commission or a division thereof. Any action by a division upon such a petition shall itself be subject to reconsideration by the Commission, as provided in section 31, paragraph (6), of this act, and in paragraph (9) of this section"; in line 16, after the word "in", to strike out "paragraph (6) of"; in line 18, after the word "or", to strike out "committee" and insert "board"; and in line 22, after the word "or", to strike out "committee" and insert "board", so as to read:

(10) The Commission is hereby authorized, subject to the limitations expressed in the proviso of paragraph (8) of this section, by its order to assign or refer any portion of its work, business, or functions arising under this or any other act of Congress or referred to it by Congress, or either branch thereof, to an individual Commissioner, or to a board composed of an employee or employees of the Commission, to be designated by such order, for action thereon, and by its order at any time to amend, modify, supplement, or rescind any such assignment or reference. All such orders shall take effect forthwith and remain in effect until otherwise ordered by the Commission. In case of the absence, or inability for any other reason to act, of any such individual Commissioner or employee designated to serve upon any such board, the chairman of the Commission may designate another Commissioner or employee, as the case may be, to serve temporarily until the Commission shall otherwise order. In conformity with and subject to the order or orders of the Commission in the premises, any such individual Commissioner, or board acting by a

majority thereof, shall have power and authority to hear and determine, order, certify, report, or otherwise act as to any of said work, business, or functions so assigned or referred to him or it for action by the Commission and in respect thereof shall have all the jurisdiction and powers now or then conferred by law upon the Commission and be subject to the same duties and obligations. Any order, decision, or report made or other action taken by any such individual Commissioner or board in respect of any matters so assigned or referred shall have the same force and effect and may be made, evidenced, and enforced in the same manner as if made or taken by the Commission. The Commission may, as provided in this section, make and amend rules for the conduct of proceedings before such individual Commissioner or board and for the rehearing of such action before a division of the Commission or the Commission. The Secretary and seal of the Commission shall be the secretary and seal of such individual Commissioner or board.

The amendment was agreed to.

The next amendment was, on page 90, after line 22, to strike out:

or brokers of motor transportation conducted or proposed to be conducted involve not more than three States, and the Commission may, in its discretion, when operations of such carriers or brokers conducted or proposed to be conducted involve more than three States, refer to a joint board for appropriate proceedings thereon, any of the following matters arising in the administration of this act with respect to such operations as to which a hearing is required or in the judgment of the Commission is desirable: Applications for certificates, permits, or licenses; the suspension, change, or revocation of such certificates, permits, or licenses; applications for the approval and authorization of consolidations, mergers, acquisitions of control, or operating contracts; complaints as to violations by motor carriers or brokers of any of the provisions of this act: Proceedings from referring a matter to a joint board, the Commission may proceed to determine such matter. The Commission in its discretion may also refer to a joint board any investigation and suspension proceeding or other matter not specifically mentioned above and affecting such carriers or brokers which may arise under this act. The joint board to which such matter is referred shall be composed solely of one member from each State within which the carrier or brokerage operations involved in such matter are, or are proposed to be, conducted: Provided further, That the Commission may designate a member of its staff to advise with and assist the joint board, under such rules and regulations as it may prescribe. In acting upon matters so referred, joint boards shall be vested, subject to the provisions of the next succeeding paragraph hereof, with the same rights, duties, powers, and jurisdiction as are hereby vested in members or examiners of the Commission to whom a matter may be referred for hearing and the recommended order. Orders recommended by joint boards shall be filed with thoorrd may in its discretion report to the Commission in the manner provide

The amendment was agreed to.

The next amendment was, on page 92, after line 18, to insert:

(11) Excepting a matter which is referred to a joint board as herein provided, any matter arising in the administration of this act as to which a hearing is required or in the judgment of the Commission is desirable shall be heard as the Commission may determine and be decided by the Commission, unless such matter shall, by order of the Commission, be referred to a member or examiner of the Commission for hearing and the recommendation of an appropriate order thereon. With respect to a matter so referred the member or examiner shall have all the rights, duties, powers, and jurisdiction conferred by this act upon the Commission, except that the order recommended by such member or examiner shall be subject to the following provisions of this paragraph. Upon any matter referred to a joint board such board (subject to the provisions of this section) shall make, in writing and accompany it with a statement of the reasons therefor, a recommended report and order proposed by it to be made therein and file the same with the Commission. Copies of such recommended order shall be served upon interested parties and upon the State board of any State in which the motor carrier operations involved in the proceeding are or are proposed to be conducted. If no exceptions are filed to such recommended report and order within 20 days after service thereof upon such persons, or within such further period as the Commission may authorize, such recommended order shall become the order of the Commission and become effective unless within such period the order is stayed or postponed by the Commission. In any matter arising in the administration of the provisions of this act applicable to motor carriers or brokers of motor transportation in which a recommended

report and order shall have been made by an examiner of the Commission, if no exceptions are filed to such recommended report and order within 20 days after service thereof upon interested parties and upon the State board of any State in which the motor carrier operations involved in the proceeding are, or are proposed to be, conducted, or within such further period as the Commission may authorize, such recommended order shall become the order of the Commission and become effective, unless within such period the order is stayed or postponed by the Commission. Where exceptions are filed to a recommended report and order as herein provided, it shall be the duty of the Commission to consider the same and, if sufficient reason appears therefor, the Commission shall grant such review or make such orders or hold or authorize such further hearings or proceedings in the premises as may be necessary or proper to carry out the provisions of this act, or the Commission may on its own motion review any such matter and take action thereon as if exceptions thereto had been filed. The Commission, after review upon the same record or as supplemented by a further hearing, shall decide the matter and make appropriate order thereon.

The amendment was agreed to.

The next amendment was, on page 94, after line 19, to strike out:

(12) Upon any matter referred to a joint board, such board (subject to the provisions of paragraph 11 of this section) shall make, in writing and with a statement of the reasons therefor, recommended report and order proposed by it to be made therein, and file the same with the Commission. Copies of such recommended order shall be served upon interested parties and upon the State board of any State in which the motor-carrier operations involved in the proceeding are or are proposed to be conducted. If no exceptions are filed to such recommended report and order within 20 days after service thereof upon such persons, or within such further period as the Commission may authorize, such recommended order shall become the order of the Commission and become effective unless within such period the order is stayed or postponed by the Commission. In any matter arising in the administration of the provisions of this act applicable to motor carriers or brokers of motor transportation in which a recommended report and order shall have been made by an examiner of the Commission, if no exceptions are filed to such recommended report and order within 20 days after service thereof upon interested parties and upon the State board of any State in which the motor carrier operations involved in the proceedings are, or are proposed to be, conducted, or within such further period as the Commission may authorize, such recommended order shall become the order of the Commission and become effective, unless within such period the order is stayed or postponed by the Commission. Where exceptions are filed to a recommended report and order as herein provided, it shall be the duty of the Commission to consider the same and, if sufficient reason appears therefor, the Commission shall grant such review or make such orders or hold or authorize such further hearings or proceedings in the premises as may be necessary or proper to carry out the provisions of this act, or the Commission, after review upon the same record or as supplemented by a fu

The amendment was agreed to.

The next amendment was, on page 96, after line 8, to insert:

(12) The Commission shall, when operations of motor carriers or brokers of motor transportation conducted or proposed to be conducted involve not more than three States, and the Commission may, in its discretion, when operations of such carriers or brokers conducted or proposed to be conducted involve more than three States, refer to a joint board for appropriate proceedings thereon, any of the following matters arising in the administration of this act with respect to such operations as to which a hearing is required or in the judgment of the Commission is desirable: Applications for certificates, permits, or licenses; the suspension, change, or revocation of such certificates, permits, or licenses; applications for the approval and authorization of consolidations, mergers, acquisitions of control, or operating contracts; complaints as to violations by motor carriers or brokers of any of the provisions of this act: *Provided, however*, That if the Commission is prevented by legal proceedings from referring a matter to a joint board, the Commission may proceed to determine such matter. The Commission in its discretion may also refer to a joint board any investigation and suspension proceeding or other matter not specifically mentioned above and affecting such carriers or brokers which may arise under this act. The joint board to which such matter is referred shall be composed solely of one member from each State within which the carrier or brokerage operations involved in such matter are, or are proposed to be, conducted: *Provided further*, That the Commission may designate a member of its staff to advise with and assist the joint board, under such rules and regulations as it may prescribe. In acting upon matters so referred, joint boards shall be vested, subject to the provisions of the next succeeding paragraph hereof, with the same rights, duties, powers, and jurisdiction as are hereby vested in members or examiners of the Commission to

whom a matter may be referred for hearing and the recommendation of an appropriate order thereon: Provided further, That a joint board may in its discretion report to the Commission its joint board may in its discretion report to the Commission its conclusions upon the evidence received, if any, without a recommended order. Orders recommended by joint boards shall be filed with the Commission and shall become orders of the Commission in the manner provided in the next succeeding paragraph hereof. If a joint board to which any matter has been referred shall report its conclusions upon the evidence without a recommended order, such matter shall thereupon be decided by the Commission, giving such weight to such conclusions as in its judgment the evidence may justify.

The amendment was agreed to.

The next amendment was, on page 100, line 15, after the word "transportation", to insert "subject to the provisions of this act", so as to read:

(14) No member or examiner of the Commission or member of a joint board shall hold any official relation to, or own any securities of, or be in any manner pecuniarily interested in, any motor carrier or in any carrier by railroad, water, or other form of transportation subject to the provisions of this act.

The amendment was agreed to.

The next amendment was, under the heading "Authority and duties of the commission, witnesses; depositions; service of notices and process", on page 103, line 2, after the word "this", to strike out "section" and insert "act", so as to read:

SEC. 24. (1) The Commission is hereby authorized and required to execute and enforce the provisions of this act, and the Commission may, from time to time, establish such just and reasonable rules, regulations, and requirements as shall be necessary to carry out the provisions of this act and as the public interest and orderly administration of this act shall require and, to that end, the Commission may, from time to time, establish such just and reasonable classifications of carriers or brokers subject to this act or of groups of such carriers or brokers as the interest of the public and the nature of such carriers or brokers and of the nature of their business shall require.

(2) In addition to the remedies provided in paragraph (4) of section 21 of this act, it shall be the duty of any district attorney of the United States, upon the request of the Commission, to institute in the proper court and to prosecute under the direction of the Attorney General of the United States all necessary proceedings for the enforcement of the provisions of this act and for the punishment of all violations thereof, and the costs and expenses of such prosecution shall be paid out of the appropriation for the expenses of the courts of the United States.

(3) For the purposes of this act the Commission shall have power to require, by subpena, the attendance and testimony of witnesses and the production of all books, papers, tariffs, contracts, agreements, and documents relating to any matter under investigation. Such attendance of witnesses, and the production of such gation. Such attendance of witnesses, and the production of such documentary evidence, may be required from any place in the United States, at any designated place of hearing. And in case of disobedience to a subpena the Commission, or any party to a proceeding before the Commission, may invoke the aid of any court of the United States in requiring the attendance and testimony of witnesses and the production of books, papers, and documents under the provisions of this act.

The amendment was agreed to.

The next amendment was, on page 105, line 10, after the word "motor", to strike out "carriers, water carriers, and carriers by air" and insert "carriers and water carriers"; in line 13, after the word "and", to strike out "processes" and insert "orders"; in line 19, before the word "may", to strike out "processes" and insert "orders"; in line 24, after the word "or", to strike out "other process" and insert "order"; and on page 106, line 1, after the word "or", to strike out "process" and insert "order"; so as to read:

(9) It shall be the duty of every common carrier, except motor carriers and water carriers, to designate in writing an agent in the city of Washington, D. C., upon whom service of all notices and orders may be made for and on behalf of said common carrier in any proceeding pending before the Commission, and to file such designation in the office of the secretary of the Commission, which designation may from time to time be changed by like writing similarly filed; and thereupon service of all notices and orders may be made upon such common carrier by leaving a copy thereof with such designated agent at his office or usual place of residence in the city of Washington, with like effect as if made personally upon such common carrier, and in default of such designation of such agent, service of any notice or order in any proceeding before said Commission may be made by posting such notice or order in the office of the secretary of the Commission. (9) It shall be the duty of every common carrier, except motor

The amendment was agreed to.

The next amendment was, on page 106, line 4, after the word "water", to strike out "carrier by air"; in line 10, after the word "notices", to strike out the comma and "processes"; in line 12, before the word "or", to strike out "by air"; and in line 22, after the word "carrier", to insert "and broker", so as to read:

(10) It shall be the duty of every motor carrier, carrier by water, and of every broker, to file with the Commission (and, in the case of motor carriers, to file also with the State board of each State in which it operates under a certificate or permit issued under this act) a designation in writing of the name and postoffice address of a person upon whom service of notices or orders may be made under this act. Service of all notices and orders may be made upon a motor carrier, a carrier by water, or upon a broker, by personal service upon it or upon the person so designated by it, or by registered mail addressed to it or to such person at the address filed. In default of such designation, service of any notice or order may be made by posting in the office of the secretary of the Commission and, in the case of a motor carrier, by also posting in the office of the secretary or clerk of the State board of the State wherein the carrier maintains headquarters. Whenever notice is given by mail as provided herein the date of mailing shall be considered as the time when notice is served. Every motor carrier and broker shall also file with the State board of each State in which it operates a designation in writing of the name and post-office address of a person in such State upon whom process issued office address of a person in such State upon whom process issued by or under the authority of any court having jurisdiction of the subject matter may be served in any proceeding at law or equity brought against such carrier. Such designation may from time to time be changed by like writing similarly filed. In the event such carrier falls to file such designation, service may be made upon any agent of such carrier within such State. agent of such carrier within such State.

The amendment was agreed to.

The next amendment was, under the heading "Complaints to and investigations by the Commission", on page 107, line 23, before the word "within", to strike out "or broker"; and on page 108, line 1, before the word "shall", to strike out "or broker", so as to read:

SEC. 25. (1) Any person, firm, corporation, company, or association, or any mercantile, agricultural, or manufacturing society or other organization, or any body politic or municipal organization, or any carrier or broker complaining of anything done or omitted to be done by any carrier or broker subject to this act, in contravention of the provisions thereof, may apply to the Commission by petition, which shall briefly state the facts and which shall be under eath; whereupon a statement of the complete the mode. by petition, which shall briefly state the facts and which shall be under oath; whereupon a statement of the complaint thus made shall be forwarded by the Commission to such carrier or broker, who shall be called upon to satisfy the complaint, or to answer the same in writing, within a reasonable time, to be specified by the Commission. If such carrier within the time specified shall make reparation for the injury alleged to have been done, said carrier shall be relieved of liability to the complainant only for the particular violation of law thus complained of. If such carrier or broker shall not satisfy the complaint within the time specified, or there shall appear to be any reasonable ground for investigating said complaint, it shall be the duty of the Commission to investigate the matters complained of in such manner and by such means as it shall deem proper.

The amendment was agreed to.

Mr. WHEELER. Mr. President, I ask unanimous consent to revert to page 97, in order to correct a clerical error which appears in the committee amendment previously agreed to. I ask unanimous consent that the vote by which the amendment was agreed to be reconsidered.

The PRESIDING OFFICER. Without objection, the vote by which the committee amendment beginning in line 20, on page 94, down to and including line 4 on page 98 was adopted, is reconsidered.

Mr. WHEELER. On page 97, line 14, I ask to amend the committee amendment by striking out the word "succeeding" and inserting in lieu thereof the word "preceding."

The amendment to the amendment was agreed to.

Mr. WHEELER. I ask that the committee amendment be amended in the same manner in line 24, page 97.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The PRESIDING OFFICER. The Chair calls the attention of the Senator from Montana [Mr. WHEELER] to the words "by water", on page 111, line 4, and asks the Senator if it is his present intention to strike out those words?

Mr. WHEELER. In order to clarify the language on page 111, line 4, the words "by water" should be stricken out. I so move.

The amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment of the committee.

The next amendment was, under the subhead "Through routes and joint rates; divisions", on page 111, line 17, after the word "common", to strike out "carriers," and insert "carriers"; and in line 23, after the word "operated", to insert a comma and "and in the case of a through route where one of the carriers is a water line, the minimum differential which should apply in connection with such route", so as to read:

SEC. 27. (1) The Commission may, and it shall, whenever deemed by it to be necessary or desirable in the public interest, after full hearing upon complaint or upon its own initiative without a complaint, establish through routes, joint classifications, and joint rates, fares, or charges, applicable to the transportation, by common carriers of passengers or property by railroad or by water, common carriers of passengers or property by railroad or by water, or by railroad and by water, or the maxima or minima, or maxima and minima, to be charged, and the divisions of such rates, fares, or charges as hereinafter provided, and the terms and conditions under which such through routes shall be operated, and in the case of a through route where one of the carriers is a water line, the minimum differential which should apply in connection with such route. The Commission shall not, however, establish any through route, classification, or practice, or any rate, fare, or charge, between street electric passenger railways not engaged in the general business of transporting freight in addition to their passenger and express business, and railroads of a different character, or between such street electric passenger railways and carriers by water.

The amendment was agreed to.

Mr. BROWN obtained the floor.

Mr. McNARY. Mr. President-

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Oregon?

Mr. BROWN. I yield to the Senator. Mr. McNARY. I thank the Senator. I should like to have the committee amendment on page 112 go over for

Mr. BROWN, I will say to the Senator from Oregon that I think I had in mind the same subject matter. should like to have the amendment commencing in line 7 on page 112, and extending through the first word in line 1 on page 113, put over until tomorrow. Is that the same request the Senator had in mind?

Mr. McNARY. That is the request I intended to make. Mr. BROWN. Is that satisfactory?

Mr. McNARY. Yes. Mr. BROWN. It will follow the consideration of the amendment in which the Senator from Virginia is interested.

The PRESIDING OFFICER. Without objection, the amendment on pages 112 and 113 will be passed over.

Mr. WHEELER. That is agreeable.

The next amendment was, under the heading "Suspensions of tariffs and schedules", on page 115, line 5, after the word "any", to strike out "schedule" and insert "tariff"; in line 17, after the word "such", to strike out "schedule" and insert "tariff"; in line 20, after the word "such" where it occurs the first time, to strike out "schedule" and insert "tariff"; and on page 116, line 20, after the word "possible", to strike out "At any hearing involving a change in a rate, fare, or charge after the passage of this amendatory act, the burden of proof to show that the proposed changed rate, fare, or charge is just and reasonable shall be upon the carrier" and insert "At any hearing involving a change in a rate, fare, charge, or classification, or involving a rule, regulation, or practice, after the date of the approval of this act, the burden of proof shall be upon the carrier to show that the proposed changed rate, fare, charge, classification, rule, regulation, or practice is just and reasonable: Provided, That this paragraph shall not apply to any initial schedule or schedules filed by any common carrier by water in bona fide operation when this section takes effect", so as to read:

SUSPENSION OF TARIFFS AND SCHEDULES

SEC. 28. (1) Whenever there shall be filed with the Commission by a common carrier or carriers any tariff stating a new individual or joint rate, fare, or charge, or any new individual or joint classification, or any new individual or joint regulation or practice affecting any rate, fare, or charge, the Commission shall have, and it is hereby given, authority, either upon complaint or upon its own initiative without complaint, at once, and, if it so orders, without answer or other formal pleading by the interested carrier or carriers, but upon reasonable notice, to enter upon a hearing concerning the lawfulness of such rate, fare, charge, classification, regulation, or practice; and pending such hearing and the decision thereon the Commission, upon filing with such tariff and delivering to the carrier or carriers affected thereby a statement in writing of its reasons for such suspension, may from time to time suspend the operation of such tariff and defer the use of such rate, fare, charge, classification, regulation, or practice, but not for a longer period than 7 months beyond the time when it would otherwise go into effect; and after full hearing, whether completed before or after the rate, fare, charge, classification, regulation, or practice goes into effect, the Commission may make such order with reference thereto as would be proper in a proceeding initiated or practice goes into effect, the Commission may make such order with reference thereto as would be proper in a proceeding initiated after it had become effective. If the proceeding has not been concluded and an order made within the period of suspension, the proposed change of rate, fare, charge, classification, regulation, or practice shall go into effect at the end of such period; but in case of a proposed increased rate or charge for or in respect to the transportation of property, the Commission may by order require the interested carrier or carriers to keep accurate account in detail of all amounts received by reason of such increase, specifying by whom and in whose behalf such amounts are paid, and upon completion of the hearing and decision may by further order require the interested carrier or carriers to refund, with interest, to the persons in whose behalf such amounts were paid, such portion of persons in whose behalf such amounts were paid, such portion of such increased rates or charges as by its decision shall be found not justified. The Commission shall give to the hearing and decision of such questions preference over all other questions pending before it and decide the same as speedily as possible. At any hearing involving a change in a rate, fare, charge, or classification or involving a rule regulation or practice after the date At any hearing involving a change in a rate, fare, charge, or classification, or involving a rule, regulation, or practice, after the date of the approval of this act, the burden of proof shall be upon the carrier to show that the proposed changed rate, fare, charge, classification, rule, regulation, or practice is just and reasonable: Provided, That this paragraph shall not apply to any initial schedule or schedules filed by any common carrier by water in bona fide operation when this section takes effect.

The amendment was agreed to.

The next amendment was, on page 117, line 21, after the word "may", to insert "from time to time"; in line 24, after the word "practice", to strike out "for a period of 90 days, and if the proceeding has not been concluded and a final order made within such period the Commission may, from time to time, extend the period of suspension, but not for a longer period in the aggregate than 180 days" and insert "but not for a longer period than 7 months"; and in line 13, after the word "period", to insert a colon and "Provided, That this paragraph shall not apply to any initial schedule or schedules, or any contract or contracts, filed by any contract carrier by water in bona fide operation when this section takes effect", so as to read:

(2) Whenever there shall be filed with the Commission by any (2) Whenever there shall be filed with the Commission by any contract carrier any schedule or contract stating a reduced charge directly, or by means of any rule, regulation, or practice, for the transportation of passengers or property in commerce subject to this act the Commission is hereby authorized and empowered upon complaint of interested parties or upon its own initiative at once and, if it so orders, without answer or other formal pleading by the interested party, but upon reasonable notice, to enter upon a hearing concerning the lawfulness of such charge, or such rule, regulation, or practice, and pending such hearing and the rule, regulation, or practice, and pending such hearing and the decision thereon the Commission, by filing with such schedule or contract and delivering to the carrier affected thereby a statement in writing of its reasons for such suspension, may from time to time suspend the operation of such schedule or contract and defer the view of the carrier affected the contract and deferment the view of the carrier and carrier and the the use of such charge, or such rule, regulation, or practice, but not for a longer period than 7 months beyond the time when it would otherwise go into effect; and after hearing, whether completed before or after the charge, or rule, regulation, or practice goes into effect, the Commission may make such order with reference therefore, would be account in a contraction of the charge. goes into effect, the Commission may make such order with reference thereto as would be proper in a proceeding instituted after it had become effective. If the proceeding has not been concluded and an order made within the period of suspension, the proposed change in any charge or rule, regulation, or practice shall go into effect at the end of such period: Provided, That this paragraph shall not apply to any initial schedule or schedules, or any contract or contracts, filed by any contract carrier by water in bona fide operation when this section takes effect.

The amendment was agreed to.

The next amendment was, under the heading "Power over State rates", on page 118, line 18, after the word "with", to insert "the authorities of"; in line 19, after the word "State", to strike out "board" and insert "having regulatory jurisdiction over carriers subject to this act"; in line 21, after the word "carriers", to strike out "and brokers"; in line 22, after the word "State", to strike out "board" and insert "bodies"; on page 119, line 1, after the word "State", to strike out

"board" and insert "regulating bodies"; in line 2, after the word "act", to strike out "where the rates, fares, charges, classifications, regulations, or practices of carriers within said State may be affected by or related to such matters" and insert "and where the rate-making authority of the State is or may be affected by the action taken by the Commission", and in line 8, after the word "State", to strike out "board" and insert "authorities", so as to read:

POWER OVER STATE RATES

SEC. 29. (1) The Commission may confer with the authorities of SEC. 29. (1) The Commission may confer with the authorities of any State having regulatory jurisdiction over carriers subject to this act, with respect to the relationship between rate structures and practices of carriers subject to the jurisdiction of such State bodies and of the Commission; and to that end is authorized and empowered, under rules to be prescribed by it, and which may be modified from time to time, to hold joint hearings with any such State regulating bodies on any matters wherein the Commission is empowered to act, and where the rate-making authority of the State is or may be affected by the action taken by the Commission. The is or may be affected by the action taken by the Commission. The Commission is also authorized to avail itself of the cooperation, services, records, and facilities of such State authorities in the enforcement of any provision of this act.

The amendment was agreed to.

The next amendment was, on page 120, line 12, after the word "notwithstanding" and the period, to insert "Nothing in this paragraph or in paragraph (2) of this section shall be construed to apply to carriers by motor vehicle or carriers by water", so as to read:

(3) Whenever in any such investigation the Commission, after full hearing, finds that any such rate, fare, charge, classification, regulation, or practice causes any undue or unreasonable advantage, preference, or prejudice as between persons or localities in tage, preference, or prejudice as between persons or localities in intrastate commerce on the one hand and interstate or foreign commerce on the other hand, or any undue, unreasonable, or unjust discrimination against interstate or foreign commerce, which is hereby forbidden and declared to be unlawful, it shall prescribe the rate, fare, or charge, or the maximum or minimum, or maximum and minimum, thereafter to be charged, and the classification, regulation, or practice thereafter to be observed, in such manner as, in its judgment, will remove such advantage, preference, prejudice, or discrimination. Such rates, fares, charges, classifications, regulations, and practices shall be observed while in effect by the carriers or parties to such proceeding affected thereby, the law of any State or the decision or order of any State authority to the contrary notwithstanding. Nothing in this paragraph or in paragraph (2) of this section shall be construed to contrary by the to apply to carriers by motor vehicle or carriers by water.

The amendment was agreed to.

The next amendment was, under the heading "Ratemaking rule", on page 120, line 19, after the word "traffic", to insert "by the carrier or carriers for which the rates are prescribed"; in line 21, after the word "service", to insert "by such carrier or carriers"; in line 24, after the word "enable", to strike out "the" and insert "such carrier or"; and on page 121, line 1, after the word "service", to insert "When used in this section the term 'rates' means 'rates, fares, and charges, and all regulations and practices relating thereto", so as to read:

RATE-MAKING RULE

SEC. 30. It shall be the duty of the Commission in the exercise of its power to prescribe just and reasonable rates, to give due consideration, among other factors, to the effect of rates on the movement of traffic by the carrier or carriers for which the rates are prescribed; to the need, in the public interest, of adequate and efficient transportation service by such carrier or carriers at the lowest cost consistent with the furnishing of such service; and to the need of revenues sufficient to enable such carrier or carriers, under honest, economical, and efficient management, to provide such service. When used in this section the term "rates" means "rates, fares, and charges, and all regulations and practices relating thereto."

The amendment was agreed to.

The next amendment was, under the heading "Orders of the Commission; rehearings", on page 121, line 15, after the word "carrier", to insert "or broker", so as to read:

(2) Every order of the Commission shall be forthwith served upon each carrier or broker affected thereby in the manner provided in section 24 of this act.

The amendment was agreed to.

The next amendment was, on page 122, line 3, after the word "carrier", to strike out "or broker", so as to read:

(5) If, after hearing on a complaint made as provided in section 25 of this act, the Commission shall determine that any party complainant is entitled to an award of damages under the provi-

sions of this act for a violation thereof, the Commission shall make an order directing the carrier to pay to the complainant the sum to which he is entitled on or before a day named.

The amendment was agreed to.

The next amendment was, on page 122, line 6, after the word "Commission", to insert "or by a division, individual Commissioner, or board of employees thereof"; in line 8, after the word "time", to insert "subject to such limitations as may be established by the general rules or orders of the Commission, as provided in section 23 (6) hereof"; in line 12, after the word "determined", to strike out "therein, and it" and insert "therein"; in line 18, after the word "any", to insert "such"; and on page 123, line 3, after the word "Commission", to insert "or division", so as to read:

After a decision, order, or requirement has been made by the Commission, or by a division, individual Commissioner, or board of employees thereof, in any proceeding, any party thereto may at any time subject to such limitations as may be established by the general rules or orders of the Commission, as provided in section 23 (6) hereof, make application for rehearing of the same, or any 23 (6) hereof, make application for rehearing of the same, or any matter determined therein. It shall be lawful for the Commission, or any designated division thereof, in its discretion to grant such a rehearing if sufficient reason therefor be made to appear. Applications for rehearing shall be governed by such general rules as the Commission may establish. No such application shall excuse any carrier or broker from complying with or obeying any such decision, order, or requirement of the Commission, or operate in any manner to stay or postpone the enforcement thereof, without the special order of the Commission. In case a release is granted the proceedings thereinon shall conform as nearly as may the special order of the Commission. In case a rehearing is granted the proceedings thereupon shall conform as nearly as may be to the proceedings in an original hearing, except as the Commission may otherwise direct; and if, in its judgment, after such rehearing and the consideration of all facts, including those arising since the former hearing, it shall appear that the original decision, order, or requirement is in any respect unjust or unwarranted the Commission or division may respect unjust or unwarranted the Commission or division may respect unjust or meditare ranted, the Commission or division may respect unjust or unwarranted, the Commission or division may reverse, change, or modify the same accordingly. Any decision, order, or requirement made after such rehearing, reversing, changing, or modifying the original determination shall be subject to the same provisions as an original

The amendment was agreed to.

The next amendment was, under the heading "Reports, decisions, and records of the Commission", on page 124, line 10, after the word "act", to insert "subject to the limitations contained in section 8 (1)", so as to read:

(4) The copies of schedules and classifications and tariffs of rates, fares, and charges, and of all contracts, agreements, and arrangements of carriers or brokers filed with the Commission as herein provided, and the statistics, tables, and figures contained in the annual or other reports of carriers or brokers made to the Commission as required under the provisions of this act, subject to the limitations contained in section 8 (1) shall be preserved as public records in the custody of the secretary of the Commission, and shall be received as prima facie evidence of what they purport to be for the purpose of investigations by the Commission and in all judicial proceedings; and copies of and extracts from any of said schedules, classifications, tariffs, contracts, agreements, arrangements, or reports, made public records as aforesaid, certified by the secretary, under the Commission's seal, shall be received in evidence with like effect as the originals. (4) The copies of schedules and classifications and tariffs of rates, effect as the originals.

The amendment was agreed to.

The next amendment was, under the heading "Hours of service and safety of operation by motor carriers", on page 130, line 7, after the word "to", to strike out "promote safety of operation" and insert "regulate such carriers by motor vehicle"; in line 12, after the word "motor", to strike out "vehicle, and" and insert "vehicle. The Commission"; in line 13, after the word "establish", to strike out "such requirements"; in line 14, after the word "motor", to strike out 'vehicles" and insert "vehicle"; in line 15, after the word "found", to insert a comma and "reasonable requirements to promote safety of operation and to that end prescribe qualifications and maximum hours of service of employees and standards of equipment"; in line 21, after the word "private", to strike out "carrier" and insert "carriers"; in line 22, after the word "paragraph", to strike out the comma and "and particularly, but not exclusively, in the administration of section 19, section 24 (10), section 42, and section 51 (19) of this act"; and on page 131, line 1, after the word "paragraph", to insert "pertaining to safety", so as to read:

HOURS OF SERVICE AND SAFETY OF OPERATION BY MOTOR CARRIERS SEC. 34. (1) The Commission, in order to regulate such carriers by motor vehicle, may establish reasonable requirements with re-

spect to qualifications and maximum hours of service of employees and safety of operation and equipment of common carriers and contract carriers by motor vehicle. The Commission may establish contract carriers by motor vehicle. The Commission may establish for private carriers of property by motor vehicle if need therefor is found, reasonable requirements to promote safety of operation and to that end prescribe qualifications and maximum hours of service of employees and standards of equipment. In the event such requirements are established, the term "motor carrier" shall be construed to include private carriers of property by motor vehicle and the powers of the Commission shall extend to such private carriers so far as is necessary to carry out the provisions of this paragraph. For the purpose of carrying out the provisions of this paragraph pertaining to safety, the Commission may avail of this paragraph pertaining to safety, the Commission may avail itself of the assistance of any of the several research agencies of the Federal Government having special knowledge of any such invesmatter to conduct such scientific and technical researches, tigations, and tests as may be necessary to promote the safety of operation and equipment of motor vehicles, as provided in this act; the Commission may transfer to such agency or agencies such funds as may be necessary and available to make this provision

The amendment was agreed to.

The next amendment was, under the heading "Valuation", on page 131, line 22, before the word "and", to strike out "air carriers", so as to read:

VALUATION

SEC. 35. (1) The provisions of this section shall apply to all comsec. 35. (1) The provisions of this section shall apply to all common carriers subject to this act, except motor carriers, water carriers not heretofore subject to the Interstate Commerce Act, and any street, suburban, or interurban electric railway which is not operated as a part of a general steam railroad system of transporoperated as a part of a general steam ramous system of transport tation: Provided, That the Commission may in its discretion make a valuation in the manner hereinafter provided of the property owned or used by any such excepted carrier whenever in its judg-ment such action is desirable in the public interest.

The amendment was agreed to.

The next amendment was, under the heading "Issuance of securities, etc.", on page 139, line 12, after the word "any", to insert "common carrier or contract"; and in line 13, after the word "except", to strike out "carriers by air and except", so as to read:

ISSUANCE OF SECURITIES, AND SO FORTH

SEC. 36. (1) The term "carrier" as used in this section means any common carrier or contract carrier subject to this act (except a street, suburban, or interurban electric railway which is not operated as a part of a general steam railroad system of transportation), any corporation organized for the purpose of engaging in transportation as such carrier, and any person who is not a carrier authorized by order entered under section 49 hereof to acquire control of any such carrier or two or more such carriers: Provided. That as to carriers by water not heretofore subject to the Inter-That as to carriers by water not heretofore subject to the Inter-state Commerce Act, the provisions of paragraphs (2) to (11), inclusive, of this section shall not take effect until after 120 days from the date of the enactment of this amendatory act.

The amendment was agreed to.

The next amendment was, on page 140, line 20, after the word "as", to strike out "a common" and insert "such", and on page 141, line 6, before the word "carrier", to strike out "common", so as to read:

(2) It shall be unlawful for any carrier to issue any share of capital stock, or any bond, or other evidence of interest in, or indebtedness of the carrier (hereinafter in this section collectively termed "securities"), or to assume any obligation or liability as lessor, lessee, guarantor, endorser, surety, or otherwise, in respect of the securities of any other person, natural or artificial, even though permitted by the authority creating the carrier corporation, unless and until, and then only to the extent that, upon application by the carrier, and after investigation by the Commission of the purposes and uses of the proposed issue and the proceeds thereof, or of the proposed assumption of obligation or liability in respect of of the proposed assumption of obligation or liability in respect of the securities of any other person, natural or artificial, the Commission by order authorizes such issue or assumption. The Commission shall make such order only if it finds that such issue or assumption (a) is for some lawful object within its corporate purposes, and compatible with the public interest, which is necessary or appropriate for or consistent with the proper performance by the carrier of service to the public as such carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose: Provided, That in the application of the provisions of this section in a case where any person who is not a carrier has been authorized, by an order of the Commission, to acquire control of any carrier or two or more carriers, the Commission shall authorize the issue or assumption applied for only if it finds that such issue or assumption is consistent with the proper performance by each carrier which is under the control of such corporation of its service to the public LXXXIV—378 as a carrier, will not impair the ability of any such carrier to perform such service, and is otherwise compatible with the public

The amendment was agreed to.

The next amendment was, on page 146, line 15, after the word "act", to strike out "and motor carriers", and in line 16, after the numerals "1940", to insert a colon and "Provided further, That this paragraph shall not apply to motor carriers", so as to read:

(12) It shall be unlawful for any person to hold the position of officer or director of more than one carrier, unless such holding shall officer of director of more than one carrier, unless such holding shall have been authorized by order of the Commission, upon due showing in form and manner prescribed by the Commission, that neither public nor private interests will be adversely affected thereby: Provided, That as to water carriers not heretofore subject to the Interstate Commerce Act, this provision shall not be effective until after December 1, 1940: Provided jurther, That this paragraph shall not apply to motor carriers. After this section takes effect it shall be applied for the provided f not apply to motor carriers. After this section takes effect it shall be unlawful for any officer or director of any carrier to receive for his own benefit, directly or indirectly, any money or thing of value in respect to the negotiation, hypothecation, or sale of any securities issued or to be issued by such carrier, or to share in any of the proceeds thereof, or to participate in the making or paying of any dividends of an operating carrier from any funds properly included in central account. in capital account.

The amendment was agreed to.

The next amendment was, under the heading "Certificates for common carriers by motor vehicle" on page 149, line 12, after the word "this", to strike out "section and in section 40" and insert "act", and on page 151, line 3, after the words "to the", to strike out "jurisdiction of the Commission under" and insert "applicable portions of", so as to read:

CERTIFICATES BY COMMON CARRIERS BY MOTOR VEHICLE

SEC. 38 (1) Except as otherwise provided in this act, no common sec. 38 (1) Except as otherwise provided in this act, no common carrier by motor vehicle shall engage in any interstate or foreign operation on any highway, or within any reservation under the exclusive jurisdiction of the United States, unless there is in force with respect to such carrier a certificate of public convenience and necessity issued by the Commission authorizing such operations: Provided, however, That, subject to section 45 of this act, if any such carrier or predecessor in interest was in bona fide operation as a carrier or predecessor in interest was in bona fide operation as a common carrier by motor vehicle on June 1, 1935, over the route or routes or within the territory for which application is made and has so operated since that time, or if engaged in furnishing seasonal service only, was in bona fide operation on June 1, 1935, during the season ordinarily covered by its operation and has so operated since that time, except in either instance as to the interruptions of service over which the applicant or its predecessor in interest had no control, the Commission shall issue such certificate without requiring further proof that public convenience and necessity will be served by such operation, and without further proceedings, if application for such certificate was made to the Commission as provided in parameters of the control of the certificate was made to the Commission as provided in parameters in the certificate was made to the Commission as provided in parameters. graph (2) of this section and within 120 days after October 15, 1935, and if such carrier was registered on June 1, 1935, under any code of fair competition requiring registration, the fact of registration shall be evidence of bona fide operation to be considered in connection with the issuance of such certificate. Otherwise the application from with the issuance of such certificate. Otherwise the application for such certificate shall be decided in accordance with the procedure provided for in paragraph (3) of this section and such certificate shall be issued or denied accordingly. Pending the determination of any such application the continuance of such operation shall be lawful: And provided further, That this paragraph shall not be so construed as to require any such carrier lawfully engaged in operation solely within any State to obtain from the Commission a certificate authorizing the transportation by such carrier of passengers or property in interstate or foreign commerce between places certificate authorizing the transportation by such carrier of passengers or property in interstate or foreign commerce between places within such State if there be a State board in such State having authority to grant or approve such certificates and if such carrier has obtained such certificate from such board. Such transportation shall, however, be otherwise subject to the applicable portions of this act

The amendment was agreed to.

The next amendment was, on page 152, line 12, after the word "highways" and the period, to insert "In any proceeding to determine the justness or reasonabless of any rate, fare, or charge of any such motor carrier, there shall not be taken into consideration or allowed as evidence or elements of value of the property of such carrier, either goodwill, earning power, or the certificate under which such carrier is operating; and in applying for and receiving a certificate under this act any such carrier shall be deemed to have agreed to the provisions of this paragraph, on its own behalf and on behalf of all transferees of such certificate", so as to read:

(4) No certificate issued under this act shall confer any proprietary or property rights in the use of the public highways. In any proceeding to determine the justness or reasonableness of any rate,

fare, or charge of any such motor carrier, there shall not be taken into consideration or allowed as evidence or elements of value of the property of such carrier, either goodwill, earning power, or the certificate under which such carrier is operating; and in applying for and receiving a certificate under this act any such carrier shall be deemed to have agreed to the provisions of this paragraph, on its own behalf and on behalf of all transferees of such certificate.

The amendment was agreed to.

The next amendment was, on page 153, line 19, after the word "from", to insert "either", and in line 20, after the word "which", to strike out "and/or" and insert "or", so as to

(6) A common carrier by motor vehicle operating under any such certificate may occasionally deviate from either the route over which, or the fixed termini between which, it is authorized to operate under the certificate, under such general or special rules and regulations as the Commission may prescribe.

The amendment was agreed to.

The next amendment was, on page 154, line 10, before the word "person", to strike out "No" and insert "Except as otherwise provided in this section and in section 45, no", and in line 22, after the word "seasonal", to strike out "service," and insert "service", so as to read:

PERMITS FOR CONTRACT CARRIERS BY MOTOR VEHICLE

SEC. 39. (1) Except as otherwise provided in this section and in section 45, no person shall engage in the business of a contract carrier by motor vehicle in interstate or foreign commerce on any highway or within any reservation under the exclusive jurisdiction of the United States unless there is in force with respect to such carrier a permit issued by the Commission authorizing such person to engage in such business: Provided, That, subject to section 45, if any such carrier or a predecessor in interest was in bona fide operaany such carrier or a predecessor in interest was in bona fide opera-tion as a contract carrier by motor vehicle on July 1, 1935, over the route or routes or within the territory for which application is made and has so operated since that time, or, if engaged in fur-nishing seasonal service only, was in bona fide operation on July 1, 1935, during the season ordinarily covered by its operations, and has so operated since that time, except in either instance as to interruptions of service over which the applicant or its predecessor in interest had no control, the Commission shall issue such permit. interruptions of service over which the applicant or its predecessor in interest had no control, the Commission shall issue such permit, without further proceedings, if application for such permit was made to the Commission as provided in paragraph (2) of this section within 120 days after October 15, 1935, and if such carrier was registered on July 1, 1935, under any code of fair competition requiring registration, the fact of registration shall be evidence of bona fide operation to be considered in connection with the issuance of such permit. Otherwise the application for such permit shall be decided in accordance with the procedure provided for in paragraph (2) of this section and such permit shall be issued or denied accordingly. Pending determination of any such application the continuance of such operation shall be lawful. Any person, not included within the foregoing proviso of this paragraph, who was engaged in transportation as a contract carrier by motor vehicle on October 15, 1935, and who made application to the Commission for a permit within the period of 120 days thereafter and who is engaged in transportation as 120 days thereafter and who is engaged in transportation as a contract carrier at the time this amendatory act becomes a contract carrier at the time this amendatory act becomes effective, may, under such regulations as the Commission shall prescribe, continue such operation until otherwise ordered by the Commission: Provided further, That nothing in this act shall be construed to repeal, amend, or otherwise modify any act or acts relating to national parks and national monuments under the administrative jurisdiction of the Secretary of the Interior, or to withdraw such authority or control as may by law be held by the Secretary of the Interior with respect to the admission and operation of motor vehicles in any national park or national monument of the United States.

The amendment was agreed to.

The next amendment was, under the heading "Temporary authority for motor carrier operation", on page 158, line 7, after the word "section", to strike out "48" and insert "49", so as to read:

(2) Pending the determination of an application filed with the Commission for approval of a consolidation or merger of the properties of two or more motor carriers, or of a purchase, lease, or contract to operate the properties of one or more motor carriers, as contemplated in section 49, the Commission may, in its discretion, and without hearings or other proceedings, grant temporary approval, for a period not exceeding 180 days, of the operation of the motor-carrier properties sought to be acquired by the person proposing in such pending application to acquire such properties, if it shall appear that failure to grant such temporary approval may result in destruction of or injury to such motor-carrier properties sought to be acquired, or will interfere substantially with their future usefulness in the performance of adequate and contheir future usefulness in the performance of adequate and continuous service to the public.

The amendment was agreed to.

The next amendment was, under the heading "Security for the protection of the public", on page 159, line 18, after the word "to", to strike out "shippers and/or consignees" and insert "either shippers or consignees, or both"; in line 20, after the word "to", to strike out "shippers and/or" and insert "such shippers or"; in line 23, after the word "compensate", to strike out "a shipper and/or consignee" and insert "either a shipper or consignee, or both", so as to read:

SECURITY FOR THE PROTECTION OF THE PUBLIC

SECURITY FOR THE PROTECTION OF THE FUELIC

SEC. 41. No certificate or permit shall be issued to a motor carrier or remain in force, unless such carrier complies with such reasonable rules and regulations as the Commission shall prescribe governing the filing and approval of surety bonds, policies of insurance, qualifications as a self-insurer or other securities or agreements, in such reasonable amount as the Commission may require, conditioned to pay, within the amount of such surety bonds, policies of insurance, qualifications as a self-insurer or other securities or agreements, any final judgment recovered against such motor carrier for bodily injuries to or the death of any person resulting from the negligent operation, maintenance, or use of motor vehicles under such certificate or permit, or for loss or damage to property of others. The Commission may, in its discretion and under such rules and regulations as it shall prescribe, require any such common carrier to file a surety bond, policies of insurance, qualifications as a self-insurer, or other securities or agreements, in a sum to be determined by the Commission, to be conditioned upon such carrier making compensation to either shippers or consignees, and coming into the possession of such shippers or consignees, and coming into the possession of to either shippers or consignees, or both, for all property belonging to such shippers or consignees, and coming into the possession of such carrier in connection with its transportation service. Any carrier which may be required by law to compensate either a shipper or consignee, or both, for any loss, damage, or default for which a connecting motor common carrier is legally responsible shall be subrogated to the rights of such shipper or consignee, or both, under any such bond, policies of insurance, or other securities or agreements, to the extent of the sum so paid.

The amendment was agreed to.

The next amendment was, under the heading "Certificates for common carriers by water", on page 161, line 10, after the word "in", to strike out "paragraph (2)" and insert "paragraphs (2) and (3)", and in line 19, after the word "or", to strike out "(6)" and insert "(7)", so as to read:

CERTIFICATES FOR COMMON CARRIERS BY WATER

Sec. 43. (1) No common carrier by water shall engage in transportation subject to this act unless it holds a certificate of public convenience and necessity issued by the Commission: Provided, however, That, subject to section 45, if any such carrier or a predecessor in interest was in bona fide operation as a common carrier by water on the date of the enactment of this amendatory act over the route or routes or in the trade or trades for which application, is made and has so common carrier by amendatory act over the route or routes or in the trade or trades for which application is made and has so operated since that time or, if engaged in furnishing seasonal service only, was in bona fide operation on the date of the enactment of this amendatory act during the season ordinarily covered by its operation, except in either event, as to interruptions of service over which the applicant or its predecessor in interest had no control, the Commission shall issue such certificate without requiring further proof that public convenience and necessity will be served by such operation, and without further proceedings, if application for such certificate is made to the Commission as provided in paragraphs (2) and (3) of this section and within 120 days after this section takes effect. Otherwise the application for such certificates shall be decided in accordance with the procedure provided for in paragraph (3) of his section and such certificate shall be issued or denied accordingly. Pending the determination of any such application the continuance of such operation shall be lawful. Whenever any common carrier conditionally exempted by the provisions ever any common carrier conditionally exempted by the provisions of section 2, paragraph (5) or (7), shall, by order of the Commission, be made subject to regulation as provided in this act, the Commission shall, upon application and without further proceedings, issue a certificate to such carrier in operation at the time of its order.

The amendment was agreed to.

The next amendment was, on page 163, line 8, after the word "require", to insert a colon and "Provided further. That no common carrier by water shall enter into any lease, contract, charter, agreement, or other undertaking, under and by which such carrier will provide any facility or furnish any service to any person other than to another carrier subject to this act, at less than the tariff rates of such common carrier by water lawfully on file with the Commission applying to such facility or to such service", so as to read:

(4) Such certificate shall specify the route or routes over which, and the ports to and from which, or the trade or trades in which, such carrier is authorized to operate, and, at the time of issuance and from time to time thereafter, there shall be attached to the exercise of the privileges granted by such certificate such reasonable terms, conditions, and limitations as the public convenience and necessity may from time to time require, including terms, conditions, and limitations as to the extension of the route

or routes of the carrier, and such other terms, and conditions, and limitations as are necessary to carry out, with respect to the operations of the carrier, the requirements of this act or those established by the Commission pursuant thereto: Provided, however, That no terms, conditions, or limitations shall restrict the right of the carrier to add to his or its equipment, facilities, or service within the scope of such certificate, as the development of the business and the demands of the public shall require: Provided further, That no common carrier by water shall enter into any lease, contract, charter, agreement, or other undertaking, under and by which such carrier will provide any facility or furnish any service to any person other than to another carrier subject to this act, at less than the tariff rates of such common carrier by water lawfully on file with the Commission applying to such facility or to such service.

The amendment was agreed to.

The next amendment was, on page 163, line 18, after the word "waterways" and the period, to insert, "In any proceeding to determine the justness or reasonableness of any rate, fare, or charge of any such water carrier, there shall not be taken into consideration or allowed as evidence or elements of value of the property of such carrier, either goodwill, earning power, or the certificate under which such carrier is operating; and in applying for and receiving a certificate under this act any such carrier shall be deemed to have agreed to the provisions of this paragraph, on its own behalf and on behalf of all transferees of such certificate", so as to read:

(5) No certificate issued under this act shall confer any proprietary or exclusive right or rights in the use of public waterways. In any proceeding to determine the justness or reasonableness of any rate, fare, or charge of any such water carrier, there shall not be taken into consideration or allowed as evidence or elements of value of the property of such carrier, either goodwill, earning power, or the certificate under which such carrier is operating; and in applying for and receiving a certificate under this act any such carrier shall be deemed to have agreed to the provisions of this paragraph, on its own behalf and on behalf of all transferees of such certificate.

The amendment was agreed to.

The next amendment was, under the heading "Permits for contract carriers by water", on page 165, line 2, after the word "or", to strike out "(6)" and insert "(7)", so as to read:

PERMITS FOR CONTRACT CARRIERS BY WATER

SEC. 44. (1) No person shall engage in transportation subject to this act as a contract carrier by water unless he holds an effective permit, issued by the Commission authorizing such operation: Provided, That, subject to section 45, if any such carrier or a predecessor in interest was in bona fide operation as an interstate contract carrier by water on the date of the enactment of this amendatory act in the trade or service for which application is made, and has so operated since that time, or, if engaged in furnishing seasonal service only, was in bona fide operation on the date of the enactment of this amendatory act during the season ordinarily covered by its operations, except in either event, as to interruptions of service over which the applicant or its predecessor in interest had no control, the Commission shall issue such permit, without further proceedings, if application for such permit is made to the Commission as provided in paragraph (2) of this section and within 120 days after this section takes effect. Otherwise the application for such permit shall be decided in accordance with the procedure provided for in paragraph (2) and such permit shall be issued or denied accordingly. Pending determination of any such application the continuance of such operation shall be lawful. Whenever any interstate contract carrier conditionally exempted by the provisions of section 2 (5) or (7) shall, by order of the Commission, be made subject to regulation as provided in this act, the Commission shall, upon application and without further proceedings, issue a permit to such carrier in operation at the time of its order.

The amendment was agreed to.

The next amendment was, on page 166, line 6, after the word "require", to insert a colon and "Provided further, That no contract carrier by water shall enter into any lease, contract, charter, agreement, or other undertaking, under and by which such carrier will provide any facility or furnish any service to any person, other than to another carrier subject to this act, at less than the schedule rates of such contract carrier by water lawfully on file with the Commission applying to such facility or to such service", so as to read:

(2) Application for such permit shall be made to the Commission in writing, be verified under oath, and shall be in such form and contain such information and be accompanied by proof of service upon such interested parties as the Commission shall by regulations require. Upon application, and subject to section 45, the Commission shall be commissioned by the Commission shall be compared by the Co

sion shall issue such permit if it finds that the applicant is fit, willing, and able properly to perform the service proposed and to conform to the provisions of this act and the requirements, rules, and regulations of the Commission thereunder, and that such operation will be consistent with the public interest and the policy declared in this act. The business of the carrier and the scope thereof shall be specified in such permit and there shall be attached thereto at time of issuance and from time to time thereafter such reasonable terms, conditions, and limitations, consistent with the character of the holder as an interstate contract carrier by water, as are necessary to carry out the requirements of this act or those lawfully established by the Commission pursuant thereto: Provided, however, That no terms, conditions, or limitations shall restrict the right of the carrier to substitute, or add contracts within the scope of the permit, or to add to his equipment, facilities, or service, within the scope of the permit, as the development of the business and the demands of the carrier's patrons shall require: Provided further, That no contract carrier by water shall enter into any lease, contract, charter, agreement, or other undertaking, under and by which such carrier will provide any facility or furnish any service to any person, other than to another carrier subject to this act, at less than the scheduled rates of such contract carrier by water lawfully on file with the Commission applying to such facility or to such service.

The amendment was agreed to.

The next amendment was, under the heading "Suspension, change, and revocation of certificates, permits, and licenses to motor carriers and motor-carrier brokers", on page 170, line 10, after the words "or to", to strike out "the" and insert "any", so as to read:

SUSPENSION, CHANGE, AND REVOCATION OF CERTIFICATES, PERMITS, AND LICENSES TO MOTOR CARRIERS AND MOTOR-CARRIER BROKERS

SEC. 48. (1) Certificates, permits, and licenses to motor carriers and motor-carrier brokers shall be effective from the date specified therein, and shall remain in effect until suspended or terminated as herein provided. Any such certificate, permit, or license may, upon application of the holder thereof, in the discretion of the Commission, be amended or revoked, in whole or in part, or may upon complaint, or on the Commission's own initiative, after notice and hearing, be suspended, changed, or revoked, in whole or in part, for willful failure to comply with any provision of this act, or with any lawful order, rule, or regulation of the Commission promulgated thereunder, or with any term, condition, or limitation of such certificate, permit, or license: Provided, however, That no such certificate, permit, or license shall be revoked (except upon application of the holder) unless the holder thereof willfully fails to comply, within a reasonable time, not less than 30 days, to be fixed by the Commission, with a lawful order of the Commission commanding obedience to the provisions of this act, or to any rule or regulation of the Commission thereunder, or to the term, condition, or limitation of such certificate, permit, or license, found by the Commission to have been violated by such holder: And provided further, That the right to engage in transportation in interstate or foreign commerce by virtue of any certificate, permit, license, or any application filed pursuant to the provisions of sections 38, 39, or 46, or by virtue of the second proviso of section 38 (1) or temporary authority under section 40, may be suspended by the Commission, upon reasonable notice of not less than 15 days to the carrier or broker, but without hearing or other proceedings, for failure to comply, and until compliance, with the provisions of section 46 (3), of sections 7 (1) or 8 (1), or with any lawful order, rule, or regulation of the Commission promulgated thereunder.

The amendment was agreed to.

The next amendment was, under the heading "Unification of carriers", on page 172, line 1, after the word "carriers", to strike out the colon and "Provided, however, That in the case of application for unification of motor carriers by a carrier, other than a motor carrier, or any person which is controlled by such a carrier or affiliated therewith within the meaning of paragraph (6) of this section, the Commission shall not enter an order approving the unification unless it finds that the transaction proposed will promote the public interest by enabling such carrier to use service by motor vehicle to public advantage in its operations and will not unduly restrain competition", so as to read:

(c) For any person, or any two or more persons jointly, to acquire control by stock ownership or otherwise of two or more carriers or for any person or persons which have control of one or more carriers to acquire control by stock ownership or otherwise of another carrier or carriers.

The amendment was agreed to.

The next amendment was, on page 172, line 19, after the word "will", to strike out "promote" and insert "be consistent with", and in line 21, after the word "Provided", to strike out "That approval of any transaction subject to the provisions of this section may be given without hearing if in

the judgment of the Commission a hearing is not necessary to enable it to make appropriate findings. Such approval may be upon such terms and conditions as the Commission shall find to be just and reasonable in the premises" and insert "That, with respect to any transaction under this section involving motor vehicle or motor-vehicle operations. approval of such transaction may be given, without a hearing if in the judgment of the Commission a hearing is not necessary to enable it to make the findings herein specified. Such approval may be upon such terms and conditions as the Commission shall find to be just and reasonable in the premises: Provided, however, That in the case of application for unification of motor carriers by a carrier by railroad, or any person which is controlled by such a carrier or affiliated therewith within the meaning of paragraph (6) of this section, the Commission shall not enter an order approving the unification unless it finds that the transaction proposed will promote the public interest by enabling such carrier by railroad to use service by motor vehicle to public advantage in its operations and will not unduly restrain competition", so as to read:

(2) Any carrier or carriers or other person seeking authority for or approval of any transaction subject to the provisions of this section shall present an application to the Commission seeking such authority or approval. The Commission is hereby authorized to approve after hearing upon reasonable notice to the public, and to such interested parties, and to the Governors of such States, as the Commission in its discretion shall determine, any transaction within the scope of the provisions of paragraph (1) if it finds that the same will be consistent with the public interest, and that the terms and conditions on which such transaction is to be effected are just and reasonable: Provided, That, with respect to any transaction under this section involving motor vehicle or motor-vehicle operations, approval of such transaction may be given, without a hearing if in the judgment of the Commission a hearing is not necessary to enable it to make the findings herein specified. Such approval may be upon such terms and conditions as the Commission shall find to be just and reasonable in the premises: Provided, however, That in the case of application for unification of motor carriers by a carrier by railroad, or any person which is controlled by such a carrier or affiliated therewith within the meaning of paragraph (6) of this section, the Commission shall not enter an order approving the unification unless it finds that the transaction proposed will promote the public interest by enabling such carrier by railroad to use service by motor vehicle to public advantage in its operations and will not unduly restrain competition.

The amendment was agreed to.

The next amendment was, on page 175, line 17, after the word "its", to strike out "provisions:" and insert "provisions.", so as to read:

(4) It shall be unlawful for any person, except as provided in this section, to accomplish or effectuate, or to participate in accomplishing or effectuating, the unification, or the control or management, in a common interest, of any two or more carriers (including two or more motor carriers which are not also carriers by railroad, or of one or more such motor carriers and one or more carriers other than motor carriers), however such result is attained, whether directly or indirectly, by use of common directors, officers, or stockholders, a holding or investment company or companies, a voting trust or trusts, or in any other manner whatsoever. It shall be unlawful to continue to maintain any such unification, control, or management accomplished or effectuated after the enactment of this section and in violation of its provisions. As used in this section, the words "control" or "management" shall be construed, specifically but not exclusively, to include the power to exercise, directly or indirectly, control or management or any substantial influence over policies or actions.

The amendment was agreed to.

The next amendment was, on page 177, after line 8, to strike out:

(8) For the proper protection and regulation of interstate commerce in accordance herewith, the Commission is hereby authorized upon complaint or upon its own initiative without complaint, but after notice and hearing, to investigate and determine whether the holding by any person of stock or other share capital of any carrier (unless acquired with the approval of the Commission) has the effect of subjecting such carrier to the control of another carrier or to common control with another carrier. If the Commission finds after such investigation that such holding has the effect described, it shall by order provide for restricting the exercise of the voting power of such person with respect to such stock or other share capital (by requiring the deposit thereof with a trustee, or by other appropriate means) to the extent necessary to prevent such holding from continuing to have such effect.

The amendment was agreed to.

The next amendment was, on page 179, line 6, after the word "in", to strike out "a transaction approved or provided for this section shall be" and insert "a transaction approved or authorized under the provisions of this section shall be", so as to read:

(10) The authority conferred by this section shall be exclusive and plenary, and any carrier or corporation participating in or resulting from any transaction approved by the Commission under the authority conferred by said section, shall have full corporate power (with the assent, in the case of a purchase and sale, a lease, a corporate consolidation, or a corporate merger, of a majority, unless a different vote is required under applicable State law, in which case the number so required shall assent, of the votes of the holders of the shares entitled to vote of the capital stock of such corporation at a regular meeting of such stockholders, the notice of such meeting to include such purpose, or at a special meeting thereof called for such purpose) to carry such transaction into effect and to own and operate any properties and exercise any control or franchises acquired through said transaction without invoking any approval under State authority; and any carriers or other corporations, and their officers and employees and any other persons, participating in a transaction approved or authorized under the provisions of this section shall be and they are hereby relieved from the operation of the antitrust laws and of all other restraints, limitations, and prohibitions of law, Federal, State, or municipal, insofar as may be necessary to enable them to carry into effect the transaction so approved or provided for in accordance with the terms and conditions, if any, imposed by the Commission, and to hold, maintain, and operate any properties and exercise any control or franchises acquired through such transaction.

The amendment was agreed to.

The next amendment was, on page 179, line 23, after the word "'carrier'", to strike out "does not include a carrier by air, but does include" and insert "includes", so as to read:

(12) As used in this section the term "carrier" includes any corporation which, although not engaged in transportation, owns a railroad or other facilities used in transportation subject to this act or is organized for the purpose of constructing or acquiring a railroad or other facilities to be used in transportation subject to this act.

The amendment was agreed to.

The next amendment was, under the heading "Longand-short-haul clause", on page 181, line 2, after the word "performed" and the semicolon, to strike out "and if a circuitous line or route is, because of such circuity, granted authority to meet the charges of a more direct line or route to or from competitive points and to maintain higher charges to or from intermediate points on its line or route, the authority shall not include intermediate points as to which the haul of the petitioning line or route is not longer than that of the direct line or route between the competitive points"; in line 15, after the word "upon", to insert "or otherwise lawfully in effect"; and in line 18, after the word "Commission", to insert a colon and the following proviso: "And provided further, That tariffs proposing rates subject to the provisions of this paragraph may be filed when application is made to the Commission under the provisions hereof, and such application and tariffs shall be handled in accordance with the provisions of paragraph (1) of section 28 of this act", so as to read:

LONG-AND-SHORT-HAUL CLAUSE

Sec. 50. (1) It shall be unlawful for any common carrier subject to the provisions of this act to charge or receive any greater compensation in the aggregate for the transportation of passengers, or of like kind of property, for a shorter than for a longer distance over the same line or route in the same direction, the shorter being included within the longer distance, or to charge any greater compensation as a through rate than the aggregate of the intermediate rates subject to the provisions of this act, but this shall not be construed as authorizing any common carrier within the terms of this act to charge or receive as great compensation for a shorter as for a longer distance: Provided, That upon application to the Commission such common carrier may in special cases, after investigation, be authorized by the Commission to charge less for longer than for shorter distances for the transportation of passengers or property; and the Commission may from time to time prescribe the extent to which such designated common carrier may be relieved from the operation of this section, but in exercising the authority conferred upon it in this proviso the Commission shall not permit the establishment of any charge to or from the more distant point that is not reasonably compensatory for the service performed; and no such authorization shall be granted on account of merely potential competition not actually in existence: And provided further, That rates, fares, or charges existing at the time of the passage of this act by virtue

of orders of the Commission or as to which application has theretofore been filed with the Commission and not yet acted upon, or otherwise lawfully in effect, shall not be required to be changed by reason of the provisions of this section until the further order of or determination by the Commission: And provided further, That tariffs proposing rates subject to the provisions of this paragraph may be filed when application is made to the Commission under the provisions hereof, and such application and tariffs shall be handled in accordance with the provisions of paragraph (1) of section 29 of this part section 28 of this act.

Mr. BYRD. Mr. President, I should like to ask the chairman of the committee what change the amendment will make in the long-and-short-haul clause?

Mr. WHEELER. It simply expedites the work. application is made to the Commission for the lowering of rates in order to meet competition, the rate will go into effect if there is no controversy over it, and in about 80 percent of the cases there is no controversy. If there is controversy then the Commission suspends the rate and holds a hearing.

Mr. BYRD. Does that embody the same provisions as appear in the so-called Pettengill bill?

Mr. WHEELER. No; because the long-and-short haul is to remain in the bill, and we have modified to a certain extent because there was a great deal of complaint of the long delays due to the fact that the Commission would hold a hearing upon every little application even when there was no controversy. This provision is to expedite the work and do away with the delays.

The PRESIDING OFFICER. The question is on agreeing to the amendment last stated.

The amendment was agreed to.

The next amendment was, on page 181, after line 23, to strike out:

(2) Wherever a carrier by railroad shall in competition with a water route or routes reduce the rates on the carriage of any species of freight to or from competitive points it shall not be permitted to increase such rates unless after hearing by the Commission it shall be found that such proposed increase rests upon changed conditions other than the elimination of water competition.

The amendment was agreed to.

The next amendment was, on page 182, after line 5, to

(3) Wherever a carrier by water shall in competition with a rail route or routes reduce the rates on the carriage of any species of freight to or from competitive points it shall not be permitted to increase such rates unless after hearing by the Commission it shall be found that such proposed increase rests upon changed conditions other than the elimination of rail competition.

The amendment was agreed to.

The next amendment was, under the heading "Penalties", on page 183, line 13, before the word "for", to strike out "in the penitentiary", and in line 14, before the word "or", to strike out "2 years" and insert "1 year", so as to read:

PENALTIES

SEC. 51. (1) Any carrier or broker, or whenever such carrier or broker is a corporation, any director or officer thereof, or any receiver, trustee, lessee, agent, or person acting for or employed by such corporation who, alone or with any person, shall willfully do or cause to be done, or shall willingly suffer or permit to be done, any act, matter, or thing in this act prohibited or declared to be unlawful, or who shall aid or abet therein, or who shall willfully omit or fail to do any act, matter, or thing in this Act required to be done, or shall cause or willingly suffer or permit any act, matter, or thing so directed or required by this act to be done, not to be so done, or shall aid or abet any such omission or failure, or shall be guilty of any infraction of this act, for which no penalty is otherwise provided, or who shall aid or abet therein shall be deemed guilty of a misdemeanor and shall, upon conviction thereof in any district court of the United States within the jurisdictions. of in any district court of the United States within the jurisdiction of which such offense was wholly or in part committed, be subject to a fine of not less than \$100 and not more than \$5,000 for each offense: Provided, That if the offense for which any person shall be convicted as aforesaid shall be an unlawful discrimination in rates, fares, or charges for the transportation of passengers or property, such person shall, in addition to the fine hereinbefore provided for, be liable to imprisonment for a term of not exceeding 1 year, or both such fine and imprisonment, in the discretion of the court.

The amendment was agreed to.

The next amendment was, on page 184, line 4, after the word "imprisonment", to strike out "in the penitentiary", and in line 5, after the word "exceeding", to strike out "2 years" and insert "1 year", so as to read:

SEC. 51. (1) Any carrier or broker, or whenever such carrier or broker is a corporation, any director or officer thereof, or any receiver, trustee, lessee, agent, or person acting for or employed by such corporation who, alone or with any person, shall willfully do or cause to be done, or shall willingly suffer or permit to be done, any act, matter, or thing in this act prohibited or declared to be unlawful, or who shall aid or abet therein, or who shall willfully complete the state of the stat declared to be unlawful, or who shall aid or abet therein, or who shall willfully omit or fail to do any act, matter, or thing in this act required to be done, or shall cause or willingly suffer or permit any act, matter, or thing so directed or required by this act to be done, not to be so done, or shall aid or abet any such omission or failure, or shall be guilty of any infraction of this act, for which no penalty is otherwise provided, or who shall aid or abet therein, shall be deemed guilty of a misdemeanor and shall, upon conviction thereof in any district court of the United States within the jurisdiction of which such offense was wholly or in part committed, be subject to a fine of not less than \$100 and not more than \$5,000 for each offense: Provided, That if the offense for which any person shall be convicted as aforesaid shall be an unlawful discrimination in rates, fares, or charges for the transportation of passengers or property, such person shall, in transportation of passengers or property, such person shall, in addition to the fine hereinbefore provided for, be liable to imprisonment for a term of not exceeding 1 year, or both such fine and imprisonment, in the discretion of the court.

The amendment was agreed to.

The next amendment was, on page 185, line 11, after the word "imprisonment", to strike out "in the penitentiary", and in line 12, before the word "or", to strike out "2 years" and insert "1 year", so as to read:

(3) Any person, or any officer or agent thereof, who shall knowingly and willfully, directly or indirectly, by false billing, false classification, false weighing, false representation of the contents of the package or the substance of the property, false report of weight, false statement, or by any other device or means, whether with or without the constant of the contents. weight, false statement, or by any other device or means, whether with or without the consent or connivance of the carrier, its agent or officer, obtain or attempt to obtain, transportation for such property at less than the regular rates then established and in force on the line of transportation; or who shall knowingly and willfully, directly or indirectly, by false statement or representation as to cost, value, nature, or extent of injury, or by the use of any false bill, bill of lading, receipt, voucher, roll, account, claim, certificate, affidavit, or deposition, knowing the same to be false, fictitious, or fraudulent, or to contain any false, fictitious, or fettilous, or fraudulent, or deposition, knowing the same to be false, fettilous, or fraudulent, or to contain any false, fictitious, or fraudulent statement or entry, obtain or attempt to obtain any allowance, refund, or payment for damage or otherwise in connection with or growing out of the transportation of or agreement to transport such property, whether with or without the consent or connivance of the carrier, whereby the compensation of such carrier for such transportation either before or after payment, shall in fact be made less than the regular rates then established and in force on the line of transportation, shall be deemed guilty of in force on the line of transportation, shall be deemed guilty of fraud, which is declared to be a misdemeanor and shall, upon conviction thereof in any court of the United States of competent jurisdiction within the district in which such offense was wholly or in part committed, be subject for each offense to a fine of not less than \$100 and not more than \$5,000, or imprisonment for a term of not exceeding 1 year, or both, in the discretion of the court.

The amendment was agreed to.

The next amendment was, on page 185, line 13, after the word "person", to insert "or broker"; in line 16, after the word "agents", to insert "or any broker"; in line 19, after the word "carrier", to insert "or broker"; in line 20, after the word "shall", to insert a comma and "together with such common carrier or broker"; on page 186, line 1, after the word "imprisonment", to strike out "in the penitentiary"; and in line 2, before the word "or", to strike out "2 years" and insert "1 year", so as to read:

(4) Any person or broker, or any officer or agent thereof, who shall, by payment of money or other thing of value, solicitation, or otherwise, induce or attempt to induce any common carrier, or any of its officers or agents, or any broker, to discriminate unjustly in his favor as against any other consignor or consignee in the transportatavor as against any other consignor or consignee in the transporta-tion of property, or who shall aid or abet any common carrier or broker in any such unjust discrimination, shall, together with such common carrier or broker, be deemed guilty of a misdemeanor, and shall, upon conviction thereof in any court of the United States of competent jurisdiction within the district in which such offense was wholly or in part committed, be subject to a fine of not less than \$100 and not more than \$5,000, or imprisonment for a term of not exceeding 1 year, or both, in the discretion of the court, for each

The amendment was agreed to.

The next amendment was, on page 187, line 9, before the word "for", to strike out "in the penitentiary"; in the same line, after the word "exceeding", to strike out "2 years" and insert "1 year"; in line 16, after the word "imprisonment", to strike out "in the penitentiary"; in line 17, after the word "exceeding", to strike out "2 years" and insert "1 year", so as to read:

(5) Anything done or omitted to be done by a corporation carrier, which, if done or omitted to be done by any director or officer thereof or any receiver, trustee, lessee, agent, or person acting for or employed by such corporation, would constitute a misdemeanor under this act, shall also be held to be a misdemeanor committed by such corporation and upon conviction thereof it shall be subject to like penalties as are prescribed herein with reference to such persons except as such penalties are changed in this paragraph. The willful failure upon the part of any carrier to file and publish the tariffs, schedules, or rates and charges as required by this act, or strictly to observe such tariffs or schedules until changed according to law, shall be a misdemeanor and upon conviction thereof the carrier offending shall be subject to a fine of not less than \$100 nor more than \$5,000 for each offense. It shall be unlawful for any person to offer, grant, or give, or to solicit, accept, or receive, any rebate, concession, or discrimination in respect to the transportation of any property in interstate or foreign commerce by any carrier, whereby any such property shall, by any device whatever, be transported at a less rate than that named in the tariffs or schedules published and filed by such carrier, as required by this act, or whereby any other advantage is given or discrimination is practiced. Every person who shall knowingly offer, grant, or give, or solicit, accept, or receive any such rebate, concession, or discrimination shall be deemed guilty of a misdemeanor and upon conviction thereof shall be subject for each offense to a fine of not less than \$100 nor more than \$5,000, or imprisonment for a term of not exceeding 1 year, or both, in the discretion of the court: Provided, That any person, or any officer or director of any corporation subject to the provisions of this act, or any act amendatory thereof, or any receiver, trustee, lessee, agent, or person acting for or employed by any such corporation, who shall

The amendment was agreed to.

The next amendment was, on page 189, line 20, after the numeral "7", to strike out the comma and "section 8 or paragraph (11) of section", so as to read:

(7) Any carrier failing or refusing to comply with the terms of any regulation adopted and promulgated or any order made by the Commission under section 7 of this act shall be liable to a forfeiture of \$100 for each such offense, and \$25 for each and every day of the continuance of such offense.

The amendment was agreed to.

The next amendment was, on page 190, line 10, after the numeral "10", to strike out "paragraph (2), and", so as to read:

(9) In case of failure or refusal on the part of any carrier by railroad to comply with any order or direction of the Commission made pursuant to section 10, paragraphs (4) to (8), inclusive, thereof, of this act, such carrier shall be liable to a forfeiture of not less than \$100 nor more than \$500 for each such offense, and \$50 for each and every day of the continuance of such offense.

The amendment was agreed to.

The next amendment was, on page 191, line 4, after the word "any", to strike out "order made under the provisions of sections 10 (16), 19 (4), or sections 26 to 28, inclusive, of this act shall forfeit to", and insert "order made under the provisions of section 6, section 10, paragraphs (12), (14), and (17), section 14 (1) and sections 26 to 29, inclusive, of this act shall forfeit to", so as to read:

(12) Any carrier, any officer, representative, or agent of a carrier, or any receiver, trustee, lessee, or agent of either of them, who knowingly fails or neglects to obey any order made under the provisions of section 6, section 10, paragraphs (12), (14), and (17), section 14 (1) and sections 26 to 29, inclusive, of this act shall forfeit to the United States a sum not less than \$100 nor more than \$5,000 for each offense. Every distinct violation shall be a separate offense, and in case of a continuing violation each day shall be deemed a separate offense.

The amendment was agreed to.

The next amendment was, on page 191, line 13, after the word "person", to insert a comma and "carrier by railroad, or express company", and in line 14, after the word "violating", to insert "paragraph (12) of section 5 or", so as to read:

(13) Any person, carrier by railroad, or express company violating paragraph (12) of section 5 or section 15 of this act shall be deemed guilty of a misdemeanor and for each offense on conviction shall pay to the United States a fine of not less than \$100 or more than \$1,000.

The amendment was agreed to.

The next amendment was, on page 192, line 9, after the word "act", to insert a period and "As used in this paragraph, in the next succeeding paragraph, and in section 19, the words 'keep' and 'kept' shall be construed to mean made, prepared, or compiled, as well as retained, and the words 'accounts, records, and memoranda' shall be construed to include all reports and copies thereof made, prepared, compiled, or retained by carriers or brokers pursuant to orders of the Commission made under any of the provisions of this act", so as to read:

(14) In case of failure or refusal on the part of any carrier, owner, or broker to keep such accounts, records, and memoranda on the books and in the manner prescribed by the Commission, under the provisions of section 19 of this act, or in case of failure or refusal on the part of any carrier, owner, broker, controlling person, affiliate, or other person to submit any accounts, books, records, memoranda, correspondence, or other documents to the Commission or any of its authorized agents or examiners for inspection or copying as required by section 19 of this act, such carrier, owner, broker, controlling person, affiliate, or other person shall forfeit to the United States not less than \$100 or more than \$500 for each such offense and for each and every day of the continuance of such offense, such forfeitures to be recoverable in the same manner as other forfeitures provided for in this act. As used in this paragraph, in the next succeeding paragraph, and in section 19, the words "keep" and "kept" shall be construed to mean made, prepared, or compiled, as well as retained, and the words "accounts, records, and memoranda" shall be construed to include all reports and copies thereof made, prepared, compiled, or retained by carriers or brokers pursuant to orders of the Commission made under any of the provisions of this act.

The amendment was agreed to.

The next amendment was, on page 193, line 5, after the word "thereto", to insert "or shall knowingly or willfully file with the Commission any false report or other document required to be filed by it"; in line 11, after the word "term", to strike out "not less" and insert "of not more"; and in line 12, after the word "year", to strike out "nor more than 3 years", so as to read:

(15) Any person who shall willfully make, cause to be made, or participate in the making of any false entry in any annual or other report required to be filed, or in the accounts of any book of accounts or in any record or memoranda kept by a carrier, owner, or broker, or who shall willfully destroy, mutilate, alter, or by any other means or device falsify the record of any such account, record, or memoranda, or any books, correspondence, or other documents, or who shall willfully neglect or fail to make full, true, and correct entries in such accounts, records, or memoranda of all facts and transactions appertaining to the business of the carrier, owner, or broker, or shall keep any accounts, records, or memoranda contrary to the rules, regulations, or orders of the Commission with respect thereto, or shall knowingly or willfully file with the Commission any false report or other document required to be filed by it, shall be deemed guilty of a misdemeanor and shall be subject, upon conviction in any court of the United States of competent jurisdiction, to a fine of not less than \$100 nor more than \$5,000 or imprisonment for a term of not more than 1 year, or both such fine and imprisonment.

The amendment was agreed to.

The next amendment was, on page 193, after line 13, to strike out:

(16) Any carrier, owner, or broker, or any officer, agent, employee, or representative thereof, who shall willfully fail or refuse to make a report to the Commission, as required by this act, or to file true copies of any contract, or arrangement, under section 8, when required by the Commission, or to keep accounts, records, and memoranda in the form and manner approved or prescribed by the Commission, or shall knowingly and willfully falsify, destroy, mutilate, or alter any such report, account, record, or memorandum, or shall knowingly and willfully file any false report, account, record, or memorandum, shall be deemed guilty of a misdemeanor, and upon conviction thereof be subject for each offense to a fine of not less than \$100 and not more than \$5,000, or imprisonment in a penitentiary for a term of not exceeding 2 years, or both. As used in this paragraph, in the next succeeding paragraph, and in section 19, the words "keep" and "kept" shall be construed to mean made, prepared, or compiled, as well as retained, and the words "accounts, records, and memoranda" shall be construed to include all reports and copies thereof made, prepared, compiled, or retained by carriers or brokers pursuant to orders of the Commission made under any of the provisions of this act.

And in Lieu thereof to insert the following:

(16) Any carrier, owner, or broker, or any officer, agent, employee, or representative thereof, who shall willfully fail or refuse to make and file an annual or other report with the Commission as required by this act, or to file true copies of any contract, agreement, or arrangement under section 8 when required by the Commission, or to make specific and full, true, and correct answer to any question authorized by the provisions of this act within 30 days from the time it is lawfully directed so to do, or shall deliver or relinquish possession of any freight transported by it contrary to the provisions of section 14 (1) of this act, shall forfeit to the United States the sum of \$100 for each and every day it shall continue in default with respect thereto.

The amendment was agreed to.

The next amendment was, on page 195, line 5, after the word "equipment", to strike out the comma and "and all accounts, records, and memoranda, including all documents, papers, and correspondence now or hereafter existing and kept or required to be kept by carriers, owners, or brokers" and insert "of said carrier, owner, or broker, as provided in section 19 (5) of this act", so as to read:

(17) In case of failure or refusal on the part of any carrier, owner, or broker to accord to the Commission or its duly authorized special agents or examiners access to, or inspection or examination of, all lands, buildings, or equipment of said carrier, owner, or broker, as provided in section 19 (5) of this act, such carrier, owner, or broker shall be liable to a forfeiture of \$100 for each day during which such failure or refusal continues.

The amendment was agreed to.

The next amendment was, on page 195, line 23, after the word "of", to strike out "section" and insert "sections", so as to read:

(19) Any carrier which violates any provision of sections 33 or 34 of this act, or which falls to comply with any of the orders, rules, regulations, standards, or instructions made, prescribed, or approved thereunder shall be liable to a penalty of \$100 for each such violation and \$100 for each and every day such violation, refusal, or neglect continues, to be recovered in a suit or suits to be brought by the United States attorney in the district court of the United States having jurisdiction in the locality where such violations shall have been committed. It shall be the duty of such attorneys to bring such suits upon duly verified information being lodged with them showing such violations having occurred; and it shall be the duty of the Commission to lodge with the proper United States attorneys information of any violations of sections 33 or 34 coming to its knowledge.

(20) In case of failure or refusal on the part of any carrier, receiver, or trustee to comply with all the requirements of section 35 of this act and in the manner prescribed by the Commission such carrier, receiver, or trustee shall forfeit to the United States the sum of \$500 for each such offense and for each and every day of the continuance of such offense. (19) Any carrier which violates any provision of sections 33 or 34

every day of the continuance of such offense.

The amendment was agreed to.

The next amendment was, on page 197, line 6, after the word "not", to strike out "less" and insert "more", and in line 7, after the words "1 year", to strike out "not more than 3 years"; so as to read:

(21) Any person subject to the provisions of section 36 of this act or any director, officer, attorney, or agent thereof who know-ingly assents to or concurs in any issue of securities or assumpingly assents to or concurs in any issue of securities or assumption of obligation or liability forbidden by said section or any application or other disposition of securities contrary to the provisions of the Commission's order or orders in the premises, or any application not authorized by the Commission of the funds derived by the carrier or person through such sale or other disposition of such securities, shall be guilty of a misdemeanor and upon conviction shall be punished by a fine of not less than \$1,000 nor more than \$10,000, or by imprisonment for not more than 1 year, or by both such fine and imprisonment in the discretion of the court such fine and imprisonment, in the discretion of the court.

The amendment was agreed to.

Mr. WHEELER. Mr. President, I ask unanimous consent to recur to page 191, and I also ask unanimous consent to reconsider the vote by which the amendment on line 13 was agreed to, in order that I may offer an amendment to it.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the vote by which the amendment was agreed to is reconsidered.

Mr. WHEELER. Mr. President, I move to amend that amendment by striking out the word "railroad", in line 13, and inserting the word "broker", and in line 14, by striking out the words "paragraph (12) of section 5 or."

Mr. McCARRAN. Mr. President, will the Senator kindly explain the object of the amendment?

Mr. WHEELER. It is merely a clarifying amendment to correct a typographical error, I am told by the experts. There is no "paragraph (12) of section 5" in the bill now.

Mr. McCARRAN. Does not that involve another entire section?

Mr. WHEELER. No: it is confined to section 15.

The PRESIDING OFFICER. Is there objection to the amendment proposed by the Senator from Montana to the amendment reported by the committee? If not, the amendment to the amendment is agreed to, and the amendment, as amended, is agreed to.

Mr. McCARRAN. Mr. President, with reference to the amendment on page 191, line 13, to which I have just made reference, may I reserve the right to correct a statement of the Senator from Montana and myself at a later time, because I think the Senator is in error as to the amendment which he has offered to the amendment.

Mr. WHEELER. I may be in error, but I am relying on the experts. I will, however, be very glad to have them talk with the Senator about it, and, if I am in error, a change can be made subsequently.

Mr. McCARRAN. Very well.

The PRESIDING OFFICER. The clerk will state the next amendment reported by the committee.

The next amendment was, on page 197, line 19, after the word "of", to strike out "section" and insert "sections"; on page 198, line 3, after the word "of", to strike out "section" and insert "sections"; and in line 6, after the word "than", to strike out "3 years" and insert "1 year", so as to read:

(23) Any construction, operation, or abandonment contrary to the provisions of section 37, or any operation or transfer contrary to the provisions of sections 38, 39, 43, 44, 45, 46, or 47, may be enjoined by any court of competent jurisdiction at the suit of the United States, the Commission or any commission or regulating body of the State or States affected, or any party in interest; and body of the State or States affected, or any party in interest; and any carrier which, or any director, officer, receiver, operating trustee, lessee, agent, or person, acting for or employed by such carrier or broker, who knowingly authorizes, consents to, or permits any violation of the provisions of sections 37, 38, 39, 43, 44, 45, 46, or 47, shall be guilty of a misdemeanor, and upon conviction thereof be punished by a fine of not less than \$100 nor more than \$5,000 or by imprisonment for not more than 1 year, or both.

The amendment was agreed to.

The next amendment was, on page 198, after line 7, to

Any person or carrier violating the requirements of section 42 of this act, or any rule or regulation of the Commission made thereunder, shall be liable to a forfeiture of \$100 for each day during which such violation continues.

The amendment was agreed to.

The next amendment was, on page 193, line 20, after the word "attorneys", to insert "at the request of the Commission and", so as to read:

(25) The forfeitures and penalties provided for in this act and recoverable in a civil suit shall be payable into the Treasury of the United States. Such suits shall be brought in the name of the United States, in the district where the defendant or one of the defendants has its principal operating office, or in any district through which any defendant carrier operates. It shall be the duty of the various United States district attorneys, at the request of the Commission and under the direction of the Attorney General of the United States, to prosecute for the recovery of such forfeitures and penalties. The costs and expenses of such prosecution shall be paid out of the appropriation for the expenses of the courts of the United States.

The amendment was agreed to.

The next amendment was, at the top of page 199, to in-

INVESTIGATION INTO REGIONAL RATES

SEC. 52. The Commission is hereby authorized and directed to proceed immediately, in such manner as it deems advisable in the interest of a correct ascertainment of the facts, to investigate the rates on manufactured products and raw materials between points in one classification territory and points in another such territory, and to like rates within any of such territories maintained by common carriers engaged in transportation subject to this act, for the purpose of determining whether such rates are unjust or unreasonable or unlawful in any other respect in and of them-selves or in their relation to each other, and to enter such orders as may be appropriate for the removal of any unlawfulness which may be found to exist: *Provided*, That the Commission in its discretion may confine its investigation to such manufactured products and raw materials and the rates thereon as shippers thereof may specifically request to be included in such investigation.

Mr. FRAZIER. Mr. President, I should like to ask if there is any danger of intrastate rates being included in this amendment? I notice the phrase "or in their relation to each other."

Mr. WHEELER. This provision does not broaden the authority of the Interstate Commerce Commission in the slightest degree. It simply says that they shall carry on an investigation into these various territorial rates.

Mr. FRAZIER. It would not affect intrastate rates at all?

Mr. WHEELER. No.

Mr. WHITE. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. WHITE. I understood the Senator to say that this provision conferred no new power and imposed no new obligation on the Commission. I had rather assumed that was so, except for the language appearing in the second line, which directs the Commission to proceed immediately. I take it that is a new obligation and a specific obligation.

Mr. WHEELER. What I meant to say was that that is a new obligation to proceed to investigate, but the powers of the Commission as to regulating rates are not changed at all.

Mr. WHITE. That was my impression. I merely wanted to have it confirmed.

Mr. MILLER. Mr. President, I should like to ask the Senator from Montana a question. I am not certain that this amendment provides for an investigation of intraterritorial rates—that is, a shipment of goods moving from one territory or region into another territory or region. I think that ought to be included in the investigation if it is not included. I do not construe it as being included.

Mr. HILL. Mr. President, will the Senator yield?

Mr. MILLER. Yes.

Mr. HILL. If the Senator will read the words on lines 6 and 7, page 199, the bill says:

Between points in one classification territory and points in another such territory.

The language could not be any clearer than that, I think. Mr. MILLER. Does it include the investigation of movements of freight intraterritorially or intraregionally?

Mr. WHEELER. Does the Senator mean in the same territory?

Mr. MILLER. Yes.

Mr. HILL. Yes-

and to like rates within any of such territories.

Mr. MILLER. The point I have in mind is that I do not want the Record to be silent on what the Congress intended as to the extent of this investigation of discrimination in rates. If the amendment is all-inclusive, as the language indicates that it is all-inclusive, well and good.

Mr. WHEELER. Let me say that I think it is, and the experts of the Commission tell me that in their opinion it is.

It is intended to take in everything.

Mr. MILLER. I wanted that statement to appear in the RECORD.

Mr. HILL. Mr. President, will the Senator yield?

Mr. MILLER. Yes.

Mr. HILL. That is the intent and purpose. If the Senator will carefully read the language on lines 6, 7, and 8, I think he will see that it clearly directs that that be done.

Mr. MILLER. I think that is true. I agree that that is the context of the language, but I did not want any question to be raised about it.

Mr. CONNALLY. Mr. President, I desire to invite the attention of the chairman of the committee and the Senators from Arkansas and Alabama to the language on page 199, line 13. The investigation referred to by the Senators may be sufficiently complete; but what is the Commission to do after it gets through investigating?

The language is:

And to enter such orders as may be appropriate for the removal of any unlawfulness which may be found to exist.

A rate might be entirely lawful and yet be unfair and unjust with relation to some other rate.

Mr. HILL. If the Senator will yield at that point, if he will refer to section 6 of the bill, on page 27, he will find there an inhibition against unlawful rates.

Section 6, beginning in line 23, page 26, says:

It shall be unlawful for any common carrier to make or give any undue or unreasonable preference or advantage to any particular person, company, firm, corporation, association, locality, port, port district, gateway, transit point, region, district, territory—

And so forth. The last three words have been put in today by amendment.

Mr. CONNALLY. But what the Senator from Texas is trying to point out is that right now we have a certain status of rates of which we have been complaining. One area in one territory has a certain set of rates. When those rates were made they were lawful, and they continued to be lawful so far as that feature of them was concerned. Now we tell the Interstate Commerce Commission to investigate them—for what purpose? For the purpose of making them reasonable and fair and just. So I think the language restricting the investigation to the question of unlawfulness ought to be liberalized.

Mr. WHEELER. Mr. President, may I interrupt the Senator? The experts from the Commission tell me that the word "unlawful" is the broadest term that could possibly be used. If a rate is unreasonable or discriminatory, it is held by the Commission to be unlawful; so that "unlawful" is the broadest term that could be used with respect to it.

I must confess that when I read the bill I felt exactly as the Senator from Texas did, and thought the language ought to be changed to be more specific, and to include unreasonableness or discrimination; but the experts tell me that this is the better term to cover the matter.

Mr. CONNALLY. I hope the Senator is right, and I hope

the experts are right.

Mr. HILL. The information I had was that the word "unlawful" was the broadest term that could be used.

If I may have the attention of the chairman of the committee, having in mind, however, the fact that the question would arise about which the Senator from Texas has asked—the word "unlawful" now takes in "unjust," "unreasonable," or unlawful in any other respect, as you will find set out in line 10 of page 199—it would not change the intent and the purpose to strike out the word "unlawfulness" and insert in lieu thereof the words "unjust or unreasonable or unlawful rate"; and if there is no objection on the part of the chairman of the committee, I will offer that amendment,

Mr. WHITE and Mr. REED addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Texas yield; and if so to whom?

Mr. CONNALLY. I yield first to the Senator from Maine, who, I believe, was on his feet first.

Mr. WHITE. Mr. President, it is my impression that if a rate is unjust as to amount, or if it is discriminatory as between shippers, or if it is discriminatory as between territories or sections of the country, it then becomes an unlawful rate. It seems to me that if we omit the word "unlawful" we shall have to exercise the utmost care in our enumeration of the offenses we have in mind. It seems to me that the word "unlawful" is all-comprehensive, and includes everything the proposed statute has in mind as constituting either an unjust or a discriminatory or a preferential or a prejudicial rate.

Mr. HILL. Or an unreasonable rate.

Mr. WHITE. Yes.

Mr. CONNALLY. That is probably a very fine thing with which to delude our consciences; but let me suggest that to-day the status of which we are complaining involves one set of rates in one territory and another set in another territory. Every one of those rates has been approved by the Interstate Commerce Commission. It has been approved by them under the law, under their discretion, under their wide authority; and those rates are lawful. They cannot be unlawful.

Mr. HILL. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. HILL. There are two thoughts on that subject. One is that in section 6 the pending bill changes the law, the idea being that what is lawful today will be unlawful after the bill becomes law.

Mr. CONNALLY. Would the Senator object to inserting "any unreasonableness or unlawfulness which may be found to exist"?

Mr. HILL. I have sent to the desk, and if the Senator who now has the floor will yield for that purpose I will ask to have read from the desk an amendment which inserts the words "any unjust or unreasonable or unlawful rates." I do not think it changes at all the scope of the language as now written; but if it will make the language any clearer, that is what we want to do. We desire to make it as clear as possible.

The PRESIDING OFFICER. The present occupant of the chair understands that the Senate is proceeding under a unanimous-consent agreement under which only unobjectedto committee amendments are to be considered at this time. Under that agreement the Chair would rule that this amendment would be out of order.

Mr. CONNALLY. The amendment is agreed to by the chairman of the committee. I ask unanimous consent that the amendment may be considered at this time.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Texas? The Chair hears none, and it is so ordered.

The amendment offered by the Senator from Alabama [Mr. HILL] will be stated.

The CHIEF CLERK. On page 199, line 13, in the committee amendment, it is proposed to strike out the word "unlawfulness" and to insert in lieu thereof the words "unjust or unreasonable or unlawful rates."

Mr. CONNALLY. That does not quite meet the objection for the reason that the Senator limits the action of the Commission to removal. A rate would not be removed without putting in a new one. If the Senator is going to use the word "rates," he ought to modify the word "removal" by using additional words.

Mr. HILL. I do not agree with the Senator at all in that narrow interpretation of the word "removal." If one rate is taken out and another is put in its place, the first rate is removed. I think the word "removal" is the word commonly and ordinarily used by the Interstate Commerce Commission in matters of this kind. Certainly that is what was shown by the testimony before our subcommittee. If we remove this book and put something in its place, the book is removed.

Mr. CONNALLY. I shall not object to the amendment. The first book is removed, but the second book is the one I am concerned with, because that is the one we are going to operate under.

Mr. WHITE. Mr. President-

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Maine?

Mr. CONNALLY. I yield.

Mr. WHITE. I have no objection at all to the amendment, but I very much doubt its wisdom. It proposes to insert the words "unjust or unreasonable or unlawful." That carriers to me the suggestion that the unjust and the unreasonable rates may not be unlawful rates. I think we shall be a good deal safer if we stick to the word "unlawful."

Mr. REED. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. REED. I think there is a little confusion that may very easily be dissipated. I think the Senator from Texas fails to make a distinction between the term "legal" and the term "lawful" as used in describing rates charged and collected by carriers. A legal rate is the only rate that any carrier may collect.

Mr. CONNALLY. I do not agree with the Senator at all. A rate might be legal and yet be the most outrageous rate that could be applied.

Mr. REED. May I conclude, with the permission of the Senator from Texas, since he has yielded to me?

Mr. CONNALLY. Yes; I shall be very glad to yield.

Mr. REED. The only rate that a carrier may collect is the tariff rate, and that is the legal rate.

Mr. CONNALLY. Exactly.

Mr. REED. That legal rate, being the only rate the carrier may collect, may be unlawful if it be unjust, unreasonable, discriminatory, or prejudicial. I agree with the Senator from Maine. I suggest to the brilliant young Senator from Alabama-it being none of my business-that only in deference to him did I agree not to object to putting this language in the bill, where I do not think it belongs. I think, as stated by the Senator from Maine, that the Senator from Alabama is weakening the provision when he puts in the words "unjust or unreasonable." The term that is now in the bill is the strongest term, the broadest term, the most inclusive term that can be used.

The Senator from Texas fails to make a distinction between

a legal rate and a lawful rate.

Mr. CONNALLY. What is the difference between an unlawful act and an illegal act, if the Senator is going to distinguish them?

Mr. REED. I tried to state it.

Mr. CONNALLY. I know the Senator tried, and he will try again. Those terms are almost synonymous.

Mr. REED. The only legal rate a carrier may collect is the rate published in a tariff.

Mr. CONNALLY. What are the rates in existence now which we are trying to correct? Are they legal or illegal?

Mr. REED. They are legal.

Mr. CONNALLY. Are they lawful?

Mr. REED. They might be unlawful, depending on whether they were unreasonable or unjust or prejudicial.

Mr. CONNALLY. They are certainly lawful until they are set aside by some competent authority.

Mr. REED. I beg pardon.

Mr. CONNALLY. If the shipper has to pay them, it does not make a bit of difference, when he goes to bed at night, whether they are unlawful or illegal; he has to pay them just the same.

Mr. REED. I defer to the great wisdom of the Senator from Texas, but I still insist that in this handling and description of common-carrier rates there is a distinction between a legal rate and a lawful rate.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Alabama to the amendment of the committee on page 199, line 13.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The next amendment was, under the heading "Investigation of various modes of transportation", on page 199, after line 19, to strike out:

INVESTIGATION OF VARIOUS MODES OF TRANSPORTATION

Sec. 52. The Commission is hereby authorized and directed to proceed immediately, in such manner as it deems advisable in the interest of a correct ascertainment of the facts, to investigate—

The amendement was agreed to.

The next amendment was, on page 199, after line 23, to

Sec. 53. (1) There is hereby established a board of investigation and research (hereinafter referred to as the "Board") to be composed of three members to be appointed by the President, for the period of the existence of the Board as hereinafter provided. The President shall designate the member to act as Chairman of the Board and the Board may elect another of its members as Vice Chairman, who shall act as Chairman in the case of absence or incapacity of the Chairman. A majority of the Board shall conincapacity of the Chairman. A majority of the Board shall constitute a quorum and the powers conferred upon the Board by this section may be exercised by a majority vote of its members. A vacancy on the Board shall not affect the powers of the remaining members to execute the functions of the Board, and shall be filled in the same manner as the original selection. The members of the Board shall receive such compensation as shall be fixed by the President at the time of their appointment, and in addition shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the exercise of the functions vested in the Board.

(2) It shall be the duty of the Board to investigate—

(2) It shall be the duty of the Board to investigate-

The amendment was agreed to.

The next amendment was, on page 201, line 13, after the name "Government", to strike out "credit;" and insert "credit.", so as to make the paragraph read:

(b) concerning the extent to which right-of-way or other trans-(b) concerning the extent to which right-of-way or other transportation facilities and special services have been or are provided from public funds for the use, within the territorial limits of the continental United States, of each of the three types of carriers without adequate compensation, direct, or indirect, therefor, and the extent to which such carriers have been or are aided by donations of public property, payments from public funds in excess of adequate compensation for services rendered in return therefor, or extensions of Government credit.

The amendment was agreed to.

The next amendment was on page 201, after line 13, to

(3) The Board is authorized to employ and fix the compensation of such experts, assistants, examiners, and other employees as it deems necessary for the performance of its duties and is authorized to utilize the services, information, facilities, and personnel of

the various departments and agencies of the Government.

(4) For the purpose of carrying out the provisions of this section the Board may seek information from such sources and conduct its investigations in such manner as it deems advisable in the interest of a correct ascertainment of the facts, and the Board and its examiners shall be entitled to exercise the same powers with its examiners shall be entitled to exercise the same powers with respect to conducting hearings and requiring the attendance of witnesses and the production of books, papers, correspondence, memoranda, contracts, agreements, or other records and documents as are conferred upon the Commission and its examiners by sections 23 and 24 of this act, and the provisions of paragraphs (4), (5), and (8) of section 24 of this act shall be applicable to all persons summoned by subpena or otherwise to attend and testify or to produce books, papers, correspondence, memoranda, contracts, agreements, or other records and documents before the contracts, agreements, or other records and documents before the

(5) On or before June 1, 1940, the Board shall transmit to the (5) On or before June 1, 1940, the Board shall transmit to the President and to the Congress preliminary reports of the studies and investigations carried on by it, together with such findings and recommendations as it is by that time prepared to make, and as soon as practicable thereafter, but in any event by May 31, 1941, shall submit to the President and to the Congress its further and final reports of the studies and investigations carried out by it pursuant to the provisions of this section, together with its findings and recommendations based thereon. All authority conferred by this section shall terminate May 31, 1941.

(6) There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$\(\), or so much thereof as may be necessary, to carry out the provisions of this section.

The amendment was agreed to.

The next amendment was at the top of page 203, to strike

and to report to the Congress within not more than 1 year from the effective date of this amendatory act its findings and con-clusions, together with its recommendation as to any legislation relating to either of these matters which it deems necessary or desirable in the public interest. Thereafter it shall continue to keep itself informed with respect to the said matters and shall submit reports and recommendation thereon to the Congress from time to time as circumstances in its judgment may require.

The amendment was agreed to.

The next amendment was, under the heading "Saving clauses, repealing clauses, etc.", on page 203, line 20, after the word "pending", to insert "in any court or", so as to read:

SAVING CLAUSES, REPEALING CLAUSES, AND SO FORTH

SEC. 54. (1) This act is a codification and amendment of the Interstate Commerce Act, and shall not be construed as abolishing the Interstate Commerce Commission as at present constituted, or as affecting the terms of office of its members, or as affecting the status of its employees, or as creating a new commission, or as interfering with the continuity of said Commission as established under the act and acts of which this act is amendatory, or as interfering with or breaking the continuity of any proceedings begun under said prior act or acts and pending in any court or before the Commission upon the effective date of this amendatory act.

The amendment was agreed to.

The next amendment was, on page 205, line 20, after the numerals "1936", to strike out "and of the Civil Aeronautics Act of 1938"; on page 106, beginning in line 1, to insert "Commission by the Inland Waterways Corporation Act of June 7, 1924, as amended; and nothing in this act shall be construed to alter or diminish powers now vested in the"; and in line 4, after the name "Commission", to strike out "the Civil Aeronautics Authority", so as to read:

(5) The act entitled "An act to further regulate commerce with foreign nations and among the States", approved February 19, 1903, as amended; the joint resolution entitled "Joint resolution directing the Interstate Commerce Commission to take action relative to adjustments in the rate structure of common carriers subject to the Interstate Commerce Act, and the fixing of rates and charges", approved January 30, 1925; the Intercoastal Shipping Act, 1933, sections 18 and 19 of the Shipping Act, 1916, and any other provisions of said act, and any provisions of the Merchant Marine Act, 1920, and of the Merchant Marine Act, 1936, and of all other acts which are inconsistent with any of the provisions of this act are hereby repealed so far as they apply to matters within the jurisdiction vested in the Commission or the Board by the provisions of this act; but nothing in this act shall be construed to alter or diminish powers now vested in the Commission by the Inland Waterways Corporation Act of June 7, 1924, as amended; and nothing in this act shall be construed to alter or diminish powers now vested in the United directing the Interstate Commerce Commission to take action Act of June 7, 1924, as amended; and nothing in this act shall be construed to alter or diminish powers now vested in the United States Maritime Commission, the Department of Agriculture, or the Department of Commerce, not in conflict with the provisions of this act, or to affect any law of navigation, the admiralty jurisdiction of the courts of the United States, liabilities of vessels and of owners for loss or damage, or laws respecting seamen, or any other statute or maritime law, regulation, or custom not in conflict with the provisions of this act.

The amendment was agreed to.

The next amendment was in section 2, on page 206, line 17, after the word "enactment", to insert a colon and "Provided, however, That the Commission shall, if found by it necessary or desirable in the public interest, by general or special order, postpone the taking effect of any provision of this act with respect to a group or groups of water carriers, to such time after sixty days, as the Commission shall prescribe, but not beyond the 1st day of April 1940", so as to make the section

SEC. II. This act (except this section, which shall become effective immediately upon enactment) shall become effective 60 days after enactment: Provided, however, That the Commission shall, if found by it necessary or desirable in the public interest, by general or special order, postpone the taking effect of any provision of this act with respect to a group or groups of water carriers, to such time after 60 days, as the Commission shall prescribe, but not beyond the 1st day of April 1940.

The amendment was agreed to.

The PRESIDING OFFICER. Without objection, the clerk will renumber the paragraphs to accord with the action of the Senate.

Mr. REED. Mr. President, at this point I desire to offer an amendment on behalf of and by the authorization of the Committee on Interstate Commerce, beginning at line 12. I send it to the desk and ask that it be read.

The PRESIDING OFFICER [Mr. Brown in the chair]. The clerk will state the amendment.

The CHIEF CLERK. On page 206, it is proposed to insert after line 12 a new paragraph reading as follows:

(6) All orders, determinations, rules, regulations, permits, contracts, or agreements which have been issued or authorized by the United States Shipping Board or the Department of Commerce or United States Shipping Board or the Department of Commerce or the United States Maritime Commission under any provision of law repealed or amended by this act or in the exercise of duties, powers, or functions transferred to the Commission by this act and which are in effect at the time this act takes effect shall continue in effect until modified, terminated, superseded, or repealed by the Commission or by operation of law. Any proceeding, hearing, or investigation commenced or pending before the United States Maritime Commission at the time this act takes effect shall be continued by the Commission in the same manner as though originally commenced before the Commission if such proceeding, hearing, or investigation (1) involves the administration of duties, powers, and functions transferred to the Commission by this act, or (2) involves the exercise of jurisdiction similar to that granted to the Commission under the provisions of this act. All records, reports, tariff schedules, contracts, or agreements transferred to the Commission under this act shall be available for use by the Commission to the same extent and shall be available for use by the Commission to the same extent and to the same effect as if such records were originally records of the

All schedules filed with the United States Maritime Commission prior to the effective date of this act under the provisions of the Intercoastal Shipping Act of 1933 and the Shipping Act of 1916, as amended, relating to water transportation subject to this act, shall continue in effect until modified, terminated, superseded, or repealed by the Commission or as otherwise provided in this act.

Mr. REED. Mr. President, the amendment was suggested by the experts of the Maritime Commission and the experts from the Interstate Commerce Commission working with us to cover the period of transfer of certain duties and authorities from the Maritime Commission to the Interstate Commerce Commission. In the bill is a clause which forbids the Interstate Commerce Commission suspending an initial schedule of a water carrier. In other words, it is for the purpose of protecting the water carrier.

Mr. McCARRAN. Mr. President, will the Senator yield? Mr. REED. Let me finish the explanation, and I will yield.

Mr. McCARRAN. Will the Senator yield now?

Mr. REED. No; I would rather not. The Maritime Commission has issued certain orders, and has certain rates in effect. It has certain proceedings pending before it. All the amendment proposes to do is to transfer the rates and orders and pending proceedings from the Maritime Commission to the Interstate Commerce Commission. It provides that such rates and schedules may be effective, and that any proceedings begun in the Maritime Commission shall be considered as having been begun in the Interstate Commerce Commission, and shall proceed from there.

Now I am glad to yield.

Mr. McCARRAN. Will the Senator kindly clarify to the Senate what is meant by the term "initial schedule?"

Mr. REED. An initial schedule is a schedule of rates that is in effect on the date when regulation by the Interstate Commerce Commission over water transportation takes effect.

Mr. McCARRAN. May the Senate understand this amendment as affecting that schedule?

Mr. REED. The amendment transfers the rates which have been authorized by the Maritime Commission to the Interstate Commerce Commission, and continues those rates in effect until changed by order of the Interstate Commerce

Mr. McCARRAN. Does not that mean without hearing

by the Interstate Commerce Commission?

Mr. REED. That would be correct; but the Interstate Commerce Commission can have a hearing. Somehow or other we have to get the authority, we have to get the schedules, we have to get the orders, we have to get the proceedings, from the Maritime Commission over to the Interstate Commerce Commission.

Mr. McCARRAN. Mr. President, I may say, if the Senator will yield again, that it is the "somehow or other" in

which I am interested.

Mr. REED. I may say to the Senator from Nevada that the amendment was prepared in conference with the Maritime Commission and with the Interstate Commerce Commission, and it was written by them as being an amendment which would accomplish the desired purpose.

Mr. WHEELER. They were the ones who suggested it.

Mr. McCARRAN. Mr. President, I have not had opportunity to read the amendment, but I think it is an all-encompassing amendment; in other words, as I listened to it being read, it seemed to affect the entire bill from beginning to end. I think it is far reaching.

Mr. REED. I assure the Senator from Nevada that he is in error in that.

Mr. McCARRAN. I cannot be assured.

Mr. REED. It is the very simplest amendment we can frame to effect what is desired.

Mr. McCARRAN. I know, but these "simple" things are the things I am always suspicious of.

Mr. REED. I do not understand how anyone in the Senate could have a suspicious nature.

Mr. WHEELER. Let us adopt the amendment, and if there is any question about it, and the Senator desires to raise a point regarding it, we may reconsider the amendment.

Mr. McCARRAN. I suggest the absence of a quorum.

Mr. AUSTIN. Mr. President, will not the Senator withhold his suggestion?

Mr. McCARRAN. I think this amendment is all-important, and I want it understood by the Senate.

Mr. McNARY. Mr. President, will the Senator yield for just a moment? Let me suggest that the amendment go over until tomorrow, so that we may have further time to consider it.

Mr. McCARRAN. Mr. President, we are dealing with a matter which affects the entire United States.

Mr. McNARY. I agree with the Senator.

Mr. McCARRAN. We are dealing with something which affects every section of the Nation. We are dealing with something that is now far reaching in this country and will have a far-reaching effect for a long time to come. The Transportation Act of 1920 has had a far-reaching effect since its enactment to the present time. The pending bill, if enacted, will supersede the Transportation Act of 1920, if I am correct. In other words, the Transportation Act of 1920 will be set aside, all its provisions will be set aside, all decisions rendered in pursuance of and in keeping with the Transportation Act of 1920 will be set aside, even to the decisions of the court of last resort.

I want to know why the bill should be passed with only a

few Senators present.

Mr. McNARY. I agree with the observations of the able Senator from Nevada. I do not think we should act on the bill this evening. I want the amendment to go over until tomorrow. I want time to study it.

Mr. McCARRAN. Yes. I also want time to study it.

Mr. WHEELER. I am perfectly willing to let it go over until tomorrow.

The PRESIDING OFFICER. Without objection, the amendment offered by the Senator from Kansas [Mr. Reed]

Mr. WHEELER. Mr. President, it was not a matter that the committee was interested in, but it was suggested by the joint commission because the Commission thought it necessary to be done. I am frank to say to the Senate that I took the word of the Commissioners. I assumed they knew what they were doing.

However, I wish to say to the Senator that, of course, the bill amends the Transportation Act of 1920. I know the Senator from Nevada would desire the act of 1920 amended. One of the reasons why the water carriers and others are suspicious of the Interstate Commerce Commission is that Congress in the act of 1920 imposed duties upon the Interstate Commerce Commission which the Senator from Nevada never in the world would have voted for had he then been a Member of the Senate. I call attention to that because when the Interstate Commerce Commission is criticized for what it has done the criticism should rightly be directed against the Congress of the United States because of the Transportation Act which it passed.

Mr. McCARRAN. I wish to say to the Senator that I do not criticize the Interstate Commerce Commission. I think the Commission has done excellent work under the legislation Congress provided.

Mr. WHEELER. In framing the pending measure the committee was extremely careful to preserve every provision of the present law which has been construed by the Supreme Court up to the present time.

Mr. McCARRAN. While the Senator is on the floor, will he kindly tell me what effect the measure will have on the fourth

Mr. WHEELER. The fourth section remains as it now is, with the exception of the equidistance clause, which those who have been fighting for the retention of the fourth section say is unworkable and should be repealed.

Mr. McCARRAN. Will not the repeal of that clause adversely affect the very territory which the Senator repre-

sents?

Mr. WHEELER. No, indeed. If it did it would not be repealed.

Mr. McCARRAN. I am wondering whether today or tomorrow the Senator from Montana will clarify that point.

Mr. WHEELER. I shall be very happy to do so. Let me say to the Senator from Nevada that Mr. John B.

Campbell, formerly a member of the Commission, testified before our committee for days and weeks. He represented the western section of the United States. Mr. Campbell wrote a letter to the Senator from Kansas [Mr. REED], a copy of which was shown to me, in which he agreed to certain amendments to the fourth section which do not affect our section of the country. The proposed amendments dealt with noncontroversial matters. We amended the bill so that its provisions would apply when no controversy existed, but if there was a controversy, then the Commission could suspend the rate until such time as a hearing is had. That was agreed to by Mr. Campbell, and it was agreed to by the Commission. Some members of the Commission were opposed to the so-called Pettengill bill. We are maintaining the fourth section as it now is, with the exception of the equidistance clause. It was suggested that the fourth section be repealed, but I refused. I said that I would not introduce any bill which attempted to repeal the fourth section.

Mr. McCARRAN. In other words, the measure protects those who are interested in the long-and-short-haul provision of the law.

Mr. WHEELER. It certainly does.

Mr. AUSTIN. Mr. President-

The PRESIDING OFFICER. Let the Chair state that the pending business is the final amendment on page 206, lines 17 to 23.

Mr. AUSTIN. I wish to make a proposal for a unanimousconsent agreement, and that is to recur to page 199, line 24, and reconsider the vote by which the committee amendment was adopted.

The PRESIDING OFFICER. Will the Senator withhold his request until we dispose of the amendment on page 206, lines 17 to 23?

Without objection, the committee amendment is agreed to. Is there objection to the request of the Senator from Vermont [Mr. Austin] to recur to the committee amendment on page 199 beginning in line 24? The Chair hears none.

Mr. AUSTIN. Mr. President, I now ask unanimous consent that the vote by which the committee amendment was adopted be reconsidered, so that I may offer an amendment relating to the qualifications of the members of the board provided for in that amendment.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Vermont that the vote by which the committee amendment on page 199, beginning in line 24, was agreed to be reconsidered? The Chair hears none. The amendment is reconsidered.

Mr. AUSTIN. I move to amend the committee amendment on page 200, line 3, by inserting after the word "provided" and the period the following new sentence:

Not more than two members of said Board shall be members of the same political party.

Mr. WHEELER. I have no objection.

The PRESIDING OFFICER. Without objection, the amendment to the committee amendment is agreed to, and, without objection, the amendment as amended is agreed to.

EXECUTIVE SESSION

Mr. MINTON. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. Brown in the chair) laid before the Senate messages from the President of the United States submitting several nominations and a convention, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. SHEPPARD, from the Committee on Military Affairs, reported favorably the nominations of sundry officers for promotion in the Regular Army.

Mr. LOGAN, from the Committee on Military Affairs, reported favorably the nomination of First Lt. James Edward Tate to be captain in the Medical Corps, from May 15, 1939.

Mr. KING, from the Committee on the District of Columbia, reported favorably the nomination of George E. Allen, of the District of Columbia, to be a Commissioner of the District of Columbia for a term of 3 years, and until his successor is appointed and qualified.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of several postmasters.

The PRESIDING OFFICER. The reports will be placed on the Executive Calendar.

If there be no further reports of committees, the clerk will state in order the nominations on the calendar.

THE JUDICIARY

The legislative clerk read the nomination of Frank E. Flynn to be United States attorney for the district of Arizona. The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Felipe Sanchez y Baca to be United States marshal for the district of New Mexico.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Jesse Jacobs to be United States marshal for the northern district of New York.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask unanimous consent that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations of postmasters are confirmed en bloc.

That concludes the calendar.

POSTMASTER AT GADSDEN, ALA.-NOTIFICATION TO PRESIDENT

Mr. HILL. Mr. President, yesterday the Senate confirmed the nomination of Col. Walter M. Thompson to be post-master at Gadsden, Ala. It is very desirable that Colonel Thompson take the office of postmaster on the 1st of June, if possible. I therefore ask unanimous consent that the President be notified forthwith of the confirmation of the nomination of Colonel Thompson.

The PRESIDING OFFICER. Without objection, the President will be notified.

RECESS

Mr. MINTON. As in legislative session, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 4 o'clock and 47 minutes p. m.) the Senate took a recess until tomorrow, Wednesday, May 24, 1939, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate May 23 (legislative day of May 19), 1939

Associate Justice of the District Court of the United States for the District of Columbia

James W. Morris, of Florida, to be an associate justice of the District Court of the United States for the District of Columbia to fill a position created by the act of Congress of May 31, 1938.

COAST GUARD OF THE UNITED STATES

Claude Green Winstead to be an ensign in the Coast Guard of the United States, to rank as such from May 29, 1939.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 23 (legislative day of May 19) 1939

UNITED STATES ATTORNEY

Frank E. Flynn to be United States attorney for the district of Arizona.

UNITED STATES MARSHALS

Felipe Sanchez y Baca to be United States marshal for the district of New Mexico.

Jesse Jacobs to be United States marshal for the northern district of New York.

POSTMASTERS

COLORADO

Glemma M. Chapin, Crook. Edward R. Mulvihill, Palisade.

LOUISIANA

Pierre F. Morein, Ville Platte.

Ralph E. Ireland, Grasonville. Ernest K. Taylor, Perry Point.

MISSOURI

Ferd W. Goeltz, Bismarck.

NEW MEXICO

Dolores I. Lujan, Des Moines.

NEW YORK

James W. Haines, Mohonk Lake.

WISCONSIN

Alwin W. Kallies, Bonduel. Clarence G. Lockwood, Markesan. Bernard J. Rabbitt, Neshkoro. Cleon E. McCarty, Osceola. John J. Voemastek, Rib Lake. Helen T. Donalds, St. Croix Falls. James S. Kennedy, Shell Lake. John S. Dodson, Siren.

HOUSE OF REPRESENTATIVES

TUESDAY, MAY 23, 1939

The House met at 12 o'clock noon.

Dr. Martin Luther Thomas, D. D., LL. D., pastor of the Bible Presbyterian Church, Los Angeles, Calif., offered the

Our Heavenly Father, we come to Thee in the name of Jesus Christ our Lord, thanking Thee for life, health, and divine mercy. We bless Thee for all Thou hast done for us as individuals and a nation. We thank Thee for those noble men who have labored in these halls whose memories make sacred this place, whose labors and sacrifices not only gave us a nation but preserved us as a nation and a people. Our Father, we have not always walked in humility and contrition of heart, but forgive Thou us where we have failed. Upon these men who now compose this honored body, whose hourly and daily responsibilities are great, we humbly beseech Thy wisdom and understanding. Bless the honored Speaker of this Congress, his aides and helpers. Grant unto us as a people, through this body, continued unity, peace, and divine protection, that this Nation conceived and dedicated to the preservation of life, liberty, and the pursuit of happiness might not perish from the earth. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. St. Claire, one of its clerks, announced that the Senate had passed a concurrent resolution of the following title, in which the concurrence of the House is requested:

S. Con. Res. 17. Concurrent resolution providing for a welcome to the King and Queen of Great Britain on the occasion of their visit to the Capitol on June 9, 1939.

The message also annuonced that the Senate agrees to the amendment of the House to a bill of the Senate of the following title:

S. 1583. An act to amend the act of March 2, 1929 (45 Stat. 1492), entitled "An act to establish load lines for American vessels, and for other purposes."

HOUSE RADIO PRESS GALLERY

Mr. COCHRAN. Mr. Speaker, I submit a privileged report from the Committee on Accounts for immediate consideration.

The Clerk read as follows:

House Resolution 199

Resolved, That in accordance with the provisions of House Reso-Resolved, That in accordance with the provisions of House Resolution 169, amending rule XXXV of the Rules of the House of Representatives, as adopted by the House of Representatives on April 29, 1939, there shall be paid out of the contingent fund of the House of Representatives, until otherwise provided by law, compensation at the rate of \$2,700 per annum for the services of a superintendent and at the rate of \$1,560 per annum for the services of a messenger for the radio room of the House radio press gallery, the services of the messenger to be provided only during the sessions of the Congress. the sessions of the Congress.

The resolution was agreed to.

A motion to reconsider was laid on the table.

DISTRICT OF COLUMBIA MILK INVESTIGATION

Mr. KITCHENS. Mr. Speaker, I present a privileged report from the Committee on Accounts for immediate consideration.

The Clerk read as follows:

House Resolution 194

Resolved, That the further expenses of conducting the investigation authorized by House Resolution 146, incurred by the Committee on the District of Columbia, acting as a whole or by subcommittee, not to exceed \$1,500, including expenditures for the employment of experts, clerical, stenographic, and other assistants, shall be paid out of the contingent fund of the House on vouchers authorized by the committee, signed by the chairman thereof and emproved by the Committee on Accounts approved by the Committee on Accounts.

The resolution was agreed to.

A motion to reconsider was laid on the table.

THE SOCIAL SECURITY ACT HEARINGS

Mr. JARMAN. Mr. Speaker, from the Committee on Printing, I report back favorably (H. Rept. No. 677) a privileged resolution and ask for its immediate consideration.

The Clerk read as follows:

House Concurrent Resolution 25

Resolved by the House of Representatives (the Senate concurring), That, in accordance with paragraph 3, section 2, of the Printing Act, approved March 1, 1907, the Committee on Ways and Means of the House of Representatives be, and is hereby, authorized and empowered to have printed for its use 5,000 additional copies of the hearings held before said committee during the current session on the bill entitled "Social Security Act Amendments of 1939" ments of 1939.

The resolution was agreed to.

A motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. MARTIN J. KENNEDY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an address made by the President last night to the American Retail Federation Forum at the Mayflower Hotel.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

(The matter referred to appears in the Appendix of the RECORD, p. 2145.)

REPORT OF BOARD OF VISITORS TO THE COAST GUARD ACADEMY

Mr. BLAND. Mr. Speaker, I ask unanimous consent to file for printing in the RECORD at this point a report of the Board of Visitors to the Coast Guard Academy, consisting of Members of the Senate and the House; and I ask unanimous consent to extend my remarks on the Coast Guard Academy following the report.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The report is as follows:

WASHINGTON, D. C., April 28, 1939.

To the PRESIDENT OF THE SENATE.

To the Speaker of the House of Representatives. To the Speaker of the House of Representatives.

Gentlemen: As provided in section 7 of the act approved April
16, 1937, authorizing the establishment of a permanent instruction
staff at the United States Coast Guard Academy, the annual Board
of Visitors to the Coast Guard Academy was appointed in January
of this year, consisting of the following:
Senators: Hon. Josiah W. Bailey, of North Carolina, chairman,
Committee on Commerce, United States Senate, ex officio member;
Hon. Francis T. Maloney, of Connecticut; Hon. Wallace H. White,

Jr., of Maine.

Members of the House of Representatives: Hon. SCHUYLER O. BLAND, of Virginia, chairman, Committee on Merchant Marine and Fisheries, House of Representatives, ex officio member; Hon. Lindsay C. Warren, of North Carolina; Hon. Edward J. Hart, of New

SAY C. WARREN, of North Carolina; Hon. Edward J. Hart, of New Jersey; Hon. Richard J. Welch, of California.

In further conformity to the above-mentioned act, the Secretary of the Treasury, under date of March 14, 1939, designated 9 a. m., Thursday, April 20, 1939, as the time for the meeting of the Board of Visitors at the Coast Guard Academy, New London, Conn. Senators Josiah W. Bailey and Wallace H. White, accompanied by Representatives Edward J. Hart and Richard J. Welch, left Washington at 10 a. m. April 19, arriving at New London, Conn., at about 5 p. m. the same date, when they were met by the superintendent of the academy and conducted to his quarters on the reservation. The departure of Representative S. O. Bland was delayed until 1 p. m. on account of a meeting of the Merchant Marine and Fisheries Committee, and Senator Maloney was unable to leave Washington before 5 p. m. Members of the Board arriving at 5 were ington before 5 p. m. Members of the Board arriving at 5 were entertained at dinner by the superintendent and Mrs. Jones in their quarters. Later the party was joined by Representative Bland, and motion pictures depicting various phases of Coast Guard life were shown the members of the Board.

The Board convened the following morning at 0 a m and were

were snown the members of the Board.

The Board convened the following morning at 9 a. m. and was later joined by Senator Maloney. The first business upon the assembling of the Board was the election of a chairman, and Representative S. O. Bland, the nominee of Senator J. W. Balley, was so elected. The Board expressed the desire that Commander (E) E. Reed-Hill, United States Coast Guard, act as secretary, a position filled by this officer during the meeting of the preceding Board in 1938

Admiral R. R. Waesche, Commandant of the United States Coast Guard, and Capt. E. D. Jones, Superintendent of the Academy, were invited to appear before the Board and to bring to the atten-tion of same any pertinent and necessary matters. There was a tion of same any pertinent and necessary matters. There was a general discussion of various matters affecting the academy with the exception of the curriculum, which the Board ascertained was satisfactorily taken care of by the advisory committee of the Coast Guard Academy, which, appointed by law, makes recommendations in such matters to the Secretary of the Treasury. The Board discussed and inquired into the following matters:

 Set-up of appropriations for the academy.
 The loss of the two schooners (Gloucester fishing type), one sunk and the other damaged beyond economic repair by the hurri-

cane of September 1938.

(3) Use of facilities at the academy by the United States maritime service in the Coast Guard training of licensed and unlicensed

personnel of the merchant marine.

(4) The geographical distribution of cadets accepted by the

(5) The number of enlisted men admitted for cadetship.
(6) The method of obtaining cadets by open competitive examinations held throughout the United States.

(7) The effect of special preparation for competitive examinations by so-called cram schools.

by so-called cram schools.

(8) The pay and allowances of cadets.
(9) The handling of cadet funds and cadet messes.
(10) Need for publicity in obtaining cadet material.
(11) The proper date for the meeting for the Board of Visitors, probably a few weeks later in the year.
(12) The enactment of legislation authorizing an appropriation for contingencies for the Superintendent of the Academy which was recommended by the previous Board of Visitors and which was approved on this date.

approved on this date.

The Board inspected the academy grounds and reviewed the battalion of cadets, after which the members had luncheon with the

The Board was most favorably impressed with the academy and The Board was most favorably impressed with the academy and the administration thereof and finds it a thoroughly modern educational institution of high standards. The Board believes that comparatively few young men are familiar with the advantages of a cadetship in the Coast Guard, and the Board is of the opinion that every reasonable effort should be made to present to the qualified throughout the country the opportunity offered at the Coast Guard Academy for an education and a career.

The Board recommends an appropriation of not to exceed \$200,000 for the construction of a suitable vessel for the training of cadets in the handling of sails—this vessel to be a replacement of the two schooners no longer available due to damage sustained by the hurricane—as the proper training of cadets is being seriously handi-capped by the lack of a suitable sailing vessel; that additional funds be made available for replacements, supplies, and repairs to laboratory equipment; and that the act of April 16, 1937, be so amended that when a member appointed in January is unable to attend the annual meeting an additional member may be appointed in his stead.

The Board desires to make mention of the cordial reception and hospitable treatment furnished its members by Captain Jones, the other officers, and cadets at the academy.

Having completed its inspection, the Board departed New London at 2:19 and arrived in Washington at 9:20 that night.

Respectfully submitted.

SCHUYLER O. BLAND, Chairman. JOSIAH W. BAILEY.
FRANCIS T. MALONEY.
WALLACE H. WHITE, Jr.
EDWARD J. HART.
RICHARD J. WELCH.

ELLIS REED-HILL, Secretary to the Board.

THE COAST GUARD ACADEMY

Mr. BLAND. Mr. Speaker, the Coast Guard established in 1790 as the Revenue Marine is the national maritime lawenforcement agency of the United States. Its police powers are derived from the laws enacted for the regulations and promotion of American sea-borne commerce. Its growth parallels the maritime development of the Nation. The reasons for the establishment of the service and the duties imposed upon it are so closely interwoven with the history of the commerce and navigation of the United States as to constitute a single theme.

The Coast Guard officer of today must be trained for an organization which is charged primarily with performing important peacetime functions in the maritime field, including instruction and training of licensed and unlicensed personnel of the merchant service, and secondarily with the

preparation for national defense in time of war.

At New London, Conn., the Coast Guard Academy, a modern educational institution of high standing, is maintained for the professional instruction of candidates for a commission in the United States Coast Guard. Cadetships at this institution are granted to qualified young men of not less than 17 nor more than 22 years of age following open competitive examinations held throughout the United States annually. The course at the academy requires the completion of 4 full years of study and the work done is well in excess of that ordinarily required for a bachelor of science degree from civilian institutions. In addition to the time given to engineering, seamanship, navigation, and other professional and cultural subjects, the cadet specializes in maritime law and courses related to maritime economics and maritime transportation.

Originally the officers for the revenue marine were commissioned from the merchant service and it is interesting to follow the evolution of the process of obtaining Coast Guard officers. Many of the original appointees had served in the Continental Navy during the Revolution; some were destined to return to distinguished careers in the Navy with the cutters permanently placed on that establishment after the quasi war with France. The cutters thus served to carry on unbroken the traditions of the Revolutionary Navy.

For a period of 85 years officers were obtained from both the Navy and the merchant marine. This had the advantage of providing the service with officers having an understanding of both naval and merchant ship methods. A serious disadvantage, however, was the cleavage between two groups whose background and training were basically dissimilar. Some naval officers detailed to the cutters found the service distasteful, the duties irksome. In consequence, Secretary of the Treasury Louis McLane in 1832 issued orders discontinuing the detail system and providing that vacancies should be filled by promotions made within the

During the period that followed junior officers were appointed as third lieutenants. They received their training aboard ship until a vacancy as second lieutenant occurred. The principal disadvantage to this system was that some of the officers appointed to the probationary grade were too old to learn their profession. The need for younger material was recognized, but for many years little was done to remedy the situation.

Finally, Secretary of the Treasury John Sherman secured passage of the law establishing the cadet system. The act of July 31, 1876, provided:

That hereafter upon the occurring of a vacancy in the grade of third lieutenant in the Revenue Marine Service, the Secretary of the Treasury may appoint a cadet, not less than 18 nor more than 25 years of age, with rank next below that of third lieutenant, whose pay shall be three-fourths that of a third lieutenant, and who shall not be appointed to a higher grade until he shall have served a probationary term of 2 years and passed the examination required by the regulations of said Service.

Under this authority a board consisting of Capts. George C. Moore, J. H. Merryman, and J. A. Henriques was convened at Washington in December 1876 to hold the first examinations for cadetship. As a result of this examination 8 of the 19 candidates were appointed. The schooner Dobbin was overhauled and fitted as a school ship and Captain Henriques appointed to command. On May 25, 1877, the Dobbin sailed on the first practice cruise. Her complement was 3 officers, a surgeon, 6 warrant officers, and 17 men in addition to the 8 cadets.

On October 15 the Dobbin arrived at New Bedford, Mass., which had been chosen as winter headquarters, and the first academic term began. Prof. Edwin Emery, of Whitinville, Mass., was appointed to teach algebra, history, English, and French. The two lieutenants taught navigation, seamanship, and gunnery.

In the meantime plans had been drawn for a new cadet training ship. This vessel, named after Secretary of the Treasury (later Chief Justice) Salmon P. Chase, was bark rigged, 1061/4 feet long, 251/2 feet beam, armed with four 4-inch guns. The cadet steerage had accommodations for 12 cadets in six staterooms. The Chase replaced the Dobbin in the summer of 1878, and for the next 12 years operated under the sytem originally provided, that is, in port for academic instruction during 8 or 9 months of the year, and cruising for practical instruction during the other 3 or 4

In 1890 there was a surplus of graduates of the naval academy. The Chase was accordingly placed out of commission and for the next 4 years the lower grades were filled by appointments from this surplus. In May 1894, in consequence of the absorption by the Navy of all graduates of the academy, the Chase was recommissioned and a new class appointed under the previous system.

Under the operation of the act of March 2, 1895, the retirement of officers who previously had been retained on the active rolls of the service under "waiting orders", and the promotions incident to these retirements entirely exhausted the grade of third lieutenant. In order to provide the large number of officers required to fill the junior grade, the Chase was lengthened by 40 feet, cadet accommodations increased to 12 double rooms, and the system of instruction completely reorganized. Under the new scheme entrance requirements were materially raised with the idea of obtaining cadets whose scholastic education would be practically complete before appointment, thus leaving the 2-year course open for technical and professional instruction. This required a change in the division of time between cruising and port instruction to 7 months at sea and 4 months in port. During the remaining month the practice cutter underwent an annual overhaul and the cadets were granted leave.

The course of instruction at this time was mainly in seamanship, navigation, marine surveying, compass correction, naval architecture, gunnery, and law. Instruction in marine engineering was rudimentary as there was no machinery aboard the Chase. The engineer officers of the service constituted a separate corps and were obtained from graduates of engineering schools.

Beginning in 1900 the Chase made its winter headquarters at Arundel Cove, near Baltimore. Here in a few frame buildings converted to serve as classrooms the school of instruction established its first shore roots. In 1903, Congress authorized the extension of the course to 3 years.

The act of June 23, 1906, authorized the appointment of two civilian instructors and also provided for the appointment of cadet engineers to serve a probationary time of at least 6 months. After the passage of this act, the curriculum was completely revised. The policy of teaching only professional subjects was abandoned; history, English, physics, and chemistry were added; the course in mathematics was increased in scope. A course for cadet engineers was provided and the instruction of line cadets in engineering was broadened. Cadets were required to agree to serve for 3 years after graduation.

In 1907 the Chase made her last cruise. As a parting gesture to the age of steam that had overtaken and passed her spotless hull, she sailed in review before the massed fleets of the navies of the world gathered, 140 strong, in Hampton Roads to celebrate the three-hundredth anniversary of the settlement of Virginia. For 30 years this beautiful ship had served both as a home and school for the future officers of the service. The next 30 years were destined to hold greater changes in navigation than the previous three centuries. The era of sail was dead.

The Chase was replaced by the Itasca, a brig-rigged steamer. The cadet corps had grown from 8 to 60. From now on engineering began to play a more important part in the course of instruction and additional shore facilities for this branch became necessary. After a survey of available locations, negotiations were begun with the Army which resulted in the transfer of Fort Trumbull, in New London, to the service. Here further changes were made in the curriculum: the course for cadet engineers was lengthened to 1 year.

In 1915 the Revenue-Cutter Service and Life Saving Service were consolidated to "constitute a part of the military forces of the United States." This increased the scope of operation of the service materially, and increased its effectiveness as an arm of the national defense.

During the next few years the problem of crowding into a 3 years' course the variety of instruction demanded by the service became acute. The intervention of the World War, during which the academy was turned into a training station for the Navy, overshadowed this problem for the time being, but the end of the war brought it again into the foreground.

The post-war period was one of rapid change for the Coast Guard. Aviation had been introduced; numerous added duties imposed. In order to combat the rising tide of smuggling after the passage of the National Prohibition Act the Coast Guard fleet was greatly expanded and a temporary increase in officers and men to man this fleet was authorized in 1924. Finally in the act of July 3, 1926, a permanent increase in the officer personnel was authorized, the line and Engineers Corps were consolidated and the Secretary of the Treasury was given discretion to increase the course of instruction to 4 years. In 1929 the construction of a new academy on a site provided by the city of New London was authorized. In 1930 the 4-year course was inaugurated. In 1932 transfer to the newly completed academy was effected.

With the provision of this modern and completely equipped plant matériel requirements are adequately met. The principal changes since then have had as their objective the improvement of the course of instruction so as to take full advantage of the facilities provided.

With this in mind the Commandant, in 1934, asked the presidents of Columbia, Harvard, and Yale Universities and Massachusetts Institute of Technology each to nominate a member of the faculty to serve as members of an advisory committee to recommend changes in the course of instruction. The work of this committee in laying out a sound curriculum and their continuing interest in the improvement of this course has been invaluable. As a result of their recommendations a permanent staff of professors and instructors was

authorized by the act of April 16, 1937. This act also provided for the appointment of the advisory committee and of a board of visitors composed of three Senators and four Members of the House of Representatives.

This legislation, enacted almost exactly 60 years from the date the first cadet reported on board the Dobbin, has served to crown the efforts of those early officers whose foresight has provided the Coast Guard with the complete facilities now available for the education of its future officers.

The Coast Guard is a military service. It was founded as such by Alexander Hamilton, who recommended that its first officers be commissioned by the President, on the ground that "it will not only induce fit men the more readily to engage but will attach them to their duty by a nicer sense of honor."

The system of discipline established at the academy is accordingly military in character. Its purpose is to develop the qualities of leadership upon which the success of any service largely depends.

For this two instruments are available—the cadet battalion ashore and the practice cruise at sea.

Each newly appointed cadet takes his place in the battalion, where his military instruction begins. Discipline at the academy centers in this organization, which is officered throughout by cadets selected on a basis of seniority and proficiency under the supervision of the tactical officers assigned. Military responsibilities are laid on gradually, and promotion to

cadet company and battalion officers in the first class year come as a reward for the demonstration of military character,

proficiency, and leadership.

The annual practice cruise begins about June 1 and is of $2\frac{1}{2}$ months' duration. The first and third classes embark on the latest class of cutters for a foreign cruise of about 10,000 miles. The itineraries of these cruises are planned to include carefully selected ports in European and South American waters. While in port, tours to places of historical and scientific interest are arranged. These trips are of considerable cultural value. During the cruises a cadet makes while at the academy he may have the opportunity of observing widely separated nationalities in a score of foreign countries in Europe, Africa, South America, and the West Indies.

The second class makes shorter coastwise cruises in sail and on patrol boats of the service, while the newly appointed class which reports in August is also given several week-end and other short cruises to accustom them to their future service

afloat.

Aboard ship the cadets take their places in the regular ship's organization. They stand watch on deck and in the engine room according to their experience, navigate, man the battery and boats, steer and heave the lead. In the complex ship routine they apply the theory they learn in their classes ashore and learn the practical uses of seamanship, navigation, engineering, and gunnery.

In the course of the cruise they complete the firing course in rifle, pistol, and machine-gun practices at a Coast Guard range. Toward the end of the cruise they join other ships of the service in the course of battle practice prescribed for

all Coast Guard ships.

The cadet's day begins with reveille at 6 a.m. Ten minutes later assembly sounds, the battalion marches to the dock, and mans the flotilla of ships' boats for a half hour's pull. Breakfast formation is at 7:05. After breakfast the cadets make their beds and prepare their rooms for inspection. At 7:45 the battalion is formed for inspection and marched to class for the first recitation at 8. Recitation and study periods of 1 hour each follow until noon. Fifteen cadets constitute a class section. Lunch formation is at 12:15 p.m. Recitations and laboratory work are resumed at 1 and continue until 3, when an hour of supervised physical training is held. The period from 4 to 6 is devoted to team practice and other sports. Dinner formation is at 6:15. From 7 to 10, study hours are observed. Taps at 10:10 ends the day.

Military drill is held 3 days a week in 1-hour periods. Liberty is granted on Wednesday afternoon from 4:15 to 6, on Saturday afternoon from 1 to midnight, and on Sunday

from after chapel to 7 p. m.

During the practice cruise, ship routine is observed.

Leave is granted for 1 week at Christmas and for 3 weeks at the end of the practice cruise.

The Academy occupies a reservation of 45 acres overlooking the Thames River at New London, Conn. Built as a unit at a cost of two and three-quarter million dollars in 1932, the red brick buildings of colonial Georgian architecture are both pleasing in appearance and effectively planned.

The administration building, Hamilton Hall, named for the first Secretary of the Treasury, contains the administrative offices, board rooms and a library, on whose walls are murals descriptive of service history. The library contains about 12,000 volumes, which are now added to at the rate of about 2,000 volumes a year. The entire second floor is occupied by a sick bay of 20 beds, completely equipped with operating, X-ray, chemical, and dental laboratories.

Flanking Hamilton Hall to the southward is the academic building, Satterlee Hall, named for Capt. Charles Satterlee, who, with his entire crew, was lost in the cutter *Tampa*, torpedoed by a German submarine in the World War. Classrooms and laboratories for electricity, radio, metallurgy, physics, and chemistry are located in this building.

To the northward of Hamilton Hall is Chase Hall, the cadet barracks, named for Salmon P. Chase, Lincoln's Secretary of the Treasury, and afterward Chief Justice of the Supreme Court. Cadet rooms, arranged on three "decks," are assigned in accordance with the battalion organization. The

first deck also contains the first class and the second and third class recreation rooms; the fourth class rates no recreation room. This deck also contains offices for the officers of the day, both cadet and commissioned, and the commandant of cadets. The basement contains a well-equipped, small-bore rifle range.

Across the quadrangle from Chase Hall is the cadet mess

hall and galley.

Directly behind Hamilton Hall is the engineering building, McAllister Hall, named for Capt. Charles A. McAllister, engineer in chief of the Coast Guard from 1905 to 1919 and later president of the American Bureau of Shipping. This building contains machine and carpenter shops, foundry, and an engineering laboratory, which is one of the best arranged and most up to date of any in the country. Complete steam, Diesel, and gasoline engine ship installations, auxiliary machinery, aircraft engines, and testing instruments are laid out so that they may be moved and hooked up as required for tests. The equipment includes a full-sized working fire room and auxiliary engine room of the type found aboard a modern cutter, complete with forced draft, air lock, and measuring tanks.

South of McAllister Hall is the enlisted men's barracks, Yeaton Hall, named for Hopley Yeaton, the first commis-

sioned officer of the Service.

Behind Yeaton Hall is Billard Hall, named for Admiral Frederick C. Billard, superintendent of the Academy at the outbreak of the World War and Commandant of the Coast Guard when the new Academy was authorized. The main floor of this building contains a large gymnasium, a gunnery spotting range, a stage, and a trophy room, in which is housed the Perham collection of small arms and numerous athletic trophies.

The lower level contains a 60-foot swimming pool, showers and locker rooms, and squash court. On this same floor is the armory, containing small arms, types of guns used in the Coast Guard from 1-pounder to 5-inch, fire-control equipment, wrecking mines, depth charges, and ammunition

samples.

Extending north from Billard Hall is Jones Field, named for Cadet Henry L. Jones, '29, lost at sea, July 3, 1927. On the wall bounding this field is a section of the giant chain which was stretched across the Hudson River at West Point to prevent the passage of British warships.

Below Billard Hall and overlooking the river from a high rock is the observatory with its traditional "walk" and gallery. Opposite the observatory is the rigging loft, scene of the annual ring dance, at other times devoted to the more prosaic uses of instruction in seamanship and storage of boat gear.

The waterfront extending from a wharf at the south at which the largest cutters may lie, to the seaplane ramp at the north provides facilities for the fleet of small boats used for instruction and a filled-in field used for housing visiting airplanes.

Officers' quarters, occupying the high hill bounding the reservation to the southward, complete the academy's physi-

cal plant

The academy was designed to accommodate 208 cadets but is capable of handling 312 by berthing 3 in a room. Shops, laboratories, classrooms, and other facilities are capable of handling this expansion. The usefulness of this provision has already been demonstrated for with the establishment of a Maritime Service Training School for officers of the merchant marine at Fort Trumbull, the shops and laboratories at the academy are used for the practical instruction of this group.

Individuals pass through the academy as their classes graduate, the cadet corps remains to hand down the customs that have become a part of its tradition. These customs have evolved into a way of living distinctive of the academy. The cadet corps as repository of this heritage plays an important part in academy life. It serves not only to temper the rigor of the course of instruction but to build up morale by sponsoring the various extra-curricular activities that constitute an important part of academy life.

These activities afford a welcome break in the routine, provide the important factor of social relaxation and encour-

age initiative and sportsmanship.

Besides the regular physical instruction provided in the routine, the academy maintains intercollegiate schedules in football, basketball, baseball, boxing, swimming, rifle, cross country, tennis, and sailing. Intramural competition in these sports and in soccer supplement the varsity schedules. Competition is in general confined to nearby New England colleges, among which are Trinity, Wesleyan, Amherst, Connecticut State, Clark, Massachusetts State, Worcester Tech, Norwich University, and Middlebury. In boxing, which is considered a major sport because of its value in promoting courage and self-reliance, schedules are maintained with the leading eastern colleges, including Yale, Rutgers, Western Maryland, and Syracuse. The boxing squad is normally as large as the football squad. Cadets who have been awarded varsity insignia by the athletic association for playing on the various teams are eligible to membership in the Monogram Club. The wide participation by cadets in all forms of athletic sports is indicated by the fact that more than one-third of the corps as a rule are members of the Monogram Club.

Small-boat sailing, while classed as athletics, is also encouraged as a useful recreational activity. Included in the fleet attached to the academy are six one-design sloops which cadets are allowed to use during their own time after

reaching the required standard of proficiency.

Musical organizations include the Glee Club and the cadet orchestra. All cadets are required to learn to dance. Regularly scheduled dances are held throughout the winter months. During graduation week the ring dance of the second class and the formal graduation dance serve to bring the social season to a close.

Publications include Running Light, a guide for the fourth class, and Tide Rips, the annual of the first class. Tide Rips serves as a record of the graduating class and contains numerous illustrations and descriptions of the academy and

the cruise.

EXTENSION OF REMARKS

Mr. LUDLOW. Mr. Speaker, the gentleman from Virginia [Mr. Woodrum] made a most excellent address last night over the radio on national finances and relief. I wish every person in the country might read that address, and I ask unanimous consent to include it in an extension of remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

COMMITTEE ON IMMIGRATION AND NATURALIZATION

Mr. DICKSTEIN. Mr. Speaker, by direction of the Committee on Immigration and Naturalization I ask unanimous consent that this committee may, on Wednesday and Thursday of this week, sit during the sessions of the House. They will have under consideration the Wagner-Rogers-Dingell bill, and a number of witnesses from various sections of the country will be here, who must be heard.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

EXTENSION OF REMARKS

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent to extend my own remarks and to include therein a very brief statement in the press on the question of un-Americanism.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

THE TOWNSEND BILL

Mr. HENDRICKS. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

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Mr. HENDRICKS. Mr. Speaker, I hate to have to continue to explain, but owing to no fault whatever of the Committee on Ways and Means there are imperfections in the Townsend bill. For this reason the committee was not able to take final action today but will do so tomorrow.

Mr. Speaker and Members, I call your attention to the CONGRESSIONAL RECORD of May 22, and my remarks, in which I made a defense of the actions of the Committee on Ways and Means. Some Members have thought I made disparaging remarks. I am sorry they misconstrued what I intended. The record speaks for itself.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent that the gentleman from Florida may proceed for 1 additional minute in order that I may ask him a question.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. DOUGHTON. Mr. Speaker, I would like to ask the gentleman from Florida [Mr. HENDRICKS] on what authority he states that the committee will act on the Townsend bill tomorrow? I had a conversation with him this morning and he stated at that time he had received a communication from Dr. Townsend, in which he stated he wanted us to consider a new bill. The only thing I promised the gentleman was that if the bill was introduced I would bring it to the attention of the committee tomorrow.

Mr. HENDRICKS. I will accept the gentleman's statement. I had no intention of committing the gentleman to action tomorrow. I will offer the perfected bill, as I was asked to do, and I hope the gentleman's committee will

take action.

Mr. DOUGHTON. I only said I would bring it to the attention of the committee, and I hope to do that tomorrow.

EXTENSION OF REMARKS

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein certain correspondence between Dr. Townsend, the gentleman from Florida, Representative Hendricks, and myself in respect to the amendments discussed on the floor of the House this morning which Dr. Townsend promised to furnish the committee. I may say that there has been some criticism of our committee about its slowness of action in reporting the Townsend bill. The criticism has been unjust. I therefore ask unanimous consent that I may place in the RECORD at this point the correspondence setting forth what has taken place between Dr. Townsend, the gentleman from Florida [Mr. HENDRICKS], and myself with respect to his bill.

The SPEAKER. Is there objection to the request of the

gentleman from North Carolina?

There was no objection.

Mr. DOUGHTON. Under leave to extend. I insert the following extract from Dr. Townsend's testimony before the Committee on Ways and Means on February 17, 1939:

Mr. McCormack. You said that you had some amendments that you were going to submit to the House if the bill came up for con-sideration in the House.

Dr. TOWNSEND. Yes

Mr. McCobmack. Why do you not submit those amendments to the committee?

Dr. Townsend. I will, if they want them.

Mr. McCormack. We have been here for some time and we will be here for some time longer. Do you not think the proper place

be here for some time longer. Do you not think the proper place to submit amendments, if you have any of them, to your bill, is to the committee before which the bill is being heard?

Dr. TOWNSEND. I really did not know that this was the place where amendments were to be submitted.

Mr. McCormack. This is the place where amendments should be offered, because if we are going to take any action on the bill, we will consider the bill in executive session and then make amendments to it. That is the usual course of procedure. amendments to it. That is the usual course of procedure.

Dr. Townsend. I will present my proposed amendments to you

Dr. Townsend did not present his proposed amendments on the following day, as he promised. The hearings continued until April 7, 1939, but on no day during this time did Dr. Townsend present or tender to the committee his suggested amendments. In fact, nothing further was heard from him until on May 10, 1939, approximately 3 months later, I received a letter from Dr. Townsend dated May 9. 1939, enclosing certain suggested amendments, and on May 17 the gentleman from Florida [Mr. HENDRICKS] introduced H. R. 6378, which purported to contain the amendments to H. R. 2, which Dr. Townsend desired.

On May 19, 1939, I received the following letter from Dr. Townsend:

WASHINGTON, D. C., May 19, 1939.

Hon. Robert L. Doughton,

Chairman, Ways and Means Committee,

House of Representatives, Washington, D. C.

Dear Mr. Doughton: Recently Congressman Hendricks intro-

Dear Mr. Doughton: Recently Congressman Hendricks introduced H. R. 6378, which was referred to the Ways and Means Committee, of which you are chairman.

It occurred to me that since an issue has been built up on H. R. 2 (also introduced by Congressman Hendricks) the question may arise in your committee as to which bill the Townsend forces prefer. May I assure you and all members of the Ways and Means Committee that H. R. 6378 is the same bill as H. R. 2, except that H. R. 6378 carries the amendments which I submitted to your committee, and which I am sure improve the bill. It was my suggestion that Congressman Hendricks introduce H. R. 6378 in order that we may get a vote on a bill drawn as we wish it. I therefore sincerely recommend that your committee take action on H. R. 6378 instead of H. R. 2.

Respectfully,

Respectfully,

Dr. Francis E. Townsend.

This morning I received the following letters from Dr. Townsend and the gentleman from Florida [Mr. HENDRICKS], which are self-explanatory:

WASHINGTON D. C., May 23, 1939.

Hon. Robert L. Doughton,

Chairman, Ways and Means Committee,

House of Representatives, Washington, D. C.

Dear Mr. Doughton: Recently, in accordance with the request of the committee, I submitted to you as chairman copies of the amendments which we desired to H. R. 2 in accordance with our

subsequently you requested Congressman Hendricks to prepare a new draft of bill incorporating these amendments. This was accordingly done, and new draft of bill, now known as H. R. 6378, was introduced in the House by Congressman Hendricks on May

On May 19 I wrote you as chairman advising that we would very much appreciate H. R. 6378 being reported to the House.

It now appears that through stenographic error H. R. 6378 omits one section of H. R. 2. I am herewith enclosing a copy of the omitted section, and trust this may be included in the bill H. R. 6378 as reported to the House. If new draft is desired to correct this stenographic error, Congressman Hendricks will be pleased to introduce a new bill in the House this new. introduce a new bill in the House this noon.

Respectfully.

Dr. FRANCIS E. TOWNSEND.

CONGRESS OF THE UNITED STATES, HOUSE OF REPRESENTATIVES Washington, D. C., May 23, 1939.

Hon. ROBERT L. DOUGHTON.

Chairman, Ways and Means Committee,

Chairman, ways and Means Committee,

House of Representatives, Washington, D. C.

DEAR MR. DOUGHTON: I understand that Dr. Townsend has written you this morning and submitted a section that was left out of the new bill H. R. 6378 and asking that this section be included. This section is not new material or new amendment. It is simply a provision of H. R. 2 which was left out of H. R. 6378 through stenographic error. stenographic error.

I sincerely recommend that the committee take action and place I sincerely recommend that the committee take action and place this section back in H. R. 6378. I may suggest that both proponents and opponents are desirous of voting on the issue as the Townsend people prefer it. If I thought you were prepared to make a favorable report on this bill, I would expect you to make whatever amendments you desired that you thought would improve it; but since I am sure that the committee has no intention of making a favorable report but simply report it without recommendation in order to give the proponents and opponents a chance to vote on the issue, I feel that it is imperative that this section go back in.

go back in

go back in.

I would like to advise the committee that I have worked under pressure for a number of weeks to avoid the petition method, and up to now have been successful on the ground that the committee has assured me that they will give me some sort of report. I sincerely trust that the negotiations for this report will not break down because of a simple stenographic error, as I do not believe there would be any justification for it.

Today is the deadline for the petition. I would still like to keep it out; and if the committee will merely say that they will give us a report without recommendation on a clean bill, I shall be glad to introduce a new bill today, even though I would prefer having to introduce a new bill today, even though I would prefer having this matter inserted in the present bill, which can easily be done

by the committee.

With kind regards, I beg to remain,
Respectfully,

JOE HENDRICKS.

Dr. Townsend is in error in stating that I had requested the gentleman from Florida to prepare a new draft of a bill incorporating the amendments suggested by him. I merely stated to the gentleman from Florida that if he introduced such a bill I would bring the same to the attention of our committee for its consideration.

The foregoing correspondence speaks for itself, and any intelligent and fair-minded person will certainly come to the conclusion that if any criticism should be directed at anyone, it would be to Dr. Townsend and his associates for their failure to present a definite program and not change

their minds from day to day.

After a great deal of clamor for a hearing on H. R. 2, Dr. Townsend disowned this bill early in the hearings, and then waited until the hearings were concluded and almost 3 months after his abandonment of H. R. 2, to submit his new bill, H. R. 6378, and then within a few days after the introduction of this bill, he comes forward with the statement that the committee should not act on H. R. 6378, as it is incorrect, and a new bill will have to be introduced.

The Ways and Means Committee has been most patient.

despite these dilatory tactics.

PERMISSION TO ADDRESS THE HOUSE

Mr. KNUTSON. Mr. Speaker, I ask unanimous consent to proceed for 1 minute."

The SPEAKER. Is there objection to the request of the gentleman from Minnesota [Mr. KNUTSON]?

There was no objection.

Mr. KNUTSON. Mr. Speaker, I would like to ask the gentleman from Florida [Mr. HENDRICKS] a question. The bill that he will introduce today will contain the amendments that Dr. Townsend promised the Ways and Means Committee on February 17 he would give us the following day; is that right?

Mr. HENDRICKS. I do not know what Dr. Townsend promised the committee, but it contains the amendments that Dr. Townsend wanted.

Mr. KNUTSON. I will call the gentleman's attention to the printed hearings, page 609, where Dr. Townsend promised to have certain amendments to H. R. 2 in the hands of the committee the following day. If the bill that the gentleman introduced the other day contains the Townsend amendments, then it is only fair to have the RECORD show that 3 months elapsed from the time Dr. Townsend promised these amendments until the time the committee received them.

Mr. HENDRICKS. I do not have any objection to the gentleman having the RECORD show what he will.

LABOR DEPARTMENT APPROPRIATION BILL, 1940

Mr. TARVER. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 5427) making appropriations for the Labor Department for the fiscal year ending June 30, 1940, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments and ask for a conference with the Senate on the disagreeing votes of the two Houses and for the appointment of conferees on the part of the House.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Georgia [Mr. TARVER]?

There was no objection; and the Chair appointed the following conferees: Mr. Tarver, Mr. Houston, Mr. Rabaut, Mr. PLUMLEY, and Mr. ENGEL.

EXTENSION OF FACILITIES OF UNITED STATES PUBLIC HEALTH SERVICE

Mr. BLOOM. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 3537) to extend the facilities of the United States Public Health Service to active officers of the foreign service of the United States. with Senate amendments thereto, disagree with the Senate amendments and ask for a conference.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. BLOOM]?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, what are the Senate amendments?

Mr. BLOOM. I do not know. They are very minor amendments but I do not know what they are.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. BLOOM]?

There was no objection; and the Chair appointed the following conferees: Mr. Bloom, Mr. Luther A. Johnson, and Mr. FISH.

BUSINESS IN THE SIXTH YEAR OF ROOSEVELT IS ABOUT 50 PERCENT BETTER THAN IN THE FOURTH YEAR OF HOOVER

Mr. SMITH of Washington. Mr. Speaker, I ask unanimous consent to extend my own remarks at this point in the RECORD and to include therein a brief article containing a tabulation of figures.

The SPEAKER. Is there objection to the request of the gentleman from Washington [Mr. SMITH]?

There was no objection.

Mr. SMITH of Washington. Mr. Speaker, I desire to place in the RECORD for the information of the Members of the House and the people of the country the very illuminating figures which were published in the Evening Star, Washington, D. C., May 22, 1939, in an article written by its national columnist, Mr. Jay Franklin. The figures relating to every known barometer and index of business show the degree of recovery and improvement in general business conditions existing at the present time as compared with the last year of the Hoover administration. Present conditions in every activity of business, industry, agriculture, and finance are shown to be 50 percent better than they were in 1932. The facts speak for themselves and furnish a complete answer to the false and misleading propaganda to the contrary which is being circulated throughout the country.

The article referred to is as follows:

WE, THE PEOPLE-BUSINESS RAGES ROOSEVENT IS RUINING IT, BUT FIGURES ARGUE DIFFERENTLY

(By Jay Franklin)

For some strange reason the Tories rage and the Wall Streeters For some strange reason the Tories rage and the Wall Streeters gnash their fangs whenever a new dealer points out that they are making pots more money under Roosevelt than under Hoover. They became angry when I quoted the financial editor of the Chicago American, they became furious when I quoted the Associated Press, and they will probably excommunicate me for citing these figures from Dr. Eric Muehlberger. I do not guarantee them in detail, but I am convinced of their substantial accuracy.

detail, but I am convinced of their substantial accuracy.

The figures under comparison are for the first part of 1939 and the first part of 1932, using quarterly or weekly totals, as available. Remember, in early 1932 it was far from sure—politically—that Pesident Hoover would not be reelected. Business had all the confidence the White House could pump into the market, taxes were conveniently low, there were no National Labor Relations Act, S. E. C., wage and hour law, or other forms of "regimentation" to act as a "deterrent" on business enterprise, and there were no serious foreign war scares. Here you have the picture of Mr. Hoover's "confident" business and Mr. Roosevelt's "discouraged" business:

Commodity	Under Hoover, 1932	Under Roosevelt, 1939
Stock prices (average)		\$100.61
Bond prices (average)	\$74.29	\$85.78
Monetary gold stock Federal Reserve credit	\$4, 345, 000, 000	\$15, 801, 000, 000
		\$2, 572, 000, 000
Currency circulation	\$5, 548, 000, 000	\$6, 915, 000, 000
Brokers' loans	\$379, 016, 662	\$547, 443, 175
Bank clearings (22 cities)	\$90, 859, 453, 000	900 000 700 000
United States Steel (tons shipped)	1, 124, 851	\$96, 268, 786, 000
Steel ingot outputtons_	4, 329, 830	2, 235, 209 9, 506, 594
Pig-iron output do	2 757 198	8, 315, 927
Automobile production	376, 665	1, 055, 576
Building permits	74, 677, 796	293, 703, 797
Petroleum outputbarreis	36, 936, 900	57, 175, 850
Bituminous coal tons Electric current kilowatt-hours	102, 455, 000	111, 650, 000
Electric currentkilowatt-hours	26, 094, 970, 000	37, 893, 658, 000
United States raw cotton consumedbales	1, 374, 010	1, 803, 521
United States wool consumptionpounds	57, 600, 000	97, 400, 000
Rayon yarn consumptiondo	39, 800, 000	
United States exports.	\$461,000,000	\$699, 821, 000
United States imports	\$398, 000, 000	\$526, 652, 000
Cor loadings	\$89, 728, 000 9, 574, 837	\$745, 159, 000
Car loadingsRailway earnings (51 roads)	\$66, 045, 525	9, 822, 512 \$84, 998, 333
Sears, Roebuck sales	\$59, 793, 251	

Commodity	Under Hoover, 1932	Under Roosevelt 1939
Moody's commodity index Wheat	86. 5 .68 .45 .34 5. 77 .44½ 2. 02 11. 62 5. 75 3. 00 2. 51 9. 80 15. 00 27. 00	2, 00 10, 08 10, 37 4, 75 4, 50 14, 75 22, 84 34, 00
Industrial production Manufactures Minerals Construction	67 65 84 26	9 9 11: 5

Industrial production	67	98
Manufactures	65	96
Minerals	84	110
Construction.	26	58
Factory employment	68	91
Factory pay rolls	53	87
Carioadings	61	66
Department store sales	70	88

Since all these figures are, at best, approximations, the whole case for the New Deal's business policy can be summarized by saying that in the sixth year of Roosevelt business is about 50 percent better than in the third year of Hoover.

All right; you business babies who are howling that Roosevelt is ruining you, let's see you take a crack at this picture. And remember these Hoover figures are taken from the first part of 1932, when you had your man in the White House and the Government was taking its orders from you. The figures for 1939 are taken from a period when Roosevelt was acting for the country as a whole, and they say that you are much better off under the New Deal than under the old order. And still you squawk!

EXTENSION OF REMARKS

Mr. JOHNS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a radio address delivered by myself over WHA at Madison,

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin [Mr. Johns]?

There was no objection.

Mr. REED of New York. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a statement of Wadsworth W. Mount, of the Merchants' Association of New York.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. REED]?

There was no objection.

Mr. HARNESS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an address delivered by myself at Louisville, Ky., on May 16 before the American Millers Association.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. HARNESS. Mr. Speaker, I wish to make this further statement to the House: I have complied with the rule by submitting the manuscript to the Public Printer and have received an estimate of the cost. The Public Printer advises me this document is one and one-half pages more than the length regularly authorized. I ask unanimous consent that this address may be printed in the RECORD notwithstanding that fact.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. TREADWAY. Mr. Speaker, I ask unanimous consent to extend my own remarks at this point in the Record and to include therein a reference to the fact that whenever any remarks are made with reference to trade treaties, propaganda statistics are inserted in the Record immediately after

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

STATE DEPARTMENT PROPAGANDA ON TRADE TREATIES

Mr. TREADWAY. Mr. Speaker, I have asked for this time in order to direct the attention of the House to the efficient and high-geared propaganda machine of the State Department.

It has gotten so that every time a Republican Member speaks on the subject of trade treaties some Member on the other side of the aisle rises and asks permission to insert in the RECORD at the conclusion of the Republican Member's remarks certain of the State Department's propaganda extolling the alleged benefits of the trade-treaty program. Apparently the Members carry this ready-prepared propaganda around in their pockets so as to have it ready at the opportune time.

This practice of filling the RECORD with this propaganda has occurred time and time again. It happened yesterday, when at the conclusion of my remarks the gentleman from Washington [Mr. Coffee] asked permission to insert a statement by Albert J. Hutzler, of the Trade Agreements Unit of the Department of Commerce. This statement had already been printed in the RECORD at public expense at least once and possibly several times before. Sometimes these insertions take the form of articles which have been prepared in one of the departments, and sometimes they take the form of extensions of the Member's own remarks.

The statement which was inserted yesterday by the gentleman from Washington proves that it is impossible to depend upon any of the Government agencies for the real facts with reference to the treaty program. The Government propaganda always shows the favorable side of the treaty program, but never the unfavorable side. It is accordingly necessary for Republican Members of Congress to give the other side of the picture so that the people may judge for themselves the real effects of the treaty program.

Even the Members on the other side of the aisle have been misled by this propaganda. For example, the majority leader stated yesterday that in 1926, 1927, and 1928, under Republican tariffs, this country had practically no commerce with the rest of the world.

Of course, that was a perfectly absurd statement. Yet anyone reading it in the RECORD would have a right to rely upon it, coming as it does from one in such a responsible position. The fact is, however, that in the years of which he spoke our foreign trade was undergoing a great expansion. In 1928 our exports amounted to over \$5,000,000,000, or some \$2,000,000,000 in excess of last year.

I cite this incident merely to show that there is much work to be done on the part of the Republican minority in showing up not only the misrepresentations of the alleged benefits of the treaty program but also the misrepresentations of the alleged iniquities of the Republican tariff policy.

We who have been endeavoring to demonstrate the fallacies of the treaty program and the dangers which are inherent in the present tariff reduction policy face a tremendous difficulty in getting the facts to the people. It is virtually impossible, as the gentleman from New York [Mr. FISH] pointed out yesterday, for opponents of the treaty program to get any publicity of their arguments except through the columns of the CONGRESSIONAL RECORD, which, as we all know, does not have a very wide distribution. Why this should be I do not know, since we are supposed to have a free press in this country. It seems strange that anything said in favor of the treaty program comes under the heading of news, but that anything said in opposition does not.

Another thing we have to contend with is the practice of the State Department in sending its emissaries throughout the country to address women's clubs, chambers of commerce, and so on, for the purpose of spreading one-sided information in reference to the treaty program. When these audiences hear only one side of the story and when the people read only one side of the story in the press they are likely to be convinced that the treaty program has some merit. But when they become acquainted with the real facts they will realize they have been deceived.

We of the Republican minority are waging an uphill fight in bringing home to the people the truth about the treaty program and what it is doing to them. We will continue that fight until it is won.

EXTENSION OF REMARKS

Mr. JENKINS of Ohio. Mr. Speaker, I wish to submit two requests. First, I ask unanimous consent to extend my own remarks in the RECORD with reference to taxes on the T. V. A. and to discuss a newspaper article and print certain excerpts from it. They will be brief. I also ask unanimous consent to extend my remarks and discuss a newspaper article with reference to farm control of crops and to quote briefly from the article.

Mr. RANKIN. Reserving the right to object, Mr. Speaker. from what paper is the newspaper article attacking the T. V. A. taken?

Mr. JENKINS of Ohio. A Tennessee paper. Mr. RANKIN. What paper?

Mr. JENKINS of Ohio. I do not know; one of the two great papers in Knoxville.

Mr. RANKIN. Is it the paper which has been attacking the T. V. A. all the time?

Mr. JENKINS of Ohio. I do not know which one it is.

Mr. RANKIN. That is all right.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. DIRKSEN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a letter from the Soil Conservation Service.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. MAPES. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein an address by the Republican leader, the gentleman from Massachusetts [Mr. Martin], before the Retailers' National Forum at the Hotel Mayflower on yesterday.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. WIGGLESWORTH. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the subject of relief for those in need, and to include therein a copy of a letter I have received from the Governor of Connecticut.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. HARRINGTON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a brief statement of Fulton Lewis, Jr., Mutual Network commentator, concerning the testimony of Congressman C. A. Anderson, of Missouri, before the House Labor Committee.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. CANNON of Florida. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a newspaper article under date of May 19 from Clewiston, Fla.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. CHURCH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. CHURCH. Mr. Speaker, in October of last year I joined with some other Members of Congress from Illinois in

a telegram to the President of the United States, urging that he take proper steps to impress upon the Government of Great Britain the profound interest of the United States in seeing that the promises of the Balfour declaration of 1917 to the Jewish people are fully carried out. At that time there were reports that the British Government was preparing to renounce its pledge of 1917 that Palestine would be the homeland of the Jewish people. And those of us who are deeply interested in that pledge being kept as Christendom's obligation to the Zionists joined in an appeal to the President to make representations to the British Government that this Government would view with disfavor any renunciation of that obligation.

I rise here to make a public appeal to the President of the United States. I urge that this Government immediately protest, in behalf of the people of the United States, against the proposal embodied in the White Paper issued last week. Great Britain proposes to make Palestine a state for both Arab and Jewish people. That amounts to a betrayal of Jewish people.

The Balfour declaration of 1917 and the establishment of the mandate for Palestine under Great Britain was clearly intended to make Palestine the homeland of the Jews. That is made evident not only from the language of the declaration itself but also by the statements of the heads of various governments made at the time.

The declaration was unreservedly endorsed by the other powers. The French Government on June 4, 1917, through its Minister, M. Cambon, committed itself to—

The renaissance of the Jewish nationality in that land from which the people of Israel were exiled so many centuries ago.

In America, President Wilson wrote at the time that-

The allied nations, with the fullest concurrence of our own Government and people, are agreed that in Palestine shall be laid the foundation of a Jewish commonwealth.

Mr. Speaker, even the statements made by the British Cabinet Ministers who played an active part in framing the Balfour declaration, indicated that it was fully intended that Palestine would be the "homeland" of the Jews. Lloyd George said:

Great Britain extended its mighty hand in friendship to the Jewish people to help it regain its ancient national home and to realize its age-long aspirations. Lord Robert Cecil stated: "Our wish is that Arabian countries shall be for Arabs, Armenia for the Armenians, and Judea for the Jews."

In short, Mr. Speaker, Great Britain and the other powers committed themselves to the pledge that Palestine would be the homeland of the Jews. That pledge must be kept. I urge that this Government impress that fact upon the Government of Great Britain.

Mr. McDOWELL. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. McDOWELL. Mr. Speaker, on yesterday the distinguished gentleman from Mississippi [Mr. Rankin] in a controversy with my colleague from Pennsylvania [Mr. Rich] made this statement:

May I say to the gentleman from Pennsylvania that the Congressional Record is the one free press we have left in which both sides can be presented.

Mr. Speaker, I have given instructions that the name of the gentleman from Mississippi be placed on the mailing list of the Wilkinsburg Gazette in order that he may receive copies from two free presses.

Mr. RANKIN. Why that punishment? In the words of Christ to St. Paul, "Why persecutest thou Me?"

[Here the gavel fell.]

Mr. CURTIS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, and to revise and extend my own remarks in the Record.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

Mr. CURTIS. Mr. Speaker, I have today introduced a bill which, if enacted, would require all imported articles to be conspicuously labeled, "Foreign goods." At the present time, imported articles are required to carry a statement as to the country of their origin. For instance, a can of Argentine beef will have in small printing on the can, "Made in Argentina." The present markings go unnoticed and so far as protecting American industry is concerned, they are ineffective.

My bill proposes to place in a conspicuous place on every imported article, a mark, stamp, brand, label, or tag of yellow color, with the words "foreign goods" printed thereon in gothic type. These labels shall be in proportion with the size of the article or package, but in no case shall be less than 1 inch square. This bill, if enacted into law, will enable the American public to detect foreign goods on the shelves of the stores and shops of our Nation.

The American market is the birthright of American agriculture and American labor. They are entitled to that market. We are happy to observe that the American public is unanimously in favor of the American market for the American farmer, laborer, and businessman. This was emphatically shown in their protest recently made when the President of the United States stated the contrary doctrine.

We should let the public know whom they are patronizing, and thus create a demand for American goods. Let us call a spade a spade, and brand imported articles as foreign goods with a conspicuous yellow tag. Let us give the American buying public a chance to decide whom they shall patronize. I, for one, firmly believe that everyone living under the Stars and Stripes should at all times possible, patronize American agriculture, American labor, and American industry. The American market is the only market we have, all others are like unto a house builded upon the sand—let us protect the American market.

EXTENSION OF REMARKS

Mr. CHIPERFIELD. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record, and I include therein a letter on the farm problem which I received from Ira Ashby, manager of 20 tenant farms, comprising 6,050 acres, located in my district.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

A NEW REPUBLICAN CANDIDATE FOR PRESIDENT—LEADING REPUBLICANS ANSWER MR. TREADWAY ON RECIPROCAL-TRADE AGREEMENTS

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. RANKIN. Mr. Speaker, from press reports we learn that there is a new candidate for President on the Republican ticket, Mr. Wendell L. Willkie, president of the Commonwealth & Southern, who has been referred to as the fashion plate of the Power Trust.

It is not surprising to find that the utilities now demand control of the Republican Party and that one of their moguls be selected as its candidate for the Presidency. It is a well-known rule of the game that he who pays the fiddler may call the tune.

Of course, if he is nominated, little will be said by the Republican press about his connection with the utilities. He will probably be heralded as a friend of the farmer—the farmers' candidate.

There is one thing about it, if he should be nominated and elected, the country would then have a President who can teach the American farmers how to water the stock and shear the sheep. [Applause.]

Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the Record and to insert therein certain quotations on the reciprocal-trade agreements.

Mr. RICH. Reserving the right to object, Mr. Speaker, is that a free press about which the gentleman is speaking,

or is it one where the New Deal has censored everything that has gone into it?

Mr. RANKIN. I am calling attention to it now in a free press, the Congressional Record.

Mr. RICH. Who wrote the article?

Mr. RANKIN. It was written by a local columnist. I suppose he is a Republican. The article appeared in the Washington Star.

Mr. FISH. It was written by David Lawrence, who is a supporter of the President.

Mr. RANKIN. I do not suppose Wendell Willkie ever supported the President.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. RANKIN. Mr. Speaker, I desire at this time to discuss certain speeches that have been made by the gentleman from Massachusetts [Mr. TREADWAY] which indicate a flexibility that would probably qualify him as a candidate for Vice President on the Willkie ticket.

That would also be a "New Deal" ticket, from a Republican standpoint, for, as I shall show as I go along, the statements made by the gentleman from Massachusetts [Mr. TREADWAY] have not only been answered by responsible Democrats, but they have been completely answered by the leaders of his own party.

REPUBLICANS ANSWER MR. TREADWAY

In a speech in the House on April 26, 1939, Mr. TREADWAY set forth what he considered five fundamental objections to the trade-agreement program. He challenged proponents of the trade-agreements program to answer his objections without equivocation. These answers may readily be given in the words of prominent Republicans, and on yesterday he seems to have repeated that blunder.

Here are his alleged objections:

OBJECTION NO. 1. UNCONSTITUTIONAL DELEGATION OF POWER

Mr. TREADWAY listed as fundamental objection No. 1 an unconstitutional delegation of power. The Honorable William S. Culbertson, an outstanding Republican, before the Senate Committee on Finance on February 15, 1937, had the following to say regarding this phase of the Trade Agreements Act:

In the first place, I believe the law is sound from a legal point of view. Before this committee in 1921 we heard arguments against the constitutionality of the so-called flexible tariff provision. The same arguments that have been made here against this resolution were made then against the flexible tariff section. That section was enacted and finally came before the Supreme Court for contideration of the state of the supreme court for contideration of the state of the supreme court for contideration of the state of the supreme court for contideration of the state of the supreme court for contideration of the state of the supreme court for contideration of the state of the supreme court for contideration of the state of the supreme court for continuous supreme court for continuous suprementations. sideration and its constitutionality was confirmed in the Hampton

In a law that involves foreign relations, as this law does, the decisions of the Court indicate that a less exact rule is required than in the case where a domestic problem is involved. That is indicated by the Curtiss-Wright decision which was recently handed down by the Supreme Court, and in quite a number of other decisions.

The Republicans themselves, in the Tariff Act of 1890 and the Tariff Act of 1897, established, so far as our commercial policy was concerned, the principle of systematic reciprocity; namely, a law in which Congress defines the principle on which reciprocity is to proceed and to develop, and then leaves it to the Executive to carry out the details.

It might be noted that Mr. Culbertson spent some 15 years on the Tariff Commission and in the Diplomatic Service of the United States, where he had an excellent opportunity to study at first hand the practices essential for realistic commercial policies. In 1937 he published a book on reciprocity, in which he claims Republican origin for the fundamentals of the trade-agreements program.

OBJECTION NO. 2. IMPORTATION OF COMPETITIVE PRODUCTS

Fundamental objection No. 2 relates to the importation of so-called "competitive" foreign products, which is supposed to be contrary to the basic principles of foreign trade. In connection with what constitutes a competitive product it should be remembered that if the extreme tariff philosophy of some of the Republicans had been adopted in the 1930 act we would have a duty on bananas, on the theory that

they came into competition with apples, potatoes, onions, and other domestic articles. Fortunately, however, for the good of the country not all Republicans held such extreme and ludicrous views. The Republican witness called to answer Mr. TREADWAY on his objection No. 2 is the Honorable Frank Knox, Republican candidate for Vice President in 1936. He recently toured South America and wrote a series of articles on the possibilities of expanding trade with those countries. The following appeared as part of his article in the Chicago News, March 21, 1939:

But even if farmer opposition at home suffices to prevent any modification of regulations concerning fresh beef, this does not

modification of regulations concerning fresh beef, this does not close the door to agreement. The largest single export item of Argentina is linseed. We use far more linseed oil than we produce. We could take all of Argentina's linseed and still be short about 60 percent of our needs. We could admit linseed free from duty. It would be a great aid to Argentina and would help us. We require large quantities of quebracho extract, the wood from which tanning extract is made. We could take most, if not all, of this from Argentina. We use far more hides than we produce. A modification of the tariff on hides is both feasible and desirable. We import wool from abroad. A part of our foreign supply might well come from the pampas of Argentina.

It is seen that Mr. Knox did not limit a hoped-for expansion of trade with South America to noncompetitive products. He is realistic in his views and knows that in order to obtain concessions we must give some.

In a speech at Pierre, S. Dak., January 12, 1939, Mr. Knox further said:

To sell American farm products abroad, we must buy some of what our foreign customers have to sell. You cannot always sell and never buy in foreign markets.

Mr. Knox's views are backed up by that section of the Republican press not jaundiced by a narrow partisan approach to great national problems. For example, the Star, Terre Haute, Ind., April 22, 1939, said, in part:

Thus far, events have to a large extent vindicated Secretary Hull and his policy of seeking more instead of less intercourse between nations.

OBJECTION NO. 3. COST OF PRODUCTION

Mr. Treadway's fundamental objection No. 3 was that reductions in duty were not based on the cost-of-production formula. The testimony of Robert Lincoln O'Brien, longtime Republican Chairman of the Tariff Commission, stated before the Senate Committee on Finance, May 1, 1934:

Mr. O'BRIEN. Well, the notion that you can obtain costs of production, the notion that you ought to obtain them, the notion that tariffs between countries should rest upon differences in costs of production, even if omniscience should give us the power to determine them, is all wrong. The tariff is a question of national policy; on some things you ought to have a tariff greater than the difference in the cost of production; other things, less than the difference in cost of production; difference in cost of production.

Senator Costigan. As a matter of fact, Chairman O'Brien, there are many tariffs at this time which are higher than the difference

in costs of production.

Mr. O'BRIEN. Oh, yes; very much higher—higher than the selling price of the article in this country in some instances. On the other hand, there are tariffs on articles which are very much less than the differences in the cost of production. I maintain that a tariff should be a matter of national policy. What do you want to do about it? What is the best thing to do? If anyone would tell us what the exact difference in the cost of production of all the commodities in the world was hetween this country and the chief commodities in the world was between this country and the chief competing country, that difference ought not to be the tariff. To start with, it would be changing all the time. It would not last 1 month in any event.

I dislike the law very much indeed—the idea that we are to find the difference in the cost of production here and abroad and to base a tariff on it. I believe nobody, short of omniscience, could do it and stick to it for any length of time; and if we could do it, we ought not to do it.

In a letter dated August 20, 1910, to the chairman of the National Congressional Republican Committee, President Taft

The difficulty in fixing the proper tariff rates in accord with the principle stated in the Republican platform is in securing reliable evidence as to the difference between the cost of production at home and the cost of production abroad. The bias of the manufacturer seeking protection and of the importer opposing it weakens the weight of their testimony. Moreover, when we understand that the cost of production differs in one country abroad from that in another and that it changes from year to year and from month to

month, we must realize that the precise difference in cost of production sought for is not capable of definite ascertainment, and that all that even the most scientific person can do in his investigation is, after consideration of many facts which he learns, to exercise his best judgment in reaching a conclusion.

It might be added that the Republicans, in enacting the Fordney-McCumber and Hawley-Smoot Acts did not stick to the cost-of-production formula. In the first place, rates of duty in the act of 1930 on several products were raised above costs obtained by the Tariff Commission through a careful and painstaking investigation. Examples: Butter, straw hats, print rollers, flaxseed, paint-brush handles. If these cost findings had not been disregarded in considering the Tariff Act of 1930, Mr. Treadway's party might be in a better face-saving position relative to the cost-of-production formula at present. Furthermore, anyone who knows anything about the Tariff Act of 1930 must know that there are hundreds of rates of duty which have no relationship to costs whatever and are far in excess of any hypothetical cost figures obtained.

OBJECTION NO. 4. THE MOST-FAVORED-NATION PRINCIPLE

Mr. Treadway listed the most-favored-nation principle as his fundamental objection No. 4. It so happens that several men high in the Republican Party have expressed themselves favorably and in convincing language on the most-favored-nation principle. For example, Chief Justice Hughes, when Secretary of State, in a letter to Senator H. C. Lodge, March 13, 1924, stated:

As we seek pledges from other foreign countries that they refrain from discrimination, we must give such pledges, as history has shown that these pledges can be made adequately only in terms of unconditional most-favored-nation treatment. We should seek simplicity and good will as a fundamental condition of international trade.

As late as 1932 the Republican platform stated:

The historic American policy known as the "most-favored-nation principle" has been our guiding program and we believe that policy to be the only one consistent with a full development of international trade, the only one suitable for a country that has as wide and diverse a commerce as America, and the most appropriate for us in view of the great variety of our industrial, agricultural, and mineral products, and traditions of our people.

Chairman O'Brien, in 1936, in attempting to persuade his party to support the trade-agreements program, stated:

This method, if properly employed, is an advantage which the flexible tariff law in itself did not possess in giving us a concession for our exports in exchange for any that we yield to the foreigner. By the application of the most-favored-nation principle we obtain from other countries all the advantages which they give to anybody in the way of access to their markets, while at the same time we accord them a similar relation to curs.

OBJECTION NO. 5. HEARINGS AND NEGOTIATIONS

Fundamental objection No. 5 related to hearings and methods of negotiating.

Mr. A. H. W. Stimson, who appeared before the Senate Committee on Finance in 1937, established his Republicanism by stating that he had been elected for various offices on a Republican ticket 28 different times. He indicated that he had no trouble in being heard on trade agreements, in part as follows:

I would like to say something to you on one reason why I am down here. Perhaps it won't be permissible. That is about this talk of locked doors. * * * They voted to have me go down to Washington and find out what it was all about.

So I came down here and I went right to the State Department. I didn't have to have any Senators or Congressmen to hold me up or make an appointment for me. I was a poor, impoverished farmer representing a lot of other poor, impoverished tobacco growers, made so under the so-called high protective tariff that never protected us.

Again we are able to call upon Mr. Culbertson as a witness. Mr. Culbertson said before the Senate Committee on Finance in February 1937:

I have followed the administration of this law for 3 years with a great deal of care. I have represented clients before the Committee for Reciprocity Information. In some cases I have opposed the reduction of duties in these agreements. I have observed the inner workings of the program and believe that the men back of it, the men responsible for it, are applying the principles of the law in the interest of the Nation's good.

These are merely samples of the many expressions of members of Mr. Treadway's own party relative to his fundamental objections to trade agreements. If these answers are not satisfactory to Mr. Treadway, he may wish to have the living representatives of his party, who made these appropriate replies to his objections, clarify their positions. It may be noted, however, that these Republican leaders outside of Congress seem to more nearly represent the views of more than 60 percent of the Republicans who approved the Hull program in a Gallup poll little over a year ago.

So we find the gentleman from Massachusetts [Mr. TREADway] in a hopeless minority even in his own party.

EXTENSION OF REMARKS

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record by including therein a speech recently made by the Honorable John W. Hanes, Under Secretary of the Treasury.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

DEPARTMENT OF AGRICULTURE AND FARM CREDIT ADMINISTRATION APPROPRIATION BILL, 1940

Mr. CANNON of Missouri. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 5269) making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1940, and for other purposes, with Senate amendments, disagree to the Senate amendments and ask for a conference with the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

Mr. TABER. Mr. Speaker, reserving the right to object, this is a very important measure. Altogether there are increases of \$380,000,000 in the Senate amendments, and I feel we should at least have the right of a separate vote upon amendments 145, 146, and 147, the three largest items in the bill.

Would the gentleman from Missouri be prepared to agree that these three amendments shall be brought back to the House for a separate vote before they are agreed upon by the conferees?

Mr. CANNON of Missouri. Mr. Speaker, the conferees on the part of the House assure the gentleman from New York that we will comply in every respect with the custom and the parliamentary procedure ordinarily observed in conferences between the two Houses.

Mr. WOODRUM of Virginia. Mr. Speaker, reserving the right to object, will the gentleman from New York yield?

Mr. TABER. I yield.

Mr. WOODRUM of Virginia. Senate amendment No. 145 is the amendment which adds \$225,000,000 of parity payments to the bill, which amendment was defeated in the House.

Mr. TABER. That is correct.

Mr. WOODRUM of Virginia. And as to which the President made an adverse recommendation.

Mr. TABER. That is correct.

Mr. WOODRUM of Virginia. Amendment No. 146 added \$113,000,000 for disposal of surplus agricultural commodities, which was also defeated in the House on a vote.

Mr. TABER. That was defeated in the Committee of the

Mr. WOODRUM of Virginia. Amendment No. 147 adds an additional \$25,000,000 for farm tenancy, which was also defeated in the House, and none of the three amendments was recommended by the Budget.

Mr. TABER. That is correct.

Mr. WOODRUM of Virginia. I wish to join the gentleman in making the statement that under these circumstances the conferees agreed to give the House an opportunity to vote on these three amendments. They have been defeated in the House. They add large sums to the bill and are against the recommendations of the President, and I want to appeal to the gentleman to stand by the President

in this instance and give the House an opportunity to vote on it.

Mr. CANNON of Missouri. Mr. Speaker, in practically every appropriation bill that goes to the Senate, the Senate adds amendments increasing the amount carried by the bill. In the last 25 years I recall only one appropriation bill passed by the House which the Senate did not increase. They have invariably added items and increased appropriations, frequently by unconscionable amounts. Likewise, Mr. Speaker, there are few instances, and no recent instance, in which appropriation bills have gone to the Senate, where the Senate did not add some item that had been voted on adversely in the subcommittee, the whole committee, or on the floor during its consideration by the House.

So, Mr. Speaker, this bill differs in no respect whatever, either in content or routine, from the average appropriation bill messaged by the House to the Senate and returned to

the House with Senate amendments.

In the bill now on the Speaker's table, and in the request to take it from the Speaker's table and send it to conference, we have precisely the same proposition we have here every time an appropriation bill is returned from the Senate, and the request which I have made is the stereotyped request which is always made under such circumstances, and always agreed to as a matter of routine, in the regular and orderly process of sending a bill to conference. It has never been denied before, at least not in the modern practice, and I am at a loss to understand why this particular bill should be made the exception to the practice of the House.

Mr. TARVER. Mr. Speaker, will the gentleman yield to me for a moment?

Mr. CANNON of Missouri. I yield to the gentleman from Georgia, the ranking majority member of the subcommittee.

Mr. TARVER. I desire to call attention to the fact that the gentleman from Virginia [Mr. Woodrum] is in error in stating that the Senate amendment relating to farm-tenant loans was voted upon in the Committee of the Whole House. As I recall, there was no vote on any amendment seeking to raise the amount carried in the House bill for farm-tenant loans.

Mr. TABER. Mr. Speaker, I may say to the gentleman that the gentleman from Oklahoma [Mr. Johnson] did offer such an amendment and it was defeated in the Committee of the Whole House.

I have often served on conferences where the Committee of Conference made a definite and positive assurance to the House that they would bring back certain amendments of the Senate in disagreement. I may say before I object that unless the gentleman from Missouri and the conferees who are to serve tell the House definitely that unless the Senate is prepared to recede upon these three amendments, they will bring them back in disagreement, I shall be obliged to object to the bill going to conference.

Mr. SABATH. Mr. Speaker, will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Illinois.

Mr. SABATH. When the gentleman from Missouri appeared before the Rules Committee, he was questioned relative to whether the House would have an opportunity to have a separate vote on these amendments or whether he would agree to stand by the action of the House.

He assured us that he would stand by the action of the House and will not agree to the Senate amendment. It is upon that assurance that a rule has been granted. Now, if the same promise is made to the House at the present time, I, of course, feel that there should be no objection, and we can save time by not bringing up the rule. Otherwise, of course, the rule will be brought up making it in order to take the bill from the Speaker's table.

Mr. COX. Mr. Speaker, my friend, the gentleman from Illinois [Mr. Sabath], chairman of the Committee on Rules, is in error in the statement he just made. The committee did not exact of the gentleman from Missouri [Mr. Cannon] a promise that he would stand by the action of the House under all circumstances. The gentleman from Missouri frankly

stated to the committee that he would seek, as best he could, along with his colleagues, other House conferees, to maintain the position of the House. That is what the gentleman said, and not that he and his colleagues would not agree to the Senate amendment.

Mr. SABATH. That is what I intended to say.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

Mr. TABER. Mr. Speaker, I further reserve the right to object.

Mr. CANNON of Missouri. Mr. Speaker, I merely wish to say that the conferees of the House are always under obligation to maintain as best they can the position of the House, and our conferees expect to do that. Of course, conference with the Senate is a conference. Under the Constitution, the Senate has as much to say about legislation as the House, and it naturally follows that conferences are in effect compromises.

Neither House can expect to always have its own way about everything. It is a matter of give and take. In the pending bill there is a difference between the two Houses on 157 items. I am certain the House does not expect the Senate to yield on all 157 amendments. All that I can say is that the conferees will consider themselves bound under this resolution to maintain as best they may the provisions of the bill as it passed the House. They expect to represent the House faithfully and as effectively as possible in the conference, and will get the best agreement practical under the circumstances.

That is true of any committee of conference appointed by the House, and there is no occasion to expect that the managers on the part of the House will follow any other course in this conference.

In fact, Mr. Speaker, this is an unprecedented objection. The agricultural appropriation bill has always been sent to conference by unanimous consent. A search of the records reveals no objection to such a request since 1891, and on that occasion the objection was subsequently withdrawn. There is no difference between this bill and hundreds of other appropriation bills which have been sent to conference by consent. All of the circumstances enumerated in the objections advanced here this afternoon are to be found in the progress of every other appropriation bill through the House. The only distinguishing difference which can be drawn is that the appropriations objected to here are for the benefit of agriculture. I see no reason why the farmer should be picked out as the sacrificial goat. We have spent millions above the Budget in other bills and nobody has objected to such bills going to conference, but when the farmer comes up, of course, that is different. [Applause.] I trust, however, that in view of the low wage received by the farmer in comparison with all other wage scales, and in view of the low price received by the farmer for his products in comparison with his cost of production, the objection will be withdrawn and the bill will be permitted to follow the usual course followed by other appropriation bills, and always followed heretofore by the agricultural appropriation bill.

Mr. TABER. Mr. Speaker, I object.

The SPEAKER. The gentleman from New York objects to the unanimous-consent request of the gentleman from Missouri.

The Chair recognizes the gentleman from Georgia [Mr. Cox].

Mr. COX. Mr. Speaker, by the direction of the Committee on Rules, I call up House Joint Resolution 201, which I send to the desk and ask to have read for immediate consideration.

The SPEAKER. The Clerk will report the resolution. The Clerk read as follows:

House Resolution 201

Resolved, That immediately upon the adoption of this resolution the bill (H. R. 5269) making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1940, and for other purposes, with Senate amendments thereto, be, and the same hereby is, taken from the Speaker's table, to the end that all Senate amendments be, and

the same are, disagreed to and a conference is requested with the Senate upon the disagreeing votes of the two Houses, and the Speaker shall immediately appoint conferees on the part of the House without intervening motion.

Mr. COX. Mr. Speaker, I yield 30 minutes to the gentleman from Michigan [Mr. Mapes] to dispose of as he sees fit, and may I inquire of the gentleman from Michigan whether he will be prepared to yield time to those for and against the resolution? My reason for asking that question is that I would like to determine as to how I shall yield on this side.

Mr. MAPES. Mr. Speaker, I am not able to answer that definitely at the present time, but I shall try to ascertain and let the gentleman know in a short time.

Mr. COX. Mr. Speaker, the controversy which arises over this resolution has already been made pretty definite and clear to the membership of the House. The gentleman from Missouri [Mr. Cannon] who is probably as good a parliamentarian as has served in this body in its entire history, has called the attention of the House to the fact that this objection is most unusual, it not having been made since 1891. Frankly, Mr. Speaker, I think that the bill should be sent to conference and that this House should manifest its complete confidence in the gentleman from Missouri [Mr. Can-Non], and the gentleman from Georgia [Mr. Tarver], and the others who will be the representatives of the House in the conference, to make effective to the best of their ability the will of this House as has been heretofore expressed by votes taken upon the amendments around which the controversy revolves.

Mr. Speaker, I reserve the remainder of my time.

Mr. COCHRAN. Mr. Speaker, will the gentleman yield?

Mr. COX. Yes.

Mr. COCHRAN. A vote to send this bill to conference by no means binds those who vote to send it to conference to the conference report.

Mr. COX. Not at all.

Mr. COCHRAN. In other words, if the conference report is not suitable to some of us, we still have the right to vote against the conference report and the Senate increases.

Mr. COX. Of course, I think it well that it be understood that there is no thought that those voting for the resolution now pending would be in any wise committed to support the report of the conferees.

Mr. MAPES. Mr. Speaker, I yield 10 minutes to the gentleman from Illinois [Mr. Dirksen].

Mr. DIRKSEN. Mr. Speaker, we are confronted today not with the merits of the farm bill, but with a question of procedure. We are confronted with the question of whether the agricultural appropriation bill should go to conference without instructions, or whether some strings ought to be tied to the conferees before they sit in conference, or perhaps, failing in all that, whether it ought to go back to the full Appropriations Committee for further deliberation.

I want to get at the very heart of the matter by submitting what I think is an uncontrovertible statement of fact to show the difficulties that will probably ensue with respect to some items in this bill.

This bill was considered for 4 or 5 weeks in the Subcommittee on Agriculture. Then it was considered in the full Appropriations Committee. Then it came to the floor of the House for 4 days and finally went to the Senate. When they finished they had written in \$381,000,000 over and above the amount carried in the House bill. That represents \$374,000,000 over the Budget and \$258,000,000 over the appropriation for 1939.

Some of those amendments are very, very substantial, but it is not my idea that everything ought to have a string tied to it, but only those that are necessary to protect the integrity of this body. They include, for instance, an amendment to increase the amount for Bang's disease over \$2,600,000. They include an amendment for forest acquisition, increasing the amount by \$3,000,000. They put in \$920,000 for the pink bollworm; \$2,417,000 more than the House bill carried on plant quarantine; \$225,000,000 for parity adjustment payments, after it had been defeated by a record vote upon the floor of this House by a majority

of 13 votes. That happened on the 28th day of March and you will find it recorded in roll call No. 44.

They included another item that was not carried in the House bill of an additional \$113,000,000 for the disposal of surplus farm commodities. Finally they added an additional \$25,000,000 for farm tenancy and an additional \$4,000,000 for forest roads and trails.

I think I see eye to eye with the chairman of my subcommittee in respect to a great many of these amendments, but this situation arises: When the farm price-adjustment payments were considered on the floor of this House it was defeated by a record vote of 13 votes. Four of the six members of the subcommittee who may serve as members of the conference were recorded in favor of price-adjustment payments. Having committed themselves by record vote, without seeking to do injury to the gentlemen or to prophesy what their attitude in conference would be, yet they are recorded on that item in favor of it. When you have the Members of the other body sitting on the other side of the conference table fully pledged to that item, and you have four of the six House conferees who voted for that item, it is a pretty fair assumption, without aspersing the integrity of any member of the conference committee, that there is a likelihood that they will yield on that point, and in spite of the House action it will not be brought back in disagreement.

Now, if it is not brought back in disagreement, there is no opportunity for a separate vote. We vote the conference report up, we vote it down, or we can recommit it with instructions; but unless you instruct the conferees today or send this bill to the House Agricultural Appropriations Subcommittee and then the full committee, there will be no opportunity to get a separate vote upon the item on which the House is already recorded, and no separate vote on other important items.

I have a farming community, six counties. I have telegrams galore on my desk in the office from officers of the local Farm Bureau Federation, asking me to support the price-adjustment payments. If I were only mindful of my own political future, I would not think anything about it and I would not be in the Well of this House today, but must I remind you on that item, gentlemen, that 3 weeks ago the President of the United States, in a press conference, addressed to us informally this reproach when he said, "Congress welched on parity taxes." He says that we, the Congress, owe him \$212,000,000 for the price-adjustment payments last year, and we found no taxes in order to offset that item.

Secondly, here is the statement of the Secretary of Agriculture before the Senate Appropriations Committee on the 13th of April 1939. When he was responding to a question from the Republican leader in that body, Secretary Wallace said:

I would merely say, answering you in the same spirit in which you ask the question, I would say that I would feel it would be exceedingly unsound to take out of the Treasury of the United States the additional parity payments above the soil-conservation payments as a permanent proposition, and it seems to me that there would have to be a very unusual emergency, indeed, to warrant taking it out of the Treasury without finding some method of financing that would bring what is going on home to the industries involved, both from the farm side and also from where the taxes come.

Then the Senator said:

Well, in your mind, does that unusual emergency exist at the present time?

The Secretary of Agriculture said:

I do not think anyone can say whether it is right now.

I have for my authority the President of the United States. I have the Secretary of Agriculture on my side. I have the Budget Bureau on my side.

Neither in this session nor in the last session of Congress has a single suggestion been made to devise taxes to offset this item. No suggestion to that effect has come from the Ways and Means Committee. No such suggestion has come from the chairman of the subcommittee handling this bill. No bill has been introduced. Instead, the Congress

flaunts the President, the Secretary of Agriculture, the Secretary of the Treasury, and the Budget Bureau by voting borrowed funds without so much as an effort to provide the revenues to balance such an expenditure. I am sure that while all farmers, including those in my district are interested in parity payments so long as loose fiscal policies continue, they are also interested in the ever-expanding national debt as a result of these borrowings, the ever-increasing interest on the debt, and in the steady march of the Nation toward fiscal degeneracy. There is small virtue in paying parity payments to farmers and then taking away from them twice that amount in direct and indirect taxes.

In view of the speech that the President of the United States made to the Retail Federation last night-and I was present to hear it—I feel it is my duty to protect the integrity of this House. The fact that at least four of the members of the subcommittee out of a total of six who may sit with the Senators in conference and who are already at least pledged in principle by a record vote on the 28th day of March of this year may augur against the possibility of this House getting a separate vote on that item in spite of the fact that the President says we still owe parity payments from last year and the Secretary of Agriculture has not yet discerned the emergency unless we can first find the offsetting taxes. Having in mind the interest of the fiscal solidarity of this country, I think there is nothing for me to do at the present time, than to take this stand and to see that we get a separate vote, that the integrity of the House may be preserved.

Mr. CRAWFORD. Mr. Speaker, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. CRAWFORD. If I understand the gentleman correctly, four of the Members who will probably serve on the conference committee have voted in favor of the principle involved in the \$225,000,000 amendment as well as the \$113,000,000 amendment. Will the gentleman correct me in this if I am in error? If these two items of \$338,000,000 stay in the bill as here presented this money could be used in connection with cotton, and those who receive the benefits of those cotton payments could still put the cotton in the loan similar to that now held by the Commodity Credit

Corporation. Am I correct?

Mr. DIRKSEN. That may be correct, but I would rather not open up the substantive provisions of the bill since a procedural matter is pending before the House at the present time. This deals entirely with the feasibility of letting the conferees of the House go into conference without instructions. Mr. Speaker, this can be done, you can vote down the previous question and the rule; and that, of course, will open it up for amendments. Then we can submit three amendments covering the \$113,000,000 for commodity disposal, the \$225,000,000 for parity payments and the \$25,000,-000 additional for the Farm Security Administration for farm tenant loans. In view of the action that was taken in the Committee of the Whole House on the state of the Union and also by this House on a record vote, it is only fair to the Members that this kind of instruction should go along with the bill to conference so that there will be no agreement on these matters and that they will be brought back for a separate record vote.

[Here the gavel fell.]

Mr. MAPES. Mr. Speaker, I yield 2 additional minutes to the gentleman from Illinois.

Mr. DIRKSEN. I do not want to be in the position of reflecting upon the chairman of the subcommittee. He is absolutely right when he states that this is a rather unusual procedure, but these are rather unusual times, and these are unusual circumstances; so unusual proceedings are constantly at hand. I would not reflect upon him for anything because we stood shoulder to shoulder for weeks in the committee and then on this floor seeking to protect the bill and hold the appropriation somewhere close to the Budget; but the \$225,000,000 item came up and there was a record vote on it. You can do your own assuming and inferring as to what might happen in the conference committee on this

particular item. I think it is only fair in view of the action taken in this House when the bill was originally under consideration, that the conferees be instructed. There is one way to do it, that is to vote down the previous question and offer these suggestions in the form of amendments; then the conferees can go into conference with the Senate under the instructions of the House.

In response to the statement that a vote against the previous question constitutes a vote against parity payments, that is the sheerest nonsense. If that amendment is brought back in disagreement, the membership stands in precisely the same position that it did when the appropriation bill first came before the House in March, and each Member will have an opportunity to vote for or against the retention of this item.

Oddly enough, most attention has centered on parity payments and very little on the other large item of \$113,000,000 for the disposal of surplus farm commodities by means of export subsidies, diversion of relief, and diversion to other than normal channels of trade. As the bill left the House, it contained \$90,000,000 for this item. That \$90,000,000 equals 30 percent of the customs duties for the previous calendar year. The Senate wrote in an additional \$113,000,000, making a total of \$203,000,000 for that purpose. The \$90,000,000, of course, is assured because it is authorized by section 32 of the Agricultural Adjustment Act. The \$103,000,000 will be borrowed funds, since revenues are infinitely less than the expenditures and no additional taxes have been provided for this purpose.

In connection with this item, let me point out that under this program for the years 1936, 1937, 1938, and 1939, such a staple item as lard was not included, either in that part of the program relating to encouragement of exports, diversion to byproducts, or diversion to relief. Now, very recently as every Member knows, the experiment to dispose of surpluses through regular food stores has been undertaken by means of special orange and blue stamps, to families that are on relief. I note that the items which may be obtained for these special food stamps embrace butter, shell eggs, dry edible beans, dried prunes, oranges, fresh grapefruit, wheat flour, graham flour, and corn meal.

Now the amazing thing is that while the program for which funds are made available in the bill, calls for adjustment payments on corn, yet there is no indication of assistance in finding outlet for the lard into which that corn will be converted. The Department of Rural Economics of Ohio State University estimates that 700,000,000 pounds of lard will be waiting for a market outside of the United States and yet there is no hint that lard will figure in the export subsidy plan or in the surplus-food disposal plan now being conducted experimentally at Rochester and Dayton. This is a matter of highest importance, and I am of the opinion that that item should be separately handled. If, however, it is agreed to in conference, all hope of putting that program on a basis more equitable to all sections of the country will be definitely foreclosed.

I believe the House is sufficiently informed on the issues involved and if you believe that the conferees should be instructed, your course is to vote down the previous question and open the rule for the necessary amendments.

Mr. COX. Mr. Speaker, I yield 7 minutes to the gentleman from Georgia [Mr. Tarver].

Mr. TARVER. Mr. Speaker, there has already been pointed out to you the incongruity of our economy-minded friends' undertaking to effect drastic economies by pursuing unusual tactics of the character which they are now pursuing in this House only when a measure is reached which vitally affects the agricultural population of this country. The chairman of our subcommittee, the gentleman from Missouri [Mr. Cannon] has pointed out that the procedure of this character with reference to an agricultural appropriation bill has not been followed in this House since 1891.

No man is justified in assuming that because four members of the subcommittee as Members of this House voted upon the passage of this bill through the House in favor of

parity payments that those members of the subcommittee in the event of a conference with the Senate will not as best they can reflect the attitude of the House in an endeavor to bring about an agreement with the Senate which will be satisfactory to the membership of the House. The past record, if I may mention the fact, of our subcommittee justifies my saying that there are no Members of the House who have been more earnest in their endeavors to effect economies than the members of this particular subcommittee. Year after year we have brought back to you here in the House a conference report on the agricultural appropriation bill running many millions of dollars below the figures which were placed in these bills by the Senate; and there is no reason why under the circumstances which exist today the House should not have sufficient confidence in the membership of our subcommittee to anticipate that they will endeavor to bring back to the House a conference report which will merit and receive its approval.

As the gentleman from Missouri [Mr. Cochran] pointed out, the conferees have no authority to enter into any agreement which will make effective this legislation. Whatever they do must in the last eventuality receive the approval of this House before it can become effective, and there is no reason other than the unfounded fears of certain gentlemen who are perhaps making some political capital out of this particular issue to anticipate that your subcommittee is going to endeavor to put anything over on the House. It

could not do it if it had the intention to do it.

Let me say that I am in absolute accord with the President of the United States in his views that the Congress ought to provide revenue with which these farm benefits shall be paid. I have frequently expressed this viewpoint not only on the floor but in communications with my constituents. The statement has been made that the President has evidenced his opposition to the parity-payment provision of the bill as written in the Senate. This in my judgment is not correct. The President of the United States, in my judgment, is in favor of the provision of parity payments, but he insists in connection with that position that Congress ought to make provision for raising the revenue with which those payments are paid; and in doing that I think his position is absolutely sound.

If a mistake has been made with reference to this farm program when was it made? It was made when you passed the Agricultural Adjustment Act in 1938 and inferentially, at least, promised the farmers of the country that you would provide parity payments if they would subject themselves to the restrictions on agriculture provided in that act. I voted against the Agricultural Adjustment Act of 1938 on

its passage through this body.

The gentleman from Virginia, who it appears is one of the persons in the House who is interested in this very unusual procedure, voted for that act; the gentleman from Virginia was the chairman of the subcommittee handling a bill which during the last session finally passed with a Senate amendment providing \$212,000,000 in parity payments for the year 1938. The gentleman from Virginia, in my judgment, is not in position to object to the procedure which the Senate has sought to institute in the making of these parity payments, although I do not wish that statement to be understood by you as indicating that I, as a Member, would not do what I could to sustain the position which has been evidenced by the House on this particular issue, or at least to reach an agreement with the Senate conferees satisfactory to the House.

There certainly appears to me no reason why the House, so far as this bill is concerned, should make a distinction against the agricultural interests of the country by insisting that the bill should not go to conference in the usual way, with the liberty on the part of the conferees, as a matter of give and take with the Senate, to work out, if they can, some agreement with the Senate which will be satisfactory to the membership of both bodies. [Applause.]

[Here the gavel fell.]

Mr. MAPES. Mr. Speaker, I yield 3 minutes to the gentleman from Iowa [Mr. Gilchrist]. Mr. GILCHRIST. Mr. Speaker, a fact is a thing that admits of no doubt. It is a thing that corresponds perfectly with everything that is or has been or shall be.

As a Republican and on the admitted facts, I speak for the appropriations contained in this bill. The statement is made that the present vote affects simply a question of procedure; but we know that this is not true. Criticism of this procedure is, after all, merely a pretext. The real question is whether we are going to support these appropriations or not. Why should a quibble about procedure be brought into this House now, being a procedure that has not been invoked before for nearly a half century. Why is this strange procedure now called out to beat the just cause of the farmers? It is a fact that the platform of my party in 1932 promised control of acreage of land under cultivation as an aid to the efforts of the farmer to balance production. That is what this appropriation will do. It is a fact that the platform of the Republican Party in 1936 promised to protect land resources, which is soil conservation as contained in this bill, and also to provide in the case of agricultural products of which there is an exportable surplus, payment of reasonable benefits for certain uses. That, Mr. Speaker, is a fact which cannot be controverted. And that is what this bill will do.

It is also true that the Democratic platform of 1936 promised parity for farmers. It promised to raise farm income to pre-war purchasing power. The appropriations in this bill are the only things before this House or the only things that can come before the House which will restore parity, promised by both of the parties. Averaging the situation now, the farmer does not have parity. Everybody knows that. It has been proven over and over again that he stands in the relation of about 66 or 72 as compared to 120 for other industries. These things are facts.

Mr. HOPE. Will the gentleman yield?

Mr. GILCHRIST. I yield to the gentleman from Kansas for a question.

Mr. HOPE. It is a fact also that even with the passage of this bill the farmer will still fall short of parity?

Mr. GILCHRIST. Certainly. This bill will not give the farmer parity. It will give him only about 75 percent of parity

Mr. Speaker, the question before us today is, Shall you keep your promise? Is your promise a mere scrap of paper? Is that what either or both of the parties is going to say here today? Will you say to the farmer, "Oh, well, we love you very much indeed, but we love others still better and we have decided to give you up; we will break the promise we made to you"?

If that is the purpose, I say to you that this innovation in procedure will not be allowed to fool the farmers all the time. Republicans are now here arguing that the President and the Secretary of Agriculture are against this appropriation. If this be so, then I must add that I do not know just when this side of the aisle became convinced that it should come into such complete agreement with the President and the Secretary of Agriculture. But I doubt that it is so. It may not be. Anyway the farmers are entitled to this money. [Applause.]

[Here the gavel fell.]

Mr. COX. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois [Mr. Sabath].

Mr. SABATH. Mr. Speaker, I was hoping that politics would not enter into this debate; therefore, I regret that the gentleman from Iowa has brought the charge that the Democratic Party is not keeping its pledges and promises to the farmers of the country. No administration in the history of our Nation has done as much for the farmers as has the present one. As to the objection made today with reference to this bill, it comes from the Republicans, and not from the Democrats. I am always desirous of giving the membership the right and privilege to vote on every question. As chairman of the Rules Committee, I called a meeting of that committee yesterday at 2 o'clock so that a rule could be brought in to take this bill from the Speaker's table and have it sent to conference. It therefore grieves

me that the gentleman from Missouri [Mr. Cannon], for whom I have the highest regard, should state that only when an agricultural bill is under consideration are objections raised. I say that objections are raised to the unreasonable increase inserted in this bill by the Senate which were voted down by the House. As the bill comes to us from the other side it carries \$391,000,000 more than the House bill and \$258,000,000 more than the 1938 appropriation, although in that year we had drought-stricken and flood-ravaged sections to consider, and agricultural prices were lower than they are today. This bill now carries \$376,000,000 more than the sum recommended by the Director of the Budget.

Mr. Speaker, in years gone by I have known of occasions, and I think the gentleman from Missouri has, too, when the House instructed or secured a pledge from its conferees as to carrying out the wishes of the House. That is a question I asked him yesterday, and that is what he repeated on the floor of the House. I may not have used the same language, but, as the gentleman from Georgia [Mr. Cox] stated later on, that is virtually the fact. I believe that we can assure the House that its will is going to be carried out to the best of our ability.

I think it would be well to take this bill from the Speaker's table and send it to conference. We can trust the conferees, in my opinion, because they are men in whom we have the utmost confidence, notwithstanding the fact that they have voted perhaps for these particular appropriations as inserted by the Senate, which increase the appropriations contained in the bill by over \$380,000,000. In the interest of the gentlemen from Georgia and of some of my Republican friends, may I say that this bill as it left the House carried appropriations totaling nearly \$900,000,000 for the agricultural industry of this country. I feel that we have again demonstrated our desire to help the farmers with deeds and not with empty promises, as the Republicans have done in years gone by.

Mr. Speaker, while I favor the passage of the rule, I do so with the understanding that the assurances of the gentleman from Missouri will be kept, in that the House conferees will not yield on the Senate amendments, especially on the three largest items. Further, that the conferees will report to the House should the Senate refuse to yield so that the membership may be afforded the opportunity of a record vote on the amendments. It has been and will always be my aim to give the membership the right to vote on any important legislation.

[Here the gavel fell.]

Mr. MAPES. Mr. Speaker, I yield 2 minutes to the gentleman from North Dakota [Mr. Lemke].

Mr. LEMKE. Mr. Speaker, I am for sending this bill to conference. [Applause.] I know that the \$225,000,000 for parity payments is only a drop in the bucket. I know that agriculture has been double-crossed, criss-crossed, bisected, and quartered here in this Congress. It comes with poor grace for my friends to object to this bill, especially when I know that some of them were elected to Congress because their predecessors told the farmers they did not know what they wanted.

The time has come when we should pay more attention to the 32,000,000 men, women, and children on the farms than to the few supposed imaginary enemies in foreign lands. [Applause.] We have voted millions and billions for so-called foreign aggression, which you called national defense, but we refuse to vote \$225,000,000 for the farmer, who is the real national defense. If you put the farmer where he belongs, on an equality with industry, and give him cost of production, then you will not have to be fooling each year with these appropriations.

I appeal to you, my conservative friends on both sides of the aisle, to get busy and give us cost of production, and we will take care of ourselves and will not come back here and beg for \$225,000,000 where we ought to ask for \$7,500,000,000 to balance the farmers' budget. The promised parity that we gave to the farmer in the 1934 and 1938 Farm Acts was a fraud and a deception to begin with. It did not give him cost

of production. Now we refuse even to comply with that fraud and deception. We made the farmer believe that we were going to subsidize him and then we fleeced him.

This situation cannot be laughed at; it cannot be joked at. You promised the farmer parity and you have not given him parity. It is a hallucination to say that \$225,000,000 will give him parity. It will do nothing of the kind. The Secretary of Agriculture has testified over on the Senate side that if the farmer got cost of production he would get an increase in his income of \$7,500,000,000. That would give him real parity and not make-believe "Alice in Wonderland" parity. [Applause.]

[Here the gavel fell.]

Mr. COX. Mr. Speaker, I yield 5 minutes to the gentleman from Virginia [Mr. Woodrum].

Mr. CLASON. Mr. Speaker, I make the point of order there is not a quorum present.

The SPEAKER. The gentleman from Massachusetts makes the point of order that there is no quorum present. The Chair will count. [After counting.] Two hundred and thirteen Members are present, not a quorum.

Mr. CLASON and Mr. WOODRUM of Virginia rose.

Mr. CLASON. Mr. Speaker, I withdraw the point of order in view of the large number that are present.

The SPEAKER. Under the circumstances, the Chair is not authorized to recognize the gentleman inasmuch as the Chair had already announced no quorum present. A constitutional question is raised.

Mr. WOODRUM of Virginia. Mr. Speaker, five or six more came in over here.

The SPEAKER. Were these gentlemen here present when the Chair was counting?

Were the gentlemen in the rear of the hall who are holding up their hands not present when the Chair counted a moment ago?

The Chair will count the present membership again. [After counting.] Two hundred and twenty-seven Members are present, a quorum.

Mr. MAPES. Mr. Speaker, I yield 5 additional minutes to the gentleman from Virginia [Mr. Woodrum].

The SPEAKER. The gentleman from Virginia is recognized for 10 minutes.

Mr. WOODRUM of Virginia. Mr. Speaker, I wish to comment on the suggestion that has been made that there are many unusual things about this procedure. In the first place let us recall for a moment what the general rules of the House provide when a House bill such as this is returned to the House from the Senate. The general rules of the House provide that the bill with the amendments shall go to the Appropriations Committee for the Appropriations Committee to consider the amendments and then report the bill back to the House with amendments and with their recommendations as to the amendments, in which event the House has an opportunity to go into the Committee of the Whole and consider the Senate amendments, the bill then being reported to the House and considered in the House. This is the general rules of the House. This practice of asking unanimous consent to send a bill to conference, while it is very generally indulged in, is an exception to the rules of the House and is done only by unanimous consent. There is absolutely nothing unusual about undertaking to bind conferees, especially when it is known that the individual opinions of the conferees are perhaps not what a majority of the House thinks about the given subject, and it is no reflection upon the conferees to take that sort of a position.

What is the unusual part of this procedure? The unusual thing is that the Appropriations Committee brought to the House in the beginning an appropriation bill with \$225,000,000 in it more than the Budget and the President had recommended. That was defeated in the House. The Senate then added that amount to the bill over and above the Budget estimates.

These gentlemen say that never before has objection been made to sending an agricultural bill to conference. Perhaps not. Never before has there been such an agricultural bill, never before has there been such a procedure, and never before in my 16 years of service has the Appropriations Committee of the House undertaken to raise Budget estimates \$225,000,000 over the specific protest of the President of the United States

If you are interested in agriculture and the farmer, certainly no one here and certainly none of my colleagues on this side will say that the President is not interested in agriculture. Certainly you will not say that President Roosevelt is not interested in trying to help agriculture. He has specifically withheld his approval of parity payments. When the President signed the agricultural bill of 1938, he did so with the statement that if it were sought to make parity payments, then the funds should be raised by taxes. Since the bill passed the Senate, the President and the Secretary of the Treasury have protested against the action of the Congress in raising the bill by this terrific amount above the Budget estimates.

Now, what is the parliamentary situation? The parliamentary situation is that you will have only one opportunity to express yourselves on this matter, and that is on the vote on ordering the previous question on the rule. Mind you, this rule not only sends the bill to conference but takes away the right of the House to instruct its conferees. I do not object to that. I have never been of the temperament that objected to "gag" rules. Listen! This House can always do what a majority of the Members of the House want to do. That is fundamentally true under our rules. There is never any situation here where a majority of the Members of the House cannot do what they want to do. If a majority of the Members of the House want these excessive increases made in the agricultural bill without having a right to vote upon them individually, you can do that today by voting down the previous question. But remember, if the previous question is voted down and the bill is sent to conference under this rule, then just as surely as the sun rises and sets the House conferees will agree to these parity payments in conference. I do not say this as a reflection upon those gentlemen. They certainly have a right to their opinion upon this matter and I respect their opinion; I do not share their opinion, but I respect it, but they are committed to this. They brought the bill in here over the protest of the Budget. It was defeated on the floor. It was put on in the Senate, and I do not see how it would be humanly possible for these gentlemen to maintain the position they have taken before the country unless they are for these parity payments.

So what will happen? They will agree to this conference and you will have one vote, either for the agricultural appropriation bill or against it, and you know what that means.

Of course, the bill should go to conference. There are over 100 amendments in it. The amount carried in the bill has been increased. It was already the largest appropriation in the history of the Government, \$335,000,000, and they added \$330,000,000 over the Budget estimate. If this bill passes the Congress and the President signs it, there is no use for anybody to get up in this House or anywhere else and talk about economy or trying to balance the Budget or trying to have any sort of sane, sensible budgetary control of Federal finances. This is the whole issue.

There is \$500,000,000 in here for the farmers for benefit payments under the Soil Conservation Act, \$25,000,000 for farm tenancy that the President recommended; \$835,000,000 altogether that the President recommended, but the President has not recommended these increases and since it passed the Senate he has specifically placed his disapproval upon them.

Now, I ask you only that you make it possible for this House to vote individually on whether or not it wishes to agree to these large increases.

If the previous question is voted down, a motion will be made to amend the rule, sending the bill to conference, giving the conferees the right to negotiate with the Senate on all of these other amendments, but asking them merely to bring back these three amendments—parity payments, \$225,000,000; surplus crop disposal, \$113,000,000; and farm tenancy, \$25,000,000—in order that the House, after consideration, may say whether or not it wishes to accept them,

Mr. PACE. Mr. Speaker, will the gentleman yield?
Mr. WOODRUM of Virginia. I yield to the gentleman from Georgia.

Mr. PACE. The gentleman has stated the enormous amount in this bill, when the facts are that when the items for agriculture in the last Congress are added and compared with those in this bill, it carries less than was appropriated at the last session of the Congress. The parity provision was carried in the relief bill and not in an appropriation bill. Does the gentleman agree with that statement?

Mr. MARTIN J. KENNEDY. Mr. Speaker, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from New York.

Mr. DIRKSEN. Mr. Speaker, in order that there may be no misunderstanding, if the gentleman from Georgia means that the total amount is below the amount appropriated in 1939, I will say to the gentleman that the bill is \$258,-000,000 over the 1939 appropriation act for agriculture.

Mr. PACE. If the gentleman will yield, the figures are in the Record showing that all of the items appropriated by the last Congress for the farming interests are less than what are carried in this bill, including the other items appropriated for.

Mr. MARTIN J. KENNEDY. Did I understand the gentleman to say that the items he is referring to have been specifically objected to by the President of the United States?

Mr. WOODRUM of Virginia. The item of parity payments was not approved by the President in a Budget estimate, and since the bill passed the Senate, in a press conference the President and the Secretary of the Treasury expressed their disapproval of the item.

Mr. MARTIN J. KENNEDY. In the event we vote down the previous question and the rule is amended, do I understand there are to be some hearings on these additional appropriations?

Mr. WOODRUM of Virginia. No; the bill will go to conference, and the conferees will have to come back to the House for separate votes on these three amendments before they can be agreed to in conference.

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield?
Mr. WOODRUM of Virginia. I yield to the gentleman from Montana.

Mr. O'CONNOR. I may be wrong about this, but who knows more about the conditions and the necessities of their respective districts throughout the United States, the Congressmen who represent those districts, the President of the United States, the Director of the Budget, or the Secretary of Agriculture? I would like to have the gentleman's opinion upon that.

Mr. WOODRUM of Virginia. Mr. Speaker, I think the gentleman can answer that as well as I can, but I say to the gentleman that if we are going to have any sort of sensible and logical budgetary control of our finances, we must have some criterion or yardstick; and Congress has set up in the law the Budget and the recommendations of the President, and I think they should have some sort of standing in the

I yield back the remainder of my time.

Mr. MAPES. Mr. Speaker, I yield such time as he desires to the gentleman from North Dakota [Mr. BURDICK].

Mr. BURDICK. Mr. Speaker, I have been amazed and chagrined to see some of our Republican leaders lead the fight against sending this farm bill to conference. The Republican Party evidently has made up its mind that it does not need the support of the Farm Belt. This bill does not do the job of bringing to our farmers anywhere near the measure of relief that is necessary to maintain farm homes, but it at least provides \$225,000,000 parity payments, which was written in there by the Senate since this House acted upon the bill. Is there a Member of this Congress who can conscientiously say we are going too far when we provide a part of the losses which the farmers suffer annually because of the disparity between farm prices and other commodities?

No; this angle is not touched. The objectors say that this question on the floor is merely a question of procedure. They are more interested in procedure and the integrity of the House than they are in the plight of the farmers. I have always held the gentleman from Illinois [Mr. Dirksen] in the very highest esteem, but when he says we must preserve the integrity of the House at all cost, no matter what condition the farmer is in, I am not only amazed but completely disappointed. When the gentleman from New York [Mr. Taber] voiced his opposition to sending this bill to conference, I was not surprised, because his philosophy as demonstrated in this House has always been to keep down expenses when it comes to agricultural questions.

The gentleman from Virginia [Mr. Woodrum], a Democrat, can always be depended upon to follow the leadership of the reactionary Republicans, and today he reechoed the arguments of the gentleman from New York [Mr. Taber] and opposed this measure with not only Democratic time of the House but with 5 additional minutes granted by the Republicans.

All of these gentlemen, who seem to wring their hands and weep over large appropriations, voted for appropriation bills providing two and one-fourth billion dollars for the national defense at a time when we are at peace with all nations and could not possibly get into war unless we insisted on it. Has anyone in the House ever heard either of the gentlemen ever offer opposition to any bill providing relief to big business? Never. But when relief for labor, relief for agriculture come up, they all embrace each other, regardless of party, and vote with a common, united front against the classes of our citizens who are actually in distress. The foreclosure of 2,000,000 farm homes during this depression, the foreclosure of 1,500,000 city homes in the last 3 years, does not seem to appeal to them. On these questions they are determined to preserve the procedure of the House and the integrity of the House. Philosophy of this sort, if long enough indulged in, can only lead to the destruction of the Republic. [Applause.]

Mr. MAPES. Mr. Speaker, I yield 1 minute to the gentleman from Georgia [Mr. Cox].

Mr. COX. Mr. Speaker, I yield 2 minutes to the gentleman from Nebraska [Mr. Coffee].

Mr. COFFEE of Nebraska. Mr. Speaker, in the 2 minutes allotted to me I want to call to the attention of the Members of the House and of the conferees, whoever they may be, the restriction in the Senate amendment providing for parity payments. Under this amendment, parity payments to corn producers will be restricted to those in the commercial corn-

producing areas only. In other words, it will restrict payments to the commercial areas in 586 counties in 12 States. There is nothing in the substantive law of the Agricultural Adjustment Act of 1938 which would restrict these payments to corn producers in the commercial areas only. Parity payments are authorized under the provisions of section 303 of that act. The language in parentheses in the Senate amendment "in the commercial corn-producing area" should be eliminated. Corn loans under the law permit those not in the commercial area to borrow only 75 percent as much as those in the commercial area. As a consequence last year corn producers in the favored commercial areas were able to borrow 57 cents per bushel, and those outside of the commercial area could only borrow 43 cents per bushel. Unless the restrictive language in the Senate amendment is eliminated, parity payments on corn will be confined to those who can now borrow 57 cents per bushel on their corn, and those who can only borrow 43 cents per bushel on their corn will be denied any parity payments whatever.

In 1938 there were 42,815,500 acres of corn in the commercial corn-producing area. The noncommercial area harvested 49,330,500 acres of corn. The total production of corn in the commercial corn-producing area in 1938 was 1,553,713,000 bushels, and in the noncommercial area it totaled 1,012,508,000.

I hope the conferees will eliminate the discriminatory language in the Senate parity payment amendment and make it conform to the amendment on which we voted in the House and which I supported.

The SPEAKER. The time of the gentleman from Nebraska has expired.

Mr. COX. Mr. Speaker, I yield one-half minute to the gentleman from Georgia [Mr. Pace.]

Mr. PACE. Mr. Speaker, I made a statement a moment ago and I want to confirm it.

On page 5493 of the Congressional Record is an itemized statement of the appropriations of the last Congress for the farmers, including \$200,000,000 for roads, which they charge to the farmers; \$1,529,000,000 was appropriated at the last session for this year. The present appropriation for next year is \$1,387,000,000. The statement was made here just now that this was an enormous, unprecedented amount, when it is \$142,000,000 less than was appropriated by the last Congress, and includes enormous items which are not fairly chargeable to the farmer. [Applause.]

Here is the summary, prepared by the finance officer of the Department of Agriculture, and placed in the Congres-Sional Record on May 12 by Senator Russell, of Georgia:

SUMMARY

Regular funds, Department of Agriculture, according to group classification units, showing appropriations, 1939; Budget estimates, 1940; House bill, 1940; and as reported to Senate, 1940

Bureau and item	Appropriation, 1939	Budget estimate, 1940	House bill, 1940	As reported to Senate, 1940
A. Ordinary activities B. Special items. C. Receipt and contributed funds. D. Payments to States (for extension work, experiment stations, and cooperative forestry and wildlife activities) E. Farm Tenant Act. F. Loans, relief, and rural rehabilitation. G. Agricultural adjustment and related funds.	27, 558, 833 40, 739, 797	\$98, 144, 448 4, 071, 185 7, 837, 635 28, 497, 583 32, 000, 000	\$90, 689, 251 2, 996, 185 7, 837, 635 28, 661, 912 31, 950, 230	\$98, 638, 53 7, 338, 18 7, 837, 63 30, 680, 58 56, 950, 23
G. Agricultural adjustment and related funds. H. Federal Crop Insurance Act. I. Road Funds.	912, 324, 893 25, 500, 000 201, 500, 000	623, 000, 000 6, 000, 000 213, 000, 000	637, 535, 000 5, 923, 200 201, 000, 000	975, 535, 00 5, 923, 20 205, 000, 00
Total, Department of Agriculture (including flood-control transfer) J. Flood control (transfer from War Department)	1, 522, 292, 683 7, 000, 000	1, 012, 550, 851 3, 000, 000	1, 006, 593, 413	1, 387, 903, 37
Grand total, Department of Agriculture	1, 529, 292, 683	1, 015, 550, 851	1, 006, 593, 413	1, 387, 903, 37

Mr. MAPES. Mr. Speaker, I yield the balance of my time to the gentleman from New York [Mr. Taber].

'The SPEAKER pro tempore (Mr. DEMPSEY). The gentleman from New York, is recognized for 7 minutes.

Mr. TABER. Mr. Speaker, I have in my district a preponderance of agriculture. I am as much interested in the welfare of the American farmer as any man in America. I have opposed large appropriations of funds for almost every purpose. I have voted against large appropriations for the Army and for the Navy. I have voted against what I believed to be unconscionable appropriations for the W. P. A. I have found, as I have followed the situation from day to day in this House, that the more money we appropriate the more distress we create in America. The only possible salvation for the people of America is for this Congress to wake up and to realize that we cannot go on with a spending program without bringing greater and greater distress to the farmer and to those who are in industry. [Applause.]

Now, the idea with reference to this is not hostile to the farmer, but the idea with reference to this is to try to keep things within reasonable bounds. As this bill passed the House it carried \$70,000,000 more for soil-conservation payments than will be made by the Department of Agriculture this year. Unless we begin now to realize our responsibilities to the people, we are leaving the people of this country in worse shape than we found them when the Congress met in January.

Now, it is not an unusual thing to ask a committee of conference to agree to bring back for a separate vote certain amendments. I have served on at least a dozen conferences since I have been a member of the Committee on Appropriations where the conferees agreed to bring back certain provisions for a separate vote. There is no such thing as putting this up on a farm measure first. It is the regular procedure that has been followed for years and years, one that is followed where a large number in the House feel that they should have an opportunity to vote. The question here presented is this: If we vote down the previous question, then we vote to give the Members of the House a fair opportunity to vote on each of these amendments. If we do not vote down the previous question, then we tell the membership of the House that they cannot have an opportunity to vote separately upon the three amendments that are in this bill that have been put in by the Senate, totaling \$360,000,000.

Is it not time that we should begin to economize? I am not asking to begin on the farmer. I have spoken here in the Well on many occasions, asking this House to economize. I shall, just so long as I can, continue to ask the House to vote intelligently and fairly to the people of the United States on these measures.

I hope that the membership will realize their responsibility and will vote down the previous question when it is reached, so that we can have a square opportunity to vote on each of these amendments by themselves, square-toed.

Mr. JENKINS of Ohio. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield.

Mr. JENKINS of Ohio. As I understand it, after this debate is concluded, the matter will come before us for a vote on the previous question. Then, if the previous question is voted down, someone will move to amend this resolution?

Mr. TABER. So that we may have a separate vote on each amendment—each of the three amendments.

Mr. JENKINS of Ohio. The purpose, then, will be to give the conferees authority to go back to conference and dispose of the small amendments that are not in controversy and that the House has never acted upon before?

Mr. TABER. If the Senate will yield on the three large ones so that they can dispose of the whole thing.

Mr. JENKINS of Ohio. Yes; and if the Senate does not yield on the three large ones, then the conferees will be instructed that they must bring these matters back to us.

Mr. TABER. That is right.

Mr. H. CARL ANDERSEN. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield.

Mr. H. CARL ANDERSEN. For purposes of clarification, is it not a fact that a vote against this rule means a vote against parity? Is not the farmer entitled to this parity appropriation, when every other line of industry, labor, and all major groups have already been subsidized or had millions appropriated for them by this or previous Congresses? [Applause.]

Mr. TABER. It is not because there would be a separate vote and an opportunity to vote squarely on the parity question. If you vote against the previous question it is a vote against a combination of the items that many of us want an opportunity to vote on separately.

Mr. H. CARL ANDERSEN. I still think I am right.

Mr. MARCANTONIO. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield.

Mr. MARCANTONIO. As a matter of fact, unless this rule is amended we shall have no choice except to take everything or leave everything.

Mr. TABER. That is just the situation. The question is whether or not you want a fair opportunity to vote on each of these three large amendments.

Mr. SCHAFER of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield.

Mr. SCHAFER of Wisconsin. And if we vote for the previous question, and then vote for the rule and it is brought in, we put a vote of approval on the passage of these amendments as specified in the rules.

Mr. TABER. Yes.

Mr. Speaker, I hope the House will vote down the motion to order the previous question.

[Here the gavel fell.]

Mr. COX. Mr. Speaker, I yield the remainder of my time to the gentleman from Missouri [Mr. Cannon].

Mr. CANNON of Missouri. Mr. Speaker, this is the most remarkable rule reported by the Committee on Rules during this Congress—remarkable because it does not change in one iota the custom of the House—because it does not deviate by the dotting of an "i" or the crossing of a "t" the procedure the House customarily follows under such circumstances.

Ordinarily special orders are reported from the Committee on Rules for the purpose of varying procedure, for the purpose of setting aside the routine of the House, but this resolution is submitted merely to prevent an objection raised by a Member from displacing the routine of the House and disorganizing the procedure usually followed in sending a bill to conference. So, in voting for this rule you are voting to do what the House has always done, and in the way that the House has always handled it.

It is extraordinary in another respect in that it has driven back under the sheltering arms of the President my distinguished friend from Virginia, who consistently, emphatically and implacably has been challenging the recommendations of the President on W. P. A. and work-relief unemployment. Here this afternoon he appeals to us to follow the President and repeatedly reiterates his devotion to the Presidential admonition. We are glad to see the lost lamb coming back to the administration fold. However, I must remind you that neither the President nor the Secretary of Agriculture are opposed to parity payments. What they have insisted on is that revenue be provided by Congress for the purpose and when this subject was last before the House, I inserted in the Record a letter from the President approving parity payments.

Mr. Speaker, if this resolution were voted down where would it leave us? We would be in the same position as if we had adopted the resolution.

The Senate has put this amendment in the bill, and they insist that it stay in the bill. This resolution insists that the amendments be rejected. If this resolution should be defeated and the bill comes back from the committee, you will find yourself just where we are now. All you can do if this resolution is defeated and the bill comes back will be to vote to disagree. This resolution votes to disagree. So, if you vote this resolution down and go through the entire, detailed, circuitous performance, you come right back to where you started, and you will then be just where you are now, and you will still have to go over and deal with the Senate just as this resolution proposes that you now go over and deal with the Senate. In other words, Mr. Speaker, the results to be secured by defeat of this resolution are so inconsequential as to lead to the conclusion that there must be something else back of this extraordinary opposition to the usual method of sending a bill to conference.

What extraordinary consideration prevails upon the gentleman from New York to raise an objection when he has not made such an objection in any session of Congress to any other appropriation bill? Why should this particular bill be selected for the objection? The only explanation of

the purpose of the objection is the character of the amendments cited by the gentleman. He mentions three amendments, the amendment appropriating money for parity payments, the amendment providing funds for surplus commodity purchases, and the amendment for the relief of farm tenancy. There are more than 150 Senate amendments to the bill. But the gentleman singles out amendments which raise the price of farm products. He picks three amendments designed to carry out the pledges of both political parties in their national conventions. He selects three amendments redeeming commitments legislatively made to the farmers of the country by act of Congress. The inevitable conclusion, the only tenable explanation is that the purpose of the objection is to nullify the program to give the farmer his share of the national income and to make the present disproportionate return to agriculture, labor, and industry the permanent agricultural policy of the United States

Unless some other explanation can be given by those who object to this bill going to conference in its present status, the line seems to be drawn between those who favor increased prices for farm products and those who wish the farmer to continue to feed and clothe the world at less than the cost of production.

[Here the gavel fell.]

Mr. COX. Mr. Speaker, I move the previous question on the resolution.

The question was taken; and on a division (demanded by Mr. Taber) there were-ayes 143, noes 122.

Mr. TABER. Mr. Speaker, I demand the yeas and nays. The yeas and nays were ordered.

The question was taken; and there were-yeas 192, nays 181, answered "present" 1, not voting 56, as follows:

[Roll No. 79] YEAS-192

Curtis Johnson, Lyndon Peterson, Fla. Johnson, Okla. Peterson, Ga. Jones, Tex. Pierce, N. Y. Alexander Peterson, Ga. Pierce, N. Y. Pierce, Oreg. Pittenger Allen, Ill. Allen, La. Darden Delaney Andersen, H. Carl Dempsey Anderson, Mo. DeRouen Keller Kilday Andresen, A. H. Arends Dies Kirwan Poage Ramspeck Doughton Kitchens Arnold Douglas Kleberg Randolph Barden Kocialkowski Barnes Doxev Landis Rayburn Bates, Ky. Beckworth Richards Robinson, Utah Duncan Lanham Larrabee Dunn Rell Elliott Lea Leavy Rogers, Okla. Romjue Bland Ellis LeCompte Schaefer, Ill. Bloom Ferguson Boland Fitzpatrick Lemke Lewis, Colo. Schulte Boykin Flannagan Secrest Flannery Ford, Miss. McAndrews McCormack Brooks Shannon Brown, Ga. Sirovich Bryson Ford. Thomas F. McGehee Smith, Va. Smith, Wash. McLaughlin McMillan, John L Buckler, Minn. Fulmer Snyder Mahon Mansfield Martin, Colo. Martin, Ill. Martin, Iowa Burdick Garrett Gehrmann South Sparkman Burgin Byrne, N. Y. Byrns, Tenn. Geyer, Calif. Gibbs Steagall Stefan Byron Caldwell Cannon, Fla. Gilchrist Sumner, Ill. Massingale Mills, Ark. Mills, La. Gore Gossett Sutphin Sweeney Cannon, Mo. Grant, Ala. Talle Carlson Casey, Mass. Celler Chandler Gregory Monroney Tarver Griffith Taylor, Colo. Mouton Mundt Murdock, Ariz. Murdock, Utah Guyer, Kans. Tenerowicz Gwynne Terry Clark Claypool Harrington Thomas, Tex. Thomason Hart Nelson Cochran Coffee, Nebr. Hendricks Nichols Thorkelson Hill Norrell Tolan Collins Hobbs Norton Vincent, Ky. Voorhis, Calif. O'Connor Hook Hope Hull Cooley O'Day Walter Cooper Owen Warren Cox Hunter Pace Weaver Creal Izac Jacobsen Parsons West Whelchel Crowe Patman Whittington Williams, Mo. Culkin Jarman Patrick Jensen Johnson, Ind. Culien Patton Cummings Pearson Zimmerman

Allen, Pa. Ball

Anderson, Calif. Andrews Angell Barry Barton Bates, Mass. Ashbrook Beam

NAYS-181 Blackney Boehne Bolles Bolton Bradley, Mich. Brewster

Brown, Ohio Bulwinkle Case, S. Dak. Chapman Chiperfield Church

Hall Halleck Clevenger Coffee, Wash, Cole, Md. Hancock Harness Cole N. Y. Harter, N. Y. Harter, Ohio Corbett Hawks Healey Heinke Costello Crawford Crosser Hess Hinshaw Crowther D'Alesandro Hoffman Darrow Dickstein Horton Dirksen Jarrett Dondero Jeffries Jenkins, Ohio Drewry Jenks, N. H. Johns Durham Dworshak Eaton, Calif. Eaton, N. J. Johnson, Ill. Johnson, W. Va. Jones, Ohio Eberharter Edmiston Elston Engel Englebright Fay Fenton Fish Flaherty Gamble Gavagan Gearhart Lambertson

Lesinski

Luce

Ludlow

McArdle

McDowell

Lewis, Ohio

Gerlach

Gillie Graham

Grant, Ind.

Griswold

Gross

Miller Monkiewicz Moser Mott Murray Myers O'Brien O'Leary Oliver O'Neal Kean
Kelly
Kennedy, Martin
Kennedy, Md.
Kennedy, Michael
Reece, Tenn.
Keogh
Reed, Ill.
Kinzer
Reed, N. Y.
Rees, Kans.
Rich
Robertson
Robertson Rodgers, Pa. Rogers, Mass. Routzohn Rutherford Sandager Satterfield Scrugham

McKeough McLean

Maciejewski

Mapes Marcantonio

Martin, Mass

Magnuson

Marshall

Merritt

Michener

McLeod

Maas

Schafer, Wis. Schiffler Schwert Seccombe Seger Shafer, Mich. Sheppard Short Simpson Smith, Conn. Smith, Ohio Spence Springer Stearns, N. H. Taber Taylor, Tenn. Thill Thomas, N. J. Tibbott Tinkham Treadway Van Zandt Vorys, Ohio Vreeland Wadsworth Welch Wheat White, Ohio Wigglesworth Williams, Del. Winter Wolcott Wolfenden, Pa Wolverton, N. J. Woodruff, Mich. Woodrum, Va. Youngdahl

ANSWERED "PRESENT"-

NOT VOTING-56

McGranery Sacks McMillan, Thos. S. Schuetz Ford Leland M Boren Bradley, Pa Buckley, N. Y. Gathings Shanley Smith, Ill. Smith, Maine McReynolds Burch Gifford Maloney Green Mason Carter Hare Hartley May Mitchell Smith, W. Va. Somers, N. Y. Cartwright Cluett Havenner Pfeifer Starnes, Ala. Disney Hennings Polk Johnson, Luther A. Risk Sullivan Sumners, Tex. Ditter Robsion, Ky. Kee Keefe Vinson, Ga. Faddis Rockefeller Wallgren Kerr Fernandez White, Idaho Folger Sabath Wood

So the previous question was ordered. The Clerk announced the following pairs: On the vote:

Mr. Scrugham (for) with Mr. Ditter (against). Mr. Vinson of Georgia (for) with Mr. Bradley of Pennsylvania

Mr. Vinson of Georgia (A.),
(against).
Mr. Havenner (for) with Mr. Robsion of Kentucky (against).
Mr. Luther A. Johnson (for) with Mr. Keefe (against).
Mr. Green (for) with Mr. Gartner (against).
Mr. Gathings (for) with Mr. Carter (against).
Mr. May (for) with Mr. Gifford (against).
Mr. Starnes of Alabama (for) with Mr. Hartley (against).

General pairs until further notice:

General pairs until further notice:

Mr. Hare with Mr. Cluett.
Mr. Kerr with Mr. Lord.
Mr. Sumners of Texas with Mr. Mason.
Mr. Fernandez with Mr. Risk.
Mr. Burch with Mr. Rockefeller.
Mr. Cartwright with Mr. Leland M. Ford.
Mr. Maloney with Mr. Smith of Maine.
Mr. Disney with Mr. Smith of Maine.
Mr. Disney with Mr. Buckley of New York.
Mr. Smith of West Virginia with Mr. Sullivan.
Mr. Schuetz with Mr. Kee.
Mr. Folger with Mr. Evans.
Mr. Sabath with Mr. Boren.
Mr. Somers of New York with Mr. Mitchell.
Mr. Walgren with Mr. Feifer.
Mr. Shanley with Mr. Feifer.
Mr. Ryan with Mr. Smith of Illinois.
Mr. McReynolds with Mr. White of Idaho.
Mr. Hennings with Mr. McGranery.
Mr. Wood with Mr. Polk.
Mr. Thomas S. McMillian with Mr. Sacks.

Mr. GEARHART, Mr. KRAMER, and Mr. FISH changed their votes from "yea" to "nay."

Mr. SCRUGHAM. Mr. Speaker, I have a pair with the gentleman from Pennsylvania [Mr. DITTER]. If he were present he would vote "nay." I, therefore, change my vote from "yea" to "present."

The result of the vote was announced as above recorded. The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to; and the Chair appointed the following conferees: Mr. Cannon of Missouri, Mr. Tarver, and Mr. Lambertson.

AMENDMENT OF SECOND LIBERTY BOND ACT, AS AMENDED

Mr. SABATH. Mr. Speaker, I call up House Resolution 200 and ask for its immediate consideration.

The Clerk read the resolution as follows:

House Resolution 200

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for consideration of H. R. 5748, a bill to amend the Second Liberty Loan Act, as amended. That after general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

Mr. SABATH. Mr. Speaker, I yield 30 minutes to the gentleman from New York [Mr. Fish].

Mr. Speaker, this rule provides for the consideration of the bill, H. R. 5748, to amend the Second Liberty Bond Act. All it aims to do and will do is eliminate certain restrictions on bond issues. It does not in any way increase or authorize an increase in the indebtedness of the Government.

The purpose of this bill, and it has the unanimous support of the committee, is to provide greater flexibility in the management of the public debt. Under the present law, as amended, the limit of the public-debt obligation is \$45,000,000,000, subject, however, to a limitation in the amount of bonds which may be outstanding at one time, namely, \$30,000,000,000.

Mr. COX. Will the gentleman yield?

Mr. SABATH. I yield to the gentleman from Georgia.

Mr. COX. May I say to the membership, that if the Members will pay close attention to the gentleman who is now addressing the House, it will materially speed up the program for the day. The question the gentleman is now discussing is one about which there is no controversy; however, the committee reporting the bill felt that it ought to come in and make an explanation to the House. This is a measure which the House has heretofore passed upon by unanimous consent.

Mr. SABATH. Mr. Speaker, my object in rising at this time is to familiarize the Members with the provisions of this bill, because many Members have asked whether the bill would increase or authorize an increase in the national debt of the United States. As I stated previously, the limit is now \$45,000,000,000 and only \$30,000,000,000 may be issued in bonds.

At this time we have outstanding nearly \$24,000,000,000 in bonds, permitting only an approximate \$1,000,000,000 that can be issued. In addition to that we have \$9,000,000,000 outstanding in short-term notes and this bill, as I have stated and repeat, will permit the issuance of an additional \$15,000,000,000 worth of bonds, part of which can be used to take up short-term notes, although I hope this will not be necessary.

Mr. REES of Kansas. Will the gentleman yield.

Mr. SABATH. I yield to the gentleman from Kansas.

Mr. REES of Kansas. Will the gentleman explain to the House what he means by short-term bonds as distinguished from long-time obligations?

Mr. SABATH. I said short-term notes.

Mr. REES of Kansas. What is meant by "short term"?

Mr. SABATH. Oh, 90 days or so.

Mr. REES of Kansas. Is it 1 month, a year, 5 years, or what?

Mr. SABATH. Ninety days, 6 months, sometimes 1 year, even as long as 2 years.

Mr. PATMAN. Will the gentleman yield?

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Mr. SABATH. I yield to the gentleman from Texas.

Mr. PATMAN. Is it not a fact that the Government on short-term obligations today is only paying about 11 cents for the use of \$100 for 1 year?

Mr. SABATH. That is true, and according to the last report I noted in the newspapers it is only about 5 cents on \$100, the cheapest rate of interest in the history of America.

Mr. REES of Kansas. In view of that statement, is it not a fact that the Government can borrow money cheaper on short-term notes than on long-time obligations?

Mr. SABATH. I believe it can and does obtain money at a much lower rate of interest on the short-term obligations, but we have now approximately \$9,000,000,000 worth of these short-term obligations outstanding, and I feel that the Secretary of the Treasury, who recommends this legislation, has a good reason for it. With the confidence I have in him I know he will not issue any long-term bonds unless it is absolutely necessary, as his aim has been to obtain money for the Government at the lowest possible rate of interest. I have heard it said by many well-informed economists and even bankers that he has, to put it tersely, accomplished wonders. I remember there was a great fear in the minds of some Americans as to how we would finance the payment of the soldiers' bonus, and then the financing of W. P. A. and other agencies, but it was accomplished at the lowest rate of interest in the history of our Government.

Indeed, it is a great achievement, but we never hear of that. All we hear is criticism and fault-finding. The great record of the Secretary of the Treasury, instead of being attacked, should be heartily commended. He is entitled to the thanks of the Nation for his achievements. I feel that a unanimous vote should be had on the resolution and on the bill, which in effect would be a vote of confidence-

Were it not for the confidence I have in the Secretary and the administration I would be tempted to introduce an amendment to the bill providing that no tax-exempt bonds be issued under the power of this bill. As it is I feel sure that only in extreme necessity will that power be utilized in issuing such bonds, and before too long a time passes I hope that legislation will be enacted that will make possible the withdrawal of tax-exempt bonds now outstanding. Of course that cannot be done until the same thing is done with State and municipal securities and bonds.

Mr. WADSWORTH. Mr. Speaker, will the gentleman

Mr. SABATH. I yield to the gentleman from New York.
Mr. WADSWORTH. As I understand, this bill will authorize the issuance of long-term bonds in excess of \$30,000,000,000. This excess takes the place, as it were, of an equivalent amount of short-term notes?

Mr. SABATH. If necessary.

Mr. WADSWORTH. Will the long-term bonds be taxexempt as contrasted with non-tax-exempt notes?

Mr. SABATH. That is the point I have just now made. I have always believed we should not issue additional tax-exempt bonds, but in view of the recommendation of the Secretary of the Treasury and having in mind his splendid record and his achievements I am willing to trust him to carry on as he has the last 6 years, believing that he is familiar with the situation and desires to do what is best for the country and its credit and for the taxpayers of the Nation.

I know the chairman of the Committee on Ways and Means is eager to explain the bill more fully, so I shall conclude by asking for as near unanimous support for the resolution as possibly can be had, especially in view of the fact that the gentleman from New York [Mr. Fish], who likes to oppose anything in which the administration is interested, is going to take the floor in opposition to the rule after I have concluded.

Mr. FISH. Mr. Speaker, I yield myself 15 minutes.

Mr. Speaker, I do not believe there is any opposition to this proposal on the minority side. This is merely permissive legislation to enable the Secretary of the Treasury to lift the limit now set at \$30,000,000,000 for bond issues and issue them up, if he so desires, to the national debt limit of \$45,000,000,000. As it is today, the Secretary can float bond issues only up to \$30,000,000,000 and he has already issued \$29,000,000,000 of bonds. The rest of the obligations are in short-term notes and certificates.

This is really a matter of procedure, but, encouraged by the chairman of the Rules Committee, my good friend, Mr. Sabath, who desires that I make some remarks about the administration and their financial capacity, about the Budget, and particularly about the national debt and taxation, I believe in 15 minutes or a half hour I can cover at least

some of these subjects.

The President of the United States the other day issued a direct challenge to the American people, to the businessmen, and to the Congress. He wanted to know why it was that idle capital and idle wealth in the banks in the big cities of America could not join up with idle manpower and with idle wage earners. This challenge was submitted by the President, I assume, primarily to the Members of Congress and to the businessmen. I happen to be a businessman and for the time being a Member of Congress, and therefore I accept that challenge without any reservations whatever and will take some of my time under the rule to answer as to why it is that all this idle capital and idle wealth cannot get together with idle manpower in the United States to promote prosperity, turn the wheels of industry, and get our people back to work.

It must be self-evident that there is one main reason, and that answer is fear; fear pervades the land. Back in 1933

the President said in his inaugural address:

All we have to fear is fear itself.

That is exactly the trouble with the country today. There is nothing wrong with the United States of America. We have the same resources and the same manpower we had back in 1929. The only trouble is that there is fear all over the country, not only in the North and the West but in the South as well.

Mr. PATMAN. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield to the gentleman from Texas.

Mr. PATMAN. Is it not a fact that the people have complete confidence in their Government when they are willing to let the Government have money for one-twentieth of 1 percent interest?

Mr. KNUTSON. Mr. Speaker, will the gentleman yield? Mr. FISH. I yield to the gentleman from Minnesota.

Mr. KNUTSON. Does not that show the people are afraid to invest their money in any other enterprise except Government bonds?

Mr. SIROVICH. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield to the gentleman from New York.

Mr. SIROVICH. Is there not also fear in the hearts of the gentleman and the Republican Party that the President is likely to run for a third term?

Mr. KNUTSON. No; we hope he will.

Mr. FISH. The gentleman has asked me a question and I will be glad to answer it. It really is not included in the remarks I had expected to make. I believe, honestly and sincerely, that the easiest man for the Republicans to defeat on a third-term issue and the record of economic fallures he has made, unless there is a war, is Franklin Delano Roosevelt, and I am for your nominating him in order to find this out. [Applause.]

Now let me proceed, and perhaps discuss the gentleman whose name has just been mentioned, Franklin D. Roosevelt.

What is the trouble? I use the words of President Roosevelt just before his first election. Out of his own mouth he shall be judged. This is what he had to say back in 1932 when speaking on the very subject we are now discussing, that of deficits and debts:

I regard reduction in Federal spending as one of the most important issues in this campaign. In my opinion it is the most direct and effective contribution that government can make to business.

If that were true 7 years ago, it is doubly and trebly true today. Then he goes on to say this:

Our Federal extravagance and improvidence bears a double evil; our whole people and our business cannot carry on its excessive burdens of taxation; second, our credit structure is impaired by the unorthodox Federal financing made necessary by the unprecedented magnitude of these deficits.

If anyone, my friend from New York [Mr. Sirovich], or anyone else, would ask me what is the reason for this fear that pervades the land, I would say there are three reasons. There are probably many more reasons, but there are three important reasons.

First, I would say there was fear because of lack of confidence. Second, I would say there was fear because of the deficits. Third, I would say there was fear because of Roosevelt. Putting it in other words, I would say the three reasons could be expressed like this: Substitute the word "fear" for "Franklin," "deficits" for "Delano," and leave Roosevelt, and you have the complete answer. [Applause.]

Business seems to be a little bit worried when the President says we planned it that way, and why not when we have 12,000,000 unemployed, a \$40,000,000,000 national debt, and an interest payment of \$1,000,000,000—mark that—

\$1,000,000,000 and more, annually.

Back in 1916—and there are some Members of the House who were serving here at that time—the total appropriation of the Congress was \$1,000,000,000 and the total national debt was \$1,000,000,000, while today the interest payment alone is \$1,000,000,000, and I submit that we were a much richer country and a much wealthier people back in 1916 than we are today with a national debt of \$40,000,000,000.

Mr. PATMAN. Mr. Speaker, will the gentleman yield for a question?

Mr. FISH. Certainly.

Mr. PATMAN. The per capita national debt on January 1, 1938, was less than it was after the war, and when there was an effort made after 1920 to reduce the debt, many people in this country objected to it being reduced quicker or being reduced very much because insurance companies and banks and trust companies wanted to invest their funds in Government bonds.

Mr. FISH. I do not agree that it is less than after the World War.

Mr. PATMAN. Per capita.

Mr. FISH. I do not agree that it is less per capita. It is now about \$300, and I do not believe it ever got up to that amount even after the war, but what the gentleman means is that in 1 year, to win the war, we appropriated \$27,000,000,000, and naturally immediately after that there was a big national debt, and the following year we appropriated \$18,000,000,000 and thereafter it got up pretty high, but not as high as it is today.

Mr. REED of New York. Mr. Speaker, will the gentleman yield?

Mr. FISH. Yes; I yield to the chairman of the Republican Committee on Taxation.

Mr. REED of New York. I simply want to say that at the close of the World War, or in other words, at the close of the Wilson administration, the per capita Federal debt was \$200 and for 12 years the per capita debt was reduced until the present party came into power, and every year since they have been in power the per capita debt has increased.

Mr. FISH. The gentleman is quite right. The national debt after the war got up to \$26,000,000,000 and under Republican administrations it was reduced to \$16,000,000,000, and then it went back to \$20,000,000,000 just before 1932, and now, of course, it is up to \$40,000,000,000.

Mr. SCHAFER of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield.

Mr. SCHAFER of Wisconsin. In 1932, at the time that President Roosevelt complained about excessive Government expenditures, and promised a reduction in Government expenditures of 25 percent, the annual expenditures of the Federal Government were less than four and a half billion dollars. Instead of reducing expenditures of Government 25 percent, President Roosevelt and his New Deal tribe increased them 100 percent. It will not be long, if the New Deal continues its spending spree, before the American dollar and American Government bonds will be as worthless as the Camco slot-machine stock or the German marks, which President Franklin D. Roosevelt bought and sold prior to the time he entered the White House.

Mr. FISH. The gentleman is quite correct in that the President has repudiated practically every promise he made

to the American people.

Yesterday, he made another promise when he virtually said, "My program is more spending, more taxes, and more debt." That is apparently the Democratic campaign slogan for 1940. I believe on this side of the House we will accept the issue and will fight against any such program of more spending, more taxes, and more debts. That is literally what the President said last night in his speech.

Mr. DOUGHTON. Mr. Speaker, will the gentleman yield? Mr. FISH. Does not the gentleman agree with that?

Mr. DOUGHTON. No; I do not agree with that at all or anything like that. You quote what he did say and see if it represents that at all.

Mr. FISH. I just read it-more spending, more deficit

spending, and more debts-did he not say that?

Mr. DOUGHTON. No; he did not say a word of it, and I challenge that statement and ask the gentleman to produce what he did say.

Mr. FISH. I read his speech and my memory is still good. Mr. DOUGHTON. That is your interpretation, but it is not what he said at all.

Mr. FISH. I am quite confident it is what he said.

Mr. KNUTSON. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield.

Mr. KNUTSON. Just for the information of the gentleman from Texas [Mr. PATMAN], I would like to call his attention to the fact that at the close of the war the per capita national debt was \$216; today it is \$307. If the gentleman from Texas can get any satisfaction out of that situation, he is welcome.

Mr. KITCHENS. Mr. Speaker, will the gentleman yield?

Mr. FISH. I vield.

Mr. KITCHENS. Some gentlemen claim that we have only a 59-cent dollar, and that we owe \$40,000,000,000. If that is true, we really owe 59 percent of \$40,000,000,000, which would be about twenty-odd billion dollars. Does not the gentleman think that would be a fair way to figure it? [Laughter.]

Mr. FISH. Well, that is higher mathematics, with which

I am not conversant.

There is plenty of money in the banks, billions of money in the banks. Business, if given the chance, would like to invest and would if they had any confidence whatever, but they are afraid. They are fearful that if they invest they will not be able to make any profits, and if they do make any profits that they will be taken away from them by punitive laws and punitive taxation. The result is that as long as this fear exists there will be no way of getting this idle capital and wealth together with idle manpower. Unless confidence is restored and fear done away with, we will be at a standstill with more and more unemployment all the time. The President wants to know the answer. He wants to know why business fears him. Let me see if I can put it in the terms of an old melodramatic story. It was called the "Perils of Pauline."

The villain tied poor helpless Pauline down on the bed and set fire to the bed. Miraculously, however, she escaped. Then again he lashed her to the railroad tracks, and again she miraculously escaped. Once again he met her and threw her off the cliff, but she fell in a tree and was miraculously saved. A few days later the villain met the heroine Pauline and he said to her, "Pauline, why is it that you try to avoid me? Why is it you are afraid of me?" [Laughter.] The President is repeatedly holding out the olive branch to business and wondering why there is no confidence when in the next breath he abuses and vilifies businessmen and opposes modification of any of the punitive statutes; he is against modification of the Wagner Labor Relations Act, the capitalgains tax, and the undistributed-profits tax, and he is against doing anything to encourage business or to dissipate fear or to restore confidence.

That is the trouble with America today. It is nothing but fear. Until that is done away with, either by Congress or by the President himself, these unfortunate and deplorable conditions will continue with 12,000,000 Americans unemployed in the greatest and richest nation in the world after 6 years of the New Deal experiments.

Mr. KNUTSON. Mr. Speaker, will the gentleman yield?

Mr. FISH. Yes.

Mr. KNUTSON. The gentleman from Arkansas [Mr. KITCHENS] called attention to the fact that we now have a 50-cent dollar and \$40,000,000.000 of debt, and thought that possibly it would be a good idea, a practical thing to cut the dollar in two and thus reduce the debt. I wonder if it has occurred to the New Dealers that if they would reduce the dollar to 25 cents, they would cut the debt further in two, and again that if they would cut it down to 121/2 cents, they would cut the debt in two again and finally wipe out all of the debt, leaving the insurance companies and the savings banks to hold the bag.

Mr. FISH. I think that is what many of the new dealers have in mind. One gentleman asked what the rate of per capita taxation is at the present time, including national, State, and local taxation. It is \$22.50 per capita-double that of 6 years ago. The per capita debt is around \$300.

The real issue behind this bill is what this administration proposes to do about the \$45,000,000,000 national debt limitation. That is not changed in this bill, but that is perhaps the greatest single issue before the Congress of the United States today. The President himself said about 3 months ago that our national debt would be at the end of next June \$44,500,000,000. We in the Congress have repeatedly gone above the Budget estimates, so that it may be above \$45,000,000,000. I submit there is not a member of this House who knows what our national debt is today, that there is not a Member of this House or any committee that knows whether we have exceeded that \$45,000,000,000 or not, including appropriations and authorizations, or whether we will by the 30th of June of this year.

I have introduced, and I hope that the Committee on Rules will adopt it, a strictly nonpartisan resolution, and it reads in this way:

House Resolution 195

Resolved, That a committee of five Members be appointed by the Speaker to make a recapitulation and a complete survey of the authorizations and appropriations of the first session of the Seventy-sixth Congress, to ascertain whether or not the limitation on the national debt established by law at \$45,000,000,000 has been exceeded.

Said committee, or any subcommittee thereof, is hereby empowered to send for persons and papers, to administer oaths to witnesses, to sit during the sessions of the House, to have such printing and binding done, and to employ such clerical and stenographic services as it may deem necessary.

All executive departments, agencies, and independent establishments are requested to cooperate with the committee hereby created

by furnishing all information the committee may require in its

investigation.

Mr. COCHRAN. Mr. Speaker, will the gentleman yield? Mr. FISH. Yes.

Mr. COCHRAN. The gentleman certainly would not include an authorization as part of the public debt until the appropriations had actually been made and expended?

Mr. FISH. The public debt is not based on authorizations or appropriations. The public debt is computed only when they issue bonds, certificates, or short-time notes,

Mr. COCHRAN. The public debt is reflected in money spent. The fact that you make an authorization does not mean that you have made an appropriation or spent any money.

Mr. FISH. That is quite right.

Mr. COCHRAN. And until you make the appropriation and spend the money you are not increasing the expenditures of the Government.

Mr. FISH. That is correct.

Mr. COCHRAN. For instance, you may provide for a project that will take 10 years to complete, and while it is authorized to be completed, yet the money is appropriated only from year to year as construction work proceeds.

Mr. FISH. The so-called daily Treasury statement you read is not based either on authorizations or appropriations. That is based on bonds issued, short-term notes, and other certificates of indebtedness. So I am only interested in finding out what the appropriations will be as of June 30, this year, and what the authorizations will be. Suppose we have exceeded the \$45,000,000,000, you cannot impeach the Congress of the United States; you cannot impeach the President if we have violated the law, because we do the appropriating. I want to find out exactly where we stand. I want a complete survey of our authorizations and appropriations. I think every Member is entitled to it.

We have adopted by law a debt limitation of \$45,000,-000,000. I, for one, and I think most Members, are against raising that limit. If you once begin to raise that limit from 45 to 50 billion, there is no end. Next time they will come back and ask to raise it to 55 and 60, and so on, ad infinitum. What we should have is a complete survey of both authorizations and appropriations made in this session of Congress, so that we know precisely where we are. If we are exceeding that limit, we ought to know it and take some course either to cut down the appropriations, or other appropriate action. That is why I say this is a nonpartisan resolution. The committee is appointed by the Speaker. It is for the benefit of all Members, to find out where we stand and act accordingly.

I repeat, not a single Member can definitely state what our appropriations are today, what our authorizations are, or what they will be on June 30. We want to get these facts and determine our action in Congress on the facts and not on guess work.

Mr. COCHRAN. Mr. Speaker, will the gentleman yield? Mr. FISH. I yield.

Mr. COCHRAN. How can anybody advise the gentleman now what our authorizations and appropriations are going to be on June 30? If the gentleman will go to the document room and secure every public and private law that has been passed in this Congress up to this moment, he can make a recapitulation of what we have authorized and likewise what we have appropriated.

Mr. FISH. The gentleman knows it takes a little time to get resolutions passed, in the first place. In the second place, after the committee is appointed, they will be working through June 30, so that they will have a complete recapitulation including June 30, and until the end of this session of Congress.

Of course, we can go to the library, but if the gentleman himself went there and worked for a week he might ascertain the facts. What we want is a committee with power to subpena and power to have stenographic help and clerks to do this work. If the gentleman wants to take a few weeks' time and look over every law and every authorization that has been passed, we could get the same answer,

Mr. COCHRAN. That is all you are asking for here.

Mr. FISH. That is all we are asking for, but nobody has it. Mr. COCHRAN. No Member of this House, nor the gentleman himself, can tell us now where he will stand on June 30. He changes every day.

Mr. FISH. Well, that is my privilege, but I am interested in knowing where the national debt stands on June 30 and when this session adjourns.

Mr. MAY. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield. Mr. MAY. The gentleman is aware of the fact, is he not, that the United States Treasury issues every day a statement showing the amount of the public debt?

Mr. FISH. I referred to that already.

Mr. MAY. Why not get at it in that way?
Mr. FISH. I referred to that twice, and that means absolutely nothing as far as this is concerned. That has nothing to do with appropriations made by Congress. It has nothing to do with authorizations. That simply has to do with the Federal indebtedness computed on bond issues, short-term notes, and certificates of indebtedness.

Mr. SCHAFER of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield.

Mr. SCHAFER of Wisconsin. If you went down to the document room, as the gentleman from Missouri [Mr. COCHRAN] suggests, you would not be able to get the correct figures, because the congressional appropriation bills do not include hundreds of millions of dollars handed to foreigndictator countries by the New Deal Export-Import Bank and the billions of dollars handed to foreign owners and speculators under the New Deal gold- and silver-steal legislation.

Mr. FISH. The contingent liabilities are not included. If the gentleman from Missouri [Mr. Cochran] would delegate himself to spend a week either in the Library or wherever it is necessary to get these figures, he would be rendering a service to the country; but there is no Member who can give up a week's time to get this information for himself. It might take more than a week. The purpose of this resolution is to have a committee, empowered with stenographic help and clerks, to get all the necessary data, either through subpena or otherwise.

Mr. COCHRAN. Will the gentleman yield further?

Mr. FISH. I yield.

Mr. COCHRAN. The gentleman can go to the Committee on Appropriations and he can get from the clerks of that committee in 5 minutes the amount of money which that committee has appropriated up to this hour, in this session where the President has signed the bills. They can likewise give you the amounts carried in every appropriation bill that has passed this House, and it will only take 5 minutes to get it. Insofar as authorizations are concerned, go and get the public laws and see for yourself.

Mr. FISH. That is exactly the situation. When an authorization is passed it is expected that the Appropriations Committee will include that in its deficiency bill. That is the reason it is passed. If you have got to find every bill that has passed Congress carrying an authorization before it is in the deficiency bill, then it will take some time.

Mr. COCHRAN. For instance, let me show the gentleman where he is wrong. Every year we pass a River and Harbor Authorization Act. It may be 20 years or more before the engineers of the Army will carry out all the projects that have been authorized. Congress appropriates a certain amount every year, in a lump sum, for river and harbor improvements. The engineers of the Army select the projects which they feel should be taken care of at the moment, confining the projects to those previously authorized. But the fact that we passed a river and harbor bill the other day authorizing projects which will require a tremendous amount of money, does not mean that those projects will be taken care of in 1 year, 2 years, 5 years, or 10 years. Some of it may never be spent.

Mr. FISH. Let me call the gentleman's attention to the action of the House today. Suppose we add \$300,000,000 to the Agriculture Department appropriation bill, and suppose we are within \$200,000,000 of the \$45,000,000,000 debt limitation. I do not know whether we are or whether we are not, nor does the gentleman. I want to get a complete summation of all these authorizations and appropriations, so that we will know where we are, and so that if we pass this appropriation we will be under the \$45,000,000,000 limitation. or if we pass a Navy bill we will be within the debt limitation fixed by law.

Mr. COCHRAN. Let us assume that the debt now amounts to \$44,800,000,000. We have not as yet passed the relief bill. If the figures did show, when we take up the relief bill for next year, that the public debt amounted to \$44,800,000,000, would the gentleman be in favor of throwing the relief bill into the wastebasket?

Mr. FISH. I want to find out whether that is the purpose the gentleman has in mind in order to exceed the \$45,000,-000,000. I am trying to keep it down. I want to get a direct vote on this by the House, if necessary; and if the Democrats want to take the responsibility, let them take it; they are in charge of the House.

Mr. COCHRAN. I will tell the gentleman this—that if we discover we have already spent \$44,800,000,000, I will still vote for the relief bill, even if it carries the deficit over the \$45,000,000,000.

Mr. FISH. Is the gentleman in favor of lifting the debt limit above \$45,000,000,000?

Mr. COCHRAN. If I found the debt already amounted to \$44,800,000,000, which is within \$200,000,000 of the limit, in voting for the relief bill I would be voting for an expenditure that would increase the debt over \$45,000,000,000.

Mr. FISH. Is the gentleman in favor of raising the debt limit over \$45,000,000,000?

Mr. COCHRAN. I just told the gentleman what I would do. Mr. FISH. Is the gentleman speaking for his party?

Mr. COCHRAN. I should say I am not. I always speak for myself alone.

Mr. FISH. Is the gentleman speaking for the President?
Mr. COCHRAN. I certainly am not, and the gentleman knows it.

Mr. FISH. Certainly I do not.

Mr. COCHRAN. Now let me ask if the gentleman is speaking for the President as the representative of the President's congressional district? The gentleman is the representative of the President's congressional district, is he not?

Mr. FISH. I am speaking for the people of my district; and that is more than the President can claim. [Applause.]

Mr. COCHRAN. I know, but the gentleman is not speaking for the President, he will never say he is and we know he is not, even though he represents the congressional district which is the legal residence of the President.

[Here the gavel fell.]

The SPEAKER. The gentleman from New York has consumed 30 minutes.

Mr. SABATH. Mr. Speaker, I yield to the gentleman from Georgia to submit a unanimous-consent request.

EXTENSION OF REMARKS

Mr. PACE. Mr. Speaker, I ask unanimous consent to extend my own remarks and to include therein a table showing the appropriations for agriculture.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. DIRKSEN. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks and to include therein certain statistics with reference to appropriations.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. SIROVICH. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein a speech I delivered on the floor of the House.

The SPEAKER. Without objection, it is so ordered. There was no objection.

Mr. THOMAS F. FORD. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein a short article from the Evening Star.

The SPEAKER. Without objection, it is so ordered. There was no objection.

Mr. Coffee of Nebraska and Mr. Sabath asked and were given permission to revise and extend their own remarks.

PERMISSION TO ADDRESS THE HOUSE

Mr. SHANNON. Mr. Speaker, I ask unanimous consent that on tomorrow, May 24, after the conclusion of the legislative program for the day and such other special orders as may have been entered that I may address the House for 10 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

THE LATE CHARLES BENNETT SMITH

Mr. SCHWERT. Mr. Speaker, having just received news of the death of the Honorable Charles Bennett Smith, who

served for four terms as a Democratic Member of the House of Representatives, I desire to call this item to the attention of the Members of the Seventy-sixth Congress. Mr. Smith first ran for Congress in 1910, the district then being the thirty-sixth New York, and he won an election believed unequaled in the annals of congressional contests. He defeated the veteran encumbent, Col. De Alva Stanwood Alexander, by one vote. A bitter post-election battle was carried on for several weeks, Colonel Alexander finally conceding defeat. An unusual angle of the election was that Colonel Alexander carried the city portion of the district by more than 400 votes but lost the towns, which are usually Republican. Mr. Smith was reelected in 1912, 1914, and 1916, but was defeated by 34 votes in 1918 by the Honorable Clarence MacGregor, who is now a supreme court justice.

In the House of Representatives, Mr. Smith served as chairman of the Committee on Patents. He was on the Tolls Committee that visited the Panama Canal and determined the tolls. A member of the Committee on Foreign Affairs which drew up the declaration of war, he came to know President Woodrow Wilson very well. One of the most dramatic conferences which Mr. Smith attended at the White House was that at which he heard President Wilson's report on the drafting of the League of Nations Covenant. Before entry of the United States into the World War, Mr. Smith consistently supported Mr. Wilson's efforts to keep the Nation from becoming involved. He also witnessed the vote that adopted the Prohibition Amendment.

His interests in Washington continued after his service in Congress. He was a stanch opponent of the St. Lawrence seaway development project and represented the city of Buffalo and the chamber of commerce in the capital combating ratification of the treaty. Mr. Smith served as chairman of the upstate Democratic campaign for the election of Gov. Alfred E. Smith as President. In 1934 he was appointed City Budget Director of the city of Buffalo by Mayor George J. Zimmerman, serving in that capacity until September 1, 1935, when he was apointed State superintendent of standards and purchase by Governor Lehman, the position he held at the time of his death last Sunday, May 21, 1939.

Early in Mr. Smith's life he was a telegraph operator, branching from that into the field of newspaper work, where he worked himself up to the position of managing editor of the Buffalo Times. He left the Times at the age of 28 and became managing editor of the Courier and the old Enquirer, keeping that position for 12 years—when he was elected to Congress.

During his life Mr. Smith became prominent in the affairs of his city, State, and Nation, and won much merit and praise in each and every position held by him. His death at the age of 68 is a severe loss to the State of New York, his death representing the loss of one of Buffalo's foremost contributors to the service of good government.

AMENDMENT OF SECOND LIBERTY BOND ACT AS AMENDED

Mr. SABATH. Mr. Speaker, I yield 7 minutes to the gentleman from Texas [Mr. Patman].

ECONOMIC SYSTEM BASED ON DEBT

Mr. PATMAN. Mr. Speaker, the success of our economic system, whether we like it or not, depends upon debt—someone must go into debt. Comparing 1939 with 1929 we find that the total debt today is less than it was in 1929; that is, the total debts of this country owed by the people. As private business has been decreasing its debt, and as loans and discounts have decreased \$20,000,000,000 from 1929 to 1936, someone had to spend money, because our system is based upon debt. It was therefore absolutely necessary that the Government go in debt. As the Government's debt has private debts decreased, or I should say as private debts decreased the Government debt necessarily increased.

The total private and Government debt today is \$155,-000,000,000, whereas in 1929 it was \$159,000,000,000. So our total debts have actually decreased.

GOVERNMENT DEBTS, PRIVATE LONG-TERM DEBTS, AND BANK LOANS AND DISCOUNTS, UNITED STATES, 1921-38

It is interesting to note that the grand total of the Government and private debts is at least five and one-half billion dollars less in 1938 than it was in 1929. The following table is self-explanatory:

I'm millions of dollars

	U.S. Gov- ern- ment 1	Fed- eral agen- cies ²	State and local ³	Total Gov- ern- ment	Private long term 4	Loans and dis- counts all active banks	Total private long- term and bank loans	Grand total, Govern- ment and private
	June 30	June 30	June 30		Dec. 31	June 30		
1921	23, 737	450	8, 476	32, 663	48, 682	28, 776	77, 458	110, 121
1922	22, 711	730	9,893	33, 334	51, 200	27, 759	78, 959	112, 293
1923	22,008	1,062	10, 598	33, 668	55, 234	30, 287	85, 521	119, 189
1924	20, 982	1, 231	11, 633	33, 846	60, 156	31, 348	91, 504	125, 350
1925	20, 211	1,506	12,830	34, 547	64, 895	33, 757	98, 652	133, 199
1926	19, 384	1,659	13,664	34, 707	69, 861	36,051	105, 912	140, 619
1927	18, 251	1,789	14, 735	34, 775	75, 156	37, 314	112, 470	147, 24
1928	17, 318	1,866	15, 699	34, 883	80, 121	39, 592	119, 713	154, 596
1929	16, 639	1,867	16, 760	35, 266	83, 224	41, 433	124, 657	159, 92
1930	15, 922	1,871	17, 985	35, 778	84,500	40, 510	125, 010	160, 78
1931	16, 520	1,885	19,060	37, 465	83, 131	35, 211	118, 342	155, 80
1932	19, 161	2, 130	19, 330	40, 621	80, 192	28, 090	108, 282	148, 90
1933	22, 158	3, 279	19, 517	44, 954	75, 594	22, 388	97, 982	142, 93
1934	26, 480	6, 735	18,823	52, 038	74, 300	21, 431	95, 731	147, 76
1935	27, 645	10, 177	18, 972	56, 794	72,831	20, 419	93, 250	150,04
1936	32, 756	11,066	19, 212	63, 034	71, 459	20, 839	92, 298	155, 33
1937	35, 803	10, 547	19, 152	65, 502	70, 335	22,698	93, 033	158, 53
1938	36, 576	7,989	19, 170	63, 735	70,000	21, 380	91, 380	155, 11

¹ Interest-bearing debt of the U. S. Government (p. 410, 1937 Report of the Secretary of the Treasury), except that data for 1938 were taken from U. S. Department of the

of the Treasury, except that data for 1938 were taken from U. S. Department of the Treasury.

¹ Total amount of outstanding securities wholly or partially exempt from Federal income taxes of the (1) Federal Farm Loan System; (2) Federal Home Loan System; and the (3) Reconstruction Finance Corporation as reported on p. 466 of the Annual Report of the Secretary of the Treasury for 1937, except that data for 1938 are from U. S. Department of the Treasury and include debt of the newly created agencies, Commodity Credit Corporation and Federal National Mortgage Association.

¹ Includes both long- and short-term issues. Annual Report of the Secretary of the Treasury for year ended June 30, 1937 (p. 466), except that data for 1938 are from U. S. Department of the Treasury.

¹ Total private long-term debt in the United States; 1922, 1930, and 1934-37, inclusive, are Department of Commerce estimates, Long-Term Debts in the United States, 1937, and Survey of Current Business, January 1939; estimates for 1921 from Private Long-Term Debt in United States, National Conference Industrial Board. All other years prior to 1938 based on National Industrial Conference Board data (same source) with adjustments by Agricultural Adjustment Administration to bring into agreement with the Department of Commerce series. 1938 is preliminary Agricultural Adjustment Administration estimate.

Łoans and discounts all active banks, Comptroller of Currency reports (1938 is preliminary).

preliminary).

Source: Agricultural Adjustment Administration, Division of Program Planning, Agricultural Industrial Relations Section.

If private business continues to fail to go into debt and do business as it should, the Government must continue to put money out, because money must be spent either by private business or by the Government. Let me tell you the difference in the cost of carrying this debt in 1929 as compared with now. In 1929 it cost us \$6,222,000,000 a year to pay the interest on these enormous debts, whereas today the interest burden is only \$5,419,000,000.

HOW INTEREST RATES HAVE REDUCED SINCE 1933

The private rate of interest has decreased considerably since 1933; so has the interest rate on long-term Government obligations. The following table is self-explanatory:

Private long-term and Government debt and interest charges, United States, 1921-38

[Million dollars]

	Private [‡]			G	overnme	nt	Total G ment and long-	private
	Long- term debt	Interest	Rate of interest	Debt 2	Interest	Rate of interest	Debt	Interest
1921 1922 1923 1924 1925 1926	48, 682 51, 200 55, 234 60, 156 64, 895 69, 861	2, 770 2, 976 3, 187 3, 471 3, 725 4, 017	Percent 5. 68 5. 81 5. 77 5. 77 5. 74 5. 75	32, 213 32, 604 32, 606 32, 615 33, 041 33, 048	1,410 1,415 1,411 1,409 1,415 1,416	Percent 4. 38 4. 34 4. 33 4. 32 4. 28 4. 28	80, 895 83, 804 87, 840 92, 771 97, 936 102, 909	4, 180 4, 391 4, 598 4, 880 5, 140 5, 433

See footnotes at end of table.

Private long-term and Government debt and interest charges. United States, 1921-38-Continued

A COLUMN	Private			Government			Total Govern- ment and private long-term	
	Long- term debt	Interest	Rate of interest	Debt	Interest	Rate of interest	Debt	Interest
1927	75, 156	4, 329	Percent 5, 76	32, 986	1, 395	Percent 4, 23	108, 142	5, 724
1928	80, 121	4, 623	5.77	33, 017	1,387	4. 20	113, 138	6, 010
1929	83, 224	4,802	5. 77	33, 399	1,420	4. 25	116, 623	6, 222
1930	84, 500	4, 882	5.78	33, 907	1, 424	4.20	118, 407	6, 306
1931	83, 131	4, 805	5.78	35, 580	1,452	4.08	118, 711	6, 257
1932	80, 192	4, 603	5. 74	38, 491	1,546	4.02	118, 683	6, 149
1933	75, 594	4, 324	5.72	41, 675	1,620	3.89	117, 269	5, 944
1934	74, 300 72, 831	4, 185	5. 63	45, 303	1,686	3, 40	119, 603 119, 448	5, 871
1936	71, 459	3, 838	5, 37	51, 968	1,656	3, 19	123, 427	5, 494
1937	70, 335	3, 713	5, 28	54, 955	1,721	3, 13	125, 290	5, 434
1938	70,000	3, 675	5, 25	55, 746	1,744	3.13	125, 746	5, 419

¹ Data in all columns for the years 1922, 1930, and 1934 to 1937, inclusive, are De partment of Commerce estimates (as of Dec. 31). Data for other years based on estimates contained in Long-Term Debts in the United States, 1937, and Survey of Current Business, January 1939; the estimate for 1921 was taken from Private Long-Term Debt in United States, National Industrial Conference Board. The National Industrial Conference Board, debt estimates are: 1922, \$50,694,000,000; 1930, \$85,774,500,000, and 1934, \$76,757,000,000.

² Debt of Federal and of State and local governments, interest on which is exempt from Federal income taxes, 1937 Annual Report of the Secretary of the Treasury p. 466. For details concerning interest charges and rates see table III (Government Debt and Interest Charges, United States, 1921-38).

Source: Agricultural Adjustment Administration, Division of Program Planning, Agricultural Industrial Relations Section.

PRESIDENT WILSON WANTED PROFITS TAKEN OUT OF LAST WAR

Much has been said about the war debt and about the reduction of the debt under the 12 years of Republican administration. Permit me to invite your attention to the fact that in 1917 President Woodrow Wilson and a Democratic Congress were determined to take the profits out of war and passed tax bills which had they remained upon the statute books of this country would have entirely liquidated the national debt by 1927. When the Republicans came into power, however, in 1921 they said, "No; we do not want these heavy taxes paid; we do not want this debt liquidated quickly. We believe that a large national debt is a wholesome and constructive thing for the country." They openly argued that we needed Government bonds for insurance companies to invest in, for banks to invest in to carry their reserves, and for trust companies to invest in. They said, "Therefore, we need and must have a large Government debt." It could have been entirely paid through those years, but the Republicans preferred not to pay it.

President Wilson during the World War said that those who profited by the war should pay the cost of the war, and he persuaded the Congress to pass the tax laws I have mentioned which, if they had remained upon the statute books, would have caused the entire payment, the complete liquidation of the national debt, by June 30, 1927; but when the Republicans came into power March 4, 1921, they did not see fit to keep these war taxes in effect. They did not want to liquidate that national debt so quickly; in fact, many of them argued that a pretty good-sized national debt is a sound thing for the country and that we should have a pretty goodsized national debt.

WAR DEBT COULD HAVE BEEN PAID BY JUNE 30, 1927

In connection with the public debt I desire to invite your attention to a statement prepared by Mr. L. H. Parker, chief of staff of the Joint Committee on Internal Revenue Taxa-This statement discloses that if the Woodrow Wilson taxes had continued the national debt would have been entirely paid by June 30, 1927, and there would have been a surplus at that time in the Treasury after the payment of the debt of \$1,542,000,000.

The statement I refer to is contained in volume 79, part 3, of the Congressional Record for the Seventy-fourth Congress, first session, page 2687, and is as follows:

Estimate of additional revenue that would have been derived under the income and excess-profits tax rates of the year 1918 continued in subsequent years, with effect upon the public debt by the application of such additional revenue thereto

INDIVIDUAL-INCOME TAX

Year	Actual net income	Actual tax	Theoretical tax	Excess
1918	\$15, 924, 639, 000	\$1, 127, 722, 000	\$1, 127, 722, 000	
1919	19, 859, 491, 000 23, 735, 629, 000 19, 577, 213, 000 21, 336, 213, 000 24, 777, 466, 000 25, 656, 153, 000 21, 894, 576, 000 21, 958, 506, 000	1, 269, 630, 000 1, 075, 054, 000 719, 387, 000 861, 057, 000 661, 666, 000 704, 265, 000 734, 555, 000 732, 471, 000	1, 406, 052, 000 1, 680, 483, 000 1, 386, 067, 000 1, 510, 604, 000 1, 754, 245, 000 1, 816, 456, 000 1, 550, 136, 000 1, 554, 662, 000	\$136, 422, 000 605, 429, 000 666, 680, 000 649, 547, 000 1, 592, 579, 000 1, 112, 191, 000 815, 581, 000 822, 191, 000
Total	178, 795, 247, 000 22, 545, 091, 000	6, 758, 085, 000 830, 639, 000	12, 658, 705, 000 1, 596, 192, 000	6, 400, 620, 000 765, 553, 000
Total	201, 340, 338, 000	7, 588, 724, 000	14, 254, 897, 000	7, 166, 173, 000

Year	Actual net income	Theoretical net income	Actual tax	Theoretical tax	Excess
1918	\$8, 361, 511, 000		\$3, 158, 764, 000		
1919	9, 411, 418, 000 7, 902, 655, 000 4, 336, 048, 000 6, 963, 811, 000 8, 321, 529, 000 7, 586, 652, 000 9, 583, 684, 000 9, 673, 403, 000	3, 399, 895, 000 5, 222, 858, 000 6, 241, 147, 000 5, 689, 989, 000 7, 187, 763, 000	1, 625, 235, 000 701, 576, 000 783, 776, 000 937, 106, 000 881, 550, 000	1, 284, 378, 000 1, 973, 060, 000 2, 357, 743, 000 2, 149, 530, 000 2, 715, 350, 000	846, 366, 000 582, 802, 000 1, 189, 284, 000 1, 420, 637, 000
Total 1927 Total	8, 981, 884, 000	49, 571, 016, 000 6, 736, 413, 000 56, 307, 429, 000		18, 726, 569, 000 2, 544, 842, 000 21, 271, 411, 000	1, 414, 168, 000

Public debt June 30, 1926Additional revenue if rates con-		\$19,643,000,000
tinued through 1926 Probable saving in interest by		
annual payment of such addi- tional revenue on public debt_	2, 450, 000, 000	17, 572, 476, 000
Balance of debt, 1926		2, 070, 524, 000
Public debt June 30, 1927Additional revenue if rates con-		18, 510, 000, 000

_ \$17, 302, 197, 000 tinued through 1927___ Probable saving of interest by annual payment of such addi-2, 750, 000, 000 tional revenue on public debt_ 20, 052, 197, 000

Surplus after complete payment of public 1,542,197,000

Note.—It is assumed that business profits (net income) would not have been depressed by the high tax.

(This statement prepared by the Joint Committee on Internal Revenue Taxation. Mr. L. H. Parker, chief of staff.)

I was in Congress in 1929, when, at one time, \$190,000,000 was given to the income-tax payers just as an absolute gift, as a subsidy, in order to prevent the payment of the national debt so quickly. Naturally, there was more money coming in under those tax laws than was being paid out. The above statement does not take into consideration the billions of dollars illegally refunded in income-tax payments. Now in regard to fear.

ARE PEOPLE AFRAID OF THEIR GOVERNMENT?

It is said the people are afraid of their Government; you hear that every day here on the floor of the House. Are the people afraid of this administration? Are they afraid of the President of the United States? Are they afraid of the Congress? Let us see. If people will put their money into this Government they are not afraid; and when people will hire their money to the Government, or let the Government have their money for one-twentieth of 1 percent interest, they certainly have confidence in this Government; and this is what the Government is now paying on short-term obligations and is the lowest rate of interest that has ever been paid by this Government in the history of the country. [Applause.] Incidentally, it is cheaper than printing money. It would cost much more than that to print it.

Mr. SIROVICH. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. SIROVICH. I call the gentleman's attention to the fact that in the year 1929, in September, when the Republican Party, through its President, had promised two chickens in every pot and two automobiles in every garage, the value of all the stocks, bonds, and debentures of the public utilities alone was about \$20,000,000,000; but when Herbert Hoover retired from the Presidency, these values had fallen to \$1,756,000,000.

Mr. PATMAN. I thank the gentleman.

Mr. HOFFMAN. Will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Michigan. Mr. HOFFMAN. Was that because the people were afraid of what was coming?

Mr. PATMAN. They were afraid of what was happening. That is what they were afraid of. If the gentleman wants to compare 1932 under Mr. Hoover with 1939 under Mr. Roosevelt, I will yield the gentleman the remainder of my time. He is certainly not bragging about what happened in 1932.

Mr. HOFFMAN. I am thinking of what we have now. Mr. PATMAN. We had something pretty bad at that time. It was much worse then. If the gentleman will look at the Evening Star of last night and read the article written by Jay Franklin, which compares conditions in 1932 with 1939, citing official records which the gentleman cannot dispute or deny, I think he will be convinced without any effort on my part.

Mr. HOFFMAN. At least, we had a President then. Now you have a man down there who listens to John Lewis.

Mr. PATMAN. He did not shoot any World War veterans. Mr. HOFFMAN. No; he is starving them to death.

Mr. PATMAN. He did not shoot any World War veterans. but treated them kindly when they came to Washington. No one has starved during Mr. Roosevelt's time, while Mr. Hoover refused to feed the starving or assist the needy. He said it was unconstitutional and unorthodox.

Mr. MURRAY. Will the gentleman yield?
Mr. PATMAN. I yield to the gentleman from Wisconsin. Mr. MURRAY. How much was corn worth in that same article?

Mr. PATMAN. I do not recall.

Mr. MURRAY. I do, sir.
Mr. PATMAN. I believe the gentleman will admit that the prices of commodities are much higher today than they were in 1932. I am sure he will not deny that.

Mr. HOFFMAN. How about cotton?

Mr. PATMAN. It is much higher.

Mr. HOFFMAN. It was 17 cents then. It is now about

Mr. PATMAN. The gentleman has his figures mixed up. I will not say "as usual," but at least this time.

Mr. GEYER of California. Will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from California. Mr. GEYER of California. I may say I will put those very figures in the RECORD this evening.

Mr. PATMAN. I thank the gentleman.

So, some one must go into debt and the best way to keep the Government out of debt is for private business to go into debt. Somebody must borrow money. Someone must spend, because the success of our economic system is based upon debt. If it is necessary for the Government to go into debt, we must continue to spend until private business comes back and goes into debt for itself. [Applause.]

[Here the gavel fell.]

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks and to include therein certain tables bearing upon the statements I have made.

The SPEAKER pro tempore [Mr. Page]. Is there objection to the request of the gentleman from Texas [Mr. PAT-

There was no objection.

Mr. SABATH. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

EXTENSION OF REMARKS

Mr. DISNEY. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks in the RECORD and to include therein an editorial taken from the Tulsa (Okla.) World of May 16, 1939.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma [Mr. DISNEY]?

There was no objection.

Mr. CANNON of Missouri. Mr. Speaker, yesterday I secured unanimous consent to extend my own remarks in the RECORD and to include an address, which runs one page over the usual amount. I ask unanimous consent to include the entire address notwithstanding the fact it runs over the limit

The SPEAKER. Is there objection to the request of the gentleman from Missouri [Mr. Cannon]?

There was no objection.

Mr. CANNON of Missouri. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the bill passed today.

The SPEAKER. Is there objection to the request of the gentleman from Missouri [Mr. Cannon]?

There was no objection.

Mr. GEYER of California. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an article from the Washington Evening

The SPEAKER. Is there objection to the request of the gentleman from California [Mr. GEYER]?

There was no objection.

Mr. PATRICK. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks in the Recorp and to include therein an article by John Temple Graves on the troubles of King Cotton.

The SPEAKER. Is there objection to the request of the gentleman from Alabama [Mr. PATRICK]?

There was no objection.

AMENDMENT OF SECOND LIBERTY BOND ACT, AS AMENDED

Mr. DOUGHTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 5748, to amend the Second Liberty Loan Act, as amended.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 5748, with Mr. GAVAGAN in the chair.

The Clerk read the title of the bill.

The first reading of the bill was dispensed with.

Mr. DOUGHTON. Mr. Chairman, I yield myself 15

Mr. Chairman, this bill, H. R. 5748, comes to you with a unanimous favorable report from the Committee on Ways and Means, so I take it there is no objection to the bill. It provides greater flexibility in financing the needs and requirements of the Government. Under the Second Liberty Loan Act, as amended, there is a limitation of \$45,000,000,000 on the Government indebtedness that may be outstanding at any one time. This bill does not increase or change that amount, but leaves the law just as it is at present.

There is also a limitation of \$30,000,000,000 in the present law on the amount of Government bonds that may be outstanding at one time, leaving \$15,000,000,000 that may be outstanding in other forms of Government obligations. This bill has for its purpose the giving of greater latitude to the Secretary of the Treasury and providing more flexibility in financing the obligations of the Government authorized by the Congress. The bill gives him the power to finance these public obligations more efficiently and economically and leaves entirely to the discretion of the Secretary of the Treasury the form in which he will issue the obligations of the Government. whether bonds, or Treasury notes, or certificates of indebtedness of any type he may deem desirable and which the condition of the money market at the time he refinances these obligations may indicate it will be most favorable to the Government for him to adopt.

The gentleman from New York [Mr. Fish] is never happier than when he is criticizing the present administration and he never lets an opportunity pass to do so. He is always in his glory when an opportunity presents itself to take the floor and inveigh-and he does it quite eloquently as he is a good talker-against the policy of the administration. The gentleman from New York decided that the President's speech last night indicated he was in favor of higher taxes and bigger deficits and all that kind of thing, not a word of which I heard, and I listened to the President's speech very attentively. His speech speaks for itself; it is not necessary for me to make any explanation of it. and I am certain I would make no apology for the speech made by the President.

The gentleman from New York emphasizes at great length the matter of deficit financing and the large increase in the public debt under this administration, but I would remind the gentleman from New York and those whose views are similar to his that this administration and the Democratic Party have no monopoly on deficit financing. When this administration came into control of the affairs of this Government on March 4, 1933, we had been running a deficit for a number of years. We inherited not only the policy of deficit financing but an empty Treasury and an almost bankrupt country. Everyone knows that. During the last years of the previous administration the national income had dropped to approximately \$40,000,000,000. You never hear that fact referred to by our Republican friends. national income had fallen to something like \$40,000,000,-000. In 1937 the national income increased to \$65,000,000,-000 and went down last year a little, although it still was \$60,000,000,000 or above-\$20,000,000,000 more than it was during the last years of the previous administration-and this year it will be about \$65,000,000,000; \$65,000,000,000 contrasted with \$40,000,000,000 makes a difference, according to my arithmetic, of \$25,000,000,000 between the national income this year and the national income of the last year of the Republican administration. This \$25,000,000,000 increase in the national income in 1 year would more than pay off every dollar of the increase in the national debt over a period of 6 years.

Further, the amount of Government obligations outstanding on the 30th of April was thirty-nine billion and some hundreds of millions, leaving \$5,000,000,000 of obligations that may yet be issued before the limit of \$45,000,000,000 is I know that \$39,000,000,000 or \$40,000,000,000 or \$45,000,000,000 looks large, and it is quite a large sum, but today we have in the Treasury of the United States-I have just phoned the Treasury to find out-a working balance as of May 20th of \$2,329,307,554 in cash. We have this much cash that we could use tomorrow if we were balancing the books to pay on the public debt, whereas at the inception of President Roosevelt's administration there was not over \$200,000,000 in the Treasury. The Treasury was practically empty. Yet we never get credit for that, and that is a comparison our friends never think of, let alone being willing to make.

Mr. Chairman, let us give credit where credit is due. We have paid off and added to the public debt the soldiers' bonus, for which the President was in no way responsible. Congress was responsible for that payment, which increased the public debt of the Nation more than \$1,000,000,000. We are entitled to credit for that. We should charge that increase up to the Congress, not to the President of the United

Mr. PATMAN. Mr. Chairman, will the gentleman yield? Mr. DOUGHTON. I yield to the gentleman from Texas.

Mr. PATMAN. The gentleman can also add the \$1,800,-000,000 in the stabilization fund to the \$3,200,000,000 in the general fund.

Mr. DOUGHTON. They can twist that around and say that is sleight-of-hand business, but the gentleman is correct.

Again, Mr. Chairman, you will recall that not only did this administration inherit the greatest economic depression in all the history of this country but after it came into power we had 2 years of the most serious and disastrous drought ever known in our history. The present administration and the Democratic Party are not responsible for that. If anyone is responsible, it is Providence, not the Democratic Party.

We were compelled, as a matter of duty, of course, but not as a matter of law, to spend several hundred millions of dollars to relieve the distress of the suffering in the sections of the country in the West and Midwest. We are entitled to some credit for that. The previous administration had no such catastrophe and no such calamity to deal with.

Then, in addition, we are entitled to a further credit against this \$39,000,000,000 for the money we have in good loans and recoverable assets. This represents money we have loaned through the R. F. C. and through farm organizations, principally to farmers, and also money loaned through the Home Owners' Loan Corporation and other various lending agencies of the Government, represented in good securities in the Treasury of the United States, good as gold, and will be collected and applied to the discharge of our national debt, and they amount to something like \$5,000,000,000.

So, after all, Mr. Chairman, when you contrast the picture and get right down to the truth and state the facts, you can realize that this administration, although on the books the public debt is enormously increased, if you give it the credit to which it is entitled, the national debt is not so colossal as our Republican friends would have you believe.

Mr. WADSWORTH. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. I yield to the gentleman from New York

Mr. WADSWORTH. I am very much interested in the reassuring statement of the gentleman from North Carolina and, indeed, his rosy picture of this situation, but I want to ask him a question for information. Reference was made a little while ago in this debate—

Mr. DOUGHTON. As great a premium as I put on the gentleman's intelligence, I do not believe he needs much information.

Mr. WADSWORTH. Yes; I do.

Mr. DOUGHTON. But if I can give him any information, I shall be pleased to do it.

Mr. WADSWORTH. Reference was made in the debate on the rule a short time ago to what might happen as we come within, we will say, \$1,000,000,000 of the \$45,000,000,000 limit of the national debt, and I would like to know whether it would be within the power of the President under existing law, in the event we found ourselves within \$2,000,000,000 or \$3,000,000,000 of the national debt limit, a part of which would be short-term notes, to retire those notes by the issuance of all or a part of the \$3,000,000,000 which he may issue under the famous agricultural law of 1933. By issuing that currency, speaking of sleight of hand, could he retire two or three billion dollars of short-term notes and thus put the debt down to \$42,000,000,000?

Mr. DOUGHTON. I regret that I do not feel able to give the gentleman the information, but I do feel that under the present law or under the Second Liberty Loan Bond Act, as amended, there is no authority vested in any governmental agency, the Secretary of the Treasury or anyone else to exceed or have in excess of \$45,000,000,000, at any one time, of outstanding Government obligations.

Mr. WADSWORTH. The gentleman from North Carolina would not contend that the \$3,000,000,000 of paper currency which the President may issue at any time is to be computed, if issued, as a part of the national debt.

Mr. DOUGHTON. I would not contend that. I would not contend anything that the law did not provide, and as I am

not a lawyer, and I assume the gentleman from New York

Mr. WADSWORTH. No; I am not.

Mr. DOUGHTON. Well, there are able lawyers in the House-

Mr. WADSWORTH. I am not even a member of the bar. [Laughter.]

Mr. DOUGHTON. And I respectfully submit that that matter should be submitted to the Department of Justice or the Committee on the Judiciary or some person that knows more law than I do.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield myself 5 additional minutes.

Mr. PATMAN. May I suggest to the gentleman that under the Agricultural Act of 1933 and the Thomas amendment, providing that \$3,000,000,000 could be issued in so-called greenbacks, I believe the law is very plain, and the President could use that money to retire existing obligations.

Mr. WADSWORTH. That is the matter I would like to pursue further, because we must all realize we are approaching pretty steadily the \$45,000,000,000 debt limit.

The CHAIRMAN. Does the gentleman from North Carolina yield; and, if so, to whom?

Mr. DOUGHTON. I yield further to my colleague and friend the gentleman from New York [Mr. Wadsworth].

Mr. WADSWORTH. Apparently, therefore, if the gentleman from Texas [Mr. PATMAN] is correct, the President may reduce the national debt by \$3,000,000,000 by simply issuing that amount of currency, paper money. I want to pursue that inquiry.

Mr. DOUGHTON. Oh, the President has never been accused of entertaining inflationary views.

Mr. WADSWORTH. For reducing the debt—that is true. Mr. DOUGHTON. But I say he believes in sound finance.

Mr. WADSWORTH. Perhaps the gentleman will inform me on this question; and I need the information, because I am not an authority on the Silver Purchase Act. I understand that the hoard of silver which we have accumulated under the Silver Purchase Act can be converted into currency in whole or in part.

Mr. DOUGHTON. The gentleman does not understand there is any intention to do that?

Mr. WADSWORTH. I understand that it would be legal to do it.

Mr. DOUGHTON. All things lawful may not be expedient.

Mr. WADSWORTH. May I ask if the President has the power to do that by Executive order?

Mr. DOUGHTON. I could not tell the gentleman.

Mr. WADSWORTH. If so he could reduce the national debt on a paper basis several billion dollars.

Mr. PATMAN. And would the gentleman be in favor of the President doing that?

Mr. WADSWORTH. No; I would not.

Mr. DOUGHTON. I have no fear that he will embark on any such program, knowing his reputation for sound finance.
Mr. WADSWORTH. His reputation for what?

Mr. DOUGHTON. For sound finance, as proven today by the way the Government bonds are selling, all above par, whereas when he came into power the Government bonds were selling at 80 or 81. Oh, the gentleman need not shake his head, because that is the fact, and that demonstrates that the people of the country have confidence in the President's financial policy.

Something has been said about the financial condition of the country, and if our friends of the minority wish to go before the country on that issue, no matter who is their candidate, or who is our candidate, and have a showdown on the records of the two administrations for the welfare of all of the people, for business, for industry, for the farmer, for labor, for those engaged in every walk or calling of life we will welcome it. They talk about Hoover's time when there were two cars in every garage and a chicken in every pot. If there were two cars in every garage, they were in there

because the people could not afford to buy gasoline to operate them. My country was full of cars that had been converted into Hoovercarts, but I have not seen one around there in 3 or 4 years; and now as you go out into the streets and highways of this country you will see them filled with new, upto-date, modern automobiles. People must have money to purchase them, or, if they buy them on credit, they have money to buy gasoline and oil to run them. The theaters are filled with people, and the people must have money or they could not attend. Misery and distress existing under the Hoover administration has been supplanted in millions of cases by happiness and contentment. [Applause.]

The CHAIRMAN. The time of the gentleman from North Carolina has again expired.

Mr. TREADWAY. Mr. Chairman, I had not supposed there was going to be much debate upon this bill, but I now have requests from several gentlemen on this side, and I think some of them have been actuated by the argument of the gentleman from North Carolina [Mr. Doughton]. For a man with as good common sense and ability as he has shown over a period of years in connection with his own finances, it seems strange to me to hear him defend the President's speech of last night. It was my privilege also to be in the audience, and I saw the gentleman from North Carolina there, dressed to perfection. He certainly got a very different impression from that speech than I did. I thought it was an exhibition of high finance on the part of the Democratic President, when the theme of his speech was practically more spending-let us keep spending, and the further we get into debt the richer we will be. That was about the argument made by the President. If I sense the ideas of the Members on this side of the House, they are all to the contrary. The day will come sometime when we will have to stop spending and when we will have to pay our indebtedness, and we certainly are not going to do it if we follow the advice of the President of the United States in his speech last night. Instead of spending, spending, spending as he recommends, the Republicans of this House and the people of the country believe in saving, saving, saving and paying, paying, paying-

Mr. THOMAS F. FORD. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. No; I have not the time. That is the theme of the address last night, which the gentleman from North Carolina is defending on the floor today. Its theme is contrary to any intention on the part of the Republican minority, so far as the next election is concerned, and while there is no politics in this measure, and we did report it unanimously from the Committee on Ways and Means, I say that in addition to the reciprocal-trade agreements and certain other details that we are going to take up next year, we will be glad to meet opposition on the question of thrift, such as the gentleman from North Carolina has exhibited in his own behalf, but certainly not in behalf of the Treasury of the United States when he defends such a speech he heard made last night.

Now, Mr. Chairman, the reason this bill is here today is that the administration now fears getting beyond the \$45,-000,000,000 limit that the law provides at the present time. We could not answer the Rules Committee yesterday as to why \$45,000,000,000 was the original ceiling figure. It was an unthinkable indebtedness when it was voted into law-to think that this country would eventually get into an indebtedness of \$45,000,000,000. Yet the majority side stand here today and defend that amount and fears the expectation of increasing the amount in the near future. That is the reason you are asked to change this ceiling. Of course, it is only a matter of manipulation as to the kind of investment that you have. So let us pass the bill, but we cannot pass over the statements made that we should continue this spending spree such as is being advocated here this afternoon.

Mr. DOUGHTON. Mr. Chairman, will the gentleman yield? Mr. TREADWAY. I yield to the chairman of the com-

Mr. DOUGHTON. I know my friend always desires to be correct.

Mr. TREADWAY. I am correct this time, too, both as to what the gentleman said and what the President said last

Mr. DOUGHTON. I think the gentleman knows there is no possibility here of changing the ceiling.

Mr. TREADWAY. Well, you are going to change the ceiling in the near future.

Mr. DOUGHTON. But not in this bill. Mr. TREADWAY. Just as certain as gospel you are going to come in here and ask to change the ceiling. You are not doing it in this bill, but this is a forerunner of what you will be obliged to do, because you admit you are going to continue spending, and if you do, you will overreach the \$45,000,000,000.

Mr. WOLCOTT. Mr. Chairman, will the gentleman yield? Mr. TREADWAY. I yield.

Mr. WOLCOTT. Was there any consideration given as to the reason why the limitation of \$25,000,000,000 was originally put in here against the limitation put on the issuance of bonds, and why that was only raised \$5,000,000,000 to \$30,-000,000,000 in the limitation of bonds? Was there any consideration given in the Ways and Means Committee to that subject?

Mr. TREADWAY. I think those are just arbitrary figures. At the time those figures were made there was no expectation of reaching them.

Mr. WOLCOTT. May I make this observation: That limitation on the bonded indebtedness of the United States was put on to prevent inflation. That is why we want to keep the ceiling on bonded indebtedness proportionately below the ceiling today, to prevent inflation, because this does raise the ceiling by about \$11,000,000,000, and if I can get 5 minutes I will prove it.

Mr. TREADWAY. I am going to yield the gentleman 5 minutes in a very short time. I first agreed to yield 5 minutes to the gentleman from Wyoming [Mr. Horron].

Mr. Chairman, I yield 5 minutes to the gentleman from Wyoming [Mr. Horton].

Mr. HORTON. Mr. Chairman, the bill which we have before us today will pass. I do not rise in opposition to the bill so much as I do in protest against present policies, which not only make a bill of this kind necessary but which, if they are not stopped dead in their tracks, will shortly make similar action regarding the public debt mandatory.

One could be critical and put the blame for this stupendous increase in the public debt here or there, but that would not be helpful. I only know that we have this great debt and that it must not be permitted to increase.

The fact is that we have a public debt in excess of \$40,000,-000,000 and that four and one-fourth billion dollars have been spent during the present fiscal year in excess of the receipts for the same period.

With a public debt increase during the past 6 years of more than \$20,000,000,000, with A. F. of L. figures showing 10,000,000 men out of jobs and governmental figures indicating 21,000.000 individuals depending upon relief payments-many of them apparently content to remain so-it is high time that each of us asked of himself the question, "Why should these conditions exist, when we live in a country blessed with natural resources in excess of those of any other country and blessed with a home market for all of our products of every kind above the combined markets of all other countries?"

Something is radically wrong, and it is your job, Mr. Cotton Grower of the South, and your job, Mr. Industrialist of the North, and the job of the various representatives of the East and West, North and South, to solve this problem.

You know that I never knew before I came down here that there was an aisle in this Chamber which was supposed to separate the sheep from the goats, and, frankly, if we were all shuffled together, you could not pick out the goats from the sheep, and sometimes when we permit that aisle to separate us distinctly I think that we are all goats.

What I am trying to say is that we are all in the same boat and that we are rapidly approaching the rapids. There is no such thing as lasting prosperity for any single group, we all go up or we all come down together. There are industrial problems, farm and ranch problems, and labor problems. There is your way, my way, and the right way to solve these problems. But until we find that right way, we cannot anticipate a happy country.

What about this Federal debt of more than forty billions and what about all debts-private, State, municipal, business. and Federal—that approach the stupendous total of two hundred and fifty billions, one-fourth of a trillion dollars, if my memory for big words is correct. Not to pay your debts has, through all the ages, been nothing but fraud, but since the World War a new theory that nonpayment of debt is a possible way out seems to have prevailed in European countries, and even has raised its ugly head in this country.

Either it is going to be paid or we are going to follow the lead of Germany and repudiate all debts. But we will not stop there any more than Germany did. We will follow her lead to the bitter end. Thank God, we are not that kind of people, either as individuals or as a nation. All of this loose talk of drinking ourselves sober, spending ourselves rich, is but the dream of the opium pipe smoker, and again, thank Heaven, we wont follow that kind of leadership in this country: at least not very long.

All right then, we are going to pay our debts, and when we have definitely decided upon that course, the battle is already half won. I know that when I say that, I have the approval of most men in this House. But how? Of course, there is bound to be honest differences of opinion here. But here are my suggestions. Certainly we are going to remove fear from industry and reestablish confidence, and give business a chance to make an honest dollar by removing killing and stifling taxes.

Second. We are going to give the American market to American labor, American ranchers and farmers, and American industries.

Third. Certainly we are going to cut expenses of government to the bone.

Fourth. Increase national income? Well, yes; but if the three things that I have mentioned above do not increase the national income, then there will just not be any increase in the national income.

First. Taxes: It is not necessary for me to go into this question; not so long as we have such able men as dozens that I am looking at in this body and not so long as we have such men as Vice President Garner, Senator Harrison, Senator VANDENBERG, and Senator Taft in the other body. When you add to these Mr. Haynes, of the Treasury Department, you have a composite intelligence and group knowledge of sane taxes that I, for one-and I believe most every other man in this body-is willing to follow.

Second. Give the American market to American labor, farmer-rancher, and industries.

When I say this I do not mean lip service: I am deadly in earnest. Labor must be kept free and must in return for an honest day's labor receive an honest wage, which will permit of the continuation of the highest living standards on the face of the earth. To do this his jobs must not be given to South America nor to any other part of the world; neither must government encourage or permit the importation of goods from foreign countries with a lower price level and inferior living standards, except with a tariff that overcomes these differentials. The farmers and ranchers, for one thing, are entitled to produce the sugar requirement of this country. This is the greatest cash crop which the American farmer enjoys. Revise your sugar-allotment plan, and when you do that be sure that you word any agreement as to the share which producer and refiner is to receive in such a manner as to insure the producer his fair proportion. Be sure that reciprocal-trade agreements—and they are agreements, not treaties, because if they were treaties they would have to be confirmed by a two-thirds vote of the Senate, and that has not been done—I say, be sure that reciprocal-trade agreements

are reciprocal; and if they are not reciprocal, repeal them and be sure that the farmers and ranchers are not paying heavily for any benefit the automobile or other industry is receiving. Give the American farmer the American market and he will never miss the parity payments which, after all, are but sugar-coated pills fed him as pacifiers while robbing him of the only thing that will correct his plight-namely, the American market.

It was stated recently before a Senate Appropriations Committee that if the yearly income of 9,000,000 American families could be increased substantially above the \$1,500 which they are now receiving that they would use twice as much cotton, wheat, meat, woolen goods, and what not as they are

If this is true, and it was excepted as such by this committee, then not only would all surplus disappear but every man out of employment would have a job, and every industrial wheel would hum. Surely this "America for Americans" is the key that will cause the national debt to dissolve like snow in the sun.

Third. Cut expenses of Government. If we can regain the American market we will, as indicated above, have put every man to work—that means that all relief and semirelief agencies are out. Since we have spent fifteen and one-half billions for these purposes during the last 6 years, this means a saving of two and one-half billions a year. With men at work, on their own, and with their old fighting morale going strong, these terribly expensive, semisocialistic experiments. which are instilling in the minds of once free men the idea that the Government owes them a living, are likewise outand I hope forever.

If we are going to stop these huge Government expenses we are going to start at home, and that means in Wyoming just the same as it does in Mississippi and every other State. I know just how popular that will make each of us back home; but after all that is the only way to save America.

I got up about milking time this morning to try and collect my thoughts so as to present to you something that I thought

might prove constructive.

I thought I was getting along fine. Just then a paper boy threw the Washington Post in my door, and here is what

New Deal won't yield on spending, taxes, or relief, says Roosevelt.

If that is the attitude of this administration, we had better ask ourselves whether we are mice or men. The responsibility is yours, Mr. Majority Leaders. I can only pledge you the support of every minority member in any sane program of tax revision and in any program of stopping wild, unnecessary spending that you will inaugurate.

The choice is yours-will you save America, or will you permit America to be dragged over the cliff to destruction?

Mr. TREADWAY. Mr. Chairman, I yield 5 minutes to the

gentleman from Michigan [Mr. Wolcott].

Mr. WOLCOTT. Mr. Chairman, it is rather difficult for anyone to cover this subject in 5 minutes and to answer many of the general statements which have been made here today. I hope that this House will not take for granted the accuracy of the general statements made. I hope that this House will not pass this bill in its present form. I do not believe that there are 10 percent of the Members of this House who are in favor of inflation, yet I believe this bill is as inflationary as any bill which has ever been brought before this House for consideration.

The reason why the original limitation of \$25,000,000,000 of Government bonds was put in the original act was to prevent inflation. The reason why it was only raised \$5,000,-000,000 when it was last amended was to prevent inflation. Now we take the ceiling off entirely and we authorize the issuance of \$45,000,000,000 of bonds.

The general axiom is this, that the danger of inflation from an increase in the volume of currency increases in the same proportion as the differential between long-term obligations and short-term indebtedness decreases within the legal limit of the aggregate. We are wiping out all legal differentials between short- and long-term obligations. I do not think the Ways and Means Committee has given adequate consideration to this bill, and if I am given opportunity, at the proper time I am going to ask that this bill be returned to the Ways and Means Committee for further consideration, after which I shall ask the indulgence of the chairman of the Ways and Means Committee for a few of us who have given at least a little thought to the subject to appear before the committee and to express our views.

We have given the President of the United States, directly and indirectly, authority to issue about \$11,000,000,000 in currency, which is not within the limitation provided in this act. If we raise the bonded indebtedness of this Nation to \$45,000,000,000, every dollar of short-term indebtedness may be replaced by United States notes, silver certificates, Federal Reserve notes, or if we wanted to go back to the practice, we could issue Federal Reserve bank notes, all of which do not come within this limitation, but all are obligations of the Federal Government. I think this House has been lulled into a condition of lethargy by believing the statements this \$45,000,000,000 does not raise the debt limitation. This raising of the authority to issue up to \$45,000,-000,000 in long-term bonds of the Federal Government increases the debt limitation by the same amount that we have authorized the President to issue currency. [Applause.]

I think that we should not vote on this with the limited knowledge we have.

My first effort will be to try to amend this bill by raising the limitation \$3,000,000,000. At the present time according to the report, and I assume that the Treasury gave the Ways and Means Committee the correct figures, the Treasury can still issue \$1,697,026,819 and be within the limitation of \$30,000,000,000. By raising this authorization to \$33,-000,000,000 we shall give them a leeway of \$4,697,026,819 which at least should be sufficient for the coming year. So, I have two proposals: The one is to introduce an amendment authorizing the increase in the authority to issue long-term obligations of the Government up to \$33,000,000,000; that failing I expect, if I am given the opportunity, to move to recommit the bill to the Committee on Ways and Means in order that more intelligent consideration may be given to the bill. I am very sincere in the statement that this bill is one of the most inflationary bills ever brought to the floor, and I think you should be very cautious in considering it.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. McCORMACK. Does the gentleman think there is any constitutional question involved in this bill?

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield 1 additional minute to the gentleman from Michigan.

Mr. WOLCOTT. I may say to the gentleman from Massachusetts that I have never posed as a constitutional lawyer. I have the satisfaction, however, of being able to tell the gentleman today that when I stood on this floor and contended that the reciprocal-tax bill was unconstitutional the Supreme Court later confirmed my position. It had to reverse itself to find me wrong.

Mr. McCORMACK. The Supreme Court did not find the gentleman's views to be correct.

Mr. TREADWAY. Mr. Chairman, I yield 3 minutes to the gentleman from Michigan [Mr. HOFFMAN].

THE INCONSISTENCY AND THE ABSURDITY OF THE PRESIDENT'S POSITION

Mr. HOFFMAN. Mr. Chairman, from the day he became a candidate down to the present moment, Franklin Delano Roosevelt, as candidate and President, has repeatedly expressed himself as deeply concerned with the welfare of those he chose to designate as the underprivileged, presumably meaning that fraction or one-third of our population which makes up the lowest income group.

His sympathy for those in this class is commendable, but he has no monopoly on sympathy, charitable impulses, earnest desire to help, although ofttimes he talks as though he had. Every true Christian American desires to aid those less fortunate than himself.

Again the President has correctly expressed the thought that this Government is maintained by a system of taxation and that taxes are paid in the sweat of the man who labors,

Every student of our Government, familiar with the history of our country and its present condition, knows that the tax money which is spent so lavishly by this administration is taken in the main from the wage earner—not from the rich nor from the great corporations.

The President was right when he said that taxes are paid in the sweat of the man who works and that, if taxes are excessive, unemployment will increase, breadlines will either lengthen or relief expenditures will mount.

Already this administration has piled up a debt that is appalling; but last night the President made this statement. Listen to it, please—consider it and weigh it:

Our national debt, after all, is an internal debt, owed not only by the Nation but to the Nation. If our children have to pay interest on it, they will pay that interest to themselves.

This statement would be true did our Nation consist of but one person, one creditor, one debtor. Physical facts being what they are, the statement is absurd on its face.

On our national debt, now mounting toward the forty-five billion limitation, we have an annual interest charge of more than a billion dollars. That interest charge can be paid either by borrowing, which of necessity means an increased interest charge, or it can be paid, as it will in the end be paid—if paid at all—by taxation.

The taxes to pay that billion dollars a year will be levied in large part upon, and collected from, the man who works. The man who toils in factory, mill, or mine, under summer's scorching sun or winter's freezing cold, will pay and pay and pay.

The same is true as to the payment of the principal of that debt. And to whom will that debt be paid? To the holders of tax-exempt, interest-bearing bonds.

The indirect taxes collected from the poor on the food they eat; the taxes collected from the man who works day in and day out to earn by physical toil his livelihood, are the sources of revenue from which the debt must be paid. And the worker will pay—and he will pay not to himself, not to his wife, not to his children—he will pay to those wealthy who buy the bonds of the Federal Government which are put out to borrow the money which this administration is spending

Yes, as the President told us, our children and our children's children will pay interest on this debt, and they will pay the debt and they will pay it through toil and hardship and privation; by denying themselves not only the luxuries but probably some of the necessities of life, in order to meet their tax payments; and they will pay it not to your children nor to mine but to the children of the economic royalists that the President so bitterly has condemned throughout his administration.

The President said last night that the big corporations should be taxed. True, they should; but after all has been said, after all has been done, the fact still remains that upon the man who toils, upon the small-business man, rests the greater portion of the burden of paying the taxes to operate our Government.

Mr. SCHAFER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. HOFFMAN. I yield.

Mr. SCHAFER of Wisconsin. And the children of the working people of America unto the third and fourth generations will sweat and toil to pay the principle and interest on the gigantic Roosevelt national debt. Yes; pay to the multimillionaire dollar-royalists like President Roosevelt, who was born with a gold and silver spoon in his mouth.

Mr. HOFFMAN. Certainly and to his associates, for he is an aristocrat, one of the privileged few, and so are his friends; and the children of the working class, yea, unto the third and the fourth generations, will continue to toil, to pay for vacation after vacation, trip after trip, which he has been taking at Government expense; to pay for that visit to London when he and his wife next fall return, in all the pomp and splendor with which he can surround himself, the visit which the King and Queen are now making to this country.

Oh, sure, sure. Smile if you want to, but you know it is true. You economic royalists, you politicians with golden crowns, are not going to pay it. The man who works, the farmer who trudges day after day behind his plow, his harrow or his drill, from early morn until late at night; the man who goes down into the darkness of the mine day after day; the man who sweats and toils in factory or in mill—he and his children are the ones who will pay; while in the Nation's Capital the President and his followers live like kings and spend and spend and spend. [Applause.]

Oh, the President may express his solicitude for the poor man, but he knows that it is the poor man, the worker, who furnishes the money to sustain our Government and, disregarding that knowledge, repudiating his expressions of sympathy, sneering at business, he goes laughingly, joyously, on his vacations, spends and spends and tells us that the debts we create we owe to ourselves.

Not only is his statement absurd—it is an insult to the intelligence of those who heard or read it.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield 2 minutes to the gentleman from New Jersey [Mr. VREELAND].

Mr. VREELAND. Mr. Chairman, I would like to propound a question to which I do not expect an answer because I believe it is like some of the unanswerable riddles such as "how long is a piece of string?" What I would like to ask is: just where are we going in this country and how are we going to get there? I am really sincere when I say that I have wondered about this ever since I arrived here in January, and day by day it becomes more perplexing. I am not an economist or a theorist, just a lawyer looking for a conclusion out of a maze of events.

We spend millions of dollars for reclamation to fertilize barren wastes of land so that the farmer can raise crops on what was formerly useless ground. We spend millions of dollars to show the farmer how to sow and till soil so that he may grow two blades of grass where he could only grow one before. Then we turn around and by reciprocal-trade agreements and lowered tariff allow foreign products, produced under labor conditions and standards of living much lower than ours, to be imported and sold for less than our farmers can produce them. We, because our own people cannot compete with the price of the imports and overproduction results, restrict the growth of home products and order the farmer to plow under his crops or refrain from planting on the land we just spent money to reclaim. Oh, yes, even our Chief Executive stimulates the purchase of foreign goods rather than home-grown when he orders Argentine beef because it is cheaper and better than American beef. But what is our farmer going to do with his idle land that he cannot use and how is he going to live with no income? That is easy. We must not hazard the good-neighbor policy abroad, and we must stimulate the humanitarianism of our administration so a bill is drafted and presented with much oratory, dramatics, and shedding of tears about the poor farmer who has no market for his products and we need millions of dollars to pay him for the nonproductive land. Pay him for not growing on land made fertile by the Government and ordered not to be used by the same authority. But then, to use the expression of the gentleman from Pennsylvania [Mr. Rich], "Where are you going to get the money?" Well, that is easy, too. The Government still has credit so we will just float a few more bonds or perhaps we could let the national debt go up a little more. The people are kicking now, so a few more billions of debt will not make it any worse. Still we have overlooked two more sources where we can get it. There are still one or two large companies left that might have some money left so we can get some from them. Then, too, we just paid the farmer some money for not producing and, after all, the Government has

to be supported, so we take back, through taxes, a good portion of the money we just paid him. Again I ask, Where are we going?

Seven years ago, there was raised by the candidate for Presidency and now incumbent the cry that it was time the spenders were taken out of office and much was made of the public debt. A promise was made that the Budget would be balanced in less time than it took to say it, if we only had a change and the country would be given a "new deal." It was the depression then, and prosperity was only around the corner with a new hand of cards. After 7 years, we no longer have the well-known depression, but we now have a recession. There are still 12,000,000 unemployed, there are more on relief now than ever before; the Government is still spending more than it ever did before; there is more labor unrest than ever before; and business is worse than ever before. Maybe the New Deal was four jokers and a deuce, with dcuces wild.

If I recall history correctly, this country grew to be the largest and richest in less time than any other country in the world. Our people have always enjoyed a higher standard of living with more comforts and conveniences than any other country in the world. Why? Because industry, capital, and labor worked together, without governmental interference, for their mutual good. There was incentive to go forward, to produce better and finer articles, to invent new things. Where there is incentive, there is prosperity. What has become of that prosperity? Could it be that the incentive is lacking? Certainly the Government has done nothing to destroy the desire to invest and produce. If anything, the Government has tried to help business. Had it not tried to assist by legislation regulating the business so that the company officials cannot make any mistakes in a business that the Government knows more about than those brought up in it? Then too much money is bad for anyone so, to prevent any mistakes by the officers, the Government takes the capital away by calling it excess profits. Then, to make sure that the consumer does not have the company put over anything on them, foreign products produced with cheap labor are allowed in at a price too low for local industry to compete with. And then, because the company cannot carry on, the Government loans it money upon the understanding that the company sign its life away. Then the Government builds and operates a similar business in competition to show how it should be done. To be sure the help to the company is complete we have the Labor Board. But where does the Government get the money? Taxes is one way. Where are they derived from? Individuals and business. The individuals must work for, or are, business; so, when business is deterred, the individual suffers, and when both suffer the Government has killed its source of revenue. Where is the incentive to go ahead? And again I ask, Where are we going?

Could it be at all possible that somewhere someone has the thought that the easiest and most subtle way to reduce a free people to that of servitude is by debt? I know of no more conclusive way to control a person than by having him reduced to a position of a sustaining financial obligation. Our present trend of increased Government expenditures means a greater national debt which can only be paid by confiscation. taxes, or inflation. Any of those methods, if carried too far, mean a destruction of capital and industry. A destruction of capital or industry means unemployment. Unemployment means a greater burden to the Government without source of income. So, to survive, the Government must operate business and place the people on Government employment. When the people have reached that point, they have no resources and are reliant upon the Government for their daily bread, and consequently are subservient to the Government. It is then no longer a Government by the people or of the people, and we have lost all that our forefathers fought for for years to build up. Could this be possible?

Mr. Chairman, I ask again, in all sincerity, Where are we going?

Mr. TREADWAY. Mr. Chairman, I yield 2 minutes to the gentleman from Ohio [Mr. Bender].

A LOST GENERATION-OUR YOUTH OF TOMORROW

Mr. BENDER. Mr. Chairman, after listening to the distinguished gentleman from North Carolina [Mr. Doughton], chairman of the Ways and Means Committee, I feel very much like singing that hymn, Oh, Paradise, Sweet Paradise, because he has put me in a frame of mind where I feel everything is glorious and fine and what is it all about anythou?

As far as I am personally concerned, I must be all wrong when I go back home week ends and find hundreds of people storming the gates looking for jobs, looking for any kind of work; young men and women just out of school trying to find a job. Before Mr. Roosevelt's time they could look forward to going into a shop or factory or getting into a business career and finding some work to do. The old people today are simply driftwood, wondering where in the world they are going, how they may find employment, looking for some place to get help as a result of our present conditions.

Since Mr. Roosevelt has been President you cannot find a man or woman over 45 years of age who can get a job in this country. The young people are in as bad shape as the old people. You wonder why we have all these new political movements. You wonder why we have all sorts of panaceas and all sorts of plans and programs presented to the people. It is because the people are desperate. They are wondering where they are going from here. I do not know anything about this high financing and all these big figures, involving mullions and billions of dollars. All I know is the actual experience I have with my people back home, the people who are in misery, in trouble, and looking for relief. Those are the people who tell me what is happening in this country.

The United States has created a lost generation. There are 20,000,000 young men and women in this country between the ages of 20 and 29, a great many of whom have never had a regular job, and many, many thousands of them will never be able to find such a job. In the city of New York alone, there are 400,000 boys and girls—highschool graduates everyone of them—who have never had work.

The New Deal has paved the way for this hopeless future. It has created a national condition which denies to this legion of youth the opportunity to make use of their abilities, their talents, their fine bodies, their good minds.

The men and women who spend their lives in social work tell us that regularly every day they see children of all ages who are undernourished, poorly clothed, sallow-faced. School teachers are constantly discovering among their classes youngsters who should be sent home on cold days because they are inadequately protected against the weather. In many places the school teachers themselves have used their own earnings to feed and clothe these extreme cases. But perhaps even worse than this intermittent condition of exposure and slow starvation is the psychological handicap these school children inevitably must undergo.

They see their fathers and mothers in constant want. Breakfast and dinner in their homes are equally meager; rent is a problem; necessary clothing hard to get. Most of them come to believe all too soon that there lies ahead only a barren, desolate youth, and a shabby, pleasureless maturity. Thousands of them are mentally trained for college, but they know that in spite of the New Deal's fine promises, in spite of the oft-praised N. Y. A., they will never see the inside of a college. In some fashion, they may be able to get together enough money to pay the tuition for a State school. But they know that they can never burden their folks with the additional expenses of clothes, books, and whatever else goes to make up even a bare college existence.

Below these discouraged graduates, we have an army of youngsters who find it next to impossible even to go through high school. There are many among them already so discouraged that they say, "What's the use of going to school?" even if they can get through. All they can see ahead of them after high school is a remote, disheartening W. P. A. ich

The New Deal depression has blighted the lives of these children of this great land of opportunity. It has created a mental barrier to hope; it has made it impossible for them to look forward to the future with any degree of security or confidence.

Did the New Dealers "plan it this way"?

Harry Hopkins, former chief overlord of W. P. A., declared it his official opinion that unemployment relief is a permanent problem in America. He made it clear on dozens of occasions that he considered W. P. A. a permanent institution in the American system. He wanted it to be stamped and sealed as "Here to stay."

Is this what our millions of mothers are content to accept? Are we training our children to be graduated to pick-and-shovel lives under the banner of W. P. A.? Are we willing to accept a system which prompted a high school graduating class to adopt as its class motto, "W. P. A., here we come"?

We are not saying this in opposition to W. P. A. We know that public employment for the time being is necessary. We feel that the New Deal's C. C. C. camps are performing a service. But we object to any government which falls into the attitude of considering this a normal standard of existence to which people must resign themselves. We object because this Government is willing to accept this unsatisfactory temporary device as a permanent condition. We object because the Republican Party believes a positive solution lies in the restoration of private enterprise. The Republican Party says to these discouraged young people of our Nation, "There still exists in this great land of ours plenty for all. Give private business a chance to offer it."

The Republican Party finds support for its attitude in the reactions of our young people themselves. They have already learned that the promise of Federal aid is an illusion.

Right in Cleveland, when a recent C. C. C. enrollment opened, the relief agencies found it impossible to induce young men of relief families to volunteer for this New Deal substitute for a private job. It was necessary to throw open C. C. C. registration to the children of folks not on relief to fill the quota prescribed.

We can understand why young men decline the offer to spend 6 months as a guest of Uncle Sam. They are rewarded for hard, physical work with \$30 a month—and \$25 of this is sent back to their parents. Five dollars a month with room and board for disciplined labor. Is it any wonder that millions of young fellows choose to loaf, to roam the country like wild boys of Russia at the beginning of the Soviet regime?

The New Deal has made no place whatsoever for the development of our rising generation in its scheme of things. The assistance offered to youth has been ill-planned without regard to future effects. Our youngsters have frequently become wards of the Government, regimented in camps, with their work, their hours, their food, their clothing, even their shelter regulated by Army officers. Now we reluctantly realize they already bear the impress of this experience.

No young man or woman can look forward under our New Deal program as it now exists to the who!esome development of his personality. Marriage has become one of those things that our young people either deny themselves or enter into recklessly or reluctantly afraid of what may happen. The emphasis on a stable family life has vanished because who can possibly consider the bringing up of children on \$65 a month? And when family life is destroyed in America our national stability is threatened.

The Republican Party knows that relief for the unemployed is necessary. No party can ask people to suffer. We shall never let our people starve; we have always protected them in the past. When the depression hit us in 1930 and 1931, the Republican Party mobilized the Nation's resources quietly—but effectively. We took care of our people in those trying days without the creation of dozens of overlapping P. W. A. and W. P. A. bureaus.

Relief is necessary. But re-employment of our unemployed is even more necessary. It is vital to the citizens of America of every age. It is crucial for our young people if they are

to grow up to decent, honorable citizenship; if they are to be spared the deterioration of a dependent existence.

We in America know today that the contradictory policies of the present administration, its harsh attitude and the increasing burdens of taxation, have driven industry into the storm cellars. Businessmen are afraid of the fireside chat over the radio, the tax collector, the letter with a governmental frank on it. They have learned only too well that every New Deal statement may contain a dagger for them, It is not surprising that the steel furnaces have operated at a small fraction of their capacity; that our railroads are now so reduced that they buy neither necessary equipment nor pay willing wages.

All this vanishing opportunity becomes a sinking weight around the necks of our youth. They cannot get jobs today merely to live. And tomorrow, these same men and women are going to be asked to pay off the debts which have been piled up in the process of dragging them down to poverty. This is something which haunts the future ahead, this

\$41,000,000,000 national debt.

In 1933, the New Deal Chief told our people, "For 3 long years, the Federal Government has been on the road to bankruptcy." If that was true in 1933, by this time we certainly have arrived. For we now owe to our creditors \$20,-000,000,000 more than we owed then. And we have accomplished nothing by the spending; we have just as many people out of work today as we had, the 13,000,000 or more. In addition, we have built up a vast machinery of Federal bureaus. We have created a "standing" army of 3,000,000 W. P. A. workers, existing on a submarginal standard of living.

This is the picture which faces our youth.

Today they have nothing, not even hope. Tomorrow they shall have increased taxes-and continuing despair.

The conscience of America cannot tolerate a continuation of this program. We do not wish to rear a generation of dependents. We want our children to grow into upright, stalwart, proud, self-reliant men and women.

The Democratic New Deal has betrayed our youth. It has taken them to the top of the mountain and pointed out the Valley of the Promised Land-only to dash them from the cliff to the ground below.

N. Y. A., C. C. C., W. P. A .- is this to be the highway of youth? Is this to be the new system replacing a job, marriage, family?

The Republican Party declares that we cannot accept this New Deal philosophy and survive as a Nation. We must challenge the present procedure. We must insist that our young people be given an opportunity to live their lives as we know Americans can.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield 2 minutes to the gentleman from Wisconsin [Mr. Johns].

Mr. JOHNS. Mr. Chairman, I rise at this time to issue a warning to those of you who may be desirous of borrowing money and raising the debt limit of this country. I was very much interested in what the President had to say last night about this being an internal debt and that our children would pay the interest.

Mr. Chairman, that is the great danger in the present situation, as I see it. These bonds are now being held by the banks of the country. If we ever reach the point, Mr. Chairman, where the people cannot have confidence in our Government and these obligations have to be paid, if the people go to the banks and find out that they cannot get their money, I want to tell you it will be a dangerous thing for the country, because when they go there and are not able to get their money there will be trouble.

Today the banks have 25 percent of their deposits and 60 percent of their total assets invested in Government obligations, while the insurance companies hold approximately four and one-half billion dollars of this debt. When we reach the point where the people lose confidence in our Government being able to pay these obligations, it will mean the end of our present form of government. That is the danger as I see it. It does not make very much difference whether our children have to pay or not. It will have to be paid anyway. It would be much better, of course, if we owed this money to a foreign government and could at some future date repudiate it like they have done with us. But that is not the case. We are furnishing this money out of our own bank deposits, out of the savings and deposits of our old people, widows, and orphans. That is the danger as I see it in this whole thing. [Applause,]

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield the balance of my time to the gentleman from New York [Mr. REED].

Mr. REED of New York. Mr. Chairman, I would like to propound a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. REED of New York. Is there anything in the rule to prevent a Member from discussing this particular bill?

The CHAIRMAN. Under the rule, a discussion of the bill under consideration is in order.

Mr. REED of New York. Mr. Chairman, I am not going to take very much time and I shall confine myself for a few minutes at least to the pending bill.

In the first place, under the Second Liberty Bond Act the amount of bonds having 5 years or more to run which may be outstanding at any time was limited to \$30,000,000,000. The rest of the fifteen billion, up to \$45,000,000,000, would be in the form of short-term notes.

Mr. Chairman, I just want to offer a thought right here, because it is a matter which, in my opinion, has been overlooked.

I am not opposed to this bill, but may I say that when it is passed the Secretary of the Treasury may issue \$15,000,-000,000 worth of long-term bonds, tax-exempt. We have heard a great deal from the President of the United States in regard to the evils of these tax-exempt bonds. He has sent two messages to the Congress on this subject, one in 1938 and one in January of the present year, urging the Congress to correct the situation. No action has been taken. There never was a better time to meet that issue than by this present bill, but nothing has been done about it.

When this measure goes over to the Senate, I am not sure that under the parliamentary situation that body can amend the bill to tax Government bonds; but assuming it can, this is not a revenue bill; consequently, it cannot attach an amendment to this bill that will tax State and municipal bonds. As a result we are foreclosed from meeting the issue that has been presented by the President of the United States. We have the particular inconsistency of the President, in season and out of season, over the radio and in the press, speaking against these people who are hiding their money in taxexempt securities. Yet if we pass this bill today, in a Congress under the President's own control, the Secretary of the Treasury can issue \$15,000,000,000 of tax-exempt securities. I want it distinctly understood by the Members of this House that I am opposed to granting authority to the Federal Government to tax State and municipal bonds, because it will interfere with their necessary borrowing power and increase the cost of local government.

Mr. McCORMACK. Mr. Chairman, will the gentleman

Mr. REED of New York. I have only a very few minutes, and there are other matters I wish to discuss.

It was not my purpose when I took the floor to say one word that had any political significance. This was a unanimous report on the part of the committee. The idea was to pass this bill without any vote or any difficulties whatever. However, we have heard a great deal today about the year of 1929 and the Hoover administration. I just want to remind this House and the country that the Republican Party inherited something many years ago. After the Democratic Party had kept us out of war long enough to win an election, we inherited a debt of \$26,000,000,000. We also inherited 7,000,000 men unemployed and walking the streets. We inherited 4,000,000 veterans out of work and 67,000 mental cases resulting from the war. We inherited a situation where no

provision had been made for their hospitalization or care. We inherited a bankrupt railroad system and a marine organization equipped with boats that would sink when they were tied to the docks; they would not even float. We inherited thousands of planes that never could be taken off the ground because they simply would not fly.

We inherited all that, yet within 2 years we put 7,000,000 men back to work, we reduced the debt \$1,000,000,000 every year for over 10 years until the national debt was down to approximately \$16,000,000,000, and we went through an experience then that is quite new to some of us now: we reduced taxes five times until less than 2 percent of the people paid any income tax at all.

That was the situation, and now, of course, you would like to charge us with responsibility for a world-wide catastrophe, the backwash of the war, which was met more heroically than any emergency of such character and devastating effect, than had ever risen before throughout the history of mankind. This catastrophe was the result of a Democratic administration interfering in European affairs.

I have heard something said about the deficit incurred by Hoover. You claim it was over \$3,558,485,637. Let me tell you that \$2,397,267,363 of that sum was in recoverable loans, which were recovered and which this administration has spent. All you inherited as a debt was \$1,161,218,274, and that is all.

Mr. McCORMACK and Mr. SHORT rose.

Mr. REED of New York. No; I cannot yield. I have a limited time.

That is all you inherited from the Republican administration. If you subtract what we paid of the bonds of Grover Cleveland, we almost gave you a surplus when you went into office. You have incurred obligations that will plague and distress this and future generations of the United States, actual and contingent, of \$54,000,000,000, and you cannot charge a cent of that to the Republican administration. [Applause.]

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield 3 minutes to the gentleman from Illinois [Mr. SABATH].

Mr. SABATH. Mr. Chairman, it is indeed amazing to listen to the gentlemen on the left, my Republican friends, tell how much they are interested in the wage earners. For instance, my beloved friend from Michigan [Mr. Hoffman], who day in and day out assails anything and everything that may help the wage earner, today is fearful that this bill, unanimously reported by the committee and conceded by all to be legislation in the right direction, might result in the poor wage earner having to pay the interest on this bonded indebtedness. The gentleman from Wisconsin and the gentleman from Ohio said the same thing. I was tempted to congratulate the gentleman from New York, hoping he would speak along the same lines as the gentleman from Michigan [Mr. Wolcott], but lo and behold, he followed in the footsteps of the other Republicans who are trying in every conceivable far-fetched way to mislead the American people and deny the great good that has been accomplished by President Roosevelt and the Democratic administration.

Let me say to the gentleman from New York [Mr. Reed], that we all remember the great and glorious times that were given us by Hoover and his administration. Everyone was happy, contented, and prosperous during the years from 1929 to 1933 if Republican speeches were to be believed. Well, you might make people believe that such was the case. You can fool them sometimes, but you cannot fool them all the time. You are good at it. I know you are trying hard, but all your efforts will be in vain, because people today understand, appreciate, and recognize the great efforts that are being made for the Nation, for the people, for the wage earners, for the farmers, and for the businessmen of America by this great President of ours, Franklin D. Roosevelt. [Applause.]

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield the remainder of my time to the gentleman from Massachusetts [Mr. McCor-Mack].

Mr. McCORMACK rose.

Mr. PARSONS. Mr. Chairman, will the gentleman yield? Mr. McCORMACK. I yield to the gentleman from Illinois. Mr. PARSONS. Is the gentleman going to talk about the bill?

Mr. McCORMACK. Briefly; yes.

Mr. Chairman, I think the little political flurry that has happened this afternoon is very interesting. I like to see a flurry of this kind. It puts a little pep in us.

I was rather interested and pleased to notice that my friend from Michigan, the distinguished Republican ranking member of the Committee on Banking and Currency [Mr. Wolcott], spoke on the bill, but he expressed a fear—and I can assure you there is no necessity for any such fear existing in our minds—the fear of inflation. There is absolutely no question of inflation involved in this bill. Of course, my distinguished friend is so enveloped in the atmosphere of banking and currency that he sees the specter of danger in every bill that comes before the House which is remotely connected with the question of banking and currency; and bond issues, I suppose, have some remote connection with matters which relate to banking and currency. At least, bond issues have some relation to banking, but not so much to currency.

I can assure my friends on both sides of the aisle that if the gentleman from Michigan offers his amendment there is no justification for adopting it. This bill came out of the committee by the unanimous vote of 15 Democratic members and 10 Republican members.

I think the membership of the House can give some of us Members on Ways and Means—and I speak without regard to party—some credit for giving the question of inflation consideration, if there is any fear about that being involved in the pending bill.

Mr. COOPER. Mr. Chairman, will the gentleman yield? Mr. McCORMACK. I yield.

Mr. COOPER. The gentleman will agree, I am sure, that this same bill was also unanimously reported by the Ways and Means Committee last year and passed the House by unanimous consent. All in the world the bill does is simply to remove the partition. Under existing law there is a \$45,-000,000,000 limit as to our national debt. A partition exists there limiting that to \$30,000,000,000 in long-term bonds and the balance in short term notes. This bill leaves the ceiling or the maximum just as it is now and just takes out that partition so as to enable the Treasury Department to be able to meet situations as they arise from day to day in the money markets of the world.

Mr. McCORMACK. I thank the gentleman for his observations, which are correct.

Like the other Members I enjoyed the various remarks that were made today. One Member talked about there being no opportunity for employment of those over 45 years of age. One thing is certain, you cannot blame President Roosevelt for that. That condition exists in business, if it exists at all.

My distinguished friend from New York [Mr. Reed] apparently, tried to intimate that the President was inconsistent in not having the bonds that might be issued subject to taxation.

I am not saying how I shall vote on the question of subjecting bonds issued by State and municipal governments, as well as the Federal Government, to the income tax, but, certainly, without regard to how we may feel on that question, few of us would want to have the Federal Government issue its bonds subject to the income-tax laws of the States, and on the other hand not have State or municipal bonds subject to the income-tax laws of the Federal Government.

I want to correct my friend from New York [Mr. Reed], who made the statement that when President Hoover ended his term there was only a deficit of a little over \$3,000,000,000. Not for the purpose of controversy, because I admire President Hoover as well as I do President Roosevelt, because he

was my President when in office just the same as President Roosevelt is my President today; but I did not agree with all of Mr. Hoover's policies. That is no reason, however, why I should not respect him. There is no reason why I should hate him because he is a Republican. No more than a Republican should hate President Roosevelt because he is a Democrat. Certainly my views are entirely different than those of the gentleman from New York [Mr. Reed]. When President Hoover left office the deficit during his last 3 years was not a little over \$3,000,000,000 but slightly over \$6,000,000,000.

Now, coming back to the bill. The bill is unanimously reported by the committee. The only opposition is that expressed by my distinguished friend from Michigan, who expressed a fear of inflation. Without regard to what your views may be in any other respect on this bill, there is absolutely no justification for that argument, and there is equally no justification for any such fear.

I hope no amendment to the bill will be offered; but if one is offered, I hope, without regard to the middle aisle, the bill being reported out unanimously—10 Republicans and 15 Democrats—that any such amendment will be defeated. [Applause.]

[Here the gavel fell.]

The clerk read as follows:

Be it enacted, etc., That section 21 of the Second Liberty Bond Act (49 Stat. 21, as amended; U. S. C., Supp. IV, title 31, sec. 757b), is amended by striking out the following proviso: "Provided, That the face amount of bonds issued under the authority of this act shall not exceed in the aggregate \$30,000,000,000 outstanding at any one time."

Mr. WOLCOTT. Mr. Chairman, I offer an amendment. The clerk read as follows:

Amendment offered by Mr. Wolcott: On page 1, strike out all after the enacting clause and insert in lieu thereof the following: "That section 21 of the Second Liberty Bond Act (49 Stat. 21, as amended; U. S. C. Supp. IV, title 31, sec. 757b), is amended to read as follows: The face amount of bonds, certificates of indebtedness, Treasury bills, and notes issued under the authority of this act, and certificates of indebtedness issued under the authority of section 6 of the First Liberty Bond Act, shall not exceed in the aggregate \$45,000,000,000 outstanding at any one time: Provided, That the face amount of bonds issued under the authority of this act shall not exceed in the aggregate \$33,000,000,000 outstanding at any one time."

Mr. WOLCOTT. Mr. Chairman, this merely increases the authorization for the issuance of Government bonds by \$3,000,000,000 within the present total limitation. According to the report of the committee, the Treasury can at the present time, within the present limitation of \$30,000,000, issue \$1,697,026,819 of long-time bonds. If the amendment which I have introduced is adopted, the Treasury may issue the amount which I have just stated, plus \$3,000,000,000, making the aggregate within the present authorization, or within the authorization if the amendment is agreed to, of \$4,697,026,-819. For all purposes, even though the deficit for the next year greatly exceeds the estimate, that will be an extremely high ceiling, and will cause no embarrassment whatsoever to the Treasury Department, and to their financing program. There is a certain amount of short-term indebtedness each year, which is converted into long-term indebtedness. We must not lose sight of the fact that we have gotten into the habit of issuing short-term indebtedness, Treasury bills and notes for the purpose of keeping the interest rate down, in anticipation of revenue receipts. If in June or July, or any quarter, it is anticipated that the revenue receipts are going to be so many millions of dollars, the Treasury is justified in issuing short-term obligations against the receipts of those returns and they are canceled. In the meantime they get a very favorable rate of interest, much less than 1 percent, and on long-term obligations, the thing which attracts people to invest in them; of course a higher rate of interest is paid.

So short-term indebtedness is justified many times in anticipation of revenue receipts. So I have not sought in this amendment to detract whatsoever from the authority which is now given to the Secretary of the Treasury to issue short-term certificates, notes, bills, and so forth. I want him to have that authority because if properly handled he

can save the Government a good many million dollars by issuing short-term indebtedness against revenue receipts, and that will accomplish the purpose which he seeks. the national debt on July 1, 1940, approaches \$45,000,000,000, whether we like to do it or not, we have got to increase the limitation. It is a deplorable situation and I hate to think of it. I hate to contemplate the time when we will have to raise it to \$50,000,000,000, but have this in mind, that we must have an adequate differential between the amount of long-term obligations outstanding and short-term obligations outstanding, or we force an increase in the volume of currency. What you do under this act, if you enact it without this limitation, is to force the Treasury into the situation where it has to retire its short-term indebtedness by the issuance of currency under the authority given to the President. I understand that that amounts to almost \$11,000,-000,000. That specific authority granted to the President does not come within the limitation of this \$45,000,000,000, and that is why I make the contention, and I think I have justified it, that in passing this act without my amendment we virtually authorize a rise in the debt limitation of \$11,000,000,000 through the amount which the President is specifically authorized to issue currency over the \$45,000,000,000.

Mr. COOPER. Mr. Chairman, I rise in opposition to the amendment. There is absolutely no justification whatever for any of the fear expressed by the gentleman from Michigan [Mr. Wolcott]. There is nothing in this bill that involves the question of inflation. As already pointed out, your Committee on Ways and Means considered this matter last year and unanimously reported this same bill, which passed the House by unanimous consent and then went to the Senate. The partition at that time was at the figure of \$25,000,000,000 for long-term bonds and \$20,000,000,000 for short-term notes and evidences of indebtedness. The House bill removed this partition and the Senate put it back at thirty billion. The effect of the amendment offered by the gentleman from Michigan would mean that we would have to do the job all over again, just as we are having to do it today, because somebody placed an amendment in the bill. All this bill does is to leave the ceiling or limitation of \$45,000,000,000 just as it is today and remove the partition of \$30,000,000,000 for longterm bonds and the balance for short-term notes, so as to allow the Secretary of the Treasury discretionary authority to deal with the situation that is presented in the money market of the country in order to finance this Government of ours.

Mr. FISH. Mr. Chairman, will the gentleman yield? Mr. COOPER. Yes; briefly.

Mr. FISH. That is the important point. I think the gentleman is right. This is merely permissive legislation. This does not make it mandatory to issue long-term bonds. Mr. COOPER. That is true.

Mr. FISH. He can have as many as he wants. He does not have to have the whole forty-five billion. He can have short-term notes if he wants to.

Mr. COOPER. That is true. The gentleman is absolutely correct. It is only discretionary authority that the Secretary of the Treasury may use in order to meet the situation that exists in the bond market of the country and in order to effect the most economy and protect the best interests of the Government.

Mr. McCORMACK. Will the gentleman yield further? Mr. COOPER. I yield.

Mr. McCORMACK. But under no condition, as I see it—and I ask the gentleman from Tennessee, who is as sound a Member of the House as there is—is there any question of inflation involved in this bill?

Mr. COOPER. Absolutely not. There is nothing of the kind. The Ways and Means Committee has considered the matter thoroughly at two different times and unanimously reported it, and this is the first time the question of inflation has ever been raised. We have 10 members of the minority on our committee, who are as diligent and as able men as there are in this House. They certainly would not want to

see any inflationary measure presented here. There is nothing of that kind involved in this bill.

Mr. WOLCOTT. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield.

Mr. WOLCOTT. What is the objection to limiting this to thirty-three billion if that is well within the amount of refunding operations?

Mr. COOPER. I will answer the gentleman.

Mr. WOLCOTT. Will the gentleman explain, in connection with that, why we put the limitation in there in the first place if it was not to prevent inflation?

Mr. COOPER. We did not do it. The Senate did it and assigned no reason for it that I know of. We are asking here to do again just what we had to do last year.

Mr. WOLCOTT. Why did the Congress put the limitation in originally if it was not to prevent inflation? The gentleman, of course, knows that.

Mr. COOPER. I certainly do not know it, and the gentleman from Michigan does not know it either. You read me one line of evidence from the hearings or from the record to justify your position which you are taking here today.

Mr. WOLCOTT. All right. Why was the limitation put

in there? The gentleman has not answered that.

Mr. COOPER. I regret I must decline to yield further, as my time is limited. There is nothing whatever to justify the position taken by the gentleman here; not one line of the record, not one line of evidence to justify any such position as that, and the gentleman cannot cite anything of that kind.

Mr. WOLCOTT. I can if the gentleman will yield to me. Mr. COOPER. You have spoken twice on the bill and you have not done it yet.

Mr. McCORMACK. Will the gentleman yield to me?

Mr. COOPER. I yield.

Mr. McCORMACK. This bill in its operation applies only to evidences of indebtedness. It has nothing at all to do with the issuance of currency.

Mr. COOPER. That is absolutely true.

Mr. WOLCOTT. Mr. Chairman, will the gentleman yield?
Mr. COOPER. I am sorry I cannot yield to the gentleman all the time I have when he has spoken twice already.

The President has authority now and has had it since 1933 to provide for the issuance of \$3,000,000,000 in currency under the Thomas amendment to the Agricultural Act, and he has never used that authority. He has never indicated that he wanted to involve this country in inflation.

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

BOND LIMIT

Mr. PATMAN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, in regard to this bill being inflationary, if the bond limit should be reached and it is not extended, the President would be compelled to use his authority under the Thomas amendment referred to by the gentleman from Tennessee [Mr. Cooper] that was in the Agricultural Act approved May 12, 1933.

SO-CALLED GREENBACK AMENDMENT

The so-called greenback amendment that is in the Agricultural Adjustment Act of May 12, 1933, which was sponsored by United States Senator Elmer Thomas, of Oklahoma, is as follows:

(1) To direct the Secretary of the Treasury to cause to be issued in such amount or amounts as he may from time to time order United States notes, as provided in the act entitled "An act to authorize the issue of United States notes and for the redemption of funding thereof and for funding the floating debt of the United States", approved February 25, 1862, and acts supplementary thereto and amendatory thereof, in the same size and of similar color to the Federal Reserve notes heretofore issued and in denominations of \$1, \$5, \$10, \$20, \$50, \$100, \$500, \$1,000, and \$10,000; but notes issued under this subsection shall be issued only for the purpose of meeting maturing Federal obligations to repay sums borrowed by the United States and for purchasing United States: Provided, That when any such notes are used for such purpose, the bond or other obligation so acquired or taken up shall be retired

and canceled. Such notes shall be issued at such times and in such amounts as the President may approve but the aggregate amount of such notes outstanding at any time shall not exceed \$3,000,000,000. There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, an amount sufficient to enable the Secretary of the Treasury to retire and cancel 4 per centum annually of such outstanding notes, and the Secretary of the Treasury is hereby directed to retire and cancel annually 4 per centum of such outstanding notes. Such notes and all other coins and currencies heretofore or hereafter coined or issued by or under the authority of the United States shall be legal tender for all debts public and private.

This Thomas amendment provides that the President may issue \$3,000,000,000 in United States notes. It is an expansion of the act of February 25, 1862. Under that act of 1862 the Government has outstanding today \$346,000,000 in United States notes, and \$156,000,000 in gold is set aside as a reserve to secure those notes. If this bond limit is not raised, when the time comes the President will be compelled to issue these United States notes.

Personally I am not afraid of the issuance of those notes. I think the administration has been deflationary and overcautious rather than tending toward inflation or expansion. I think it has gone too much that way myself. For instance, in 1936, when the veterans were paid on June 15, the country was going back, and I believe there was sufficient money in circulation to put the country back, but the Federal Reserve Board did not agree. They raised the reserve requirements of banks and plowed under or destroyed more than \$3,000,000,000 worth of potential credit and potential currency. Not only that, it sterilized a lot of the gold that came into the country. In other words, the brakes were put on so quickly, so suddenly, and so effectively that it destroyed the good influence of the distribution of that large sum of money to the veterans. So instead of the administration being inflationary, I think it has been very much the other way. Certainly the President has not indicated that he was in favor of inflation.

Therefore, instead of it being inflation and extending beyond the limit, it will probably force inflation to the extent of \$3,000,000,000 if the bond limit is not raised, if there is demand for it.

[Here the gavel fell.]

Mr. FISH. Mr. Chairman-

The CHAIRMAN. For what purpose does the gentleman from New York rise?

Mr. FISH. I wish to be recognized to speak on the amendment.

The CHAIRMAN. The gentleman rises in opposition to the pro forma amendment.

Mr. FISH. Mr. Chairman, I am not very much opposed to the amendment, but I feel that the amendment is unnecessary. I believe that the gentleman from Tennessee is correct, that this is permissive legislation. The Treasury Department is asking this in order to facilitate their borrowing. The tragedy of this—in order to show a little partisanship once in a while [laughter]—the tragedy of it is that the administration has no financial policy except to pile deficit upon deficit, debt upon debt, by borrowing additional billions, or issuing billions of additional tax-exempt securities. That is their only financial policy.

So they come to us and ask this permissive legislation. I am fearful that we have got to give it to them because they cannot raise money in any other way. They do not dare raise money in any other way. They do not dare do away with these tax-exempt securities. They are asking this because it is the only way they can raise money—through issuing more billions of tax-exempt securities.

Mr. WOLCOTT. Mr. Chairman, will the gentleman yield?

Mr. FISH. I yield.

Mr. WOLCOTT. I may say to the gentleman from New York that if he is interested in exempting further issues of securities from taxation it would, in my opinion, be germane to offer such an amendment to this bill as a limitation against the bond issues that may occur under it.

Mr. FISH. Will the gentleman offer that amendment?

Mr. WOLCOTT. No; I will not support it.

Mr. FISH. I think it is not germane to the bill, so I will not offer it.

This is merely permissive legislation. I believe this will cost the Government a little more. Long-time financing through bond issues always costs more, because the interest rate is higher—something like 3 percent instead of the one-half or three-quarters of 1 percent, whatever it is, on short-term notes. So while the proposal will cost a little more because of long-time financing, yet we have got to go along with it. It seems to me the purpose of this particular bill is to get permission to increase the long-term bonded indebtedness which is necessary because the New Deal is otherwise financially bankrupt. It may add to our expenses; nevertheless, the administration has no other means of getting money.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. FISH. I yield.

Mr. McCORMACK. I think the gentleman will agree that it is best to have long-term financing. I am not talking about the present administration; I am talking generally. When short-term indebtedness becomes too great in amount, it should be converted into long-term bonds.

Mr. FISH. I would agree thoroughly with the gentleman if those bonds were tax-exempt; but if these bonds were not tax-exempt you could not sell them to the public.

Mr. McCORMACK. I am not talking about their being

Mr. FISH. I am; but I am not opposing this bill. I am opposed to the amendment offered by my colleague. I think the amendment is not justified in view of the fact that the specific purpose of this bill is merely permissive; granting permission to issue more long-term bonds. The Treasury Department cannot go above the \$45,000,000,000 debt limit. I am not recommending this as a proper way of financing, but the New Deal cannot raise money in any other way. I am sorry, however, to see that these bonds will be tax-exempt. They will have to be tax-exempt securities, because you could not sell them to the public otherwise.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. FISH. I yield.

Mr. McCORMACK. I think the tax-exemption question is being demagogued upon more than any question I have heard. Mr. FISH. Would not the gentleman like to do away with it himself?

Mr. McCORMACK. I am not so sure, because when you vote to remove it from bonds of the Federal Government you have got to remove it from bonds of States and municipalities. This means \$113,000,000 a year to the States. Does the gentleman favor that?

Mr. FISH. I would do away with all tax-exempt securities. Tax exemption is an utterly vicious thing.

Mr. McCORMACK. I am glad the gentleman once has risen to the heights of statesmanship.

Mr. FISH. I am glad I have at least once. That is better than the gentleman has done himself.

Mr. DOUGHTON. Mr. Chairman, will the gentleman yield?

Mr. FISH. I yield.

Mr. DOUGHTON. Does the gentleman not know it to be a fact that the President has sent two messages to Congress affirmatively recommending that tax-exempt securities be done away with?

Mr. FISH. But the President was perfectly well aware in advance that that would not even be reported out of committee, or he would never have sent the message, because if he got what he asked for there would be no way of financing the New Deal expenditures.

Mr. DOUGHTON. That is one thing that I know the President is insisting be given consideration.

Mr. FISH. I do not believe he means a word of it. [Ap-lause.]

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I ask unanimous consent that all debate on the pending amendment close in 5 minutes. The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. SMITH of Ohio. Mr. Chairman, repeatedly Members of the House, as well as others on the outside, are telling us of the exceedingly low interest rates that are being paid by the Government on its borrowed money. They point to this fact approvingly and apparently with considerable pride. Evidently they look upon it not only as a desideratum which is of service in an emergency, but actually representing a truly healthy state of the Federal finances.

Certainly the slightest reflection should convince us that the exceedingly low interest rates which the Government is paying indicate neither a desirability nor a healthy state of the finances. Though I, myself, as well as others, have repeatedly pointed out to this House the reasons for these abnormally low interest rates under the ominous national financial picture that confronts us, I believe the facts relating to this matter can neither be too often stressed or repeated.

These interest rates, which are the lowest in the history of our country, are so for the simple reason that the industry of our Nation is also depressed to an extent never before experienced. Though deposits in banks increased about \$12,000,000,000 from 1932 to 1938, commercial loans decreased during the same period of time about two billions. The capital-investment market, as is well known, is practically moribund. The demand for commercial loans and new capital being perhaps the lowest in the history of our country, why should interest rates not also be the lowest?

There is another phase of this financial picture which should throw considerable light on this question. It is well known that during periods of currency inflation the demand for commercial loans and new capital is always low. Though the Government is not engaged at the present in printing money in the sense of actually inflating the currency in circulation by its method of financing its deficit, it is creating bank-credit money. There is in our banks at present no less than \$15,000,000,000 of such flat credit. When it is reflected that the Government obligations are not actually sold to the banks and paid for out of the savings of the people, but that they are merely allocated to the banks where they are set up as deposits, it should readily be seen that here is a powerful factor that makes for diminishing interest rates.

Taking these stated facts into consideration, together with the still more important truth that it is impossible today to write a value clause into any contract in terms of the standard unit of value, which also is an unusual experience in this country, one can hardly look upon the lowest interest rates with any feeling of satisfaction or pride. Indeed, this state of affairs instead of being something we should boast about, is a thing which should give us most serious concern. Instead of reflecting a healthy state of our finance, it does the opposite. Interest rates are the lowest in the history of our Nation because confidence is the lowest in our history.

Mr. SHORT. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Ohio. I yield.

Mr. SHORT. Is not cheap money and low interest rates always and invariably a sure sign of sick industry and unhealthy finance?

Mr. SMITH of Ohio. Certainly.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan.

The question was taken; and on a division (demanded by Mr. Wolcott) there were—ayes 40, noes 74.

So the amendment was rejected.

Mr. SCHAFER of Wisconsin. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. Schafer of Wisconsin: In line 8, after the word "time", insert "and shall not be tax exempt."

Mr. COOPER. Mr. Chairman, I make a point of order | against the amendment.

The CHAIRMAN. The gentleman will state his point of

Mr. COOPER. Mr. Chairman, I make a point of order against the amendment on the ground it is not germane to the bill now under consideration, and in the form offered would not be germane to the act that is here sought to be amended.

Mr. SCHAFER of Wisconsin. Mr. Chairman, I would like to be heard on the point of order.

The CHAIRMAN. The Chair will hear the gentleman. Mr. SCHAFER of Wisconsin. Mr. Chairman, I am somewhat surprised to find a New Deal leader making a point of order that my amendment is not germane. This amendment is interwoven with and relates to the subject of Federal financing covered by the pending bill. The President of the United States sent two messages to Congress asking the Congress to enact legislation which would prohibit the Government from issuing tax-exempt bonds. He also asked for this legislation during a number of his radio fireside chats. In my humble way I am trying to follow the advice of the President of the United States, although the Members on his side of the House have run out on him. This amendment is germane, as it is a limitation, and it will give the New Deal an opportunity to act as well as talk about the necessity of ending the Government tax-exempt bond racket.

The CHAIRMAN. The Chair is ready to rule.

This very question was decided by the Chairman of the Committee of the Whole on January 25, 1935. Therefore, under the precedents the Chair is constrained to rule that the amendment is not germane, and sustains the point of order raised by the gentleman from Tennessee [Mr. Cooper].

Mr. SCHAFER of Wisconsin. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I intend to vote against this bill if for no other reason than on the question of economy. I was somewhat surprised and astounded to find the leaders of the New Deal making a point of order against my amendment which carried out the request of the President of the United States as expressed in several messages which he sent to the Congress and in a number of his radio fireside chats. Why do you new dealers talk in favor of abolishing Government taxexempt bonds and then oppose my amendment which will do

that very thing? Mr. PATRICK. Will the gentleman yield?

Mr. SCHAFER of Wisconsin. I do not yield because my time is limited.

Mr. PATRICK. I know that.

Mr. SCHAFER of Wisconsin. Mr. Chairman, the President last night indicated that we should not worry about the great increase in our national debt because that debt was held by Americans and would be paid off by Americans to Americans. Certainly the rank and file, the great masses of our working men and women of America-industrial and agricultural-and their children unto the third and fourth generations, will sweat and toil to produce the tax dollars to pay the principal of this Roosevelt New Deal staggering national debt and the annual stupendous interest payments thereon. The payments will go to another class of people, such as our multimillionaire New Deal leaders-President Roosevelt, Owen D. Young, Jimmy Cromwell, Harold Ickes, Jim Farley, Lehman Bros., Vincent Astor, Mr. Roosevelt's right-hand man; Barney Baruch, Cudahy, Bullitt, Taussig, Goldwyn, Doherty, Bloom, Swope, Filene, Gimbel, Kirstein, Sarnoff, Stern, Straus, Berry, McAdoo, Guffey, Davies, Kaufman, Eugene Meyer, Sumner Welles-and members of the international munitions house of Du Pont, which was recently joined in the holy bonds of matrimony with the international banking house of Franklin Delano Roosevelt, and so forth.

I could continue to name multimillionaire New Deal associates of our multimillionaire New Deal President until the sun sank in the west tonight. However, I only have 5 minutes so that I will have to give you the names of the rest at a later date.

Mr. Chairman, the proponents of this bill have told us that it will not increase the national-debt limit one penny, that the bill merely provides for an increase of the limitation in the amount of long-term bonds which may be outstanding and a decrease in limitation of the amount of the shortterm other obligations.

The gentleman from Illinois [Mr. SABATH], indicated that the short-term obligations can be sold in America by the Treasury at an interest rate of six-tenths of 1 percent. From the standpoint of economy, when Uncle Sam can borrow billions of dollars at an interest rate of six-tenths of 1 percent, it is absurd to pass this bill and pay the international money changers 3-, 4-, or 5-percent interest.

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, in view of the action of the committee in respect to the amendment limiting the issuance of long-term obligations to \$33,000,000,000, if given an opportunity I will offer a motion to recommit this bill to the Ways and Means Committee without any recommendation. I think it is apparent from the debate here today that much more consideration should be given to this question than has been given it either by the Ways and Means Committee or by the House today. Surely there can be no objection to having this matter referred to a committee which is competent to take the subject and analyze it fully in light of the debate which we have carried on today. The only purpose in offering the motion to recommit is in order that the Members of the House who have spoken against the bill may have an opportunity to clarify these issues before a standing committee of the House.

If I am given the opportunity to offer this motion to recommit, I hope it will prevail; and I shall offer it without any feeling that the motion is against the principles of the bill or against the merits of the bill, but merely in order that under orderly practice and procedure we may be given an opportunity to give further consideration to a subject which is as important as any bill we have considered on the floor during this session.

Mr. CRAWFORD. Will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Michigan. Mr. CRAWFORD. I have been trying to get the floor to ask one question in connection with a matter raised by the gentleman from Massachusetts [Mr. McCormack] about long-term bonds. If the long-term bonds are to be held primarily by the banks and the bank portfolios, and the banks are then not able to convert the long terms into currency upon immediate demand, is it not true it will be a dangerous thing if a major portion of the debt is in the form of long-term bonds?

Mr. WOLCOTT. Yes.

Mr. CRAWFORD. While, on the other hand, if the debt is primarily not long-term bonds, and is held primarily by people outside the banks, then it would not be necessary to have the bonds convertible into currency on immediate notice, the people thereby carrying the major burden.

Mr. WOLCOTT. I believe the gentleman has stated the matter correctly. We must bear in mind that Government spending or the creation of long-term Government obligations is always immediately inflationary. Whether you like to admit it or not, that is true, because those bonds are used as the basis for inflation. They are ultimately deflationary because when they become due we have got to pay them and that draws money and credit from the market which would otherwise be used for expansion.

Mr. PATMAN. Mr. Chairman, will the gentleman yield for a question?

Mr. WOLCOTT. I yield to the gentleman from Texas. Mr. PATMAN. Why should there be a danger, considering the question brought up by the gentleman from Michigan, when the banks have now more than \$14,000,000,000 in Government bonds that they can immediately convert into money and issue \$6 to \$1 on every dollar?

Mr. WOLCOTT. I think the gentleman put his thumb right on the question when he said that we could use the

power granted to the President to issue currency instead of issuing these obligations. I have not always agreed with the gentleman in that respect. That is why I am here today stating there is a danger of inflation by the expansion of the currency base. But the gentleman has made out just about as good a case as anyone could in that respect by stating that if this bill is passed then it might force the President to use the power to issue currency instead of issuing short-term obligations. That is one reason why I would like this bill sent back to the Ways and Means Committee so that the gentleman from Texas, the gentleman from Michigan [Mr. CRAWFORD], and I, and all the rest of us here who have spoken on this question-the whole country is involved-may have an opportunity to go before the committee and thrash this thing out and find out if we have been under a delusion all these years with respect to Government credit and Government finance.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Michigan. Mr. CRAWFORD. If I am correctly informed, when Germany started their spin of the wheel they sold government obligations to the banks and the banks instead of handling the matter as we do in this country issued currency in exchange for the bonds. In this country our banks issue credit to the Treasury of the United States for the bonds. If the gentleman can, I wish he would enlighten us on that just a little bit and draw a comparison between what is going on in this country and what it is likely to end up in, and the German situation.

Mr. WOLCOTT. I am fearful that by passing this bill in its present form, we are giving encouragement to a situation in the United States, comparable to that which impelled inflation in post-war Germany. That resulted, as we all know, in the destruction of almost all private wealth in Germany.

[Here the gavel fell.]

Mr. McCORMACK. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I want to state briefly the position of the President, as I understand it, on tax-exempt securities. I do not believe it is fair for Members to rise here and even in good faith close their eyes to the truth, a truth which is apparent to all of us, and to make statements which do not reflect the position of the President. The implication is made in the argument today that because we do not subject Federal Government bonds to the income-tax laws of the Federal Government and the several States the President is inconsistent in his position. That is as far away from the truth as anything I can conceive. The President has recommended that all bonds. Federal, State, and municipal, be subject to the income-tax laws of the Federal Government and the State governments and has made this recommendation in two different messages. Presidents of the past, Republican Presidents, have made the same recommendation.

Mr. O'CONNOR. Mr. Chairman, will the gentleman vield?

Mr. McCORMACK. I yield to the gentleman from Montana.

Mr. O'CONNOR. Is it not a fact that the President does not recommend placing a tax on tax-exempt securities but does recommend that the income from all bonds be taxed?

Mr. McCORMACK. Of course, the President's recommendation is that the interest be subject to the income-tax laws of the Federal Government and the States, that is, the interest on all bonds, Federal, State, and municipal.

Mr. MICHENER. Mr. Chairman, will the gentleman yield? Mr. McCORMACK. I yield to the gentleman from Mich-

Mr. MICHENER. The gentleman is stating the position of the President?

Mr. McCORMACK. I am stating my understanding of his

Mr. MICHENER. Yes. Well, I think it is wrong. I am a member of the Committee on the Judiciary. Shortly after one of these messages came up to which the gentleman has referred, our committee was going to give consideration to a constitutional amendment. That was before the last decision, which might have clarified the matter.

Mr. McCORMACK. The gentleman has stated that what I said was wrong. Just prove where what I said was wrong.

Mr. MICHENER. I am going to show it.

Mr. McCORMACK. I challenge the gentleman's statement. I address myself to that. Wherein is my statement wrong that the President's message was with reference to subjecting the interest on all bonds, Federal, State, and municipal, to the income-tax laws of the Federal Government and the States?

Mr. MICHENER. That is not the part of the gentleman's statement that is wrong.

Mr. McCORMACK. Where is it wrong? Mr. MICHENER. If the gentleman will permit me, I will try to show him.

Mr. McCORMACK. I am anxious; the gentleman is taking my time.

Mr. MICHENER. I will withdraw if I am embarrassing the gentleman.

Mr. McCORMACK. Just do not make a speech.

Mr. MICHENER. If the gentleman will permit me to answer, I was stating that shortly after the President's message came up here our committee attempted to give consideration to the problem and do what the President asked the Congress

Mr. McCORMACK. That was last year.

Mr. MICHENER. After we had set the day for the hearing we were called off, so to speak, and never did hold a hearing. I believe it was generally understood by everybody that this was because it would interfere with financing by the Government. Nothing was done and nothing has been done to this very day to accomplish what the President asked be done, although the committee was ready and willing to do

Mr. McCORMACK. Is the gentleman through with my time? Nothing that the gentleman has stated, certainly, is inconsistent with what I said, when the gentleman says I am wrong and predicates his statement-

Mr. MICHENER. Oh, the gentleman is always right.

Mr. McCORMACK. I thank the gentleman for the compliment, but the gentleman is inconsistent. Only a moment ago he said the gentleman from Massachusetts was wrong. The gentleman from Massachusetts cannot be wrong 2 minutes ago and always right now.

Mr. MICHENER. I withdraw it, then.

Mr. McCORMACK. I just want to say that the President's suggestion is to subject to tax the interest on the bonds of both State and Federal Governments. Certainly few of us would subject the interest on the Federal Government bonds to the State income tax laws and let the interest on the State and municipal bonds be tax exempt. That has been the position of the President consistently.

Mr. COOPER. Mr. Chairman, will the gentleman yield? Mr. McCORMACK. I yield to the gentleman from Tennessee.

Mr. COOPER. The gentleman from Michigan must be in error, because the two messages to which the gentleman from Massachusetts has referred were referred to the Committee on Ways and Means and are pending there. They are not before the Committee on the Judiciary.

Mr. MICHENER. That was the very purpose and the only way the purpose could be accomplished was by a constitutional amendment and that was the matter that was before the Judiciary Committee, but we were not permitted to proceed.

Mr. McCORMACK. In that respect, I have no controversy with the gentleman. A constitutional amendment, of course, would go to the Committee on the Judiciary; and if legislation was to be enacted, that would go to the Ways and Means Committee; but the President has always been consistent in his position that the interest on all such bonds-Federal, State, and local-should be taxed. I make this statement in view of the incorrect statements made this

afternoon by some of our Republican colleagues, and in order that the record will be clear.

[Here the gavel fell.]

The pro forma amendment was withdrawn.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose and the Speaker having resumed the chair, Mr. GAVAGAN, Chairman of the Committee of the Whole House on the state of the Union, reported that the Committee having had under consideration the bill (H. R. 5748) to amend the Second Liberty Bond Act, as amended, pursuant to House Resolution 200, he reported the same back to the House.

The SPEAKER. Under the rule the previous question is ordered.

The question is on the engrossment and third reading of

The bill was ordered to be engrossed, read a third time, and was read the third time.

Mr. WOLCOTT. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. WOLCOTT. I am, Mr. Speaker. The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. Wolcott moves to recommit the bill to the Committee on Ways and Means.

Mr. COOPER. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the motion to recommit.

The question was taken; and on a division (demanded by Mr. Wolcott), there were—ayes 54, noes 136.

So the motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

The question was taken and the bill was passed, and a motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. COOPER. Mr. Speaker, I ask unanimous consent that all Members who have spoken on the bill may have five legislative days in which to revise and extend their own remarks.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. TREADWAY. Mr. Speaker, in connection with a revision and extension of my remarks I ask unanimous consent to include an article appearing in the Evening Star of today on this subject matter.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. PARSONS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein an article that appeared in the Sunday Post under the pen of Florence S. Kerr.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. MARTIN of Massachusetts. Mr. Speaker, I ask unanimous consent that on tomorrow, after the legislative program of the day and following any previous special order heretofore entered, the gentleman from Michigan [Mr. CRAW-FORD], may address the House for 20 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. PATMAN. Mr. Speaker, I ask unanimous consent that I may have 20 minutes on Thursday next instead of the 30 minutes granted me today.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include certain excerpts in connection with the remarks I made today.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

NATIONAL HOUSING ACT AMENDMENTS, 1939

Mr. RAYBURN. Mr. Speaker, I trust the Members who desire recognition to extend their remarks will wait for a few moments. It is desired on the part of the gentleman from Alabama [Mr. STEAGALL] to call up a conference report upon the bill (H. R. 5324) to amend the National Housing Act. I understand it is not controversial and that we may dispose of it in a few minutes.

Mr. LUCE. Mr. Speaker, I trust the gentleman will not press that motion. It is 5 o'clock. The conference report in question is controversial and will take time for discussion.

Mr. RAYBURN. Mr. Speaker, I understood the bill we just had under consideration was reported unanimously from the committee and was not controversial and would be disposed of in 30 or 40 minutes. I have been told today many times that this conference report is not controversial. If it is controversial, I suggest to the gentleman from Alabama [Mr. STEAGALL] that it go over. It must go over until Thursday next, if it is not taken up today.

Mr. STEAGALL. If it will accommodate the gentleman from Massachusetts [Mr. Luce] and Members of the House, we will not endeavor to dispose of the conference report today. I had understood that the gentleman from Missouri [Mr. WILLIAMS] desired a brief time in which to discuss the report, and that there would not be opposition to the adoption of the report. I had understood that he voiced the views of those who are opposed to one of the provisions of the bill which has been amended and worked out in conference. If the gentleman from Massachusetts desires to discuss the bill at length, I shall not insist upon going ahead with the conference report this afternoon, but will let the matter go over until Thursday next.

ORDER OF BUSINESS

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent that at the conclusion of the proceedings on the conference report just referred to on Thursday next that it may be in order for the Committee on Claims to call up omnibus claims bills.

The SPEAKER. Is there objection? There was no objection.

EXTENSION OF REMARKS

Mr. MARTIN J. KENNEDY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein a short article from the New York Times of Monday, May 22, by Anna O'Hare McCormick, on the question of the battle of diplomats.

The SPEAKER. Is there objection?

There was no objection.

Mr. ENGEL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD by including an article written by me and published in the New York Journal-

The SPEAKER. Is there objection?

There was no objection.

Mr. RANDOLPH. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include certain editorial comments in connection with the new pick-up service in air mail.

The SPEAKER. Is there objection?

There was no objection.

Mr. MICHAEL J. KENNEDY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the Businessman and the President.

The SPEAKER. Is there objection?

There was no objection.

BARGAIN BASEMENT

Mr. OLIVER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD at this point.

The SPEAKER. Is there objection?

There was no objection.

Mr. OLIVER. Mr. Speaker, as the merchant which he claimed to be last evening before the American Retail Federation, President Roosevelt certainly needs a bargain annex where he might dispose of his greatly worn and second-hand merchandise.

For example, among other items, he could most consistently place on his bargain counter and advertise "for sale" very cheaply:

(1) A repudiated A. A. A. scarcity farm program, with its parity price "bustline."

(2) A discarded and defective N. R. A.

(3) A gold-buying policy most leaky in its beneficence toward foreign nations.

(4) A fiscal policy full of holes.

- (5) An outmoded and inadequate monetary policy.
- (6) A completely run-down-at-the-heel abundance policy.

(7) An overswollen public debt.

(8) A moth-eaten unemployment paradox.

- (9) An economic program devoted to fine objectives but utterly fantastic, wholly crackpot, and completely indefensible in its evolution.
- (10) A cloak of labeled liberalism which should find ready sale in a bargain basement for its junk value as the most outstanding illustration of wholesale political hocus-pocus ever foisted upon the American public.

SUGAR ACREAGE

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record at this point.

The SPEAKER. Is there objection?

There was no objection.

Mr. O'CONNOR. Mr. Speaker and Members of the House, I have placed on the Speaker's desk a discharge petition to bring Senate bill 69, known as the Ellender sugar-acreage bill, out of committee and before the House for consideration and a vote.

The bill was referred to the House Committee on Agriculture on March 24, where it was shelved despite continuous efforts on the part of Congressmen from sugar-producing States to appear before the committee in behalf of the bill.

The Ellender bill provides for an increase in the sugar acreage in the United States by 80,000 to 100,000 acres and would wipe out one of the most obvious shortcomings in our agriculture picture today. In brief, the bill would allow domestic growers to produce more than 30 percent of the sugar necessary to meet domestic consumption.

The Committee on Agriculture pigeonholed the bill in the face of a purported threat of Presidential veto. However, the President of the United States is explicitly given the power of Presidential veto. It is a power to be used at the proper time; namely, when the bill is presented to him for his signature or rejection.

However, it should not be the practice of Members of Congress to waylay legislation even though threatened by Presidential veto. It is the duty of this Congress to enact measures which it believes to be of the greatest benefit to the people of the United States. By no means should a threatened Presidential veto cause a committee of the House to place legislation in a lethal chamber.

We have been told that the enactment of the Ellender sugar-acreage bill would be a serious threat to the future of the policy of improved relationships among the American republics.

I believe in the good-neighbor policy. It is an idealistic procedure. But I do not believe in order to carry out that policy that we must give our good neighbors our clothes so that we have only a shirt in our economic wardrobe.

We must first be concerned with good neighbors within our own country. I do not believe that we must place people on relief, place them on the streets, in order that we may carry out our program of peace in the Western Hemisphere.

In the first place, the curtailment of domestic beet and cane acreage is not a sound business practice in view of

the fact that we supply less than one-third of the amount of sugar we annually consume. It would be ruinous for any private business to operate on such a basis. It is likewise ruinous to our sugar-beet and cane interests if the Government continues curtailment along present lines.

Statistical data and reports placed in the Congressional Record on May 18 by Senator O'Mahoney, of Wyoming, point out clearly that the factor of improved relationships among the American republics in the present sugar program is ill founded. Our good neighbors do not profit from our curtailment, but rather the New York, New Jersey, and Canadian corporations which own the refineries in Cuba, Hawaii, Puerto Rico, and other countries.

Ernest H. Gruening, head of the territorial division of the Department of the Interior, testified before the Appropriations Committee of the Senate during consideration of the second deficiency bill this session, that 2 years ago the largest Puerto Rico sugar benefit payment went to the Royal Bank in Canada, and the next largest payment went to the National City Bank of New York.

For years, the phrase, "The American market reserved for the American farmer," has been written into the national platforms of both the Democratic and Republican Parties. The Democratic platform of 1936 states:

We favor the production of all the market will absorb, both at home and abroad * * *.

I cite the plank from the Democratic platform because we members of the Democratic Party are in power and the responsibility of running the Government is ours,

Today, I ask every Member of this House who believes in the benefits provided in the sugar-acreage bill to sign the discharge petition immediately. For both Republicans and Democrats, the signing of this petition is merely the application of our party principles. More than that, it is the application of our sound belief that the American market should be reserved for the American farmer. It is nothing short of good government.

It has been 128 years since John C. Calhoun, then a Member of the United States House of Representatives, said on the floor: "Protection and patriotism are reciprocal."

Any permanent government must give protection, full protection, to its people, if that government expects patriotism from its people. Calhoun's words are particularly applicable in our consideration of the sugar-acreage measure. We must spare no pains in giving our farmers, as well as every other class of persons, full protection. After a government has provided that protection, patriotism will be its reward.

THIRD TERM FOR PRESIDENT

Mr. CULKIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record at this point and to print therewith a letter from Thomas Jefferson to the Legislature of Vermont.

The SPEAKER. Is there objection?

There was no objection.

Mr. CULKIN. Mr. Speaker, the Honorable Joseph B. Shannon, of Missouri, is a profound student of the life, writings, and principles of Thomas Jefferson. In the selection of material for the erection of the Jefferson Memorial bids were submitted for Vermont and Georgia marble. Some discussion ensued as to the sentimental value of these two marbles, both very beautiful, for use in the erection of the majestic memorial arising to Jefferson on the Tidal Basin. This discussion ended happily by the selection of Vermont Imperial Danby marble for the exterior of the monument and the Georgia white for the interior. Both of these marbles are exquisite in coloring and blend harmoniously. In the course of the discussion the gentleman from Missouri [Mr. SHANNON] called my attention to the fact that the Legislature of Vermont, at the close of Jefferson's second term, addressed a memorial to him requesting that he run for a third term. Mr. Shannon also calls attention to the fact that in 1800 Vermont elected the Sage of Monticello to the Presidency over Aaron Burr. He has kindly furnished me with a copy of Jefferson's reply to the Legislature of Vermont. It will be noted that Jefferson hails the principle set by Washington that no

man should have more than two terms in the Presidency. Jefferson characterizes Washington's position as a "sound precedent set by an illustrious predecessor." The communication is of special value as it establishes the propriety of using, in part at least, Vermont marble in the construction of the glorious memorial designed by the late John Russell Pope. The communication follows:

WASHINGTON, December 10, 1807.

To the Legislature of Vermont:

To the Legislature of Vermont:

I received in due season the address of the Legislature of Vermont, bearing date the 5th of November, 1806, in which, with their approbation of the general course of my administration, they were so good as to express their desire that I would consent to be proposed again, to the public voice, on the expiration of my present term of office. Entertaining, as I do, for the Legislature of Vermont those sentiments of high respect which would have prompted an immediate answer, I was certain, nevertheless, they would approve a delay which had for its object to avoid a premature agitation of the public mind, on a subject so interesting as the election of a Chief Magistrate.

approve a delay which had for its object to avoid a premature agitation of the public mind, on a subject so interesting as the election of a Chief Magistrate.

That I should lay down my charge at a proper period, is as much a duty as to have borne it faithfully. If some termination to the services of the Chief Magistrate be not fixed by the Constitution, or supplied by practice, his office, nominally for years, will, in fact, become for life; and history shows how easily that degenerates into an inheritance. Believing that a representative government, responsible at short periods of election, is that which produces the greatest sum of happiness to mankind, I feel it a duty to do no act which shall essentially impair that principle; and I should unwillingly be the person who, disregarding the sound precedent set by an illustrious predecessor, should furnish the first example of prolongation beyond the second term of office.

Truth, also, requires me to add, that I am sensible of that decline which advancing years bring on; and feeling their physical, I ought not to doubt their mental effect. Happy if I am the first to perceive and to obey this admonition of nature, and to solicit a retreat from cares too great for the wearied faculties of age.

For the approbation which the Legislature of Vermont has been pleased to express of the principles the measures pursued in the management of their affairs, I am sincerely thankful; and should I be so fortunate as to carry into retirement the equal approbation and goodwill of my fellow citizens generally, it will be the comfort of my future days, and will close a service of 40 years with the only reward it ever wished.

Your obedient servant,

THOMAS JEFFERSON.

EXTENSION OF REMARKS

Mr. MARCANTONIO. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD, and to include therein an editorial in defense of the W. P. A. by a perfectly good Republican newspaper, the Boston Evening Transcript, of May 17, 1939, and also to extend my remarks and include therein a radio speech delivered by me on May 18.

The SPEAKER. Is there objection?

There was no objection.

Mr. COFFEE of Washington. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on two topics, and in the first extension to include a statement by Howard Costigan, of Seattle, Wash., and in the second extension to include a statement by the eminent marine artist, Rockwell Kent.

The SPEAKER. Is there objection to the requests of the gentleman from Washington?

There was no objection.

By unanimous consent Mr. Bender was granted permission to revise and extend his own remarks.

Mr. CRAWFORD. Mr. Speaker, I ask unanimous consent to extend my own remarks by including an editorial that appeared in yesterday's Evening Star on the Virgin Islands.

The SPEAKER. Without objection it is so ordered. There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. MARTIN of Massachusetts. Mr. Speaker, I ask unanimous consent that on Friday next, following the legislative program, the gentleman from Michigan [Mr. Engel] be allowed to speak for 20 minutes.

The SPEAKER. Is there objection? There was no objection.

THEIR MAJESTIES THE KING AND QUEEN OF GREAT BRITAIN

Mr. RAYBURN. Mr. Speaker, I call up Senate Concurrent Resolution 17 and ask unanimous consent for its present consideration.

The Clerk read as follows:

Senate Concurrent Resolution 17

Resolved by the Senate Concurrent Resolution 17
Resolved by the Senate (the House of Representatives concurring), That the two Houses of Congress shall assemble in their respective Houses on Friday, June 9, 1939, at 10:30 o'clock antemeridian, and thereafter, in recess, the Members of each House shall proceed informally to the rotunda of the Capitol at 11 o'clock antemeridian, for the purpose of welcoming Their Majesties the King and Queen of Great Britain, and the members of their party, on the occasion of their visit to the Capitol, and at the conclusion of such ceremonies the two Houses shall reassemble in their respective Chambers spective Chambers.

That a joint committee consisting of three Members of the Senate, to be appointed by the President of the Senate, and three Members of the House of Representatives, to be appointed by the Speaker of the House, is hereby authorized to make the necessary arrangements for carrying out the purpose of this concurrent

resolution.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

RESIGNATION FROM COMMITTEE

The SPEAKER. The Chair lays before the House the following resignation from committee:

Hon. WILLIAM B. BANKHEAD,
Speaker of the House, Washington, D. C.
MY DEAR MR. SPEAKER: I hereby offer my resignation as a member of the Committee on Irrigation and Reclamation. Very truly yours,

KENT E. KELLER.

MAY 22, 1939.

The SPEAKER. Without objection, the resignation is accepted.

There was no objection.

LEAVE OF ABSENCE

By unanimous consent leave of absence was granted to Mr. Leland M. Ford for 4 days on account of illness.

The SPEAKER. Under special order of the House heretofore made the gentleman from Minnesota [Mr. ALEXANDER] is entitled to be recognized for 20 minutes.

SHALL WE INVESTIGATE THE PHILIPPINE SITUATION?

Mr. ALEXANDER. Mr. Speaker, in view of the lateness of the hour, I ask unanimous consent to extend my own remarks in the RECORD at this point.

The SPEAKER. Is there objection?

There was no objection.

Mr. ALEXANDER. Mr. Speaker, whether to withdraw immediately from our sovereignty and control of the Philippines, or to apply remedial measures to the situation rapidly developing there, so we may safely carry out the terms of the Philippine Independence Act of 1934 without jeopardizing our own peace, briefly stated, is the objective sought to be developed by the investigation of the Philippine situation proposed by my Resolution No. 198 which I introduced May 19.

Due to the highly inflammable situation which has been rapidly developing in the Far East during the past 2 years with the Japanese aggression there, trouble might break out for us at any moment. In fact, in my opinion, there is much more danger to us in the Orient, and of our being involved in war there, than in Europe. That being evident, I have made a very detailed study of the problem and offer my resolution in order to bring the facts of the matter forcibly to the attention of the House and of the people of the United States who are interested in preserving peace whether in Europe or in Asia.

I have been greatly encouraged, since the introduction of the resolution, by receiving letters, wires, cablegrams, and newspaper articles commending me for my proposal and

offering aid and assistance in developing the information which will be needful if we are to institute a valuable and worth-while investigation. The first letter is typical of the others. It comes from a former Army officer now residing in Philadelphia, and is as follows:

I read in tonight's Philadelphia Evening Bulletin that you request an investigation of pro-Japanese activities of President Manuel Quezon of the Philippines. Having been a resident of the islands from 1899 to 1933, I am thoroughly familiar with affairs over there, knowing their language and having been in close contact with the governing classes. You should also include the Vice President, Sergio Osmena, who made several trips to Japan and was instrumental in the sale of lands on the island of Mindanao, to the Japs.

If I can be of any service to you, just call me.

The Washington Post on May 19, in a feature article, also discusses another angle of the problem—the desire on the part of President Quezon to start emasculating the newly framed and recently adopted Philippine Constitution. The article in a very capable manner describes the subtle movement now going on to throw out the constitutional provision prohibiting more than one 6-year term for the island president. As the article describes, an attempt is now being made so that Quezon can succeed himself, thus creating a complete dictatorship by perpetual holding of the office of president. The article is as follows:

> [From the Washington Post of May 19, 1939] NEW TERM FOR QUEZON (By Vicente Albano Pacis) THE PHILIPPINE REELECTION PROBLEM

It seems that after several years of quiet agitation for the reelection of President Manual L. Quezon, of the Philippine Commonwealth, in spite of the categorical prohibition of the Philippine Constitution, Philippine public opinion has been so crystallized that the matter is ready for presentation to Washington, where refusal to have the constitution amended will readily appear as an unmitigated act of thumbing down the Filipino people.

The boom for Mr. Quezon's reelection started soon after the inauguration of the Commonwealth, but Quezon himself threw cold water on it when he announced that he was not a candidate to succeed himself. It was almost definitely squelched when reports, never authoritatively denied, reached Manila to the effect that the Washington authorities frowned upon the idea of amending the

never authoritatively defiled, reached Manila to the effect that the Washington authorities frowned upon the idea of amending the Philippine Constitution so soon, and especially for the benefit, at least apparently, of a single individual. When the reports became current in Manila, President Quezon even more categorically declared that he was not the least bit interested in another term.

At about this juncture a long-range program of expanding the Malacanan estate, the residence of the President, was started. It included the renovation and expansion of the palace, the conversion of a large area across the Pasig River into a park as part of the Presidential estate, and the construction of various outhouses, inresidential estate, and the construction of various outhouses, in-cluding the guest houses, playgrounds, and a massive garage, which at this writing is about to be completed. One day one of the political leaders with Presidential aspirations was a Malacanan luncheon guest, and, being more or less in intimate relations with the President, ventured to fish.

"Judging from the permanent improvements you are carrying out here." he remarked with a twinkle in his eyes, "it looks as if you intend to stay here very long."

The President, who holds the championship record in the islands for his ability to get out of tight spots, simply replied, "I am preparing all this for you fellows who will come after me."

The Philippine Constitution expressly prohibits the reelection of the President, but gives him a term of 6 years. This feature was pointed to at the time of the drafting of the constitution as an improvement over the American Constitution. It was explained that a chief executive invariably looks forward to a second term, and in doing so utilizes the latter half of his first term for mending his political fences. The Philippine President from politics.

Following the spirit of this prohibition, President Quezon soon

Following the spirit of this prohibition, President Quezon soon after his inauguration announced his retirement from politics. He placed himself outside of his party and refused to meddle in the election held 2 years after his inauguration for Provincial and municipal officials. When, late last year, the election for members of the assembly was held, however, he openly participated in the campaign on the excuse that he was interested in getting a legislative body that would cooperate with the executive. In effect, a 100-percent Quezon assembly was elected.

Since the assembly has always been called a Quezon assembly, its

leaders, Speaker Yulo and Floor Leader Paredes, have announced that it will not take the complete initiative to amend the constitution. The constitution provides that it may be amended by the assembly or by a constituent convention called by the assembly for the purpose, the proposed amendment in either case to be approved or disapproved at a referendum to take place during a regular elec-tion. The only general election to take place before the Presidential term expires is that for provincial and municipal officials in 1940. Before then the convention must be called and the amendment proposed. It is predicted that the proposed amendments will eventually multiply to include the establishment of a senate, thus also discarding the unicameralism which, at the time the President of the United States was to act on the constitution, was also pointed out as one more improvement over other constitutions.

Arguments for President Quezon's reelection are that the people demand it generally; that the years 1942-48 will be the most critical period of the Commonwealth, since the American export taxes will be applied on Philippine products; that the constitutional prohibi-tion is a sort of "squinting" provision, meant more for the period of the republic, since it provides for 6-year terms, whereas the remaining Commonwealth term is only for 4 years; that Quezon is admittedly the best Filipino leader and must therefore be mustered in when the country cannot afford to take chances. The open and systematic campaign for Quezon's reelection was started by Messrs. Yule and Paredes and the DMHM newspapers, a syndicate friendly

Arguments advanced against Quezon's reelection are that to do so would be to admit that the Filipinos lack tried and experienced leaders; that to amend the constitution for Quezon would be to predicate such a fundamental popular act on a single person; that to do so would be to interrupt the development of Philippine constitutionalism; that it will constitute a bad and dangerous precedent, giving a President a means to perpetuate himself in power.

It is the situation described in the above article that moves the editor of the monthly magazine, the Philippine American Advocate to ask:

Why worry about Hitler and Mussolini when we have Quezon * * under the American flag?

Two years ago an account was published of Quezon's visit to Hitler in Germany. In 1939 he is the guest of Japan at a state banquet.

A ranking Republican Member of the House Committee on Insular Affairs, Representative Crawford of Michigan, has already told us that economic and racial understandings were steadily "leading to Japanese control of the Philippines."

The Philippine anti-Fascist organization warns us of a now pending danger that the Philippines are "coming under the savage heel of Japanese militarism."

The Far East correspondents of both the New York Times and the New York Herald Tribune have repeatedly warned us of conditions that demand the prompt attention of Congress.

Can this country in honor to its own flag let the Philippine problem drift-and make the conquest of this people easy?

We are greatly concerned over the Japanese aggression in Manchuria and China. Our daily mail with our newspapers, magazines, and periodicals are all full of articles denouncing Japan. Our pulpits and public platforms have been the spot from which much burning oratory has emanated during the past 2 years demanding action against Japan. We are already applying measures of coercion and punishment because of our disapproval of the action of this aggressor in China. But we little realize that similar action as far as taking over the country, its business, and governmental activities has been taking place under our very eyes in the Philippines. We have no more than a friendly and a business interest in China. In the Philippines we are much more vitally and personally interested. We are the government there. It is still our dependency. It is an integral part of the United States. And still we are almost ready to go to war over the situation in China, a foreign land, while we let Japan take over the territorial possessions of the United States. The disclosures which I anticipate will be developed in this proposed investigation will show startling facts and details of this situation.

I think we need to approach this task in the sense of not only a businesslike investigation, but also of the value and benefit such an activity can be in the promotion of our more complete undertaking and education in the part this eastern situation has, not only in relation to our American ideals and government, but also to the welfare and safety of the Philippine people themselves. I believe I voice the desire of this Congress and of the American people when I say that. want to solve the Philippine problem in fairness to all. We want to solve it just as we wish with fairness and justice to solve our domestic problems.

EUROPEAN MESS INVOLVES ORIENT

We all know Europe is in a mess as pointed out in my address here May 9, entitled, "The Only Road to Peace." We are jittery about the highly inflammable situation there. And well may we be! I do not mean we will be directly involved there. I do not believe we will be drawn into another European War, as I pointed out in my interview last week with the Hearst press. But the minute this thing breaks in Europe, Japan will start pushing her objectives much more rapidly in the Orient. Not only will the attempt be made to completely subjugate China, but the International settlement at Shanghai will be obliterated, as recent Japanese activities indicate; Hongkong will be next in line, then Singapore, as I pointed out on February 22, in my remarks on the Guam problem; then the Dutch East Indies and the American Philippines. It may take 2 years. I doubt if it will take longer for these developments.

WHAT WILL THEN BE OUR PROBLEM?

It will be to determine whether to surrender to the Japanese and their intense ambition to promote their ideals, and ways of life, of culture, and religion, or whether to take America's traditional stand against aggression and against the fallacious theory that might makes right. In either event and whatever our decision may be, it is important that we act now before such a dilemma confronts us, before we are faced with a crisis, when sound reason and cool logic will be thrown out the window by the forces of hate, greed, self-ishness, and passion, aroused under the strain of such a conflict as I have visualized.

M'NUTT SUGGESTS INVESTIGATION

America's great and good citizen, the present High Commissioner to the Philippines, Paul V. McNutt, former National Commander of the American Legion, knew this when he said recently, I quote: "Without too great a loss of time and with the cooperation of the leaders among the Filipinos, we should proceed to a realistic reexamination of the needs of these people, and of the long-range interest of ourselves. The enduring welfare and safety of both countries are the paramount consideration."

I said a moment ago it is important that we make an immediate decision as to our future there, after careful public investigation of the problem; for, whether we surrender to Japan or whether we stand our ground, this determination, it seems to me, is highly important. If we are to surrender, we can save our face by withdrawing now. If we are to stand our ground, there is much work of a preparatory and remedial nature needing to be done in order to prevent internal disloyalty and treachery from undermining our position, both on the part of the Japanese concentrations there as well as on the part of certain pro-Japanese and anti-American Filipino officials.

Now, there are many ramifications of this problem and its effects on the national life of this Nation. There is a great mass of good argument for immediate withdrawal from our overlordship of the islands. It is said that 95 percent of our people are for such a thing. This is undoubtedly the casenot alone because of their desire to protect and promote peace. but also because of the competition which the islands give our industry, commerce, and agriculture because of our arrangement letting their products in here duty-free. Two very important items which especially affect the welfare of my own region are sugar and hemp products, such as rope and binder twine. Our Minnesota rope and twine factory is, like all others in this country, operating about 50 percent of capacity because of this foreign competition, and is also operating at heavy annual losses. When these factories have been completely routed and put out of business because of this duty-free, cheap, oriental labor competition, then the international Rope and Binder Twine Trust, having a complete monopoly, can double the price to suit themselves and make up for present losses, thus taking another slice from our farmers' already meager income from wheat, barley, oats, rye, and such important small grains. Japanese farmers in the Philippines' richest province, Davao, now grow and sell the most of the world's best hemp.

Then, on the other side of the picture, the United States, Mr. Speaker, has a stake in the Philippines—a greater stake than in any other territorial possessions outside of the mainland of North America.

In the past 40 years our total Government investment in good government and in economic and social advancement of the Philippines is estimated at \$700,000,000. We even hold \$45,000,000 in Philippine government bonds. Are we going to surrender meekly the results of our 40-year administration to the "Machiavelli of the Orient"?

American industrial investment in the Philippines is placed at \$140,000,000. Sugar, oil, timber, chromium—are we going to deliver this American investment also to build up the war power of Japan? Shall the 16,000,000 people of the Philippines go as Manchukuo, Shanghai, Peiping, and the entire seaboard of China?

The Philippines are the seventh largest of our export markets oversea. Our total annual commerce with the people to whom \$840,000,000 of Government investment and American private capital has gone is today worth near \$200,000,000. Shall that go to Japan, as the tail goes with the hide?

We have a stake in American life and liberty in the Philippines—the lives and liberty of American citizens resident there and doing business there, teachers in the schools, workers in social uplift, workers in government and in business. The magnificent highways and other public works of that island empire are largely the product of American engineers and investors. Shall we haul down the American flag and help raise that of Japan?

That was not the spirit of the United States on May 1, 1898, when Dewey destroyed the Spanish Fleet in Manila Bay.

Mr. Speaker, we not only have a national stake in the Philippines, but we have a national duty. As all know, the Philippines, under the Independence Act of 1934—the Tydings-McDuffie Act, passed by Congress and signed by President Roosevelt March 24, 1934—are the largest territorial affiliate of the United States outside of the American Continent. Until 1946, the Philippines are under the flag and Constitution of the United States and under the administration and Congress of the United States—and lawfully entitled to our responsible sovereign protection.

Thus our stake in the Philippines bears the stamp, not only of national interest, but of national duty. It is a duty which cannot with honor or even national safety be neglected, disregarded, overlooked, or shirked. We have a duty there as we have in any other territory over which our laws and our Stars and Stripes prevail.

And that American stake in the Philippines today is threatened. It is under the menace of a foreign power, as it was in 1898, over 40 years ago. It is under the menace of a foreign power which in ruthless warfare in China during the past 2 years, after these trying months of bloody conquest, can set up no valid claim to humanitarian superiority over the rule of conquering Spain prior to 1898.

This Congress does not need to be told of the steady encroachments of the Japanese power in the Philippines during recent years. So strong is Jap influence in the Philippines today that the pro-Japanese faction cannot wait until the expiration of the Independence Act in 1946 and demands a so-called "plebiscite"—the Hitler method of controlled elections—in order to quicken the Japanese conquest of the Philippines! So the question becomes, Shall we let them have it now or wait till 1946?

There is no question, Mr. Speaker, that the Seventy-sixth Congress, representing the 130,000,000 people of the 48 States, desire, without regard to party lines, to do the fair and just thing for the people of the Philippines and the wise and honorable thing for the greatest democracy on earth.

But no one will deny that we cannot do the wise, just, and honorable thing unless we know, by impartial and first-hand investigation, what the conditions are that confront the Philippines and the United States.

The only sure way to get our factual foundation is to send there our own Representatives, hold hearings, mingle with the people, study the industrial conditions, the property and labor, the institutions and the Government, and build from the ground up an up-to-date foundation of industrial, social, political, and governmental knowledge of vital problems.

This investigation should be free and impartial. But there are three questions that will command earnest attention in view of the events of the past year and up to the present hour:

1. Is the Japanese conquest of China an all-Asia march of conquest, and does it threaten, as charged, the Philippines?

2. What is the extent of Japanese economic encroachment in the Philippines—land ownership, industrial and shipping control, and Japanese immigration—and is it the entering wedge to complete Japanese control?

3. How great is the extent of Japanese influence over the present government of the Philippines, the executive and legislative power, the appointment of Japanese-minded administrators, the Japanese power over the political machine and the electorate? How long would it be after American evacuation that the Philippines could maintain their independence against the Japanese conquerors of China?

It must be remembered that, although 4,000,000 Filipinos today are able to read the English language, they cannot know the truth when freedom of the press and freedom of assembly is under the control of a Jap-minded governmental machine.

What do they understand of the trend now in progress, if their chief contact with it is through pro-Jap interests and influences? The smooth policy of fooling the people by smiling assurances has become a Japanese fine art. And the Japs favor a new plebiscite. They are "for the people" against the United States of America.

The Japs demand for the Philippines a plebiscite—the Hitler reform program—first, to hasten the hour when America no longer can protect Philippine territory; second, to uproot the \$840,000,000 American financial stake in the Philippines; third, to divert from the United States to Japan a commerce valued at near \$200,000,000 annually, and, furthermore, to undermine the American Government stake in \$45,000,000 invested in United States guaranteed Philippine Government bonds.

The Japs may want a plebiscite for another reason, namely, to insure Japan a complete Machiavelli dynasty over the Pacific coast of Asia. Control of all harbors and commercial ports, control of all developed western Asian resources and industries, control of mineral resources, food resources, and, above all, control of an enslaved Filipino working population—such as Japan has visited upon their subjects, both in Korea and in Manchukuo and now in China.

It is highly significant that the old warrior for Philippine independence—Gen. Emilio Aguinaldo—is opposed to holding the plebiscite. Head of the Veterans of the Philippine Revolution, a leader as true to Philippine liberty as George Washington to the American cause—Aguinaldo wired the United States Senate Committee on Territories and Insular Affairs, March 15:

We strongly protest against a new plebiscite. The conditions in the Far East do not alter the stand of the Filipinos for independence.

What "conditions in the Far East" did General Aguinaldo have in mind? The answer is plain. The war of Japanese conquest, which lacks only one important post to make Pacific Asia a "closed shop" with complete embargo against entrance of any civilized country into the commerce and enlightened development of the 600,000,000 souls in eastern Asia.

All that Japan now needs to perfect its "encirclement" is the control of the Philippines. Its "closed shop" would then be an accomplished fact. Shall the Seventy-sixth Congress, by closing its eyes, give Japan its "closed shop" by neglect to inform itself of the "conditions" now apparent to such patriots as General Aguinaldo?

There is yet another stake which the United States holds in the Philippines—and that is the safety of the Pacific coast of North America.

If our western territorial frontier—the Philippine Archipelago—is taken over by Japan and bulwarked as a Jap foundation for control of the Pacific, what is the status of Hawaii, of all other American possessions in the Pacific, and what of the safety of our Pacific States on the mainland?

With the Philippines in possession of the Jap military power, and all west of Hawaii commanded by Jap battle-ships, the Pacific Fleet of the United States is relegated to a very humble and restricted field subject to the military will of Japan. If we by neglect permit this thing to happen to the Philippines, what becomes of American prestige on the Pacific?

Lincoln said: "This country cannot endure half slave and half free." Were he alive today he might well say: "American prestige in the Pacific cannot exist half Jap and the rest half-breed."

If the Hitler-Mussolini "axis" is extended to the Japanese dominions in Asia, and even to the Japanese foundation in future control of the Philippines, our entire Pacific coast, from Alaska down, will be subject to future invasion.

Had not Thomas Jefferson secured control of the great empire of the Central West, through the Louisiana Purchase, the United States had no security against the day when British control of the Mississippi from the Gulf to the Great Lakes would endanger the existence of the Republic.

In Jefferson's day the Mississippi country was our western frontier. Today that frontier has moved westward. Shall we, by negligence, leave the gate unlocked for Japanese power to make successful entry here?

The appropriation suggested for this survey by Congress is \$100,000. That happens to be an expense of \$1 for each \$450 we have invested in Philippine Government bonds, and \$1 for each \$8,400 we have invested altogether in the Philippines. Simply as a matter of "dirt cheap" insurance, without regard to national interests involved which are great, as I will point out later in more detail, our survey should not be delayed.

We cannot let matters drift and then plead ignorance when the coup is sprung. Neglect of national duty is no "appeasement" in dealing with the "Machiavelli of the Pacific". The time would seem to be at hand. Otherwise General Aguinaldo would not have cabled Congress—"We protest."

He wants no "plebiscite," because he knows present conditions in the "Far East." It is up to Congress to know those conditions, even as Aguinaldo knows them. His stake is freedom for the Philippines. Our stake is freedom for the Pacific and safety for the United States of America.

Our weakest place as a nation charged with protection of life and liberty in the Western Hemisphere is undoubtedly in the Philippines—almost under the guns of Japanese battleships—6,000 miles west of San Francisco.

Oliver Wendell Holmes told us in the old poem, the "One-Hoss Shay", that the way to fix the weakest place was to "make it as strong as the rest." At least, we should take a look at it, that we may not find it missing.

When Filipino leaders call upon Congress, and, in the name of liberty, ask us to preserve what is left of freedom in the Philippines, the time would seem to be ripe to act. Had the signers of the Declaration of Independence, July 4, 1776, delayed action another year, what would have happened to American history?

LEAVE OF ABSENCE

Mr. ALEXANDER. Mr. Speaker, I ask unanimous consent to absent myself from attendance on the House of Representatives until June 2.

The SPEAKER. Without objection, the request will be granted.

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. ALEXANDER. Mr. Speaker, I ask unanimous consent that I may address the House for 15 minutes on Thursday, June 2, after disposition of the legislative program for that day.

The SPEAKER. Without objection, it is so ordered. There was no objection.

SENATE BILLS AND JOINT RESOLUTIONS REFERRED

Bills and joint resolutions of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 72. An act to amend the act entitled, "An act conferring jurisdiction upon the United States Court of Claims to hear, examine, adjudicate, and render judgment on any and all claims which the Ute Indians or any tribe or band thereof may have against the United States, and for other purposes," approved June 28, 1938; to the Committee on Indian Affairs.

S. 182. An act for the relief of Edward Hagenson; to the Committee on Claims.

S. 188. An act to provide for the administration of the United States courts, and for other purposes; to the Committee on the Judiciary.

S. 438. An act to repeal and reenact section 83 of the Judicial Code, as amended, relating to Federal court districts in the State of Kentucky; to the Committee on the Judiciary.

S. 608. An act to authorize the Secretary of War to furnish certain markers for certain graves; to the Committee on Military Affairs.

S. 648. An act for the relief of Francis Gerrity; to the Committee on Military Affairs.

S. 688. An act for the relief of Homer N. Horine; to the Committee on Military Affairs.

S. 839. An act to amend the Retirement Act of April 23, 1904: to the Committee on Military Affairs.

S. 860. An act authorizing the President to present a Distinguished Service Medal to Harold R. Wood; to the Committee on Naval Affairs.

S. 871. An act for the relief of James T. Moore; to the Committee on Military Affairs.

S. 949. An act for the relief of Robert Clyde Scott; to the Committee on Military Affairs.

S. 955. An act creating the City of Dubuque Bridge Commission and authorizing said commission and its successors to purchase and/or construct, maintain, and operate a bridge or bridges across the Mississippi River at or near Dubuque, Iowa, and East Dubuque, Ill.; to the Committee on Interstate and Foreign Commerce.

S.1069. An act for the relief of George Edelman; to the Committee on Military Affairs.

S. 1081. An act for the relief of John B. Jones; to the Committee on War Claims.

S. 1116. An act to amend section 1860 of the Revised Statutes, as amended (48 U. S. C. 1460), to permit retired officers and enlisted men of the Army, Navy, Marine Corps, and Coast Guard to hold civil office in any Territory of the United States: to the Committee on Naval Affairs.

S. 1118. An act to provide for acceptance and cashing of Government pay checks of retired naval personnel and members of the Naval and Marine Corps Reserves by commissary stores and ship's stores ashore, located outside the continental limits of the United States; to the Committee on Naval Affairs.

S.1165. An act for the relief of Fred M. Munn; to the Committee on Military Affairs.

S. 1181. An act to provide for the status of warrant officers and of enlisted men of the Regular Army who serve as commissioned officers; to the Committee on Military Affairs.

S. 1225. An act for the relief of August R. Lundstrom; to the Committee on Military Affairs.

S. 1666. An act to provide a right-of-way across the Fort Mifflin Military Reservation, Pa.; to the Committee on Military Affairs.

S. 1669. An act relating to the military record of Irving L. Leafe; to the Committee on Military Affairs.

S. 1683. An act to amend the act of June 7, 1935 (49 Stat. 332), and for other purposes; to the Committee on Military Affairs.

S. 1820. An act to provide for the transfer of certain land owned by the United States to the State of Texas; and certain other land to the county of Galveston, Tex.; to the Committee on Military Affairs.

S. 1821. An act for the relief of Harry K. Snyder; to the

Committee on Claims.

S. 1856. An act conferring jurisdiction upon the United States District Court for the District of Rhode Island to hear, determine, and render judgment upon the claim of George Lancellotta; to the Committee on Claims.

S.1874. An act to amend the criminal code in regard to obtaining money by false pretenses on the high seas; to the

Committee on the Judiciary.

S. 1879. An act to amend the United States mining laws applicable to the area known as the watershed of the headwaters of the Bonito River in the Lincoln National Forest within the State of New Mexico; to the Committee on Mines and Mining.

S.1894. An act for the relief of Ivan Charles Grace; to the Committee on Claims.

S. 1895. An act for the relief of Maria Enriquez, Crisanta, Anselmo, Agustin, and Irineo de los Reyes; to the Committee on Claims.

S. 1901. An act to extend to Sgt. Maj. Leonard E. Browning, United States Marine Corps, the benefits of the act of May 7, 1932, providing highest World War rank to retired enlisted men; to the Committee on Naval Affairs.

S. 1904. An act relating to age requirements for persons in the classified civil service; to the Committee on the Civil Service.

S. 1907. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River, at or near Poplar, Mont.; to the Committee on Interstate and Foreign Commerce.

S. 1942. An act for the relief of the legal representative of Anna Barbara Kosick, deceased; to the Committee on Claims.

S. 1964. An act to amend section 5136 of the Revised Statutes, as amended, to authorize charitable contributions by national banking associations; to the Committee on Banking and Currency.

S. 2082. An act for the relief of Hugh A. Smith; to the Committee on Claims.

S. 2096. An act to amend section 4a of the act entitled "An act for making further and more effectual provision for the national defense, and for other purposes," approved June 3, 1916, as amended; to the Committee on Military Affairs.

S. 2163. An act to authorize an appropriation to meet such expenses as the President, in his discretion, may deem necessary to enable the United States to cooperate with the Republic of Panama in completing the construction of a national highway between Chorrera and Rio Hato, Republic of Panama, for defense purposes; to the Committee on Military Affairs.

S. 2170. An act to improve the efficiency of the Lighthouse Service, and for other purposes; to the Committee on Merchant Marine and Fisheries.

S. 2183. An act authorizing the President of the United States to appoint Sgt. Alvin C. York as a colonel in the United States Army and then place him on the retired list; to the Committee on Military Affairs.

S. J. Res. 126. Joint resolution to amend the act to authorize alterations and repairs to certain naval vessels, and for other purposes, approved April 20, 1939; to the Committee on Naval Affairs.

S. J. Res. 138. Joint resolution providing that reorganization plans Nos. I and II shall take effect on July 1, 1939; to the Select Committee on Government Organization.

SENATE ENROLLED BILLS SIGNED

The Speaker announced his signature to enrolled bills of the Senate of the following titles:

S. 1579. An act to extend the time during which orders and marketing agreements under the Agricultural Adjustment Act, as amended, may be applicable to hops.

S. 1583. An act to amend the act of March 2, 1929 (45 Stat. 1492), entitled "An act to establish load lines for American vessels, and for other purposes."

ADJOURNMENT

Mr. RAYBURN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 10 minutes p. m.) the House adjourned until tomorrow, Wednesday, May 24, 1939, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON THE POST OFFICE AND POST ROADS

The Committee on the Post Office and Post Roads will continue to hold public hearings on Wednesday, May 24, 1939, at 10 a.m., for the consideration of H. R. 3835, a bill to authorize the Post Office Department to cooperate with the several States in the collection of State taxes.

COMMITTEE ON LABOR

The Committee on Labor will hold a hearing in the caucus room of the House Office Building, at 10 a.m. Wednesday, May 24, 1939, for the consideration of proposed amendments to the National Labor Relations Act.

COMMITTEE ON INDIAN AFFAIRS

The Committee on Indian Affairs will hold hearings on Wednesday next, May 24, 1939, at 10:30 a.m., for the consideration of H. R. 2390, H. R. 3797, H. R. 5002, H. R. 5409, H. R. 5451, and House Joint Resolution 117.

COMMITTEE ON PUBLIC BUILDINGS AND GROUNDS

There will be a meeting of the Committee on Public Buildings and Grounds at 10:30 a m. on Wednesday, May 24, 1939, for the consideration of H. R. 965 and H. R. 5037.

COMMITTEE ON THE JUDICIARY

There will be a public hearing before Subcommittee No. 3 of the Committee on the Judiciary on May 24, 1939, at 10 a. m., on the bill (H. R. 2318) to divorce the businesses of production, refining, and transporting of petroleum products from that of marketing petroleum products. Room 346, House Office Building.

On May 31, 1939, beginning at 10 a.m., there will be a public hearing before the Committee on the Judiciary on the bill (H. R. 6369) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplemental thereto; to create a Railroad Reorganization Court, and for other purposes.

COMMITTEE ON MERCHANT MARINE AND FISHERIES

The Committee on Merchant Marine and Fisheries will hold public hearings in room 219, House Office Building, at 10 a.m., on the bills and dates listed below:

On Thursday, May 25, 1939, on H. R. 4592 and H. R. 4593, relating to the whale fishery.

On Wednesday, May 31, 1939, at 10 a.m., on H. R. 4985, relating to Fishery Educational Service in Bureau of Fisheries (Caldwell); H. R. 5025, purchase and distribution of fish products (Bland); and H. R. 5681, purchase and distribution of fish products (Caldwell).

On Tuesday, June 6, 1939, on H. R. 6039, motorboat bill of 1939 (BLAND); and H. R. 6273, outboard racing motorboats (ROWEN)

On Thursday, June 8, 1939, on H. R. 5837, alien owners and officers of vessels (Kramer); and H. R. 6042, requiring numbers on undocumented vessels (Kramer).

COMMITTEE ON IMMIGRATION AND NATURALIZATION

There will be a meeting of the Committee on Immigration and Naturalization at 10:30 a.m. on Wednesday, May 24, and Thursday, May 25, 1939, for the public consideration of House Joint Resolution 168, Rogers child refugee bill, and House Joint Resolution 165, Dingell child refugee bill.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

777. A communication from the President of the United States, transmitting supplemental estimates of appropriations for the Executive Office for the fiscal year 1940 amounting to \$98,000 (H. Doc. No. 298); to the Committee on Appropriations and ordered to be printed.

778. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the Smithsonian Institution for the fiscal year 1940, amounting to \$159,000 (H. Doc. No. 299); to the Committee on Appropriations and ordered to be printed.

779. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated March 2, 1939, submitting a report, together with accompanying papers and an illustration, on reexamination of report submitted in House Document No. 306, Seventy-fourth Congress, first session, with a view to determining whether the Allegheny Reservoir, on the Allegheny River in New York and Pennsylvania, should be so constructed that it can be operated in the interests of navigation and the abatement of pollution, requested by resolution of the Committee on Rivers and Harbors, House of Representatives, adopted February 9, 1938 (H. Doc. No. 300); to the Committee on Rivers and Harbors and ordered to be printed, with an illustration.

780. A letter from the Comptroller of the Near East Relief, transmitting a report of the Near East Relief to the Congress for the year ending December 31, 1938; to the Committee on the Judiciary.

781. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the Social Security Board for the fiscal year 1940, amounting to \$20,000,000 (H. Doc. No. 301); to the Committee on Appropriations and ordered to be printed.

782. A letter from the Secretary of the Interior, transmitting the draft of a proposed bill to amend the act of August 24, 1912 (37 Stat. 460), as amended, with regard to the limitation of cost upon the construction of buildings in national parks; to the Committee on the Public Lands.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. COCHRAN: Committee on Accounts. House Resolution 199. Resolution providing compensation for a superintendent and messenger for the radio room of the House radio press gallery (Rept. No. 675). Ordered to be printed.

Mr. KITCHENS: Committee on Accounts. House Resolution 194. Resolution to authorize the payment of additional expenses of investigation authorized by House Resolution 146 (Rept. No. 676). Ordered to be printed.

Mr. JARMAN: Committee on Printing. House Concurrent Resolution 25. Concurrent resolution authorizing the printing of additional copies of the hearings held before the Committee on Ways and Means of the House on the bill entitled "Social Security Act Amendments of 1939" (Rept. No. 677). Ordered to be printed.

Mr. MOTT: Committee on Naval Affairs. H. R. 6320. A bill to establish the status of funds and employees of the United States Naval Academy laundry; with amendment (Rept. No. 678). Referred to the Committee of the Whole House on the state of the Union.

Mr. THOMASON: Committee on Military Affairs. H. R. 3945. A bill to authorize the use of War Department equipment for the Confederate Veterans' 1939 Reunion at Trinidad, Colo., August 22, 23, 24, and 25, 1939; with amendment (Rept. No. 685). Referred to the Committee of the Whole House on the state of the Union.

Mr. CROSSER: Committee on Interstate and Foreign Commerce. H. R. 5474. A bill to amend the Railroad Unemployment Insurance Act, approved June 25, 1938; with amendment (Rept. No. 686). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. McGEHEE: Committee on Claims. H. R. 1875. A bill for the relief of the Women's Board of Domestic Missions; with amendment (Rept. No. 679). Referred to the Committee of the Whole House.

Mr. MACIEJEWSKI: Committee on Claims. H. R. 2234. A bill for the relief of W. E. R. Covell; without amendment (Rept. No. 680). Referred to the Committee of the Whole

House.

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Mr. McGEHEE: Committee on Claims. H. R. 3623. A bill for the relief of Capt. Clyde E. Steele, United States Army; with amendment (Rept. No. 681). Referred to the Committee of the Whole House.

Mr. ROCKEFELLER: Committee on Claims. H. R. 4260. A bill for the relief of J. Milton Sweney; with amendment (Rept. No. 682). Referred to the Committee of the Whole House.

Mr. McGEHEE: Committee on Claims. H. R. 5114. A bill for the relief of Maria Enriquez, Crisanta, Anselmo, Agustin, and Irineo de los Reyes; with amendment (Rept. No. 683). Referred to the Committee of the Whole House.

Mr. HALL: Committee on Claims. S. 221. An act for the relief of Anthony Coniglio; with amendment (Rept. No. 684). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CLEVENGER:

H.R. 6464. A bill to authorize a preliminary examination and survey of the Auglaize, Blanchard, and Ottawa Rivers and their tributaries in the State of Ohio for flood control and soil-erosion prevention; to the Committee on Flood Control.

By Mr. CURTIS:

H. R. 6465. A bill to provide for the labeling of all imported goods as foreign goods; to the Committee on Ways and Means.

By Mr. HENDRICKS:

H. R. 6466. A bill to provide for and promote the general welfare of the United States by supplying to the people a more liberal distribution and increase of purchasing power, retiring certain citizens from gainful employment, improving and stabilizing gainful employment for other citizens, stimulating agricultural and industrial production and general business, and alleviating the hazards and insecurity of old age and unemployment; to provide a method whereby citizens shall contribute to the purchase of and receive a retirement annuity; to provide for the raising of the necessary revenue to operate a continuing plan therefor; to provide for the appropriation and expenditure of such revenue; to provide for the proper administration of this act; to provide penalties for violation of the act; and for other purposes; to the Committee on Ways and Means.

By Mr. EBERHARTER:

H.R. 6467. A bill authorizing the organization of a full regiment of colored combat troops as a part of the National Guard of the State of Pennsylvania; to the Committee on Military Affairs.

By Mr. LEMKE:

H. R. 6468. A bill to regulate interstate and foreign commerce in agricultural products; to prevent unfair competition; to provide for the orderly marketing of such products; to promote the general welfare by assuring an abundant and permanent supply of such products by securing to the producers a minimum price of not less than cost of production; and for other purposes; to the Committee on Agriculture.

By Mr. ROUTZOHN:

H. R. 6469. A bill to amend paragraph I (a) of part III of Veterans Regulation No. 1 (a), as amended, as to make certain veterans eligible for pension for permanent total non-

service-connected disability, except where due to felonious misconduct; to the Committee on World War Veterans' Legislation.

By Mr. CASEY of Massachusetts:

H. R. 6470. A bill to provide a planned program for the relief of unemployment by affording opportunities for employment upon a public-works program to persons unable to secure private employment; to the Committee on Appropriations.

By Mr. CELLER:

H. R. 6471. A bill to amend the Patent Litigation Act of March 3, 1911 (U. S. C., title 28, sec. 109); to the Committee on Patents.

By Mr. CONNERY:

H. R. 6472. A bill to abolish the United States Customs Court; to the Committee on Ways and Means.

By Mr. MAY:

H. R. 6473 (by request). A bill to facilitate certain construction work for the Army, and for other purposes; to the Committee on Military Affairs.

By Mrs. O'DAY:

H. R. 6474. A bill to promote the general welfare through the appropriation of funds to assist the States and Territories in providing more effective programs of public kindergarten or kindergarten and nursery school education; to the Committee on Education.

By Mr. PITTENGER:

H.R. 6475. A bill to authorize the city of Duluth, in the State of Minnesota, to construct a toll bridge across the St. Louis River, between the States of Minnesota and Wisconsin, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. RANDOLPH:

H. R. 6476. A bill authorizing an appropriation for the construction and equipment at Morgantown, W. Va., of research facilities for aeronautical research; to the Committee on Military Affairs.

H. R. 6477. A bill to authorize and empower the Public Utility Commission of the District of Columbia to limit the number of public vehicles to be licensed and operated as taxicabs in the District of Columbia, and to limit the number of taxicab drivers' licenses to be issued; to the Committee on the District of Columbia.

By Mr. WALTER:

H. R. 6478. A bill to amend an act entitled "An act to establish the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington, February 6, 1922, and at London, April 22, 1930, at the limits prescribed by those treaties; to authorize the construction of certain naval vessels; and for other purposes," approved March 27, 1934 (48 Stat. 505), as amended by the act of June 25, 1936 (49 Stat. 1926), and the act of April 3, 1939 (Public, No. 18, 76th Cong., 1st sess.); to the Committee on Naval Affairs.

By Mr. SULLIVAN:

H. R. 6479. A bill amending section 2857 of the Distilled Spirits Act; to the Committee on Ways and Means.

By Mr. AUGUST H. ANDRESEN:

H. R. 6480. A bill to amend the Agricultural Adjustment Act of 1933; to the Committee on Agriculture.

By Mr. KIRWAN:

H. R. 6481. A bill to authorize the conveyance of the United States Fish Hatchery property at Put in Bay, Ohio, to the State of Ohio; to the Committee on Merchant Marine and Fisheries.

By Mr. NICHOLS:

H. R. 6482. A bill to amend the Agricultural Adjustment Act of 1938, as amended, for the purpose of regulating interstate and foreign commerce in cotton, providing for the orderly marketing of cotton at fair prices in interstate and foreign commerce, insuring to cotton producers a parity income from cotton based upon parity price or cost of production, whichever is higher, and for other purposes; to the Committee on Agriculture.

By Mr. SHANLEY:

H. J. Res. 301. Joint resolution to create a commission to handle the proposal of the Rumanian Government and to report back their recommendations to the Congress of the United States; to the Committee on Ways and Means.

By Mr. BYRNE of New York:

H. J. Res. 302. Joint resolution to authorize compacts or agreements between or among the States bordering on the Atlantic Ocean with respect to fishing in the territorial waters and bays and inlets of the Atlantic Ocean on which such States border, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. McLEOD:

H. Con. Res. 26. Concurrent resolution to urge that the 1944 Olympiad be held in the city of Detroit, Mich., United States of America; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CASEY of Massachusetts:

H.R. 6483. A bill for the relief of Henry J. McCann; to the Committee on Claims.

By Mr. COLE of Maryland:

H.R.6484. A bill to authorize the award of the decoration for distinguished service to George J. Frank; to the Committee on Military Affairs.

By Mr. IZAC:

H. R. 6485. A bill authorizing the President to present a Distinguished Service Cross to Capt. Delmar Byfield; to the Committee on Naval Affairs.

By Mr. JENKINS of Ohio:

H. R. 6486. A bill granting an increase of pension to Della McMasters; to the Committee on Invalid Pensions.

By Mr. JOHNSON of Indiana:

H. R. 6487. A bill granting an increase of pension to Prudence Dickinson; to the Committee on Invalid Pensions.

H. R. 6488. A bill granting a pension to Elmer G. Runyan; to the Committee on Invalid Pensions.

By Mr. JOHNSON of Illinois:

H. R. 6489. A bill to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of the Velie Motors Corporation; to the Committee on War Claims.

By Mr. KENNEDY of Maryland:

H. R. 6490 (by request). A bill for the relief of W. R. Fuchs, former disbursing clerk, Department of Agriculture; J. L. Summers, former disbursing clerk, and G. F. Allen, chief disbursing officer, Division of Disbursement, Treasury Department; to the Committee on Claims.

By Mr. KENNEDY of Maryland:

H.R. 6491 (by request). A bill for the relief of Roscoe B. Huston and Simeon F. Felarca; to the Committee on Claims.

H.R. 6492 (by request). A bill for the relief of John L. Hicks, Rural Rehabilitation Supervisor, Farm Security Administration, Department of Agriculture, Santa Rosa, N. Mex., to the Committee on Claims.

By Mr. THOMAS S. McMILLAN:

H. R. 6493. A bill for the relief of the Cape Romain Land & Improvement Co.; to the Committee on Claims.

By Mr. MAAS:

H.R. 6494. A bill for the relief of C. O. Dobra; to the Committee on Claims.

By Mr. REECE of Tennessee:

H.R. 6495. A bill for the relief of Arthur Gose; to the Committee on Claims.

By Mr. VINCENT of Kentucky:

H. R. 6496. A bill granting an increase of pension to William H. Shanklin; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3235. By Mr. BARRY: Resolution of the United Home Owners of Illinois, urging Members of Congress to sup-

port measures to liberalize the Home Owners' Loan Corporation Act; to the Committee on Banking and Currency.

3236. By Mr. BROOKS: Petition of the Louisiana convention of the Public Welfare Association, asking that National Youth Administration be made permanent; that part-time employment be given to needy young people between 18 and 25 who are unemployed and out of school and that additional funds be provided for young people in school and college between the ages of 16 and 25; to the Committee on Ways and Means.

3237. By Mr. CONNERY: Resolutions of the General Court of Massachusetts, memorializing Congress relative to the Jewish National Home in Palestine; to the Committee on Foreign Affairs.

3288. By Mr. CROWE: Petition of Percy C. Kemp, of Orleans, Ind., and 29 other citizens, asking for the enactment of the General Welfare Act (H. R. 5620, amended H. R. 11); to the Committee on Ways and Means.

3239. Also, petition of Josh Hankins, of Orleans, Ind., and 29 other citizens, asking for the enactment of the General Welfare Act (H. R. 5620, amended H. R. 11); to the Committee on Ways and Means.

3240. Also, petition of George Griggs, of Orleans, Ind., and 29 other citizens, asking for the enactment of the General Welfare Act (H. R. 5620, amended H. R. 11); to the Committee on Ways and Means.

3241. Also, petition of Loyd Elmore, of Orleans, Ind., and 11 other citizens, asking for the enactment of the General Welfare Act (H. R. 5620, amended H. R. 11); to the Committee on Ways and Means.

3242. By Mr. CULLEN: Petition of the executive committee of Typographical Union, No. 6, endorsing Senate bill 591 and urging Congress to speedily adopt said measure; to the Committee on Banking and Currency.

3243. By Mr. CURLEY: Resolution of the New York Typographical Union, No. 6, endorsing Senate bill 591, amending the United States Housing Act; to the Committee on Banking and Currency.

3244. By Mr. CURTIS: Petition of the Legislature of Nebraska, relative to freight rates on grain; to the Committee on Interstate and Foreign Commerce.

3245. By Mr. DURHAM: Resolution from Greensboro (N. C.) Branch, American League for Peace and Democracy, on support Senator Key Pittman's Senate Resolution 123 on embargo of all materials of war to Japan; to the Committee on Foreign Affairs.

3246. By Mr. ENGLEBRIGHT: Senate Joint Resolution No. 16, relative to the enacting of legislation affecting the rail-road industry; to the Committee on Ways and Means.

3247. By Mr. HART: Petition of the women's organization for the American Merchant Marine, Inc., suggesting and recommending qualifications for representatives for employees in collective bargaining; to the Committee on Labor.

3248. By Mr. HOPE: Petition of Edwin Simpson and 82 others, of Hutchinson, Kans., urging the enactment of House bill 5620, the General Welfare Act; to the Committee on Ways and Means.

3249. By Mr. MARTIN J. KENNEDY: Petition of Edwin Franko Goldman, of New York City, urging support of Senate bill 1306 and House bill 3840; to the Committee on Military Affairs.

3250. Also, petition of Walter Damrosch, of New York City, urging support of Senate bill 1306 and House bill 3840; to the Committee on Military Affairs.

3251. By Mr. KEOGH: Petition of the New York Joint Council of the United Office and Professional Workers of America, New York City, favoring appropriations for Works Progress Administration to provide a minimum of 3,000,000 jobs throughout the Nation; to the Committee on Appropriations.

3252. Also, petition of the Council of Affiliated Railroad Crafts, New Orleans, La., with reference to Public Works Administration or Reconstruction Finance Corporation money. Will not be loaned or granted where it will be used to destroy private pay rolls; to the Committee on Banking and Currency.

3253. Also, petition of the New York Typographical Union, No. 6, New York City, favoring the passage of Senate bill 591, amending the United States Housing Act of 1937; to the Com-

mittee on Banking and Currency.

3254. By Mr. LEAVY: Petitions of the Board of Commissioners of Ferry County and the Commercial Club of Republic, Wash., alleging that withdrawal of a portion of the Colville Indian Reservation from mineral entry has been in effect sufficient time to demonstrate its detrimental effects upon the mining industry by prohibiting the investment of available capital in this restricted area and thus retarding development and progress; that the county is thereby deprived of needed revenues, and urging legislation to permit the reopening of the reservation to mineral locations for the mutual benefit of white and Indian residents alike; to the Committee on Indian Affairs.

3255. By Mr. POAGE: Petition of Mrs. M. Andrews and 512 other citizens of Waco, Tex., asking for an investigation of the Works Progress Administration at Waco, Tex.; to the

Committee on Ways and Means.

3256. By Mr. RICH: Petition of citizens of Roulette, Pa., favoring the passage of House bill 2 and Senate Resolution 3; to the Committee on Ways and Means.

3257. Also, petition of citizens of Coudersport, Pa., favoring the passage of House bill 2 and Senate Resolution 3; to the Committee on Ways and Means.

3258. By Mr. SCHIFFLER: Petition of Mrs. L. H. McConnell, of the First Congressional District of West Virginia, urging that we be kept out of foreign alliances, intrigues, and entanglements as George Washington wisely admonished us to do; to the Committee on Foreign Affairs.

3259. By Mr. WELCH: Petition of the faculty and student body of Notre Dame College, South Euclid, Ohio, urging the enactment of a neutrality act which will prevent the United States of America from being entangled in any way with any European power whatsoever for any purpose whatsoever; to the Committee on Foreign Affairs.

3260. Also, Senate Joint Resolution No. 25 of the California State Legislature, relative to the development of the harbor at Crescent City, Calif.; to the Committee on Rivers and Harbors.

3261. By the SPEAKER: Petition of Club Rotario De Mayaguez, Puerto Rico, petitioning consideration of their resolution with reference to establishing a Pan American university in Puerto Rico; to the Committee on Insular Affairs.

3262. Also, petition of the United Home Owners of Illinois, Chicago, Ill., petitioning consideration of their resolution with reference to House bill 5019 or House bill 1640, concerning the Home Owners' Loan Act; to the Committee on Banking and Currency.

3263. By Mr. CULKIN: Petition of the faculty and students of Notre Dame College, 128, urging the enactment of a neutrality act which will prevent the United States of America from being entangled in any way with any European power whatsoever for any purpose whatsoever; to the Committee on Foreign Affairs.

SENATE

WEDNESDAY, MAY 24, 1939

(Legislative day of Friday, May 19, 1939)

The Senate met at 12 o'clock meridian, on the expiration

of the recess.

The Chaplain, Rev. Z@Barney T. Phillips, D. D., offered the following prayer:

Master of men, serene Son of God, in whose hands alone are the keys of self-knowledge and self-mastery, control us with the majesty of Thy calm that faith and perfect trust in Thee may supplant our fear and our disquietude as we look out upon our world today. Thou, O Christ, hast given to the facts of human life divine significance, with personal instinct regnant everywhere; help us, therefore, to bring such character to our work as shall transmit truth to men,

that, gathering the light that lies above the stars, we may lay it in clear, soft rays upon their daily life so that they may not be in darkness.

O Thou whose voice becalmed the troubled waters in the long ago, abide with our brave sons imperiled in the deep and direct with the spirit of wisdom the appointed means of rescue, that they may speedily be restored to their dear ones who keep love's holy vigil and for whom are the constant prayers and sympathy of a united people. In Thy name we ask it. Amen.

THE JOURNAL

On request of Mr. Barkley, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day, Tuesday, May 23, 1939, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. MINTON. I suggest the absence of a quorum.
The VICE PRESIDENT. The clerk will call the roll.
The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Danaher	Johnson, Colo.	Pittman
Andrews	Davis	King	Radcliffe
Ashurst	Donahey	La Follette	Reed
Austin	Downey	Lee	Schwartz
Bailey	Ellender	Lodge	Sheppard
Bankhead	Frazier	Logan	Shipstead
Barbour	George	Lucas	Slattery
Barkley	Gerry	Lundeen	Smathers
Bone	Gibson	McCarran	Stewart
Borah	Gillette	McKellar	Taft
Bridges	Green	McNary	Thomas, Okla.
Brown	Guffey	Maloney	Thomas, Utah
Bulow	Gurney	Mead	Tobey
Burke	Hale	Miller	Townsend
Byrd	Harrison	Minton	Truman
Byrnes	Hayden	Murray	Tydings
Capper	Herring	Neely	Vandenberg
Caraway	Hill	Norris	Van Nuys
Chavez	Holman	Nye	Wagner
Clark, Idaho	Holt	O'Mahoney	Walsh
Clark, Mo.	Hughes	Overton	Wheeler
Connally	Johnson, Calif.	Pepper	White

Mr. MINTON. I announce that the Senator from South Carolina [Mr. Smith] is detained from the Senate because of illness in his family.

The Senator from New Mexico [Mr. HATCH] is absent on official business for the Committee on the Judiciary.

The Senator from Mississippi [Mr. Bileo], the Senator from Virginia [Mr. Glass], the Senator from North Carolina [Mr. Reynolds], and the Senator from Georgia [Mr. Russell] are detained on important public business.

The Senator from Washington [Mr. Schwellenbach] is unavoidably detained.

The VICE PRESIDENT. Eighty-eight Senators have answered to their names. A quorum is present.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Calloway, one of its reading clerks, announced that the House had passed a bill (H. R. 5748) to amend the Second Liberty Bond Act, as amended, in which it requested the concurrence of the Senate.

The message also announced that the House had agreed to the following concurrent resolution (H. Con. Res. 25), in which it requested the concurrence of the Senate:

Resolved by the House of Representatives (the Senate concurring), That, in accordance with paragraph 3, section 2, of the Printing Act, approved March 1, 1907, the Committee on Ways and Means of the House of Representatives be, and is hereby, authorized and empowered to have printed for its use 5,000 additional copies of the hearings held before said committee during the current session on the bill entitled "Social Security Act Amendments of 1939."

The message further announced that the House had agreed to the concurrent resolution (S. Con. Res. 17), as follows:

Resolved by the Senate (the House of Representatives concurring), That the two Houses of Congress shall assemble in their respective Houses on Friday, June 9, 1939, at 10:30 o'clock a. m., and thereafter, in recess, the Members of each House shall proceed informally to the rotunda of the Capitol at 11 o'clock a. m., for the purpose of welcoming Their Majesties the King and Queen of Great Britain, and the members of their party, on the occasion of their visit to the Capitol, and at the conclusion of such ceremonies the two Houses shall reassemble in their respective Chambers.

That a joint committee consisting of three Members of the Senate, to be appointed by the President of the Senate, and three Members of the House of Representatives, to be appointed by the Speaker of the House, is hereby authorized to make the necessary arrangements for carrying out the purposes of this concurrent resolution.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 1096. An act to amend the Agricultural Marketing Agreement Act of 1937, as amended, to make its provisions applicable to apples produced in the States of Washington, Oregon, and Idaho:

S. 1579. An act to extend the time during which orders and marketing agreements under the Agricultural Adjustment Act, as amended, may be applicable to hops;

S. 1583. An act to amend the act of March 2, 1929 (45 Stat. 1492), entitled "An act to establish load lines for American vessels, and for other purposes";

H.R. 199. An act to amend section 10 (b), (c), and (d) of the act of June 26, 1884, as amended (U.S.C., 1934 edition, title 46, sec. 599), relative to the allotment of wages by seamen:

H. R. 1301. An act for the relief of John J. Trimble;

H. R. 1774. An act to authorize the transfer to the State of Minnesota of the Fort Snelling Bridge at Fort Snelling,

H. R. 1782. An act to amend section 4335 of the Revised Statutes of the United States, relative to change of masters

H. R. 1784. An act to amend section 4498 of the Revised Statutes of the United States, as amended, relative to the renewal of licenses of vessels;

H. R. 1786. An act to amend section 4325 of the Revised Statutes of the United States, as amended, relative to renewal of licenses of vessels;

H. R. 2067. An act for the relief of the Atlas Powder Co.; H. R. 2378. An act to prohibit the exportation of tobacco seed and plants, except for experimental purposes;

H. R. 2987. An act providing for the transfusion of blood by members and former members of the Military Establishment, and by employees of the United States Government;

H. R. 3131. An act to authorize the Secretary of War to convey certain lands owned by the United States for other lands needed in connection with the expansion of West Point Military Reservation, N. Y., and for other purposes;

H.R. 3221. An act to authorize the Secretary of War to provide for the sale of aviation supplies and services to aircraft operated by foreign military and air attachés accredited to the United States, and for other purposes;

H. R. 3593. An act authorizing and directing the Secretary of War to execute an easement deed to the city of Duluth for park, recreational, and other public purposes covering certain federally owned lands;

H.R. 3965. An act for the relief of Charles H. Parr;

H. R. 4131. An act for the relief of Melvin Gerard Alvey H.R. 4997. An act giving the consent and approval of Congress to the Rio Grande compact signed at Santa Fe, N. Mex., on March 18, 1938;

H.R. 5076. An act to authorize further relief to water users on United States reclamation projects and on Indian reclamation projects;

H.R. 5447. An act authorizing the President to invite the States of the Union and foreign countries to participate in the International Petroleum Exposition at Tulsa, Okla., to be held May 18 to May 25, 1940;

H. R. 5501. An act authorizing the Secretary of Commerce to convey a certain tract of land to the State of Oregon for use as a public park and recreational site;

H. R. 5746. An act to provide for the correction of the list of approved Pine Ridge lost allotment claims, and for other purposes; and

H.R. 6149. An act making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1940, and for other purposes.

CONGRESSIONAL WELCOME TO THEIR MAJESTIES THE KING AND QUEEN OF GREAT BRITIAN—JOINT COMMITTEE ON ARRANGE-MENTS

The VICE PRESIDENT, under the terms of Senate Concurrent Resolution 17, providing for a welcome to Their Majesties the King and Queen of Great Britain on the occasion of their visit to the Capitol on June 9, 1939, appointed the Senator from Kentucky [Mr. Barkley], the Senator from Nevada [Mr. PITTMAN], and the Senator from Oregon [Mr. McNary] members, on the part of the Senate, of the joint committee authorized to make the necessary arrangements for carrying out the purpose of the concurrent resolution.

IMATE, CLAIMS DIVISION, DEPARTMENT OF JUSTICE (S. DOC. NO. 76) SUPPLEMENTAL ESTIMATE.

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting, pursuant to law, a supplemental estimate of appropriation, fiscal year 1940, amounting to \$29,220, for additional personnel for the Claims Division, Department of Justice, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

PROCEDURE IN THE ISSUANCE OF PATENTS

The VICE PRESIDENT laid before the Senate a letter from the Acting Secretary of Commerce, transmitting drafts of proposed legislation to effectuate certain of the recommendations which the Commissioner of Patents submitted to the Temporary National Economic Committee on January 16, 1939, in the course of its inquiry into the incidence of patents on monopoly, restraints of trade and unfair practices, which, with the accompanying papers, was referred to the Committee on Patents.

MARINE WAR-RISK INSURANCE, ETC.

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the United States Maritime Commission, transmitting a draft of proposed legislation to amend the Merchant Marine Act, 1936, as amended, to provide for marine war-risk insurance and reinsurance and for marine risk reinsurance, and for other purposes, which, with the accompanying papers, was referred to the Committee on Commerce.

REPORT OF THE NEAR EAST RELIEF

The VICE PRESIDENT laid before the Senate a letter from the comptroller of the Near East Relief, New York, N. Y., transmitting, pursuant to law, the annual report of that corporation for the year ended December 31, 1938, which, with the accompanying report, was referred to the Committee on Printing.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following memorial of the Legislature of Florida, which was referred to the Committee on the Library:

House Memorial 8

Memorial to the Congress of the United States requesting the Federal Government to change the name of Fort Marion National Monu-ment to Castillo de San Marcos National Monument, the latter name being more indicative of the historical name and significance of the ancient fortification

Whereas Fort Marion National Monument was built by the Spanish as a bulwark and defense against the English and its chief historic significance is the part it played in protecting Florida against English invasions:

Whereas Fort Marion National Monument is situate in St. Augustine, the first permanent white settlement in the United States, which is one of the few remnants left of the Spanish Empire in the Southeastern United States;

Southeastern United States;
Whereas Fort Marion National Monument carried the title of "Castillo de San Marcos" or its English equivalent, "Castle St. Marks," from 1672 to 1821, or a period of 149 years;
Whereas the name "Castillo de San Marcos" was changed to Fort Marion as late as January 7, 1825, when an order was issued from The Adjutant General's office of the United States Army that such a change be made to honor the memory of Gen. Francis Marion, Revolutionary hero of the American Colonies;
Whereas the name "Fort Marion" seems inappropriate inasmuch as the illustrious American, Gen. Francis Marion, played no part in the history of Castillo de San Marcos or of Florida, and it is extremely doubtful that he ever visited the fort;

doubtful that he ever visited the fort;

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Whereas it is somewhat ironical that the fort which now bears the name of Gen. Francis Marion was in reality headquarters for British

troops operating against Francis Marion and his command;
Whereas there is a strong agitation both in the State and in the
various parts of the United States that the incongruity of naming
a Spanish citadel after an American be remedied;

Whereas the changing of the name back to its original Spanish designation is in accord with the proposal of the St. Augustine Historical Preservation and Restoration Association, which was formed

with the intent of preserving historical structures in the city of St. Augustine and in restoring to the American people a rich heritage possessing great patriotic, educational, and inspirational values; Whereas said St. Augustine Historical Preservation and Restoration Association's program is of deep interest to the Carnegie Institution of Washington, the United States National Park Service, the St. Augustine Historical Society, and Institute of Science, the State St. Augustine Historical Society and Institute of Science, the State of Florida, the City Commission of St. Augustine, the Honorable John Merriam, former president of the Carnegie Institution of Washington, and former United States Senator Scott M. Loftin, together with many other distinguished persons, organizations, and

their associations;
Whereas such outstanding patriotic and civic clubs as Maria
Jefferson Chapter of the Daughters of the American Revolution, the
St. Augustine Chapter of the Pilot Club, the St. Augustine Kiwanis
Club, the St. Augustine Business and Professional Men's Association,

all favor the proposed change in the name of the fort;
Whereas the change in name is in keeping with the plan the city
of St. Augustine is attempting to establish, along with other abovementioned societies and associations and men, a cultural Pan-American center in the city of St. Augustine, Fla., an institution of learning, history, and the perpetuation of Pan-American culture, and is desirous of retaining original Spanish names for outstanding remains of Spanish occupations;

Whereas the City Commission of the city of St. Augustine is likewise interested in preserving the Spanish type of architecture and the Spanish names of streets and buildings in the city, and desires that the official name of the fort be changed to its original name of

Costillo de San Marcos;

Costillo de San Marcos;

Whereas the National Park Service is in possession of a petition signed by the descendants and relatives of families residing in St. Augustine prior to 1821, which requests that the fort now named Fort Marion be renamed Castillo de San Marcos, about 200 names of well-known families being contained within said petition;

Whereas the name "Castillo de San Marcos," or its English equivalents of Castle St. Mark, Fort San Marcos, is still in general use;

Whereas of all the histories pertaining to the fort, there are few, if any, that ignore the Spanish name. Some refer to it as Fort San Marcos, Castle San Marcos, or the exact Spanish of Castillo de San Marcos. A History of Florida, by Margaret Fairlie, which is the textbook used by the public schools of Florida, shows a picture of the fort which is entitled "Fort San Marcos";

Whereas the National Park Service in its signboards and informa-

Whereas the National Park Service in its signboards and information leaflets is forced to use the name "Castillo de San Marcos" in parentheses after the name "Fort Marion" to explain the change of names, for even the most casual visitor knows that the name "Fort Marion" is not Spanish;

Whereas popular guidebooks such as Kim's Guide to Florida, Harris' Guide to St. Augustine, and the Federal writers' project. Florida State Guide and Seeing St. Augustine, have not failed to include the Spanish name;

Whereas the fort has had its name changed many times in the whereas the fort has had its name changed many times in the course of its existence, being known in succession as Castillo de San Marcos, Castle St. Mark, Fort St. Mark, Fort San Marcos, and Fort Marion—hence there is ample precedent for another change of name; Whereas the resumption of the original name of Castillo de San Marcos will do much to eliminate the confusion now existing with record to the preserve page of the fort:

regard to the proper name of the fort;
Whereas it has been necessary for the Legislature of the State of
Florida to prepare and approve a memorial to Congress to effect the desired change of name, as the State of Florida has no geographic board empowered to make such a recommendation: Therefore be it

board empowered to make such a recommendation: Therefore be it Resolved by the Legislature of the State of Florida, That the present name of Fort Marion National Monument be changed to Castillo de San Marcos National Monument, as the incorporation of Castillo de San Marcos in the new name will be more indicative of the history and significance of the ancient fortification; be it further Resolved, That the Legislature of the State of Florida does herewith submit a copy of this memorial to the Congress of the United States requesting the Federal Government to authorize the changing of the name Fort Marion National Monument to Castillo de San Marcos National Monument.

Marcos National Monument.

The VICE PRESIDENT also laid before the Senate a resolution of the Council of State Governments, Chicago, Ill., favoring the enactment of legislation to provide that standard containers be used in interstate commerce (not now required by law), which was referred to the Committee on Agriculture and Forestry

He also laid before the Senate a resolution of the Washington Osteopathic Association, favoring the amendment of Senate bill 1620, the so-called national health bill, so as to preserve the freedom of choice of the physician and school of practice to persons entitled to medical care and providing osteopathic representation on Federal and State advisory councils, which was referred to the Committee on Education and Labor.

He also laid before the Senate a petition of sundry citizens of Sarasota, Fla., praying that action be taken to stop the shipment of munitions and war supplies to Japan for use in operations in China, and also making reference to other questions of foreign policy, which was referred to the Committee on Foreign Relations.

Mr. WALSH presented a telegram, signed by Harold M. Cohen, secretary, embodying a resolution adopted by the Jewish community of Brockton, Mass., in meeting assembled, protesting against abandonment on the part of the British Government of its former policy relating to the Palestine mandate with special reference to the establishment of a Jewish National Home in Palestine, which was referred to the Committee on Foreign Relations.

Mr. WALSH also presented the following resolutions of the General Court of Massachusetts, which were referred to the Committee on the Judiciary:

Resolutions memorializing Congress urging the passage of the antilynching bill, so-called

Resolved, That the General Court of Massachusetts hereby urges the Congress of the United States to pass the antilynching bill, so-

the Congress of the Officer States to pass the antilyiching bill, so-called; and be it further Resolved, That copies of these resolutions be sent forthwith by the secretary of the Commonwealth to the President of the United States, to the Presiding Officer of each branch of Congress, and to the Members thereof from this Commonwealth.

Mr. WALSH also presented the following resolutions of the General Court of Massachusetts, which were referred to the Committee on Appropriations:

Resolutions memorializing Congress in favor of the continuation of Works Progress Administration projects

Resolved, That the General Court of Massachusetts hereby urges the Congress of the United States to take such action, by legislative enactment or otherwise, as may be necessary to provide for the continuation and completion of existing Works Progress Administration projects and for the carrying out of additional projects under said administration; and be it further

Resolved, That copies of these resolutions be sent forthwith by the secretary of the Commonwealth to the President of the United States, to the Presiding Officer of each branch of Congress, and to the Members thereof from this Commonwealth.

the Members thereof from this Commonwealth.

JEWISH NATIONAL HOME IN PALESTINE

Mr. MALONEY. Mr. President, I ask unanimous consent to have printed at this point in the RECORD and appropriately referred, a communication which I have just received from hundreds of people in my State.

The statement is a plea for the assistance of the American people and officers of Government, as the signers of the statement seek to preserve the Jewish National Home in Palestine.

I am deeply in sympathy with the plight of the Jews in Palestine and with the efforts of their racial kinsfolk here. Like so many other Members of Congress, I have urged President Roosevelt and Secretary Hull, both of whom sympathize with the Jews, to do everything consistently proper and possible in an effort to relieve the anxiety and heartaches of these sad people.

There being no objection, the statement was referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, as follows:

printed in the Record, as follows:

The Honorable Francis T. Maloney,

United States Senator, Washington, D. C.

Dear Senators: We, the undersigned American citizens of Jewish descent, beg and implore you to use your good offices in defense of the continued existence of the Jewish national homeland in Palestine, which is threatened at this time by the recent White Paper issued by the British Government.

This document and the action it contemplates is tantamount to the annulment of spirit and letter of the Balfour declaration proclaimed by His Majesty's Government on November 2, 1917, and incorporated in the mandate for Palestine by the League of Nations.

This desceration of international morality is contrary to the ideals of fair play and decency which we as Americans consider to be the very core of Americanism. Coming as it does, in this critical moment of Jewish history, when hundreds of thousands of refugees wander the earth in search of a haven of refuge, this blow will mean the continued torture of innocent souls who, through no fault of their own, have been cast out of the lands of their birth and clamor for entry into their homeland, which was promised to them "of right and not on sufferance." them "of right and not on sufferance."

The arrival of the Jew in Palestine has meant untold benefits to the land and its inhabitants. In the 20 years of Jewish endeavor the country has been converted from an arid desert into a produc-

the country has been converted from an arid desert into a productive land. Modern methods of land cultivation, business, education, and sanitation have been introduced. From these the inhabitants of the land have derived a higher standard of living.

The American people and the Government of the United States have more than moral interest in this problem. The War President of the United States, Mr. Woodrow Wilson, and many other officials were consulted and were instrumental in the issuance of officials were consulted and were instrumental in the issuance of the Balfour declaration. The United States Senate unanimously adopted a resolution sanctioning the mandate for Palestine and consenting to Great Britain as the mandatory power over Palestine. In the American-British Convention signed between the two above-mentioned Governments in 1924 it was clearly understood and explicitly stated that no change is to be made in the mandate without consultation with and the consent of our Government ernment.

American participation in the formulation of the Balfour dec-laration and the mandate encouraged us to believe that these were no mere scraps of paper but the plighted word of great and noble Governments. In good faith we invested our energy and our wealth to make of a centuries-old dream a reality.

PREVENTIVE AND CURATIVE MEDICINE-LETTER FROM DR. EUGENE P. PENDERGRASS

Mr. DAVIS. Mr. President, I ask unanimous consent to have printed in the RECORD and referred to the Committee on Education and Labor an important letter which I have received from Dr. Eugene P. Pendergrass, professor of radiology in the University of Pennsylvania, Philadelphia, under date of May 23, 1939.

There being no objection, the letter was referred to the Committee on Education and Labor and ordered to be printed in the RECORD, as follows:

[Hospital of the University of Pennsylvania. Department of radiology: Henry K. Pancoast, M. D., professor; Eugene P. Pendergrass, M. D., professor. Associates: George W. Chamberlin, M. D., Philip J. Hodes, M. D.]

UNIVERSITY OF PENNSYLVANIA, Philadelphia, May 23, 1939.

Hon. JAMES J. DAVIS.

Senate Office Building, Washington, D. C.

Dear Senator Davis: I want to thank you for your letter of May 4. Since that time I have collected some data to supply you which I am sending you under separate cover. In addition, the following comments bear on the statement that "the American people are receiving all the preventive and curative medicine they

are willing to accept."

Reports by the Metropolitan Life Insurance Co. on its millions of industrial policyholders show 1938 to have been the healthiest year from a mortality standpoint of any year in the history of

this country.

Among a selected risk of able-bodied men the morbidity reports of the United States Army showed an average of 8.6 days sickness per man in 1935. In 1934 industrial employees, from sickness and accident causing disability for 1 week or more, lost only 3.9 days per man. In a survey by the United States Public Health Service among 39,000 people, 40 percent of whom were children, there were 516 cases of illness, including accidents and pregnancies, per 1,000 men, women, and children. For the same year, 1935, the Army had a record of 585 cases of illness per 1,000 officers and men.

In a census of 6,245 children between the ages of 6 months and 15 years Metropolitan Insurance Co. found but 1,496 of them protected against diphtheria. Diphtheria immunization is free Among a selected risk of able-bodied men the morbidity reports

15 years Metropolitan Insurance Co. found but 1,496 of them protected against diphtheria. Diphtheria immunization is free everywhere for those who cannot pay.

The average life span in the United States is about 62 years compared with 61 years in England, 61 in Germany before the annexation of Austria, 55 in Italy, and even less elsewhere except in the Scandinavian countries. Several Commonwealths in the United States have records fully as favorable as the Scandinavian nations, with which they compare in land area and density of nations with which they compare in land area and density of

nations with which they compare in land area and density of population.

The general death rate is lower in the United States than in any of the great powers of Europe. For 1935 the most recent year for which extensive data are available, the death rate per 1,000 population in the United States was 10.9 against 11.8 in Germany, 11.7 in England and Wales, 13.6 in Austria, 15.7 in France, and 13.9 in Italy. For 1935 the infant death rate was 56 per 1,000 births in the United States, 57 in England, 68 in Germany, 60 in France, 100 in Austria, and 101 in Italy. Sharp improvement has taken place in these rates in the United States since 1935 but evidence of similar improvement abroad is lacking. With respect to communicable diseases the United States enjoys an even greater advantage. From dibtheria, for example, the

With respect to communicable diseases the United States enjoys an even greater advantage. From diphtheria, for example, the death rate per 100,000 population in the United States in 1935 was 3.3 against a rate of 5 in France, 6.7 in Italy, 9.7 in Germany 10.1 in England and Wales, and 14.9 in Austria. The prevalence rate of diphtheria during the first 6 months of 1938 was only 9 per 100,000 people in the United States against 23 in France, 29 in Italy, 80 in England, and 85 in Germany. For tuberculosis, the mortality rates are about 56 in the United States, 72 in Germany, 76 in England and Wales, 90 in Italy, 110 in Austria, and 125 in France.

In July 1938, through the press and radio, the Medical Society of the State of New Jersey invited anyone in the State with the need of medical care and unable to obtain it to apply to the executive offices of the society. Less than 150 inquiries were received out of a population of 4,000,000; an investigation reveals that most of these were chronic neurasthenics or simply did not know how to go about securing free medical care which was already available to them.

The National Health Survey conducted last year by the United States Public Health Service revealed that among those earning \$3,000 a year or more, 17 percent of the people with disabling illnesses did not seek a doctor's care. These people could afford medical care; they didn't want it. The simple fact is that the peculiarities of our simian civilization cause people to prefer cigarettes, cosmetics, and candy to medical care, even when they need it.

Facts revealed by the study of the committee on the cost of racts revealed by the study of the committee on the cost of medical care have become so well known that they have almost lost their pungent meaning. In 1929 the American people spent \$3,656,000,000 for all forms of medical service, including those services purchased through taxes and other community funds In the same year we spent \$5,807,000,000 for tobacco, toilet articles and recreation. What better proof is there that the American people are receiving all the preventive and curative medicine they are willing to receive? are willing to receive?

Another interesting feature is that I have a practice that consists of a number of well-to-do patients, and it is surprising to note how often patients who have no trouble whatever with finances put off going to see a doctor, oftentimes until it is too

The problem, I believe, is largely one of education and not existing facilities.

Very truly yours,

EUGENE P. PENDERGRASS, M. D.

REPORTS OF COMMITTEES

Mr. LOGAN, from the Committee on Claims, to which was referred the bill (H. R. 312) for the relief of Roland P. Winstead, reported it without amendment and submitted a report (No. 468) thereon.

Mr. SMATHERS, from the Committee on Claims, to which was referred the bill (H. R. 3897) for the relief of Harry L. Smigell, reported it without amendment and submitted a report (No. 469) thereon.

Mr. HUGHES, from the Committee on Claims, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

H. R. 2926. A bill for the relief of Bernard Woodruff (Rept. No. 470): and

H. R. 3300. A bill for the relief of Grace Rouse (Rept. No. 471).

Mr. TOBEY, from the Committee on Claims, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

H. R. 2259. A bill for the relief of Stanley Mercuri (Rept. No. 472): and

H.R. 4084. A bill to provide for the reimbursement of certain personnel or former personnel of the United States Navy and United States Marine Corps for the value of personal effects destroyed as a result of a fire at the Marine Barracks, Quantico, Va., on October 27, 1938 (Rept. No. 473).

Mr. CAPPER, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

H. R. 2097. A bill for the relief of Homer C. Stroud (Rept. No. 474):

H. R. 2345. A bill for the relief of R. H. Gray (Rept. No. 475): and

H. R. 3074. A bill for the relief of Edgar Green (Rept. No. 476).

Mr. SCHWARTZ, from the Committee on Claims, to which were referred the following bills, reported them each with amendments and submitted reports thereon:

S. 683. A bill for the relief of Fae Banas (Rept. No. 477); and

S. 1414. A bill for the relief of Allie Holsomback and Lonnie Taylor (Rept. No. 478).

Mr. ELLENDER, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 1987. A bill for the relief of J. S. Melloan and the Boston Milling Co. (Rept. No. 479);

Dove (Rept. No. 480); and

H. R. 5601. A bill for the relief of John T. Clarkson (Rept. No. 481).

Mr. BROWN, from the Committee on Claims, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 809. A bill for the relief of Jessie M. Durst (Rept. No.

S. 1042. A bill for the relief of the Epes Transportation Corporation (Rept. No. 483).

Mr. BROWN also, from the Committee on Claims, to which were referred the following bills, reported them each with an amendment and submitted reports thereon:

S. 1823. A bill for the relief of William E. Cowen (Rept. No. 484); and

S. 2114. A bill for the relief of Virginia Pearson (Rept. No. 485)

Mr. HILL, from the Committee on Commerce, to which was referred the bill (H. R. 5756) to amend section 509 of the Merchant Marine Act, 1936, as amended, reported it without amendment and submitted a report (No. 486) thereon.

Mr. MALONEY, from the Committee on Commerce, to which was referred the bill (S. 485) providing for the cancelation of certain charges under section 20 of the River and Harbor Act of March 3, 1899, reported it with an amendment and submitted a report (No. 487) thereon.

Mr. SHEPPARD, from the Committee on Commerce, to which was referred the joint resolution (S. J. Res. 95) to change the name of the Mud Mountain Dam and Reservoir. reported it without amendment and submitted a report (No. 490) thereon.

Mr. PITTMAN, from the Committee on Foreign Relations, to which was referred the bill (S. 2330) to authorize cooperation with other American republics in accordance with treaties, resolutions, declarations, and recommendations by all of the 21 American Republics at the Inter-American Conference for the Maintenance of Peace, reported it without amendment and submitted a report (No. 488) thereon.

Mr. WHEELER, from the Committee on Interstate Commerce, to which was referred the bill (H. R. 5407) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplementary thereto, reported it with amendments and submitted a report (No. 489) thereon.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. OVERTON:

S. 2477. A bill to amend the Merchant Marine Act, 1936, as amended, to provide compensation for disability or death resulting from injury to employees in certain maritime employments, and for other purposes; to the Committee on Commerce.

By Mr. ASHURST:

S. 2478 (by request). A bill to limit the operation of sections 109 and 113 of the Criminal Code and section 190 of the Revised Statutes of the United States with respect to counsel in certain cases; to the Committee on the Judiciary.

By Mr. NYE:

S. 2479. A bill for the relief of the Barlow Grain and Stock Exchange and the Farmers Union Oil Co.; to the Committee on Claims.

By Mr. SCHWARTZ:

S. 2480. A bill to equalize the pensions payable to the dependents of veterans of the Regular Establishment with those payable to dependents of veterans of the World War whose death is due to service; to the Committee on Military Affairs.

By Mr. BURKE (for himself and Mr. GILLETTE):

S. 2481. A bill to amend the Farm Credit Act of 1933, as amended, to improve and safeguard the financial integrity of the Farm Credit Administration by effecting a better coordination of Federal lending and marketing activities, and

H. R. 2044. A bill for the relief of R. Dove and Laura J. | for other purposes; to the Committee on Agriculture and Forestry.

By Mr. GILLETTE:

S. 2482. A bill authorizing the President to present a Distinguished Service Medal to Rear Admiral Harry Ervin Yarnell, United States Navy; to the Committee on Naval Affairs.

HOUSE BILL REFERRED

The bill (H. R. 5748) to amend the Second Liberty Bond Act, as amended, was read twice by its title and referred to the Committee on Finance.

CONTINUATION OF SPECIAL COMMITTEE ON TAXATION OF GOVERN-MENTAL SECURITIES AND SALARIES

Mr. BROWN submitted the following resolution (S. Res. 135), which was referred to the Committee on Finance:

Resolved, That Senate Resolution 303, Seventy-fifth Congress, third session, establishing a special committee on the taxation of governmental securities and salaries, agreed to June 16, 1938, is hereby continued in full force and effect until the expiration of the first session of the Seventy-sixth Congress, and the time for making the report required by such resolution is hereby extended to such date of expiration.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

TRIBUTE TO THE LATE FRANK P. WALSH

Mr. CLARK of Missouri. Mr. President, a few days ago there died in the city of New York a very eminent and distinguished former citizen of the State of Missouri who at the time of his death was a very prominent and useful official of the State of New York. He was also a former Federal official whose services had been gratefully remembered by several Presidents. I refer to the Honorable Frank P. Walsh, of Kansas City.

After Mr. Walsh's death there was inserted in the minutes of the Power Authority of the State of New York, of which he was then chairman, a minute expressing their regret at his death, including an editorial from a New York newspaper as to the great value of his services. I ask unanimous consent that the minutes from the New York Power Authority be inserted in the Congressional Record.

The Senator from New York [Mr. WAGNER] intended to make this request, but at the moment he happens to be unavoidably absent on official business of the Senate, and I make the request jointly on behalf of the Senator from New York and myself.

The VICE PRESIDENT. Is there objection to the request of the Senator from Missouri? The Chair hears none, and it is so ordered.

The matter referred to is as follows:

[Excerpt from annual report of Power Authority of the State of New York to the legislature]

FRANK P. WALSH, 1864-1939

Frank P. Walsh, chairman of the Power Authority since its creation in 1931, died on May 2, 1939, in New York City.

His untimely passing was a deep personal loss to each of his colleagues of the power authority, as it was also an irreparable loss to the people of the State and Nation, whom he so loyally and steadfastly served throughout his lifetime. His leadership as colleagues of the power authority, as it was also an irreparable

The trustees feel that the editorial published on May 3, 1939, in the Watertown (N. Y.) Times expresses so completely their appreciation of the life and work of Mr. Walsh that they have adopted it as their own and reprint it here.

[From the Watertown (N. Y.) Times of May 3, 1939] THE LATE MR. FRANK P. WALSH

Mr. Frank P. Walsh died suddenly, just as he would have wished the end to come. He worked with enthusiasm and consuming passion through to his last day on earth. Few Americans of his time fought more valiantly than he in behalf of a triumph for human rights. He was the public defender always. He espoused unpopular causes. His spirit burned with an unquenchable flame to contribute to the establishment of justice. He was unafraid. Criticism never dismayed him. He went his course undisturbed by what people said about his positions. No one can read the story of his life without admiration for his consistent work in behalf of the unfortunate and the downtrodden. behalf of the unfortunate and the downtrodden.

He was a loyal friend of northern New York. This locality has lost in his passing a most valuable advocate. He battled for our seaway for years. He had faith in this section. He came here frequently, especially during the last years of the life of Delos M. Cosgrove, that other stanch advocate of justice for the average man and his cause.

As chairman of the Power Authority of the State of New York, he performed one of the outstanding services of his valuable public career. He assumed a leadership of the movement to curb the public utilities and he carried through that leadership so wisely and with such intelligence that the rate payers of the State profited to the extent of millions of dollars in reduced charges. His leadership in this field resulted in the passage of our municipal power bill, which makes it possible to establish municipal power districts. He led us to the very point of victory in the St. Lawrence seaway fight. The State at large has lost a most valuable public servant and this immediate locality a loyal friend.

and this immediate locality a loyal friend.

Mr. Walsh's career readily lends itself to division into three epochs or phases. There was his boyhood and youth and young manhood in Missouri. His environment there was conducive to broad development. It was the post-war Missouri of seething activity and thought common to a western border State. He came to know thoroughly men and their motives, their reactions, and their conceptions of justice. He traveled about the State trying cases in the circuit courts. He had his beginnings in the environment of human relationships that brought out a Mark Twain, a Joseph Pulitzer, a Senator Vest, a Carl Schurz, a Francis P. Blair, a Champ Clark. It was a battling State, and across the State line was Kansas, with Senator Ingalls and his group, a State built by former Union soldiers and still reverberating with the requiem song about Old John Brown. This was the environment that created Frank Walsh and contributed to make him great.

Then followed the second phase of his career when he went to

Then followed the second phase of his career when he went to Kansas City, established his home there, entered deeply into civic affairs, became recognized as a great trial lawyer, and won, after three trials, one of the most interesting and stubbornly fought murder cases that State has ever known. In spite of the fact that he at one time conducted an opposition newspaper, he became the attorney of William R. Nelson, the militant editor of the Kansas City Star.

The third phase was his service in the East. He came to New York about 20 years ago and opened offices there, although his service was country-wide. He helped Woodrow Wilson in his conception of new freedom; he fought for an Irish free state; he was the first attorney actually to open wide the careers of the so-called trust magnates through Federal investigation. He was Tom Mooney's lawyer for 20 years or more and without fee, even paying his own expenses, and when Mooney actually won freedom and wired Walsh, inviting him to come to California and see the prison gates swing open to release him, Walsh said he rejoiced in his release but was too busy to make the trip across the continent at that time.

He was the progressive and the liberal always, fighting for justice for working people; heading a great organization favoring the child-labor amendment; battling for loyalist Spain: participating in the organization of a national guild of attorneys as a protest against some of the bar associations. He became the first president of that guild, and when it would not speak out against communism and other "isms," he promptly resigned his membership—this in spite of his militant defense of some radical thinkers when he felt they were not getting justice.

His career was one of exceptional accomplishment, unsullied by deviation of any kind from the path of unselfish devotion to causes to establish what he felt was justice and right. He was never quarrelsome; he did not fight out his cases in personal argument. He moved about in an atmosphere of rare, progressive thought. Personal gain or prominence were never the slightest consideration or motive with him. His life and his work, his unflinching advocacy and defense of his ideals, provide rich example for any young man starting a career today and for any more mature person who seeks sustaining courage in the example of others. He fought up to the last day, traveling up and down America by airplane, tireless and apparently inexhaustible in his physical strength when he was well over three score years and ten. He lived adventurously yet unafraid, and he leaves a rich legacy of courageous, intelligent, consistent aggressiveness in behalf of the underprivileged, the misunderstood, the inarticulate.

ADDRESS BY SENATOR BARKLEY AT WINSTON-SALEM, N. C.

[Mr. Balley asked and obtained leave to have printed in the Record an address delivered by Mr. Barkley on May 23, 1939, before the regional meeting of Democratic Women in Winston-Salem, N. C., which appears in the Appendix.]

GOVERNMENT SPENDING AND THE NATIONAL DEBT—ADDRESS BY SENATOR VANDENBERG

[Mr. Bridges asked and obtained leave to have printed in the Record a radio address on the subject of Government spending and the national debt, delivered by Senator Vandenberg on Sunday, May 21, 1939, which appears in the Appendix.]

NATIONAL MARITIME DAY-ADDRESS BY SENATOR MALONEY

[Mr. Mead asked and obtained leave to have printed in the Record an address delivered by Senator Maloney at Bowling Green, New York City, on the occasion of the celebration of National Maritime Day, May 22, 1939, which appears in the Appendix.]

ADDRESS BY POSTMASTER GENERAL FARLEY BEFORE MISSOURI CHAPTER, NATIONAL ASSOCIATION OF POSTMASTERS

[Mr. Clark of Missouri asked and obtained leave to have printed in the Record an address delivered by Hon. James A. Farley, Postmaster General of the United States, at the State convention of the Missouri Chapter of the National Association of Postmasters, held at St. Louis, Mo., May 12, 1939, which appears in the Appendix.]

THE MARCH OF FASCISM-ADDRESS BY DR. HAROLD C. UREY

[Mr. Murray asked and obtained leave to have printed in the Record an address delivered by Dr. Harold C. Urey, of Columbia University, at the National Emergency Congress, Raleigh Hotel, Washington, D. C., May 14, 1939, on the subject of the March of Fascism, which appears in the Appendix.]

REGULATION OF MODES OF TRANSPORTATION

The Senate resumed the consideration of the bill (S. 2009) to amend the Interstate Commerce Act, as amended, by extending its application to additional types of carriers and transportation and modifying certain provisions thereof, and for other purposes.

The VICE PRESIDENT. When the Senate took a recess yesterday it had completed the consideration of all committee amendments to the then pending bill except those that had been passed over by unanimous consent. The clerk will now state the first amendment passed over.

The CHIEF CLERK. On page 49, line 2, after the word "premises", it is proposed to insert:

Provided further, That upon complaint or upon its own initiative, after full hearing, if the Commission finds that it will be in the interest of better service to the public or economy in operation, the Commission shall by order require common carriers by railroad subject to this act to handle their less-than-carload freight, including traffic now handled by express companies or freight forwarding companies which assume common-carrier liability, through an agency or agencies created and owned by all such carriers or groups of carriers, subject to such rules, regulations, and divisions of earnings among the participating carriers as may be agreed upon by such carriers, or in default of agreement as the Commission may find to be just and reasonable. Such agencies are hereby made common carriers subject to the provisions of this act. Any employee of such carrier or carriers displaced by such change of operation shall be subject to the so-called Washington agreement between railroad management and labor providing for employees who are displaced through coordination or other economy measures: Provided further, That whenever the Commission is of opinion, after hearing upon general application of carriers in any rate area or territory or group, or in the country as a whole, or upon its own initiative, after hearing, that increases in rates, fares, or charges should be permitted upon a percentage or other uniform basis because of the revenue needs of the affected carriers, considered collectively, it may provide for the pooling or division of the avalls of such increases, or any part thereof, among the affected carriers so as to enable, to the extent reasonably practicable, each of them to afford adequate transportation service, giving due consideration, among other things, to the efficiency with which the carriers concerned are operated, the amount of revenue required to pay their respective operating expenses, taxes, and a fair return on their railway property held for and used in the service of transportation servic

THE SPENDING PROGRAM AND THE NATIONAL DEBT

Mr. BRIDGES. Mr. President-

The VICE PRESIDENT. The Senator from New Hampshire [Mr. Bridges] having advised the Chair that he desired to make some observations, the Chair recognizes the Senator from New Hampshire.

Mr. BRIDGES. Mr. President, this is National Debt Week, and inasmuch as on the occasion of other national observances, such as Washington's Birthday, we have Washington's Farewell Address read to the Senate, and inasmuch as we should properly observe National Debt Week, I desire to quote from the speech of a great authority on spending and

the national debt, with whom I know many Senators are in wholehearted sympathy. I cite as my authority for only a few moments Mr. Franklin D. Roosevelt, President of the United States, and I first quote from a speech delivered by him at Pittsburgh, Pa., on October 19, 1932, as follows:

It is fitting that I should choose Pittsburgh to sound a solemn note of warning addressed not only to the Republican leaders but also to the rank and file of American voters of all parties. There are some prices too high for the country to pay for the propaganda spread abroad in a Presidential election.

That is true when, as now, the Republican campaign management

is guilty of spreading the gospel of fear.

That is true when in a desperate, futile, last-minute effort to dam the tide of popular disapproval that is steadily growing against

the administration, they become alarmists and panic breeders.

This policy of seeking to win by fear of ruin is selfish in its motive, brutal in its method, and false in its premise. It is a policy that will be resented as such by men and women of all parties in every section of the land on November 8.

It is an insult to the intelligence of the voter to think that he or she can be fooled by shifting the boast of the full dinner pail made in 1928 to the threat of the continued empty dinner pail in

1932.

I assure the badly advised and fear-stricken leaders of the Re-publican Party that Democrats and those of the rank and file of their own party who are properly dissatisfied with their leadership are still American patriots and cherish in their hearts, as I do, the safety of the country, the welfare of its people, and the continuance

I am going to quote various sections rather than burdening the Senate with the whole speech:

This country is the richest and most resourceful Nation in the world. It can and will meet successfully every problem which it faces, but it can do so only through intelligent leadership, working unselfishly for the good of all people. That it has not had such leadership in its financial affairs will become obvious from the facts I shall relate to you tonight.

We all know that our own family credit depends in large part on the stability of the credit of the United States. And here, at least, is one field in which all business, big business and little business, and family business and the individual's business, is at the mercy of our big Government down in Washington.

Now, it is undoubtedly true that the mind of the average individual, man or woman, has been unable to keep pace in the past 10 or 12 years with the intricacles of Federal financing. In the first place, what used to be analogous to an old-fashioned account book that all the family could understand has become in Wash-ington a maze of intricate double-entry bookkeeping which only a few highly trained technical expert accountants could possibly understand.

What I should like to do is to reduce insofar as possible the problem of our national finances to the terms of a family budget. Now, the credit of the family depends chiefly on whether that family is living within its income. And this is so of the Nation. If the Nation is living within its income, its credit os good. If in some crisis it lives beyond its income for a year or two it can usually borrow temporarily on reasonable terms. But if, like a spendthrift, it throws discretion to the winds, is willing to make no sacrifice at all in spending, extends its taxing to the limit of the people's power to pay, and continues to pile up deficits, it is on the road to bankruintey.

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For over 2 years our Federal Government has experienced unprecedented deficits in spite of increased taxes. We must not forget that there are three separate governmental spending and taxing agencies in the United States—National, State, and local. Because the apparent national income seemed to have spiraled upward from about thirty-five billions a year in 1913 to about ninety billions in 1928, all three of our governmental units became reckless, and the total spending in all three classes rose in the same period from about three billions to nearly thirteen billions, or from 8½ percent of income to 14½ percent of income.

But even then we did not greatly worry. We thought we were getting rich.

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"Come easy, go easy," was the rule. It was all very merry while it lasted, but when the crash came we were shocked to find that while income dropped away like snow in the spring governmental expense did not, with the result that it is estimated that in 1932 our national income will not much exceed forty-five billions, while our total cost of Government will likely be considerably in excess of fifteen billions. This simply means that one-third, 33½ percent, of the entire income of our people must go for the luxury of being governed.

That is an impossible economic condition. Quite apart from every man's own tax assessment, that burden is a brake on any

return to normal business activity.

Mr. McNARY. Mr. President, may we have better order? I am unable to hear the distinguished Senator.

The VICE PRESIDENT. There seems to be quite a convention, or something of the kind, going on in the Senate. There has been since the Senator from New Hampshire took

the floor. It did not seem to disturb the Senator, so the Chair thought he would let it ride.

Mr. McNARY. I felt disturbed and somewhat annoyed because I could not hear the Senator's remarks.

The VICE PRESIDENT. The Chair thinks the Senator from Oregon is correct. The point of order is well taken. Will the Senate kindly be in order?

Mr. BRIDGES. Mr. President, I feel that perhaps the reason why better attention was not given is because I was quoting Mr. Franklin D. Roosevelt, President of the United States, in one of the greatest speeches, if not the greatest speech, he ever made. That was when he was against the idea of spending. I think it would be an execellent idea for some of his followers on the other side to listen to this speech because it really would give them inspiration to hear once more Governor Roosevelt talking when he was a candidate for the Presidency, not President of the United States, as he is today.

Mr. CONNALLY. Mr. President, will the Senator yield? The VICE PRESIDENT. Does the Senator from New Hampshire yield to the Senator from Texas?

Mr. BRIDGES. I do.

Mr. CONNALLY. I suggest to the Senator from New Hampshire, in connection with his appeal for hearers on this side, that I think it more appropriate that he get hearers on his own side, because, before he becomes President, he must be nominated by that side.

Mr. BRIDGES. Let me answer the Senator by saying that most of those on my side of the Chamber agree with the philosophy of Mr. Roosevelt in this speech that he made.

Mr. CONNALLY. Do they agree with the philosophy of the Senator from New Hampshire, though, that he should be the nominee of the Republican Party? [Laughter.]

Mr. BRIDGES. I am not discussing that question at the moment.

Taxes are paid in the sweat of every man who labors, because they are a burden on production and can be paid only by production. If excessive, they are reflected in idle factories, tax-sold farms, and hence in hordes of the hungry tramping the streets and seeking jobs in vain. Our workers may never see a tax bill, but they pay in deductions from wages, in increased cost of what they buy or (as now) in broad cessation of employment. There is not a transplayed man the transplayed is not an unemployed man, there is not a struggling farmer whose interest in this subject is not direct and vital.

Let me make it perfectly clear, however, that if men or women or children are starving in the United States, I regard it as a positive duty of Government to raise by taxes whatever sum may be necessary to keep them from starvation.

What I am talking about are the taxes which go to the ordinary

costs of conducting government, and that is where the question of extravagance comes in. There can be no extravagance when starvation is in question; but extravagance does apply to the mounting Budget of the Federal Government in Washington during these past 4 years.

The most obvious effect of extravagant Government spending is then its hundar on form and industrial activity and

is, then, its burden on farm and industrial activity and, for that, nearly every Government unit in the United States is to blame. nearly every Government unit in the United States is to mame. But when we come to consider prodigality and extravagance in the Federal Government—as distinguished from State or local government—we are talking about something even more dangerous. For upon the financial stability of the United States Government depends the stability of trade and employment, and of the entire banking, saving, and insurance system of the country.

To make things clear, to explain the exact nature of the present condition of the Federal nockethook. I must go back to 1929.

ent condition of the Federal pocketbook, I must go back to 1929.

Many people have believed the story which has been painstakingly circulated by this administration that the routine spending ingly circulated by this administration that the routine spending of our Federal Government has been kept on a fairly even keel during these past 5 years. It was perhaps easy to give this impression because the total outlay each year up to the emergency appropriations of this year did not increase alarmingly. But the joker in this is that total outlay includes interest and sinking fund on the public debt—a fixed charge which was declining during the days of national debt reduction and lower interest rates thereon. On the plain question of frugality of management, if we want to compare routine government outlay of 1927 with that for 1931, for example, we must subtract this so-called debt service charge from the total Budget for both years. If we do this, we find that the expenditure for the business of government in 1927 was \$2,187,000,000 and in 1931, \$3,168,000,000. That, my friends, represents an increase of actual administrative spending in those 4 years of approximately \$1,000,000,000, or, roughly, 50 percent; and that, I may add, is the most reckless and extravagant pace I have been able to discover in the statistical record of any peacetime government anywhere, anytime. It is an ultimate fact which is the exact reverse of the thing

announced as fact by Republican leaders.

Let me repeat those figures so that the whole country can get them clearly in mind. Leaving out debt service charges in both instances, the cost of carrying on the Government's business was \$2,187,000,000 in 1927, \$3,168,000,000 in 1931, an increase in 4 years of \$1,000,000,000.

That is the story on the spending side of the Budget; but it is less than half of the whole appalling story.

Mr. MINTON. Mr. President, will the Senator yield?

Mr. BRIDGES. I yield. Mr. MINTON. As I understand, it is the policy of the Republican Party this week to have what they call National Debt Week.

Mr. BRIDGES. I believe that is correct.

Mr. MINTON. Of course, that is for the purpose of directing the attention of the country to what the Republican Party considers to be one of the shortcomings of the present administration.

Mr. BRIDGES. Yes. Mr. MINTON. The administration overlooked a great bet when they did not have Starvation Week under Hoover.

Mr. BRIDGES. In answer to the Senator from Indiana I may say that I think this speech of the President before he became President, when he was Governor of New York, is one of the greatest of authorities. I wish the Senator from Indiana, who I know admires Mr. Roosevelt exceedingly, would read the speech. I am sure he would derive inspiration from it.

Mr. MINTON. I have read the speech, and, of course, the President of the United States, who was then Governor of New York, was a little misled at that time; he did not know what a mess he was getting into when he succeeded

Hoover.

Mr. BRIDGES. I am glad that the Senator from Indiana for once admits that the President of the United States has ever been misled or been wrong in any way, shape, or manner. I believe that if the Senator from Indiana would read this speech, and remember it, and just once and a while put into practice the advice contained in the speech, he would be making a great public contribution.

Mr. MINTON. I think that if the Senator from New Hampshire and the Senator from Michigan [Mr. VANDEN-BERG] continue to quote the speech I will know it by heart

in a short time.

Mr. BRIDGES. I cannot think of any greater contribution we can make to the Democratic leadership, and especially to the distinguished whip of the Democratic Party in the Senate, than to have him know this speech by heart. That would really be a public contribution.

I read further from the speech of the President:

On the income side of the Budget, the record is worse. Unlike other taxing agencies, the Federal Government does not levy a direct tax on property. Therefore, you don't have to be an expert to know that when anything happens that violently contracts sales and incomes and the prices of securities and commodities, there is sure to be a similar violent contraction of Federal income and that a Government charged with maintaining the financial stability of the United States under all conditions is under a very solemn duty, in such an event, to take immediate steps to avoid a deficit.

I do not know that I need to take the time of the Senate to read this entire speech of the President. I am giving the Senate the highlights from the speech, and I know it must be an inspiration-it is to me-to know that Mr. Roosevelt at one time was advocating a sound course, advocating a sound policy. I was with him then in his beliefs on these particular subjects, and I have not changed a particle. I am with him today in what he said as Governor Roosevelt. It has been the President, it has been the Senator from Indiana, it has been other gentlemen, who have changed. The Republican leadership in this country, in sponsoring a National Debt Week, I think are doing a great service. I think no more appropriate document could be incorporated in the RECORD during National Debt Week than this speech of Mr. Roosevelt, just as on Washington's Birthday we have Washington's Farewell Address, or just as on Lincoln's Birthday we might refer to his speech at Gettysburg. This speech of Mr. Roosevelt at Pittsburgh is a masterpiece, it is sound, and he was right. I wish that President Roosevelt today could return to the Governor Roosevelt of 1932 and advocate some of the same policies he then espoused. The country would be better off, and I am sure certain the Democratic leaders would be in a much sounder position.

Mr. President, in order not to burden the Senate with reading the entire speech, I ask that this speech of the President of the United States delivered when he was Governor of New York be printed in full as part of my remarks.

The VICE PRESIDENT. Is there objection?

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

It is fitting that I should choose Pittsburgh to sound a solemn note of warning addressed not only to the Republican leaders but also to the rank and file of American voters of all parties. There are some prices too high for the country to pay for the propaganda spread abroad in a Presidential election.

That is true when, as now, the Republican campaign management is callfur of whereading the green of fear.

That is true when, as now, the Republican campaign management is guilty of spreading the gospel of fear.

That is true when in a desperate, futile, last-minute effort to dam the tide of popular disapproval that is steadily growing against the administration they become alarmists and panic breeders.

This policy of seeking to win by fear of ruin is selfish in its motive, brutal in its method, and false in its premise. It is a policy that will be resented as such by men and women of all parties in every section of the land on November 8.

It is an insult to the intelligence of the voter to think that he

It is an insult to the intelligence of the voter to think that he or she can be fooled by shifting the boast of the full dinner pail made in 1928 to the threat of the continued empty dinner pail

In 1932.

I assure the badly advised and fear-stricken leaders of the Republican Party that Democrats and those of the rank and file of their own party who are properly dissatisfied with their leadership are still American patriots and cherish in their hearts, as I do, are still American patriots and cherish in their hearts, as I do. the safety of the country, the welfare of its people, and the continuance of our institutions.

So much for the note of warning. What is the normal and sensible thing to do when your neighbor

What is the normal and sensible thing to do when your neighbor gets excited and starts calling you and your friends bad names over the back fence?

Nothing is gained by calling him worse names or by losing one's temper. The peace of the community is best served by sitting down and quietly discussing the problems without raising one's voice. That is why I decline to answer vituperation by vituperation.

One of these problems—and a very vital one to my family and your family and the whole community—is the financial problem of making both ends meet.

I want to discuss this problem with you tonight fully. To do so

I want to discuss this problem with you tonight fully. To do so sincerely, I must tell the facts as they are and conceal nothing from you. It is not a pretty picture, but, if we know it and face it, we have nothing to fear.

This country is the richest and most resourceful nation in the world. It can and will meet successfully every problem which it faces, but it can do so only through intelligent leadership working unselfishly for the good of all people. That it has not had such leadership in its financial affairs will become obvious from the facts I shall relate to you tonight.

We all know that our own family credit depends in large part

on the stability of the credit of the United States.

And here at least is one field in which all business, big business and little business and family business and the individual's business, is at the mercy of our big Government down in Washington.

Now it is undoubtedly true that the mind of the average

individual, man and woman, has been unable to keep pace in the past 10 or 12 years with the intricacies of Federal financing. In the first place, what used to be analogous to an old-fashioned account book, that all the family could understand, has become in Washington a maze of intricate double-entry bookkeeping which only a few highly trained technical expert accountants could possibly understand.

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If in some crisis it lives beyond its income for a year or two it

can usually borrow temporarily on reasonable terms.

But if, like a spendthrift, it throws discretion to the winds, is willing to make no sacrifice at all in spending, extends its taxing to the limit of the people's power to pay, and continues to pile up deficits, it is on the road to bankruptcy.

For over 2 years our Federal Government has experienced un-precedented deficits, in spite of increased taxes.

We must not forget that there are three separate governmental spending and taxing agencies in the United States—National, State, and local.

Because the apparent national income seemed to have spiraled upward from about thirty-five billions a year in 1913 to about ninety billions in 1928, all three of our governmental units became

reckless and the total spending in all three classes rose in the same period from about three billions to nearly thirteen billions, or from

period from about three billions to nearly thirteen billions, or from 8½ percent of income to 14½ percent of income.

But even then we did not greatly worry. We thought we were getting rich. We did not use the opportunity given by big tax receipts to make any considerable decrease in our government debts as a whole. "Come easy, go easy" was the rule.

It was all very merry while it lasted, but when the crash came we were shocked to find that while income dropped away like snow in the spring governmental expense did not with the result that it

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That is an impossible economic condition. Quite apart from every man's own tax assessment, that burden is a brake on any return to normal business activity.

Taxes are paid in the sweat of every man who labors because they are a burden on production and can be paid only by production. If excessive, they are reflected in idle factories, tax-sold farms, and, hence, in hordes of the hungry tramping the streets and seeking jobs in vain.

Our workers may never see a tax bill, but they pay in deductions from wages, an increased cost of what they buy, or (as now) in

broad cessation of employment.

There is not an unemployed man—there is not a struggling farmer—whose interest in this subject is not direct and vital.

Let me make it perfectly clear, however, that if men or women or children are starving in the United States, I regard it as a positive duty of government to raise by taxes whatever sum may be

necessary to keep them from starvation.

What I am talking about are the taxes which go to the ordinary costs of conducting government, and that is where the question of extravagance comes in. There can be no extravagance when starva-tion is in question; but extravagance does apply to the mounting the Federal Government in Washington during these

past 4 years.

The most obvious effect of extravagant government spending is, then, its burden on farm and industrial activity and, for that, nearly every government unit in the United States is to blame. But when we come to consider prodigality and extravagance in the Federal

Government, as distinguished from State or local government, we are talking about something even more dangerous.

For upon the financial stability of the United States Government depends the stability of trade and employment, and of the entire banking, saving, and insurance system of the country.

To make things clear, to explain the exact nature of the present

condition of the Federal pocketbook, I must go back to 1929.

Many people have believed the story which has been painstakingly circulated by this administration that the routine spending of our Federal Government has been kept on a fairly even keel during these past 5 years.

It was perhaps easy to give this impression, because the total outlay each year, up to the emergency appropriations of this year, did not increase alarmingly.

But the joker in this is that total outlay includes interest and sinking fund on the public debt—a fixed charge which was declining during the days of national debt reduction and lower interest rates

On the plain question of frugality of management, if we want to compare routine Government outlay of 1927 with that for 1931, for example, we must subtract this so-called debt-service charge from

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It is an ultimate fact, which is the exact reverse of the thing an-

nounced as fact by Republican leaders.

Let me repeat those figures so that the whole country can get them clearly in mind. Leaving out debt-service charges in both instances, the cost of carrying on the Government's business was \$2,187,000,000 in 1927, \$3,168,000,000 in 1931—an increase in 4 years of \$1,000,000,000.

That is the story on the spending side of the Budget; but it is less than half of the whole appalling story.

On the income side of the Budget the record is worse. Unlike other taxing agencies the Federal Government does not levy a direct tax on property. Therefore you don't have to be an expert to know tax on property. Therefore you don't have to be an expert to know that when anything happens that violently contracts sales and income and the prices of securities and commodities there is sure to be a similar contraction of Federal income, and that a government charged with maintaining the financial stability of the United States under all conditions is under a very solemn duty, in such an event, to take immediate steps to avoid a deficit.

Although 6 weeks had elapsed since the worst economic crash in history the Federal Budget of December 1020 did not even refer to it.

history the Federal Budget of December 1929 did not even refer to it. It estimated receipts for the year ending June 30, 1931, at four and two-tenths billions, actually more than they had been in the preceding year of economic fantasy—a figure which obviously could not possibly be attained without immediate return to the exaggerated speculations of 1929. The administration advised no economy.

On the contrary, it proposed a reduction of taxes and it blandly remarked, "Our finances are in sound condition. * * * Our estimated expenditures * * * are well within our expected receipts.'

Against those estimated receipts placed at four and two-tenths billions by Secretary Mellon, the sad fact is that actual revenue turned out to be three and three-tenths billions—\$900,000,000 less than the estimate—a cool billion of overestimating.

than the estimate—a cool billion of overestimating.

I recite the 1929 Federal incident to clarify what happened at Washington in 1930 and 1931.

In December of 1930 a new Budget appeared. Vast declines in every form of business activity were now crystallized and certain. The national income was in a nose dive, and it was therefore certain that Federal income was on the verge of a catastrophe.

But that new Budget of December 1930 recommended neither increased taxes nor decreased expenditure, although upon that recommendation depended the credit standing of this country.

The Budget message of the President asserted that the deficit for 1931 would be only \$180,000,000, and contained the statements:

"Nor do I look with great concern upon this moderate deficit."

"Nor do I look with great concern upon this moderate deficit," and "Our Government finances are in a sound condition."

A surplus of \$30,000,000 was estimated for 1932—that is to say, the net deficit for the 2 years together was estimated at \$150,000,000. Now at this time the President and the Secretary of the

Treasury had plenty of experience with falling tax receipts.

The astonishing and inescapable fact is that no such results as those estimated could have been achieved without an immediate and complete business recovery from the practical paralysis then existing.

In other words, this 1930 Budget cannot fairly be called an estimate at all. It was an extreme hazard on the hope of an economic miracle—a gamble, if you please—on a highly improbable assumption, a gamble with your money and mine.

There is something much more than mere error in this kind of thing. Our people and the world are entitled to reasonable accuracy and a reasonable prudence, and above all they are entitled to complete frankness.

They have a right and a duty to place in retirement those who conceal realities and abuse confidence.

Remember these simple facts: On December 3, 1930, the admin-

Remember these simple facts: On December 3, 1930, the administration of President Hoover estimated that on the following June 30 the Government would have a total deficit of \$180,000,000, but that during the following fiscal year—in other words, on June 30, 1932—it would have had a profit of \$30,000,000, thus reducing the total deficit by June 30, 1932, to \$150,000,000.

Now, my friends, I am going to give you a real shock. Instead of the estimated deficit of \$150,000,000, the deficit on June 30, 1932, was three and three-quarters billion dollars.

No. I fear we cannot call this Budget an estimate—nor even a

was three and three-quarters billion dollars.

No, I fear we cannot call this Budget an estimate—nor even a fair gamble. I don't know what to call this kind of representation of that kind of fact, but the name certainly is not candor.

Nineteen hundred and thirty-one proved to be the worst year yet experienced in the depression. For my distinguished opponent it was the year when all his distinctive 1928 economic heresies seemed to come home to roost together.

Let us call the roll of them:

(1) The loans to "backward and crippled countries," which he said would provide uninterrupted employment and industrial activity by expanding our export trade, no longer could be made.

(2) Retaliation against his monstrous Grundy tariff, against which the best economic and industrial thought in the country had stood in almost unanimous protest and against which it once

stood in almost unanimous protest and against which it once more protested within the past week, and which was to cure our agriculture and maintain our industry, had begun to strangle world trade, including our own.

(3) Debtor nations (no longer sustained by our improvident loans

(3) Debtor nations (no longer sustained by our improvident loans and no longer able to export goods) were drained of gold for debts and, one by one, were forced to abandon specie payments.

(4) As a direct result of all these influences, our export markets dried up, our commodity prices slumped, and our domestic business was declining at a more rapid rate than business in some of the backward and crippled countries. Unemployment also began to rise here in even greater proportions than in Europe. To top this ruin of all these seductive 1928 theories (which were to bring the millennium of abolished poverty) came the complete collapse of the 1929 and 1930 administration fiscal policy.

The truth about the shattering effect of all these homing heresies

The truth about the shattering effect of all these homing heresies began to leak out as the summer of 1931 advanced. It is my opinion that in the conduct of national finances, as in the conduct of corporation finances or family budgets, if things are not going as well as one had hoped, it is far better to face the truth than to try to hide it.

try to hide it.

That is why it was far more harmful to the Nation last autumn, and all through this year, to have the facts leak out than it would have been to have had them boldly and frankly disclosed to us when they were actually happening.

when they were actually happening.

My friends, the result of such a combination of disquieting revelations was inevitable. The very basis of confidence in our economic and financial structure, both here and abroad, was impaired. A fresh wave of liquidation ensued. Foreigners took gold back to their now shattered "backward and crippled countries"—until a cool billion had been drawn from our reserves. It was the Stygian climax to the black business year of 1931.

I emphasize this history because our opponents have now become almost frantic in their insistence that this entire sequence originated abroad—that no American policy was in the least to blame, and that to say otherwise is what they call "hideous mis-

representation." The "foreign cause" alibi is like ascribing measles

No; we need not look abroad for scapegoats. We had ventured into the economic stratosphere on the wings of Mr. Hoover's novel, radical, and unorthodox economic theories of 1928—the complete collapse of which brought the real crash in 1931. The Grundy tariff accentuated the drop.

As bard registy rushed up to meet our fall, this administration.

As hard reality rushed up to meet our fall, this administration did not see fit to adapt its fiscal policies to this inevitable con-

It is a responsibility which no campaign alibi can avert, and

today the day of reckoning is here.

The recent administration strategy in this campaign is a direct appeal to public sympathy for their agony of spirit in the dark hours of 1931–32, when retribution for our chasing after strange economic gods overtook us. They protest against any assessment of just blame. But they protest in vain.

I want to say with all sincerity that I recite this record with reluctance. No man with a spark of humanity can fail to sympathize with our responsible leaders in hours of crisis.

Politics or no politics, I pay my tribute to the devotion of the President. It is not true to say that he has not been unremitting in his efforts, and I, for one, have never heard it said.

But I do indict his administration for wrong action, for delayed action, and for lack of frankness and courage.

Before the administration partisans complain of this arraignment they must remember that the American people are now about to exercise their democratic right of self-determination of their own

fate and future. They must make a choice.

The administration's appeal for sympathy is not based on any frank acknowledgment of the failure of the policies so clearly por-

trayed by these tragic events.

It is, on the contrary, a denial that these principles have failed.

Indeed, it persists in the same course and even presumes to ask admiration for the stubborn ruggedness of that persistence.

In such circumstances I should fail utterly in my duty to the American people if I did not fearlessly portray these errors and link them directly to the havoc which they have brought and which

The autumn of 1931 witnessed, then, the complete wreckage of the administration program to that date—the collapse of its entire

economic philosophy.

The convening of the Seventy-second Congress last December marked a new phase. The President appeared with his December

1931 Budget message.

That was a fateful moment. That was the time for an honest demonstration to the world that might have set the whole world trend of economic events in an upward direction, or at least checked

the decline.

the decline.

All that was necessary to do was finally to end the 2 years of vacillation and secretiveness; to tell the truth to the Congress of the United States; to rely on it to balance the Budget and establish American credit in the eyes of all the world.

This administration specifically acknowledged the necessity for that. It said it was going to balance the Budget. Then it said it was balancing the Budget, and finally it said it had balanced the Budget, and now, months later, it insists that because it has balanced the Budget it has saved the Gibraltar of world stability and prevented the overthrow of our form of government.

If all this is true, the administration has done well. If it is

If all this is true, the administration has done well. If it is not true, then the administration stands convicted of a new and fatal trifling with the welfare of our people and the credit of

our country

Let us not waste words. I now quote from the daily Treasury statement at the end of the first quarter of the current fiscal year, made 3 weeks ago, on September 30, 1932:

"Excess of expenditures over receipts, \$402,943,002."

For the corresponding quarter of last year the deficit was only \$380,495,584, but at the end of the year it was \$2,885,000,000. There is, therefore, strong indication that we are in for another staggering deficit. If the present rate continues, the true deficit as of June 30 next year will be over \$1,600,000,000, not as large as it was in the unprecedented fiscal year of 1932 but so great that

it was in the unprecedented fiscal year of 1932 but so great that it makes us catch our breath.

I regret to say that the appeal of this administration for applause for its soundness and courage last winter is simply not based on facts. The Budget is not balanced and the whole job must be done over again in the next session of Congress.

Who is to blame for this new blunder? I cannot answer that question better than to refer you to the dispassionate review of the last session of Congress made last Friday by my running mate, the Speaker of the House, John Garner.

No one who will take the trouble to read that speech will doubt that the patriotic determination of a willing Congress to balance this Budget at any cost was frustrated by the same kind of concealment and vaciliation that produced the staggering deficits of the years ending June 30, 1931 and 1932.

It is very clear that, under repeated insistence that the Budget

It is very clear that, under repeated insistence that the Budget was being balanced, Congress gave our Treasury—without hesitation or limit—every cent of revenue it asked for and that, at the end, the administration assured Congress and the country that the

task had been accomplished.

task had been accomplished.

I have already shown how unreliable these constant assurances are. It is not seemly to conjecture motives, but I think it is fair to say the whole record of administration policy in the last 4 years reveals that it has been afraid to trust the people of the years reveals that it has been afraid to trust the United States with the true facts about their affairs.

That is a fundamental error which shows unfamiliarity with

the true basis of American character.
While the President claims that he did finally recommend new taxes, I fear that this courage came 2 years too late and in far

too scanty measure.

It explains "prosperity around the corner." It explains two complete concealments of deficits and the insufficiency of the action taken last winter.

It is an error of weakness and an error which I assure you I

shall not make.

our Federal extravagance and improvidence bears a double evil; first, our people and our business cannot carry its excessive burdens of taxation; second, our credit structure is impaired by the unorthodox Federal financing made necessary by the unprecedented magnitude of these deficits.

The latter is the more technical, but, to my mind the more immediately dangerous evil and, at the risk of being tedious to many of my audience, I want to ask their indulgence while I talk, for a moment, straight to our financiers.

Instead of financing the billion-dollar deficit of 1931 in the

regular way, our Government simply absorbed that much of the lending capacity of banks, and by so much impaired the credit available for business.

available for business.

In that year the amount of Government obligations held by our banks increased by a little more than \$1,000,000,000.

You know as well as I do that this administration's claims that it has provided credit for industry and agriculture by pouring

credit into banks are not frank.

Commercial credit has continuously contracted and is contracting now. Most of this new Government-created credit has been

ing now. Most of this new Government-created credit has been taken to finance the Government's continuing deficits.

The truth is that our banks are financing these stupendous deficits and that the burden is absorbing their resources.

All this is highly undesirable and wholly unnecessary. It arises from one cause only, and that is the unbalanced Budget and the continued failure of this administration to take effective steps to balance it. If that Budget had been fully and honestly balanced in 1930, as it could have been, some of the 1931 collapse would have been avoided. Even if it had been balanced in 1931, as it could have been, much of the extreme dip in 1932 would have been obviated. Our financial men know the unnecessary muddle that has accumulated and is still accumulating in Washington. Washington.

Now, how can we continue to countenance such a condition? Now, now can we continue to countenance such a condition? In all conscience, can an administration which has so frequently failed in a matter so directly touching your own responsibilities ask for your support and trifle with your common sense by these campaign alibis about mysterious foreign forces and this specious talk about sound fiscal policies and administration?

Would it not be infinitely better to clear this whole subject of obscurity—to present the facts squarely to the Congress and the people of the United States and secure the one sound foundation of permanent economic recovery—a complete and honest belance.

of permanent economic recovery—a complete and honest balance of the Federal Budget?

In all earnestness I leave the answer to your common sense and

judgment.

The other bad effect of this fiscal mismanagement is not at all technical. It is the burden of high cost on the backs of all our people.

I can state the condition best by quoting one paragraph from a document published a week ago and signed by both Alfred E. Smith and Calvin Coolidge:

"All the costs of local, State, and National Government must be reduced without fear and without favor. Unless the people, through unified action, arise and take charge of their Government they will find that their Government has taken charge of them. Independence and liberty will be gone and the general public will find track for a condition of constituted to a condition of constituted to a condition of constituted to a condition. find itself in a condition of servitude to an aggregation of organ-ized and selfish minorities."

Every word of that warning is true, and the first and most important and necessitous step in balancing our Federal Budget is to

reduce expense.

The air is now full of Republican death-bed repentance on the subject of economy, but we must look deeper than these eleventh-hour pronouncements. You cannot go very far with any real Federal economy without a complete change of concept of what are the proper functions and limits of the Federal Government itself.

Perhaps we can get some glimpse of the President's underlying idea about the Federal Government from his 1928 speeches. He proposed, you remember, "a new thing in Government." He says he "reorganized the Department of Commerce on a greater scale than has ever been attempted or achieved by any government in the world."

In his book, the New Day, he says, "A nation which is spending ninety billions a year can well afford a few hundred millions for a workable program."

I could go on quoting for a good many minutes, but perhaps the point could be made clearer by recalling that the Department of Commerce went through even the heavy war strain on about thirteen millions a year.

When Mr. Hoover left it, it was spending thirty-nine millions, and for 1933 it estimated it will spend forty-three millions. It is now housed in what is facetiously called in Washington the "temple of fact finding," which cost the people considerably more than the Capitol of the United States.

That record may explain the 50-percent increase in Government overhead in 4 years, 1927-31, and I am sure that the whole group of quotations reveal why you can never expect any important economy from this administration. It is committed to the idea that we ought to center control of everything in Washington as rapidly as possible.

That was the idea that increased Government cost by a billion

in 4 years.

Now, ever since the days of Thomas Jefferson that has been the exact reverse of the democratic concept-which is to permit Washington to take from the States nothing more than is necessary to keep abreast of the march of our changing economic situation.

In the latter philosophy and not in the philosophy of Mr. Hoover (which I think is responsible for so much of our trouble), I shall approach the problem of carrying out the plain precept of our party, which is to reduce the cost of the current Federal Government

operations by 25 percent.
Of course, that means a complete realinement of the unprecedented bureaucracy that has assembled in Washington in the past

4 years.

I am no stranger to Washington. I knew it at first hand during the administrations of Theodore Roosevelt and William H. Taft. I served in Washington for seven and a half years during the Wilson administration.

I have some familiarity with the psychology of the administra-tion of the National Government. More than that, I have con-ducted for 4 years the administrative and executive affairs and the policies of a State that has 13,000,000 inhabitants.

Now, I am going to disclose to you a definite personal conclusion which I adopted the day after I was nominated in Chicago. Here which I adopted the day after I was hollinated in Chicago. Here it is: Before any man enters my cabinet he must give me a twofold pledge of (1) absolute loyalty to the Democratic platform, and especially to its economy plank; (2) complete cooperation with me looking to economy and reorganization in his department.

I regard reduction in Federal spending as one of the most impor-tant issues of this campaign. In my opinion, it is the most direct

and effective contribution that government can make to business.

In accordance with this fundamental policy, it is equally necessary to eliminate from Federal budget-making during this emergency all new items except such as relate to direct relief of unemployment.

unemployment.
As a part of this phase of the problem I note that former President Coolidge is reported as having said in a speech in New York City:
"An early and timely word from the Democratic candidate for President that he would reject the proposal to increase the national debt by \$2,300,000,000 to pay a bonus would have been a great encouragement to business, reduced unemployment, and guaranteed the integrity of the national credit. While he remained silent, economic recovery was measurably impeded."
That charge is baseless and absurd, for the reason that last April my views on the subject were widely published and have been subsequently frequently quoted. I said:
"I do not see how, as a matter of practical business sense, a gov-

"I do not see how, as a matter of practical business sense, a government running behind \$2,000,000,000 annually can consider the anticipation of bonus payment until it has a balanced Budget, not only on paper but with a surplus of cash in the Treasury."

No one, for political purposes or otherwise, has the right in the absence of explicit statement from me to assume that my views have changed. They have not.

have changed. They have not.
So much for another effort by Republican leaders to preach an unwarranted gospel of fear and panic to the American electorate.
I have sought to make two things clear: First, that we can

make savings by reorganization of existing departments, by eliminating functions, by abolishing many of the innumerable boards and commissions which over a long period of years have grown up as excrescences on the regular system. These savings can properly

as excrescences on the regular system. These savings can properly be made to total many hundreds of millions of dollars a year.

Secondly, I hope that it will not be necessary to increase the present scale of taxes, and I call definite attention to the fact that, as soon as the Democratic platform pledge is enacted into legislation modifying the Volstead Act, a source of new revenue amounting to several hundred millions of dollars a year will be made available toward the balancing of the Budget.

I refer specifically to a Federal tax on beer, which would be raised through the sale of beer in those States, and those States only, which, by State law, allow the sale of beer.

At the same time I reiterate the simple language of the Democratic platform which opposes the return of the saloon, as follows:

cratic platform which opposes the return of the saloon, as follows:
"We urge the enactment of such measures by the several States

as will actually promote temperance, effectively prevent the return of the saloon and bring the liquor traffic into the open under com-

plete supervision and control by the State."

The above two categorical statements are aimed at a definite

balancing of the Budget.

At the same time, if starvation and dire need on the part of any of our citizens make necessary the appropriation of additional funds which would keep the Budget out of balance, I shall not hesitate to tell the American people the full truth and recommend to them the expenditure of this additional amount.

My friends, these have been unhealthy years for prophets, and I

hasten to disclaim that role.

But one thing I know. A powerful cause contributing to economic disaster has been this inexcusable fiscal administration and the obscurity and uncertainty that has attended and grown out

There it remains for all to see-a veritable cancer in the body politic and economic.

Is it prophecy to assure you that if we remove this destructive growth we shall move on to better things?

To my mind this is so plain and persuasive as scarcely to be open to argument. As I said in the beginning, this is the one

open to argument. As I said in the beginning, this is the one field in which business is wholly in the grip of government.

By the same token, it is the one field where government can make the greatest possible present contribution to recovery. To this contribution I here pledge the utmost of my faith and my

I am as certain as mortal man can be certain of anything in the future that from the moment that we set our hands openly and frankly and courageously to this problem, we shall have reached the end of our long, hard, downward road and shall have started on the upward trail.

We shall have built for economic recovery a firm footing, on a

path broad, true, and straight.
Join me, and "Let's go!"

REGULATION OF MODES OF TRANSPORTATION

The Senate resumed the consideration of the bill (S. 2009) to amend the Interstate Commerce Act, as amended, by extending its application to additional types of carriers and transportation and modifying certain provisions thereof, and for other purposes.

Mr. REED. Mr. President, when the session ended yesterday an amendment I had offered was ordered to be printed. It has been printed and distributed, and on behalf of the committee I offer the amendment to the bill. I ask that it be stated.

The PRESIDENT pro tempore. The clerk will state the amendment.

The CHIEF CLERK. On page 206, after line 12, it is proposed to insert a new paragraph reading as follows:

(6) All orders, determinations, rules, regulations, permits, con-tracts, or agreements which have been issued or authorized by the United States Shipping Board or the Department of Commerce or the United States Maritime Commission under any provision of law repealed or amended by this act or in the exercise of duties, powers, or functions transferred to the Commission by this act and which are in effect at the time this act takes effect shall continue in effect until modified, terminated, superseded, or repealed by the Commission or by operation of law. Any proceeding, hearing, or investigation commenced or pending before the United States Maritime Commission at the time this act takes effect shall be continued by the Commission in the same manner as though originally commenced before the Commission if such proceeding, hearing, or investigation (1) involves the administration of duties, powers, and functions transferred to the Commission by this act, or (2) involves the exercise of jurisdiction similar to that granted to the Commission under the provisions of this act. All records, reports, tariff schedules, contracts, or agreements transferred to the Commission under this act shall be available for use by the Commission to the same extent and to the same effect as if such records were originally records of the Commission.

All schedules filed with the United States Maritime Commission prior to the effective date of this act under the provisions of the Intercoastal Shipping Act of 1933 and the Shipping Act of 1916, as amended, relating to water transportation subject to this act, shall continue in effect until modified, terminated, superseded, or repealed by the Commission or as otherwise provided in this act.

On page 206, line 13, strike out "(6)" and insert "(7)."

The PRESIDENT pro tempore. Let the Chair state the parliamentary situation. The Vice President this morning stated that the amendment on page 49, which had been passed over, was the pending amendment. By unanimous consent, the pending amendment is temporarily passed over so that the amendment of the Senator from Kansas may be

Mr. REED. Mr. President, if the Senate desires to have an explanation of the amendment in addition to what was said yesterday, I shall be very happy to make one.

Mr. McCARRAN. Mr. President, will the Senator yield? Mr. REED. I yield.

Mr. McCARRAN. I think I had something to do with holding the amendment up yesterday, so that it might be printed, and I should like to hear an explanation from the Senator from Kansas.

Mr. REED. The only purpose of the amendment is to

continue in effect the rules, regulations, and orders of the Maritime Commission, including any rates prescribed by the Maritime Commission, until such time as jurisdiction can be transferred from the Maritime Committee to the Interstate Commerce Commission, in the event the pending bill shall be enacted into law.

Mr. McCARRAN. At that point let me ask a question of the Senator from Kansas.

Mr. REED. I yield.

Mr. McCARRAN. Under the amendment, would the precedents and decisions now applying to the Maritime Commission be applicable to the Interstate Commerce Commission and be construed by and become a part of its consideration?

Mr. REED. I cannot answer that question.

Mr. WHEELER. I think I can answer it. When the transfer is made from one commission to the other it is provided that the rules and regulations which are in effect at the present time shall remain in effect until they are subsequently changed, if ever, by the Interstate Commerce Commission. This amendment was requested as necessary in administering the proposed act.

Mr. McCARRAN. I take it that it is an administrative

matter.

Mr. WHEELER. Purely.

Mr. McCARRAN. The two commissions being entirely separate, and the viewpoint behind the several decisions and rulings which have been made during the years being entirely different, I am wondering how the Interstate Commerce Commission is to apply the rules.

Mr. WHEELER. I do not think there will be any change in the viewpoint, so far as the rate-making policy is concerned; and all we are seeking to do is to transfer the rules and regulations from the jurisdiction of one commission to

that of the other.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Kansas on behalf of the Committee on Interstate Commerce.

The amendment was agreed to.

Mr. REED. Mr. President, the committee has about six or eight clarifying amendments, and I desire to offer them at this time.

The PRESIDENT pro tempore. They may be presented in order. The clerk will state the first amendment proposed by the Senator from Kansas on behalf of the committee.

The CHIEF CLERK. On page 9, line 1, after "(7)", it is proposed to insert "(a)", and after line 11, on the same page, it is proposed to insert a new paragraph, as follows:

(b) Nothing in this act shall apply to the transportation of passengers or property by water on the high seas between ports of the continental United States and Hawaii, Puerto Rico, and Alaska, or be deemed to interfere with the jurisdiction of the United States Maritime Commission over such transportation.

The PRESIDENT pro tempore. The question is on agreeing to the amendment.

The amendment was agreed to.

The PRESIDENT pro tempore. The clerk will state the next amendment proposed by the Senator from Kansas.

The CHIEF CLERK. In the committee amendment, on page 19, in line 5, it is proposed to delete "Puerto Rico"; and in line 6, after "United States", it is proposed to insert "other than Hawaii and Puerto Rico."

The PRESIDENT pro tempore. That is an amendment to the committee amendment which was agreed to yesterday. Without objection, the vote by which the committee amendment, on page 19, line 4, was agreed to, is reconsidered.

The question is on agreeing to the amendment proposed by the Senator from Kansas [Mr. Reed] to the committee amendment.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The PRESIDENT pro tempore. The clerk will state the next amendment proposed by the Senator from Kansas.

The CHIEF CLERK. On page 14, paragraph (10), in line 15, after the word "common", it is proposed to insert "or contract"; and in line 20, after the words "contract carrier", to insert "and such services are to be deemed to be those of the carrier for whom they are performed."

The PRESIDENT pro tempore. The question is on agreeing to the amendment.

The amendment was agreed to.

The PRESIDENT pro tempore. The clerk will state the next amendment proposed by the Senator from Kansas.

The CHIEF CLERK. On page 15, in line 8, after the word "means", it is proposed to strike out the words "of any mode of transportation subject to the provisions of this act" and to insert in lieu thereof "of railroad and other modes of transportation."

Mr. McCARRAN. Mr. President, I wonder if the Senator from Kansas will give us an explanation of that amendment.

Mr. REED. It has principally to do with the definition of an express company. In the bill as printed an express company is defined as a company which handles business by any mode of transportation. The committee suggests that that be changed so as to provide that an express company is a company which handles transportation "of railroad and other modes of transportation." It is only a clarifying amendment to bring the provision into line with the present interpretation of the law.

Mr. McCARRAN. I take it the Senator will bear with some of us who have not had the experience and opportunity to study the bill as it was considered in the hearings. It struck me that the amendment, as I heard it read, it not having been printed and not being available to us, might make some change other than the change which the Senator has now

explained

Mr. REED. I assure the Senator from Nevada that is not the case and he need have no fear of it.

Mr. WHEELER. There is another provision which is controversial, but this one is not.

Mr. McCARRAN. I thank the Senator from Kansas.

Mr. AUSTIN. Mr. President, I should like to ask the Senator who is the sponsor of the particular amendment as to its effect. I have had at no time any disposition to oppose the amendment, and it is only for the record that I ask the question. We are now proposing to define an express company and we are saying that an express company is a common carrier under certain circumstances. Is that not so?

Mr. REED. I may say to the Senator from Vermont that the express companies have long been common carriers, and we are only trying to make the definition in the bill correspond with the definition which has been accepted for many years. There is some controversy with regard to the use of the words "express company" and "trucking company" in connection with another matter, to which the pending amendment, however, has no relation.

Mr. AUSTIN. Mr. President, it is not that aspect of the definition with which I am somewhat concerned. It is an entirely different aspect of the matter. The Committee on the Judiciary has already had to consider a bill relating to contributory negligence and the assumption of risk, in the consideration of which the contention has been made, and I think thoroughly demonstrated, that an express company is not a common carrier, and that it is not a carrier at all. I do not want to have this definition adopted without recording myself as believing that the definition should be considered in relation to the context and limited to the subject matter of the bill.

Mr. REED. Mr. President, for the benefit of the distinguished Senator from Vermont and the distinguished Senator from Nevada, I wish to say that, as printed, the bill in this particular reads as follows:

The term "express company" includes any common carrier engaged in the express business by means of any mode of transportation subject to the provisions of this act.

That language is found on page 15 of the bill, beginning in line 6 and ending in line 9. All the amendment proposes to do is to strike out "of any mode of transportation," and so forth, and to substitute "of railroad and other modes of transportation."

Mr. AUSTIN. Mr. President, I am entirely satisfied with the Senator's interpretation of his amendment and with that understanding I shall vote for it.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Kansas on page 15, in lines 8 and 9.

The amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment offered by the Senator from Kansas.

The CHIEF CLERK. In the committee amendment, on page 49, line 23, after the word "carriers", it is proposed to insert "by railroad."

Mr. REED. I may suggest, Mr. President, that that is merely an addition to an amendment which will be taken up later. We wanted to have it in proper shape for consideration. It deals with the pooling question, and we are talking now only about pooling railroad revenues. The bill as printed does not contain the words "by railroad."

Mr. McCARRAN. Mr. President, a point of order. I am wondering if this is an amendment to the committee amendment. As I heard it read, I gathered that it must be an amendment to the committee amendment.

Mr. REED. It is a simple matter, and I assure the Senator it is not subject to any question. I ask unanimous consent that the amendment to the amendment be agreed to.

Mr. McCARRAN. But the entire committee amendment is a controversial matter which must necessarily come before the Senate.

Mr. REED. If the Senator from Nevada desires, I am perfectly willing that the amendment to the amendment lie over.

Mr. McCARRAN. It should lie over.

The PRESIDENT pro tempore. The proposed amendment to the committee amendment will be passed over.

The clerk will state the next amendment proposed by the Senator from Kansas.

The CHIEF CLERK. On page 64, line 7, after the word "act", it is proposed to insert "and from lessor companies owning railroads, vessels, motor vehicles, or pipe lines used in interstate commerce covered by this act."

Mr. McCARRAN. Mr. President, may we have an explanation of that amendment?

Mr. WHEELER. Let me say that that amendment was suggested by the Bureau of Statistics of the Interstate Commerce Commission. It is merely a clarifying amendment. It deals simply with an administrative matter.

Mr. DAVIS. I should like to have the clerk state the amendment again.

The CHIEF CLERK. On page 64, line 7, after the word "act", it is proposed to insert "and from lessor companies owning railroads, vessels, motor vehicles, or pipe lines used in interstate commerce covered by this act."

The PRESIDENT pro tempore. The question is on agreeing to the amendment.

The amendment was agreed to.

The PRESIDENT pro tempore. The clerk will state the next amendment offered by the Senator from Kansas,

The CHIEF CLERK. In the committee amendment on page 117, line 6, after the word "water", it is proposed to insert "covering traffic in the transportation in which such carrier is."

Mr. McCARRAN. The amendment is proposed to be made to a committee amendment which has already been agreed to. The vote by which the committee amendment was agreed to will have to be reconsidered.

The PRESIDENT pro tempore. Without objection, the vote by which the committee amendment beginning on page 115, line 4, was agreed to will be reconsidered.

The question is on agreeing to the amendment to the committee amendment.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The PRESIDENT pro tempore. The clerk will state the next amendment proposed by the Senator from Kansas.

The CHIEF CLERK. In the committee amendment on page 118, line 15, after the word "water", it is proposed to insert "covering traffic in the transportation of which such carrier is"; and on the same page, line 16, it is proposed to strike out the period and to insert a colon and the following proviso: "Provided further, That the rule as to the burden of proof specified in paragraph (1) of this section shall apply to this paragraph."

The PRESIDENT pro tempore. That amendment is offered to a committee amendment which has heretofore been agreed to.

Without objection, the vote by which the committee amendment, beginning in line 8, on page 117, and extending through line 16, on page 118, was agreed to is reconsidered.

The question is on agreeing to the amendment to the committee amendment.

The amendment to the amendment was agreed to. The amendment, as amended, was agreed to.

REPORT OF RESCUES FROM SUBMARINE "SQUALUS"

Mr. WALSH. Mr. President, will the Senator yield? Mr. REED. I yield to the Senator from Massachusetts.

Mr. WALSH. I am sure the Members of the Senate will be pleased to know that good news has been received from the sunken submarine Squalus. In order to give assurance, the commanding officer at Portsmouth Navy Yard himself announced over the radio that the diving-bell experiment had been successful, and that seven men had been brought to the surface in the first dive. The maximum number that can be brought to the surface at one time is eight. The reports are that all are well. Four compartments are completely flooded. We do not know how many may be caught in those compartments. However, the men have plenty of food, and, aside from the fact that it is cold and they have no lights, they are comfortable.

REGULATION OF MODES OF TRANSPORTATION

The Senate resumed the consideration of the bill (S. 2009) to amend the Interstate Commerce Act, as amended, by extending its application to additional types of carriers and transportation and modifying certain provisions thereof, and for other purposes.

The PRESIDENT pro tempore. The next amendment offered by the Senator from Kansas [Mr. Reed] on behalf of the committee will be stated.

The CHIEF CLERK. Under the heading "Penalties", on page 182, line 16, after the word "thereof", it is proposed to insert "or of any lessor corporation owning facilities used by carriers."

Mr. McCARRAN. Mr. President, I wonder if we may have an explanation of the amendment.

Mr. WHEELER. This amendment is complementary to the one requested by Dr. Lorenz, in order that the Commission may be able to ask the lessor companies to furnish annual reports. It is an administrative matter.

The PRESIDENT pro tempore. Without objection, the amendment is agreed to.

Are there any further committee amendments?

Mr. WHEELER. Mr. President, I now ask unanimous consent to take up the committee amendments passed over, on pages 112 and 113, under the heading "Through Routes and Joint Rates; Divisions."

Mr. McKELLAR. Mr. President, will the Senator yield? Mr. WHEELER. I yield.

Mr. McKELLAR. On page 15, I call the attention of the Senator from Montana to paragraph numbered (14), beginning in line 10, which reads as follows:

The term "private carrier of property by motor vehicle" means any person not included in the terms "common carrier by motor vehicle" or "contract carrier by motor vehicle," who transports in interstate or foreign commerce by motor vehicle property of which such person is the owner, lessee, or bailee, when such transportation is for the purpose of sale, lease, rent, or bailment, or in furtherance of any commercial enterprise.

Mr. WHEELER. I will say to the Senator that that is the present law.

Mr. McKELLAR. As the Senator knows, I live in a corner of Tennessee, at Memphis. Arkansas is just across the bridge, and Mississippi is just outside the city limits. Is the language which I have read the present law?

Mr. WHEELER. The language referred to is the present law. It has not been changed in the slightest degree.

Mr. McKELLAR. I see no objection to it down to the word "bailment."

Mr. McKELLAR. To use the illustration I gave a while ago, if a private concern in Memphis, Tenn., desires to deliver its goods to the South, in Mississippi, or to the West, in Arkansas, it may do so without coming within the provisions of

Mr. WHEELER. Exactly. The most attempted to be done-and that has not been done-is to try to regulate the safety conditions. There is a provision in the old law, which remains the same, with respect to safety provisions.

Mr. McKELLAR. I thank the Senator.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

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Mr. McNARY. What is the request made by the Senator from Montana with regard to the amendment which was passed over yesterday and which is now to be considered?

Mr. WHEELER. The amendment is on page 112, beginning in line 7.

Mr. SHIPSTEAD. Mr. President, will the Senator yield? Mr. WHEELER. I yield.

Mr. SHIPSTEAD. I call the Senator's attention to the language on page 111, in line 4.

Mr. WHEELER. The clause is-

With any common carrier by water subject to this act.

Mr. SHIPSTEAD. The words "by water" have been stricken out

Mr. WHEELER. Yes.

Mr. SHIPSTEAD. Can the Senator tell me why that was done?

Mr. WHEELER. Because of the fact that the water carriers asked that it be done.

Mr. SHIPSTEAD. What water carriers asked that it be

Mr. WHEELER. The language reads:

Such minimum charge, or such rule, regulation, or practice, so prescribed by the Commission, shall give no advantage or preference to any such carrier in competition with any common carrier.

Mr. SHIPSTEAD. "By water."

Mr. WHEELER. "By water." The words "by water" were stricken out so as to make the provision applicable to all carriers.

Mr. SHIPSTEAD. Previous to that, with the consent of the chairman, we had amended the bill on page 27, line 17, in an item which was called to the Senator's attention by the Senator from Nebraska [Mr. Norris] by striking out "in and of themselves."

Mr. WHEELER. That is correct.

Mr. SHIPSTEAD. The effect of the amendment on page 111 would be to nullify that action.

Mr. WHEELER. No; quite the contrary.

Mr. SHIPSTEAD. Oh, no.

Mr. WHEELER. I have to disagree with the Senator.

Mr. SHIPSTEAD. What water carriers asked for that amendment?

Mr. WHEELER. I thought they did.

Mr. SHIPSTEAD. The Senator thought they did?

Mr. WHEELER. I will say to the Senator that my understanding was that they did. The experts say that no one asked that the words "by water" be deleted; but the experts recommended that this be done, and I moved that those words be stricken out because I felt it was proper to do so. It is proper; and if the Senator will read the amendment he will find that it makes good sense.

Mr. SHIPSTEAD. I have read the amendment.
Mr. WHEELER. The amendment does not affect the water carriers in the slightest degree.

Mr. McNARY. Mr. President, may the clerk state the amendment? I am in doubt as to just what it is.

The PRESIDENT pro tempore. The amendment will be

Mr. WHEELER. Does the Senator refer to the amendment which was agreed to last night?

Mr. McNARY. No; the one we are now discussing.

The CHIEF CLERK. At the bottom of page 110, the bill now reads:

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Such minimum charge, or such rule, regulation, or practice, so prescribed by the Commission, shall give no advantage or preference to any such carrier in competition with any common carrier.

Mr. SHIPSTEAD. "By water."

Mr. WHEELER. "By water subject to this act." We struck out the words "by water" so that there would be no preference to any carrier, whatever the form of transportation in which he is engaged.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. WHEELER. I yield. Mr. McNARY. The change is simply to strike out the words "by water"?

Mr. WHEELER. That is correct.

Mr. REED. Mr. President, the words "by water" were wholly superfluous. They were put in through a clerical error. They never had any business in the bill, and should not have been included in the first place. We are only correcting the error of putting them in, and making the rule regarding discrimination affect common carriers of all kinds, without any distinction as between water, highway, or

I assure the Senator from Minnesota that the two words stricken out yesterday, "by water," in line 4 on page 11, never should have been in the bill.

Mr. SHIPSTEAD. In my opinion, the rule of rate making for water in relation to railways and trucks is thereby restored. I do not think it should be.

Mr. WHEELER. Mr. President, I now ask unanimous consent to take up the committee amendments on pages 112

The PRESIDENT pro tempore. Without objection, it is so ordered, and the first amendment on page 112 will be stated.

The CHIEF CLERK. On page 112, after line 6, it is proposed to insert:

If any tariff or schedule canceling any existing through route cr joint rate, fare, charge, or classification without the consent of all carriers parties thereto or authorization by the Commission is suspended by the Commission for investigation, the burden of proof shall be upon the carrier or carriers proposing such cancelation to show that it is consistent with the public interest.

Mr. BROWN. Mr. President, I should like to make an inquiry of the Senator from Montana. The amendment which is now pending and the amendment immediately following it, striking out the language beginning in line 14, on page 112, and extending through the word "in" at the top of page 113, relate to the same subject, do they not?

Mr. WHEELER. That is correct.

Mr. BROWN. I understood that we agreed yesterday that we would pass over that amendment until the amendment in which the Senator from Virginia [Mr. Byrd] was interested, with which this amendment is connected, could be considered.

Mr. WHEELER. The Senator is mistaken. The amendment under consideration relates to an entirely different subject. It relates to through routes and has nothing to do with the pooling provisions. The provisions with reference to pooling are the present law, which is not changed at all.

Mr. BROWN. I desire to say a few words or make a few inquiries about the amendment on page 112. I understand that to the amendment there is considerable opposition, and that it met with considerable opposition in the committee. Is not that a fact? I understand that the amendment was opposed by practically all the so-called class I railroads in the country.

Mr. WHEELER. I would not say that it met with the disapproval of all the class I railroads. My understanding is that there is a division in the American Association of Railroads. Some of the carriers are favorable, or at least are not opposing it, but one or two railroads are opposed to it. On the other hand, all the short-line railroads of the country are in favor of this particular provision.

I wish to explain to the Senate exactly what the amendment does, if I correctly understand it.

First of all, the amendment has been before the Interstate Commerce Committee on two previous occasions, and I am informed by the Senator from Missouri [Mr. Truman] that it was adopted by the Senate on two previous occasions. So it is not a new matter. On one occasion hearings were held before the Committee on Interstate Commerce. Then the amendment was suggested by the Interstate Commerce Commission and by short-line railroads all over the country.

Mr. BROWN. The bill did not pass the House and become a law.

Mr. WHEELER. No; it never became a law. It was introduced, as a matter of fact, to correct an interpretation put upon the present law by the Supreme Court of the United States. I think nearly everyone felt that the Court had put a wrong interpretation on it.

What is does is to permit the Interstate Commerce Commission to establish a through route. We will say that a railroad shipper in Seattle wants to ship some goods north to a point in Canada, north of North Dakota. If the law remains as it is, the shipper's goods are carried from Seattle to St. Paul and then back to North Dakota and then finally to Canada. This provision would simply give the shipper the right to say whether he wanted his goods to go by that way or whether he preferred to have them go by the shorter distance.

Mr. BROWN. I do not understand that it gives the shipper that opportunity.

Mr. WHEELER. Oh, yes.

Mr. BROWN. I understand that the Interstate Commerce Commission can direct how that shipment shall go.

Mr. WHEELER. No.

Mr. BROWN. What the Senator says is not borne out by the language which is stricken out in the amendment on page 112, beginning in line 14. It says there, in substance, that a shipment may not go upon the originating road or the road which picks it up at a junction point if the route that shipment would then take would be unduly roundabout or circuitous. The language is this:

Unless such inclusion of lines would make the through route unreasonably long as compared with another practicable through route which could otherwise be established.

Therefore what the Senator suggests could not be done.

Mr. McCARRAN. Mr. President, will the Senator from Michigan yield for a question?

Mr. BROWN. I yield.

Mr. McCARRAN. The question of reasonableness, to my mind, does not rest with the consignor.

Mr. BROWN. No; it rests with the Interstate Commerce Commission.

Mr. McCARRAN. That is the way I construe it.

Mr. BROWN. That is the way I understand it to be.

Mr. WHEELER. Let me say to the Senator I am sure he is wrong about it. It leaves the option of routing with the shipper, but under the authority now given the Interstate Commerce Commission it cannot establish a route over the shorter way.

Mr. BROWN. I do not think the Senator is right about that.

Mr. WHEELER. Well, let me finish my answer. According to this provision the shipper can select whether he wants to ship over the shorter route or over the longer route. Let me call attention to what the Interstate Commerce Commission itself has said in its annual report:

In another part of this report the recent decision of the Supreme Court in *United States* v. *Missouri Pacific* (278 U. S. 269) is summarized. Briefly, it was decided in connection with the establishment of through-routes section 15 (4) prohibits us from requiring any carrier by railroad to join in an all-rail through route which does not embrace its long haul unless the inclusion of its long haul would render the route unreasonably long.

Mr. BROWN. That is the point I make.

Mr. WHEELER. The Interstate Commerce Commission is given no power to say to a shipper, "You have got to ship by this route." What the Interstate Commerce Commission

does is to establish a route, and it gives the shipper the option as to the way he wants to ship his goods.

Mr. BROWN. Is it not a fact that now between practically all points in the United States there are literally hundreds, if not thousands, of diverse routes that may be taken?

Mr. WHEELER. That is true, of course.

Mr. BROWN. As I gather the purpose of the language on page 112, the pending amendment, the addition of the language in lines 7 to 13, and striking out the rest of the page, is designed for the purpose of taking a shipment from a road which has it if the Interstate Commerce Commission decides that it should be taken from it and routed on some other short-line railroad.

Let me give the Senator an example. If the Long Island Railroad or the New York, New Haven & Hartford Railroad has a shipment from Boston to Washington, and it goes to the Pennsylvania Railroad in the city of New York, the Pennsylvania Railroad, under the present law, once having that shipment, can carry it all the way to Washington, because it has a direct route. The Interstate Commerce Commission cannot take that shipment away from the Pennsylvania as the law now stands.

Mr. WHEELER. Unless-

Mr. BROWN. It has a direct route, and it would not come under the exception as stated by the Interstate Commerce Commission. Under this new proposal if the Interstate Commerce Commission desires to do so in order to help some short-line road, it could route that shipment from Philadelphia, perhaps, over to Pittsburgh, and from Pittsburgh down to Washington over the B. & O. It does not seem to me that would be economical transportation.

Mr. WHEELER. The Interstate Commerce Commission under the pending amendment could not, nor has it ever been able to route a shipment over any line. It can but compel the publication of routes available to the shipper. The pending amendment would permit the Commission to cause the publication of a route which might utilize any available lines. But there is no reason to assume that the Commission would require the establishment of any such absurd route.

Mr. BROWN. I do not think the Senator is right about that.

Mr. WHEELER. Let me refer to the interpretation which has been put upon it by the Interstate Commerce Commission.

Mr. BROWN. That is just what the Supreme Court said the Commission could not do in the Subjaco case.

Mr. WHEELER. Let me read the Commission's statement:

Our interpretation of the paragraph had therefore been that it was intended to protect the long hauls only of originating carriers, or of subsequent carriers after obtaining possession of the traffic. The main reason for this interpretation, which has now proved to be erroneous, was that it was necessary to give reasonable effect to the statute, for there are innumerable instances of overlapping lines where the conflicting long-haul interests of participating carriers would, in default of such an interpretation, prevent us from establishing any through route. The meaning and effect of the Supreme Court discussion was discussed at length in Stickell & Sons v. Western Maryland Railroad Co. (153 I. C. C. 759).

Because of this situation, which is likely to result in substantial nullification in many instances of a statutory provision of great importance to shippers, and sometimes to carriers as well, we recommend that paragraph (4) of section 15 be amended so as to restrict the long-haul right to originating carriers.

There is no question at all that the shippers of this country have gone on record to a very large extent as being in favor of this provision so that they will have an opportunity to take advantage of a shorter route, and will not have to go around Robin Hood's barn to ship their goods. That is all the provision means. It seems to me that if we are passing legislation in the interest of the shipper—and that is what we are seeking to do—and not in the interest of two or three great railroads, we ought to put this provision in the bill.

I know that the Pennsylvania Railroad Co. and some of the other large railroads are opposed to this provision, but regardless of whether or not they are opposed to it, they are evidencing, in my judgment, a very selfish attitude and are taking an untenable position and one to which, to a large

extent, the shippers, particularly the smaller shippers, are unalterably opposed.

Mr. BROWN. I will say to the Senator that the hearings disclose that 95 percent of the class I railroad mileage of the United States is opposed to this amendment and only 5 percent in favor of it. The Denver & Rio Grande Railroad is the only class I railroad, I understand, of any size that is in favor of it, and that is because of the peculiar competitive conditions that have arisen out of the shipments through

the Ogden gateway.

Mr. WHEELER. Let me say to the Senator that the American Association of Railroads in their conventions have taken no position with reference to this particular provision.

Mr. BROWN. The Senator from Montana knows as well as I do that that is because they have an agreement among themselves that if any railroad objects the American Association of Railroads will not take a position upon any such matter as this.

Mr. WHEELER. What are we legislating for? Are we legislating for merely a few of the large railroads that are prosperous, or are we legislating in the interest of the general public and the shippers? If we are legislating in the interest of the shippers, and want to protect short-line railroads as well as long roads, then it seems to me this is a legitimate amendment and should be adopted.

I have no short-line railroads in my State, so far as I am aware, that are interested in this bill, but I know that other Senators on the floor, particularly the Senator from Vermont [Mr. Austin] favor this provision. The Senator from Vermont fought for this amendment. As I have said, at the instance of the Interstate Commerce Commission, backed by the shippers of the country, I introduced a bill, the committee held hearings on it as an independent bill, and it passed this body on two different occasions by an overwhelming vote. As a matter of fact, there was no opposition to it. I feel that the amendment ought to be adopted. That is all I have to say about it.

Mr. BROWN. Mr. President, I wish to say to the Senator—and I hope he will not take his seat yet—that I do not think it is a proper principle to take business away from a man because he happens to be able to meet his pay rolls and his other expenses. The Senator must admit that the purpose of this amendment is to take away business from the railroads that are making a few dollars and to turn it over to short-line roads that are not able to stand upon their own feet. I wish to say further to the Senator that he knows that this amendment does not help a shipper one iota. It does not lower a single freight rate to any shipper who ships goods over these lines.

Mr. WHEELER. Suppose I am a shipper in Seattle, and I want to ship some goods to a certain point, and I am anxious to have those goods shipped to that point in a hurry; if I put the goods on the Milwaukee road, say, they can take that shipment and ship it to Chicago, and then ship it back over their road, and take it up to Canada.

Mr. BROWN. That cannot be done.

Mr. WHEELER. But I am telling the Senator that that is what is done. He says it cannot be done, but I say it is being done.

Mr. BROWN. Then the Interstate Commerce Commission is not enforcing the law.

Mr. WHEELER. Oh, yes, they are. They have tried to enforce the law.

Mr. BROWN. The law says the railroads cannot do that. Mr. WHEELER. The Senator says it cannot be done, but I am saying that it is done; and the Interstate Commerce Commission, who ought to know, tell me they cannot do anything about it unless the law is amended.

As I say, so far as I am concerned, I have not any particular interest in this piece of legislation, except that as a perfunctory duty, as chairman of the Interstate Commerce Committee, I introduced the bill because the Commission had repeatedly suggested that legislation of this kind ought to be passed in the interest of efficiency of transportation and in the interest of the shippers. There are other Senators who perhaps know more about the matter than I do; and I should

like to have the Senator from Vermont [Mr. Austin] or some of the other Senators who are interested in the subject discuss it.

Mr. AUSTIN. Mr. President-

Mr. BROWN. I shall be very glad to yield to the Senator from Vermont.

Mr. AUSTIN. I do not want to take the Senator from Michigan off the floor, but I do want the floor when I enter upon a discussion of this subject.

Mr. BROWN. Then I shall be very glad to yield the floor to the Senator.

Mr. AUSTIN. Mr. President, I think we ought to clear the decks and get down to close fighting. From the questions which have been asked it is obvious that there is not a clear understanding of the purpose of the amendment.

In the first place, the assumption which, as I understand, is made that this amendment is in any way coercive upon a shipper of goods is wholly erroneous. If this amendment of the committee is accepted, a shipper of goods will have an option to ship over the long route or the short route just as he may prefer.

Mr. NORRIS. Mr. President, will the Senator yield in order that I may have a better understanding of the matter to which he is addressing himself?

Mr. AUSTIN. I yield to the Senator from Nebraska.

Mr. NORRIS. We have been talking about a great many things. To which specific amendment is the Senator now addressing himself?

Mr. AUSTIN. I should be glad to answer that question. It is the amendment on page 112, lines 14 to 25, inclusive, which proposes to strike out a certain paragraph. As we consider it, I think I ought to state that this paragraph constitutes section 15 (4) of the Interstate Commerce Act, and that section is a limitation upon the power of the Commission to exercise its good judgment. That section is a prohibition. It says to the Commission, "Even though you find that the shorter route is for the public benefit, you cannot short haul the long, big trunk line. You must give it the route and the rate."

I have said that the economic effect of that is to take the business by force away from the little short-line railroads that contribute to the economic stability and support of small communities all over the continent. It takes away from the shipper anywhere along one of those short lines the privilege of shipping his goods on the rate established over the short line, and it may coerce him to take his goods in a truck and take them away from the short line and start them on the line that the Commission has established as a through route and rate.

This paragraph, as found in the present law, reads as follows:

In establishing any such through route the Commission shall not (except as provided in section 3, and except where one of the carriers is a water line) require any carrier by railroad, without its consent, to embrace in such route substantially less than the entire length of its railroad and of any intermediate railroad operated in conjunction and under a common management or control therewith, which lies between the termini of such proposed through route, unless such inclusion of lines would make the through route unreasonably long as compared with another practicable through route which could otherwise be established.

I hold up a piece of paper, rectangular in shape, for illustration. Let us assume that the starting point of the shipment is in one of those corners, and that there is a railroad or transportation company that owns connecting lines that go clear around the piece of paper. If there happens to be a shipper living anywhere between these lines, and if he is fortunate enough to be on a line which constitutes a hypotenuse of the triangle created by two sides, at right angles to each other, of this sheet of paper, he and all other shippers in that area ought to have the benefit of the reduction of the cost of transportation that naturally and economically flows from transporting over the shortest route between two points. Can he get it? No. Why? Because the Interstate Commerce Commission has been told by the Congress of the United States, "You shall not short-haul that long route."

Mr. TAFT. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield to the Senator from Ohio.

Mr. TAFT. I do not understand the illustration at all. I do not see why that cannot be done. On what line is the hypotenuse? Who owns the hypotenuse railroad? Why cannot shippers on that line ship in either direction anywhere they want to ship?

Mr. AUSTIN. Suppose the shipper lives in a town down at the corner, where there is a junction between the long railroad and the short one, and he wants to ship across this sheet

of paper instead of around, can he do it? No.

Mr. TAFT. Why can he not do it? Why would not going around make the through route unreasonably long as com-

pared to the straight line?

Mr. AUSTIN. Of course, if the shipper can establish with the Interstate Commerce Commission that exception in the present act, he can perhaps get the long-line short haul, as they call it, by including in the route for the rate this short line of railroad, but-

Mr. BROWN. Mr. President, will the Senator yield?

Mr. AUSTIN. Just a minute. I want to make this statement, so that the Senator from Michigan may include this

idea in what he is going to ask:

I made the claim that the assumption was erroneous that the shipper was coerced by this amendment. I now also make the statement that the other premise on which the Senator from Michigan based his inquiry of the Senator from Montana is erroneous, and that is that the purpose of this amendment and the effect of this amendment, if agreed to, are to take away from these long lines the freight rates and the freight business.

Mr. President, that premise is wrong. I am standing here making an earnest fight for this amendment for a wholly different reason, and that is that without this amendment many short-line railroads will discontinue the service they now give to the communities they serve, because through section 15 (4), which we now seek to strike out, the Congress of the United States has protected a type of monopoly which has given to the long line and the long route an

advantage by law over the short route.

I am not merely theorizing. I know from experience what I am talking about. I live in a community which today has one of these railroads in receivership, and its life is precarious. All of the area in the Champlain Valley, between Lake Champlain and the ridge of the Green Mountains on the west side of the State of Vermont, wherein there is considerable heavy traffic, will be seriously injured if that railroad is obliged to live under the prohibition which compels the Interstate Commerce Commission to forbid the short hauling by railroads in that area of freight that originates, say, for example, in Hartford, Conn., or other points in New England, and that is designed to go west.

Now the freight must be shipped by a longer route, whereas the route should be shortened. The economic effect ought to be to save expense to the public, and service to the State of Vermont, by keeping alive this short-line railroad, would be of paramount value. Is it admitted-I admit it-that this would take away from a long-route railroad some of its traffic and turn it over to the short-line road. Yes, it would do that; but of what consequence is that compared to the effect of this amendment being assented to and the life of the short-line railroad in that area being saved to serve the community? I am speaking in behalf of people who have to ride on trains-and I am one of them-and for people who have to ship their goods on trains.

Mr. TAFT. Mr. President, how far would the Senator have the longer lines subsidize the short lines which cannot live by

themselves? How far would the Senator go?

Mr. AUSTIN. Mr. President, I charge that that is an unfair question. There is not a cent of subsidy asked for. No other railroad will give to the Rutland Railroad, now in distress, one cent. This amendment, if adopted, will give to the Rutland Railroad its natural right, its economic right, to come to the Commission and satisfy the Commission that, in the public interest, it should be included in a route to the West, so that shippers may have an option to choose either the long route or the short route.

Mr. BROWN. Mr. President, I ask the Senator from Vermont what is wrong with the present law? It merely provides that when a railroad has a shipment which it can handle entirely by carrying the shipment from the point of origin to the point of destination, such railroad is entitled to carry the shipment over its entire route between those termini, unless such route would make the haul unreasonably long as compared with another practicable through route which could be established. It seems to me that that is reasonable and fair. It does everything the Senator wants done. That railroad should carry the commodity from its point of origin to its destination unless the route is unreasonably roundabout and long. I do not see what is wrong with the present law.

Mr. AUSTIN. Mr. President, I do not see anything morally

right or economically right in that claim.

Mr. BROWN. If that limitation were not included; but it is included.

Mr. AUSTIN. As I see it, the business of the Congress is not limited to promoting the interests of great trunk-line railroads only. As is well known, I am not one of those who desire to break any corporation or any railroad, and I am glad to help the trunk-line railroads when it can fairly and justly and reasonably be done. But here we have a case where the trunk-line railroads have prevented the passage of a similar measure, either in the form of an amendment or a bill, which was in the first place originally proposed by the Interstate Commerce Commission, and then for 11 consecutive years recommended. On that recommendation bills have been offered, and some of them have passed the Senate: but the great railroads have had sufficient influence and power to prevent the consummation of the legislation.

What is the effect? Does it merely give the public a choice as to what it will do? Oh, no. The public, as represented by the Interstate Commerce Commission, has not any choice. The Supreme Court, in the case of United States v. The Missouri Pacific Railroad Company (78 U. S. 269), called the

Subiaco case, at page 276 said this:

The act does not give the Commission authority to establish all the through routes it may deem necessary or desirable in the public interest-

There is no option there.

The general language of paragraph 3 is limited by paragraph 4. The latter lays down the rule that, subject to specified exceptions, a carrier may not be compelled to participate in a through route which does not include substantially its entire line lying between the termini of the route.

Mr. BROWN. Mr. President, will the Senator yield?

Mr. AUSTIN. In just a moment. This is the Supreme Court speaking:

The purpose is to protect the long-haul routes of carriers.

Here is the point as applied to the illustration: The Interstate Commerce Commission, which represents the public, cannot say to a long-haul carrier, "You must regard this route, which includes shorter transportation, a part of the route if the shipper chooses to ship his goods that way." The heavy hand of Congress rests on the public when it says to the Commission, "You shall not be permitted to include in that route the short line."

Mr. BROWN. Mr. President, will the Senator yield now? Mr. AUSTIN. I yield.

Mr. BROWN. I think the Subiaco case is a fine example of how uneconomic the situation could be. In that case the Missouri Pacific had a line 311 miles long, from Fort Smith to Memphis. The Interstate Commerce Commission, in order to give to the other road involved, the Fort Smith, Subiaco & Rock Island, a 45-mile haul, which would lessen the total haul from 311 to 308 miles—in other words, to save 3 miles of the total haul of the railroad—forced the Missouri Pacific to give up freight at a junction point, have it transferred to another railroad, pick it up at another junction point, and put it back on the Missouri Pacific to enable this short line to make the 45-mile haul. It seemed to me that not only was the Supreme Court entirely right as a matter of law, but that it was entirely right as a matter of common sense. On a full car

there would have been a transfer switching charge of about \$10 at each junction point along that line, which, while it would make no difference in the rate, because the rate would be the same either way, nevertheless would cost the roads more money, and thereby the general freight-paying public would be further burdened.

There is an example of what the Congress, by repeated inaction on the bill to which the Senator referred, has refused to let the Interstate Commerce Commission do. It seems to me it was right and proper that they should prevent the type of uneconomical transportation exemplified

in that case.

Mr. AUSTIN. Mr. President, I venture to say that the Congress may have been misled by the same kind of fallacy to which we have just listened. Is there anything right at all in the claim just made by the Senator from Michigan when we consider the public interest? Is there anything right about it? Should not the public have the choice whether they will take a line 45 miles shorter than another

Mr. BROWN. It was only 3 miles shorter.

Mr. AUSTIN. Well, 3 miles, or 3 feet; I do not care how much shorter it may be. What I am fighting for is a chance for the public to have an option, and I would not take away from the long line of railroad any of its rights in doing so. This proposal would not prevent the long-line railroad getting its route. That would not be the effect of the amendment. There would be left, just as there should be, the option and the right of both the railroads to do business, and the option and the right of the shipper to use either one he chooses. There would not be the monopoly that is created by the prohibition we are now trying to wipe out.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield.

Mr. WHEELER. I first desire to call attention to the fact that the Interstate Commerce Commission for years assumed they had this very power. What the Senator from Vermont is talking about is this, as I understand it. Section 27, found on page 111, would seem to give the Commission the power-and they thought they had the power-but section 2, which we are striking out, took away that power, or at least the Supreme Court of the United States said that it took it away. The Commission had always been exercising the power and there was not any serious complaint about it. When we had a hearing before the committee, the National Traffic League, representing the shippers of the country, appeared before the committee in favor of the bill. Representatives of other farm organizations and other shippers throughout the country also appeared before the committee in favor of the proposal.

When the Senate Committee on Interstate Commerce in the Seventy-fourth Congress held hearings, there appeared before the committee representatives of the State utility commissions of Minnesota, Missouri, Idaho, Wisconsin, Utah, Iowa, Louisiana, Ohio, Washington, North and South Dakota, and the District of Columbia. They all urged that the pending proposal be enacted into law. So, as a matter of fact, the State commissions all over the country have gone on record in favor of the proposed legislation, and all we are doing is what the Senator from Vermont said we are I think candidly the class I railroads would have no complaint if the measure were enacted into law.

Mr. AUSTIN. Mr. President, in addition to what I have already said on this particular point, I wish to refer to a report made by the Senator from Montana from the Committee on Interstate Commerce in the Seventy-fifth Congress. This is Report No. 404 to accompany S. 1261. I read a sentence from the second page of it, as follows:

It is not the intention of the committee to interfere with the right of the trunk lines to their long haul, except where this right conflicts with the shipper's right to the shortest route and lowest If there is this conflict, the shipper is merely given the opportunity, if he wishes, of using the shorter or cheaper route.

That is all there is to this matter. We can take our choice. We can support the interests of communities here and there all over the United States which now have, to support the

superstructure of their business, short-line railroads. If we do not give the short-line railroads some of the benefits which are intended to be given to transportation companies by the pending measure, if it becomes law, we will take away that superstructure

I wish to call the Senate's attention to the testimony of a gentleman who represented the short-line railroads. By the way, there are 308 such railroads in this country. They are entitled as railroads to some consideration, but I do not stand on that plea. That is not the strong or pressing reason for

having the amendment agreed to.

The strong reason is the need to do something for the business generally of the United States and for the shippers of the United States, for not only do we confront the possibility of these small lines which are now doing business on a shoestring, as it were, going out of business entirely, but we confront the repercussions from that happening by way of injury to factories, merchants, farmers, and others who have goods to transport to market.

I wish to call the Senate's attention to the testimony of Mr. J. M. Hood, president of the American Short Line Railroad Association, in bringing the application of the pending amendment right down to a definite case. I had asked him:

If the change were made, it would not be arbitrary in its nature, would it? It would merely give additional jurisdiction and power to the Commission to make an order adapted to the circumstances;

right?

Mr. Hoon. That is entirely correct, Senator. It merely gives to the umpire jurisdiction of something which we believe to be justly in the public interest. The Commission must have a record, must make findings, and any order adverse to a carrier by which the carrier might have been ordered to put in a route that it thinks it ought not to put in would be reviewable in the courts. There is nothing arbitrary about it.

Senator Austin. Under the present law—that is, under paragraph 4, section 15—the Commission has not the power to compel a company to come in and join in rates to the west, we will say, from the east to the west, because it happens to own a certain percentage of another short line, we will say, to increase its mileage. I wish you would explain this proposed change fully for I am very much

you would explain this proposed change fully for 1 am very much interested in it.

Senator Minton. Let me ask you one question: The legislation we passed did not make it compulsory for the shippers to take the route that might be established by the Interstate Commerce Commission, but it made it optional to the shippers; that he might use that route which the Interstate Commerce Commission had established; is that right?

Mr. Hoop. That is correct, Senator. The result of the bill would simply be that when the Interstate Commerce Commission finds an additional route to be in the public interest such a route will be published, as we say, it will be open to the shipper, and the shipper may, at his option, route his traffic via that group of lines. It will not result in the diversion of a single car of freight from one carrier to another unless the shipper himself prefers to use that route.

I am sure Senators will pardon me for referring to that portion of the testimony, even though it may indicate a selfish interest on my part, that is interest for my State of Vermont. Mr. Hood said at page 545 of the hearings:

Mr. Hoop. I should like briefly to point out to you that while the tal mileage of the short-line railroads is not large as compared with the whole mileage and the number of communities served by the short-line railroads exclusively is not large in proportion to the total communities in the United States, yet they are important to each of those communities, and there are thousands of them. Many of them are county seats; one of them is a State capital—in Nevada—and throughout the Nation there are important producing and consuming areas served only by short-line railroads. In the aggregate they originate or terminate a very large portion of the

I am going to skip a paragraph and come down to this:

These short-line railroads are just as important to their communities as is the biggest line entering Washington to Washington. In fact, they are more so. Washington has five railroads, technically, and it could get along without one of them fairly well, but these thousands of communities depending upon a short-line railroad for their traffic to move in and out cannot get along at all without the chest line railroad. They would simply disenpent without if They would simply disenpent without it. short-line railroad. They would simply disappear without it. Their industry would cease. Their products could no longer reach the markets, or their establishments could no longer receive the raw materials required.

I think the State of Vermont has had a fairly recent and alive

example of that in the serious condition in which the Rutiand Railroad finds itself, and the State has done many unusual things in order to preserve the service of that railroad. I do not think the State cared a continental about the people whose money was in the railroads, and I do not think it should. If an investor made a mistake by putting his money somewhere that it had developed it is unproductive, that is his business, and he is not entitled to any

particular public sympathy.

I do not think that the State of Vermont is particularly concerned about preserving the railroad business, but they are very particular about preserving the State of Vermont and the livelihood of its citi-And, after all, even with the excellent service being rendered by many of the competing forms of transportation with railroads, there still are many human activities which can best and more economically be furthered through railroads, and there is no indication that that situation is going to change in any way in the immediate

With that I am going to ask you to give your usual intelligent, considered, patient attention to the provisions of S. 2009, and bring out a bill which will preserve all of our transportation, which will give all forms an equal opportunity to compete for the available

Mr. President, there we have it. That is the question before us right now. Are we in favor of extending assistance to all the railroads, including the small lines, or is it our business to look after what may be claimed to be a vested right of the trunk lines? It is not a vested right. It is not a constitutional right. What they have enjoyed up to date by virtue of their monopoly they are welcome to, and if it did them any good I am glad. But one of the problems confronting us today, when we look the whole field over-and we have tried to deal with it in the pending modification of the Transportation Act—is to find here and there in various strategic and necessary spots of the United States little railroads, 308 of them, which we must help as well.

As a Congress we do not take away anything from the trunk-line roads. We tender to the public a natural right, and that is the right to choose the route over which it will ship its goods and the companies which shall participate in the carriage of those goods. That is a natural and an economic right. I see no reason for opposing the amendment. I think the Congress for years has made a mistake in not striking the shackles from the regulatory powers of the Interstate Commerce Commission so as to enable the Commission to provide for the public interest, the public welfare of all

The PRESIDING OFFICER (Mr. Lucas in the chair). The question is on agreeing to the committee amendment on page 112.

Mr. AUSTIN. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll. The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Davis	King	Reed
Andrews	Donahey	La Follette	Schwartz
Ashurst	Downey	Lee	Sheppard
Austin	Ellender	Lodge	Shipstead
Bailey	Frazier	Logan	Slattery
Bankhead	George	Lucas	Smathers
Barbour	Gerry	Lundeen	Stewart
Barkley	Gibson	McCarran	Taft
Bone	Gillette	McKellar	Thomas, Okla,
Borah	Green	McNary	Thomas, Utah
Bridges	Guffey	Maloney	Tobey
Brown	Gurney	Mead	Townsend
Bulow	Hale	Miller	Truman
Burke	Harrison	Minton	Tydings
Byrd	Hatch	Murray	Vandenberg
Byrnes	Hayden	Neely	Van Nuys
Capper	Herring	Norris	Wagner
Caraway	Hill	Nye	Walsh
Chavez	Holman	O'Mahoney	Wheeler
Clark, Idaho	Holt	Overton	White
Clark, Mo.	Hughes	Pepper	
Connally	Johnson, Calif.	Pittman	The State of the state of
Danaher	Johnson, Colo.	Radcliffe	

The PRESIDING OFFICER. Eighty-nine Senators have answered to their names. A quorum is present. The question is on agreeing to the committee amendment on page 112, lines 7 to 13, inclusive.

The amendment was agreed to.

The PRESIDING OFFICER. The next committee amendment passed over will be stated.

The CHIEF CLERK. The next committee amendment passed over is, on page 112, line 14, after the word "In", to strike out "establishing any such through route the Commission shall not (except as provided in section 10, paragraph (12) of this act and except where one of the carriers is a water line) require any carrier by railroad, without its consent, to

embrace in such route substantially less than the entire length of its railroad and of any intermediate railroad operated in conjunction and under a common management or control therewith, which lies between the termini of such proposed through route, unless such inclusion of lines would make the through route unreasonably long as compared with another practicable through route which could otherwise be established: Provided, That in."

The PRESIDING OFFICER. The question is on agreeing

to the amendment.

The amendment was agreed to.

Mr. WHEELER. Mr. President, the next committee amendment passed over is on page 49, beginning in line 2 with the words "Provided further." I ask that that portion of the committee amendment down to and including the word "measures", in line 21, be rejected. After it was first adopted by the committee, the committee decided it should not have been adopted, and I ask that it be rejected.

Mr. McKELLAR. Mr. President, is that the amendment

with reference to pooling?

Mr. WHEELER. No. It has reference to freight shipments in less than carload lots. The Interstate Commerce Commission made a study of the subject. It has been suggested to the railroads that there are some abuses which ought to be corrected by the railroads themselves. There are many abuses in reference to this matter, and there is no doubt in my mind that some of the railroads are violating the present law.

However, this matter was not discussed in the full committee and no hearings were had upon it. I felt, as did the majority of the committee, that on a subject so controversial and important as this the committee ought to have more information before it came to the Senate and asked for the adoption of this particular provision.

Mr. BYRD. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. BYRD. Would not the same objection the Senator has just advanced apply to the remainder of the pooling provisions? As the Senator knows, there were no hearings upon that matter. Why should he separate the provisions, strike out a part of the pooling provisions, and leave another part in?

Mr. WHEELER. I will say to the Senator that I am only doing what the committee directed me to do. The other matter will be taken up and discussed immediately after this portion of the committee amendment is disposed of. The committee was in favor of the pooling provisions, but suggested that this particular provision be stricken out.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. CLARK of Missouri. Why should not this subject, which seems to me to be intimately tied up with the question of pooling, be passed over by unanimous consent until after the general subject of pooling has been discussed in connection with the next amendment?

Mr. WHEELER. The subject under consideration is entirely different.

Mr. CLARK of Missouri. It seems to be intimately con-

nected with pooling.

Mr. WHEELER. It is not intimately connected with pooling. One provision relates to the matter of the railroads taking over functions now performed by freight-forwarding companies, and the other relates to pooling of earnings by the railroads. They are two entirely separate and distinct subjects.

Mr. BYRD. Is not the effect practically the same? The amendment provides that an agency created and owned by the carriers shall be subject to the provisions of the Act with relation to common carriers.

Mr. WHEELER. I do not care to enter into a discussion of that subject at this time. I am only carrying out the wishes of the committee.

Mr. BYRD. The matter in question is related to the whole subject.

Mr. CLARK of Missouri. Mr. President, if the Chairman of the committee does not desire to enter into a discussion of the subject-

Mr. WHEELER. At the present time.

Mr. CLARK of Missouri. If the chairman of the committee does not desire to enter into a discussion of the subject at the present time, as he says, and he is asking us to reject part of the committee amendment, it seems to me the committee amendment should be passed over until such time as he is willing to discuss the matter.

Mr. WHEELER. I am willing to discuss this particular amendment. I said I did not want to enter into a discussion

of the next committee amendment at this time.

Mr. CLARK of Missouri. Will the Senator make an explanation of the pending committee amendment?

Mr. WHEELER. I shall be glad to do so. I did not understand the question.

The particular language under discussion is as follows:

Provided jurther, That upon complaint or upon its own initiative, after full hearing, if the Commission finds that it will be in the interest of better service to the public or economy in operation, the Commission shall by order require common carriers by railroad subject to this act to handle their less-than-carload freight, including traffic now handled by express companies or freight forwarding companies which assume common carrier liability, through an agency or agencies created and owned by all such carriers or groups of carriers, subject to such rules, regulations, and divisions groups of carriers, subject to such rules, regulations, and divisions groups of carriers, subject to such futes, regulations, and divisions of earnings among the participating carriers as may be agreed upon by such carriers, or in default of agreement as the Commission may find to be just and reasonable. Such agencies are hereby made common carriers subject to the provisions of this act. Any employee of such carrier or carriers displaced by such change of operation shall be subject to the so-called Washington agreement between railroad management and labor providing for employees who are displaced through coordination of other economy measures.

In other words, this amendment would have the Commission direct the railroads to organize a company for the purpose of handling less-than-carload-lot freight. Quite frankly, let me say that I do not believe the Commission have any authority to do that from a legal standpoint. There are Members of the Senate committee who disagree with me, but I do not feel that we ought to go so far as to say to the railroads or to have the Commission say to the railroads, "You have got to set up a corporation to do this particular class of business." I am asking that this amendment be disagreed to. Does that answer the Senator?

Mr. CLARK of Missouri. Mr. President, I will say to the Senator from Montana that it does not answer my question, because it seems to me that the smaller communities of this country that are not able to ship in carload lots should be protected. For instance, the town in Missouri in which I was born and reared, a little town of 1,800, under the present system is being discriminated against because it is not able to ship in carload lots on very many occasions. Why should it be discriminated against and yet great cities such as St. Louis, where I now live, and Kansas City, and the other metropolises of my State have the advantage?

Mr. WHEELER. Let me say to the Senator, I do not disagree with him in principle; I say that it is a subject that ought to be regulated; that something ought to be done about it; but what I am saying to the Senator is that this bill provides that the Commission may by order direct various railroads to set up a corporation amongst themselves and to own that corporation and then divide the earnings amongst them. It is a complicated matter, and I do not think that, from a constitutional standpoint, the Commission has any right to act as proposed, and I do not think Congress has any power to make them do so.

Some Senators disagree with me, but I am expressing my view about it. The subject is of such importance that when we discussed it in the committee we felt that something further ought to be done about it, but not at this particular time. We are going to introduce some bills or resolutions and have the matter investigated and try to correct the evils and abuses that have crept in.

The Senator from Missouri refers to a little community in his State. Let me say that what is happening at the present time is not that simply one small community is being dis-

criminated against but that some of the shippers in such small communities, little shippers, are being discriminated

Mr. CLARK of Missouri. I will say to the Senator from Montana that the only concern I have is about the little shippers in the little communities.

Mr. WHEELER. Some of them are being discriminated against at the present time, and something has got to be done, in my judgment, to correct the situation, but this amendment goes entirely too far, and, in my judgment, could not be upheld by the court.

Mr. CLARK of Missouri. Will the Senator explain why it goes too far and wherein it goes too far?

Mr. WHEELER. I thought I had done that.

Mr. CLARK of Missouri. I will say to the Senator from Montana that I have the very greatest respect for his opinion, as I have great personal affection for the Senator himself, but the only explanation the Senator has made is that the full committee has directed him to oppose the amendment. I am not familiar with the technicalities of the matter, except I do have some knowledge of general principles, and I would be glad to know why this amendment is wrong.

Mr. WHEELER. I thought I had made it plain; perhaps I have not, and probably that is my fault; but I will try to state it again. I said that this amendment, if adopted, will direct the Interstate Commerce Commission to say to the railroads, "You must set up a corporation, an independent corporation"; and the various railroads would get together and set up a corporation for the purpose of handling lessthan-carload lots of freight, and that after they should do that, then they would pool the earnings and divide them up amongst the railroads in some way. I do not believe that the Congress has any right to enact a law to say to the railroads, "You have got to set up a corporation to take business away from somebody else." That is what this amendment would do.

Mr. CLARK of Missouri. I am not certain, but I myself think so.

Mr. TRUMAN. Mr. President, may I interrupt the Senator?

Mr. WHEELER. I yield. Mr. TRUMAN. There are large freight-forwarding companies that are owned by eastern railroads. For instance, the New York Central Railroad, the Van Sweringen railroads, and the Pennsylvania Railroad have large freight-forwarding companies which handle less-than-carload freight. They do discriminate against the little shippers; they discriminate against communities; but if this amendment were agreed to. it would, by law, put them out of business by creating another corporation to take over the business. They ought to be regulated, but we have not arrived at a conclusion as yet as to how they ought to be regulated.

Mr. CLARK of Missouri. If forwarding companies ought to be regulated, why are they not regulated by this bill? This is a bill that reaches out and relieves the Maritime Commission of all jurisdiction with regard to water transportation; it brings in everything except the air-line companies which have sufficient publicity at this time in the guise of national defense to keep them out; it brings in every kind of transportation; but it leaves out of its control forwarding companies owned by the railroads. If we are going to have forwarding companies, I submit to the Senate that they ought to be regulated by law.

Mr. LA FOLLETTE. Mr. President, will the Senator tell us how much the forwarding companies made last year?

Mr. WHEELER. We have some figures on that point which show that they made a tremendous amount of money last year.

When this matter came before the committee there were no hearings had with reference to forwarding companies. The Interstate Commerce Commission has held hearings, and they have denounced the practices of the forwarding companies; every member of the Commission feels that the forwarding companies ought to be regulated. The matter came before the subcommittee but was not taken up in the full committee. It came up late before the subcommittee, after we had held hearings for nearly 2 months. The Commission has been divided as to how it should be handled. It has made recommendations.

The Senator from Kansas [Mr. Reed] is much more familiar with the subject than am I. He felt that this amendment ought to go in the bill, but, as a matter of fact, some of us felt that the amendment went too far, and did not provide the proper way of handling the subject. We agreed that the Senator from Kansas and I should get together and introduce a measure or hold hearings to determine just exactly what should be done in this particular regard. That is what we intend to do, and I should like, with the permission of the Senate, to have the Senator from Kansas make his explanation and statement with reference to it.

Mr. REED. Mr. President, I want to take a moment to correct an impression or two which the Senator from Missouri may have created or at least to remove myself from discredit in the eyes of the distinguished Senator from Missouri about the exclusion of air regulation from this bill. It was not because of publicity so far as I was concerned, and I am the member of the committee who made the motion to strike out all reference to regulation of air transportation from the bill.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. CLARK of Missouri. I should like to say to my friend from Kansas, what he already knows, that I had no intention whatever of reflecting, in any degree, on him or upon the Interstate Commerce Committee of the Senate. I say, however, that if the theory of the bill is logical in any degree whatever, it should include all forms of transportation within the regulatory authority, and that there is no rhyme or reason whatever in excluding air transportation which is now an active competitor of all other forms of transportation, and from year to year will be a much greater competitor in the matter of transportation. I say, if the theory of the bill is correct, then all forms of transportation should be included.

Mr. REED. Do I understand that the distinguished Senator from Missouri is going to offer an amendment from the floor to reinclude air transportation?

Mr. CLARK of Missouri. I am not; I am going to vote against the bill.

Mr. REED. Mr. President, I now wish to speak about freight-forwarding companies, and I will be as brief as I can. It is an important subject; the Congress for a number of years has legislated against discrimination; but discrimination has crept back into the handling of freight, among other means, through the device of freight-forwarding companies. The freight-forwarding companies, taken as a whole, do precisely what the Senator from Missouri intimated they do, that is, discriminate against small communities. Let me give an example, and then I want to cite some facts.

If a shipper went to the New York Central Railroad Co. and offered a shipment of less than a carload of freight, he would pay the full tariff rate. He could telephone the Universal Freight Forwarding Co., which is owned by the New York Central, and that company would come and get his goods, assemble them along with the goods of others who had less than carload lots, and he would be given a lower rate, the freight moving over the New York Central Railroad. If that is not unlawful discrimination, then I have no conception of what unlawful discrimination may be.

Mr. CLARK of Missouri. Mr. President, will the Senator vield?

Mr. REED. I yield.

Mr. CLARK of Missouri. Is it not a fact that practically all of the forwarding companies are 100 percent owned by the railroads which constitute the carrying lines?

Mr. REED. I am going to touch upon that question, if the Senator pleases.

There are about 20 freight-forwarding companies in the country. Three of them do most of the business. Two of the three largest ones are owned by railroad companies. The Universal is owned by the New York Central. If my memory serves me right, the National is owned by the Erie, the Pere Marquette, and the Chesapeake & Ohio jointly. They do just what the Senator from Missouri says they do. In addition to discriminating between shippers, they discriminate between communities.

Manifestly, the freight-forwarding method of handling less-than-carload stuff by assembling it into carloads can apply only to large communities. A receiver of goods in St. Louis, the present home town of the Senator from Missouri, may enjoy a rate less than the published rate upon the railroads from New York to St. Louis; but his old home town of Bowling Green could not possibly have that advantage and would have to pay the full rate.

I am responsible for this amendment being in the bill, and I want to refresh the chairman's memory as to its history. He and I have worked so hard, we have seen so many people. we have spent so many weary days over this matter that sometimes things are not as clear as they might be. In the original discussion of the multitude of things that went into this bill, the freight-forwarding question was one that was considered. One day in the committee there were four or five matters that required expert attention, and the committee telephoned over to the Interstate Commerce Commission and asked that it might be permitted to send me over as an errand boy to discuss with the Commission these things, among which was the freight-forwarding question. I went over and spent an afternoon in conferring with a number of the Commissioners, selected by themselves. We did not try to get the whole 11 together; but the Commission itself selected 4 or 5, I have forgotten which, including Mr. Commissioner Eastman, Chairman Caskie, and Mr. Commissioner Mahaffie, as I remember. We discussed the freightforwarding question among other things, but they were not able to agree as to just what we could do about it.

The Commission has made an extensive investigation. I hold in my hand a report in Docket 27365 of the Interstate Commerce Commission, entitled "Freight-Forwarding Investigation," decided October 11, 1938. I reported back to the committee what the situation was. The question came up again. The motor carriers, through their national association, had been invited to submit criticisms of the bill. I may say parenthetically that I have a deep affection for the chairman of the committee. He is a very fine chap to work with. It has been an education to me to work with him. I am very happy to have been associated with him; but we about came to the conclusion that we could not make anybody happy. Anyway, the American Trucking Association submitted a memorandum showing its objections to the bill. I hold in my hand a copy of that memorandum. Their first point was that we did not include the freight-forwarding companies in the definition of common carriers.

I thoroughly agree with the chairman, if I correctly understood him, that it would be unwise at this time to make the freight-forwarding companies common carriers. I think the freight-forwarding companies are a parasite upon the railroad transportation of the country. If it is possible to write legislation which will remove these discriminations, put the freight-forwarding companies out of business, and put back into the cash drawer of the railroads the revenues and profits which the freight-forwarding companies have, I am for that course.

Mr. NORRIS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Kansas yield to the Senator from Nebraska?

Mr. REED. I yield to the Senator.

Mr. NORRIS. I have been wondering, all the time since this question has been under discussion, whether under existing law the practices of the forwarding companies are not illegal. Why do they not constitute discrimination? It seems to me, from all that has been said, that the Senator from Kansas is right when he says they are parasites and

ought to be put out of business. Why not put them out of business by calling them parasites in the law?

Mr. REED. Will the Senator and the Senate have patience with me for perhaps 10 minutes more? I want to cover, if I can, as briefly and tersely as possible, the various phases; and I am going to come to the specific point to which the distinguished Senator from Nebraska has referred.

The trucking companies went further in comment:

This means that a forwarding company operating motor vehicles would be a common carrier by motor vehicle under the provisions of section 3 (9), and, at the same time, it could engage in unregulated common-carrier operations as an indirect carrier or forwarding company without being subject to rate control.

* * Certainly, such a situation would completely nullify regulation of motor carriers, because they cannot compete with an unregulated agency which has no responsibility to render service—can cut rates and choose traffic. This is a very dangerous situation, because the large forwarding companies are owned by the railroads, are unregulated, and are used as a means of cutting rates.

Mr. NORRIS. Mr. President, I cannot put words in the Senator's mouth, but the principal object of my interruption a moment ago was to submit the question whether this practice is not illegal under existing law, even without passing this bill.

Mr. REED. May I proceed?

Mr. NORRIS. Certainly.

Mr. REED. The Commission, in the synopsis of its report, made this finding as section 30 of the syllabus, as it would be called in a court opinion:

Certain eastern respondents, through their respective control or domination of particular forwarding companies, were found to be charging different compensation to some shippers than to others for substantially like services, and to be rendering the public a service by indirection without appropriate tariff authority, in violation of sections 2 and 6 of this act.

That is the synopsis of the finding by the Commission. The Commission, in a number of instances, found that the forwarding companies were being used to circumvent and escape regulation provided under the law. One may ship goods by the forwarding companies for, say, 3 cents a hundred pounds less on first-class traffic than the same railroad would charge if he took his less-than-carload traffic to the railroad direct. There is a varying schedule of charges which are different from the published tariff charges of the railroad. I think it was the Senator from Wisconsin who asked the question.

In 1936 the three largest freight-forwarding companies in the country had a gross revenue of \$102,000,000. They paid the railroads for transportation of their goods, after they had assembled them into carload lots, \$58,500,000. I wish to be fair. How much expense the forwarding companies had to incur for collection and denvery and for warehousing I do not know; but I do know, or at least it is generally assumed, that the freight forwarders have made very hand-some profits. It is my very firm conviction that this whole practice is illegal, and that it discriminates between shippers, and discriminates between cities and towns which are sufficiently large to have that character of service, and small places which are not.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. CLARK of Missouri. I do not wish to interrupt the trend of the Senator's thought, because he stated a moment ago that he desired to make a brief statement, but my mind is running along the same channel as the mind of the Senator from Nebraska on this question. If this is an illegal practice, as the Senator from Kansas has just stated, if it is discriminatory, if it allows railroad corporations, through subsidiaries owned by the railroads in the guise of "forwarding companies," to discriminate between individuals and municipalities and regions, is not the remedy to prohibit it by law, if it is not already prohibited—as I agree with the Senator from Nebraska it is already prohibited—rather than to legalize a practice which the Senator from Kansas himself admits is already illegal?

Mr. REED. I beg the Senator from Missouri not to misunderstand. I am not proposing to legalize what they are doing.

Mr. CLARK of Missouri. By permitting the railroads to form forwarding companies, and to indulge in such practices, even though subject to regulation, are we not legalizing a practice which I think we all agree is illegal at the present time?

Mr. REED. Let me give the history of the amendment, which will take but a moment.

There was so much criticism of the forwarding companies that I was delegated by the committee to see whether or not we could not do something about it. Again I went to the Interstate Commerce Commission, and this time the conflicting opinions in the Commission were brought together. The amendment, as it is written into the bill, appearing on page 49, was not written by me, although I was the avenue of transmission to the committee; it was written in the Interstate Commerce Commission, and admittedly both the chairman of the committee and I were fearful that it was not all that it should be.

The chairman of the committee and I discussed this matter. The amendment was printed in the bill, and I have agreed with the chairman that we should consider it. I think I am correctly stating the agreement with the chairman, because I feel very deeply upon this subject. I am going to do my best, I assure the Senator from Missouri, to correct this and any other discrimination and unlawful practice which I can detect and help to legislate out of existence.

I agree with the chairman; this is not all we would wish. I do not want to reflect upon the gentleman who wrote the amendment. As the report shows, there is a fairly substantial difference of view within the Interstate Commerce Commission. Of the 11 Commissioners, I think 6 or 7 made this report; 2 or 3 more concurred almost entirely; 1 or 2 dissented in part. It is a situation which I think should be handled by the Congress of the United States. I should be very happy to cooperate with the distinguished chairman of the Committee on Interstate Commerce and the committee to see if we cannot draft some kind of legislation, either write a bill, or consider and study a joint resolution introduced by me. I introduced Senate Joint Resolution 117, dealing with less-than-carload traffic. I recognized it was incomplete. We might try to write a bill, or we might set that joint resolution down for a hearing, gather all the information possible, and write a bill afterward. In that, I shall defer to the views of the chairman of the com-

I hope I have to some extent illuminated this subject for the benefit of any Senators who perhaps may not have been so familiar with it.

Mr. CLARK of Missouri. Mr. President, the Senator from Kansas has illuminated the subject, as he always illuminates any subject which he discusses; but to my mind he has not been conclusive as to what the Senate should do at this time in connection with the matter.

I raised the question on the motion of the Senator from Montana to disagree to the committee amendment not because I was in favor of the committee amendment but because it seemed to me that it presented a question which should be dealt with in connection with the pending bill or any other comprehensive bill dealing with transportation which is to be considered by the Congress.

Mr. NORRIS. Mr. President, will the Senator from Missouri yield?

Mr. CLARK of Missouri. I yield.

Mr. NORRIS. So far as I have heard the Senator from Missouri, he is laboring under the same difficulty under which I find myself, but he just made a statement which it seems to me ought to afford an avenue of escape. He suggests something which would accomplish the same thing, apparently, the committee desires. He suggested that we were going to have some legislation to remedy a practice which we all admit is bad, and, so far as I have heard,

everyone admits that it is illegal under existing law. Then why is any legislation necessary? Why is this practice not stopped now? If it takes legislation to stop it, why can it not be done by a sentence, almost? Why legalize what is claimed now and admitted to be a parasitical condition?

Mr. REED rose.

Mr. CLARK of Missouri. I will yield to the Senator from Kansas in just a moment. I agree with the Senator from Nebraska 100 percent in the statement which he has just made. If, as the Senator from Nebraska believes, and as I believe, this practice is now illegal, it is the duty of the Interstate Commerce Commission and the officials of the Department of Justice to eradicate it. But if they do not do that by the enforcement of the law, as the law is now on the statute books, or by construction of the law, then it seems to me that, while passing a comprehensive transportation bill, Congress ought to make the intent of the law unmistakable.

I am now glad to yield to the Senator from Kansas.

Mr. WHEELER. If the Senator will permit, the subject is not so simple as it looks on its face.

Mr. REED. Mr. President, that was exactly what I was about to say to the Senator from Nebraska and the Senator from Missouri, it is not so simple as it looks.

Mr. WHEELER. It is easy to stand on the floor and say, in one sentence, that this is illegal and is improper, and that we ought to legislate against it. A great many of these problems look simple until the other side has been heard. I am frank to say that every member of the committee felt exactly as the Senator from Missouri has felt, but when we went into the question, the truth is it was found that it is not illegal per se at the present time. It is the way in which it is done that makes it illegal.

The committee did not have sufficient evidence before it to draft legislation, and we did not have sufficient information to determine just what ought to be done to correct these practices. As I stated, the matter was brought to our attention after we had struggled with the problem for practically 3 months, and then the committee asked the Senator from Kansas [Mr. Reed] to go to the Commission and get their views, and have them work the matter out. When it was brought back to the committee, those who had been advocating that we have some provision on the subject in the bill came to us and said, "This is terrible, and we do not want it." The result was that the committee came to the conclusion that before we could legislate intelligently upon the matter we had to have more information. If any Senator knows more about it than we do, and has some scheme which will take care of the situation, no member on the committee will object to considering it. We are all seeking a remedy. But we all felt, after giving the matter much time and study, and after taking it up with the Commission and finding the Commission divided with reference to certain phases of the matter, that we did not have sufficient information intelligently to draft legislation dealing with the subject, and we wanted to go into it further.

I assure the Senator from Missouri that it is the intention of every member of the committee to take this matter up and make it a special order of business.

Mr. CLARK of Missouri. Mr. President, I may say to the Senator from Montana, and to the Senate, that I would not wish anything I might say in connection with any part of the pending bill to be taken as in the slightest degree a reflection on the industry or the intelligence or the great knowledge of either the Senator from Montana or the members of his committee. I know how hard they have worked on this subject. I know that they have labored and have patriotically and intelligently cooperated in the formation of the bill now before the Senate. They have conducted a great many hearings. Nevertheless, when all is said and done, the bill is a tremendously comprehensive measure, which is being presented to be the basic law on the subject of transportation in the United States for years to come.

I am perfectly aware of the fact that the old, original act creating the Interstate Commerce Commission has been regarded as a magna carta on the subject ever since the Interstate Commerce Commission was established. I know that in all of its operations with regard to water-borne commerce, or truck-carried commerce, or anything of the kind, the Interstate Commerce Commission has always been able to take refuge behind that law and say that they were bound by the law and the precedents established under the law; and that, therefore, as I stated yesterday, it has become a railroad-minded commission.

Mr. President, I am not accusing the Senator from Montana, or his committee, of trying to exert undue pressure for the immediate passage of the bill, because I do not think they are doing so. But following what is after all a rather limited discussion and a rather limited knowledge by the Members of the Senate of a measure containing 206 pages, we are now to be called upon to deal with this vast subject and set up a basic body of law. I submit that we ought to consider, and at least attempt to negative the ill effects of such a situation as has been admitted here on all sides to be in violation of the present law. At least we ought not to permit an arrangement to continue which will perpetuate a situation which ought to be generally recognized as being in violation of the law.

Therefore, Mr. President, I am not in sympathy with the committee amendment. If I were in sympathy with the first part of it I would certainly not be in sympathy with the "provided further" clause, beginning at the bottom of page 49, providing for pooling arrangements. It does not seem to me to be a subject as to which Congress ought to legislate at this time in connection with the pending bill.

The Senator from Nebraska said he believed the present practice to be in violation of law. So do I. The Interstate Commerce Commission and the Department of Justice have shown by their action and by their attitude that they do not conceive these practices to be in violation of the law. Therefore, while we are passing a comprehensive law why should we not specifically declare in lieu of the pending amendment that such arrangements in the formation of forwarding companies between the railroads are illegal? Then, if the Senator from Montana's committee has a chance to consider it, and the Senate has a chance to legislate on it, the Congress could have that subject before it for consideration.

Any Senator who has observed the course of such bills must realize that in considering this omnibus bill—a bill designated as being a bill for the relief of the railroads, which, in my judgment, should also be designated as a bill for the emasculation of water transportation and truck transportation in this country—containing an amendment regulating forwarding companies, when we propose amendments to the act now proposed we encounter hazards not to be presently estimated. These difficulties of consideration are recognized in the report of the chairman of the Committee on Interstate Commerce in the consideration of the pending bill in committee, in its passage through the Senate, and will be recognized in its progress through the body at the other end of the Capitol.

Mr. REED. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. REED. I wish to call to the attention of the Senator from Missouri the fact that the Railway Express Agency, successor to the old Adams Express Co., the United States Express Co., the American Express Co., the Wells-Fargo Express Co., the South Express Co., is a wholly owned railroad agency, whereas the fine, old-time express companies I have named were privately owned. They were succeeded by the Railway Express Agency, which pooled all the express traffic, and the agency, which is owned by the railroads, is rendering a unified and better service, and no one ever considered that the Railway Express Agency was illegal in any way, so far as I ever knew.

My own desire would be that the railroads either arrange to handle their less-than-carload freight through an expansion of the Railway Express Agency facilities or to provide similar facilities of their own.

There are many differences of opinion, but I do not want the statement of the Senator from Missouri that this practice is unlawful per se to go unchallenged, because there exists a comparable agency, the Railway Express Agency, entirely owned by the railroads, operating satisfactorily, and no one contends that it is illegal.

I may urge upon the Senator from Missouri and the Senator from Nebraska that this is not an easy question to settle. It is a difficult question. It is "a tough baby" to deal with, believe me! But the distinguished Senator from Montana, the chairman of the committee, and myself have made an agreement to undertake to see what we can do with the aid of our associates on the committee. I do not know what we can do.

Mr. CLARK of Missouri. Mr. President, I am simply relying on the statements which the Senator from Montana made. The Senator from Kansas said on this floor not more than 10 minutes ago that these wholly owned subsidiaries of the railroad companies, these forwarding companies, were engaged in discrimination. I did not say-and I want to correct the Senator from Kansas in that respect-I did not say that it was illegal for the railroad companies to own the forwarding companies. What I said—and I was quoting the Senator from Kansas and the Senator from Montana when I said itwas that it was illegal for them to own these companies and to discriminate in rates. I say it is illegal for a forwarding company owned 100 percent by a number of railroads to be able to obtain lesser rates for individuals or for municipalities or for regions than can be obtained by people who do not patronize forwarding companies.

Mr. REED and Mr. MINTON addressed the Chair.

The PRESIDING OFFICER. Does the Senator yield; and if so, to whom?

Mr. CLARK of Missouri. I yield to the Senator from Kan-

Mr. REED. Apart for the moment from the question of advisability, I may say that the illegality of the present situation lies in the fact that a creature of a railroad company is handling business at a lower rate and a different rate.

Mr. CLARK of Missouri. And is able to discriminate

against individuals and localities or sections.

Mr. REED. And is able to discriminate as between individuals. Those are the illegal practices that are going on. I agree that there is no reason why the Interstate Commerce Commission and the Department of Justice should not now, if they choose, undertake to bring action against both the railroad companies and the forwarding companies which are responsible for these illegal practices.

Mr. CLARK of Missouri. And yet, Mr. President, if the Senator will permit me to interrupt him, we are being asked by this very committee amendment already drawn, as the Senator himself has said, by the Interstate Commerce Committee, actually to legalize those practices.

Mr. REED. No, Mr. President, the amendment does not legalize those practices. If the Senator from Missouri will permit me, I will say that I think the Interstate Commerce Committee which drew the amendment, as well as the chairman of the committee and myself, feel that this particular section is incomplete and faulty. But it does not legalize any presently illegal practice. That is where I want to draw the line in respect to the statement of the Senator from Missouri. There is nothing in the amendment which, if adopted, would create or continue or permit an illegal practice. But it is not exactly what I personally would like to have. As the chairman has said, the question is not so simple as it seems to be. It is quite a difficult question to deal with.

There is virtue in consolidating less-than-carload shipments into carloads if it can be done legally, and I think it can be done legally. As a matter of fact back in the days when we had the coordinator, he created several regional committees composed of railroad officials. I hold in my hand their last report. It is signed by the traffic vice presidents of the Union Pacific, the Pennsylvania Railroad, and the Nashville, Chattanooga & St. Louis Railroad as a committee speaking for all the railroads. The question is not a new one. Its report was written 5 years ago. I shall read only one of the conclusions of the committee.

(1) The formation of one or two national grand pools is not recommended. This does not, however, imply that the consolidation of rail L. C. L., rail express and forwarder freight should not be undertaken by individual railroads or groups of railroads, where it is territorially practicable and economical to perform a complete service.

So we have a concurrence in principle of the railroads themselves through their committee in the idea that the present system of handling the less than carload ought to be improved, and that it can be improved if the railroads can agree, but the trouble is the railroads can never agree, and that is why the burden of the Interstate Commerce Commis-

sion and the Congress is so heavy.

Mr. CLARK of Missouri. Since the question has come up I should like very briefly to express my own opinion as to the transportation policy which should be pursued by the United States of America. My notion, Mr. President-and it is very intimately involved in the question which is before the Senate in the pending amendment—my idea is that the transportation problem in the United States is a problem of such tremendous national importance that it transcends the interest of any transportation company, whether it be a railroad company, or a steamship company, or a barge line, or an air-line company, or a truck company.

It is a matter of such far-reaching importance that it has imposed upon it a very definite public interest which in a proper sense would take away from the transportation situation the view which I have always held, that any ordinary business should be operated by private business and should have as little public regulation as possible. But, Mr. President, the subject of transportation, which involves so vitally the life of the United States, is a tremendous question.

I should be glad to see, and I think the logic of events must finally dictate, a transportation monopoly in this country. I believe that all the agencies of transportation must finally be brought into an articulated whole, under the very strictest public regulation.

I have no animus against the railroads. I realize that millions of Americans have made investments in railroads. I realize that the railroad industry is a tremendous and very vital industry. I realize that millions of Americans are employed by the railroad industry. However, if I believed that the time had come when the railroads had become obsolete, as the stagecoaches became obsolete, I should think that the investors in the railroads and the men employed on the railroads would have to find new employment or new means of investment, and that the progress of the country would have to go forward.

I hold no such view. I do not believe the time has come, and I do not believe the time will come for many years, when the railroads will not be the fundamental basis and the most vital section of the Nation's transportation system. Therefore, Mr. President, I say that if such a thing should happen as the establishment of a monopoly of the transportation system under national control, I should be perfectly willing for the railroads to have the controlling voice in that monopoly.

However, I think the conclusion is inescapable that the only basis upon which we can grant favors or establish rates for the railroads, truck lines, water-transportation lines, or air lines, is upon the basis of service to the shippers and the public of the United States. When I say that some day I think there ought to be a transportation monopoly in the country under rigid governmental control, I am not saying that I should like to see the time come. I do not profess to be smart enough to solve the problem myself; but I should like to see the time come when a man at Bowling Green, Mo., Broken Bow, Nebr., or anywhere else in the United States, could go to one office and say he wanted to ship a bill of goods to St. Louis, Kansas City, Wichita, New York, Shanghai, or any other place in the world, and be told by an impartial adviser representing a transportation agency the very cheapest and best way in which to ship his goods. In other words, if it were desirable to ship his goods from Bowling Green, Mo., to St. Louis by truck, and there put them on a barge line to New Orleans, and then load them on

an ocean vessel for transshipment to Shanghai, that ought to be his privilege. If it were cheaper for him to ship from Bowling Green to San Francisco by rail, he ought to know that fact. If, as happens to be true, it were cheaper for him to ship his goods by rail to Baltimore, and then put them upon an intercoastal vessel and send them around through the Isthmus of Panama and the Panama Canal to San Francisco, he ought to be advised of that fact.

Mr. REED. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I shall be glad to yield to the Senator in just a moment.

So I have no bias whatever in favor of one means of transportation against another. My only objection to the bill is that it is a railroad bill. We are putting transportation under a railroad commission. We are deliberately hamstringing the intercoastal shipping and the inland waterways of the country, as well as the trucks, and we are leaving out the air lines, without any reason whatever for this particular discrimination except the existing "war scare."

Therefore, it seems to me that the question of the rights and privileges we grant to the railroads or permit the railroads to pursue in the way of organizing subsidiary companies and forwarding companies is very important.

I am glad to yield to the Senator from Kansas. I am sorry not to have yielded before, but I wanted to complete my thought.

Mr. REED. Mr. President, the distinguished Senator from Missouri has outlined quite an order. I am wondering whether he hopes to complete it during his first administration, or whether it will have to go over until his second administration. [Laughter.]

Mr. CLARK of Missouri. I stated to the Senator from Kansas at the outset that I do not profess to be smart enough to solve the problem myself. I leave it to the very distinguished Committee on Interstate Commerce, which is willing to cover all subjects, as the bill does, including a number of subjects within the jurisdiction of other committees. I am not trying to reflect on the ability or wisdom of the Interstate Commerce Committee. I merely desire to say that when a subject of this importance comes before the Senate I do not think we ought to leave it for future consideration, because any provisions for regulating illegal practices omitted from the omnibus transportation bill now before the Senate will be very difficult to put in later.

Mr. ASHURST. Mr. President-

Mr. CLARK of Missouri. I am glad to yield to the Senator from Arizona.

Mr. ASHURST. I do not wish to interrupt the Senator. I desire the floor later.

Mr. CLARK of Missouri. I have concluded.

Mr. WHEELER. Mr. President, does the Senator from Arizona wish to speak on the pending amendment?

Mr. ASHURST. No.

Mr. WHEELER. May we not first dispose of the amendment?

Mr. ASHURST. Certainly. I yield the floor.

Mr. WHEELER. Mr. President, I should like to have a vote upon the suggestion which I have made, that the Senate reject the amendment.

The PRESIDING OFFICER. The question is, in accordance with the suggestion of the Senator from Montana, on rejecting the portion of the committee amendment found on page 49, commencing with the word "Provided," in line 2 and continuing through the word "measures" in line 21.

The amendment was rejected.

Mr. REED. Mr. President, the next matter is that part of the committee amendment beginning on page 49, line 21, with the words "Provided further," and continuing over to page 50, line 13, terminating with the word "carriers."

This language, like the language which we have just been discussing, was prepared by the Interstate Commerce Commission. The question involved is a mooted one, and is very important. I myself, as well as other Senators, should like to have more time to consider the matter. I ask that the Senate reject the part of the committee amendment to which I have referred.

Mr. CLARK of Missouri. Mr. President, it is all part of one amendment.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. NORRIS. The object of the Senator is to reject the remainder of the committee amendment, is it not?

Mr. REED. Down to and including the words "such carriers" in line 13 on page 50.

Mr. NORRIS. Does not the language referred to, together with the language we have just rejected, constitute one committee amendment?

Mr. REED. I will say to the Senator from Nebraska that there are some amendatory words or sentences in the language referred to; but, so far as the effect is concerned, the language would be entirely inconsistent with the language beginning in line 2, page 49, with the words "Provided further," and extending to line 13 on page 50, ending with the word "carriers." I think we should eliminate both provisions.

Mr. NORRIS. We have rejected part of the committee amendment. The Senator now seeks to reject the remainder of the committee amendment. Is that true?

Mr. REED. That is all there is to it.

Mr. BYRD. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. BYRD. The action suggested would take out of the bill any reference to pooling of any character?

Mr. WHEELER. That is correct.

Mr. NORRIS. Mr. President, I believe the Senate thought it was rejecting the committee amendment; but the committee intended that we should reject only a part of the amendment. The committee now wishes to reject the remainder of the committee amendment.

Mr. WHEELER. That is correct.
Mr. NORRIS. Why not simply reject the whole committee amendment and get it over with?

Mr. WHEELER. I agree with the Senator. Mr. BARKLEY. Mr. President, I ask unanimous consent that the proceedings with respect to this amendment be vacated, and that the Senate vote on the amendment as a

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered. The question is on agreeing to the committee amendment.

The amendment was rejected.

The PRESIDING OFFICER. The clerk will state the next committee amendment which was passed over.

The CHIEF CLERK. On page 50, at the beginning of line 16, it is proposed to insert the words "relating to pooling, division of earnings, traffic, or service, or any portion thereof."

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Mr. WHEELER. Mr. President, I wish to say that this is practically the present law, and it merely takes care of present pooling arrangements which may be in effect at the present time between water carriers and railroads.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment passed over.

The CHIEF CLERK. On page 50, at the beginning of line 15, it is proposed to strike out "motor carrier, air carrier, or."

The amendment was agreed to.

The PRESIDING OFFICER. That completes the committee amendments.

Mr. ASHURST. Mr. President, I shall probably earn the gratitude of the Senate by giving assurance that I shall not speak longer than 6 or 7 minutes. I know little about railroading, and probably the only point upon which I could confidently venture an opinion would be upon the so-called long-and-short-haul feature. That feature of the law has been the subject for many years of much diligent study on my part.

This bill comes to the Senate, so far as I am concerned, under favorable auspices. It was introduced by the Senator from Montana [Mr. WHEELER], for himself and the Senator from Missouri [Mr. TRUMAN], and reported by the Senator from Montana. Ordinarily, any bill framed by those Senators would be given a most respectful examination; but I am not content with the language which has been employed in dealing with the long-and-short-haul clause.

It is not necessary here and now for me to enter into a discussion as to what is meant by the long and short haul, and it might be a waste of time for me, if I could, to recite the tedious history of the abuses which occurred under the long-and-short-haul discriminations. Therefore, while it is an interesting subject, I surely need do no more than say that it required years of patient and diligent work on the part of the Senators and Representatives from the Intermountain States to put an end to the abuses and injustices under the long-and-short-haul discriminations.

Those abuses began when the last spike was driven on the Union Pacific Railroad in 1869; they continued after the passage of the interstate commerce law of 1887; they still continued after 1910, when there was some relief, and even until about 1918, when more adequate relief was granted.

I should like to vote for this bill, but frankly I am perplexed. I fear that lurking within the references to the long-and-short-haul clause to be found on pages 180, 181, and 182 there may be phrases upon which later constructions may be put that would overthrow the work of 25 years to remove these abuses.

In all courtesy, I now address a question to my able friend the Senator from Montana [Mr. WHEELER], chairman of the Committee on Interstate Commerce, as to whether he would be content to have those provisions stricken out, so that, in any event, the law as to the long and short haul would remain as it now is.

The Senator from Montana knows, for I have said so on the floor of the Senate many times, that I regard him as an able lawyer. Able as he is, familiar as he is with this subject, devoted as have been his labors in connection with this bill, I still believe that lurking within the provision affecting the long and short haul, or in section 50, there is language that later may be distorted or misconstrued in such a way as to deprive citizens in the intermountain region of the measure of justice which they have secured after so long and desperate a contest. I am wondering if the Senator would view with any toleration a motion by me to strike out section 50 relating to the long-and-short-haul clause, so that the law would remain as it now is?

I am not going to offend the proprieties by pretending that I am more ardently in favor of the elimination of the longand-short-haul abuses than is the Senator from Montana, for I recognize he has been a leader in our efforts to secure relief from those abuses. Therefore, will the Senator, out of abundance of caution, agree to strike out section 50 of the bill?

Mr. WHEELER. Mr. President, I may answer the Senator by saying that I would be afraid to strike out section 50, because, if the section were stricken out, I am quite sure under the language of the bill the very object the Senator seeks to accomplish would not be accomplished.

Mr. ASHURST. The Senator is of opinion that it would be inadvisable to strike out the section?

Mr. WHEELER. Yes. I am very much afraid that to do so would completely destroy the old fourth section, or the so-called long-and-short-haul clause.

Mr. ASHURST. Quite all right.

Mr. WHEELER. Let me say, for the information of the Senator, that the only reason I consented to the suggested amendment which went in the bill was because Mr. Campbell, who was formerly a member of the Interstate Commerce Commission, and who has led the fight for the intermountain territory

Mr. ASHURST. To prevent these abuses.

Mr. WHEELER. To prevent these abuses—wrote a letter and suggested the very amendment that we put in the bill. So it was only because the representative of the intermountain territory suggested, as I recall his language, that he, at least, could see no harm in the amendment, and it would not in any way endanger the bill, that the language as now found was inserted in the measure.

Mr. ASHURST. The Senator from Montana advises that to strike out section 50 would promote the abuses rather than prevent them. Very well; I ask the Senator to address his attention to the suggestion to strike out all new matter; retain section 50, but on page 181 disagree to the amendment proposed there to strike out certain language in the existing law, and, on the same page, disagree to the amendment which proposes new matter. In other words, my desire and solicitude are to leave the law as to the fourth section as it

In expressing a doubt as to what may happen, I mean no reflection upon the labors of the committee. I appreciate that section 50 is advocated by my able friend from Kansas [Mr. Reed], whom I consider really to be one of my constituents, and who is so familiar with the State of Arizona that I would be inclined to respect his judgment on this subject.

Mr. REED. Mr. President, will the Senator yield?

Mr. ASHURST. I yield.

Mr. REED. I may say that I am more than familiar with Arizona. I have considerable money invested in the Senator's State.

Mr. ASHURST. The Senator will receive a good interest rate on whatever he may have invested in Arizona. He will receive an adequate return in due time.

Mr. REED. May I inquire of the Senator from Arizona if he ever heard of anybody earning a return on an investment out of Arizona?

Mr. ASHURST. I know that those persons who invest in Arizona receive returns for their investments; they never need worry about investments which they make in Arizona.

Mr. President, I shall not presume to set up my inconclusive judgment on this matter against the judgment of such men as the Senator from Montana [Mr. WHEELER], the Senator from Kansas [Mr. Reed], the Senator from Missouri [Mr. TRUMAN], and the other members of the Committee on Interstate Commerce, but frankly I do not feel easy about the proposed provisions. I know only too well how these fugitive phrases are distorted by some of those who may later construe them. I know only too painfully that when we enact a law, though there are just as many good lawyers in the Senate as there are in any given number of men elsewhere, that we do not have the last say, but those who subsequently construe the law are the ones who may ultimately determine any doubt.

Mr. WHEELER. Mr. President, may I interrupt the Senator?

Mr. ASHURST. Cetainly. Mr. WHEELER. Let me say that the language used was drafted and recommended by those who will construe it. They tell me that it does not in any way, shape, or form amend the law except in respect of the proviso-

Mr. ASHURST. That is on page 181.

Mr. WHEELER. Yes; on page 181, which reads:

And provided further. That tariffs proposing rates subject to the provisions of this paragraph may be filed when application is made to the Commission under the provisions hereof, and such application and tariffs shall be handled in accordance with the provisions of paragraph (1) of section 28 of this act.

I am informed by experts of the Commission and those who will pass upon it that all that means is that when there is no controversy-and in about 80 percent of these applications there is no controversy—the tariffs will go immediately into effect. When there is a controversy, the Commission would suspend the rates until a hearing could be held, and the rates would not go into effect at all.

Now, the equidistant clause-

Mr. ASHURST. Please explain that.

Mr. WHEELER. The equidistant clause, as I understand, has nothing to do with the fourth section as it affects the Senator's part of the country or the intermountain territory. The Senator will recall that Mr. Eastman and the Interstate Commerce Commission have long been opposed to the repeal of the fourth section.

Mr. ASHURST. Quite true.
Mr. WHEELER. But they have been in favor of the repeal of the so-called equidistant clause, because they say it is unworkable, and is not of any value whatever; and it does not affect our section of the country or the antidiscrimination provisions in which the Senator and the intermountain country are interested.

Mr. ASHURST. Assurance given by the able Senator from Montana ought to be sufficient. Although I am not of a suspicious nature, I must observe that when wizards in the use of words, word milliners on the bench and on commissions, get through with a section they sometimes give it a vastly different meaning, purport, and effect than that which was intended by Congress.

Mr. WHEELER. The Interstate Commerce Commission has always been against the repeal of the fourth section.

Mr. ASHURST. Quite true. Ultimately, when the provisions of this section 50 are construed and begin to have application and effect, if it should be found that our protection against fourth-section discrimination is wiped away, my face would grow red, and the countenance of my learned friend from Montana will grow crimson.

Mr. WHEELER. I agree with the Senator.

Let me say to the Senator, as to section 2, which is stricken out at the bottom of page 181, that the experts of the Commission think it does not mean very much and it is not necessary to have it in the fourth section. However, if there is any question in the Senator's mind about it, I am perfectly willing to have it restored, and would ask that that be done. As I say, I have to take the word of the experts and of the Commission, and I have relied upon them.

Mr. ASHURST. A factor which has made the Senator from Montana a success is that he never arrogates to himself all wisdom, and is willing to listen to honest experts; likewise the little success, meager enough, which I have achieved has flowed in part from the fact that I frankly admit I do not know it all and am glad to be advised by experts in whom

I have confidence.

Therefore, if the Senator will consent, that the Senate shall disagree to the amendment beginning on line 24 of page 181 and ending with the word "competition" on line 5 of the next page, we would feel somewhat easier.

Mr. WHEELER. Will the Senator ask unanimous consent that the action on that amendment be reconsidered?

Mr. ASHURST. I would rather have the Senator from Montana do so.

Mr. WHEELER. In view of what the Senator from Arizona has said, I ask unanimous consent that the vote by which paragraph (2) was stricken out shall be reconsidered, and that the paragraph be reinstated.

Mr. CLARK of Missouri. Mr. President, what page is that?

Mr. WHEELER. Page 181.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Montana to reconsider the vote on the committee amendment, beginning on page 181 and concluding on page 182, designated as paragraph (2)? The Chair hears none, and the vote is reconsidered. The question is upon agreeing to the amendment.

The amendment was rejected.

Mr. ASHURST. Then, Mr. President, am I correct in my understanding that the amendment, beginning with line 24 on page 181 and ending with line 5 on page 182, is rejected, and that that language is restored in the law?

Mr. WHEELER. The language is restored in the law. Mr. MILLER, Mr. REED and other Senators addressed

The PRESIDING OFFICER. Does the Senator from Ari-

zona yield; and if so, to whom?

Mr. ASHURST. I yield the floor. Mr. MILLER obtained the floor.

Mr. BROWN. Mr. President-

Mr. MILLER. I understand that the Senator from Michigan has an amendment which is not controverted. I yield to him for the purpose of presenting that amendment only.

Mr. BROWN. Mr. President, I have on the desk an amendment, which I ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Michigan will be stated.

The LEGISLATIVE CLERK. On page 3, line 23, after the words "United States", it is proposed to insert a colon and the following:

Provided, however, That nothing in this act shall apply to contract carriers by water in the transportation of commodities in bulk on the Great Lakes whose vessels during the normal course of voyage pass within the international waters between the States and Canada, and whose vessels compete in respect to the transportation of any such commodities in bulk with water carriers of a foreign country.

Mr. WHEELER. Mr. President, I desire to say that I have gone over this amendment with the Senator from Michigan, and we feel that it does exactly what the Interstate Commerce Commission said they intended to do. I can see no objection to adopting the amendment. It merely exempts the bulk carriers that compete with foreign shipping on the Great Lakes. Not being able to regulate the rates of the foreign ships on the Great Lakes, we agree that our bulk carriers, which come in competition with them should not be regulated.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Michigan

[Mr. Brown].

The amendment was agreed to.

Mr. BROWN. Mr. President, I thank the Senator from Montana for accepting this amendment. I fully discussed it vesterday.

I also desire to state, before taking my seat, that while the amendment is presented in my name, it represents the views of the Senators from the Great Lakes States, particularly my colleague [Mr. Vandenberg], the Senator from Minnesota [Mr. Lundeen], the Senators from Wisconsin [Mr. La FOLLETTE and Mr. WILEY], the Senators from Illinois [Mr. Lucas and Mr. SLATTERY], the Senators from Ohio [Mr. Don-AHEY and Mr. TAFT], the Senator from New York [Mr. MEAD], the Senators from Pennsylvania [Mr. Davis and Mr. Guffey], and others; and I wish to acknowledge their part in getting this matter straightened out for the benefit of the Great Lakes area.

Mr. MILLER. Mr. President, I wish to present to the Senate an amendment in the nature of a substitute for sec-

tion 30, on page 120 of the bill.

I make no pretense of being an expert. I am not a member of the committee which has studied this bill and has reported it; but I desire to call the attention of the Senate to some facts which I think should be taken into consideration by the Senate in the passage of legislation of this nature. I want to talk to the Senate for a while from the standpoint of the shipper and from the standpoint of the consumer of the country.

This bill has had serious, careful, intelligent, and able consideration, and was born as a result of the work of the committee which was appointed for the primary purpose of

rehabilitating the railroads.

A few days ago the Senator from Missouri said that the chief trouble in this country was the lack of shippers. The chief trouble of the railroads in the Nation today is due to the inequitable, unjustified, and indefensible rate system that has been built up. This bill carries with it certain provisions for the investigation of discriminations in freight rates, but that is about all it does.

The amendment I am proposing in this case is to the ratemaking section, section 30. The amendment has been printed, and I first want to call the attention of the Senate to its provisions. It adopts the section as it appears in the printed bill, with this addition:

In order that the public at large may enjoy the benefit and economy afforded by each type of transportation, the Commission shall permit each type of carrier or carriers to reduce rates so long as such rates maintain a compensatory return to the carrier or carriers after taking into consideration overhead and all other elements entering into the cost to the carrier or carriers for the service rendered. It shall be unlawful to establish rates for any type of transportation which shall not be compensatory, as herein defined, whether such rates are established to meet competition of other types of transportation or for other purposes.

The proposal falls into two sections. One is the cost feature of the rate, the cost of operation of the rate. The second one is urged for the purpose of preventing the establishment of out-of-pocket cost rates. It is particularly to the question of the cost of transportation that I desire to address my remarks.

Under existing law the Interstate Commerce Commission approves rates. When it is said the Commission establishes rates, that is a misstatement. It establishes nothing except in rare instances. The Commission approves rates which have been carrier-initiated. Practically every rate is first written by a carrier, filed with the Commission, and approved by the Commission.

As stated on the Senate floor a few days ago, the railroads of this Nation have become so involved and so enmeshed in their own tariffs and in their own rate structures that it is almost impossible to extricate them. A major operation may

be necessary to extricate them.

In considering rates the Interstate Commerce Commission has adopted five principles. One is the economic and geographic conditions of the place of origin of the shipment, The second is the policy of the carrier, and bear that in mind. The third is the policy of the Government as expressed in its statutory enactments. The fourth is cost of service and value of the commodities transported. fifth is the effect of competition.

Under that formula-and if it is defensible, I want someone to defend it—this country has been laid off into zones or territories known as the official territory, or eastern region; the southern region, the western region, the southwestern region, and the mountain region. Artificial lines have been established defining those regions, and different freight rates apply in all of them. I propose to show to the Senate that it costs more to transport commodities in the official territory than it does in the southern and southwestern and mountain territories; yet we sit here and permit this discrimination to exist.

In connection with what I am saying I expect, before the conclusion of the consideration of the bill, to offer an amendment striking out the words "unjust and undue" in the declaration of policy on page 6 of the bill, and the same words on page 26 of the bill, "undue and unjust discrimination," because they are relative terms. There is no such thing as an unjust discrimination. If there is a discrimination, it is a discrimination. We cannot employ relativity in discussing discrimination.

The freight rate in southern territory, territory lying south of the Ohio River, with the exception of parts of Virginia and Maryland, is 39 percent more than the rate in the official territory. In the western territory it is 47 percent more. In the southwestern territory, in the States of Oklahoma, Texas, and Arkansas, 75 percent more is paid than is paid in the official or eastern territory. In the mountain and Pacific regions the shippers pay 71 percent more than is paid in the official territory.

What are the earnings of the railroads in those territories? Taking the official territory as the test and figuring it as 100 percent, the southern railroads earn 30.7 percent more than the roads in the official territory; the western trunk lines earn 36.3 percent more than the roads in the official territory; the southwestern roads earn 31.1 percent more; and the mountain and Pacific roads earn 19 percent more.

The rates in those regions, however, as I have just pointed out, run from 39 to 75 percent higher, and the roads earn from 19 to 36 percent more. Who is paying the bill? It is the shippers and the people who live in those regions.

The President of the United States recognized this, and I wish to read from his message of April 27. I know the members of the Committee on Interstate Commerce desire to destroy discrimination, but notwithstanding what the President has said, we have done nothing along that line. This is what the President stated about that question:

Herewith I submit a survey entitled "Supplemental Phases of the Interterritorial Freight Rate Problem of the United States,' survey was conducted by the Board of Directors of the Tennessee Valley Authority, pursuant to Executive Order No. 6161 (June 8, 1933), by which are delegated to it certain powers granted to me by sections 22 and 23 of the Tennessee Valley Authority Act of 1933. I am also herewith submitting a letter from the Tennessee Valley Authority, dated the 6th day of February 1939, forwarding the aforesaid survey to me, explaining its relation to the initial report on this subject submitted to the Congress on June 7, 1937.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. MILLER. I yield.

Mr. WHEELER. The man who made that survey was Mr. Aldridge, was it not?

Mr. MILLER. Yes.

Mr. WHEELER. And he has recently been appointed a member of the Interstate Commerce Commission?

Mr. MILLER. Yes; and his appointment gives some faint hope.

Mr. WHEELER. The fact that he has been appointed a member of the Commission certainly should furnish some hope to the southern people and also to the Senators from the Northwest. But I call attention to the fact that the Committee on Interstate Commerce was extremely sympathetic with the views which the Senator has expressed, and at the request of the Senator from Alabama [Mr. Hill] and other southern Senators we inserted in the proposed legislation a provision calling upon the Interstate Commerce Commission to make an immediate study of the subject, and also to make and put into operation such order as they found necessary against the discriminations which have taken place.

Mr. MILLER. That is true, and I am entirely familiar with the provision, and congratulate the committee upon that step. However, I take the position, with all due deference to the terms of the bill, that we have not gone far enough, that we ourselves owe it to the people of this country to destroy any vestige of authority on the part of anyone to permit a

discrimination.

The President said further:

This letter also restates the views of the Authority on the effects upon our national economy of the regional freight-rate discrimination disclosed in the two reports, and urges the adoption of appropriate legislation to eliminate this discrimination,

If a discrimination exists, why not direct that it be destroyed? But, so long as we retain in the bill the words "undue and unjust" as defining discrimination, we will continue to have discrimination.

Mr. MINTON. Mr. President, will the Senator yield?

Mr. MILLER. I yield.

Mr. MINTON. I think we would have to retain these words "undue and unjust" against which the Senator inveighs. The Supreme Court has said that there is such a thing as an unjust discrimination. If one ships a carload from one point to another, he gets a lower rate than if he puts in a drop shipment from one point to another. That is a discrimination, but it is not an unjust discrimination.

Mr. MILLER. That would not be a discrimination as to

the classes of freight.

Mr. MINTON. It is a discrimination.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. MILLER. I yield. Mr. HATCH. I have not heard all the Senator's remarks, but did he say that under the terms of the pending bill the discriminations which exist, and which we all know exist. are retained or made permanent? Am I correct in my understanding?

Mr. MILLER. No; I did not say that they are retained or made permanent. I said the committee was to be congratulated upon the step it had taken in directing an investigation to determine whether or not discriminations exist, and in directing the Commission to destroy or remove the discrimi-

Mr. HATCH. Then, the position of the Senator is that the bill merely does not go far enough?

Mr. MILLER. That is all.

Mr. WHEELER. I should really like to have the Senator or someone else on this floor tell me just what language should be written into the bill which would go further than what is now in it. It is easy, in making a political speech, to say that we want certain legislation, and want to do this and want to do that, but it is quite another thing for one, after he has made the speech or made the recommendation, to write the language which will actually accomplish what he wants to accomplish without discriminating against someone else or some other community.

The Congress of the United States cannot make rates. The Congress must provide for a commission which will make rates. The Congress lays down broad general policies for that commission to follow. In the pending bill we have said to the Commission, "We want you immediately to investigate the situation, and then we want you to issue orders

which will correct the situation."

The Senate cannot investigate to ascertain whether discriminations exist in one particular territory or in another particular territory, because if we were to do that we would have time for nothing else; we would spend all our time for the next 10 years investigating to determine whether discriminations exist here, there, or somewhere else throughout the United States, so that we could frame legislation in an effort to correct the situation.

I agree with the statements made by the Senator, and I am in sympathy with his views and purposes, but I say that the Congress, in the proposed legislation, has gone as far as it is humanly possible to go. We have done all we can do

to frame language to correct the situation.

I wish to say something else in reference to the Senator's proposed amendment. I agree with the purpose of the amendment; but I call the Senator's attention to the fact that we submitted the amendment to members of the Interstate Commerce Commission, and they told us that the language used in the amendment would in many instances make it necessary for them to increase rates rather than to lower them.

Mr. MILLER. Mr. President, I appreciate the position of the committee; I appreciate the magnitude of the task it has had to perform; but I do not wish to let pass unchallenged the statement concerning political speeches and no constructive suggestions being made. I never made a political speech in my life.

Mr. WHEELER. I did not wish my remarks to be interpreted in the manner the Senator has indicated. The Senator read a statement, however, to which I made reference.

Mr. MILLER. No: Mr. President, I know the Senator did not have that thought in mind. However, I think that, if the Senate will bear with me in my blundering way, I can point out the fact that the cost feature ought to be included in the measure.

It is true that the Interstate Commerce Commission says that if my amendment were adopted some rates would have to be revised and probably some would have to be raised. Let us see whether or not that is so.

I pointed out that the revenues of the railroads in the discriminated-against sections of this country were greater than

in the official territory.

What is the cost of transportation in those territories? The cost per ton per mile, as shown in the report prepared by the Tennessee Valley Authority, taking the eastern or official territory as the basis, is as follows: We find that in the southern territory the cost is 91.7 percent of the cost of transportation in the official or eastern territory. In the western trunk-line area it is 96.6 percent of the cost in official territory. In the Mountain-Pacific area it is 114.2 percent. In the southwestern region it is 96.8 percent. Notwithstanding the cost of transportation per ton per mile in that territory is less than it is in the eastern territory, yet

the Commission, which we are all so willing to trust to iron out this matter, has approved rates which make the people of my section pay 75 percent more in freight rates than the people in the official territory pay.

I should like to call the attention of the Senate to some other figures.

Mr. TRUMAN. Mr. President, will the Senator yield?
Mr. MILLER. I yield.
Mr. TRUMAN. Does the Senator know that the greatest number of receiverships of railroads exists in the south-

western territory and in the western territory?

Mr. MILLER. I do not have the figures, but no doubt what the Senator says is true. I know it to be true if the Senator from Missouri says it is, but, be that as it may, there is probably a good reason for it. Bankruptcy is not always produced by the rates. No doubt the southwestern railroads are bankrupt because the people there cannot pay the freight. If the rates in the southwestern region were reduced to the level of the rates in the official territory those railroads would not be bankrupt very long. I am sure that is so. The reason they are bankrupt is that our people simply cannot pay the freight both ways. The cost feature has not entered into the fixing of the rate.

I am not going to take the time of the Senate to go into a long discussion of the matter, but I wish to refer Senators who are interested in this question just as much as I am to the report which I hold in my hand. They will find therein that the rule of the carriers in initiating rates is to fix the rates just as high as the traffic will bear. That is what the rule has been. The cost feature has not entered into the fixing of rates.

Mr. President, my amendment seeks to permit the carriers to lower their rates in accordance with the cost of transportation. If the amendment should be adopted the rates in the areas discriminated against would be lowered. because if the eastern railroads, the railroads in the official territory, are operating without receiverships, and are charging lower rates than are charged in our territory, whereas in our territory the cost of transportation to the railroads is less, the adoption of my amendment would mean that the rates in our territory would be lowered in accordance with the compensation theory.

I call attention for a moment to some of the glaring discrepancies or discriminations which exist. I refer to the same volume, page 18, to which I previously made reference. I wish to call the attention of the people of the United States to some of the things that we as a Congress and the famed Interstate Commerce Commission have permitted to be done.

The distance from Nortonville, Ky., to Enfield, Ill., is 104 miles. I shall cite a few instances in the territory which is discriminated against. Enfield, Ill., is in the official territory. Nortonville, Ky., is in the southern territory. The rate for that 104 miles is 64 cents.

From Jeffersonville, Ind., to Indianapolis, Ind., within the official territory, the distance is 3 miles greater, but the rate is 58 cents, a difference of 6 cents per 100 pounds on firstclass freight.

The distance from Madisonville, Ky., to Terre Haute, Ind., where the artificial line between the official and the southern region is crossed, is 159 miles. The rate is 76 cents.

From Terre Haute, Ind., to Huntington, Ind., within the favored territory, a distance of 156 miles, the rate is 67 cents. or a saving of 9 cents.

Mr. President, I ask unanimous consent to have incorporated in the RECORD at this point, as a part of my remarks, tables 5, 6, 7, and 8 contained in the volume from which I have been reading, merely to show the effect of the discrimination which exists in the various regions both interterritorially and intraterritorially.

The PRESIDING OFFICER. Without objection, it is so ordered.

The tables are as follows:

TABLE V.—Comparisons of typical interterritorial first-class freight rates from southern territory to official territory with corresponding rates within official territory for approximately equal distances

Rates stated in cents per 100 pounds

From-	To-	Miles	First-class rates
Nortonville, Ky Jeffersonville, Ind	Enfield, III. Indianapolis, Ind	104 107	64 58
Difference 1			6
Madisonville, Ky Terre Haute, Ind		159 156	76 67
Difference 1			9
Lexington, KyCincinnati, Ohio	Columbus, Ohio	196 197	88 73
Difference 1			15
Nashville, TennIndianapolis, Ind	Indianapolis, Ind	297 296	123 87
Difference 1			36
Knoxville, TennBaltimore, Md	Columbus, Ohio	393 392	141 94
Difference 1			47
Memphis, Tenn Decatur, Ill	Indianapolis, IndAkron, Ohio	438 427	138 104
Difference 1			34
Chattanooga, Tenn Philadelphia, Pa	Chicago, III	592 595	170 123
Difference 1			47
Atlanta, Ga New York, N. Y	Chicago, III	731 734	191 138
Difference 1			53
Charlotte, N. C New York, N. Y	St. Louis, Mo South Bend, Ind	801 803	198 142
Difference t			56
Atlanta, Ga New York, N. Y	Chicago, Illdo	731 890	191 152
Difference 1			39
Atlanta, GaChicago, Ill	New York, N. Ydo	867 890	193 152
Difference 1			41
Atlanta, Ga New York, N. Y	Louisville, Ky	449 2852	151 149
Difference 1			2

¹ Difference in favor of official territory.

² Nearly twice the distance, yet the first-class rate is 2 cents higher from Atlanta, Ga., to Louisville, Ky., than from New York to Louisville.

Note.—The first-class rates shown in the foregoing table between Kentucky or North Carolina points and official territory stations are not applicable in connection with the Exceptions to Southern Classification or the commodity column ratings of their respective tariffs. When the exceptions or columns are used, the first-class rates in these examples are from 2 to 17 percent higher than those shown, depending on the distance of the southern origin or destination from the rate border. No attempt is made to cover completely the many border-line problems and adjustments which are a part of the whole rate set-up.

Tariff authorities: R. A. Sperry's 15-C I. C. C. 243, B. T. Jones' 450-C I. C. C. 2849, W. S. Curlett's 60-I I. C. C. A-303, Roy Pope's 712 I. C. C. 112, B. T. Jones' 486 I. C. C. 2450, B. T. Jones' 482 I. C. C. 2446, B. T. Jones' 484 I. C. C. 2448, W. S. Curlett's 44-E I. C. C. A-508.

Table VI.—Comparisons of typical first-class freight rates within southern territory with corresponding interterritorial rates for equal distances from official territory to southern territory for approximately equal distances

[Rates stated in cents per 100 pounds]

From—	То—	Miles	First-class rates
Albany, GaEnfield, Ill	Waycross, Ga Nortonville, Ky	112 104	82 64
Difference 1			18
Knoxville, TennColumbus, Ohio	Atlanta, Ga Lexington, Ky	198 196	102 88
Difference 1			14

Difference in favor of official territory.

Table VI.—Comparisons of typical first-class freight rates within southern territory with corresponding interterritorial rates for equal distances from official territory to southern territory for approximately equal distances—Continued

[Rates stated in cents per 100 pounds]

From-	То—	Miles	First-class rates
Birmingham, Ala Springfield, Ill	Waycross, Ga Nashville, Tenn	358 349	134 126
Difference 1			8
Barnesville, Ga	Guthrie, Kydo	398 391	142 116
Difference 1			26
Smithville, Ga	Nashville, Tenndo	440 440	148 138
Difference 1			10
Hattiesburg, Miss Chicago, Ill	Kingsport, Tenn	594 592	172 170
Difference 1			2
Montgomery, Ala	Orange, VaAtlanta, Ga	725 731	193 191
Difference 1			2
Vicksburg, Miss St. Louis, Mo	Maxton, N. C	801 801	205 198
Difference 1			7
Jackson, Miss	Danville, VaAtlanta, Ga	812 814	205 200
Difference 1			
Hattiesburg, Miss	Lexington, Va	836 805	208 170
Difference 1			38
Jackson, MissAkron, Ohio	Weldon, N. C	912 915	217 214
Difference 1			, 3
Lumberton, Miss	Charlottesville, Va	913 911	217 186
Difference 1			31
Vicksburg, Miss Milwaukee, Wis	Charlottesville, Va	941 933	220 218
Difference 1			2

Difference in favor of official territory.

Note.—The first-class rates shown in the foregoing table between Kentucky or North Carolina points and official territory stations are not applicable in connection with the Exceptions to Southern Classification or the commodity column ratings of their respective tariffs. When the exceptions or columns are used, the first-class rates in these examples are from 2 percent to 17 percent higher than those shown, depending on the distance of the southern origin or destination from the rate border. No attempt is made to cover completely the many border-line problems and adjustments which are a part of the whole rate set-up.

Tariff authorities: Roy Pope's 710 I. C. C. 110, Roy Pope's 712 I. C. C. 112, Roy Pope's 714 I. C. C. 114, Roy Pope's 717 I. C. C. 117, R. A. Sperry's 15-C I. C. C. 343, B. T. Jones' 450-C I. C. C. 2849.

Table VII.—Comparisons of typical interterritorial first-class freight rates from southwestern territory to official territory with correspending rates within official territory for approximately equal distances

[Rates stated in cents per 100 pounds]

From—	То—	Miles	First-class rates
Little Rock, Ark Springfield, Ill	ZONE III Decatur, III	454 454	154 106
Difference 1			48
Little Rock, ArkGalesburg, Ill	Galesburg, IIIYoungstown, Ohio	528 535	169 116
Difference 1			53
Little Rock, Ark	Chicago, III	625 626	177 125
Difference 1			52
Enid, Okla Chicago, III	Chicago, Ill Lancaster, Pa	725 727	202 138
Difference 1			64

Difference in favor of official territory.

Table VII.—Comparisons of typical interterritorial first-class freight rates from southwestern territory to official territory with corresponding rates within official territory for approximately equal distances—Continued

[Rates stated in cents per 100 pounds]

From-	To-	Miles	First-class rates
	zone m—continued		
Fort Smith, Ark	Cincinnati, Ohio	755 755	204 137
Difference 1			67
Shreveport, LaCincinnati, Ohio	Cincinnati, Ohio Holyoke, Mass	808 808	215 143
Difference 1			72
Fort Smith, Ark Dayton, Ohio	Columbus, Ohio	834 832	212 144
Difference 1			68
Dallas, TexChicago, Ill	Chicago, III	905 909	237 154
Difference 1			83
Fort Worth, Tex Cincinnati, Ohio	Cincinnati, Ohio Portland, Maine	962 964	244 154
Difference 1			90
Dallas, TexIndianapolis, Ind	Indianapolis, Ind Springfield, Mass	861 863	23/ 14/
Difference 1		*******	90
Galveston, TexIndianapolis, Ind	Indianapolis, Ind Portland, Maine	997 1, 009	25: 15:
Difference 1			97
Austin, TexCincinnati, Ohio	Cincinnati, OhioBangor, Maine	1, 097 1, 098	270 167
Difference 1			100
San Antonio, Tex	Cincinnati, Ohio Portland, Maine	1, 175 1, 181	28 17
Difference 1			111
	ZONE IV		Winey =
Laredo, TexMilwaukee, Wis	Springfield, IllBangor, Maine	1, 157 1, 159	30 17
Difference1			13
El Paso, TexSpringfield, Ill	Springfield, IllLewiston, Maine	1, 236 1, 216	33 17
Difference t	offer Could and an arrival		15

¹ Difference in favor of official territory.

[Rates stated in cents per 100 pounds]

From-	То—	Miles	First-class rates
Texarkana, Ark Decatur, Ill	San Angelo, TexLittle Rock, Ark	454 454	170 154
Difference 1			16
Texarkana, ArkLouisville, Ky	Corpus Christi, Tex Little Rock, Ark	512 509	183 164
Difference 1			29
Little Rock, Ark	Amarillo, Tex Little Rock, Ark	627 621	209 177
Difference 1			32
Little Rock, Ark	Laredo, Tex Enid, Okla	728 725	243 202
Difference 1			41
St. Louis, MoCincinnati, Ohio	Port Arthur, Tex Fort Smith, Ark	761 755	225 204
Difference 1			21

Difference in favor of official territory.

Table VIII.—Comparisons of typical first-class freight rates within southwestern territory with corresponding interterritorial rates for equal distances from official territory to southwestern territory for approximately equal distances—Continued

[Rates stated in cents per 100 pounds]

From-	То—	Miles	First-class rates
Delta, Mo Detroit, Mich		803 785	242 202
Difference 1			40
St. Louis, MoCleveland, Ohio		819 810	230 203
Difference 1			27
Texarkana, Ark	El Paso, Tex Fort Smith, Ark	830 834	270 212
Difference 1			58
New Orleans, La	Amarillo, Tex	852 851	246 214
Difference 1			32
Kansas City, Mo		915 905	271 237
Difference 1			34
Baton Rouge, La	El Paso, Tex Port Arthur, Tex	1, 057 1, 043	303 256
Difference 1		2222222	47

¹ Difference in favor of official territory.

Mr. MILLER. I should like to call attention to one other situation. I wish to refer to the southwest region in which we in Arkansas find ourselves. From Texarkana, Ark., in the southwest region, to San Angelo, Tex., within the southwest region, a distance of 454 miles, it costs \$1.70 to transport 100 pounds of freight.

From Decatur, Ill., in the official territory, to Little Rock, Ark., in the southwest territory, a distance of exactly the same mileage, it costs \$1.54, or a differential of 16 cents.

The record is replete with just such instances, only much more glaring than those I have heretofore shown.

On page 46 of the report the population in the various rate territories is shown. One of the things upon which the rate is based is population; 50.9 percent of the population of the United States lives in the eastern territory; 16 percent lives in the southern territory; 9.35 percent lives in the southwestern territory; 14 percent lives in the western trunk-line territory; and 9.09 percent lives in mountain-Pacific territory.

Fewer people will live there than now live there unless we can correct these discriminations.

I desire to know, in all frankness, why a carrier should not be permitted to reduce its rates in accordance with the cost of the service rendered. If it be true that carriers can do business for less money in the Southwest and in the southern and western regions, why not give the shippers the benefit of the lower cost?

That is all the amendment proposes to do. The other part of the amendment merely provides that out-of-pocket tariffs below the cost of transportation may not be established for the purpose of putting a competitor out of business.

Mr. President, I wish to call attention to a statement on page 48 of the report to which I have referred. It states the situation so succinctly and so clearly that I hope I may have the attention of the Senate while I read the statement of the underlying reasons for the discrimination and the conditions arising therefrom.

The report says:

The magnetic pull of the territory is effective in the case of raw materials and partly finished goods because of favorable rates on this in-bound traffic from outlying territories.

Mr. President, under our tariff and transportation system a well-planned looting of the South and the Southwest of their resources is going on in the Nation today, and has been in progress for years. The Negro in the South was freed from physical slavery many years ago; and yet the greatest

Tariff authorities: B. T. Jones' 483 I. C. C. 2447, B. T. Jones' 484 I. C. C. 2448, B. T. Jones' 490-A I. C. C. 2767, J. R. Peel's 251 I. C. C. 2881, J. R. Peel's 252 I. C. C. 2882,

Table VIII.—Comparisons of typical first-class freight rates within southwestern territory with corresponding interterritorial rates for equal distances from official territory to southwestern territory for approximately equal distances

Tariff authorities: J. R. Peel's 251 I. C. C. 2881, J. R. Peel's 252 I. C. C. 2882.

economic slavery ever imposed upon any people was clamped upon us.

Let me read an article which appeared in the Memphis Commercial Appeal, written by Mr. George Morris, a man assigned to Washington by that great newspaper:

The drive to compel equalization of freight rates in the Southeast and Southwest, which began with enthusiasm in the early days of Congress, has been completely abandoned.

That was true at that time.

It was defeated within the House Commerce Committee, and the credit or blame lies with the railroads and manufacturers of the Southeast and Southwest.

Let me digress long enough to compliment the able junior Senator from Alabama [Mr. Hill] for the hearings which he, as chairman of a subcommittee, conducted on that question. He has rendered an outstanding and distinct service to the people of the South and Southwest-and, for that matter, to the people of the Nation-in calling attention to the conditions which exist:

Reading further:

Chambers of commerce, freight traffic associations, and other organizations representing merchants, shippers, and individual consumers who carry the burden of discriminatory freight rates made a valiant fight, but they were no match for the southern railroads.

What was the cause of the attitude of the southern railroads? It was the increase in freight rates.

The temporary organization of the people suffering from dis-crimination could not compare to the permanent organization subsidized by the railroads.

Those appearing before the committee made out their case. They showed that the Southeast is penalized to the extent of 39 percent in freight charges and the Southwest 75 percent as compared with eastern or official territory. But when the protests were finished the railroads put in appearance. They did not appear personally; they stood back with assumed indifference.

This is the key to the whole situation, and makes plain the most cunning plan ever devised to take raw materials out of the South and impoverish that section of the country.

They stood back with assumed indifference while shippers of raw materials took the stand and protested any change in existing arrangements.

Why? Because the shipment of raw materials moving from the South and Southwest into the official or favored territory takes a favored rate.

Reading further from the report to which I have previously

The territorial rate barriers, however, effectively insulate against this magnetic pull of the official territory on manufactured prod-ucts because of unfavorable rates on finished goods moving into the latter territory.

Can Senators imagine such a discriminatory situation as that being tolerated in this America of ours?

Mr. President, we talk about leaving all discretion with the Interstate Commerce Commission, when it has deliberately built up a system of freight rates which saps our territory of its raw products and prevents us from shipping into the same territory manufactured goods in competition. Those are the conditions. This unbiased report says so. The statement in the report is undisputed and undenied:

Furthermore, these barriers do not operate reciprocally as will be remembered from the discussion in part III. It will be recalled that it was explained how the official territory shippers can come into the other territories on somewhat lower levels of rates, mile into the other territories on somewhat lower levels of rates, mile for mile, than shippers residing in those territories have to pay for shipping similar articles wholly within their own territories. Thus, one has here something remarkably similar to the working of a protective tariff, to the extent that certain favored interests effectively strive to protect themselves at home while retaining privileges

Mr. President, I shall not consume more of the time of the Senate. I appreciate the attention and consideration given me, but I wish to insist upon my amendment. The amendment can do no harm. It may do good. There is no reason why the Interstate Commerce Commission should not be directed to take into consideration the cost of the service. That is what the amendment would provide. The second part of the amendment would simply prevent the establishment of rates for the purpose of driving a competitor out of

I ask for favorable consideration of my amendment.

Mr. WHEELER. Mr. President, because of my affection for the Senator from Arkansas, I wish it were possible for me to say that I agree to the amendment. However, after looking into the decisions of the Commission, and after reading the report which was made by Commissioner Eastman to the House committee on a similar provision, I must ask the Senate to vote against the amendment, for the reason that Commissioner Eastman is satisfied that instead of reducing rates the effect of the amendment in many instances would be to raise rates.

For example, if we say to a railroad, "You must obtain the cost of transportation out of every portion of your line," the little branch lines will have to raise their rates in order to obtain the cost of transportation. The same thing would be true in many other instances.

I call attention to a statement by Commissioner Eastman. He said:

If this standard of "full cost" were applied to railroad charges, it would plainly preclude many of the rates made under "fourth-section relief," a great number of other rates, particularly on less-than-carload traffic, and most of present passenger fares. It might also prevent averaging of rates as between multiple-line and single-line or branch-line and main-line operations. If strictly applied to all forms of transportation, it would tend to eliminate competition, except where competitors have like costs of service, and to put all rates on the cost-of-service bases of the particular types of carriers involved. involved.

We realize that H. R. 2531 does not propose strict application of the rule, but only that the Commission give "due consideration to the undestrability" of permitting rates which fall below the "full cost" standard.

he amendment goes further than that.

So indefinite a provision, however, is confusing and embarrassing So indefinite a provision, however, is confusing and embarrassing to the administrating agency, for while in reality it lays down no rule, yet it leaves the agency continually open to the charge that it is disregarding the wishes of Congress. In passing upon applications for "fourth-section relief," for example, what would be "due consideration of the undesirability" of permitting rates lower than "full cost," in view of the fact that it is normally such rates which require this relief? require this relief?

The Commission fully appreciates the dangers of basing competitive rates on out-of-pocket costs under conditions of widespread competition, and is quite ready to believe that some such cost standard as H. R. 2531 proposes may prove, subject to reasonable limitations, to be necessary.

As I say, he points out, for instance, that the transcontinental railroads, which have put into effect rates extending from one end of the country to the other, and which come in competition with traffic through the Panama Canal, could immediately say they were out-of-pocket, and it would tend to raise the rates. Again it would be almost bound to raise the rates on the branch lines all over the country.

Mr. GEORGE. Mr. President, may I ask the Senator a question?

Mr. WHEELER. Certainly.

Mr. GEORGE. I think I understand the viewpoint of the Commission, but is it the Senator's viewpoint that necessarily the discrimination between regions must be endured?

Mr. WHEELER. Oh, no, not at all. I do not think that is the idea of Mr. Eastman. As a matter of fact, the amendment has nothing to do with discrimination. The speech did have to a large extent to do with discrimination.

Mr. GEORGE. I am taking the speech rather than the amendment.

Mr. WHEELER. The amendment, in my judgment, would not do what the Senator from Arkansas wants to do with reference to discrimination.

Let me say to the Senator that the amendments we have already put into the bill go much further toward accomplishing the purpose the Senator has in mind than would this amendment. I am in thorough accord with the statements made by the Senator from Arkansas with reference to discrimination. I think they ought to be stopped, and if the Commission pursues the investigation and follows what we have laid down in this bill, many of the discriminations between territories will be eliminated. A great many of them

are absolutely arbitrary, and it seems to me without any justification.

Mr. GEORGE. I am glad to hear the distinguished Senator make that statement, because it seems to me to be more important, and I daresay it is more important as the coming days of the Congress must demonstrate, that we establish just and nondiscriminatory rates between the various regions than to continue even a rate that may not be justified in a particular region.

I wish to call the Senator's attention to the further fact—no doubt he has thought of it, but nevertheless I wish to call his attention to it—not only do we have the element of actual cost for carrying a ton a mile lower in the southern and southeastern and western regions than in the official region, not only is the profit greater to the carrier, but in view of the policy adopted by the Congress requiring substantially all those who have anything to ship, particularly all manufacturers, to conform to standards of uniform maximum hours and uniform minimum wages, and the ability of American labor to take care of proper differentials above the minimum, which I concede they ought to have, the discrimination in freight rates between regions simply ought to cease in this country, for if it does not cease great areas of the country will be hopelessly impoverished.

Mr. WHEELER. Let me say to the Senator I have argued continuously with reference to that proposition, in fact, all of us from the intermountain territory, including the Senators from Arizona and the Senators from Colorado and other States, have been fighting along that line, because we have felt that the discriminatory rates under the long-and-short-haul provision were absolutely destroying the intermountain territory in the interest of the coastal cities. I cannot see, for the life of me, why the railroads should want to build up the coast and destroy the inland territory, because, eventually, they get all the freight from the inland territory, but they cannot get all the freight from the coast no matter what their rates may be.

Mr. GEORGE. The point I wanted to make was that in a great Nation such as ours, covering so wide an area, the opportunity for uniform development and progress is far more important than the mere fact that a rate in a particular region might have to be slightly raised.

Mr. WHEELER. If I may be pardoned for interrupting the Senator, I agree entirely with that statement, and I say to the Senator that, as a matter of fact, that is what this bill seeks to do. We are seeking to put under the Interstate Commerce Commission the regulation of all forms of transportation rates. What is happening? A few people who are interested in shipping are coming here and saying, "We want this particular group to have a special dispensation to get lower rates for a particular territory." In so doing they are discriminating against the inland territory completely. I agree exactly with what the Senator has said, and I say that this bill if enacted will have an extremely beneficial effect on the country taken as a whole.

Mr. GEORGE. The Senator thinks that it will make toward the equalization of rates in the various regions?

Mr. WHEELER. I do not think there is any doubt about that at all, because that is the purpose of the bill; it is the intention of the bill.

Mr. President, I wish to call attention to the last provision of the amendment. It reads:

It shall be unlawful to establish rates for any type of transportation which shall not be compensatory, as herein defined, where such rates are established to meet competition of other types of transportation or for other purposes.

I am afraid if that language were put in the bill it would have, on the whole, a very detrimental effect on some of the water carriers, because unquestionably some of the water carriers at present are carrying freight upon the Great Lakes and in some other places at a price that at least the railroads say is less than compensatory. If we put in the bill a provision that the rates have to be compensatory and that shippers cannot carry freight for less than a compensatory rate, I am afraid we would find that that lan-

guage would be used against the very object the Senator desires to accomplish.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. MILLER. I can conceive of such a situation, but the idea is that a water carrier or a truck carrier or a railroad should not be allowed to establish a rate that is not compensatory. Transportation in this country cannot be built upon a hodge-podge system of rates that do not pay their way. I think rates are now ample to establish an adequate transportation system.

I quite agree with the able Senator that this bill will be quite helpful, but I do not see any reason, I am frank to say, why the compensatory rule should not be applied.

Mr. WHEELER. The compensatory rule is supposed to apply at the present time under the law.

Mr. MILLER. But I do not think it really does apply.

Mr. WHEELER. No; because of what has been done. While we are on the subject, I wish to call attention to the law that was written in 1920. When the shippers in the Mississippi Valley complain against the Interstate Commerce Commission they really should place the blame on the Congress of the United States and not on the Commission. So much has been said today about the Interstate Commerce Commission being railroad-minded, I ask why, in the name of goodness, is not the contention made in view of what the Congress did in 1920 and other times that the Congress of the United States is railroad-minded.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. CLARK of Missouri. I will be very glad to accept that criticism, and say that I think the trouble has been in the law and in the body of precedents it has created. My objection to this bill is that it imposes the old laws and the old body of precedents on the Commission with regard to other forms of transportation.

Mr. WHEELER. Mr. President, with all due deference to my friend from Missouri, he is entirely wrong with reference to that, because quite the contrary has taken place. I can show the Senator or anybody else who wants to be fair about it how the water carriers will really be benefited under this bill. The most intelligent people among the water carriers are of that opinion and have so stated.

The fifth section of 15a says what?

Rates to permit carriers to earn fair return: In the exercise of its power to prescribe just and reasonable rates the Commission shall initiate, modify, establish, or adjust such rates so that carriers as a whole (or as a whole in each of such rate groups or territories as the Commission may from time to time designate) will, under honest, efficient, and economical management and reasonable expenditures for the maintenance of way, structures, and equipment, earn an aggregate annual net railway operating income equal, as nearly as may be, to a fair return upon the aggregate value of the railway property of such carriers held for and used in the service of transportation.

What does that mean? It means that whatever value the railroads put into their systems, whether or not they are worth that amount now, it was the duty of the Interstate Commerce Commission to try to raise rates to such a point that they should be permitted to earn a return upon the value found by the Interstate Commerce Commission, reproduction new or whatever it was.

See the fallacy of that legislation enacted by the Congress of the United States. I own property in the city of Butte. Let us say it cost me \$100,000; but when the economic conditions of that community change so that I cannot rent the building for more than 10 percent of what I formerly received, have I any right to say that a rent commission shall rule that the tenants in the property must pay 6 percent upon \$100,000? The same thing is true of the railroads when the conditions of the country have completely changed, and other forms of competing transportation have come in. After all, the rates for the railroads can be fixed only as high as the traffic will bear. The Congress was wrong in 1920 when it enacted this law.

When the water carriers come up, let me call attention to the court's decision. This is the language of the Supreme Court of the United States in the Dayton-Goose Creek case (263 U. S. 456, at p. 478):

The new act seeks affirmatively to build up a system of railways prepared to handle promptly all the interstate traffic of the country. It aims to give the owners of the railways an opportunity to earn enough to maintain their properties and equipment in such a state of efficiency that they can carry well this burden. To achieve this great purpose, it puts the railroad systems of the country more completely than ever under the fostering guardianship and control of the Commission, which is to supervise their issue of securities, their car supply and distribution, their joint use of terminals, their construction of new lines, their abandonment of old lines, and by a proper division of joint rates, and by fixing adequate rates for interstate commerce, and in case of discrimination, for intrastate commerce, to secure a fair return upon the properties of the carriers engaged.

That opinion was written by Chief Justice Taft.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. MILLER. I quite agree with the Senator that the legislation embodied in the old Transportation Act has been a delusion. It has not proven to be what the Congress thought it would at the time. Under the present law the Interstate Commerce Commission must try to maintain the rates at a certain level in accordance with a certain value. That is the existing law. My amendment merely proposes that a carrier be permitted to reduce its rates. A carrier has difficulty in reducting its rates under existing law. I think we all agree upon that statement; do we not?

Mr. WHEELER. I do not think the carriers have difficulty in reducing their rates if they come before the Commission. The only persons who are objecting to their reducing their rates, in many instances, are whom? The water carriers say, "You must not reduce your rate because it is an out-of-pocket rate," and now they are around the lobbies of the Senate saying, "We are working in the interest of the public. We are interested in the poor shippers, and we want to help you shippers." Yet every time the railroads want to reduce their rates the water carriers go before the Commission denouncing the proposal, raising Cain about it, and saying, "You people must not reduce your rates."

Mr. CLARK of Missouri. Mr. President, will the Senator yield at that point?

Mr. WHEELER. Yes.

Mr. CLARK of Missouri. I should like to say that so far as the inland waterways are concerned, the only communication I have had from water carriers happens to be from a water carrier which was formerly locally owned in St. Louis, Mo., on the Mississippi River, but two-thirds of whose stock, I am informed through proceedings in the Missouri Public Service Commission, is now owned by the Atlas Corporation, headed by Mr. Floyd Ogden, who is in favor of the Senator's bill.

Mr. WHEELER. That is true. Some of the shippers on the Mississippi River are in favor of the bill. General Ashburn appeared before the committee and testified for it.

Mr. CLARK of Missouri. Mr. President, if the Senator will permit me further, it seems to me the thought may occur to the shippers in the Mississippi Valley that the fact that the company at one time was locally owned in St. Louis, Mo., and that it is now owned by a very large holding company, may have something to do with the fact that it may have taken different attitudes on this problem at different times.

Mr. WHEELER. I do not know anything about that. I cannot see that it should, because I should think the company would be interested in the same identical thing, regardless of whether it was locally owned or whether it was owned by somebody else. But I do not even know the gentleman of whom the Senator speaks. What I wanted to bring out for the benefit of those who are interested in the water carriers is this:

In 1933 we recognized that the rule which was adopted in section 15 (a) in 1920 was wrong. Then we wrote into the law a provision that in the exercise of the power to fix just and reasonable rates the Commission should give due consideration, among other factors, to the effect of rates on the

movement of traffic. Let me call attention to the fact that under this legislation in 1920, and from 1920 to 1933, when a railroad wanted to reduce its rates, and some concern operating on the Mississippi River came to the Commission and said, "You should not reduce this rate," the Interstate Commerce Commission looked at this law and said to the water carrier, "The Congress has adopted a policy saying not that we should protect the water carrier out there and see that he stayed in business but that we should protect the railroads and foster the railroads to the same extent as anybody else in the country." That is what they said.

Mark well what I am saying to you today. I am not a prophet nor the son of a prophet, but I say to you that if this bill is enacted the Commission will be in a position to say, "All forms of transportation are equal before us. That is the policy which has been declared by the Congress of the United States. It has said that we should give equal treatment to the railroads, and to the shipping interests upon the Mississippi River, and to the busses and trucks"; and that is what they have done under the bus and truck law.

When the Senator said this afternoon that the effect of this bill was to emasculate the bus and truck law, and to drive the busses and trucks out of business, where does he find the truck people and the bus people of the country? While at the outset they were opposed to this legislation, they have come to me and notified me that they have not any opposition to it; and what have the railroads said? They have said that the Interstate Commerce Commission is bus- and truck-minded, and is discriminating in favor of the busses and trucks against the railroads.

Mr. CLARK of Missouri. Mr. President, will the Senator yield at that point?

Mr. WHEELER. I yield.

Mr. CLARK of Missouri. The Senator having referred to me by pointing his finger at me—

Mr. WHEELER. That is correct; the Senator did not miss it. [Laughter.]

Mr. CLARK of Missouri. I should like to say that if the Senator understood me as saying that the bus and truck law was being emasculated he misunderstood me, or else I misstated my position.

Mr. WHEELER. I suggest that the Senator read his speech. Mr. CLARK of Missouri. Very well. What I was saying was that the great inland-waterway transportation of the country, for which many of us fought for many years, and our fathers before us, and transportation by maritime means between the coasts of the United States, was being emasculated.

So far as I am concerned, I hold no brief whatever for the bus and truck industry of the United States. As a matter of fact, I have long been of the opinion that busses and trucks ought to be compelled to pay toll on the highways of the United States, and be very strictly regulated as common carriers, in differentiation from the ordinary use of highways by private citizens of the United States.

Mr. WHEELER. I do not know Mr. Ames. I do not remember ever seeing him. Probably he has appeared before the committee; but in testifying before the Mississippi Barge Line he said:

We have found that lack of regulation, instead of being a benefit, is a distinct disadvantage in the competitive struggle with the railroads.

I say to the Senator, as I said a moment ago, that when this legislation is enacted it will be found to be beneficial, because we are stating that it is the policy of the Congress of the United States that the Interstate Commerce Commission shall treat each and every one of these forms of transportation upon an equal basis; and no language could be written into law that more clearly directs that that should be done than we have done in the Interstate Commerce Committee.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. MILLER. In the Senator's own time, and supplementing what the Senator has so well and so forcefully said—that it is the intention of the bill to protect each and every

system of transportation or carriage of goods or persons—let me again call the attention of the Senator to the terms of the amendment. It simply says that-

In order that the public at large may obtain the benefit and economy afforded by each type of transportation-

Truck, boat, and railroad-

The Commission shall permit each type of carrier or carriers to reduce rates so long as such rates maintain a compensatory return to the carrier or carriers after taking into consideration overhead and all other elements entering into the cost to the carrier or carriers for the service rendered.

Mr. WHEELER. Let me say to the Senator that so far as the first sentence of the amendment is concerned, I should not have any particular objection to it. It is the second provision which I think is objectionable.

Mr. MILLER. If the Senator has no objection, I am perfectly willing to strike out the last sentence.

Mr. WHEELER. If the Senator is willing to strike cut the last sentence, I am perfectly willing to take the amendment to conference and see what I can do with it.

Mr. MILLER. Mr. President, I should like to modify the amendment by striking out the last sentence, beginning on page 2 of the amendment, line 13, and as modified I offer the amendment.

Mr. NORRIS. The Senator has a right to modify his amendment.

Mr. MILLER. I understand that, and I am now offering the amendment in its modified form.

Mr. NORRIS. I congratulate the Senator on being willing to do that. As I see it, that relieves the amendment of any possible objection.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Arkansas as modified as a substitute for section 30.

The amendment, as modified, was agreed to, as follows:

SEC. 30. It shall be the duty of the Commission in the exercise of its power to prescribe just and reasonable rates, to give due consideration, among other factors, to the effect of rates on the movement of traffic by the carrier or carriers for which the rates are prescribed; to the need in the public interest, of adequate and efficient transportation service by such carrier or carriers at the lowest cost consistent with the furnishing of such service; and to the need of revenues sufficient to enable such carrier or carriers under honest, economical, and efficient management, to provide such service. When used in this section the term "rates" means rates, fares, and charges and all regulations and practices relating thereto. In order that the public at large may enjoy the benefit and economy afforded by each type of transportation, the Commission shall permit each type of carrier or carriers to reduce rates so long as such rates maintain a compensatory return to the carrier or carriers after taking into consideration overhead and all other elements entering into the cost to the carrier or carriers for the service rendered.

Mr. HILL. Mr. President, no one has been more interested in the removal of the discriminations in freight rates than has the Senator from Arkansas, and, as we noted this afternoon, in able and forceful fashion he pointed out the discriminations, particularly with reference to the South and the Southeast and Southwest. I wish to emphasize the fact that these discriminations exist not only in the South and the Southwest, but also in that great section of our country lying west of the Mississippi River, extending to the Pacific coast, and even to a lesser extent in New England. Is not that correct?

Mr. WHEELER. That is correct.

Mr. HILL. The Senator from Arkansas was generous in what he said about me, and about the subcommittee which held hearings on the freight-rate question. It would not have been possible for that subcommittee to bring in its report, or to have the provisions written into the bill which are now in the bill, but for the great interest in the matter of the removal of these discriminations on the part of the distinguished chairman of the committee, the Senator from Montana [Mr. Wheeler]. In every instance and at every step the chairman of the committee, in his powerful position, has given all the help he could in getting these provisions into the bill, and has done everything possible looking toward the removal of the discriminations. As the chairman of the

subcommittee, I desire to express my thanks and appreciation to him

Mr. WHEELER. I thank the Senator.

ADDITIONAL REPORT OF RESCUES FROM THE SUBMARINE "SQUALUS"

Mr. WALSH. Mr. President, it is now 2:20 p. m., and I should like to make a further brief statement with reference to the submarine disaster.

Thirty-two of the fifty-nine officers and men of the submarine are alive and well. This includes four officers and one civilian. Fourteen of these have already reached the surface. It takes an hour and a half to send below the diving bell, which can take seven to the surface at a time. Two trips have been made, and 14 have been brought to the surface.

Twenty-seven of the fifty-nine are unaccounted for. This includes one officer and two civilians. Probably they are in the after part of the submarine, which is flooded.

Of the seven already rescued, there was one officer, one

civilian, and five enlisted men.

ADDITIONAL COPIES OF HOUSE HEARINGS ON SOCIAL SECURITY ACT AMENDMENTS OF 1939

The PRESIDING OFFICER (Mr. Lucas in the chair) laid before the Senate House Concurrent Resolution 25, which was read, as follows:

Resolved by the House of Representatives (the Senate concurring), That, in accordance with paragraph 3, section 2, of the Printing Act, approved March 1, 1907, the Committee on Ways and Means of the House of Representatives be, and is hereby, authorized and empowered to have printed for its use 5,000 additional copies of the hearings held before said committee during the current section. rent session on the bill entitled "Social Security Act Amendments of 1939."

Mr. HAYDEN. Mr. President, I ask unanimous consent for the immediate consideration of the concurrent resolution. I make the request because the House expects to consider the bill tomorrow and the hearings should be printed and available for the Members of the House.

The PRESIDING OFFICER. Is there objection to the present consideration of the concurrent resolution?

There being no objection, the concurrent resolution was considered and agreed to.

REGULATION OF MODES OF TRANSPORTATION

The Senate resumed the consideration of the bill (S. 2009) to amend the Interstate Commerce Act, as amended, by extending its application to additional types of carriers and transportation and modifying certain provisions thereof, and for other purposes.

Mr. BAILEY. Mr. President, I should like to ask the distinguished Senator from Montana a question for my own information. I have heard a great deal about the proposed railroad legislation. I understand that it originated in a committee appointed by the President of the United States consisting of three railroad executives and three representing railroad labor; that they considered the matter with particular reference to the bad situation in which the railroads find themselves, and with the purpose in view of helping them out of that situation.

I have read the report of the committee and the minority views, and I have listened to a great deal of debate, but I believe I can safely say, and I think Senators present will corroborate me, that so far no one has shown wherein this legislation will aid the railroads, and before we reach the end of the discussion I should like to have the distinguished Senator from Montana, who has worked so diligently in this matter and has shown such great zeal in it, and for whom I have a great regard, tell the Senate, and, if other Senators already know, then to tell me, because I do not know, wherein this proposed legislation will help the railroads. I wish to know; and I am not making the request critically. I desire to support the bill, but I do not want to do a vain thing. I do not wish to take in all the water traffic business unless it is going to help the railroads, and help them very materially.

Will the Senator kindly tell me wherein the proposed legislation will help the railroads?

Mr. WHEELER. Mr. President, I do not intend, at this late hour, to repeat what I have already said. I appreciate that the Senator would like to have me go into a long discussion of what the proposed legislation will do for the railroads and what it will not do. But the Senator is not going to get me to enter into that kind of a discussion this evening, and if he himself cannot find out wherein the measure, if passed, will help the railroads, and what it will do, I am sorry; but I cannot furnish any further information than appears in the report, in addition to what I said in my opening statement on the floor.

Mr. BAILEY. Mr. President, I thank my distinguished friend for the flood of light he has thrown upon my ques-

tion.

Now let me say, very considerately, that I have studied the proposed legislation with a great deal of interest. I spent all of last Saturday in my room studying it, and I do not see how it will help the railroads. I believe I will make a little argument about that. I am not saying that I will not vote for the measure.

What does the bill propose? It brings forward a great deal of the old railroad law. As Mr. Eastman says, it is a

modification of existing law.

Mr. LUNDEEN. Mr. President, will the Senator yield?

Mr. BAILEY. I yield.

Mr. LUNDEEN. Perhaps the Senator will not agree with me, but so far as I can see now, the railroads of the country are headed into bankruptcy and receivership. I wonder whether the Senator will not agree with me in that statement. The largest and best railroads of the country are in the "red." It may not be the philosophy of the distinguished Senator from North Carolina, but I am wondering whether the final solution is not Government ownership.

Mr. BAILEY. Mr. President, I hope that is not the final solution, and I do not think it is. I do not think that solves anything. I do not think that would make the slightest contribution toward the solution of the problem.

Mr. LUNDEEN. I should like to call attention to pages 59 and 60 of the report of the President's committee, where the following appears:

Employment: The number of railway employees reached its peak in the year 1920, when it aggregated 2,022,000. The number had declined to 1,487,000 in 1930, averaged 1,063,000 per year from 1931 to 1937, and is estimated at 940,000 in 1938. This is the lowest level reached since 1897. These figures are shown in table 16.

The aggregate pay roll of railway employees also reached its peak in 1920, when it amounted to \$3,681,000,000. It had declined to \$2,551,000,000 in 1930, averaged \$1,715,000,000 per year from 1931 to 1937, and is estimated at \$1,737,000,000 in 1938.

Receiverships and trusteeships: The financial statistics presented with respect to railway operations clearly indicate the condition of

with respect to railway operations clearly indicate the condition of the railway industry, today and in recent years. This situation is the railway industry, today and in recent years. This situation is further emphasized by the fact that more than 75,000 miles of railway line, or 32 percent of all railway mileage, are now in the hands of receivers or trustees, unable to meet their obligations and undergoing a reorganization of their several capital structures. This is the largest proportion of rail mileage in bankruptcy ever recorded in history

Companies in the hands of receivers or trustees represent 27 percent of total railway investment, 29.9 percent of total railway capitalization, earned 22 percent of total railway revenues in 1937 and employed 23.9 percent of the total number of railway employees. These statistics are drawn from table 17.

Railway capital: Table 18 shows the total amount of railway bonds and stocks outstanding in the hands of the public during the period from 1921 to 1937. These statistics represent the total

the period from 1921 to 1937. These statistics represent the total amounts outstanding, less amount held by the railway companies themselves. The table applies to all steam railways.

As of December 31, 1937, the total amount of such net railway capital outstanding was \$18,319,003,000. As of that same date, the Interstate Commerce Commission found the value of the transportation property of all steam railways as \$20,262,000,000.

The next table, table 19, shows interest and cash dividends of the transportation of clear of the transportation of

railways of class I for the years 1921 to 1937. Beginning with 1929, the table also shows the amounts of interest actually paid each year, contrasted with the amounts accrued. In each of the years 1935 to 1937, more than \$100,000,000 of accrued interest was not paid, because the carriers involved failed to earn a sufficient net to meet those charges.

During the first 10 months of 1938 railway dividends were less than during the corresponding period of 1937 by 50 percent.

The Senator would agree, would he not, that the roads are in bankruptcy, or are moving into bankruptcy rapidly? And is there any way out save through Government ownership?

Mr. BAILEY. Oh, yes, Mr. President. There is no reason for anyone being that pessimistic. I think I know what the trouble with the railroads is. Probably that is a brave statement to make, and it may seem to be presumptuous. The trouble with the railroads is precisely the same as the trouble with the rest of the country, and they are no worse off than is the rest of the country. That is a generality, but it can be proved by statistics.

The industrial output of this country is about 19 percent below normal. The carloadings of the railroads are about 24 percent below normal. Get the carloadings up just 24 percent and bring them back to normal, and the railroads

will be making money.

The trouble with the railroads is precisely the same as the trouble with the country. As the country comes out of the depression the railroads will come out, and they will never come out with all the legislation in the world unless the country comes out.

I think there is a way for the country to come out, and I have said that so often that I am rather averse to repeating it, but I think the matter is of some seriousness and well

worth discussing.

There is a way for this country to come out, but it is not the way we are now going. We are not going to come out by borrowing and spending money. I have said that very often. We have been trying it now since 1933. Our industrial average output is away below normal and tending downward. The number of the unemployed is estimated at from 10,000,000 to 11,000,000. The national debt continues to grow, and the annual interest charge continues to grow, and I am sorry to say that it appears that the revenue of the country promises to go down rather than up. I think we have about demonstrated that we are not going to get anywhere with the borrowing and spending theory, high authority to the contrary notwithstanding. When we have tried it \$20,000,000,000 worth and got nowhere, I think we might take the hint.

But Mr. President, there is no reason to be pessimistic. This country will come back when the Federal Government, and principally the Congress, pursues a policy which will encourage the investment of the savings of the people in enterprise. That is the old way, that is the proved way, and that is the only way. We are not doing that. Practically every man in America with money to invest is afraid to invest it. I am one of them. Why are they afraid? I can tell the Senate why they are afraid. Some new thing pops up every day. One cannot invest his money in an unstable situation. I cannot be expected to take my savings and invest them under uncertainties.

Mr. President, I will be very frank. When a Justice of the Supreme Court writes a dissenting opinion declaring that the due-process clause in the fifth and fourteenth amendments should not apply to corporations he gives a shock to the faith of the American people in their country, in their processes, and in the sources of stability which tends toward destruction. Do Senators realize what such a declaration means? Suppose that should be the prevailing rule of the Court instead of merely the dissenting opinion. Then the whole corporate structure of the country would be abandoned because the moment a man put his property, his money, in a corporation he would thereby be deprived of the protection of the due-process clause, and his investment could be seized by the Government.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. BAILEY. I yield.

Mr. CONNALLY. How did we get along without the fourteenth amendment?

Mr. BAILEY. We had the fifth.

Mr. CONNALLY. But we still have the fifth amendment. Mr. BAILEY. Yes; but by comparative reasoning and under the doctrine of the Supreme Court if the application of the due-process clause in the fourteenth amendment is taken away the due-process clause in the fifth amendment will go with it. They both have the same meaning.

That is not all. We find that a man like Mr. Amlie is nominated for high office such as that of member of the Interstate Commerce Commission. I think Mr. Amlie is a man of respectable parts. I would not reflect upon his character. I would not reflect upon his intelligence. My understanding is that he is a rather studious man. I know nothing that would lead me to impute anything wrong about his character. But he introduced in the other House an amendment to the Constitution which would deprive every corporation and every investment in America of the defenses of the Bill of Rights. He would have enabled the Federal Government to seize property throughout the country, and take it without due process of law.

My point is that when such a man is nominated for a great position it shocks the confidence—oh, not of the rich bankers in New York, it shocks their confidence, of course, but if it were merely that it would not be so significant. It shocks the confidence of the humblest man in America in the stability of his Government and in the rights of his property.

Mr. President, I am not pessimistic. The American people are not going to stand for that sort of thing, and I do not care what political party puts it forth. If the Republicans stand for that they are in for a beating, and if the Progressives stand for that they are in for a beating, and if the Democrats stand for that they are in for a beating.

The instincts of the American people are sound. When you lose your faith in everything else, preserve your faith in the instincts of the American people. Their hearts are sound. They will go to the brink of the precipice and then they will turn back.

Mr. President, I am not pessimistic. I expect to see a great change, and that change will come in the complexion of things in America, when the Congress and the Government begin to pursue a policy tending to create faith in the power and the will of the Government to protect the property of the people and their savings. Then we shall see a great boom in the world, a great boom in our country, and the railroads will come out all right as will everything else. All that is needed is 25 percent more carloadings and the railroads will be prosperous. Their gross income at one time was \$6,000,000,000. Their gross income now is about \$4,250,-000,000. Lift the carloadings to 750,000 a week and the railroads will be out of the red and make a profit.

Mr. President, I know there are those throughout the country and here in the Senate who are inclined to take a pessimistic view of things, and I do not blame them in view of certain events, some of which I have mentioned. But I wish again to counsel the American people and the Congress not to despair, not to give way to pessimism.

Last evening I went home and announced that the President had sent down to the Congress the name of a gentleman appointed to be a judge here in the district court of the United States. It happened that he was a North Carolinian, born in Smithfield, N. C. I was very glad to hear of it. He is a fine man. When I mentioned the matter someone in the family circle remarked that there was a tradition about his grandfather in connection with the Charleston earthquake in 1886. The earthquake occurred on an August night. It was August 31, 1886. This old gentleman, whose name was Fuller, had said his prayers and was going off to sleep as the house began to shake. It was a very hot night, and he was not as fully dressed as he would have been in the winter time, but without any ceremony he bolted out on the street. Everyone else in the town, men and women, did likewise. One of his friends caught hold of him and said, "Look here, Mr. Fuller, you ought not to be out here with practically nothing on you. You ought to go home and dress. Look at the ladies round about." "Oh," he said, "what's the use of dressing? We are all going to be in hell in 10 minutes, anyhow."

When the President the other day sent down his question to the committee of which the Senator from Wyoming is chairman, asking why the American people are not investing their savings in enterprise, I thought there was an answer to it, and that was that there are too many people in America who think

the whole thing is going to pot in 10 minutes. But it is not. Our country is going on. We will get rid of these wild ideas. We will restore our faith in the Congress and the Constitution, and the courts, and the Government. We will find our way. After a while we will begin to pour out the millions of dollars of savings. There is more money in the banks today than there ever was before. The excess reserves are the greatest in the history of the country—\$4,000,000,000.

That credit will be tapped the moment faith in the Government, faith in the national policy, faith in our fellow men is restored. The railroads will then be all right. The industries will then be all right.

I saw a little statement yesterday in the newspapers giving a financial comparison, and the most significant thing in that statement was that the bank circulation in 90 cities of America was at the rate of \$96,000,000,000, as compared with \$90,000,000,000 in 1933.

Now, no matter what progress we make we are not making any real progress until we increase the bank circulation. That is not money in circulation. That is money circulating. That is the difference, and that is the test.

Let me give the Senate a figure. In 1929 the bank circulation of money, that is the debits of individual accounts, amounted to more than \$1,000,000,000,000. What is it now? It is at the rate of only \$400,000,000,000 a year. That is four-tenths of what it was. There is the test of the financial condition of our country. The people are not spending their money and therefore money is not circulating. We were putting \$18,000,000,000 of new money per year into enterprises throughout the period of the twenties. We are not putting \$4,000,000,000 into new enterprises now. When we bring about such conditions that the people will be putting \$18,000,000,000 into enterprises the railroads will be all right. Then we will not have any talk of Government ownership.

Mr. LUNDEEN. Mr. President, will the Senator yield? Mr. BAILEY. I yield.

Mr. LUNDEEN. Could the situation to which the Senator refers be called a sit-down strike of capital?

Mr. BAILEY. Oh my, I am so glad my friend asked that question. I have heard that before. Capital is not on a sit-down strike. Capital is frightened to death. The difference between a rabbit squatting and a rabbit running is very great. If the Senator has hunted rabbits, he should know why rabbits squat. I can tell the Senator why a rabbit squats. He does not squat because he is frightened. He squats because he does not know what to do. If you come up on him very suddenly and have your gun and your dog, he has no defense, and he is not fast, either. He has to run in a crooked fashion to get away at all. He runs first this way and then that way. Why does he squat? He squats because he is in the midst of circumstances under which he does not know what to do, and I wish to say that the wisest thing a man ever did was to do nothing when he did not know what to do. That is the condition of capital. That is the condition of business.

Mr. PEPPER. Mr. President, will the Senator yield? Mr. BAILEY. I yield.

Mr. PEPPER. I should like to know whether or not it is the opinion of the Senator that there have been instances which indicated that the principle of squatter sovereignty should apply?

Mr. BAILEY. Yes; there are instances of squatter sovereignty, but the principle does not apply to sit-down strikes, notwithstanding two dissenting opinions in the Supreme Court of the United States. So much for that. I should like to make that point perfectly clear. I must not be charged with being on strike, because I do not put out my money under uncertain conditions. I may be charged with being a fool if I do not put it out the moment I see that I can make a good profit.

I will guarantee that the American people will put out their money under proper conditions. The trouble now is that it is said that if we put it out, it will be taken from us. Such legislation has been proposed. I do not mean to reflect on the Senator who introduced it, or on the committee which approved it. Legislation has been introduced which actually

proposes to impose the compulsory purchase of 1 percent Government bonds on persons having as much as \$10,000. If the bond were a 1-percent bond it would be worth about 60 cents on the dollar, or perhaps 70 cents. The Government would take my dollar and give me back 70 cents. I would not call that a tax. I would call it plain confiscation.

The Congress has not passed the proposed legislation. I say, however, that so long as that sort of thing is seriously proposed in America, we may trust every man with good common sense to keep his money in his pocket; and I guarantee that the moment we cease that sort of thing the people of the country who have saved money and are saving money will go forward in business enterprises at the rate of \$18,-000,000,000 of new money a year, and we shall forget all about the depression. We shall obtain enough revenue to pay off the deficit. If we do not do that, we shall be lost.

Mr. MINTON. Mr. President, will the Senator yield?

Mr. BAILEY. I yield.

Mr. MINTON. As I understand the Senator from North Carolina, he does not believe that there is a sit-down strike on the part of capital, as suggested by the Senator from Minnesota.

Mr. BAILEY. Not only do I not believe it, but I know it is not so.

Mr. MINTON. Rather, the Senator from North Carolina believes that business has not the confidence to invest its

money because there is no profit in sight?

Mr. BAILEY. Not only that, but the people do not know when some law will be passed telling them that they must buy 1-percent bonds. That is not all. If they put their money in corporate bonds, they do not know when Congress may pass a law depriving them of the protection of the due-process clause of the Constitution. They do not know when someone like Mr. Amlie may obtain the adoption of a constitutional amendment which will enable the Congress to confiscate their property.

Those are elements of uncertainty. I am not protesting against them. When they come up, I shall protest. I am saying that that sort of thing is destroying the faith of the American people in the will and the power of their Government to protect their savings.

Mr. MINTON. Mr. President, will the Senator again yield?

Mr. BAILEY. I yield. Mr. MINTON. I understood the Senator to say that the difficulty was that capital felt there was no profit in sight. Mr. BAILEY. No.

Mr. MINTON. I understood him-

Mr. BAILEY. I used the analogy of the rabbit squatting. Mr. MINTON. The rabbit would not squat if he saw something to make him get off his haunches.

Mr. BAILEY. The rabbit squats until he finally decides he must do something.

Mr. MINTON. I understand the Senator to say that if the businessman could see some reason to induce him to invest his money at a profit, he would do so.

Mr. BAILEY. He wants something more than a profit. Mr. MINTON. Is that one of the things that would bring

Mr. BAILEY. Oh, yes; a profit and the assurance that he will have a reasonable opportunity to keep his money and hand it down to his children.

Mr. MINTON. I agree with the Senator in that respect. However, I do not agree with him as to the amount the

businessman ought to be permitted to keep.

I wish to direct the Senator's attention to a recent article by Mr. Vanderpoel, the financial editor of the Chicago American. Using as a basis for his article the bulletin of the National City Bank of New York, he pointed out that in 1926, 1927, 1928, and 1929 the industries and corporations of the country generally had an over-all profit of 6.5 percent; but in 1936, 1937, and 1938 they had an over-all profit of 8.3 percent. So it seems that in these times business is enjoying more profits on its investment than it was receiving back in the heyday of prosperity, according to Mr. Vanderpoel, who bases his deductions on the bulletin issued by the National City Bank.

Mr. BAILEY. I think the Senator is very badly misinformed. He is telling us that the profits in 1926, 1927, 1928, and 1929 were less than they were in 1938. I have the data on that subject and will give them to the Senator.

Mr. MINTON. I am not misled by the fact that Mr. Vanderpoel, financial editor of the Chicago American, made that statement in his article and that he said he obtained it from the National City Bank's bulletin. He may be entirely mistaken; but that is what his article said, and he gave his authority for the statement. According to a recent statement in the press the profit of the greatest corporation in the United States for the first quarter of this year was 600 times what it was last year; and its profit in 1936 was 1,624 times what it was in 1932. Six of the great tobacco companies. some of which have their fine factories in the Senator's State, had a profit of \$200,000,000 during approximately the same period. Montgomery & Ward had a 100-percent increase over last year and enjoyed the best quarter they have ever enjoyed.

Mr. BAILEY. I thank the Senator; but I think it is rather vain to undertake to convince the Senate or anybody else that corporations are making more money now than they were in 1929. I will give the Senator the data and have them printed in the RECORD. I happen not to have them with me, but I have them.

I happen to know something about the tobacco companies. The principal tobacco company located wholly within the State of North Carolinia is the R. J. Reynolds Co., which manufactures Camel cigarettes and many other tobacco products. They formerly made about \$37,000,000 a year. Last year they made \$23,000,000. I happen to be familiar with the figures. Their dividend used to be \$3. It is now about \$2.40. I do not know what the American Tobacco Co. is making. However, I am satisfied that all the tobacco companies put together are not making \$200,000,000.

If the Senator wishes to know who is making money out of the tobacco business, it is Uncle Sam. He receives 6 cents on every package of cigarettes, and the manufacturers receive four-tenths of a cent on every package of cigarettes. I am a little interested in the idea that it can now be demonstrated that the corporations of America made more money in 1937 and 1938 than they made in 1928 and 1929.

I thank the Senator from Kentucky [Mr. BARKLEY] for informing me in an aside that we are about ready to adjourn. I am ready.

Mr. BARKLEY. The Senator from Utah [Mr. King] asked me when we were going to adjourn. I said around 5 o'clock if the Senator from North Carolina should have finished. I do not want to take the Senator off his feet.

Mr. BAILEY. I have almost concluded. I meant to take another tack. My friend [Mr. MINTON] challenged me by way of an interesting question, and I undertook to answer it. I am very glad to have had the opportunity.

When the pending bill was first brought up we gave notice that a motion would be made to refer the bill to the Committee on Commerce. I have been awaiting an opportunity all afternoon to make that motion. I think I shall make the motion tomorrow. I believe I can close tonight with just one suggestion.

We are not making the motion by way of any reflection upon the very fine chairman of the Interstate Commerce Committee [Mr. Wheeler], my good friend; and we should not think of casting any reflection on the Committee on Interstate Commerce. We are making the motion because the principal effect of the proposed legislation would be to transfer the whole power of the Government in the matter of regulating our waterways from the Maritime Commission to the Interstate Commerce Commission. I refer to the intercoastal and inland waterways, including the Gulf of Mexico and the Great Lakes. It is proposed to transfer the regulatory power over approximately 5,000 miles of waterway transportation.

I do not think I have heard any very good reason for the transfer. The Committee on Commerce has had jurisdiction of the Maritime Commission which has had the regulatory power. It has had only general jurisdiction over the inland waterways, no regulatory power being given over the inland waterways. It is now proposed to transfer that power. We thought it would be proper to refer the matter to the Commerce Committee, which has always had jurisdiction in these matters, and which has some special point of view, and perhaps some information. We did think it would be advisable for the Congress of the United States to be informed by the Maritime Commission, which has had charge of all these matters.

There is nothing before the Interstate Commerce Committee-nothing in its reports, nothing in its hearings-from the Maritime Commission. It happens that today I obtained from Admiral Land, the chairman of the Commission, a very good statement on the whole subject, including some tables. I ask leave of the Senate to have the statement and tables printed overnight. Tomorrow, while I shall not be able to read the statement-it is about 18 pages in length-I think I shall ask either that the clerk read it or that some Senator read it for me. In the meantime, I ask that it be printed in the body of the RECORD as a part of my remarks, together with the tables.

The PRESIDING OFFICER. Is there objection to the request of the Senator from North Carolina? The Chair hears none.

The statement and tables are as follows:

STATEMENT BY REAR ADMIRAL EMORY S. LAND, UNITED STATES NAVY, RETIRED, CHAIRMAN OF THE UNITED STATES MARITIME COMMISSION SENATE BILL 2009 AND THE REGULATION OF WATER CARRIERS IN INTER-STATE COMMERCE

This statement deals with the general effect of the present bill This statement deals with the general effect of the present bill (S. 2009) on the regulation of water carriers in interstate commerce. The bill as reported to the Senate is over 200 pages in length and contains over 50 sections. I shall not attempt to discuss the bill, section by section, as such would only serve to obscure the fundamental problems raised by the bill, which are of the utmost importance and can be stated very simply. An analysis of the present regulatory jurisdiction over water carriers of the Maritime Commission and the Interstate Commerce Commission and the principal changes in such jurisdiction which would be made by the present bill is submitted with this statement.

Neither the Maritime Commission nor any Commission representative has at any time been requested to express its views of recommendations on this legislation or to testify in regard thereto. The present bill, from the point of view of regulation of rail transportation, per se, is in the main a codification of existing law as embodied in the Interstate Commerce Act. As to motor carriers, it similarly represents a codification of the Motor Carrier Act (pt. II of the present Interstate Commerce Act). There are certain changes in matters of detail and a claimed improvement in administrative procedure. Speaking generally, there is nothing in this bill which changes the subject matter of Federal regulation of either railroads or motor carriers. However, it proposes to expand and change the method of regulation of water transportation not on the theory that the public using the water carriers demands or would be benefited by such regulation but on the theory that the present economic situation of the railroads requires the form of regulation of water carriers provided for in this bill.

I think that from your own experience in Congress you will arrive at the conclusion that there is no demand for the enactment of the present bill on the part of shippers or the general public. As a matter of fact, farm organizations, shippers, and their trade associations are alarmed at the proposals which it contains changes in matters of detail and a claimed improvement in admin-

public. As a matter of fact, farm organizations, shippers, and their trade associations are alarmed at the proposals which it contains and sincerely believe that its passage would be detrimental to their interests. The farmers and other shippers in particular are convinced that the effect of the present bill would be to force water transportation rates to levels closely approximating those of rail rates and higher than necessary to reflect the reasonable cost of water transportation, and that they, the users of water transportation, would be footing the bill for the sole benefit of the railroads.

S. 2009 seeks to achieve comprehensive regulation by the Inter-state Commerce Commission of all common and contract carriers by water in interstate commerce, in three ways:

by water in interstate commerce, in three ways:

(a) By transferring from the Maritime Commission to the Interstate Commerce Commission regulatory functions over domestic water carriers; (the Maritime Commission's jurisdiction over foreign commerce would not be touched).

(b) By subjecting to the Interstate Commerce Commission's jurisdiction certain water carriers not presently regulated; and

(c) By extending regulation to new subject matters.

(a) The Maritime Commission now has extensive jurisdiction over the rates and practices of common and contract carriers by water in the intercoastal trade, and in particular may prescribe the maximum and minimum rates which they may charge. Similar jurisdiction is also exercised over the coastwise common carriers except that as to those operating on the Great Lakes maximum rates only may be prescribed. All such regulatory power is by this bill transferred to the Interstate Commerce Commission. (It is to be noted in this connection that Congress in 1938, by withholding authority to the Maritime Commission to prescribe minimum rates

for the Great Lakes common carriers, recognized that this particular form of regulation was not necessary or desirable in the interests of the carriers and the shippers using their facilities. The present bill would authorize the Interstate Commerce Commission to pre-

of the carriers and the shippers using their facilities. The present bill would authorize the Interstate Commerce Commission to prescribe minimum rates for this class of carriers.)

The proponents for vesting regulatory jurisdiction over domestic water carriers in the Interstate Commerce Commission have claimed that this should be done in the interest of coordinated regulation of all forms of transportation. S. 2009, as introduced, included transportation by air as well as other forms of transportation. However, this bill as reported to the Senate excludes transportation. However, this bill as reported to the Senate excludes transportation by air from the regulatory jurisdiction of the Interstate Commerce Commission. By this exclusion the very foundation of the argument for coordinated regulation is removed.

(b) There are other classes of water carriers whose rates and practices Congress so far has not seen fit to subject to Federal regulation. These are principally the contract carriers in the coastwise trade, and both common and contract carriers plying on the inland waters. Congress, in determining the extent and manner of regulation of water carriers, has taken particular care in the past to give full consideration to essential differences not only in the type of carriers involved but also in the various trades in which they may operate. Under the present bill, while distinctions are made between common carriers and contract carriers, the regulatory provisions affecting each type of carrier are made applicable thereto without sufficient consideration being given to the basic differences arising from the character of the trade in which they may be engaged. One striking example is that S. 2009, by prescribing the same general form of regulation for all contract carriers, destroys the existing right to prescribe maximum rates for the intercoastal Shipping Act, 1933, and after having heard all interested parties, considered it important to grant the power to prescribe maximum rates of contract carriers for the

ing any substitute.

The entire subject of what differences in regulatory jurisdiction should be made, particularly with respect to the classes of carriers which would by this bill be regulated for the first time is too complex for inclusion in this statement, but it is a matter which Commission believes should be given careful and detailed

consideration.

(c) The present bill not only greatly expands the scope of regulation of the rates and related practices of the water carriers but gives to the Interstate Commerce Commission entirely new juris-diction in other respects. The most important extensions of jurisdiction in other respects. The most important extensions of jurisdiction are the requirement of certificates of public convenience and necessity for the common carriers by water, the requirement of permits for contract carriers by water, and the regulation of the issuance of securities by the Interstate Commerce Commission in the case of both classes of carriers.

I shall first discuss the proposed transfer from the Maritime Commission to the Interstate Commerce Commission of jurisdiction over the classes of carriers presently subject to regulation. Much

over the classes of carriers presently subject to regulation. Much of the traffic in the intercoastal trade consists of bulk commodities which the railroads could only carry at rates unremunerative to them, making up the losses on other traffic. But even if all of the intercoastal traffic were carried by rail, it would not add substantially to their total tonnage. A fair comparison of the relative importance of the rail and water movements may be drawn from the fact that the seven principal western railroads carried 208,the fact that the seven principal western railroads carried 208,-000,000 short tons of revenue freight in 1936, whereas both the common and the contract intercoastal carriers by water together carried 7,500,000 short tons. If this water traffic had moved by these western railroads, it would have increased their revenue tonnage by only 3.6 percent, and, by reason of the low rates applicable to most of the commodities, their revenues would be increased by an even smaller percentage. The problems of the intercoastal carriers are mainly problems existing as between themselves, as Congress recognized in passing the Intercoastal Shipping Act, 1933, which gave the Commission a more extended jurisdiction over this class of carriers at that time than in the case of coastwise carriers. The Commission has completed and recently sent to Congress a careful survey of the intercoastal shipping situation. This is a supplement to former Chairman Kennedy's survey of the American merchant marine and copies are available for the members of this committee. There is presently under way a comprehensive investi-

merchant marine and copies are available for the members of this committee. There is presently under way a comprehensive investigation of the rates and practices in this trade. This investigation is a formal proceeding under the provisions of section 22 of the Shipping Act, 1916. In view of the fact that all of the intercoastal carriers are respondents therein, and a vast number of shippers and other interested parties have expressed their desire to offer testimony at hearings now being held in different parts of the country, the Commission is confident that there will be evolved therefrom a rate structure and a body of practices which will improve conditions in this segment of shipping. prove conditions in this segment of shipping.

As to the coastwise trade, including the Great Lakes, the portion of the cargo carried by these water lines as bulk cargo, such as petroleum, ore, coal, phosphate rock, and sulfur, which is not generally competitive as between the water carriers and the railroads, eraily competitive as between the water carriers and the railroads, is even greater than in the intercoastal trade. In the general cargo which moves in the coastwise trade, there is included a substantial amount of transshipment cargo originating in or destined for foreign ports. The real problems relating to transshipment cargo are, first, to prevent its diversion to direct ocean carriers, most of whom are foreign-owned foreign-flag lines; and, second, to further the development of this type of traffic. The proposed bill which makes transshipment cargo subject to the Interstate Commerce Commission as to that part of the movement which is between ports in the United States would in practice preclude domestic carriers from entering into transshipment are rangements with carriers in foreign commerce, and therefore would force existing traffic to these direct lines and prevent any further development of transshipment business.

In considering whether the interests of these shippers and consumers and the water carriers would be adequately protected if regulatory jurisdiction over them were given to the Interstate Commerce Commission, it should be borne in mind that the railroad carriers may be considered as inherent monopolies in their own

carriers may be considered as inherent monopolies in their own field of transportation, while the water carriers have no natural monopoly in respect to water transportation. Every effort of this Commission with respect to the water carriers has been to prevent them from becoming monopolies and to retain the greatest freedom of competition consistent with service to the public. A railroad represents a huge investment in fixed properties and the communities it serves would be, in many instances, greatly injured by its discontinuance. In the case of water carriage the problem is in maintaining the transportation service but not necessarily, however, by the particular carrier then in the trade. Consequently the Commission, in viewing regulatory matters, stresses the adequacy of the service as a whole to the persons employing it and the reasonableness of the as a whole to the persons employing it and the reasonableness of the carriers' rates with relation to the needs of both the shippers and the consumers. The maintenance of a particular carrier in trade, although not neglected, is not given controlling weight. The Commission feels that of necessity the Interstate Commerce Commission would have to use as a measure, in all of its determinations involving the competitive efforts of the railroads and the water carriers to get business, the railroads' struggle for existence.

Coordination is a very desirable objective but it is best obtained Coordination is a very desirable objective but it is best obtained by a proper spirit of cooperation between various agencies of the Government, each of which is expert as to the several problems involved, and not through subordination either in theory or in practice of one phase of the problem to the other. The Martime Commission has always cooperated with closely with the Interstate Commerce Commission as to water rates which in any way affect rail rates. It has recognized the gravity of the railroad problem and, in practice, given most careful consideration to the effect of any regulatory action which it may take upon the railroad rate structure. regulatory action which it may take upon the railroad rate structure. More than this cannot justifiably be asked.

More than this cannot justifiably be asked.

It is to be kept in mind that the primary purpose of the Congress in fostering our domestic commerce is to provide transportation at reasonable costs, to be fair to the carriers in the trade, but not at the expense of the shipping public. It is particularly important that this congressional purpose be adhered to at the present time in the interest of our national economy in order to promote the use of these facilities in the solution of one of our major economic problems—that is, the greater distribution of farm products and other basic commodities. As an illustration, water rates on the principal commodities moving in the intercoastal trade ucts and other basic commodities. As an illustration, water rates on the principal commodities moving in the intercoastal trade range from about 30 percent to 80 percent of rail rates and on the average are about one-half of the comparable rail rates. A table showing the details as to the relative rates paid by shippers in the intercoastal trade for rail and water transportation is submitted in connection with this statement. If these water rates were brought up to levels approximating rail rates, these commodities either would not move at all or would be diverted to the higher cost rail transportation with consequent economic injury to shippers and consumers. The Maritime Commission has exerted every effort to safeguard the interests of the public and has constantly modified and improved its regulatory procedure with that purpose in mind.

One of the reasons advanced for the transfer of jurisdiction over the water carriers from the Maritime Commission to the Interstate Commerce Commission is the supposed existence of some conflict between the regulatory functions of this Commission and its so-called promotional functions. These so-called promotional func-tions are express statutory powers which Congress has given in Commission in order that it may promote domestic and foreign shipping in the interests of our commerce and our national defense.

shipping in the interests of our commerce and our national defense.

As far as domestic water carriers are concerned the only powers which the Maritime Commission has apart from regulation is to assist them in the construction of new vessels, through loans for such construction under title V of the Merchant Marine Act, 1936, and to aid in the financing of new construction, reconstruction, or reconditioning through the insurance of ship mortgages under title XI of the act. In exercising these functions the Commission acts in very much the same manner as the Interestate Commerce Commission does in passing upon applications of the reliveder for acts in very much the same manner as the Interstate Commerce Commission does in passing upon applications of the railroads for approval of the issuance of securities. The questions of why financial aid should be granted and the amount thereof are decided by the Interstate Commerce Commission for the railroads as they are decided by the Maritime Commission for the water carriers. The curious point in this argument lies in the fact that under the present bill the Interstate Commerce Commission in the case of water carriers will be passing upon their credit needs both in the case of public and private financing and at the same time regulating them. If the argument has any validity, then in all certainty, the present bill does not meet it.

I shall now discuss those phases of the bill which place under the jurisdiction of the Interstate Commerce Commission carriers not previously subject to regulation with respect to their rates and their operating practices.

The two important classes of carriers are the contract carriers in the coastwise trade and the inland water carriers, both common

in the coastwise trade and the inland water carriers, both common

and contract carriers. Competition between contract carriers in the coastwise trade and the railroads is negligible. Both those operating on the high seas and those operating on the Great Lakes operating on the high seas and those operating on the Great Lakes compete, if at all, only with the common carriers by water in those trades. It is these common carriers by water who desire, and would possibly be benefited by, the regulation of the contract carriers in these trades to the same extent as the common carriers. Whether it would be desirable to make the regulation of these contract carriers coextensive with that applicable to the common carriers presents many questions which should be given careful consideration. It is sufficient for the purpose of this statement to point out that these problems primarily concern domestic water transportation and have little relationship to the problems of the rall carriers.

rail carriers.

The problems involved in the regulation of the inland water carriers must be approached in the light of the historical development of inland waterway transportation. The extensive improvement of our inland waterway system, which the United States Government has financed, indicate the clear purpose of Congress to provide for transportation, particularly of our basic commodities, at rates which reflect economies of water transportation. From the very beginning of our history as a Nation the Federal and State Governments have both recognized the importance of fostering inland water improvements in aid of navigation. Many of our Presidents, including Theodore Roosevelt and every President since then, have urged upon Congress the development of our inland-waterway system; mainly, although not always exclusively, in the interest of providing economic water transportation. Federal aid waterway system; mainly, although not always exclusively, in the interest of providing economic water transportation. Federal aid in the development of inland waterways was greatly accelerated in the 1920's because by that time the public had come to a greater appreciation of the value of water transportation. Barges and steamboats had virtually disappeared from the inland waters and the country had come to depend almost entirely upon the railroads. Commissioner Splawn, of the Interstate Commerce Commission, stated during the hearings on the Lea bill (H. R. 2531) before the Interstate and Foreign Commerce Committee of the House, that the strengthening of the Interstate Commerce Act in 1920 was for the purpose of regulating the railroads on the theory that they the purpose of regulating the railroads on the theory that they had a substantial monopoly of domestic transportation. In addition to more rigid regulation of this monopoly Congress decided to provide for the extensive development of inland rivers and canals and coastwise-water facilities. Waterways were developed and improvements made to meet the requirements of shippers and the general public, and to escape from the virtual monopoly of the railroads. The extent to which this program of developing our inland waterways which began about 1920 is a matter of history, with which this committee is fully familiar.

The Commission is making a survey of this field of water trans-

with which this committee is fully familiar.

The Commission is making a survey of this field of water transportation similar to that which has been undertaken by the Commission in other fields, and expects to report to Congress thereon in the near future. Prior to the completion of the survey the Commission is not in a position to state what, if any, regulation of inland water carriers seems necessary or desirable. I feel that in fairness I should state that nothing has so far been developed in the course of making the survey which indicates that regulation to the extent provided under S. 2009 is either necessary or desirable. The present bill provides for the issuance to common carriers by water of certificates of "public convenience and necessity" by the Interstate Commerce Commission before such carriers may engage in water transportation. The certificates would specify the route or trades in which the carrier may operate and would contain such

trades in which the carrier may operate and would contain such other restrictions as the Interstate Commerce Commission might other restrictions as the Interstate Commerce Commission might find to be necessary in the public interest. Existing carriers would be entitled to such certificates without proof of public convenience, but their operations may be similarly restricted. These restrictions may be changed from time to time or whenever such changes are necessary to carry out with respect to the operations of the carrier the requirements of this act or those established by the Commission pursuant thereto. The only specific limitation is general in character, namely, that there shall be no restrictions on the carrier to add to its equipment, facilities, or service "within the scope of such certificate," as the development of the business and the demands of the public shall require.

Certificates of public convenience and necessity have their origin

demands of the public shall require.

Certificates of public convenience and necessity have their origin and justification in the monopolistic character of railroads. Railroads have been built through the exercise of the power of eminent domain, and frequently with the aid of public grants and loans. They are dedicated to maintain service for the public. They have in some cases been denied the right to abandon it voluntarily or to choose the type of traffic which they undertake to handle. If another competing railroad is once built, both carriers continue as competitors indefinitely, even though the competition may ruin both of them. Under such circumstances, certificates of public convenience and necessity serve a wholly justifiable purpose in preventing the creation of permanent uneconomic competition. On the other hand, domestic water carriers can compete among themselves without the withdrawal of any particular carrier being disastrous to the public and without any necessity for either carrier to continue to operate under circumstances which would ruin both. A water carrier can well cease to carry on a losing venture. If for any reason one of the carriers in the trade ceases operations, the transportation service which it offers can, in most instances, be taken care of through expansion of the facilities of the other carriers or through a new carrifer entering the trade.

riers or through a new carrier entering the trade.

It is one thing to use certificates of public convenience and necessity as a means of regulating and protecting a transportation medium which by reason of legal and economic necessity therefor must be to a considerable extent monopolistic in character. It is

another thing to use this device to create a monopoly in the branch of transportation industry where monopoly is presently nonexistent and where the public interest requires that competition, although it should be regulated to prevent abuses should not be limited or

discouraged.

The so-called "grandfather clause," namely, the provision whereby existing carriers may obtain these certificates without proof of public convenience and necessity, simply means special privileges to those already in the field, regardless of the present character of the service given by them or their financial ability or willingness to improve the service through the construction of new and faster vessels. The Commission believes that this "freezing" of our downstruction is whelly measured and contrary to the best interest. mestic shipping is wholly unsound and contrary to the best interest of the country.

The provision of the present bill that contract carriers should have permits is likely to prove ineffective, because the business of the contract carriers will in such event largely go to industrial carriers. The large shippers can take care of their own needs by purchasing or bare-boat chartering vessels, thereby becoming private carriers, undertaking no obligations to serve the public.

The smaller shippers have in the past, in a variety of circumstances—as in the case of seasonal movements of goods which the common carriers cannot accommodate, or commodities of the type which vessels maintaining regular schedules find it inconvenient to handle, or ports which do not have enough business for regular services by common carriers—found the use of the contract carriers by water a useful supplement to the more regular transportation facilities. The requirements of permits under the present bill would tend to deprive these smaller shippers of the use of contract carriers by water to take care of their needs.

The great advantage of water transportation to shippers is the

carriers by water to take care of their needs.

The great advantage of water transportation to shippers is the flexibility and variety of service it can offer. Certificates of public convenience and permits would destroy this advantage and stifle competition. The same effect of stifling competition is discernible in the provision of the bill, that except with the permission of the Interstate Commerce Commission, no carrier can operate both as a common carrier and a contract carrier. The Commission believes that there may be some objections to this dual form of operation under particular circumstances, but that in general it is desirable to have some flexibility. The small shipper is often benefited by such dual operation because it furnishes an increase in the amount of common-carrier service, in which service his shipments must

to have some flexibility. The small shipper is often benefited by such dual operation because it furnishes an increase in the amount of common-carrier service, in which service his shipments must move because they are generally too small to be transported at minimum cargo contract rates. The present bill might tend to destroy this dual type of operation.

As to the control of issuance of securities by domestic water carriers, it must be borne in mind that whenever there is a public issue or distribution of such securities, the Securities and Exchange Commission presently has the the regulatory powers necessary to protect the investing public, and as to Government leans under title V and insurances of preferred mortgages under title XI, the Maritime Commission's jurisdiction thereover is entirely adequate. Shipowners who have applied for financial aid under these provisions (or under any other provisions) have found that the Commission is not countenancing "wildcat financing." Only new vessels for use in domestic trade can be financed under title V, and as to these the Commission requires good security and proof of the operator's ability to operate profitably, as well as of the usefulness of the vessels for the purpose of national defense. Under title XI the Commission carries out the statutory requirements that the shipowner must possess the ability, experience, financial resources, and other qualifications necessary to the adequate operation and maintenance of the property, and that the property or project with respect to which the insurance is granted is economically sound.

Since the matter is covered by applicable statutes, the only reason that could be given for vesting control of the issuance of securities

Since the matter is covered by applicable statutes, the only reason that could be given for vesting control of the issuance of securities in the Interstate Commerce Commission is that the credit opportunities of the water carriers should be limited for the benefit of the

I wish to speak briefly with respect to the amendment to the present bill which was introduced in the Senate by Senator Clark on behalf of Senator Balley. I think the principle of this amendment that regulation of water carriers should be entrusted to the Maritime Commission is sound for the reasons which I have developed at some length. The proposed amendment, however, does not oped at some length. The proposed amendment, however, does not reach objections to various specific provisions in S. 2009, particularly those involving new subjects of regulation proposed therein. As has been indicated above, it is believed that careful consideration should be given to such subjects before the enactment of legislation further regulating water transportation.

As Commissioner Eastman points out in his testimony on this bill from the point of view of rail regulation, the present act is a codification with many changes in language of the Interstate Commerce Act. The prior statutes have received a rather settled interpretation, both through the decisions of the Interstate Commerce Commission and of the courts. Mr. Eastman points out that these changes in language will make the task of interpreting and applying S. 2009 to the railroads extremely difficult. What I wish to point out is that this bill makes an even greater change in language and intent from the portions of the shipping acts, the subject of which is incorporated therein, particularly because language used is made equally applicable to all classes of carriers. Both shipping legislation and railroad legislation have in the past been framed with careful attention being given to the types of carriers to be regulated, and many of the terms and definitions used in regulatory statutes involving shipping have been used with particular application to that industry. In attempting to modify them As Commissioner Eastman points out in his testimony on this

by way of omnibus provisions for both the railroad industry and the shipping industry many serious difficulties in interpretation and administration will arise.

administration will arise.

Congress has previously rejected all requests of the railroads or the Interstate Commerce Commission to place the regulation of water carriers under that Federal agency. It has very recently reaffirmed its position that regulation of rail carriers and water carriers should be kept distinct. The Merchant Marine Act, 1936, as it was originally enacted contained a provision authorizing the President after 2 years to transfer the regulatory powers of the Maritime Commission over water carriers to the Interstate Commerce Commission. On the basis of a careful study of this problem by the Commission, the Congress saw fit in the last session to withdraw this authority for transfer by Executive action.

The Commission believes that the proper approach to the prob-

The Commission believes that the proper approach to the prob-The Commission believes that the proper approach to the problems involved in regulation of water carriers is to extend the provisions of the Shipping Act, 1916, and the Intercoastal Act, 1933, to such additional classes of water carriers as Congress decides from time to time ought to be regulated. As to the regulation of water carriers presently under the jurisdiction of the Commission, this should, we believe, be left as it is, subject to such changes as the Congress may, upon mature consideration, deem desirable.

Statement of comparative all-rail and all-water rates on and average total movement of selected commodities in intercoastal traffic

FROM NEW YORK, N. Y. (WEST-BOUND)

	To Los Angeles, Calif., San Francisco, Calif., Portland, Oreg., and Seattle, Wash.				Average United States inter- coastal traffic	
Commodity	Via intercoastal water carriers		Via a	ll rail	west-bound from all Atlan- tic coast ports to all Pacific	
	Carload (mini- mum weight in pounds)	Rate (in cents per 100 pounds)1	Carload (mini- mum weight in pounds)	Rate (in cents per 100 pounds) ¹	coast ports, calendar years 1924–38, inclu- sive, in cargo tons of 2,240 pounds	
Fruits and vegetables, canned	36,000 (²)	58 105	{ 40,000 60,000 24,000	176 149 206	} 12,521 15,159	
Paper, wrapping or printing	24,000	59	40,000	143	16, 894	
packages. Iron or steel—nuts or bolts.	26, 000 36, 000	55 48	30,000 40,000 50,000	171 171 154	35, 223	
Structural iron or steel,	36,000	6134	80,000 40,000 50,000	143 171 154	691, 191	
Machinery, n. o. s	24, 000	110	60,000 30,000 40,000	143 254 213	44, 147	
Paint, liquid	24, 000	85	30,000 40,000 50,000	198 171 149	(9)	
Drugs, medicines, or chemicals	30, 000	100	30,000	179	129, 181	

TO NEW YORK, N. Y. (EAST-BOUND)

ovo propolitico fac	From Los Calif., Wash.	Average United States inter- coastal traffic				
Commodity	Via intercoastal water carriers		Via all rail		from all Pacific coast ports to all Atlantic	
	Carload (mini- mum weight in pounds)	Rate (in cents per 100 pounds) ¹	Carload (mini- mum weight in pounds)	Rate (in cents per 100 pounds) ¹	coast ports, calendar years 1924-38, inclu- sive, in cargo tons of 2,240 pounds	
Fish, canned	36, 000	58	{ 40,000 60,000 70,000 40,000	141 116 \$ 99 141	34, 826	
Salmon, canned	36,000	58	{ 60,000	116	43, 173	
Fruits and vegetables, canned Fruits and vegetables, dried or evaporated	36, 000 30, 000	58 69	70,000 40,000 60,000 40,000 60,000	105 141 116 182 138	438, 014	
Lumber	24,000	76	50,000	82	1, 584, 395	
Paper, printing or wrap- ping	24,000	59	40,000	143	9, 689	
packages	24,000	£5.	30,000	125 198	2,086,413	
Paint, liquid	24,000	89	40,000	171 149	(9)	

In effect on May 1, 1939.

Any quantity.
Includes all petroleum products in packages or bulk.
Not shown separately.
Not applicable on salmon, clams, herring, or shad.

Statement of comparative all-rail and all-water rates on and average total movement of selected commodities in intercoastal traffic-Continued

TO NEW ORLEANS, LA. (EAST-BOUND)

	From Los Angeles, Calif., San Francisco, Calif., Portland, Oreg., and Seattle, Wash.				Average United States inter- coastal traffic	
Commodity	Via intercoastal water carriers		Via all rail		east-bound from all Pacific coast ports to all Gulf	
	Carload (mini- mum weight in pounds)	Rate (in cents per 100 pounds) ¹	Carload (mini- mum weight in pounds)	Rate (in cents per 100 pounds) ¹	ports, calendar years 1924–38, inclu- sive, in cargo tons of 2,240 pounds	
Fish, canned, including salmon	36, 000	58	{ 40,000 60,000	105 88	} 20,036	
Fruits and vegetables, canned	36, 000	58	{ 40,000 60,000	105 88	1	
Fruits and vegetables, dried or evaporated	{ 30,000 36,000	*69 758	40, 000 60, 000	138 121	52, 827	
Paper, printing or wrap- ping	24, 000	77	40,000	{ °110 7105	} 2, 201	
Petroleum products, in packages	24, 000	55	30,000	125 6 165 7 157	3 44, 461	
Paint, liquid	24, 000	85	40,000	6 138 7 131 6 116		
Sugar	{ 40,000 100,000	40 930 1035	60,000	1 7110	78, 982	

TO NEW ORLEANS, LA. (WEST-BOUND)

	To Los . Calif., Wash.	To Los Angeles, Calif., San Francisco, Calif., Portland, Oreg., and Seattle, Wash.				
Commodity	Via intercoastal water carriers		Via all-rafi		west-bound from all Gulf ports to all Pacific coast	
	Carload (mini- mum weight in pounds)	Rate (in cents per 100 pounds)	Carload (mini- mum weight in pounds)	Rate (in cents per 100 pounds) 1	ports, calendar year 1924-38, inclusive, in cargo tons of 2,240 pounds	
Fruit and vegetables, canned	36, 000	58	{ 40,000 60,000	99 88	3, 661	
Rosin, in barrels Cotton piece goods Paper, printing or wrap-	36, 000 (²)	54 105 59	60, 000 24, 000	66 174 6 110	5, 589 2, 804	
Petroleum products, in packages	24,000	55	40, 000 30, 000	{ 6145	} 891 } '25, 503	
Sulfur, ground, refined	24, 000	50	\$50,000 80,000	1138 123 99	111, 353	
Iron and steel—nuts or bolts.	36, 000	48	40,000 50,000 80,000	7 131 6 121 7 116 6 110 7 105	147, 995	
Structural iron or steel, fabricated.	36, 000	59	40,000 50,000 60,000	{	117,350	
Machinery, n. o. s	24, 000	110	30,000 40,000	1 7 105 212 7 201 6 178 7 169	4, 644	
Paint, liquid	24,000	85	30,000 40,000 50,000	165 7157 6138 7131 6116	(9	
Drugs, medicines and chemicals.	30,000	{ *100 7110	30,000	{ \begin{picture}(1000 \\ 7142 \end{picture}	7,982	

In effect May 1, 1939.

In effect May 1, 1939.
 Any quantity.
 Includes all petroleum products in bulk or packages.
 Not shown separately.
 Applies from Portland, Oreg., and Seattle, Wash.
 Applies from Los Angeles and San Francisco, Calif.
 Applies from Los Angeles and San Francisco, Calif., no corresponding rate in effect from Portland, Oreg., and Seattle, Wash.
 Expires Sept. 30, 1939.
 Not applicable while 30-cent rate is effective.

Mr. BAILEY. Mr. President, in laying that statement before the Senate I wish to say that I think the chairman of the Committee on Interstate Commerce is entitled to the thanks of the Senate for the great work he has done. I would not let anybody here surpass me in confidence in him or in praise of him. He is my friend. I would not do anything in the world to wound his feelings. I would not make this motion if I thought it would injure his feelings in the slightest degree, and if he should suggest that it did I would withdraw it. We have not any better men in this country than the Senator from Montana [Mr. WHEELER].

The Committee on Interstate Commerce is a great committee, and I do not want its members to think there is any jealousy between the members of the Commerce Committee and the members of the Interstate Commerce Committee. I should hate to have anybody think I would be actuated by any spirit of jealousy in such a matter. When Senators vote on the motion, I ask them please to vote without any respect to me, with a view only to the merits of the matter. It is not in the slightest degree personal.

All I am saying is that, in view of the fact that the Commerce Committee has had this jurisdiction so long, in view of the fact that the Maritime Commission-which operates in cooperation with the Interstate Commerce Commissionhas had this particular work in hand since its inception, and in view of the fact that the Maritime Commission has not been heard, I believe it would be wise and prudent to refer this bill to the Commerce Committee with instructions to hear the Maritime Commission, and perhaps the Mississippi Valley Association and one or two others, and report back to the Senate within 10 days.

I do not wish to delay the consideration of the legislation. I do not wish to throw obstacles in its way. I do wish some Senator would rise and show me wherein it will help the railroads; and I wish to say to the Senate that I intend, if I consistently can, to vote for the bill. I am not trying to defeat it, but I think it involes graver issues than perhaps we suspect. I think it is the most important legislation presented to the Senate this year. I do not think we should proceed to transfer over to the Interstate Commerce Commission all of that great system of water transportation—the inland waterways, the Gulf, the Lakes, and the intercoastal system through the Panama Canal-without hearing from the Maritime Commission, and without then very seriously considering what we do by so vast a change in the national policy. It is an utterly new thing. I do not think we shall lose anything by giving several days of consideration to it.

PUNISHMENT FOR TRANSPORTING STOLEN ANIMALS IN INTERSTATE COMMERCE-VETO MESSAGE (S. DOC. NO. 77)

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, which was read, and, with the accompanying bill, referred to the Committee on the Judiciary and ordered to be printed:

To the Senate:

I return herewith, without my approval, a bill (S. 90) entitled "An act to provide for the punishment of persons transporting stolen animals in interstate commerce, and for other purposes."

The bill proposes to make it a Federal offense to knowingly transport in interstate or foreign commerce any stolen cattle, hog, sheep, horse, or mule, or the carcass or hide or any part of the carcass or hide of any such stolen animal. The receipt of such stolen property would likewise be made a Federal offense.

I disapproved a similar bill after the adjournment of the first session of the Seventy-fifth Congress.

An interesting and far-reaching problem is raised by this type of legislation.

How far does the Congress want to go in extending the Federal police power?

In recent years, with my hearty approval, the Congress has extended jurisdiction over serious criminal offenses, such as kidnaping and bank holdups, making it possible to apprehend such offenders on the theory that in all probability they would cross State lines.

We have also the National Stolen Property Act, which gives Federal jurisdiction in the case of major thefts, i. e., where the value of the property involved is \$5,000 or more.

This bill, however, extends this extension of jurisdiction to bring within its terms numerous offenses of the petty larceny type.

I am compelled, therefore, to ask the question, Why does the Federal Government extend its jurisdiction over any stolen cattle, hog, sheep, horse, mule, or the carcass or hide of any such stolen animal, and, at the same time, leave out all other forms of stolen property of comparatively low value?

Why not by the same theory extend Federal jurisdiction to the theft of all other kinds of personal property—property of a value which makes the theft a misdemeanor rather than a crime?

I am wondering if the Congress realizes that the logic of the situation created by this bill would rather definitely encroach on the police power of the several States.

Furthermore, if this act should go into effect, it would mean an additional appropriation to the Department of Justice of about \$200,000 a year—that is, if the act is to be properly enforced.

If this type of legislation is extended to all other forms of personal property, additional large sums would have to be appropriated to the Department of Justice.

I am therefore disapproving this bill with the hope that the Congress will seriously consider the ultimate implications of legislation of this type.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, May 24, 1939.

Mr. KING. Mr. President, I take the liberty of expressing my appreciation of the attitude taken by the President. I think he did the proper thing. If we are not careful, we shall soon have all activities controlled by the Federal Government.

LABOR DEPARTMENT APPROPRIATIONS—CONFERENCE

The PRESIDING OFFICER laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H. R. 5427) making appropriations for the Labor Department for the fiscal year ending June 30, 1940, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. McKELLAR. I move that the Senate insist upon its amendments, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. McKellar, Mr. Russell, Mr. McCarran, Mr. Bankhead, Mr. Lodge, and Mr. Bridges conferees on the part of the Senate.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. Lucas in the chair) laid before the Senate messages from the President of the United States submitting several nominations (and withdrawing a nomination), which were referred to the appropriate committees

(For nominations this day received and nomination withdrawn, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. ASHURST (for Mr. Connally), from the Committee on the Judiciary, reported favorably the nomination of Armistead M. Dobie, of Virginia, to be United States district judge

for the western district of Virginia, to fill a position created by the act of Congress of May 31, 1938.

Mr. KING, from the Committee on the Judiciary, reported favorably the nomination of Robert A. Cooper, of Puerto Rico, to be a judge of the District Court of the United States for Puerto Rico, to fill a position created by the act of Congress of March 26, 1938.

Mr. HILL, from the Committee on Commerce, reported favorably the following nominations:

Brig. Gen. Max C. Tyler, Corps of Engineers, United States Army, for appointment as member and president of the Mississippi River Commission, provided for by law, vice Brig. Gen. Harley B. Ferguson, to be relieved; and

Pharmacist Harry K. McClernon to be a chief pharmacist in the Coast Guard, to rank as such from May 2, 1939.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of several postmasters.

The PRESIDING OFFICER. The reports will be placed on the Executive Calendar.

COAST GUARD OF THE UNITED STATES-CLAUDE GREEN WINSTEAD

Mr. HILL. Mr. President, from the Committee on Commerce I report back favorably the nomination of Claude Green Winstead to be an ensign in the Coast Guard of the United States, to rank as such from May 29, 1939.

It happens that Mr. Winstead is due to graduate on next Monday at the regular graduating exercises; but, because of some inadvertence, his name was not sent in with the names of the other members of the graduating class. If Mr. Winstead is to be graduated on next Monday with his class in the regular order, he must be confirmed by the Senate without delay.

- Under the circumstances, I ask unanimous consent that the nomination be considered and confirmed at this time.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Alabama for the present consideration of the nomination? The Chair hears none.

Without objection, the nomination is confirmed.

Mr. HILL. I ask unanimous consent that the President be notified forthwith of the confirmation of the nomination of Mr. Winstead.

The PRESIDING OFFICER. Without objection, it is so ordered.

If there be no further reports of committees, the clerk will proceed to state the nominations on the calendar.

DISTRICT OF COLUMBIA

The legislative clerk read the nomination of George E. Allen to be a Commissioner of the District of Columbia.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. BARKLEY. I ask that the President be notified of the confirmation of Mr. Allen's nomination.

The PRESIDING OFFICER. Without objection, it is so ordered, and the President will be notified.

POSTMASTERS

The Legislative Clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask unanimous consent that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered.

IN THE ARMY

The Legislative Clerk proceeded to read sundry nominations in the Army.

Mr. BARKLEY. I ask that the Army nominations be confirmed en bloc.

The PRESIDING OFFICER. Without objection the nominations are confirmed en bloc.

That concludes the Calendar.

RECESS

Mr. BARKLEY. As in legislative session, I move that the Senate take a recess until 12 o'clock tomorrow.

The motion was agreed to; and (at 5 o'clock and 10 minutes p. m.), the Senate took a recess until tomorrow, Thursday, May 25, 1939, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate May 24 (legislative day of May 19), 1939

NATIONAL MEDIATION BOARD

David J. Lewis, of Maryland, to be a member of the National Mediation Board for the remainder of the term expiring February 1, 1940, vice William M. Leiserson.

UNITED STATES DISTRICT JUDGE

Leslie R. Darr, of Tennessee, to be United States district judge for the middle and eastern districts of Tennessee, to fill a position created by the act of Congress of May 31, 1938.

UNITED STATES ATTORNEY

Samuel Rorex, of Arkansas, to be United States attorney for the eastern district of Arkansas, vice Fred A. Isgrig, whose term expired June 13, 1938.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 24 (legislative day, May 19), 1939

COMMISSIONER OF THE DISTRICT OF COLUMBIA

George E. Allen to be a Commissioner of the District of Columbia.

COAST GUARD OF THE UNITED STATES

Claude Green Winstead to be an ensign in the Coast Guard of the United States.

PROMOTIONS IN THE REGULAR ARMY

James Edward Tate to be captain, Medical Corps. Kenneth Bailey Harmon to be colonel, Ordnance Depart-

Ernest Joseph Dawley to be colonel, Field Artillery. Herbert O'Leary to be colonel, Ordnance Department. Harry Dwight Chamberlin, to be colonel, Cavalry.

Sevier Rains Tupper to be lieutenant colonel, Infantry. Frank Royse to be lieutenant colonel, Field Artillery.

Laurence Fielding Stone to be lieutenant colonel, Air Corps (temporary lieutenant colonel, Air Corps).

Irving Carrington Avery to be lieutenant colonel, Infantry. Francis Valentine FitzGerald to be major, Quartermaster Corps.

Charles Summers Miller to be major, Cavalry.

Thomas James Chrisman to be major, Infantry.

Benjamin Harrison Graban to be major, Finance Department.

Arthur Ross Nichols to be major, Infantry.

Bernice Musgrove McFadyen to be major, Infantry.

Logan Woods Boyd to be major, Infantry.

Ulysses Grant Jones to be major, Air Corps (temporary major, Air Corps).

George Stainback Deaderick to be major, Quartermaster Corps.

POSTMASTERS

NEVADA

Pearl G. Clary, Rio Tinto.

OHIO

Henry H. Unger, West Alexandria.

TEXAS

Marion L. Neal, Baytown.

WITHDRAWAL

Executive nomination withdrawn from the Senate May 24, (legislative day of May 19), 1939

UNITED STATES DISTRICT JUDGE

Leslie A. Darr to be United States district judge for the middle and eastern districts of Tennessee.

HOUSE OF REPRESENTATIVES

WEDNESDAY, MAY 24, 1939

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Holy Spirit, faithful Guide, descend and bless us all with great peace and comfort. Only as the heart is pure, humble, and hopeful can we accept and adjust ourselves tranquilly to the severities and experiences of life. O Lord God, to whom shall we go but unto Thee? Thou hast promised us a covert while the waters are troubled. We bow beneath a heavy cloud. O Christ, embark upon the deep and breast the wave. Give prospect of rescue and life to those whose hearts are torn by anxious waiting. May they listen and hear the upper song. We are thankful for the blessed hopes of the human soul.

Eternal Father, strong to save,
Whose arm hath bound the restless wave,
Who bid'st the mighty ocean deep,
Its own appointed limits keep;
Oh hear us when we cry to Thee
For those in peril upon the sea.

Oh, Trinity of love and power, Our brethren shield in danger's hour; From rock and tempest, fire and foe, Protect them wheresoe'er they go; Thus evermore shall rise to Thee Glad hymns of praise from land and sea.

Again, Father, an honored name is called and there is no answer, a name that can be spoken without apology. Father in Heaven, give Thy comforting presence to the stricken loved one.

Through Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Baldridge, one of its clerks, announced that the Senate agrees to the amendments of the House to a bill of the Senate of the following title:

S. 1096. An act to amend section 8c of the Agricultural Marketing Agreement Act of 1937, as amended, to make its provisions applicable to Pacific Northwest boxed apples.

The message also announced that the Senate had ordered that Mr. Barkley, Mr. Pittman, and Mr. McNary be appointed members on the part of the Senate of the joint committee on arrangements for the welcoming of Their Majesties the King and Queen of Great Britain, on June 9, 1939, in accordance with the provisions of Senate Concurrent Resolution 17, agreed to May 23, 1939.

SWEARING IN OF MEMBER

The SPEAKER laid before the House the following communication from the Clerk of the House:

The SPEAKER,

House of Representatives, Washington, D. C.
SIR: The certificate of election in due form of law of Hon. Wirt
Courtney, as a Representative-elect to the Seventy-sixth Congress,
from the Sixth Congressional District of the State of Tennessee, to
fill the vacancy caused by the death of Hon. Clarence W. Turner,
is on file in this office.

Very truly yours,

South Trimble,

Clerk of the House of Representatives.

Mr. COURTNEY appeared in the Well of the House and took the oath of office.

EXTENSION OF REMARKS

Mr. MARTIN J. KENNEDY. Mr. Speaker, on yesterday I was given permission, as shown on page 5989 of the Congressional Record, to extend my remarks and to include therein the address delivered by the President at the American Retail Federation Forum. I am informed by the Clerk

that the President's speech was inserted in the Record by a Member of the other body, and for that reason my remarks were returned unprinted.

I ask unanimous consent to extend my remarks in the REC-ORD at this point and include therein a few short paragraphs that I used as an introduction to the President's address. Radio broadcasters and the New York newspapers quoted from my remarks, and for this reason I would like to have them appear in the RECORD at this point.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The matter referred to is as follows:

President Roosevelt did well in addressing the American people through the American Retail Federation. This enterprising and honorable group of businessmen are immediately in contact with

honorable group of businessmen are immediately in contact with the American consumer and selling.

His very clear statement of a continuity of policy should encourage America. Inheriting a tremendous economic burden, he has borne his obligations in a gallant spirit and not only has he saved the country from destruction but he is well on his way to effecting complete recovery.

There can be no further doubt about his objectives, and the country should feel thankful to the Almighty that he has given it such leadership.

it such leadership.

The President's speech is a most valuable contribution to the literature of the New Deal, and it establishes once again that Franklin D. Roosevelt is the best spokesman of his governmental

philosophy.

Under leave to extend my remarks, I feel honored to be permitted to insert his brilliant speech in the Congressional Record.

THE SUBMARINE "SQUALUS"

Mr. JENKS of New Hampshire. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. JENKS of New Hampshire. Mr. Speaker, for the fifth time in the submarine history of the United States Navy impending disaster threatens. I rise to voice the hope that success will attend the efforts of those engaged in the rescue of the 59 men trapped on the crippled submarine, the U. S. S. Squalus, which lies some 15 miles off the coast of New Hampshire, 240 feet below the surface of the Atlantic Ocean.

Since the last submarine disaster, which occurred in December 1927, considerable progress has been made in rescue equipment which, coupled with the heroic efforts of those who have rushed to the scene, give rise to the hope that "all will be well."

Less than an hour ago the Navy Department informed me that while no direct communication had been established, lines from the rescue ship to the crippled vessel have been connected, and that the first diver had gotten down and received responses from those on the Squalus, which fact must sustain the hope and courage of those near and dear to the men aboard and to the Nation as a whole.

The Squalus, newest of the Navy's submarine fleet, was built at the Portsmouth Navy Yard, and was launched last September 14, on which gala occasion I happened to be present. Today anxiety grips us all over the fate of those aboard the Squalus. May they be saved-may they be spared to carry on.

JOINT COMMITTEE ON FORESTRY

Mr. WARREN. Mr. Speaker, I offer a privileged resolution from the Committee on Accounts for immediate consideration.

The Clerk read as follows:

House Concurrent Resolution 23

Resolved by the Senate (the House of Representatives concurring), That the limit of expenditures under Senate Concurrent Resolution 31, Seventy-fifth Congress (providing for the establishment of a Joint Committee on Forestry), is hereby increased by \$7,000, of which one-half shall be payable from the contingent fund of the Senate and one-half from the contingent fund of the House of Representatives upon vouchers approved by the chairman of the committee.

With the following committee amendment:

In line 5, strike out "\$15,000" and insert in lieu thereof "\$7,000."

The committee amendment was agreed to,

The House concurrent resolution was agreed to, and a motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. WALTER. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the RECORD and to include therein a discussion between Senator TAFT and the gentleman from Illinois [Mr. SMITH].

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. MICHAEL J. KENNEDY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein the text of an address of dedication made by Archbishop Spellman, of New York.

The SPEAKER. Is there objection to the request of the

gentleman from New York?

There was no objection.

THE ELLENDER SUGAR-ACREAGE BILL

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Montana?

There was no objection.

Mr. O'CONNOR. Mr. Speaker, I have placed on the Speaker's desk a discharge petition, No. 14, to bring to the floor Senate bill 69, known as the Ellender sugar-acreage bill. and I ask all Members who are interested in the raising of sugar beets to sign this petition to give us a chance to see whether the House wants to pass it. The passage of this bill might take many people off the relief roll.

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. COLE of New York. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an editorial appearing in this morning's Washington Post, and also some tables which I have prepared.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

NATIONAL DEBT WEEK

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Without objection, it is so ordered. There was no objection.

Mr. VOORHIS of California. Mr. Speaker, I understand that this has been designated as National Debt Week by the Republican Party. I want to point out that you cannot consider the national debt in vacuo. The present monetary system provides for bringing money into circulation here in this great country by means of the creation of demand deposits by banks to finance borrowing. If private individuals or private enterprises fail to borrow, Government borrowing is the only method under such a system that we can employ to bring into circulation an adequate volume of the means of exchange. Those who object to increasing the national debt must, therefore, necessarily contemplate one of two things: Either a great deflation, continuous rise in the value of money and fall in the value of goods, and great increase in unemployment and distress; or else constructive reform of our method of bringing our Nation's money in circulation, so that it will be brought into circulation without increase in debt by the Government of the Nation and in such volume as to maintain a stable value in the dollar. Such a measure is the answer to increasing debt and is embodied in several measures now in the Banking and Currency Committee, including my own bill, H. R. 4931.

[Here the gavel fell.]

PERMISSION TO ADDRESS THE HOUSE

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent that today, after the conclusion of the other special orders, I may be permitted to address the House for 25 minutes.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. RICH. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania [Mr. Rich]?

There was no objection.

Mr. RICH. Mr. Speaker, I have never been so disappointed in all my life as when I heard the statements made by President Franklin D. Roosevelt in his address to the American Retail Federation National Forum at the Mayflower Hotel on Monday, May 22, when I recall the promise Mr. Roosevelt made at Sioux City September 29, 1932, and I quote:

I shall use this position of high responsibility to discuss up and down the country, at all seasons, at all times, the duty of reducing taxes, of increasing the efficiency of government, of cutting out the underbrush around our governmental structure, of getting the most public service for every dollar paid by taxation. This I pledge you and nothing I have said in the campaign transcends in importance this covenant with the taxpayers of this country.

That statement was made previous to his election as President of this country. I agree with that 100 percent. He evidently had some adviser giving him sound advice or he would not have made that statement. And then I go a little further into his campaign and quote from Franklin D. Roosevelt's speech delivered at Brooklyn, N. Y., on November 4, 1932, and I quote:

The people of America demand a reduction of Federal expenditure. It can be accomplished not only by reducing the expenditures of existing departments, but it can be done by abolishing many useless commissions, bureaus, and functions, and it can be done by consolidating many activities of the Government.

So you can see that the President of the United States knew that a solvent country certainly needed a balanced Budget and he knew that the income must meet the outgo. He also understood thoroughly that we should not be overburdened by bureaus and by excess Government functions.

Now, I give you a statement of the New Deal debt created by the President of the United States in the past 6 years, as well as the financial conditions of the country from 1920 to 1940. It should be a revelation to the sane, sensible people of America to know just what this administration has been doing.

THE NEW DEAL DEET

New Deal spending has been with us so long that it is quite easy to dismiss it with a shrug of the shoulders. But, as everyone who has ever incurred debt knows, it has to be paid. Besides, no amount of additional spending will make the repayment easier.

Printed below is a bird's-eye view of what has happened to Uncle Printed below is a bird's-eye view of what has happened to Uncle Sam's pocketbook over a period of the past 20 years. The tabulation paints first a graphic picture of frugal, hard-headed Uncle Sam moving cautiously, paying his bills and practicing the art of saying "no" to more spending when he knew he didn't have the money. That picture was true for the first 10 or 11 years under Republican Presidents. The succeeding 10 years paint a picture which is the exact opposite—replete with obvious evidence of ruthless spending, evidence of a complete failure to recognize the necessity for balancing outgo with income. In short, those 10 years preless spending, evidence of a complete failure to recognize the necessity for balancing outgo with income. In short, those 10 years present a perfect picture of what Candidate Franklin D. Roosevelt was talking about at Albany, N. Y., in July 1932 when he asked for "courage to stop borrowing to meet continuing deficits." He asked the Nation "to stop the deficits."

Some months later, in Sioux City, Iowa, in the same year, he accused the Republican administration then in power of being "the greatest spending administration in peacetime in all of our bis-

greatest spending administration in peacetime in all of our history." And yet even a casual look at the table, made up from the annual report of the Secretary of the Treasury, reveals the coarse deception practiced on the American public through the President's words and his administration's subsequent wasting of the public funds.

Expenditures, receipts, deficit, and national debt for 1920, 1925, and 1930-40

Year ended June 30—	Expenditures	Receipts	Deficit	National debt
1920	\$5, 482, 090, 191	\$6, 694, 565, 389	+\$212, 475, 198	\$24, 397, 918, 412
1925	3, 529, 643, 446	3, 780, 148, 685	+250, 505, 239	20, 516, 272, 174
1930	3, 994, 152, 487	4, 177, 941, 702	+183, 789, 215	16, 185, 308, 299
1931	4, 091, 597, 712	3, 189, 638, 632	901, 959, 080	16, 801, 485, 143
1932	4, 947, 776, 888	2, 005, 725, 437	2, 942, 051, 451	19, 487, 009, 766
1933	4, 325, 149, 722	2, 079, 696, 742	2, 245, 452, 980	22, 538, 672, 164
1934	6, 370, 947, 347	3, 115, 554, 050	3, 255, 393, 297	27, 053, 085, 988
1935	7, 583, 433, 562	3, 800, 467, 202	3, 782, 966, 360	28, 701, 167, 092
1936	9, 058, 885, 572	4, 115, 956, 615	4, 952, 928, 957	33, 545, 384, 622
1937	8, 546, 379, 956	5, 293, 840, 237	3, 252, 539, 719	36, 427, 091, 021
1938	7, 691, 287, 108	6, 241, 661, 227	4, 702, 165, 600	37, 167, 487, 451
1939 (estimated)	9, 592, 320, 000	5, 520, 100, 000	4, 072, 229, 000	41, 131, 532, 010
1940 (estimated)	9, 095, 663, 200	5, 639, 300, 000	3, 426, 363, 200	44, 457, 845, 210

1920, 1925, and 1930 showed a surplus.

Such astronomical figures must, if the national integrity is to survive, become comprehensible to American voters. This, indeed, is real American money actually owned by the taxpayers of this country. This, it must be understood, is not a childish game wherein figures—perhaps small, meaningless curlicues—are tossed about indiscriminately, with the final total being a huge joke.

Do you pay part of your grocery bill each day and add what is left on to the bill of the next pay day and then on that date pay only half of that total? Of course, you don't. No grocer would hold your account very long under those circumstances. Should an administration, then, which pays its bill in this fashion be trusted by the public which furnishes the money that it spends? Of course not. Of course not.

Of course not.

Look again at the table to see how from 1920 to 1930 the national debt was slowly but surely whittled down. Then see it begin to climb, year in and year out, until by 1940 it is expected to nudge the extreme limit permitted by law.

Why, with \$45,000,000,000 one could purchase the entire tangible wealth of each and every one of the New England States. This amazing total is enough to buy the entire wealth of New York State, including New York City, with the wealthy State of Michigan thrown in for good measure.

Now, Members of Congress, after reviewing the New Deal since 1933, let me ask you why the President in his speech at the Mayflower on the 22d contained this most foolish of all expressions that I have ever heard made by anyone in a position of responsibility, and I quote from his speech:

Our national debt, after all, is an internal debt, owed not only by the Nation but to the Nation. If our children have to pay interest on it, they will pay that interest to themselves

Only one other fellow I ever knew of made such a statement, that was Congressman Goldsborough in singing his swan song to the Congress a few weeks ago, and then he was elevated by President Roosevelt to the bench. It certainly was a disappointment to the American people to know that a man who had ideas of that kind should be appointed to a judgeship. Suppose Mr. Goldsborough borrowed \$100 from Franklin D. Roosevelt. I wonder if Mr. Goldsborough would have to repay that money to Mr. Roosevelt, or if it would in any way embarrass him if he could not or if he did not pay the interest. If Mr. Roosevelt did not receive the interest, would he be financially embarrassed? Or would Mr. Roosevelt be embarrassed if every Member of Congress borrowed \$100 from him-and he certainly ought to be able to lend each one of them \$100, because he received a great deal of money left in trust to him by his father and he has never had to work for any money, so he does not know how difficult it is to secure a dollar out in the wide, wide world by having a real, honest-to-goodness job that was not political.

Now, if Mr. Roosevelt made the loan to every Member of Congress, and they decided they did not want to pay the interest, would it embarrass Mr. Roosevelt? Why, we are all one same family, we all belong to that class that is running the Federal Government, and if we do not pay it, why I should think that would be all right. Such an argument as this is just about as sensible as the one Mr. Roosevelt says, that our children will not have to worry about the payment of the debts because they will be paying it to themselves. Ridiculous, unbusinesslike, unsound, un-American. How anybody could get such ideas as those expressed

is beyond the comprehension of sound thinking American people. Is such philosophy gained because one has had all the money he wanted to spend from his father's inheritance, or is it because he wants to break down the moral fiber of the American people who have made this country what it is—and that is the workers of America, the men who really wanted a job and wanted to earn a livelihood. Or is he taking the philosophy now of the fellow who does not care a d— whether he works or whether he does not?

It is high time America wakes up and puts men of responsibility in high office. Let us hope that that happens at the very earliest possible date. [Applause.]

EXTENSION OF REMARKS

Mr. THORKELSON. Mr. Speaker, I ask unanimous consent to extend my own remarks at this point in the Record.

The SPEAKER. Is there objection to the request of the gentleman from Montana [Mr. Thorkelson]?

There was no objection.

Mr. THORKELSON. Mr. Speaker, the first consideration of all patriotic citizens is the security of the United States and of all the people in the United States, no matter what race or creed. I make this statement because I do not desire to be misunderstood or misquoted. In taking this view, I hold that each and every law-abiding citizen is entitled to the same rights and the same protection guaranteed to all citizens under the Constitution of the United States, and no more. I for one will be the first to stand forth in the protection of such rights, no matter who is threatened.

For those who are engaged in socialistic and communistic activity to label anyone "Nazi" who holds the fundamental principles of the founders of the Republic in reverence, is an injustice. Our Nation more than ever needs men who believe in the fundamental principles laid down by the founders of the Republic, and the expression of such principles should not be a cause for investigation, but, instead, a reason for admiration. It is upon the observance of these principles that we stand or fall.

I am not a victim of split personality, and when I voice apprehension it is not because of personal beliefs or opinions, but is instead based upon our departure from a republican form of government, and its conversion into a democracy or a socialistic state. The best evidence of this is in Federal invasion of States and usurpation of industry and business by Federal-owned competitive corporations.

The fact that I say that our Nation is undermined with subversive activities in the form of socialism and communism is again not only based upon my personal opinion, but also upon previous investigation by the Dies committee; communistic publications which deliberately and boldly come out and acclaim themselves as such, even to the point where they endorse candidates for office. It is also based upon articles in magazines, such as the recent meetings in Mexico City, in Europe, and demonstrations in the United States. These publications have actually expressed fear that communistic activities are rampant in the Army, and not long ago I saw fear expressed that the same activities are invading the Navy. After reading these articles, to have someone say, "Why worry?" sets me thinking of Russia, Spain, and China as they were in the past and as they are now. I picture destruction of life and property, killing of innocent and defenseless men, women, and children, which is so graphically headlined in newspapers, over radio, in pictures, and on the screen. I ask myself, What sinister power is behind this evil which is now overtaking the world? Is it a repetition of the past, because of adherence to such philosophy as this?-

Protocol XIX. In order to destroy the prestige of heroism for political crime, we shall send it for trial in the category of thieving, murder, and every kind of abominable and filthy crime. Public opinion will then confuse in its conception this category of crime with the disgrace attaching to every other and will brand it with the same contempt.

In my mind's eye I lift the curtain and I see the horrors of past wars, from the time of the Pharaohs to the wanton destruction of innocent life today. As these pictures take shape, I shudder for the safety of a civilization we have built for 2,000 years.

I recall persecutions and the wars in Asia and Europe, when Christians were tortured and died for their faith; when Christian principles and rights stood firmly and unflinchingly against gold and might. Principle won then and it will today. This is a factual history, which anyone may learn if he so desires.

It is time for all patriotic citizens to recognize the enemy within our Nation, so that we may set our own house in order before it is too late. Recognition of danger and preparation may save embarrassment on some future day. We have many examples of this. If China had recognized internal deterioration, she might have escaped the destruction now facing her. If China had realized the danger of socialism and communism—a Russian gift—and in the recognition of that set her own house in order, millions of people now dead might have been alive and happy. The great Chinese Empire is now partitioned between Russian and Japan. This happened because no one worried.

If the people in Spain had recognized the danger of socialism and communism under the red flag, a regime which destroyed churches, convents, and cherished sanctuaries, destruction of this property could have been avoided. Spain has paid the greatest price of all in the destruction of many innocent lives because she did not worry.

It is not my intention and I cannot mention all the destruction for which socialism and communism is responsible, and it is not necessary for me to remind you that these subversive activities are here. There are hundreds of publications in the United States which proclaim themselves communistic, and are recognized as such by everyone who can read. So, I say, Why shut our eyes to the greatest danger of all?

Washington recognized not only the dangers of parties but the inherent danger in the philosophies to which they subscribe and he warned us in these words:

There is an opinion that parties in free countries are useful checks upon the administration of the government, and serve to keep alive the spirit of liberty. This within certain limits is probably true; and in governments of a monarchial cast patriotism may look with indulgence, if not with favor, upon the spirit of party. But in those of the popular character, in governments purely elective, it is a spirit not to be encouraged.

It is also well for us to bear in mind that Washington said, "Despots arise on the ruins of public liberty." This is clearly evident as we bear in mind the despotic and imperialistic rulers today. Congress helps this conversion of government when it restricts free speech and when it allows capitalistic control of the press by the invisible interest. Evidence of attempted control of free speech may be found in H. R. 5791, in which restrictions are placed upon broadcasting which might ultimately end in complete Government censorship. This is another method of subversive interest to destroy a valuable means of communication, now already to a certain extent restricted. The queer part is that the same interest is using the radio constantly, often on the expense of the taxpayers, to peddle bedside stories for the gullible.

Congress should, in respect to the glory of freedom of speech, throw House bill 5791 in an ash can. It is difficult today to get facts before the people for the invisible government is so well entrenched and is wielding such control of all gold that it locks the door to truth.

To have a clearer understanding of communism, I quote from Wolves in Sheep's Clothing, not because of the book but because of facts stated in the comparison:

Christianity is love; communism is hate. Christianity is morality; communism is depravity. Christianity is loyalty; communism is treachery. Christianity extends mercy; communism is mercile:

Christianity extends mercy; communism is merciless.
Christianity liberates; communism enslaves.
Christianity builds civilization; communism substitutes barbarism.

Christianity is truth; communism is falsehood.

It was for the investigation of this un-American activity—namely, socialism and communism—that Congress appropriated \$100,000 to the Dies committee. It was appropriated to

get the facts before the people; and in the establishing of such facts not to shield race, creed, or color. The hundred thousand dollars appropriated by Congress, at the expense of the taxpayers of the United States, was not to buy whitewash for the higher-ups and those actually responsible; it was instead to investigate socialism and communism as it exists in the United States. It is for that reason that all evidence should be admitted, no matter who the guilty may be. It does not matter whether the offender is Scandinavian, Englishman, Occidential, or Asiatic. Guilt should not be established upon creed or race, but upon such subversive activities with which such creed or race may be connected. A lead to this may be found in hundreds of communistic publications throughout the country.

If such organizations as these exist-American Civil Liberties Union, American Society for Cultural Relations With Russia, the Progressive Political Action Conference to Elect Roosevelt, or others-investigations should be made of them for the general welfare of the taxpayers who are paying for the Dies investigation. It would also be well to investigate the personnel of the Harmony Club and to ascertain if the memberships' names did not pass over the press wires a

I note in the Evening Star that the gentlemen are accusing each other of smearing, and that is no more than may be expected when interest is lost in the finding of facts. I quote:

Hammering constantly at the motives of an Indiana Republican leader in sending a purveyor of anti-Semitism seeking a 90-minute interview with the Republican National Committee Chairman John D. M. Hamilton, the House Committee on un-American Activities was accused by one of its own members this afternoon of trying to "smear" the Republican Party.

This is not a surprise to me, for I have attended a couple of hearings for a short while and in each instance listened to a cross-examination of witnesses who had no information but which the gentleman on the committee attempted to connect with the Republican Party. As a listener it occurred to me that the examiner did not attempt to establish facts in respect to socialism and communism but instead wasted time to establish contradictory evidence by the witness. This attempted smearing of the Republican Party cannot be helped because the Democratic Party is now a front for the Socialists and openly supported by the Communist Party in the United States in its own publications and also in the daily press. I have already quoted evidence of this a few days ago when the Communist Party said they would support President Roosevelt for the third term. It is therefore only reasonable that the Democrats on the committee are not going to bite the hand that will support them in the next election.

The Dies committee investigating un-American activities, and for which the taxpayers are putting up \$100,000, should, in respect to the American people and in honor to their own position in Congress, spare no one from the top to the bottom. The very idea of excluding one particular group because of power in the administration, or because of underground connection with the invisible government, is disgusting and discouraging to those who know the truth.

There is much evidence to be had, and I am sure many patrictic citizens will be glad to testify before the Dies committee if they are not mislabeled in giving such testimony. The Dies committee must first decide which of the European philosophies is not for the better interest of the United States.

That is all, and it is as simple as that, which the committee should know.

It is useless to look for a Nazi or Fascist plot, because both of these governments are socialistic, and if there is any plot it is one of socialism. The next thing for the committee to bear in mind is that socialism has been in existence for many years. As a matter of fact, it has been recognized in the United States for many years. The only philosophy in government that is new is communism, and that brand is found only in Russia. It is communism that has undermined China. It is communism that undermined Spain. The "red" regime was the government in Spain that destroyed churches, convents, and sacred places of worship. It is communism which has upset the Government of France, and it is communism that is going to upset the Government of the United States today, and that is the point for the Dies committee to bear in mind in this investigation.

A patriotic citizen who willingly testifies before the committee should not be treated as though he is an enemy of the United States, for his reason in being connected with an organization opposed to communism is in itself evidence that he is a patriotic citizen, because he recognizes a danger that

many of us are fearful of today.

It is useless to cross-examine a witness to establish connections with individuals of no importance and let the ringleaders sit at the top. What the committee should find out is who the ringleaders are and call them in for investigation. Let us destroy the root of the evil instead of chasing around the fringes where nothing can be found. The Dies committee can obtain evidence in regard to communism from their own publications and from other people who are connected with Communist organizations. The papers have already published the fact that communism is within the Army and beginning to infiltrate the Navy. I know from personal contact with members of the C. C. C. camps that communism and radicalism are found in such organizations. The Congress of the United States appropriated \$100,000 to investigate un-American activities, and the most dangerous un-American activity is communism. It is here, and the committee knows it.

I have received a letter, and I shall not mention the names because I know many patrons of the organization are innocent and well-meaning members. "The Non-Sectarian Anti-Nazi League to Champion Human Rights, Inc.," is imprinted on the letterhead, and at the bottom of the page I find, in red letters: "Nazi Germany Is the Enemy of Civilization. Refuse to Trade With the Enemy."

If this organization is investigated, it will be found that some member is at heart a Communist, and it is he, or they, who wields the control in this organization, and this is my reason for this statement:

How can anyone be a champion of human rights, Christian rights, if you please, and at the same time preach hatreds toward any nation? How can the same individual preach boycott and retaliation and call a nation an enemy without having a good reason for it? The committee should call the organization to task and ask why one nation has been selected and set aside as an enemy to the United States, and their

As I said, there must be some reason for forming this organization, and there must be a good cause for setting one nation aside as an enemy to civilization, and certainly an equally good reason for advocating "Refuse to trade with the enemy." Let the Dies committee call the members of this organization up for investigation, and let them give their reason for making the statements that they have made in the letter which I shall be glad to give to the Dies committee. Let these members explain why they call themselves Non-Sectarian Anti-Nazi League to Champion Human Rights, Inc. I am not interested in any particular people, but I am interested in the opinions they hold, particularly if such opinions are un-American or communistic. As I have said in the first part of my speech, no one would step to the defense of anyone sooner than I. We are, however, faced with a problem, and that problem is communism, and Congress appropriated \$100,000 to find out about it. It is up to the Dies committee to set this thing right, and they can do so by examination of this organization first. Let them give the reason for their attitude, and then the Dies committee might get to the bottom of the un-American activities.

Mr. GEHRMANN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an address I have prepared on the St. Lawrence seaway.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin [Mr. GEHRMANN]?

There was no objection.

Mr. DIRKSEN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a letter from the Secretary of Agriculture.

The SPEAKER. Is there objection to the request of the gentleman from Illinois [Mr. DIRKSEN]?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts [Mrs. Rogers]?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, our colleague from New Hampshire [Mr. Jenks] has spoken very feelingly of the terrible submarine disaster in New England. I know that the Navy is doing everything possible to assist the men who are trapped in that submarine, and I know that the Members of Congress, individually and collectively, have been doing everything possible for them.

One of my constituents, an extremely fine young man, William Joseph Fitzpatrick, of Billerica, Mass., is on that submarine. He is a torpedoman and has had 10 years' service in the United States Navy. I know the Members join with me in anxious sympathy for him and the other members of the crew and their families.

In the year 1927 we had a similar tragic accident, when the submarine S-4 was lost with all of her officers and men. A constituent of mine from Lowell was one of the victims. I have a bill in this House at the present time—H. R. 108—to authorize the payment of \$2,500 to the dependents of the officers and men who lost their lives on the S-4. I wish so much it could become law at this session of Congress. The submarine service is an extremely hazardous one, and the men who serve in it should receive higher pension benefits.

May I express the hope that the time will soon come when there will be no necessity for submarines. Until then our submarines should be so constructed that they will be safeguarded from possible disasters of this kind. [Applause.]

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. IGLESIAS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record on the subject of legislation needed for Puerto Rico.

The SPEAKER. Is there objection to the request of the Resident Commissioner from Puerto Rico [Mr. IGLESIAS]? There was no objection.

Mr. FISH. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein an editorial from the Saturday Evening Post entitled "If We Don't Have War."

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. Fish]?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. FISH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. Fish]?

There was no objection.

Mr. FISH. Mr. Speaker, the American people are beginning to wonder why we have no Ambassador in Germany to look after American interests and to use our moral influence for the promotion of peace. The peace of the world hangs in the balance, and yet we have no Ambassador in Berlin, the nerve center of the entire war situation and the most important post in Europe.

President Roosevelt recalled Ambassador Hugh Wilson to consult on German affairs 6 months ago. It would seem that he ought to have been able to ascertain the facts during that time.

Today fear and threats of war cover Europe. The British and French Ambassadors who were withdrawn for about a month after the seizure of Czechoslovakia have returned to

Berlin. What right has the State Department to keep paying Ambassador Wilson his salary of \$17,500 while he cools his heels in Washington, 4,000 miles from his accredited post? When will this childish and stupid type of diplomacy cease? It is none of our business what form of government exists in Nazi Germany, any more than it is their business what form of government exists in America.

I deplore the lack of statesmanship for peace by a continuation of such an inane and inept policy of having no ambassadorial representation in Germany during these critical times. [Applause.]

EXTENSION OF REMARKS

Mr. GEARHART. Mr. Speaker, on Monday last I asked and obtained unanimous consent to extend my own remarks in the Record and to include a speech by the Honorable Fred K. Nielsen, formerly a Solicitor of the State Department. I have been advised since that the speech exceeds in length that covered by the rules. I have obtained an estimate of the Public Printer in respect to the length and cost of the publication of this speech. I ask unanimous consent that I may extend my remarks in the Record and include this speech to which I have referred, notwithstanding the estimate of the Public Printer.

The SPEAKER. Is there objection to the request of the gentleman from California [Mr. Gearhart]?

There was no objection.

Mr. REED of New York. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein certain tables.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. REED]?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. MARTIN J. KENNEDY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. KENNEDY]?

There was no objection.

Mr. MARTIN J. KENNEDY. Mr. Speaker, I would like to bring to the attention of the Members of the House an article which appeared in the New York Times this morning. It is refreshing to read an article of this character containing praise of President Roosevelt by one of our big-business executives, especially after listening to the discussion in the House by the Republican Members. This is a story about the employees of the Jacob Ruppert Brewery, which is located in my congressional district. Mr. George Ruppert, the president of the company, states that out of 1,313 male employees of the brewery, 746 are over 40 years of age, 380 are over 50, 112 are over 60, and 21 are over 70 years of age.

This is a fine tribute to many of my constituents and reflects great credit upon this large business organization, which finds it worth while to retain the services of men over forty. I am sure that if we had more companies with this same policy of employment many of our social problems would be solved and great happiness would be brought into the lives of our men of more mature years, who find it increasingly difficult to obtain employment.

The following is the article in full as it appeared in the New York Times today:

MANY RUPPERT MEN OVER 40

Of 1,313 male employees of the Jacob Ruppert Brewery, 746, or 56.8 percent, are over 40 years of age, according to the results of a survey made public yesterday by George E. Ruppert, president of the brewery. Of this number, he said, 380, or 29 percent of the total, are over 50, 112 are over 60, and 21 are over 70. Expressing approval of President Roosevelt's recent appeal to employers in behalf of older men seeking employment, Mr. Ruppert said that "We have found from long experience that whereas the young man may have plenty of strength, vigor, and enthusiasm, nothing can replace the experience, both of business and of life, and the sound judgment of the older man who has learned his job thoroughly and views it from the calm perspective of hard-earned wisdom."

Mr. ANGELL. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my own remarks.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. ANGELL. Mr. Speaker, my State is very much interested in the legislation embodied in H. R. 2 and the bills incorporating Dr. Townsend's amendments to that act. I am filing with this body today petitions from over 1,000 of the citizens of my district urging action on this legislation. I have heretofore filed petitions from many thousands of other citizens in my State urging the same course. On February 16 I appeared before the Ways and Means Committee urging action on H. R. 2 and on February 20 I presented to this body House Joint Memorial No. 1 of the Oregon Legislature petitioning Congress to call a constitutional convention to provide for the establishment and operation of the principles of the Townsend recovery program, otherwise known and described as the proposed General Welfare Act of 1937, H. R. 4199.

On March 31 I called the attention of the House to this legislation, comparing it with the social-security program so far as it has to do with old-age annuities, and cited further the resolutions adopted by the various States of the Union calling upon Congress to take action with reference to the Townsend old-age pension plan. This presentation showed that some 14 States of the Union had petitioned the Congress to take action in this matter. Since then four additional States have petitioned the Congress. The 18 States which have filed these petitions are Arizona, California, Colorado, Florida, Georgia, Idaho, Indiana, Massachusetts, Michigan, Minnesota, Montana, New Hampshire, North Dakota, Oregon, South Dakota, Washington, Wisconsin, and Wyoming.

On March 31 I again called to the attention of the House this legislation, urging that the Ways and Means Committee take action on this matter in response to the request of millions of American citizens and numerous States of the Union. The Gallup poll, released February 26, 1939, shows that 94 percent of our people favor a reasonable pension. Mr. Roger W. Babson, discussing the social-security law, said that the Townsend plan on some reasonable basis is far safer than the social-security program now being followed.

Mr. John T. Flynn testified before the Ways and Means Committee that the huge reserve being piled up under the social-security plan will never be paid back in any form of the social-security system, and that in 40 years this reserve will amount to some \$47,000,000,000. He stated: "I want the Government to stop collecting money it is not going to use for social security."

It is generally conceded that there are in excess of 10,000,-000 American citizens unemployed and that our immediate problem is to create purchasing power in the great mass of our people who are now without the means to purchase the necessities of life which we are able to produce but for which we have no market. The American market is the best in the world, but it is now being absorbed to a considerable extent by foreign importations, to the detriment of American

The Townsend plan is a pay-as-you-go program and will not add to the public debt, which is now reaching the point of saturation and threatening to wreck our financial structure. Instead of borrowing to take care of our unemployed and those on relief, under this plan a reasonable tax will provide the necessary funds to solve this problem and put into the hands of the American people purchasing power. Under it our unemployed will again be absorbed on private pay rolls, our old people who are without means of support will be taken care of, and America will again head back toward prosperity.

As I said in my remarks of March 31, this plan is not merely a pension program, but provides for national recovery and is a philosophy of life founded upon sound American principles. The legions of supporters of the movement in every State of the Union are loyal, patriotic, earnest American citizens

First. To uphold and defend the Constitution of the United States.

ditional American liberties. Third. To oppose fascism, communism, or any other form

Second. To stand against the surrender of any of our tra-

of dictatorship which may menace the traditional form of American government.

Fourth. To strive for a higher standard of living for the underprivileged classes.

Fifth. To stand as a safeguard of the American tradition against racial, political, or religious intolerance.

Sixth. To foster and promote better citizenship by educating the voters to safeguard their own interests.

The old-age security law has failed to solve this social problem of affording relief to our old people; on the other hand, it has exacted unnecessary, burdensome taxes from workers and employers alike, impeding business and halting recovery. It is limited in its applications to selected groups. It rests upon the fiction that these taxes are to be used for relief payments, whereas the money is immediately spent for Government activities. It stifles industry and robs the wage earner, giving little relief. The Townsend plan, on the other hand, is a pay-as-you-go program. It is universal throughout the United States in its application, covering all citizens 60 years of age or over, otherwise qualified. It is a sound American plan. It will create purchasing power. It will start mills and factories. It will provide pay rolls. It will afford an immense market for American products and will lead America back onto the high road to prosperity. It will provide food, clothing, and shelter for our senior citizens, many of whom are now destitute.

Mr. Speaker, in view of the great interest of our people throughout the United States in the Townsend program, I most respectfully urge upon the members of the Ways and Means Committee that they report out the amended bill so that it may be considered by the House on its merits. Our Constitution protects our American citizens in their right to petition the Congress, and I venture the statement that no legislation pending before this Congress has greater support. or more petitions demanding action. In fulfillment of our duties to our constituents we can do no less than to bring this bill before the House for consideration. If the Ways and Means Committee does not feel justified in reporting out the bill, I urge that all members of the House who are interested in this legislation sign the petition which will be filed to discharge the committee from further consideration

of this bill. [Applause.]

CALENDAR WEDNESDAY

The SPEAKER. This is Calendar Wednesday. The Clerk will call the roll of committees.

Mr. TABER. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. The Chair will count. [After counting.] One hundred and forty-five Members are present, not a

CALL OF THE HOUSE

Mr. RAYBURN. Mr. Speaker, I move a call of the House. A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 80]

Alexander	Ford, Leland M.	Ludlow	Robsion, Ky.	
Boren	Gifford	McArdle	Seccombe	
Bradley, Pa. Gossett		McMillan, Thos. S. Shafer, Mich.		
Brewster	Green	McReynolds	Simpson	
Buckley, N. Y.	Hare	Magnuson	Smith, Maine	
Chapman	Harrington	Mansfield	Starnes, Ala.	
Crowther	Hartley	Marshall	Sullivan	
Curley	Havenner	Mason	Sumners, Tex.	
Dies	Hawks	Miller	Taylor, Colo.	
Ditter	Hoffman	Mitchell	Weaver	
Evans *	Keefe	Osmers	White, Idaho	
Faddis	Keller	Patrick	Wood	
Fernandez	Kerr	Pfeifer	Woodruff, Mich	
Fitzpatrick	Kramer	Polk	Troom un, mich	
Folger	Larrabee	Risk		

The SPEAKER. Three hundred and seventy-one Members have answered to their names; a quorum is present.

By unanimous consent, further proceedings under the call were dispensed with.

CALENDAR WEDNESDAY

COAST GUARD

Mr. BLAND. Mr. Speaker, by direction of the Committee on Merchant Marine and Fisheries I call up the bill (S. 1369) to authorize necessary facilities for the Coast Guard in the interest of national defense and the performance of its maritime police functions, Union Calendar 196, and ask unanimous consent that the bill be considered in the House as in Committee of the Whole.

The SPEAKER. The gentleman from Virginia calls up the bill S. 1369 and asks unanimous consent that the bill be considered in the House as in Committee of the Whole.

Mr. TABER. I object, Mr. Speaker.

The SPEAKER. This bill is on the Union Calendar.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill S. 1369, with Mr. Johnson of Oklahoma in the chair.

The Clerk read the title of the bill.

The first reading of the bill was dispensed with.

Mr. BLAND. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, this bill involves three propositions. The first is the construction of three cutters for the Coast Guard to take the place of three existing cutters, one of which is 27 years and the other two of which are either 23 or 24 years old. These cutters will cost approximately \$3,000,000 each, making a total for that item of \$9,000,000.

The second section in the bill authorizes the construction of a seaplane base at Kodiak, Alaska. This is particularly important at this time for the reason that authority has already been given the Navy to construct an air base. The bill for the Navy authorization and appropriation has recently passed the House, authorizing the construction of an air base at Kodiak, Alaska. It is intended by the Coast Guard that the construction of this base shall proceed with the construction of the naval base at Kodiak, Alaska, and therefore it will work an economy to construct it at this time rather than later.

I have an amendment which I shall offer at the proper place in the bill which directs the Secretary of the Treasury to arrange with the Secretary of the Navy so this work may proceed at the same time.

The third section of the bill provides for the construction of airplanes or seaplanes for use by the Coast Guard at a cost of \$2,490,000. I should have said that if the base in Alaska can be constructed along with the base for the Navy the cost is estimated to be \$2,733,333, but there will be a saving in the end because quarters are allowed the men of the Coast Guard who would be stationed there, and this fund for quarters will be applied to the use of the air base.

As far as seaplanes are concerned, the bill contemplates the construction of 15 seaplanes. At present the Coast Guard has six seaplanes. There are 7 under construction, and with the 15 which are authorized in this bill there will be a total of 28 airplanes.

Reverting to the necessity for the construction of the Coast Guard cutters, I may say that the Coast Guard cutters that are to be replaced by these three cutters are old, and, what is more important, are slow in speed. May I call the attention of the Committee to an incident which occurred recently at Puerto Rico, where an attempt was made to overhaul the German steamship Frida Horn, which had anchored in that harbor and left without proper papers. After having been there a short while she effectually made her escape because the cutter that was stationed there was slower in speed and could not overhaul her. If we are going to enforce the laws of the United States upon the sea, with the responsibility for which the Coast Guard is peculiarly vested, we must have cutters that are equal in speed to the ships they are to overtake.

[Here the gavel fell.]

Mr. BLAND. Mr. Chairman, I yield myself 5 additional minutes.

I wonder if some of you gentleman have been out on the coast at various places and watched the Coast Guard cutters

following the ships of other nations out to see whether narcotics were thrown overboard or whether there were violations of the law. We must look to the Coast Guard for the protection of our seacoast and the enforcement of the law.

The same thing applies to the airplanes that are required. The work of the Coast Guard has increased materially in the last few years in connection with the enforcement of all laws pertaining to the sea and also the necessity to be in readiness to serve the transoceanic planes that will fly across the oceans. If the Coast Guard had been prepared and ready with sufficient planes at its stations to rush out and effect the rescue, if we had been equipped as we propose to be equipped under this bill, it would not have been necessary for those who went down on the Cavalier to spend as long a time as they did in the water, facing the danger of death not only from drowning but from sharks. Storms interfere very little with the operation of these planes, for, as I recall the testimony, these planes are able to land in the water when there are waves 8 feet high, which is higher than they were at the Cavalier that night.

They effect rescues and they bring ashore not only men who are in danger but when members of the crew of a ship are taken sick and cannot be taken care of the Coast Guard is always there with these airplanes to bring them ashore.

Now, as to the station in Alaska, you gentlemen know the importance of that station, the protection of our halibut fisheries, the protection of our seal fisheries, the enforcement of our laws up there with the wide, long coast to be protected and certain troubles arising within the last few years that can be best avoided by the presence of the Coast Guard to see whether the laws of the United States are being violated.

The Coast Guard airplanes are necessary not only for the sea duty but in the interior of America, when storms come, when floods oversweep our land, these airplanes of the Coast Guard are there to rescue, to aid, to succor, and to bring relief. [Applause.]

Mr. Chairman, I reserve the balance of my time.

Mr. TABER. Mr. Chairman, I ask recognition in opposition to the bill.

The CHAIRMAN. Is the gentleman opposed to the bill? Mr. TABER. I am, Mr. Chairman.

The CHAIRMAN. The gentleman from New York is recognized for 1 hour.

Mr. TABER. Mr. Chairman, this is National Debt Week, and it is but natural that we should have an attempt to raise the national debt on such a glorious occasion. We started in well yesterday. We have 10 or 11 bills today, all of them designed to make a great big dent in the Treasury.

It is stated in the report on this bill with reference to cutters that it authorizes the construction of three new cutters to take the place of some old boats. We have had built at least 20 boats of one kind or another for the Coast Guard in the last 3 or 4 years. We have had built something like a dozen of these large cutters. There are now in commission and in operation 34 of these cutters. In my humble opinion, after listening to the hearings upon this subject before the Appropriations Committee having in charge the appropriations for the Treasury Department, that is a sufficient number.

The limit of cost is not told here, but I would expect that the limit of cost on each of these ships would be something like three or four million dollars. We were not advised about that by the chairman of the committee when he had the floor.

Mr. BLAND. Mr. Chairman, will the gentleman yield?

Mr. TABER. Yes.

Mr. BLAND. When I had the floor I stated that the three cutters would cost \$3,000,000 each.

Mr. TABER. Three million dollars each, which would mean \$9,000,000.

Now, if you should happen to have the Treasury Department hearings of this year, you would find on page 439 a statement of the craft that they have available. You would see that the total of ships that are ready for service is very substantial. They have not that tremendous burden of fol-

lowing up smuggling that they did have for 15 years under the prohibition law, and their work for these ships is very largely of a patrol order or rescue work. They are able to place ships of at least 2,000 tons' capacity in each of the stations that they already have. I cannot, in view of the 34 ships that they have available, and their ability to place them around where they can cover the situation completely, see any justification for going ahead and building three more

Mr. McLEOD. Mr. Chairman, will the gentleman yield? Mr. TABER. I yield to the gentleman from Michigan.

Mr. McLEOD. Does the gentleman know how many seaplanes of long cruising radius were provided for in the Treasury bill of this year—was it one or two?

Mr. TABER. As I recall, it was two.

Mr. McLEOD. Is it not a fact that the testimony before the committee was that that was all that was required and desired by the Coast Guard for the coming year?

Mr. TABER. I think there was a cut in the number that was reported out by the committee, but I think that was the number finally in the bill.

Mr. McLEOD. At least they did not ask for more than

four long-range planes?

Mr. TABER. They did not. The situation with reference to long-range planes is something like this: The longrange planes are almost never used. The medium-range planes or the short-range planes are used quite considerably, and the real, effective work is all done by the short-range and the medium-range planes.

The great, big planes, that cost something like \$750,000, are almost never used, and they have absolutely no military value because they are designed especially for rescue work.

Mr. McLEOD. And it is a fact, is it not, that there was no such number as 15 long-range planes asked for in the annual appropriations?

Mr. TABER. Oh, no; nothing like it at all. All of the stations are now provided with these long-range planes, and the money is appropriated to build them.

Mr. BATES of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. TABER. Yes.

Mr. BATES of Massachusetts. Has the gentleman any schedule of the age of the present planes in the service of the Coast Guard?

Mr. TABER. Replacements are authorized without any additional legislation. There would be no need for any legislation of this kind with reference to replacements. The replacements in the Coast Guard depend largely upon the use of the ship. If the ship happens to be smashed up as a result of some of their operations, it may require replacement. Otherwise they should last for 6 or 7 years. They do not become obsolete, the way the Army and the Navy planes do, because the design has changed very little in a long time.

Mr. BATES of Massachusetts. I have a Coast Guard station in my own city, and I have observed the character of some of the planes in that Coast Guard station, and I am informed that some of those planes are obsolete planes, taken over from the Navy; and being acquainted with the work of the Coast Guard, I say they ought to have the best planes that we can provide for them. It is pitiful in those northern waters to ask these men to go out on the ocean swells and risk their lives in trying to save others with the motor cratesand that is what these planes are that they have at the present time. That is why I have asked the question as to whether we have modern planes in the service of the Coast

Mr. TABER. Perhaps there may be some that are taken over from the Navy, but I would doubt if they have any of that type at the present time. They may have.

Mr. BATES of Massachusetts. It has been the custom to turn them over back to the Coast Guard.

Mr. TABER. Only years ago-not recently, I think, because there has been a very considerable planes program on the part of the Coast Guard over the last few years.

Mr. BATES of Massachusetts. I was asking whether the gentleman had any information as to the age of these aircraft in the service of the Coast Guard.

Mr. TABER. The number of aircraft in the service in 1928 was five. I skip a few years now. In 1933 it was 13. At the present time it is 51, and there are 12 under construction, so there are enough under construction that by 1940 the total will make 63.

Mr. BATES of Massachusetts. Is there anything in the RECORD that shows the age of the present planes that are in the service that will be replaced by these new planes?

Mr. TABER. Some of these new planes are for new stations. There is a new station in North Carolina and one in California, and equipment of at least six planes, as I understand it, is provided for for each of those stations. Of course those stations are in course of construction and they are, as I understand it, not yet completed, and they probably are not yet equipped. I assume that particular increase in planes that is expected in the next year, 1940, accounts for the increase from 51 to 63 planes.

Mr. BATES of Massachusetts. The only part that I am interested in is to see that those older planes are taken out of the service and the men given a chance to save their own

lives in the hazardous waters of New England.

Mr. BLAND. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. BLAND. The report is that at present the Coast Guard has six, and there are seven under construction of these seaplanes, and four of the old type seaplanes which are now about 12 years old, and which should be out of the service.

Mr. TABER. There was no complaint along that line when they were before the Committee on Appropriations. I understood they had a large number of planes. I understood they had a large number of seaplanes in the service. I suppose these 15-

Mr. CULKIN. Those are seaplanes.

Mr. TABER. Are of the largest size. We did have a complement in the Atlantic City station. I understood there was one in the Massachusetts station of these long-range planes, and there is to be one in the Elizabethtown, N. C., station. There is to be one in Los Angeles, as I remember it.

Mr. BLAND. Mr. Chairman, will the gentleman yield?

Mr. TABER. Yes. Mr. BLAND. I can give the gentleman what the report is as to the long-range planes: One long-range plane is in Florida and is 6 years old; one in New York, 6 years old; one at Salem, Mass., 6 years old; one at Biloxi, Miss., longrange, 6 years old; New York, long-range, 1 year old; Salem, Mass., 1 year old; Charleston, S. C., one; San Diego, one; Port Angeles, one; Cape May, one; and each of them is 1 year old. That constitutes the long-range planes.

Mr. BATES of Massachusetts. How many short-range planes have they and how old are they? The complaints I get from the station in my own city of Salem, Mass., are that these planes are nothing more or less than old crates. I know the character of work that these men do away out in the northern Atlantic, in the middle of winter, and we ought to give them the best planes we can.

Mr. BLAND. I thoroughly agree. There are 11 intermediate-type planes designated, and they run from 8 years oldone 8, one 7, and the rest 4 years old. Then there are 20 inshore patrol planes that run from 4 years old to 1 year old each. There are 10 special service planes.

Mr. BATES of Massachusetts. That is, at any particular station?

Mr. BLAND. Well, the special service planes are located as follows: Two planes 2 years old at El Paso; one 6 years old at New York; one 2 years old at St. Petersburg, Fla.; another 2 years old at St. Petersburg; Charleston, S. C., one 1 year old; Charleston, S. C., one 1 year old; Cape May, one 3 years old; Cape May, one 4 years old; New York, one 4 years old.

Mr. BATES of Massachusetts. Has the gentleman any break-down of the number of planes over the age of 7 years? Mr. BLAND. I will try to answer the gentleman in just a

Mr. BATES of Massachusetts. That is important because these men perform the most hazardous work of any branch of the Government, and they ought to be provided with the best planes we can find.

Mr. BLAND. I think there is only one plane that is over 7 years old, and that one is 8 years old. That is an intermediate plane, located at Bristol, Pa.

Mr. BATES of Massachusetts. That is the oldest plane now in the service?

Mr. BLAND. That is the oldest plane now in the service, and that is the information given me as to type, age, and location by the Coast Guard.

Mr. BATES of Massachusetts. There have been considerable replacements in the last 2 years, because 2 years ago they had a large number of old planes, some of which they got from the Navy.

Mr. BLAND. This is the latest information I have. Mr. TABER. I think the gentleman will find that there are very few planes that are beyond 6 years of age, because there has been a very large construction program, indicating a large development. When they come to see they have a couple of smaller-sized planes, a couple of the medium-sized planes, and one of the large-sized planes at the major stations, they are pretty well taken care of.

Frankly, I do not regard the item for the station in Alaska as of such major importance that I would want to fight it, but I do feel that the new cutters that are authorized are entirely unjustified. I can see no reason for that at this

I hope that when this bill is read for amendment the House will adopt some amendments that will cut it down and will permit of the saving of money. I am not opposed to reasonable expenditures for the Coast Guard, but I do not like to see an expansion that is not justified by the activities it should perform.

Mr. Chairman, I reserve the balance of my time.

Mr. BLAND. Mr. Chairman, I yield 5 minutes to the gentleman from North Carolina [Mr. WARREN].

Mr. WARREN. Mr. Chairman, under an authorization passed by the Congress in 1916 funds were appropriated last year and also this year for the establishment of two additional Coast Guard air bases, one being at Elizabeth City, N. C., and the other being at San Francisco. The Appropriations Committee, both last year and this year, and the House, by a unanimous vote, were kind enough to completely equip the station in which I am interested in North Carolina, and to fully equip the San Francisco station, with the exception of one plane. Therefore, as far as district lines are concerned, I am in no way affected by this bill.

As I understand, each Coast Guard air base is supposed to have six planes-two small planes, two of intermediate type, and two of the so-called super- or long-range planes. It is absolutely necessary, according to all of the evidence and the testimony that has been given to the Merchant Marine and Fisheries Committee, that there must be two of each of these types. The gentleman from New York [Mr. TABER] has stated that these long-range planes are seldom used. Certainly we hope that situation will continue. We do not want to see them used, but they stand there as messengers of mercy in case of disaster, or otherwise, when these things occur.

We can only point their necessity and need by giving instances of where they were necessary. At this very session of Congress the House permitted a lieutenant commander in the Coast Guard to accept a decoration or medal from a foreign country. I wonder if the Members of the House have ever had occasion to read that thrilling report. A Greek steamer went down while we were here in extra session in November 1937, off perhaps the most dangerous point on the whole Atlantic coast, Diamond Shoals, off of my district. The record showed that the first knowledge anyone had that the ship had foundered was at 8 o'clock on the morning of November 13, 1937. The Coast Guard cutter did not arrive

there until 9 o'clock that night. At 8:50 o'clock the next morning the first Navy plane reached there, but on account of the terrible weather and the storms that were then covering that area, that plane, being the intermediate type, could accomplish nothing, and although 35 hours after the boat went down survivors were finally sighted, it was 12 o'clock on the following day before a plane could get down there from Cape May, N. J., to the North Carolina coast. By the use of that plane, one of the superplanes that we are now talking about, and which the gentleman from New York [Mr. TABER] says are seldom used, they were able to sight all of the survivors, saved 22, found 3 dead bodies, and in the thrilling and gripping report that I have just referred to you will find that those men were struggling there in the water clinging to bits of wreckage for nearly 48 hours, and three of them were consumed by sharks out there in the Gulf Stream.

In a more recent case, when the Cavalier went down, had the station at Cape May, N. J., been fully equipped that disaster would not have turned out as badly as it did.

[Here the gavel fell.]

Mr. BLAND. Mr. Chairman, I yield 5 additional minutes to the gentleman from North Carolina.

Mr. WARREN. The station at Cape May, N. J., at that particular time had only one of these superplanes; and, as luck would have it, that plane was in the repair shop at the time. The Coast Guard therefore did not have a plane of that type that they could send to sea.

These planes, Mr. Chairman, are necessary for the purpose of saving human life. Certainly the whole history of the Coast Guard, the first service in our country established by Congress right after we became a nation, has a record of heroism and glory that has been unsurpassed by any service of our country. [Applause.]

Mr. SANDAGER. Mr. Chairman, will the gentleman yield? Mr. WARREN. I yield.

Mr. SANDAGER. If we increase trans-Atlantic flying, does not the gentleman think we ought to go along with it from the standpoint of defense and safety?

Mr. WARREN. I do, of course; and while we are not emphasizing the fact that there is national defense in connection with this authorization, still we know that it is obliged to have that angle, for there has been testimony before the committee that in the case of these superplanes, these longrange cruising planes, they can be almost instantly transformed into planes suitable for national defense. I certainly hope very much that the House in its wisdom will pass this bill as written, because it has been established that the Alaskan base in conjunction with the Navy is necessary; and certainly three cutters ranging in age from 24 to 27 years ought to be replaced with modern ships. This is merely an authorization; whether it will be carried out depends upon how much of it in the future the Appropriations Committee provides funds for. We are not counting the cost this very minute in the terrible disaster off the coast of New Hampshire. We are thinking of human values. We must have the tools to save life. [Applause.]

Mr. Chairman, I yield back the balance of my time.

Mr. TABER. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Chairman, this is National Debt Week. A very appropriate editorial appeared in today's edition of the Washington News, and since it is short I shall read it to the membership of the Committee. It is under the caption "National Debt Week."

This is being celebrated as National Debt Week by the Republicans, while in other quarters it is halled as "foreign trade week."

The Republicans seem to have picked the more lively topic: The national debt is a lusty, thriving giant, while foreign trade is pigeon-breasted and swaybacked from malnutrition despite the tender nursing of Secretary Hull.

We're puzzled, however, to find the G. O. P. confining its observance of debt week to speechmaking and the issuance of redrik statistics. Judging from the load cilence of mean learning them.

ink statistics. Judging from the loud silence of many Republicans in the Senate when hundreds of millions were being added to the farm bill, and of Republicans in the House when extra clerks were voted for Congressmen, a logical move this week would have been a Republican demand for appropriation of a million dollars (in borrowed money, of course) to finance the celebration.

It occurs to me we can do something besides make speeches about the national debt. It occurs to me we can do something besides sling red ink statistics over the countryside. It occurs to me that the appropriating branch and the authorizing branch of the Government might very well observe National Debt Week by first making a distinction between that which is essential and that which is desirable, and then commemorate this week by cutting down appropriations on nonessentials. Certainly I am not misled about the fact that this is but an authorization bill, because I have yet to see very many bills that have authorized the construction of equipment and the ultimate appropriation of funds but what were translated into actuality.

Mr. BLAND. Mr. Chairman, will the gentleman yield? Mr. DIRKSEN. I hope the gentleman will excuse me just

This bill calls for the construction of three Coast Guard cutters at \$3,000,000 each, which makes a total for this item of \$9,000,000. Included also is the establishment, equipment, and maintenance of a Coast Guard air base on the coast of Alaska to cost \$2,733,000. The bill also authorizes the construction of 15 additional seaplanes for an over-all cost of \$2,490,000. So there is an authorization before this Committee this afternoon for \$14,223,000. As I said before, we are confronted now with the question of whether it is an essential or a desirable expenditure. I have not the slightest doubt that this is desirable, any more than I have the slightest notion that millions upon millions of dollars that are authorized here are desirable. I can think of a great many, but the question is, Is it essential? And is it so essential that we have got to spend millions and millions of borrowed money, increase the debt, increase the interest on the debt, and gradually shove into the shoals and impair the ship of fiscal solidarity?

When you authorize this today and this money is appropriated by the Appropriations Committee, make no mistake about it, you are going to authorize the appropriation of \$14,223,000 of borrowed money. There is a very hefty deficit here, well over \$3,000,000,000 in the Budget of 1940. Go to the document room and get a copy of the Budget and you will find in the President's own figures that the deficit for the fiscal year 1940 is estimated at \$3,400,000,000, as I remember the figures. We are adding to it constantly. Here is another authorization to increase it by \$14,000,000.

Let us make up our minds whether it is essential, or whether it is just desirable. If it is desirable, all right; let us regard it as such and say that we can defer it until a later date. If it is essential, then the authorization should be passed. In my own humble judgment we have gotten along this far with our present Coast Guard Establishment, they have conducted thrilling rescues as delineated by our good friend from North Carolina, and I am not at all sure that we cannot continue for a little while without reaching out for another \$14,223,000 of borrowed money in order to provide 15 seaplanes, 1 air base, 1 coastal base or combination base, and 3 Coast Guard cutters. For this reason I for one am going to observe National Debt Week by voting against this bill.

Mr. SIROVICH. Mr. Chairman, will the gentleman yield? Mr. DIRKSEN. I yield.

Mr. SIROVICH. The gentlemen have always had a high regard for the members of the committee who work indefatigably on these bills.

Mr. DIRKSEN. Yes, indeed.

Mr. SIROVICH. The gentleman represents a healthy part of the Republican side of this organization. Does our distinguished colleague feel that he should brush aside the unanimous opinion of 21 members of a committee which has held hearings and heard witnesses on the subject before they reported the bill out unanimously on the ground that these things were essential?

Mr. DIRKSEN. Maybe so. I do not reflect upon the judgment or the discretion of the members of the Committee on Merchant Marine and Fisheries. I am expressing only my own view; and I am going to conclude these brief observations by saying merely that I am going to follow out the implications of the editorial in the Washington News of today. Instead of making speeches I am going to continue to try to cut down the national debt as I did on yesterday, when I voted to refuse to send the farm bill to conference unless it were earmarked and the conferees instructed.

Today I am going to vote against the \$14,233,000 of borrowed money that is authorized in this bill for equipment. which may be desirable but which I suppose we can defer a little while.

Mr. MAY. Will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Kentucky. Mr. MAY. If the gentleman wishes some real information as to what constitutes a public debt, I would suggest he read the editorial in the Washington Herald this morning.

Mr. DIRKSEN. I may say to the gentleman I sat down with the retailers several nights ago and listened to the President of the United States talk about debt and taxes. He said there in a whimsical way that he thought this intelligent Nation would rest its faith in arithmetic. I may say to the members of the committee that I will rest my faith in arithmetic also. The little red schoolhouse of long ago was not very long on teaching the history of ancient civilizations, and it did not teach integral calculus and a lot of fancy rhetoric, but it did teach arithmetic. Everywhere in the country today we have housewives who know how to add up a grocery bill. We have farmers who know how to calculate a balance sheet. We have businessmen who know how to calculate because they must if they are going to stay in business. We have workingmen who can calculate an income tax or property-tax statement. Now, then, I am willing to rest my faith in arithmetic like they are. I may say that neither the President, the Congress of the United States, nor anybody else can escape taking a cap sheet off the national debt and resist a greater deficit unless we start in in our small way and stop this everlasting and eternal expenditure in the Congress. Arithmetic persuades that answer and no other answer. Where else is the remedy? Today, if this authorization carries, we are going to set in motion the forces to add another \$14,233,000 to the debt of borrowed funds. That is arithmetic speaking.

Frankly, I am interested in the mysteries of arithmetic whereby you can add \$20,000,000,000 to the national debt, then multiply the unemployed in the country to 10,000,000. That is one of the vagaries of arithmetic in which I am going to stake my faith along with the rest of the people of the country. I am interested in the arithmetic of the reciprocaltrade agreements, whereby you can make an agreement with England and the benefits under the most-favored-nation clause of our treaties may be extended to 20 or 30 other nations. I am interested in the arithmetic whereby you buy silver sufficient to effect a ratio of 1 to 3, and what we are going to do with it after we get it. I am interested in the arithmetic whereby you can take the difference between \$20.67 and \$35 an ounce for gold, subtract it from circulation, and

bury it in a hole in the ground down in Kentucky.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield the gentleman from Illinois [Mr. DIRKSEN] 5 additional minutes.

Mr. DIRKSEN. I am interested in the same kind of arithmetic with which we are confronted today, and I will take the President of the United States at his word when he says that an intelligent nation will rest its faith on arithmeticand it is elementary arithmetic at that, by which 2 and 2 equal 4. We are going to have to hold the national debt down, and we are going to have to hold our expenditures down in proportion as we stop authorizing them in the Congress of the United States.

For these reasons I am not going to vote at this time to authorize another \$14,233,000 of money that is not now in the Treasury and will not be in the Treasury either this fiscal year or the next fiscal year because of the very substantial and healthy deficit that now confronts the Nation.

Mr. TABER. Will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from New York.

Mr. TABER. I call the gentleman's attention to the fact that an officer was asked to tell what would be an adequate complement for his station so far as airplanes were concerned and he only mentioned a possible increase of 12, of which less

than half would be the large, long-range planes.

Mr. DIRKSEN. Mr. Chairman, my final admonition particularly to my fellow Republicans, is, let us really observe National Debt Week. Let us start today and vote this down and not add another \$14,233,000 to the deficit of the Federal Treasury. This will be better than sending red-ink statistics all over the country and making speeches. Let us take a little concrete, tangible action. Arithmetic teaches that only by subtraction and not by addition can the national debt and the continuing deficits be held within bounds.

[Here the gavel fell.]

Mr. BLAND. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. Culkin].

Mr. CULKIN. Mr. Chairman, we of the committee have been somewhat amazed at this elequent fusilade against the purposes of this bill.

The bill provides for certain cutters on the Pacific side and for some additional planes for Coast Guard use. There are some things that in the decent administration of government do not permit of so-called or mistaken economy. Economy should go to the surplus and unnecessary functions which the Government in many cases has assumed. These Coast Guard planes and cutters and this station on the Alaska coast form part of one of the genuine functions of government and have to do with the protection of human life. For example, a ship may get in trouble in a prolonged hurricane at sea, two or, perhaps, three thousand miles off the coast, and may have a large passenger list, with men, women, and children on board. It is necessary that planes with a cruising range of 2,500 miles, if need be, be available to go to sea to search out the location of that ship and bring back word to the cutter station. I say to you in all earnestness that the present equipment of the Coast Guard is in fact absolutely indecent in that respect. This is no place to plead for the exercise of a mistaken economy. This is something which involves the decencies of civilization, the protection of human life. You cannot hang an effective economy plea upon such an issue as this, because this proposition involves the very lives of our citizens.

Mr. WARREN. Mr. Chairman, will the gentleman yield?
Mr. CULKIN. I yield to the gentleman from North Carolina.

Mr. WARREN. Not a week goes by wherever one of these long-range planes is available it does not go hundreds of miles off the coast and take stricken people or ill people or injured people off ships and bring them into hospitals.

Mr. CULKIN. The gentleman is correct. The duties of the Coast Guard are numerous, and these men are active in a hundred fields involving the protection of life and property at sea and on the shore.

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. CULKIN. I yield to the gentleman from New York.

Mr. TABER. When Admiral Waesche was before our committee, in giving the list of the occasions when these long-range planes had been used in taking people off boats, he gave just one illustration in a year.

Mr. CULKIN. The gentleman must know that the elements and the sea do not give advance notice of these casualties at sea. They come on without warning. Man does not make weather. One of the functions of a civilized government is to be prepared for these emergencies and have ready the facilities which may result in the saving of human life. I have a great admiration for the Coast Guard. I know something about it. I know something about Admiral Waesche, its gallant commander. The gentleman from North Carolina [Mr. Warren] very effectively pictured the splendid, long-standing service of the Coast Guard. I will not attempt to add to that eloquent tribute.

I wish to say in conclusion that, based on the hearings to which I listened very attentively, these instruments of civilization, these instruments for the saving of human life.

these ships and planes, are essential to the proper equipment and development of the Coast Guard.

Mr. BATES of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. CULKIN. I yield to the gentleman from Massachusetts.

Mr. BATES of Massachusetts. Is it not a pity that the Members of the House and the Senate are not better informed on the real work the Coast Guard is doing?

Mr. CULKIN. I may say to the gentleman that we hear testimony on these propositions by the hour. I am not questioning the character of the knowledge of the distinguished gentleman from New York, but I believe the technical committees of the House who hear these questions discussed—and I could speak on this floor an hour now on this subject—know about them and are most familiar with the technical needs of the situation. The function of the members of the Committee on Appropriations is to decide when the time for appropriation arrives. Let me repeat again that, in the solemn judgment of this committee, this measure is an essential authorization for the efficient performance of the Coast Guard.

Mr. BATES of Massachusetts. Admitting the knowledge of the committee on the technical phases of the Coast Guard work, is it not true that those of us who live in the areas where the Coast Guard stations are located have even better knowledge than the committee itself of the actual work the Coast Guard is doing, because we are so close to it and know what it is doing?

Mr. CULKIN. Yes; you see the picture at close range. If a man is inland—

Mr. BATES of Massachusetts. No; I am not inland. I mean on the coast, on the New England waters in the midst of winter.

Mr. CULKIN. I was going to say that if a man is inland his knowledge of the power of the sea and its dangers is not so well developed.

Mr. TABER. If the gentleman will yield further the Appropriations Committee in considering the appropriation for the Coast Guard this last winter held hearings covering 153 pages and went into every detail of the situation. Many of the details, according to the estimates of Admiral Waesche, are entirely different from those presented in this bill. It just makes one think, after having taken his word on appropriations and the things he says he needs, that we should stop and think before we go further.

Mr. CULKIN. May I answer the gentleman this way. Certainly Admiral Waesche could not discuss any of the three items in this bill, the cutters or planes or this station, because he had no authority of law to discuss them. This authorization has not yet been made.

Mr. BLAND. Mr. Chairman, will the gentleman yield?

Mr. CULKIN. I yield to the gentleman from Virginia. Mr. BLAND. Would not the commandant be limited by the appropriations in making his statement to the Committee on Appropriations?

Mr. CULKIN. I do not believe he really could speak with any authority.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield 5 additional minutes to the gentleman from New York.

If the gentleman would like to look at the hearings I have here I refer him to page 580, where the Admiral was asked to state what he thought was desirable. The testimony there tells all about it. That would release him from any obligation not to discuss something that was prohibited by the Budget.

Mr. CULKIN. Sometimes the representatives of these services have a sense of restraint and are unwilling to discuss such matters unless there is an authorization on the books.

Mr. SIROVICH. Mr. Chairman, will the gentleman yield?
Mr. CULKIN. I yield to my colleague on the committee.
Mr. SIROVICH. I have just been told by the gentleman

from North Carolina [Mr. Warren] that within the last 2 weeks three American citizens were taken off boats by the

Coast Guard and taken to hospitals in order to save their lives. This is just in the one State of North Carolina.

Mr. CULKIN. That is an excellent illustration. May I say to the gentleman that a fire department apparatus or a fire department house, containing various pieces of apparatus, is not in action all the time. Sometimes they do not go into action more than once or twice or three times a month or even once in 3 months, but you have to have them ready. I want the Members of this House to visualize the terror and the suffering of those who go down to the sea in ships and whose lives are, perhaps, well nigh destroyed by its power. The Coast Guard is the agency which comes in time of need and salvages human life and property as well.

Mr. BATES of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. CULKIN. I yield.

Mr. BATES of Massachusetts. Has the Coast Guard, through Admiral Waesche, recommended these facilities that the committee has reported in this bill?

Mr. CULKIN. Yes; of course.

Mr. BATES of Massachusetts. He has recommended the authorizations contained in this bill?

Mr. CULKIN. We had a full hearing and he testified in detail.

Mr. BLAND. Mr. Chairman, will the gentleman yield?

Mr. CULKIN. I yield to the gentleman from Virginia.

Mr. BLAND. Not only have they recommended it, but the Bureau of the Budget has approved it:

Mr. CULKIN. Yes; and may I say for the consolation of the gentleman from Illinois [Mr. DIRKSEN] the President has also recommended it.

Mr. BATES of Massachusetts. Has due consideration been given to the establishment of a Coast Guard station at Kodiak, Alaska, in view of the fact that the Navy also is going to establish one up there?

Mr. CULKIN. I am not going to get into any war-scare talk. I am not so strong on that type of discussion, but I do know that we have got to make some preparation on the Pacific coast for the conditions there, and I will say to the gentleman that this is one phase of it. We have a lot of tonnage in the Pacific. We have a lot of bad weather, particularly between Oregon and Washington, and these are the facilities which will be available to meet such emergencies.

Mr. BATES of Massachusetts. But I am wondering whether or not there is any occasion for duplicating the facilities, when we are establishing a large naval air base up there. Why can they not be coordinated into one station?

Mr. CULKIN. They are, in a sense, coordinated, but, of course, the Navy is not a Coast Guard facility.

Mr. BATES of Massachusetts. But, of course, they can be used as such.

Mr. CULKIN. They are utterly distinct, but I understand

they are coordinated as far as possible.

Mr. BATES of Massachusetts. I would like to hear that phase elaborated upon, because it means quite an expense to establish a naval base up there and also a Coast Guard station and there does not seem to me to be very much sense in it.

Mr. CULKIN. I would like to reply to the gentleman by saving-

Mr. TABER. I will reply to the gentleman if the gentleman from New York will permit.

Mr. CULKIN. I will be very glad to have the gentleman do so if he will be detailed about it.

Mr. TABER. I think the reason the naval base does not provide the service that the Coast Guard does is because instead of being an asset for national defense, the Coast Guard planes, all of them, are designed specially and are of special construction so that they are in shape to go out and stand up in serious weather, but they are not of much value from the standpoint of national defense.

Mr. BATES of Massachusetts. They are good for scouting purposes and, after all, that is a function of the naval air force.

Mr. TABER. They are hardly fast enough for that and it is a different service entirely.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. CULKIN. Let me ask the gentleman from New York [Mr. TABER] this question. Does not the gentleman believe that the speed and cruising range of these Coast Guard cutters ought to be advanced somewhat?

Mr. TABER. You have to consider their ability to land on a very rough sea more than you do the ability of the naval planes to do so, and that means a type of construction that does not yield itself as readily to speed as the type of construction that the Navy planes possess. It is so different that it is rather hard for anyone to explain the difference as to speed.

Mr. CULKIN. As the gentleman knows, these planes are competent to land on an 8-foot wave.

Mr. TABER. Some of them are.

Mr. CULKIN. They have got to be able to do that.

Mr. TABER. If they are handled just exactly right.

Mr. CULKIN. As I recall, we had several instances before the committee where they did land on a wave the crest of which was 8 feet high, and they made successful rescues. Under these circumstances, they must be strong planes.

Mr. BATES of Massachusetts. That happened in my district and in my own city within the last year.

Mr. CULKIN. I heartily recommend this legislation to the gentlemen on both sides of the aisle. It is essentially sound. Mr. BLAND. Mr. Chairman, will the gentleman yield? Mr. CULKIN. I yield to the gentleman.

Mr. BLAND. A question was raised with reference to the use of these planes for national defense. They will have a cruising range of not less than 2,000 miles, a maximum speed of about 170 miles per hour, and a cruising speed of approximately 115 miles per hour. While they are primarily designed for regular Coast Guard assistance and law enforcement, they will also be so designed that they will incorporate gun mounts and bomb racks on Navy specifications so as to make all planes immediately available for wartime duty as coastal bombers. The Coast Guard automatically becomes a part of the Navy in time of war, and therefore desires to be prepared, not only for its peace functions but for its war functions, and this has Navy approval.

Mr. CULKIN. I endorse that statement, Mr. Chairman. These planes are useful in war or peace.

[Here the gavel fell.]

Mr. BLAND. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. Welch].

Mr. WELCH. Mr. Chairman, I appreciate the sincere efforts on the part of the gentleman from New York [Mr. TABER] and the gentleman from Illinois [Mr. DIRKSEN] to hold down the cost of government, but I sincerely regret that this effort should apply to the measure now under consideration. The bill authorizes certain necessary facilities for the Coast Guard in the interest of national defense and the performance of maritime police functions. It should be remembered that the Coast Guard is one of the oldest services in the country. At the end of this year it will have been organized 150 years. If we are to maintain an adequate Coast Guard service, the kind of service that is maintained by every maritime country in the world, it should be properly equipped. This bill was carefully considered by the Committee on Merchant Marine and Fisheries. Testimony was adduced; there was no opposition to it. The committee reported the bill to the House unanimously, and I sincerely hope, regardless of the opposition raised, this great service will not be handicapped and that the bill will pass.

Mr. TABER. Mr. Chairman, just one more word. The 15 large planes that are being asked for are to have a cruising radius of 2,000 miles. That would take them back to the planes that came out of the factories for the Coast Guard about 3 years ago. That appears on page 579 of the Treasury hearings for 1939. The new planes now coming out have a

range of 2,500 miles. That is just an instance to show the kind of set-up that is being presented here.

Mr. BLAND. Mr. Chairman, the statement is not less than 2,000 miles. Mr. Chairman, I ask that the Clerk read.

The CHAIRMAN. The Clerk will read the bill for amendment under the 5-minute rule.

The Clerk read as follows:

Be it enacted, etc., That in the interest of national defense and to provide adequate facilities for the Coast Guard for the performance of maritime police functions, the Secretary of the Treasury is hereby authorized (1) to construct and equip three Coast Guard cutters of approximately 2,000 tons displacement each and designed to have a speed of not less than 20 knots; (2) to establish, equip, and maintain a Coast Guard base and air station on the coast of Alaska in such locality as the Commandant of the Coast Guard may recommend; and (3) to purchase or construct and to equip 15 seaplanes having a cruising range of not less than 2,000 statute

Mr. BLAND. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment proposed by Mr. BLAND: Page 2, line 3, between the word "miles" and the period, insert a colon and add the following: "Provided, That the Secretary of the Treasury may, in his discretion, authorize the construction of the public works and the cretion, authorize the construction of the public works and the provision of the public utilities required for the establishment of said Coast Guard base and air station on the coast of Alaska, to be accomplished by the Secretary of the Navy under a provision to be incorporated in such contract as the Secretary of the Navy may negotiate for naval aviation facilities in Alaska under the authority contained in the act approved April 25, 1939, entitled 'An act to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes,' and the Secretary of the Navy, upon request and a transfer of the necessary funds, is authorized to accomplish said work accordingly."

Mr. BLAND. Mr. Chairman, the purpose of that amendment is to coordinate with the Navy bill, which has been passed for the construction of the base at Kodiak, and enable the work of the construction of this base and that to go on together and therefore to be unified and in the interest of

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia.

The amendment was agreed to.

The Clerk concluded the reading of the bill.

Mr. BLAND. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. Johnson of Oklahoma, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill S. 1369, and had directed him to report the same back to the House with an amendment, with the recommendation that the amendment be agreed to and that the bill as amended

Mr. BLAND. Mr. Speaker, I move the previous question on the bill and amendment to final passage.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the third reading of the Senate bill.

The bill was ordered to be read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. TABER. Mr. Speaker, on that I demand a division. The House divided; and there were—ayes 85, noes 25.

Mr. DIRKSEN. Mr. Speaker, I object to the vote upon the ground that there is no quorum present, and I make the point of order that there is no quorum present.

The SPEAKER. Evidently there is no quorum present. This is an automatic call. The Doorkeeper will close the doors, the Sergeant at Arms will notify absentees, and the Clerk will call the roll.

The question was taken; and there were-yeas 253, nays 93, not voting 84, as follows:

[Roll No. 81] YEAS-253

Allen, La. Allen, Pa.
Anderson, Calif. Anderson, Mo.
Andrews
Arnold
Austin Ball
Barden
Barnes Barry
Bates, Mass.
Beam Beckworth
Bell
Blackney Bland
Bloom
Boland Bolles
Boykin
Bradley, Mich. Brooks
Brown, Ga.
Bryson
Buck Bulwinkle
Burch
Burgin Byrne, N. Y.
Byrne, N. Y. Byrns, Tenn.
Cannon, Fla. Cannon, Mo.
Casey, Mass.
Celler
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Crowther
Culkin Cullen
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Douglas	Lanham
Doxey	Leavy
Drewry	Lemke
Duncan	Lesinski
Dunn	Lewis, Colo.
Durham	McAndrews
Eaton, Calif.	McCormack
Eberharter	McGehee
	McGranery
Ellis	McKeough
	McLaughlin
	McMillan, John
	Maas
	Magnuson
Fish	Mahon
Fitzpatrick	Mapes
Flaherty	Marcantonio
Flannery	Martin Colo
Ford, Miss.	Martin, Colo. Martin, Ill. Martin, Mass.
Fries	Martin Mass
Fulmer	Massingale
Gamble	May
Garrett	Merritt
Gavagan	Michener
Gearhart	Miller
Gerlach	
	Mills, Ark.
Geyer, Calif.	Mills, La. Monkiewicz
Gibbs Gore	
	Monroney Moser
Gossett	
Graham	Mott
Grant, Ala.	Murdock, Ariz
Gregory	Murdock, Utah
Griffith	Myers
Hall	Nelson
Harrington	Nichols
Hart	Norrell
Harter, N. Y.	Norton
Harter, Ohio	O'Brien
Hendricks	O'Connor
Hess	O'Day
Hill	O'Leary
Hinshaw	Oliver
Hobbs	O'Toole
Houston	Owen
Hunter	Pace
Izac	Parsons
Jarman	Patman
Jeffries	Patton
Jenks, N. H.	Pearson
Johnson, Luther A.	Peterson, Fla.
Johnson, Lyndon	Peterson, Ga.
Johnson, Okla.	Pierce, N. Y.
Kee	Pierce, Oreg.
Keller	Pittenger
Kelly	Poage
Kennedy, Martin	Powers
Kennedy, Md. Kennedy, Michael	Ramspeck
Keogh	Randolph
Kilday	Rayburn
Kirwan	Reed, N. Y.
Kocialkowski	Richards
Kramer	Robertson
NAY	S—93
Dworshak	Johnson, W. V.

	Rodgers, Pa.
	Rogers, Mass.
	Doggers, Olale
	Rogers, Okla.
	Romjue
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	Sacks
	Sandager
	Satterfield
	Schaefer, Ill.
	Cohment.
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	Sweeney
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h	Taylor, Colo.
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	Thomas, N. J.
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	Tibbott
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	Van Zandt
	Vinson, Ga.
	Voorhis, Calif.
	Vorys, Ohio
	Transland
	Vreeland
	Wallgren
	Walter
	Warren
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	Welch
	West
	Whelchel
	White, Ohio
	Whittington
	Wigglesworth
	Williams, Mo.
	Wolcott
	Wolcott
	Wolverton, N. J.
	Woodruff, Mich.
	Trooti un, mich.
	Zimmerman

Allen, Ill.	
Andersen, H. C	3
Andresen, A. I	1
Angell	
Ashbrook	
Bender	
Boehne	
Bolton	
Brown, Ohio	
Buckler, Minn	ĺ,
Carlson	
Case, S. Dak.	
Chiperfield	
Clason	
Clevenger	
Coffee, Nebr.	
Collins	
Corbett	
Crawford	
Curtis	
Darrow	
Dirksen	
Ditter	
Dowell	
PERSONAL PROPERTY.	

NA	YS-93
Dworshak Elston Engel Glichrist Gillie Grant, Ind. Griswold Gross Guyer, Kans. Gwynne Halleck Hancock Harness Heinke Holmes Hope Horton Hull Jarrett Jenkins, Ohio Jensen Johns	Johnson, W. V. Jones, Ohio Kean Kinzer Kitchens Knutson Kunkel Lambertson Landis Larrabee LeCompte Lewis, Ohio Luce Ludlow McLean McLeod Marshall Martin, Iowa Murray O'Neal Reed, Ill.
Johnson, Ill. Johnson, Ind.	Rees, Kans. Rockefeller
	OTING—84

a.	Routzohn
	Rutherford
	Schafer, Wis.
	Smith, Ohio
	Springer
	Stefan
	Sumner, Ill.
	Taber
	Talle
	Taylor, Tenn.
	Terry
	Thill
	Tinkham
	Vincent, Ky.
	Wadsworth
	Wheat
	Williams, Del.
	Winter
	Wolfenden, Pa.
	Woodrum, Va.
	Youngdahl
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Alexander
Arends
Barton
Bates, Ky.
Boren
Bradley, Pa.
Brewster
Buckley, N. Y.
Burdick

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Byron	Darden		
Caldwell	Dickstein		
Carter	Eaton, N. J.		
Cartwright	Edmiston		
Chandler	Evans		
Courtney	Faddis		
Crowe	Fernandez		
Cummings	Flannagan		
Curley	Folger		

Ford, Leland M. Ford, Thomas F. Garther Gathings Gehrmann Gifford Green Hare Hartley

Havenner	McArdle	Pfeifer	Schuetz
Hawks	McDowell	Plumley	Schulte
Healey	McMillan, Thos		Seccombe
Hennings	McReynolds	Rankin	Shafer, Mich.
Hoffman	Maciejewski	Reece, Tenn.	Simpson
Hook	Maloney	Rich	Smith, Ill.
Jacobsen	Mansfield	Risk	Starnes, Ala.
Jones, Tex.	Mason	Robinson, Utah	Stearns, N. H.
Keefe	Mitchell	Robsion, Ky.	Sullivan
Kerr	Mouton	Sabath	Sumners, Tex.
Kleberg	Osmers	Sasscer	White, Idaho
Lea	Patrick	Schiffler	Wood

So the bill was passed.

A motion to reconsider was laid on the table. The Clerk announced the following pairs: General pairs until further notice:

The Clerk announced the following pairs:
General pairs until further notice:
Mr. Rankin with Mr. Gifford.
Mr. Hare with Mr. Barton.
Mr. Starnes of Alabama with Mr. Carter.
Mr. Kerr with Mr. Eaton of New Jersey.
Mr. Jones of Texas with Mr. Hoffman.
Mr. Fernandez with Mr. Plumley.
Mr. Mansfield with Mr. Reefe.
Mr. Kleberg with Mr. Robsion of Kentucky.
Mr. Caldwell with Mr. Mason.
Mr. Boren with Mr. Reece of Tennessee.
Mr. Darden with Mr. Reece of Tennessee.
Mr. Darden with Mr. Arends.
Mr. Flannagan with Mr. Simpson.
Mr. Green with Mr. Hawks.
Mr. Cartwright with Mr. Rich.
Mr. McReynolds with Mr. Secombe.
Mr. Lea with Mr. Stearns of New Hampshire.
Mr. Sullivan with Mr. Alexander.
Mr. Kramer with Mr. Hartley.
Mr. Mouton with Mr. Leland M. Ford.
Mr. Chandler with Mr. Schiffler.
Mr. Bates of Kentucky with Mr. McDowell.
Mr. Pfeifer with Mr. Schiffler.
Mr. Wood with Mr. Osmers.
Mr. Hennings with Mr. Burdick.
Mr. Polk with Mr. Gehrmann.
Mr. Cummings with Mr. Burdick.
Mr. Polk with Mr. Gehrmann.
Mr. Cummings with Mr. Burdick.
Mr. Polk with Mr. Basseer.
Mr. Schuetz with Mr. Basseer.
Mr. Schuetz with Mr. Basseer.
Mr. Schuetz with Mr. Bacley of Pennsylvania.
Mr. Evens with Mr. Backley of New York.
Mr. Thomas S. McMillan with Mr. Dickstein.
Mr. Havenner with Mr. Mitchell.
Mr. Sumners of Texas with Mr. Robinson of Utah.
The result of the vote was announced as above

The result of the vote was announced as above recorded. The doors were opened.

ACQUISITION OF STOCKS OF STRATEGIC AND CRITICAL MATERIALS

Mr. MAY, from the Committee on Military Affairs, presented a conference report and statement on the bill (S. 572) to provide for the common defense by acquiring stocks of strategic and critical materials essential to the needs of industry for the manufacture of supplies for the armed forces and the civilian population in time of a national emergency, and to encourage, as far as possible, the further development of strategic and critical materials within the United States for common defense, for printing under the rule.

COAST GUARD

Mr. BLAND. Mr. Speaker, I ask unanimous consent that the rule which was issued on the resolution just passed (H. Res. 180) be laid on the table.

The SPEAKER. Without objection, it is so ordered. There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. MARTIN of Massachusetts. Mr. Speaker, I ask unanimous consent that the speaking assignment which was granted to the gentleman from Michigan [Mr. CRAWFORD] for this afternoon be reassigned to Friday next, in the same order on the calendar.

The SPEAKER. Is there objection?

There was no objection.

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent that the special order given to me for today be transferred to Friday.

The SPEAKER. Without objection, it is so ordered. There was no objection.

EXTENSION OF REMARKS

Mr. TREADWAY. Mr. Speaker, I ask unanimous consent to extend my own remarks and include a radio address delivered by Mr. Arthur Besse, president of the National Association of Wool Manufacturers.

The SPEAKER. Is there objection?

There was no objection.

AMENDING SECTION 73 OF THE HAWAIIAN ORGANIC ACT

Mr. MILLS of Louisiana. Mr. Speaker, I ask unanimous consent that I may be permitted to file a supplementary report to accompany the bill H. R. 161, to amend section 73 of the Hawaiian Organic Act, approved April 30, 1900, as amended

The SPEAKER. Without objection, it is so ordered. There was no objection.

EXTENSION OF REMARKS

Mr. SIROVICH. Mr. Speaker, I ask unanimous consent to extend my own remarks by printing in the RECORD a speech I delivered on the floor of the House.

The SPEAKER. Is there objection?

There was no objection.

Mr. HENDRICKS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Without objection, it is so ordered. There was no objection.

THE TOWNSEND PLAN

Mr. FERGUSON. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

Mr. BLAND. Mr. Speaker, reserving the right to object. I will not object this time, but on account of the great number of bills to be considered, I will object in the future.

The SPEAKER. Is there objection?

There was no objection.

Mr. FERGUSON. Mr. Speaker, under leave to revise and extend my remarks I am going to place in the RECORD a letter I have received from Mr. Edmund Frantz, president of the Townsend Club, No. 2, Enid, Okla., and my answer to that letter, exhibits I and II.

I am also going to include in the RECORD a letter I have received from Mr. L. W. Jeffery, vice president of the Townsend Plan, dated December 24, 1938, and my reply, dated January 6, 1939, exhibits III and IV.

Mr. Speaker, inasmuch as it is my understanding this pyramided sales tax will be up for a vote next week, I, for one, want to make my position clear.

EXHIBIT I

THE TOWNSEND NATIONAL RECOVERY PLAN,

THE TOWNSEND NATIONAL RECOVERY PLAN,
ENID TOWNSEND CLUB, No. 2,
Enid, Okla, May 6, 1939.

Mr. Congressman: The meanest, and perhaps the most truthful thing ever said about Nero was that he played the fiddle while the flames were destroying Rome.

It would be difficult, I think, to properly appraise the contempt with which succeeding generations of American citizens will regard this administration, and this Congress, which for over 6 long years have held undisputed sway and in that time spent more billions than the entire cost of the Government for the preceding 100 years, and still must admit the greatest number of the unemployed at any time in our history. ployed at any time in our history.

Polysed at any time in our history.

Your utter disregard of the inalienable rights of more than 15,000,000 voters who comprise the membership of more than 10,000 clubs, their number growing daily, and your persistent refusal to accord them a hearing on H. R. 2 and S. 3, which have been regularly introduced, constitutes a record that will undoubtedly confront you in the next congressional campaign.

Representatives are presumed to represent their constituents, and their failure to do so is destructive of the very foundation underlying all real democratic governments.

In justice to the increasing millions of the unemployed; to relieve at least some of the distress of our aging citizens; to prevent future panics; and to obviate the necessity of further increasing the public debt, it would seem that the remedy embodied in the bills referred to, viz: H. R. 2 and S. 3, ought to be

brought out of the committee to which they have been referred, be discussed on their merits, and passed; or, at least, be disposed of one way or another by a record vote.

TOWNSEND CLUB, No. 2, ENID, OKLA., EDMUND FRANTZ, President.

Attest:

Gus Gumerson, Secretary.

Also president and secretary of all Townsend clubs in the eighth

The above letter was read to Townsend Club, No. 2. On motion, it was approved and a copy ordered sent to all Oklahoma Senators and Congressmen.

EXHIBIT II

CONGRESS OF THE UNITED STATES, House of Representatives, Washington, D. C., May 17, 1939.

Mr. EDMUND FRANTZ,

President, Townsend Club, No. 2, Enid, Okla.

Dear Mr. Frantz: In answer to your letter in regard to the Townsend bill, I feel that I have been unjustly criticized. Last year I joined with other members of the Oklahoma delegation in asking for a hearing on the Townsend bill. This year I have urged the members of the Ways and Means Committee to consider the bill and bring it out. and bring it out.

I think it is grossly unfair to the many paying members of the Townsend Club to pay their dues and be agitated into a frenzy of hope by spellbinders promising \$200-a-month pension. The only hope by spellbinders promising \$200-a-month pension. The only way this dues-collecting, agitating organization can be stopped is by destroying the illusions that the bill has a chance of passing. It is my belief the best way to destroy this illusion is to bring the bill up on the floor of the House. If and when it does come up, my position is the same. I will be glad to protect our American institutions by casting my vote against it.
Sincerely yours.

EXHIBIT III

TOWNSEND NATIONAL HEADQUARTERS, Chicago, Ill., December 24, 1938.

Hon. Phil. Ferguson,

House Building, Washington, D. C.

Dear Mr. Ferguson: Some Members of the last Congress were placed in an embarrassing position by callers who claimed official connection with this organization. During the coming session every authorized representatives of ours will have credentials signed by either Dr. Francis E. Townsend, founder and president; Robert C. Townsend, secretary-treasurer; Otis J. Bouma, who will be in charge of our legislative bureau in Washington; or the writer, L. W. Jeffery, vice president. Every Member of Congress, regardless of his attitude toward our legislation, has been so advised.

A case in point is that of Arthur L. Johnson. At one time he
was our legislative representative. He severed his connection with
this organization in June 1937.

Since then he has never been, nor is he now, associated in any

Since then he has never been, nor is he now, associated in any way with this organization.

Our organization has and is showing steady growth and it is generally conceded that its influence will be more pronounced in the future. Some Congressmen who received our support in 1936 forgot to keep their pledges. They were replaced either in the primaries or in the general election.

Our bill is entitled to a hearing. This was denied us in the last session. We seek your cooperation to secure a hearing and your help to bring our legislation on the floor of the House for a vote. The Townsend National Weekly, our official publication, will be

help to bring our legislation on the floor of the House for a vote. The Townsend National Weekly, our official publication, will be mailed regularly to your office. We suggest, for your own information, you read the issue of January 2, 1939. This contains articles and editorials as well as comment on the growth of the Townsend movement and public sentiment regarding our program. Each succeeding issue will contain much of interest to you.

You will be informed of our Washington headquarters' address at an early date. Any member of our legislative staff will be glad to discuss our program with you at any time.

Very sincerely yours,

Very sincerely yours,

L. W. JEFFERY, Vice President.

EXHIBIT IV

CONGRESS OF THE UNITED STATES, House of Representatives, Washington, D. C., January 6, 1939.

Dr. F. E. Townsend,
450 East Ohio Street, Chicago, III.
DEAR DR. Townsend: I am in receipt of a letter from Mr. L. W.
Jeffery, vice president of your organization. The chief import of
the letter is that Arthur L. Johnson is not longer connected with your organization.

I am particularly intrigued by one line in the letter, "Some Congressmen who received our support in 1936 forgot to keep their pledges. They were replaced either in the primaries or in the general election." It gives me a great deal of pleasure to tell you that the only pledge I have ever made to your organization is that I will oppose any legislation that carries in it a 2-percent transaction tax.

I have always felt and so expressed myself to the Congress almost 3 years ago that the promoters of your organization are

mainly interested in the dues that are collected from members. Almost 3 years ago I challenged any Member of the House to openly state he would vote for the Townsend plan as set forth in

openly state he would vote for the Townsend plan as set forth in your own literature.

This last campaign convinced me more than ever of the lack of sincerity in the political use of your organization. Your organization endorsed candidates, mostly Republicans, whose record in Congress proves them without doubt most reactionary. Not one-half the candidates you have endorsed will give your plan a vote when and if it ever comes to a test. For myself, I shall be more than glad to see this pyramiding tax bill come to a vote so that it can be voted down by such a majority that you and your officials and organizers can no longer collect dues from your misguided supporters whom you have duped into believing Congress will pass the Townsend bill. will pass the Townsend bill. Sincerely yours.

UNITED STATES SUBMARINE "SQUALUS"

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to proceed to make a very brief announce-

The SPEAKER. Is there objection?

Mr. BLAND. Mr. Speaker, reserving the right to object, I understand the gentlewoman is just going to make a statement?

Mrs. ROGERS of Massachusetts. That is all.

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, earlier in the day I announced that my constituent, William Joseph Fitzpatrick, was one of those who was entrapped in the submarine. I have just been told by the Navy Department that he has been saved, alive and well, and that 31 others have been saved also. I know we all rejoice, and I hope the situation all over the world today will be such that no more submarines will be needed in the future. [Applause.]

EXTENSION OF REMARKS

Mr. WHITE of Ohio. Mr. Speaker, I ask unanimous consent to revise and extend my remarks.

The SPEAKER. Without objection, it is so ordered. There was no objection.

Mr. CRAWFORD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include a short statement by Mr. Gerside, an economist of the New York Cotton Exchange.

The SPEAKER. Without objection, it is so ordered. There was no objection.

SURVEY VESSELS FOR UNITED STATES COAST AND GEODETIC SURVEY

Mr. BLAND. Mr. Speaker, by authority of the Committee on Merchant Marine and Fisheries, I call up the bill (H. R. 138, Union Calendar No. 42), to authorize the construction of certain vessels for the Coast and Geodetic Survey, Department of Commerce, and for other purposes, and I ask unanimous consent that it may be considered in the House as in Committee of the Whole.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That there is hereby authorized to be appropriated not to exceed \$1,425,000 to be expended by the Secretary of Commerce for the construction of one main surveying ship of not over 1,500 tons light displacement tonnage and of one auxiliary surveying vessel of not over 125 tons light displacement tonnage, including purchase or construction of complete equipment and outht and including cost of preparation of plans, specifications, and inspection during construction, said ships to be designed and equipped for Coast and Geodetic Survey duties in Alaska.

Mr. BLAND. Mr. Speaker, I move to strike out the last word just to make a brief statement.

This is for authority for the Coast Guard to construct a very-much-needed vessel for survey purposes in Alaska. There is a very large area there that is not surveyed. There is an earnest demand by the Navy, as well as merchant ships, that that area shall be surveyed in order to avoid wrecks. injuries, and other disasters.

Mr. Speaker, I ask unanimous consent to substitute a similar Senate bill (S. 1842).

There being no objection, the Clerk read the Senate bill, as follows:

Be it enacted, etc., That there is hereby authorized to be appropriated not to exceed \$1,425,000 to be expended by the Secretary of Commerce for the construction of one main surveying ship of not over 1,500 tons light displacement tonnage and of one auxiliary surveying vessel of not over 125 tons light displacement tonnage, including purchase or construction of complete equipment and outfit and including cost of preparation of plans, specifications, and inspection during construction, said ships to be designed and equipped for Coast and Geodetic Survey duties in Alaska.

Mr. DIRKSEN. Mr. Speaker, I rise in opposition to the pro forma amendment. Mr. Speaker, once more I find myself in what may be a fortunate or unfortunate position in having to oppose an authorization for an appropriation of \$1,425,000 for the construction of one main surveying ship for the Coast and Geodetic Survey, and one auxiliary ship. I stated earlier today when I opposed the last bill that in my humble way I was going to commemorate National Debt Week by seeking to hold down the debt.

I have examined the hearings in which the officials of the Coast and Geodetic Survey testified before the Appropriations Committee, both on the appropriation bill for the fiscal year 1939 and the appropriation bill for the fiscal year 1940. We have added about 16 additional stations for the Coast and Geodetic Survey since 1935. We have given them from \$68,000 to \$70,000 a year for repair work, and I find that the Chief of the Coast and Geodetic Survey testified no later than this year that the vessels he has at the present time are in fairly good condition. In view of the fact that they are operating 75 vessels, large and small, which includes motor launches and otherwise, it occurs to me that the ships and the equipment available at the present time are adequate. While these two new vessels, costing \$1,425,000, may be desirable, I believe a case has not been made out to show that they are essential, and I see no reason why we should reach into the Federal Treasury for a mythical \$1,000,000 that is not there but must be borrowed in order to build another ship for the Coast and Geodetic Survey which is not absolutely

So once more I say to you, this being National Debt Week, I hope that we can hold the debt down by \$1,425,000; and, therefore, I am opposed to this bill.

Once again I pin my faith in the statement of the President on Tuesday night when he said an intelligent people will rest their faith in arithmetic. Somewhere out of the recesses of memory comes an apostrophe to that science. It runs like this: "Arithmetic, O Stranger, is the first of the sciences." I believe it. Let us then have resort to this first of the sciences and borrow the science of substraction in keeping the debt within bounds. I hope the Committee will defeat this measure.

Mr. COCHRAN. Mr. Speaker, I move to strike out the last three words.

Mr. Speaker, I regret I am not in accord with the committee on this bill.

My opposition to the pending bill is this-but first let me say that I have absolutely no information as to what the President intends to do-from my study of the situation I am absolutely convinced that it would be for the best interests of the country and the best interests of the taxpayers if the Coast and Geodetic Survey were abolished and its functions on water work transferred to the Hydrographic Service of the Navy, and its ground work to the Geological Survey in the Department of the Interior. It is absolutely impossible to abolish or transfer the Hydrographic Service of the Navy, because much of their work is confidential. The President says he will send us some more orders after the first of the year. I think it would be well for this legislation to go over to see just exactly what the President proposes to do, and if he does happen to look with favor on the transfer of the water work of the Coast and Geodetic Survey to the Navy, then the Navy has the necessary ships to do this work. For this reason it is my purpose to vote against this bill. Remember the two agencies do work of the same character.

Mr. MAGNUSON. Mr. Speaker, will the gentleman yield? Mr. COCHRAN. I yield.

Mr. MAGNUSON. The gentleman is not opposed to a survey of this portion of the Alaskan coast that has not been surveyed, is he?

Mr. COCHRAN. My opposition is against authorizing the construction of another vessel for the reasons stated.

Mr. MAGNUSON. What I am getting at is the need for the survey of the Alaskan coast.

Mr. COCHRAN. The Navy certainly can survey the Alaska coast if it gets the water work of the Coast and Geodetic Survey. I would not say it has not already some charts in the area the gentleman mentions. There is duplication of work, because an investigation will disclose that the Navy has made surveys that the Coast and Geodetic Survey have made.

Mr. CULKIN. Mr. Speaker, will the gentleman yield?

Mr. COCHRAN. I vield.

Mr. CULKIN. The gentleman must understand that the Navy cannot make these surveys; that is not part of their job. Mr. COCHRAN. They can if this work is transferred to

Mr. CULKIN. The Navy is a combatant force.

Mr. COCHRAN. Surely the gentleman does not doubt the ability of the Hydrographic Service of the Navy to make the surveys. It makes surveys at the present time.

Mr. CULKIN. They do not make this type of survey. Mr. COCHRAN. They can make this type of survey.

Mr. CULKIN. No: they cannot make it.

Mr. COCHRAN. Oh, yes, they can; once the authority is given them. The Navy can do anything it is told to do.

Mr. CULKIN. The gentleman is mistaken.

[Here the gavel fell.]

Mr. BLAND. Mr. Speaker, I rise in opposition to the pro forma amendment.

Mr. Speaker, I am not involved in the question of transferring the work of the Coast and Geodetic Survey to the Hydrographic Office of the Navy, or vice versa; that is a matter that the President can attend to, and my good friend can attend to. I am interested, however, in seeing this very necessary work go forward, and the Navy is not doing this kind of work. Evidence was produced before the committee that in an effort to get one of the Navy vessels for this work, the Navy did not have a vessel that was equipped to do this work. The statement Dr. Colbert made before the committee doubtless had reference to the usual work of the Coast and Geodetic Survey; but this work is along the stormy coast of Alaska where there are rocks not shown on existing charts, and not known. These vessels are needed in connection with that work.

The ages of the vessels now operating in that dangerous

	Years
Discoverer (built in 1918)	_ 21
Guide (built in 1918)	_ 21
Pioneer (built in 1918)	_ 21
Surveyor (built in 1917)	_ 22

Each of these vessels has outlived its usefulness and now they want a new vessel newly equipped, with new accommodations, prepared to carry on this work. After the work begins it will take 8 years to finish. Believe me, I think there are possibly some nations in this world that may know a little more about those coasts up there than we do.

We know that our merchant ships pass very close to these areas that are to be surveyed. This is important and necessary and is supported by the Bureau of the Budget.

Mr. STEFAN. Will the gentleman yield?

Mr. BLAND. I yield to the gentleman from Nebraska. Mr. STEFAN. Does this ship duplicate any of the appropriations we made for the Coast and Geodetic Service in the bill recently passed for the Department of Commerce, the bill we had before us the other day?

Mr. BLAND. This is only an authorization.

Mr. STEFAN. Was there anything in the bill which we passed the other day which provided for some vessels for the Coast and Geodetic Survey?

Mr. BLAND. It might have provided for vessels, but only to carry out authorizations that have already been made.

Doughton

Douglas

Leavy

Zimmerman

This is an authorization that you gentlemen on the Appropriations Committee may go into further.

Mr. STEFAN. Will the gentleman yield further? I want to be helpful to him.

Mr. BLAND. I appreciate that.

Mr. STEFAN. This is a vessel that the Coast and Geodetic Survey has been asking for for a long time in order to survey the uncharted islands in the Aleutian group of islands?

Mr. BLAND. They wanted two. Provision has been made

for one already, and this is for the other vessel.

Mr. STEFAN. This is to complete the program in order to chart some of the islands about which we have no informa-

Mr. BLAND. That is the purpose.

Mr. STEFAN. In order to give the Navy information as to what is in that group of islands and to give safe harbor protection to our vessels that want to get in there?

Mr. BLAND. Yes; and for the protection of our fishing

interests up there, which run into the millions.

Mr. STEFAN. Will the gentleman in his remarks say something about the proximity of the charted Japanese islands to our islands in the Far East where we want to get our vessels? That is, this particular vessel.

Mr. BLAND. I am advised, and it is my recollection of the testimony, that there are 1,000 miles up there uncharted where we do not know anything about a rock and where one might be struck.

Mr. STEFAN. From 400 to 650 miles to the Japanese islands?

Mr. BLAND. Yes.

Mr. STEFAN. What we want to do is to have a vessel go in there and chart the islands in order to get some information, not only for our armed forces but to protect our salmon industry and give them information?

Mr. BLAND. That is correct. Mr. STEFAN. So that all branches of our Government service may have the information in order that they can safely sail around those possessions which belong to the United States?

Mr. BLAND. That is right.

Mr. STEFAN. And secure information that the other branches of our Government are interested in securing at this

Mr. BLAND. Yes.

Mr. OLIVER. Will the gentleman yield?

Mr. BLAND. I yield to the gentleman from Maine.

Mr. OLIVER. Is it not a fact this authorization is not for additional strength to the Coast and Goedetic Survey?

Mr. BLAND. That is true.

Mr. OLIVER. It is only for the purpose of replacing a ship which is now 27 years of age?

Mr. BLAND. It puts a ship into the service in those Alaskan waters, supplants an older vessel that is sent to our coastal waters, and that in turn retires an older vessel that has not adequate accommodations for the crew and other people such as a man serving the Government ought to have

Mr. OLIVER. Is it not a fact also that other foreign nations have already made surveys in this particular area?

Mr. BLAND. That is true.

Mr. OLIVER. How can we afford not to do this?

Mr. BLAND. We cannot.

Mr. COCHRAN. Will the gentleman yield?

Mr. BLAND. I yield to the gentleman from Missouri.

Mr. COCHRAN. Just a few years ago I boarded a ship right here in the Potomac River belonging to the Coast and Geodetic Survey and they told me that afternoon that everything in the way of scientific instruments was aboard that ship. Why can we not use that particular ship?

Mr. BLAND. It takes more than one ship. That ship is probably in use at another place. It will take 8 years to complete this job and my plea to this House is to get to

[Here the gavel fell.]

The SPEAKER. The question is on the third reading of the Senate bill.

The bill was ordered to be read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and on a division (demanded by Mr. Dirksen), there were—ayes 85, noes 47.

Mr. DIRKSEN. Mr. Speaker, I object to the vote on the ground there is not a quorum present.

The SPEAKER. Obviously there is not a quorum present. The Doorkeeper will close the doors, the Sergeant at Arms will notify the absent Members, and the Clerk will call the roll.

The question was taken; and there were-yeas 203, nays 141, not voting 86, as follows:

[Roll No. 82] VEAS ONS

	YEAS	5—203	
Allen, Pa.	Doxey	Lesinski	Rogers, Mass.
Anderson, Calif.	Drewry	Lewis, Colo.	Rogers, Okla.
Anderson, Mo.	Duncan	McAndrews	Romjue
Arnold	Dunn	McCormack	Sandager
Ball	Eberharter	McGehee	Sasscer
Barden	Edmiston	McKeough	Satterfield
Barnes	Elliott	McLaughlin	Schaefer, Ill.
Barry	Ellis	McMillan, John I	Schwert
Beam	Ferguson	Maciejewski	Scrugham
Bell	Fish	Magnuson	Secrest
Blackney	Fitzpatrick	Mahon	Seger
Bland	Flaherty	Mapes	Shanley
Bloom	Flannagan	Marcantonio	Shannon
Boland	Fiannery	Martin, Colo.	Sheppard
Boykin	Ford, Miss.	Martin, Ill.	Short
Bradley, Mich.	Ford, Thomas F.	Massingale	Sirovich
Brooks	Garrett	May	Smith, Conn.
Brown, Ga.	Gavagan	Merritt	Smith, Va.
Buck	Gearhart	Mills, La.	Smith, Wash.
Burdick	Geyer, Calif.	Monroney	Snyder
Byrne, N. Y.	Gore	Mott	Somers, N. Y.
Byrns, Tenn.	Grant, Ala.	Mouton	South
Cannon, Fla.	Gregory	Murdock, Ariz.	Sparkman
Casey, Mass.	Griffith	Murdock, Utah	Spence
Chandler	Harrington	Myers	Steagall
Chapman	Hart	Nelson	Stefan
Claypool	Harter, Ohio	Nichols	Sutphin
Coffee, Nebr.	Healey	Norton	Sweeney
Coffee, Wash.	Hendricks	O'Brien	Tarver
Cole, Md.	Hill	O'Connor	Tenerowicz
Colmer	Hobbs	O'Day	Thomas, N. J.
Connery	Houston	O'Leary	Thomas, Tex.
Cooley	Hunter	Oliver	Thomason
Cooper	Izac	O'Toole	Thorkelson
Costello	Jarman	Pace	Tolan
Courtney	Jeffries	Parsons	Vinson, Ga.
Crosser	Johnson, Lyndon	Patman	Voorhis, Calif.
Crowe	Johnson, Okla.	Patrick	Wallgren
Crowther	Jones, Tex.	Patton	Walter
Culkin	Kee	Pearson	Warren
Cullen	Kelier	Peterson, Fla.	Weaver
Cummings	Kelly	Peterson, Ga.	Welch
D'Alesandro	Kennedy, Martin	Pierce, Oreg.	West
Delaney	Kennedy, Md.	Pittenger	Whelchel
Dempsey	Keogh	Plumley	Whittington
DeRouen	Kirwan	Poage	Williams, Mo.
Dies	Kocialkowski	Rabaut	Wolcott
Dingell	Kramer	Ramspeck	Wolverton, N. J.
Disney	Lea	Rayburn	Woodruff, Mich.
Domahton	Logyrr	Dicharde	Zimmormon

Richards

Robertson

	NA	YS-141	
Allen, Ill.	Crawford	Harter, N. Y.	Lewis, Ohio
Andersen, H. Carl	Curtis	Hawks	Luce
Andresen, A. H.	Darrow	Heinke	Ludlow
Andrews	Dirksen	Hess	McLean
Angell	Ditter	Hinshaw	McLeod
Ashbrook	Dondero	Holmes	Maas
Austin	Dowell	Hope	Marshall
Bates, Mass.	Durham	Horton	Martin, Iowa
Beckworth	Dworshak	Hull	Martin, Mass.
Bender	Eaton, Calif.	Jarrett	Michener
Boehne	Elston	Jenkins, Ohio	Miller
Bolles	Engel	Jensen	Mills, Ark.
Bolton	Englebright	Johns	Monkiewicz
Brown, Ohio	Fenton	Johnson, Ill.	Moser
Bryson	Fulmer	Johnson, Ind.	Mundt
Buckler, Minn.	Gamble	Johnson, Luther A.	Murray
Bulwinkle	Gerlach	Johnson, W. Va.	Norrell
Burgin	Gibbs	Jones, Ohio	O'Neal
Cannon, Mo.	Gilchrist	Kean	Osmers
Carlson	Gillie	Kilday	Powers
Chiperfield	Gossett	Kinzer	Reece, Tenn.
Church	Graham	Kitchens	Reed, Ill.
Clason	Grant, Ind.	Knutson	Reed, N. Y.
Clevenger	Guyer, Kans.	Kunkel	Rees, Kans.
Cluett '	Gwynne	Lambertson	Rockefeller
Cochran	Hall	Landis	Rodgers, Pa.
Cole, N. Y.	Halleck	Lanham	Routzohn
Collins	Hancock	Larrabee	Rutherford
Corbett	Harness	LeCompte	Ryan

Carter Cartwright Case, S. Dak.

Schafer, Wis. Schiffler

Smith, Maine Smith, Ohio Springer Sumner, Ill. Taber	Terry Thill Tibbott Tinkham Treadway	Vorys, Ohio Vreeland Wadsworth Wheat White, Ohio	Wolfenden, Pa. Youngdahl	
	NOT VO	OTING—86		
Alexander Allen, La.	Eaton, N. J. Evans	Jenks, N. H. Keefe	Robinson, Utah Robsion, Ky.	
Arends	Faddis	Kennedy, Michael		
Barton	Fay	Kerr	Sacks	
Bates, Ky.	Fernandez	Kleberg	Schuetz	
Boren	Folger	McArdle	Schulte	
Bradley, Pa.	Ford, Leland M.	McDowell	Seccombe	
Brewster	Fries	McGranery	Shafer, Mich.	
Buckley, N. Y.	Gartner	McMillan, Thos. S.Simpson		
Burch	Gathings	McReynolds	Smith, Ill.	
Byron	Gehrmann	Maloney	Smith, W. Va.	
Caldwell	Gifford	Mansfield	Starnes, Ala.	
		***	Character NT TT	

Van Zandt Vincent, Kv.

Talle Taylor, Tenn

Celler Havenner Cox Creal Hennings Hoffman Curley Hook Jacobsen Dickstein

Mitchell Griswold Gross Owen Hare Pfeifer Pierce, N. Y. Polk Randolph Rankin Rich Risk So the bill was passed.

Smith, W. Va. Starnes, Ala. Stearns, N. H. Sullivan Sumners, Tex. Taylor, Colo. White, Idaho Winter Wood Woodrum, Va.

Wigglesworth Williams, Del.

The Clerk announced the following pairs:

Mason

General pairs until further notice: Mr. Rankin with Mr. Gifford. Mr. Hare with Mr. Barton

Green

General pairs until further notice:

Mr. Rankin with Mr. Barton.
Mr. Starnes of Alabama with Mr. Carter.
Mr. Kerr with Mr. Eaton of New Jersey.
Mr. Mansfield with Mr. Roeste.
Mr. Kleberg with Mr. Robsion of Kentucky.
Mr. Caldwell with Mr. Gartner.
Mr. Darden with Mr. Gartner.
Mr. Maloney with Mr. Arends.
Mr. Cartwright with Mr. Bich.
Mr. McReynolds with Mr. Seccombe.
Mr. Sullivan with Mr. Alexander.
Mr. Gathings with Mr. Brewster.
Mr. Pefter with Mr. Shafer of Michigan.
Mr. White of Idaho with Mr. Risk.
Mr. Polk with Mr. Gehrmann.
Mr. Fernandez with Mr. Hartley.
Mr. Bates of Kentucky with Mr. McDowell.
Mr. Green with Mr. Winter.
Mr. Wood with Mr. Leland M. Ford.
Mr. Hennings with Mr. Hoffman.
Mr. Woodrum of Virginia with Mr. Stearns of New Hampshire.
Mr. Burch with Mr. Griswold.
Mr. Randolph with Mr. Jenks of New Hampshire.
Mr. Taylor of Colorado with Mr. Anderson of California.
Mr. Taylor of Colorado with Mr. Anderson of California.
Mr. Fries with Mr. Byron.
Mr. Evans with Mr. Bycon.
Mr. Schulte with Mr. Buckley of New York.
Mr. Thomas S. McMillan with Mr. Dickstein.
Mr. Havenner with Mr. Faddls.
Mr. Celler with Mr. Mitchell.
Mr. Sumners of Texas with Mr. Robinson of Utah.
Mr. Bradley of Pennsylvania with Mr. Allen of Louisiana.
Mr. McGranery with Mr. Sacks.
Mr. Jarrett changed his vote from "yea" to "nay."
The result of the vote was announced as above recorded

Mr. Jarrett changed his vote from "yea" to "nay." The result of the vote was announced as above recorded. A motion to reconsider was laid on the table.

A House bill (H. R. 138) was laid on the table.

OFFICERS' COMPETENCY CERTIFICATES CONVENTION, 1936

Mr. BLAND. Mr. Speaker, by direction of the Committee on Merchant Marine and Fisheries I call up the bill (H. R. 3576) to make effective the provisions of the Officers' Competency Certificates Convention, 1936. This bill, commonly known as the competency bill, is No. 260 on the Union Calendar. I ask unanimous consent, Mr. Speaker, that the bill be considered in the House as in the Committee of the Whole.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That title 52 of the Revised Statutes is amended by inserting after section 4438 thereof a new section designated section 4438a, to read as follows:

"SEC. 4438a. (1) That the Officers' Competency Certificates Convention, 1936 (International Labor Organization Draft Convention

No. 53, 'concerning the minimum requirement of professional capacity for masters and officers on board merchant ships'), as ratified by the President on September 1, 1938, with understandings appended, and this section shall apply to all vessels, however propelled, navigating on the high seas, which are registered, enrolled, and licensed, or licensed under the laws of the United States, whether permanently, temporarily, or provisionally, including yachts enrolled and licensed, or licensed, with the exception of—

"(a) Ships of war:

yachts enrolled and licensed, or licensed, with the exception of—

"(a) Ships of war;

"(b) Government vessels, or vessels in the service of a public authority, which are not engaged in trade;

"(c) Wooden ships of primitive build, such as dhows and junks;

"(d) Unrigged vessels;

"(e) All vessels of less than 200 gross tons.

"(2) The Board of Supervising Inspectors, with the approval of the Secretary of Commerce, shall establish such rules and regulations as may be necessary to make effective the provisions of the Officers' Competency Certificates Convention, 1936, and of this section, and such regulations, when so approved, shall have the force of law.

(3) The board of local inspectors shall license and classify the masters, mates, if in charge of a watch, and engineers of all ve

masters, mates, if in charge of a watch, and engineers of all vessels to which this section applies.

"(4) No person shall be engaged to perform, or shall perform on board any vessel to which this section applies, the duties of master, mate, or engineer, unless he holds a license to perform such duties issued by a board of local inspectors: Provided, That the boards of local inspectors may, without examination, issue a license as master, mate, or engineer of a vessel of the United States of 200 gross tons or over navigating the high seas, at any time prior to October 29, 1941, to any applicant who has in fact had sufficient practical experience in the position for which he applies to be licensed and has no record of any serious technical error against him: Provided further, That no person to whom a license as master, mate, or engineer is issued without examination may serve under authority of that license as master, mate, or engineer on any vessel on which a licensed master, mate, or engineer was, on date of passage of this section, required by statute.

"(5) A license to a master, mate, chief engineer, or assistant engineer of vessels subject to this section shall be deemed to be a certificate of competency for a master or skipper, navigating officer in charge of a watch, chief engineer, or engineer in charge of a watch, respectively.

"(6) It shell be unlearful to engage or employ any person or

watch, respectively.

"(6) It shall be unlawful to engage or employ any person or

watch, respectively.

"(6) It shall be unlawful to engage or employ any person or for any person to serve as a master, mate, or engineer on any such vessel who is not licensed by the inspectors; and anyone violating this section shall be liable to a penalty of \$100 for each offense.

"(7) If any collector of customs has reason to believe, on complaint or otherwise, that a vessel subject to this section and to the regulations established thereunder is about to proceed to the high seas from a port in the United States or any territory over which the United States exercises jurisdiction, except the Philippine Islands and the Panama Canal Zone, in violation of any provision of this section or of any provision of the Officers' Competency Certificates Convention, 1936, he may, by written order served on the master or officer in charge of such vessel, detain her until such time as this section shall have been complied with. Clearance shall be refused to any vessel which shall have been ordered detained. If the vessel be ordered detained, the master may, within 5 days, appeal to the Secretary of Commerce, who may, after investigation, affirm, set aside, or modify the order of the collector.

"(8) Foreign vessels to which the Officers' Competency Certificates Convention, 1936, applies shall be subject to such inspection, within the jurisdiction of the United States, except the Philippine Islands and the Panama Canal Zone, as may be necessary to determine that there has been a compliance with the terms of the convention, and in case of any breach of the provisions of the convention by such vessel the collector of customs may, by written order served on the master or officer in charge of such vessel, detain her and refuse clearance to her until such time as the convention shall have been complied with; and the collector shall also immediately notify the consul of the country in which the vessel is registered. If the vessel be ordered detained the master may, within 5 days, appeal to the Secretary of Commerce shall apply t

any such vessel.

"(10) The Secretary of Commerce shall establish such regulations as may be necessary to secure the enforcement of the provisions of this section by any officer of the United States authorized to enforce the navigation or inspection laws of the United

"(11) The Secretary of Commerce or any officer of the Department of Commerce authorized by the Secretary of Commerce, may, upon application therefor, remit or mitigate any fine or penalty

upon application therefor, remit or mitigate any fine or penalty incurred under this section or any regulation thereunder.

"(12) Where used in this section—

"(a) The term 'high seas' means all waters outside the line dividing the inland waters from the high seas, as defined in section 2 of the act of February 19, 1895.

"(b) The term 'unrigged vessel' means any vessel that is not self-propelled.

"(13) Nothing contained in the Officers' Competency Certificates Convention, 1936, nor in this section shall be deemed to extend

any provision of section 2 of the act of March 4, 1915, as amended (U. S. C., 1934 ed., Supp. IV, title 46, sec. 673), or to alternodify, or repeal any existing statute of the United States, except as hereinbefore provided.

"(14) This section shall become effective on October 29, 1939: Provided, That licenses may be issued by boards of local inspectors in accordance with the provisions of this section at any time prior

to such date.

"(15) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this section."

With the following committee amendment:

Strike out all after the enacting clause and insert the following: "That title 52 of the Revised Statutes is amended by inserting after section 4438 thereof a new section designated section 4438a,

to read as follows:

"'SEC. 4438a. (1) That the Officers' Competency Certificates Convention, 1936 (International Labor Organization Draft Convention No. 53, "concerning the minimum requirement of professional capacity for masters and officers on board merchant ships"), as ratified by the President on September 1, 1938, with understandings appended, and this section shall apply to all vessels, however propelled, navigating on the high seas, which are registered, enrolled and licensed, or licensed under the laws of the United States, whether permanently, temporarily, or provisionally, including yachts enrolled and licensed, or licensed, with the exception of—

"'(a) ships of war;
"'(b) Government vessels, or vessels in the service of a public

authority, which are not engaged in trade;

"'(c) wooden ships of primitive build, such as dhows and tunks:

"'(d) unrigged vessels;
"'(e) all vessels of less than 200 gross tons.
"'(2) All laws in effect on the effective date of this section covering the issuance, duration, renewal, suspension, and revoca-tion of licenses of masters, mates, chief engineers, and assistant covering the issuance, duration, renewal, suspension, and revocation of licenses of masters, mates, chief engineers, and assistant engineers be, and they are hereby, made applicable to the issuance, duration, renewal, suspension, or revocation of licenses of masters, mates, chief engineers, and assistant engineers of all vessels to which the Officers' Competency Certificates Convention, 1936, and this section apply, to such extent and upon such conditions as may be required by the regulations of the Board of Supervising Inspectors with the approval of the Secretary of Commerce: Provided, That examinations for licenses of masters, mates, chief engineers, and assistant engineers of fishing vessels, not subject to the inspection laws of the United States, shall be oral: Provided further, That applicants for licenses as masters, mates, chief engineers, and assistant engineers of fishing vessels not subject to the inspection laws of the United States Public Health Service based upon the subject of ship sanitation, and first aid.

"(3) Any license issued (whether before, or on, or after, the effective date of this section) to a master, mate, chief engineer, or assistant engineer of a vessel to which this section applies shall be deemed to be a certificate of competency for a master or skipper, navigating officer in charge of a watch, chief engineer, or engineer

navigating officer in charge of a watch, chief engineer, or engineer

navigating officer in charge of a watch, chief engineer, or engineer in charge of a watch, respectively.

"'(4) No person shall be engaged to perform, or shall perform on board any vessel to which this section applies, the duties of master, mate, chief engineer, or assistant engineer unless he holds a license to perform such duties, issued in accordance with the provisions of subsection 2 of this section: Provided, That a license as master, mate, chief engineer, or assistant engineer of vessels subject to this section may be issued without examination at any time prior to October 29, 1941, to any applicant who has had sufficient practical experience in the position for which he applies to be licensed and has no record of any serious technical error against him: Provided further, That no person to whom a license as master, mate, chief engineer, or assistant engineer is issued without examination may serve under authority of that license as master, mate, their engineer, or assistant engineer is issued when out examination may serve under authority of that license as master, mate, chief engineer, or assistant engineer on any vessel subject to the inspection laws of the United States.

"'(5) It shall be unlawful to engage or employ any person or for

"'(5) It shall be unlawful to engage or employ any person or for any person to serve as a master, mate, or engineer on any such vessel who is not licensed by the inspectors; and anyone violating this section shall be liable to a penalty of \$100 for each offense.

"'(6) If any collector of customs has reason to believe, on complaint or otherwise, that a vessel subject to this section and to the regulations established thereunder is about to proceed to the high seas from a port in the United States or any Territory over which the United States exercises jurisdiction, except the Philippine Islands and the Panama Canal Zone, in violation of any provision of this section or of any provision of the Officers' Competency Certificates Convention, 1936, he may, by written order served on the master or officer in charge of such vessel, detain her until such time as this section shall have been complied with. Clearance shall be refused to any vessel which shall have been ordered detained. If the vessel be ordered detained, the master may, within 5 days, appeal to the

to any vessel which shall have been ordered detained. If the vessel be ordered detained, the master may, within 5 days, appeal to the Secretary of Commerce, who may, after investigation, affirm, set aside, or modify the order of the collector.

"'(7) Foreign vessels to which the Officers' Competency Certificates Convention, 1936, applies shall be subject to such inspection, within the jurisdiction of the United States, except the Philippine Islands and the Panama Canal Zone, as may be necessary to determine that there has been a compliance with the terms of the convention, and in case of any breach of the provisions of the convention,

tion by such vessel the collector of customs may, by written order served on the master or officer in charge of such vessel, detain her and refuse clearance to her until such time as the convention shall and refuse clearance to her until such time as the convention shall have been complied with; the collector shall also immediately notify the consul of the country in which the vessel is registered. If the vessel be ordered detained, the master may, within 5 days, appeal to the Secretary of Commerce, who may, after investigation, affirm, set aside, or modify the order of the collector.

"'(8) No provision of the Officers' Competency Certificates Convention, 1936, or of this section, shall apply to any vessel of the United States of less than 200 gross tons, nor shall any provision of that convention or this section be deemed to alter, amend, or repeal any statute of the United States in effect on the effective date of this section with regard to any such vessel.

"'(9) The Secretary of Commerce shall establish such regulations as may be necessary to secure the enforcement of the provisions of this section by any officer of the United States authorized to enforce the navigation or inspection laws of the United States.

"'(10) The Secretary of Commerce or any officer of the Department of Commerce authorized by the Secretary of Commerce may, upon application therefor, remit or mitigate any fine or penalty incurred under this section or any regulation thereunder.

"'(11) No provision of the Officers' Competency Certificates Convention, 1936, nor of this section, shall apply to any vessel, however propelled, navigating on the Great Lakes.

"'(12) Where used in this section—

"'(13) the term "high seas" means all waters outside the line dividing the inland waters from the high seas, as defined in section 2 of the act of February 19, 1895;

"'(15) the term "unrigged vessel" means any vessel that is not self-propelled.

"'(13) Nothing contained in the Officers' Competency Certificates have been complied with; the collector shall also immediately notify

self-propelled.
"'(13) Nothing contained in the Officers' Competency Certificates Convention, 1936, nor in this section, shall be deemed to extend any provision of section 2 of the act of March 4, 1915, as amended (U. S. C., 1934 edition, Supp. IV, title 46, sec. 673), or to alter, modify, or repeal any statute of the United States in effect on the

modify, or repeal any statute of the United States in effect on the effective date of this section, except as hereinbefore provided.

"'(14) This section shall become effective on October 29, 1939:

Provided, That licenses may be issued by boards of local inspectors in accordance with the provisions of this section at any time prior

to such date.

(15) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this section.'

Mr. BLAND. Mr. Speaker, in the closing days of the last Congress there was passed by the Senate by unanimous consent a series of agreements that were known as conventions. They had been agreed to at Geneva and by the International Labor Conference convened at the general conference of the International Labor Organization. One of these treaties provided that certain vessels should come within the operation of that treaty and that no person should be engaged to perform on board any vessel to which the convention applied who was performing the duties of a master or skipper, navigating officer in charge of a watch, chief engineer, or engineer officer in charge of a watch, unless he held a certificate of competency to perform such duties, issued or approved by the public authority of the territory where the vessel was registered. The United States ratified that convention and, among other nations, it came into force with reference to Belgium, Brazil, Denmark, Estonia, New Zealand, and Norway.

The Members of Congress will recall that there was a considerable protest all over the country with respect to the burden that would be placed on fishing vessels. me say right here and now, for the benefit of my friends who are talking about economy, that this bill involves no

burden on the Treasury. [Applause.]

We passed a bill in accordance with the language of the convention exempting vessels under 200 tons. We could not exempt vessels of 200 tons or over. Thereafter we went as carefully as we could into the problem of writing the law so that it would be subject to amendment at any time, but it would add no greater, or very few greater, burdens; I might say no greater burdens than today rest upon the vessels. We have our laws with reference to certificates and licenses and that sort of thing. Once we thought we would take up each one of those separately, but there would have been too much rigidity so we have provided that the laws that are now in existence in the United States shall apply as to these vessels and as to officers of fishing vessels that there shall be oral examination, a provision that we are advised imposes no burden on them, and yet complies with the terms of the treaty. This covers yachts, too.

Mr. HINSHAW. Mr. Speaker, will the gentleman yield? Mr. BLAND. I yield to the gentleman from California.

Mr. HINSHAW. This does cover yachts?

Mr. BLAND. Yes.

Mr. HINSHAW. Recently we passed by unanimous con-

sent a bill that excepted those.

Mr. BLAND. And we expressly renewed that exception in this bill as to vessels under 200 tons, so that this bill would not operate to rescind or repeal what we have already done.

Mr. HINSHAW. That is what I want to know.

Mr. OLIVER. Mr. Speaker, will the gentleman yield?

Mr. BLAND. I yield to the gentleman from Maine. Mr. OLIVER. The fishing industry is clearly exempted from any onerous provisions that might have been in effect if the committee had not taken the action it did?

Mr. BLAND. Undoubtedly that is true.

The SPEAKER. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

REGISTRY OF PURSERS AND SURGEONS AS STAFF OFFICERS ON VESSELS OF THE UNITED STATES

Mr. BLAND. Mr. Speaker, by authority of the Committee on Merchant Marine and Fisheries, I call up the bill (H. R. 6076) to provide for the registry of pursers and surgeons as staff officers on vessels of the United States, and for other

The Clerk read the title of the bill.

Mr. BLAND. Mr. Speaker, I ask unanimous consent that the bill be considered in the House as in Committee of the Whole.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The Clerk read the bill, as follows:

The Clerk read the bill, as follows:

Be it enacted, etc., That there shall be staff officers in the United States merchant marine in the following grades: (1) Chief purser, (2) purser, (3) senior assistant purser, (4) junior assistant purser, and (5) surgeon. The Secretary of Commerce (in this act called the Secretary) shall register, and issue certificates of registry to, qualified individuals applying for registry in such grades, as hereinafter provided, and every such individual when so registered and serving in the staff department on a vessel of the United States shall rank as an officer on such vessel. Officers registered under the provisions of this act and pursers' clerks shall constitute a separate and independent department on vessels of the United States to be known as the staff department under the charge of the senior registered purser on such vessel, who shall be responsible solely to the master. On oceangoing vessels licensed to carry more than 50 passengers, such officer in charge of the staff department shall be a registered chief purser; and whenever more than 3 persons are employed in the staff department on such vessels, exclusive of surgeons, there shall be a minimum of 1 registered senior assistant purser and 1 registered limitor assistant purser in such staff ant purser and 1 registered junior assistant purser in such staff department. No person shall be eligible for registry as a staff officer under the provisions of this act who is not a citizen of the United

SEC. 2. No applicant for registry under the provisions of this act SEC. 2. No applicant for registry under the provisions of this act shall be required to take an examination to qualify therefor, but the Secretary shall require satisfactory proof of good character, citizenship, and such minimum periods of service as he shall deem necessary to establish the requisite knowledge, skill, and experience to qualify applicants for the respective stations. Applicants for registry as surgeon shall be required to possess a valid license as physician and surgeon issued under the authority of a State or Territory of the United States or the District of Columbia.

Territory of the United States or the District of Columbia.

SEC. 3. Each staff officer receiving a certificate of registry under the provisions of this act shall make oath or affirmation before an officer empowered to administer oaths, to be designated by the Secretary, that he will faithfully and honestly perform all the duties required of him by law. No such staff officer shall be required to obtain any other certificate of service or efficiency or behavior as a condition of service in such capacity other than as herein provided.

SEC. 4. (a) Staff officers registered under the provisions of this act who are members of the Naval Reserve Corps shall wear on their uniforms such special distinguishing insignia as may be approved by the Secretary of the Nava

proved by the Secretary of the Navy.

(b) The uniform stripes, decoration, or other insignia to be worn by such officers shall be of gold braid or woven gold or silver material, and no member of the ship's crew other than such officers shall be allowed to wear any uniform with such officer's identifying

SEC. 5. (a) It shall be unlawful to employ any person or for any person to serve in any grade or perform the duties of any grade specified in section 1 of this act on any vessel of the United States unless he shall be in bona fide possession of a certificate of registry,

issued under the provisions of this act, as an officer in such grade; and anyone violating this provision shall be liable to a penalty of \$100 for each offense.

(b) Any staff officer registered under the provisions of this act who shall change by addition, interpolation, or erasure of any kind, any certificate of registry referred to in this section shall have his registry and his certificate of registry revoked and be punished by

a fine of not more than \$100.

a fine of not more than \$100.

(c) Any registry or certificate of registry issued under the authority of this act to any staff officer shall be suspended or revoked upon satisfactory proof of bad conduct, inattention to his duties, or the willful violation of any provisions of this act applicable to him, in the same manner and with like procedure as is provided in the case of suspension or revocation of licenses of officers under the provisions of section 4450 of the Revised Statutes, as amended.

as amended.

Sec. 6. The sixth paragraph of section 4596 of the Revised Statutes, as amended, is amended to read as follows:

"Sixth. For assaulting any master, mate, pilot, engineer, or staff officer, by imprisonment for not more than 2 years."

Sec. 7. The Secretary of Commerce shall prescribe rules and regulations to carry out the provisions of this act.

Sec. 8. As used in this act the term "vessel of the United States" shall mean any vessel registered appropriate the states.

shall mean any vessel registered, enrolled, or licensed under the laws of the United States, but shall not include a fishing or whaling

yessel or a yacht.

SEC. 9. The provisions of section 5 (a) of this act shall take effect 1 year from the date of the enactment of this act.

With the following committee amendments:

Page 1, line 3, after "be", insert "registered."
Page 2, line 2, strike out "an" and insert "a staff."
Page 3, line 18, after "such", insert "staff."
Page 3, line 19, after "such", insert "staff."
Page 4, line 3, after "offense", insert ": Provided, That in the event no registered staff officer is available and obtainable at the time of sailing, the vessel may sail with an unregistered staff officer or without any staff officer: Provided further, That such staff officer shall not be included in the vessel's inspection certificate."
Page 4, line 13, after "\$100", insert ": Provided, That the provisions of this act shall not apply to any vessel of the United States engaged in ferry operations."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. BLAND. Mr. Speaker, by authority of the Committee on Merchant Marine and Fisheries, I call up the bill (H. R. 5584) to amend the Canal Zone Code.

The Clerk read the title of the bill.

Mr. BLAND. Mr. Speaker, I ask unanimous consent that this bill may be considered in the House as in Committee of the Whole.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 10 of title 2 of the Canal Zone Code, approved June 19, 1934, is amended so as to read as follows:

"10. Injuries to vessels, cargo, or passengers, occasioned by operation of Canal: The regulations of the President, authorized under section 9 of this title, shall provide for the prompt adjustment and payment by the Governor of the Panama Canal, subject to the limitations hereinafter contained in this section, of damages for the property of injuries to vessels, or to the cargo, or passengers of vessels, which may arise:

may arise:

"(a) By reason of the passage of such vessels through the locks of the Canal under the control of officers or employees of the Panama Canal: Provided, however, That no such damages shall be paid in any case wherein the Governor shall find that the injury was proximately caused by the negligence or fault of the vessel, master, crew, or passengers: And provided further. That in any case wherein the Governor shall find that the negligence or fault of the vessel, master, crew, or passengers proximately contributed to the injury, he shall diminish the award of damages in proportion to the negligence or fault, as determined by him attributable

to the injury, he shall diminish the award of damages in proportion to the negligence or fault, as determined by him, attributable to the said vessel, master, crew, or passengers.

"(b) By reason of the presence of such vessels in the waters of the Canal Zone, other than the locks, when the Governor shall find that the injury was proximately caused by negligence or fault on the part of any officer or employee of the Panama Canal acting within the scope of his employment and in the line of his duties in connection with the operation of the Canal: Provided, however, That when the Governor shall further find that the negligence or frait when the Governor shall further find that the negligence or fault of the vessel, master, crew, or passengers proximately contributed to the injury, he shall diminish the award of damages in proportion to the negligence or fault, as determined by him, attributable to the said vessel, master, crew, or passengers: And provided further, That, in the case of any vessel which is required by or pursuant to regulations heretofore or hereafter prescribed under section 9 of this title to have a Panama Canal pilot on duty aboard, no damages shall be adjusted and paid for injuries to any such vessel, or to the cargo or passengers of any such vessel, in-curred while the vessel is under way and in motion, unless at the time such injuries are incurred the navigation or movement of the

vessel is under the control of a Panama Canal pilot.
"The amounts of the respective awards of damages, under this section and the regulations authorized herein, may be adjusted, fixed, and determined by the Governor by mutual agreement, compromise, or otherwise, and such amounts shall be payable promptly out of any moneys appropriated or allotted for the maintenance and operation of the Panama Canal, and acceptance by any claimant of the amount awarded to him shall be deemed to be in full settlement of such claim expiret the Government of the United States. tlement of such claim against the Government of the United States: Provided, however, That the Governor shall not adjust and pay any claim for damages for injuries arising by reason of the presence of a vessel in the waters of the Canal Zone, other than the locks, where the amount of the claim exceeds \$60,000, but shall submit the same to the Congress by a special report containing the material facts and his recommendations thereon.

"With respect to any claim for damages for injuries arising by reason of the passage of any vessel through the locks of the Canal, as hereinbefore provided, any claimant for damages who considers himself aggrieved by the findings, determination, or award of the Governor, in reference to his claim, may bring an action on such claim against the Panama Canal in the United States District Court for the District of the Canal Zone; and in any such action the profor the District of the Canal Zone; and in any such action the provisions of this section, and of the regulations of the President authorized under section 9 of this title, applicable to the determination, adjustment, and payment of such claims for damages, by the Governor, shall be applicable, and any judgment obtained against the Panama Canal shall be paid promptly out of any moneys appropriated or allotted for the maintenance and operation of the Panama

"Except as otherwise provided in the next preceding paragraph of this section, the findings, determination, or award of the Gov-ernor shall be final and conclusive as to all parties concerned, and no action for damages for injuries arising in connection with the operation of the Canal and by reason of the presence of a vessel in the waters of the Canal Zone shall lie in any court against the United States or the Panama Canal, or against any officer or employee of the Panama Canal: Provided, however, That nothing in this section shall be construed to present or warren. this section shall be construed to prevent or prohibit actions against officers or employees of the Panama Canal for damages for injuries resulting from acts of such officers or employees outside the scope of their employment and not in line with their duties, or from acts of such officers or employees committed or performed with intent to injure the person or property of another."

SEC. 2. That chapter 14 of title 2 of the Canal Zone Code, which chapter now consists of sections 271 to 275 of said title 2, is hereby

amended so as to read as follows:

"271. Maintenance and operation of the Canal Zone postal service: The Governor of the Panama Canal is authorized: "a. To maintain and operate a postal service in the Canal Zone, including a money-order system, a parcel-post system, a postal-savings system, and such other services as may be necessary or convenient in connection with the postal service; "b. To prescribe such rules and regulations as may be necessary

for the maintenance and operation of the postal service;

"c. To establish and discontinue post offices;
"d. To prescribe the postage rates and the rates for transportation of the mails: *Provided, however*, That the United States domestic postage rates shall be applicable to regular mail exchanged with the United States; and

"e. To prescribe the postage stamps and other stamped paper which shall be used in such service."

CROSS REFERENCE

Extension to Canal Zone of United States laws and regulations

Extension to Canal Zone of United States laws and regulations defining crimes against the Postal Service, see title 5, section 111. For the laws of the Postal Service of the United States, see United States Code, title 39.

"272. Defraying expenses from revenue so far as possible: The expenses of operating the Canal Zone postal service shall be defrayed, so far as possible, from the revenue derived therefrom, the use of which for that purpose is authorized.

"273. Acceptance of postal savings deposits: Such of the post offices of the Canal Zone as may be designated by the Governor are hereby authorized, under such regulations as the Governor may prescribe, to receive postal-savings deposits, and to issue therefor postal-savings certificates in the form to be prescribed by the Governor.

"274. Rate of interest on postal savings certificates: Postal-savings certificates issued as provided in this chapter shall bear

"274. Rate of interest on postal savings certificates: Postal-savings certificates issued as provided in this chapter shall bear interest at such rate, not exceeding 3 percent per annum, as shall be established by the President.

"275. Faith of United States pledged to payment of deposits: The faith of the United States is pledged to the payment of postal-savings certificates issued as provided in this chapter, with accrued interest thereon, in the same manner as such faith is pledged by law with respect to deposits made in postal-savings depository offices in the United States.

"278. Control of meney order and postal-savings funds: The

"276. Control of money order and postal-savings funds: The funds received from the issuance of money orders and postal-savings certificates by the Canal Zone postal service shall be under the control of the Governor.

"277. Deposit of money order and postal-savings funds in United

States Treasury: The Governor is authorized to cause to be de-

posited in the United States Treasury for safekeeping but subject to his control all or any part of the funds, including interest thereon, received from the issuance of money orders and postal-savings certificates, and such funds or any part thereof may be withdrawn from time to time under such regulations as may be

prescribed by the Governor.

rescribed by the Governor.

"278. Deposit of money order and postal-savings funds in banks; security: The Secretary of the Treasury is hereby authorized to designate one or more national banking associations to be depositories, under such regulations as may be prescribed by him, of funds received from the issuance of money orders and postal-savings certificates, including interest therefrom, and is hereby directed to require the associations thus designated to give satisfactors country, by the deposit of United States bonds or other

directed to require the associations thus designated to give satisfactory security, by the deposit of United States bonds or otherwise, for the safekeeping and prompt payment of the funds deposited with them, and such associations are authorized to give such security as may be required. All pledges of securities heretofore made for the safekeeping and prompt payment of any such funds are hereby ratified, approved, and validated.

"279. Investment of money-order and postal-savings funds in securities of the United States: The Governor is hereby authorized to invest all or any part of the funds referred to in the two preceding sections in bonds or other securities of the United States and to deposit such securities with the Treasurer of the United States for safekeeping, and to sell such securities, or any part of them, when such sale is necessary or desirable in the interest of the postal service. Before making such purchases or sales of securities, the Governor shall request the advice of the Secretary of the Treasury.

the Treasury.

"280. Use of interest and profits on money-order and postal-savings funds: The interest and profits received from the deposit savings funds: The interest and profits received from the deposit in banks or the investment, as provided in this chapter, of moneyorder and postal-savings funds shall form a part of the Canal Zone
postal revenues and shall be available to pay the interest on postalsavings certificates, the expenses of operating the Canal Zone postal
service, and the losses which are chargeable to the said service.

"281. Application of foregoing provisions to deposit money orders:
All the provisions of this chapter relating to postal-savings certificates and the funds received therefrom, including interest,
shall apply equally to money orders issued in lieu of postal-savings
certificates prior to the effective date of this act, and to the funds
received therefrom, including interest."

SEC. 3. That section 843 of title 5 of the Canal Zone Code is
amended so as to read as follows:

"843. Placing signs on lands or structures in Canal Zone: The
Governor of the Panama Canal is hereby authorized to make rules
and regulations in respect to the construction or placing of signs,
bills, posters, or other advertising devices on any lands, buildings,
or other structures in the Canal Zone. Any person who shall

or other structures in the Canal Zone. Any person who shall violate any provision of such rules and regulations shall be punished by a fine of not more than \$25, or by imprisonment in jail for not more than 10 days, or by both; and every day that any such advertising device shall remain upon such lands or structures, in violation of such rules and regulations, shall constitute a separate offense."

SEC. 4. That section 125 of title 6 of the Canal Zone Code is amended so as to read as follows:

"125. Proceedings on plea of guilty: If the defendant pleads guilty, the magistrate may hear testimony to determine the gravity of the offense and, within 24 hours after such plea or hearing of testimony, shall render judgment as to the punishment to be imposed."

Sec. 5. That getting the continuous states are continuous to the punishment to be imposed."

SEC. 5. That section 521 of title 6 of the Canal Zone Code is

amended so as to read as follows:

"521. Warrant for execution of judgment of death; time of execution: When judgment of death is rendered, a warrant signed by the judge and attested by the clerk, under the seal of the court, the judge and attested by the clerk, under the seal of the court, must be drawn and delivered to the marshal. It must state the conviction and judgment, and appoint a day on which judgment is to be executed, which must be not less than 90 nor more than 120 days from the time of judgment, and must direct the marshal to deliver the defendant, within 10 days from the time of judgment, to the warden of the penitentiary, for execution."

Sec. 6. That this act shall take effect 60 days after the date of

With the following committee amendments:

Page 1, line 5, after the word "cargo", insert the word "crew"; and in line 11, page 1, after the word "cargo" insert the word "crew."

Page 4, line 17, after the word "section", strike out the remainder of line 17, all of line 18, and the words "parties concerned, and", in line 19.

The committee amendments were agreed to.

Mr. BLAND. Mr. Speaker, I move to strike out the last

This is to correct a situation in the Panama Canal which has risen very recently by virtue of certain litigation there, and as a result of which our pilots on those boats are being sued, in one case by a foreign country. This is rather affecting their morale. This bill gives the pilots the same exemption that the United States has, which exemption is that suits may be brought against the United States for injuries and damages within the locks and not outside of the locks.

There are other provisions, but all of them are to take care of situations peculiar to the Panama Canal.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

REQUISITIONING OF VESSELS

Mr. BLAND. Mr. Speaker, I call up the bill (H. R. 4983) to amend sections 712 and 902 of the Merchant Marine Act, 1936, as amended, relative to the requisitioning of vessels.

The Clerk read the title of the bill.

Mr. BLAND. Mr. Speaker, I ask unanimous consent that the bill may be considered in the House as in Committee of the Whole.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 712 of the Merchant Marine Act, 1936, as amended (49 Stat. 2010; U. S. C., 1934 ed., Supp. IV, title 46, sec. 1202), is amended to read as follows:

"SEC. 712. Every charter shall provide—

"(a) That the charterer shall carry on the chartered vessels, at his own expense, policies of insurance covering all marine and port risks, protection and indemnity risks, and all other hazards and liabilities, in such amounts, in such form, and in such insurance companies as the Commission shall require and approve, adequate the commission shall require and approve, adequate the commission shall require and approve, adequate the commission shall require and approve. quate to cover all damages claimed against and losses sustained by the chartered vessels arising during the life of the charter: *Pro-vided*, That in accordance with existing law, some or all of such insurance risks may be underwritten by the Commission itself as in its discretion it may determine.

"(b) That the charterer shall at its own expense keep the chartered vessel in good state of repair and in efficient operating condition and shall at its own expense make any and all repairs as may be required by the Commission.

"(c) That the Commission shall have the right to inspect the vessel at any and all times to ascertain its condition.

"(d) That whenever the President shall proclaim that the security of the national defense makes it advisable, or during any national emergency declared by proclamation of the President, the Commission may terminate the charter without cost to the United States, upon such notice to the charterers as the President shall determine."

SEC. 2. That section 902 of the Merchant Marine Act, 1936, as amended (49 Stat. 2015; U. S. C., 1934 ed., Supp. IV, title 46, sec. 1242), is amended to read as follows:

"SEC. 902. (a) Whenever the President shall proclaim that the security of the national defense makes it advisable or during any national emergency declared by proclamation of the President, it shall be lawful for the Commission to requisition or purchase any vessel or other watercraft owned by citizens of the United States, or under construction within the United States, or for any period vessel or other watercraft owned by citizens of the United States, or under construction within the United States, or for any period during such emergency, to requisition or charter the use of any such property. The termination of any emergency so declared shall be announced by a further proclamation by the President. When any such property or the use thereof is so requisitioned, the owner thereof shall be paid just compensation for the property taken or for the use of such property, but in no case shall the value of the property taken or used be deemed enhanced by the causes necessitating the taking or use. If any property is taken and used under authority of this section, but the ownership thereof is not required by the United States, such property shall be restored to the owner in a condition at least as good as when taken, less ordinary wear and tear, or the owner shall be paid an amount for reconditioning sufficient to place the property in such condition. The owner shall not be paid for any consequential damages arising from a taking or use of property under authority of this section, upon which vessel a construction-differential subsidy has been allowed and paid, the value of the vessel at the time of its taking shall be determined as provided in section 802 of this act, and in determining the value of any vessel taken or used, on which a construction-differential subsidy has not been paid, the value of any national-defense features previously paid for by the United States shall be excluded.

"(a) If any property is taken and used under authority of this

United States shall be excluded.

United States shall be excluded.

"(c) If any property is taken and used under authority of this section, but the ownership thereof is not required by the United States, the Commission, at the time of the taking or as soon thereafter as the exigencies of the situation may permit, shall transmit to the person entitled to the possession of such property a charter setting forth the terms which, in the Commission's judgment, should govern the relations between the United States and such person and a statement of the rate of hire which, in the Commission's judgment, will be just compensation for the use of such property and for the services required under the terms of such charter. If such person does not execute and deliver such charter and accept such rate of hire, the Commission shall pay to such person on account of just compensation a sum equal to 75 percent of such rate of hire as the same may from time to time be due

under the terms of the charter so tendered, and such person shall be entitled to sue the United States to recover such further sum as, added to such 75 percent, will make up such amount as will be just compensation for the use of the property and for the services required in connection with such use. In the event of loss or damage to such property, due to operation of a risk assumed by the United States under the terms of a charter prescribed in this subsection, but no valuation of such vessel or other property or mode of compensation has been agreed to, the United States shall pay just compensation for such loss or damage, to the extent the person entitled thereto is not reimbursed therefor through policies of insurance against such loss or damage.

"(d) In all cases the just compensation authorized by this section shall be determined and paid by the Commission as soon as practicable, but if the amount of just compensation determined by the Commission is unsatisfactory to the person entitled thereto, such person shall be paid 75 percent of the amount so determined and shall be entitled to sue the United States to recover such further sum as, added to said 75 percent, will make up such amount as will be just compensation therefor, in the manner provided for by section 24, paragraph 20, and section 145 of the Judicial Code (U. S. C. 1934 ed., title 28, secs. 41, 250).

"(e) The Commission is authorized to repair, recondition, reconstruct, and operate, or charter for operation, any property acquired under authority of this section. The Commission is further author-

"(e) The Commission is authorized to repair, recondition, reconstruct, and operate, or charter for operation, any property acquired under authority of this section. The Commission is further authorized to transfer the possession or control of any such property to any department or agency of the Government of the United States upon such terms and conditions as may be approved by the President. In case of any such transfer the department or agency to which the transfer is made shall promptly reimburse the Commission for its expenditures on account of just compensation, purchase price, repairs, reconditioning, reconstruction, or charter hire for the property transferred. Such reimbursements shall be deposited in the construction fund established by section 206 of this act."

With the following committee amendment:

With the following committee amendment:

Page 2, after line 18, insert a new section to be known as section 2, to read as follows:

"Sec. 2. That section 802 of the Merchant Marine Act, 1936, as amended (52 Stat. 962; U. S. C., 1934 ed., Supp. IV, title 46, sec. 1212), is amended to read as follows:

"Sec. 802. Every contract executed by the Commission under authority of title V of this act shall provide that—

"In the event the United States shall, through purchase or requisition, acquire ownership of the vessel or vessels on which a construction-differential subsidy was paid, the owner shall be paid therefor the value thereof, but in no event shall such payment exceed the actual depreciated construction cost thereof (together with the actual depreciated cost of capital improvements thereon, but excluding the cost of national-defense features) less the depreciated amount of construction-differential subsidy theretofore paid incident to the construction or reconditioning of such vessel or vessels, or the fair and reasonable scrap value of such vessel as determined by the Commission, whichever is the greater. Such determination shall be final. In computing the depreciated value of such vessel, depreciation shall be computed on each vessel on the schedule adopted by the Bureau of Internal Revenue for income-tax purposes.

"The foregoing provision respecting the requisition or the schedule adopted on the second of the secon

income-tax purposes.

"The foregoing provision respecting the requisition or the acquisition of ownership by the United States shall run with the title to such vessel or vessels and be binding on all owners thereof."

Page 2, line 19, renumber "Sec. 2" to read "Sec. 3." Amend the title.

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

The title was amended so as to read: "A bill to amend sections 712, 802, and 902 of the Merchant Marine Act, 1936, as amended, relative to the requisitioning of vessels.'

Mr. BLAND. Mr. Speaker, I have other bills that could be called up, but I understand that a filibuster would be conducted against any of the rest of them, so I shall not call them up at this time.

EXTENSION OF REMARKS

Mr. THOMAS F. FORD. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein a quotation from a Chicago paper.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

SPEAKER PRO TEMPORE

The SPEAKER. Pursuant to the authority provided in clause 7 of rule I, the Chair designates the gentleman from Texas [Mr. RAYBURN] to act as Speaker pro tempore for the balance of the week.

LXXXIV-386

BRIDGE ACROSS NIAGARA RIVER, NIAGARA FALLS, N. Y.

Mr. ANDREWS. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (H. R. 6109) to extend the times for commencing and completing the construction of a bridge across the Niagara River at or near the city of Niagara Falls, N. Y., which I send to the desk.

The SPEAKER. The gentleman from New York asks unanimous consent for the present consideration of the bill H. R. 6109, which the Clerk will report.

The Clerk read the bill, as follows:

Be it enacted, etc., That the times for commencing and completing the construction of a bridge across the Niagara River, at or near the city of Niagara Falls, N. Y., and the city of Niagara Falls, Canada, authorized to be built by the Niagara Falls Bridge Commission by an act of Congress approved June 16, 1938, are hereby extended 1 and 3 years, respectively, from June 16, 1939.

8. The right to alter, amend, or repeal this act is hereby

expressly reserved.

The SPEAKER. Is there objection?

There was no objection.

Mr. ANDREWS. Mr. Speaker, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. Andrews: Page 1, line 9, after the figures "1939," change the period to a colon and insert "Provided, That the Niagara Falls Bridge Commission shall have received offers for the sale of its bonds and securities for the said bridge from responsible interested parties, and the contract made as a result of such offers shall have the approval of the comptroller and the attorney general of the State of New York."

Mr. ANDREWS. Mr. Speaker, this amendment is offered in order to conform to the recommendations of Governor Lehman, as contained in a telegram sent to me, from which I read, as follows:

The Governor recommends the inclusion in pending Federal extension bill of an amendment covering sale of bonds conforming to that provision of the bill just passed by the State legislature.

I ask unanimous consent to insert at this point a copy of a favorable report from the State Department and also the War Department and the Budget to the Committee on Foreign Affairs.

The SPEAKER. Is there objection?

Mr. SCHAFER of Wisconsin. Mr. Speaker, I reserve the right to object. I want some other information in addition to the statement of Governor Lehman. Is this to be a public bridge or a private toll bridge?

Mr. ANDREWS. It is a public bridge, authority for which was passed by the Congress last year. Eventually it will become a free bridge.

Mr. SCHAFER of Wisconsin. At present it is proposed to have it a public toll bridge?

Mr. ANDREWS. A public toll bridge.

Mr. SCHAFER of Wisconsin. In order to consider this bill it is necessary to include this amendment recommended by the Governor of New York.

Mr. ANDREWS. It is a safeguard for the handling of the bond issue.

Mr. CULKIN. A recapture provision is included in the bill?

Mr. ANDREWS. Yes.

Mr. SCHAFER of Wisconsin. Mr. Speaker, in view of the gentleman's explanation, I withdraw my reservation of objec-

Mr. DOWELL. Mr. Speaker, reserving the right to object, what provision is there for the recapture? Is it the regular provision?

Mr. ANDREWS. It is the regular provision for all Federal bridge bills recommended by the Congress.

The SPEAKER. Is there objection?

There was no objection.

The matter referred to is as follows:

DEPARTMENT OF STATE Washington, May 10, 1939.

The Honorable SAM D. McREYNOLDS,

Chairman, Committee on Foreign Affairs,
House of Representatives.
My Dear Mr. McReynolds: The receipt is acknowledged of a
letter, dated May 3, 1939, from the clerk of your committee, asking

that the Committee on Foreign Affairs be furnished with a report, in duplicate, on H. R. 6109, to extend the times for commencing and completing the construction of a bridge across the Niagara River at or near the city of Niagara Falls, N. Y.

Insofar as the interests of this Department are concerned, I can

perceive no objection to the passage of the bill in question.

This report has been submitted to the Director of the Budget, who has replied that there is no objection to its submission to the committee.

Sincerely yours.

CORDELL HILL.

[First endorsement]

WAR DEPARTMENT, May 10, 1939. Respectfully returned to the chairman, Committee on Foreign

Affairs, House of Representatives

So far as the interests committed to this Department are con-cerned, I know of no objection to the favorable consideration of the accompanying bill (H. R. 6109, 76th Cong., 1st sess.) to extend the times for commencing and completing the construction of a bridge across the Niagara River at or near the city of Niagara Falls, N. Y. This proposed report was submitted to the Bureau of the Budget,

which advises that there would be no objection to its submission

HARRY H. WOODRING Secretary of War.

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

VISIT OF KING AND QUEEN OF GREAT BRITAIN TO CAPITOL

The SPEAKER. Pursuant to the provisions of Senate Concurrent Resolution 17, the Chair appoints as members of the joint committee to make the necessary arrangements for welcoming Their Majesties the King and Queen of Great Britain and the members of their party on the occasion of their visit to the Capitol, Mr. RAYBURN, Mr. BLOOM, and Mr. MARTIN of Massachusetts.

Under special order the gentleman from Missouri [Mr. SHANNON] is recognized.

THE AMERICAN PLAN

Mr. SHANNON. Mr. Speaker, for the past few years, and most imminently within the 12 months we have just passed through, the other half of the world has been trembling on the brink of a great war, threatening the end of our twentieth century civilization. The fears engendered by the war mongers of the other side of the globe have enveloped our own country in the dark clouds of doubt and misgivings, perplexing the councils of our statesmen and contributing to the economic uncertainties that keep our people and our industries in a state of unrest and of recurring dread of evils extending to our shores.

Happily peace has been preserved thus far. That the storm has been averted for a time in Europe I firmly believe is due initially to the wise so-called appeasement policy of Prime Minister Chamberlain, which was met at the outset with so much decision. I feel sure that if Mr. Chamberlain had not sought in the manner he did and under the fires of criticism to compel an understanding among the powers of Europe so that differences might be settled around the council table rather than on battlefields soaked with the blood of the manhood of the nations, the war-mad dictators would have set no boundaries to their conquests, and their countries would today be locked in the deadly embrace of contending armies, in the air, on the seas, and in the trenches.

CREDIT DUE TO THE LATE POPE PIUS

The fact that one of the parties to that appeasement agreement signed at Munich proved false to the faith that Chamberlain had in his honor and honesty is no derogation from the high purpose for which that agreement was designed and, in fact, in a large measure-perhaps in a far larger measure than the defaulting signatory visioned-accomplished in the cause of peace. If the peace purchased for the time was paid for by a high price, the aftermath of that Munich agreement proved that there were ways to peace outside of the thundering guns and the "slaughter of the innocents." The horror of the world at the bad faith of the war leaders brought home to its statesmen a realization

that the good people of all countries were united in opposition to war as a means of settling international disputes and revealed the fact that "peace and good will" was a doctrine that lay deep in the heart of humanity. For the will to have peace let us give due credit to the late Pope Pius XI, to his illustrious successor who has sounded the same keynote, and to the leaders of the churches of every denomination in America and the world over.

It is saddening to Americans that the Czech Republic has disappeared from the map of Europe. Yet thoughtful Americans and wise American statesmen know that but for the loss of nationality suffered by that nation, hundreds of thousands of young men alive today might be rotting in graves in a war-torn area. The Czech Nation, it is true, was compelled to make the sacrifice, but it may yet come to realize the glory of that sacrifice in the esteem of the nations that its bowing to the yoke saved from the slaughter. Czechoslovakia will not be forgotten.

DRIFT TO WAR APPEARS PERMANENTLY HALTED

There have been times when I felt great concern as to the wisdom of our own statesmanship in the field of international politics—when I felt that we were playing too near the mouth of the volcano, what with dangerous denouncements on one side and partisan criticism on the other. But now, as the dark clouds seem to be lifting and the drifts toward war seem to give promises of a permanent halt, with the sunshine of permanent peace policies breaking through, I seem to see in retrospect that our statesmanship has been both steady and sagacious and stamped with the true American brand.

No matter how political bias and partisan or personal feeling may at times control our judgments, I feel that at this time we should all unite to give unstinted credit to President Roosevelt for his latest communication to the powers of Europe in the interest of peace and good will among the nations. It was no chimerical adventure. His appeal was like the words of wisdom spoken of in the Scriptures, "A word fitly spoken is like apples of gold in pictures of silver," ringing with the hopes upon which our own Nation was founded and based upon the most salutary principles of our economic civilization.

I am sure that all that has been said on the floor of the House on this question has reflected the sincere views of the Members, many of whom have spoken on the subject.

CARDINAL AMERICAN PRINCIPLE OF PEACE

The American plan has existed only because men and women of all political faiths have supported it. Its cardinal principle is peace, as evidenced by the willingness of Lincoln to compromise on certain issues if only the Union could be saved. And likewise the great commander, Grant, who said, "Let us have peace," meant peace for all time.

Peace for all time and everywhere is in the heart of every

The history of the past has demonstrated that there was never a war that settled anything. After thousands of years of ever-recurring wars and the brief triumphs of the conquerors, the basic thought of the world today is grounded upon the right of humanity to live in freedom and in the pursuit of happiness, as our Declaration of Independence declared. Today the nations of the world are turning their faces in our direction and hearkening to the voices that promise peace and its blessings, that hold out the hope of outlawing war and the banishing forever of the fears and horrors of its recurrence.

APPEAL TO CONSCIOUSNESS OF THE WORLD

Today there is still peace in Europe. The sneers of the war lords at the President's appeal have died down. The challenge to the warring nations have been sounded, and the halt has been made in the war machines.

Let us, without regard to our political differences, extend a full measure of credit to our President, whose timely and friendly appeal at least turned the currents of European diplomacy in a new direction and, it is safe to say, halted the marching legions for sober second thought. Only a few men in each nation have a voice in making war or in preserving peace. On the decisions of these men—the statesmen of the world—hang the lives and the happiness of millions. It is gratifying that President Roosevelt, responsive to the throbbing hopes of America, has so happily phrased the voice of peace, a voice pleading for the preservation of our civilization and the happiness of whole nations.

Not until our American President had issued his call to the powers to respect the territorial and political rights of less powerful neighbors and to seek a peaceful means of settling their differences was the plight of the smaller nations brought to the attention and consideration of all the people of the world. With the issuance of this great state paper—for such I believe it will be acknowledged in the years to come—the war map for the moment was laid aside and today there is renewed hope everywhere that the way to permanent peace has been found. Mr. Roosevelt's appeal reached beyond mere heads of governments. It touched the consciousness of the world. It stirred to new categories of thought the souls of men irrespective of color, race, or creed. It brought out in challenging relief the horrors of war and the common sense of peaceful arbitration.

FEAR OF IMPENDING DISASTER DISPELLED

When our Chief Executive appealed to all nations, in his historic message of April 15, to make a final attempt at peaceful negotiations before a resort to arms, the world had been living for more than a year under the threatening shadow of impending disaster. Austria had disappeared fro mthe map. China had yielded up a vast territory to the invading armies of Japan. The Munich Pact of last autumn had been exacted as the price for a momentary truce from immediate war in Europe, and since then republican forms of government have yielded to authoritarian control under foreign influence in Czechoslovakia and Spain. The battle lines were drawn between groups of the most powerful nations of Europe and Asia, and the world seemed to be drawing closer, day by day, with evil and irresistible fatality, toward the brink of war.

Under these conditions, at one of the darkest periods in modern European history, the American President challenged the attention of all nations with his dramatic appeal for peace. He cast aside the outworn subtleties, indirection, and cumbersome rhetoric of diplomacy. With the lives of millions and the fate of civilization at stake, he addressed himself boldly and directly to the causes of war and to the means of rectifying the abuses and reconciling the differences which had undermined and weakened the whole structure of international security and peace.

The real import and significance of this message, as in the case of the Gettysburg Address, was grasped by few persons at the time of its actual delivery. From many, here and abroad, came comments of scorn and derision. The President was pictured as a Don Quixote making a futile and absurd gesture to check forces which he did not comprehend.

NOTHING TO GAIN AND EVERYTHING TO LOSE

We know now that a peace map was superimposed upon the war map of Europe as the direct result of President Roosevelt's message. He brought into the purview of all thinking people the nations, large and small, in both hemispheres and on all continents, which have nothing to gain and everything to lose in war, and who are ready to assert not only their liberty and independence but their right to live in a world at peace. He marshaled behind this country's protest against another wholesale assault on human life and civilization the enlightened opinion of all the Americas and a majority of the nations of Europe as well. He brought the weight of this opinion for peace to bear upon international policy even in those countries which had been taught to believe that war was inevitable and that the chief obligation of the people to their governments was to respond with another blood sacrifice of their sons.

We realize that we have no right to assume a holier-thanthou attitude toward other countries. We cannot solve their problems either by forcible intervention or by meddling, moralistic preachment. We can only advise and point to own experience with our border nations today, after the old unhappy days of war in the remote past. The fact remains that for more than 100 years we have lived in perfect peace, under a treaty of total disarmament, with a neighbor to the north which shares with us an exposed, unfortified boundary more than 3,000 miles in length. That nation forms a part of one of the great powers of the earth which, over much of our history, has been supreme as a maritime nation. Yet for a century not a soldier nor a ship has been needed to patrol either side of this northern border or to guard a single harbor or trade route of the Great Lakes.

On our south a weaker country shares with us a boundary greater in extent than that which separates any two of the larger nations of Europe. Let us be honest enough to admit that there was a time when the United States and the Republic of Mexico had not learned how to avoid conflict and to live in peace. But let us also recognize that these two countries today live side by side without fear of each other and without the necessity for erecting crushing armaments and bristling forts to dictate the terms of their mutual existence, diplomatic negotiations, and trade.

AMERICAN EXAMPLE FOR THE WORLD

The thousands of miles of unarmed, unfortified frontier of the United States, on the north with Canada and on the south with Mexico, today exemplify the American plan for peaceful and mutually productive living among neighboring peoples. We do not contrast the Great Lakes and the Rio Grande with the Dardanelles, the Danube, or the Rhine to affect a superior virtue over other peoples. But we do deplore a condition which has survived in the Old World as a relic of barbarism and long since been discarded in the New. We know that the American plan for peace is right in principle, that it does justice, and that it has worked. We know that the plan imposed upon the people of Europe for centuries to attain peace through the overpowering weight of superior forces brings no security; that in principle and practice it has miserably failed; and that it is, in a word, a mistake.

To every nation in the world, to the people of all races, colors, and creeds, President Roosevelt has appealed for a fair trial of the American plan for peace. That plan has been immeasurably advanced by the President's action and by the force of its own example, and we may justifiably hope and pray that in the end it will prevail. [Applause.]

EXTENSION OF REMARKS

Mr. RUTHERFORD. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record and to include therein certain extracts.

The SPEAKER. Is there objection? There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. Whear, for 2 weeks, on account of important business.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 199. An act to amend section 10 (b), (c), and (d) of the act of June 26, 1884, as amended (U.S. C., 1934 edition, title 46, sec. 599), relative to the allotment of wages by

H. R. 1301. An act for the relief of John J. Trimble;

H. R. 1774. An act to authorize the transfer to the State of Minnesota of the Fort Snelling Bridge at Fort Snelling, Minn.;

H. R. 1782. An act to amend section 4335 of the Revised Statutes of the United States, relative to change of masters of vessels;

H.R. 1784. An act to amend section 4498 of the Revised Statutes of the United States, as amended, relative to the renewal of licenses of vessels;

H. R. 1786. An act to amend section 4325 of the Revised Statutes of the United States, as amended, relative to renewal of licenses of vessels;

H. R. 2067. An act for the relief of the Atlas Powder Co.; H. R. 2378. An act to prohibit the exportation of tobacco seed and plants, except for experimental purposes;

H. R. 2987. An act providing for the transfusion of blood by members and former members of the Military Establishment, and by employees of the United States Government;

H.R. 3131. An act to authorize the Secretary of War to convey certain lands owned by the United States for other lands needed in connection with the expansion of West Point Military Reservation, N.Y., and for other purposes;

H. R. 3221. An act to authorize the Secretary of War to provide for the sale of aviation supplies and services to aircraft operated by foreign military and air attachés accredited to the United States, and for other purposes;

H. R. 3593. An act authorizing and directing the Secretary of War to execute an easement deed to the city of Duluth for park, recreational, and other public purposes covering certain federally owned lands;

H.R. 3965. An act for the relief of Charles H. Parr;

H. R. 4131. An act for the relief of Melvin Gerard Alvey; H. R. 4997. An act giving the consent and approval of Congress to the Rio Grande compact signed at Santa Fe, N. Mex.,

on March 18, 1938;
H. R. 5076. An act to authorize further relief to water users on United States reclamation projects and on Indian recla-

mation projects;
H. R. 5447. An act authorizing the President to invite the States of the Union and foreign countries to participate in the International Petroleum Exposition at Tulsa, Okla., to be

held May 18 to May 25, 1940; H. R. 5501. An act authorizing the Secretary of Commerce to convey a certain tract of land to the State of Oregon for use as a public park and recreational site:

H. R. 5746. An act to provide for the correction of the list of approved Pine Ridge lost allotment claims, and for other purposes: and

H. R. 6149. An act making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1940, and for other purposes,

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 1096. An act to amend the Agricultural Marketing Agreement Act of 1937, as amended, to make its provisions applicable to apples produced in the States of Washington, Oregon, and Idaho.

BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, bills of the House of the following titles:

H.R. 199. An act to amend section 10 (b), (c), and (d) of the act of June 26, 1884, as amended (U.S.C., 1934 edition, title 46, sec. 599), relative to the allotment of wages by seamen:

H. R. 1301. An act for the relief of John J. Trimble;

H. R. 1774. An act to authorize the transfer to the State of Minnesota of the Fort Snelling Bridge at Fort Snelling, Minn.;

H. R. 1782. An act to amend section 4335 of the Revised Statutes of the United States relative to change of masters of vessels:

H. R. 1784. An act to amend section 4498 of the Revised Statutes of the United States, as amended, relative to the renewal of licenses of vessels;

H. R. 1786. An act to amend section 4325 of the Revised Statutes of the United States, as amended, relative to renewal of licenses of vessels;

H. R. 2067. An act for the relief of the Atlas Powder Co.;

H. R. 2378. An act to prohibit the exportation of tobacco seed and plants, except for experimental purposes;

H. R. 2987. An act providing for the transfusion of blood by members and former members of the Military Establishment and by employees of the United States Government;

H. R. 3131. An act to authorize the Secretary of War to convey certain lands owned by the United States for other lands needed in connection with the expansion of West Point Military Reservation, N. Y., and for other purposes;

H. R. 3221. An act to authorize the Secretary of War to provide for the sale of aviation supplies and services to aircraft

operated by foreign military and air attachés accredited to the United States, and for other purposes;

H. R. 3593. An act authorizing and directing the Secretary of War to execute an easement deed to the city of Duluth for park, recreational, and other public purposes covering certain federally owned lands:

H. R. 3965. An act for the relief of Charles H. Parr;

H. R. 4131. An act for the relief of Melvin Gerard Alvey; H. R. 4997. An act giving the consent and approval of Congress to the Rio Grande compact signed at Santa Fe, N. Mex., on March 18, 1938;

H. R. 5076. An act to authorize further relief to water users on United States reclamation projects and on Indian reclamation projects:

H.R. 5447. An act authorizing the President to invite the States of the Union and foreign countries to participate in the International Petroleum Exposition at Tulsa, Okla., to be held May 18 to May 25, 1940;

H. R. 5501. An act authorizing the Secretary of Commerce to convey a certain tract of land to the State of Oregon for use as a public park and recreational site;

H. R. 5746. An act to provide for the correction of the list of approved Pine Ridge lost allotment claims, and for other purposes: and

H. R. 6149. An act making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1940, and for other purposes.

THE LATE HONORABLE BERT LORD

Mr. REED of New York. Mr. Speaker, it is with a feeling of personal loss that I announce the death of my dear friend and our distinguished colleague Bert Lord. He passed away this morning at 1 o'clock at the Naval Hospital.

I know I express the feelings of the New York delegation, and I believe, of the membership of this House, when I say he was a man of unusual friendliness; a man of sterling character, and one who had made a place for himself in the hearts of every one of his colleagues.

It is not my purpose today to review his splendid public career in his community, in his State, and in the Halls of Congress. That I shall do at some later time.

Phillips Brooks once said "Bad will be the day for every man when he becomes absolutely contented with the life that he is living, with the thoughts that he is thinking, with the deeds that he is doing; when there is not forever beating at the doors of his soul, some great desire to do something larger which he knows he was meant and made to do."

I have known Bert Lord for many years. I have observed his work in this House. He was a man who felt forever beating at the doors of his soul a great desire to do something larger which he knew he was meant and made to do.

Loved by his constituents regardless of their party affiliations, always looking forward to perform some kind deed or act for man, woman, or child, he was sent here not so much by the vote of his constituency as by their affection.

We all regret and deplore his passing. It came so suddenly that it was a terrific shock, and I know that the sympathy of the membership of this House goes out to his wife and to his son today.

I perhaps could enlarge on the character of his life and service, but I am not going to extend my remarks to that point, because many of his colleagues who have loved him have asked for an opportunity to express their sentiments here today. So for the moment, before offering a resolution, I am going to afford some of his colleagues an opportunity to say a few words.

The SPEAKER. With the permission of the Chair, the gentleman from New York may yield to such of his colleagues as he desires.

Mr. REED of New York. Mr. Speaker, I yield to the gentleman from New York [Mr. Gavagan].

Mr. GAVAGAN. Mr. Speaker, ladies and gentlemen of the House, it was indeed with sad heart and deep regret that I learned this morning of the loss of our dear colleague, the distinguished gentleman from my State, Hon. BERT LORD.

I remember meeting him the first time as a young man, coming shortly after the war to the assembly of the legislature of my State. He was then a member. For some peculiar reason he and I made friends the first day. I learned to love him and to admire him. He subsequently left the assembly and went to our State senate. Thereafter I came here. He then joined me in this great body. That covers a period now of almost 18 years, and in truth and fact may I say he was a great American, loyal to his party and devoted to his country, always the kind friend, irrespective of the political exigencies of the moment.

We need his type. We need his spirit today. I am certain that although we are admonished by the Holy Scripture that death comes as a thief in the night, judged upon the life and experience and devotion to duty, Bert Lord, when his summons came, answered it not like the quarry slave at night, but went forth, sustained and soothed by the knowledge and faith of a service well done.

We, his colleagues, today, I am certain, join his family in sending forth to Almighty God our prayer, "May God have mercy upon his soul."

Mr. REED of New York. Mr. Speaker, I yield to the gentleman from New York [Mr. MARTIN J. KENNEDY].

Mr. MARTIN J. KENNEDY. Mr. Speaker, I join my colleagues from New York in lamenting the passing of Bert Lord. I, too, met him many years ago in our State legislature. I recall serving with him on a legislative committee, and I later served with him in our State senate. Throughout the years since I met him in 1924, I admired him and regarded him as a fine gentleman and a legislator who took great pride in his work.

BERT LORD was intensely partisan, but only insofar as it affected local issues. He always decided issues involving his country on a patriotic basis.

I am one of those who believe that a man should be judged by his deeds rather than by the words of his friends, and I am certain that our judgment of him will be gracious, generous, and liberal because we were so intimately acquainted with his ability.

I express to the family of Bert Lord my sincere sympathy, and to his constituents our deep sorrow in their great loss.

Mr. REED of New York. Mr. Speaker, I yield to the gentleman from New York [Mr. Cole].

Mr. COLE of New York. Mr. Speaker, the people of central New York have lost a faithful and devoted servant in the untimely passing of our colleague, Mr. Lord. The greater part of his life was spent in public service and to that service he devoted the full measure of his ability, his energy, and his loyalty. A commoner himself, he was always on the alert to protect the interests of the common man and was always available to defend the rights of the poor and humble. A lover of life and of people, he ever had a happy word and a smile. His death is deeply mourned by his friends in the House who knew him best, and the people of New York realize that his passing takes from them a man whom they have set high in public esteem for his character and steadfast public service.

Mr. REED of New York. Mr. Speaker, I yield to the gentleman from Massachusetts [Mr. Treadway].

Mr. TREADWAY. Mr. Speaker, I add my word of personal regard for our departed Member and state my intimate personal association with him during the period of time he was a Member of this House. It has been my privilege to sit next to him on the Committee on the Library since he first came to Congress, and I have also had the privilege of traveling a great many miles with him over land and sea. In both his official capacity and personal relations with his fellow man, Bert Lord was a real man, a wholesome, common type of man such as the gentleman from New York [Mr. Cole] has just referred to.

It is needless for any of us to express our sympathy for his family, for they know they have every bit of the sympathy that is in the hearts of the Members of this House. So I simply wish to add my personal word of regard for his memory and sympathy for his family. The Congress and the country are the losers by the death of Bert Lord.

Mr. REED of New York. Mr. Speaker, I yield to the gentleman from New York [Mr. Taber].

Mr. TABER. Mr. Speaker, for over 20 years I have known Bert Lord intimately. As the years went by and I came to know him better, my respect for his integrity, his courage, and his faithfulness grew. He came to have a very marked influence on things that were happening in this country. He was loyal, devoted, and unselfish to the very end. We are going to miss this kind of man.

Mr. REED of New York. Mr. Speaker, I yield to the gentleman from New York [Mr. Fish].

Mr. FISH. Mr. Speaker, some 25 years ago I first met Bert Lord when he was in the State Legislature of New York. He has been in public life ever since that time.

He was a trained legislator, faithful, honest, and able. He devoted his entire life during the last 25 years to public service. He was a real American and beloved by his own constituents and his friends in the Congress of the United States. He was a credit to his own people, a credit to the State of New York, a credit to the Republican Party, which he served with distinction all these years, and a credit to our country. We who knew him loved him, and all of us, regardless of party, mourn his passing from this body.

Mr. REED of New York. Mr. Speaker, I yield to the gentleman from Nebraska [Mr. STEFAN].

Mr. STEFAN. Mr. Speaker, it is with great sorrow that we at this moment learn of the death of our friend and colleague the Honorable Bert Lord, who so ably represented the Thirty-fourth District of New York in this great legislative body during the past 4½ years. His death comes as a great shock to his multitude of friends and colleagues. The Nation, the people of his district, and the State of New York have lost a valuable public servant. Those of us who have been privileged to work with him during these past 4½ years realize that while his work has not been finished, the footprints of his service to mankind will never be erased.

Mr. Speaker, our beloved and departed colleague Bert Lord rendered valuable public service for many years. His record is one of which we are proud. Those of us who were intimately acquainted with him and who served with him in committees and on the floor of this House feel that our eulogies are but a whisper of our love and grateful memory of a man who devoted his life to the service of mankind. He gave that service with love in his heart to all humanity, and he rendered it in his familiar quiet, unassuming manner and without hope for public acclaim.

BERT LORD was a gentleman of the type who loved the common man. His personality attracted to him many friends, and his kindness won for him the respect and honor of every Member of the House of Representatives. He was always ready to help his colleagues without regard to party politics, and many of us who have labored with him can record here our appreciation of his great assistance in many of our legislative problems.

Mr. Speaker, our departed colleague, BERT LORD, was a builder. He built for the future. He was close to Mother Earth, and because of his early training in agriculture he was of unusual assistance in legislation pertaining to the farming industry of our Nation. Bert LORD was the "father" of our farm-to-market road program, and it was his leadership which resulted in bringing to the Nation a definite program in the construction of farm-to-market roads. BERT LORD was a great friend of the rural mail carriers of our country. He early recognized the value of the work done by those who deliver the mail to our rural population. Through his friendship with these rural carriers he received much of his inspiration that farmto-market roads must be constructed in order that the rural population of our Nation live more happily. The laws which have been enacted as the result of Bert Lord's ambitious farm-to-market road work will remain as one of the many footprints in his service to our Nation. It is only a part of a great history of real service which could be written about our departed colleague whose departure we mourn here today.

Mr. REED of New York. Mr. Speaker, I offer a resolution, which I send to the Clerk's desk.

The Clerk read as follows:

House Resolution 202

Resolved, That the House has heard with profound sorrow of the death of Hon. Berr Lord, a Representative from the State of New York.

Resolved, That a committee of four Members of the House with such Members of the Senate as may be joined be appointed to attend the funeral.

Resolved, That the Sergeant at Arms of the House be authorized and directed to take such steps as may be necessary for carrying out the provision of these resolutions and that the necessary expenses in connection therewith be paid out of the contingent fund of the House.

Resolved, That the Clerk communicate these resolutions to the Senate and transmit a copy thereof to the family of the deceased.

The resolution was agreed to; and the Chair appointed the following Members to attend the funeral: Mr. Cole of New York, Mr. Crawford, Mr. Byrne of New York, and Mr. Rockefeller.

The SPEAKER. The Clerk will report the concluding part of the resolution.

The Clerk read as follows:

Resolved, That as a further mark of respect the House do now adjourn.

The resolution was agreed to.

Accordingly (at 3 o'clock and 59 minutes p. m.) the House adjourned until tomorrow, Thursday, May 25, 1939, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON THE POST OFFICE AND POST ROADS

The Committee on the Post Office and Post Roads will continue to hold public hearings on Thursday, May 25, 1939, at 10 a.m., for the consideration of H. R. 3835, a bill to authorize the Post Office Department to cooperate with the several States in the collection of State taxes.

COMMITTEE ON LABOR

The Committee on Labor will hold a hearing in the Labor Committee rooms in the House Office Building at 10 a.m. Thursday, May 25, 1939, for the consideration of proposed amendments to the National Labor Relations Act.

COMMITTEE ON NAVAL AFFAIRS

There will be a meeting of the Committee on Naval Affairs at 10 a.m. Thursday, May 25, 1939, for the consideration of H. R. 6356, to authorize the development of facilities at the South Boston drydock, and for other purposes.

COMMITTEE ON THE JUDICIARY

On May 31, 1939, beginning at 10 a. m., there will be a public hearing before the Committee on the Judiciary on the bill (H. R. 6369) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplemental thereto; to create a Railroad Reorganization Court, and for other purposes.

COMMITTEE ON IMMIGRATION AND NATURALIZATION

There will be a meeting of the Committee on Immigration and Naturalization at 10:30 a.m., on Thursday, May 25, 1939, for the public consideration of House Joint Resolution 168, Rogers child refugee bill, and House Joint Resolution 165, Dingell child refugee bill.

COMMITTEE ON MINES AND MINING

There will be a meeting of the Committee on Mines and Mining of the House in room 1401 on Thursday, May 25, 1939, at 10 a.m., for the purpose of considering all pending bills

COMMITTEE ON MERCHANT MARINE AND FISHERIES

The Committee on Merchant Marine and Fisheries will hold public hearings in room 219, House Office Building, at 10 a.m., on the bills and dates listed below:

On Thursday, May 25, 1939, on H. R. 4592 and H. R. 4593, relating to the whale fishery.

On Wednesday, May 31, 1939, at 10 a.m., on H. R. 4985, relating to Fishery Educational Service in Bureau of Fisheries (Caldwell); H. R. 5025, purchase and distribution of

fish products (BLAND); and H. R. 5681, purchase and distribution of fish products (CALDWELL).

On Tuesday, June 6, 1939, on H. R. 6039, motorboat bill of 1939 (BLAND); and H. R. 6273, outboard racing motorboats (BOYKIN).

On Thursday, June 8, 1939, on H. R. 5837, alien owners and officers of vessels (Kramer); and H. R. 6042, requiring numbers on undocumented vessels (Kramer).

On Tuesday, June 13, 1939, on H. R. 1011, drydock facilities for San Francisco (Welch); H. R. 2870, drydock facilities for Los Angeles (Thomas F. Ford); H. R. 3040, drydock facilities for Los Angeles (Geyer); and H. R. 5787, drydock facilities for Seattle, Wash. (Magnuson).

On Thursday, June 15, 1939, on H. J. Res. 194, investigate conditions pertaining to lascar seamen (Sirovich).

On Friday, June 16, 1939, on H. R. 5611, district commanders bill (U. S. Coast Guard).

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

783. A letter from the Attorney General of the United States, transmitting the draft of a bill to exempt special counsel in certain litigation from certain statutory prohibitions precluding Government officers and employees from handing cases against the Government; to the Committee on the Judiciary.

784. A letter from the Acting Secretary of Commerce, transmitting the drafts of proposed bills to effectuate certain of the recommendations which the Commissioner of Patents submitted to the Temporary National Economic Committee on January 16, 1939; to the Committee on Patents.

785. A letter from the Acting Secretary of Agriculture, transmitting the draft of amendments to the United States Warehouse Act; to the Committee on Agriculture.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. WARREN: Committee on Accounts. House Concurrent Resolution 23. Concurrent resolution to increase the appropriation for the Joint Committee on Forestry by \$15,000; with amendments (Rept. No. 687). Ordered to be printed.

Mr. LANHAM: Committee on Public Buildings and Grounds. H. R. 5037. A bill to convey certain property to the city of El Campo, Tex.; without amendment (Rept. No. 689). Referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. DOUGHTON:

H.R. 6497. A bill to amend the Social Security Act, and for other purposes; to the Committee on Ways and Means.

By Mr. DISNEY:

H. R. 6498. A bill to amend certain provisions of the Internal Revenue Code relating to manufacturers' and producers' taxes on gasoline and lubricating oil; to the Committee on Ways and Means.

By Mr. FERGUSON:

H. R. 6499. A bill to correct an injustice in relation to the military-service record of members of the Students' Army Training Corps, Northwestern University, State Normal School, Alva, Okla.; to the Committee on Military Affairs.

By Mr. HULL:

H. R. 6500. A bill to provide for the promotion of sound dairy practices and to provide an adequate and balanced flow of milk and its products in interstate and foreign commerce, and for other purposes; to the Committee on Agriculture.

By Mr. JOHNSON of Illinois:

H.R. 6501. A bill to provide for a preliminary examination and survey of the Edwards River, Ill., with a view to the control of its floodwaters; to the Committee on Flood Control.

By Mr. KNUTSON:

H.R. 6502. A bill granting the consent of Congress to the State of Minnesota or the Minnesota Department of Highways to construct, maintain, and operate a free highway bridge across the Mississippi River at or near Little Falls, Minn.; to the Committee on Interstate and Foreign Commerce.

By Mr. MOTT:

H.R. 6503. A bill relating to the exchange of certain lands in the State of Oregon; to the Committee on the Public Lands.

By Mr. RANDOLPH:

H. R. 6504. A bill providing retirement pay for the judges of the police court of the District of Columbia, the municipal court of the District of Columbia, and the juvenile court of the District of Columbia; to the Committee on the District of Columbia.

By Mr. REED of Illinois:

H.R. 6505. A bill to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplementary thereto; to the Committee on the Judiciary.

By Mr. ROGERS of Oklahoma:

H.R. 6506 (by departmental request). A bill to declare that the United States holds certain lands in trust for Indian use; to the Committee on Indian Affairs.

By Mr. SASSCER:

H.R. 6507. A bill to provide for leave of absence, with pay, for any employee of the United States or of the District of Columbia who may be called upon for jury service in any State court or court of the United States; to the Committee on the Civil Service.

By Mr. SMITH of Virginia:

H. R. 6508 (by request). A bill to amend chapter 41 of the Code of Laws for the District of Columbia, approved March 3, 1901, as amended, to limit the enforcement of mortgages and deeds of trust on real estate in the District of Columbia; to the Committee on the District of Columbia.

By Mr. VREELAND:

H. R. 6509. A bill to provide for insanity proceedings in the District of Columbia; to the Committee on the District of Columbia.

By Mr. COLMER:

H.R. 6510. A bill to authorize a preliminary examination and survey of the Leaf and Bowie Rivers and their tributaries in the State of Mississippi for flood control, for run-off and water-flow retardation, and for soil-erosion prevention; to the Committee on Flood Control.

By Mr. DARDEN:

H. J. Res. 303. Joint resolution to amend Public Resolution No. 127, Seventy-fifth Congress; to the Committee on the Civil Service.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Massachusetts, memorializing the President and the Congress of the United States to consider their resolution concerning the Works Progress Administration projects; to the Committee on Appropriations.

Also, memorial of the Legislature of the State of Massachusetts, memorializing the President and the Congress of the United States to consider their resolution with reference to the so-called antilynching bill; to the Committee on the Indiana.

Also, memorial of the Legislature of the State of Florida, memorializing the President and the Congress of the United States to consider their House Memorial No. 8, with reference to the Fort Marion National Monument; to the Committee on the Public Lands.

Also, memorial of the Legislature of the State of Wisconsin, memorializing the President and the Congress of the United States to consider their Joint Resolution No. 72 A, with reference to the tariff rates on raw furs; to the Committee on Interstate and Foreign Commerce.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. COLE of New York:

H. R. 6511. A bill granting an increase of pension to Sarah L. Knickerbocker; to the Committee on Invalid Pensions.

By Mr. DEMPSEY:

H. R. 6512. A bill for the relief of F. W. Heaton; to the Committee on Claims.

By Mr. FLANNAGAN:

H. R. 6513. A bill for the relief of Floyd H. Roberts; to the Committee on Claims.

By Mr. HENDRICKS:

H. R. 6514. A bill granting an increase of pension to Frank Hornsby; to the Committee on Invalid Pensions.

By Mr. KENNEDY of Maryland:

H.R. 6515. A bill granting an increase of pension to Mathew Nicholson; to the Committee on Pensions.

H.R. 6516. A bill for the relief of William D. Kimpel; to the Committee on Civil Service.

By Mr. MAAS:

H.R. 6517. A bill granting the Distinguished Service Cross to John E. Soper, Carpenter F. Buck, and Anton R. Anderson; to the Committee on Military Affairs.

By Mr. MARCANTONIO:

H.R. 6518. A bill for the relief of Athanasios Vassiliades; to the Committee on Immigration and Naturalization.

By Mr. OLIVER:

H. R. 6519. A bill for the relief of George F. Hamilton; to the Committee on Claims.

By Mr. ROMJUE:

H.R. 6520. A bill granting an increase of pension to Amanda B. Thomas; to the Committee on Invalid Pensions, By Mr. SASSCER:

H.R. 6521. A bill for the relief of Alice Bertha Sulin; to the Committee on Claims.

By Mr. SCHWERT:

H. R. 6522. A bill to correct the military record of Albert Morelli: to the Committee on Military Affairs.

H. R. 6523. A bill to correct the military record of Joseph E. Ryan; to the Committee on Military Affairs.

By Mr. SHEPPARD:

H.R. 6524. A bill for the relief of Genevieve Travis; to the Committee on Claims.

H. R. 6525. A bill for the relief of Genevieve Travis; to the

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3264. By Mr. ANGELL: Petitions of members of the Peninsular Townsend Club, No. 18; Kenton Townsend Club, No. 31; and other citizens of Multnomah County, Oreg., asking for the enactment into law of the Townsend plan; to the Committee on Ways and Means.

3265. By Mr. BOLLES: Petition of sundry citizens of Kenosha, Wis., favoring the Townsend bill providing old-age assistance; to the Committee on Ways and Means.

3266. By Mr. CARTER: Petition of Harold D. Weber, general manager, Oakland Chamber of Commerce, Oakland, Calif., urging certain changes in the Federal tax laws; to the Committee on Ways and Means.

3267. By Mr. CURLEY: Resolution of the American Unified Patriotic Society of New York, urging passage of neutrality legislation; to the Committee on Foreign Affairs.

3268. By Mr. DARROW: Memorial of the Philadelphia Board of Trade, opposing enactment of Senate bill 1620, to be known as the National Health Act; to the Committee on Interstate and Foreign Commerce.

3269. By Mr. DOWELL: Petition signed by 3,206 citizens and voters of the Sixth Congressional District and State of Iowa, urging active support and influence to bring about the passage of General Welfare Act (H. R. 2), known also as the Townsend national recovery plan bill and further urging free discussion of this measure and of such amendments as may be offered; to the Committee on Ways and Means.

3270. By Mr. HART: Petition of the faculty and students of Notre Dame College, urging the enactment of a neutrality act which will prevent the United States from becoming entangled in any way with any European power whatsoever for any purpose whatsoever; to the Committee on Foreign Affairs.

3271. By Mr. KRAMER: Resolution of the Senate and Assembly of the State of California, relative to the enacting of legislation affecting the railroad industry; to the Committee on Ways and Means.

3272. By Mr. KEOGH: Petition of the United States Customs Inspectors' Association, New York City, favoring the passage of House bill 5276; to the Committee on Ways and Means.

3273. Also, petition of the Vestel Chemical Laboratories, Inc., concerning the Starnes bill (H. R. 4576); to the Committee on Appropriations.

3274. Also, petition of the Tung-Sol Lamp Works, Inc., New York City, concerning the National Labor Relations Act; to the Committee on Labor.

3275. By Mr. LARRABEE: Petition of Mary E. Cain, of Anderson, Ind., and 29 others, memorializing the Congress to enact the General Welfare Act (H. R. 5620); to the Committee on Ways and Means.

3276. Also, petition of George Niccum, of Anderson, Ind., and 338 others, memorializing the Congress to enact the General Welfare Act (H. R. 5620); to the Committee on Ways and Means.

3277. Also, petition of Anne Shipley, of Anderson, Ind., and 16 others, memorializing the Congress to enact the General Welfare Act (H. R. 5620); to the Committee on Ways and Means.

3278. Also, petition of Rolla Wilder, of Anderson, Ind., and 89 others, memorializing Congress to enact the General Welfare Act (H. R. 5620); to the Committee on Ways and Means.

3279. Also, petition of Louis Fox, of Anderson, Ind., and 59 others, memorializing the Congress to enact the General Welfare Act (H. R. 5620); to the Committee on Ways and Means.

3280. Also, petition of Samuel Pettigrew, of Anderson, Ind., and 29 others, memorializing the Congress to enact the General Welfare Act (H. R. 5620); to the Committee on Ways and Means.

3281. Also, petition of W. W. Frye, of Anderson, Ind., and 29 others, memorializing the Congress to enact the General Welfare Act (H. R. 5620); to the Committee on Ways and Means.

3282. Also, petition of Charles A. Gwinnup, of Anderson, Ind., and 59 others, memorializing the Congress to enact the General Welfare Act; to the Committee on Ways and Means.

3283. Also, petition of Cora B. Unrue, of Anderson, Ind., and 29 others, memorializing the Congress to enact the General Welfare Act (H. R. 5620); to the Committee on Ways and Means.

3284. Also, petition of Otto Creason, of Anderson, Ind., and 29 others, memorializing the Congress to enact the General Welfare Act (H. R. 5620); to the Committee on Ways and Means.

3285. Also, petition of James Emmons, of Anderson, Ind., and 59 others, memorializing the Congress to enact the General Welfare Act (H. R. 5620); to the Committee on Ways and Means.

3286. Also, petition of F. M. Jeffers, of Anderson, Ind., and 29 others, memorializing the Congress to enact the General Welfare Act (H. R. 5620); to the Committee on Ways and Means.

3287. By Mr. LUCE: Petition of the Townsend Club, No. 1, of Brookline, Mass., regarding adoption of the Townsend plan; to the Committee on Ways and Means.

3288. Also, petition of Annie E. Crosby, of Newton Lower Falls, Mass., and 29 others, urging enactment of the General Welfare Act (H. R. 5620); to the Committee on Ways and Means.

3289. Also, petition of Charles A. Morgan, of Newton Lower Falls, Mass., and 29 others, urging enactment of the General Welfare Act (H. R. 5620); to the Committee on Ways and Means.

3290. Also, memorial of the Massachusetts General Court, urging passage of the antilynching bill; to the Committee on the Judiciary.

3291. Also, memorial of the General Court of Massachusetts, favoring continuance of Works Progress Administration projects; to the Committee on Appropriations.

3292. Also, petition of Gilbert Carter, of Newtonville, Mass., and 59 others, urging enactment of the General Welfare Act (H. R. 5620); to the Committee on Ways and Means.

3293. By Mr. LUDLOW: Petitions of citizens of Indianapolis, Marion County, Ind., requesting the enactment of the improved General Welfare Act (H. R. 11) as perfected by House bill 5620; to the Committee on Ways and Means.

3294. By Mr. McANDREWS: Petition of sundry residents of the Ninth Congressional District of Illinois, urging enactment of the Townsend national recovery plan; to the Committee on Ways and Means.

3295. By Mr. MARTIN of Massachusetts: Memorial of the General Court of Massachusetts, urging enactment of antilynching legislation; to the Committee on the Judiciary.

3296. By Mr. SCHAEFER of Illinois: Petition of Hartford (Ill.) Townsend Club, No. 1, C. W. Brown, president, and Connie Johnson, secretary, urging enactment of House bill 2, known as the General Welfare Act; to the Committee on Ways and Means.

3297. Also, petition of Woodriver (Ill.) Townsend Club, No. 1, Charles C. Berry, president, and G. A. Armstrong, secretary, urging enactment of House bill 2, known as the General Welfare Act; to the Committee on Ways and Means.

3298. By Mr. SCHIFFLER: Petition of Mrs. C. E. Snodgrass, of Fairmont, W. Va., urging that we be kept out of foreign alliances, intrigues, and entanglements as George Washington wisely admonished the United States to do; to the Committee on Foreign Affairs.

3299. By Mr. TINKHAM: Resolutions memorializing Congress relative to the Jewish National Home in Palestine; to the Committee on Foreign Affairs.

3300. By Mr. THILL: Resolution of the Townsend Club, No. 6, of the city of Milwaukee, Wis., petitioning Congress to bring the Townsend bill on the floor and enact it into law at its present session; to the Committee on Ways and Means.

3301. By the SPEAKER: Petition of the Council of State Governments, Chicago, Ill., petitioning consideration of their resolution with reference to the so-called Standard Container Act; to the Committee on Coinage, Weights, and Measures.

SENATE

THURSDAY, MAY 25, 1939

(Legislative day of Friday, May 19, 1939)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. ZeBarney T. Phillips, D. D., offered the following prayer:

Eternal God and Heavenly Father, whose care hath tended us through the watches of the past night, let Thy mercy's beams of uncreated light impart gladness to our hearts as we go about our daily tasks. Unfold each fault that lurks within; remove each hidden shame glossed over by our pride; and, as the hours of day in order flow, defend the gates of every sense as deadly foes assail.

May no sinful word be on our tongue, but only simple truth; capture each idle, roving thought and thwart each deed of wrong, that we may be worthy of our high calling in Thy service, and eventually find ourselves to be "dowered with the hate of hate, the scorn of scorn, the love of love," as life puts on its perfect grace and light enfolds it in unending day. We ask it in the name of Him who is the eternal Light of Light, Jesus Christ, our Lord. Amen.

THE JOURNAL

On request of Mr. Barkley, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Wednesday, May 24, 1939, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. BARKLEY. I suggest the absence of a quorum.
The VICE PRESIDENT. The clerk will call the roll.
The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Davis	Johnson, Colo.	Pittman
Andrews	Donahey	King	Radcliffe
Ashurst	Downey	La Follette	Reed
Austin	Ellender	Lee	Schwartz
Bailey	Frazier	Lodge	Sheppard
Bankhead	George	Logan	Shipstead
Barbour	Gerry	Lucas	Smathers
Barkley	Gibson	Lundeen	Stewart
Bone	Gillette	McCarran	Taft
Borah	Green	McKellar	Thomas, Okla.
Brown	Guffey	McNary	Thomas, Utah
Bulow	Gurney	Maloney	Tobey
Burke	Hale	Mead	Townsend
Byrd	Harrison	Miller	Truman
Byrnes	Hatch	Minton	Vandenberg
Capper	Hayden	Murray	Van Nuys
Caraway	Herring	Neely	Wagner
Chavez	Hill	Norris	Walsh
Clark, Idaho	Holman	Nye	Wheeler
Clark, Mo.	Holt	O'Mahoney	White
Connally	Hughes	Overton	Wiley
Danaher	Johnson, Calif.	Pepper	

Mr. BARKLEY. I announce that the Senator from South Carolina [Mr. Smith] is detained from the Senate because of illness in his family.

The Senator from Washington [Mr. Schwellenbach] is unavoidably detained.

The Senator from Mississippi [Mr. Bilbo], the Senator from Virginia [Mr. Glass], the Senator from North Carolina [Mr. Reynolds], the Senator from Georgia [Mr. Russell], and the Senator from Illinois [Mr. Slattery] are absent on important public business.

The Senator from Maryland [Mr. Typings] is addressing the Iron Institute in New York City today, an engagement which he made more than 4 months ago, and is therefore necessarily absent.

The VICE PRESIDENT. Eighty-seven Senators have answered to their names. A quorum is present.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States submitting a nomination was communicated to the Senate by Mr. Latta, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, communicated to the Senate the intelligence of the death of Hon. Bert Lord, late a Representative from the State of New York, and transmitted the resolutions of the House thereon.

The message informed the Senate that, pursuant to the provisions of the foregoing resolutions, the Speaker had appointed Mr. Cole of New York, Mr. Crawford, Mr. Byrne of New York, and Mr. Rockefeller members of a committee, to join with such members of the Senate as may be appointed, to attend the funeral of the deceased Representative.

The message announced that the House had passed without amendment the bill (S. 1842) to authorize the construction of certain vessels for the Coast and Geodetic Survey, Department of Commerce, and for other purposes.

The message also announced that the House had passed the bill (S. 1369) to authorize necessary facilities for the Coast Guard in the interest of national defense and the performance of its maritime police functions, with an amendment, in which it requested the concurrence of the Senate.

The message further announced that the House had agreed to the following concurrent resolution (H. Con. Res. 23), in which it requested the concurrence of the Senate:

Resolved by the House of Representatives (the Senate concurring), That the limit of expenditures under Senate Concurrent Resolution 31, Seventy-fifth Congress (providing for the establishment of a Joint Committee on Forestry), is hereby increased by \$7,000, of which one-half shall be payable from the contingent fund of the Senate and one-half from the contingent fund of the House of Representatives upon vouchers approved by the chairman of the committee.

The message also announced that the House had passed the following bills, in which it requested the concurrence of

H. R. 3576. An act to make effective the provisions of the Officers' Competency Certificates Convention, 1936;

H. R. 4983. An act to amend sections 712, 802, and 902 of the Merchant Marine Act, 1936, as amended, relative to the requisitioning of vessels:

H. R. 5584. An act to amend the Canal Zone Code;

H. R. 6076. An act to provide for the registry of pursers and surgeons as staff officers on vessels of the United States, and for other purposes: and

H. R. 6109. An act to extend the times for commencing and completing the construction of a bridge across the Niagara River at or near the city of Niagara Falls, N. Y.

CONTRACTS FOR MAINTENANCE OF RESALE PRICES IN THE DISTRICT

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, which was ordered to be printed in the RECORD, as follows:

Hon. John N. GARNER,

President, United States Senate, Washington, D. C.

My DEAR MR. PRESIDENT: My attention has been called to H. R. 3838, which would render legal in the District of Columbia contracts for the maintenance of resale prices. study of "fair trade acts," which is a term applied to resale price maintenance statutes, has been begun by the Federal Trade Commission, and the Temporary National Economic Committee has under consideration a study of general marketing laws, including fair trade acts and statutes having to do with prices and price policies. In view thereof, this bill should not, in my judgment, receive the consideration of the Congress until the aforesaid studies of the subject matter of such legislation have been reported upon by the Temporary National Economic Committee and by the Federal Trade Commission.

Very sincerely yours,

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, Washington, May 24, 1939.

COMPENSATION FOR CERTAIN EMPLOYEES KILLED OR INJURED IN THE PERFORMANCE OF DUTY

The VICE PRESIDENT laid before the Senate a letter from the Acting Secretary of the Treasury transmitting a draft of proposed legislation to provide additional compensation for employees killed or injured while performing work of a hazardous nature incident to law-enforcement activity, and for other purposes, which, with the accompanying paper, was referred to the Committee on Education and Labor.

PETITIONS AND MEMORIALS

Mr. LODGE presented resolutions of the General Court of Massachusetts, favoring the continuation of Works Progress Administration projects, which were referred to the Committee on Appropriations.

(See resolutions printed in full when presented by Mr. Walsh on the 24th instant, p. 6042, Congressional Record.)

The VICE PRESIDENT laid before the Senate resolutions of the General Court of Massachusetts identical with the foregoing, which were referred to the Committee on Appro-

Mr. LODGE also presented resolutions of the General Court of Massachusetts, favoring enactment of the so-called antilynching bill, which were referred to the Committee on the Judiciary.

(See resolutions printed in full when presented by Mr. Walsh on the 24th instant, p. 6042, Congressional Record.)

The VICE PRESIDENT laid before the Senate resolutions of the General Court of Massachusetts identical with the foregoing, which were referred to the Committee on the

Mr. LODGE also presented a resolution of Local No. 21, National Leather Workers' Association, Peabody, Mass., favoring the enactment of legislation to compensate workers for losses due to the installation of labor-saving and mechanical devices, which was referred to the Committee on Education and Labor.

He also presented the petition of No. 1 Townsend Club, of Salem, Mass., signed by its officers, favoring the enactment of House bill 2, a general-welfare bill granting old-age assistance, which was referred to the Committee on Finance.

He also presented a petition of sundry citizens of the State of Massachusetts praying for the enactment of legislation to keep the United States free from all foreign entanglements in the event of a European war and neutral in any such controversy, and also to keep America safe for Americans, which was referred to the Committee on Foreign Relations

Mr. CAPPER presented the petition of members of the Royal Neighbors of America Camp at Urbana, Kans., praying for the enactment of legislation to exempt fraternal societies from the tax provisions of the Social Security Act, which was referred to the Committee on Finance.

He also presented a resolution of Montgomery County Unit of the American Indian Federation, Coffeyville, Kans., favoring the enactment of legislation to provide for the ending of Federal supervision over certain individual Indians and also to provide for the final settlement of Indian claims against the Government, which was referred to the Committee on Indian Affairs.

SOCIAL SECURITY RESERVES--FINANCING LOW-INCOME GROUP HOUSING

Mr. LODGE presented a resolution of Stone Masons and Marble Setters' Union, No. 9, in the State of Massachusetts, which was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

SOCIAL-SECURITY RESERVES FOR FINANCING LOW-INCOME GROUP HOUSING

Whereas considerable difficulty is being experienced in getting housing, as distinct from slum-clearance housing, for the lowincome groups; and

Whereas the chief trouble is due to the fact that money, though plentiful in general, is too dear in open market for low-income groups to pay for out of their meager incomes, which, according to the Social Security Board, run from \$1,185 down to \$300 per year (and these represent 59 percent of all employables of the Nation); and

Whereas social-security reserves much more economically and legitimately could be used for this purpose, because they represent deductions from wages and salaries and the purchasing power of consumers, rather than paying the running expenses of the Federal Government which should come out of general taxation: Therefore be it

Resolved, That Congress be asked to immediately change the present law which gives the Secretary of the Treasury power to use the social-security reserves so that these may be made available for the construction of small houses of four, five, or more rooms, under private enterprise with predetermined wage rates, at a top price of \$4,000 at 1 percent and 1 percent down payments are the properties in 20 to 30 years; and ment, amortizing in 20 to 30 years; and

FUNDS TO CONTINUE INVESTIGATIONS OF SO-CALLED CIVIL LIBERTIES COMMITTEE

Mr. HOLT presented a resolution of Local Union No. 4102, of the United Mine Workers of America, which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate and ordered to be printed in the RECORD, as follows:

Whereas there has been introduced in the United States Senate whereas there has been introduced in the United States Senate by Senators Lewis B. Schwellenbach and Sherman Downey a resolution to extend the activities of the subcommittee of the Senate Committee on Education and Labor, known as the La Foilette Civil Liberties Committee, whereby there will be appropriated the additional sum of \$100,000 to defray the expenses incident to further investigations to be undertaken by the committee;

Whereas the reports heretofore submitted to the Senate by Senators La Follette and Thomas of Utah, of the Civil Liberties Committee, pursuant to Senate Resolution No. 266, have been one of the most outstanding examples of legislation investigations and constitutes the most damning exposure of present-day conditions. in American industry which have ever been revealed by any legis-lative committee and have caused, among all classes of intelli-

lative committee and have caused, among all classes of intelligent citizens, considerable speculation concerning the fundamental reasons for the necessity of any investigations of subversive activities in this country; and

Whereas it is the firm conviction of Local Union No. 4102, of the United Mine Workers of America, that the more thoroughly these practices of corporate interests are investigated and exposed by the Senate of the United States, whereby the guaranteed rights of free citizens of America are being openly controverted by a considerable portion of business enterprise, the sooner will it become apparent to the people and to the elected representatives of the people the imperative necessity for the enactment of remedial legislation whereby those unwarrantable and iniquitous practices shall be, for all time, declared by Federal statute to be unlawful: Therefore be it Therefore be it

Resolved by Local Union No. 4102 of the United Mine Workers of America, That we hereby strongly urge the Senate Committee to Audit and Control to favorably report and recommend the enactment of the Schwellenbach and Downey resolution providing for an additional appropriation of \$100,000 for the continuation of the investigations of the La Follete Civil Liberties Committee; and

be it further

Resolved. That copies of this resolution be sent to the members of the Senate Committee to Audit and Control and to Senators Schwellenbach, Downey, Neely, and Holt.

BALFOUR DECLARATION AND THE PALESTINE MANDATE

Mr. BARBOUR. Mr. President, I ask consent to have incorporated in the RECORD and appropriately referred a resolution of the Senate of New Jersey requesting the President of the United States and the Secretary of State of the United States to urge the British Government to hold sacred the Balfour declaration and the Palestine mandate by maintaining an open-door immigration policy in Palestine for Jewish

The resolution of the Senate of New Jersey was referred to the Committee on Immigration and ordered to be printed in the RECORD, as follows:

Resolution requesting the President of the United States and the Secretary of State of the United States to urge the British Gov-ernment to hold sacred the Balfour declaration and the Palestine mandate by maintaining an open-door immigration policy in Palestine for Jewish refugees

Whereas the peoples of civilized nations throughout the four corners of the world have witnessed since the World War a most unprecedented revival of the Holy Land, the cradle of all faiths, by the return of the Jews to Palestine; and

Whereas the Government of the United States has by joint reso-

lution of the Congress of the United States unanimously endorsed the action of Great Britain in accepting the Palestine mandate as an obligation to facilitate the establishment of a national home for

an obligation to facilitate the establishment of a national home for Jewish people in Palestine; and Whereas this responsibility and authority was accepted by Great Britain as a sacred trust in behalf of the civilized world; and Whereas under the provisions of the American-British Palestine Mandate Convention, signed December 3, 1924, approved by the United States Senate February 20, 1925, and officially ratified by the President of the United States March 2, 1925, Great Britain pledged that nothing incorporated in the agreement shall be modified unless such change shall have the acquiescence of the United States of America; and Whereas it is being reported that the British Government is con-

Whereas it is being reported that the British Government is contemplating the abrogation of its pledge to the Jewish people set forth in the Balfour declaration and embodied in the said Palestine mandate; and

Whereas people of all color, creed, and faith throughout the civ-ilized world are uniformly and deeply disturbed by these reports;

Whereas the miraculous achievements of the Jewish pioneers in Palestine, both spiritual and material, have garnered the high esteem and approbation of the entire world; and

whereas the unprophetic and unsettled situations in Europe leave Jewish people no alternative but to look toward Palestine as their principal haven of refuge; and

Whereas it is the opinion of the Senate of the State of New Jersey that the abandonment by Great Britain of her pledge and trust would close all paths of escape for Jews driven from many lands, and that such a course would be recognized by all enlightened peoples as a surrender to forces of violence, intolerance, prejudice, and hatred: Therefore be it

Resolved. That the President of the United States and Secretary of State of the United States be memorialized to acquaint the British Government with the fact that the United States looks to Great Britain to adhere to her commitments and hold sacred and inviolate the terms and spirit of the Balfour declaration and Pales-

tine mandate by maintaining an open-door immigration policy in Palestine for Jewish refugees; and be it further Resolved, That a copy of this resolution be sent to His Excellency, the President of the United States, and to the Secretary of State of the United States.

PUBLIC-WORKS PROGRAM

Mr. DAVIS. Mr. President, I ask unanimous consent to have printed in the RECORD and referred to the Committee on Education and Labor an address delivered by James M. Myles, vice president of the Operative Plasterers and Cement Finishers' International Association, before the convention of the Pennsylvania Federation of Labor at Philadelphia May 11, 1939, on the subject of public works, and also part of an editorial appearing in The Plasterer for May 1939.

There being no objection, the address and portion of the editorial were referred to the Committee on Education and Labor and ordered to be printed in the Recorp, as follows:

editorial were referred to the Committee on Education and Labor and ordered to be printed in the Record, as follows:

Mr. President, officers, and delegates to this convention, it is my purpose to discuss with you the Public Works Administration program as compared to the "made-work" type of relief project. I intend to discuss from the standpoint of labor the benefits derived from past public-works programs and ask for your united support for legislation now pending in the Congress of the United States to continue the P. W. A.

The last appropriation for P. W. A. was made available on June 21, 1939. It made available \$200,000,000 for Federal projects and \$750,000,000 for loans and grants for non-Federal projects of States, school districts, municipalities, and other public agencies throughout the United States. The Public Works Administration Act of 1938 permitted the receipt of applications for loans and grants through September 30, 1938, and provided a deadline date of January 1, 1939, for the start of all construction work.

This appropriation provided the sponsors with funds for the construction of school buildings, auditoriums, city halls, courthouses, hospitals, colleges, dormitories, power and disposal plants, bridges, tunnels, traffic arteries, waterworks, and other worth-while public improvements. This building and construction program has made the P. W. A. one of the greatest employing factors in the history of our Nation.

The Public Works program has not only served the purpose of putting building and construction tradesmen and laborers to work at the job site but its purchasing power has extended to industries supplying construction with cement, stone, sand, lumber, clay products, copper, glass, paints, lead, lime, plaster, steel, power, tools, trucks, machinery, transportation, and other materials.

The Bureau of Labor Statistics has made a study of the manhours of labor furnished by the P. W. A. programs and the orders for miscellaneous industrial products which have been filled during this huge

The P. W. A. construction program in its entirety provides for the awarding of contracts under the competitive bidding system.

Its employment regulations recognize the rights of labor to bargain collectively.

Statistics tell us from the time of man that construction has been the greatest single employment force. It is this Nation's greatest single capital investment. It is one of the greatest forces toward diminishing unemployment and elevating the living conditions and standards of the citizens of this country. If we are to continue our war against unemployment and depression, we who are engaged in the building trades must unite our efforts to continue the Public Works Administration.

Congressman Joseph Starnes, Member of Congress from Alabama, has introduced in the House of Representatives a bill known as H. R. 4576, which provides for the continuation of the Public Works Authority and an appropriation of \$500,000,000 for loans and grants for new construction projects. A similar bill has been introduced in the Senate by Senator James M. Mead, of New York, known as S. 2063. The Starnes-Mead bill provides for the release, in times of depression, of worth-while projects for immediate operatimes of depression, of worth-while projects for immediate opera-tion. It is a long-range program and should have the active

tion. It is a long-range program and should have the active support of every building-trades worker.

This bill accepts the theory that P. W. A. should be retained as a permanent part of our Government structure. Long-range planning of public works is vitally necessary if we are to prepare to take up the slack in private building occurring during periods of depression. This bill recognizes that if we are to provide ways and means to transfer men from relief to pay rolls, some method must be employed which will enable employers in private industry to absorb them. Since the works projects undertaken by P. W. A. are let to private contractors this means that work is provided in private industry to the unemployed in their chosen trades, regardless of their relief status.

The plan proposed by Senator Mead and Congressman STARNES would permit loans and grants to public bodies as in the past, and in addition permits loans and grants to nonprofit corporations for the construction of hospitals, sewage treatment and disposal plants, and for elimination of stream pollution.

If this new program is made possible by Congress, it will result in the construction of projects costing over a billion dollars. Over 5,000 applications are now pending in the Public Works Administration which were filed prior to the expiration date for accepting new applications under the 1938 act. Since these applications have been approved, it would appear that they might be eligible for allotments if further funds are provided. In this connection I might point out that there are 966 approved applications, with estimated construction costs of \$289,450,945 now pending in P. W. A. from Pennsylvania communities. Under past programs the general State authority of Pennsylvania received Federal aid which made possible a \$65,000,000 institutional construction program, which included public buildings, State arsenals, armories, military reserves. cluded public buildings. State arsenals, armories, military reserves, State airports and landing fields, college and school buildings and additions, swimming pools, etc.

I am a firm believer in the Public Works program. I believe that every public dollar expended in this manner pays dividends. I

ask your support in having the program continued and the nec-essary funds appropriated to relieve unemployment in the building

trades and heavy industries

I appeal to this convention and all affiliated unions to contact local Members of Congress and Senators requesting their active support of the P. W. A. appropriation bills. The Starnes-Mead bill is the only pending bill in Congress which carries an appropriation for P. W. A.—keep this fact in mind—and the only bill which is the only pending bill in Congress which carries an appropriation for P. W. A.—keep this fact in mind—and the only bill which embraces the principles for which the American Federation of Labor stands. It is the only pending bill which continues the authority of P. W. A.—the agency which is one of the outstanding instruments of Government on which the A. F. of L. is dependent for a livelihood. We must support this legislation and appeal to our representatives in Congress to do so.

It has come to my attention that some of the Members of Congress to my attention that some of the Members of Congress to my attention that some of the Members of Congress to my attention that some of the Members of Congress to my attention that some of the Members of Congress to do so.

It has come to my attention that some of the Members of Congress are under the impression that a transfer of P. W. A. to the newly created Federal Works Agency, under the President's first reorganization plan, obviates the necessity for new legislation. This is very erroneous, and it should be stated here that unless the

reorganization plan, obviates the necessity for new legislation. This is very erroneous, and it should be stated here that unless the Starnes-Mead bill is enacted into law the Public Works Administration ceases to exist and its authority expires. Unless this bill is enacted the more than 5,000 pending approved projects will not be put under construction and the members of our federation will lose the employment it carries with it.

I also want to leave with you this thought: That the responsibility of the Works Progress Administration, as originally intended by the Congress, is to provide work for those who are eligible for relief. This means white-collar employment, sewing projects, research projects, art projects, and the like. It should not embrace construction of any kind. The construction work should properly be undertaken by the Public Works Administration—the construction unit of Government—and I ask your support in securing congressional approval of such a plan. All building construction must be done on a contract basis under contracts which provide that the contractors shall pay the prevailing rate of wages. In this way only can the building-trades workers secure proper working conditions and ample wages. Wholesale operations in the construction will ultimately result in a break-down of the workers' morale and, what the construct. will ultimately result in a break-down of the workers' morale and, what is equally important, in his wage schedules. Any future relief programs must provide that construction projects shall be placed under the Public Works Administration to be successful. I ask your support to this end. It is suggested that you contact your Congressmen and Senators urging this provision in the next relief bill

relief bill.

If we are successful in our drive to secure enactment of the Starnes-Mead public-works bill, and to secure amendments to any future relief legislation whereby construction work will be placed solely with the P. W. A., then we may be assured of a new work program which will permit the members of our federation to keep on working in their own trades and under normal and happy conditions. This, I believe, is the goal we all want to reach. Your ditions. This, I believe, is the goal we all want to reach. Your work in presenting the rights of our workers to Congress and making our needs known will surely be crowned with success. We need only to persevere and success is ours. I thank you.

[From the Plasterer for May 1939]

It seems strange that an administration in Washington fails to provide appropriations for other than relief workers. The real forgotten men are unemployed but they are not eligible for employment under present relief regulations. Hundreds of millions of dollars are being appropriated for building and construction work where 5 percent are eligible for employment as nonrelief workers and 95 percent of employables on W. P. A. must have a relief status. These percentages are provided for in the act of Congress. It will remain that way until we put forth effort to change it.

REPORTS OF COMMITTEES

Mr. TOBEY, from the Committee on Claims, to which was referred the bill (S. 1229) for the relief of Ernest Clinton and Frederick P. Deragisch, reported it with an amendment and submitted a report (No. 491) thereon.

Mr. SMATHERS, from the Committee on Claims, to which was referred the bill (S. 1722) for the relief of Hannis Hoven, reported it with an amendment and submitted a report (No. 492) thereon.

He also, from the same committee, to which was referred the bill (S. 2067) for the relief of Leslie J. Frane, reported it with amendments and submitted a report (No. 493) thereon.

Mr. HUGHES, from the Committee on Claims, to which were referred the following bills, reported them each with an amendment and submitted reports thereon:

S. 555. A bill for the relief of Addison B. Hampel (Rept. No. 494); and

S. 1527. A bill for the relief of Joseph Lopez Ramos (Rept.

Mr. HUGHES also, from the Committee on Claims, to which was referred the bill (S. 1816) for the relief of Montie S. Carlisle, reported it with amendments and submitted a report (No. 496) thereon.

Mr. CONNALLY, from the Committee on Public Buildings and Grounds, to which were referred the following bills and joint resolution, reported them severally without amendment and submitted reports thereon:

S. 1982. A bill to convey certain property to the city of El Campo, Tex. (Rept. No. 497);

S. 2404. A bill to authorize the disposal of the Portland, Oreg., old courthouse building (Rept. No. 498); and

H. J. Res. 171. Joint resolution authorizing the President of the United States to accept on behalf of the United States a conveyance of certain lands on Government Island from the city of Alameda, Calif., and for other purposes (Rept. No. 499).

Mr. LEE, from the Committee on Commerce, to which was referred the bill (S. 2307) to amend section 3 of the act entitled "An act to authorize the construction of certain bridges and to extend the times for commencing and completing the construction of other bridges over the navigable waters of the United States," approved June 10, 1930, as amended and extended, and for other purposes, reported it with amendments.

Mr. BYRNES, from the Committee to Audit and Control the Contingent Expenses of the Senate, to which was referred the resolution (S. Res. 109) to pay a gratuity to Anna Ryan and Eleanor Ryan Miller (submitted by Mr. Ashurst on March 21, 1939), reported it without amendment.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. McNARY:

S. 2483. A bill for the relief of William Kelley: to the Committee on Military Affairs.

By Mr. TRUMAN:

S. 2484. A bill to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Arrow Rock, Mo.; to the Committee on Commerce.

By Mr. DOWNEY:

S. 2485. A bill to provide for the payment of minimum annuities of \$1,200 to persons retired for disability under the provisions of the Civil Service Retirement Act of 1930. as amended, who have had not less than 15 years of service; to the Committee on Civil Service.

S. 2486. A bill authorizing the President to invite other nations to participate in the Sacramento Golden Empire Centennial commemorating the one hundredth anniversary of the founding of Sacramento by Capt. John A. Sutter; to the Committee on Foreign Relations.

S. 2487. A bill to provide hospitalization and domiciliary care to retired enlisted men of the Army, Navy, Marine Corps, and Coast Guard who are war veterans, on parity with other war veterans; to the Committee on Military

S. 2488. A bill authorizing the development of Playa del Rey Harbor in the State of California as an auxiliary naval base for high-speed coast defense craft, and for other purposes: and

S. 2489. A bill establishing a naval record for certain officers and enlisted men of the Naval Militia of California who performed active duty on the U.S.S. Marion or Pinta during the War with Spain; to the Committee on Naval Affairs.

> By Mr. LA FOLLETTE (for himself and Mr. Thomas of Utah):

S. 2490. A bill to prevent obstructions to inquiries prosecuted by either House of Congress, and for other purposes; to the Committee on the Judiciary.

By Mr. BULOW:

S. 2491. A bill for the relief of Edward J. Gebhart; to the Committee on Claims.

By Mr. O'MAHONEY:

S. 2492. A bill for the relief of Dane Goich; to the Committee on Immigration.

By Mr. BYRD:

S. 2493. A bill to provide for the operation of the recreational facilities within the Chopawamsic recreational demonstration project, near Dumfries, Va., by the Secretary of the Interior through the National Park Service, and for other purposes; to the Committee on Public Lands and Sur-

By Mr. CLARK of Missouri:

S. 2494. A bill authorizing the county of St. Louis, State of Missouri, to construct, maintain, and operate a toll bridge across the Mississippi River at or near Jefferson Barracks, Mo.; to the Committee on Commerce.

By Mr. BANKHEAD:

S. 2495. A bill to amend the Federal Crop Insurance Act; to the Committee on Agriculture and Forestry.

By Mr. MINTON:

S. 2496. A bill for the relief of James E. Barry; to the Committee on Military Affairs.

By Mr. PEPPER:

S. 2497. A bill for the relief of Gaetano Tortora; to the Committee on Immigration.

S. 2498. A bill granting a pension to Mrs. Carl W. Lind-

ner: to the Committee on Pensions.

S. 2499. A bill relating to the retirement of officers and employees of the Public Roads Administration; to the Committee on Civil Service.

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred as indicated below:

H. R. 5584. An act to amend the Canal Zone Code; to the Committee on Interoceanic Canals.

H. R. 3576. An act to make effective the provisions of the Officers' Competency Certificates Convention, 1936;

H. R. 4983. An act to amend sections 712, 802, and 902 of the Merchant Marine Act, 1936, as amended, relative to the requisitioning of vessels;

H. R. 6076. An act to provide for the registry of pursers and surgeons as staff officers on vessels of the United States, and for other purposes; and

H. R. 6109. An act to extend the times for commencing and completing the construction of a bridge across the Niagara River at or near the city of Niagara Falls, N. Y.; to the Committee on Commerce.

HOUSE CONCURRENT RESOLUTION REFERRED

The concurrent resolution (H. Con. Res. 23) to increase the appropriation for the Joint Committee on Forestry by \$7,000 was referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

AMENDMENT TO RIVER AND HARBOR AUTHORIZATION BILL-CATHANCE RIVER, MAINE

Mr. HALE submitted an amendment intended to be proposed by him to the bill (H. R. 6264) authorizing the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes, which was referred to the Committee on Commerce and ordered to be printed.

NOTICE OF MOTION TO SUSPEND THE RULE-AMENDMENT

Mr. THOMAS of Oklahoma submitted the following notice in writing:

In accordance with rule XL of the Standing Rules of the Senate, I hereby give notice in writing that it is my intention to move to suspend paragraph 4 of rule XVI for the purpose of proposing to the bill (H. R. 6260) making appropriations for the fiscal year ending June 30, 1940, for civil functions administered by the War Department, and for other purposes, the following amendment,

On page 9, at the end of line 13, after the word "law" and before

On page 9, at the end of line 13, after the word "law" and before the period, to add the following:

": Provided further, That funds appropriated herein may be used to execute detailed surveys, prepare plans and specifications, and to procure options on land and property necessary for the construction of authorized flood-control projects or for flood-control projects considered for selection in accordance with the provisions of section 4 of the Flood Control Act approved June 28, 1938: Provided further, That the expenditure of funds for completing the necessary surveys and securing options shall not be construed as a commitment of the Government to the construction of any project."

Mr. THOMAS of Oklahoma also submitted an amendment intended to be proposed by him to the bill (H. R. 6260) making appropriations for the fiscal year ending June 30, 1940, for civil functions administered by the War Department, and for other purposes, which was referred to the Committee on Appropriations and ordered to be printed.

(See the foregoing notice for text of the amendment re-

ferred to.)

ADDITIONAL REPORT OF A COMMITTEE

Mr. BYRNES, from the Committee to Audit and Control the Contingent Expenses of the Senate, to which was referred the concurrent resolution (H. Con. Res. 23) to increase the appropriation for the Joint Committee on Forestry by \$7,000, reported it without amendment.

TRIBUTES TO THE MEMORY OF HAYM SALOMON

[Mr. Lucas asked and obtained leave to have printed in the RECORD an address delivered by Senator BARKLEY at the patriotic foundation dinner in Chicago, May 21, 1939, in honor of Haym Salomon, Revolutionary patriot, and also letters from the President and Gen. John J. Pershing, which appear in the Appendix.]

INFLUENCES RETARDING THE FLOW OF GOODS-ADDRESS BY SENATOR O'MAHONEY

IMr. CLARK of Missouri asked and obtained leave to have printed in the Record an address by Senator O'MAHONEY before the American Retail Federation Forum on Tuesday, May 23, 1939, on the subject "Influences Retarding the Flow of Goods," which appears in the Appendix.]

OUR AMERICAN SCHOOLS-ADDRESS BY SENATOR ELLENDER

[Mr. Murray asked and obtained leave to have printed in the RECORD a radio address on the subject Our American Schools, delivered by Senator Ellender on Wednesday, May 24, 1939, which appears in the Appendix.]

LIBERALISM-ADDRESS BY FRED BRENCKMAN

[Mr. Johnson of California asked and obtained leave to have printed in the RECORD a radio address on the subject of What Is Liberalism? delivered on May 20, 1939, by Fred Brenckman, Washington representative of the National Grange, which appears in the Appendix.]

BRITISH SURRENDER-ARTICLE BY BARNET NOVER

[Mr. Truman asked and obtained leave to have printed in the Record an article by Barnet Nover entitled "British Surrender," published in the Washington Post for Thursday, May 18, 1939, which appears in the Appendix.]

COMMENTS FROM PRESIDENTS OF THE UNITED STATES ON NATIONAL DEBT

[Mr. Holt asked and obtained leave to have printed in the RECORD comments by certain Presidents of the United States on national debt, which appears in the Appendix.]

RESOLUTION OF SOUTHERN BAPTIST CONVENTION

Mr. LOGAN. Mr. President, a few days ago the Southern Baptist Convention met in Oklahoma City. At that time the news agencies sent throughout the Nation a statement regarding a resolution which had been considered and adopted by the convention. I know it is not possible to correct such statements after they have once been published; but it was so unfair—although I do not charge anyone with intentional unfairness—that I am going to ask in a moment or two to have printed in the RECORD the resolution referred

to, a copy of which I have before me.

The resolution, which was an undertaking to restate the articles of faith of the Baptist Church, was submitted to me and also submitted to the senior Senator from North Carolina [Mr. BAILEY] and the senior Senator from Georgia [Mr. George]. The newspaper account said that the resolution attacked the national administration, that it attacked the Catholic Church, and that it did many things which should not have been done if, in reality, they had been done.

In view of the very high regard in which I have always held my Catholic friends in Kentucky and, I believe, the high regard in which they have held me, it is unthinkable that I would have been a party to making any statement reflecting on the late Pope Pius, as the newspapers said was done. The late Pope Pius once did me the honor to grant me a private audience, and I have among my prized possessions a memento which he gave me on that occasion.

Today I received a letter from Mr. Rufus W. Weaver, the executive secretary of the District of Columbia Baptist Convention, in which he encloses a copy of the resolution which

was adopted at Oklahoma City. He says:

I am enclosing the pronouncement upon religious liberty as passed by the Southern Baptist Convention unanimously last Sat-urday. The press blundered in the interpretation of this document and linked it up with certain resolutions which were introduced by messengers to the convention for the purpose of making an attack upon the administration. This document, as passed by the convention, was carefully studied and revised by two able committees and, in my judgment, strengthened the statement. I thank you most warmly for the part you took in the preparation of this proposurement. of this pronouncement.

The only direct reference I find in the resolution to the Catholic Church-and I find none relating to the national administration-is contained in the closing paragraph, under the heading of "Defenders of Religious Liberty":

Believing religious liberty to be not only an inalienable human right, but indispensable to human welfare, a Baptist must exercise himself to the utmost in the maintenance of absolute religious liberty for his Jewish neighbor, his Catholic neighbor, his Protestant neighbor, and for everybody else.

How our newspapers could get the idea that the Southern Baptist Convention had made an attack upon the present administration or the Catholic Church, I do not know; but I ask unanimous consent to have printed in the Congres-SIONAL RECORD the resolution which was adopted, together with the letter of transmittal by Dr. Weaver.

The VICE PRESIDENT. Without objection, it is so

The letter and resolution are as follows:

DISTRICT OF COLUMBIA BAPTIST CONVENTION, Washington, D. C., May 24, 1939.

Hon. M. M. LOGAN. United States Senate, Washington, D. C.

United States Senate, Washington, D. C.

MY DEAR SENATOR LOGAN: I am enclosing the pronouncement upon religious liberty as passed by the Southern Baptist Convention unanimously last Saturday. The press blundered in the interpretation of this document and linked it up with certain resolutions which were introduced by messengers to the convention for the purpose of making an attack upon the administration. This document, as passed by the convention, was carefully studied and revised by two able committees, and in my judgment, strengthened the statement. I thank you most warmly for the part you took in the preparation of this pronouncement.

With every expression of esteem, I remain Cordially yours.

Cordially yours,

RUFUS W. WEAVER.

A PRONOUNCEMENT UPON RELIGIOUS LIBERTY PASSED BY THE SOUTHERN BAPTIST CONVENTION UNANIMOUSLY MAY 20, 1939, OKLAHOMA

No issue in modern life is more urgent or more complicated than the relation of organized religion to organized society. rise of the European dictators to power has changed fundamentally the organic law of the governments through which they exercise sovereignty, and as a result the institutions of religion are either suppressed or made subservient to the ambitious national programs of these new totalitarian states.

FOUR THEORIES OF THE RELATION OF CHURCH AND STATE

There are four conceptions of the relation of church and state:

1. The church is above the state, a theory held by those who claim that their ecclesiastical head is the vicar of Christ on earth.

- 2. The church is alongside the state, a theory held by the state churches of various countries.
- 3. The state is above the church, a theory held by the totalitarian governments.
- 4. The church is separate from the state, championed by the Baptists everywhere, and held by those governments that have written religious liberty into their fundamental laws.

BAPTISTS OPENED THE DOOR OF RELIGIOUS LIBERTY

Three hundred years have passed since the establishment under Baptist leadership of the first civil government in which full re-ligious liberty was granted to the citizens forming the compact. Inglous liberty was granted to the citizens forming the compact. The original document, preserved in the city hall, Providence, R. I., is a covenant of citizens: "We, whose names are hereunder, desirous to inhabit in the town of Providence, do promise to subject ourselves in active or passive obedience to all such orders or agreements as shall be made for public good for the body in an orderly way by the major assent of the present inhabitants, masters of families, incorporated together into a town fellowship, and such others whom they shall admit unto themselves only in civil things." These four concluding words opened wide the door to religious liberty.

PROVIDED AN ASYLUM FOR THE PERSECUTED

This document was written 300 years ago by Roger Williams, a Baptist minister and a student under Lord Coke, who had been banished from the Colony of Massachusetts for his espousal of the freedom of conscience. The founder of a civil Commonwealth called the Providence Plantations, he started a political movement which made the Colony of Rhode Island the asylum of the persecuted and the home of the free.

LAID THE FOUNDATIONS OF RELIGIOUS LIBERTY

The Baptists of England, through Leonard Busher, had in 1614 The Baptists of England, through Leonard Busher, had in 1614 pleaded with James I for freedom of conscience. Roger Williams became the apostle of religious liberty in colonial America. Dr. John Clark, the pastor of the Baptist Church of Newport, R. I., as agent of the Rhode Island Colony and Providence Plantations, secured from Charles II in 1663 a charter in which the religious liberty claimed by the colonists was guaranteed through a royal decree. For the first time in the history of the world a civil government was founded that guaranteed to its inhabitants absolute religious freedom. religious freedom.

PLEADED FOR THE RELIGIOUS RIGHTS OF ALL MEN

The Baptists of the Colony of Virginia, where between 1767 and 1778, 42 Baptist ministers were jailed for preaching the gospel, through repeated memorials pleaded with the authorities for religious liberty. Favored by the leadership of Thomas Jefferson, James Madison, George Mason, John Leland, and other lovers of freedom, they secured the free exercise of religion through the passade of Bill of Rights in 1785. Not content with the winning of religious equality in Virginia, Baptists scrutinized the terms of the Federal Constitution and were largely instrumental in securing the passage of the first amendment, which declares that "Congress that make you have recognized and the properties are establishment of religious parts." shall make no law respecting an establishment of religion or pro-hibiting the free exercise thereof." As to this, see the letter of George Washington to the Baptists of Virginia.

Religious liberty, as our Baptist forefathers defined it, was an emancipation from governmental and all other coercive restric-tions, that thwarted the free exercise of religion, and the high

purpose to achieve a Christlike character.

BAPTISTS STRESS SPIRITUALITY

The principles that animate the activities of the Baptists, principles which they hold clearly to be taught in the New Testament, are the worth of the individual; the necessity of the new birth; the preservation of Christian truth in Christian symbols; spirituality, or the free pursuit of Christian piety; the persuading of others through personal testimony, by the life of example, the preaching of the Gospel, and the creation of Christian institutions, to the end that the unbelieving will be reconciled to God through a personal faith in Jesus Christ; the organization of groups of obedient believers into churches of Christ, democratic in the processes and theocratic in the principles of their government, and the continued uplifting of human society through the Spirit of Christ and the ideals of His kingdom, having as its final objective the establishment of the eternal, unchanging purpose of Almighty God in the hearts of men and the institutions of mankind. The principles that animate the activities of the Baptists, prin-God in the hearts of men and the institutions of mankind.

AFFIRM THE COMPETENCY OF THE HUMAN SOUL IN RELIGION

The conception of the dignity of the individual, as held by Baptists, is grounded in the conviction that every soul possesses the capacity and the inalienable right to deal with God for himself, and to deprive any soul of his right of direct access to God is to usurp the prerogatives of the individual and the function of God.

FREE CHURCHES WITHIN A FREE STATE

Standing as we do for the principle of voluntariness in religion, grounded upon the competency of the human soul, Baptists are essentially antagonistic to every form of religious coercion or perse-We admit to our membership only those who give evidence that they are regenerated, but we recognize gladly that the grace of God is not limited to those who apply to us, and that our spiritual fellowship embraces all who have experienced the new birth and are walking in newness of life, by whatever name they may be called. We hold that the Church of Christ, which in the Bible is called "the body of Christ," is not to be identified with any denomination or church that seeks to exercise ecclesiastical authority, but includes all the regenerated whoever and wherever they are, as these are led by the Holy Spirit. This church is a body without formal organization, and therefore cannot enter into contractual relations on any basis with the state. For this reason Baptists believe in free churches within a free state.

TODAY BAPTISTS FEEL CONSTRAINED TO DECLARE THEIR POSITION

Since every session of the Congress considers legislation that raises the question as to the relation of the Federal Government to the institutions and the agencies of religion, and since recently many tendencies have appeared that involve the freedom of religion and conscience, and furthermore, since there are some State constitutions which do not have embodied in them the Bill of Rights of the Federal Constitution, southern Baptists feel constrained to declare their position and their convictions.

THE TREND TOWARD PATERNALISM

Today the trend of government, even in democratic countries, lies in the direction of greater centralization. The philanthropic activities of the churches within the United States are being taken over by the Government. The defective, the indigent, and the dependent groups of our social order have long been supported from public funds. The greatest charity agency on earth today is our Federal Government. More and more the people are looking to the state to provide. As a nation we are becoming paternalistic. Efforts are now being made to place in the hands of the Government the pensioning of those who are employed by the churches and the agencies that serve them, to grant to sectarian schools financial aid from tax-raised funds, and to support from public funds institutions that are established and managed by sectarian bodies.

BAPTISTS CONDEMN THE UNION OF CHURCH AND STATE

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Baptists hold that the coercion of religious bodies through special taxes, the use of tax-raised funds for sectarian schools, and the appropriation of public money to institutions created to extend the power and influence of any religious body, violate the spirit of the first amendment and result in the union of state and church.

OPPOSE SPECIAL FAVORS EXTENDED TO ANY ECCLESIASTICAL BODY

We oppose the establishing of diplomatic relations with any ecclesiastical body, the extension of special courtesies by our Government to any ecclesiastical official as such, and the employment of any of the branches of our national defense in connection with religious services that are held to honor any ecclesiastical leader.
All such violations of principle must be resisted in their beginnings.

CITIZENS OF TWO COMMONWEALTHS

We acknowledge ourselves to be citizens of two commonwealths, one earthly, the United States, the other heavenly, the Kingdom of God; and we claim the right to be good citizens of both. We recognize the sovereignty of the state and we give allegiance to the state, but we cannot give to the state the control of our consciences. We must obey God rather than men.

The government resorts to coercion: we use persuasion. The

The government resorts to coercion; we use persuasion. The government has authority over the acts of its citizens; we have to do with the motives. The business of the government is to make good laws; our business is to make good citizens who continue to good laws; our business is to make good citizens who continue to demand the enactment of better laws, embodying higher and still higher ethical standards. The end of governmental administration is equal justice under law. The end of our endeavor is the establishment of the will of God in the hearts and institutions of men. If one of us accepts an office in the Government, he recognizes it not only as a public trust but also as a divine entrustment; for the powers that be are ordained of God. In a democracy like ours it is possible to be a loyal American and a devoted Christian. This is true because religious liberty is an essential part of our fundamental law. fundamental law.

DEFENDERS OF RELIGIOUS LIBERTY

Believing religious liberty to be not only an inalienable human right but indispensable to human welfare, a Baptist must exercise himself to the utmost in the maintenance of absolute religious liberty for his Jewish neighbor, his Catholic neighbor, his Protestant neighbor, and for everybody else. Profoundly convinced that any deprivation of this right is a wrong to be challenged, Baptists condemn every form of compulsion in religion or restraint of the free consideration of the claims of religion.

We stand for a civil state, "with full liberty in religious concernments."

W. O. CARVER RUFUS W. WEAVER.
J. B. LAWRENCE.
W. W. HAMILTON.
W. T. CONNER. CLYDE TURNER. THEO F. ADAMS.

REGULATION OF MODES OF TRANSPORTATION

The Senate resumed the consideration of the bill (S. 2009) to amend the Interstate Commerce Act, as amended, by extending its application to additional types of carriers and transportation and modifying certain provisions thereof, and for other purposes.

Mr. SHIPSTEAD. Mr. President, I desire to discuss the general policy involved in the bill now before the Senate.

First, I wish to state that I regret that I cannot agree with the majority of the members of the committee. I may be wrong and they may be right in their point of view. I do not question theirs, and I hope no one will question mine. I have never sat on a committee of which some of the members have worked so hard as have the senior Senator from Montana [Mr. Wheeler] and the junior Senator from Kansas [Mr. REED].

Everyone knows that with the amount of committee work that has been going on it has been impossible for most of the Members to attend all the hearings; and, in my opinion, no one knows any more about this bill than do the two Senators who have been sponsoring it on the floor.

The general policy of including waterways in regulation is a policy with which I cannot agree. We are being regulated to death in this country. In the case of the railroads it was found necessary in the public interest to regulate them. They were guilty of practices such as discrimination against shippers by rebates, discrimination in rates against communities, and other reprehensible practices which made it necessary to to regulate them in the public interest; but there has been no demand for regulation of the water carriers on behalf of the public interest, because no charge has been made that these vicious practices have been engaged in by those engaged in common-carriage transport business upon our inland waterways.

This bill has had a varied birth. It was first proposed by a committee of six appointed by the President, consisting of three railroad executives and three members of the railroad brotherhoods. Those representing the railroad executives I do not know. I know the three members of the railroad brotherhoods, and I have the highest respect for them as men and as citizens; and I very much regret that on this general policy I cannot agree with their point of view.

Then we had what was called the Fletcher bill, prepared by the attorney for the Association of Railway Executives. Then we had the bill which was presented to the committee by the Senator from Missouri [Mr. Truman] and the Senator from Montana [Mr. Wheeler], and which now has been amended so many times that it is an entirely different bill. The purpose of it is said to be to help the railroads, and God knows something certainly ought to be done for the railroads; but it is not only the railroads that need assistance in these times. The records show that their income has been about as good as that of any other industry. They are in trouble, however, but so is everyone else. They suffer as a result of the general economic condition of the country. Unless we place the general economic condition of the country on a sound basis, neither the railroads nor any other industry can be saved. That is something that must be done

I am not willing to deny that the railroads are the backbone of our transportation system, and I am as much concerned about their welfare as can be any other citizen, because no one can have an earnest concern for the welfare of the country unless he has an earnest concern for the welfare of the transportation industry. But we must remember that the transportation industries have been promoted by the public for the benefit of the public, for the benefit of commerce, to serve commerce in order to serve all of the people. It is said that the waterways have been promoted at public expense and the railroads at private expense. They were both created and both were promoted to reduce costs of transportation for the general benefit of commerce and business and the general population of the country, and they have both been developed at public expense. In the development of the country, when transportation by stagecoach and oxcart became too expensive, the Government started to promote the building of railways to reduce the cost of transportation. They subsidized the railways. The public gave grants of land for rights-of-way. The Northern Pacific alone was given some of the finest and richest land in the world. They got a quantity of land equal to the entire area of Germany, to mention only one road, and they got it from the Federal Government, and did not have to pay taxes on it. But that is past history. I mention that only to show that the general public have been interested, and they have paid to develop transportation for the benefit of commerce.

The higher rates of transportation are raised, the greater is the tax on transportation. It is a tax on production as well as a tax on transportation. The railroads developed monopolistic practices among other vicious practices, and therefore they had to be regulated. The higher the tax on transportation is placed, the higher the tax on commerce, the less goods will be transported, the less we can manufacture, and the more unemployment we shall have. So one of the most important issues before any country is to obtain transportation of goods from one section of the country to the other as cheaply as possible; and that applies specifically to a country so large as ours, with its vast distances. We are not a country; we are a continent; and to get the goods from one part of the continent to the other is a matter of vast public interest and concern.

We are in the habit of talking about the depression since 1936, and some talk about the depression of 1929. I have seen no break in the general downward trend dating back to the time of the World War.

What happened to our transportation system over that period? During the World War freight rates were raised 33 percent, and it had an immediate effect upon the country. Later rates were reduced 10 percent, then again they were raised 33 percent. What did that mean to the country? It was a 33-percent increase in the tax on commerce by the imposition of higher rates by transportation. It meant that a farmer selling a bushel of wheat or a carload of wheat for export, the price being based on Liverpool, had to pay 33 percent more to deliver the wheat at Liverpool, if delivered to the coast by rail, than it cost him before. The rate on everything we exported that was carried to the coast by rail was increased 33 percent, which resulted in a reduction in the price of the goods shipped to that extent. The same result followed if the goods were shipped from one part of the country to a terminal market. No one will deny that the farmer had to pay the increase. If the farmer in the Northwest bought a ton of coal, or a binder, or some other piece of machinery, or a sewing machine coming from New England, he paid the freight on that, too, and that was increased 33 percent.

What happened to the farmer? I do not mean to say that the transportation tax was the heaviest tax he paid, but, so far as taxes are concerned, I think his transportation tax is more than the local taxes, the State taxes, and the county taxes on his farm.

What happened to the railroads, and what happened to the country as a result? The Midwest, long distances away from the terminal markets, immediately began to feel the effect. The Transportation Act was passed in 1920, and the census showed that from 1920 to 1930, 14 States in the interior, the landlocked part of the United States, failed to keep up with the trend of population; as a matter of fact, they lost population during those 10 years. Fourteen Midwest States lost 17 Members in the House of Representatives, and the States which had water transportation gained 25 Members in the House of Representatives, because industries started to leave the interior on account of the high freight rates. They moved to where they could get cheap water transpor-

What has happened to the farmer? The Federal Government records show that in the last 10 years the farmers of this country have been sold out to the extent of 30 percent through foreclosures of mortgages. That means that 1 out of every 3 has been sold out. If that rate continues, as it is continuing now, in 20 years another 60 percent will be sold out also.

We have not solved the farm problem, we have not solved the transportation problem. We have spent a great deal of money developing the public waterways. On the map here on the wall, which I have prepared, we have the Great Lakes shown, covering the northern part of the country. There are these channels between the Lakes and the barge canal to New York. How much have we spent on these waterways? We have spent on the Great Lakes, on the American side, \$265,000,000; and in 1937, 92,000,000 tons of freight were carried on those Lakes. Only 3 percent was transported by common carrier. The rest was carried by private bulk carriers owned by the large corporations, which take advantage of the waterways and haul their products by water wherever they can use the waterways, but charge rail rates to the consumer. As a result the consumer of the commodities does not get the benefit of the development of the waterways. But these corporations are not to be regulated. It is only the common carrier, which carries freight for the ordinary man who has something to ship, that is to be regulated, for the benefit of the railroads. How is it going to help the railroads if the railroads get only the 3 percent which is common carriage?

It is said that there are only three things which will help solve the railroad problem. One is Government ownership, the second is higher rates, and the third is an increase in business. The enactment of the pending bill will not increase the general business of the country, it does not provide for Government ownership, and it is said it is not for the purpose of raising rates. The only assumption that is permissible, under the bill, and according to the debate which has been proceeding, is that the common carriers, which on the Great Lakes carry only 3 percent of the total tonnage, and the river waterways, where there was carried by common carrier only 4½ percent out of a total of 161,000,000 tons in 1937—these common carriers, carrying on the one hand 41/2 percent and on the other 3 percent of common carriage for the benefit of anyone who has something to ship, are the ones who are to be regulated. And for what purpose if not for the purpose of raising rates?

To the best of my knowledge, the water carriers have not complained that they are not getting rates sufficient to be compensatory. It is true that two carriers came and stated that they were for regulation. One was the Mississippi Valley Barge Line, who, no doubt, are rendering a public service. There were only two which stated they were for regulation. There were about a dozen others which were opposed to it. But they are small. With the exception of the Government corporation, the Mississippi Valley Barge Line is the biggest one of them all. It is owned by the Atlas Corporation, the biggest investment trust in the United States, if not in the world, a corporation with very mysterious but powerful financial backing, which went into the market at the very depth of the depression and bought valuable corporations which were in distress. They are operating a barge line. They are here. They want regulation, because in the bill there is a provision calling for a certificate of convenience and necessity. No one under the bill can start a barge line and operate on the Mississippi River, or other inland waterway, unless he can show there is a public need and a necessity.

The report of the Maritime Commission states the case very plainly, that those things are used in order to create monopolies, to keep out competition, and having already been on the ground and operating, the Mississippi Barge Line does not want new companies to come in when the 9-foot channel in the Mississippi River is completed, as it will be by the spring of 1940.

If these waterways are to be used, why not let anyone who can show responsibility and honesty use them-anyone giving service to the public?

I have here an editorial which I think is illustrative of what is taking place all through the country. I happen to have personal knowledge of some of the facts stated in the editorial. It is from the New Ulm Journal, and I desire to read it to the Senate. New Ulm is a city in Minnesota. The editorial reads:

New Ulm's city council votes for natural gas. The city light plant and the Eagle Roller Mill have already indicated they will use gas. The Interstate Power Co. which supplies gas now to cur business houses and homes has announced that they too will soon use this natural gas hook-up.

And so it is now the turn of the railroad-company officials to scratch their tired, gray heads. The coming of natural gas to New

Ulm reduces their freight load. New Ulm will use gas in its industries and eventually in their homes and this eliminates coal. As the use of natural gas grows the use of coal goes down and this affects the railroad companies. The old order changeth and the old gives way to new but in the meantime the railroad companies have to run their freight trains.

Multiply New Ulm's experience by hundreds and perhaps thousands of other communities and you see one more thing wrong with the railroads today. These companies will have to adjust themselves to a changing world but it is hard to move a railroad bed around or make adjustments as fast as the world moves ahead.

This states a fact, and such things are happening all over the country. I know from personal experience that when the coal bill was passed, when industries linked together to control the price of coal, I thought I could see that it was going to ruin the coal business, because it was going to drive the consumers of heat units to the competitors of coal. I have noticed in the last few years, since that measure was enacted, that people are quitting the use of coal, and are using gas or oil. They find those substitutes cheaper, and of course more convenient.

It is too bad that that is so. But people must remember that the most unchangeable law of nature is that there can be nothing but constant change. Instead of failing to recognize the inevitability of change, instead of trying to stop the forces of nature, instead of trying to stop the forces of science, and the law of life itself, which demands that there shall be constant change in life, we should take advantage of those changes and adjust ourselves accordingly, and not try vainly to turn the sea back by pushing it back with our hands.

The law of diminishing returns, in my opinion, affects every industry in the United States, not only the railroads and the coal industry, but every other industry. The idea that the more you charge the more you will have can be pushed so far that you will get no return.

Unless the proposed regulation has for its purpose to drive out of business the common carriers on the waterways, which are carrying only 4½ percent on the rivers and 3 percent on the Great Lakes, what is the purpose of the bill? The result of the proposed regulation of water rates will be to drive the business to the railroads. Even if the railroads should get all the water-borne business it would not save them; but the bill would destroy the very purpose for which the waterways were developed. They were developed for the benefit of the public as well as for the benefit of the railroads.

The Government has supported the railroads in every way possible to help the public interest, by permitting increases in rates, which I think was a mistake. For instance, a year and a half ago the eastern railroads raised their passenger rate from 2 cents to $2\frac{1}{2}$ cents a mile, and they lost so much business they had to go back to 2 cents, where they are now. The western railroads refused to yield, and retained their low rate, and made money on their passenger traffic all the time.

I do not see how it is going to help the railroads to regulate the common carriers on the inland waterways, and it is not going to help the waterways and the water carriers. No charge of discriminatory practices of any kind has been made against these water carriers, and so there has been no demand made for the protection of the public against vicious practices.

Mr. President, the demand for waterways and cheaper transportation came as the result of the increase in freight rates. So at public expense we developed and have nearly completed the inland waterways outlined on the map hanging on the rear wall of the Senate Chamber. I indicate the Warrior River waterway. Here [indicating] is the coastal canal, here is the lower Mississippi, and here are the Ohio, the Missouri, the Illinois, and the upper Mississippi.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. SHIPSTEAD. I yield.

Mr. McNARY. For the purpose of the Record, will the Senator not be more specific in describing the States served by the waterway system?

Mr. SHIPSTEAD. Yes. Here [indicating] we have the great Ohio River, developed some years ago by canalization, making a 9-foot channel serving Pennsylvania, West Virginia, Kentucky, Indiana, Ohio, Illinois, and, of course, the neighboring States, because the benefits, whatever they are, are reflected back to them.

Here [indicating] we have the Monongahela and the Allegheny Rivers. Upon the Monongahela and the Allegheny is carried all the coal for the great metropolitan area of Pittsburgh. The canalization of these rivers was fought bitterly by the Pennsylvania Railroad. The Allegheny and the Monongahela were formerly nothing but mountain creeks, but, by canalization and putting in dams, 9-foot channels were developed. Prior to the completion of these waterways coal was hauled into the metropolitan area of Pittsburgh at the rate of \$1.21 a ton, but because of the canalization of the rivers coal is now hauled to the metropolitan area of Pittsburgh for 21 cents a ton.

As the result of bringing cheap coal to Pittsburgh to meet the iron ore from Minnesota and Michigan, Pittsburgh became the greatest steel center of the country, and the amount of freight carried by the Pennsylvania Railroad was increased from 40,000,000 tons a year to 160,000,000 tons a year. So, instead of destroying the railroad, the improvement of the waterways produced so much business that the freight carried by the Pennsylvania Railroad increased by more than 120,000,000 tons a year.

The countries in Europe have discovered that the carrying of freight on the waterways is inherently so cheap that it can be hauled for one-sixth of the cost of hauling it by rail. In Europe we find, as a result of the use of improved waterway, that commerce has been increased and business has been increased because freight can be moved by water which cannot be moved at the high rail rates. As a result it helps the railroads also because it produces more freight for the railroads to carry.

Steel from Pittsburgh is carried to the Mississippi Valley. The barges cannot travel up to Fargo, N. Dak., to Omaha, Nebr., or to Topeka, Kans. The railroads must haul it there. The greater the amount of freight which is moved up the inland waterways—freight which otherwise would not be moved because of the high rail freight rates—the more freight the railroads will have to carry into interior points which are not reached by the inland waterways.

France, Germany, and Holland, which own their own railroads, have spent hundreds of millions of dollars to develop their waterways in order to help their commerce, and so give business to the railroads.

There is no regulation of barges in central Europe, for instance. The owners live on their little barges with their families. If anyone wants to have some freight moved, the barge owners bid with each other to get the tonnage. There is no regulation of them at all so far as rates are concerned.

Mr. President, 161,000,000 tons of freight were transported on the Great Lakes last year. By way of the New York Barge Canal and through the Erie Canal freight is carried to New York. So the products of a vast area reaches the ocean by water, and this area has available to it by water every port in the world. We have spent public funds in completing the channel of the Mississippi River. That gives an outlet to this landlocked territory here [indicating], making available to it every port on the seas and on the rivers, so that freight may be carried by water which cannot now be moved because of high rail rates.

I have always held the opinion that, instead of hurting the railroads waterways will help them. Those who pretend to speak for the railroads seem to think that if they can take away the business which is carried on the rivers, amounting to 4½ percent of the total, and the 3 percent of the total which is carried on the Great Lakes—the railroads will be saved. They seem to think they can make the Senate believe that will save the railroads. But, Mr. President, I do not see how that is going to help the railroads.

Private and contract carriers are owned by many large corporations. That is an existing practice. The large oil companies, the steel and cement companies use the public waterways. They use the waterways which have been built at the taxpayers' expense for the benefit of the public, to help commerce, to help the manufacturer. The use of the waterways helps the manufacturer, because if his products can be shipped at such a low cost that people can afford to buy them, he will have an opportunity to produce and to employ labor. For that purpose the waterways were dedeveloped.

The great monopolies which own the private carriers and contract carriers use the waterways; but, through their system of price fixing, the public does not get the benefit, because those monopolies charge the rail rate after hauling

their own commodities on their own boats.

Take, for instance, the situation with respect to Pittsburgh, the great steel area. Steel is hauled from Pittsburgh, or from Gary, perhaps, to Duluth. There is a steel plant at Duluth. When the Pittsburgh-plus system of price fixing was in existence one could take a truck and go to the steel plant at Duluth and get barbed wire or any other steel product made at Duluth, but he paid for it the added price of the rail rate from Pittsburgh. The manufacturers could haul it down the Mississippi on their own cargo boats, and charge the price plus the rail rate to destination. That was a monopolistic practice. It was unfair to their competitors who were not sufficiently powerful enough to have their own boats. They could undersell them and drive them out of business. If there were no competitors in that area, they would charge the usual price plus railroad freight, and they would haul the commodities for less than one-sixth of the railroad rate.

These water carriers are not going to be regulated. The corporations to which I refer are owned and controlled by the same interests which control the railroads. As is well known, two great banking houses of the country, generally speaking, control the large railroads of the country. Those in control use the industries to sell goods to the railroads. When there is money to be made, they ship much tonnage, using the public highways and keeping the profit. They do not give it to the railroads, because the railroads are public utilities, and the stocks and bonds are held to a large extent by the general public and by life-insurance companies. The insiders who control the industries use the public highways, built at public expense, for their own personal gain, and do not give to the public the benefit of the waterways built at public expense.

It has been decided that we are now going to regulate water carriers. However, when we grant permission freely to use highways built at public expense, I think we have a right to put certain restrictions on the practices of shippers, in order that the public may have the benefit of the public

money spent on waterways.

The Senator from Montana stated that some years ago he introduced a bill to stop base price fixing, but he said it was very difficult to secure its passage. I know he is in favor of remedying the situation, and I am quite confident that every Member of the Senate, including the Senator from Kansas [Mr. Reed], who has practiced before the Interstate Commerce Commission, who has worked very hard on the bill, and who is recognized as an expert on these questions, will support the amendment which I intend to offer. My amendment merely provides that anyone using the public waterways and highways, which are built at public expense, shall be prohibited from selling his goods at destination to consumers at a price which includes a charge for rail rates when no railroad service has been used.

Mr. President, I send to the desk the amendment which I intend to offer and ask that the clerk read it.

The PRESIDENT pro tempore. Without objection, the clerk will read the amendment.

The LEGISLATIVE CLERK. At the end of the bill it is proposed to add the following new section:

Subsection (a) of section 5 of the act entitled "An act to create a Federal Trade Commission, to define its powers and duties, and for other purposes," approved September 26, 1914, as amended, is amended by adding at the end thereof the following new paragraph:

"For the purposes of this act it shall be deemed to be an unfair or deceptive act or practice in commerce for any person, partnership, or corporation to so fix the price at point of destination of any goods or commodities transported in commerce, that such price includes a charge for transportation, based upon railroad rates, for any part of the transportation of such goods or commodities which was not conducted by railroad."

Mr. SHIPSTEAD. Mr. President, I leave the amendment on the desk temporarily.

I do not want to find any fault, and I do not want to be understood as finding any fault, with any member of the committee or with any Member of the Senate who has committed himself to vote for the bill. I think it would be bad policy to pass it.

Mr. Joseph Eastman has often been mentioned in the Senate as an authority. I do not know how many Senators are familiar with his views about this bill, but among other things he mentions the vast importance and the vast ramifications of a codification or rewriting of the Interstate Commerce Act, dating back to 1887, with hundreds of Supreme Court decisions affecting and interpreting the act.

Mr. Eastman said in his testimony:

If a codification of the present parts I and II of the Interstate Commerce Act into a single combined measure is to be accomplished, the preliminary work should, in my judgment, be done by a public body which is directed to make a report indicating clearly and specifically all of the changes in existing law which it recommends and the reasons therefor, so that all interested parties may have full knowledge of what is proposed. It is an imposition on those interested and directly concerned to confront them, in the middle of a legislative session, with a codified and combined bill of 182 pages without any such explanatory report, and make it necessary for them to find out as best they can what the bill would do and present their views on short notice.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. SHIPSTEAD. I yield.

Mr. WHEELER. The Senator is familiar with the fact, is he not, that Commissioner Eastman has repeatedly recommended and the Commission has recommended that water carriers be regulated by the Interstate Commerce Commission?

Mr. SHIPSTEAD. Yes; I am aware of that fact.

Mr. WHEELER. Commissioner Eastman said he thought that the bill was not the way to codify the law. He was in agreement with all the purposes, but he thought this was not the proper way to do it.

Mr. SHIPSTEAD. That is correct. He was in perfect agreement with the idea of the regulation of the waterways.

Mr. OVERTON. Mr. President, will the Senator yield?

Mr. SHIPSTEAD. I yield.

Mr. OVERTON. Is it not a fact that the United States Maritime Commission has been conducting an investigation in reference to rates on water-borne transportation?

Mr. SHIPSTEAD. Yes. I learned that fact today, from the statement of Admiral Land. I thought his statement was very good.

Mr. OVERTON. Has the Interstate Commerce Commission made any investigation whatsoever as to rate structures in connection with water-borne transportation or the broad field indicated by Commissioner Eastman in the quotation which the Senator read from his testimony?

Mr. WHEELER. Mr. President, may I answer that?

Mr. SHIPSTEAD. The quotation I have just read refers specifically to the difficulty of recodifying and rewriting in a hurry a basic law of such importance without having a public body do it. In another place Commissioner Eastman said: "This was not written by a public body." He mentioned the fact that it was written by a railroad lawyer. It was written by railroad lawyers and railroad labor, he said, undoubtedly with good intentions to help the country by helping the railroads. However, such persons must necessarily think first of helping the railroads, he said. I am as willing as anyone to help the railroads if it can be done in such a way as not to act to the detriment of the general commerce and business of the country.

Mr. OVERTON. I think a fair inference to be drawn from the statement made by Commissioner Eastman, which the Senator has just quoted, is that the Congress of the United States should not authorize the Interstate Commerce Commission or any other body to undertake to apply the statutory law, rules, regulations, and jurisprudence which have been gradually built up and evolved in reference to transportation by rail, to an entirely different method of transportation; that is, to water transportation.

Mr. SHIPSTEAD. That is correct.

Mr. OVERTON. And before an attempt of that kind is made by Congress, some public body clothed with authority ought to make a full and complete investigation and report to the Congress. What I want to know is, Has that been done by any public body?

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. SHIPSTEAD. I yield.

Mr. WHEELER. Let me say to the Senator that when Mr. Eastman was Coordinator he made a complete study of the subject of regulation of water carriers, and recommended to the Congress of the United States in 1935, again in 1936, and again in 1937 that in the public interest the water carriers should be regulated.

Mr. OVERTON. Was that investigation made by him? Mr. WHEELER. By him as Coordinator.

Mr. SHIPSTEAD. How long has it been since he made the investigation?

Mr. WHEELER. It was made in 1935. Mr. SHIPSTEAD. Was a report made?

Mr. WHEELER. Yes; a report was made to Congress recommending such regulation. When we talk about the Maritime Commission, let me call attention to the fact that for years, almost since its inception, the Interstate Commerce Commission has had in its power the regulation of rates of water carriers when they are joint rates between railroads and water carriers. So, as a matter of fact, the Interstate Commerce Commission today is far more familiar with the regulation of rates of water carriers than the Maritime Commission can be, because the Interstate Commerce Commission has studied the question for years, and the Maritime Commission has just been appointed. The Maritime Commission has no staff comparable with that of the Interstate Commerce Commission to do the work or to understand the problem with reference to the regulation of water rates.

Mr. SHIPSTEAD. Mr. Eastman continues:

As a matter of fact, I do not personally anticipate that the regu lation of water carriers will be of any great benefit to the railroads.

Fourth, if there were need for such codification, a public body should do the work and make a report of what it has done before the matter comes up for consideration. * * *

I mean a public body as distinguished from a committee of rail-road executives, railroad employees, a body that looks at this matter from the standpoint of the public interest and then makes a report in which it shows just what it has done, what it proposes to do, and what the reasons are. * * *

you are going to undertake such an important job as the codification of the Interstate Commerce Act, I think, as a matter of procedure, the initial work should be done by a body representing the public and that that body should make a report which will disclose what it has done and the reasons for it, so that those who are directly interested and concerned can have full notice of what is being proposed, instead of being asked in the middle of a session to consider, without any such report, a bill of 183 pages, or two-hundred-odd pages, such as the bill before the House, and be asked to look that through and to find out, at their peril, in what way it may affect them. I do not believe that is proper procedure.

Mr. REED. Mr. President, will the Senator yield?

Mr. SHIPSTEAD. I yield.

Mr. REED. I wish to say to the Senator from Minnesota that I share the same view as that of Commissioner Eastman, who is regarded as the foremost transportation authority in the country, as to the advisability of attempting a codification of the transportation laws in the way it was done, not that they did not need codification, for any group of laws that have accumulated over a period of 50 or 60 years can generally be improved and simplified by codification. However, I wish to call the attention of the distinguished Senator from Minnesota to the fact that this bill has been carefully gone over, and every part of it reconciled with every other part to the extent that, so far as I am concerned, the measure is free from any objection to the effect that it would work any detriment by its attempt to systematize and codify the transportation laws. If Mr. Eastman were making a statement on the floor of the Senate today as to this bill, I think he would make the same statement that I am now

It would have simplified the work of the Committee on Interstate Commerce tremendously if we could have gone forward with what amendments were necessary in part I of the Railroad Act, in part II of the Motor Vehicle Act, and added a part III covering water regulation, because I thoroughly believe that the only way we can bring about a uniform system of regulation is to provide also for the regulation of water carriers.

The point, however, I desire to make to the Senator from Minnesota is that I share the views of Mr. Eastman. I made the objection, and it was upon my insistence that a voluminous comparative statement was prepared of the present law and all of the changes that were proposed to be made in the present law. That statement has been checked and rechecked, and double checked, I do not know whether I should say 10, 15, 20, or 25 times. We went over it again last night. The Interstate Commerce Commission has checked over this bill. So I say to the Senator from Minnesota, sympathizing with his view and sympathizing with the views of Mr. Eastman as to the wisdom of the approach to this question, that the committee in its work has removed any valid objection that might have arisen if we had not performed long, tiresome, tedious, and painstaking work, with the assistance of Mr. Eastman and the Interstate Commerce Commission. It was a stupid thing on the part of the railroads and their present advisers to approach this question in the way they did; but, nevertheless, we are dealing today with an accomplished fact. We are presenting a bill to this body which, in my judgment, after a lifetime of experience with this question, is free from any valid objection on the point suggested.

Mr. CONNALLY. Mr. President, will the Senator yield

Mr. SHIPSTEAD. I yield to the Senator from Texas.

Mr. CONNALLY. May I ask the Senator from Kansas a question?

Mr. REED. Certainly.

Mr. CONNALLY. Is it or is it not the Senator's view that the enactment of this bill, when it is put into operation, will raise the rates on water-borne traffic?

Mr. REED. No; I do not think so.

Mr. CONNALLY. Then, what good will it do to the rail-

Mr. REED. I may say to the Senator from Texas that I have repeatedly stated that I doubt very much whether the railroads would obtain any appreciable benefit so far as the regulation of water traffic is concerned. That, however, is not the question.

Mr. CONNALLY. Let me ask one further question. If the passage of the bill will not result in raising the rates on water-borne traffic, and, therefore, will not help the railroads to any extent, why put water transportation into the bill?

Mr. REED. Because, I may say to the Senator from Texas and the Senator from Minnesota, that, after struggling with this question for 3 months-

Mr. CONNALLY. I thank the Senator; I think he has no doubt struggled with it, and the committee has struggled with it, and I think they are entitled to a great deal of credit for the work they have done, but, when they ended their struggling, what is the result? Unless the bill will raise the rates on water-borne transportation, what good can the railroads get out of it; and if it will not result in raising the rates on water-borne transportation, what is the use of bringing the water carriers into the bill?

Mr. REED. As I understood the Senator from Texas, he reached the point where he wanted to know about the regulation of water rates. I wish to say to the Senator that of all the water carriers that have been before the committee and that have been in conference with the committee or the

subcommittee or that have come to see us individually or by committees, a majority of the water carriers in the intercoastal trade and the largest carriers on the Mississippi River system have desired regulation.

Mr. SHIPSTEAD. I know that, and I think I know the reason. They want to get higher rates and to obtain a monopoly. They want for prospective carriers certificates of convenience and necessity, to be passed upon by the Interstate Commerce Commission, and under that provision they hope to come before the Commission and say, "There is no need for anybody to compete with us. We are giving the public service; we can handle the business; we should like to have it all."

Mr. OVERTON. Mr. President, will the Senator yield for a question on that point?

Mr. SHIPSTEAD. I yield. Mr. OVERTON. Are they not the same water carriers who are relieved, under the provisions of this bill, from the necessity of obtaining a certificate of convenience and necessity?

Mr. SHIPSTEAD. Of course, they are already operating and they do not need such a certificate.

Mr. OVERTON. They are already operating.

Mr. WHEELER. Mr. President, with reference to the water carriers, let me call attention to the Federal Barge Lines. Certainly the Federal Barge Lines are not a monopoly. They have come here at every session of the Congress when we have had the long-and-short-haul provision before the committee and violently protested against certain proposed legislation which they felt would be detrimental to the shipping interests. I have a letter, received today, that was voluntarily written to me from New Orleans by Mr. L. D. Chaffee, general traffic manager of the Federal Barge Lines. I do not even know Mr. Chaffee; but he says:

Enactment into law of your bill to amend the Interstate Commerce Act, as amended, S. 2009, will be a long step toward the solution of the transportation problem.

Then he goes on to point out some of the problems on the Mississippi River, and he says that, in his judgment, the Interstate Commerce Commission, if it is given the power, will rectify some of the conditions.

Mr. SHIPSTEAD. What are the problems which he wants solved and which he thinks the Commission can solve?

Mr. WHEELER. I will read further from his letter:

Enactment into law of your bill to amend the Interstate Commerce Act, as amended, S. 2009, will be a long step toward the solution of the transportation problem—

And so forth.

Common carriers on the Mississippi River and its tributaries have Common carriers on the Mississippi River and its tributaries have not been responsible for the havoc wrought in the rate structure of the country. Contract carriers have generally been the first to establish subnormal rates. They have been able to do this where traffic is available at a point on the water front for delivery at a distant point also on the water front, including in their rates no charge for terminal services. I find nothing in the bill which would be applied the charge for terminal services. prevent the charter to industries of contract carrier, towboats, and barres to carry on as a private operation the business now conducted on a contract basis. If rail carriers and common carriers by water are to continue to serve "off-bank" industries and keep them on a fairly competitive relationship with "on-bank" industries, their rates cannot be increased.

He says "their rates cannot be increased," and continues:

However, I know of no better way of developing the subject than to enact your bill into law. It will be the responsibility of the Board of Investigation and Research and of the Interstate Commerce Commission to discover weaknesses in the act and to recommend appropriate legislation to overcome them.

I sincerely hope that at least one Interstate Commerce Commissioner, preferably Commissioner Eastman, may be selected by the President to head the Board if the act becomes a law.

With best wishes for the success of your bill,

Sincerely yours,

L. D. CHAFFEE.

The Senator from Louisiana probably knows Mr. Chaffee; I do not know him.

Mr. SHIPSTEAD. Mr. President, I do not question Mr. Chaffee's motives, nor do I question his ability, for I know that many people along the Mississippi River are anxious to have the barge line developed and, perhaps, to have a monopoly; so they would like to have regulation. The barge line does not need a certificate of necessity and convenience; they are already operating, and, with the development of a 9-foot channel nearing completion, they can look forward to prospects of an enormous commerce being developed which cannot move now even by rail because of the high rates. I do not want to question the motives of Mr. Chaffee; I do not know him; but his opinion, in my judgment, is not any better than that of anyone else. However, the waterways should be used for the benefit of the general public and to aid commerce over this vast continent by keeping commerce moving at the lowest possible cost in order to facilitate an increase of commerce and an increase of employment, because, with an increase of commerce there must be an increase of manufactures and of employment.

Mr. President, we have here-and I shall close in just a few moments-developed two outlets, one to the east and the other the south, making it possible to transport goods by water from the interior here [indicating on map] of a landlocked country to every port in the world. In central Europe, where they have spent more money on waterways than we have, all the industries are gathered along the river fronts in order that their product may be carried down to the sea; and the railroads and waterways of course carry freight to and from the waterways.

Long years ago, when the waterways in central Europe were developed, goods could be shipped from central Europe down to the sea, across the Atlantic, and landed in San Francisco or Seattle cheaper than they could be sent by rail from Pittsburgh. To show you that there cannot possibly be any competition between railroads and waterways because of the inherently lower cost of transportation on the waterways, let me point out that in 1934 we had to have a million and a half bushels of wheat brought from Portland, Oreg., and Seattle, Wash., to be used for seed in the drought area. The distance across the country to Chicago and Duluth is 1,500 miles; but the rates were so high that the wheat was loaded on bulk freighters, hauled down through the Panama Canal. up the Atlantic coast, and up the Hudson River to Albany, transshipped to a barge, shipped to Buffalo, again transshipped to a boat, and taken all the way to Chicago and Duluth, 8,500 miles, cheaper than it could have been shipped 1,500 miles across the country.

The Interstate Commerce Commission has held for years, time and time again, that there is no inherent possibility of competition between rail and water, because the cost of transportation by water is inherently so much lower that one method cannot compete with the other.

Mr. CONNALLY. Mr. President, will the Senator yield? The PRESIDING OFFICER (Mr. Brown in the chair). Does the Senator from Minnesota yield to the Senator from Texas?

Mr. SHIPSTEAD. I do.

Mr. CONNALLY. If some freight in New York were to be shipped to San Francisco, would the Interstate Commerce Commission make the same rate by water as by rail? Would that be fair?

Mr. SHIPSTEAD. I think it would destroy a great deal of our commerce.

Mr. CONNALLY. The point I am getting at is this: Water transportation is slow, and takes a great deal of time. Is not the man who puts up with the delay, and all that, rather than to ship by rail, entitled to some reduction in the rate?

Mr. SHIPSTEAD. Why, of course.

Mr. CONNALLY. Then would any commission, if it was fair and just and acted in the public interest, make the same rate on a shipment of goods from New York to San Francisco by water and by rail?

Mr. SHIPSTEAD. No; I do not think so. There are, of course, some goods that are so heavy and bulky that they cannot go by rail at all.

Mr. ELLENDER. Mr. President, will the Senator yield? The PRESIDING OFFICER. Does the Senator from Min-

nesota yield to the Senator from Louisiana?

Mr. SHIPSTEAD. Yes.

Mr. ELLENDER. What is there in the bill to prevent the Commission from fixing the rate by water the same as by rail?

Mr. SHIPSTEAD. I do not see anything of that kind in the bill. There was at one time something in the bill that led me to believe there might be a possibility that the Commission would have to fix the rates at different levels; but as the bill has now been amended I do not see that there is any ground for believing that the Interstate Commerce Commission cannot make the rates by water as high as by rail. I am not saying that they will do so, but, in my opinion, there is nothing in the bill now to prevent it.

Mr. ELLENDER. Mr. President, will the Senator further

yield?

Mr. SHIPSTEAD. Yes.

Mr. ELLENDER. It has been stated on several occasions that the Commission has not only the right but the duty of making that differential. I should like to have the author of the bill now show us that language.

Mr. WHEELER. It is in three different places.

Mr. SHIPSTEAD. If the Senator will pardon me, I should like to finish. I shall finish in a few minutes, and then I shall yield the floor.

I am not going to ask now for consideration of the amendment I have on the desk. I anticipate that the motion of the Senator from North Carolina [Mr. Balley] will come first. If that fails, I shall offer the amendment.

The members of the committee who have been with me in this matter have worked harder on this bill than I have. I refer to the Senator from Missouri [Mr. TRUMAN], the Senator from Montana [Mr. Wheeler], and the Senator from Kansas [Mr. REED]. I have the highest regard for their friendship and their good intentions. I desire again to state to them that I very much regret that I cannot agree with them on the general policy of this bill. We have different points of view. I am sorry that is so. I am simply thinking in the interest of the general public, whereas the sponsors of the bill seems to have claimed right along that the purpose of the bill is to help the railroads. I wish it would help the railroads. We know that the railroads need help; but they are in no worse condition than other industries in the country and other people in the country. One-third of the farmers of the United States have been sold out by mortgage foreclosure in the past 10 years, but I have not heard of a single railroad that has been sold to the highest bidder in foreclosure proceedings.

I yield the floor.

Mr. DANAHER. Mr. President, I ask unanimous consent—and I may state that I have taken up the matter with the managers of the bill—for the consideration at this time of an amendment which I have submitted.

The PRESIDING OFFICER. Is there objection?

Mr. WHEELER. Mr. President, let me say that the amendment which the Senator has suggested is to repeal the provision cutting down the time within which certain claims by a railroad or against a railroad must be filed. The Commission recommended that the time be 6 months. We put it in, I think, at 9 months. Some persons who appeared before the committee felt that that time ought to be extended. We worked it out and made it 18 months; and all those who appeared before the committee said they were satisfied with 18 months. Everyone said that 18 months would give full and ample opportunity.

The Commission for years has recommended that the time be reduced to 6 months. We compromised and put it at 18 months, and I am sure that is ample time.

I appreciate the fact that there are some lawyers who dig up old claims against the railroads within a period of 3 years. They have attempted to stir up litigation, and they feel that they would like to have 3 years instead of 18 months for the purpose. They have written to some of the shippers and suggested that the time should be 3 years; but, so far as the shippers are concerned, 18 months is ample time, and I am sure the Senator's constituents will find it satisfactory.

Mr. DANAHER. Mr. President, is not the present law 3 years?

Mr. WHEELER. Yes; and the Commission felt that it has not worked satisfactorily to have it 3 years; that it has been a great burden to them, and it has not done the shippers or anybody else any good. It was not on the recommendation of the railroads or the railroad brotherhoods, but solely on the recommendation of the Interstate Comerce Commission, which has had to administer the law, that this change was proposed by the committee.

Mr. DANAHER. I know nothing of any lawyers who may or may not have claims with reference to overcharges. I do know that in New England, from which obviously shipments which are transcontinental must be rerouted and must be reshipped over other lines, there are necessarily conflicts with reference to rate charges. At New Haven or Providence or Boston the New Haven Railroad, for instance, will pick up a car or a dozen cars, for that matter, and they may pass over half a dozen lines before they reach their destination. The immediate shipper necessarily takes 6, 7, or 8 months at home for his home audit; and when his audit has been completed he sends the matter on to his traffic manager. Most shippers are not able to have traffic managers of their own. They have a traffic bureau through which they deal; and when the audit report is submitted there, and the matter is taken up with the line, several additional months elapse before they ascertain whether or not there is an overcharge.

The law has had that condition in contemplation. The law still provides a 3-year maximum period within which to file claims. I think it is a fair statement that since this particular bill reaches so far, and makes such substantial changes, and will bring so many groups of shippers under the aegis of the Interstate Commerce Commission, far from restricting the right, we ought very properly to continue it until we ascertain the experience under the bill.

Mr. WHEELER. Mr. President, let me say to the Senator that so far as I am personally concerned I am not very familiar with the subject, because I have not had any dealings at all with it; but lawyers who appeared before the committee in Washington, and who had represented shippers, stated their views, and were satisfied with it.

The Senator from Kansas [Mr. Reed] has had a great deal to do with this particular subject. I should like to have him explain the matter to the Senator.

Mr. DANAHER. I gladly yield for the purpose of such an explanation.

Mr. REED. Mr. President, I appreciate the suggestion of the Senator from Connecticut. I, myself, have had a number of letters on this subject from shippers, freight claim bureaus, auditors, and so forth.

The situation is this:

Under the law, for a good many years a 3-year period was allowed to the railroads in which to file a suit, if a suit is necessary, against a shipper when there has been an undercharge. A 3-year period was allowed the shipper in which to file a suit, if a suit was necessary, when there was an overcharge. When damages were incurred, the period was 2 years; and in one other respect, I think—I have forgotten what it was—there was a 1-year limitation.

Several times the Interstate Commerce Commission have made recommendations on this subject in about 4 different ways. At one time they wanted to cut down the time to 90 days, I think. Another time it was 6 months. When this bill was written originally, 1 year was put in.

This is a subject with which I have had a very large amount of experience.

On behalf of shippers I have prosecuted claims against the railroad companies for overcharges and for damages. Naturally, there is on the part of some a desire for a long period, looking at the matter from one standpoint, and particularly the standpoint of a great auditing bureau, which wants all the time it can get. Some would take 7 years, if they could get that much time, as the period during which they could keep a claim alive. When this bill was under consideration in the hearings I asked every shipper's repre-

sentative who appeared about the time limitation. Those who objected to the fixing of a year had some valid ground, because a number of shippers desire to keep their freight bills in their files for a year for auditing and for tax purposes.

I thought the period of a year was too short, but I asked the question of every shipper's representative who appeared—and I have also had some correspondence on the subject—whether or not an 18-month period would be satisfactory, and the answer has always been in the affirmative. It is my own mature judgment, out of a great deal of experience with this particular question, that an 18-month period is a period fair to both sides. It permits a shipper to keep his freight bills for a year, if he desires, and 6 months in which he can have them audited by some firm which makes a speciality of auditing.

I beg the Senator from Connecticut and the Senate to bear this in mind, too. The proposed law does not require that the controversy be settled and the issue determined within 18 months. That is only the limitation of time for the filing of a claim, and every freight auditing bureau in this country—and there are many people in the legitimate business, and there are many chiselers in the business—knows that if at the end of 17 months and 20 days there were any doubt, all they would have to do would be to write a letter to the Interstate Commerce Commission setting out the fact, and that letter would constitute an informal complaint, which would stay the running of the statute of limitation.

It is my statement to the Senate, out of long experience, and with due deference to the able Senator from Connecticut, that an 18 months' period is fair to all parties involved.

Mr. WALSH. Mr. President, will the Senator from Connecticut yield that I may ask a question of the Senator from Montana?

Mr. DANAHER. I yield.

Mr. WALSH. Many of us have not had an opportunity to study in detail this very important bill. It is one of the bills in the consideration of which we have to rely a good deal upon the judgment of the committee, who we rightly assume in this particular subject have been concerned especially about the general public interest.

Before I propound the question I wish to ask, I should like to add my personal word of commendation for the long and arduous public service the Senator from Montana has performed in listening to the evidence, studying this complex problem, and putting the bill into shape for action by the Congress.

Mr. WHEELER. I thank the Senator.

Mr. WALSH. I should like to know for the Record whether the report on the pending measure submitted by the Interstate Commerce Committee meets with the unanimous or practically unanimous approval of the committee.

Mr. WHEELER. The committee was unanimous, with the exception of the Senator from Minnesota [Mr. Shipstead].

Mr. WALSH. How many members are there on the committee?

Mr. WHEELER. Twenty-one.

Mr. WALSH. What is the opinion or judgment of the Interstate Commerce Commission as to the wisdom of the proposed legislation?

Mr. WHEELER. Commissioner Eastman has gone on record as favoring the general objectives of the bill, and the Interstate Commerce Commission has repeatedly recommended that the regulation of rates of water carriers be brought under the Interstate Commerce Commission in order to make rates uniform.

Mr. WALSH. So far as the Senator knows, there is no serious objection by any member of the Interstate Commerce Commission to any of the provisions of the bill?

Mr. WHEELER. None that I know of.

Mr. WALSH. What is the position of the railroads of the country with respect to the proposed legislation?

Mr. WHEELER. With reference to a few of the provisions of the bill—for instance, the provision concerning through routes—they have objected, but generally they are in favor of the bill.

Mr. WALSH. What is the position of the railroad brother-hoods?

Mr. WHEELER. They are 100 percent for it.

Mr. WALSH. Assuming, as I stated, that the members of the committee, under the able leadership of the Senator from Montana, have been concerned about the public interest, I am disposed to vote for the bill.

Mr. WHEELER. I may say further to the Senator that the truck and bus interests, who at the outset were opposed, since we have adopted amendments which we thought were fair to them have indicated that they favor the bill. Likewise a majority of the water carriers engaged in intercoastal business are in favor of it. I received a telegram, which was sent this morning to a New England Senator from Boston, from an institution in New England, stating that they had had some objection to the bill, but as amended they felt it was a good bill, and that they were in favor of it.

Mr. WALSH. I may add that I have received no communications indicating any general criticism of the bill. There have been some suggestions in reference to certain features of the measure, and many of them have been discussed on the floor, including the one the Senator from Kansas has just explained, but I am impressed with the fact that I have received no general criticism from those deeply and vitally interested in the subject covered by the bill. I thank the Senator from Montana.

Mr. WHITE. Mr. President, will the Senator from Connecticut yield?

Mr. DANAHER. I yield.

Mr. WHITE. The Senator from Montana spoke of a communication from a Massachusetts institute. Was not that the Maritime Association of the Port of Boston?

Mr. WALSH. Yes.

Mr. REED. Let me suggest to the Senator from Massachusetts that during the progress of the consideration of the bill I have had a number of conferences with the Interstate Commerce Commission, as represented by its legislative committee, or a special committee, in which we have discussed nearly all phases of the bill. There is in the bill one thing the Interstate Commerce Commission very strongly desires. It has sought for some years to secure legislation which would simplify its procedure and save time. Among the most valuable provisions in the bill is that which permits the Interstate Commerce Commission so to organize itself that it may expedite its business. That provision was worked out by myself in conjunction with the committee representing the Interstate Commerce Commission.

I do not mean to say that every member of the Interstate Commerce Commission agrees in every degree and every respect, but I think the bill, taking it by and large, has the approval of a majority of the Commission.

Mr. WALSH. Mr. President, I wish to extend the compliment I paid to the Senator from Montana [Mr. Wheeler] to the Senator from Kansas also.

I was pleased to hear the Senator's gracious and generous reference to Mr. Eastman. I may say to my colleagues that I take just pride in having discovered Mr. Eastman. When I was Governor of Massachusetts I made him one of the public service commissioners of the State, and it was in that office that he began his brilliant career of public service.

Mr. REED. I can only emphasize that statement. Mr. Eastman happens to be one of my warm personal friends, growing out of 20 years of contact with him on the commission. I regard him as the foremost transportation statesman and authority in the United States, and a more devoted public servant does not live in this country than Joseph Bartlett Eastman.

Mr. WALSH. I am gratified to hear that.

Mr. ELLENDER. Mr. President, will the Senator from Connecticut yield to me so that I may ask the Senator from Montana [Mr. Wheeler] a few questions pertaining to the pending bill?

Mr. DANAHER. I yield.

Mr. ELLENDER. Will the Senator from Montana point out the language in the bill which will give authority to the

Interstate Commerce Commission to establish different rates on water transportation in contrast with railroad transportation?

Mr. WHEELER. First, there is the declaration of policy, beginning on page 1, as follows:

It is hereby declared to be the national transportation policy of the Congress to provide for fair and impartial regulation of all modes of transportation subject to the provisions of this act, so administered as to recognize and preserve the inherent advantages

Mr. ELLENDER. What is the interpretation of the Senator of the phrase "inherent advantages of each"?

Mr. WHEELER. I received a letter this morning from an attorney for some of the shippers of the country. Someone made a suggestion that the word "inherent" should be changed, and speaking of that this correspondent says that he believes the word "inherent" is the very broadest term which could be used in protecting the shipping interests, and that they want that word in the bill.

When the bill speaks of inherent advantages of the shipping interests, it refers to carriers which can transport at a cheaper rate because they can ship by water, by way of canals and the ocean, so they have natural advantages, and they do not have the expense of the upkeep of the rights-ofway, as railroads do.

Mr. ELLENDER. In view of that explanation, why did the committee agree to exempt transportation on the Great Lakes from the bill?

Mr. WHEELER. We did not make any different exemption with reference to them than we made with reference to the barge lines. We recognized, and everyone recognizes, that there are certain forms of transportation, such as the carrying of coal, and the carrying of certain other things. which in nowise come in competition with any other form of transportation. So we inserted a provision in the bill that such contract carriers could, by making application to the Interstate Commerce Commission, be exempted where they showed they were engaged in a form of transportation which did not compete.

Mr. ELLENDER. Was that the reason assigned by which the Great Lakes were exempted?

Mr. WHEELER. No; that was the general attitude. We drew the provision in general terms. Specifically, with reference to the Great Lakes, they had a problem which was entirely different from the rest, for the reason that on the Great Lakes in certain instances they come in competition with foreign trade, with which the intercoastal traffic does not come into competition. So we said to them, "Because there is no way in which the Government of the United States can regulate foreign shipping, to the extent that you come in competition with the foreign trade of Canada you are exempt."

Mr. ELLENDER. Why would not that same argument apply with respect to freight on the Mississippi River, let us say, in which I am very much interested?

Mr. WHEELER. There is no foreign competition there. Mr. ELLENDER. Why not? There are barges and ships transporting foreign commerce up the Mississippi River.

Mr. WHEELER. If that commerce goes up the river by barge line it would be subject to regulation by the Interstate Commerce Commission, and the Canadian traffic would

Mr. SHIPSTEAD. Mr. President, will the Senator yield? Mr. ELLENDER. I yield, although I have not the floor. The Senator from Connecticut has graciously yielded to me so that I might question the Senator from Montana.

Mr. SHIPSTEAD. There will be nothing to bar the Interstate Commerce Commission from regulating American vessels going from one American port to another American port, will there? The Commission could regulate them, could it not?

Mr. WHEELER. Yes; it could.

Mr. SHIPSTEAD. But now they are not regulated.

Mr. WHEELER. We do regulate them.

Mr. SHIPSTEAD. The common carriers on the Great Lakes?

Mr. WHEELER. Yes.

Mr. SHIPSTEAD. And private carriers?

Mr. WHEELER. Which does the Senator have reference to? Mr. SHIPSTEAD. I have reference particularly to private carriers and common carriers.

Mr. WHEELER. I have tried to make it plain to the Senate, not once but 50 times, that, as a matter of fact, there is nothing in the bill which seeks to regulate private carriers, because, in my judgment-and some members of the committee have disagreed with me-Congress does not possess the power to do so. If I owned a boat, for instance, and I was carrying my own cargo in it, and the Government said that I had to pay such and such charges for the freight that I carried for myself, it would simply result in my taking money out of one pocket and putting it into the other.

There is only one way to get at the barge line, as I have repeatedly said. We have deepened the channel in the Ohio, and we have deepened the channel in the Mississippi-

Mr. SHIPSTEAD. Let us finish with the first proposition. Mr. WHEELER. Let me finish my statement. We deepened those channels, and the only way the barge traffic can be regulated is by putting a toll on it. If Congress believes that is the thing it wants to do, it can make the barge lines pay, and thus help to pay for building those channels of transportation. However, we cannot regulate those rates. It is impracticable. It is impossible.

With reference to the contract carriers on the Great Lakes, where they are not in competition with the foreign trade, under the provisions of the bill they would be in exactly the same position as they are in connection with the intercoastal transportation and with every other form of transportation. Where they compete in the foreign trade we exempted them for the same reason that we have exempted the shipping from foreign ports coming into the United States. We cannot regulate foreign commerce, so we did not seek to regulate those who come in competition with it.

Mr. SHIPSTEAD. Mr. President, may I ask the Senator a question?

Mr. WHEELER. The Senator from Louisiana asked me a question. I do not have the floor.

Mr. ELLENDER. Mr. President, one more question-does the Senator from Montana think the language in the bill broad enough to exempt foreign commerce which is brought. let us say, up the Mississippi River?

Mr. WHEELER. No; not if it is brought up the Mississippi River. Foreign commerce which goes up the Mississippi River and stops at a port would be subject to regulation, as I understand.

Mr. ELLENDER. If that is true, then I ask the question. Why does not the same yardstick apply to the Great Lakes?

Mr. WHEELER. Because of the fact that the foreign commerce coming up the Mississippi River can be regulated under the law. That presents an entirely different situation. But you cannot regulate the foreign commerce coming from Canada on the Great Lakes.

Mr. ELLENDER. I cannot understand why. What difference should it make if the foreign commerce comes from Canada or from some South American country?

Mr. CONNALLY. It is traffic between Canadian ports. Mr. WHEELER. Yes; it is between Canadian ports. What the American shippers on the Great Lakes want to do is to go into Canadian ports and compete with the Candians in their own ports, and we cannot regulate that kind of traffic. We could regulate the American, but we cannot regulate the Canadian. The American shipping man says, "I want to compete with the Canadian in his own port and I cannot compete with him unless he is regulated." So an entirely different situation is presented.

Mr. SHIPSTEAD. We can regulate an American boat engaged in transportation from Duluth to Buffalo, between American ports. But can we regulate an American boat plying between ports in Canada?

Mr. WHEELER. We can regulate the rates on the American ships if we wanted to any place in the world.

Mr. SHIPSTEAD. That is what I thought.

Mr. WHEELER. But we are not doing it because of the fact that the shipowner wants to compete with ships which go from Canadian ports-

Mr. SHIPSTEAD. To American ports? Mr. WHEELER. No; to Canadian ports.

Mr. SHIPSTEAD. But with respect to American boats going from an American port to an American port we have a right to regulate and we can regulate them, as I understand.

Mr. WHEELER. We do it to exactly the same extent that we do up the Mississippi River.

Mr. SHIPSTEAD. That is, we can regulate the cargo carriers, the contract carriers?

Mr. WHEELER. Yes.

Mr. SHIPSTEAD. Does the Senator know that private carriers carry 75 percent of the total freight by contract?

Mr. WHEELER. Of course I know that, and I have explained that to the Senate, not once but 50 times.

Mr. ELLENDER. Am I to understand that all the traffic on the Great Lakes is not excluded under the provisions of

Mr. WHEELER. Yes. Mr. ELLENDER. The Senator stated there were two other places in the bill to which he wished to refer.

Mr. WHEELER. Yes. The next is the rate-making rule.

Mr. ELLENDER. On what page is that?

Mr. WHEELER. Page 120. That is section 30:

It shall be the duty of the Commission in the exercise of its power-

I ask the Senate to follow the language very carefully-

It shall be the duty of the Commission in the exercise of its power to prescribe just and reasonable rates, to give due consideration, among other factors-

To what?-

to the effect of rates on the movement of traffic by the carrier or carriers for which the rates are prescribed; to the need, in the public interest, of adequate and efficient transportation service by such carrier or carriers at the lowest cost consistent with the furnishing of such service; and to the need of revenues sufficient to enable such carrier-

Not the railroads-

or carriers-

Which it regulates-

under honest, economical, and efficient management, to provide such service. When used in this section the term "rates" means "rates, service. and charges, and all regulations and practices relating

Mr. ELLENDER. There is no specific language in section 30, to which the Senator has just referred, except that it is to apply to all carriers alike, whether water or rail?

Mr. WHEELER. No; that is the specific thing we do not do. I ask the Senator to read the language carefully. I am sure the Senator is a good lawyer, and I have a great deal of respect for him; but if he will read that language carefully, he will see-what?-

It shall be the duty of the Commission, in the exercise of its power to prescribe just and reasonable rates, to give due consideramong other factors, to the effect of rates on the movement

By whom? Not by the railroads, but-

by the carrier or carriers for which the rates are prescribed.

In other words, if they are fixing the rate for a water carrier, then they must consider the effect on the movement of the traffic of that particular carrier, and if the rate is raised out of proportion, whether or not that carrier would be able to get the business. Then we say:

To the need, in the public interest, of adequate and efficient transportation service-

By whom? Not by the railroads, not by the trucks, but by the water carrier, if that is the one whose rates they are considering.

Mr. ELLENDER. But they are all carriers.

Mr. WHEELER. Of course they are all carriers. But we are talking about what? The water carrier comes before the Commission and says, "I wish to reduce my rate." The railroad is not in that picture at all. And the bus and the truck

people are not in that picture. The water carriers are applying to the Commission for permission to reduce their rates. We say it is the duty of the Commission in fixing the rates first to take into consideration the inherent advantages possessed by the water carrier. Secondly, we say to that water carrier that we must take into consideration the effect on the movement of the traffic by the lowering or the raising of that rate which is under consideration by the Commission.

Then we say to the carrier, "You should take into consideration the 'need, in the public interest, of adequate and efficient transportation service' "—of whom? Of the water carrier. And then we say, "At the lowest cost" at which the water carrier can carry it, "consistent with the furnishing of such service; and to the need of revenues sufficient to enable" that water carrier "under honest, economical, and efficient management, to provide such service."

Mr. ELLENDER. In passing upon "adequate and efficient transportation service" will not the Commission have to compare the service of one carrier with that of another?

Mr. WHEELER. Not at all. When the matter came before the committee it did not contain the language which is now in the bill, but the committee took it up with Mr. Eastman and the Commission. We wanted to make it doubly sure that the thing the Senator is afraid of, and that some other people have been afraid of, would not happen; so the committee took the matter up with the Commission and the experts of the Commission, and with Mr. Eastman, and he suggested this particular language because it would have the effect of protecting and doubly protecting against the very thing the Senator has referred to.

Mr. ELLENDER. I am a little fearful of the bill because I understand that the railroads would not be interested in this legislation unless the water carriers are included. What has the Senator to say with respect to that statement?

Mr. WHEELER. I will say to the Senator that that is not correct. There has been more misinformation about this piece of legislation, from people who do not know anything about it or what it contains, than I have known in connection with any piece of legislation with which I have had anything to do in Congress. There are some "chiselers" among the water carriers. The great majority of the water carriers are in favor of the bill.

Mr. ELLENDER. Not the inland water carriers.

Mr. WHEELER. Oh, yes. Earlier in the day I called attention to a letter from Mr. Chaffee, of New Orleans, who is connected with the Government-owned barge line. Mr. Chaffee wrote me a letter which I put in the RECORD today, stating that he was in favor of the bill and pointing out how he thought it would be of great service to the inland water carriers on the Mississippi River. Mr. Ames, representing the Mississippi Valley Barge Line, is in favor of the bill.

Mr. ELLENDER. Whom does Mr. Chaffee represent?

Mr. WHEELER. Mr. Chaffee represents the Inland Waterways Corporation.

Mr. ELLENDER. Is it Mr. Chaffee, the lawyer?

Mr. WHEELER. He is the traffic manager, located in New Orleans. I received a letter from him this morning. I do not even know the gentleman.

Mr. OVERTON. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. OVERTON. In that connection it is only fair to state that my colleague [Mr. ELLENDER] and myself have received innumerable letters from the port of New Orleans against the bill, and that Mr. Chaffee does not represent the vast majority of the people in the port of New Orleans.

Mr. WHEELER. I do not know anything about that.

Mr. OVERTON. I wish to make that contribution. Mr. WHEELER. I will say to the Senator that General Ashburn came before the committee and testified in favor of the bill. In every hearing before the Interstate Commerce Committee in which the question of water carriers has been under consideration, General Ashburn has taken a position against doing anything which would in the slightest degree harm the water carriers.

Representatives of many of the water carriers came before the committee in favor of the bill. It is true that the American Merchant Marine Institute, through its lawyer, Judge Burns, appeared before the committee and testified against it. I know Judge Burns. He is a very good friend of mine, and a very high-class man. However, when I asked him whom the institute represented, he testified that the institute represented the great bulk of the shippers of the country, most of whom were engaged in foreign shipping. The only intercoastal shippers who belong to his organization are those which are controlled by the oil and steel interests. It should be remembered that Judge Burns was formerly special counsel for the Maritime Commission, and after that employment he became attorney for the American Merchant Marine Institute. That is nothing to his discredit, but I call attention to the fact.

Those who appeared in opposition to the bill were asking for money out of the Treasury of the United States for the purpose of being subsidized by the Government of the United

We have heard much about the Maritime Commission and Admiral Land. I read his statement. It contains many inaccuracies. It shows conclusively that he does not know what is in the bill, and that whoever advised him and gave him the information has not given any study to the legislation. He talks about the Maritime Commission being in a better position to regulate water transportation than is the Interstate Commerce Commission.

Stop for a moment and think of the position of the Maritime Commission. At the present time it owns and operates the so-called Dollar Line. Today the statement was made that the railroads of the country had been subsidized by receiving land grants. That was true a great many years ago. Perhaps it was not wise, but there was probably no other way in which the Northern Pacific and some of the transcontinental railroads could have been built than through land grants at that time. Land grants were made by the Congress of the United States, wisely or unwisely, because it was felt desirable to develop the great Northwest and the western part of the country.

I hold no brief for the railroads. As a matter of fact, I have probably been one of the most severe critics in the Senate of the railroads and their practices. For the past 2 years we have held hearings and have gone into the financial transactions of the railroads. We have made recommendations and reports. We shall make several further reports which will condemn the railroads in unmistakable terms for some of the practices in which they have indulged.

However, regardless of the practices of the past, when we talk about subsidies for the railroads and subsidies for the ships, and when we talk about the Maritime Commission's regulating the shipping industry of the country, of course, if I were receiving a subsidy from the Government of the United States I should like to be regulated by the same agency which was giving me the subsidy. If I were owned by that agency, of course I should want to have my rates regulated by that agency. The Maritime Commission is passing out money. We had scandals in connection with the United States Shipping Board when we were lending them money. Such scandals were a disgrace to the Government of the United States. If we are not careful, we shall experience the same kind of scandals in connection with the Maritime Commission. The Maritime Commission is pouring out money at this time in connection with certain meetings. The Dollar Line, with Government money, is holding dinners at \$10 a plate in San Francisco, Chicago, Baltimore, and all over the country.

Mr. ELLENDER. Has the Senator proof of the fact that Government money is being used?

Mr. WHEELER. Yes. Mr. ELLENDER. I should like to have the Senator produce the proof.

Mr. WHEELER. I can produce it.

Mr. ELLENDER. I should like to have the Senator produce the proof that Government money is being used to provide banquets at \$10 a plate.

Mr. WHEELER. That is correct.

Mr. ELLENDER. Will the Senator produce such evidence. I repeat?

Mr. WHEELER. One such dinner was held in San Francisco. I am informed one was held in Baltimore, one in Chicago, and one in New York. I do not know whether they were held in other cities or not. I called Admiral Land's attention to the matter the other night, and said to him that I did not think the Congress of the United States would ever stand for such a thing if it knew about it. I knew about it. It was called to my attention in San Francisco. Socalled shippers and politicians were called into a big meeting. A great reception and dinner were given at the expense of the Government of the United States.

Mr. ELLENDER. If the Senator has such information he has a wonderful opportunity to ventilate it before the Senate so that the country may be informed.

Mr. WHEELER. I think I am now ventilating it.

Mr. ELLENDER. Not merely by asserting it. What I want is facts. Such statements as are now being made by the Senator are frequently stated without any support. I have heard allegations on many occasions from the Senator, but no proof in support of them.

Mr. WHEELER. Do not take my word for it. Ask the Commission. Shippers have come to me and said that they do not want to be regulated by the Maritime Commission, but they do not dare to come out and testify. The representative of the American Merchant Marine Institute came before the committee and testified against the bill. Of course, the institute is against the bill because, on the one hand, it is receiving money from the Commission to subsidize its ships. Some of the ships are operated in the intercoastal traffic. As I understand, the only members of the institute which operate in the intercoastal trade are the oil and steel companies. They do not want this bill because of the fact that they would like to see the channels and canals conducted in such a way that they can reap profits. The other day I read to the Senate the testimony of an oil man from Memphis, Tenn., in which he said, "Certainly we are using water transportation, and we are taking the money that we make on the cheaper transportation for oil and putting it in our pockets." Such persons talk about wanting to do something in the interest of the dear public. Of course, they want to ship by

Consider the position of steel. Probably the largest users of steel in the country are the railroads. In what position are they?

The question has been asked, "What would the bill do for the railroads of the country?" Some of those who are hanging around the corridors and talking about the public interest say, "We represent 400,000 farmers." They do not represent a single farmer. Certain witnesses said they were representing the Farmers' Union. I telegraphed to the Farmers' Union in my State and inquired whether or not these particular witnesses were representing the Farmers' Union in that State, and the reply was that they were not. I then took the matter up with the national organization, and received a letter from the national organization saying that those witnesses were not representing the national association.

Whom are they representing? Are they representing steel or oil interests? Who is paying their expenses to come to Washington and lobby in the interest of the "public" and in the interest of the "farmers"?

Mr. President, when we talk about the public interest, what do we find? The minute a railroad has to reduce its rates along the Mississippi River or somewhere else to compete with the water carriers, the water carriers come to the Commission and protest against the lowering of transcontinental rail rates or rail rates along the Mississippi River because "You are going to put us out of business." They want to keep the railroads in a strait jacket with regulation, but they themselves do not want to be regulated.

Can anyone stand before the Congress of the United States and say one group of transportation should be regulated and another group should not be regulated?

Mr. ELLENDER. That is not my position at all. Mr. WHEELER. I understand that.

Mr. ELLENDER. But I desire to point out to the Senate that I do not think it wise to place in the hands of the Interstate Commerce Commission, a body created to deal with railroad rates, the right to fix water transportation rates.

Mr. WHEELER. Will the Senator allow me to finish my

statement? Then I will be glad to yield.

Mr. ELLENDER. Certainly.

Mr. WHEELER. I ask again, is there anyone who can come before the Congress and say that one group of carriers should be held in a strait jacket and another group should be free, and that those who are free should then be able to protest when the regulated carriers desired to reduce their "Oh, no," they say; "we do not want to be regulated, because that would not be in the public interest." If it is not in the public interest to regulate their boats so that they may be in a position to cut their rates, then it is certainly in the interest of the public to take away regulation imposed on the railroads so that they may cut their rates to meet water competition.

Mr. ELLENDER. I do not think that is the essential difference. We in the South have been fighting a very long time

for justice in the matter of railroad rates.

Mr. WHEELER. I agree with the Senator's statement.

Mr. ELLENDER. As the Senator well knows, we are not treated as we ought to be. There is no reason for the discrimination in rates that now exist.

Mr. WHEELER. No; but the South is in no different po-

sition than the West, or perhaps New England.

Mr. ELLENDER. I understand that; but just to give an instance, I live in the town of Houma, located in southern Louisiana. It has but one railroad, the Southern Pacific. North of Houma there is a town named Thibodaux, through which runs two railroads, the Texas-Pacific and the Southern Pacific. Prior to the time when the Intercoastal Canal was built through my home town, a carload lot of ammunition could be shipped from Delaware for two-hundred-and-someodd dollars cheaper per car to Thibodaux than to Houma, and such ammunition could be unloaded in Thibodaux and trucked to Houma, a distance of 15 miles, at a saving of over \$100 a car. Since the building of the said canal, Houma is on a par with Thibodaux insofar as freight rates are concerned.

Mr. WHEELER. I think there have probably been many instances of that kind.

Mr. ELLENDER. Personally, I am not against regulation. but I fear if the same Interstate Commerce Commission, organized to fix railroad rates, is used to regulate rates both on water and on rail, that an effort will be made to equalize those rates. I am wondering what good reason there was for the committee to strike out the provisions with respect to air transportation.

Mr. WHEELER. We struck out the provisions with respect to air transportation, to be frank, because the air lines at the present time carry only one-tenth of 1 percent of the passengers of the country. Some of us were not particularly in favor of eliminating those provisions, but air

transportation is a brand-new thing practically.

Some complaint has been made in reference to that subject, and it has been said that it ought to be considered by the Commerce Committee rather than by the Interstate Commerce Committee. Let us see about that. The Interstate Commerce Commission has been regulating almost from the time of its organization up until now through rates or joint rates by water and rail. In 1935 the Congress sought to extend the jurisdiction of the Interstate Commerce Commission by placing under it the regulation of water carriers.

While that was happening, and while that bill was pending, a measure was introduced at the instance of the shippers to set up a Maritime Commission, because they wanted subsidies, as they always want subsidies, from the Public Treasury. They were getting subsidies at one time in

the form of the use of public money at as low a rate as one-eighth of 1 percent. So when scandal arose in the United States Shipping Board and it was exposed on the floor of the Senate and we repealed the act providing for the Shipping Board, those interested did not stop working, but they came back to Congress time and time again and said, "In the interest of the defense of the country we have got to have a merchant marine." So they stirred the patriotic feelings of Members of Congress and another Commission was established. We did not call it the United States Shipping Board but the Maritime Commission, because that sounded better, but it is the same kind of board which was abolished a few years ago and is giving the same kind of subsidies.

Then we provided that that Commission should regulate those whom they were subsidizing. The independent carrier said. "I do not want to be regulated; I own my own boats; I am not being subsidized, and I do not want to be regulated by a Commission that is subsidizing others."

Mr. ELLENDER. Would the Senator be willing to have the Maritime Commission regulate the water rates provided we exclude the subsidized carriers to which he refers?

Mr. WHEELER. The Maritime Commission has other things to do. It operates the shipping companies; it operates, for instance, the Dollar Line, which goes around the world. Secondly, it subsidizes other shipping, and, in addition to that, it regulates boats. I say that the regulation of transportation, whether by air or by water or by rail, if we desire to have a unified transportation system in this country, ought to be placed in the hands of a commission that stands before the country with never a breath of scandal against it. When people criticize the Interstate Commerce Commission for acts to which reference has been made here. they ought to criticize the Congress.

Now let me return to the subject of air transportation. When that question came up, air transportation was also being regulated by the Interstate Commerce Commission. While a measure on the subject was pending before the Interstate Commerce Committee, the then chairman of the Commerce Committee introduced a bill providing for the creation of another body to regulate air transportation. I did not complain, because I do not think the people of the country are interested one hoot in what committee takes jurisdiction of proposed legislation; what they are interested in is results that are accomplished. I may say that the pending bill is not my measure. I merely introduced it. If Senators desire to know, it was at the request of the President of the United States. I introduced it not because I was anxious to introduce it but we took the bill that the President's Committee of Six had drawn up. We emasculated that bill; we threw out of it provision after provision, and the Senator from Kansas [Mr. Reed], the Senator from South Dakota [Mr. Gurney], the Senator from Missouri [Mr. Truman], and other Senators, and I worked night and day for 2 solid months. We satisfied the bus and truck interests; we satisfied practically all the water carriers; and we satisfied practically all the divergent interests, not in every detail, because there are conflicts between some of the railroads; there are conflicts in some instances between railroad workers and the railroads; there are conflicts between the common carriers and contract carriers by truck and bus, and conflicts between water carriers by water and common carriers; but we did the very best we could, and I think that we have worked out a pretty fair bill.

It is not going to provide a utopia; it is not going to be the solution for all the railroad problems by any manner of means. However, when it is said that something has been taken from the Commerce Committee and given to the jurisdiction of the Interstate Commerce Committee, let me remind the Senate that the Commerce Committee took the measure for the regulation of air transportation away from the Interstate Commerce Committee; they took the measure providing for the regulation of shipping, so far as they could, away from the Interstate Commerce Committee; they set up a different board because certain interests wanted subsidies, and the only way they could get subsidies was to set up another board.

Mr. ELLENDER. Mr. President, will the Senator point out the third provision?

Mr. WHEELER. Yes; the third provision-

The PRESIDING OFFICER. The Senator from Connecticut [Mr. DANAHER] has the floor.

Mr. DANAHER. I yield for the purpose of the conclusion of this discussion. I assume that it will come back to my point at some time.

Mr. WHEELER. I beg pardon of the Senator from Connecticut. I thought the Senator from Louisiana [Mr. EL-LENDER] had the floor.

Mr. ELLENDER. No; the Senator from Connecticut yielded to me so that I might question the Senator from Montana.

Mr. WHEELER. The third provision, referred to by the Senator from Louisiana, is found on page 27, line 13, and reads as follows:

That differences in the classifications, rates, fares, charges, rules, regulations, and practices of a water carrier in respect transportation from those in effect by a rail carrier with respect to rail transportation shall not be deemed to constitute unjust discrimination, prejudice, or disadvantage, or an unfair or destructive competitive practice within the meaning of section 1 of this act.

So in three different places we have gone on record and done everything that is humanly possible to protect different forms of transportation.

No shipper, no shipping interest has come before the committee and suggested that any amendment would protect them more than the amendments and provisions which the committee have incorporated in the bill. They have condemned the bill, and said "We do not want to be regulated"; but when they have come before the committee with some suggested amendment to the bill that would protect their interest, in order "to make assurance doubly sure," we have written the amendment into the bill. The experts of the Commission spent pretty nearly all of one day with the Senator from Minnesota [Mr. Shipstead] and some of those who were interested with him in this matter in working out amendments, and we adopted every amendment of a practical character, so as to be sure that the bill will protect the interests of the water carriers. We have done more; we have gone further in trying to assure protection to the shipping interests of the country, and at the same time have a fairer bill than we have had in behalf of any other class of the transportation business of the country.

Mr. STEWART. Mr. President-

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from Tennessee in order that he may make an inquiry of the Senator from Montana?

Mr. DANAHER. Yes. Mr. STEWART. Mr. President, before the Senator from Louisiana leaves, I desire to interject a word or two, although not on the same matter that he brought up when he first asked the chairman the question. I desire to call attention to the paragraph on page 27 which the Senator from Montana has just read, and inquire whether or not the Senator from Louisiana has read that paragraph.

Mr. ELLENDER. I have.

Mr. STEWART. And I inquire what effect the Senator thinks that paragraph would have on controlling the Commission in making rates.

The question I want to ask the chairman, if I may, is whether or not the provision that has just been read from page 27, which I have had before me for several minutes, would be construed by him as a direction to the Interstate Commerce Commission in fixing freight rates for the different carriers, or whether it is simply a matter of discretion?

Mr. WHEELER. We put in that provision at the instance of the water carriers themselves, because they wanted it, and they felt that it protected them. That is correct; is it not?

Mr. ELLENDER. There is nothing mandatory in the bill. of course. I am in hopes that the Commission will entertain the view of the Senator from Montana whenever the question of water rates comes before it. I do not oppose regulation, but I feel that the Interstate Commerce Commission may probably be influenced in establishing the same rates for water as for rail, since its business is and has been primarily, for fixing rail rates.

Mr. WHEELER. We put the provision in the bill expressly and exactly as the most radical group of water carriers on the Mississippi River wanted it, and we thought if we did that we ought to satisfy them. It was their provision, and we took it verbatim and put it in for them. The mandatory provisions, of course, are in section 30 of the bill, which directs the Interstate Commerce Commission to recognize the factors to which I have already referred. That is not permissive. That is a

Mr. STEWART. The point I meant to stress is this: Section 6 provides that it shall be unlawful to make or give any undue or unreasonable preference or advantage to any particular person, company, firm, corporation, association, and so forth, and then provides that it shall not be considered a preference or advantage if a difference is made in the classifications, rates, fares, charges, rules, regulations, and practices of a water carrier in respect of water transportation from those in effect by a rail carrier with respect to rail transportation.

Construing that entire section, my thought was, and the question I ask is, Whether it would not actually be giving an advantage or an unreasonable preference if the rates of water carriers were made equal with those of railroads under that section?

Mr. WHEELER. That is correct. I do not think there is any doubt about that.

Mr. STEWART. It would give an unreasonable preference to a railroad concern.

Mr. ELLENDER. But the difference in the rate established would not be considered discriminatory.

Mr. STEWART. Why would it not be an unreasonable preference if rates of water carriers were made equal with those of railroads?

Mr. ELLENDER. The rates would not have to be the same. If they differed, let us say, between the same points, the mere fact that water rates were lower than rail rates in itself would not be considered discriminatory. Suppose the rate on flour, let us say, from St. Louis to New Orleans is 25 cents a hundred, and by rail it is 35 cents. Under the language of the amendment just read, the fact that there is a difference of 10 cents between the two rates would not be considered discriminatory. Is not that true? I address my question to the Senator from Montana [Mr. WHEELER].

Mr. WHEELER. The shipping people were afraid it would be, unless they had this provision in the bill.

Mr. ELLENDER. I understand; but is it not true that the purpose of the provision is that should there be differences in classifications, rates, and so forth, as between the rail rates and water rates, that such differences would not be deemed to constitute unjust discrimination?

Mr. WHEELER. That is true.

Mr. REED. Let me add my assurances, out of a good deal of experience in rate litigation, to the assurance which the Senator from Montana has given the Senator from Louisiana, that that is a protection to the water carrier, and there is no reason for anybody to think that that protection will be disturbed in any degree.

Mr. ELLENDER. My hope is that the Commission will be mindful of the statements made by the Senators from Montana and Kansas. It is my understanding that the Commission is not in anywise empowered to fix the same rates for water transportation as prevail for rail transportation.

Mr. LODGE. Mr. President, will the Senator from Connecticut permit me to ask the Senator from Montana a question?

Mr. DANAHER. I yield for that purpose.

Mr. LODGE. I refer to communications I have received regarding contract carriers which are not in competition with common carriers, more specifically steamship lines carrying coal.

Mr. WHEELER. They are fully protected under the bill, under paragraph (7), at the top of page 9, section 2, which reads as follows:

(7) Nothing in this act shall apply to the transportation of property by interstate contract carriers by water which by reason of the inherent nature of the commodities transported, their requirement of special equipment, or their shipment in bulk, is not actually and substantially competitive with transportation by interstate common carriers by water in the same trade or route; and the Commission shall proceed immediately to determine the transportation to be so excluded and shall from time to time make such modificaof its findings as may be necessary to carry out the policy declared in section 1.

Mr. LODGE. The only reason, then, why they are not excluded in the first place is because the administration of the act will be simpler if this arrangement is followed?

Mr. WHEELER. That is correct; and I may say that the suggestion was made to specify various commodities. Somebody wanted to specify coal, and somebody wanted to specify iron, but the matter cannot be handled in that way, because in a bill of this character it is impossible to start to write in specific articles without destroying the effectiveness of the bill. This provision is much better and much simpler for the person in whom the Senator is interested than if we had expressly said "coal," or something of the kind.

Mr. LODGE. I thank the Senator from Montana. I also

thank the Senator from Connecticut.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Connecticut [Mr. DANAHER] to return to section 22, on page 78 of the bill, and reconsider certain amendments adopted?

Mr. WHEELER. I shall have to object to that request. As I explained to the Senator, we went into that subject very carefully. The Commission itself for several years recommended that the time be cut down to 90 days. another recommendation, I think, they suggested 6 months. When we wrote this bill and introduced it, we put the time at 1 year. Some persons came before the committee-I believe the representatives of State commissions, if I am not mistaken, and some lawyers who are interested in this particular class of litigation-and suggested that it should be a longer period. We suggested to them 18 months; and everybody-those who were opposed to the period we had in the bill, and everybody else-said that was entirely satisfactory and would fully take care of the situation.

The PRESIDING OFFICER. Objection is heard.

Mr. DANAHER. Mr. President, I also interpreted the observations of the Senator from Montana as being an objection. While I listened with great interest to the remarks of the Senator from Kansas [Mr. Reed], I was only two-thirds convinced; and, with that thought in mind, I respectfully move that the Senate reconsider the votes by which committee amendments made to section 22 and appearing on pages 78 and 79 were adopted.

The PRESIDING OFFICER. The question is on the motion of the Senator from Connecticut to recur to section 22 and reconsider the votes by which the amendments were adopted on day before yesterday. The motion is in order.
Mr. DANAHER. Mr. President, I should like to be heard

briefly on the motion.

The law, as it stands today and as it has stood for years, provides a period of 3 years. Whether the Interstate Commerce Commission recommended 90 days or 6 months, or whether the Committee on Interstate Commerce wrote in a year and a half or any other period, we still have before us a bill that is so complex and far-reaching that if it is going to help the railroads at all, it necessarily follows that it is going to be necessary to revamp rates.

The Senator from Kansas [Mr. REED] the other day told us that the amount of traffic which the roads today are carrying would have to be increased from 20 to 25 percent in order to have them operate successfully at present rates. It follows that either the shipping situation or the motortruck situation is going to be torn down in order to elevate the railroads, or railroad rates are going to be increased, which obviously means that the public is going to have to pay an extra amount for that service,

With all of our complex transportation system unified under the bill, I submit that more than ever we ought to retain the 3-year period within which to make application for refunds for overcharges. I submit that in the interest of shippers it is no less than a fair and equitable result, at least until we gain the experience that the bill calls for.

Mr. WHEELER. Mr. President, let me clarify the matter. The statement has been made upon the floor of the Senate that if this bill passes, it is going to raise railroad rates. I say here and now that this bill is not being passed in order to give the railroads an opportunity to raise rates, because, in my judgment, what the railroads will have to do if they are going to succeed is to reduce their rates. As I expressed the matter heretofore, the railroads are a mass-production industry, and in order to have a mass-production industry succeed it must have mass consumption.

There are a great many persons who want to travel in this country, and they would travel if railroad rates were reduced. Likewise, in my judgment, there would be a tremendously greater shipment of freight if shipping rates

were reduced.

I have introduced a bill at this session of Congress with the idea of reducing rates. There is not anything in this legislation that tends to bring about an increase of rates. The railroads are hoping, as everybody else is hoping, that business will pick up, and that they will have an increased volume of business. If they have an increased volume of business the railroads can succeed, but they cannot increase rates. I was opposed to the last increase of rates, and publicly so stated. I felt that it would be an injustice to the railroads themselves, that it would not do any good, and I do not think it did any good. I do not think any suggestion about their raising rates will help them. It will simply mean that they will drive business away from them. It will drive business into other forms of transportation because more persons who are engaged in such businesses as the automobile industry, the oil industry, and the steel industry will set up their own forms of transportation, and will themselves haul their products. So there is today competition in the railroad industry which did not exist 20 or 30 years ago, and it is a very keen competition; and there cannot be any thought on the part of an intelligent railroad management of asking for increased rates at this time. The intelligent railroad manager's problem is how he is going to be able to reduce rates in order to keep the transportation.

With reference to this particular amendment, I desire to state that I have not any particular interest in it one way or the other; but we have already passed upon it, and we gave it a great deal of consideration in the committee. The attorneys for the shipping people were before us, the representatives of the State commissions were before us, and they were all agreed that this provision was fair and just.

That is all I have to say about the matter. It is not vital

to the bill either way.

Mr. FRAZIER. I appreciate what the Senator from Montana has said to the effect that the rates should not be raised. I agree with that statement. The trouble is that the Senator from Montana is not going to be on the Interstate Commerce Commission, in all probability, and the railroads have repeatedly asked for increases in their rates. They have had some increases, and have repeatedly asked for more increases. If water rates are raised and truck rates are raised and bus rates are raised, there will be more of an incentive for the railroads to continue to ask for increases in their rates, it seems to me.

Personally, I cannot help agreeing with the statement made by the Senator from Minnesota [Mr. Shipstead] when he said that the railroad situation had not been solved. There are a great many other problems which have not

been solved, including the farm question.

Increases in freight rates are a special tax on the producers, on the farmers. There is no getting away from the fact that freight rates are a tax, and the farmers pay a large share of the tax. If there is to be an increase in the tax through an increase in water rates, which would probably be brought about by the pending bill, even if freight rates

were not increased, which would mean higher rates on some other products which are shipped now part way by water, the water rates would have something to do with the rates we pay. Until the farm question is settled and the farmers given a profit on the products they raise, it does not seem to me there is much chance of the railroads being prosperous. Even if they raised their rates, that would not bring them prosperity, because there are not enough products to be shipped.

I wish to say just a word about the amendment now pending, the amendment offered by the Senator from Connecticut. I have received a letter just this afternoon from the secretary of the Hardware Retail Association of North Dakota. The secretary of that association calls my attention to section 22 of the bill, which provides for cutting down the time for making claims for excessive freight rates. I wish to read an excerpt from the letter. He states:

We do not believe this time limit is sufficient for our members to accumulate their freight bills, send them to us, and our office in turn forward them to our auditors in Minneapolis. We believe our members are entitled to these overcharges, as the

We believe our members are entitled to these overcharges, as the railroads have not devised a system as yet whereby they collect the correct amount of freight charges, and in many cases the charges are too high.

We know that if the time limit is reduced from 3 years to 18 months it would prevent a great many of our members from taking advantage of recovering freight overcharges which are justly due them. This does not only apply to hardware merchants but is in the interest of all branches of retailing as well.

I think that is correct. From past experience the secretary of the Hardware Retail Association of North Dakota claims that the 18 months would not be sufficiently long.

I have never had any particular experience in this matter, but I have succeeded in collecting overcharges on freight in one or two cases, and I know it takes a long time. A shipper has his freight agent send a statement to headquarters—in our case in St. Paul—and it takes them months before they will answer the letter, even to give the shipper the figures he needs. Then it takes more months before the matter is straightened out, and by the time the shipper gets his adjustment I am afraid it will run over the 18 months. I am strongly in favor of the amendment of the Senator from Connecticut.

Mr. DANAHER. Mr. President, will the Senator yield?

Mr. FRAZIER. I yield.

Mr. DANAHER. Certainly this much is true, is it not: Whether the rates are increased or decreased, the difficulty of adjusting them remains?

Mr. FRAZIER. That is correct.

Mr. DANAHER. And the time required will still be the 3 years permitted by the present law as a fair and equitable adjustment period. Is not that true?

Mr. FRAZIER. It is. Railroad companies seem to have a habit of overcharging in freight rates. Only a few months ago I shipped a box of books to the State penitentiary in North Dakota. I had received a request from the warden of the penitentiary for reading matter for the inmates of the institution, and, as I happened to have quite a number of extra books and magazines in my office, I got them together and packed them in a box and sent them to the freight office. When the statement was received it seemed to me the freight charge was very high. I called the company on the telephone and said, "That freight charge is too high, in my opinion. I do not see how you could make it that. I wish you would check it over." They checked it and found that it was 30 or 40 percent higher than the rate should have been. It did not take 3 years to get the adjustment. Because I happened to be right here and to be a Member of the United States Senate, they gave me the adjustment very quickly; but if I had been a farmer, it would have been a different proposition.

In my opinion 3 years is none too long for the making of adjustments, and inasmuch as we have had that time for all these years, and it has not proved any hardship that I have ever heard of, I think it should remain as it is. I suppose the railroads are interested in having the claims satisfied and out of the way as quickly as possible, but they themselves have been a large factor in holding up the settle-

ments—that is, increasing the time—because of their slowness in giving the figures to those who have asked for them, It seems to me that the 3 years would be none too long.

The PRESIDING OFFICER (Mr. GUFFEY in the chair). The question is on the motion of the Senator from Connecticut that the votes by which certain amendments to section 22 were agreed to be reconsidered.

The motion was rejected.

Mr. TRUMAN. Mr. President, I offer an amendment, which I ask to have stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 34, line 4, after the word "employees", it is proposed to strike out the comma and the words "post office inspectors" and to insert in lieu thereof "and persons in charge of the mails and when on duty and traveling to and from duty, and all duly accredited agents and officers of the Post Office Department and the Railway Mail Service and post-office inspectors while traveling on official business, upon the exhibition of their credentials."

Mr. TRUMAN. Mr. President, the amendment merely inserts in section 9, in regard to free transportation on railroads, the provision of the present law. The counsel for the Post Office Department called me up this morning and sent me a copy of the present law. I took the matter up with the Senator from Montana and the other members of the committee, and there is no objection to inserting the provision of the present law in the bill.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is still before the Senate and open to further amendment.

Mr. BAILEY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Davis	Johnson, Colo.	Pittman
Andrews	Donahev	King	Radcliffe
Ashurst	Downey	La Follette	Reed
Austin	Ellender	Lee	Schwartz
Bailey	Frazier	Lodge	Sheppard
Bankhead	George	Logan	Shipstead
Barbour	Gerry	Lucas	Smathers
Barkley	Gibson	Lundeen	Stewart
Bone	Gillette	McCarran	Taft
Borah	Green	McKellar	Thomas, Okla.
Brown	Guffey	McNary	Thomas, Utah
Bulow	Gurney	Maloney	Tobey
Burke	Hale	Mead	Townsend
Byrd	Harrison	Miller	Truman
Byrnes	Hatch	Minton	Vandenberg
Capper	Hayden	Murray	Van Nuys
Caraway	Herring	Neely	Wagner
Chavez	Hill	Norris	Walsh
Clark, Idaho	Holman	Nye	Wheeler
Clark, Mo.	Holt	O'Mahoney	White
Connally	Hughes	Overton	Wiley
Danaher	Johnson, Calif.	Pepper	19073470

The PRESIDING OFFICER. Eighty-seven Senators have answered to their names. A quorum is present.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5324) to amend the National Housing Act, and for other purposes.

REGULATION OF MODES OF TRANSPORTATION

The Senate resumed the consideration of the bill (S. 2009) to amend the Interstate Commerce Act, as amended, by extending its application to additional types of carriers and transportation and modifying certain provisions thereof, and for other purposes.

Mr. BAILEY. Mr. President, I do not intend to detain the Senate long. I should like to have as much quiet as possible for the reason that I should prefer not to lift my voice.

Yesterday I stated that today I would offer a motion to refer the pending bill to the Committee on Commerce. I

am not going to do that. I will state my reason. I think we can present the issue with another amendment which I shall directly send forward and ask to be read.

Moreover, I am of the opinion that my motion comes rather late, and would not be entertained quite as favorably on account of an impression that the motion would tend to delay the consideration of the bill and perhaps the adjournment of the Congress, which is hoped for by some.

The amendment I offer proposes to amend by inserting at the proper place in the bill a new section, as follows:

All forms of water transportation, except joint rail-and-water rates, are hereby excepted and exempted from the operations of this act.

I take it that the amendment needs no explanation as to its import. It merely exempts from the operations of the act the intercoastal transportation, the Gulf transportation, the inland waterway transportation, meaning the Mississippi Valley transportation, and the transportation of what is known as the inland waterway on the Atlantic coast. If the amendment is adopted, the consequences will be that all those forms of water transportation, which are now under regulation of the Maritime Commission, under the act of 1916 and the act of 1933, will be under the same regulation. That means that the inland waterway, that the Mississippi Valley waterway, and the inland waterway on the Atlantic coast, will not be under the proposed regulation, as they are not now under regulation. I understand that an amendment has been agreed to which exempts from the force and effect of the bill the waterway transportation on the Great Lakes to the extent that it is competitive with the foreign-and I understand that to mean Canadian-commerce.

Mr. President, that is the situation as it is presented. What are the reasons for offering the amendment? The first reason is that the waterway transportation known as the intercoastal transportation—that is from the Pacific to the Atlantic and the Atlantic to the Pacific through the Panama Canal-is already under sufficient and independent regulation. So far as the inland waterways are concerned, the Mississippi Valley waterways and the Atlantic coast waterways, there is no demand from the public, and none from the shipping, and none from the consumers, that those public waterways created by our Government, for the whole people, shall be subjected to regulation. There is no competition there. There are no complaints there.

Moreover, the Mississippi Valley transportation and the Atlantic seaboard transportation from the point of Florida really to New York, as shown on the map on the wall of the Senate Chamber, account for only 3 percent of the freight traffic in this country. What good purpose would be served in the way of helping the railroads by regulating that traffic? The regulation of 3 percent of the total traffic is negligible to start with. Assume we could so regulate the water traffic that we give it all to the railroads, it would be so small a contribution that it would not even remotely tend to get them out of the condition in which they now are.

Take the intercoastal transportation from the Pacific to the Atlantic and the Atlantic to the Pacific. That transportation accounts for only seven and one-half million tons out of 220,000,000 tons; that is to say, the railroads now have 208,000,000 tens of the transportation on our continent. The intercoastal shipping from the Pacific to the Atlantic and back again amounts to only seven and one-half million tons,

and the gain there would be only 3 percent.

Take both systems of water transportation together; 3 percent on the eastern seaboard and in the Mississippi Valley, and 3 percent on the intercoastal transportation would amount to only 6 percent of all the traffic. Give it all to the railroads, and it would serve no good purpose. No one wishes to do that, but give it all to them and the railroads would not be delivered from their present condition.

So, insofar as the argument has been made that the legislation is proposed in order to extricate the railroad systems from a bad situation, I say that even if all the transportation involved in the Mississippi Valley and on our

Atlantic coast and on the Pacific were given to the railroads, it would really not serve the purpose contemplated by this proposed legislation.

No one wishes to do that. No one would like that to be done. But if that is not going to be done by the proposed legislation, what is going to be done that will help the railroads? I will come to that question in a moment.

I should like to say with respect to that point, that I am a friend of the railroads of the United States. I consider them just as important to the national economy as any other institutions in the land—perhaps more so. I consider them just as important to the national defense as any other institutions we have. The Army and Navy are great arms, but they could not get far without the railroads. I wish to help the railroads; but I say that no one advocating the bill has substantially responded to my little question of yesterday, "Show me wherein this legislation will aid the railroads." I think the considerations I have just submitted tend, at any rate, to convince every Senator that, so far as the railroads are concerned, there is nothing whatever to be gained by changing the present regulation of our intercoastal shipping. our Mississippi Valley shipping, and our Atlantic Inland Waterway shipping from the present status to the status of regulation under the Interstate Commerce Commission.

There is one difference, and I wish to point it out. It is proposed in the bill to put the systems of shipping and transportation to which I have referred under the order of certificates of convenience and necessity. I am saying that we do not wish that to be done with respect to our waterway systems, that is, the intercoastal and the inland systems. Why? A certificate of convenience and necessity looks always to monopoly. The bill provides that those systems of transportation which are now using the intercoastal and inland waterways shall have such certificates as a matter of right, and that those facilities shall be closed to competition by others, closed to new enterprise. Where we now have freedom of effort, where we now have freedom of competition, it is deliberately proposed, without demand from the people, without complaint of any sort, and without the prospect of directly helping the railroads, to bring in, on the waterways which our land created and for which the Federal Government is responsible, the system of monopoly, which all parliaments and all governments, from the days of Henry VIII, and even prior to that, in the days of the common law, until now, have abhorred.

I am saying, as a Senator from that portion of the country which is served by the inland waterways, that we want no monopolies in that section. We want the little shipper and the big shipper to have their opportunity. If I wish to start a boat line down there to serve the people, I want to have the right to do it. I do not want anybody to say that I must come to Washington and appear before the Interstate Commerce Commission and ask for a certificate of convenience and necessity, and probably be turned down in the interest of somebody already operating.

I take it that on the shipping from the Pacific to the Atlantic and from the Atlantic to the Pacific, through our Panama Canal—and it is ours, created by the Federal Government for the benefit of all people-neither the Senate, nor the Government, nor the American consumer, nor the American farmer wishes to commit that system of transportation to the policy of monopoly, which is precisely what the bill would do. As matters stand, that cannot be done. As matters stand, the waterways are highways of commerce, free to all the people. As matters stand, the rates must meet the terms of competition and the necessities and demands of the people. As matters now stand, exorbitant profits cannot be made; for the unerring economic law will work in every case. However, if we change the situation, we place the two great waterways of our land, the Panama Canal waterway and our inland waterways, for which we have spent almost unnumbered millions of dollars, in the position of becoming highways of monopoly instead of highways of free competition.

So, Mr. President, as a matter of public policy, considering the expenditure of the hundreds of millions of dollars necessary to create these two systems of transportation, I protest against the policy which intends, after all these years of development, to turn them over and expose them to the very monopolistic practices which the present administration so often denounces, and which every American

must oppose.

Mr. President, I think what I have said should be sufficient; but I shall undertake to answer the question which I asked on yesterday, and which the proponents of the bill did not see fit to answer, so far as I am the judge. I do not say that by way of reflection, because if my friend, the chairman of the Committee on Interstate Commerce, thinks he has shown wherein the bill will aid the railroads, I am willing to give him credit for so thinking. However, on that question, Senators are the witnesses, and the chairman of the Committee on Interstate Commerce and I are not the judges.

On what theory can it be said that the transfer of intercoastal shipping and inland waterways shipping to the Interstate Commerce Commission will aid the railroads? I have searched my mind for the answer to that question, and I can find only one answer which is consistent with the

proposal.

I think it must be intended to have the Interstate Commerce Commission establish rates between the Atlantic and the Pacific and between the Pacific and the Atlantic, through our Panama Canal, at a point which will enable the transcontinental railroads to compete for that traffic. If I am wrong about that, I do not see how we could otherwise help the railroads. If I am right, then I put the Senate and the American people on notice that the deliberate proposal is to lift the water rates in order that the railroads may lift their rates. I leave that question to the judgment of Senators. That is my view, and if I am right about that, who will pay the bill? The railroads will not pay it. The ships will not pay it. The farmers, the consumers, and the miners of America will pay the bill. We have not heard from the farmers.

Mr. TRUMAN. Mr. President, will the Senator yield?

Mr. BAILEY. I should like to complete my sentence. We have not heard from the consumers; and if my friend now rises to say a kind word for the farmers and the consumers on this question, I am doubly glad to yield to him.

Mr. TRUMAN. I am saying a kind word for the farmers and the consumers; for they pay the freight all the time. They are now paying it, and they will continue to pay it. It will not make any difference whether the bill passes or not. The same people will pay the freight after the passage of the

Mr. BAILEY. I am in full agreement with the Senator: and I am protesting that they will be required to pay more.

Mr. TRUMAN. They will not be required to pay more under the provisions of the bill.

Mr. BAILEY. Then, how will the bill help the railroads? Mr. TRUMAN. We are trying to establish a transportation policy for the United States Government.

Mr. BAILEY. How could that policy help the railroads unless their income were improved?

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. BAILEY. I yield.

Mr. WHEELER. The Senator asks a question. I said to him yesterday that it is not a question of helping the railroads; and I think it ought to be clear that the bill is not introduced primarily with the idea that it will help the railroads. The statement has been made repeatedly that the object of the bill is to help the railroads. The object of the bill is to help the railroads insofar as we can correct some undesirable practices and speed up the work of the Interstate Commerce Commission. The bill seeks to give equality to the railroads in the same respect in which we give equality to everybody else. I do not think the Senator from North Carolina, who is noted for his fairness, can say to the American people that we want the railroads in a strait jacket with reference to their rates, but that the water carriers, their competitors, should be free. If the Senator takes that position, then I say there is only one thing we ought to do. If we are not to regulate the water carriers, if we are to let them resort to any practice they wish to follow, including rebates and everything else, then let us say to the railroads of the country, "We will repeal the law regarding the regulation of your rates." Let us turn them loose; let us go back to the law of the jungle, and let the best man win. Who would suffer in the long run? It would be the shippers of the country, the farmers, and the miners, about whom the Senator is now speaking.

Mr. BAILEY. I am much obliged to my good friend. I understood, and I stated yesterday without contradiction, that this proposed legislation arose upon the report of the committee appointed on September 23, 1938, by the President of the United States to submit recommendations upon the general transportation situation. That is the title of the

committee. Now here is what their report says:

The major factor in the present distressed condition of the railroads is the low volume of their traffic.

That is what I said yesterday.

A contributing factor is the depressed character of many of their

If that is one of the troubles, it is proposed to lift them; if rates are depressed, then lift them.

Mr. WHEELER. Mr. President, will the Senator yield? Mr. BAILEY. I will read a little further and then I will

The competitive modes of transportation are partially respon-

"The competitive modes," that is water transportation and rail transportation-

are partially responsible for the former and almost wholly responsible for the latter.

There is the major premise of this proposed legislation.

Mr. WHEELER. Let me say to the Senator that he is sadly mistaken with reference to the statement he is making. I am sure he wants to be fair. Let me state the major reason for this proposed legislation. It was suggested a long time before the Committee of Six was ever heard of. The Senator is speaking with reference to water carriers because water transportation is what he is interested in and the regulation of such transportation he says was recommended by the committee. The Senator can go back to the Interstate Commerce Commission reports 50 years ago and find a recommendation by the Interstate Commerce Commission for the regulation of water carriers and saying that all forms of transportation ought to be regulated.

However, in 1935, when Commissioner Eastman was coordinator-and no Member of this body will attempt to stand on the floor and say that Joe Eastman has been railroadminded or that he is not one of the great outstanding public servants of the United States-he drafted a bill. In 1935 I introduced that bill, and portions of the pending bill were taken from the bill then introduced by me, which was drafted by Mr. Eastman as coordinator and sent to the committee. That bill was reported by the committee, I

think unanimously, if I am not mistaken.

So there is the recommendation, not of the Committee of Six, but of the coordinator.

Mr. BAILEY. I thank the Senator, and I begin to believe that if I do not succeed in making a good speech this afternoon he will at least be able to say that he made two good ones in the midst of mine. However, since he quoted Mr. Eastman, I am going to quote Mr. Eastman. I regard Mr. Eastman as the foremost expert on railroad transportation in the country.

Mr. SHIPSTEAD. Mr. President, will the Senator yield? Mr. BAILEY. I wish to complete my statement, and I will yield.

I regard Mr. Eastman as one of the ablest men dealing with this great problem. I am very much inclined to follow Mr. Eastman's judgment. I do not know of anyone who

questions his integrity or his capacity or his experience. Here is what he says about this bill:

Mr. Eastman does not anticipate that the regulation of water carriers will be of any great benefit to the railroads.

He says that himself, and he does not support this proposed legislation.

Mr. WHEELER. I beg the Senator's pardon.

Mr. BAILEY. I am proceeding on the basis of the testimony in the record.

Mr. WHEELER. I beg the Senator's pardon. Mr. Eastman supported the objectives of the proposed legislation, but he did not like the form in which it is proposed to reach the objectives.

Mr. BAILEY. I will say, then, he is just not supporting the legislation. I agree with the Senator that we all support good objectives. I believe I will make some remarks about that now. The way one approaches an objective is sometimes more important than getting there. One must go straight, keep to the straight and narrow road. That accounts, to a great extent, for my course here in the Congress. I have thought that the way to save the American people was to preserve the form and character of the American Republic. That is a way of reaching the objective, but it is not the objective. In my judgment, the form and character of the approach are indispensable to the objective. I will agree with anybody about good objectives, but I am saying that Mr. Eastman says that this is not the proper method.

I will yield to the Senator from Minnesota in a few minutes, but I wish to answer my friend from Montana first. He was saying that the report to which I have adverted was not quite the foundation that I thought it was. I just now read from the report of the President's committee. Now, by way of further reply, I am going to read from the report of the Interstate Commerce Committee itself:

In 1938 President Roosevelt appointed a special committee to study the railroad problem. That committee, composed of Commissioners Splawn, Eastman, and Mahaffie of the Interstate Commerce Commission, and unofficially designated as the Committee of Three, made certain definite recommendations. They urged, among other things, the creation of a transportation board. They likewise recommended the regulation of water carriers by a central regulatory body.

* *
On September 23, 1938, President Roosevelt appointed another

On September 23, 1938, President Roosevelt appointed another special committee, this one known as the President's Committee of Six, to further study the railroad problem and to make recommendations. On December 23, 1938, this Committee of Six, composed of three representatives of railroad management and three representatives of railroad labor, reported its analysis and its proposed solution for the railroad problem.

The recommendations of the President's Committee of Three and the recommendations of the President's Committee of Six, and a careful consideration of the public interest constituted the basis upon which the bill S. 2009 was drafted and introduced.

If I have been mistaken about that, and if I have been misled about that, I submit that I have been mistaken, and I have been misled because I put full faith and confidence in the report which the Committee on Interstate Commerce filed with the Senate of the United States. That report is my authority.

Mr. WHEELER. The Senator does not need to apologize for that, because it is in the report. However, the Senator from North Carolina is interested in waterways; that is what he is talking about. I again call his attention to the fact that in 1935 I introduced a bill which provided for the regulation of water carriers. The provisions contained in that bill of 1935 are the same, with a few modifications, as are found in the pending bill. We took the provisions of the bill of 1935, which I introduced and which was drafted by Coordinator Eastman, and put them in this bill. After the bill reached the committee, because some water carriers had made certain suggestions, we amended the bill to comply with the request of the water carriers.

It is not accurate to say that this bill, particularly the portions to which the Senator refers, is based solely on the recommendations of the Committee of Six. We did take the recommendations of the Committee of Six, and we used them as a basis for much that is contained in the pending bill, but I am trying to point out to the Senator that back

in 1935, if he will consult the record, he will find that we held hearings upon this particular portion of the proposed legislation, and that was long before the Committee of Six was ever heard of or ever thought of.

Mr. BAILEY. I have no disagreement about that, but I think it is accurate to state what is contained in the report of the committee, and I will reiterate it. I read from page 2 of the report of the committee signed by my good friend the Senator from Montana, the chairman of the committee:

The recommendations of the President's Committee of Three and the recommendations of the President's Committee of Six, and a careful consideration of the public interest constituted the basis upon which the bill, S. 2009, was drafted and introduced.

That is all I have said; that is all I have contended.

Mr. President, I do not wish to detain the Senate, but I have one other argument to make.

Mr. HATCH. Mr. President, I do not wish to intrude on the Senator, but I should like to ask him a question.

Mr. BAILEY. Very well; I yield.

Mr. HATCH. I thought the Senator from North Carolina said a while ago, in his colloquy with the Senator from Missouri, that the only way by which the railroads could be helped would be by raising the rates. Did I correctly understand the Senator?

Mr. BAILEY. No; I did not say that. I said the only way in which they could be helped under this bill would be by raising the rates. That is quite a different proposition.

Mr. HATCH. The proposition which the Senator has stated is one which I have not understood from the terms of the bill. I confess I am not as familiar with the bill as I should be; but I want to say that I do not think raising rates is at all necessary to help the railroads. On the contrary, raising rates is very often destructive of revenue. Even a reduction of rates may produce more revenue and more business, and a railroad company may prosper more at the lower rates than at the higher rates.

That is the thought which was in my mind.

Mr. BAILEY. I thank the Senator. He clearly misunderstood me. I said the only theory on which it could be said that this bill would aid the railroads was that the Commission would lift the water rates in order to enable the railroads to lift their transcontinental rates. I will add to that statement that the only theory on which we could justify putting under the Interstate Commerce Commission our inland waterways, the Mississippi River and the Atlantic inland waterways, the only argument that could be made that would show that that would help the railroads, would be that the rates in the Mississippi Valley are going to be lifted and the rates on the Atlantic coast are going to be lifted in order to enable the railroads to lift their rates. I think that is as plain as it can be on its face; but that is not saying that we should lift railroad rates.

I think I understand what is up. Take the Gulf coast: Ninety million tons annually are now being shipped from the Gulf coast out of Texas ports, Louisiana ports, and Alabama We had the argument here about the Florida canal that 90,000,000 tons of shipping would pass through it; and there is 90,000,000 tons of shipping out of those ports, most of it on the way to the Atlantic. A great deal of that shipping is oil. A great deal of it goes to Charleston, where there are big refineries, then to Savannah, then to Wilmington, N. C., then to Norfolk, then to Baltimore, then to Wilmington, Del., and then to Philadelphia, New York, Boston, and Portland. The railroads want part of that oil transportation, and the only ways in the world in which they could get it would be either to lift the rates of the contract carriers or to lift the rates of the tankers. I think that is perfectly plain.

Mr. WHEELER. Mr. President, who owns the tankers?

Mr. BAILEY. The private companies own a great many of them.

Mr. WHEELER. There is nothing in this legislation that could affect them if we wanted to do so.

Mr. BAILEY. There is a great deal in the legislation that affects the contract carriers.

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Mr. WHEELER. Yes; but, as I have repeatedly said upon the floor of the Senate, we cannot by this legislation affect the private companies. I think something ought to be done, and other Members have suggested that they thought something ought to be done, to make the persons pay who own oil tankers which are using the Great Lakes, and particularly the waterways developed at Government expense, to make money which they are sticking in their pockets; but there is not any way in which that can be done except by charging tolls for the use of the waterways, and there is nothing in the pending bill which does that. I think such persons should pay the Government in order to help pay for building the waterways; but there is not anything in the bill along that line, and so there cannot be anything to the argument, because the oil companies own and operate their own vessels.

Mr. BAILEY. They own them to a great extent; but there are contract carriers moving out of the Gulf, and also independent carriers.

I am glad the Senator from Montana made the confession that he did. He is a perfectly candid man. He speaks of the alternative of charging tolls on the inland waterway. which runs through my State. I will say that a delegation of railroad executives came to my room in the month of February and asked me whether I would introduce legislation establishing tolls on the inland waterways of the United States. They had with them a representative of one of the brotherhoods. I listened to them. I respected them. When they got through, I said, "Such a bill as that may be introduced in the Senate of the United States at some time by somebody, but it will never have my name on it. Those inland waterways were created by the taxes of the people. They could not stand tolls. If you put a toll on them you are destroying the one means of transportation whereby the people can get cheap motor oil and cheap food."

Mr. WHEELER. Mr. President, let me ask the Senator a question. Does he know of any oil company that gives the people the benefit of cheap water transportation?

I read here the other day a letter from Memphis, Tenn.and I should like to have it here now-in which a representative of one of the oil companies said, "Why, of course, we take the money and put it in our pocket, and do not pass it on to the consumer." The oil companies ship crude oil by truck into Montana, and claim they can ship it cheaper than by rail, and refine it into gasoline in the State. They produce the crude oil in the oil fields, ship it to the refinery in Montana, and turn out gasoline; and what do they charge the consumers in Montana for it? They charge them for gasoline the price in the Oklahoma field plus the railroad freight rate to Montana, when it is refined in Montana. That is what is done by the big oil companies the Senator is talking

The shipping interests that came down to protest against this bill, called some kind of an "institute," were controlled by whom? By two of the big monopolies, oil and steel. The Senator talks about monopoly. They are the boys who were opposed to this legislation. It was they who came before the Interstate Commerce Committee and, through their lawyer and through their institute—not as individuals, but through the institute which they control-were opposing the

Mr. BAILEY. I thank the Senator.

Mr. SHIPSTEAD. Mr. President, will the Senator yield? Mr. BAILEY. I wish to answer the Senator from Mon-

tana, and then I will yield.

The Senator from Montana has just argued that, no matter what this country might do by way of providing canals and similar means of transportation, the oil companies would take advantage of them and pocket the money. Now, grant that that may be so. I affirm that if that is remotely so, it is not the duty of the Congress to lift the rates or to regulate the waterways to meet so monstrous a situation. It is the duty of the Congress to stretch forth the strong arm of the Government of the United States and put an end to business so nefarious and so oppressive. There is a fine opportunity for it; but do not take it out on the waterways. Take it out on the persons who perpetrate the wrong.

Mr. WHEELER. Mr. President, would the Senator mind my reading him some testimony? This is sworn testimony before the Interstate Commerce Commission.

Mr. BAILEY. I will thank the Senator to do it.

Mr. WHEELER. There was considerable testimony in the discussion before the committee and in the hearings before the subcommittee as to whether or not, if there are any savings in rates because water transportation may be cheaper than rail or motor transportation between the same points, the shipper gets the benefit of the reduced rates.

In a recent hearing before the Interstate Commerce Commission held at Memphis, Tenn., in February 1937, in Fourth Section Application No. 17413, involving rates on gasoline and kerosene from the Baton Rouge group to Alabama points, Mr. A. M. Stephens, general traffic manager of the Standard Oil Co. of Kentucky, testified:

We do not take into consideration any evaporation charges in connection with any surveys we made for any individual terminals, because we find that on all of our inland waterways terminals we because we find that on all of our inland waterways terminals we amortize this investment. As to our inland waterways terminals, we usually amortize them within 2 or 3 years. In other words, the money we make on our water terminals we put in our pocket. We do not pass it on to the consumer. No other oil company does that I know of, except where there is price competition, and naturally in that connection we have a depreciation set up that may last for 10 years; but in the meantime we have fully amortized the investment shown in our accounting procedure, and the economy that we realize is credited to the P. & L. account for margin. We have such great savings in our water terminals, inland waterways terminals, that we eliminate entirely evaporation and insurance in all of our calculations. That enters into our general ac-

ways terminals, that we eliminate entirely evaporation and insurance in all of our calculations. That enters into our general account by reason of the great number of water terminals operating at the present time on the South Atlantic coast, the Gulf coast, and the Ohio River, and the evaporation loss from our aggregate figures is less than 40 points; in other words, it is less than one-half of 1 percent. I have the figures here showing our evaporation losses in connection with all of our transportation to these Ohio River points which I have indicated, and I will be glad to file them for the record if they are so desired. for the record if they are so desired.

On cross-examination Mr. Stephens testified as follows:

Question (by Mr. Beck). Mr. Stephens, with regard to the possibility of imposition of tolls on these rivers, has that received the full consideration of your committee in dealing with these matters? That is, do you view things like that for any particular time in the

Answer. Oh. ves. We exercise our judgment and foresight in the consideration of all of these matters. We have found that none of the other companies are passing any of this money on to the consuming public.

Mr. BAILEY. I thank the Senator.

Mr. WHEELER. It is not a question of what they may do; it is a question of what they actually are doing at the present

Mr. BAILEY. Very well; there is a remedy for that. The United States Government is strong enough to obtain for the people of the United States the benefit of the great canals it has created for them with their money. I hope the United States Government will never get to the point where it is not strong enough to maintain the inland waterways and the great Mississippi River, and so to manage them that the benefits of them, which God gave our country for all the people, cannot be realized by the people themselves. If there are wrongs there, I submit that the way to deal with them is to address ourselves to the evils, and not put the penalty on the waterways.

In that connection I call attention to the amendment which is pending, offered by the Senator from Minnesota [Mr. Shipstead]. I am not now going to discuss that amendment, but I am going to ask him to discuss it in the light of what has been said by the chairman of the Interstate Commerce Committee. I will yield to the Senator if he wishes to talk about that amendment; or, if the Senator will let me finish, in 5 minutes I will yield the floor.

Finally, Mr. President, I desire to make an argument which may seem to be a little sectional. Perhaps I am, to some extent, a sectional man; but I am very proud of it. I am very deeply attached to the Southern States; but I hope and pray that I will never find myself where I cannot see the national interest. I hope I may never reach the depth where I would not try to be fair to New England, and the great West, and the North. Ours is all one country; it is all my country; but I am from the South.

I wish Senators would turn to the map for a moment. The southern territory is almost in the nature of an island. It is the only portion of our United States which is surrounded on three sides by navigable water, the Atlantic Ocean, the Gulf of Mexico, and the great Mississippi River. Senators will see the extension of the Tennessee River and also the extension of the Ohio. The red line on the map, in Pennsylvania, approaches the upper reaches of Chesapeake Bay. That system of waterways is one of the great blessings of the South. That has given us cheap transportation. It has given us our export trade in cotton and tobacco.

The United States built that inland waterway seen on the map, apparently stretching from the Chesapeake Bay or the Delaware all the way down to the tip of Florida, and then resuming on the Gulf of Mexico, and going, I think, from Mobile perhaps all the way to Corpus Christi.

Mr. President, that is our national water, and in a sense that is our southern water. That is our means of transportation. We have not had it long. That inland waterway has not yet been completed; the waterway on the Gulf has not been completed, and the waterway up the Missouri River to Sioux City has not been completed; but when they are completed we will have a great, free, open waterway, on which food and manufactures can be carried to the people, and on which the products of the farms and the mines can be carried to the markets not only of this country but of the whole world.

Shall we bring that waterway system under the bonds of this railroad regulation? Shall we paralyze it in its inception on a theory of aiding the railroads when we know that the only sound application of that theory will be the lifting of the rates, and perhaps the ruin of those waterways for practical purposes?

I think this should be seriously considered by Senators from west of the Mississippi River, from Oklahoma, Arkansas, Missouri, and Texas, and by Senators from the belt which has been largely known as the "old" belt, part of it the upper South, the Southeastern States, referred to by our Presidentand I think not in any invidious way, but in a way which indicated the best of intentions—as the "Nation's economic problem No. 1." I have always thought that there were greater problems in our land than that. I think the economic problem No. 1 in our country is a national problem rather than a regional or sectional problem. I would say the problem of unemployment is a far greater problem than any other problem in my section of the country. I would say the problem of distribution is a far greater problem than any other problem in my section of the country. I would say the problem of inducing American investors, not the rich, but all of us who have a little money which we want to yield interest, to invest their money in enterprise, as I was saying yesterday, is a far greater problem than any problem in the South. But I agree that there is a problem there. The income is lower, I agree. The farm income is lower in the South than it is in the West, and the per capita income generally-I was looking at the figures this morning-is lower in the South. In that sense there is an economic problem there.

I think the destiny of this country lies in the South. I think we have passed through the depression better than any other section of this country. My State is one of the few States in the United States which had a larger income in 1937 than it had in 1929. I am not without hope about the southern portion of the country; but I agree that there is a severe, a real economic problem there.

Are we to solve that economic problem by tying up the Mississippi River, by tying up the inland waterways, putting them under regulation, putting them under certificates of convenience and necessity, putting them under the Interstate Commerce Commission, putting them under legislation which is brought forward as a means of solving the problem of the competitive lines of railroads?

I ask the Senate not to do that. I ask the Senate to treat the Gulf States, I ask them to treat the Southern States on the Atlantic seaboard as they have treated the States on the Great Lakes. I wish to vote for the proposed legislation, and I have said so all the time; but I do not see how Senators can consistently except the Great Lakes from the operation of the proposed act with respect to competition with Canadian lines, without also excepting the Atlantic seaboard and the Gulf with respect to competition; and we have our foreign competition. I ask that much consideration as a matter of fairness to the South; I ask it as a matter of equity.

Mr. WHEELER. Mr. President-

The PRESIDING OFFICER (Mr. Mean in the chair). Does the Senator from North Carolina yield to the Senator from Montana?

Mr. BAILEY. I yield.

Mr. WHEELER. Mr. President, the contract carriers of the South are going to be in exactly the same position as the contract carriers on the Great Lakes. If the Senator will read the bill with reference to that subject, he will find that the exact provisions with reference to contract carriers apply to contract carriers of the South. There are no contract carriers in the South plying from port to port in foreign competition; and if that does occur, the carriers of the South can apply to the Interstate Commerce Commission and be relieved.

Mr. BAILEY. But the Senator is not saying that he will do for the Atlantic seaboard or the Gulf what he has done for the Great Lakes.

Mr. WHEELER. In the first place, Mr. President, there is no foreign competition, because it is against the law for foreign boats to ply and offer competition in the port-to-port rates, so that the same condition does not apply with reference to the Great Lakes as to the South. An entirely different situation exists on the Great Lakes from that which exists at any other place, because the Great Lakes operators want to compete with the Canadian operators. Such a condition does not exist along the Atlantic coast, but where there are ships which do not compete and by their nature cannot compete, contract carriers and bulk carriers are exempted, just as they are anywhere else.

Mr. BAILEY. Mr. President, I am not denying that there is a difference, but I am denying that there is equity in making such a distinction when the consequence of the distinction is to put the inland waterway on the Atlantic seaboard and the inland waterway on the Gulf and the inland waterway up the Mississippi under the regulatory powers of the Interstate Commerce Commission under the objectives of the proposed legislation, but making a broad exception as to the Great Lakes.

Mr. WHEELER. It is perfectly apparent to me that the Senator from North Carolina does not understand the situation on the Great Lakes and does not understand the situation with reference to intercoastal competition. There cannot be any intercoastal business by foreign boats along the Atlantic seaboard or in the Gulf of Mexico. It is against the law, so it cannot exist. On the Great Lakes the only carriers we have exempted are those operating American boats which go into foreign ports and compete with foreign vessels. Such a condition does not exist on the Atlantic seaboard, and cannot exist there. Consequently, when the Senator speaks of equity, there is no such thing as comparison between those two conditions, because they are so dissimilar. In one case it is unlawful, and in the other there is a different situation.

Mr. BAILEY. But the Senator will agree that he set out in this bill, to begin with, to regulate the Great Lakes transportation, and now he has abandoned that. I wish he would abandon it with regard to the inland waterways, the Mississippi River, and the Gulf. Whether he does or not, I am asking the Senate to do it.

Mr. President, I have concluded my argument, but I have one or two further statements to make. My distinguished friend, the chairman of the Committee on Interstate Commerce, in the course of an argument this afternoon made a remark—while I was not in the Chamber, but I was in-

formed of it, and if I am mistaken, I wish he would correct me—to the effect that the Maritime Commission had been giving \$10 banquets.

Mr. WHEELER. Oh, no.

Mr. BAILEY. I should like to be advised about that.

Mr. WHEELER. Not the Maritime Commission. What I stated was that the so-called Dollar Line, which goes by some other name, another flower by another name, and a flower by another name would smell as sweet—

Mr. BAILEY. I will say to the Senator that the proper

name of that line is now the "McAdoo Line."

Mr. WHEELER. Very well, the McAdoo Line. I think that is more appropriate. The McAdoo Line—I do not know what the real name of the line is.

Mr. BAILEY. The American Presidents Line.

Mr. WHEELER. But the money was furnished to that line by the Maritime Commission, because the Maritime Commission operates that line. That line, operated by the Maritime Commission, held a banquet in San Francisco that I know of, and I was told that banquets were held by that line in Chicago and in Baltimore. I cannot be positive as to the other banquets, but I know about the banquet being held in San Francisco, and I am quite sure banquets were held by that line in other cities as well. The line gave \$10a-plate dinners, and they set someone up on a pedestal, and then they invited in all the politicians and many others, and the money for that purpose came out of the pockets of the American taxpayers, because the Maritime Commission is the one which operates the line. That line has been giving \$10-a-plate dinners over the country. They say they wish to do it in order to bring in business. If they hope to bring in business by inviting politicians to Dollar Line \$10-aplate dinners, I believe their efforts are in vain. How is a man who owns his own boat going to compete with this line which gives \$10-a-plate dinners?

Mr. PEPPER. Mr. President-

The PRESIDING OFFICER (Mr. Hill in the chair). Does the Senator from North Carolina yield to the Senator from Florida?

Mr. BAILEY. I yield.

Mr. PEPPER. In view of the rather general and vague statements, and perhaps the general and vague information the Senator has with respect to these so-called \$10-a-plate banquets, I wish to ask the Senator if it would not be fairer to all the parties involved that a more detailed account be given of the whole affair and perhaps a more accurate account of what actually occurred, for I am sure the Members of the Senate are sufficiently familiar with the character of the members of the Maritime Commission, and certainly with the character of the former Senator from California, the eminent citizen, Mr. McAdoo, who is at the head of the steamship line, not to be willing to attribute to them any lack of judgment or discretion, or to impute to them any impropriety in their official conduct.

Mr. WHEELER. I do not care who is responsible. I say that what was done shows a lack of judgment.

Mr. PEPPER. Lack of judgment in what respect?

Mr. WHEELER. A lack of judgment in holding banquets of the kind that were held throughout the country.

Mr. PEPPER. How much information does the Senator from Montana have on the subject?

Mr. WHEELER. I have some direct information with respect to it.

Mr. PEPPER. Does the Senator have the guest list?

Mr. WHEELER. No, I have not; and I do not want the guest list.

Mr. PEPPER. Does the Senator know how the banquet was paid for?

Mr. WHEELER. Yes; I know how the banquet was paid for, and I know that the Maritime Commission knows about it, because I have talked with members of the Commission on that subject. When I was in San Francisco I was given this information by a very responsible individual who lives in San Francisco. He told me about it and I verified it. The excuse for holding the banquet was to get business. They

felt that the way to get business over the country was to hold banquets. They felt that they had such great success in San Francisco, having had so large a crowd at the banquet, that they decided to hold banquets in other cities. If they were to hold one in the city of Washington, they could get nearly all the Members of the House and the Senate to attend, and I am sure one could get a great many other people to attend \$10-a-plate banquets. The Senator from Florida can defend that action if he wants to, but, so far as I am concerned, I say it shows bad judgment.

Mr. PEPPER. I do not want to interfere with the argument of the Senator from North Carolina, but I wish to make one statement. It is very easy to rise on the floor of the Senate and refer disparagingly to a "\$10-a-plate dinner" given by somebody, but unless the Senator is disposed and able at the same time to tell the Senate exactly what happened, and to be able to give the whole setting for the affair, it is not quite fair to disparage either the motives or judgments or intentions of those who are presumably going to do the proper thing.

Mr. BAILEY. Mr. President, my good friend the Senator from Montana is under some misapprehension about this matter. He said that the Maritime Commission operated the Dollar Line ships. The Maritime Commission handles the subsidies which the Congress authorized to those ships.

The Commission does not operate them.

Mr. WHEELER. I beg the Senator's pardon, but I am quite sure the Senator is mistaken in that respect. The Commission does operate them. The Maritime Commission set up the corporation which took over the Dollar Line, and they are operating the Dollar Line at the present time—the American Presidents Steamship Line.

Mr. BAILEY. The American Presidents Line.

Mr. WHEELER. When Mr. McAdoo was chairman of the board he took that steamship company over, and the United States is today operating that line. It is a corporation, but it is an American-operated steamship company, and being operated and directed by the Maritime Commission.

Mr. BAILEY. My information is quite different. But in order to settle the matter in an official way I will have the record sent to the Maritime Commission, get a statement,

and put it in the RECORD.

I was undertaking in the best of faith, and without any relevancy to the merits of the argument that I have just now made, to exculpate the Maritime Commission in the premises. My understanding is that Mr. McAdoo is not an official of the United States Government. He is chairman of the board of the steamship corporation. He was appointed at the instance of and with the consent of the Maritime Commission. I would not go further and say who brought about the appointment, because as a matter of fact I do not know.

Mr. WHEELER. It was the Maritime Commission which

appointed him.

Mr. BAILEY. I think it was done upon their recommendation, their suggestion. I would not raise any serious question about that. I would not raise any question about the Dollar Line being very heavily subsidized. I am very sorry to say we have reached the time when practically all the shipping lines in the world, in order to operate must be heavily subsidized. But I say that that was not a matter in the control of the Maritime Commission. The steamship line operates under a corporate system, and of course it receives a subsidy.

What the officials of the line did, according to my information, was to set out upon a little system of advertising American shipping and American shipping lines. They conceived the idea of giving banquets in great cities—I do not know how many—probably in San Francisco, Los Angeles, Chicago, and one or two more cities. They thought that would be a better means of advertising than advertising in the newspapers and the magazines. That is a question of

judgment.

I know we do not all like banquets. The Democratic Party above all things abhors anything like a banquet. We never have any \$100-a-plate banquets. We never like such affairs, and when we have them, we hang our heads in shame. We regard the holding of banquets as a very disgraceful means of accomplishing an end. Of course, I would make my apologies for the party and the Maritime Commission, too, if I thought the Maritime Commission was giving the banquets, but I am satisfied they have not done so. However, I will secure a plain statement with respect to the matter from the Commission.

The Senator from Montana whispers something about it. I hope the Senator does not object to my repeating it.

Mr. WHEELER. I did not whisper; I spoke.

Mr. BAILEY. The Senator said he did not whisper. He said that it was done with money that was passed out by the Maritime Commission.

When subsidy money is put in the treasury of a corporation, I take it that it cannot quite be kept separate from other funds of the corporation. Part of the money went for banquets to advertise the line. It may have been imprudent, but I say that the Maritime Commission ought not to be blamed for that, and, above all things, I say that has nothing on earth to do with the waterways in the South or on the Mississippi River. It has nothing on earth to do with the argument as to the waterway transportation between the Pacific and the Atlantic and return.

Having made that statement, I wish to add that the Maritime Commission is engaged in a very great task. I have come in frequent contact with the members of that Commission. I have great confidence in them. I do not believe I will call the names of any of them, because I would have to go through the whole list. They are fine men.

Building up the American merchant marine is one of the great tasks of our Government. I am committed to that task. It is just as important to our commerce and our national defense as are the railroads. I know it is costing much money; I am sorry it is costing so much money; but we are committed to that program, we are hoping to develop shipping, and, so far as I am concerned, I shall ask for the cooperation of the United States Senate with the Maritime Commission in its great undertaking.

I do not mean by that statement to intimate that I believe Senators should vote to give the Commission any jurisdiction in particular. That is not what I have in mind. I want the vote to be based on the merits of the argument I have made today. I do not want the Senate to discount the Maritime Commission because the Dollar Line happened to give a banquet. We Democrats cannot say much about that. We ourselves have held many banquets, and sometimes we have been quarreled with for not going to them.

I shall now discuss another matter, and then I will take my seat. On yesterday, in the discussion between the Senator from Indiana [Mr. MINTON] and myself, the question was raised as to the profits made by corporations in 1926, 1927, 1928, and 1929 as compared with 1937 and 1938. I communicated with the Department of Commerce and obtained the data, which I wish to put in the RECORD:

Reference was made to data printed in the bulletin of the National City Bank. It so happens that I have that bulletin. I wish to introduce the tables which appear therein. They are not relevant to the discussion, but I think the other data are very informative.

The Maritime Commission prepared an analysis of the regulatory powers over carriers by water. I did not put it in the Record yesterday, although probably the consent to do so was implied. I now ask unanimous consent to include it in the Record as a part of my remarks, to be printed at the end of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit A.)

Mr. BAILEY. I ask that the tables concerning the profits of corporations in the years to which I have referred be printed in the Appendix.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The tables referred to appear in the Appendix.)

Mr. BAILEY. I conclude by submitting the matter to the Senate on its merits.

EXHIBIT A

DEPARTMENT OF COMMERCE, BUREAU OF FOREIGN AND DOMESTIC COMMERCE, Washington, May 25, 1939.

Hon. Josiah W. Balley, United States Senate, Washington, D. C.

MY DEAR SENATOR: In response to the telephone request received from Mr. James, we are sending herewith a tabulation prepared by the National City Bank on the basis of Treasury Department data showing the ratio of net profit to net worth over the period 1927 to 1936, inclusive. Table 2 covers all active corporations in the United States and table 3 all manufacturing corporations in the United States. United States.

I invite your attention to the fact that these statistics are comprehensive, being based upon the tax returns, whereas the data which you quoted from the May 1939 issue of the National City Bank letter are for 305 corporations, of which 260 are manufacturing concerns. It is not possible to provide comparable data for these 305 corporations for the years 1926-29, inclusive, as this is a sample tabulation made by the National City Bank on the basis of available current reports.

The leading corporations, which publish their statements promptly and therefore provide the basis for such tabulations as the one in the May issue of the bank letter, have probably a better than average performance. This should be kept in mind when using the sample data covering the limited number of corpora-tions. For example, a tabulation by the National City Bank for 1,600 manufacturing and trading corporations for 1936 (published in the April 1937 bulletin) showed a ratio of profits to net worth of 10.1 percent, whereas the table in the January 1939 bulletin, enclosed, for all manufacturing corporations shows a ratio of 8.2

I am also enclosing a comparative tabulation prepared by Standard Statistics, Inc., which provides comparable data for the years 1927 to 1937, inclusive, for a fairly large sample of corporations. This provides two series—one on percent earned on invested capital and one on percent earned on property and investment. This establishes the trend from the peak of the late twenties to the recent peak reached in 1937. The number of corporations included is given in the tabulation.

The monthly letters of the National City Bank are from our files and we would appreciate having them returned when they have served your purpose.

If I can be of further assistance to you at any time, please let me

know. Very truly yours,

F. H. RAWLS, Acting Director.

[Standard Statistics Co., Inc., New York, Composite of Financial Statements] Composite income account of leading American industrial, utility, and railroad corporations, 1927-37

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and the same of th	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937
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¹ Deficit.

Composite income account of leading American industrial, utility, and railroad corporations, 1927-37-Continued [Unit. \$1,000,000]

	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937
Net profit	447 196 251 40 117 94 14 52 132 6, 695 6. 7 6, 357 7. 0 210	526 219 307 46 147 114 21 10 103 7, 470 7, 0 7, 304 7, 2 259	587 234 353 47 172 134 21 9 9 122 8, 119 7, 2 8, 050 7, 3 304	604 239 365 55 216 94 35 14 73 8, 929 6. 8 8, 772 6. 9	588 243 345 58 223 64 54 7 7 9, 339 6. 3 9, 155 6. 4 281	514 254 260 57 192 11 162 5 146 9, 231 5. 6 9, 069 5. 7 202	482 256 226 53 154 19 48 17 12 9, 113 5, 3 8, 931 5, 4 166	443 237 206 51 135 20 48 11 17 8, 761 8, 341 5, 3 145	462 233 229 124 56 54 25 27 8, 778 8, 286 5.6 170	473 222 251 48 139 64 236 79 1193 8, 522 5. 5 8, 087 5. 8	467 214 253 48 160 45 85 29 111 8, 529 5. 5 8, 144 5. 7
Total operating revenue. Maintenance. Maintenance. Net profit. Fixed charges. Net income. Preferred dividends paid. Common dividends paid. Estable after dividends. Surplus debits. Surpus credits. Surplus for year. Total invested capital. Percent earned on invested capital. Total net property and investment. Percent earned on net property and investment. Net available for common.	4, 903 1, 664 1, 982 521 561 44 276 241 158 56 139 18, 747 5, 8 493	4, 870 1, 595 1, 153 516 637 50 297 290 62 31 259 19, 262 6. 0 18, 967 6. 1 570	5, 211 1, 711 1, 269 740 61 326 353 72 55 36 19, 844 19, 668 6, 5 6, 71	4, 384 1, 429 990 540 450 58 344 48 117 27 142 20, 252 4, 9 20, 116 4, 9 380	3, 495 1, 120 658 545 113 43 223 153 153 127 51 1 229 20, 058 3, 3 20, 198 3, 3 44	2, 636 806 462 556 94 16 58 168 80 27 1221 20, 028 2, 3 20, 273 2, 3 163	2, 587 764 556 557 11 14 56 71 108 7 1172 19, 741 2, 8 20, 089 2, 8	2, 735 831 543 549 16 14 73 93 155 9 1239 19, 392 2, 8 19, 814 2, 7 176	2, 879 889 560 542 18 14 73 69 125 27 1167 18, 895 3.0 19, 476 2, 9	3, 378 1, 026 681 520 161 19 90 52 153 8 193 18, 733 3, 6 19, 357 3, 5 92	2, 997 1, 154 609 524 85 18 103 136 104 41 199 18, 784 3. 2 19, 560 3. 1

1 Deficit.

I. CLASSIFICATION OF CARRIERS

A. Common carriers by water in domestic commerce

To and from United States Territories and possessions.

Common carriers engaged in the transportation of passengers or property on the high seas on regular routes from port to port between one State of the United States and any Territory, district, or possession of the United States (Shipping Act, 1916, as arrended). amended).

ANALYSIS OF REGULATORY POWERS OVER CARRIERS BY WATER

II. EXISTING REGULATORY POWER, MARITIME COMMISSION

III. EXISTING REGULATORY POWER, INTERSTATE COMMERCE COMMIS-SION

IV. DIVISION OF REGULATORY POW-ERS UNDER S. 2009

(1) Deferred rebates and other acts referred to in item (1), this column, under class A-1, prohibited.
(2) Conference and other agreements regulated as noted in item (2), this column, under class A-1.

in item (2), this column, under class A-1.

(3) Under preferences and other acts referred to in item (3), this column, under class A-1, prohibited.

(4) Provisions relating to filing of rates and other matters noted in item (4), this column, under class A-1, applicable to this class of carriers (except to and from the Philippines as to from the Philippines, as to which see item -, infra). Act of June 23, 1938, made Inter-

coastal Shipping Act, 1933, applicable to this class of carriers.

(5) Lawfulness of rates, etc., regulated as noted in item (5), this column, under class A-1 (except to and from the Philippings at the which sea them. pines, as to which see item - infra).

(6) Regulation of rates in-tended to drive out competition tended to drive out competition as noted in item (6), this col-umn, under class A-1 (except to and from the Philippines, as to which see item —, infra). (7) Commission may make orders as to violations and award reparations to injured

(8) Because of the provisions of various statutes affecting the Philippines, it is believed that the subjects mentioned in items (4), (5), and (6), supra, are not applicable to common carriers by water operating to and from the Philippines. Such common carriers are at least subject to regu-lation as "common carriers by water in foreign commerce" and may be regulated by the Com-mission with respect to items

Where a common carrier to and from United States Territories and possessions is engaged in transportation of passengers in transportation of passengers or property partly by rail and partly by water, and there is either common control of the rail carrier and the water carrier or the transportation is under an arrangement for continuous carriage or shipment, the I. C. C. has jurisdiction of the joint carriage but only insothuous carriage or snipment, the I. C. C. has jurisdiction of the joint carriage, but only insofar as such transportation takes place within the United States (Interstate Commerce Act, sec. 1). Some legal questions exist as to whether the water carriage takes place within the United States, particularly in the case of transportation to and from the Philippines. (See item (8), under column II.) The extent of the existing regulatory power of the I. C. C. is, therefore, not entirely clear. Similar I. C. C. jurisdiction also exists in the case of transportation partly by motor and partly by water where through routes and/or joint rates are established (Interstate Commerce Act, secs. 316 and 317) Commerce Act, secs. 316 and

(1) S. 2009 (sec. 3, par. 26) provides that for the purposes of that bill "the Philippine Islands, Puerto Rico, the Canal Zone, and all insular possessions of the United States shall be deemed foreign countries." Hawait and Alpekrayard

deemed foreign countries." Ha-waii and Alaska are defined as Territories for the purposes of S. 2009 (sec. 3, par. 28). (2) S. 2009 (sec. 2, par. 1 (a)) limits the jurisdiction of the I. C. C. with respect to foreign commerce to that part which takes place prior to transship-ment at a port in the United States for movement to a foreign port or with respect to traffic of States for movement to a foreign port, or with respect to traffic of foreign origin which takes place after transshipment at a port in the United States to a point within the United States.

(3) S. 2009 provides for control to seaboard of through routes and joint rates between common carriers subject to that act and common carriers to and

act and common carriers subject to that act and common carriers to and from United States possessions. Therefore, I. C. C. jurisdiction over this class of common car-riers under S. 2009 will be sub-stantially the same as its present jurisdiction except for the addijurisdiction except for the addition of through routes and joint rates with the water carriers, which that bill for the first time puts under direct I. C. C. jurisdiction. Maritime Commission jurisdiction substantially unaffected.

(4) Since Hawaii and Alaska are defined as Territories and are not foreign countries, I. C. C. is given, by S. 2009, jurisdiction of common carriers between the States of the United States and these Territories similar to that given in the case of coastwise carriers. (See class A-3.) As to carriers operating between the Territories or between the same I. CLASSIFICATION OF CARRIERScontinued

A. Common carriers by water in domestic commerce-Con.

2. To and from United States
Territories and possessions—Continued.

3. Coastwise carriers.

Common carriers engaged in the transportation by water of passengers or property on the passengers or property on the high seas on regular routes from port to port between one State and any other State of the United States otherwise than by of the Panama Canal. (Shipping Act, 1916, as amended, sec. 1; modified because of the provisions of the Intercoastal Shipping Act, 1933, to exclude intercoastal common carriers. These are separately treated in this analysis under class A-1.)

4. Great Lakes carriers.

4. Great Lakes carriers.

Common carriers engaged in the transportation by water of passengers or property on the Great Lakes on regular routes from port to port between one State and any other State of the United States (Shipping Act, 1916, as amended, sec. 1).

5. Interterritorial carriers.

Common carriers engaged in the transportation by water of passengers or property on the high seas between one district, Territory, or possession of the United States and any other district, Territory, or possession of the United States (Shipping Act 1916, as amended, sec. 1).

6. Interterritorial carriers.
Common carriers engaged in the transportation by water of passengers or property on the high seas between places in the same district, Territory, or pos-session (Shipping Act 1916, as amended, sec. 1).

7. Intrastate ocean and Great Lakes carriers. Common carriers engaged in

the transportation of passengers or property on the high seas or the Great Lakes on regular routes from port to port between places in the same State of the United States.

ANALYSIS OF REGULATORY POWERS OVER CARRIERS BY WATER-Continued

II. EXISTING REGULATORY POWER, MARITIME COMMISSION-CON.

III. EXISTING REGULATORY POWER, INTERSTATE COMMERCE COMMIS-SION-continued

IV. DIVISION OF REGULATORY POW-ERS UNDER S. 2009-COn.

Territory, see discussion under class A-5 and class A-6.

(1), (2), and (3, supra, and also with respect to rates which are discriminatory or prejudicial to American exporters, and with respect to handling, delivery, or storage of freight (Shipping Act, 1916, as amended, sec. 17).

(1) Deferred rebates and other acts referred to in item 1, column under class A-1, prohibited.

(2) Conference and agreements regulated as noted in item 2, this column under class A-1.

(3) Undue preferences and other acts referred to in item 3, this column under class A-1, prohibited.

prohibited.

(4) Provisions relating to filing of rates and other matters noted in item 4, this column under class A-1, applicable to coastwise carriers (Intercoastal Shipping Act, 1933, as amended, see 5)

sec. 5).

(5) Lawfulness of rates, etc., regulated as noted in item 5, this column under class A-1.

(6) Regulations of rates intended to drive out competition

as noted in item 6, this column under class A-1.

(7) Commission may make

orders as to violations and award reparations to injured

(1) Same regulatory powers as in the case of coastwise carriers as noted in items (1) to (7), this column under class A-3, except that Commission has no power to fix minimum rates for this class of carriers (Intercoastal Shipping Act, 1933, as amended, sec. 4). as amended, sec. 4).

(1) Same regulatory powers as in the case of common car-riers engaged in transportation to and from the Territories and possessions of the United States as noted in items (2) to (7) this column under class A-2 and subject to the same qualifications made in item (8) thereof transportation involving the Philippines.

(1) Same regulatory powers as in the case of coastwise carriers item (1) to (7) this column under class A-3 except Commission has no jurisdiction over transportation solely be-tween points in the Philippine Archipelago (Merchant Marine Act 1920, sec. 21).

(1) As far as purely intrastate operations are concerned regulatory power specifically denied to Commission (Shipping Act, 1916, as amended, sec. 32).

(2) Through routes or joint rate operations possibly subject to Commission's regulatory power if, in conjunction with a common carrier by water in foreign commerce or with a

(1) Joint rail or motor car-riage and water carriage under circumstances and to the extent noted under heading "Joint Rail and Water Carriers." See class C-1, column I) and under the heading "Joint Motor and Water Carriers (class C-3, column I.)

(2) Railroad controlled water (2) Rainroad controlled water carriers (for definition, see column I under class C-2), insofar as they are permitted to be controlled by rail carriers, are subject to regulation as to rates schedules and practices (Interstate Commerce Act, sec. 5, pars. 10, 11, 12).

(1) Maritime Commission is divested of its jurisdiction over coastwise carriers, and jurisdiction over them is given to the I. C. C.. See items 1 and 2, this column under class A-1. sible minor instances where jurisdiction may be retained (e.g., transportation within a single harbor or between contiguous harbors or by small craft, sec. 2, par. 5).

(1) Joint rail and water carriage under circumstances and to the extent noted under heading "Joint Rail and Water Car-riers" (see class C-1, column I). (2) Railroad controlled water

carriers as noted in item 2, this column under class A-3.
(3) Joint motor and water

carriage resulting from establishment of through routes and/or joint rates (Interstate Commerce Act, pt. II, sec. 316).

(1) Since both termini in the case of this class of common carriers is outside continental United States, no regulatory power probably exists in fact although theoretical jurisdiction may exist because of possible teachers. ble joint rail and water car-riage under circumstances and to the extent noted under heading "Joint rail and water carriers" (see class C-1, column I).

(1) No jurisdiction in fact probably exists (see item (1) this column under class A-4).

(1) Where joint rail and water carriage involved, or in the case of railroad controlled carriers of this class, or where joint motor and water carriage is involved, I. C. C. has juris-diction as noted in items (1), (2), and (3) this column un-der class A-4.

(1) Maritime Commission is divested of jurisdiction over this class of carriers with possible minor exceptions (see item 1, this column under class A-3).

(1) The possessions being "foreign countries" for the purposes of S. 2009 (see sec. 3, par. 26) the Maritime Commission retains its present jurisdiction over this class of carriers. Transportation by water from a place in one Territory to a place in another Territory is expressly excluded (sec. 2, par. 5-b).

(1) The possessions being "foreign countries" for the purposes of S. 2009, (see sec. 3, par. 26) the Maritime Commission retains its present jurisdictroans is present jurisdiction over this class of carriers. Transportation by water between places in the same Territory is expressly excluded (sec. 2, par. 5-b).

(1) S. 2009 gives jurisdiction over all carriers in this class to I. C. C. where movements of passengers or goods is in inter-state or foreign commerce (see sec. 2, par. 1-a). Any existing questions as to jurisdiction of Maritime Commission as discussed in item 2 of column II under this class A-7 are definitely settled against such juL CLASSIFICATION OF CARRIERS-continued

- A. Common carriers by water in domestic commerce—Con.
 7. Intrastate ocean and Great
- ANALYSIS OF REGULATORY POWERS OVER CARRIERS BY WATER-Continued II. EXISTING REGULATORY POWER,
 - III. EXISTING REGULATORY POWER, INTERSTATE COMMERCE COMMISsion-continued
- IV. DIVISION OF REGULATORY POW-ERS UNDER S. 2009-COM.

risdiction by S. 2009 except in-sofar as such carriers may be subjected to the very limited regulation provided in the Ship-ping Act, 1916, as amended, with respect to "other persons subject to this act."

subject to this act."
(2) It is to be noted that under S. 2009 the definition of

interstate commerce includes transportation "between places in the same State by a route or

routes passing beyond the borders of said State" (sec. 3, par. 25), consequently many carriers now considered intrastate will under this definition become subject to regulation under

S. 2009 as interstate carriers.

Lakes carriers-con.

"common carrier by water in interstate commerce." The ex-tent of such jurisdiction, if any, would in any particular case de-pend on the status of such other carrier. Since the clas-sification of carriers under sec-tion 1 of the Shipping Act, 1916, is geographical in nature and tion 1 of the Shipping Act, 1916, is geographical in nature and not based on the intrastate, interstate, or foreign character of the shipment, the jurisdiction of the Coznmission over this class of carriers is doubtful except where they become subject thereto as other persons subject to this act (Shipping Act, 1916, sec. 1) by carrying on the "business of forwarding, or furnishing, wharfage, dock, warehouse, or other terminal facilities in connection with common carriers by water in interstate or foreign commerce." Such other persons are prohibited from making false billings, etc., under section 15 and improperly divulging information under section 20. Joint rates and/or through routes with this class of carrier must be filed by the interstate or foreign water carrier involved.

MARITIME COMMISSION—CON.

None; except the possible jurisdiction discussed in item
 this column, under class A-7.

(1) None in practice since this class of carriers not likely to be railroad controlled or to make through routes or joint rates with rail or motor carriers.

(1) S. 2009 gives jurisdiction to all carriers in this class where movement of passengers or goods is in interstate or foror goods is in interstate or for-eign commerce (sec. 2, par. 1a), as S. 2009 grants no exemption in favor of water carriers not running on regular routes.

(1) S. 2009 gives jurisdiction over all carriers in this class to the I. C. C. where movement of

passengers or goods is in inter-state or foreign commerce (sec. 2, par. 1a). As to effect on present jurisdiction, if any, of the Maritime Commission, see

item 1, this column, under class

whether or not they run on reg-ular routes. (See Shipping Act, 1916, as amended, sec. 1, and Intercoastal Shipping Act, 1933,

sec. 1.)
9. Inland water carriers.
Common carriers engaged in the transportation of passengers or property on the inland waters of the United States, to wit, not operating "on the high seas or Great Lakes."

8. Domestic tramps.
Common carriers engaged in

the transportation of passengers or property in domestic com-merce on the high seas or the

Great Lakes, but not on regular routes from port to port; ex-cept intercoastal common carriers which are subject to regu-

B. Contract carriers by water in

domestic commerce. Intercoastal contract carriers. Contract carriers by water engaged in the transportation for hire of passengers or property between one State of the United States and any other State of the United States by way of the Panama Canal (Intercoastal Shipping Act, 1933, sec. 1).

(1) None except the possible jurisdiction discussed in item 2, this column, under class A-7.

(1) Schedules of its inter-coastal rates and of through rates with any other carrier by water to be filed and published. Rates may be equal as to all ports of origin and destination. No changes permitted unless posted, filed and published 20 days in advance except in case days in advance, except in case of extension of service and except where Commission ap-proved shorter notice (Inter-coastal Shipping Act, 1933,

sec. 2).
(2) Lawfulness of rates, clas-(2) Lawfulness of rates, classifications, and regulations and practices affecting rates, subject to regulation by Commission which may prescribe maximum and/or minimum rates and reasonable classifications, regulations, and practices and may suspend filed schedules for not more than 4 months (Intercoastal Shipping Act. 1933, as amended, secs. 3 and 4).

(3) While contract carriers in the intercoastal trade are subject

the intercoastal trade are subject

(1) Where joint rail and water carriage involved or in the case of railroad-controlled carriers of this class, or where joint motor and water carriage is involved the I. C. C. has jurisdiction, as noted in items (1), (2), and (3), this column, under class A-4. (1) None since existing lim-

ited jurisdiction over water carriers extends to common carriers

only.

(1) Where joint rail and water

Under S. 2009 will become subject to I. C. C. regulation as "contract carriers by water."

(1) Reasonable rates and practices to be established and observed (sec. 4, par. 3).

(2) Schedules of rates and copies of charters, etc., to be filed, and lesser charges generates.

filed, and lesser charges generally prohibited (sec. 8).

(3) Accounts, records, and reports subject to regulation (sec. 19).

(4) Schedule or contracts subject to suspension for not more than 7 months (sec. 28, par. 2).

than 7 months (sec. 28, par. 2).

(5) Security issues subject to regulation, and interlocking directorates prohibited without I. C. C. approval (sec. 36).

(6) Permits for operations required (sec. 44).

(7) Contract carriers who by reason of special equipment or shipment bulk or inherent nature of commodities carried are not actually and substantially in competition with interstate

I. CLASSIFICATION OF CARRIERS-

- continued
- B. Contract carriers by water in domestic commerce-Con.
- 1. Intercoastal contract carriers-Continued.

Other contract carriers.

Contract carriers by water in the domestic commerce of the United States except in the intercoastal trade.

C. Controlled and joint carriers in domestic commerce.

1. Controlled water carriers.

Common carriers by water which any railroad company or other common carrier subject to other common carrier subject to the Interstate Commerce Act owns, leases, operates, or has any stock or other interest in, op-erating through the Panama Canal or elsewhere and with such railroad or other carrier does or may for traffic, and also any railroad company or other such common carrier which such common carrier which owns, leases operates, or has any interest in any vessel op-erating and competing as afore-said (Interstate Commerce Act, sec. 5, par. 10).

Joint rail and water carriers.Common carriers engaged in

the transportation of passengers or property partly by rail and partly by water when both are used under a common control, management, or arrangement for a continuous carriage or whitment but only insofer as

shipment, but only insofar as such transportation takes place within the United States (In-

terstate Commerce Act, sec. 1).

ANALYSIS OF REGULATORY POWERS OVER CARRIERS BY WATER-Continued

II. EXISTING REGULATORY POWER, MARITIME COMMISSION-CON.

INTERSTATE COMMERCE COMMIS-SION-continued

III. EXISTING REGULATORY POWER,

IV. DIVISION OF REGULATORY POW-ERS UNDER S. 2009-con.

common carriers by water in the

common carriers by water in the same trade or route are to be excluded upon findings of the I. C. C. (sec. 2, par. 7).

(For a fuller discussion of the extent of I. C. C. regulatory power under S. 2009 over contract carriers see General Note.

tract carriers, see General Note No. 2 on p. 11.)

Under S. 2009 subject to I. C. C. jurisdiction as noted in items (1) to (7) this column under class B-1.

(1) Prohibition against opera-

tion in intercoastal trade con-tinued, except not applicable to

control by other common carriers by water (sec. 4, par. 9).

(2) In case of intercoastal water carriers controlled by

other water carriers Maritime Commission loses jurisdiction because of the nature of the in-

tercoastal carrier, not because of the control feature. (3) Controlled water carriers

not in the intercoastal trade are subject to I. C. C. jurisdiction by virtue of section 4, paragraph 11, providing that "the rates, schedules, and practices of such water carrier shall be filed with the Compission and shall be

the Commission and shall be subject to this act and all amendments thereto in all re-

(4) Provisions of present Interstate Commerce Act requiring permission to operate are re-tained (sec. 4, pars. 10 and 11).

spects.'

to all the provisions of the Intercoastal Shipping Act, 1933, as amended they are not "common carriers by water in interstate commerce" as that term is defined in the Shipping Act, 1916, as amended, and are not therefore as such carriers subject to regulation under that statute.

None; except the possible jurisdiction discussed in item 2,

this column under class A-7.

(1) None as far as their domestic commerce operations are corderned; but are subject to limited regulatory power where they enter into agreements with carrier in foreign commerce under section 15 of Shipping Act, 1916.

Act, 1916.

(2) Note that under existing law controlled water carriers cannot engage in the intercoastal trade (Interstate Commerce Act, sec. 5, par. 11).

(1) Jurisdiction of Maritime

(1) Jurisdiction of Maritime Commission over water carrier otherwise existing in accordance with the class of water carrier involved is subject to the superior jurisdiction of the Interstate Commerce Commission (Shipping Act, 1916, as amended, sec. 33), "but only insofar as such transportation takes place within the United States. (Some questions exist as to water car-

questions exist as to water car-

riers operating to, from, or in the Territories and possessions of the United States.) The water carrier is, of course, sub-ject to the jurisdiction of the

Maritime Commission as to its all-water carriage to the same extent as other water carriers

of the same type.

None.

water carrier or interested in any manner in its operation" (Inter-state Commerce Act, sec. 5, par. 12).

(1) Insofar as permitted to operate at all (see note (2), column II) must secure permission of I. C. C. (Interstate Commerce Act, sec. 5, pars. 11 and 12), and "the rate schedules and practices of such water carrier shall be filed with the Interstate Commerce Commission and shall Commerce Commission and shall be subject to this chapter in the same manner and to the same extent as is the railroad or other common carrier controlling such

(1) Jurisdiction extends only to the joint transportation (see discussion under item column II).

(2) What constitutes "arrangement for continuous carriage or shipment" is a question

(1) Jurisdiction over this class of carriers by I. C. C. no longer based on fact of common control management or arrangement for continuous carriage or shipment. If shipment is mov-ing in interstate commerce, both rail and water carrier are under I. C. C. jurisdiction by definitions contained in section 1, and if shipment in foreign com-merce, all rail and water carriers merce, all rail and water carriers involved until export transshipment to a foreign port or after import transshipment at the United States port takes place are similarly under I. C. C. jurisdiction. With respect to common carriers by water to and from or between or within the Territories and possessions of the United States, see the discussion in connection with cussion in connection with classes A-2, A-5, and A-6.

(1) Jurisdiction over

class of carriers based on fact

that carriers involved are severally subject to such jurisdiction. (Cf. discussion under item (1), column IV, under class C-2.)

3. Joint motor and water carriers.

Common carriers by water and common carriers by motor whicles of passengers on property who establish through routes; joint rates, joint charges, or joint classifications. (See Interstate Commerce Commission Act, pt. II, sec. 316.)

4. Joint water carriers.

Common carriers by water engaged in the transportation of passengers or property who establish through routes or joint

- (1) Jurisdiction of Maritime Commission over the water carrier otherwise existing in ac-cordance with the class of wa-ter carrier involved is subject to the superior jurisdiction of to the superior jurisdiction of the I. C. C. (Shipping Act, 1916, as amended, sec. 33). Probably few, if any, instances of joint motor and water carriage in-volving the types of water car-riers now under Maritime Com-mission's jurisdiction.
- (1) Where each of the carriers involved is subject to direct regulation of the Commission jurisdiction over the joint transportation is unquestioned.
- (1) Rates, charges, classifica-tion, and practices and divisions of rates subject to regulation by I. C. C.
- (1) None except possibly where one of the carriers is a controlled water carrier (as defined in column I under class C-1), in which case its joint
- (1) Where each of the classes of carriers involved is subject to direct regulation by the I. C. C., jurisdiction is com-

- I. CLASSIFICATION OF CARRIERS-continued
- C. Controlled and joint carriers in domestic commerce—Con. 4. Joint water carriers-Con.
- ANALYSIS OF REGULATORY POWERS OVER CARRIERS BY WATER-Continued
 - II. EXISTING REGULATORY POWER, MARITIME COMMISSION—CON.
- (2) Where one of the carriers is not under direct jurisdiction of the Commission (e.g., an in-land carrier), extent and basis of jurisdiction over that carrier is subject to some doubts. (See discussion under item 2, this column, under class A-7.)

III. EXISTING REGULATORY POWER, INTERSTATE COMMERCE COMMIS-SION—continued

operations with another water operations with another water carrier may be subject to I. C. C. regulation, as in the case of joint rail and water carriers. (See comments under items (1) and (2), this column, under class C-2.)

IV. DIVISION OF REGULATORY POW-ERS UNDER S. 2009-COD.

(2) Where neither of the (2) Where neither of the classes of water carriers is subject to direct regulation by I. C. C. (viz, carriers to, from, between, or in the Territories and possessions of the United States), Maritime Commission retains its present jurisdiction as noted in item (1), column II, under this class. (See also, however, the discussion in connection with classes A-2, A-5, and A-6.)

and A-6.)
(3) Where one of the carriers is subject to direct I. C. C. regulation and the other is not, the movement is deemed to be in foreign commerce, and I. C. C. jurisdiction thereover ceases at the point where the passengers or goods are transshipped to a foreign port or begins where they are transshipped in domestic trade after arriving from a

foreign country.

- D. Carriers by water in foreign commerce.
- 1. Common carriers-Foreign commerce.

Common carriers by water en-gaged in the transportation by gaged in the transportation by water of passengers or property between the United States or any of its districts, Territories, or possessions and a foreign country except (1) ferryboats running on regular routes and (2) cargo boats commonly called "ocean tramps" (Shipping Act, 1916, as amended, sec. 1).

- (1) Deferred rebates, use of (1) Deterred rebates, use of fighting ships, retaliations against shippers and unfair or unjust discriminatory contracts with shippers prohibited (Shipping Act, 1916, as amended, sec. 14).
- 14).

 (2) Conference and other agreements fixing or regulating rates, pooling earnings or traffic, controlling competition, etc., subject to approval or disapproval by Commission (Shipping Act, 1916, as amended, sec. 15).

 (3) Undue preferences, use of unfair means to grant lower

unfair means to grant lower rates, and influencing insurance companies with respect to rates of competitors prohibited (Ship-ping Act, 1916, as amended, sec.

of competitors prohibited (Shipping Act, 1916, as amended, sec. 16).

(4) Rates, fares, or charges which are unjustly discriminatory between shippers or ports or unjustly prejudicial to exporters of the United States as compared with their foreign competitors are unlawful, and subject to regulation for purpose of removing prejudice or discrimination. Regulations and practices of carriers relating to or connected with the receiving, handling, storing, or delivery of property are subject to regulation (Shipping Act, 1916, as amended, sec. 17).

(5) Commission may make orders concerning violations and award reparations to injured parties (Shipping Act, 1916, as amended, secs. 22 and 23).

None: Excluded by Shipping Act, 1916, as amended, section 1.

(1) Jurisdiction extends over to joint transportation with motor and rail common carriers under circumstances discussed in connection with class C-2 and class C-3, "but only insofar as such transportation takes place within the United States."
(2) Common carriers by

water in foreign commerce whose vessels are registered un-der the laws of the United States must file their sailing schedules with the I. C. C., must quote cargo rates to rail carrier when cargo rates to rail carrier when shipper asks rail carrier to pro-cure such quotation, and make space reservation when quota-tion accepted by rail carrier. Must carry on through bill of lading where space reserved as aforesaid, but carriage on such through bill not an "arrange-ment for continuous carriage or ment for continuous carriage or shipment," so as to make the two carriers joint rail and water carriers (Interstate Commerce Act, sec. 25).

(1) Jurisdiction extends over this class of carriers wherever the movement of passenger or goods is in foreign commerce, and a domestic rail motor or water carrier is involved in the transportation. But such juris-diction does not extend to the diction does not extend to the water transportation taking place after transshipment at a port of the United States for movement to a foreign port nor to the water transportation with respect to passenger and freight traffic of foreign origin taking place prior to transshipment at a port in the United States for movement to a point within the United States (sec. 2, par. 1).

(2) The present requirements of Interstate Commerce Act, sec.

(2) The present requirements of Interstate Commerce Act, sec. 25, discussed in item 2, column 3, under this class O-1, appear to be repealed by S. 2009.

(3) S. 2009 provides that whenever any carrier enters into arrangement with any water.

whenever any carrier enters into arrangement with any water carrier operating from a port in the United States to a foreign country for the handling of through business between interior points of the United States and such foreign country, the I. C. C. may require carrier to enter into similar arrangements with any or all other lines of steamships operating from said port to the same foreign country (sec. 10, par. 14). par. 14).

No jurisdiction since through transportation involving class of carriers unlikely.

None: Shipping Act, 1916, as amended, covers only common carriers and operations connected with common carriage.

None

None.

No jurisdiction since through transportation involving this class of carriers unlikely.

2. Ocean tramps.
Common carriers by water engaged in the transportation of cargo between the United States or any of its districts, Terri-tories, or possessions and a for-eign country but not on regular routes from port to port.
3. Contract carriers in foreign

commerce.

GENERAL NOTES TO THIS ANALYSIS

NOTE 1. JURISDICTION OF I. C. C. UNDER S. 2009 OVER COMMON CARRIERS BY WATER-IN GENERAL

(1) Transportation to be furnished upon reasonable request and at reasonable rates; reasonable classifications, regulations, and practices and reasonable minimum service charges to be established and

tices and reasonable minimum service charges to be established and observed; unreasonable rates, charges, classifications, regulations, and practices declared unlawful. (Sec. 4, pars. 1 and 2.)

(2) Common carriers by railroad and common carriers by water to establish reasonable through routes and joint rates, fares, charges, and classifications with other such carriers, to provide reasonable facilities for operating through routes, and to make reasonable rules and regulations with respect to such operation at reasonable compensation to those entitled thereto, and with reasonable divisions between participating carriers. (Sec. 3, pars. 4 and 7.)

(3) Unjust discrimination as to rates by way of special rates, rebates, drawbacks, and other devices prohibited. (Sec. 5, par. 4.)

(4) Undue or unreasonable preference to or discrimination against any particular shipper, locality, port, region, type of traffic, etc., prohibited. Differences in classifications, rates, practices, etc., of a water carrier in respect to water transportation from those of a rail carrier with respect to rail transportation not to be considered unjust discriminations or unfair competitive practices. (Sec.

ered unjust discriminations or unfair competitive practices. (Sec. 6.) Compare "Rate-making rule" (sec. 30), in which similar principles are set forth.

6.) Compare "Rate-making rule" (sec. 30), in which similar principles are set forth.

(5) Tariffs to be filed (including tariffs involving through routes and/or joint rates) and to be published and posted, common carriers to maintain tariff rates, making no changes except upon 30 days' notice unless I. C. C. permits changes within shorter period; no transportation to be engaged in unless the rates, etc., have been filed and published. (Sec. 7.)

(6) Free and reduced-rate transportation prohibited except as provided in S. 2009. (Sec. 9.)

(7) Reasonable and proper facilities for interchange of traffic with connecting lines to be afforded without undue discrimination between any connecting lines. (Sec. 10, par. 12.)

(8) Pooling or division of earnings, traffic, or services, or any portion thereof, prohibited unless approved by I. C. C., and I. C. C. as condition to approving general increases in rates may provide for pooling thereof. (Sec. 10, par. 16.)

(9) No relinquishment of possession of freight at destination without payment of charges, except under rules and regulations of I. C. C. (Sec. 14, par. 1.)

(10) Allowances to shippers to be just and reasonable and amount thereof published in filed tariffs. (Sec. 16.)

(11) Interstate Commerce Commission authorized to require annual and other special reports, to require answers to questionnaires, to prescribe the forms of accounts records and memoranda to

(11) Interstate Commerce Commission authorized to require annual and other special reports, to require answers to questionnaires, to prescribe the forms of accounts, records, and memoranda, to determine the classes of property to be depreciated, amount of depreciation to be charged against operating income, to inquire into the management and business, to have access to the books and records, and to require the filing of all agreements affecting traffic; the keeping of accounts, books, and records contrary to I. C. C. rules is declared unlawful. (Sec. 19.)

(12) Persons injured by violations may either sue the United States district courts or file complaint with I. C. C., but I. C. C. has no jurisdiction to award reparation except with respect to rail transportation. The courts may also enjoin violations either upon application of injured parties or of the Attorney General at I. C. C. request. (Sec. 21.) Maritime Commission could award reparation. Shippers and others will lose this right with respect to the classes of water carriers, jurisdiction over whom is transferred by S. 2009 from the Maritime Commission to the I. C. C.

from the Maritime Commission to the I. C. C.

(13) Person to be designated upon whom service of all notices and processes may be made; and provision made for service in default of such designation. (Sec. 24, par. 10.)

(14) Interstate Commerce Commission may prescribe maximum and/or minimum rates and just and reasonable classifications, regulations, and practices after hearing either upon complaint or upon

and/or minimum rates and just and reasonable classifications, regulations, and practices, after hearing either upon complaint or upon I. C. C.'s own motion. (Sec. 26.)

(15) Interstate Commerce Commission may establish through routes and/or joint rates with maximum and minimum rates to be charged and division of rates and where a water carrier involved minimum differentials as to such route; I. C. C. regulation thereafter over division of rates. (Sec. 27.)

(16) Common carriers' tariffs may be suspended for not more than 7 months; the burden of proof as to the reasonableness of changes in rates, etc., is on the carrier; these provisions not applicable to initial tariffs. (Sec. 28, par. 1.)

(17) Interstate Commerce Commission is required to make valuations of water carriers presently subject to regulation under Interstate Commerce Act and discretionary power to make valuations of

- state Commerce Act and discretionary power to make valuations of other water carriers, jurisdiction over which given under S. 2009.
- (18) Interstate Commerce Commission given jurisdiction over the issuance of securities by common carriers by water, issuance of such securities without I. C. C. approval unlawful. (See sec. 36, pars. 1

securities without I. C. C. approval unlawful. (See sec. 36, pars. 1 to 11, inclusive.)

(19) Carriers subject to S. 2009 not to have interlocking officers and directors except as permitted by I. C. C. This provision becomes effective December 1, 1940, as to water carriers not heretofore subject to I. C. C. jurisdiction. (Sec. 36, par. 12.)

(20) Transportation not to be carried on without certificate of public convenience and necessity issued by I. C. C. If carrier in operation at time of enactment of S. 2009 such certificate to be

issued without requiring further proof of public convenience and necessity. If application made within 120 days after effective date of S. 2009. The certificate to specify trades and ports with respect to which transportation authorized; at the time of issuance and from time to time thereafter of privileges granted by such certificate may be subject to such reasonable time and conditions as public convenience and necessity requires, including limitations on extension of routes. Neither the certificate or the carrier's good will or earning power to be taken into consideration in determining reasonableness of rates. (Sec. 43.)

(21) Dual operation as common carrier by water and contract carrier by water prohibited unless I. C. C. finds dual operation in the public interest. (Sec. 45.) Neither common carriers or contract carriers by water permitted to lease vessels and facilities to private carriers at below scheduled rates. (Sec. 43, par. 4, and sec. 44, par. 2.)

(22) Unification of carriers subject to I. C. C. regulation. (Sec. 49.)

(23) Long-and-short-haul clauses presently applicable to railroads extended to carriers by water with same provisions for exemption by I. C. C. under special circumstances. (Sec. 50.)
(24) I. C. C. shall, if found necessary or desirable in the public interest, by general or special order postpone taking effect of any provision with respect to group or groups of water carriers, but not beyond April 1, 1940. (Sec. 11.)

NOTE 2. JURISDICTION OF I. C. C. UNDER S. 2009 OVER CONTRACT CARRIERS BY WATER—IN GENERAL

(1) Contract carriers to establish and observe reasonable mini-mum rates and charges for transportation to establish and observe

mum rates and charges for transportation to establish and observe reasonable regulations and practices in connection with said reasonable minimum rates and charges. (Sec. 4, par. 3.)

(2) Schedules of minimum rates and charges or copies of every contract, etc., for transportation, and all rules, regulations, or practices to be filed and published. Minimum rates and the rules, regulations, or practices to be maintained, the carriers making no rate reductions or changes in rules, etc., except upon 30 days' notice unless I. C. C. permits changes within shorter period. No transportation to be engaged in unless the rates, etc., have been filed and published. (Sec. 8.)

(3) Free and reduced rate transportation prohibited except as provided in S. 2009. (Sec. 9.)

(4) Reasonable and proper facilities for interchange of traffic with connecting lines to be afforded without undue discrimination between any connecting line. (Sec. 10, par. 12.)

(5) Pooling or division of earnings, traffic, or services prohibited unless approved by I. C. C.; and I. C. C., as condition to approving general increases in rates, may provide for pooling thereof. (Sec. 10, par. 16.)

general increases in rates, may provide for pooling thereof. (Sec. 10, par. 16.)

(6) Allowances to shippers to be just and reasonable and amount thereof published in filed tariffs. (Sec. 16.)

(7) I. C. C. authorized to require annual reports, etc., as set forth under item (11) in general note No. 1. (Sec. 19.)

(8) Remedies in the event of violations as set forth under item (12) in general note No. 1. (Sec. 21.)

(9) Person to be designated upon whom service of all notices and processes may be made and provision made for service in

and processes may be made and provision made for service in default of such designation. (Sec. 24, par. 10.)

(10) Tariffs of contract carriers may be suspended for not more that 7 months except initial schedule or schedules or contracts filed by carriers in operation when S. 2009 takes effect.) Sec. 28,

(11) I. C. C. given jurisdiction over insurance of securities by contract carriers by water, issuance of such securities without I. C. C. approval unlawful. (Sec. 36, par. 1 to par. 11, inclusive.) (12) Contract carrier subject to S. 2009 not to have interlocking officers and directors after December 1, 1940, without I. C. C. approval. (Sec. 36, par. 12.)

approval. (Sec. 36, par. 12.)

(13) Transportation not to be carried on without permits issued by I. C. C. If carrier in operation at time of amendment of S. 2009 permit to be issued without further proceedings; otherwise permit issued upon finding that applicant is fit, willing, and able to perform the service proposed and to conform to the provisions of the act and regulations thereunder and that operation is consistent with the public interest. The permit to specify the business of the carrier and the scope thereof; at the time of issuance and from time to time thereafter the privileges granted by such permit may be subject to such reasonable terms and conditions as are necessary to carry out the requirements of the act or regulations of the I. C. C. (Sec. 44.)

(14) Dual operation as common carrier by water and contract carrier by water prohibited unless I. C. C. finds dual operation in the public interest. (Sec. 45.)

NOTE 3. SUMMARY OF JURISDICTION OVER PERSONS OTHER THAN CARRIERS

NOTE 3. SUMMARY OF JURISDICTION OVER PERSONS OTHER THAN CARRIERS BY WATER

(1) Under Shipping Act, 1916, as amended, "other persons sub-(1) Under Shipping Act, 1916, as amended, "other persons subject to this act" means those carrying on the business of forwarding or furnishing wharfage, dock, or warehouse or other terminal facilities in connection with a common carrier by water (sec. 1). Such persons as well as carriers are prohibited from giving undue preferences and using unfair means to grant lower rates, from influencing insurance companies as to rates of competing water carriers. (Sec. 16.) The same section also prohibits such other persons (as well as shippers, consignors, consignees, forwarders, prokers, or other persons) from obtaining or attempting to obtain brokers, or other persons) from obtaining or attempting to obtain

by unfair means transportation by water for property at less than the rates otherwise applicable. Such other persons are also required to enforce just and reasonable regulations and practices relating to or connected with the receiving, handling, storing, or delivery of property transported by common carriers by water in foreign commerce. (Sec. 17.) As to such other persons the Commission may make an order concerning violations and award reparations to injured parties. (Secs. 22 and 23.)

(2) Under S. 2009 there are no provisions giving the I. C. C. regulatory power over persons other than carriers except brokers. Brokers of water transportation are required to obtain license therefor but brokers presently in business and who apply to the I. C. C. within 120 days after the passage of S. 2009 may continue operations until otherwise ordered by the I. C. C. The I. C. C. is given authority to prescribe reasonable rules and regulations for the protection of travelers and shippers to be observed by brokers and no license is to be issued unless the broker furnishes bond or other security in such an amount as to insure financial responsibility and supplying of transportation in accordance with agreements therefor. Carriers holding certificates or permits under the act or bona fide employees or agents of such carriers so far as concerns transportation to be furnished by such carrier or jointly with other carriers holding certificates or permits or with a common carrier by rail, express, or water are not required to obtain brokerage licenses. (Sec. 46.)

Mr. WHEELER. Mr. President, I wish to say only a few words in conclusion.

The first question raised by the Senator from North Carolina [Mr. Bailey] is with reference to monopoly. I wish to call attention to the fact that, so far as I know, every single water carrier in the intercoastal trade, except those owned by monopolies, is in favor of the bill. Those subsidized by the Government and those controlled by monopolies are opposed to the bill. So far as I know, the independents are all in favor of the bill. I am speaking of the intercoastal traffic.

The American Merchant Marine Institute was represented before the committee in opposition to the bill. Only two intercoastal carriers are members of the Institute. One of them is a subsidiary of the Bethlehem Steel Co. and the other is a subsidiary of the United States Steel Corporation. The others are all engaged in international shipping, which this bill does not affect in the slightest degree, because it does not seek to regulate it.

I wish to repeat what I said with reference to the inland waterways. Representatives of the Government-owned barge line came before the committee and testified in favor of the bill, as did representatives of the Mississippi Valley Barge Line. They are two of the largest barge lines operating boats upon the Mississippi River. The representatives of both organizations stated that they favored the bill, and that they thought it would really help shipping on the Mississippi River.

In the statement which was inserted in the Record Admiral Land raised the question with reference to certificates of convenience and necessity. That question was raised when we passed the so-called bus and truck bill. It was said that the passage of that bill would create a monopoly. If we are to have regulation, whether it be regulation of utilities, regulation of railroads, regulation of busses and trucks, or regulation of water carriers, then we must have certificates of convenience and necessity. Otherwise, we cannot have proper regulation.

The shipping industry of the country is in a very deplorable situation. I have before me figures with reference to the intercoastal trade. One of the things which has brought about the present deplorable situation is the fact that after the war some ships were sold by the Government of the United States for almost nothing. They were practically given away, and were immediately put into the intercoastal business. The operators of those ships cut the rates. Some of the ships were put in international shipping, the operators receiving a subsidy from the Government. Because of the fact that such operators temporarily depressed the rates, they put out of business and "broke" many persons who were doing a legitimate business prior to that time.

The question confronting the people of the country is whether or not regulation is the proper thing. If it is the proper thing, and the country is committed to it with reference to railroads, busses, and trucks, and if we are committed to it and consider that it is the proper thing, then it cannot

be said that two forms of transportation ought to be regulated and a third should be left free.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. CLARK of Missouri. Will the Senator explain why aviation was omitted from the bill if the principle is to be one of uniformity of regulation as to all forms of transportation?

Mr. WHEELER. Yes; I will explain that point. First, let me say that about a year ago I introduced a bill to put the regulation of air carriers under the Interstate Commerce Commission. While that bill was pending before the Interstate Commerce Committee a bill to set up a separate plan was introduced and referred to the Commerce Committee, because of the fact that subsidies were desired.

Mr. CLARK of Missouri. Is it not a fact that a bill setting up a separate commission had already been reported by the Interstate Commerce Committee, and had been before the Senate for consideration?

Mr. WHEELER. I think that is true. I think there was such a bill. However, it did not do exactly the same thing. Mr. CLARK of Missouri. There was some slight difference.

Mr. WHEELER. There was some difference. As a matter of fact, air carriers carry only one-tenth of 1 percent of the passenger traffic of the country; and because a new commission had just been set up we said, "We will give them a chance until air transportation becomes more important."

Mr. CLARK of Missouri. The Senator certainly knows that the Maritime Commission has been set up for less than 2 years; so that argument seems to fail.

Mr. WHEELER. We did as we did principally because of the fact that air commerce amounted to comparatively little. There had been considerable agitation, and some members of the committee wanted to include air carriers. I am frank to say that I was the one who suggested that we take them out. If there is any blame or responsibility because of taking them out. I am perfectly willing to take whatever blame or responsibility there may be. I have no apologies to make to the Senator from Missouri or to anybody else for taking them out. However, with reference to water carriers, I will say that the Interstate Commerce Commission and the public authorities of the country for years have said that we ought to have a coordinated system of regulation of the different forms of transportation. The identical argument which has been made on the floor of the Senate this afternoon with reference to the farmer, and with reference to raising the rates of the railroads, busses, and trucks, was made when the bus and truck bill was pending before the committee. Not a single new argument has been advanced this afternoon or during the debate which was not advanced during the debates on the bus and truck bill. It was said, "You are going to ruin the poor farmer," and you are going to do this, that, and the other thing.

The real opposition to the bill for the regulation of water carriers comes from what source? It comes from the American Merchant Marine Institute, which is controlled, as I said, not by the independent water carriers, but by industries which have a monopoly. They want to continue to be unregulated. They want to continue to have canals dug at Government expense, and they want to operate their ships and boats through such facilities and take the money and put it in their pockets instead of passing the saving on to the consumers, exactly as the representative of the Standard Oil Co. of Kentucky testified before the Interstate Commerce Commission in a recent hearing.

I have nothing further to say with reference to this matter. I have tried to answer every question which has been propounded. We sat for 2 months, morning and evening, trying to work out the problem. We accepted every reasonable proposal which was put before us by the shipping companies, large and small, to protect their interests. We did the same thing with respect to busses and trucks. We heard representatives of bus and truck operators before the full

committee, and then we heard them again before the subcommittee. We worked with them and their counsel in drafting amendments, sometimes late into the evening.

The question is, Do we want to have equal regulation for all forms of transportation? With reference to the question of raising rates, there is not a provision in the bill which authorizes the Commission in the slightest degree to raise the rates of the water carriers. On the contrary, the bill says that the Commission must recognize the inherent advantages of the different forms of transportation. The Commission has done so with reference to busses and trucks. The bus and truck operators, who bitterly complained when we first passed the so-called Bus and Truck Act, are now in favor of such regulation, and they would not go back to the old scramble which previously existed. We will find that the same thing will happen with reference to those who operate ships, except, of course, the big industrial owners of boats who want free transportation and who do not want to pay the Government anything for it.

We have heard much about monopoly. Who is monopolizing the rivers? Is it the little fellow? Is it the little shipper? Oh, no. Those who are monopolizing the riversmake no mistake about it-are the steel, coal, and oil interests. They are the ones who are receiving the benefit of water transportation, and they are putting the money in their own pockets, as the representative of the Standard Oil

Co. of Kentucky said.

Mr. BORAH. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. BORAH. The Senator has stated, with his usual clarity and candor, that the real overpowering question is whether or not we shall establish regulation or control or whether we shall try to preserve competition where it seems practicable.

Mr. WHEELER. That is correct.

Mr. BORAH. That is the question as I see it. We have been debating that matter for 30 years and have always advocated the preservation of water transportation as a matter of competition. The question is, Must we give it up? That question will be settled in this bill, in my judgment, and we will have disposed of it. We go to control for our entire transportation and cut out all natural competition.

I am quite aware that, as the Senator has well said, the real control of the rivers is passing in some respect into the hands of what might be called monopoly; but is there no way to preserve competition by destroying monopoly? Of course, if we permit monopoly to control these resources in which we thought the people had a natural interest and which we thought would be of service to them, then all we have left is regulation; and that is sometimes merely another form of monopoly.

That is correct. Mr. WHEELER.

Mr. BORAH. So the fight here is just as it is everywhere else on this subject, namely, whether we are going to submit to monopolistic control in their different aspects of services which have been brought into existence through the efforts of the people and were intended to benefit the people but which have passed into the hands of monopoly, and therefore no longer serve the people. Everything points back to the question whether or not we will undertake to control the monopolies of this country.

I agree entirely that if we are going to have regulation and control it will, in time at least, cover all transportation agencies unless we can create a condition which will make for independence upon the part of the water carriers. That is,

in my judgment, our task here.

The Senator from Montana and the other able Senators who have worked upon this proposed legislation have certainly done a great piece of work, if we are to consider the policy as settled; but the real question is not a question to be decided by individual Senators in perfecting a bill. The question is one of policy, which ought to be decided by the Senate, as to whether or not we are going to surrender the competitive system which exists or should exist relative to the water carriers of this country.

Mr. WHEELER. I agree with the Senator, but I submit that we are not in the slightest degree surrendering the competition that exists with the water carriers of the country today. We are regulating competition between the various common carriers by water just the same as today we are regulating competition between the railroads. There is nothing in this proposed legislation that does not recognize absolutely that there should be competition between the water carrier on the one hand and the railroad on the other, and there is nothing in it that fails to recognize that there must be competition between the bus and the truck on the one hand and the railroad on the other.

I have in this body fought for the last 10 or 15 years against the efforts of the railroads to repeal the fourth section. Why did they want to repeal it? So that they could cut their rates when they came in competition with the water carrier.

Mr. BORAH. Mr. President may I ask the Senator a question there?

Mr. WHEELER. Certainly.

Mr. BORAH. Is there anything in the terms of this bill, or will there be anything in the operation of the bill, if it should become a law, which would affect in any way section 4?

Mr. WHEELER. No. We have preserved section 4 as it is at the present time. The only thing we did with reference to section 4 was done in accordance with the suggestion made by Mr. Campbell, who has led the fight for the intermountain territory. We took out the so-called equidistance clause. That action will not affect the situation in the western section. The so-called equidistance clause is a matter that the Interstate Commerce Commission and practically everyone else has said is unworkable and does not amount to anything. The action taken, however, does not affect the so-called long-and-short-haul provision of the law.

The only other change we made was also suggested by Mr. Campbell and others from the Northwest. They said they were perfectly agreeable to having incorporated in the bill a provision to the effect that when an application was filed and there was no objection or opposition to it the Commission could put the rate applied for into operation at the time the application was filed. If there was opposition, then the Commission would suspend the time when the rates would go into effect until after hearings. Everyone agreed that that provision was entirely satisfactory.

So far as I am personally concerned with reference to this measure, I have tried to do, and the Senator from Kansas [Mr. REED], the Senator from South Dakota [Mr. GURNEY], the Senator from Missouri [Mr. TRUMAN], and every other member of the committee has tried to do, what I thought and what they thought was a conscientious job and to treat the water carriers fairly. If that is not done, then there is only one other alternative.

If we do not believe in regulation for the waterways, then we have got to say that we do not believe in regulation for the railroads, because the water carriers today-and let us make no mistake about that-engage in the same kind of practices, including rebates and discriminations, that the railroads engaged in until Congress provided for the regulation of the railroads. The water carriers still do all those things, and they are not regulated and do not want to be

Mr. SHIPSTEAD. Mr. President, will the Senator tell us where that is in the record? Who has told the Senator that? Where is the testimony?

Mr. WHEELER. Let me say to the Senator that it is common knowledge that the water carriers charge one rate here and another rate there and another rate some place else. They are openly doing it. It is admitted by some of the water carriers that that is happening. It is also being done and has been done by contract carriers. The contract carriers are all doing it. They charge one rate, a discriminating rate, to one man and another rate to another man.

Mr. SHIPSTEAD. That is a different matter.

Mr. WHEELER. But that is discrimination, and that is what was complained of on the part of the railroads.

Mr. SHIPSTEAD. That is done all over the world. Carriers bid for cargoes. If a carrier has an empty boat and anyone wants carriage, the water carriers will all bid for that cargo, and the freight will go to the lowest bidder.

Mr. WHEELER. Certainly. The common carriers are all

doing the same thing; and they justify it.

Mr. SHIPSTEAD. Mr. President-

Mr. WHEELER. Wait a moment. Some of them have admitted to me that they have done it and are doing it. I am not complaining about that, but I am saying, if we are not going to regulate water carriers, then let us repeal the fourth section; let us permit the railroads to compete openly and brazenly and cut their rates to any point they desire when

they come in competition with water carriers.

I have fought single-handed to preserve the fourth section. Twice a bill passed the House of Representatives almost unanimously to repeal the fourth section, and it would have passed the Senate—as I found, because I checked on it—if it had ever been reported by the committee and reached the floor of the Senate. What would that have done? Thrown open absolute competition between them, and it would have put all the small water carriers out of business. They protested against the repeal, and I agreed with jhem. I suggested at that time, and I have repeatedly suggested since, that that was not the solution of the problem; that what we ought to do was to regulate the water carriers upon the same basis as other carriers.

When I say "the same basis" I do not mean to apply the same rates but recognizing the inherent advantages of water transportation, the inherent advantages of bus and truck transportation, and the inherent advantages of railroad transportation. If we desire a unified transportation system, that is what we have got to do; and if we do not want such a transportation system, then let us repeal the law providing for the regulation of railroads, and turn them free.

Mr. BORAH. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. BORAH. I can bear witness to the work the Senator from Montana did with reference to section 4. I am perfectly satisfied that if it had not been for the efforts put forth by the Senator the bill to which he has referred would have passed the Senate. But if we place the regulation of the railroads under the same Commission and the same authority as we place the regulation of water transportation and depend alone upon what are called the inherent advantages for the purpose of distinguishing the water rates from the railroad rates, is it not almost a certainty that in a very short time there will be very little distinction between the rates of the two services?

Mr. WHEELER. I think the Senator is wrong.

Mr. BORAH. The railroads will present their case as to the necessity of this rate and that rate, and they will make

the water carriers conform to their necessity.

Mr. WHEELER. The Senator is entirely wrong about that. Let me say to the Senator that argument was made with reference to the busses and trucks. The bus and truck interests said, "The Commission is railroad-minded, and that is what is going to happen." The railroads now say that the Commission has been too free and has leaned away over toward the busses and trucks.

I do not know whether or not the Senator voted for the Transportation Act of 1920. Under that act, however, the trouble was not with the Commission but was with the Congress of the United States, because the Congress of the

United States did what the Supreme Court said:

The new act seeks affirmatively to build up a system of railways prepared to handle promptly all the interstate traffic of the country.

All of it.

It aims to give the owners of railways an opportunity to earn enough to maintain their properties and equipment in such a state of efficiency that they can carry well this burden—

That is, carry all the traffic to achieve this great purpose. Says the Supreme Court:

It puts the railroad systems of the country more completely than ever under the fostering guardianship and control of the Commission.

That is what the Congress did.

Mr. BORAH. Yes; I know what the Congress did, and I know what the Commission has been doing.

Mr. WHEELER. The Commission could not do otherwise: but let me say to the Senator that in 1933 that law was repealed and amended. Today, if the Senator will look at the language used in this bill, he will see that there is not a possibility of doing away with competition if the Commission is honest, and I think it is at the present time. I think at the present time we have one of the best Interstate Commerce Commissions we have ever had, because it has been liberalized, and there are some very excellent men on it. If the Commission carries out this law, there will be competition between water carriers and railroads, and there will be competition between trucks and busses and railroads, because so far as protecting competition between them is concerned certainly no law could be written that is plainer; and at no time has anyone suggested in the committee any provision that should be put into the bill that would better assure competition than the provision we have in it. There has not been a single suggestion by anybody, by the water carriers or anybody else, to give any stronger or any better assurance of competition than we have in the bill.

Mr. BORAH. We come back to the proposition that the entire transportation system of the United States—railroads, water transportation, and all other transportation—is going to pass into the hands and under the control of one commission.

Mr. WHEELER. That is correct.

Mr. BORAH. Our entire 130,000,000 people, with all of their transportation systems bearing upon different phases of our economic life, are to be controlled and guided and directed by a single commission. All the competition which comes into play by reason of natural conditions, of which Europe made so much in earlier days and of which we hoped to make so much, is eliminated. Now, I am well aware of the situation of the railroads, they need help and must have it, but I do not feel it is fair to the people to remove the great competitive water transportation system. The entire matter is passing into the hands of a single commission: and what will the shipper out in the Northwest do when he finds a situation in which he thinks he ought to have a different rate with reference to water transportation? He must come to Washington to fight it out here with the Interstate Commerce Commission.

Mr. WHEELER. Let me say to the Senator that he now has to come here.

Mr. BORAH. I understand that; but is it wise, is it well, to eliminate the natural competition which must necessarily continue to exist?

Mr. WHEELER. It has already been eliminated. The question is not whether we are eliminating it in this bill; it has already been done except as to the Mississippi River Line. We have eliminated it everywhere else. The Congress did it at the last session.

What we have here is the question whether or not we are going to leave the regulation of these water carriers in the Maritime Commission. Does the Senator from Idaho for one moment think that if I own a boat and he owns a boat, and he is being subsidized and I am not being subsidized, I would want to have the Maritime Commission pass upon the rates I would be able to charge, especially when the Maritime Commission is also operating lines of its own?

All we are doing in this legislation is to transfer the regulatory powers from the Maritime Commission to the Interstate Commerce Commission. That is what we are seeking to do. So the argument the Senator made a moment ago about doing away with competition refers to something that is gone anyway, so far as that is concerned.

Mr. BORAH. Mr. President, since listening to the Senator yesterday and today with reference to the Maritime Commission, I assure him I have no desire to send anything there; but there is such a thing as repealing the law and changing the program in that respect.

Mr. WHEELER. I should like to see somebody try it, but

it will not be possible to do it at the present time.

Mr. BORAH. Probably not. But that fails to convince me that we should prepare for the final surrender of a competitive water transportation system. It can certainly be made of service in protecting the shippers and producers of the country.

Mr. WHEELER. But all the shippers with whom I have come in contact have said to me that all they want is to be regulated by a fair and an impartial body. They feel satisfied to go before the Interstate Commerce Commission, a quasi judicial body, with its set of experts who are familiar with rate-making. They have repeatedly come to me and said, "We are willing to go before that body; but we do not want to go before a body that has subsidized our competitors on the one hand, and runs ships of its own in competition with us on the other."

I submit the matter to the Senate.

Mr. BARKLEY. Mr. President, I have no desire to delay a vote on the pending question. I do wish, however, to say

just a word in regard to the proposed legislation.

The question of taxing some action with regard to the railroad situation is one that has been agitating both branches of Congress and the country for the past 2 or 3 years. Nobody, I believe, can claim to have the last word on what ought to be done about the railroads. I remember that nearly 20 years ago I was a Member of the House and a member of the Committee on Interstate and Foreign Commerce when we passed the Transportation Act. For over 6 weeks I sat in the conference between the two Houses, trying to adjust the difference between the Esch bill in the House and the Cummins bill in the Senate, the measure later becoming popularly known as the Esch-Cummins Act or the Transportation Act.

In that act we made a stagger toward dealing with our transportation problem as a whole. We went a good way in coordinating the transportation systems by rail, and under the authority of the Shreveport case we went a long way in coordinating interstate and intrastate carriers and transportation systems. We also took a considerable step in coordinating rail and water transportation by providing for certain regulation of through routes and other things pertaining to both rail and water transportation.

I was a member of the committee of the Senate which framed the Bus and Truck Act; and it was a hard thing to harmonize the differences among owners of that form of transportation, and between them and the railroads. Finally, legislation was enacted placing bus and truck transportation under the Interstate Commerce Commission for the purposes of regulation.

I should be the last man in this body or anywhere to do anything that would in any way cripple water transportation, or put it at a disadvantage, or destroy it. I am anxious to help the railroads in any legitimate way; but I am not sufficiently anxious to help them to be induced to destroy any other form of transportation in order to do so.

I live on the Ohio River, at the mouth of the Tennessee. I have traveled by steamboat up and down the Mississippi, the Ohio, the Tennessee, and the Cumberland in days when there were steamboats on those rivers. The steamboat as a means of transportation on those inland waterways practically went out of business. It may be said that the railroads drove them out of business, just as the railroads drove the stagecoach out of business. One reason why it was possible was that there were not annual, year-round transportation facilities through having sufficient depth of water to enable steamboats to run all the year, rather than to be tied up in some port for half the time, and as the steamboats wore out and became useless, men with money refused to invest their money in other steamboats that could operate only half the time. So, by one process or another, steamboat trans-

portation almost completely disappeared from our inland waterways, and it has not yet been restored.

We in Congress have voted for the improvement of our rivers and harbors. More than a quarter of a century ago Congress passed a law which established a policy with respect to the Ohio River by which it promised ultimately to provide for a 9-foot stage from Pittsburgh to Cairo, Ill., the entire year around, so that men who wanted to engage in that form of transportation would be induced to invest their money in it. That system has been completed. I have been in favor of it, and I am now in favor of it, and I hope some day to see steamboats restored to that great river, which traverses one of the richest and most fertile parts of our country, and which is lined with industrial activities on both its north and its south banks.

Therefore, I have an interest in water transportation. I should not want to destroy it; I do not want to eliminate it; and I think it would be a short-sighted policy for Congress to spend the millions of dollars which have been spent in canalizing the rivers and then by any law destroy the possibility of water transportation upon them. Yet I realize that as our life, commercial and otherwise, becomes more complex there must be constantly an increase in the matter of Government regulation. It may be a regrettable fact, but it is a fact which I think we must face, that as life becomes more complex the intercourse of one section with another by various modes of communication and the transportation of human beings and freight and intelligence across this country and throughout the world become more complex, and so we cannot avoid the necessity of coordination and regulation.

I recall that a committee of which I was a member, under the leadership of the distinguished junior Senator from Maine [Mr. WHITE], who sits before me, and the Senator from Washington, Mr. Dill, who was a Member of the Senate at that time, reported and the Senate passed what was known as the Radio Act, a law regulating radio, creating the Radio Commission, authorizing it alone to deal with radio transmission. But it was not long before we found that we had to include all forms of transmission of information, the telegraph, and the telephone, and the wireless. however unrelated they may have been in their inception and origin and even in their methods. We finally established a Communications Commission in place of the Radio Commission to have control and regulation of all forms of transmission of information, intelligence, and so on, by wire or wireless, or by any other method known to the genius of man. I think that was a wise step. I think there has been no general complaint because of the fact that we consolidated the regulation of these various means of transmission.

When the bus and the truck came along as competitors with the railroads, occupying the highways, complaint was made against this form of transportation, which was in a way subsidized by the States or the Federal Government, or both combined, in that from tax money highways were built which the busses and the trucks used freely. That complaint was well founded; but that offered no reason, in my opinion, for attempting to destroy bus and truck lines. It is not possible to build a permanent barrier against the progress of the human mind, and, however many laws may be passed in an attempt to stifle some sort of competition which comes about by new inventions, it cannot be done. Human progress overrides such barriers and moves on. We found it necessary to regulate the busses and trucks by putting them under the Interstate Commerce Commission.

If there is to be any coordination in our regulation of transportation or means of commerce in this country, I think the same thing will happen with respect to water and rail and highway transportation, and whether the time has come when aviation should be included in this attempted regulation under the same authority, I do not know. I myself would not have any objection to including aviation under the terms of the bill; but it is not in the bill, and I do not intend to seek to have it put in.

I see before me the Senator from Missouri [Mr. Clark], who lives just across the Mississippi River from my home in

the great Midwest, and who is much interested in transportation by water. Interested as I have been in all my activities in both Houses of Congress in seeking to encourage transportation of water, and desiring not only to preserve but to increase it, I do not see how the pending bill strikes any blow at water transportation, because it does not require the Interstate Commerce Commission, in establishing regulations and in fixing any rates for water transportation, to use the same methods or the same facts as a basis for the fixing of rates on water as they use for fixing rates on rails or on trucks. If I am mistaken in that. I should like to have the chairman of the committee correct me.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. CLARK of Missouri. Has it not occurred to the Senator that the section of the country from which he and I hail, to wit, the Mississippi Valley, simply has not been able to muster sufficient show of strength to be traded with? Aviation, by reason of the great amount of romance and public interest and propaganda connected with the development of aviation, has been excluded from the operation of the bill. The Great Lakes are excluded, because they have been able to bring sufficient pressure to bear on the floor to be excluded, and it really comes down to the fact that the Mississippi Valley is simply not sufficiently important to be traded with by the committee.

Mr. BARKLEY. Much as I respect the Senator from Missouri and his sincerity, I should not be willing to admit, or even to think, that legislation of this importance is a matter of horse-swapping or trading back and forth between various sorts of transportation. If there has been any trading going on, I have not been in on it, I will say.

Mr. CLARK of Missouri. The results are perfectly

Mr. BARKLEY. I do not believe there has been any of the sort of back scratching and horse swapping and mule trading that occurs on county court day in Missouri and Kentucky, in order to get this legislation on the floor.

In conclusion, I wish to congratulate the Senator from Montana [Mr. Wheeler], the Senator from Missouri [Mr. TRUMAN], the Senator from Kansas [Mr. REED], and all other Senators who have had a part in framing the legislation. I am a member of the Committee on Interstate Commerce, but, to my great regret and to my infinite loss, my other duties have made it impossible for me to devote the attention to the framing of this measure I have heretofore devoted in both Houses to the framing of legislation dealing with transportation.

All the Senators who have taken part in framing the pending bill have done a conscientious job. We all understand that it is difficult to work out a transportation policy in legislation. I dare say that the railroads are not getting all they would like to have in the bill; the bus interests may not be getting all they would like to have; water transportation may be making some concessions; but, if we are to have a united, coordinated, sensible system of transportation in this country, it seems to me the pending bill now offers the best vehicle possible, in view of the limitations under which

As a member of the committee, I appreciate the conscientious work which has been done by the members of the subcommittee in bringing the proposed legislation to the floor, and the intelligence with which they have presented it to the Senate. I believe that when the bill is enacted it will result in great good to the country and to better feeling. and that it will establish a better system in our transportation throughout the Nation.

For the reasons I have given I am constrained to vote against the amendment offered by the Senator from North Carolina to eliminate all water transportation regulation under the provisions of the bill.

Mr. CLARK of Missouri. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Davis	Johnson, Colo.	Pittman
Andrews	Donahey	King	Radcliffe
Ashurst	Downey	La Follette	Reed
Austin	Ellender	Lee	Schwartz
Bailey	Frazier	Lodge	Sheppard
Bankhead	George	Logan	Shipstead
Barbour	Gerry	Lucas	Smathers
Barkley	Gibson	Lundeen	Stewart
Bone	Gillette	McCarran	Taft
Borah	Green	McKellar	Thomas, Okla.
Brown	Guffey	McNary	Thomas, Utah
Bulow	Gurney	Maloney	Tobey
Burke	Hale	Mead	Townsend
Byrd	Harrison	Miller	Truman
Byrnes	Hatch	Minton	Vandenberg
Capper	Hayden	Murray	Van Nuys
Caraway	Herring	Neely	Wagner
Chavez	Hill	Norris	Walsh
Clark, Idaho	Holman	Nye	Wheeler
Clark, Mo.	Holt	O'Mahoney	White
Connally	Hughes	Overton	Wiley
Danaher	Johnson, Calif.	Pepper	

The PRESIDING OFFICER. Eighty-seven Senators having answered to their names, a quorum is present.

Mr. CLARK of Missouri. Mr. President, I intend to vote for the amendment proposed by the Senator from North Carolina [Mr. Balley], although I would have very much preferred to vote for the motion which the Senator from North Carolina originally intended to make, to refer the bill to the Committee on Commerce for the consideration of the question of water-borne transportation.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield. Mr. BARKLEY. I find, in the last moment or two, that there is a good deal of confusion among Senators as to what the pending question is. Having advance knowledge that the Senator from North Carolina intended to move to refer the bill to the Committee on Commerce, some Senators have thought that was the motion now pending.

The pending motion is not to refer the bill to the Committee on Commerce but to strike out certain provisions with respect

to water transportation.

Mr. CLARK of Missouri. That is correct. I have a copy of the amendment proposed by the Senator from North Carolina. His proposal is to insert a new section at the proper place in the bill, as follows:

All forms of water transportation, except joint rail-and-water rates, are hereby excepted and exempted from the operations of this act.

Mr. President, as I have said, I intend to vote for the amendment, although I would very much have preferred to vote for the motion which the Senator from North Carolina originally intended to offer, to refer the bill to the Committee on Commerce, where, in my opinion, the jurisdiction originally belonged, for the purpose of consideration of the question of water-borne transportation.

Mr. President, this is perhaps the most remarkable attempt that has taken place in the Senate during my service by one standing committee absolutely to raid the jurisdiction of another standing committee, and actually to usurp one of the most important features of its jurisdiction. From time immemorial in this body the question of water-borne commerce has been within the jurisdiction of the Committee on Commerce. The maritime bill, creating the Maritime Commission, was reported from the Committee on Commerce. So far as I know, all bills having to do with maritime affairs from time immemorial have been within the jurisdiction of the Committee on Commerce and have been reported from that committee.

The Committee on Commerce not only reported the bill providing for the improvement of the inland waterways of the country and the harbors of the country but also reported the bill authorizing the creation of the Inland Waterways Corporation, and has always retained jurisdiction over the operations of that Corporation.

Without exception that has been the rule of the Senate ever since the subject of waterways has been before it, which is ever since the Committee on Commerce was originally created.

The Committee on Interstate Commerce, which has undoubted jurisdiction of the question of railroads, now comes forward and assumes jurisdiction of the question of water transportation, both in intercoastal shipping and as regards inland waterways.

Mr. President, it may be said that the question of committee jurisdiction is of slight importance in contradistinction to the importance of the pending legislation; but I submit that the committee which has always had jurisdiction of the question of water-borne commerce, the committee which had jurisdiction of the legislation setting up the Maritime Commission and the Inland Waterways Corporation, and particularly had jurisdiction of the legislation during the long struggle on the part of the great inland empire, the Mississippi Valley, for access to the sea, for escape from railroad monopolistic domination-I submit that that committee is entitled to have an opportunity of discussing the features of the bill as it affects the inland waterways transportation for which we have struggled so long.

Mr. President, much has been said about the attitude of the water carriers. So far as I am concerned, I wish to say that the water carriers are entitled to be heard, just as the railroads are entitled to be heard or anyone else is entitled to be heard; but the interest which should concern us is not the interest of the water carriers; it is not the interest of the railroads; it is the interest of the great American shipping

My objection to the bill, Mr. President, as I said day before yesterday and as I repeated yesterday, is that it turns the water transportation of our country over to a commission which, by its very constitution, by its history, and by the whole body of its precedents, is a railroad-minded commission. We are putting water transportation into the hands of a hostile body, and we might as well recognize right now that when we do that we are possibly sounding the death knell of water transportation, at least so far as the inland waterways of the country are concerned.

Mr. President, I remember a conversation which I heard years ago when I was a small boy between my father and James J. Hill, one of the great railroad men of the country, called, and properly called, "The Great Empire Builder," a man for whom my father had a great admiration, a man whom no one could meet without being impressed. He described how, when he first built the Great Northern to the Pacific coast, much difficulty arose because of the lack of freight consignments in return to the East. There was no trouble in loading their trains to go West, but they had nothing to bring East. However, by making a very low rate they built up a trade in shingles and other products which made the line profitable.

My father finally asked Mr. Hill, "Does water competition bother you at all?" Mr. Hill said, "No, no. At one time it did. There used to be many steamboats on the Missouri River that handled a great deal of traffic. They are practically all gone." And he chuckled and said, "What are left

we own ourselves."

Mr. President, I do not want to see the inland waterway transportation of the United States placed in any danger of being subjected to competition by the railroads which will possibly cause that service, so vitally necessary to the people of the Middle West, to be wiped out.

I have no objection to the regulation of the inland waterway transportation of the country; I certainly have no objection to the regulation of the intercoastal shipping of the country; but I do object to taking that water-borne traffic transportation and turning it over to a commission whose body of precedents necessarily makes it railroad-minded. As I said the other day, by that statement I mean to cast no reflection on any of the present or past personnel of the Interstate Commerce Commission.

Two or three years ago I objected to some of the decisions of the Interstate Commerce Commission which I thought discriminated against water transportation on the inland waterways, and when the Commissioner who had written the opinions to which I objected was reappointed I proposed to

hold up the confirmation of his nomination as long as I could. He came to see me, brought with him a set of the precedents of the Interstate Commerce Commission, and pointed out to me that under the body of precedents of that Commission he could not do anything different from what he had done. He convinced me that he was right. As I said, I intend no reflection on any member of the Interstate Commerce Commission, past or present, when I say that we are turning the water transportation of the country over to a railroad-minded body.

Mr. President, I realize the terrific difficulty from a practical standpoint in opposing a measure which has the active support of the Railroad Executives Association of the United States and of the Railroad Brotherhoods of the United States. Taken as a whole, those who are interested in water transportation, the farmers and the shippers of the Mississippi Valley, are inarticulate in this body and elsewhere in comparison with the great organizations of railroad execu-

tives and railroad employees.

As I said yesterday, I have no hostility to the railroads. I think legislation for the relief of the railroads should be enacted by the Senate, whether the railroads are responsible, as I believe they are themselves, for very much of their present predicament, or whether they are not; but so long as they are a vital transportation necessity, they ought to be fostered and taken care of, but they ought not to be fostered at the expense of those sections of the country which depend upon and are entitled to depend on water transportation to offset the geographical disadvantage of not being on the seacoast.

Therefore, Mr. President, while, as I said, I should very much prefer to have the opportunity of voting for a motion to refer the bill to the Committee on Commerce, since the chairman of the Committee on Commerce has seen fit to offer the pending amendment, instead of offering the motion to refer, I hope the amendment will prevail.

Mr. WHEELER. Mr. President, I desire to say one word with reference to the statement made concerning the lack of jurisdiction on the part of the Interstate Commerce Committee. After all, the Senate Committee on Interstate Commerce has jurisdiction over interstate commerce; and if the matter now under discussion is not regulation of interstate commerce, then I do not know what interstate commerce is.

Mr. President, had the Commerce Committee wished to take the matter over and handle it, I should have been delighted to let that committee handle it, or let any other committee handle it, because I did not want to do it. The only reason I did it was because I was requested to do so by the President; and if I was going to handle it, I had to handle it in the Interstate Commerce Committee.

What I did do, which perhaps the Senator does not know, is that I went to the chairman of the Committee on Commerce and said to him, "If you will appoint a subcommittee when the bill comes up I shall be glad to have a subcommittee of the Committee on Commerce and a subcommittee of the Committee on Interstate Commerce go into the matter. The Senator was ill and left town, and when I went to his office I was told he had not returned, and his office employees did not know when he was coming back. I had to go ahead with the hearings, and I went ahead with the hearings. Those are

As a matter of fact, the Commerce Committee, as distinguished from the Interstate Commerce Committee, has nothing to do with interstate commerce.

Mr. BAILEY entered the Chamber.

Mr. WHEELER. I now repeat what I said while the Senator from North Carolina was out of the Chamber. I said that when the bill was first introduced I went to the chairman of the Commerce Committee and suggested to him that I would work out with him an arrangement for a subcommittee of his committee and a subcommittee of the Interstate Commerce Committee to meet together, and if he so desired we would hold joint hearings with reference to the bill. I went back to his office and was informed that the Senator was out of the city, and those in his office did not know when he would return. I had to go ahead with the hearings, and I went ahead with the hearings under those circumstances.

I repeat, if the chairman of the Commerce Committee had come to me at any time and said, "I should like to handle the bill," I should very gladly have withdrawn my name from it and turned it over to the chairman of the Commerce Committee and permitted him to handle it. It is a significant fact that only after the Interstate Commerce Committee has worked for 3 solid months on the bill, after I have done more work on it than I have ever done on any other piece of legislation that has come before the committee, and at the last minute, when we are about to vote on it, the committee is criticized because it is said we are usurping the powers of the Commerce Committee. I do not want to let that statement go unanswered.

In addition, there were recommendations in the committee's report which I said I should not handle, because they properly belonged to the Commerce Committee. However, the regulation of interstate rates is a matter which belongs to the Interstate Commerce Committee. If the Commerce Committee itself or the chairman of the Commerce Committee had said to me, "We should like to handle it", I should gladly have turned the matter over to them. I am not interested in bills, and I am not interested in having my name attached to legislation. I have never found it necessary to do that sort of thing or to insist on legislation coming before my committee. Other committees, particularly the Commerce Committee, have taken jurisdiction of legislation which I thought belonged to the Interstate Commerce Committee; but I have never raised my voice in protest, either on the floor of the Senate or otherwise, publicly or privately. I have said, "If they want to handle the bill, I am delighted to let them handle it."

I do not think the people of the country are interested in whether the Commerce Committee or the Interstate Commerce Committee handles a bill. What they are interested in is the kind of legislation which comes from the Congress.

I would not for one moment have taken any legislation away from the Commerce Committee if I had thought my good friend Joe Bailey, or the Senator from Missouri [Mr. Clark], or anybody else on that committee, wanted it. I deliberately suggested that there were many matters in the recommendations of the committee which ought to go to the Commerce Committee. A bill has come to the Interstate Commerce Committee which properly belongs in the Commerce Committee. I refer to the bill with reference to the Inland Waterways Corporation itself. That bill belongs before the Commerce Committee. I have suggested to the author of the bill that it belongs to the Commerce Committee, and I intend to have it referred to the Commerce

Other bills have come before the Interstate Commerce Committee which, if somebody had raised the question, might well have been referred to some other committee. However, many times the line of demarcation between the jurisdiction of one committee and that of another is so close that I have heard very little debate on the floor of the Senate with reference to the question. We have had monetary legislation before the Agricultural Committee. We have had before the Agricultural Committee all kinds of legislation which did not have much to do with agriculture except in an indirect way.

I am sorry this matter was brought up. I must confess that I do not think it has anything to do with the merits or demerits of the bill.

Again, with reference to the Interstate Commerce Commission, the statement has been made that it is going to raise rates. I shall not take the time of the Senate again to discuss that question. If the Senate believes that the Interstate Commerce Commission is so corrupt, so crooked, and so unintelligent that it is not the proper commission to handle the matter, and that it ought to be left with the Maritime Commission, so far as I am concerned it is all right with me. It is a question for the Senate to determine.

Mr. BAILEY. Mr. President, perhaps the statement made by my friend the senior Senator from Montana might suggest to some Senators that a statement from me would be in order.

There will never be any difficulty between the chairman of the Interstate Commerce Committee and the chairman of the Commerce Committee so long as the present chairmen are in their positions. My regard for the Senaor from Montana is entirely too high for me ever to raise any question of jealousy or even suggest anything in the nature of a complaint. I believe I can take to myself the assurance that he is my friend.

Mr. WHEELER. That is correct.

Mr. BAILEY. So we shall not have any trouble about that.

When this matter first came up, some time in March, I brought it to the attention of the chairman of the Interstate Commerce Committee.

Mr. WHEELER. I think I brought it to the Senator's attention.

Mr. BAILEY. The Senator says he brought it to my attention. Perhaps he did. I will agree to that. My recollection is indefinite. At any rate, at its first appearance it seemed that the bill might be divided, in which event the chairman of the Committee on Interstate Commerce said that the water transportation features would be submitted to the Committee on Commerce. Later he informed me that that course seemed to be impracticable. It then occurred to both of us that probably the best thing to do would be to have the Commerce Committee appoint a subcommittee of five and the Interstate Commerce Committee appoint a subcommittee of five. I think that was the understanding. I think that was a matter in our minds.

On the 30th of March I engaged to make a speech in North Carolina. I made the speech and remained in the State 5 or 6 or 7 days. When I returned the hearings were proceeding on the whole bill before the Interstate Commerce Committee.

A little later the matter came up between the Senator from Montana and myself, and he stated to me that he had looked for me during my absence with a view to having me appoint five members of the Commerce Committee, but that he had not found me in the city, and so he had proceeded. At the time of that conversation he expressed the view that it probably was too late to take up the matter.

That circumstance has not raised any feeling on my part and will not raise any feeling. I think the bill should have been referred in the first instance to the Committee on Interstate Commerce. I have never raised any question on that score. I did think the Commerce Committee should pass upon the matter. I gave notice of my motion. However, in the course of the debate I decided that I would submit the matter on its actual merits to the Senate and file all the data that were available to me, and that I have done.

So far as I am concerned now, I want the vote to be on the merits of the question, and I wish to give all manner of assurance that I am incapable of being actuated by jealousy of that sort. There is never going to be any trouble of that character so long as I am chairman of the Committee on Commerce.

I am also incapable of thinking anything in derogation of the chairman of the Committee on Interstate Commerce. I am his friend. I have great reason to be his friend, and I think all the Senate has the utmost confidence in him.

Let that go just as it is. I am satisfied with the situation as it is; and, so far as I am concerned, I am ready to take a vote on the merits.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from North Carolina [Mr. Balley].

Mr. BAILEY. Mr. President, I should be glad if the amendment could be stated, because there are some Senators who may not be familiar with its terms.

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The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. It is proposed to insert, at the proper place in the bill, a new section to read as follows:

All forms of water transportation, except joint rail-and-water rates, are hereby excepted and exempted from the operations of

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from North Carolina. Mr. BAILEY. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk

proceeded to call the roll.

Mr. McNARY (when his name was called). On this question I have a pair with the junior Senator from Washington [Mr. Schwellenbach], and therefore withhold my vote. If the Senator from Washington were present and voting, he would vote "nay," and if I were at liberty to vote I should vote "yea."

The roll call was concluded.

Mr. BYRD. My colleague [Mr. Glass] is absent because of illness. On this question I am informed that if he were present he would vote "yea."

Mr. SHIPSTEAD (after having voted in the affirmative). I have a pair with the senior Senator from Virginia [Mr. GLASS]. In view of the fact that if present he would vote as I have voted, I will let my vote stand.

Mr. MINTON. I announce that the Senator from South Carolina [Mr. Smith] is detained from the Senate because of

illness in his family.

The Senator from Arizona [Mr. ASHURST] is absent on official business for the Committee on the Judiciary.

The Senator from Washington [Mr. Schwellenbach] is

unavoidably detained.

The Senator from Mississippi [Mr. Bilbo], the Senator from Ohio [Mr. Donahey], the Senator from California [Mr. Downey], the Senator from Kentucky [Mr. Logan], the Senator from Nevada [Mr. PITTMAN], the Senator from North Carolina [Mr. REYNOLDS], the Senator from Georgia [Mr. RUSSELL], the Senator from Illinois [Mr. SLATTERY], the Senator from Oklahoma [Mr. Thomas], and the Senator from Indiana [Mr. Van Nuys] are detained on important public business.

The Senator from Maryland [Mr. Typings] is addressing the Iron Institute in New York City today, an engagement which he made more than 4 months ago, and is necessarily absent. He is paired with the Senator from Kentucky [Mr. Logan]. I am advised that if present and voting, the Senator from Maryland would vote "yea," and the Senator from Kentucky would vote "nay."

Mr. AUSTIN. I announce the general pair of the Senator from New Hampshire [Mr. BRIDGES] with the Senator from North Carolina [Mr. REYNOLDS].

The result was announced—yeas 22, nays 57, as follows:

YEAS-22 King Bailey Sheppard Shipstead Ellender Borah Frazier Gibson Lee Lodge Caraway Stewart Holman McKellar Walsh Holt Connally Overton Johnson, Calif. Radcliffe Danaher NAYS-57 Davis La Follette Schwartz Adams Andrews George Gerry Lucas Smathers Taft Lundeen Austin Bankhead Gillette McCarran Thomas, Utah Tobey Townsend Barbour Green Maloney Guffey Mead Barkley Miller Truman Gurney Bone Brown Bulow Vandenberg Hale Minton Harrison Hatch Murray Wagner Wheeler Neely Burke Byrd Hayden Norris White Wiley Herring Nye O'Mahoney Byrnes Capper Hill Hughes Pepper Reed Johnson, Colo. Clark, Idaho NOT VOTING-17 Tydings Van Nuys Glass Russell Schwellenbach Logan McNary Bilbo Slattery Bridges Donahey Pittman Thomas, Okla. Downey Reynolds

So Mr. Balley's amendment was rejected.

The PRESIDING OFFICER. The bill is still before the Senate and open to further amendment.

Mr. SHIPSTEAD. Mr. President, I send to the desk an amendment which I ask to have stated.

The PRESIDING OFFICER. The amendment will be

The LEGISLATIVE CLERK. At the end of the bill, it is proposed to add the following new section:

SEC. — Subsection (a) of section 5 of the act entitled "An act to create a Federal Trade Commission, to define its powers and duties, and for other purposes," approved September 26, 1914, as amended, is amended by adding at the end thereof the following new paragraph:

"For the purposes of this act, it shall be deemed to be an unfair or deceptive act or practice in commerce for any person, partner-ship, or corporation to so fix the price at point of destination of any goods or commodities transported in commerce that such price includes a charge for transportation, based upon railroad rates, for any part of the transportation of such goods or commodities which was not conducted by railroad."

Mr. SHIPSTEAD. Mr. President, this amendment is designed to put an end to the vicious practices of monopolistic corporations which are using public waterways. Those practices have been denounced on the floor of the Senate by the very able Senator from Montana [Mr. Wheeler] and also by the Senator from Kansas [Mr. REED]. At this late hour I do not want to take up the time of the Senate in discussing the amendment fully, because I know the Senate desires to adjourn. However, I desire to have a record vote on the amendment.

The chairman of the committee, the Senator from Montana, has stated that he would help me get a record vote on the question of monopoly. We have been studying monopoly for years and years, and complaining about it. There are flagrant examples of monopolistic practices mulcting the people through the use of our waterways by not giving to the public the benefit of cheap water transportation.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. SHIPSTEAD. I yield. Mr. WHEELER. I should be very glad to have the Senator obtain a record vote. There is only one thing I wish to say: The amendment was just brought in this afternoon, and I have not had a chance to study it to any extent, and no one has had a chance to give it any consideration. I do not know that the Members of the Senate know what the amendment is. I think the Senator should explain it. has presented an amendment which proposes to amend the Federal Trade Commission Act. It is proposed at the end of the bill to add a new section. It is very important and very far-reaching. I am in thorough accord with the principle involved, but the amendment has just been offered, and I have never seen it before, and it has to do with a question on which no hearings have been had. It is proposed to add the following at the end of the bill:

Subsection (a) of section 5 of the act entitled "An act to create a Federal Trade Commission, to define its powers and duties, and for other purposes," approved September 26, 1914, as amended, is amended by adding at the end thereof the following new paragraph:
"For the purposes of this act"—

Which would mean the Federal Trade Commission Act-"it shall be deemed to be an unfair or deceptive act or practice in commerce for any person, partnership, or corporation to so fix the price at point of destination of any goods or commodities transported in commerce that such price includes a charge for transportation, based upon railroad rates, for any part of the transportation of such goods or commodities which was not conducted by railroad." ducted by railroad.'

I have not had a chance to study the amendment. At first glance it seems to me there might be a loophole where it says "so fix the price at the point of destination." But perhaps that is all right. The amendment relates to an extremely important matter. I do not think the pending bill is the measure to which it should be attached, but I do think in principle it is absolutely correct.

Mr. AUSTIN. Mr. President, will the Senator from Minnesota yield for a question?

Mr. SHIPSTEAD. I yield.

Mr. AUSTIN. I confess that I know so little about the general subject of fixing rates, and about the practice of the Interstate Commerce Commission under the law, that I cannot satisfy myself as to whether this proposal is in conflict with the Interstate Commerce Commission Act as we propose to codify and amend it by the pending legislation.

It occurs to me that the amendment would nullify a rate, and, more than that, make it offensive for a transportation company to charge a rate which was approved by the Interstate Commerce Commission, and therefore that we would be here legislating in diametrically opposing directions. I wish to ask the Senator whether he has sufficiently investigated the effect of his amendment to know whether it might or might not conflict with the legislation to which he wishes

Before taking my seat I wish to say that there is so little information regarding it that I myself cannot agree to the amendment, and I might, on thorough study, wish to change my attitude with respect to the bill itself if the amendment should be attached to it.

Mr. REED. Mr. President, will the Senator from Minnesota yield?

Mr. SHIPSTEAD. I yield.

Mr. REED. I am in entire sympathy with the objective of the distinguished Senator from Minnesota, but the amendment is proposed to a bill which has to do with the regulation of transportation in interstate commerce, and not with the fixing of prices. The Interstate Commerce Commission, the body to which is delegated all the authority under the pending bill, could not possibly reach the end sought by the Senator from Minnesota.

I beg the Senator from Minnesota to permit me to suggest that if he will offer this as an amendment to the Federal Trade Commission Act I shall be very happy to give him my assistance; but I do not think it properly belongs in the pending bill, and I hope the Senator from Minnesota will not press for its inclusion in this bill. I only make the suggestion because I do not think this is the place for it. If the Senator will be good enough to bring it back in proper form, I shall be very happy to give him what assistance I can, which is only one vote in this body, to have his amendment enacted into law.

Mr. SHIPSTEAD. I thank the Senator. I may say to the Senator from Vermont that he is laboring under a misappre-The amendment has nothing to do with the rates fixed by the Interstate Commerce Commission for rail or water, except when an industry transports its own freight on a boat on a public waterway, which it can do for from one-sixth to one-tenth of the rail rate, and frequently the industry charges the full rate by rail. I think it is a very reprehensible practice that the public highways should be used to enrich a monopoly, and not have the public get the benefit of the waterways which have been developed by the expenditure of the taxpayers' money for the benefit of the public.

Mr. WALSH. Mr. President, will the Senator yield?

Mr. SHIPSTEAD. I yield.

Mr. WALSH. The Senator from Montana has impressed us with the seriousness and importance of this amendment. It is very evident that the Senator from Minnesota thinks it is important. It is now 20 minutes past 5 o'clock, and he should have full time to discuss and present his views on the amendment. I suggest to the leaders on both sides that provision be made to give the Senator that opportunity tomorrow, and also give the Senator from Montana opportunity to study the amendment. It is quite evident we cannot get through tonight.

Mr. BARKLEY. Mr. President, I was about to offer a suggestion to the Senator from Minnesota, if he will yield.

Mr. SHIPSTEAD. I yield.

Mr. BARKLEY. The proposed amendment is an amendment to the Federal Trade Commission Act, dealing with unfair practices and monopolies.

Mr. SHIPSTEAD. Yes. Mr. BARKLEY. There is a joint committee now engaged in considering the whole subject of monopolies, amendments

to the Federal Trade Commission Act, and the entire subject, and I have no doubt that they would give sympathetic consideration to any statement the Senator would make to the committee on this subject. I agree with the Senator from Kansas and the Senator from Montana that it really injects a new subject here which has no immediate relationship to the question of transportation, or the fixing of rates, and there is nothing the Interstate Commerce Commission could do about the provisions of the Senator's amendment. It would give them no jurisdiction, but would merely add a paragraph or section to the Federal Trade Commission Act.

Does not the Senator feel that this important amendment would receive more careful consideration if it were presented to the joint committee, or offered as an independent bill and referred to the committee, or to some other committee, than at this time, during the consideration of the pending bill, to inject this new subject, which has no real

relationship to transpotration?

Mr. WHEELER. If I may make a suggestion to the Senator, I do not feel that the amendment has any place on this particular bill, because it relates to the Federal Trade Commission. The Senator is seeking to amend the Federal Trade Commission Act by attaching an amendment to the pending bill. I do not like that idea. But if the Senator will offer the amendment as a separate measure, it will come to the Committee on Interstate Commerce, and I will immediately appoint the Senator from Minnesota as chairman of the subcommittee to give the matter consideration. It is of sufficient importance, it seems to me, if we are to enact legislation of this kind, and do a good job, not to offer something which may perhaps be full of loopholes, and pass it hastily. I think it would be unfortunate if we adopted something hastily without giving it consideration or having a hearing on it. It is immaterial to me, but I could not support the amendment as an amendment to the pending measure.

Mr. SHIPSTEAD. Mr. President, I was impressed with the testimony in favor of abolishing the practice to which I have referred, testimony of the senior Senator from Montana when speaking upon the bill now before the Senate. He brought it before the Senate in connection with the pending bill. He seemed to think it was very material, for he has mentioned the subject several times and testified to the viciousness of the practice. It occurred to me that this was a good place to remedy this vicious practice. So I consulted attorneys of the legislative drafting service, in whom I have a great deal of confidence, and they said it would be perfectly legitimate to offer the amendment to the pending bill. I sought counsel from the attorneys for the Federal Trade Commission. I explained to them the practice and the situation, and I had the benefit of their counsel.

I should prefer to have the matter go over until tomorrow in order to have all Senators read the proposal and to read the statements made by the Senator from Montana on this matter, and, if he reads his own statements, I am sure he will be ready to vote for my amendment.

Mr. WHEELER. I appreciate the fact that the Senator thinks he is putting me in a hole by offering the amendment, but the Senator is not doing that at all.

Mr. SHIPSTEAD. No, no, Mr. President-

Mr. WHEELER. I appreciate why the amendment is offered. I do not believe it ought to be in this particular bill, because it is an amendment to the Federal Trade Commission Act. It is offered because I said that steel companies and oil companies which are monopolies are putting money in their pockets by the practice in question. That statement is correct, and I repeat it. I should like to see a comprehensive bill to prevent that sort of thing. I held hearings upon the subject and tried to have passed some legislation dealing with it, but was unable to do so. As the result of those investigations, however, the Federal Trade Commission acted, and has had hearings, and as I understand is recommending legislation to take care of the situation. I have also had the matter up with the Attorney General and as the result of the investigations that were made prosecutions have been instituted.

Mr. SHIPSTEAD. Mr. President, I will say, with all due respect to the Senator from Montana, that he put words in my mouth which I have not uttered, and motives in my mind which have not existed there. I may have been facetious when I said something about the Senator's testimony. I did that as one friend to another. I did not intend to put the Senator in a hole. I have never tried to put any Senator in a hole. I have never had any controversy with any man with whom I have disagreed. I have always given every man who disagreed with me credit for honesty and integrity. I never thought of putting the Senator in a hole, nor have I accused the Senator of trying to put me in the hole.

The Senator, who has been working very hard, is a little sensitive, a little irritated. I think that has something to do with his remarks. [Laughter.]

I do not think the Senator has any reason to feel irritated or have anything rankle in his bosom as the result of what has taken place during this debate.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. SHIPSTEAD. Yes; I yield.

Mr. NORRIS. The Senator from Vermont [Mr. Austin] asked a question of the Senator from Minnesota, and I do not believe the Senator from Minnesota has answered the ques-

Mr. SHIPSTEAD. That is correct. I was interrupted.

Mr. NORRIS. The Senator from Minnesota did say that the Senator from Vermont misapprehended the whole thing. As I understood the question asked by the Senator from Vermont, it was very apropos and to the point.

I should like to have that question answered. In order to have that done I wish to propound a question to the Senator from Minnesota. I ask the question offhand. I never saw the amendment before today. I do not know anything about it. To construe it properly we ought to have before us the Federal Trade Commission Act, to see how the language would fit in with the act which it would amend.

While it is an amendment of the Federal Trade Commission Act, the amendment begins as follows:

For the purposes of this act.

As I understand, the amendment has no real applicability to the pending measure. Its application is to another act.

Mr. SHIPSTEAD. What act is the Senator speaking of? Mr. NORRIS. The Federal Trade Commission Act.

Mr. SHIPSTEAD. The amendment is to the Federal Trade Commission Act.

Mr. NORRIS. But that was not the question. I wish to ask the Senator a question. The Senator from Minnesota said, in answer to the Senator from Vermont, that the amendment had no application to anything but a contract carrier. That is what I understood his language to mean. The Senator said it did not apply to an ordinary piece of freight that was shipped. It seems to me, from the language of the amendment itself, that it would apply. I may be wrong. I think it is a little ambiguous.

I wish to ask a question. Suppose a shipment is made on any stream, the rate on which has been passed upon by the Interstate Commerce Commission and the Interstate Commerce Commission has approved that rate. Suppose it should then develop, after that rate has been charged, that some person or corporation has shipped a piece of freight in the price of which was included railroad freight, whereas the freight was not shipped on the railroad. Then is it not true that the shipper has violated one act, while at the same time he has the approval of the Interstate Commerce Commission for what he did?

Mr. President, that situation worries me. Would it not be possible for a shipper to be guilty under one act, while he had the approval of the Commission under another act? That is the question I wanted to ask.

Mr. SHIPSTEAD. This provision would prohibit the Interstate Commerce Commission from making any ruling in violation of the act.

Mr. NORRIS. I cannot understand it that way.

Mr. WHEELER. No. Mr. President.

Mr. NORRIS. The Commission might have no knowledge of the fact that there was a violation of the law. I do not mean to say that they would approve a rate which was in violation of the Clayton Antitrust Act or of the Federal Trade Commission Act. The Commission may approve a rate in due course, but a violation might occur a year or 5 years later, and the shipper might be guilty surreptitiously of a violation of the amendment which the Senator proposes.

I think there is a great danger in the amendment.

Mr. SHIPSTEAD. I think under the bill which is now before the Senate this kind of practices are not indulged in by those who are regulated. They could not be. They would have to charge the rate fixed by the Interstate Commerce Commission. And whatever rate the Interstate Commerce Commission should fix would apply to those who ship by common carriers, and that rate would be charged. It would not apply to a rate fixed by the Interstate Commerce Commission.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. SHIPSTEAD. I yield. Mr. CONNALLY. As I understand the Senator's amendment, it has nothing on earth to do with the action of the Interstate Commerce Commission in fixing a rate.

Mr. SHIPSTEAD. Nothing at all.

Mr. CONNALLY. It is simply a rider to this bill amending the Federal Trade Commission Act, making it unlawful to charge as a part of the price of a product a rail rate when in fact the product is transported by water or by truck at a less rate.

Mr. SHIPSTEAD. It could not be better stated if we debated it for 3 weeks. That is all there is to it.

Mr. CONNALLY. I hope it will not be debated for 3 weeks. [Laughter.]

Mr. SHIPSTEAD. I hope so, too; but I should like to have the amendment agreed to and sent to conference, which will give time to study it.

The Senator from Texas stated in a very few words all there is to the amendment. I should like to have a vote on it.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Minnesota [Mr. SHIPSTEAD].

Mr. BARKLEY and Mr. McNARY called for the yeas and nays, and they were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. DAVIS (when his name was called). I have a general pair with the junior Senator from Kentucky [Mr. Logan]. I understand that if he were present he would vote as I shall vote. I vote "nay."

Mr. McNARY (when his name was called). Again referring to my pair, I withhold by vote. If at liberty to vote, I should vote "yea."

The roll call was concluded.

Mr. MINTON. I announce that the Senator from Virginia [Mr. Glass] is detained from the Senate because of illness.

The Senator from South Carolina [Mr. SMITH] is absent because of illness in his family.

The Senator from Arizona [Mr. ASHURST] is absent on official business for the Committee on the Judiciary.

The Senator from Washington [Mr. Schwellenbach] is unavoidably detained.

The Senator from Mississippi [Mr. Bilbo], the Senator from Idaho [Mr. CLARK], the Senator from Ohio [Mr. Dona-HEY], the Senator from California [Mr. Downey], the Senator from Utah [Mr. King], the Senator from Kentucky [Mr. Logan], the Senator from New York [Mr. MEAD], the Senator from Nevada [Mr. PITTMAN], the Senator from North Carolina [Mr. REYNOLDS], the Senator from Georgia [Mr. RUSSELL], the Senator from Illinois [Mr. SLATTERY], the Senator from Oklahoma [Mr. Thomas], and the Senator from Indiana [Mr. Van Nuys] are detained on important public

The Senator from Maryland [Mr. Tydings] is addressing the Iron Institute in New York City today, an engagement which he made more than 4 months ago, and is therefore necessarily absent.

Mr. AUSTIN. I desire to announce a general pair between the Senator from New Hampshire [Mr. BRIDGES], and the Senator from Maryland [Mr. Tydings].

The result was announced—yeas 21, nays 54, as follows:

	Y	EAS-21	
Bailey Chavez Clark, Mo. Connally Frazier Holman	Holt La Follette Lee Lundeen McCarran Maloney	Miller Nye Overton Pepper Sheppard Shipstead	Tobey Vandenberg Wiley
	N	AYS-54	
Adams Andrews Austin Bankhead Barbour Barkley Bone Brown Bulow Burke Byrd Byrnes Capper Caraway	Danaher Davis Ellender George Gerry Gibson Gillette Green Guffey Gurney Hale Harrison Hatch Hayden	Herring Hill Hughes Johnson, Calif. Johnson, Colo. Lodge Lucas McKellar Minton Murray Neely Norris O'Mahoney Radcliffe	Reed Schwartz Smathers Stewart Taft Thomas, Utah Townsend Truman Wagner Walsh Wheeler White
	NOT	VOTING—21	
Ashurst Bilbo Borah Bridges Clark, Idaho Donahey	Downey Glass King Logan McNary Mead	Pittman Reynolds Russell Schwellenbach Slattery Smith	Thomas, Okla. Tydings Van Nuys

So Mr. Shipstead's amendment was rejected.

Mr. PEPPER. Mr. President, I send to the desk an amendment, which I ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Florida will be stated.

The LEGISLATIVE CLERK. It is proposed to amend section 3, paragraph (8), page 12, beginning at line 22, following the word "routes", so as to read:

Including such motor vehicle operations of carriers by rail or water or forwarding companies (except when confined to transfer or terminal operations), and including such motor vehicle operations of express companies (except when confined to transfer or terminal operations or operations incidental to through express service by rail or water). Persons acting as agents for common carriers in the performance of such excepted services shall not, as to such operations, be deemed common carriers by motor vehicles; but such operations shall be deemed to be those of the carrier for which they are performed.

And to amend section 3, paragraph (13), page 15, line 6, so as to read:

The term "express company" means any common carrier engaged in the express business by means of railroad and other modes of transportation.

Mr. PEPPER. Mr. President, I desire to say only a brief word in explanation of this amendment.

Under the existing law and under this bill, express companies of course are subject to regulation by the Interstate Commerce Commission. The pending bill, however, proposes that there be one change in the character of the Interstate Commerce Commission's regulation of express companies. That is to say, on page 12, in prescribing the definition of the term "common carrier by motor vehicle", it puts in the category of a common carrier by motor vehicle the express operations which are carried on, not over rail lines, but by motor vehicles over land routes.

Mr. WHEELER. Mr. President, will the Senator yield? Mr. PEPPER. Yes.

Mr. WHEELER. The last portion of the suggested amendment is to amend section 3, paragraph (13), page 15, lines 6 and 7. That has already been done by another amendment which has already been adopted.

Mr. PEPPER. Then I will omit the second part of the amendment, and merely refer to the first part for the present.

The effect of the bill as now written would be to provide that the employees of an express company engaged in regular phases of the express business dealing with transportation by rail would be subjected to one set of rules and regulations, whereas the employees engaged in the transportation

of commodities inside of a city or in the immediate environment of a city by motor vehicle would be subjected to an entirely different set of rules and regulations.

For example, under the existing law the employees of express companies are subject to the provisions of the Railway Labor Act; but if the bill as it is now amended were to be put into effect, the employees of that portion of the express company's business dealing with motor vehicles would not be subject to those provisions.

Under the existing law, the employees of an express company, whether operating motor vehicles around cities or in the vicinity thereof or engaged in the transportation of express commodities over railroads, are subject to the provisions of the Railroad Retirement Act; but the employees engaged in the motor-vehicle part of the business would not be subject to the Railroad Retirement Act if the existing proposals in the bill were put into effect.

Furthermore, all employees of express companies are now subject to the Railroad Unemployment Insurance Act; but since there are no such provisions and there is no such act for employees of motor-vehicle carriers, if the bill as written were passed, the motor-vehicle employees of the express companies would not have the advantage of that act.

So the amendment merely provides, in substance, that the employees of express companies and the regulations of express companies shall be dealt with by the Interstate Commerce Commission under its authority to regulate express companies, and that they shall not be considered common carriers by motor vehicle just because the shipment came in at the railroad terminus, and motor vehicles carried the commodity over to the other side of the city, or to the community around about the city.

I see no objection, therefore, to the asserted reasonableness of the amendment.

Mr. REED. Mr. President, will the Senator yield? Mr. PEPPER. Yes.

Mr. REED. Out of the discussion of this bill, as I get the principal importance of the amendment offered by the Senator from Florida, it lies in the parentheses included in page 12 of the bill, beginning at line 23.

In the bill, that parenthetical clause reads:

Such motor-vehicle operations-

Then come the parentheses-

(except when confined to transfer or terminal operations)-

The amendment offered by the Senator from Florida reads:

(except when confined to transfer or terminal operations-

Which is in the bill, and then adds-

or operations incidental to through express service by rail or water).

So far as I am concerned—I do not undertake to speak for the committee—I have no objection to the adoption of the amendment offered by the Senator from Florida.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Florida [Mr. Pepper]. [Putting the question.] The Chair is in doubt.

Mr. PEPPER. I ask for a division.

On a division, the amendment was rejected.

The PRESIDING OFFICER. Are there further amendments to be proposed? If not, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, and was read the third time.

The PRESIDING OFFICER. The bill having been read three times, the question is, Shall it pass?

Mr. McKELLAR. I call for the yeas and nays on the passage of the bill.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. DAVIS (when his name was called). I have a general pair with the junior Senator from Kentucky [Mr. Logan]. I understand that if present he would vote as I am about to vote. I vote "yea."

Mr. McNARY (when his name was called). Again referring to my pair with the junior Senator from Washington [Mr. Schwellenbach], I am advised that if he were present he would vote as I am about to vote. I vote "yea."

Mr. SHIPSTEAD (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. GLASS], who is absent on account of illness. I am informed that if present and at liberty to vote the Senator from Virginia would vote as I shall vote. I vote "nay."

Mr. LUCAS (when Mr. SLATTERY'S name was called). My colleague [Mr. SLATTERY] is unavoidably absent from the Senate today. If present, he would vote "yea."

The roll call was concluded.

Mr. RADCLIFFE. My colleague the senior Senator from Maryland [Mr. Typings] is unfortunately detained on important business. Were he present, he would vote "yea" on this question.

Mr. MINTON. I announce that the Senator from Arizona [Mr. Ashurst] is detained from the Senate on official business for the Committee on the Judiciary.

The Senator from Mississippi [Mr. Bilbo], the Senator from Kentucky [Mr. Logan], the Senator from North Carolina [Mr. REYNOLDS], the Senator from Georgia [Mr. Rus-SELL], the Senator from New Jersey [Mr. SMATHERS], the Senator from Oklahoma [Mr. Thomas], and the Senator from Idaho [Mr. Clark] are absent on important public business.

The Senator from Washington [Mr. Schwellenbach] and the Senator from Indiana [Mr. Van Nuys] are unavoidably detained.

I am advised that if present and voting these Senators would vote "yea."

The Senator from Ohio [Mr. DONAHEY], the Senator from California [Mr. Downey], the Senator from Utah [Mr. King], and the Senator from Nevada [Mr. PITTMAN] are detained on official business.

The Senator from South Carolina [Mr. Smith] is absent because of illness in his family.

Mr. AUSTIN. I announce the general pair of the Senator from New Hampshire [Mr. BRIDGES] with the Senator from Utah [Mr. KING].

The result was announced—yeas 70, nays 6, as follows:

YEAS-70 Ellender Johnson, Colo. Adams Pepper Andrews Austin George Gerry La Follette Lee Radcliffe Reed Bailey Bankhead Lodge Schwartz Gibson Gillette Lucas Stewart Barbour Barkley Green Lundeen Taft McCarran McKellar Guffey Thomas, Utah Tobey Townsend Truman Gurney Bone Brown Bulow Hale McNary Harrison Maloney Mead Miller Minton Burke Hatch Vandenberg Hayden Wagner Byrd Byrnes Herring Walsh Murray Neely Norris Wheeler White Capper Hill Caraway Holman Chavez Holt Wiley Nye O'Mahoney Hughes Danaher Johnson, Calif. Davis NAYS-6 Clark, Mo. Frazier Sheppard Shipstead Connally Overton NOT VOTING-20 Donahey Pittman Ashurst Smathers Bilbo Downey Glass Reynolds Russell Smith Thomas, Okla. Borah King Schwellenbach Tydings Van Nuys Clark, Idaho Logan Slattery

So the bill was passed.

COMPULSORY BLOCK BOOKING AND BLIND SELLING OF MOTION-PICTURE FILMS

Mr. NEELY. Mr. President, on the 20th of March I entered a motion to discharge the Committee on Interstate Commerce from further consideration of Senate bill 280, a bill to prohibit and prevent the trade practices known as compulsory block booking and blind selling in the leasing of motion-picture films in interstate and foreign commerce. That motion lies on the table. I now give notice that I shall at an appropriate hour tomorrow move the Senate to take the motion from the table and adopt it. I purpose to speak in support of the motion and relate to the Senate the extraordinary history of the bill to which it pertains.

The attention of the Senate is respectfully invited to the fact that the following-named organizations are now actively supporting the bill, which is the successor of other similar measures that have been before the Senate almost continuously for more than 11 years: American Association of University Women; American Home Economics Associaton; American Baptist Publication Society; Associated Film Audiences: Association for Childhood Education: Board of Temperance and Social Welfare of the Disciples of Christ; Catholic Boys' Brigade of the United States, Inc.; Catholic Central Verein of America: Catholic Daughters of America: Catholic Order of Foresters; Civic Club of Philadelphia; Committee on Moral and Social Welfare of the Lutheran Church in America; Council of Women for Home Missions; Editorial Council of the Religious Press; Federal Council of Churches of Christ in America; Girls' Friendly Society of United States of America; International Order of the King's Daughters and Sons, Inc.; Knights of Columbus; Massachusetts Civic League: Motion Picture Research Council: National Board of Young Women's Christian Associations; Nation Congress of Parents and Teachers; National Council of Catholic Women; National Council of Protestant Episcopal Churches; National Education Association; National Grange; National Motion Picture League, Inc.; National Sentinels; National Woman's Christian Temperance Union; National Women's Trade-Union League of America; Service Star Legion, Inc.

It has been estimated that these and other organizations which are supporting the bill have an aggregate membership of more than 50,000,000 American women and men.

AMENDMENT OF NATIONAL HOUSING ACT—CONFERENCE REPORT Mr. BROWN submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5324) to amend the National Housing Act, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses, as follows:
That the House recede from its disagreement to the amendment

of the Senate to the text of the bill and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment to the text of the bill insert the following:

following:

"That subsections (a) and (b) of section 2 of the National Housing Act, as amended, are amended to read as follows:

"SEC. 2. (a) The Administrator is authorized and empowered upon such terms and conditions as he may prescribe, to insure banks, trust companies, personal finance companies, mortgage companies, building and loan associations, installment lending companies, and other such financial institutions, which the Administrator finds to be qualified by experience or facilities and approves as eligible for credit insurance, against losses which they may sustain as a result of loans and advances of credit, and purchases sustain as a result of loans and advances of credit, and purchases of obligations representing loans and advances of credit, made by them on and after July 1, 1939, and prior to July 1, 1941, for the purpose of financing alterations, repairs, and improvements upon or in connection with existing structures, and the building of new structures, upon urban, suburban, or rural real property (including the restoration, rehabilitation, rebuilding, and replacement of such improvements which have been damaged or destroyed by earthquake, conflagration, tornado, hurricane, cyclone, flood, or other catastrophe), by the owners thereof or by lessees of sucn real property under a lease expiring not less than six months after the maturity of the loan or advance of credit. In no case shall the insurance granted by the Administrator under this section to any such financial institution on loans, advances of credit, and purchases made by such financial institution for such purposes any such financial institution on loans, advances of credit, and purchases made by such financial institution for such purposes on and after July 1, 1939, exceed 10 per centum of the total amount of such loans, advances of credit, and purchases. The total liability which may be outstanding at any time plus the amount of claims paid in respect of all insurance heretofore and hereafter granted under this section and section 6, as amended, less the amount collected from insurance premiums and deposited less the amount collected from insurance premiums and deposited in the Treasury of the United States under the provisions of subsection (f) of this section, shall not exceed in the aggregate \$100,000,000.

(b) No insurance shall be granted under this section to any such financial institution with respect to any obligation representing any such loan, advance of credit, or purchase by it (1) if the amount of such loan, advance of credit, or purchase exceeds \$2,500; (2) if such obligation has a maturity in excess of three years and thirty-two days, unless such loan, advance of credit, or purchase is for the purpose of financing the construction of a new structure for

use in whole or in part for residential or agricultural purposes; or (3) unless the obligation bears such interest, has such maturity, and contains such other terms, conditions, and restrictions as the

and contains such other terms, conditions, and restrictions as the Administrator shall prescribe in order to make credit available for the purposes of this title.'

"Sec. 2. Section 2 of such act, as amended, is further amended by adding at the end thereof the following new subsections:

"'(f) The Administrator shall fix a premium charge for the insurance hereafter granted under this title, but in the case of any obligation representing any loss advance of credit, or purchase. obligation representing any loan, advance of credit, or purchase, such premium charge shall not exceed an amount equivalent to such premium charge shall not exceed an amount equivalent to three-fourths of 1 per centum per annum of the net proceeds of such loan, advance of credit, or purchase, for the term of such obligation, and such premium charge shall be payable in advance by the financial institution and shall be paid at such time and in such manner as may be prescribed by the Administrator. The moneys derived from such premium charges shall be deposited in an account in the Treasury of the United States, which account shall be overliched for defeating the overliched for defeating the overliched for defeating the overliched for defeating the overliched her defeating the overliched for defeating the overliched for defeating the overliched for the federal shall be available for defraying the operating expenses of the Federal Housing Administration under this title, and any amounts in such account which are not needed for such purpose may be used for the payment of claims in connection with the insurance granted under this title.
"'(g) The Administrator is authorized and directed to make such

rules and regulations as may be necessary to carry out the pro-visions of this title.'

"SEC. 3. Section 6 of such act, as amended, is hereby repealed.

"SEC. 4. The provisions of sections 1, 2, and 3 of this act shall take effect on July 1, 1939.

"SEC. 5. Section 202 of the National Housing Act, as amended, is hereby amended by striking out the word 'create' and inserting in lieu thereof the word 'created.'

"SEC. 6. Section 203 (a) of such act, as amended, is amended to

read as follows:

SEC. 203. (a) The Administrator is authorized, upon application by the mortgagee, to insure as hereinafter provided any mortgage offered to him which is eligible for insurance as hereinafter provided, and, upon such terms as the Administrator may prescribe, to make commitments for the insuring of such mortgages prior to the date of their execution or disbursement thereon: Provided, the date of their execution or disbursement thereon: Provided, That the aggregate amount of principal obligations of all mortgages insured under this title and outstanding at any one time shall not exceed \$3,000,000,000, except that with the approval of the President such aggregate amount may be increased to not to exceed \$4,000,000,000: Provided further, That the aggregate amount of principal obligations of all mortgages that cover property the construction of which was completed more than one year prior to the date of the application for insurance, and that are insured under this title after the effective date of this amendment and outstanding at any one time, shall not exceed 25 per centum of the total amount of the principal obligations of mortgages with outstanding at any one time, shall not exceed 25 per centum of the total amount of the principal obligations of mortgages with respect to which insurance may be granted under this title after such effective date: Provided further, That on and after July 1, 1941, no mortgages shall be insured under this title except mortgages that cover property which is approved for mortgage insurance prior to the completion of the construction of such property, or which has been previously covered by a mortgage insured by the Administrator.

"Sec. 7. Paragraph (3) of section 203 (b) of such act, as amended, is amended by striking out the words 'until July 1, 1939."
"Sec. 8. Section 203 of such act, as amended, is further amended by adding at the end thereof the following new subsections:

"'(e) Any contract of insurance heretofore or hereafter executed by the Administrator under this title shall be conclusive evidence of the eligibility of the mortgage for insurance, and the validity of any contract of insurance so executed shall be incontestable in the hands of an approved mortgagee from the date of the execution of such contract except for fraud or misrepresentation on the

part of such approved mortgagee.
"'(f) No mortgage which in whole or in part refinances a then
existing mortgage shall be insured under this section unless the mortgagor files with the application his certificate to the Administrator that prior to the making of the application the mortgagor applied to the holder of such existing mortgage for such refinancapplied to the holder of such existing mortgage for such refinancing and that, after reasonable opportunity such holder failed or refused to make a loan of a like amount and on as favorable terms as those of the loan secured by the mortgage offered for insurance after taking into account amortization provisions, commission, interest rate, mortgage insurance premium, and cost to the mortgagor for legal services, appraisal fees, title expenses, and similar charges.'

"Sec. 9. That last sentence of section 204 (a) of such act, as amended, is amended to read as follows: 'For the purposes of this subsection, the value of the mortgage shall be determined, in accordance with rules and regulations prescribed by the Adminisaccordance with rules and regulations prescribed by the Administrator, by adding to the amount of the original principal obligation of the mortgage which was unpaid on the date of the institution of foreclosure proceedings, or on the date of the acquisition of the property after default other than by foreclosure, the amount of all payments which have been made by the mortgage for taxes, ground rents, and water rates, which are liens prior to the mortgage, special assessments which are noted on the application for insurance or which become liens after the insurance of the mortgage. gage, insurance on the mortgaged property, and any mortgage insurance premiums paid after either of such dates, and by deducting from such total amount any amount received on account of the mortgage after either of such dates, and any amount received

as rent or other income from the property, less reasonable expenses incurred in handling the property, after either of such dates: Provided, That with respect to mortgages which are accepted for insurance prior to July 1, 1941, under section 203 (b) (2) (B) of this act, and which are foreclosed before there shall have been paid on account of the principal obligation of the mortgage a sum equal to 10 per centum of the appraised value of the property as of the date the mortgage was accepted for insurance, there may be included in the debentures issued by the Administrator, on account of foreclosure costs actually paid by the mortgages and approved by the Administrator an amount not in excess gagee and approved by the Administrator an amount not in excess of 2 per centum of the unpaid principal of the mortgage as of the date of the institution of foreclosure proceedings, but in no event

in excess of \$75.

"Sec. 10. Section 204 (g) of such act, as amended, is amended by adding at the end thereof the following new sentence: "The power to convey and to execute in the name of the Administrator deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real property or any interest therein heretofore or hereafter acquired by the erty or any interest therein heretofore or hereafter acquired by the Administrator pursuant to the provisions of this act, may be exercised by the Administrator or by any Assistant Administrator appointed by him, without the execution of any express delegation of power or power of attorney: Provided, That nothing in this subsection shall be construed to prevent the Administrator from delegating such power by order or by power of attorney, in his discretion, to any officer, agent, or employee he may appoint.'

"SEC. 11. The last sentence of section 205 (b) of such Act, as amended is amended by inserting after 'express incurred' the

amended, is amended by inserting after 'expenses incurred' the words 'prior to July 1, 1939.'
"Sec. 12. The first sentence of section 207 (c) of such act, as

amended, is amended to read as follows:

"'(c) To be eligible for insurance under this section a mortgage on any property or project shall involve a principal obligation in

"'(1) Not to exceed \$5,000,000; and
"'(2) Not to exceed 80 per centum of the amount which the
Administrator estimates will be the value of the property or
project when the proposed improvements are completed: Provided,
That such mortgage shall not in any event exceed the amount That such mortgage shall not in any event exceed the amount which the Administrator estimates will be the cost of the completed physical improvements on the property or project, exclusive of the following: Public utilities and streets; taxes, interest, and insurance during construction; organization and legal expenses; and miscellaneous charges during or incidental to construction; and

"'(3) Not to exceed \$1,350 per room for such part of such property or project as may be attributable to dwelling use. The mortgage shall provide for complete amortization by periodic payments within such term as the Administrator shall

riodic payments within such term as the Administrator shall prescribe, and shall bear interest (exclusive of premium charges for insurance) at not to exceed 4½ per centum per annum on the amount of the principal obligation outstanding at any time.' "Sec. 13. Section 210 of such act, as amended, is hereby repealed: Provided, That the Administrator is authorized to insure under said section any mortgage for the insurance of which an application has been filed with him prior to the effective date of this ext. of this act.

"SEC. 14. Title II of the National Housing Act, as amended, is further amended by adding at the end thereof the following new section:

" LABOR STANDARDS

"'SEC. 212. (a) The Administrator shall not insure under section 207 or section 210 of this title, pursuant to any application for insurance filed subsequent to the effective date of this section, a mortgage which covers property on which there is or is to be located a dwelling or dwellings, or a housing project, the construction of which was or is to be commenced subsequent to such date, unless the principal contractor files a certificate or certificate or certificate or certificate or certificates. date, unless the principal contractor files a certificate or certificates (at such times, in course of construction or otherwise, as the Administrator may prescribe) certifying that the laborers and mechanics employed in the construction of the dwelling or dwellings or the housing project involved have been paid not less than the wages prevailing in the locality in which the work was performed for the corresponding classes of laborers and mechanics employed on construction of a similar character, as determined by the Secretary of Labor prior to the beginning of construction and after the date of the filing of the application for insurance.

"'(b) The Administrator is authorized to make such rules and regulations as may be necessary to carry out the provisions of this

regulations as may be necessary to carry out the provisions of this

section.

"'(c) There is hereby authorized to be appropriated for the remainder of the fiscal year ending June 30, 1939, and for each fiscal year thereafter, a sum sufficient to meet all necessary expenses of the Department of Labor in making the determinations provided for in subsection (a)."

"Sec. 15. The last sentence of section 301 (b) of such act, as

"Sec. 15. The last sentence of section 301 (b) of such act, as amended, is amended to read as follows: 'If the Administrator is of the opinion that the establishment of such an association is desirable to provide a market for mortgages insured under title II and is in the public interest, that the incorporators transmitting the articles of association are responsible persons, and that such articles of association are satisfactory in all respects, he may issue or cause to be issued to such incorporators a certificate of approval, and the association shall become, as of the date of issuance of such certificate, a body corporate by the name set forth in its articles of association.'

"Sec. 16. Paragraph (4) of section 301 (c) of such act, as amended, is amended to read as follows:

"'(4) To conduct its business in any State of the United States, or in the District of Columbia, Alaska, Hawaii, or Puerto Rico, and to have one or more offices in such State, or in the District of Columbia, Alaska, Hawaii, or Puerto Rico, one of which offices shall be designated at the time of organization as its principal office."

And the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate to the title of the bill, and agree to the same.

ROBERT F. WAGNER. PRENTISS M. BROWN, JOHN A. DANAHER, JOHN H. BANKHEAD, Managers on the part of the Senate. HENRY B. STEAGALL, CLYDE WILLIAMS, BRENT SPENCE, JESSE P. WOLCOTT,

Managers on the part of the House.

Mr. BROWN. Mr. President, I think it is fair to say that the conferees adopted substantially the Senate bill as we passed it. There was no material change.

Mr. LODGE. Mr. President, I should like to ask the Senator from Michigan whether the provisions regarding prevailing wages, inserted in the Senate bill, have been retained in the bill?

Mr. BROWN. They are in the bill. The House conferees agreed to the provisions substantially as adopted by the Senate, with a very slight clerical amendment which did not change the sense in any manner whatever.

Mr. LODGE. I have no objection.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

FINANCIAL REHABILITATION OF RAILROADS

Mr. WHEELER. Mr. President, I ask unanimous consent that Senate bill 1869, the railroad reorganization bill, be made the unfinished business.

There being no objection, the Senate proceeded to consider the bill (S. 1869) to protect interstate commerce from the dangers of unsound financial structures and to establish improved procedures and standards for financial rehabilitation of railroads engaged in interstate commerce, and for other purposes, which had been reported from the Committee on Interstate Commerce with amendments.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to: and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGE REFERRED

The PRESIDING OFFICER (Mr. MINTON in the chair) laid before the Senate a message from the President of the United States submitting the nomination of Bernice Pyke, of Cleveland, Ohio, to be collector of customs for customs collection district No. 41, with headquarters at Cleveland, Ohio (reappointment), which was referred to the Committee on Finance.

EXECUTIVE REPORT OF A COMMITTEE

Mr. CONNALLY, from the Committee on the Judiciary, reported favorably the nomination of Reuben Gosnell, of South Carolina, to be United States marshal for the western district of South Carolina, which was ordered to be placed on the Executive Calendar.

ADMIRAL HARRY A. STUART

Mr. WALSH. Mr. President, last week, the Committee on Naval Affairs reported favorably the nomination of Capt. Harry A. Stuart to be a rear admiral in the Navy. When the committee reported the nomination favorably, it was understood that a time might be fixed for hearing Senators who had some doubt about their position in approval of the nomination. In the routine of business, last Friday, the nomination was acted upon favorably. On Monday, because of the promise made to members of the committee that a time would be fixed for a hearing, I gave notice of a motion

to reconsider. Having conferred with the members of the committee, I now ask unanimous consent that I may withdraw the notice I gave, so that the confirmation of the nomination may stand.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the motion is withdrawn.

Mr. WALSH. Mr. President, one of the members of the Committee on Naval Affairs, the distinguished Senator from New Jersey [Mr. BARBOUR], and some other Senators had some doubt, not about the qualifications of Captain Stuart but about the precedent, and I think I ought to say for the RECORD that the Senator from New Jersey and the other Senators have yielded to the opinion of the majority, having hesitated to approve the nomination only because they did not desire to go on record immediately as approving what they thought might be an unwise precedent.

THE CALENDAR

The PRESIDING OFFICER. If there are no further reports of committees, the clerk will state the nominations on the calendar.

THE JUDICIARY

The legislative clerk read the nomination of Armistead M. Dobie to be judge for the western district of Virginia.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

DISTRICT COURT OF THE UNITED STATES FOR PUERTO RICO

The legislative clerk read the nomination of Robert A. Cooper, of Puerto Rico, to be judge of the District Court of the United States for Puerto Rico.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

MISSISSIPPI RIVER COMMISSION

The legislative clerk read the nomination of Brig. Gen. Max C. Tyler, Corps of Engineers, United States Army, to be member and president of the Mississippi River Commission.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

COAST GUARD OF THE UNITED STATES

The legislative clerk read the nomination of Harry K. McClernon to be chief pharmacist.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask unanimous consent that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations of postmasters are confirmed en bloc.

THE JUDICIARY

Mr. MILLER. Mr. President, the Committee on the Judiciary has reported favorably the nomination of Samuel Rorex to be United States attorney for the eastern district of Arkansas. I ask unanimous consent that the nomination be now confirmed.

Mr. McNARY. What is the reason for immediate action? Mr. MILLER. The courts will begin their terms next Monday week, and if this gentleman is to take office, I should like to have his nomination confirmed now.

Mr. McNARY. I have no objection.

The PRESIDING OFFICER. The clerk will state the nom-

The legislative clerk read the nomination of Samuel Rorex. of Arkansas, to be United State attorney for the eastern district of Arkansas.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. MILLER. Mr. President, on behalf of my colleague and myself, I ask that the President be immediately notified of the confirmation.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the President will be immediately notified.

LEGISLATIVE SESSION

Mr. BARKLEY. Mr. President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to.

DEATH OF REPRESENTATIVE LORD, OF NEW YORK

The PRESIDING OFFICER. The Chair lays before the Senate resolutions from the House of Representatives, which will be read.

The legislative clerk read as follows:

House Resolution 202

Resolved, That the House has heard with profound sorrow of the death of Hon. BERT LORD, a Representative from the State of New York.

of New York.

Resolved, That a committee of four Members of the House with such Members of the Senate as may be joined be appointed to

attend the funeral.

Resolved, That the Sergeant at Arms of the House be authorized and directed to take such steps as may be necessary for carrying out the provision of these resolutions and that the necessary expenses in connection therewith be paid out of the contingent fund of the House.

fund of the House.

Resolved, That the Clerk communicate these resolutions to the Senate and transmit a copy thereof to the family of the deceased.

Resolved, That as a further mark of respect the House do now

adjourn.

Mr. WAGNER. Mr. President, I send to the desk resolutions which I ask to have read and immediately considered. The resolutions (S. Res. 136) were read, considered by

unanimous consent, and unanimously agreed to, as follows:

Resolved, That the Senate has heard with profound sorrow the announcement of the death of Hon. Bear Load, late a Representative from the State of New York.

Resolved, That a committee of two Senators be appointed by the Presiding Officer to join the committee appointed on the part of the House of Representatives to attend the funeral of the deceased Representative.

ceased Representative.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the

family of the deceased.

Under the second resolution, the Presiding Officer appointed the Senators from New York [Mr. Wagner and Mr. Mead] members of the committee to join with the committee on the part of the House of Representatives to attend the funeral of the deceased Representative.

Mr. WAGNER. Mr. President, as a further mark of respect to the deceased Representative, I move that the Senate now take a recess until 12 o'clock noon tomorrow.

The motion was unanimously agreed to; and (at 6 o'clock p. m.) the Senate took a recess until tomorrow, Friday, May 26, 1939, at 12 o'clock meridian.

NOMINATION

Executive nomination received by the Senate May 25 (legislative day of May 19), 1939

COLLECTOR OF CUSTOMS

Bernice Pyke, of Cleveland, Ohio, to be collector of customs for customs collection district No. 41, with headquarters at Cleveland, Ohio. (Reappointment.)

CONFIRMATIONS

Executive nominations confirmed by the Senate May 25 (legislative day of May 19), 1939

UNITED STATES DISTRICT JUDGE

Armistead M. Dobie to be United States district judge for the western district of Virginia.

JUDGE OF THE DISTRICT COURT OF THE UNITED STATES FOR PUERTO RICO

Robert A. Cooper to be a judge of the District Court of the United States for Puerto Rico.

UNITED STATES ATTORNEY

Samuel Rorex to be United States attorney for the eastern district of Arkansas.

MISSISSIPPI RIVER COMMISSION

Brig. Gen. Max C. Tyler, Corps of Engineers, United States Army, to be a member and president of the Mississippi River Commission.

COAST GUARD OF THE UNITED STATES

Harry K. McClernon to be a chief pharmacist in the Coast Guard of the United States, to rank from May 2, 1939.

POSTMASTERS

FLORIDA

James I. Martin, Blountstown. Edith C. Miller, Crescent City. Alexander G. Shand, Fort Lauderdale. Guy P. Ruhl, Frostproof.

SOUTH DAKOTA

John A. Druley, Ashton. Stephen E. Halva, Belvidere. Vernon R. Zimmermann, Wentworth.

HOUSE OF REPRESENTATIVES

THURSDAY, MAY 25, 1939

The House met at 12 o'clock noon with Mr. RAYBURN, Speaker pro tempore, presiding.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O Thou who dwellest beyond the seas, Thou art our Good Shepherd; we shall not want. In Thee are interwoven immeasurable strength and infinite tenderness, and as we hear the silvery chant we wonder, watch, and pray. Thou wilt not break the reed bruised by human ignorance nor wilt Thou quench the smoking flax of aspiration. Persuade us to walk in the spirit and freedom of the Master, always recognizing the claims of upright living and faithful duty. Blessed Lord, we pray that our Nation may be great, not alone in harvests and lands but in intelligence and obedience to law. Our Father, forbid that it may ever lose the sense of moral values. Be pleased to be with our people everywhere, and keep us in peace with all the world that a common wave of thought and understanding may lift mankind to a higher plane of Christian brotherhood. In our Redeemer's name. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate insists upon its amendments to the bill (H. R. 5427) entitled "An act making appropriations for the Labor Department for the fiscal year ending June 30, 1940, and for other purposes," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. McKellar, Mr. Russell, Mr. McCarran, Mr. Bankhead, Mr. Lodge, and Mr. Bridges to be the conferees on the part of the Senate.

The message also announced that the Senate had agreed without amendment to a concurrent resolution of the House of the following title:

H. Con. Res. 25. Concurrent resolution authorizing the printing of additional copies of the hearings held before the Committee on Ways and Means of the House on the bill entitled "Social Security Act Amendments of 1939."

OLD-AGE PENSIONS

Mr. ASHBROOK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER (pro tempore). Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. ASHBROOK. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the Record and include

therein an article from the General Welfare News Advocate

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. ASHBROOK. Mr. Speaker, I note the so-called Townsend bill was reported to the House yesterday by the Ways and Means Committee without recommendation and will likely be voted upon next Wednesday. I regret very much that it will be impossible for me to be present. I do not want anyone to believe that I would run away from this vote, and for that reason here declare myself and expect to leave a live pair against the bill. No one in my district will charge that I ever attempted to dodge this issue or any other. My last campaign was a straight Townsend fight. My Republican opponent really had no other important issue. so the question was determined at the polls, and I am here, although I will frankly admit by a reduced majority.

May I say here and now that at heart I do not believe there is a Townsendite who is more in favor of reasonable old-age pensions than I am and have been for thirty-odd years. My membership of more than 30 years in the Order of Eagles, the original sponsor of this worthy and humane

issue, will so testify.

I am called "Pension Bill" in my district because of my activity and friendliness to liberal pensions for the war veterans and their dependents and the deserving needy. I think I can truly say that I have natural sympathy for the unfortunate. The present old-age pensions, in my opinion, are inadequate to the needs of our worthy aged.

I am in favor of pensions sufficient to permit all who are entitled to a pension to live decently, not only the aged but the blind, the helpless, and all unable to support themselves.

Had Dr. Townsend originally advocated a pension of \$50 per month and not \$200 per month, based upon a transaction tax, it is my belief that such a law would now be in effect. Folks generally, regardless of politics, believe in old-age pensions and caring for the needy. I think it is positively cruel to build hope in the hearts of millions of worthy people that they will ever receive such an unreasonable pension as \$200 per month and thereby extract their nickels and dimes that the inner circle may eat thick beefsteaks and live at the best hotels in luxury.

I have from the first felt kindly toward the general-welfare bill proposed by Arthur Johnson, for whom I have great respect and who broke away from the Townsend outfit 2 years ago and proposed a reasonable pension on a gross income tax. I clearly and plainly announced my views in the 1938 campaign, and no one can or will charge me with demagogery or betrayal of confidence. I am ready and willing today or any day to vote for an old-age pension of \$50 per month properly and safely financed.

Believing that I have here made my position plain, and without further discussion of this vital issue I wish to here insert in the RECORD an article appearing in the General Welfare News-Advocate of May 29, just out today. It was written, of course, before the third Townsend bill of this session had been introduced. It should be read and calmly and unselfishly considered-not thinking how it will affect my political future—before voting on this issue which so deeply affects millions of our people.

GREAT AMERICAN "JOKE" PROVES TRAGEDY TO AGED--TOWNSEND PLAN REVISION TAKES OLD FOLKS FROM FRYING PAN INTO FIRE

(By Arthur L. Johnson, legislative secretary)

After leading the old folks up a blind alley by assuring them for two and a half years that H. R. 4199 (H. R. 2) was perfect just the way I drafted it (even though we found 40 improvements necessary in addition to the 300 I put into it originally), Dr. Francis E. Townsend has now doubled back and led them up another blind alley by introducing, through Congressman Joe Hendercks, on May 17, 1939, a new measure, H. R. 6378, which seeks to modify H. R. 2 (the original Townsend bill which Hendercks also introduced) to overcome the objections raised to it, but in reality jumps from the frying pan into the fire.

MILLIONS-6 YEARS OF EFFORT-WASTED

After wasting over \$4,000,000 wrung from the needy old people of America by \$1 handshakes and million-dollar promises that have

never been fulfilled, and after stirring hundreds of thousands of our elder citizens into a frenzy of endeavor, only to be sold down the river by some political deal, this modern Pied Piper of Hamelin now sounds his pipe for a trek backward into a field which will make the Townsend plan an even greater joke than it is now considered by the vast majority of the American public.

NEW PROVISIONS ANALYZED-COMPARED TO H. R. 5620

Even aside from what his devoted followers must think when they have to jump from H. R. 2 to H. R. 6378, after the doctor fraudulently assured them that the smaller the number of the bill the nearer enactment they were, and how they must feel about the nearer enactment they were, and how they must feel about his elimination of the enforced spending feature and adoption of the gross-income tax he has fought for 2 years, let us compare the new provisions in H. R. 6378 with the improvements made in the General Welfare Act by H. R. 11 and by H. R. 5620, which seeks to amend the Social Security Act to give all unemployed citizens over 60 an honorable Federal annuity of \$30 to \$60 per month financed by a 2-percent gross-income tax on "added value," with a deduction of the first \$60 per month, or \$720 per year, of gross income. Such comparison brings to light the following defects in the new Townsend bill which are not found in the fully improved General Welfare Act, H. R. 5620: Welfare Act, H. R. 5620:

1. The bill taxes the very purchasing power necessary to recovery. Workers are taxed directly 2 percent on their entire gross income and the rest of the taxes imposed are passed on to the general public and the great masses of the people pay them in the long run as indirect taxes. How it aids recovery or brings new purchasing power by taking \$2 per month from John Smith, a laborer (which \$2 he would spend for necessities that month), and giving this \$2 to Tom Brown, a man over 60, is a question Dr. Townsend

this \$2 to Tom Brown, a man over 60, is a question Dr. Townsend has never been able to answer and constitutes the fundamental error upon which his whole "plan" has been erected. Purchasing power is not increased. It is merely passed around. The General Welfare Act exempts the very poor from taxation, something which neither the crackpot Townsend plan nor the fraudulent Social Security Act does. The G. W. A. would therefore be conducive to recovery and is a prosperity measure.

2. The tax under the new Townsend bill is essentially a sales tax which falls most heavily upon the poor and can never be enacted into law, as it will encounter the bitter opposition of organized labor, both the A. F. of L. and the C. I. O. being on record against a sales tax as a tax on the poor. Strangely enough labor has not protested the S. S. A. tax on the gross income of the workers, but it will wake up when it comes to levying a direct Townsend tax on the workers of America, with no exemption for those earning just a few dollars per month. It is true that the next bill attempts to exempt those earning less than \$50 per month by requiring no return if the tax in any month is less than \$1, but the United States Supreme Court would, without question, there were true to the provision of the court would, without questions. throw out such a provision as discriminatory and unconstitutional, inasmuch as the bill does not give a like exemption of the first \$50 per month of gross income to those receiving more than \$50 per month.

3. The measure, instead of creating prosperity and more employment, would throw into the bread lines one and a half million persons now employed, by making it impossible for stockbrokers and real-estate men to continue business, as they would have to pay a 2-percent tax on the entire value of the stock or property sold each time it was transferred. While it might be a good thing to close the high-class gambling dens in New York, it would do the country no good as far as employment and prosperity are concerned and would do the aged no good if they could get no

taxes from these sources

4. The tax under the measure would pyramid to the extent that a dollar would buy but 50 cents' worth of goods, monopolies would be built up because the large producers would drive the "little man" out of business, and those with a large turn-over of stock and a small profit would be driven out of business altogether.

5. The tax proposed would bring in less then \$15 per month to

5. The tax proposed would bring in less than \$15 per month to the 8,000,000 who would be eligible to share its proceeds, as the measure is so complicated it would cost a half a billion dollars a year to administer, would tax producers, manufacturers, whole-salers and jobbers but one-half of 1 percent instead of the 2 percent which it was estimated at the Ways and Means Committee hearing would bring in around \$53 per month, provided stockbrokers, real-estate men, and little-business men could remain in the field, which Dr. Townsend doubted and who he felt should be allowed for society as they are "inofficient." eliminated for the good of society as they are "inefficient.

6. The new provisions in the measure are so worded that it would take 14 Philadelphia lawyers to figure out what they mean, 50,000 people to enforce them, and but 9 judges of the United States Supreme Court to throw them out as unconstitutional and

meaningless.

7. One of the oddities brought to light by a casual study of the measure is that the cart is placed before the horse by collecting the tax for 4 months before the annuitants are registered. To withdraw 4 months' tax yields from circulation would cause a panic of no small proportions.

8. Another oddity is that there is no tax unless you are engaged in a business or occupation. Inheritances and gifts are exempted from gross income even though they constitute idle wealth and are

the very things which should be taxed to promote recovery.

9. Means are set forth in the law to escape the 2-percent tax and come under the one-half of 1-percent tax by merely changing bookkeeping systems.

10. The tax on manufacturers could be interpreted as a 100-percent tax multiplied by a one-half of 1-percent tax, or a tax of 100½ percent.

11. A complicated system of taxing foreign exports is built up,

when they should be exempted if we want our factories to run full blast employing the idle to manufacture for the foreign

12. National banks are exempted, but State banks are taxed, as are trustee transactions and loans. State banks would have to close their doors overnight, as would all mortgage companies and loan agencies.

13. Churches are exempt only if they can prove they are "societies."

14. Chambers of commerce are exempted, but labor organizations

15. Death benefits under life-insurance policies are exempt, even if the benefits run into the millions. The General Welfare Act

exempts the first \$2,000 only.

16. Amounts received from libel actions are exempt, as are alimony settlements. The General Welfare Act exempts the first \$60

per month only.

17. If you attend a ball game, prize fight, or movie, you can claim a tax exemption if you save your ticket stub showing the

amusement tax paid.

18. Reference is made in some sections to certain subsections not

found in the bill.

19. Penalties are provided if the annuity is not spent "within the time required by this act," but no time is specified and the enforced spending section is eliminated.

20. It is made a misdemeanor for a father or mother to support

an infant child or unmarried daughter.
21. An annuitant may send the entire amount of the annuity

abroad each month.

22. Foreign-made goods may be purchased by the annuitants in preference to the goods made by the manufacturer who pays a tax to support the system.

to support the system.

23. A person could draw another Federal pension, in addition to the annuity under the bill.

24. Titles I, II, and VIII of the Social Security Act are repealed outright, which would mean that for 4 months and 19 days all State aid to the aged would stop and no checks could be issued by the Federal Government for old-age relief during this period.

25. Failure to integrate the measure into the Social Security Act structure will cause complications.

26. In States like Massachusetts the repeal of the three titles of the Social Security Act may make the State old-age-assistance law inoperative by withdrawing the Federal grant which the State matches.

matches.

All in all, the measure goes at the thing in the long, hard way. The improved General Welfare Act (H. R. 5620—amended H. R. 11) accomplishes the purposes the advocates of this foolish measure have in mind and does it in a very efficient, fair, and economical manner. Ours is a streamlined measure that is 2 years ahead of any in the field. They will all have to come to it eventually when the precule get wise to the feet that the wigs of straw held out to the people get wise to the fact that the wisps of straw held out to them by the money-grabbing exploiters of the poor and by the Social Security Act economists don't bring eats.

THE "SQUALUS" DISASTER

Mr. TREADWAY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. TREADWAY. Mr. Speaker, less than 48 hours ago the country was shocked at the terrible tragedy of the sinking of the Squalus. When the news came to us we received it with great sorrow in that the probability was that all these valuable lives had been lost. This morning we learned that 33 out of the 59 were rescued. The submarine bell used in rescuing these heroes was invented by the first candidate whom I appointed to Annapolis after I came to Congress in 1913. [Applause.] This young man, through his energy and ability, and because of the education he received at the Naval Academy and later under other naval auspices, gave his country and the world an invention that undoubtedly will continue to be used in future years to save the lives of the men who go down under the sea in ships. Certainly it is a credit to the Naval Academy and to the Navy Department and it is a credit to my district that Allen Rockwell McCann invented the very intricate "bell," so-called, by which the lives of these 33 heroes were saved yesterday.

I think Commander McCann is entitled to the applause you have so kindly extended to his name this afternoon, and I thank you in his behalf. I append hereto a brief summary of his naval career:

Born North Adams September 20, 1896. Appointed to Naval Academy January 23, 1913. Graduated and detached from Naval Academy March 24, 1917, and assigned to U.S.S. Kansas. Commissioned ensign March 30 and lieutenant, junior grade, July 30 of same year. September 23, 1919, detached from Kansas and assigned to U.S.S. Fulton for instruction in submarine work. December 11, 1919, ordered to duty on submarine K-6. May 18, 1920, placed in command of K-6. After serving on several submarines, was ordered to duty at New London submarine base April 29, 1924. In November 1925 was given additional duty as technical adviser to the Peruvian Naval Commission and rendered this service at Electric Boat Co., Groton, Conn. Continued on submarine duty until March 1929 when he was assigned to duty in the Bureau of Construction and Repair, Navy Department, Washington. Remained on duty here for 2 years, during which time he developed the submarine bell. In 1931 again went to sea as damage control officer on U.S.S. Indianapolis. Later assigned to staff of commander of cruiser scouting force as damage control officer. June 30, 1937, received his commission as commander. May 24, 1938. assigned to duty in Bureau of Navigation, Navy Department, Washington.

When word was received of accident Commander McCann went by plane to Portsmouth to assist in the use of the submarine bell or rescue chamber.

WASHINGTON MERRY-GO-ROUND

Mr. SWEENEY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. SWEENEY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD at this point, and to include an article from the Washington Merry-Go-Round of December 23, 1938, concerning myself, together with my reply to Messrs. Pearson and Allen, under date of January 4, 1939.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. SWEENEY. Mr. Speaker, rather than raise a question of personal privilege and take up the time of the House, I confine myself to making a statement of fact concerning a newspaper article which appeared in the Washington Times under date of December 23, 1938, and other newspapers throughout the country. The article was by Drew Pearson and Robert S. Allen, authors of the Washington Merry-Go-Round, and it attributed to me the charge of being anti-Semitic, that I opposed the candidacy of a certain gentleman for United States district judge in the northern district of Ohio.

I have respected the proprieties of the situation by remaining silent until such time as a selection for this post was made. An individual has now been selected by the President of the United States, and his name has gone to the United States Senate for confirmation.

The article that I respectfully refer to I insert herewith at this point in the RECORD:

MERRY-GO-ROUND

(By Drew Pearson and Robert S. Allen)

A hot behind-the-scenes fight is raging in Democratic congressional ranks over the effort of Father Coughlin to prevent the appointment of a Jewish judge in Cleveland. The proposed appointee is Emerich Burt Freed, United States district attorney in Cleveland, former law partner of Senator Bulkley, who is on the verge of being elevated to the United States District Court.

This has aroused the violent opposition of Representative Martin L. Sweeney, Democrat, of Cleveland, known as the chief congressional spokesman of Father Coughlin.

Basis of the Sweeney-Coughlin opposition is the fact that Freed is a Jew, and one not born in the United States. Born in Hungary in 1897, Freed was brought to the United States at the age of 13, was naturalized 10 years later.

Justice Department officials say he has made an excellent record as United States attorney, is able, progressive, and was second on the list of judicial candidates submitted by the executive committee of the Cleveland Bar Association. First on the list was Carl Friebolin, whom Justice Department officials say they would

have gladly appointed despite his age of 60, had he not eliminated

have gladly appointed despite his age of 60, had he not eliminated himself voluntarily for physical reasons.

Two others on the bar association's list, Walter Kinder and Harry Brainard, were eliminated because of big business or reactionary connections. Last on the list was Dan B. Cull, a former common-pleas court judge, and an excellent appointment except that he happens to be a Catholic and the last two judicial appointments in Ohio have been Catholics. So the Justice Department returned to the No. 2 man on the list, a Jew.

ITALE REPRESENTATIVE SWEENEY IS endeavoring to call a caucus of

Irate, Representative Sweener is endeavoring to call a caucus of Ohio representatives December 28 to protest against Freed's ap-

pointment.

This article is a deliberate falsehood, and I cannot let this occasion pass without meeting the challenge of Drew Pearson and Robert S. Allen, who have more than once published in their Washington Merry-Go-Round malicious falsehoods concerning Members of Congress in their official capacity.

During this session of Congress and in previous sessions, since I have been a Member for the past 8 years, it is not uncommon for Members on both sides of the aisle, and Members of the other body, to rise to a question of personal privilege to indict the abuse of a free press on the part of these well-known columnists.

After this article appeared December 23, 1938, I sought to reach Messrs. Drew Pearson and Robert S. Allen by telephone to demand an explanation; then I dispatched a letter under date of January 4, 1939, a copy of which I insert herewith:

JANUARY 4, 1939.

Mr. DREW PEARSON,

MI. DREW PEARSON;
Washington Daily Merry-Go-Round, Washington, D. C.
MY DEAR MR. PEARSON: Under date of December 23, 1938, in the
syndicated Washington Daily Merry-Go-Round written by Drew
Pearson and Robert S. Allen, there appeared a dirty, vicious article
with reference to Father Coughlin and myself. This article charged
us with raising the issue of anti-Semitism against the candidacy
of Emerica Burt Freed United States district attorney in Cleveof Emerich Burt Freed, United States district attorney in Cleve-land, Ohio, who aspires to be a Federal district judge.

land. Ohio, who aspires to be a Federal district judge.

I did not read this article until it was sent to me by a citizen of Corpus Christi, Tex., who clipped the excerpt from the Corpus Christi Times, in which it appeared under date of December 23, 1938. This article reached me January 2, 1939, upon my arrival at the Nation's Capital. After reading the article I called your partner, Mr. Robert S. Allen, by telephone to demand an explanation. Mr. Allen stated he could not discuss the matter because it was written by you, and he respectfully referred me to you, giving your telephone number as Michigan 4321. In the last few days I have called your office several times. In each instance I left my telephone number for a return call, but for reasons best known to yourself you have failed to even extend to me the courtesy of yourself you have failed to even extend to me the courtesy of acknowledging my call.

Mr. Pearson, let me state your charge that "a hot behind-the-

scenes fight is raging in Democratic congressional ranks over the effort of Father Coughlin to prevent the appointment of a Jewish judge in Cleveland" is a base falsehood. I am certain Father Coughlin does not know Mr. Freed, and I am equally certain that Father Coughlin in his long career never interfered in making recommendations for or against individuals seeking Federal appoint-

As for your charge that Representative Martin L. Sweeney is known as the chief congressional spokesman of Father Coughlin, again you utter a falsehood. As a newspaper man at the Capitol again you utter a falsehood. As a newspaper man at the Capitol you should know full well that while Father Coughlin has many friends in the Congress of the United States, there is no organized bloc, nor is anyone authorized to speak for Father Coughlin. Your false assumption was predicated, undoubtedly, because of the fact that on February 16, 1936, I arose unsolicited to defend the constitutional right of Father Coughlin to speak on political, social, and economic questions, as they affected the welfare of the Nation. That was the time, you will recall, when certain Members of Congress were challenging Father Coughlin's right as a clergyman to discuss governmental matters.

Mr. Pearson, you further state that the "Basis of the Sweeney-Coughlin opposition is the fact that Freed is a Jew, and one not born in the United States." Further you state that, "Irate Congressman Sweeney is endeavoring to call a caucus of Ohio Congressmen December 28 to protest against Freed's appointment." Again, you state a falsehood. I did call a caucus of the Democratic Congressmen from Ohio on December 28 for the purpose of discussing

you state a faisehood. I did call a caucus of the Democratic Congressmen from Ohio on December 28 for the purpose of discussing Ohio problems. This meeting was held in the office of Senator Vic Donaher, and the subject of Mr. Freed's candidacy for judge was not even considered at this gathering. I respectfully refer you to Senator Vic Donaher, and the Congressmen present, as proof of this statement.

Mr. Pearson, it is a cowardly act to charge a person with being anti-Semitic without a semblance of proof. For your information

Mr. Pearson, it is a cowardy act to charge a person with being anti-Semitic without a semblance of proof. For your information, let me state I was born in the ghetto section of Cleveland, Ohio. My early playmates and neighbors were Jews. I learned to respect their customs, their traditions, and the practice of their religious rites. Many of my classmates in law school were Jews. For 8

years I was a judge in the city of Cleveland, Ohio. Hundreds of Jewish litigants and their lawyers appeared before me many times on controversial issues. Never once was the charge of intolerance

on controversial issues. Never once was the charge of intolerance or injustice raised against me by any single individual or group. Coming from a persecuted race I have for years raised my voice against religious and racial bigotry. My reputation for tolerance in my native city of Cleveland, and for that matter throughout the country, is definitely assured. Of that I am certain.

I recite these facts, Mr. Pearson, not to dignify by argument the vicious article written by you, but solely to keep the record straight. In view of the foregoing I now challenge you to substantiate proof of your article of December 23 with reference to the charge of anti-Semitism as concerns the candidacy of Mr. Freed. I also challenge you to make public the source of your misinformation, and respectfully request that you apologize as equally prominent in the entire syndicate receiving your service as you presented your misstatements referred to herein. Failure as you presented your misstatements referred to herein. Failure to comply with this request will force me to reach the conclusion you have abused the traditional right of a free press, and have been guilty of stirring up racial and religious prejudice at a time when all decent newspapermen are condemning with all the vigor at their command such un-American and undemocratic conduct.

Sincerely yours,

This letter was sent registered mail, receipt requested, and the receipt for the same is in my possession. To date I have not received an answer from Drew Pearson, to whom the letter was directed.

Mr. Speaker, I have a wholesome respect for the members of the Fourth Estate, and I would be the last man in this Congress to make any attack upon the freedom of the press or in any way curtail its operations. I believe the freedom of the press is one of the cornerstones of our free institutions. It is unfortunate that the sins of a few members of this exalted profession bring discredit at times upon some very fine men and women who are engaged in the field of journalism.

The so-called factual information contained in the newspaper article making reference to certain candidates under consideration by the Department of Justice could only have come, in my opinion, to Messrs. Pearson and Allen through an employee of the Department of Justice. Many of my friends have reason to suspect that this information was given to the authors of this syndicated Merry-Go-Round by a gentleman whom I one time befriended, when he was down and out, by helping him to secure a position in the Department of Justice, where he rose to national prominence shortly after his appointment. That he is no longer connected with the Department of Justice does not excuse the suspicion that he collaborated with the authors of this

From time to time this column is used as a sounding board for the administration in developing questions of policy and in registering attacks upon Members of Congress who sometimes exhibit an independence and freedom of action not wholly concurred in by the powers that be in this administration. The close connection of Tommy Corcoran to the Washington Merry-Go-Round gives rise to the suspicion that he controls this column and that the information, factual or otherwise, that is published by his stooges, Pearson and Allen, emanate in the first instance from the socalled "brain trust."

Fully confident that in an instance of this kind I am justified in laying my case before the courts of the Nation, I have this day entered suit for libel against Drew Pearson and Robert S. Allen, together with certain newspapers who publish the article in question.

My counsel is a former colleague, the Honorable John J. O'Connor, of New York, and I am willing that the issue be brought out in open court for an interpretation as to how far the freedom of the press can be abused and the character and reputation of individuals assassinated by newspaper writers of the type of the authors of the Washington Merry-Go-Round.

UN-AMERICAN ACTIVITIES

Mr. GEYER of California. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. GEYER of California. Mr. Speaker, early this week the gentleman from Pennsylvania [Mr. Rich] put into the Record an editorial. It seems to me it is high time that we consider other sides of that question.

I am sure that the majority of Members on both sides of the aisle are gravely alarmed by the revelations made before the Dies committee in the past few days. The facts already exposed, fragmentary and incomplete as they are, substantiate our worst fears. While many of us have long known from our own experience that anti-Semitism and anti-Semitic propaganda have been growing at an unprecedented rate in this country, we welcome any effort to bring these evils to the attention of the American people as a whole. We shall not, however, feel easy until we are certain that the probe into this un-American menace, whether it emanates from foreign or from native sources, has gone to the deepest root of the matter and taken firm measures to eradicate it.

To those of us who come from my great State of California it is not news that certain elements in the Republican Party have connections with the instigators of religious and racial prejudices. Anti-Semitism played its ugly part in the Republican election campaign in November 1938. My colleagues from other States, particularly from Minnesota and from New York, can testify to the fact that anti-Semitic propaganda was also utilized there in the 1938 elections, and that it was combined with red baiting and other forms of attack on the New Deal and the Democratic candidates.

At that time we should have welcomed an honest and thorough investigation into the nature, extent, and finances of this incitement to racial and religious prejudice, and into its un-American use by certain elements in the Republican Party. But at that time the Dies committee had other fish to fry.

Although officials high in Republican circles have been freely mentioned and even been subpensed to appear before this committee, I would not imply that my Republican colleagues, or the majority of Republican Party workers and voters share in or condone this kind of thing. On the contrary, I am sure that they share the horror of all decent citizens for the anti-Democratic filth spread by the witnesses now testifying before the Dies committee. But the Republican Party as a whole now stands before the bar of American public opinion. It will have to prove its loyalty to our form of government and its good faith by more than a mere verbal repudiation of the General Moseleys, Dudley Gilberts, and McWhirters whose whispering campaigns against the President and other high Government officials have been used for political purposes. Charges that progressive Americans are Communists or that they plot to replace our democratic Republic with some form of collectivism or dictatorship are unfortunately not confined to the gentlemen who have been subpensed by the Dies committee. Such wholly unwarranted charges have too often been heard from the Well of this House.

Now we see that patrioteering "warnings" against the New Deal and its progressive supporters in reality mask a conspiracy to overthrow the United States Government by force and violence. The letters introduced in evidence before the Dies committee do not mince words. They call for an American "Franco," to plunge our country into bloody civil warfare. They openly praise Hitler and Mussolini. They say that "things have already gone so far" that only military revolt and dictatorship can "save" America.

Responsible members of the Republican Party will now have to think twice before they echo the political sentiments of Father Coughlin, George Deatherage, General Moseley, and other openly subversive spokesmen for fascism. For if they do not, the American people will begin to ask how far their kinship with these enemies of democracy really grees.

We have already had ample warning of the danger that exists. The 1938 elections have given us warning. Each of us has been warned by what he has seen and heard in his own community. The increase in anti-Semitic and pro-Fascist propaganda that flows across our desks every day

should have awakened us to what is going on. During the first days of this session each Member of the House received from that justly popular columnist, Walter Winchell, a little book entitled "Secret Armies." At the time I brought this book to the attention of the House, urging that we follow the advice of this great exponent of "true Americanism" and "wake up." But a number of my colleagues, including several from across the aisle, laughed off the warning and charged that Mr. Winchell and I had been duped by some more Communist propaganda. But since that time Mexico has found it necessary to arrest several Nazi spies, and among those arrested were several mentioned by name in Secret Armies. And since that time we have had revealed before a committee of this House a plot to form exactly the kind of secret army described in the book sent us by Walter Winchell.

We cannot dismiss the danger by calling it fantastic. Things too fantastic to imagine a few years ago have come to pass in other parts of the world. The danger from within is real and present, particularly because it is tied up with the real and present danger from without.

In the face of such real and present danger Republicans and Democrats alike have a heavy responsibility to the American people. Attacks on the President's foreign policy, coming from any source, will now be more than ever suspected. The menace of the aggressor nations is now clear as a pikestaff to every honest person, and it is clear that those nations follow in our own land the policies of penetration and dissemination of alien prejudices they have followed with such tragic success abroad. Repeal or drastic amendment of our neutrality legislation is made more than ever necessary by the revelations of the past few days. Only a firm stand, short of war, against aggression abroad can guarantee our successful defense of America from Fascist penetration at home.

Nor can attacks against the progressive domestic policies of the New Deal, attacks which parallel the propaganda of such subversive groups as the American Nationalists escape suspicion any longer. The attempt to couple the New Deal and all progressive legislation with leftist plots against democracy has been exposed in its true colors. It is nothing more nor less than a treasonable attempt to justify armed revolt against the Government of the United States, an attempt to invent a revolution in order to promote a counterrevolution.

Our Americanism is truly being tested these days. I hope that all of us in this House, seeing to what extremes of treason reaction is going in its opposition to the New Deal, will learn the lesson and pass the test.

EXTENSION OF REMARKS

Mr. O'BRIEN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and incorporate therein a speech made by our distinguished colleague the gentleman from New York, Mr. BRUCE BARTON, on May 23.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

GOVERNMENT ECONOMY

Mr. MICHENER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to extend my own remarks in the RECORD and include therein a statement concerning our economy.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. MICHENER. Mr. Speaker, the paramount task confronting the American people today is to find work for the unemployed. Six years of unsuccessful experimentation have clearly demonstrated that this cannot be brought about by fabulous expenditures on the part of the Government, higher taxes, and a philosophy that engenders class hatred in the hearts of our people.

This morning Members of Congress received a communication from the Tax Action Union, which is pertinent and

timely. Therefore, pursuant to the permission given me, I include that message, which is as follows:

To Members of Seventy-sixth Congress of the United States:

How close to the dam must we drift before you will take action?

Strong pleas have been made to you, the new Congress, to do two things to save the Nation:

1. Cut Government expenses; and 2. Increase the national income.

Neither has been done. On the contrary, the wasters of public funds have plunged the country deeper into the mire of public

Itunes have plunged the country deeper into the mire of public debt. Here is the score to date:

[The figures given are for the first 10 months of this fiscal year, to Apr. 30, 1939, as compared with the first 10 months of the last fiscal year, to Apr. 30, 1938]

Government receipts:

This fiscal year	\$4,658,520,479.50
Last fiscal year	5, 092, 316, 930. 23
Shrinkage	433, 796, 450, 73
General expense:	
This fiscal year	4, 959, 620, 193, 66
Last fiscal year	
Increase	491, 061, 573. 02
Recovery and relief:	
This fiscal year	2, 591, 249, 692, 25
Last fiscal year	1, 717, 111, 548. 29
Increase	874, 138, 143. 96
Total expenditures:	
This fiscal year	7, 550, 869, 985, 91
Last fiscal year	
Increase	1, 365, 199, 816. 98
The total red-ink figure this year	2, 892, 349, 506, 41
The total red-ink figure last year	1, 093, 353, 238. 70

Increase of 165 percent. The gross national debt on Apr. 30, 1939, was ___ 40, 134, 956, 705. 00 A small minority of our legislators is making a determined effort

to cut expenses, and this minority deserves the gratitude of the American public. Unfortunately, the vast majority of our legislatheirs—entirely disregarding the will of the American people.

Isn't it time to put millions of our idle back on pay rolls by giving tangible encouragement to business and investors?

Mr. RICH. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. RICH. Mr. Speaker, I want to call the attention of the Members of the House to the Congressional Record of May 16, where the gentleman from Missouri [Mr. Cochran] placed in the RECORD an editorial by Arthur Krock. On the following day the same editorial was placed in the RECORD by Senator GUFFEY.

On May 23, three Members were granted permission to insert an article by Jay Franklin, published in the Evening Star on May 22. The fact that these articles were one and the same was not detected, and all three were published. One insertion was made in the proceedings which, although authorized by the House, was in direct violation of the Rules of the Joint Committee on Printing for publication of the RECORD, which require that all extraneous matter be printed in the Appendix.

I also call your attention to the RECORD of May 19, where these Members of the House asked and obtained permission to insert an editorial by David Lawrence. Upon discovery that the three requests were for the same editorial two were eliminated.

I may call your attention also to the fact that the Joint Committee on Printing has the authority under the law to keep duplications of articles out of the RECORD, even though the House may grant such permission, and I am going to ask the members of the Printing Committee if they will not devise some method that will prevent the duplication of such articles in the Record, because I believe that their publication once should be sufficient. I am the minority member of the committee and do not control it, but I hope we can stop duplication in the Record not only in the House but also by the Senate, if that is possible.

[Here the gavel fell.]

Mr. COCHRAN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. COCHRAN. Mr. Speaker, the gentleman from Pennsylvania [Mr. Rich] is always calling the attention of the Members of the House to the insertion of various matter in the RECORD. Now, I wish to call the attention of the membership of the House to the fact that the gentleman from Pennsylvania [Mr. Rich] is a member of the Joint Committee on Printing, which has control of the RECORD. If his committee will adopt rules and regulations, to avoid duplication of these editorials, it will prevent just exactly what the gentleman is complaining about. His committee can stop the duplication of articles in the RECORD; and they can also stop newspaper articles and speeches from being published more than once. I am in favor of doing this, but the job is one that belongs to the Joint Committee on Printing, of which, I say, the gentleman from Pennsylvania is a member.

Mr. RICH. I may say to the gentleman that we have been trying to do that, but we have been unable to do so.

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. Plumley asked and was given permission to revise and extend his own remarks in the RECORD.

Mr. IZAC. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a short editorial on peace by the El Centro Press.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mrs. O'DAY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a radio speech by the chairman of the Committee on Immi-

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from New York?

There was no objection.

THE "SQUALUS" DISASTER

Mr. FLAHERTY. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. FLAHERTY. Mr. Speaker, I have filed a resolution for the purpose of investigating into the circumstances surrounding the foundering of the submarine Squalus.

We know that similar investigations in the past have done much to promote the adoption of safety devices that are now in operation in case of such accidents. I feel we should do something at this time to investigate the circumstances surrounding the foundering of the Squalus. Since a young man. Francis Murphy, in my district seemed to have a premonition that some disaster was to happen and wrote to his mother and asked her to pray for him in the course of this voyage. there may have been circumstances that caused the feeling that this young man experienced. I think we should investigate all circumstances relative to the construction and operation of this submarine, so that the mothers and wives of these boys may be confident that when these young men go down to the sea in ships they will return to them safely.

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. SHEPPARD. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein some comments on international policies of democracies by Ivan G. McDaniel, of Los Angeles.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. RUTHERFORD. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein articles by Hugh Johnson and other economists.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. BENDER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a speech delivered by Senator Robert A. Taft, of Ohio.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. FISH. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein a short statement or article by General Hapgood, entitled, "The Way of the Dogs of War."

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. MARTIN J. KENNEDY. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record and to include a short editorial from the New York Times of today, entitled "Out of the Depths," which is a very beautiful tribute to the young men who have lost their lives in the recent disaster.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. RICH. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER pro tempore. Is there objection? There was no objection.

MODIFICATION OF PALESTINE CONVENTION

Mr. FISH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. FISH. Mr. Speaker, I submit herewith a protest, signed by 15 members of the Committee on Foreign Affairs, against the repudiation of the convention between the United States and Great Britain with reference to Palestine, dated May 3, 1924, with particular reference to article VII, which reads as follows:

Nothing contained in the present convention shall be affected by any modification which may be made in the terms of the mandate, as recited above, unless such modifications shall have been assented to by the United States-

and ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

We, the undersigned members of the Committee on Foreign Affairs, desire to call to the attention of the House and the State Department a declaration of the British Government announced last Wednesday, May 17, which is a clear repudiation of the convention between the United States and Great Britain with respect to Palestine, dated December 3, 1924. Article 7 of that treaty provides:

"Nothing contained in the present convention shall be affected by any modification which may be made in the terms of the mandate as recited above unless such modifications shall have been assented to by the United States."

The convention contains as a part thereof the Balfour declara-

tion and the League of Nations mandate. Both the Balfour declaration and the mandate recite the solemn pledges of the British Government "to facilitate the establishment of a Jewish national

home in Palestine."

In this connection we further call to your attention joint resolution of the Senate and the House, passed unanimously on June 30, 1922, known as the Lodge-Fish resolution, which recites, "That the United States of America favors the establishment in Palestine of a national home for the Jewish people."

Lot Wednesder's desleration of the British Government is a

Last Wednesday's declaration of the British Government is a repudiation of the Balfour declaration, the mandate of the League of Nations, and of direct concern to us, a violation of article 7 of the treaty between the United States and Great Britain, in that the contemplated action of the British Government proposes to restrict further immigration of Jews into Palestine and to reduce the Jewish people in Palestine to a permanent minority status. On neither of these matters has our Government been consulted, as required by the treaty.

We desire to point out to the Members of the House and to call to the attention of the State Department that Americans have invested over \$100,000,000 in Palestine, relying upon the treaty between Great Britain and our Government and upon which treaty they had a right to rely. It is the duty of the American Government to protect these rights by proper protest and to see to it that the treaty is carried out in good faith.

As members of the Foreign Affairs Committee we respectfully request the State Department to advise the British Government that the contemplated action, if carried out, will be regarded as a violation of the British-American Convention and will be viewed

violation of the British-American Convention and will be viewed with disfavor by the American people.

Sol Bloom, New York; Luther A. Johnson, Texas; John Kee, West Virginia; James P. Richards, South Carolina; James A. Shanley, Connecticut; Ed. V. Izac, California; Robert G. Allen, Pennsylvania; W. O. Burgin, North Carolina; Hamilton Fish, New York; George Holden Tinkham, Massachusetts; Edith Nourse Rogers, Massachusetts; Bruce Barton, New York; Robert J. Corbett, Pennsylvania; John M. Vorys, Ohio; Andrew C. Schiffler, West Virginia.

Virginia.

NATIONAL HOUSING AMENDMENTS, 1939

Mr. STEAGALL. Mr. Speaker, I call up the conference report on the bill (H. R. 5324) to amend the National Housing Act, and for other purposes, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The SPEAKER pro tempore. The gentleman from Alabama calls up a conference report upon the National Housing Act amendments, 1939, and asks unanimous consent that the statement be read in lieu of the report. Is there objection?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5324) to amend the National Housing Act, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the text of the bill; and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment to the text of the bill insert

the following:
"That subsections (a) and (b) of section 2 of the National Housing Act, as amended, are amended to read as follows:

"SEC. 2. (a) The Administrator is authorized and empowered upon such terms and conditions as he may prescribe, to insure banks, trust companies, personal finance companies, mortgage companies, building and loan associations, installment lending companies, and other such financial institutions, which the Administrapanies, and other such financial institutions, which the Administrator finds to be qualified by experience or facilities and approves as eligible for credit insurance, against losses which they may sustain as a result of loans and advances of credit, and purchases of obligations representing loans and advances of credit, made by them on and after July 1, 1939, and prior to July 1, 1941, for the purpose of financing alterations, repairs, and improvements upon or in connection with existing structures, and the building of new structures, upon urban, suburban, or rural real property (including the restoration, rehabilitation, rebuilding, and replacement of such improvements which have been damaged or destroyed by earthquake, conflagration, tornado, hurricane, cyclone, flood, or other catastrophe), by the owners thereof or by lessees of such real property under a lease expiring not less than six months after the maturity of the loan or advance of credit. In no case shall the insurance granted by the Administrator under this section to any such financial institution on loans, advances of credit, and purchases made by such financial institution for such purposes on and after July by such financial institution for such purposes on and after July 1, 1939, exceed 10 per centum of the total amount of such loans, advances of credit, and purchases. The total liability which may be outstanding at any time plus the amount of claims paid in respect of all insurance heretofore and hereafter granted under this section and section 6, as amended, less the amount collected from insurance premiums and deposited in the Treasury of the United States under the provisions of subsection (f) of this section, shall not ex-

ceed in the aggregate \$100,000,000.

"'(b) No insurance shall be granted under this section to any such financial institution with respect to any obligation representing any such loan, advance of credit, or purchase by it (1) if the amount of such loan, advance of credit, or purchase exceeds \$2,500; (2) if such obligation has a maturity in excess of three years and thirty, two days unless such loan, advance of credit, or purchase exceeds \$2,500; (2) It such obligation has a maturity in excess of three years and thirty-two days, unless such loan, advance of credit, or purchase is for the purpose of financing the construction of a new structure for use in whole or in part for residential or agricultural purposes; or (3) unless the obligation bears such interest, has such maturity, and contains such other terms, conditions, and restrictions as the Administrator shall prescribe in order to make credit available for the purposes of this title.'

"Sec. 2. Section 2 of such act, as amended, is further amended by adding at the end thereof the following new subsections:

"'(f) The Administrator shall fix a premium charge for the insurance hereafter granted under this title, but in the case of any obligation representing any loan, advance of credit, or purchase, such premium charge shall not exceed an amount equivalent to three-fourths of 1 per contum of the next proceeds of such learning. fourths of 1 per centum per annum of the net proceeds of such loan, advance of credit, or purchase, for the term of such obligation, and such premium charge shall be payable in advance by the financial institution and shall be paid at such time and in such manner as may be prescribed by the Administrator. The moneys derived from

such premium charges shall be deposited in an account in the Treasury of the United States, which account shall be available for defraying the operating expenses of the Federal Housing Administration under this title, and any amounts in such account which are not needed for such purpose may be used for the payment of claims in connection with the insurance granted under this title.

"'(g) The Administrator is authorized and directed to make such

rules and regulations as may be necessary to carry out the provisions of this title.

"SEC. 3. Section 6 of such act, as amended, is hereby repealed.
"SEC. 4. The provisions of sections 1, 2, and 3 of this act shall take effect on July 1, 1939.

"SEC. 5. Section 202 of the National Housing Act, as amended, is hereby amended by striking out the word 'create' and inserting in lieu thereof the word 'created.'

"SEC. 6. Section 203 (a) of such act, as amended, is amended to

read as follows:

"SEC. 203. (a) The Administrator is authorized, upon application by the mortgagee, to insure as hereinafter provided any mortgage offered to him which is eligible for insurance as hereinafter provided, and, upon such terms as the Administrator may prescribe, to make commitments for the insuring of such mortgages prior to be duty of their execution or disbursarent thereon. Provided the date of their execution or disbursement thereon: Provided, That the aggregate amount of principal obligations of all mortgages insured under this title and outstanding at any one time shall not exceed \$3,000,000,000, except that with the approval of the President such aggregate amount may be increased to not to exceed \$4,000,000. Provided further, That the aggregate amount of principal obligations of all mortgages that cover property the construction of which was completed more than one year prior to the date of the application for insurance, and that are insured under this title after the effective date of the samendment and outstanding at any one time shell not exceed 15 per centum of the total emount of the the effective date of this amendment and outstanding at any one time, shall not exceed 25 per centum of the total amount of the principal obligations of mortgages with respect to which insurance may be granted under this title after such effective date: Provided further, That on and after July 1, 1941, no mortgages shall be insured under this title except mortgages that cover property which is approved for mortgage insurance prior to the completion of the construction of such property, or which has been previously covered by a mortgage insured by the Administrator.'

"Sec. 7. Paragraph (3) of section 203 (b) of such act, as amended, is amended by striking out the words 'until July 1, 1939.'

"Sec. 8. Section 203 of such act, as amended, is further amended by adding at the end thereof the following new subsections:

"'(e) Any contract of insurance heretofore or hereafter executed by the Administrator under this title shall be conclusive evidence of the eligibility of the mortgage for insurance, and the validity of

the eligibility of the mortgage for insurance, and the validity of any contract of insurance so executed shall be incontestable in the hands of an approved mortgagee from the date of the execution of

nands of an approved mortgagee from the date of the execution of such contract, except for fraud or misrepresentation on the part of such approved mortgagee.

"'(f) No mortgage which in whole or in part refinances a then existing mortgage shall be insured under this section unless the mortgagor files with the application his certificate to the Administrator that prior to the making of the application the mortgagor applied to the holder of such existing mortgage for such refinancing and that, after reasonable opportunity such holder falled or refused to make a loan of a like amount and on as favorable terms as those

and that, after reasonable opportunity such holder failed or refused to make a loan of a like amount and on as favorable terms as those of the loan secured by the mortgage offered for insurance after taking into account amortization provisions, commission, interest rate, mortgage insurance premium, and costs to the mortgagor for legal services, appraisal fees, title expenses, and similar charges.'

"SEC. 9. The last sentence of section 204 (a) of such act, as amended, is amended to read as follows: 'For the purposes of this subsection, the value of the mortgage shall be determined, in accordance with rules and regulations prescribed by the Administrator, by adding to the amount of the original principal obligation of the mortgage which was unpaid on the date of the institution of foreclosure proceedings, or on the date of the acquisition of tion of foreclosure proceedings, or on the date of the acquisition of the property after default other than by foreclosure, the amount of all payments which have been made by the mortgagee for taxes, ground rents, and water rates, which are liens prior to the mortgage, special assessments which are noted on the application for insurance or which become liens after the insurance of the mortgaged property and any mortgage insurance on the mortgaged property and any mortgage insurance. surance or which become liens after the insurance of the mortgage, insurance on the mortgaged property, and any mortgage insurance premiums paid after either of such dates, and by deducting from such total amount any amount received on account of the mortgage after either of such dates, and any amount received as rent or other income from the property, less reasonable expenses incurred in handling the property, after either of such dates: *Provided*, That with respect to mortgages which are accepted for insurance prior to the light of the section 203 (h) (2) (R) of this set and with respect to mortgages which are accepted for insurance prior to July 1, 1941, under section 203 (b) (2) (B) of this act, and which are foreclosed before there shall have been paid on account of the principal obligation of the mortgage a sum equal to 10 per centum of the appraised value of the property as of the date the mortgage was accepted for insurance, there may be included in the debentures issued by the Administrator, on account of foreclosure costs actually paid by the mortgage and approved by the Administrator an amount not in excess of 2 per centum of the unpaid principal of the mortgage as of the date of the institution of foreclosure proceedings, but in no event in excess of \$75.'

"Sec. 10. Section 204 (g) of such act, as amended, is amended by adding at the end thereof the following new sentence: "The power to convey and to execute in the name of the Administrator deeds of conveyance, deeds of release, assignments and satisfactions of mort-

conveyance, deeds of release, assignments and satisfactions of mort-gages, and any other written instrument relating to real property or any interest therein heretofore or hereafter acquired by the Ad-

ministrator pursuant to the provisions of this act, may be exercised by the Administrator or by any Assistant Administrator appointed by him, without the execution of any express delegation of power or power of attorney: Provided, That nothing in this subsection shall be construed to prevent the Administrator from delegating such power by order or by power of attorney, in his discretion, to any officer, agent, or employee he may appoint."

"SEC. 11. The last sentence of section 205 (b) of such act, as amended, is amended by inserting after 'expenses incurred' the words 'prior to July 1. 1939'.

words 'prior to July 1, 1939'.

"Sec. 12. The first sentence of section 207 (c) of such act, as amended, is amended to read as follows:

'(c) To be eligible for insurance under this section a mortgage on any property or project shall involve a principal obligation in an amount—

"'(1) Not to exceed \$5,000,000; and

"(2) Not to exceed 80 per centum of the amount which the Administrator estimates will be the value of the property or project when the proposed improvements are completed: Provided, That such mortgage shall not in any event exceed the amount which the Administrator estimates will be the cost of the completed physical improvements on the property or project, exclusive of the following: Public utilities and streets; taxes, interest, and insurance during construction; organization and legal expenses; and miscellaneous charges during or incidental to construction; and

"'(3) Not to exceed \$1,350 per room for such part of such property or project as may be attributable to dwelling use.
"'The mortgage shall provide for complete amortization by periodic payments within such term as the Administrator shall pre-scribe, and shall bear interest (exclusive of premium charges for insurance) at not to exceed 4½ per centum per annum on the amount of the principal obligation outstanding at any time.'
"Sec. 13. Section 210 of such Act, as amended, is hereby repealed:

Provided. That the Administrator is authorized to insure under said section any mortgage for the insurance of which an application has been filed with him prior to the effective date of this act.

"SEC. 14. Title II of the National Housing Act, as amended, is further amended by adding at the end thereof the following new rection:

" 'LABOR STANDARDS

"'SEC. 212. (a) The Administrator shall not insure under section 207 or section 210 of this title, pursuant to any application for insurance filed subsequent to the effective date of this section, a mortgage which covers property on which there is or is to be located a dwelling or dwellings, or a housing project, the construction of which was or is to be commenced subsequent to such date, unless the principal contractor files a certificate or certificates (at such times, in course of construction or otherwise, as the Administrator may prescribe) certifying that the laborers and mechanics employed in the construction of the dwelling or dwellings or the housing project involved have been paid not less than the wages prevailing in the locality in which the work was performed for the corresponding classes of laborers and mechanics employed on construction of a similar character, as determined by the Secretary of Labor prior to the beginning of construction and after the date of the filing of the application for insurance.

"'(b) The Administrator is authorized to make such rules and regulations as may be necessary to carry out the provisions of this section.

section.

"'(c) There is hereby authorized to be appropriated for the remainder of the fiscal year ending June 30, 1939, and for each fiscal year thereafter, a sum sufficient to meet all necessary expenses of the Department of Labor in making the determinations provided for in subsection (a)."

"Sec. 15. The last sentence of section 301 (b) of such Act, as amended is amended to read as follows: 'If the Administrator is of the opinion that the establishment of such an association is desirable to provide a market for mortgage insured under title II desirable to provide a market for mortgage insured under title II and is in the public interest, that the incorporators transmitting the articles of association are responsible persons, and that such articles of association are satisfactory in all respects, he may issue or cause to be issued to such incorporators a certificate of approval, and the association shall become, as of the date of issuance of such certificate, a body corporate by the name set forth in its articles of association.'

"Sec. 16. Paragraph (4) of section 301 (c) of such act, as amended, is amended to read as follows:

"'(4) To conduct its business in any State of the United States or in the District of Columbia, Alaska, Hawaii, or Puerto Rico, and to have one or more officers in such State, or in the District of Columbia, Alaska, Hawaii, or Puerto Rico, one of which offices shall be designated at the time of organization as its principal office."

And the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate to the title of the bill, and agree to the same.

HENRY B. STEAGALL, CLYDE WILLIAMS, BRENT SPENCE, JESSE P. WOLCOTT, Managers on the part of the House. ROBERT F. WAGNER, PRENTISS M. BROWN, JOHN A. DANAHER, JOHN H. BANKHEAD, 2D, Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5324) to amend the National Housing Act, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recom-

mended in the accompanying conference report:

The House bill and the Senate amendment to the text of the bill both provide for extending to July 1, 1941, the authority of the Federal Housing Administrator to insure loans, advances of credit, and purchases of obligations representing loans and advances of credit, made by financial institutions for the purpose of financing alterations, repairs, and improvements upon urban, suburban, and with the second property. In the Second appropriate the property of the second property. rural real property. In the Senate amendment, however, it is provided that the President may fix an earlier date for the termination of such insurance upon his determination that there no longer exists any necessity for such insurance in order to make ample credit

available.

Under the House bill, the Administrator is authorized to fix a Under the House bill, the Administrator is authorized to fix a premium charge for such insurance at not to exceed 1 percent per annum of the net proceeds of any such loan, advance of credit, or purchase of obligations, while the Senate amendment provides for a premium charge of one-half of 1 percent per annum of such net proceeds. The changes made by the House bill in existing law are to take effect on the 1st day of the second calendar month after the date of enactment of the act, while under the Senate amendment such changes are to take effect on July 1, 1939, which is the date when the authority of the Administrator under existing law expires. The House bill also provides in effect that a new period will commence with respect to the insurance granted by the Administrator on the date such changes become effective, and the Senate amendment provides in effect that such new period shall start on July 1, 1939.

The conference agreement extends the authority of the Administrator for 2 years as provided in the House bill, provides for a premium charge for insurance of not to exceed three-fourths of 1 percent per annum, and provides that the changes in existing law shall take effect on July 1, 1939, and starts the new period for the insurance on that date.

The House bill, in section 4A, corrects a typographical error in section 202 of the National Housing Act. There is no corresponding provision in the Senate amendment. The conference agreement provision in the Senate amendment. The conference agreement adopts the provision of the House bill.

The House bill and the Senate amendment both provide for in-

The House bill and the Senate amendment both provide for increasing from \$3,000,000,000 to \$4,000,000,000 the aggregate amount of principal obligations of mortgages which may be insured under title II of the National Housing Act and outstanding at any time, but such increase is to be made with the approval of the President. The House bill contains a further limitation that on and after July 1, 1941, no mortgages are to be insured under title II except mortgages that cover property which is approved for mortgage insurance prior to the completion of the construction of the property.

prior to the completion of the construction of the property.

The Senate amendment contains a provision that after July 1, 1941, no mortgages are to be insured that cover property the construction of which was completed more than 1 year prior to the date of the application for insurance except mortgages that cover property previously covered by an insured mortgage. This provision of the Senate amendment is coupled with a further limitation that the aggregate amount of principal obligations of all mortgages that cover property the construction of which was completed more than 1 year prior to the date of application for insurance, and that are insured after the effective date of the amendment made by the bill and outstanding at any one time, is not to exceed 25 percent of the total amount of the principal obligations of mortgages with respect to which insurance may be granted after such gages with respect to which insurance may be granted after such effective date.

The conference agreement adopts the limitation in the House bill with respect to insurance after July 1, 1941, but adds the exception contained in the Senate amendment with respect to mortgages covering property previously covered by an insured mortgage. It also retains the 25-percent limitation of the Senate amendment but eliminates the Senate provision with respect to insurance after July 1, 1941. July 1, 1941.

The House bill amends section 203 (b) (3) of the National Housing Act by striking out the limitation that until July 1, 1939, a mortgage of the so-called 90-percent class on small newly constructed and owner-occupied houses may have a maturity of not to exceed 25 years from the date of insurance of the mortgage instead of the 20-year amortization provision which is applicable to all other insured mortgages. The Senate amendment merely extends the time limit within which such 90-percent mortgages may carry a 25-year maturity for a period of 2 years, or until July 1, 1941. The conference agreement adopts the provision of the House bill.

The House bill contains a provision that in estimating the value The House bill contains a provision that in estimating the value of any property or project for the purpose of determining the amount of insurance under section 207 of the National Housing Act the Administrator shall determine such value as of the date of the application for insurance and in no case shall such estimate of value be in excess of the value of the property at that time plus the value of the proposed improvements thereon. The Senate amendment provides that a mortgage may not exceed the amount which the Administrator estimates will be the cost of the completed physical improvements on the property or project, exclusive of public utilities and streets, organization expenses, and miscellaneous charges during or incidental to construction. The con-

ference agreement provides that a mortgage may not exceed the Administrators' estimate of such cost exclusive of the following: Public utilities and streets; taxes, interest, and insurance during construction; organization and legal expenses; and miscellaneous charges during or incidental to construction.

The Senate amendment also provides that in order to be eligible

The Senate amendment also provides that in order to be eligible for insurance under such section 207 a mortgage shall bear interest (exclusive of premium charges for insurance) at not to exceed 4½ percent per annum of the amount of the principal obligation outstanding at any time. Under existing law such interest rate is fixed at not to exceed 5 percent per annum. There is no corresponding provision in the House bill. The conference agreement adopts the provision of the Senate amendment.

The Senate amendment contains a provision clarifying the provision of section 205 (b) of the National Housing Act with respect

The Senate amendment contains a provision clarifying the provision of section 205 (b) of the National Housing Act with respect to that part of the administrative expenses which may be charged to the general reinsurance account and the part which may be charged to the respective group accounts. There is no corresponding provision in the House bill. The conference agreement adopts the provision of the Senate amendment.

The House bill repeals section 210 of the National Housing Act, relating to insurance of mortgages on newly constructed multifamily dwellings or groups of not less than 10 single-family dwellings of a value in excess of \$16,000 and not in excess of \$200,000; but the Administrator is authorized to insure any mortgage with respect to which an application was filed prior to the effective date of the act. There is no corresponding provision in the Senate amendment. The conference agreement adopts the provision of the House bill.

ate amendment. The conference agreement adopts the provision of the House bill.

The Senate amendment contains a provision that the Administrator shall not insure a mortgage under section 207 or 210 of the National Housing Act, pursuant to any commitment to insure made subsequent to the date the provision becomes effective, which covers property on which there is or is to be located a dwelling or dwellings, the construction of which was commenced subsequent to such date, unless the principal contractor certifies that the laborers and mechanics employed in such construction have been paid not less than the wages prevailing in the locality for work of a similar nature, as determined by the Secretary of Labor. The Administrator is authorized to make the necessary rules and regulations to carry out such provision, and there is an Labor. The Administrator is authorized to make the necessary rules and regulations to carry out such provision, and there is an authorization for an appropriation to cover the necessary expenses of the Department of Labor in making such determinations. There is no corresponding provision in the House bill. The conference agreement adopts the provision of the Senate amendment with technical and clarifying changes and makes it effective with respect to applications for insurance which are filed subsequent to the date the provision takes effect.

The conference agreement adopts the Senate amendment to the

The conference agreement adopts the Senate amendment to the title of the bill.

HENRY B. STEAGALL, CLYDE WILLIAMS, BRENT SPENCE, JESSE P. WOLCOTT, Managers on the part of the House.

Mr. STEAGALL. Mr. Speaker, I yield 15 minutes to the gentleman from Massachusetts [Mr. Luce].

Mr. LUCE. Mr. Speaker, it is not to be expected at this stage of the proceedings that change could be made in the conference report, even if it were desirable in any particular. It does, however, give opportunity to put up the sign that one may see at the country crossings of railroads, "Stop, look and listen." A brief summary of what has been done by us in this particular field may lead the House to consider more thoughtfully what in general is going on in our frame of government.

Legislation in this field began in 1932 with the Home Loan Bank Act, under a Republican administration, which I cite to show, if possible, that there is no partisan spirit in what I may have to say. The Home Loan Bank Act was enacted as a temporary measure to meet the conditions of a great crisis. Nothing permanent was expected of it. It was presumed then that the chain of emergency measures to follow would be temporary. The Home Loan Bank Act has accomplished its purpose and has been a useful measure.

Two years later, June 27, 1934, was signed the National Housing Act. The limits of its entanglement of the Government in financial responsibility was \$1,000,000,000, and not to exceed \$16,000 was to be lent on any one property. Again an emergency act, to meet not only the needs for more housing, in order to benefit the lower third of our people but also to furnish occupation to artisans who were out of work. This again was expected to be a temporary measure, and it is specified in the act that it was for the benefit of persons with low incomes. That, too, did its work.

The Housing Act of 1934 made provision for National Mortgage Associations. I very well remember this. I very

well remember stating in the House, that for one in supporting this proposal I drowned my fears in my hopes. I hoped some good would come from it. For years, however, no national mortgage association was formed. Private capital would not go into that enterprise, and finally a national association was created by the Government, which has flourished after a fashion.

In 1935 came change in one significant particular. When the Home Loan Bank Act was enacted, it was designed to furnish financial help to persons occupying dwellings accommodating not more than three families. By change in 1935 that was made four families.

The original extension to three-family buildings was made at the instigation of my friend and colleague, Representative McCormack, of Massachusetts. It met a condition whereby the owner living in a three-apartment house might get the help of the Government. It was not then dreamed that we should extend the privilege beyond the limit lengthened in 1935 to four families.

Also in 1935 there were included in the range of Government financing multiple family, or what we call apartment houses, hotels, office, business, or other commercial buildings, hospitals, orphanages, colleges, schools, or manufacturing or industrial plants, up to a limit of \$50,000. It will be seen that then we jumped away from the housing idea. The organization was still called the Housing Administration, just as the home-loan bank system had been called the "home loan" bank—homes, homes, homes, being the idea; but in 1935 Congress saw fit to go to the extent of all manner of buildings, and permitted mortgages up to \$5,000,000, at 80 percent.

In 1937 came still another housing agency, the United States Housing Authority—not to be confused with the Federal Housing Administration. It is commonly known as the slum-clearance activity, ignoring what is its additional purpose, which is to subsidize dwelling facilities for the lower middle class. It cannot help those of our people who are so often referred to by high authority as "ill-housed." It makes absolutely no provision for placing the poor in sanitary, decent homes. As for slum clearance, it accomplishes its end, at the same time creating other slums. Now we are about to be asked to appropriate many millions more—\$800,000,000, it is reported—to carry on its lopsided work.

These things, then, have been done in the course of 7 years. From a proposal for emergency legislation meeting the needs of the humble folk of the country, we have come to the point where already more than 10,000 of our people are employed in carrying on agencies meant for the most part to be temporary, but now firmly embedded in our economic system.

The question now rises whether we have engaged permanently in a field of activity that through all our history has been left to private enterprise.

I trust my friends from the South will understand that I have no other object in my next comment than to suggest considerations that might guide their action in the next 2 years. Those in control of their party have gone as far away from Thomas Jefferson as it is possible for the human intellect to travel. Thomas Jefferson believed that industry and activity of all sorts should be left to the individual. His doctrine is summed up in the statement, "The less legislation, the better." The housing matter is but typical of what is going on in other directions.

There are those who expect that all the mortgage business of the country will be taken over by the United States Government. There are those who expect all financing I have enumerated as within the powers of the Federal housing organizations will be taken over until the realtor will have lost most of his occupation. There are those who expect that by a continuation of this progress every man who wants to borrow money by use of mortgages for building or any other purpose will go to a Government agency. There are those in this House who time and again are urging that the Federal Reserve System be taken over by the Government. Others are urging that the Government should do all the lending; would destroy the banking system, now in private hands, and substitute for it Government banking.

Mr. PATMAN. Mr. Speaker, will the gentleman yield? Mr. LUCE. Certainly.

Mr. PATMAN. I know that a proposal in the form of a bill is pending for the Government to own the stock in the 12 Federal Reserve banks, but I do not know of any bill pending that proposes that the Government take over all the lending institutions. I wish the gentleman would refer to the bill that he has in mind for that purpose.

Mr. LUCE. Such a bill as I have suggested we would reach has not yet been presented. I am pointing out the ultimate end of this age of progress.

Mr. THOMAS F. FORD. Mr. Speaker, will the gentleman vield?

Mr. LUCE. I yield.

Mr. THOMAS F. FORD. Will the gentleman point out where the Government loans any money under the F. H. A.?

Mr. LUCE. Under a mechanism that may fairly be called "financing," we have conceived an insurance system that accomplishes the end in view. I am calling attention—not blaming or criticizing—but calling attention to the progress we have made in these last 7 years toward the Federal absorption of all financing in this country.

There is pending a bill that the newspapers report to have the serious consideration of the President, under which the lending of money to private business shall become a public function. The proposal is championed by an admirable Senator of long service in this House, who urges that we undertake to lend money to small business. Little of more danger could be propounded than that, but it is naturally the next step. If that bill reaches the floor of the Senate or House, in view of the many complaints coming to all Members from little-business men who are unable to make good, I fear it will pass the Senate and House. In that case you will have gone a long distance then toward the Government assuming the conduct of all finance, and therefore controlling all industry, large as well as small.

Mr. CRAWFORD. Mr. Speaker, will the gentleman yield at that point?

Mr. LUCE. Certainly.

Mr. CRAWFORD. I think it might also be well to point out that Dr. Adolph Whorley, who is recognized as one of the keenest minds in the administration at the present time, has only this week presented an argument embracing what the gentleman has just pointed out to the Temporary Economic Committee, and there is not any question in my mind whatsoever that the movement is definitely under way and is taking form in administration circles.

Furthermore, we are fully aware that the economists who are building the roadway, so to speak, are definitely now proposing that all creation of money credit be taken from the banks and that the issuance of money be brought entirely within the jurisdiction of the Government and not left in the hands of private banks as heretofore.

Mr. LUCE. I thank the gentleman for supplementing my remarks.

Mr. THOMAS F. FORD. Mr. Speaker, will the gentleman yield further to me?

Mr. LUCE. Certainly.

Mr. THOMAS F. FORD. The gentleman still has not answered my question. The F. H. A. does not loan any money. The banks or other mortgage institutions loan the money, and all the F. H. A. does is to secure or insure that loan out of a fund which is raised by assessing a certain part of the premium on the mortgage; so that the Government does not lend a nickel. It is loaned by the banks or mortgage institutions.

Mr. LUCE. Artificially the gentleman is absolutely correct. It is a device for avoiding the facts in the matter, which are that the Government finances the institution. That is all I am charging.

The SPEAKER pro tempore. The time of the gentleman from Massachusetts has expired.

Mr. STEAGALL. Mr. Speaker, I yield the gentleman 5 additional minutes.

Mr. LUCE. Mr. Speaker, I wish now to call attention to one instance of what happens when the Government finances

private enterprise. In the list of things that the Housing Administration was authorized to do was the financing of apartment houses. An apartment house is, in my judgment, the most dangerous form of investment into which any man can put his capital. It invites to chicanery, it reeks with fraud. Already two cases of sad scandal have arisen, in St. Louis and in Louisville.

Attempt is made by this amendment pending to cut off the causes which permitted that scandal, but the thing remains, that it is folly to embark the Government in the financing of apartment houses, by reason of the changes in the nature of localities, by reason of new inventions making housing more comfortable, such for example as the air-conditioning system from which we now benefit.

Mr. SPENCE. Mr. Speaker, will the gentleman yield? Mr. LUCE. I yield.

Mr. SPENCE. The gentleman mentions scandal in regard to Louisville. I may state to the gentleman from Massachusetts that the Louisville project is now completely completed and is entirely ready for occupancy. There is a long waiting list, and it is in position to pay out every cent that it owes to local institutions from which they borrowed the money. I have a statement here if the gentleman will allow me to read it, a statement from the Administration as to the present status of the project.

Mr. LUCE. I will do so if the gentleman from Alabama will give me more time, but failing that I must ask the gentleman from Kentucky to do it in his own time.

Mr. SPENCE. I merely want to say that it is said the project is paying out. They have investigated the charges and found no truth in the charges.

Mr. LUCE. Then, Mr. Speaker, the newspapermen of Louisville must be addicted to misstatement. I am relying upon the fact that the Louisville papers have had headline stories on this for many days. What was done, as in St. Louis, was within the letter of the law as it stood, and I am glad to see that this conference report attempts to meet that particular evil. No conference report, however, can meet the fact that apartment houses shrink in value with exceptional speed; that the changes in the character of the locality are particularly influential; that these houses within a few years will be back numbers. Those of you who have lived in Washington in the last 20 years, as I have, know how Harry Wardman went up like a rocket and came down like the stick-know how many people in this city lost their savings by reason of apartment-house speculators. In the face of that, how can you justify Government insurance of mortgages on such dangerous property? In my own locality we had five trust companies go on the rocks by reason of this type of investment. Thousands of our people lost money

The housing system, as I have pointed out, began with the purpose of helping persons of low income in small amounts. It has grown to help persons of large income—the speculative class in the community with their huge investments.

It seems to be still the case that large oaks from little acorns grow.

Again I say, "Stop, lock, and listen!" [Applause.]

Mr. STEAGALL. Mr. Speaker, I yield to the gentleman from Oklahoma to submit a unanimous-consent request.

EXTENSION OF REMARKS

Mr. Nichols asked and was given permission to extend his own remarks in the Record.

NATIONAL HOUSING ACT AMENDMENTS, 1939

Mr. STEAGALL. Mr. Speaker, I yield 10 minutes to the gentleman from Missouri [Mr. Cochran].

Mr. COCHRAN. Mr. Speaker, this conference report contains what might be termed a substitute compromise amendment for the amendment which I offered to the bill when it was under consideration in the House, the objective being to stop write-up of land values. It will be recalled my amendment was voted on six times—three times in the Committee of the Whole, three times in the House—and on the final vote, a roll call, was agreed to by a large majority. I might

say that any number of Members came to me after the vote and said that if they fully understood the situation they would have voted for my amendment.

Since then a considerable number of the Members have discussed my amendment, saying that they have received protests from their constituents. When I asked them what business those who protested were engaged in, I found that the great majority were either promoters, building contractors, or architects. In other words, the protests came from those who had a selfish interest. This further convinced me that I was absolutely right and that my amendment would have corrected the evil to which it was directed—write-ups on land values—as well as padding other costs which, in the end, resulted in the 20 percent that the promoters were required to advance in order to secure the guaranty could be considered a liability rather than an asset because the 20 percent was loaded with water.

While my amendment was prompted by a situation that occurred in St. Louis County, which joins my own district, nevertheless, it has been learned that similar situations exist around the country. For instance, the gentleman from Kentucky [Mr. Robsion] had an extension of remarks in the Record a few days ago in reference to a project in Louisville which was also referred to today by the gentleman from Massachusetts [Mr. Luce].

Of course I am disappointed that my amendment was not agreed to in conference, but I do want to say that the House conferees realized that by reason of the votes cast for my amendment, they were obligated to stand by my amendment. They conferred with me from time to time during the period that the bill was in conference and did not come to the final agreement until I said I would support the compromise.

Where there is a disagreement between the House and Senate conferees, naturally there must be a compromise. While I did not attend any meeting of the conferees, I do know that the Senate conferees absolutely refused to accept my amendment. It appeared that if an agreement could not be reached the bill would probably die in conference and the activities of the Federal Housing Administration would come to an end.

I think it should be distinctly understood that the purpose of the original law was to stimulate construction and put men to work and was not for the purpose of enriching promoters, building contractors, or architects. It developed that in order to initiate projects it was necessary to make concessions to the promoters, building contractors, and architects. I think this was a grave mistake, because if such a situation did exist or does exist now, then the Federal Housing Administration should come in and ask Congress for permission to handle the project itself, eliminating the builders and architects from the standpoint of promotion, and permit them to participate only after competitive bids have been received and the award made to the lowest responsible bidder. That is the policy that we follow in the construction of Federal buildings and if that can be handled successfully. no doubt the same procedure could be initiated in the Federal Housing Administration.

The amendment is one that cannot be easily analyzed. I found that out in discussing it with various Members of the House. I have had absolutely no experience in construction work or in financing projects of any kind, and therefore it was necessary for me to consult others.

The new feature of the law, the compromise amendment, limits the mortgage to 80 percent of the total valuation. The mortgage is limited under the amendment—80 percent or less, as the cost may be—to the actual cost of improvements on the property or project apart from the land. This is considered a strong factor in limiting the amount of the loan and protecting the Government interest.

The mortgage is further limited by the provision that no part of the mortgage proceeds could be used to pay the cost of public utilities and streets; taxes, interest, and insurance during construction; organization and legal expenses; and miscellaneous charges during or incidental to construction. In other words, the sponsors must now provide this.

The miscellaneous charges mentioned in the amendment cover land; new streets and utilities; extra foundations; interest during construction; taxes during construction—real estate; insurance—fire, windstorm, liability, and so forth, during construction; F. H. A. mortgage insurance premium—first year; F. H. A. examination fee; financing expense; title and recording expense; legal expense; organization expense; other estimated expense; and working capital. Working capital means money to carry on the project until sufficient rentals are received to do so.

In limiting the mortgage to 80 percent or less, the sponsors will be required to provide the land free and clear from all liens.

I feel I have secured an honest interpretation of the amendment and am certain it will prevent or offset any excessive valuation that might be attributed to the finished project because it requires the sponsor to put in a substantial amount of his own in the enterprise and the sponsor now knows at the time he will lose every nickel of it if the project does not work out.

It was, indeed, pleasing to me to hear the views of the gentleman from Massachusetts [Mr. Luce] on the compromise amendment. He confirms what others have already advised me that it was a real improvement over existing law.

The present law does not make provisions to cover anything but the ratio of the loan to the appraised or estimated value of the complete project.

I would say it now appears the only way to chisel or cheat on the project would be to write up the construction cost. However, it must be borne in mind that even if the F. H. A. does increase the construction cost above the property figure there would be a check on that figure because before accepting the F. H. A. guaranty, the insurance or finance company that would advance the money would have its own engineers and appraisers approve the construction cost, and if the cost was too high, then would undoubtedly refuse to accept the guaranteed mortgage.

No one is going to be dumb enough to feel that promoters of projects of this character were satisfied in the past to construct a project of this kind and receive in return for their share only 20 percent of common stock representing their contribution when they knew that no return could be made on the common stock for at least 20 years. The truth of the matter is, in my opinion, the cost of construction provided a sufficient sum that there was a very liberal profit on the lump sum advanced by the insurance company or the finance company that accepted the guaranteed mortgage.

The Senate conferees insisted they would never accept my amendment or another proviso I had included in the compromise amendment which reads as follows:

Provided further, That in estimating the value of the completed property or project the Administrator shall not attribute more than 15 percent of such value to the land as improved by such public utilities, streets, or other facilities as make it adaptable to the property or project.

Their argument was, that if this proviso was added it would absolutely eliminate any projects in large cities, and especially Detroit and New York. Senators from both Michigan and New York were members of the conference committee.

Those I have discussed the compromise with agree it is far better than the existing law and if it would have been in effect at the time Manhassett Village in St. Louis County was approved, the write-up on the land would have been approximately \$70,000 less. In other words, the land value of the sponsors' 20 percent would have been about \$100,000 rather than \$170,000 plus. When you take into consideration that the sponsors insist that they paid \$39,000 for the land to which they added \$5,000 which they had put on an option on another piece of land and lost together with about \$50,000 for improvements, such as constructing two roads, sewers, water, and so forth, leading up to the building line, it would not have been bad.

I am confident this new language in the act will prevent land write-ups to any extent in the future and further that it puts the Federal Housing Administration as well as insurance companies and financial institutions that advance the cash on notice that they must make a most thorough investigation before agreeing to finance a project, something that does not prevail under existing law.

It has been repeatedly said that the Federal Housing Administration is not to be blamed for the conditions that have developed in connection with the promotion of these projects because Congress in the law practically instructed the Federal Housing Administration to permit promoters to do just exactly what they have been doing. In other words, we said to the Federal Housing Administration in the law, "You are permitted to do certain things," while under the Security and Exchange Act, which everyone will admit is one of the outstanding achievements of this administration, we say to the individual, partnership, or corporation, "If you do what Congress tells the Federal Housing Administration it can do. you will be guilty of a felony and will be sent to the penitentiary." My contention is we should not tell a Government agency that it can do something that we prohibit private citizens of the country from doing.

While I feel we have accomplished a great deal, still as I said a moment ago, not as much as I would have liked to have accomplished.

We are placing the Federal Housing Administration on notice by this amendment. Using the language of the gentleman from Massachusetts [Mr. Luce], they should stop, look, and listen before approving such projects in the future.

Mr. WOLCOTT. Will the gentleman yield?

Mr. COCHRAN. I yield to the gentleman from Michigan. Mr. WOLCOTT. The gentleman has stated that some headway has been made. It will be recalled that I discussed the gentleman's amendment at the time it was offered on the floor of the House. I believe that in the amendment adopted by the conference committee as a compromise between the gentleman's amendment and the Senate amendment the gentleman has gained a great victory. I believe he has accomplished his original purpose, and, as much as I hate to do so, I yield to the gentleman's intellect and tenacity in respect to this particular amendment. I want to congratulate the gentleman on another great victory which he has won here in the House of Representatives.

Mr. COCHRAN. I thank the gentleman from Michigan. I know the House concurs in my view in reference to the gentleman's ability, and especially in reference to matters handled by the Banking and Currency Committee. I am pleased to have his opinion. [Applause.]

[Here the gavel fell.]

Mr. STEAGALL. Mr. Speaker, I wish to compliment the gentleman from Missouri [Mr. Cochran] on his industry and on his effort to safeguard the administration of the National Housing Act. I am sure every Member of the House shares his purpose in that connection.

I desire to read the amendment offered by the gentleman from Missouri and which was adopted by the House:

That in estimating the value of the property or project for the purpose of determining the amount of insurance eligible under this section, the Administrator shall determine the value of the property as of the date of the application for insurance, and in no case shall he estimate the value of the property or project for insurance under this section to be in excess of the value of the property at such time plus the value of the proposed improvements thereon.

The conferees agreed upon a provision in lieu of the amendment offered by the gentleman from Missouri, which reads as follows:

That such mortgage shall not in any event exceed the amount which the Administrator estimates will be the cost of the completed physical improvements on the property or project, exclusive of the following: "Public utilities and streets, taxes, interest, and insurance during construction, organization, and legal expense and miscellaneous charges during or incidental to construction."

The addition of the language:

Completed physical improvements on the property or project, exclusive of the following: "Public utilities and streets, taxes, interest, and insurance during construction, organization and legal expenses, and miscellaneous charges during or incidental to construction,"—

Makes no substantial change in the provision adopted by the Senate.

I read these two provisions in order to call attention to the fact that the report of the conferees is more stringent in its restriction than the amendment offered by the gentleman from Missouri and adopted by the House.

Under the amendment adopted by the conferees there can be no write-up, so to speak, of land values in centers where land upon which construction would be undertaken reaches high figures. The provision agreed to in conference provides that in no case shall a loan be insured which exceeds the value of the improvements placed upon the land, exclusive of outside improvements, such as sewers, streets, and other incidental improvements. There can be no such thing as the insurance of a loan where the real-estate value might amount to half of the loan or an enormous amount. Construction cost cannot be exceeded under the provision agreed to in conference, which, it seems to me, carries a further safeguard than afforded by the original House amendment.

In any event we are all of one purpose, and I think we have safeguarded the administration of the law about as well as can be done by specific language of the act.

Mr. COCHRAN. Will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from Missouri. Mr. COCHRAN. I want the Record to show that I do not agree with the gentleman's statement that the compromise amendment is better than the amendment which I offered, nor that the original Senate amendment is the compromise amendment.

I base my statement on the fact that the gentleman stated, as did other members of his committee, as well as the Senate conferees stated, that my amendment would destroy the law insofar as section 207 is concerned. I denied my amendment would destroy the law, but I did say and I say now it would have prevented any write-ups on land values. That is what I tried to correct.

If this compromise amendment is stronger than my amendment, then it will likewise destroy the law, or at least that part of the law, but I know the conferees would never have agreed to an amendment that would have destroyed

Mr. STEAGALL. I may say to the gentleman that I am quite sure that I have never said either amendment would destroy the law or that the absence of either amendment would greatly affect the administration of the law. However, since the question was raised, every man having responsibility in the matter of course desired to meet the views of the gentleman from Missouri and to accomplish the purpose he had in mind. I read the two provisions for the purpose of supporting the statement I made to the effect that the provision adopted seems more stringent than the amendment that was adopted by the House.

In this connection, Mr. Speaker, I wish to say that I am fully convinced not only that the Administrator of this act is a man of the highest integrity and patriotism but that in his administration of this act he has displayed the highest order of administrative ability. I believe the Government is fortunate in having him at the head of this organization and I think that his administration has been as nearly perfect in accomplishing the purpose of the law as is humanly possible or reasonably to be expected.

Mr. BARRY. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from New York. Mr. BARRY. It was my understanding of the original House amendment that the land was to be appraised without any consideration being given to the immediate improvements that were to be placed thereon. It is my belief that this idea is contrary to the principles expressed in all realestate textbooks and to all theories of appraisal. I wish to quote a brief extract from a textbook known as "Real Estate Appraisal and Valuation," which is one of the standard

The value of an improved property is the result of an actual improvement standing on a particular plot of ground and can be treated only as a combination and in its entirety. The land cannot be valued without recognizing the buildings actually thereon, nor can the buildings be valued without coincident consideration of the land upon which they stand.

textbooks:

Judging by the debate on the original amendment, it was my impression that the Administrator would have to forget about the improvements that were actually going to take place and just evaluate the raw land. Thus his land would be worth less than the land of everybody else in the immediate vicinity, which would automatically increase in value because of the immediate improvement to be placed on the land in question.

Mr. STEAGALL. There is a peculiar element of risk involved in the insurance of loans covering projects such as provided in section 207 of this act. Recognizing the difficulties encountered in the administration of this feature of the law, the conferees feel, as does the gentleman from Missouri, that it is our duty to undertake to safeguard the rights of the public in the matter as far as is humanly possible. This is the purpose of the amendment, and we have no doubt it will accomplish that end.

Mr. HOOK. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from Michigan. Mr. HOOK. Is it not a fact that if the Cochran amendment were adopted it would cause a hesitancy on the part of capital to invest in this worthy venture?

Mr. STEAGALL. I believe the law is liberal enough as originally drawn and enacted and I believe it is liberal enough under the provisions of this conference report. It is true that the Government does not make any loan under this act, but the Government is responsible to an extent for the insurance provided on loans made possible by this act. I am sure every Member of the House desires, as does your committee, to protect the Government and the public in this matter as far as may be done by a specific provision of law.

Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the adoption of the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

CONSTRUCTION OF CERTAIN PUBLIC WORKS BY THE NAVY

Mr. VINSON of Georgia. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 2878) to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 2, line 2, strike out "drylock" and insert "drydock."

Page 2, line 2, strike out "drylock" and insert drylock.

Page 3, after line 25, insert:
"Naval Operating Base, Norfolk, Va.: Chapel, \$150,000."

Page 8, line 7, strike out "1" and insert "3 (a)."

Page 8, line 11, after "purposes", insert "of section 3 (a).)"

Page 8, after line 11, insert:
"Sec. 4. The Secretary of the Navy is hereby authorized to acquire by purchase the two graving drydocks situated on San Francisco Bay and known as the Hunters Point drydocks and approximately 48 acres of adjoining land and improvements thereon and to construct on said land an assembly building, storehouse, latrine, and galley, and accessories to each and to provide a quay wall and weight-handling facilities, all to constitute an annex of the Navy Yard, Mare Island, Calif., and to be operated under the direction of the commandant of said navy yard, and to cost not to exceed \$6,000,000: Provided, That no part of any appropriation made to effectuate the purposes of this act shall be used to needlessly duplicate at said annex any manufacturing, construction, or repair facilities available at the navy yard, Mare Island, Calif., except as herein specifically authorized, and no such duplicate facilities shall be provided hereafter at said annex unless specifically authorized by law: Provided jurther, That should the Secretary of the Navy, after 90 days' negotiations with the owners of said drydocks, land, and improvements, be unable to agree with said owners upon a 48 acres of adjoining land and improvements thereon and to conafter 90 days' negotiations with the owners of said drydocks, land, and improvements, be unable to agree with said owners upon a purchase price not to exceed for such properties \$4,000,000, then, and in that event, the said Secretary is authorized to acquire a suitable tract of land on San Francisco Bay and to construct thereon, by contract or otherwise, a graving drydock capable of docking the largest vessel built, building, or projected, together with buildings, accessories, and incidental facilities, all at a cost not to exceed \$6,000,000 and to be used and operated as hereinbefore provided, but not more than 10 percent of \$6,000,000 shall be expended for the acquisition of the site of the said dock."

Page 8, after line 11, insert:

"SEC. 5. (a) The Secretary of the Navy is hereby authorized to proceed with the construction of such public works and utilities,

including buildings and accessories, as are needed to equip South Boston drydock for use as an annex of the Boston Navy Yard in

the repair of naval vessels.

"(b) There is hereby authorized to be appropriated, out of any money in the Treasury of the United States not otherwise appropriated, such sums not to exceed \$2,545,000 as may be necessary to effectuate the purposes of section 5 (a) of this act."

Page 8, after line 11, insert:

"SEC. 6. The Secretary of the Navy is hereby authorized to continue the employment, in the District of Columbia and elsewhere, of such employees now carried on the rolls as will be required for the preparation of plans and specifications and administrative work in connection with the public works and public utilities projects authorized by this act, or heretofore otherwise authorized."

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

Mr. MAPES. Reserving the right to object, Mr. Speaker, I understand these Senate amendments have been considered by the Committee on Naval Affairs?

Mr. VINSON of Georgia. The gentleman is correctly

informed.

Mr. MAPES. And that the committee unanimously approves of the amendments and of the request by the gentleman that the House concur in the Senate amendments without a conference?

Mr. VINSON of Georgia. The gentleman is correct.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

OMNIBUS CLAIMS BILLS

The SPEAKER pro tempore. Under previous order of the House, the Chair recognizes the gentleman from Maryland [Mr. Kennedy] to call up omnibus claims bills.

Mr. KENNEDY of Maryland. Mr. Speaker, I call up the bill (H. R. 6261) for the relief of sundry claimants, and for other purposes.

The Clerk read the title of the bill.

The Clerk read as follows:

Title I-(H. R. 329. For the relief of R. L. Scott.) By Mr. BOYKIN That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to R. L. Scott, of Citronelle, Ala., the sum of \$350 in full settlement of all claims against the United States of \$350 in full settlement of all claims against the United States for damage to his automobile on the 4th day of February 1935, when it collided with a truck in the service of the Civilian Conservation Corps, between Chunchula and Gulfcrest, Ala., on United States Highway No. 45: Provided, That no part of the amount appropriated In this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

Mr. HANCOCK. Mr. Speaker, has the reading of title I been completed?

The SPEAKER pro tempore. It has.

Mr. HANCOCK. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HANCOCK: Page 1, strike out title I.

Mr. KENNEDY of Maryland. Mr. Speaker, I make the point of order that the amendment comes too late. As I understand, the Clerk had already read title I.

The SPEAKER pro tempore. The Clerk had just finished reading title I.

Mr. KENNEDY of Maryland. And had started on title II and had announced title II.

The SPEAKER pro tempore. That is not the recollection of the Chair.

The gentleman from New York is recognized for 5 minutes. Mr. HANCOCK. Mr. Speaker, the men assigned to the work of considering bills on the Private Calendar did not know that this omnibus bill was coming up until a few moments

ago. We must rely on the memory we have of the circumstances as we learned them several weeks or months ago in each individual case.

As I recall the facts in the bill before us, the claimant was driving a Ford car along a highway in Alabama about 200

yards behind a C. C. C. truck. The truck, for good and sufficient reasons, pulled off to the right of the highway and stopped. It was about 5:30 in the afternoon. The lights were turned on, both the headlights and taillights. The driver of the Ford which was following the C. C. C. truck was proceeding at 50 or 60 miles an hour, and the driver was unable to manage his car so as to clear the truck. He crashed into the rear of it and sustained certain damages. His excuse for the collision is that he was blinded by the headlights of a car coming from the opposite direction.

As I recall the facts, there is no negligence whatever on the part of the driver of the C. C. C. truck. If there is any negligence attributable to anybody, it is that of the driver of the Ford.

Under these circumstances there would be no liability on the part of a private defendant, and there is, of course, no liability on the part of the Federal Government in any event. Whatever award is made will be a gift.

I realize, of course, that gentlemen pay very little attention to these private bills as they come before us. Few Members bother to read them, and it is generally "love's labor lost" for us to stand up here and try to protect the Federal Treasury against these small raids. If the membership wishes to pass these bills, it is their responsibility and not ours. In my judgment, the present bill is plainly without merit.

The whole system of handling private bills is wrong. Some tribunal ought to be set up to pass on these bills after a careful examination of the evidence. As a matter of fact, this claim has been rejected by the Department of Agriculture. The Federal authorities have all reported against it. Everyone representing the Government who has examined the bill will certify that there is no liability on the part of the Government, either legal or equitable. All the gentlemen who have been assigned to examine private bills by the majority leader and the minority leader agree that there is no liability here whatever. There is not the slightest evidence of negligence on the part of any agent of the Federal Government.

Mr. COFFEE of Washington. Mr. Speaker, will the gentleman yield?

Mr. HANCOCK. I yield.

Mr. COFFEE of Washington. The gentleman, by his remarks, casts a reflection upon the intelligence of the members of the Claims Committee. Does not the gentleman realize that we are supposed to examine carefully into the facts underlying these claims?

Mr. HANCOCK. I do not mean, of course, to attack the Claims Committee. I know a little about how that committee works, however. These bills are assigned to individual members of the Claims Committee to examine and report back to the full committee. They very frequentlyand this is a very human thing to do—say to the proponent of the bill, "Well, we will pass the bill out and you can take your chances when the bill gets to the floor." Very frequently the man introducing the bill is warned it will probably be objected to when it reaches the floor. Is not that the

Mr. COFFEE of Washington. I deny that that is the fact. and I deny there is any ground for impugning the good faith of the Claims Committee.

Mr. HANCOCK. I do not mean to attack the Claims Committee, of course.

Mr. COFFEE of Washington. I do not mean in a personal

Mr. HANCOCK. But you are human beings just as we all are. I think you are subjected to considerably more pressure than those of us who are assigned to be the official so-and-sos, as we are sometimes called.

Mr. COFFEE of Washington. I may say to the gentleman that some of the members of his own party who are members of that committee are as eagle-eyed as anyone would want to find in any court of law in the land, and any bill which gets by the vigilance of those gentlemen of his own party, not to mention the members of the Democratic Party on the committee, seem to me to have considerable merit. I just want to make this statement as a general observation.

Mr. HANCOCK. I think, perhaps, it would be better if the Claims Committee were made the court of last resort. If so, I think they would take their responsibilities much more seriously

[Here the gavel fell.]

Mr. HOBBS. Mr. Speaker, I rise in opposition to the motion of the gentleman from New York.

There is no man in this House who has a keener mind or who is a more able or conscientious statesman than the gentleman who is offering this motion. There is no man whose judgment I regard more highly, but when he makes the statement to this House that the Claims Committee in this instance has not given this matter most careful consideration it shows the truth of his opening statement that he has not read the report. If anyone in this House will read the report in this case he will see that the contrary is absolutely the truth.

Another statement which the gentleman makes that I must contradict is that there is no evidence in this case of negli-

gence on the part of the operator of the truck.

Mr. Speaker, the gentleman from New York [Mr. HANcock] has not practiced law in Alabama, as I have, for 30 years, and he is not an authority upon the law of Alabama; but if he had read the report he would have seen what the law of Alabama is in this case and that the Committee on Claims took it fully into account. The law of Alabama requires that any truck or other vehicle operating on a paved highway of that State desiring to stop and park must pull off of the paved center of the highway and onto the shoulder, which is made 8 feet wide. Not only is it required to do that. to give free and unimpeded passage to vehicles coming on behind it on the paved surface of the highway, but it is also required to give a signal, a timely signal, of its intention so to do. Neither of those things was done in this case. The evidence is undisputed that this truck was protruding onto the paved surface of the highway, which was only 18 feet wide, at least 3 feet. The C. C. C. boys say only 3 feet. The other witnesses say more. But, whether 3 feet or more, it was unquestionably parked in violation of the law. Therefore there can be no question but that there was primary and causal negligence on the part of the driver of this truck.

Mr. COSTELLO. Mr. Speaker, will the gentleman yield? Mr. HOBBS. I am glad to yield to the able gentleman

from California.

Mr. COSTELLO. Is it not a fact that the car was following the C. C. C. truck at a distance of 200 yards, which should have given the driver of the car ample time to stop when he observed the truck in front of him?

Mr. HOBBS. I think that ordinarily that would be the case, but, as pointed out by the committee in its report, there was a fog at that time. It was at an hour after sundown

described as dusk, and the visibility was poor.

Not only that, but there is no evidence as to that distance except by the driver of the truck. He says it was about 200 yards. That is categorically denied by the only disinterested witnesses who gave affidavits in this case, and also by the passing truck on the other side of the highway whose lights blinded this oncoming gentleman, the claimant.

Mr. PITTENGER. Mr. Speaker, will the gentleman yield? Mr. HOBBS. Certainly; I am happy to yield to the able

gentleman from Minnesota.

Mr. PITTENGER. And is it not true that in the report of the Secretary of Agriculture the negligence of the driver of this truck is admitted?

Mr. HANCOCK. Oh, I take issue with that.

Mr. PITTENGER. I ask the gentleman to read on the top of page 7 the report of the Department of Agriculture. I am simply trying to stand by the work of the Committee on Claims, which has gone over this.

Mr. HANCOCK. Mr. Speaker, in answer to the gentleman, I read from the report of the Secretary of Agriculture:

In view of the negligence established at that time on Mr. Scott's part and in the absence of any new evidence contradictory in character, the Department recommends that the bill be not passed.

Mr. HOBBS. But they also admit in that same report initial negligence on the part of the truck driver.

This case involves merely the cost of the repairs of this man's car, estimated at \$400. He files his claim for \$350. Evidently he did part of the repair work himself. It is a small matter. I have no interest in it except to try to see justice done. The claimant does not live in my district. I am simply pinch hitting for my friend, Frank Boykin, who is in Alabama at the bedside of his mother who is ill. In his stead, it gives me pleasure to espouse this righteous cause.

I submit that when the C. C. C. boys violate the law and park in direct violation of the statutes of the State of Alabama on the paved surface of a highway without a taillight and, admittedly, without giving any signal whatever, the favorable report of this claim by the Claims Committee is justified, and not only that, but that the criticism of the Claims Committee comes with ill grace. If ever there was a just claim submitted to Congress, this claim is one.

Mr. LEWIS of Ohio. Mr. Speaker, will the gentleman yield?

Mr. HOBBS. Gladly.

Mr. LEWIS of Ohio. Does the State of Alabama have the comparative negligence rule?

Mr. HOBBS. No. If, under the law of Alabama, Mr. Scott was himself guilty of negligence, which was the proximate cause of the injury, then under the law of Alabama he would be barred from recovery, but that word "proximate" is emphasized by our Supreme Court in every one of such cases. In this case, however, there is little, if any, credible evidence of any negligence whatsoever on the part of this claimant, much less that he was guilty of any negligence proximately causing his own injury.

This poor man asks for this pittance as a matter of right. Our experienced and careful Claims Committee has conscientiously weighed the evidence pro and con and reported that the claim should be paid. Honest American citizens may look to us, with assurance, for redress of their wrongs. Here and now, Mr. Scott appeals to us for justice, and his appeal must not be made in vain. [Applause.]

[Here the gavel fell.]

The SPEAKER pro tempore. The time of the gentleman from Alabama has expired. All time has expired. The question is on the amendment offered by the gentleman from New York.

The question was taken; and on a division (demanded by Mr. Hancock) there were—ayes 12, noes 51.

So the amendment was rejected.

The SPEAKER pro tempore. The Clerk will read.

The Clerk read as follows:

Title II—(H. R. 838. For the relief of the estate of Mrs. Ray E. Nies.)
By Mr. Mapes

That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the estate of Mrs. Ray E. Nies, formerly of Holland, Ottawa County, Mich., the sum of \$309.99 for damages to the automobile owned by her as a result of being struck and injured by a truck, in charge of and driven by a member of the United States Army, and which damage was sustained on the 8th day of August 1936 in the city of Holland, Mich.

With the following committee amendment:

Line 16, after the word "to", strike out the remainder of the bill and insert in lieu thereof the following: "Ray E. Nies, of Holland, Mich., the sum of \$309.99, in full settlement of all claims against the United States for damages to the automobile owned by his wife, driven by his son, and sustained when it was struck by an Army truck on August 8, 1936, in Holland, Ottawa County, Mich., which damages were paid by the said Ray E. Nies: Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

The SPEAKER pro tempore. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

Mr. COSTELLO. Mr. Speaker, I offer the following amendment which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. Costello: Page 2, strike out all of title II.

Mr. COSTELLO. Mr. Speaker, my motion is an attempt to strike out the second title of this bill.

The facts regarding this particular case are similar to the facts in the case just preceding, in that it involves a Government Army truck which collided with a civilian automobile. It appears that on the 8th of August 1936 a Government truck was proceeding in a convoy of Army trucks through the city of Holland, Mich., and the convoy was proceeding at about 20 to 25 miles per hour. Coming in the opposite direction was a car operated by Mr. Nies, and the two sideswiped. It appears that the civilian car was passing a car which was parked at the curb. The Army truck was passing another vehicle going in the same direction as the Army truck. The roadway at that particular place in the city was $31\frac{1}{2}$ feet wide, approximately room for five vehicles on the roadway.

As to responsibility, I leave that to you to decide. Apparently the Government truck was perfectly within its rights in passing a vehicle going in the same direction. It was preceded by a motorcycle escort which was escorting the convoy through the city. Regardless of whether the operator of the civilian car knew there was a police escort in front makes no difference. The fact is he had to pass several Government trucks going by him, and realized the fact that this convoy was passing through the city. It seems to me there was every responsibility upon the driver of the civilian car to use due caution, in view of the fact that there was this convoy or parade of trucks passing through the city.

However, by reason of the narrowness of the street, the fact that both vehicles were passing other vehicles, the two sideswiped. It is my belief that the driver of the Government truck was not responsible in causing the accident and that there was no negligence on his part. Therefore I do not believe there is any responsibility on the part of the Government to pay the claim asked here, \$309.99.

Mr. CASE of South Dakota. Mr. Speaker, will the gentleman yield?

Mr. COSTELLO. I vield.

Mr. CASE of South Dakota. The gentleman said this was a convoy and it was preceded by a couple of motorcycle escorts. Has the gentleman noted in the spacing of the trucks in this convoy how far apart they were?

Mr. COSTELLO. I do not know how far this particular truck may have been traveling behind the one immediately in front of it, but usually there is some distance between the trucks in a convoy. The drivers are given instructions to maintain a definite distance between trucks. Sometimes the distance extends out and sometimes it narrows down. Frequently one truck falls behind and then it will have to speed up. In going through a city it is difficult to move a convoy through it at uniform speed because of the traffic interferences with which they are confronted. That is the reason why a police escort was given to the convoy, in order to facilitate its crossing through the city.

Mr. CASE of South Dakota. May I call the gentleman's attention to the fact that the Secretary of War in his report states that the trucks were spaced 50 to 100 yards apart, and that consequently that would mean that not more than one or two, at the most, trucks to the block. Consequently a car coming into the street might enter the street and not pass more than one or two of these trucks and never see the police escort at the head of the entire convoy. Further the report indicates that there were between these trucks several private passenger cars. I should also like to call the gentleman's attention to the fact that in his observation that this street was wide enough for five cars, there were three of the cars attempting to occupy one-half of the street and that two of those cars were facing in the normal direction, one parked at the curb, and one, the car that was injured, proceeding in a normal direction, with the third car, the odd car, trying to occupy a street that could accommodate five cars, and the Army truck proceeding in the wrong direc-

tion for the side of the street to which it was normally entitled.

Mr. COSTELLO. No. The testimony shows that the Army truck was in the center of the street. How far beyond the center line of the street it may have been is difficult to determine. It was occupying the middle of the street.

The SPEAKER pro tempore. The time of the gentleman

from California has expired.

Mr. MAPES. Mr. Speaker, I rise in opposition to the amendment.

Mr. Speaker, Holland, Mich., is a city of approximately 14,000 inhabitants. It is located 4 or 5 miles from Lake Michigan and is surrounded by summer resorts. This accident took place on a Saturday night in August in the midst of the resort season, after dark, at a time when the streets were very crowded.

Let me say that this is the fourth time the Committee on Claims has reported this bill to the House. It has been objected to twice by the gentleman from California [Mr. Costello]. While our objector friends may criticize the Committee on Claims for reporting some of these bills, I think the Committee on Claims might well observe that the objectors seem to feel obliged to follow through with their opposition regardless, once they have made an objection. It becomes a habit with them after they once get started.

Now, here is a street in a resort community on a Saturday night filled with traffic. There was a maneuver of the Second Corps Area of the Army a few miles from the city, and hundreds of trucks were going through the city. The report of Major General Craig is that those trucks were going in a convoy from 50 to 100 yards apart. In between them were passenger cars. Now, what happened? There were cars parked on each side of the street. Here was a convoy of trucks.

In between the truck which caused the damage and another truck was a passenger car. The truck which caused the damage to the car in question was trying to pass, right in the city, this other passenger car. The truck got over on the left of the center of the street. The young man and his mother who were in the car that was struck were coming in the opposite direction and could not drive into the line of the parked cars on their side of the street. The truck went over to the left trying to pass a passenger car that was going in the same direction the truck was going and side-swiped the Nies' car.

The woman in this car which was being driven by her son was shocked. I do not know whether it had anything to do with her death, but she died on the 1st of the following January. No claim, however, is made for that. The only thing that is being asked for here is the actual damage to the car.

Mr. CASE of South Dakota. Mr. Speaker, will the gentleman yield?

Mr. MAPES. I yield.

Mr. CASE of South Dakota. I may say that it happened that in the Seventy-fifth Congress this bill was referred to the subcommittee of which I was a member, which explains my interest in it. I have no personal interest in it, of course; but it is a fact as stated by the gentleman from Michigan that this bill asks only for damages. This surprises me, because under the evidence submitted I would have expected the bill to have included something for personal injuries as well. There are several affidavits in the hearings that convince me that the Army truck was clearly at fault. It was the Army truck that turned out. The passenger car was proceeding in the normal way on the proper side of the street.

Mr. MAPES. Absolutely; and there was no reason in the world why the Army truck in the few blocks it had to travel in this populous city on a Saturday night in August should have tried to pass this passenger car ahead of it.

[Here the gavel fell.]

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from California.

The amendment was rejected.

BEN L. KESSINGER AND M. CARLISLE MINOR

The Clerk read as follows:

Title III—(H. R. 1183. For the relief of Ben L. Kessinger and M. Carlisle Minor.) By Mr. Chapman

That the Secretary of the Treasury be, and he is hereby, authorread and directed to pay, out of any money in the Treasury not otherwise appropriated, to the following-named persons the sums hereinafter specified, in full satisfaction of their claims against the United States for services rendered as employees of the Home the United States for services rendered as employees of the Home Owners' Loan Corporation, such services having been rendered: Ben L. Kessinger, \$125 for his salary for the month of October 1934 as assistant district counsel for the Home Owners' Loan Corporation at its Lexington, Ky., office; M. Carlisle Minor, \$175 for his salary for the month of October 1934 as assistant district counsel for the Home Owners' Loan Corporation at its Lexington, Ky., office; and M. Carlisle Minor, \$85.20 for his services as fee attorney in Boyle County, Ky., for the Home Owners' Loan Corporation: Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstandnection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

With the following committee amendments:

Page 3, strike out all of lines 15 and 16 down to and including the word "appropriated", in line 17, and insert in lieu thereof: "That the Home Owners' Loan Corporation is hereby authorized

and directed to pay."

Page 3, lines 20 and 21, strike out the words "United States" and insert in lieu thereof "Home Owners' Loan Corporation."

Page 3, line 23, after the word "Corporation", change the comma to a colon and strike out the words "such services having been

Page 4, line 1, before the figures "\$125" insert the following: "of Lexington, Ky."

Page 4, line 4, after the word "Minor", insert the words "of Danville, Ky."
Page 4, line 10, strike out the words "appropriated in" and insert in lieu thereof "paid pursuant to."
Page 4, strike out all of lines 13 and 14.

The committee amendments were agreed to.

Mr. COSTELLO. Mr. Speaker, I offer an amendment. The Clerk read as follows:

Amendment offered by Mr. Costello: Pages 3 and 4, strike out

Mr. COSTELLO. Mr. Speaker, I offer this amendment in order to explain to the House the nature of this bill. In doing so I think it might be well also to explain something of the nature of the objectors' position here in the House. It is not a very enviable position.

The objectors on each side of the aisle are appointed by the floor leaders for the respective parties. It is our task to review both the Private and the Consent Calendars. When these calendars are called in the House if we believe that bills are not meritorious and should not pass by unanimous consent, it is incumbent upon us to object; it is not a question that we have the power to kill legislation or to stop it, but merely to prevent its passage by unanimous consent. Other methods are provided of bringing up bills that have not passed by unanimous consent, and this omnibus bill is the manner in which private bills may be brought before the House once they have been objected to when they first appear upon the Private Calendar.

The individual bill now under consideration is in itself very insignificant, but a question of policy is involved which personally I felt it was not incumbent upon me to pass upon. but one which the House itself should determine. It is a simple matter. Two attorneys were employed by the Home Owners' Loan Corporation. During their period of employment they were given a salary. They were on salary for 1 month. During the same time they were also acting as fee attorneys for persons who had business with the Home Owners' Loan Corporation. The time came to pay them their monthly salary. The question was raised whether they could receive such salary in view of the fact that they were also entitled to collect fees from persons whom they represented before the Home Owners' Loan Corporation. The matter was referred to the Comptroller General, who declared that there was no right to pay that salary.

There is no question but what the attorneys did the work they were supposed to do with the Home Owners' Loan Corporation; neither is there any question but what they likewise handled business as fee attorneys. The question of impropriety in the work they were doing is not in any way involved, for there was no conflict between the work they were doing for the Home Owners' Loan Corporation and the people they represented. It is universally acknowledged, however, that an attorney should not be employed in a dual capacity, representing both sides of a case at the same time. The Comptroller General, feeling that the attorneys were so employed, ruled against the payment of this amount of money, and the General Accounting Office makes the statement that permitting employees to practice before the public agencies by which employed would seem so improper and out of line with sound policy as to suggest no need for a prohibiting statute to insure avoidance. Then they cite specific statutes prohibiting such practice. In the Home Owners' Loan Corporation Act there is no such prohibition.

As a result of this decision no other employees were employed by the Home Owners' Loan Corporation in a dual capacity. The two attorneys were not continued in a dual capacity after the one month of employment.

As a result, no particular harm will come if this bill should be passed. The attorneys will be paid for the 1 month's work which they performed, and I am quite sure no precedent would be established; but I merely take this time to explain my reason for objecting to the bill.

Mr. DOWELL. Will the gentleman yield?

Mr. COSTELLO. I yield to the gentleman from Iowa.

Mr. DOWELL. Did the attorneys representing the individuals also represent the Home Owners' Loan Corporation on the same questions that they were representing their individual clients on?

Mr. COSTELLO. No; they did not. They were employed as attorneys for the Home Owners' Loan Corporation. At the same time they were also acting as fee attorneys for various other persons. There was no conflict in the actual work they were doing. In other words, they were not representing these civilians in opposition to the position they were occupying as attorneys for the Home Owners' Loan Corporation. There was nothing improper in their conduct.

Mr. DOWELL. They did not represent the Home Owners' Loan Corporation on the same question they were representing the individuals?

Mr. COSTELLO. No; they did not represent both sides on the same identical matter.

Mr. McCORMACK. Will the gentleman yield?

Mr. COSTELLO. I yield to the gentleman from Massachusetts

Mr. McCORMACK. In other words, the Comptroller General had a technical question advanced to him and his decision was a technical one?

Mr. COSTELLO. I would not say it was exactly a technical decision. It was a proper decision in order to avoid any possible difficulties arising in the future if this practice should continue. It is a dangerous practice to allow to exist, and we have statutes prohibiting it in most departments. However, in this instance no harm was done.

Mr. McCORMACK. My question is not to be taken as a criticism of the Comptroller General. In this particular case I see its far-reaching application. However, it was a technical decision?

Mr. COSTELLO. It was technical to that extent.

[Here the gavel fell.]

Mr. CHAPMAN. Mr. Speaker, I rise in opposition to the amendment offered by the gentleman from California.

Mr. Speaker, the gentleman from California has made a very fair statement of the facts in this case, and I possibly should be willing to rest the case upon the statement of facts made by him. I am personally familiar with the situation that brought about the employment of these two men.

The district office of the Home Owners' Loan Corporation at that time was next door to my own office in Lexington, Ky. These two young men were employed as attorneys for the

Home Owners' Loan Corporation in their respective counties, and designated by the Corporation as suitable attorneys and as the officially recognized attorneys to prepare abstracts for borrowers from the Corporation. At that time there were so many applications for loans received by the district office and so many abstracts had to be examined that the district attorney for the Home Owners' Loan Corporation found it was necessary to employ assistants in order to do this work and pass upon these titles. The result was that these two young men-Mr. Ben L. Kessinger, of Lexington, and Mr. M. Carlisle Minor, of Danville-who had made outstanding records as capable abstractors, as competent title attorneys, who had done their work expeditiously and capably, were employed. They were solicited by the Home Owners' Loan Corporation to accept this work as assistants to the district attorney, with the understanding in their contract that they should continue to do work as fee attorneys in their respective counties. Incidentally, the district attorney for the Home Owners' Loan Corporation at that time is now United States district attorney for the eastern district of Kentucky, Mr. John T. Metcalf. This district attorney himself assigned the titles for examination to the different local fee attorneys, and he himself in turn examined the abstracts prepared by these two attorneys. So they did not pass upon their own work.

The Home Owners' Loan Corporation Act provides:

The Corporation shall have power to select, employ, and fix the compensation of such officers, employees, attorneys, or agents as shall be necessary for the performance of its duties under this act, without regard to the provisions of other laws applicable to the employment or compensation of officers, employees, attorneys, or agents of the United States. * * The Corporation * * * shall determine its necessary expenditures under this act and the manner in which they shall be incurred, allowed, and paid without regard to the provisions of any other law governing the expenditures of public funds. * *

This was necessary because this corporation, a big lending agency, needed to function like a great insurance company or other mortgage company engaged in a big business which has to be transacted in a practical, economical, efficient, and expeditious manner. The result was that it had to operate like an insurance company or any mortgage company would. It is a rare thing for an insurance company and a borrower from an insurance company to have different attorneys, because the mortgage company as a rule designates the attorney to prepare the abstract and submit it for approval before making a loan.

Mr. Speaker, there is no conflict in these two employments. There is nothing contrary to public policy or antagonistic to the interest of the Government itself. It is true that the corporation is not beyond all law or accountability with respect to its expenditures, but in determining the expenditures which are necessary, resort must be had to established procedure of mortgage corporations.

Mr. Justice Brandeis, in the case of U. S. ex rel. Skinner & Eddy Corp. v. McCarl (275 U. S., p. 1), said:

Indeed an important if not the chief reason for employing the incorporated agencies was to enable them to employ commercial methods and to conduct their operations with a freedom supposed to be inconsistent with accountability of the Treasury under its established procedure of audit and control over the financial transactions of the United States.

Mr. COFFEE of Washington. Will the gentleman yield? Mr. CHAPMAN. I yield to the gentleman from Washington.

Mr. COFFEE of Washington. Is it not a fact that the Home Owners' Loan Corporation wanted to pay this claim, but could not pay it on account of a technical ruling by the Comptroller General?

Mr. CHAPMAN. The Board of Directors of the Home Owners' Loan Corporation voted to pay this claim. These men were employed on the initiative of the Home Owners' Loan Corporation, which induced them to accept the employment and agreed that they might continue to do their work as fee attorneys.

Mr. SPENCE. Will the gentleman yield?

Mr. CHAPMAN. I yield to the gentleman from Kentucky.

Mr. SPENCE. This was employment merely for the purpose of examining titles and making abstracts?

Mr. CHAPMAN. Yes.

Mr. SPENCE. It had nothing to do with the other business of the Home Owners' Loan Corporation?

Mr. CHAPMAN. That is true. The standing of these men at the bar of Kentucky as lawyers of integrity, high character, and professional ethics is equal to that of any man I know in that State.

[Here the gavel fell.]

The SPEAKER pro tempore (Mr. Luther A. Johnson). The question is on the amendment offered by the gentleman from California [Mr. Costello].

The amendment was rejected.

EXTENSION OF REMARKS

Mr. Kitchens asked and was given permission to extend his own remarks in the Record.

OMNIBUS CLAIMS EILLS UNION IRON WORKS

The Clerk read as follows:

Title IV—(H. R. 1750. To carry out the findings of the Court of Claims in the case of the Union Iron Works.) By Mr. Mc-CORMACK

That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the Union Iron Works the sum of \$165,284.53 in full settlement of all claims against the United States for the difference between the actual cost of the construction of three torpedo-boat destroyers and the amount paid under the contract entered into for the bullding of said boats, as found by the Court of Claims and reported in Senate Document No. 78, Seventy-third Congress, first session.

With the following committee amendment:

Page 5, after the word "session", insert a colon and the following: "Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000."

The committee amendment was agreed to.

Mr. COSTELLO. Mr. Speaker, I offer an amendment. The Clerk read as follows:

Amendment offered by Mr. Costello: On page 4, beginning in line 20, strike out all of title IV.

Mr. COSTELLO. Mr. Speaker, the present bill provides for the payment of \$165,000 to the Union Iron Works. The contract out of which this controversy arose was entered into back in 1898. The matter arose over the building of some naval vessels, three torpedo-boat destroyers. It was taken to the Court of Claims and the Court of Claims found that the claimant was paid everything to which it was legally entitled under the contract. The Court of Claims went into the matter of costs and found that the claimant had expended in excess of \$1,000,000 in building these ships and had received in payment for their construction a little over \$800,000, leaving a net loss to the company of the \$165,284.53 which it is sought to recover here.

This matter has been before the Congress frequently prior to this time. It came up in the last Congress and the bill was ojected to on the Private Calendar. It was reported out in an omnibus bill, discussed on the floor of the House, and on a roll-call vote was stricken from the omnibus bill. Despite that fact, the bill is back before the Congress again. This is one reason the objectors are constrained, as one gentleman has remarked here today, to get in the habit of objecting, because the same bills are reported out to the House even though the House has definitely expressed on roll-call votes its disapproval of the claims.

If you will look on page 36 of the committee report accompanying this omnibus bill you will find at the bottom of the page a paragraph quoting the decision of the Court of Claims. The court points out that this case was barred by the general statute of limitations, yet it states:

Were the court to base its judgment on the merits, the petition would still have to be dismissed.

In other words, even though the statutory limitation were to be waived in favor of this claimant and the merits of the case were to be considered, the court still would have to deny relief.

The court stated:

The plaintiff is not entitled to either legal or equitable relief. The claim is one for a gratuity.

That is the nature of the claim. The claim is one for a gratuity. If the Congress wishes to grant this gratuity, we will leave it up to this Congress. Previous Congresses have refused to take such action.

Mr. McCORMACK. Mr. Speaker, I rise in opposition to the amendment.

Mr. Speaker, the gentleman from California read just a part of the court's decision when he said:

Were the court to base its judgments on the merits, the petition would still have to be dismissed.

The Court did not stop there and the gentleman failed to read the rest of the sentence, which is:

Since the facts show no breach of contract, and none is alleged.

Of course, there is no breach of contract, because what happened? This company did the work in accordance with its contract and at the request of the Navy Department did extra work with the promise of the Navy Department that it would be paid for the extra work, with the Navy Department recommending that this amount be paid and with similar cases occurring in connection with three other companies. The three other companies which did work under similar conditions have received the money for the extra expense they incurred in doing the experimental work for the United States Navy.

What happened was this: In 1898 four different companies got contracts to build certain naval vessels. Mark you, this company is not in my district, but in the district represented by my distinguished friend from Massachusetts [Mr. Wig-GLESWORTH]. However, the claim is just and the claim is moral, and that is why I am supporting it. These four companies had a contract with the Navy Department, and they complied with the terms of the contract. Then the Navy Department asked them to experiment before the vessels were completed. As a result of the companies' doing so they incurred extra expenses. The Navy Department requested that they do this work, and the companies joined with the Navy Department in trying to improve the vessels after the contract was awarded. They changed the specifications at the request of the Navy Department on the implied promise of the Navy Department that "We will do everything we can to have Congress pay you the extra money," although the companies knew the Navy Department could not guarantee the payment.

Mr. COSTELLO. Mr. Speaker, will the gentleman yield?
Mr. McCORMACK. I yield to the gentleman from California

Mr. COSTELLO. Mr. Speaker, on page 33 this appears:

Most of the changes were not and could not be foreseen but were found necessary as the work developed. All of them were paid for in accordance with the method provided for in the contracts.

In other words, the extra work, the changes that were made by the company, was paid for in accordance with the terms of the contract that was entered into.

Mr. McCORMACK. That is true as far as the actual contract is concerned, but work was done in addition to the contract.

This happened in 1898, yes; but what is the history of the matter. Prior to 1902 the Navy Department investigated the claim and reported favorably on it. The time from 1902 to 1910 was taken up in having an act passed referring the claim to the Court of Claims. This matter remained in the Court of Claims from 1910 to 1933. It was not the fault of this company that the claim remained in that court for twenty-odd years. Five different Government attorneys came and went, and each new attorney who came in representing the Government had to go into the whole case again and

learn the facts. This was not the fault of this company. Therefore the first opportunity to press this claim in the Congress was in 1933, and this is the only way a moral obligation can be paid.

Let us be frank about this matter. Last year one of these bills went through, and in the hysteria that then developed—we are practical men—the other bill was defeated. The three other companies have been paid for doing the same work this company did. No matter what we did last year, in good conscience the Government owes this company the money. As far as I am concerned, the company means nothing to me. I have never received a letter from them. The gentleman from Massachusetts [Mr. Wigglesworth] has conferred with me and Senator Walsh has conferred with me. I have looked into the facts, and I am satisfied they are entitled to it.

As I said before, three other companies have been paid for doing the same thing under the same kind of contract. This was extra work done at the request of the Government, and business certainly should not be penalized after spending its own money, and the work was done at the request of the Navy, under an implied promise that the Congress would reimburse them. While Congress does not have to do it, I maintain the Government is morally bound to pay them this money, and I contend that this is a just amount that this company is entitled to receive.

[Here the gavel fell.]

The SPEAKER pro tempore (Mr. Luther A. Johnson). The question is on the motion offered by the gentleman from California [Mr. Costello] to strike cut the title.

The question was taken; and on a division (demanded by Mr. Costello) there were—ayes 23, noes 46.

Mr. COSTELLO. Mr. Speaker, I object to the vote on the ground a quorum is not present.

The SPEAKER pro tempore. Evidently there is not a quorum present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 172, nays 160, not voting 98, as follows:

[Roll No. 83] YEAS-172

Andersen, H. Carl Durham Kitchens Anderson, Calif. Dworshak Kleberg Kunkel Andrews Eaton, Calif. Angell Engel Lambertson Ashbrook Englebright Landis Austin Lanham Flannagan Ball Larrabee Barden Ford. Miss. LeCompte Lemke Barton Fulmer Beckworth Gamble Ludlow McDowell Bender Blackney Gerlach McLean Mahon Bolles Brown, Ga Gilchrist Gillie Mapes Brown, Ohio Gore Marshall Burgin Byrns, Tenn. Cannon, Mo. Graham Martin, Iowa Grant, Ind. Griswold Massingale Michener Carlson Gross Miller Mills, Ark. Guyer, Kans, Carter Cartwright Gwynne Halleck Monkiewicz Case, S. Dak, Chiperfield Moser Hancock Mott Harness Harter, N. Y. Church Mundt Murray Cochran Colmer Harter, Ohio Nelson Cooley Norrell Corbett Heinke O'Brien Oliver Hinshaw Courtney Hope O'Neal Creal Horton Pace Patman Jenks, N. H. Crosser Culkin Jensen Pearson Johns Peterson, Fla. Curtis Darden Darrow Johnson, Ill. Johnson, Ind. Plumley Poage Reed, Ill. Dies Johnson, Luther A Johnson, Lyndon Johnson, Okla. Johnson, W. Va. Reed, N. Y. Rees, Kans. Dirksen Ditter Doughton Dowell Rich Kean Kilday Robertson Doxey Drewry Kinzer Rodgers, Pa.

Romjue Rutherford Sandager Satterfield Schafer, Wis. Schwert Short Simpson Smith, Maine Smith, Ohio Smith, Va. Smith, W. Va. South Spence Springer Starnes, Ala Stearns, N. H. Stefan Sumner, Ill. Taber Talle Taylor, Colo. Terry Thomas, Tex. Thomason Tibbott Vincent, Ky. Vinson, Ga. Vorys, Ohio Vreeland Whelchel White, Ohio Whittington Williams, Mo. Wolcott Wolfenden, Pa Wolverton, N. J. Woodrum, Va. Zimmerman

NAYS-160

Lesinski Rogers, Mass. Eberharter Allen, Ill. Lewis, Colo. Lewis, Ohio Routzohn Ryan Allen, Pa. Elliott Andresen, A. H. Ellis Sabath Sacks Schuetz Fenton Flaherty Arnold Lauce McAndrews Barry Bates, Ky. Beam Flannery McCormack Fries Gavagan McGehee McKeough Schulte Scrugham Bloom Gearhart Gehrmann McLaughlin Secrest McLeod Seger McMillan, John L. Shanley Boland Geyer, Calif. Gossett Bolton Shannon Boren Sheppard Grant, Ala. Magnuson Bradley, Mich. Sirovich Smith, Conn. Smith, Wash. Snyder Somers, N. Y. Marcantonio Martin, Colo. Martin, Ill. Griffith Buck Hall Buckler, Minn. Bulwinkle Harrington May Merritt Hart Burdick Havenner Cannon, Fla. Healey Hendricks Mills, La Sparkman Steagall Mitchell Chapman Monroney Murdock, Ariz. Hill Sutphin Clason Sweeney Taylor, Tenn. Tenerowicz Thorkelson Hobbs Clevenger Coffee, Wash. Cole, Md. Holmes Myers Nichols Hook Collins Houston Norton O'Connor O'Day Tinkham Tolan Hull Connery Cooper Izac Jacobsen O'Leary O'Toole Treadway Van Zandt Crawford Jarman Voorhis, Calif. Owen Parsons Wallgren Walter Jenkins, Ohio Cullen Jones, Tex. Keller Cummings D'Alesandro Patrick Weaver Welch Patton Kelly Kennedy, Martin Kennedy, Md. Pierce, Oreg. Delaney Dempsey White, Idaho Wigglesworth Williams, Del. Pittenger Dingell Powers Dondero Keogh Rabaut Knutson Ramspeck Duncan Woodruff, Mich. Kocialkowski Rayburn Robinson, Utah Youngdahl Eaton, N. J. Leavy NOT VOTING-98

Crowther Hennings Peterson, Ga. Alexander Pfeifer Curley DeRouen Allen, La. Hess Pierce, N. Y. Polk Hoffman Hunter Anderson, Mo. Arends Dickstein Randolph Barnes Disney Douglas Jeffries Jones, Ohio Rankin
Kee Reece, Tenn.
Keefe Risk
Kennedy, Michael Robsion, Ky. Bates, Mass. Bell Bland Edmiston Elston Boykin Evans Kerr Kirwan Rockefeller Sasscer Faddis Bradley, Pa. Brewster Bryson Buckley, N. Y. Fay Ferguson Schaefer, Ill. Kramer Seccombe Shafer, Mich. Smith, Ill. Fernandez Lea McArdle Fitzpatrick Burch Byrne, N. Y. Folger Ford, Leland M. Ford, Thomas F. McGranery Smith, III McMillan, Thos. S.Sullivan Byron Caldwell Sumners, Tex. Thomas, N. J. McReynolds Maciejewski Casey, Mass. Celler Gartner Maloney Gathings Wadsworth Warren West Mansfield Chandler Martin, Mass. Gifford Clark Mason Wheat Wood Claypool Green Cluett Coffee, Nebr. Mouton Gregory Hare Hartley Murdock, Utah Osmers Cole. N. Y.

So the motion was agreed to.

The Clerk announced the following pairs: General pairs until further notice:

Mr. Rankin with Mr. Wadsworth.
Mr. Mansfield with Mr. Robsion of Kentucky.
Mr. Boykin with Mr. Martin of Massachusetts.
Mr. Warren with Mr. Hess.
Mr. Caldwell with Mr. Gartner.
Mr. Bland with Mr. Crowther.
Mr. Green with Mr. Arends.
Mr. West with Mr. Pierce of New York.
Mr. Kerr with Mr. Jones of Ohio.
Mr. Burch with Mr. Hoffman.
Mr. Hare with Mr. Douglas.
Mr. Gregory with Mr. Elston.
Mr. McReynolds with Mr. Wheat.
Mr. Fernandez with Mr. Wheat.
Mr. Fernandez with Mr. Thomas of New Jersey.
Mr. Peterson of Georgia with Mr. Cluett.
Mr. Maloney with Mr. Shafer of Michigan.
Mr. Lea with Mr. Gifford.
Mr. Gathings with Mr. Risk.
Mr. Barnes with Mr. Mason.
Mr. Chandler with Mr. Keefe.
Mr. DeRouen with Mr. Hartley.
Mr. Randolph with Mr. Brewster.
Mr. Fitzpetrick with Mr. Alexander.
Mr. Coffee of Nebraska with Mr. Bates of Massachusetts.
Mr. Mouton with Mr. Cole of New York.
Mr. Disney with Mr. Seccombe.
Mr. Thomas S. McMillan with Mr. Rockefeller.
Mr. Sumners of Texas with Mr. Osmers.
Mr. Wood with Mr. Leland M. Ford.
Mr. Hunter with Mr. Anderson of Missouri. General pairs until further notice:

Mr. Mr. Mr. Mr. Sullivan with Mr. Gibbs.
Bradley of Pennsylvania with Mr. Bell.
Pfeifer with Mr. Edmiston,
Kirwan with Mr. Celler.
Byrne of New York with Mr. Hennings.

Mr. Byrne of New York with Mr. Hennings.
Mr. Polk with Mr. Evans.
Mr. Casey of Massachusetts with Mr. Buckley of New York.
Mr. Murdock of Utah with Mr. Sasscer.
Mr. Faddis with Mr. Kee.
Mr. Byron with Mr. Fay.
Mr. Thomas F. Ford with Mr. McArdle.
Mr. Schaefer of Illinois with Mr. Michael J. Kennedy.

The result of the vote was announced as above recorded. The Clerk read as follows:

Title V—(H. R. 1857. For the relief of Nell Mullen). By Mr. BOLAND

That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Nell Mullen the sum of \$1,950, in full settlement of all claims she may have against the Government for injuries received by her in the United States Post Office Building, at Scranton, Pa.

With the following committee amendment:

Page 5, beginning in line 20, after the name "Mullen", insert "of Scranton, Pa."; and in line 21, strike out "\$1,950" and insert "\$950"; and in line 24, after the word "Pennsylvania", insert "on December 22, 1924, when she slipped and fell because of the wet condition of the floor of said building: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000."

The SPEAKER pro tempore (Mr. RAYBURN). The question is on the adoption of the committee amendment.

The committee amendment was agreed to.

Mr. HALLECK. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HALLECK: On pages 5 and 6, strike out all of title V.

Mr. HALLECK. Mr. Speaker, the facts presented by this amendment to strike title V are comparatively simple and I believe can be explained in a few words to the Members of the House to the end that an intelligent decision may be made.

Back in 1924, on December 22, a Miss Nell Mullen, living in Scranton, Pa., went into the post office in Scranton to mail a parcel-post package. It had been snowing outside all day and the Christmas rush was on. As a result of the congested condition of the post office and the snowy condition outside, the floor of the post office became damp and This lady slipped on the floor after entering the post office, fell, and injured her knee. The evidence is that she went to the hospital, and she did undoubtedly sustain some injury by reason of the fall.

Now, by this bill the Government is asked to pay \$950 upon alleged negligence. The theory advanced by the committee is not that the custodian could have kept the floor dry by mopping it, because that was impossible under the circumstances, but rather on the theory that the Government custodian of the building was required to sand the floor of the post office to make it less slippery. Now, I submit to the Members of the House that you cannot predicate negligence upon any such failure as that. There is no Member of this House who is a lawyer and schooled in the law who would hesitate to defend any case such as this predicated as it is upon such an allegation of negligence. Why, if that could be held to be actionable negligence, then every man running a little grocery store would be required to sand the floor every time it snowed outside and the snow was tracked in and the floor became wet as a result thereof. Why, we would be required to sand the floors at the entrance of the Capitol, if you please, every winter whenever any person having business here walked into this building to transact that business.

Negligence, as I understand, is a failure to do that which a reasonably prudent person would do under the same or similar circumstances.

I do not believe that any precedent or practice in this country would require that under such circumstances sand or sawdust be placed on the floor of that post office. My guess is that if you tried to fix the floors of the post offices in that manner we would soon get so many complaints that we would have to stop before we hardly started.

This item is not large. The item itself does not involve a lot of money, but my information is that claims of this sort are constantly being asked of the Claims Committee, and I am sure that if we open the door by allowing such a claim as this to get by and thereby put our stamp of approval upon an alleged liability against the Government in a case such as this, we will soon find that we will not have much time for anything other than the consideration of bills of this character. I make this argument in order that the membership may know the issue and pass on the question. This item was objected to. It is now placed in the omnibus bill, and I think the membership should strike it out of the bill by voting for my amendment in order that the precedent of allowing such claims be not made.

Mr. BOLAND. Mr. Speaker, will the gentleman yield?

Mr. HALLECK. Yes.

Mr. BOLAND. Do I infer from the gentleman's remarks that we would be establishing a precedent of negligence in cases of this kind? Is it the gentleman's idea to tell this House that this is a precedent? Is it not a fact that claims of this kind have been paid before?

Mr. HALLECK. I do not know whether any claim like this has ever before been paid, but my information on that is that numerous such claims have been referred to the committee and the committee has not been allowing them. Whether there may have been a prior precedent, I do not know, but as of this date I do not want a further precedent if there has already been one, and I do not want any further inspiration to people throughout the country to believe that the Government or an individual or a county government or a State government is liable under circumstances such as these.

Mr. HANCOCK. Mr. Speaker, will the gentleman yield? Mr. HALLECK. Yes.

Mr. HANCOCK. Is there any allegation that the floor was defective in any way, or that there was any obstruction there which contributed to this accident?

Mr. HALLECK. No; there is no such allegation. The whole claim is predicated upon the fact that the floor was damp, was wet, and I contend that any person of normal intelligence stepping on that kind of a floor would be charged with a higher degree of caution than they would be charged with coming onto a dry floor. It is exactly the same situation as would require the District of Columbia to sand the streets here every time it rained to the end that one's automobile would not skid.

The SPEAKER pro tempore. The time of the gentleman from Indiana has expired.

Mr. BOLAND. Mr. Speaker, no words are needed from me to put this case squarely before the House. The gentleman from Indiana, the objector, has presented his case, and I almost feel like leaving it as it is and taking the vote on the case as presented by him. He stated facts which, to my lay mind, convince me of negligence in the "nth" degree. He stated that there was no negligence involved in this case. The facts are that this lady, Nell Mullen, in all sincerity went into the post office at Scranton, Pa., to mail some parcel post, and with the crowded condition and the slippery condition of the floor it seems foolish to try to tell this body that there was no negligence at all upon the part of the custodian. It is a little beyond my comprehension. The facts are snow had been falling very heavily for hours previously to the accident, that the floor was slippery, and that the lady fell on the floor and broke her knee cap and was taken to the hospital and had to have treatment for 1 whole year. She was earning \$60 a month, and, because of the negligence of the custodian of the post office, she was incapacitated for 1 whole year, if you please, and lost a salary of \$60 a month for that period. It cost her hundreds of dollars for doctors' fees, and she is still under the doctor's care and has been since 1924.

Mr. WALTER. Mr. Speaker, will the gentleman yield? Mr. BOLAND. Yes.

Mr. WALTER. As I understand it, the floor in this Federal building is a marble floor.

Mr. BOLAND. Yes. Mr. WALTER. Were the usual precautions with respect to mats and carpets observed?

Mr. BOLAND. There were no mats or carpets; and when the gentleman from Indiana says that the custodian did not have to put sand or sawdust or something on the floor during that slippery period, I say to you again it is a little bit beyond my comprehension when he endeavors to tell an intelligent body like this that there was no negligence on the part of the custodian. I appeal to you men here from a humanitarian standpoint that this woman has suffered an injury and has continued to suffer since 1924. The injury is permanent. I cannot see any reason for making such a commotion over a sum like \$950, particularly in view of the fact that in the last Congress the House passed this bill but because of the situation at the time it was tied up in the Senate and was not enacted into law. The House passed this bill, and I appeal to you again not to cause this woman any more trouble or hardship than she has had already.

Mr. WALTER. What was the extent of the woman's

injury?

Mr. BOLAND. She broke her kneecap, and that is a permanent injury, regardless of what the gentleman from Indiana may think of the situation or his statement of it being a minor injury. I am not a lawyer, but I have seen negligence cases disposed of in the courts of Lackawanna County, Pa., where justice generally prevails. By the way, right in this gallery today we have a former district attorney of Lackawanna County, Pa., Mr. Harold Scragg, who would verify everything I would say in regard to negligence cases in our State. He is a lawyer of ability and has a very enviable record as a district attorney. I remember distinctly one negligence case where a sidewalk in front of one of the stores was only raised 21/2 inches, and because somebody tripped over that 21/2 inches damages to the extent of thousands of dollars were awarded. The Treasury Department does not deny the allegations nor does it offer the usual objection to its passage.

Mr. HALLECK. Mr. Speaker, will the gentleman yield? Mr. BOLAND. I yield.

Mr. HALLECK. Will the gentleman tell us whether or not any rule or regulation of the Post Office Department regarding the care of post-office lobbies in such cases was violated in this particular instance?

Mr. BOLAND. I am not involving any rules and regulations at all. I am not talking from the standpoint of negligence, and there was negligence on the part of the custodian in not having some substance on there that would prevent people from slipping and breaking their limbs and causing them to be crippled all their lives.

Mr. O'TOOLE. Mr. Speaker, will the gentleman yield?

Mr. BOLAND. I yield.

Mr. O'TOOLE. Is it not the law of Pennsylvania that where unusual conditions occur the custodial force must take unusual precautions?

Mr. BOLAND. There is no question about that.

Mr. HALLECK. Will the gentleman yield further? Mr. BOLAND. I refuse to yield any further in this case. I leave it entirely with the House to do the right thing by Miss Mullen, who has been crippled since 1924.

The SPEAKER pro tempore. The question is on the amendment offered by the gentleman from Indiana [Mr. HALLECK].

The question was taken; and on a division (demanded by Mr. Boland) there were ayes 46 and noes 73.

Mr. HALLECK. Mr. Speaker, I object to the vote on the ground that there is not a quorum present.

The SPEAKER pro tempore. The Chair will count. [After counting.] One hundred and sixty-three Members are present, not a quorum.

Drewry

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll. The question was taken; and there were-yeas 126, nays 183, answered "present" 1, not voting 120, as follows:

[Roll No. 84] YEAS-126

Andersen, H. Carl	Durham	Johnson, Lyndon	Rich
Anderson, Calif.	Dworshak	Johnson, Okla.	Rodgers, Pa.
Ashbrook	Eaton, Calif.	Johnson, W. Va.	Rogers, Mass.
Austin	Engel	Jones, Ohio	Romjue
Ball	Fish	Kean	Rutherford
Barden	Ford, Miss.	Kilday	Sandager
Barton	Fulmer	Kinzer	Schafer, Wis.
Beckworth	Gamble	Kitchens	Schiffler
Bender	Garrett	Lambertson	Smith, Ohio
Blackney	Gerlach	Landis	South
Bolton	Gillie	Lanham	Springer
Bradley, Mich.	Gore	Larrabee	Stefan
Byrns, Tenn.	Gossett	LeCompte	Sumner, III.
Carlson	Graham .	Ludlow	Taber
Carter	Grant, Ind.	McDowell	Talle
Case, S. Dak.	Griswold	Mahon	Terry
Chiperfield	Guyer, Kans.	Martin, Iowa	Thill
Church	Gwynne	May	Thorkelson
Cluett	Hall	Michener	Tibbott
Cochran	Halleck	Miller	Tinkham
Corbett	Hancock	Monkiewicz	Van Zandt
Costello	Harness	Moser	Vincent, Ky.
Courtney	Harter, N. Y.	Mundt	Vorys, Ohio
Crawford	Heinke	Murdock, Ariz.	Vreeland
Crowe	Hinshaw	Murray	White, Ohio
Culkin	Hope	Norrell	Whittington
Curtis	Horton	O'Brien	Williams, Del.
Dirksen	Jenkins, Ohio	O'Neal	Williams, Mo.
Dondero	Jensen	Pearson	Wolcott
Dowell	Johns	Reed, Ill.	Zimmerman
Doxey	Johnson, Ill.	Reed, N. Y.	

Rees, Kans.

Johnson, Ind.

Allen, Pa.	Ellis	McGehee	Ryan
Andresen, A. II.	Englebright	McGranery	Sacks
Andrews	Fenton	McKeough	Satterfield
Angell	Flaherty	McLaughlin	Schuetz
Arnold	Flannery	McLeod	Schwert
Barry	Fries	McMillan, John I	
Beam	Gavagan	Maas	Secrest
Bell	Gearhart	Maciejewski	Shanley
Bland	Gehrmann	Magnuson	Shannon
Bloom	Geyer, Calif.	Mapes	Sheppard
Boland	Grant, Ala.	Marcantonio	Short
Bolles	Gregory	Martin, Colo.	Sirovich
Brooks	Griffith	Massingale	
		Merritt	Smith, Conn.
Brown, Ga.	Harrington Hart	Mills, Ark.	Smith, Maine
Buck			Smith, Wash.
Buckler, Minn.	Harter, Ohio	Mills, La.	Smith, W. Va.
Bulwinkle	Havenner	Mitchell	Snyder
Burdick	Hawks	Monroney	Somers, N. Y.
Burgin	Healey	Mott	Sparkman
Cannon, Fla.	Hill	Myers	Spence
Cannon, Mo.	Hobbs	Nelson	Starnes, Ala.
Cartwright	Holmes	Nichols	Steagall
Chapman	Hook	Norton	Sweeney
Clason	Houston	O'Leary	Tarver
Coffee, Wash.	Hull	Oliver	Taylor, Tenn.
Cole, Md.	Jacobsen	O'Toole	Tenerowicz
Colmer	Jarman	Owen	Thomas, N. J.
Connery	Jarrett	Pace	Thomas, Tex.
Cooper	Johnson, Luther A	Parsons	Thomason
Cox	Jones, Tex.	Patman	Tolan
Creal	Kelly	Patrick	Treadway
Crosser	Kennedy, Martin	Patton	Vinson, Ga.
Crowther	Kennedy, Md	Peterson, Ga.	Voorhis, Calif.
Cullen	Keogh	Pierce, Oreg.	Wallgren
D'Alesandro	Kleberg	Pittenger	Walter
Darden	Knutson	Plumley	Warren
Darrow	Kocialkowski	Poage	Weaver
Delaney	Kunkel	Powers	Welch
Dies	Leavy	Rabaut	Whelchel
Dingell	Lemke	Ramspeck	White, Idaho
	Lesinski	Rayburn	Wigglesworth
Disney	Lewis, Colo.	Richards	Winter
Ditter			Wolfenden, Pa.
Duncan	Lewis, Ohio	Robertson	
Eaton, N. J.	Luce	Robinson, Utah	Wolverton, N. J.
Eberharter	McAndrews	Rogers, Okla.	Youngdahl
Elliott	McCormack	Routzohn	

ANSWERED "PRESENT"-1

Dunn

NOT VOTING-120

		Market Street Company of the Company	
Alexander Allen, Ill. Allen, La. Anderson, Mo.	Bradley, Pa. Brewster Brown, Ohio Bryson	Chandler Clark Claypool Clevenger	DeRouen Dickstein Doughton Douglas
Arends Barnes	Buckley, N. Y.	Coffee, Nebr.	Edmiston
Bates, Ky.	Byrne, N. Y.	Collins	Evans
Bates, Mass.	Byron Caldwell	Cooley Cummings	Faddis Fay
Boehne Boren	Casey, Mass.	Curley	Ferguson
Boykin	Celler	Dempsey	Fernandez

Fitzpatrick	Izac	Martin. Mass.	Schaefer, Ill.
Flannagan	Jeffries	Mason	Schulte
Folger	Jenks, N. H.	Mouton	Seccombe
Ford, Leland M.	Kee	Murdock, Utah	Seger
Ford, Thomas F.	Keefe	O'Connor	Shafer, Mich.
Gartner	Keller	O'Day	Simpson
Gathings	Kennedy, Michael	Osmers	Smith, Ill.
Gibbs	Kerr	Peterson, Fla.	Smith, Va.
Gifford	Kirwan	Pfeifer	Stearns, N. H.
Gilchrist	Kramer	Pierce, N. Y.	Sullivan
Green	Lea	Polk	Sumners, Tex.
Gross	McArdle	Randolph	Sutphin
Hare	McLean	Rankin	Taylor, Colo.
Hartley	McMillan, Thos. S	Reece, Tenn.	Wadsworth
Hendricks	McReynolds	Risk	West
Hennings	Maloney	Robsion, Ky.	Wheat
Hess	Mansfield	Rockefeller	Wood
Hoffman	Marshall	Sabath	Woodruff, Mich.
Hunter	Martin, Ill.	Sasscer	Woodrum, Va.

So the amendment was rejected.

The Clerk announced the following additional pairs:

General pairs until further notice:
Mr. Rankin with Mr. Wadsworth.
Mr. Mansfield with Mr. Robsion of Kentucky.
Mr. Boykin with Mr. Martin of Massachusetts.
Mr. Caldwell with Mr. Gartner.
Mr. Green with Mr. Arends.
Mr. West with Mr. Pierce of New York.
Mr. Burch with Mr. Hoffman.
Mr. Hare with Mr. Douglas.
Mr. McReynolds with Mr. Wheat.
Mr. Maloney with Mr. Shafer of Michigan.
Mr. Lea with Mr. Gifford.
Mr Gothings with Mr Diek

Mr. Maloney with Mr. Shafer of Michigan.
Mr. Lea with Mr. Gifford.
Mr. Gathings with Mr. Risk.
Mr. Barnes with Mr. Mason.
Mr. Chandler with Mr. Keefe.
Mr. DeRouen with Mr. Hartley.
Mr. Randolph with Mr. Brewster.
Mr. Fitzpatrick with Mr. Alexander.
Mr. Coffee of Nebraska with Mr. Bates of Massachusetts.
Mr. Allen of Louisiana with Mr. Bates of Massachusetts.
Mr. Mouton with Mr. Cole of New York.
Mr. Thomas S. McMillan with Mr. Rockefeller.
Mr. Sumners of Texas with Mr. Osmers.
Mr. Wood with Mr. Leland M. Ford.
Mr. Kerr with Mr. Hess.
Mr. Fernandez with Mr. Eiston.
Mr. Woodrum of Virginia with Mr. Seccombe.
Mr. Cooley with Mr. Seger.
Mr. Doughton with Mr. Woodruff of Michigan.
Mr. Smith of Virginia with Mr. McLean.
Mr. Collins with Mr. Gilchrist.
Mr. Boehne with Mr. Allen of Illinois.
Mr. Dempsey with Mr. Jenks of New Hampshire.
Mr. Fiannagan with Mr. Reece of Tennessee.
Mr. Schulte with Mr. Stearns of New Hampshire.
Mr. Sutphin with Mr. Gross.
Mr. Peterson of Florida with Mr. Marshall.
Mr. Boren with Mr. Brown of Ohio.
Mr. Cummings with Mr. Simpson.
Mr. Kramer with Mr. Clevenger.
Mr. O'Connor with Mr. Anderson of Missouri.
Mr. Sullvan with Mr. Anderson of Missouri.
Mr. Flendricks with Mrs. O'Day.
Mr. Hendricks with Mrs. O'Day.
Mr. Hendricks with Mr. Gibbs.
Mr. Peifer with Mr. Edmiston.
Mr. Kirwan with Mr. Celler.
Mr. Byrne of New York with Mr. Buckley of New York.
Mr. Mr. Gasey of Massachusetts with Mr. Buckley of New York.
Mr. Faddls with Mr. Kee.
Mr. Byron with Mr. Kee.
Mr. Byron with Mr. Kee.
Mr. Byron with Mr. Kee.
Mr. Bradley of Pennsylvania with Mr. Michael J. Kennedy.
Mr. Bradley of Pennsylvania with Mr. Izac.
The result of the vote was announced as above recore
The doors were opened.

The result of the vote was announced as above recorded. The doors were opened.

The Clerk read as follows:

Title VI—(H. R. 2055, For the relief of the K. E. Parker Co.)
By Mr. HAVENNER

That the Secretary of the Treasury be, and he is hereby, author-That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the K. E. Parker Co., subcontractors, the sum of \$2.697.46 in payment for work done by the said company in repairing damages to the machine and electric shop building at Bremerton Wash., caused by storm on October 23 and 24, 1934.

With the following committee amendment:

On page 6, line 15, after the word "Company", strike out the balance of line 15, down through the figures "1934", in line 18, and insert the following: "of San Francisco, Calif., the sum of \$1,878.98, on behalf of its subcontractors, Alta Roofing Co., Habenicht & Howlett, and Morrison & Co., all of San Francisco, Calif., in full settlement of all claims against the United States for repairing damage to roofing on a machine- and electric-shop building, Puget Sound Navy Yard, Bremerton, Wash., caused by the severe storm

of October 21, 1934, which building was under construction by the K. E. Parker Co. by contract NOy-1942, dated October 21, 1933: Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in con-nection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000."

The committee amendment was agreed to.

The Clerk read as follows:

Title VII—(H. R. 2086. For the relief of Joseph Sciortino.) By Mr. O'Toole

That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Joseph Sciortino, the sum of \$1,000, in full settlement of all claims against the Government of the United States for a bond deposited as security and filed with the clerk of the United States District Court for the Northern District of New York and later forfeited for the failure of one Salvatore Sollano to appear therein: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

With the following committee amendment:

On page 7, line 16, strike out down to and including "\$1,000" in line 7, page 8, and insert the following: "of Brooklyn, N. Y., the sum of \$1,000, in full satisfaction of his claim against the United States for the value of a Liberty bond deposited with the United States District Court for the Northern District of New York for the release of an alien, Salvatore Sollano, pending determinafor the release of an alien, Salvatore Sollano, pending determina-tion of habeas corpus proceedings instituted by said alien to deter-mine the validity of a warrant of deportation against him, and subsequently forfeited on order of said court, although the alien was available for deportation at all times and was in fact deported from the United States on May 19, 1934: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof chall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful any contract to the contrary notthe same shall be unlawful, any contract to the contrary not-withstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000."

The SPEAKER pro tempore (Mr. Parsons). The question is on the committee amendment.

The committee amendment was agreed to.

The Clerk read as follows:

Title VIII-(H. R. 2160. For the relief of S. Uttal.) By Mr. Voornis of California

That the Secretary of the Treasury is hereby authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to S. Uttal, of Los Angeles, Calif., the sum of \$2,900, in full settlement of all claims against the United States for the refund of a deposit made by him on March 19, 1924, in connection with the proposed purchase of surplus material at public auction at the Navy Yard, Mare Island, Calif.: Provided, That no auction at the Navy Yard, Mare Island, Calif.: Provided, That no part of the amount appropriated in this act in excess of 40 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall standing. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

With the following committee amendment:

Page 9, beginning in line 3, strike out all down to and includ-

Page 9, beginning in line 3, strike out all down to and including line 22, and insert the following:

"That the Secretary of the Treasury is hereby authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to S. Uttal, of Los Angeles, Calif., the sum of \$1,438.07, in full settlement of all claims against the United States for the refund of a deposit made by him on March 19, 1924, in connection with the proposed purchase of surplus material at public auction at the Navy Yard, Mare Island, Calif.: Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to with this claim, and the same shall be unlawful, any contract to

the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000."

The committee amendment was agreed to.

Mr. HANCOCK. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HANCOCK: On page 9, strike out all

Mr. HANCOCK. Mr. Speaker, if I may have the attention of the House for about 2 minutes, I can make the facts clear in this simple claim.

It arises out of an auction sale conducted by the Navy Department at Mare Island in 1924. The claimant was the successful bidder on a quantity of miscellaneous articles, and in pursuance of the terms of the auction he deposited 20 percent of his bid, namely, about \$2,900. Under the terms of the sale the balance was due within 10 days. Despite the fact that the man received notice repeatedly to accept delivery of the goods and pay the balance due, he failed to do About 2 months later, after the purchaser had been notified time after time, the Government disposed of the goods elsewhere and declared the deposit forfeited, in accordance with the terms of the sale.

Let me read exactly what the terms of sale were in this regard:

In case of failure to carry out the terms of the payment, the 20-percent deposit will be forfeited to the United States Government as liquidated damages, and the bidder shall lose all right and interest in the material.

I assume it will be contended that such a clause is a penalty and not a forfeiture.

In answer to that let me refer to the case of Hickey v. United States (65 C. Cls. 729). I read from the syllabus in that case:

Where a contract of sale provides that if the balance of the purchase money is not paid within the time specified, "the Government reserves the right to forfeit the deposit as liquidated damages, and the bidder shall lose all right or interest in the property," failure to comply with the condition gives the Government the right to rescind the contract and appropriate the deposit.

Those are the facts in this case. There is no legal claim here whatever. We are absolutely without any justification to refund this amount of money; and, as pointed out by the Comptroller General, it is a question of policy whether the Congress will now make an exception to the law in this particular case. If we do so, there would appear to be no sound reason why other parties similarly situated should not be similarly treated. I assume there are hundreds of bidders who have been obliged to forfeit down payments. If we are going to relieve this man of his obligation, there is no reason in the world why we should not pass a general law and say that in all cases whatsoever the amount of the deposit shall be refunded to the bidder if he fails to complete a purchase.

I assume this is a case like so many others where the man was simply making a speculation. He made the initial deposit and figured on disposing of the goods at a profit before the final payment came due. He was disappointed in that and forfeited the original payment.

We feel sorry for this man; we are sorry for any man who sustains a loss; but, after all, we have an obligation to protect the interests and the rights of the people of the United States even though the amount involved is only \$2,900.

Mr. VOORHIS of California. Mr. Speaker, I rise in opposition to the amendment.

Mr. Speaker, there is no doubt but what the House can pass this amendment and deny this man any portion of this claim, if it wants to. It happens that the man in question is a rather old individual who is crippled. He hobbles about on a pair of crutches. So far as I am able to determine he has no resources whatsoever.

The proposal before us is not that he get back the entire amount that was forfeited by him. The facts of the situation are that he was the successful bidder, but that the Navy did not actually deliver any goods to him at all. He claims that he did not understand the terms of this sale, that he

thought he could take the goods a few at a time and by disposing of them he could pay for them over a period of time. Be that as it may, the fact remains that he never got any of the goods at all and that \$2,876; namely, 20 percent of the sale price, was forfeited to the Government.

It is not proposed in this bill to restore the full amount to him, but only \$1,438 and some odd cents, leaving to the Government \$1,442, which certainly should be ample in the form of liquidated damages, even on the assumption that the Navy suffered a loss when it did finally resell the goods.

My contention is that as a matter of plain, elemental justice, since it would inflict a severe penalty upon this individual, that this amendment offered by the gentleman from New York, should be voted down and the bill should be passed as reported out by the committee. I appeal to the House as earnestly as I know how that it vote down the amendment offered by the gentleman from New York and pass the bill as it came from the committee.

Mr. HOUSTON. Mr. Speaker, will the gentleman yield? Mr. VOORHIS of California. I yield.

Mr. HOUSTON. This was a deposit made at the time of bidding, as I understand, a deposit he was supposed to make; and the terms of the sale are as described by the gentleman from New York.

Mr. VOORHIS of California. Yes.

Mr. HOUSTON. Then why were not the goods delivered

Mr. VOORHIS of California. He could not take them. He found that some of the goods were not of the quality he had believed them to be, and he was not able to put up his money. He therefore could not or did not make the final payment. At any rate, none of the goods were delivered to him, and this money was forfeited for that reason.

Mr. HOUSTON. The Government has not lost any money, has it?

Mr. VOORHIS of California. No; and even if this bill is passed as reported by the committee, the Government will keep \$1,442 of the amount forfeited.

Mr. HOUSTON. Is that over and above the \$2,900?

Mr. VOORHIS of California. No; that is a portion of the \$2,900.

Mr. HANCOCK. Mr. Speaker, will the gentleman yield?

Mr. VOORHIS of California. I yield.

Mr. HANCOCK. I do not find anything in the report concerning the amount the Government ultimately received for these goods. They may have sustained a loss. They may have sold them for \$2,000 or \$5,000. The report is silent on that. The business of this man was to purchase goods at auction sales and to attempt to dispose of the goods. The probabilities are that he bid on these goods thinking he could make a quick turn-over and profit before he had to take them, but being disappointed in that he

I do not like to take issue with the gentleman from California, but I do not find anything in the report to the effect that these goods were not all they were represented to be. The man entered into a contract and defaulted, apparently, simply because he could not dispose of the goods before final payment became due in accordance with the terms of the contract; he forfeited his money, that is all. He was given ample time; instead of the 10 days he had a couple of months.

Mr. VOORHIS of California. Mr. Speaker, will the gentleman let me reply to his question?

The committee in its report has this to say: That in the opinion of the committee 20 percent of the total price of the goods is exorbitant as liquidated damages, and obviously was a penalty. It seems to me that the committee is right.

The way the pending bill reads it is not a proposition of not inflicting any damages against this man, but damages are to be paid to the extent of \$1,442. It seems to me the Government has been adequately compensated in this matter and that the passage of this bill and the defeat of the gentleman's amendment would be a matter of evident justice. I hope the amendment offered by the gentleman from New York will be voted down.

Mr. EBERHARTER. Mr. Speaker, will the gentleman vield?

Mr. VOORHIS of California. I yield.

Mr. EBERHARTER. Had the Government lost anything as a result of this transaction, does not the gentleman think such fact would have appeared in the report of the committee?

Mr. VOORHIS of California. Yes, I do. I have no means of telling about that; but at any rate, as the bill now stands. the Government has \$1,442 to cover that, even if the bill

[Here the gavel fell.]

The SPEAKER pro tempore. The question is on the amendment offered by the gentleman from New York [Mr.

The question was taken; and on a division (demanded by Mr. Voorhis of California) there were-ayes 51, noes 61.

So the amendment was rejected.

The Clerk read as follows:

Title IX—(H. R. 2355. To provide for the carrying out of the award of the National War Labor Board of April 11, 1919, and the decision of the Secretary of War of date November 30, 1920, in favor of certain employees of the Minneapolis Steel & Machinery Co., Minneapolis, Minn.; of the St. Paul Foundry Co., St. Paul, Minn.; of the American Hoist & Derrick Co., St. Paul, Minn.; and of the Twin City Forge & Foundry Co., Stillwater, Minn.) By Mr.

That the Secretary of War is authorized and directed to pay and discharge the claims of certain employees, or their heirs, administrators, or executors, of the Minneapolis Steel & Machinery Co., Minneapolis, Minn.; of the St. Paul Foundry Co., St. Paul, Minn.; of the American Hoist & Derrick Co., St. Paul, Minn.; and of the Twin City Forge & Foundry Co., Stillwater, Minn., for additional compensation for work performed as employees of such companies in the execution of contracts made by such companies and the United States and for the manufacture of war materials for the use of the War Department, Navy Department, or the other military forces of the United States. Such payment shall be based upon the principles laid down in the award of the National War Labor Board of April 11, 1919, and the decision of the Secretary of War of date November 30, 1920, and shall be in accordance with the interpretations and classifications and adjustments made under the direction of the Board in pursuance of such award. In the case of any employees with respect to whom classifications and adjustments have not been made in pursuance of such award and interpretations thereof, the Secretary of War shall make the classifications and adjustments necessary for the payment and discharge of claims under this act. of claims under this act.

SEC. 2. That no payment under this act shall be made after the expiration of 2 years from its passage unless prior to the expiration of such time a claim therefor is presented to the Secretary of War in such manner as he shall by regulations prescribe.

SEC. 3. That the provisions of the act shall not apply to any em-

ployees of such companies with respect to whom the award of the National War Labor Board was carried out, nor shall this act be construed to prejudice any claims which the employees receiving the benefits thereof may have in respect to contracts made by the companies and the United States for the manufacture of materials for the use of any department or service of the Government other than the War Department, Navy Department, or the other military forces of the United States.

SEC. 4. That there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, such sum, not in excess of \$1,200,000, as may be necessary to carry out the provisions of

SEC. 5. No part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with these claims, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

Mr. REED of New York asked and was given permission to extend his own remarks in the RECORD.

FIRST OMNIBUS CLAIMS BILL

MINNEAPOLIS STEEL & MACHINERY CO.

Mr. BARDEN. Mr. Speaker, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. Barden: Beginning on page 10, line 14, strike out all of title IX.

Mr. BARDEN. Mr. Speaker, I think it can be truthfully said that this is about the worst section I have ever seen come to the floor of the House in a bill for consideration.

The provision under consideration attempts to provide \$1,200,000 to pay a group of steel workers who were employed in a steel plant engaged in the manufacture of munitions and war supplies. This was in 1918 during the World War and at a time when this Nation was engaged in war some 21 years ago. And there is no doubt in my mind but that every labor organization in America would frown on this type of

The provision attempts to provide excess pay for labor performed during that period of the war. They were not having any trouble with their employer. They were getting high

wages.

Mr. RYAN. Will the gentleman yield?

Mr. BARDEN. I yield to the gentleman from Minnesota.

Mr. RYAN. Does not the gentleman know the War Labor Board determined that they were having labor trouble and determined that a labor controversy existed, before this agreement was made? The gentleman has stated no labor controversy existed, but the War Labor Board found there was a labor controversy.

Mr. BARDEN. I am under the impression, after reading the report in this case, that the principal disturbance was between two unions on the outside and that the manufacturer himself was in between, so to speak. The War Labor Board. as I understand the matter, was only concerned with a portion

of the contract involved.

The War Labor Board or someone in Washington permitted a representative or agent of the Government to go down and he made certain promises to the workmen that if they would keep on working and not shut down and go on strike, with 2,000,000 of our boys over yonder, leaving them with empty guns, they would adjust the differences and take care of the back pay. These people were furnishing the munitions for our Army and Navy and were threatening to go on strike, when they were getting higher wages than other people engaged in similar work, and approximately five times as much as those of us who were in the Army and Navy were getting.

Mr. RYAN. Is it not true that was done pursuant to an act of the President in setting up the War Labor Board so that it could cope with such emergencies, without interruption to the furnishing of munitions needed in France?

Mr. BARDEN. Yes; but there is a very serious question about that agent having any such authority to make the agreement involving the Government. Every Secretary of War since that time has ruled he did not have the authority and three Congresses have refused to pass this bill. In the Seventy-fourth Congress it was defeated by a yea-and-nay vote on the floor of the House. A record of this vote appears on pages 3892 and 3893 of the Congressional Record of March 17, 1936.

Mr. RYAN. Does the gentleman know how the Secretary

of War who was Secretary at that time ruled in this case? Mr. BARDEN. He evidently passed it over in the war scramble. Certainly, if he had been very anxious to see it paid, he could have provided for its payment. But admitting that there is some color of claim, it is estimated that the least possible expense you could get by with in trying to find these employees now would be \$125,000 just to find them. How are you going to find this group of steelworkers who worked in these plants 21 years ago? It is an impossible situation and this section would provide \$1,200,000 of Government money when the Government does not owe one dollar of it.

Mr. RYAN. The bill provides that each of these people shall submit a claim and shall establish their claim, then the War Department may pass on the individual claim before any money will be paid.

Mr. BARDEN. It also provides 10 percent for the attorneys, or approximately \$125,000 attorney fees. I hope the

House will strike this section from the bill.

[Here the gavel fell.]

amendment offered by the gentleman from North Carolina [Mr. BARDEN].

Mr. RYAN. Mr. Speaker, I rise in opposition to the

Mr. Speaker, at the outset I want to correct an impression under which the gentleman from North Carolina [Mr. BARDEN] is laboring, to the effect that this bill was defeated on the floor of the House in the last Congress by a yea-andnay vote. I am informed by the chairman of the committee that is not the fact; that the bill was contained in an omnibus bill last year, but never reached the floor for a yea-and-nay

Mr. BARDEN. Will the gentleman yield for a comment on that situation?

Mr. RYAN. I yield to the gentleman from North Carolina. Mr. BARDEN. I think possibly we can determine whether or not it was a yea-and-nay vote. However, it was defeated, was it not?

Mr. RYAN. The information which I have from the chairman of the committee is that the bill was not considered on the floor nor even voted on on the floor in the Seventy-fifth Congress.

Mr. BARDEN. It has been before the House for three Congresses, has it not?

Mr. RYAN. It did not reach a vote on its merits last year. That applies to the whole of the gentleman's argument that this is an old bill. It is difficult to get a claims bill on the floor for consideration, as the gentleman well knows if he has tried it. Throughout the years efforts have been made, since the Sixty-eighth Congress, to get this matter on the floor for consideration on its merits.

Mr. BARDEN. Mr. Speaker, will the gentleman yield?

Mr. RYAN. I yield to the gentleman from North Carolina. Mr. BARDEN. I would like to say in connection with the yea-and-nay vote that I was accepting the notes furnished me as being correct. If the record does not support the notes furnished me, then I would not want to give the wrong impression.

Mr. RYAN. The bill was perhaps voted on in the Seventyfourth Congress, and that may be the gentleman's information. These are the facts:

The War Labor Board was set up by President Wilson for the purpose of adjusting labor difficulties which might arise in connection with contracts dealing with the furnishing of munitions to our Army. This was done in order that such adjustments could be made before the controversies came to the point of strikes and labor difficulties which would have crippled the operation of our Army in the field. Pursuant to the powers given to that Board an agent was sent to Minneapolis and to the adjoining territory because of these threatened labor difficulties in connection with the supplying of munitions to our Army. That man went to Minnesota. He met with the employees in many meetings and promised them that the War Labor Board would give them these increases. Then, later, after the war was over, and after the men had relied upon the representations this agent had made and had remained at work and had not brought their difficulties to the point where it would have crippled the operation of the plant, the Board of Contract Adjustment passed favorably on these claims and reported favorably on them to Secretary of War Newton D. Baker.

Mr. MAAS. Mr. Speaker, will the gentleman yield? Mr. RYAN. I yield to the gentleman from Minnesota.

Mr. MAAS. Is it not true that a claim was paid by this

Congress in the Bethlehem Steel case under identical facts? Mr. RYAN. I understand that in the case of the Bethlehem Steel Co. the employees were paid not by the Congress but by the War Labor Board, without action by Congress.

Mr. PITTENGER. Mr. Speaker, will the gentleman yield? Mr. RYAN. I yield to the gentleman from Minnesota.

Mr. PITTENGER. I call the attention of the gentleman to page 64 of the report, where it is stated that Secretary of War Newton D. Baker handed down a favorable decision.

Mr. RYAN. The gentleman is correct.

Mr. PITTENGER. I will ask if there is anything wrong with that statement of the committee report?

Mr. HOOK. Mr. Speaker, will the gentleman yield? Mr. RYAN. I yield to the gentleman from Michigan. Mr. HOOK. Does the gentleman mean to tell the Congress that these men were ready and willing to go on a strike and stop sending munitions overseas when our boys overseas needed them? I think enough profits were made in this war

without giving away some more.

Mr. RYAN. I mean to say that the War Labor Board determined that a labor controversy existed, which it settled before there was any strike. The men patriotically went on with their work pursuant to that agreement in reliance on the representation of the duly authorized agent of the President. The Secretary of War, Newton D. Baker, the man who was in charge of our forces, found there had been a labor controversy and that the War Labor Board had maintained the status quo by reason of assurances explicitly and publicly given to these men that they could continue their work relying on these promises.

Mr. YOUNGDAHL. Mr. Speaker, will the gentleman

vield?

Mr. RYAN. I yield to the gentleman from Minnesota.

Mr. YOUNGDAHL. The gentleman from North Carolina stated that the several succeeding Secretaries of War have disregarded the order made by the Honorable Newton D. Baker, Secretary of War during President Wilson's administration, and paid no attention to it. May I refer to the decision of the Supreme Court, shown on page 75 of the committee report, the crux of the decision being as follows:

It is no longer a case between the correctness of one officer's judgment and that of his successor.

This decision was rendered in the case of United States

against Bank of Metropolis.

Therefore, I believe that when the Secretary of War, the Honorable Newton D. Baker, made his decision, that should have been final; and it was a contractual obligation between the Government and the claimants.

[Here the gavel fell.]

The SPEAKER pro tempore. The question is on the amendment offered by the gentleman from North Carolina to strike out all of title IX.

The question was taken; and on a division (demanded by Mr. Ryan) there were—ayes 60, noes 30.

So the amendment was agreed to.

INTERNATIONAL GRAIN CO., INC.

The Clerk read as follows:

Title X-(H. R. 2356. For the relief of the International Grain Co., Inc.) By Mr. RYAN

That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to International Grain Co., a Minnesota corporation, of Minneapolis, Minn., the sum of \$18,499.61, in full satisfaction of its claim against the United States for the difference between the contract price stated in the contract entered into by the War Department with the said International Grain Co., a Minnesota corporation, of Minneapolis, Minn., under date of September 15, 1918, for the storage of oats and the amount received by the said company from the War Department therefor; and for storage of several carloads of oats for which no payment has been made: Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

Mr. COSTELLO. Mr. Speaker, I offer an amendment. The Clerk read as follows:

Amendment offered by Mr. Costello: On page 13, beginning with line 1, strike out all of title \mathbf{X} .

ADJOURNMENT OVER

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

OMNIBUS CLAIMS BILL

INTERNATIONAL GRAIN CO., INC.

Mr. COSTELLO. Mr. Speaker, the present bill involves the payment of \$18,499 to the International Grain Co. The

facts of the case, briefly, are that in April 1918 a contract was entered into by the War Department with the International Grain Co. for the storage of wheat. In September of the same year a new contract was entered into providing for an increase in the rental of the storage space. Apparently no grain was stored in the warehouse until about August of that year. Subsequently an attempt was made by the War Department to enter into a third contract with this company and with various others. A few companies did sign the third contract; a majority of them rejected the third contract.

The time came for settlement of these various cases. Many of them the War Department did settle under the terms of the second agreement. However, in the present case, when the matter came up for settlement, it was referred to the Comptroller General's office, and because of the adverse report of the Comptroller General this particular claim has not been paid. The Comptroller General bases his objections upon the following statement:

The claim was disallowed on the ground that the claimant had received payment for the storage in accordance with the agreement effective April 1, 1918, which, though not a valid contract, was evidence of the intention of the parties, and for the further reason that, having certified the vouchers on which payments were made at the rate fixed in such agreement as being correct, its rights to payment for storage were exhausted.

In other words, when the International Grain Co. received vouchers in payment for storage of the grain made out in accordance with the terms of the agreement of April 1, 1918, the first contract, it accepted those vouchers in full settlement of the amount due. The company now comes to the Congress and endeavors to recover \$18,000 additional which it would have received if payment had been made under the terms of the second contract, entered into in September of 1918.

By accepting the vouchers, in my opinion, they acknowledged their acceptance of full payment under the terms of the first contract and therefore should be estopped from setting up any right to demand the increase provided in the purported second contract.

The Comptroller General's office contends that neither contract was really entered into validly in that they were not approved by the War Department here in Washington, although approved in the District. In my opinion, the company has received the full amount to which it is legally entitled, and therefore this title should be stricken from the present bill.

[Here the gavel fell.]

Mr. RYAN. Mr. Speaker, I rise in opposition to the amend-

Mr. Speaker, it will be observed that this bill proposes to pay the one remaining company which was not paid pursuant to the amount prescribed in the so-called second contract for the storage of this grain. Twenty-three other companies, all of them listed in the report on the bill, were paid according to the amount prescribed in the second contract.

The facts are these: The Government needed additional storage space throughout the country for oats and other grains required for the service and for the furnishing of forage for the Army. They entered into contracts with various elevator companies. This company, the International Grain Co., was not in the regular course of its business storing grain for any outsider, or any grain except such as was owned by the company itself, but for patriotic reasons they volunteered the storage that they gave under this first contract. For 90 days they received no grain. That contract provided that after the first 10 days they were to be paid at the rate of one-thirtieth of a cent per day per bushel. They notified the Government that they could not furnish the storage or hold it available any longer at that rate. As a result the Government furnished them with another contract providing for the payment of one-fifteenth of a cent per day instead of one-thirtieth of a cent for every day after the first 10 days. Consequently they went ahead and stored grain pursuant to that arrangement. Later, when the payments were made, they were paid according to the first contract at one-thirtieth of a cent instead of the contract under which they were then operating providing for one-fifteenth of a cent.

This bill proposes to pay them the additional one-thirtieth of a cent under which they stored the grain and which was signed and agreed to both by the War Department and the elevator company before this grain was stored.

The Quartermaster General's Department has reported favorably on the bill. Twenty-three other companies have been paid according to this contract, but this company alone

has not received the amount agreed upon.

Mr. PITTENGER. Mr. Speaker, will the gentleman yield?

Mr. RYAN. I yield.

Mr. PITTENGER. As a matter of fact, this is simply a bill to have the Government pay an old debt for storage space for grain which everybody admits it owes, and which was held up on a technicality in the Comptroller General's Office.

Mr. RYAN. It proposes, as the gentleman says, to pay the amount agreed upon, under a contract the validity of which between private parties could not be questioned, but which has been held invalid on a technicality by the Comptroller General's Office, although the contract was executed and neither the War Department, the elevator company, nor anyone else denies that this was the contract under which they operated and under which they were expected to receive payment and under which all the other companies under similar circumstances actually were paid.

[Here the gavel fell.]

The SPEAKER pro tempore. The question is on the amendment offered by the gentleman from California [Mr. Costello].

The question was taken; and on a division (demanded by Mr. Costello) there were—ayes 41, noes 42.

So the amendment was rejected.

Mr. HOOK. Mr. Speaker, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. Hook: Page 13, line 8, strike out "\$18,499.61" and insert "\$8.80."

Mr. KENNEDY of Maryland. Mr. Speaker, I make the point of order that the amendment comes too late.

The SPEAKER pro tempore (Mr. Parsons). The bill has not been finally passed upon, and the Chair thinks that we are still upon that particular paragraph, c. title X of the bill, and overrules the point of order. The gentleman from Michigan is recognized for 5 minutes.

Mr. HOOK. Mr. Speaker, I am not going to take 5 minutes. If gentlemen will look on page 83 of the report, they will find that the Comptroller General states:

Upon review the settlement is revised, and the sum of \$8.80

is certified as due the claimant.

Now, if only \$8.80 is certified by the Comptroller General as due to the claimants, why are we going to give them over \$18,000?

Mr. RYAN. Mr. Speaker, I rise in opposition to the amendment. I read from the report of the brigadier general of the Quartermaster's Corps, of paragraph 7 of his findings:

This office is accordingly forwarding this case for review and examination, with the recommendation that such action as may be necessary be taken for the purpose of securing a disbursement in favor of the claimant herein in the total sum of \$19.713.79, after certification from the Chief of Finance that disbursement in payment thereof has not previously been made.

The Comptroller General found there was \$8.80 due, and that amount was paid, but the House has just acted upon the balance of the claim, all of which was found by the Comptroller General to be not payable because of the fact he claimed the contract was invalid. That has already been determined, and it is entirely out of line to claim now that the fact that the Comptroller General found \$8.80 due is any argument whatsoever against the action the House has already taken on this claim.

The SPEAKER pro tempore. The question is on the amendment offered by the gentleman from Michigan.

The amendment was rejected.

EXTENSION OF REMARKS

Mr. MUNDT. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein

an editorial from the Daily Argus Leader, of Sioux Falls, S. Dak.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

OMNIBUS CLAIMS

The SPEAKER pro tempore. The Clerk will read. The Clerk read as follows:

Title XI—(H. R. 3358. For the relief of the widow and minor children of James A. Henderson, deceased.) By Mr. TARVER

That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of \$5,000 to the widow and minor children of James A. Henderson, deceased, in full settlement of all claims against the Government on account of injuries sustained by the said James A. Henderson on June 10, 1931, while riding in a truck on a Government road in Cherokee National Forest because of negligent construction and maintenance of said road, on account of which injuries the said James A. Henderson died: Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

With the following committee amendments:

Page 14, line 6, strike out "\$5,000 to the widow and minor children" and insert "\$3,500 to the estate"; and in line 8, after the word "deceased", insert "formerly of Fairmount, Ga."

The SPEAKER pro tempore. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

Mr. COSTELLO. Mr. Speaker, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. Costello: Page 14, strike out all of title XI.

Mr. COSTELLO. Mr. Speaker, the present bill proposes the payment of \$3,500 to the estate of James A. Henderson. It appears that about 9 o'clock in the evening Mr. Henderson, along with two others, was driving along a road which was a Government road in the Cherokee National Forest. It is claimed that because of the negligent construction of the highway, the shoulder gave way, and the car ran off the road, turned over two or three times, and the said James A. Henderson was thereby killed. There is a statement that appears in the committee report that a truck driver, Mr. J. D. Collins, familiar with the road, testified by affidavit that he drove a truck hauling stone on said road prior to and after the date of said accident; that at the time of the accident the road on each end of the curve was wide enough for the Defiance 3-ton trucks to pass; that he drove such a truck, and that he often passed a similar truck at either end of the curve; that the curve itself was at least 14 feet wide and perhaps more.

The contention was made that the road was only 9 feet wide at this curve, and I raise this point, that regardless of whether the road was 9 feet wide or 90 feet wide, regardless of whether the shoulder of the road was well constructed, or poorly constructed, if this Congress is going to pass this bill, then you are going to make responsible for your highways every city, every county, every State in the Nation as well as the Federal Government, and if someone strikes a chuck hole in the road, you are going to immediately establish the fact that the Government should be responsible for all resultant injuries. I do not believe it is the intent of this Congress to assume responsibility for the accidents that may occur on every highway in the Nation, especially where it appears, as it does in this case, that the highway was not defective. I do not believe we should even be responsible if the highway were defective, and if that is true, certainly we should not be responsible if the highway is not defective. I think this title should be stricken from the present bill.

Mr. TARVER. Mr. Speaker, I ask for recognition in opposition to the amendment.

Mr. Speaker, there is every reason for agreeing with some of the logic which has been advanced by the gentlemen in

charge of these objections. A while ago the gentleman from California [Mr. Costello] insisted that the House ought not be required to vote again on a bill which it had rejected last year. I insist, however, that that is a rule which ought to work both ways. This bill which is now under consideration was considered during a prior Congress. The gentlemen who serve as objectors made the same objections that they make now, and the House, after consideration, approved the bill, but owing to its being reached so late in the session it was not considered in the Senate.

Mr. COSTELLO. Mr. Speaker, will the gentleman yield?

Mr. TARVER. I refuse to yield, because the statements of the gentleman were so misleading as to the facts that I must undertake to get the true facts before the House in the brief time that I have.

This accident, or occurrence, on account of which this man lost his life, leaving a widow and two minor children, for whose benefit this bill has been introduced, occurred because of the negligent construction of a road in a national forest. The evidence of eight witnesses appears in the record, showing that this road was constructed on a mountainside, that it was only 8 or 9 feet wide, that it sloped outwardly toward a very steep bluff, that there were no guardrails, and that on the side next to the bluff the composition of the road was sand or shale, so that when the automobile in which this man was riding, which was not being driven by him, came around this sharp curve onto this negligently constructed road the roadway itself gave way on the side next to the bluff and the automobile was precipitated down the mountainside, breaking this man's back.

The trouble with the gentleman from California is that he has adopted the evidence of one truck driver, J. D. Collins, as against the testimony of eight reputable witnesses who have testified to the contrary. It is true that the Department has reported against the payment of the amount carried in this bill. That report was based on an investigation made by officials of the Forest Service, whose dereliction in the construction of this road constitutes the negligence charged, and it is significant that they have not been able to find other witnesses than the two or three mentioned in the report of the committee to sustain their contentions. It is but natural, however, that they believed only that part of the evidence which tended to exculpate them.

The committee considered this matter carefully. It took into consideration the facts which I have mentioned and other facts which appear in the record which I do not have time to discuss. If you will read the report you will find that the committee determined that the weight of the evidence was in favor of the contention of the claimant as to the negligent construction of the road and as to the death of this man having occurred by reason of that negligent

This is a matter involving the welfare of a widow and her children. Only \$3,500 is carried in the bill, although the usual homicide bill carries an appropriation of \$5,000. The House has passed it once-passed it overwhelmingly. In fact, there were very few votes against it. It does seem to me that under those circumstances the gentlemen who serve in behalf of the leadership as objectors to legislation of this sort might have considered that they had satisfactorily performed their duty and that it was not necessary to bring this legislation before the House for a vote another time.

I wish to say that the eight witnesses who testified to the facts I have mentioned are reputable witnesses, and their evidence would be entitled to belief in any court in this land. I believe them. Any jury, in my judgment, in the country which might consider the case would believe them if the case were one which might be submitted to a jury.

The SPEAKER pro tempore. The time of the gentleman from Georgia has expired.

The question is on the amendment offered by the gentleman from California [Mr. Costello].

The amendment was rejected.

The Clerk read as follows:

Title XII—(H. R. 3674. For the relief of the Allegheny Forging Co.) By Mr. EBERHARTER

That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the Allegheny Forging Co., the sum of \$1,700, in full settlement of all claims against the United States on account of forgings for kitchen trailers manufactured for the use of the United States Army Quartermaster: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

With the following committee amendments:

On page 15, in line 6, after the word "Company", insert "of Pittsburgh, Pa."
On page 15, in line 8, after the word "States", insert "for the

balance due it."

balance due it."

On page 15, line 10, after the word "Army", strike out the balance of line 10, down to and including the figures "\$1,000", in line 22, and insert the following: "as a subcontractor of the Ohio Trailer Co., under a contract with the Government dated October 3, 1918: Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000."

The committee amendments were agreed to.

Mr. COSTELLO. Mr. Speaker, I offer an amendment, The Clerk read as follows:

Amendment offered by Mr. Costello: On page 15, beginning in line 1, strike out all of title XII.

Mr. COSTELLO. Mr. Speaker, the present bill proposes to pay to the Allegheny Forging Co. the sum of \$1,700. The transactions out of which this claim arises are somewhat as follows:

The Allegheny Forging Co. was a subscontractor of the Ohio Trailer Co. The Ohio Trailer Co. had a contract with the Federal Government. After a time the Ohio Trailer Co. got into financial difficulties. They owed to the claimant some \$8,420. Because of their financial difficulties they were not in a position to make that payment. The War Department Claims Board entered into negotiations with the Ohio Trailer Co. to settle claims which the War Department had with the Ohio Trailer Co. In that connection, the sum of \$7,500 was agreed upon to be paid to the Ohio Trailer Co. for the account of the Allegheny Forging Co. However, the Ohio Trailer Co. paid only \$4,100 of the amount to the Allegheny Forging Co. and they retained the balance, \$3,400. The War Department discovered this and the Department made a demand on the company for a refund of the \$3,400 which was not paid to the present claimant, the Allegheny Forging Co.

As a result of this discovery the Allegheny Co. then realized that they had been induced to enter into an agreement to accept a partial payment, when, as a matter of fact, there was on deposit with the Ohio Co. \$7,500 which they might have received. Negotiations were entered into between the Allegheny Co. and the War Department whereby an agreement was made that the Allegheny Co. would accept \$1,700, and the War Department would retain the other \$1,700 remaining.

It is my opinion that having made this agreement to accept the \$1,700 as a full settlement of the dispute, the Allegheny Co. is estopped from now coming in and trying to recover the remaining \$1,700. They not only entered into an agreement whereby they received \$1,700, but now they want to set that aside and get the entire amount. It seems to me that if they did not wish to acept \$1,700 in full settlement, they should have rejected that offer at that time and demanded from the War Department the full \$3,400. In view of their having accepted that agreement, I think this title should be stricken from the bill.

Mr. EBERHARTER. Mr. Speaker, I rise in opposition to

Mr. Speaker, most of the statements made by the gentleman from California are correct. I call the attention of the Members, however, to the fact that the claimant in this caseit is undisputed, not denied-manufactured for the use of the War Department \$17,000 worth of forgings. The War Department having no further use for forgings to be used in connection with the contract of the Ohio Trailer Co., canceled this order after the company had manufactured \$17,000 worth of forgings. Thereafter the War Claims Board awarded to be paid to this company the sum of \$7,500. Of this amount they have received the sum of \$5,800; in other words, on \$17,000 worth of drop forgings manufactured for the War Department they were paid and received only \$5,800.

It is true they accepted this \$5,800, but in the first instance it was represented to the claimant by the other contractor that that was the entire sum that they would be able to obtain from the Government; and realizing that this other company was in financial difficulties-and it has since gone out of business-they naturally took what they could get at the time.

There is no denial of the fact that the War Claims Board awarded them \$7,500, and that they have only received \$5,800. For this Congress to approve the action of the other contractor in misrepresenting the facts to this claimant and cheat them out of \$1,700 would be absolutely wrong. This claimant in simple justice is entitled to this additional \$1,700. If this is paid them they will then have received \$7,500 on \$17,000 worth of drop forgings which they manufactured for the Government.

I think there is nothing for the Congress to do but to approve this bill; and I hope, considering the claim from all angles, the House will reject the amendment offered by the gentleman from California.

[Here the gavel fell.]

The SPEAKER. The question is on the amendment offered by the gentleman from California.

The amendment was rejected.

ALLEGHENY FORGING CO.

The Clerk read as follows:

Title XIII—(H. R. 3675. For the relief of the Allegheny Forging Co.). By Mr. EBERHARTER

That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the Allegheny Forging Co., the sum of \$1,775.42, in full settlement of all claims against the United States for steel ingots shipped to Balboa, Panama, for the Panama Canal: Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold or receives now sum of the amount appropriated. collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000

With the following committee amendments:

Page 16, line 14, after the word "Company", insert the words "of Pittsburgh, Pa."

Page 16, line 16, after the word "for", insert the words "the balance due on."

Page 16, beginning with the colon following the word "Canal", in line 17, strike out all down to and including the figures "\$1,000", in line 4, on page 17 and insert in lieu thereof the following: "under a contract entered into during October 1919: Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding

The committee amendments were agreed to. Mr. COSTELLO. Mr. Speaker, I offer an amendment. The Clerk read as follows:

Amendment offered by Mr. Costello: Page 16, beginning in line 9, strike out all of title XIII.

Mr. COSTELLO. Mr. Speaker, this title proposes the payment of \$1,775.42 to the Allegheny Forging Co. for a balance due upon a contract to furnish steel ingots to the Panama Canal Zone under a contract entered into in October of 1919. The Allegheny Forging Co. had bid on a Government contract to supply steel ingots. In making shipment to the Panama Canal, however, they failed to supply the forged ingot called for in the contract, namely, a billet; they did not live up to the specific requirements of their contract. As a result the shipment was rejected here in the United States. In spite of this rejection the ingots were sent on by the company to the Panama Canal. When they arrived in the Canal Zone the shipment was again rejected by the Government officials. As a result it was necessary for the Panama Canal government to purchase other material to take the place of this shipment which was not in accordance with the specifications of the contract. These ingots were on hand in the Panama Canal Zone. The Panama government then wrote to this company asking what should be done with the shipment. The company gave no instructions. As a result the steel ingots were sold in the Canal Zone for the benefit of the Allegheny Forging Co. and new steel was purchased in accordance with the contract.

Now, however, the Allegheny Forging Co. thinks it should receive \$1,775, being the amount they claim to be due them under this contract to furnish these ingots. In view of the fact they failed to carry out the terms of their contract, they are not entitled to recover anything whatsoever, and for this reason I believe the title should be stricken from the bill.

[Here the gavel fell.]

Mr. EBERHARTER. Mr. Speaker, I rise in opposition to the amendment offered by the gentleman from California [Mr. Costello].

Mr. Speaker, I might go into a little detail in connection with this matter. The claimant in this case in response to circularized invitations for proposals offered to furnish the Government steel on seven different items and they furnished this steel in accordance with the proposals. However, on five other items contained in the circularized invitation for proposals, the claimant in this case sent a letter to the general purchasing agent of the Panama Canal and asked him whether or not it would be possible to furnish them with forged ingots instead of the billets which were called for in the circularized invitations. In response to that letter of inquiry from the claimant in this case, the general purchasing officer of the Panama Canal wrote a letter to the claimant, and among other things stated:

In response to your inquiry as to whether or not this will be satisfactory I beg to advise, as previously stated in our letter of the 2d instant, these billets are for reforging purposes, and under these circumstances there will be no objection to the above.

On receipt of that letter the claimant shipped the forged ingots as called for by the general purchasing agent. Before shipping them the inspector of the Panama Canal, who was located in Pittsburgh at that time, made an inspection of these forged ingots. He analyzed them and found that they were not only correct as to analysis but that the quality was also first class. The Allegheny Forging Co., claimant in this case, made these ingots especially for the Panama Canal. Although the inspector at Pittsburgh said he had no authority to tell them to ship these ingots, nevertheless on authority of this letter from the general purchasing agent, the claimant in this case shipped the ingots.

A letter from the War Department clarifies the subject a good deal. It is stated in the letter of the War Depart-

The circular invitation for bids specified steel billets of certain cross-sectional dimensions but did not expressly state the length of the billets to be furnished. However, their length was fixed by reference to Navy specifications fixing the length of billets of the several cross-sectional dimensions called for by the invitation • • •.

It is customary to quote steel prices on a unit price per pound, and in order that proper extensions and total estimated price might be stated in the order accepting the bid, bidders were instructed to give the estimated weight of the steel proposed to be furnished. The bid of the Allegheny Forging Co. did not give the estimated weight of the respective billets offered, and it became necessary for the Panama Canal to compute and state this weight in the purchase order. Unfortunately, errors were made in the computation of weights, and the weights stated were very much less than they should have been and there were, of course, correspondingly lower extensions and total price stated in the order. This error is regrettable.

In other words, the Secretary of War admits that the error was on the part of the War Department and I again call attention to the letter of acceptance of the general

purchasing agent.

Further, the letter of the Secretary of War in regard to this claim states that when they later bought forged ingots, to take the place of the rejected ones, they were required to pay a much higher price because of the fact that in their second circularization they asked for greater weights and for the correct sizes. The Comptroller General admitted that this claimant was entitled to \$914.55, but the claimant refused to accept that amount, stating that he is entitled to not only the \$914.55 which the Comptroller General says he is entitled to, but is also entitled to \$1,775.42, the amount provided in this bill.

Mr. Speaker, in this connection I call attention to the fact that the claimant in this case made an allowance of \$600.42 to the War Department, so that there is, in my opinion, a balance due in addition to what the Comptroller General

allows of \$1,775.42.

[Here the gavel fell.]

The SPEAKER pro tempore. The question is on the amendment offered by the gentleman from California [Mr. Costello].

The amendment was rejected.

Mr. KENNEDY of Maryland. Mr. Speaker, I move that further consideration of this bill be dispensed with.

The motion was agreed to.

EXTENSION OF REMARKS

Mr. HOOK. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein several telegrams.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan [Mr. Hook]?

There was no objection.

Mr. COFFEE of Washington. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein a brief editorial from my home-town paper.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington [Mr. Coffee]?

There was no objection.

Mr. HORTON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein a table covering the agricultural imports for 1938 and 1939.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wyoming [Mr. HORTON]?

There was no objection.

Mr. HARTER of New York. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein an editorial from two Buffalo papers, namely, the Buffalo Courier and the Buffalo News, of May 23, 1939.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York [Mr. HARTER]?

There was no objection.

Mr. KEOGH. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks in the Record and to include therein an article which appeared in the Washington Daily News.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York [Mr. KEOGH]?

There was no objection.

Mr. HOLMES. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and include therein an editorial from the Worcester Telegram, of my city.

The SPEAKER. Is there objection to the rquest of the gentleman from Massachusetts?

There was no objection.

Mrs. NORTON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and include therein an address delivered by Smith Simpson, assistant professor of law in the Wharton School of Finance and Commerce of the University of Pennsylvania.

The SPEAKER. Is there objection to the request of the

gentlewoman from New Jersey? There was no objection.

The SPEAKER pro tempore. Under a previous special order, the gentleman from Pennsylvania [Mr. Van Zandt] is recognized for 30 minutes.

COAL

Mr. VAN ZANDT. Mr. Speaker, coal has contributed more toward making the United States of America the wealthiest of all the nations in the world than any other God-given treasure of the earth. For the solid fuels, anthracite and bituminous coal, form the keystone of the industrial development of our country.

For more than 125 years, coal has been mined in America, furnishing employment for labor, oportunity for the investment of capital, fuel for industrial fires, freight revenue for railroads, warmth for the home, and revenue for Federal,

State, and local governments.

Without coal, America never could have achieved the greatness we carelessly mark down as destiny. Without coal, America still would be a strictly agricultural country. Without coal, America never could have pushed her frontiers across the plains and mountains to the Pacific. Without coal, America never could have amassed the wealth that flows from industry. Without coal, America still would be one of the backward nations of the world. Americans owe an immeasurable debt to coal.

For more than a century, King Coal reigned supreme as the generator of power to turn the wheels of industry, which converted the raw materials of field and forest into finished products for the markets of the world. Coal furnished the power to drive our ships across the seven seas carrying cargoes to the ports of the world and returning laden with gold and silver and other raw materials to be processed into more wealth for our people. Coal gave America the Navy which made this country a world power for the first time.

No complete substitute for coal has ever been discovered, but in the last decades other fuels and other sources of power have been encroaching upon the domain of King Coal. Natural gas, oil, gasoline, electricity, and hydroelectric power gradually have been diminishing the markets for coal. These inroads came slowly at first, then rapidly. In recent years they have come with a ruinous rush.

These developments not only have disturbed the economic balance of the coal industry but seriously have affected many other industries, notably the railroad industry. This dislocation now amounts to a permanent depression in the coal industry. This depression in the coal industry is far reaching in its effect, touching the lives of millions of our citizens. It only serves to emphasize the importance of the coal industry of the welfare of the Nation.

For instance, in 1937, according to the United States Bureau of Mines, coal supplied 53.7 percent of the energy consumed in the United States. There are approximately 600,000 miners engaged in the extraction of these solid fuels from the earth. This indicates that more than 2,000,000 people are directly dependent upon the industry for livelihood. In my State of Pennsylvania there were, in 1936, 213,000 bituminous coal and anthracite miners. No late figures are available, but the number of our citizens dependent directly and indirectly upon bituminous coal and anthracite production, marketing, transportation, and bituminous coal processing must be in excess of 20,000,000.

It is obvious that the bare figures on the value of coal alone by no means present an adequate picture of the enormous value of coal to American industry. Without attempting to trace the value of coal beyond the industry itself, the value of coal at the mines makes its ultimate value somewhat apparent.

In 1935 the coal industry was by no means in a thriving condition. However, in that single year the value of bituminous coal at the mines was \$658,063,000, while the value of anthracite was \$210,130,565. From that beginning of \$868,-000,000, coal supplied the energy to scores of industries, transmuted raw products and pyramided industrial values into billions and billions of dollars.

Despite the colossal value of coal to American industry as a whole, for some time the coal industries have been on the decline until today their plight has aroused grave concern. Thousands of miners are without employment and whole communities present social and economic problems that are

crying for solutions.

For instance, in Clearfield County, in my congressional district, where coal is the chief industry, nearly 40 percent of the population is on relief. Unfortunately, Clearfield County seems to be cursed with about all the troubles known to the coal-mining industry and may not truly represent a cross section of conditions in coal-mining communities throughout the country, but it does serve as a striking illustration of the calamity that is creeping over the industry.

However, there is no gainsaying the figures furnished by the United Mine Workers of America on the steady decline in coal production and the heartbreaking slash in the annual earnings of the coal miners. In 1923 the production of bituminous coal was 552,000,000 tons. During the depression of 1932, production fell to the all-time modern low of 290,000,000 tons. In 1936, the best year of recovery, production was 411,000,000 tons and in 1937 only 407,000,000 tons. Final figures since that year are not available, but I am advised they are still lower.

Figures on the average annual earnings of the bituminouscoal miners, which also were furnished by the United Mine Workers of America, tell the most distressing story. In 1937 the average earnings of the bituminous-coal miners was \$1,150, and in 1938 the average was only \$559, and you gentlemen know what happens when a man's earnings are

cut in half.

The anthracite industry, as well as the bituminous-coal industry in the older mining regions, provide an excellent example of the course of all mineral exploitation. Mining has been going on for over 125 years, and the reserves are adequate for hundreds of years to come at the present rate of production. However, the industry has reached a stage of maturity in the production cycle. The growing natural difficulties of mining, coupled with serious economic and social factors, have brought grave problems, the solution of which requires the best brains that we possess. There is required also a cooperative effort on the part of industry, government, and citizenry that has not heretofore been achieved.

Time will not permit a complete picture of the solid fuels industries, but two factors are so compelling that they must be discussed. One of these factors involves certain trends in consumer practice and habits which cannot be ignored. The first trend is to more efficient utilization of fuels as a result of the remarkable advance in technique made by technolo-

gists during the past several decades.

In combustion such advances have been recorded for all types of consuming equipment. It has been most marked in central electric power stations where the pounds of coal required per kilowatt-hour have decreased from over 6 in 1902 to about 1.4 in 1935. Similar economies have been effected in the operation of steam locomotives, iron blast furnaces, and cement plants. In fact, most of the large industrial consumers of coal have increased the efficiency of utilization with a subsequent decrease in their tonnage requirements of coal.

Greater efficiencies, however, have been effected in using coal than in the use of fuel oil and natural gas. Since more labor is required in the mining and producing of coal than for the production of the other two fuels, the direct effect has been unemployment of many men. Of course, no one would contend that advances in technology which increase efficiency are undesirable. Increased efficiency of utilization makes for conservation, and at the same time enables us to have a full share of our natural resources. These resources are not replaceable, hence conservation and efficiency of utilization are of paramount importance. Nevertheless, the immediate result is a diminished demand for labor which has already resulted in many disturbing social and economic consequences in some communities such as Clearfield County in my district.

Another trend in utilization involves a change in consumer habits as exemplified by the substitution of fuel oil and natural gas for solid fuels by those consumers who are able and willing to pay more for these fuels. In 1937, according to the United States Bureau of Mines, fuel oil and gas oil equivalent to 110,000,000 tons of coal were used or developed; natural gas sold was equivalent to 61,000,000

tens of coal.

It is, of course, unsafe to predict how long the naturalgas supply will last. The widespread availability of this fuel as a result of the 180,000 to 200,000 miles of pipe lines has had a profound effect on consumer habits. Automatic heat must be made available to the public if the solid fuels industries are to retain their markets or regain lost ones. How to accomplish this can only be answered by research and investigation.

The second factor in the development of the coal industry which I wish to bring out is the small amount of research assistance rendered it in the past by governmental agencies.

Research has been called a national resource. In my opinion, research is a resource whose possibilities scarcely have been scratched, so far as coal is concerned. Let me quote from the report of the National Resources Committee, published in December 1938. It states:

In the present-day world research is one of man's necessities. While politically there are divisions, the world is largely one intellectually, and leadership in this intellectual world toward peace, prosperity, and happiness is increasingly a matter of research—research to find new materials, methods, and operations and research to better utilize the knowledge developed in the United States or in other countries for the good of the people of America.

If research is of significant importance to the welfare of the people, it must be of serious concern to the Government, and it becomes the Government's function and the citizen's duty to promote and advance research in all fields everywhere—in Government itself in industry and business, and in the universities and research

itself, in industry and business, and in the universities and research

foundations

That statement could be applied to no other field of research so aptly as coal. The paramount responsibility of government is to protect the general welfare. Since research is important to the public welfare, it is the duty of the Federal Government to support it; and since coal is one of our basic industries, which now is in great difficulty, it is the duty of the Federal Government to lend aid to research which may serve to rehabilitate it.

In January 1939 the energy resources committee submitted a report on energy resources and national policy to the National Resources Committee. This illuminating document stresses the importance of research to public welfare and shows that it is essential to conservation. I quote from this document:

Research can serve not only the immediate desire for economy but can serve also the future by devising methods by which inaccessible fuels are made accessible, methods whereby fuels are enabled to serve in uses in which they previously were not serviceable, and methods of conversion whereby products of the lower-grade fuels can serve with equal convenience in place of the fuels

having greater form value.

Thus research can develop methods for making gaso-Thus research * * * can develop methods for making gaso-line and lubricants from coal, can decrease the cost of making gas from coal, can originate uses for byproducts whereby their value will be increased so that they can bear a larger part of the burden of the cost of coke making and thereby make a smokeless and con-venient fuel widely available, can make coke of coals that could not well be used in earlier coking processes, can develop methods of recovering most of the coal from thin and thick beds, and can in an unpredictable number of other ways bring about changes that will conserve the Nation's fuel resources and will retard the inevitable depletion of the fuels at present considered to be most

Both fundamental and applied or industrial research is needed in the conservation of the national fuel reserves. Fundamental in the conservation of the national fuel reserves. Fundamental research is required to apply the constantly increasing stream of new knowledge in the fields of chemistry, physics, and geology toward obtaining a better understanding of the occurrence, composition, properties, and changes which the mineral fuels undergo in their winning, preparation, and utilization. * * * Studies on the mechanism of combustion of solid fuels are fundamental to the continual lowering of the pounds of coal required for the generation of a kilowatt of electrical energy in power stations. * * * Industrial research is required to apply the results of fundamental research to the immediate problems of industry in winning, preparing, and utilizing fuels. Machinery and equipment must be developed to carry out on an industrial scale new reactions that

developed to carry out on an industrial scale new reactions that have been discovered by the scientists. * * * Stokers and furnaces must be devised to fit the plastic and caking properties which fundamental investigations have disclosed with respect to the dif-

ferent kinds of coal.

In general, applied research on the preparation and utilization of fuels is conducted by industry under the stimulus of the profit motive; and, therefore, conservation in utilization has made much more progress than conservation in mining coal * * *. Research along these lines and in the substitution of lower grade fuels for the more limited resources of petroleum, natural gas, and the higher grade coals is less likely to be conducted by industrial interests. This type of applied research, as well as much of the required fundamental research, needs the support of governmental agencies.

There you have the last word on this fundamental problem of a basic industry—the last word from a group of publicspirited citizens with minds to fully comprehend the present problem and the vision to prepare for the future. If we heed their wise counsel now, we can avoid the mistakes of the past. Rich as our fuel resources are, they are not limitless. We cannot recklessly squander these God-given resources withcut regard to the welfare of future generations in America. The Dust Bowl of the Southwest is a grim reminder that no matter how bountiful nature may be, there is no forgiveness of sin against natural laws. Remote as the exhaustion of our fuel resources may seem right now, it is altogether possible that future generations may have cause to curse us for our selfishness and stupidity in squandering their birthright.

Wise and far-sighted statesmen long ago established the policy of the Federal Government cooperating with the States in supporting research programs in which there is a mutual interest. I need only refer to the several acts of Congress relating to the support of agricultural research. This is a sound policy in which the Federal Government helps

the States that help themselves.

The Commonwealth of Pennsylvania, as the oldest coalmining region in the country, is facing problems in its bituminous coal and anthracite industries that are particularly acute. As this Commonwealth has led the way in supplying the Nation with the solid fuels that have made our great industrial progress possible, so it is fitting that we should now assist her in the solution of those problems that are the direct result of her pioneering.

More miners are out of work in Pennsylvania than in any other State. Mining conditions are more difficult as is evidenced by high cost of mining. Enormous reserves are still available, but much good coal will be lost forever if the mining regions of Pennsylvania are now abandoned. In the interests of conservation the State must receive Federal support in its efforts to improve the bituminous coal and anthracite situation.

Not only is the Commonwealth of Pennsylvania painfully familiar with the problems, but she has already begun the attack on them that should lead to their ultimate solution. But the coal problem is by no means a State problem. It is a national problem and it deserves the attention and assistance given to the solution of all national problems.

The mineral industries experiment station of the Pennsylvania State College, one of the oldest land-grant colleges in the United States, was established in 1919. It is a going institution which already has contributed much to the welfare of the Commonwealth. It not only has the support of the State, but it has the confidence of industry as well. During the past decade the various mineral industries have contributed approximately \$200,000 in support of research projects conducted in Pennsylvania's mineral industries ex-

periment station. This is a mere drop in the bucket, to be sure, but under present conditions, these industries cannot do more. The Federal Government can, and, despite the present state of the Treasury, we can afford to make a sound investment for the future welfare of America.

There is a modern physical plant on the campus of the Pennsylvania State College. Excellent library and shop facilities are available as well as intelligent supervision of the highest order. The only department of fuel technology engaged in undergraduate instruction, extension instruction, and research in the United States is located there. It is staffed by men with graduate degrees from the finest institutions of higher learning in this country and abroad, followed by years of experience with fuels.

In addition, there are men in the school of mineral industries who are expert in other branches of the mineral industries, expert mineral engineers and technologists and other scientists who can be called upon to advise in connection with problems incidental to the proposed research program

on anthracite and bituminous coal.

One of the first projects on coal hydrogenation in this country has been under way at this institution for 7 years. a very complete study of ash softening temperature and clinkering has been completed. Important work is under way on the preparation of coal solutions and the manufacture of useful products therefrom, on colloidal fuel, on coking, on treatment of coal and its products by bacteria, and other subjects.

Work conducted on anthracite has concerned itself with ignition temperature, burning properties, as well as new uses such as for a filter medium in water-treatment plants.

I have just introduced a bill providing for the further development and assistance of research work in the utilization of coal, both anthracite and bituminous. This measure would provide funds that will enable the School of Mineral Industries and Experiment Station of the Pennsylvania State College to increase and expand its program to the end that the bituminous coal and anthracite industries may be served in a manner that will contribute to the general welfare.

Many costly experiments have been tried in an effort to aid the coal industry. However, the one which offers the best opportunity for success, namely, research and investigation, has received only meager support. The solid fuels though complex in character are nevertheless valuable raw materials. Research is necessary to insure to our people the greatest possible benefits from these great natural resources.

I am not suggesting that our great natural resources are even approaching exhaustion, but up to now we have used them with a lavish and reckless hand. We no longer enjoy a pioneer economy and the time has come to take stock and at once conserve those resources while putting them to wider uses. That can be done only through research and investiga-

Mindful as I am of the distant future, I am far more concerned with the present and the immediate future of the coal industries. I am chiefly concerned with the compelling human problem of the present in coal-mining communities such as those in my district, which are to be found in all coalmining States.

Not so long ago, those coal-mining communities were thriving. Steady work at good wages was open to all willing to work. Smoke and coal dust laid grimy hands on the exteriors of homes, but within was cleanliness and contentment. Women sang at their tasks and the laughter of children rang out as they ran to meet their fathers returning from the mines. Saturday nights were gay and frolicsome.

Some of those same communities now are deserted villages, "ghost towns." Once happy homes, stark reminders of the past, stand with broken window panes, the buildings falling into decay. Not a sign of human life is present. Smoke rising from piles of "boney," the long-burning shale residue of coal, add to the picture of desolation. It appears as if a devastating army had passed that way and left ruin in its

Saddening as such sights may seem, the once thriving coal communities, which now are in the death struggle with depression in the industry, are even more depressing. Some of the mines now are worked only 3 days, 2 days, and even 1 day a week, when they are not closed completely. There is

where you find a moving American tragedy.

Hopeless men, care-ridden women, and underfed children inhabit these towns where the future is more bleak than the present. Old men, who gave their best years in the cold and dark of the mines, sit with idle hands and puzzle over the blow fate has dealt them and their loved ones. These men who mined coal so that smokestacks sent sable plumes to the skies and made the wheels of industry hum, now are too old to learn another trade. There is nothing for them to do but stay as long as the mines run, even part time, and take the pay envelopes that grow thinner and thinner.

Even more tragic is the plight of the younger men who went into the mines as lads. Few of them are fitted for other occupations, even if jobs were to be had. The dire condition of the women and children tear at your heart. Their drab present only holds a darker future.

To those of us who live in God's sunshine, the lot of the coal miner seems dangerous and dispiriting, at best. The reaction of us who breathe fresh air to the miner's mode of

life is best told by a poet:

God, we don't like to complain;
We know the mine is no lark,
But there's the pools from the rain,
And there's the cold and the dark.

God, you don't know what it is, You in Your well-lighted sky, Watching the meteors whiz, Warm with the sun always by.

God, if You had but the moon Stuck in your cap for a lamp, Even You'd tire of it soon, Down in the cold and the damp.

Nothing but darkness above, Nothing that moves but the cars; God, if You wish for our love, Fling us a handful of stars.

Mr. Speaker, the coal miners do not complain of their lot, hard as it is, so long as they have work. My sole purpose is to give them work—the only kind of work most of them know how to do. I ask you to consider my bill to enable further investigation and research into the possibilities of coal. Once set to work, science always stands better than an even chance of performing another industrial miracle. And it seems that nothing short of an industrial miracle will enable "king coal" to recapture his high place in the financial and industrial affairs of the Nation.

This proposed research is constructive, not costly. The cost would be a tiny fraction of far less worthy projects, which hold no prospect of paying any dividends. And if science discovers new and wider uses for coal, the cost would be inconsequential in comparison with the contribution to the country at large.

Coal has given us much. Now coal asks for little. All coal asks is a chance to render even more service. All I ask is

fair play for coal and all it has meant to America.

In the name of the coal miners of America, and their wives and children, I appeal to you gentlemen to give favorable consideration to this measure which holds the possibilities of rehabilitating the coal industry, which already has contributed so much toward making America great and still hides potentialities of "black magic."

The SPEAKER pro tempore. Under a previous special order, the gentleman from Texas [Mr. Patman] is recog-

nized for 20 minutes.

GOVERNMENT OWNERSHIP OF THE 12 FEDERAL RESERVE BANKS

Mr. PATMAN. Mr. Speaker, it is my belief that the Federal Reserve System is performing a governmental function and should be just as much a part of the Government itself as the United States Treasury. It is, to my mind, absolutely wrong for private banks to own the Federal Reserve banking system and thereby influence the price of money, which determines the value of all labor, commodities, goods, and services. It would be just as reasonable for the Interstate Com-

merce Commission to be owned and controlled by railroad owners or the Federal Trade Commission to be owned and controlled by the private corporations of the country or for the Federal Communications Commission to be owned and controlled by the radio-broadcasting companies.

SYSTEM USED AGAINST INTEREST OF PEOPLE IN PAST

The Federal Reserve System has many times demonstrated that it can be used against the interest of the people through deflationary practices and policies inaugurated by it. This System has demonstrated to the people that it cannot be relied upon to operate in their interest, but has more consistently operated in the interest of the private banks of the country. The panic of 1920, which was caused solely by the Federal Reserve banking system, has not been forgotten; neither have the panics and depressions in subsequent years, which were caused by the System, been forgotten.

CAUSED DEPRESSION OF 1937

June 15, 1936, the World War veterans were paid a large This wide distribution of needed purchasing sum of money. power would have been very helpful toward putting this country back in a prosperous condition had it not been for the fact that the Federal Reserve System caused the reserve requirements of banks to be raised, which, in effect, destroyed \$3,000,000,000 in money. This was done on the pretense that the payment of between one billion and two billion to veterans might possibly cause too much expansion of the currency. Further, much of the gold was sterilized, which was also deflationary. It required many months for the country to recover from the shock that was caused by these two drastically deflationary and unwise acts of the Federal Reserve Board. The System has been often used to deflate, but I do not recall a time when it was used for expanding the credit of the country.

TWELVE BANKS AND TWENTY-FIVE BRANCHES

The Federal Reserve banking system is composed of 12 Federal Reserve banks, with 25 branches. All national banks are required to be members and State banks may become members, but membership is not compulsory. Each bank that is a member is required to subscribe for a small amount of stock in the Federal Reserve bank in the Federal Reserve district in which the bank is located. The 6,000 national banks and the 1,000 State banks belonging to this System have invested \$134,000,000 in stock in these 12 banks. On this stock they receive 6-percent dividend annually. The Government does not own a penny of the stock.

PRIVATE BANKS SHOULD NOT OWN SYSTEM THAT ISSUES NATION'S CURRENCY

Since the Federal Reserve banking system should be a part of the Government and should not be owned exclusively by private banks and operated in their interest, Congress should pass a law reimbursing these banks for the \$134,000,000 that they have invested in stock, thereby divesting private banking institutions of any ownership whatsoever in the Federal Reserve System and cause these banks to be operated by the Government in the interest of all the people and not necessarily in the banking interest, unless it is also in the interest of the general welfare.

FIVE-BILLION-DOLLAR PROFIT ON PURCHASE

If Congress paid the banks the \$134,000,000 stock, the Government would acquire the assets of these 12 banks as follows:

Total_______15,900,000,000

When the Government acquires the banks they will be charged with the following liabilities:

Federal Reserve notes outstanding \$5,000,000,000 Deposits of member banks 10,000,000

The \$5,000,000,000 Federal Reserve notes are Government obligations, although issued by the Federal Reserve banks,

which are privately owned. This \$5,000,000,000 will never

have to be retired or paid, because the money will always be needed in circulation so this amount will be, in effect,

profit to the Government.

When these banks are acquired by the Government, interest that is paid on the Government bonds held by these banks should go into the Treasury if it is paid at all. A change should be made that would permit these banks, after they are owned by the Government, to acquire by purchase Government bonds and other securities issued by the Government in a way that it will not disrupt our financial or economic system; that is, acquire them gradually.

THERE IS \$44,000,000,000 AVAILABLE, YET WE PAY \$1,000,000,000 A YEAR INTEREST

All the gold and silver when these banks are owned by the Government should be delivered to the Federal Reserve banking system. With this enormous gold reserve of \$16,-000,000,000 which the Government now owns, Government credit or currency could be safely issued upon this gold to the extent of \$40,000,000,000, or $2\frac{1}{2}$ to 1, which is equivalent to a 40-percent gold base. Even the most orthodox money economist in the Nation will admit that a 40-percent gold base is sufficient-in fact, it is high. Four billion dollars could be issued under existing laws on the enormous silver reserve. So there is \$44,000,000,000 that the Federal Reserve banking system, Government owned, could safely issue. The additional currency would not be printed, as it would not be needed, but bookkeeping credits would be used as they are now used by the banks. We continue to borrow money and pay interest under these conditions.

The point is: Why should the Government borrow money from the banks? In other words, purchase an inferior credit and pay them an interest rate on it when the Government can safely issue \$44,000,000,000 in credit upon a gold and

silver reserve which it now owns.

GOVERNMENT BONDS ARE INTEREST-BEARING CURRENCY

United States Government bonds are nothing more nor less than interest-bearing currency. It occurs to me as being wrong for the Government to pay banks a bonus or a subsidy in order that it may use its own Government credit. I believe the time will come when this will be looked upon as idiotic.

BILL PROVIDING FOR GOVERNMENT OWNERSHIP OF THE FEDERAL RESERVE
BANKS

I introduced on January 3, 1939, a bill, H. R. 195, which provides for Government ownership of the 12 Federal Reserve banks. This bill would make the Federal Reserve System an agency of Congress to create money and regulate the value thereof, as authorized by the Constitution of the United States. It provides that all the assets of these banks shall be the property of the United States; that all earnings shall be paid into the Treasury; that no banker shall be on the board of directors of any Federal Reserve bank; that the Federal Advisory Council now composed of private bankers should be abolished; that the Board of Governors shall constitute the Federal Open Market Committee instead of it being composed of the Board of Governors and private bankers, as at present; and that no officer or director shall receive an annual salary in excess of \$25,000.

I have had a similar bill pending in Congress for many years. Many other Members of the House are coauthors of this bill. At the last session of Congress, in 1938, the Banking and Currency Committee of the House conducted hearings on this bill. These hearings, consisting of 508 pages, constitute a full discussion of this subject on both sides.

FEDERAL RESERVE BANKS HAVE NOT PAID INTEREST AS LAW REQUIRES

When the Federal Reserve Bank Act was passed in 1913 it contained a provision in section 16 relative to the payment of interest on Federal Reserve notes. I am going to show you now where these banks owe the United States Government more money in taxes or interest than the \$134,000,000 invested in stock. Section 16 of the Federal Reserve Bank Act of 1913 stated that—

The Board, acting through the Federal Reserve agent, shall have the right to grant in whole or in part, or to reject entirely the application of any Federal Reserve bank for Federal Reserve notes; but to the extent that such application may be granted the Federal Reserve Board shall, through its local Federal Reserve agent, supply Federal Reserve notes to the banks so applying, and such bank shall be charged—

I hope you get this-

with the amount of notes issued to it and shall pay such rate of interest as may be established by the Federal Reserve Board on only that amount of such notes which equals the total amount of its outstanding Federal Reserve notes less the amount of gold or gold certificates held by the Federal Reserve agent as collateral security.

According to that law, which is still in effect, when a Federal Reserve bank had issued to it Federal Reserve notes, which are currency, and this Federal Reserve bank put up 40 percent in gold or gold certificates and the balance in eligible paper, the bank was required to pay an interest rate fixed by the Federal Reserve Board on that difference of 60 percent; but up to this good day that law has never been complied with.

These Federal Reserve banks are using the credit of this Nation absolutely free, without any charge whatsoever.

Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to insert therein certain excerpts in connection with the remarks I have made.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. So I state that these Federal Reserve banks owe the Government now probably twice as much on that interest as the \$134,000,000 of stock.

Mr. WHITE of Idaho. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman.

Mr. WHITE of Idaho. How does the gentleman account for the fact that the currency in circulation, as shown by the Treasury statement, the Federal Reserve notes, are decreasing right now at a time when money is so badly needed, and how does the gentleman account for the fact that loans to brokers are increasing by the tens of millions of dollars a month at a time when the country is in sore need of money.

Mr. PATMAN. The gentleman has asked two questions; the first question about the decrease of Federal Reserve notes. Possibly other forms of currency are increasing, I do not know. I have not looked into that feature of it, but there is only a certain amount of currency that will remain in circulation anyway, just enough to meet the demands of the people. If any more is put into circulation, it just goes back to the bank vaults and from the bank vault to the Federal Reserve, and from the Federal Reserve out of circulation.

Mr. WHITE of Idaho. Is it the gentleman's idea that there is no demand for currency at this time?

Mr. PATMAN. Yes; there is a demand for currency and the demand for actual currency is always met because you have to have it to meet the daily transactions.

Mr. WHITE of Idaho. Is it the gentleman's idea that

Mr. WHITE of Idaho. Is it the gentleman's idea that when one of these member banks decides not to make a loan or turns down an application from a business concern that that is meeting a currency demand?

Mr. PATMAN. You are talking about the issuance of credits now, and since 1929 the loans have decreased \$21,000,-000,000. It was \$41,000,000,000 and now it is down to \$20,000,-000,000 and that means destroying \$21,000,000,000 of circulating medium. If the people paid their debts we would not have a circulating medium.

Mr. WHITE of Idaho. Does not the issuance of credit precede the issuance of currency?

Mr. PATMAN. Yes.

Mr. WHITE of Idaho. Do they not take the eligible paper and receive the currency and if they do not give the credit, the currency is not issued.

Mr. PATMAN. That is right. Under the old law the bank could issue about ten dollars to every one it had, and under the present law about 6 to 1. Under the old law, when a bank could issue 10 to 1 and people were doing business with that bank, knowing the situation and knowing that the bank was issuing \$10 to every \$1 they had, if the bank went broke they

expected to take their loss. Nobody would protect them because they were depending on that bank and upon the officials who were conducting it. It is quite different now. Now the Government is behind them, and if a bank issues six dollars to every one it has, or whatever it can issue, depending upon the bank or the city in which the bank is located, if that bank gets into difficulties it can take its United States bonds to the Federal Reserve bank and get currency issued on them in order to pay the depositors, and the laws have been so amended that the Government of the United States is behind the banks of the country today and, you might say, guaranteeing there will be no loss. Therefore, if there is an expansion of 6 to 1, why should the banks get the benefit of that expansion? Why should not the Government get the benefit of it? The Government is a stand-by agency that is waiting to take care of it in the event of a run or an emergency. It is not like it used to be under the old law, and therefore, according to present laws and practices, the Government is entitled to that expansion. And if we were to avail ourselves of the opportunity of taking the benefit of that expansion, it would mean more than enough to retire the entire national debt, and eventually the debt of the States, counties, cities, and political subdivisions, which could be carried at a very low rate of interest.

Mr. WHITE of Idaho. And the interest, in turn, then would go to the people of the United States and to the Government-owned banks rather than to private individuals.

Mr. PATMAN. Yes. The Federal Reserve banks are not really in the banking business. They do not operate as private banks operate. They operate more as the Treasury of the United States or as a part of the Treasury of the United States. They are engaged in a governmental function and should be operated by the Government.

TONS OF PAPER MONEY PRINTED DAILY

Paper money, to the amount of approximately 4 tons, is printed each day that the Bureau of Engraving and Printing in Washington operates. The following statement furnished to me by Director Hall is self-explanatory:

Number of notes, number of sheets, and weight of Federal Reserve notes, United States notes, and silver certificates printed in the fiscal year 1938

Class			Weight	
Class	Sheets	Notes	Pounds	Tons
Federal Reserve notes	13, 823, 600 4, 753, 000 71, 955, 000	165, 883, 200 57, 036, 000 863, 460, 000	347, 750 119, 550 1, 809, 812	174 60 905
Total	90, 531, 600	1, 086, 379, 200	2, 277, 112	1, 139

The Bureau was operated 254½ days during the last fiscal year.

COST OF PRINTING MONEY

Mr. A. W. Hall, Director of the Bureau of Engraving and Printing, Washington, D. C., on February 20, 1939, furnished me the following information on the cost of printing paper currency:

Number of denominations of Federal Reserve notes, United States notes, and silver certificates printed in the fiscal year 1938, showing various costs of each denomination

		Cost			Average total eost	
	Notes	Paper	Engraving plates (average cost)	Preparing	Per \$1,000 of notes	Per
Federal Reserve notes: \$10. \$20. \$50. \$100. \$50. \$1,000. \$5,000. \$1,000.	120, 480, 000 41, 496, 000 2, 016, 000 1, 752, 000 78, 600 54, 600 3, 600 2, 400		12, 600. 91 612, 19	\$804, 866, 78 277, 214, 03 13, 467, 89 11, 704, 24 525, 09 364, 76 24, 05 16, 03	\$0.8026 .4000 .1600 .0800 .0160 .0080 .0016	.008
Total	165, 883, 200	168, 509. 68	50, 373. 05		. 5424	.008

Number of denominations of Federal Reserve notes, United States notes, and silver certificates printed in the fiscal year 1938, showing various costs of each denomination—Continued

	Notes	Cost			Average total cost	
		Paper	Engraving plates (average cost)	Preparing	Per \$1,000 of notes	Per note
United States notes: \$2\$5	17, 880, 000 39, 156, 000	\$16, 390. 00 35, 893. 00	\$3, 352, 50 7, 341, 75		\$3, 4092 1, 3636	\$0. 00682 . 00682
Total	57, 036, 000	52, 283, 00	10, 694, 25	325, 913. 21	1. 6796	.00682
Silver certificates: \$1\$ \$5\$ \$10	712, 224, 000 135, 384, 000 15, 852, 000 863, 460, 000	652, 872, 00 124, 102, 00 14, 531, 00 791, 505, 00	25, 384, 50 2, 972, 25	773, 606. 74 90, 580. 97	6. 8183 1. 3636 . 6818 3. 804	. 00682

The Bureau of Engraving and Printing is reimbursed for the printing of Federal reserve notes by the Federal Reserve Board.

The cost of printing United States notes and silver certificates is paid by the Government.

DENOMINATIONS OF PAPER MONEY

The following table, prepared by Director Hall of the Bureau of Engraving and Printing, is self-explanatory:

Denominations, number of notes, and face value of Federal Reserve notes, United States notes, and silver certificates printed in the fiscal year 1938

Denomination	Notes	Face value
Federal Reserve notes: \$10	120, 480, 000 41, 496, 000 2, 016, 000 1, 752, 000 78, 600 54, 600 3, 600 2, 400	\$1, 204, 800, 000 829, 920, 000 100, 800, 000 175, 200, 000 39, 300, 000 54, 600, 000 18, 000, 000 24, 000, 000
	165, 883, 200	2, 446, 620, 000
United States notes: \$2 \$5.	17, 880, 000 39, 156, 000	35, 760, 000 195, 780, 000
	57, 036, 000	231, 540, 000
Silver certificates: \$1 \$5. \$10.	712, 224, 000 135, 384, 000 15, 852, 000	712, 224, 000 676, 920, 000 158, 520, 000
	863, 460, 000	1, 547, 664, 000

HOW FEDERAL RESERVE NOTES ARE STORED

In answer to my question:

How are Federal Reserve notes stored in the Bureau of Engraving and Printing; that is, with reference to keeping them all together or separating them into different sections for different banks?

Director Hall answered under date of February 20, 1939:

These notes are stored in the Federal Reserve vault, located in the main Bureau building, separated into different sections for the different banks. This vault is in the joint custody of representatives from the Federal Reserve Board, the Public Debt Service, and the Bureau of Engraving and Printing.

AMOUNT OF FEDERAL RESERVE NOTES ON HAND

In answer to my question:

The amount of Federal Reserve notes on hand at this time in your custody for each Federal Reserve bank?

Director Hall stated:

The amount of notes of each Federal Reserve bank on hand in the Federal Reserve vault as of February 17, 1939, was as follows:

the second secon	
Boston	\$311, 720, 000
New York	620, 220, 000
Philadelphia	306, 600, 000
Cleveland	216, 780, 000
Richmond	201, 540, 000
Atlanta	162, 340, 000

Chicago	\$454, 100, 000
St. Louis	188, 980, 000
Minneapolis	143,060,000
Kansas City	164, 860, 000
Dallas	- 74, 200, 000
San Francisco	275, 140, 000

HOW NOTES DISTRIBUTED

In answer to my question

Are these notes shipped directly by you to a Federal Reserve bank, or to whom do you deliver them and upon whose order?

Director Hall replied:

Federal Reserve notes are forwarded by the custodians of the Federal Reserve vault to the various Federal Reserve banks, or branches thereof, on order of the Federal Reserve Board through the Comptroller of the Currency.

WHY CERTAIN DENOMINATIONS OF CERTAIN NOTES

In answer to my questions, Mr. William H. McReynolds, Administrative Assistant to the Secretary of the United States Treasury, on March 6, 1939, replied as follows:

Item 5: You ask why Federal Reserve notes are not issued in denominations below \$10. Paragraph 9 of section 16 of the Federal Reserve Act, as amended, authorizes the printing of such quantities Reserve Act, as amended, authorizes the printing of such quantities of Federal Reserve notes of the denominations of \$5, \$10, \$20, \$50, \$100, \$500, \$1,000, \$5,000, and \$10,000 as may be required to supply the Federal Reserve banks. It will be noted the minimum denomination fixed by law is \$5. Moreover, silver certificates supply the \$1 denominational requirements and United States notes supply the \$2 requirements. During the fiscal year 1938 the Federal Reserve banks paid into circulation \$78,059,000 Federal Reserve notes of the \$5 denomination.

Item 6: You ask why silver certificates are not issued in denominations larger than they are now issued. Section 12 of the Gold Reserve Act of 1934 authorizes the President to issue silver certificates in such denominations as he may prescribe against any silver bullion, silver, or standard silver dollars in the Treasury not then held for the redemption of any outstanding certificates. They are now issued in denominations of \$1, \$5, and \$10. They are not issued in other denominations because other denominational requirements are met by other kinds of currency, and for the further reason that these denominations best lend themselves to putting silver certificates in circulation.

COST OF MAINTAINING CURRENCY SYSTEM

The following letter, with table attached, is self-explana-

MARCH 27, 1939.

Hon. WRIGHT PATMAN,

House of Representatives, Washington, D. C.
MY DEAR MR. PATMAN: With further reference to your letter dated February 21, 1939, requesting to be advised concerning the annual cost of maintaining our currency and coin system, there has been prepared an itemized statement, which is enclosed herewith, showing prepared an itemized statement, which is enclosed herewith, showing expenditures for maintaining our currency and coin system during the fiscal year ended June 30, 1938, by the several bureaus and offices of the Treasury Department, totaling \$9,868,985.49. The figures representing cost of printing United States notes, silver certificates, and Federal Reserve notes by the Bureau of Engraving and Printing, contained in the enclosed statement, were also included in letters written to you by the Director of the Bureau of Engraving and Printing dated February 20 and 24, 1939. There has also been included in this statement a total of \$5,952,821, reported by the Chairman of the Board of Governors of the Federal Reserve System, representing the cost of maintaining the currency and coin system by Federal Reserve banks.

Certain items of expenditure by bureaus of the Treasury in con-

Certain items of expenditure by bureaus of the Treasury in connection with the preparation and shipment of Federal Reserve notes that are reimbursed by Federal Reserve banks have been eliminated from expenditures of the bureaus for the reason that such expense is included in the report made by the Federal Reserve System.

Very truly yours,

WM. H. McReynolds,
Administrative Assistant to the Secretary.

Cost directly applicable to maintenance of currency and coin system during fiscal year 1938

	i year 1000		
	Total	Federal Reserve notes	Other cur- rency and coin
Public Debt Service: Procurement of distinctive paper Paper custody Mutilated paper Redemption expenses Destruction expenses Administrative expenses			\$716, 392, 00 35, 348, 00 3, 777, 00 185, 912, 00 8, 122, 00 4, 802, 00
	\$954, 3 53.00		954, 353. 00

Cost directly applicable to maintenance of currency and coin system

	Total	Federal Reserve notes	Other cur- rency and coin
Division of Bookkeeping and Warrants: Postage and express charges on shipments of currency and coin Loss on recolnage of silver and minor coins Procurement of coin bags, seals, etc			\$141, 738. 93 501, 087. 77 4, 492. 37
Total	\$647, 319. 07		647, 319. 07
Bureau of the Mint: Transportation of bullion and coin between mints and assay offices. Wastage and loss on operative sweeps. Expenses of distributing minor coin. Salaries of personnel. Miscellaneous expenses.			17, 273. 33 11, 136. 14 93, 783. 10 2, 218, 312. 89 378, 222. 40
Total	2, 718, 727. 86		2, 718, 727. 86
Office of Treasurer of the United States: Salaries in connection with redemption of currency and coin	116, 125, 00		116, 125. 00
Bureau of Engraving and Printing: United States notes and silver certificates: Plates Preparing			172, 593. 00 5, 259, 867. 56
	5, 432, 460. 56		5, 432, 460. 56
Federal Reserve banks: Printing and shipping new Federal Reserve notes to banks. Redeeming Federal Reserve notes in- cluding shipping charges. Maintenance of currency and coin de- partments of banks, including ship- ping charges to and from banks in their districts.		\$1, 619, 634 223, 000 4, 110, 187	(1)
Total	5, 952, 821. 00	5, 952, 821	
Grand total	15, 821, 806, 49	5, 952, 821	9, 868, 985. 49

¹ Figures furnished by the Federal Reserve System are not susceptible to division as between maintenance cost applicable to Federal Reserve notes and that to other currency and coin.

EXTENSION OF REMARKS

Mr. WHITE of Ohio. Mr. Speaker, I ask unanimous consent to print in the Congressional Record an editorial from yesterday morning's Washington Post.

The SPEAKER pro tempore (Mr. Parsons). Is there objection?

There was no objection.

Mr. WHITE of Ohio. Also, Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein certain tables.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. MICHENER. Mr. Speaker, I ask unanimous consent to extend my remarks by including a short editorial from the Washington Star.

The SPEAKER pro tempore. Is there objection? There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. Boykin, indefinitely, on account of the serious illness of his mother.

ADJOURNMENT

Mr. RAYBURN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 50 minutes p. m.), under the order heretofore adopted. the House adjourned until Monday, May 29, 1939, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON LABOR

The Committee on Labor will hold a hearing in the Labor Committee rooms in the House Office Building at 10 a. m.

Friday, May 26, 1939, for the consideration of proposed amendments to the National Labor Relations Act.

COMMITTEE ON INVALID PENSIONS

There will be a meeting of the Committee on Invalid Pensions at 10 a. m. on Monday, May 29, 1939, in room 247, House Office Building, for the purpose of holding public hearings on H. R. 2889, a bill to provide that the widows and orphans of deceased veterans of the Regular Establishment shall be entitled to the same pensions, under the same conditions otherwise, as provided for widows and orphans of deceased World War veterans, and for other purposes; H. R. 2897, a bill to equalize the pensions payable to the dependents of veterans of the Regular Establishment with those payable to dependents of veterans of the World War whose death is due to service; and H. R. 6129, a bill to restore to the widows of the Regular Establishment the marriage privileges taken away by the Economy Act.

COMMITTEE ON THE JUDICIARY

On May 31, 1939, beginning at 10 a.m., there will be a public hearing before the Committee on the Judiciary on the bill (H. R. 6369) to amend the act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplemental thereto; to create a Railroad Reorganization Court, and for other purposes.

There will be a public hearing before Subcommittee No. III of the Committee on the Judiciary on Friday, June 2, 1939, at 10 a. m., on the bill (H. R. 2318) to divorce the business of production, refining, and transporting of petroleum products from that of marketing petroleum products. Room 346, House Office Building.

COMMITTEE ON THE POST OFFICE AND POST ROADS

The Committee on the Post Office and Post Roads will continue to hold public hearings on Thursday, June 1, 1939, at 10 a.m., for the consideration of H. R. 3835, a bill to authorize the Post Office Department to cooperate with the several States in the collection of State taxes.

COMMITTEE ON MERCHANT MARINE AND FISHERIES

The Committee on Merchant Marine and Fisheries will hold public hearings in room 219, House Office Building, at 10 a.m., on the bills and dates listed below:

On Friday, May 26, 1939, on H. R. 4592 and H. R. 4593, relating to the whale fishery.

On Wednesday, May 31, 1939, at 10 a.m., on H. R. 4985, relating to Fishery Educational Service in Bureau of Fisheries (Caldwell); H. R. 5025, purchase and distribution of fish products (Bland); and H. R. 5681, purchase and distribution of fish products (Caldwell).

On Tuesday, June 6, 1939, on H. R. 6039, motorboat bill of 1939 (Bland); and H. R. 6273, outboard racing motorboats

On Thursday, June 8, 1939, on H. R. 5837, alien owners and officers of vessels (KRAMER); and H. R. 6042, requiring numbers on undocumented vessels (KRAMER).

On Tuesday, June 13, 1939, on H. R. 1011, drydock facilities for San Francisco (Welch); H. R. 2870, drydock facilities for Los Angeles (Thomas F. Ford); H. R. 3040, drydock facilities for Los Angeles (Geyer of California); and H. R. 5787, drydock facilities for Seattle, Wash. (Magnuson).

On Thursday, June 15, 1939, on House Joint Resolution 194, investigate conditions pertaining to lascar seamen (Sirovich).

On Friday, June 16, 1939, on H. R. 5611, district command-

ers bill (U. S. Coast Guard).

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows: 786. A letter from the president, Board of Commissioners, District of Columbia, transmitting a proposed bill to amend an act entitled "An act to provide that all cabs for hire in the District of Columbia be compelled to carry insurance for

the protection of passengers"; to the Committee on the District of Columbia.

787. A letter from the Acting Secretary of the Treasury, transmitting a proposed bill to provide adequate compensation for employees killed or injured while performing work of a hazardous nature incident to law-enforcement activity; to the Committee on the Judiciary.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. DOUGHTON: Committee on Ways and Means. H. R. 6466. A bill to provide for and promote the general welfare of the United States by supplying to the people a more liberal distribution and increase of purchasing power, retiring certain citizens from gainful employment, improving and stabilizing gainful employment for other citizens, stimulating agricultural and industrial production and general business, and alleviating the hazards and insecurity of old age and unemployment; to provide a method whereby citizens shall contribute to the purchase of and receive a retirement annuity; to provide for the raising of the necessary revenue to operate a continuing plan therefor; to provide for the appropriation and expenditure of such revenue; to provide for the proper administration of this act; to provide penalties for violation of the act; and for other purposes; with amendment (Rept. No. 690). Referred to the Committee of the Whole House on the state of the Union.

Mr. MUNDT: Committee on Indian Affairs. H. R. 5451. A bill to authorize the consolidation of the lands on the Sisseton Indian Reservation, N. Dak. and S. Dak., and for other purposes; with amendment (Rept. No. 691). Referred to the Committee of the Whole House on the state of the Union.

Mr. SMITH of West Virginia: Committee on Mines and Mining. H. R. 5132. A bill to amend the United States mining laws applicable to the area known as the watershed of the headwaters of the Bonito River in the Lincoln National Forest within the State of New Mexico; without amendment (Rept. No. 692). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. McGEHEE: Committee on Claims. H. R. 2514. A bill for the relief of G. E. Williams; without amendment (Rept. No. 693). Referred to the Committee of the Whole House.

Mr. EBERHARTER: Committee on Claims. H. R. 3161. A bill for the relief of the estate and minor children of Dale W. and Gladys M. Guise, Sally C. Guise, and Martha G. and Arnold E. Orner; with amendment (Rept. No. 694). Referred to the Committee of the Whole House.

Mr. KEEFE: Committee on Claims. H. R. 4264. A bill for the relief of Corabell Wuensch, Jackie Lee Wuensch, and Mary Rainbolt; with amendment (Rept. No. 695). Referred to the Committee of the Whole House.

Mr. KEEFE: Committee on Claims. H. R. 4847. A bill for the relief of Leland J. Belding; with amendment (Rept. No. 696). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of the rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CELLER:

H. R. 6526. A bill to amend section 2111 (a) (1) of the Internal Revenue Code; to the Committee on Ways and Means. By Mr. KIRWAN:

H. R. 6527. A bill granting the consent of Congress to the commissioners of Mahoning County, Ohio, to replace a bridge, which has collapsed, across the Mahoning River at Division

Street, Youngstown, Mahoning County, Ohio; to the Committee on Interstate and Foreign Commerce.

By Mr. LANDIS:

H. R. 6528. A bill to provide for the creation of the George Rogers Clark National Memorial, in the State of Indiana, and for other purposes; to the Committee on the Library.

By Mr. VAN ZANDT:

H.R. 6529. A bill to stimulate research in the use of anthracite and bituminous coal and the byproducts thereof, and for other purposes; to the Committee on Mines and Mining.

By Mr. GEHRMANN:

H.R. 6530. A bill to provide for the promotion of sound dairy practices and to provide an adequate and balanced flow of milk and its products in interstate and foreign commerce, and for other purposes; to the Committee on Agriculture.

By Mr. LESINSKI:

H. R. 6531 (by request). A bill to restore the rates of pensions payable to certain blind and maimed veterans which were reduced under the Economy Act of March 20, 1933; to the Committee on Invalid Pensions.

H. R. 6532. A bill to provide pensions at wartime rates for disability or death incurred in line of duty as a direct result of submarine or aircraft disasters; to the Committee on Invalid Pensions.

By Mr. MILLER:

H.R. 6533. A bill to restore the rates of pension payable to certain blind and maimed veterans which were reduced under the Economy Act of March 20, 1933; to the Committee on Invalid Pensions.

By Mr. SIROVICH:

H.R. 6534. A bill to establish a system of maritime unemployment compensation for the maritime industry; to the Committee on Ways and Means.

By Mr. DISNEY:

H. R. 6535. A bill authorizing an appropriation for payment to the Delaware Tribe of Indians on account of permanent annuities under treaty provision; to the Committee on Indian Affairs.

By Mrs. NORTON:

H. R. 6536. A bill to amend the act entitled "An act to establish a Civilian Conservation Corps, and for other purposes," approved June 28, 1937, as amended; to the Committee on Labor.

By Mr. TENEROWICZ:

H.R. 6537. A bill to subject Government obligations to income taxation; to the Committee on Ways and Means.

By Mr. CHAPMAN:

H.R. 6538. A bill to amend the Agricultural Adjustment Act of 1938; to the Committee on Agriculture.

By Mr. COOLEY:

H. R. 6539. A bill to amend the Agricultural Adjustment Act of 1938; to the Committee on Agriculture.

H. R. 6540. A bill to amend the Agricultural Adjustment Act of 1938; to the Committee on Agriculture.

H.R. 6541. A bill to amend the Agricultural Adjustment Act of 1938; to the Committee on Agriculture.

By Mr. JOHNSON of Illinois:

H. R. 6542. A bill to authorize a preliminary examination and survey of the Edwards River and its tributaries in the State of Illinois for flood control, for run-off and water-flow retardation, and for soil-erosion prevention; to the Committee on Flood Control.

By Mr. JOHNSON of Indiana:

H.R. 6543. A bill to authorize a preliminary examination and survey of the Wabash River and its tributaries in the State of Indiana for flood control, for run-off and waterflow retardation, and for soil-erosion prevention; to the Committee on Flood Control.

By Mr. RANDOLPH:

H.R. 6544. A bill to amend an act entitled "An act to provide that all cabs for hire in the District of Columbia be compelled to carry insurance for the protection of passengers, and for other purposes," approved June 29, 1938; to the Committee on the District of Columbia.

By Mr. WHELCHEL:

H.R. 6545. A bill authorizing the issuance of a special postage stamp in honor of the late Dr. Crawford W. Long for his services in introducing the use of ether for anesthetical purposes; to the Committee on the Post Office and Post Roads.

By Mr. ALLEN of Pennsylvania:

H. J. Res. 304. Joint resolution to terminate the tax on bituminous coal; to the Committee on Ways and Means.

By Mr. McGRANERY:

H. J. Res. 305. Joint resolution to investigate and determine methods and means for the reemployment of labor in private industry; to the Committee on Rules.

By Mr. BLAND:

H. Res. 203. Resolution for the consideration of H. R. 5129; to the Committee on Rules.

By Mr. FLAHERTY:

H. Res. 204. Resolution authorizing the Committee on Naval Affairs, or a duly authorized subcommittee, to investigate and report on the accident resulting in the disability of the submarine *Squalus*; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BELL:

H.R. 6546. A bill for the relief of Benno von Mayrhauser and Oskar von Mayrhauser; to the Committee on Immigration and Naturalization.

By Mr. CHAPMAN:

H. R. 6547. A bill for the relief of Jessie Adams; to the Committee on Military Affairs.

By Mr. JOHNSON of Indiana:

H. R. 6548. A bill for the relief of Isobell Shanks; to the Committee on Claims.

By Mr. KEE:

H. R. 6549. A bill to authorize and direct the Commissioners of the District of Columbia to reinstate Oliver K. Stanton to his former position as a member of the Metropolitan Police Department; to the Committee on the District of Columbia.

By Mr. MARTIN of Massachusetts:

H. R. 6550. A bill granting an increase of pension to Mary H. Green; to the Committee on Invalid Pensions.

By Mr. MOTT:

H. R. 6551. A bill granting a pension to L. Jane Hemstreet; to the Committee on Pensions.

By Mr. MUNDT:

H.R. 6552. A bill for the relief of Mrs. Gottlieb Metzger; to the Committee on Claims.

By Mr. VAN ZANDT:

H.R. 6553. A bill for the relief of the Pennsylvania State College; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3302. By Mr. BARRY: Petition of the New York Typographical Union, No. 6, New York City, favoring passage of Senate bill 591, amending the United States Housing Act of 1937; to the Committee on Banking and Currency.

3303. By Mr. HINSHAW: Petition of Geraldine Fitch, of Pasadena, Calif., containing 6,671 signatures from residents of the State of California, urging the United States Government to stop selling scrap iron and war material to Japan; to the Committee on Foreign Affairs.

3304. By Mr. JACOBSEN: Petition of L. S. Ward and 29 others and a petition of Sara J. Rust and 29 others, all of Davenport, Scott County, Iowa, urging that the Seventy-sixth Congress enact the improved General Welfare Act for the relief of our needy citizens over 60 years of age; to the Committee on Ways and Means.

3305. By Mr. KEOGH: Petition of metropolitan section of the American Society of Civil Engineers, New York City, favoring the passage of the Starnes bill (H. R. 4576); to the Committee on Appropriations.

3306. Also, petition of the National Association of Audubon Societies, for the protection of wild birds and animals, New York City, concerning antipollution legislation; to the Committee on Agriculture.

3307. Also, petition of the Long Island City Merchants and Property Owners' League, Long Island City, N. Y., concerning sugar legislation for 1939 and 1940; to the Committee on Agriculture.

3308. By Mr. KRAMER: Resolution of the California Society of the Daughters of the American Revolution, relative to preventing the formation of any foreign alliances by the United States; to the Committee on Foreign Affairs.

3309. Also, petition of the Thomas Jefferson High School of Los Angeles, relative to urging vote for the Gearhart bill (H. R. 3794) without amendment; to the Committee on the Public Lands.

3310. By Mr. LEWIS of Colorado: Petition of 13 citizens of Denver, Colo., requesting the Seventy-sixth Congress to enact the improved General Welfare Act, thus relieving the suffering of our needy citizens over 60 years of age and providing prosperity for America and security for all at 60; to the Committee on Ways and Means.

3311. Also, petition of seven citizens of Colorado, requesting the Seventy-sixth Congress to enact the improved General Welfare Act (H. R. 11), thus relieving the suffering of our needy citizens over 60 years of age and providing prosperity for America and security for all at 60; to the Committee on Ways and Means.

3312. By Mr. MARTIN of Massachusetts: Petition of George E. Granfield, Mabel M. Morse, and 58 other residents of Taunton, Mass., urging passage of the General Welfare Act; to the Committee on Ways and Means.

3313. By Mr. MERRITT: Resolution of the Long Island City Merchants and Property Owners League, New York, petitioning the President of the United States, his departmental advisers, and the Representatives of the State of New York in Congress that there be no enactment of sugar legislation in 1939, 1940, or thereafter, which would deprive the refining workers in Queens County and the State of New York of the amount of work permitted them at this time under the quota system, and that every effort be made to regain the lost work which rightfully belongs to them by providing that tropical labor produce and process raw sugar, permitting the refining to be done by highly paid American workmen at home; to the Committee on Ways and Means.

3314. By Mr. TINKHAM: Two petitions from residents of Boston, Mass., requesting the enactment of the General Welfare Act; to the Committee on Ways and Means.

3315. By Mr. PFEIFER: Petition of the New York Typographical Union, No. 6, New York City, endorsing Senate bill 591; to the Committee on Banking and Currency.

3316. Also, petition of the Eberhard Faber Pencil Co., Brooklyn, N. Y., opposing section 22 of Senate bill 2009 and House bill 4862; to the Committee on Interstate and Foreign Commerce.

3317. Also, petition of the Tung-Sol Lamp Works, Inc., New York City, urging certain changes in the National Labor

Relations Act; to the Committee on Labor.

3318. Also, petition of the New York Joint Council of the
United Office and Professional Workers of America, New
York City, urging additional appropriation for Works
Progress Administration; to the Committee on Appropriations.

3319. Also, petition of the Vestal Chemical Laboratories, Inc., New York City, favoring passage of the Starnes bill (H. R. 4576); to the Committee on Appropriations.

3320. By Mr. SANDAGER: Memorial of the Rhode Island State Industrial Union Council, Providence, R. I., endorsing the peace policies of the President and favoring the immediate repeal of the neutrality law; to the Committee on Foreign Affairs.

3321. Also, memorial of the Rhode Island State Industrial Union Council, Providence, R. I., opposing any change in the National Labor Relations Act; to the Committee on Labor.

3322. Also, memorial of the Rhode Island State Industrial Union Council, Providence, R. I., congratulating the La Follette Civil Libertles Committee for its work and requesting that proper appropriations of funds be made to continue their work; to the Committee on Education.

3323. Also, memorial of the Rhode Island State Industrial Union Council, Providence, R. I., urging Congressmen and Senators to support appropriations for Works Progress Administration and Public Works Administration projects; to the Committee on Appropriations.

3324. Also, memorial of the Rhode Island Congress of Industrial Organizations, Providence, R. I., opposing the Hobbs bill or any other antialien bill; to the Committee on Immigration and Naturalization.

3325. By Mr. VAN ZANDT: Petition of R. F. Johns, Veterans' Facility Company, No. 3, of Dayton, Ohio, together with 600 others from Columbus and Dayton, Ohio, and Muncie, Ind., urging passage of House bill 5332 and favoring the bill because of the provision to grant an increase in pension for permanently and totally disabled World War veterans now entitled to a pension of \$30 a month, believing that passage of this measure will permit thousands of veterans now in veterans' facilities to return home, relieving the Government of the burden of maintaining them in veterans' facilities: to the Committee on World War Veterans' Legislation.

3326. By Mr. WIGGLESWORTH: Petition of the General Court of Massachusetts, favoring the continuation of Works Progress Administration projects; to the Committee on Appropriations.

3327. Also, petition of the members of the General Welfare Club, Brockton, Mass., urging the enactment of the so-called General Welfare Act; to the Committee on Ways and Means.

3328. Also, petition of the General Court of Massachusetts, urging the passage of the so-called antilynching bill; to the Committee on the Judiciary.

3329. By the SPEAKER: Petition of the Workers' Alliance Local, W. 483, San Francisco, Calif., petitioning consideration of their resolution with reference to Works Progress Administration appropriation deficiency; to the Committee on Appropriations.

SENATE

FRIDAY, MAY 26, 1939

(Legislative day of Friday, May 19, 1939)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Z@Barney T. Phillips, D. D., offered the following prayer:

Our Heavenly Father, in whom we live and move and have our being, we come again to cast ourselves upon Thee, for Thou carest for us and Thy love is ever constant, knowing neither end nor change. Be gracious unto our land and bless with bounteousness the fruits thereof; be very patient with Thy children lest we lose patience with ourselves; and to all our honored leaders grant an ever clearer vision and an ever deeper knowledge of Thy laws until the measure of our freedom shall be determined only by Thy will and purpose for us as a nation.

Comfort all who mourn and are bereaved; bind us ever closer to each other in the bonds of holy fellowship, and, though we sometimes stray in willfulness from Thee, help us to remember that Thine amazing love brings Thee over the mountains of our misery into the wilderness where we have wandered; seek until it finds; bears us in Thy strong embrace, and brings us home rejoicing. In the Master's name we ask it. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Thursday, May 25, 1939, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS AND JOINT RESOLUTION

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that the President had approved and signed the following acts and joint resolution:

On May 6, 1939:

S. 1034. An act to authorize the Secretary of War to terminate certain leases of the Long Island Railroad Co.

On May 8, 1939:

S. 70. An act to amend section 90 of the Judicial Code, as amended, with respect to the terms of the Federal District Court for the Northern District of Mississippi;

S. 513. An act to provide for the promotion on the retired

list of the Navy of Fred G. Leith; and

S. 2044. An act making inapplicable certain reversionary provisions in the act of March 4, 1923 (42 Stat. 1450), and a certain deed executed by the Secretary of War, in the matter of a lease to be entered into by the United States for the use of a part of the former Fort Armistead Military Reservation for air navigation purposes.

On May 11, 1939:

S. 752. An act to amend section 78 of the Judicial Code, relating to the district of Idaho;

S. 1038. An act for the relief of L. M. Bell and M. M. Bell; and

S. J. Res. 111. Joint resolution designating August 19 of each year as National Aviation Day.

On May 12, 1939:

S. 1515. An act for the relief of the Louisiana National Bank, of Baton Rouge, and the Hibernia Bank & Trust Co., of New Orleans.

On May 16, 1939:

S. 270. An act for the relief of Lofts & Son.

On May 17, 1939:

S. 964. An act creating the Arkansas-Mississippi Bridge Commission; defining the authority, power, and duties of said commission; and authorizing said commission and its successors and assigns to construct, maintain, and operate a bridge across the Mississippi River at or near Friar Point, Miss., and Helena, Ark., and for other purposes.

On May 22, 1939:

S. 198. An act to provide that records certified by the Court of Claims to the Supreme Court, in response to writs of certiorari, may include material portions of the evidence, and for other purposes;

S. 1281. An act to prohibit reproductions of official badges,

identification cards, and other insignia;

S. 2050. An act to authorize a sale of the old Carson City (Nev.) Mint site, and building notwithstanding the provisions of Joint Resolution No. 18 of February 23, 1865; and

S. 2244. An act to authorize the Secretary of the Treasury to accept real estate devised to the United States by the late Lizzie Beck, of Mena, Ark., and for other purposes.

On May 24, 1939:

S. 242. An act relating to the disposition of funds derived from the Coos Bay Wagon Road grant lands;

S. 542. An act to further extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Garrison, N. Dak.;

S. 595. An act to increase further the efficiency of the Coast Guard by authorizing the retirement under certain conditions of enlisted personnel thereof with 20 or more years of service;

S. 965. An act to amend the act entitled "An act authorizing the Port Authority of Duluth, Minn., and the Harbor Commission of Superior, Wis., to construct a highway bridge across the St. Louis River from Rice's Point in Duluth, Minn., to Superior in Wisconsin," approved June 30, 1938; and

S. 1876. An act to readjust the commissioned personnel of the Coast Guard, and for other purposes.

CALL OF THE ROLL

Mr. MINTON. I suggest the absence of a quorum. The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Danaher	King	Pittman
Andrews	Davis	La Follette	Radcliffe
Ashurst	Donahey	Lee	Reed
Austin	Downey	Lodge	Reynolds
Bailey	Ellender	Logan	Schwartz
Bankhead	Frazier	Lucas	Sheppard
Barbour	George	Lundeen	Shipstead
Barkley	Gibson	McCarran	Smathers
Bone	Gillette	McKellar	Stewart
Borah	Green	McNary	Thomas, Okla.
Brown	Guffey	Maloney	Thomas, Utah
Bulow	Gurney	Mead	Tobey
Burke	Hale	Miller	Townsend
Byrd	Harrison	Minton	Truman
Byrnes	Hatch	Murray	Vandenberg
Capper	Hayden	Neely	Van Nuys
Caraway	Herring	Norris	Wagner
Chavez	Holman	Nye	Walsh
Clark, Idaho	Hughes	O'Mahoney	Wheeler
Clark, Mo.	Johnson, Calif.	Overton	White
Connally	Johnson, Colo.	Pepper	Wiley

Mr. MINTON. I announce that the Senator from Virginia [Mr. Glass] is detained from the Senate because of illness.

The Senator from Mississippi [Mr. Bileo], the Senator from Alabama [Mr. Hill], the Senator from Georgia [Mr. Russell], the Senator from Illinois [Mr. Slattery], and the Senator from Maryland [Mr. Tydings] are detained on important public business.

The Senator from South Carolina [Mr. Smith] is absent because of illness in his family.

The Senator from Washington [Mr. Schwellenbach] is unavoidably detained.

The Senator from West Virginia [Mr. Holf] is addressing the convention of postmasters of West Virginia, and is therefore necessarily absent.

The VICE PRESIDENT. Eighty-four Senators have answered to their names. A quorum is present.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution of the California Osteopathic Association, favoring the amendment of Senate bill 1620, the so-called national health bill, so as to preserve the freedom of choice of the physician and school of practice to persons entitled to medical care and providing osteopathic representation on Federal and State advisory councils, which was referred to the Committee on Education and Labor.

He also laid before the Senate a telegram from Monumental Lodge, Brotherhood of Railway Clerks, Baltimore, Md. (H. Barber, legislative chairman), stating "Fifteen hundred general office clerks urge Reed amendment to Senate bill 2009 be eliminated in order to save 35,000 jobs," which was ordered to lie on the table.

Mr. LODGE presented a resolution of Industrial Insurance Agents Union, Local No. 41, United Office and Professional Workers of America, C. I. O., Boston, Mass., relative to the program of, and appropriations for, the W. P. A., which was referred to the Committee on Appropriations.

Mr. RADCLIFFE (for Mr. Typings) presented a petition of sundry citizens of Baltimore, Md., praying that adequate funds be appropriated for the United States Employment Service, and that funds not appropriated may be restored to the Service, which was referred to the Committee on Appropriations.

He also (for Mr. Tydings) presented a resolution adopted at a mass meeting held in Chizuk Amuno Synagogue, Baltimore, Md., protesting against the recent action of the British Government in reference to the Balfour declaration and the Palestine mandate, which was referred to the Committee on Foreign Relations.

POLICIES OF GOVERNMENT OF GERMANY

Mr. GIBSON. Mr. President, I present a resolution adopted by Middlebury (Vt.) Post, No. 27, American Legion, at its regular monthly meeting, relative to the present Government of Germany, which I ask may be printed in the RECORD and appropriately referred.

There being no objection, the resolution was referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, as follows:

Resolved, That Middlebury Post, No. 27, American Legion, in

Resolved, That Middlebury Post, No. 27, American Legion, in its regular monthly meeting—
(1) Expresses its abhorrence of the religious intolerance and ruthless persecution of helpless political opponents, and the adherents of Catholic, Protestant, and Jewish religious organizations, herents of Catholic, Protestant, and Jewish religious organizations, and the barbaric methods of repression and exploitation pursued by the present Government of Germany.

(2) Voices its fear of the extension of the systems of government which threaten our democracy and liberty.

(3) Favors the steps taken to isolate the Nazi government diplomatically by the withdrawal of our Ambassador and urges that this be continued until Germany ceases this repression.

(4) Urges upon our Government suitable measures to bring economic pressure to bear through boycotts; refusal of loans, embargo

nomic pressure to bear through boycotts, refusal of loans, embargo on trade, and levies upon German nationals in this country to finance the resettlement of German refugees wherever possible, in accordance with the limits of our capacity.

RESOLUTION OF HARDWICK (VT.) TOWNSEND CLUB

Mr. GIBSON. Mr. President, I ask consent to have printed in the RECORD and referred to the Committee on Finance a letter embodying a resolution adopted by the Hardwick (Vt.) Townsend Club, with reference to bringing House bill 2 out of the Ways and Means Committee to the floor of the House of Representatives for a record vote at once. This resolution was agreed to on May 10, 1939.

There being no objection, the letter embodying a resolution was referred to the Committee on Finance and ordered to be

printed in the RECORD, as follows:

HARDWICK, VT., May 10, 1939.

To the Honorable Robert E. Doughton, Chairman, Ways and Means Committee; Warren R. Austin, Senator; Ernest W. Gibson, Senator; Charles A. Plumley, Representative.

DEAR SIRS: At a meeting of the Hardwick (Vt.) Townsend Club held May 10, 1939, it was voted to send a copy of the following resolution to both the Senators and Representative of this district in

Congress.

Resolved, That in view of the fact that H. R. 2, a bill embodying the Townsend national recovery plan, has been accorded a fair hearing by the Ways and Means Committee, and supported by a number of well-known and reputable witnesses who testified to the feasibility and necessity of the proposed legislation; and Whereas there seems to be a disposition through willful prejudice on the part of the administration leaders to bury the bill (H. R. No. 2) in the files of the Ways and Means Committee, which course of procedure is manifestly unfair to the millions of people who are demanding a "yes" or "no" vote on the measure on the floor of the House: Therefore be it

Resolved, That we respectfully ask each of our Senators and Representative to use their office and influence to bring H. R. No. 2 out of committee to the floor of the House for a record vote at once.

AGNES SHEPARD, President.

Belle E. Wheeler, Secretary.

BELLE E. WHEELER, Secretary.

REPORTS OF COMMITTEES

Mr. HARRISON, from the Committee on Finance, to which was referred the bill (H. R. 5748) to amend the Second Liberty Bond Act, as amended, reported it without amendment and submitted a report (No. 501) thereon.

Mr. CLARK of Missouri, from the Committee on Finance, to which was referred the bill (H. R. 5485) permitting the War Department to transfer old horses and mules to the care of reputable humane organizations, reported it without amendment and submitted a report (No. 500) thereon.

Mr. GEORGE, from the Committee on Finance, to which was referred the bill (S. 2454) to relieve disbursing officers and certifying officers of the Veterans' Administration from liability for payment where recovery of such payment is waived under existing laws administered by the Veterans' Administration, reported it without amendment and submitted a report (No. 502) thereon.

Mr. THOMAS of Oklahoma, from the Committee on Appropriations, to which was referred the bill (H. R. 6260) making appropriations for the fiscal year ending June 30, 1940, for civil functions administered by the War Department, and for other purposes, reported it with amendments and submitted a report (No. 503) thereon.

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REPORT OF FINANCE COMMITTEE—CONTINUATION OF SPECIAL COMMITTEE ON TAXATION OF GOVERNMENTAL SECURITIES AND SALARIES

Mr. BROWN, from the Committee on Finance, to which was referred the resolution (S. Res. 135) continuing the Special Committee on the Taxation of Governmental Securities and Salaries (submitted by him on May 24, 1939), reported it without amendment.

Mr. BROWN subsequently said: Mr. President, it is necessary for me to leave for Michigan for a few days, and on June 1 the life of the Special Committee on Reciprocal Taxation, which the Senate created at the last session, will expire. This morning the Finance Committee unanimously reported a Senate resolution extending the life of the committee to the end of the present session. The question with which we have been concerned is now before a subcommittee of the Ways and Means Committee of the House of Representatives. We cannot originate such legislation in the Senate.

I ask unanimous consent that the Senate proceed to the consideration of the Senate resolution extending the life of the committee. I have spoken to the Senator from Vermont [Mr. Austin], who is a member of the committee; with the Senator from Kentucky [Mr. BARKLEY], the majority leader; and the Senator from Oregon [Mr. McNary], the minority leader, and they are all agreeable that the resolution should be now considered. I think it can be disposed of in a very short time.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the resolution (S. Res. 135) was considered and agreed to, as follows:

Resolved. That Senate Resolution 303, Seventy-fifth Congress, third session, establishing a special committee on the taxation of governmental securities and salaries, agreed to June 16, 1938, is hereby continued in full force and effect until the expiration of the first session of the Seventy-sixth Congress, and the time for making the report required by such resolution is hereby extended to such date of expirations. date of expiration.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. LOGAN:

S. 2500. A bill authorizing the Comptroller General of the United States to settle and adjust the claims of Mary Pierce, and John K. Quackenbush; to the Committee on Claims.

By Mr. BANKHEAD:

S. 2501. A bill to extend the time for filing claims for refunds of amounts paid as taxes under the Bankhead Cotton Act of 1934, the Kerr Tobacco Act, and the Potato Act of 1935; to the Committee on Agriculture and Forestry.

By Mr. TRUMAN:

S. 2502. A bill authorizing the county of Howard, State of Missouri, to construct, maintain, and operate a toll bridge across the Missouri River at or near Petersburg, Mo.; to the Committee on Commerce.

By Mr. BAILEY:

S. 2503. A bill to amend an act entitled "An act to authorize the establishment of a permanent instruction staff at the United States Coast Guard Academy," approved April 16, 1937; to the Committee on Commerce.

By Mr. CLARK of Missouri:

S. 2504. A bill to amend an act entitled "An act for the relief of the Playa de Flor Land & Improvement Co.," approved May 21, 1934; to the Committee on Interoceanic

By Mr. VANDENBERG:

S. 2505. A bill to amend an act to provide for the fifteenth and subsequent decennial censuses and to provide for apportionment of Representatives in Congress, approved June 18, 1929, so as to change the date of subsequent apportionments; to the Committee on Commerce.

By Mr. BURKE:

S. 2506. A bill granting the consent of Congress to Northern Natural Gas Co. of Delaware to construct, maintain, and operate a pipe-line bridge across the Missouri River; to the Committee on Commerce.

By Mr. MURRAY:

S. 2507. A bill to provide a program for the relief of unemployment by affording opportunities for employment upon a public-works program to persons unable to secure private employment; to the Special Committee on Unemployment and Relief.

By Mr. THOMAS of Oklahoma:

S. 2508. A bill to amend the act entitled "An act authorizing the construction of certain public works on rivers and harbors for flood control, and for other purposes," approved June 22, 1936; to the Committee on Commerce.

By Mr. SHEPPARD:

S. 2509. A bill granting a pension to William Bates (with accompanying papers); to the Committee on Pensions.

By Mr. PEPPER:

S. 2510. A bill to promote the general welfare through the appropriation of funds to assist the States and Territories in providing more effective programs of public kindergarten or kindergarten and nursery-school education; to the Committee on Education and Labor.

AMENDMENT OF LAW FOR APPORTIONMENT OF REPRESENTATIVES IN CONGRESS

Mr. VANDENBERG. Mr. President, on June 18, 1929, Congress finally approved the so-called Reapportionment Act, which provides for automatic decennial reapportionments in connection with the automatic decennial censuses.

In the act passed June 18, 1929, there is a timetable, so to speak, which indicates when the census is to be taken, when it is to be made applicable to reapportionment, and when the President shall report to Congress in respect to the census and the reapportionment.

Since that time the twentieth amendment to the Constitution of the United States has been ratified. That amendment changes the date upon which sessions of Congress convene. As a result, we confront the anomalous situation that the existing census and reapportionment law as it stands requires the President to report upon the census and the reapportionment before the census has been taken.

I ask consent to introduce a bill to amend the act of 1929 merely to revise the calendar, so that the report of the President may follow the taking of the census. I ask that the bill be referred to the Committee on Commerce.

The VICE PRESIDENT. Without objection, the bill will be received and referred as requested by the Senator from Michigan.

(See Senate bill 2505, introduced by Mr. Vandenberg and referred to the Committee on Commerce, under its appropriate heading.)

CHANGE OF REFERENCE

On motion by Mr. George, the Committee on Pensions was discharged from the further consideration of the bill (S. 135) granting pensions to veterans of wars and campaigns who are permanently and totally disabled, not the result of their own felonious misconduct, and it was referred to the Committee on Finance.

FINANCIAL REHABILITATION OF RAILROADS—AMENDMENT

Mr. CLARK of Missouri submitted an amendment intended to be proposed by him to the bill (S. 1869) to protect interstate commerce from the dangers of unsound financial structures and to establish improved procedures and standards for financial rehabilitation of railroads engaged in interstate commerce, and for other purposes, which was ordered to lie on the table and to be printed.

APPROPRIATIONS FOR THE DEPARTMENTS OF STATE, JUSTICE, ETC.—
AMENDMENT

Mr. BARBOUR submitted an amendment proposing to increase the appropriation for salaries and expenses for certain emergencies, under the Federal Bureau of Investigation, from \$300,000 to \$750,000. intended to be proposed by him to the

bill (H. R. 6392) making appropriations for the Departments of State and Justice and for the judiciary, and for the Department of Commerce for the fiscal year ending June 30, 1940, and for other purposes, which was referred to the Committee on Appropriations and ordered to be printed.

THE SUBMARINE "SQUALUS" DISASTER

Mr. TOBEY, by unanimous consent, submitted the following resolution (S. Res. 137), which was referred to the Committee on Naval Affairs:

Resolved, That the Secretary of the Navy is requested to make a full and complete report to the Senate at the earliest practicable date with respect to (1) the cause and nature of the submarine Squalus disaster, (2) the efforts made to rescue the officers and crew of such submarine, (3) whether or not sufficient equipment was available for the purpose of carrying out such rescue work, (4) the advisability of the Government's procuring additional equipment, including diving bells and vessels to carry such bells, for submarine rescue work, and (5) any other information which the Secretary may have which might enable the Congress to take action to prevent similar disasters in the future.

RECIPROCAL-TRADE AGREEMENTS-LETTER FROM SECRETARY HULL

[Mr. Harrison asked and obtained leave to have printed in the Record a letter addressed by the Secretary of State to Mr. Millard D. Brown, of Philadelphia, Pa., on May 15, 1939, concerning the reciprocal trade agreements program, which appears in the Appendix.]

FORUM ON WORLD PEACE THROUGH WORLD TRADE

[Mr. Thomas of Utah asked and obtained leave to have printed in the Record messages and addresses delivered at the Forum on World Peace Through World Trade, at the New York World's Fair, on May 4, 1939, which appears in the Appendix.]

SEVENTIETH BIRTHDAY ANNIVERSARY OF RT. REV. MSGR. JOHN A. RYAN, D. D.

[Mr. Murray asked and obtained leave to have printed in the Record the address delivered on Thursday, May 25, 1939, by Rt. Rev. Msgr. John A. Ryan, D. D., of the Catholic University, on the occasion of a banquet in celebration of his seventieth birthday anniversary, which appears in the Appendix.]

GERMANY'S IMMIGRATION QUOTA-STATEMENT BY JOHN CECIL

[Mr. Reynolds asked and obtained leave to have printed in the Record a statement by John Cecil, president of the American Immigration Conference Board of New York City, before the Senate Immigration Committee in opposition to Senate Joint Resolution 64, which appears in the Appendix.] COMPULSORY BLOCK BOOKING AND BLIND SELLING OF MOTION-PICTURE FILMS

Mr. NEELY. Mr. President, I move that the Senate take from the table and consider my motion, which was entered on the 20th day of last March, to discharge the Committee on Interstate Commerce from further consideration of S. 280, a bill to prohibit and prevent the trade practices known as "compulsory block booking" and "blind selling" in the leasing of motion-picture films in interstate and foreign commerce.

The necessity for this motion lies in the fact that this bill has been bedeviled with more opposition, both revealed and concealed, than the hero of Pilgrim's Progress encountered on his slow and painful journey from earth to heaven. A blindfolded, crippled snail on crutches could have traveled farther in purgatory in 6 seconds than this bill has traveled since it was referred to the Committee on Interstate Commerce 6 months ago.

For a parallel to the inaction which has blighted the bill, it is necessary to go to the famous chancery case of Jarndyce against Jarndyce, immortalized in Bleak House by Charles Dickens—a case in which Miss Flite, one of the litigants, was, by the irritation of the law's unreasonable and unjust delay, finally reduced to insanity and impelled to mutter as she daily entered the courtroom in which nothing ever happened, "I expect to get judgment on judgment day."

Our experience in this matter has taught us that not only in fairy stories and proverbs and wisdom books is truth stranger than fiction. On Capitol Hill when the Congress is in session, fact outruns fiction, performance annihilates expectation, and realization laughs the plans of the legislator and the wishes of the public to scorn every day and all day long.

In support of this sweeping assertion, the attention of the Senate is very respectfully invited to a most extraordinary series of facts and circumstances concerning the bill which is, in substance, identical with other bills that have been before this body almost continuously for more than 11 years.

Mr. BORAH. Mr. President, will the Senator yield? The VICE PRESIDENT. Does the Senator from West

Virginia yield to the Senator from Idaho?

Mr. NEELY. I gladly yield to the able Senator from

Mr. NEELY. I gladly yield to the able Senator from Idaho.

Mr. BORAH. Is the bill to which the Senator refers similar to the measure passed by the Senate during the last session?

Mr. NEELY. It is identical with it from beginning to end. Mr. McNARY. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. McNARY. The unfinished business is Senate bill 1869, is it not?

The VICE PRESIDENT. The Senator is correct.

Mr. McNARY. This motion to discharge is on the table. The Senator from West Virginia has made a motion to proceed to its consideration. Is not that correct?

The VICE PRESIDENT. That is correct. If the motion of the Senator from West Virginia should prevail, the motion to discharge would be the business before the Senate.

Mr. McNARY. Yes. It is proper that the Senate should proceed to consider the motion to discharge; but that motion has not been made as I understand

has not been made, as I understand.

The VICE PRESIDENT. The Chair understood the Senator to make a double-barreled motion—to discharge the

committee, and to pass the bill.

Mr. NEELY. No. Mr. President——

The VICE PRESIDENT. The Senator's motion is to discharge the committee from the consideration of the bill?

Mr. NEELY. That is correct.

The VICE PRESIDENT. If the Senate should do that, it would then be in order for it to take up the bill.

Mr. McNARY. Mr. President, the proper motion now is a motion to proceed to consider the motion to discharge. If that motion should prevail, then the question would be whether the Senate should discharge the committee.

The VICE PRESIDENT. The Senator from Oregon is correct.

Mr. McNARY. There must be two separate motions. I raise the point only in order to have the parliamentary situation correct. The Senator could not properly move to discharge the committee and pass the bill at the same time.

The VICE PRESIDENT. No; he could not do that. Mr. NORRIS. Mr. President, a parliamentary inquiry. The VICE PRESIDENT. The Senator will state it.

Mr. NORRIS. Does not the motion come up automatically? Is it not a privileged matter under the rules?

The VICE PRESIDENT. It does not.

Mr. NORRIS. It has to lie over a day.

The VICE PRESIDENT. It has already laid over several days; but the Senate met today after a recess, and there was no morning hour for the transaction of routine business.

Mr. NORRIS. We have not adjourned, then, since notice of the motion was given?

The VICE PRESIDENT. The Senate has adjourned numbers of times; but the motion has been passed over by unanimous consent, or by some kind of consent it was placed on the table subject to call.

The parliamentarian advises the Chair that the motion went over by unanimous consent a number of times, and a little later was placed on the table subject to call.

Mr. BARKLEY. It was placed on what is known as the Table Calendar, which makes it subject to a motion to proceed to consider the motion to discharge the committee.

A further parliamentary inquiry, Mr. President. If the motion to consider this motion should be agreed to, would it displace the unfinished business?

The VICE PRESIDENT. For the time being, it would. Mr. NEELY. Mr. President, let me assure the Senate that if the motion to discharge the committee prevails, no attempt will be made, so far as I am concerned, to have the bill considered on its merits today. I am simply striving to induce the Senate to discharge the committee, so that at some time between now and judgment day a motion to proceed to the consideration of the bill may be properly made in this body.

Mr. McNARY. Mr. President, will the Senator yield? Mr. NEELY. I yield to the Senator from Oregon.

Mr. McNARY. Am I to understand that the Senator is not pressing his motion to discharge; that he simply wishes to state his position?

Mr. NEELY. Mr. President, I most certainly and sincerely desire action on my motion to discharge the committee.

Mr. McNARY. I thought the Senator said he had no desire to displace the unfinished business.

Mr. NEELY. I have no desire to displace it, except for the limited time that may be consumed by the debate and a vote on my motion.

That the Senate may know beyond a doubt that the general public, from coast to coast, is intensely interested in this antimonopolistic measure and is insisting upon its passage. the names of the religious, educational, economic, social, and general welfare organizations which are vigorously supporting the bill are again announced, as follows: American Association of University Women; American Home Economics Association; American Baptist Publication Society; Associated Film Audiences; Association for Childhood Education; Board of Temperance and Social Welfare of the Disciples of Christ; Catholic Boys' Brigade of the United States, Inc.; Catholic Central Verein of America; Catholic Daughters of America; Catholic Order of Foresters; Civic Club of Philadelphia; Committee on Moral and Social Welfare of the Lutheran Church in America; Council of Women for Home Missions; Editorial Council of the Religious Press; Federal Council of Churches of Christ in America; Girls' Friendly Society of United States of America; International Order of the King's Daughters and Sons, Inc.; Knights of Columbus; Massachusetts Civic League; Motion Picture Research Council; National Board of Young Women's Christian Associations; National Congress of Parents and Teachers; National Council of Catholic Women; National Council of Protestant Episcopal Churches; National Education Association; National Grange; National Motion Picture League, Inc.; National Sentinels; National Woman's Christian Temperance Union; National Women's Trade-Union League of America; Service Star Legion, Inc.; the parents and teachers organizations of 46 of the 48 States in the Union.

The support of the bill by these important organizations is supplemented by the support of many thousands of prominent men and women of whom the following deserve special mention: Ada U. Comstock, Radcliffe College, Cambridge, Mass.; W. A. Neilson, Smith College, Northampton, Mass.; Mary E. Woolley, former president of Holyoke College, Holyoke, Mass.; David A. Robertson, Goucher College, Baltimore, Md.: Albert W. Palmer, The Theological Seminary, Chicago, Ill.; Bancroft Beatley, Simmons College, Boston, Mass.; John S. Nollen, Grinnell College, Grinnell, Iowa; Grady Gammage, Arizona State Teachers College; Robert C. Clothier, Rutgers College, New Brunswick, N. J.; Kenneth M. Sills, Bowdoin College, Brunswick, Maine; Rev. Samuel K. Wilson, S. J., Loyola University, Chicago, Ill.; E. H. Lindley, University of Kansas; George Thomas, University of Utah, Salt Lake City, Utah; Walter Hullihen, University of Delaware, Newark, Del.; J. F. Zimmerman, University of New Mexico; James E. Cox, State Teachers College, Valley City, N. Dak.; Mary J. Workman, Los Angeles, Calif.; Maggie Smith Hathaway, Bureau of Child Protection, Helena, Mont.; Joseph D. Randall, Recreation Commission, San Francisco; Judge August E. Braun, Milwaukee, Wis.; Henry K. Sherrill, Diccesan House, Boston,

Mass.; R. A. Cram, of Cram & Ferguson, architects, Boston, Mass.; Arthur W. Lowe, superintendent of Portland High School, Portland, Maine; William B. Mills, United States probation officer, Portland, Maine; Walter K. Ulrich, chief United States probation officer, Chicago, Ill.; Everett V. Perkins, principal of Kony High School, Augusta, Maine; David A. Durst, superintendent of schools, Petaluma, Calif.; Dr. Kenneth Wollen, of the Boston juvenile court; Dean Claude A. Schull, of San Francisco; Stephen P. Cabot, of Boston.

On the 27th day of February—11 years ago—the Senate Committee on Interstate Commerce began hearings on S. 1667, by Senator Brookhart, which, like S. 280, was designed to prevent block booking and blind selling of motion-picture films. Those hearings, which were concluded on the 2d day of March 1928, constitute a 354-page record which lies on the desk before me.

In March 1934 the House Committee on Interstate and Foreign Commerce conducted hearings on H. R. 6097, the aim of which was to prohibit the nefarious trade practices known as block booking and blind selling. The record of those hearings contains 76 pages.

In February 1936 the Senate Committee on Interstate Commerce, through a subcommittee consisting of Senators Barkley, Benson, Davis, Metcalf, and Neely, conducted hearings on S. 3012, which is almost verbatim with Senate bill 280, to which the pending motion refers. The record of those hearings contains 218 pages.

The House Committee on Interstate and Foreign Commerce in March 1936 devoted 9 days to hearings on H. R. 4757 and H. R. 6472, the objectives of which were identical with those of S. 280. The record of those hearings contains 526 pages.

During each of the last two sessions of the Congress the Committee on Interstate Commerce favorably reported to the Senate a bill that contained every important sentence and syllable which appears in S. 280. On one of these occasions there were but two votes in the committee against the bill and on the other there was but one.

During the last session of the Congress, after prolonged and innumerable difficulties and delays, the Senate considered S. 153, which is the immediate progenitor of S. 280 now before us. Many of the most famous Members of the Senate participated in the debate on that measure. For example, the Senator from Idaho [Mr. Borahl, the Senator from Nebraska [Mr. Norris], the Senator from Michigan [Mr. Vandenberg], and various other able Members of this body discussed the merits of the bill which, at the conclusion of the debate, was passed by almost unanimous consent.

On the 4th day of January 1939, S. 280, identical with the bill which the Senate passed a year ago, was referred to the Committee on Interstate Commerce. On the following day I telephoned the office of the chairman of the committee, Mr. Wheeler, in an effort to communicate to him a request for early action on the bill. I was courteously informed by one of the Senator's secretaries that he was not available. During the following week I improved an opportunity to make my request to the Senator in a brief conversation which we held on the floor of the Senate. Senator Wheeler informed me that my appeal would receive proper consideration. But unfortunately for the bill the committee did not meet until the 27th day of January.

In that meeting I requested the committee to report the bill without additional hearings and without reference to a subcommittee, and invited attention to the fact that numerous hearings had been conducted in previous sessions of the Congress on identical or similar bills. But the Senator from Kentucky [Mr. Barkley] insisted that hearings should be held and that a subcommittee should be appointed to conduct them. The Senator, among other things, stated in support of his demand that there were new members on the committee who should be afforded an opportunity to familiarize themselves with the proposed legislation. Over my protest, Senator Barkley's request was granted, and on the 2d day of February Chairman Wheeler appointed a subcommit-

tee consisting of Senators Smith, chairman, Barkley, White, Tobey, and Neely to conduct the hearings.

On the day after the subcommittee was appointed I endeavored in vain to communicate with Senator Smith by telephone for the purpose of requesting him to convene the subcommittee and proceed to conduct the hearings which had been ordered on the bill. During the next few weeks, on two different occasions, in face-to-face conversations I requested Senator Smith to begin the hearings at an early date. He twice assured me that he hoped to begin within a few days. After many weeks of absolute inactivity by the subcommittee, I appealed to Chairman Wheeler to use his influence with Senator Smith in behalf of the holding of the hearings which had been ordered. The Senator patiently listened to my request, but indicated that he considered the responsibility rested entirely with the chairman of the subcommittee.

Mr. WHEELER. Mr. President, will the Senator yield? Mr. NEELY. Gladly.

Mr. WHEELER. I did speak to the Senator from South Carolina. I think I told him that the Senator had complained to me about getting a hearing, and asked him about it. He stated at that time that he had been busy with the Committee on Agriculture, and said he thought he could get to it in a few days, I think the following Monday.

Mr. NEELY. And the Senator from Montana kindly communicated Senator Smith's response to me, but on the following Monday, as usual, no action was taken by the subcommittee.

On the 20th day of March, as a last resort, I filed a notice of the pending motion to discharge the committee from further consideration of the bill. But before this motion came to a vote, the Senator from Kentucky [Mr. Barkley] informed me that if I would not press the motion, he would endeavor to prevail upon Senator Smith to begin the hearings without further delay. I assented to Senator Barkley's proposal and, after some negotiations, he informed me that Senator Smith had assured him that hearings would be ordered on a certain day.

Although the hearings did not begin until 3 or 4 days after the time designated, the subcommittee was at last convened upon the call of Senator Smith, the chairman, on the 3d of April—61 days after the bill had been referred to the subcommittee for the purpose of conducting hearings thereon.

Senator Barkley, who, in my opinion, is almost exclusively responsible for the hearings having been ordered, attended the subcommittee's first meeting and participated in the proceedings. But the subcommittee held 12 additional sessions during the next 14 days. Never after the first of the 13 hearings was the Senator from Kentucky [Mr. Barkley] seen in the subcommittee room during the consideration of the bill. The Senator's keen interest in the hearings on the bill apparently subsided immediately after the subcommittee had entered into the long, laborious, and useless task of once more taking evidence, at the expense of the taxpayers, that had been fully submitted of record several times before.

The distinguished Senator from New Hampshire [Mr. Tobey], who is one of the new and worthy members of the committee and presumably one of those for whose benefit the Senator from Kentucky insisted that hearings should be held, was, by important official duties, prevented from ever participating in any of the 13 sessions which the subcommittee held.

Mr. TOBEY. Mr. President, will the Senator yield?

Mr. NEELY. I yield.
Mr. TOBEY. When this meeting was held I was unable to be present on account of my illness in New Hampshire.

Mr. NEELY. Mr. President, let me assure the Senator that I was not complaining, and I am sincerely sorry that he was ill. He is a very conscientious and capable member of the committee, and undoubtedly would not have been absent had it been possible for him to be present.

Mr. CONNALLY and Mr. BARKLEY addressed the Chair. The VICE PRESIDENT. Does the Senator from West Virginia yield; and if so, to whom?

Mr. NEELY. I yield to the Senator from Texas.

Mr. CONNALLY. In all justice and fairness to the Senator from Kentucky, does not the Senator from West Virginia realize that he has a vast amount of varied matters-

Mr. NEELY. Mr. President, I have not failed to consider that fact. But if a Senator is too busy to act as a member of a subcommittee he can always resign.

Mr. BARKLEY and Mr. CONNALLY addressed the Chair. The VICE PRESIDENT. Does the Senator from West Virginia yield?

Mr. NEELY. I yield to the Senator from Kentucky.

Mr. BARKLEY. Mr. President, I do not ask that the Senator yield. I will discuss the matter in my own time after he concludes.

Mr. NEELY. Mr. President, with due respect to all the other members of the subcommittee, the able Senator from Maine [Mr. White], who is most faithful and diligent in the discharge of his committee duties, and I alone conducted the hearings at which approximately three-fourths of the 651 pages of evidence in the record of this last hearing were taken.

On the 17th day of April the subcommittee concluded hearings on the bill and adjourned sine die.

Last Tuesday, after vainly waiting 36 days subsequent to the completion of the hearings for the subcommittee, either favorably or adversely, to report the bill, I ascertained from an employee in Senator Smith's office that he was in South Carolina, where he was detained by the unfortunate illness of his wife. Thereupon I sent him the following telegram:

MAY 23, 1939.

Hon, Ellison D. SMITH,

Care of Mr. Alfred Lawton, Florence, S. C.: Record of hearings on anti-block-booking bill printed and de-greed. To afford chance to have this matter considered by Senate before adjournment, will you not kindly wire authority some other member subcommittee to assemble it immediately and report the bill, whether favorably or adversely, to full committee with understanding your vote shall be recorded as you desire. Thirty-six days have passed since hearings were completed. Any further delay will nullify all subcommittee's work so far as this session is concerned. I sincerely hope Mrs. Smith will be speedily and completely healed and that you may be able to return to service here at an early date.

At the expiration of 26 hours after sending this message I had received no reply. I then requested the Senator from Maine [Mr. WHITE] to join me in holding a meeting of the subcommittee for the purpose of reporting the bill to the full committee. Senator WHITE responded that he would confer with his Republican colleague [Mr. Tobey] concerning the matter and inform me of their decision. About 3 o'clock last Wednesday, Senator White graciously assured me that he and Senator Tobey, or at least one of them would attend any meeting of the subcommittee at which I might be able to produce either Senator Smith or Senator BARKLEY. I immediately communicated the facts of the situation to Senator Barkley at his desk and urged him to join in a meeting of the subcommittee for at least 5 minutes in order to make it possible for a vote to be taken on the bill.

Senator Barkley declined to do this, but stated that he would take the matter up with Senator Smith, or with his office. This response was wholly unsatisfactory to me.

But yesterday morning I again conferred with Senator BARKLEY who informed me that he had sent a telegram to Senator Smith, in which he had, in substance, suggested to the Senator that he request some other member of the subcommittee to convene it for the purpose of making a report on the bill. My fear, born of much experience in the matter, prompted me to ask the Senator from Kentucky whether he would agree to join one of the Republican members of the subcommittee and me in a meeting next Monday to vote on the bill, provided Senator Smith failed to answer his telegram, as he had failed to answer mine. This Senator BARKLEY refused to do.

Senators, you are now thoroughly acquainted with the naked, unblushing, unpleasant facts in this case.

Mr. WHITE. Mr. President, will the Senator yield?

Mr. NEELY. Yes, gladly.

Mr. WHITE. I rise not to contradict anything that the Senator has said, but simply to amplify his statement.

When the Senator from West Virginia asked me if the Senator from New Hampshire [Mr. Tobey] and I would meet with him to constitute a quorum of the committee, I stated that I disliked to take action in the absence of the chairman of the subcommittee.

Mr. NEELY. That is true. Mr. WHITE. But I told him I would consult with the Senator from New Hampshire [Mr. Tobey] and let the Senator from West Virginia know definitely later. I talked the situation over with the Senator from New Hampshire, and I finally told the Senator from West Virginia that the Senator from New Hampshire and I were not willing to constitute a majority of the subcommittee in the absence of the chairman but that, if the other two of the majority members of the subcommittee would meet, either the Senator from New Hampshire or I would meet with them in order to constitute a quorum.

Mr. NEELY. May I inquire of the able Senator whether I have inaccurately stated any fact concerning his conversation with me?

Mr. WHITE. The Senator did not.

Mr. NEELY. Mr. President, if the patriarch Job, who presided over the famous trial of the ponderous issue, "If a man die, shall he live again?" had been afflicted with the slings and arrows of legislative delays which I have endured since I introduced this bill, he never would have won his enviable reputation of being the most patient man the world has ever

Let me appeal to the Senate to adopt my motion and thus bring this proposed legislation forth from the subcommittee's prison house as Lazarus was brought forth from the tomb. Let us proclaim that this important measure shall be promptly and fairly considered by this body, in keeping with the best traditions of the Senate; in the typical American spirit in which problems are habitually solved, burdens are successfully borne and duties are cheerfully done.

The multibillionaire Moving Picture Trust is on one side of this question and the American people are on the other. Let us this day righteously choose whom we shall serve. On the roll call, let us vote for the people; for the redress of their wrongs; for the preservation of their rights, and the promotion of the welfare of all that is dear to their hearts.

Mr. BARKLEY obtained the floor.

Mr. DAVIS. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. DAVIS. I should like to ask the Senator from West Virginia [Mr. Neely] a question. The Senator made the statement a while ago that there was some complaint about not having a hearing during the time I was a member of the subcommittee.

Mr. NEELY. Yes, that complaint was made by Mr. Pettijohn, who is the general counsel for the Motion Picture Trust, or the so-called Hays organization.

Mr. DAVIS. Mr. Pettijohn said that former Senator Metcalf was not present at the evening meeting. I remember that we were about to adjourn the afternoon meeting, around 5 o'clock, and the motion-picture representatives came to us and said they had some additional witnesses to put on, and they asked me if I would wait and conduct the hearing so that those witnesses could make their statements and take an evening train home. I notice from the record that Mr. Pettijohn states that I conducted the hearing alone. Former Senator Metcalf was present throughout that hearing and was very faithful in his attendance. Furthermore, former Senator Metcalf was a member of the subcommittee which conducted hearings on Senate bill 1667 in 1928. At that time the subcommittee was hearing statements on the motion-picture bill, which the Senator from West Virginia

[Mr. Neely] later reintroduced. Former Senator Metcalf was very much interested in the bill. He made a statement just before the committee adjourned on February 28, 1936, at 8:35 p. m. He asked Mr. Mayhew, who was testifying, the following question:

Senator Mercalf. How many pictures have you found were not worth passing along for the people to see?

I would say that that occurred 20 minutes before we adjourned.

I was acting chairman of the subcommittee for the Senator from West Virginia [Mr. NEELY]. I stated:

Mrs. Bannerman just has one or two papers to be filed; you are asking to file a brief, as I understand.

Mr. Myers. It would be an analysis or correction.

Senator Davis. You can file it with the chairman. Mr. Myers. We will be very happy to. Senator Davis. And if you, Mr. Pettijohn, desire to file a brief

Senator Davis. And if you, Mr. Pettijohn, desire to file a brief and review the testimony you have presented here or review the testimony presented by the proponents of the bill, you may do so.

Mr. Pettijohn. Mr. Chairman, we will desire to file nothing more, but we would like to see any brief they file as a record in rebuttal, and we will then, if we feel necessary, we will prepare and file a brief. We simply want to say that we are through now, unless they raise something in their brief which they want to file.

Senator Davis. Senator Neely will return next Tuesday.

There being no further business before the committee we will

There being no further business before the committee, we will stand adjourned.

(Whereupon, at 8:35 p. m., the subcommittee adjourned.)

That subcommittee held an evening session for the benefit of Mr. Pettijohn, who represented the motion-picture industry; and when Mr. Pettijohn says that he did not have an opportunity for a hearing, I present the record of the hearings of February 27 and 28, 1936, and the record of the later hearing in 1938, which, as the Senator from West Virginia says, covers 651 pages. I say that Mr. Pettijohn misstated the facts.

Mr. BARKLEY. Mr. President, I have no desire or intention to work myself into a "lather" over this motion.

Mr. WHEELER. Mr. President, will the Senator yield to

Mr. BARKLEY. I yield. Mr. WHEELER. I wish to make a very brief statement with reference to this proposed legislation.

The only statements which have been made have been with reference to the subcommittee. I wish to call attention to the following facts:

The bill came before the Interstate Commerce Committee many years ago. Former Senator Brookhart introduced it, and we held hearings on it. I do not believe it was reported by the committee at that time. I am not sure.

Mr. NEELY. It was not.

Mr. WHEELER. It was not reported. I think it was taken up at two different sessions. The Senator from West Virginia [Mr. NEELY] then reintroduced it, and I appointed a subcommittee consisting of the Senator from West Virginia [Mr. NEELY], the Senator from Pennsylvania [Mr. Davis], and other Senators whose names I do not remember.

Hearings were held at that particular time. The bill came to the floor of the Senate, passed the Senate, and went to the House; but nothing was done in the House.

The next year it came to the committee and was reported out without any hearings, if I am not mistaken. Then it came to the floor of the Senate. The Interstate Commerce Committee, and I as chairman, were criticized on the floor of the Senate because of the fact that no subcommittee was appointed to hold hearings. A representative of the industry came to me and said that the industry had some new facts, and that a hearing on the matter was desired. stated that the industry did not have a fair hearing when the matter first came up.

While I did not think it was necessary to have a new hearing, nevertheless, because of the fact that we were criticized for not having a hearing, because the representatives of the industry said they had some new facts to present, and because there were new members on the committee, I then said. We will bring up the question in the committee.'

When the committee met, it was suggested that a subcommittee be appointed. A motion was made to appoint a subcommittee, and a subcommittee was appointed. The Senator from South Carolina [Mr. SMITH] is the ranking member of the Senate Interstate Commerce Committee. I asked him if he wanted to be appointed on a subcommittee, as I frequently do in connection with many subcommittees. He said he would like to be appointed upon that subcommittee, and I appointed him because of his position. I also appointed on the subcommittee the Senator from Kentucky [Mr. Barkley], the Senator from West Virginia [Mr. NEELY], the author of the bill, and two Republican members.

In justice to the Senator from South Carolina [Mr. SMITH], it ought to be said that he was extremely busy with the Agricultural Committee at the beginning of the session, as every member of the Agricultural Committee knows. When the Senator from West Virginia complained to me about the delays, I went to the Senator from South Carolina and suggested to him that complaint had been made, and he said he would take the matter up at the earliest possible moment.

I understand that the Senator from South Carolina is now in South Carolina. His wife is ill, and that is the reason why he stated that he has not been able to give the matter consideration.

The Senator from West Virginia asked me to call a meeting of the full committee so that he might make a motion to discharge the subcommittee. I said to him that I hesitated to do that until the Senator from South Carolina returned to Washington, because I thought such action might reflect upon the Senator from South Carolina or upon other members of the committee. I felt that under those circumstances I would prefer to wait until the Senator from South Carolina returned. I assumed that he would return in a few

Mr. BARKLEY. Mr. President, I wish to make a very brief and very simple statement with respect to this matter.

As has been suggested, the bill has been before the Senate and the Congress for many years. It was introduced years ago by former Senator Brookhart, of Iowa. When he retired from the Senate, I think the Senator from West Virginia [Mr. NEELY] took up the matter and has since been the author of such measures.

I voted for the bill in the committee and in the Senate. I may or may not vote for it when it comes up again. I make no commitment upon it. I have done everything in my power to aid the Senator from West Virginia in facilitating the consideration of the bill.

The bill went to the House in the last session, and was not acted upon by the committee. When the bill was reintroduced at this session I was approached by those interested in the motion-picture industry with the complaint that they had not had a hearing during the previous session. when the bill was reported, or had not had a sufficient hearing. I have forgotten whether they said that they had not had any hearing or that they had not had a sufficient hearing. However, the statement was that many persons desired to testify about the merits of the bill; and that was evidently true, because during the hearings many witnesses testified on both sides of the controversy.

I felt that the request for additional hearings was not an unreasonable request; and I went to the Senator from Montana [Mr. Wheeler], the chairman of the committee, and suggested that he appoint a subcommittee. In the meantime I told the Senator from West Virginia that I did not see how any harm could come from giving the representatives of the industry the right to be heard if they had any additional facts which they desired to submit to the committee. The Senator from Montana agreed that that was the proper procedure, and asked me if I would become chairman of the subcommittee, which I declined, because I really had more than I could do on other committees. Ever since I assumed the position which I now occupy in the Senate I have seriously contemplated asking to be relieved from service on all committees.

But for sentimental reasons, one of them being that of some of these committees I have been a member ever since I have been in the Senate and am near the top in rank, I hesitated and did not resign from these committees. One of the committee memberships of which I am proud is the Interstate Commerce Committee; another one is the Finance Committee; another one is the Committee on Banking and Currency. I declined to be chairman of the subcommittee, but, without my knowledge or consent and rather against my wishes, I was put on the subcommittee as a member.

I did approach the Senator from South Carolina [Mr. SMITH] a number of times urging him to call the subcommittee to accord hearings. He advised me, what I already knew and I suppose what we all knew, that he was very much interested in the agricultural situation; that he had a bill of his own dealing with cotton, which I think was reported by the committee after hearings and after long deliberation; and that, in view of his earnest interest in that subject, he did not feel that he could call the Senate committee together until that matter had been disposed of by the committee.

After various delays and conferences, the subcommittee was called on the 3d of April. I attended the first day's hearings, and my recollection is that I was there once more, but whether I was or not is not important. I was chairman of a subcommittee of the Banking and Currency Committee which was holding hearings on some measures. I had an important bill relating to trust indentures before another subcommittee of the Banking and Currency Committee, which I had introduced last year and which I succeeded in having reported to the Senate but obtained no action upon it. Hearings were in progress before that subcommittee on my own measure, the trust indenture bill, which has subsequently passed the Senate, and is now in the House of Representatives. Hearings were in progress also by the full committee of the Interstate Commerce Committee on the railroad measure, which the Senate passed yesterday, and on another bill which the Senate has before it now as the un-

As a member of that committee, I tried to attend some of the hearings on the railroad subject. At the same time, the Committee on Foreign Relations was holding hearings on neutrality, which is a tremendously important subject, and I tried to attend those hearings. All of this probably convinces the Senate and me that I ought not to retain membership on these committees. Being a member of these committees, I have tried to divide my time among them, but because of these other matters I did not attend the hearings on this bill except for 1 or 2 days.

Those hearings were held from the 3d of April until the 17th of April. I have a copy of those hearings, containing 651 pages, which were printed day before yesterday and were then available for distribution to Senators. I tried to get a copy of them on the floor this morning, and then sent to the Committee on Interstate Commerce and obtained the copy which I have.

Mr. NEELY. Mr. President-

The PRESIDING OFFICER (Mr. HATCH in the chair). Does the Senator from Kentucky yield to the Senator from West Virginia?

Mr. BARKLEY. I yield.

Mr. NEELY. The hearings became available and a hundred copies of them were delivered to my office last Tuesday morning about 11 o'clock.

Mr. BARKLEY. It was Tuesday, then, instead of Wednesday. The day before yesterday was Wednesday, instead of Tuesday. My statement may have been off 1 day. The point is that the hearings were not printed and available until yesterday or the day before that.

Mr. NEELY. Let me add that I telephoned an official of the Government Printing Office after the galley proofs of the hearings had been outstanding for about 3 weeks that if the bound volumes of the proceedings were not delivered at once I would be compelled to "burn up" on the Senate floor those responsible for further delay.

Mr. BARKLEY. Well, Mr. President, I am not interested in conflagrations. I am not responsible. I suppose the Senator means by that remark that there was some deliberate negligence on the part of the subcommittee in having the hearings printed. I know nothing about that. I know that in all hearings of importance such as this the manuscript is sent back to the witnesses in order that they may go over them and see whether any mistakes have been made. The Committee on Foreign Relations held long hearings, which they concluded about a month ago, but I do not think those hearings have been printed as yet. I have not seen a copy of them. I know my own questions were sent to me for correction, but I finally instructed the committee to go ahead and print them without sending them to me; that I was perfectly willing to risk the stenographers' accuracy. However, many witnesses like to go over their testimony.

Hearings have been held before many committees of the Senate practically coextensive with hearings on this particular bill, and they have not been printed. I do not think there is any invidious criticism properly to be leveled at the subcommittee, especially at the chairman of the subcommittee, because these hearings were not printed and available

until this week.

From the time the hearings were concluded until day before yesterday nobody said anything to me about this bill. Nobody came to me with reference to it. Day before yesterday the Senator from West Virginia came to me here at my desk and said that unless the subcommittee considering this bill was called together by 2 o'clock the next day he intended to insist on his motion to discharge the committee. I told the Senator that the Senator from South Carolina [Mr. SMITH] left here because of the serious illness of his wife, that he advised me when he left that that was the reason for his departure-and he is still in South Carolina on that mission—that I did not think it was fair to the Senator from South Carolina to try to precipitate this matter in his absence, that he was absent on a mission that would take home any of us who had any regard for his family, and that I should like to wait until the Senator returned before taking any step in regard to the matter.

I also told the Senator from West Virginia that I tried to get in touch with the Senator from South Carolina. I tried to call his office Tuesday afternoon, but his office was closed. I got in touch with the office of Senator SMITH yesterday morning to find out where he was and where I could reach him. I was told to send a telegram to Florence, S. C., in care of Mr. Lawton and in care of the Postal Telegraph Co., which I did. I telegraphed the Senator from South Carolina yesterday morning and told him that the Senator from West Virginia was insisting on his motion to discharge the committee and asked him to let me know when he would return to Washington, or whether he was willing to authorize the ranking member of the subcommittee to call it together, or if he were coming back by next Monday would he call a meeting of the subcommittee. This morning the secretary of Senator Smith called my office and said that Senator Smith was out in the country, where they had to mail telegrams to him from Florence, S. C.; that he was returning here Sunday or would leave South Carolina Sunday, and would be here Monday, and that he would regard it as somewhat of a reflection upon him, under these circumstances, if this motion were adopted.

That is all there is to it, Mr. President. I certainly have no desire to delay consideration of this measure, and I am not going to discuss it on its merits. I did not want to go on the subcommittee, and I was appointed without my consent. I appreciated the compliment paid me by the Senator from Montana in putting me on the committee, but I knew in advance I could not devote the time to it that would be expected by the Senator from West Virginia and by everyone else who was interested in the proposed legislation.

It seems to me there is no reason to adopt this motion now. The Senator from South Carolina will be here Monday. The Committee on Interstate Commerce has been in session frequently since the hearings were concluded. No motion was made before that committee, as I understand, to discharge the subcommittee, although the Senator from West Virginia 2 or 3 days ago did ask the Senator from Montana to call a special meeting of the committee to enable him to make such a motion.

It seems to me that before the Senate of the United States should adopt this motion taking away from the chairman of the subcommittee and the subcommittee consideration of this bill, upon which hearings were had, which were printed and available 3 days ago, the Senate ought to give the full Committee on Interstate Commerce an opportunity to determine whether it wants to discharge its own subcommittee.

Every full committee has complete control of all its subcommittees. The subcommittees are the agents and servants of the full committee. The full committee can discharge a subcommittee or it can give it an order under instructions to report to the full committee within 5 days or within 2 days.

Mr. NORRIS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from Nebraska?

Mr. BARKLEY. I yield.

Mr. NORRIS. Does the Senator know whether in the last hearings, which were printed about 2 days ago, there is anything new that has not been developed during the last 10 years since this bill has been under consideration?

Mr. BARKLEY. I think no new witnesses have testified.

Mr. NORRIS. Some of the previous witnesses have prob-

ably died of old age.

Mr. BARKLEY. I do not know, although it may be true, that some witnesses who testified 10 years ago—I do not know anything about the hearings 10 years ago—are now dead.

Mr. NORRIS. Does not the Senator think, inasmuch as this is a bill that has been heard so many times, that it ought not to be considered in the same way as an absolutely new measure?

Mr. BARKLEY. I grant that; but on important legislation such as this, involving vast numbers of the people and involving an important industry, does the Senator in his conscience—and I always have respect for the Senator's view, and he knows that I have for him very affectionate regard—think that the committee should deliberately refuse to hold hearings, or grant hearings, hearings having been held heretofore, if the committee has any reason to believe that new facts might be developed?

Mr. NORRIS. If there is something new, I should say that is all right.

Mr. BARKLEY. I am not certain whether or not anything new in the way of facts was brought out.

Mr. NORRIS. This is a bill, however, that is identical with one that has already passed the Senate.

Mr. BARKLEY. Yes.

Mr. NORRIS. We cannot consider a bill of that sort a new proposition.

Mr. BARKLEY. I agree to that; but now we are up against the fact that hearings were held. Whether or not the committee was subject to criticism, hearings were held. They were held for 12 days. They have been printed. They have been available since Tuesday. The chairman of the subcommittee certainly is entitled to give an excuse or reason for being absent. He will be here on Monday; and whatever punishment anybody wants to mete out to the Senator from South Carolina, he will be here at that time.

Mr. NORRIS. There is no question of punishment. I do not think it is any disrespect to him to go on with the bill. It seems to me that, unless there is something new, the bill

might very well be proceeded with.

Mr. BARKLEY. If the motion of the Senator from West Virginia should prevail, and the Senate should put the bill on the calendar, it could not be considered for days after the return of the Senator from South Carolina, when he would have an opportunity to call his subcommittee together and submit to the full committee his report, whatever it may be.

Mr. WHITE. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from Maine?

Mr. BARKLEY. I yield to the Senator.

Mr. WHITE. The Senator from Nebraska asked if there was anything new in the hearings. I think it fair to say that there is a great deal of repetition in the hearings. Many witnesses who appeared in the past have repeated, in one form or another, much of the testimony given at preceding hearings, either here or in the House.

There are two principal sections of this bill. One is the section dealing with so-called block booking, and the other is the section dealing with what is called blind selling. Particularly with reference to the last section, I think there is new testimony which has never appeared in previous hearings. I think new testimony has been offered which has made its impress even upon the proponents of the legislation; for, as I understand, those proponents have drafted, and have ready to offer, amendments to the section as it stands in the bill as it was introduced.

Whatever else there may be of new matter, I would not attempt to say at this moment; but there is distinctly in my mind—because it made a profound impression upon me—the story of one of the witnesses as to the impossibility of meeting the terms and conditions of the section which has to do with blind selling; and there is an explanation of the effects of that section, and of the impossibility of conforming to it, which is entirely new.

Mr. BARKLEY. I thank the Senator.

Mr. President, I have said all I care to say about the matter. I cannot vote for this motion, because I do not believe it is necessary; for when the Senator from South Carolina returns on Monday—as he has advised me he will do—I think he will call a meeting of the subcommittee. If he does not do so, of course, the full committee has authority to take the bill from the subcommittee, or give it any instructions it desires to give it.

I think, therefore, it would be unfair and unfortunate for

this motion to prevail.

Mr. WHEELER. Mr. President, I have not heard from the Senator from South Carolina [Mr. Smith], because I have not taken up the matter with him since he has been away; but, after all, this is a controversy between two members of my own committee and two members of the subcommittee, and I have to try to work with all of them. This is a matter which, so far as I was concerned, is entirely between them.

However, I want to say that when the bill was pending before the committee at the last session of the Congress after having been introduced by the Senator from West Virginia [Mr. NEELY], it remained in the committee for a long period of time without any hearings, or without the suggestion of its being brought before the committee. I myself then went to the Senator from West Virginia and said to him that the bill ought to be set down on the committee's calendar, and the committee ought to be called together to consider it. So the bill was in the Interstate Commerce Committee for a considerable period of time during the last session of Congress when nothing was done about it; and it was only because of the fact that I did not want matters to be pending in the committee for a long period of time without action, and particularly this legislation, that I did what I have just stated. I think the Senator remembers the incident.

Mr. NEELY. Mr. President-

Mr. WHEELER. I yield to the Senator from West Virginia.

Mr. NEELY. The Senator from Montana has correctly stated the facts about the matter. The reason for my delay in asking the committee to report the bill to the Senate on the occasion to which he refers lies in the fact that some of the proponents of the measure informed me that negotiations were in progress between the motion-picture industry and those who were seeking to reform it, and they asked me to suspend my activities for a short time in behalf of the success of their undertaking. I was later informed that the negotiations had collapsed. Immediately thereafter I successfully sought to bring the bill to the floor, and it was later passed by the Senate.

Mr. WHEELER. Let me say that I did not know anything at all about the negotiations between the different persons, but I did know that a great deal of propaganda was coming in to me from all over the country intimating that I was holding up the bill, when as a matter of fact I was urging that it be taken up in the committee and be reported out, because I voted for the bill every time it was before the committee.

However, I may say that I think it would be a reflection upon the Senator from South Carolina [Mr. Smith], and I think it would be a rather unfair reflection upon him to report out the bill at this time, particularly when he is not here to state his side of the case on the floor of the Senate. Therefore, I doubt the advisability of taking up the bill in his absence at this time, and for that reason I cannot support the motion; but I will say to the Senator from West Virginia that the Senator from South Carolina has informed me that he will be back here on Monday. If he does not come back as it has been stated that he will come back on Monday, I will take up the matter and call the full committee together.

Mr. NEELY. On Tuesday?

Mr. WHEELER. I do not want to say on Tuesday, but I will call the full committee at some time during the middle of the week. The Senator suggests in an undertone that I agree to call it together not later than Wednesday. I have not any objection to doing that. I think the bill ought to be reported out by the subcommittee; but I do not think the Senator from South Carolina is altogether to blame, for he is absent because of illness to which his secretary now says his wife is subject. I am just as anxious as is the Senator from West Virginia to have the bill brought out of the committee and get it on the floor of the Senate, because I have supported the measure every time it has been before the Senate, and I have supported it upon the floor of the Senate.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. NORRIS. I suggest to the Senator from West Virginia that he accept the proposal of the Senator from Montana, which I think is a fair one, and let this matter go over.

Mr. McKELLAR. Mr. President, I hope the Senator from West Virginia will accept the proposal made by the Senator from Montana.

Mr. NEELY. Mr. President, upon the unconditional assurance of the Senator from Montana that he will convene the full committee not later than next Wednesday, and give me an opportunity to obtain a vote on the discharge of the subcommittee if necessary, or on reporting the bill to the Senate, I gladly suspend my efforts in this matter at once.

Mr. McNARY. Mr. President, the Senator cannot suspend

action. He will have to withdraw his motion.

The PRESIDING OFFICER. The Chair was about to state that in view of what has taken place, the Chair considers that the Senator from West Virginia has withdrawn his motion to take up for consideration his motion to discharge the committee.

Mr. McNARY. Then the order should be made that the motion is withdrawn.

Mr. NEELY. Mr. President, upon the assurances which have been given by the Senator from Montana [Mr. Wheeler] to the effect that action will be taken by the full committee not later than next Wednesday, I withdraw my motion and request that it lie on the table until next Thursday.

Mr. CLARK of Missouri. Mr. President, I object to any conditional withdrawal of the motion.

The PRESIDING OFFICER. Objection is heard.

Mr. McNARY. Mr. President, the Senator has a right unconditionally to withdraw his motion. He may not attach a condition, as he has sought to do. I suggest that he withdraw his motion.

Mr. BARKLEY. In addition to that, the Senator may renew his motion at any time he can get recognition for that purpose, so there is no need to try to attach conditions to the withdrawal of the motion. The Senator may renew the motion tomorrow if he wishes to do so.

Mr. NORRIS. The Senator has a right to withdraw his motion and renew it at any time.

Mr. McKELLAR. Absolutely; he may renew it at any time.

The PRESIDING OFFICER. The Senator from West Virginia has the floor. Has the Senator from West Virginia surrendered the floor?

Mr. NEELY. He has not; but requests a ruling of the Chair on the possibility of withdrawing his motion without prejudice to its renewal.

The PRESIDING OFFICER. The Senator may withdraw his motion without prejudice and will not have to give notice to renew his motion.

Mr. NEELY. Mr. President, upon the assurance of that ruling I withdraw the pending motion.

The PRESIDING OFFICER. The motion is withdrawn.

FINANCIAL REHABILITATION OF RAILROADS

The Senate resumed the consideration of the bill (S. 1869) to protect interstate commerce from the dangers of unsound financial structures and to establish improved procedures and standards for financial rehabilitation of railroads engaged in interstate commerce, and for other purposes.

Mr. WHEELER. Mr. President, I ask that the formal reading of the bill be dispensed with, that it be read for amendment, and that the committee amendments be first considered. When the request is granted, I wish to make a statement explaining the bill.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana? The Chair hears

none, and it is so ordered.

Mr. WHEELER. Mr. President, I hope it will not be necessary for me to talk on the pending bill as long as I did on the bill passed yesterday. I wish to give, first, somewhat of the background of the proposed legislation, and the reason why the bill now before the Senate should be enacted.

The Committee on Interstate Commerce, as members of the Senate know, has held hearings, investigating the financial difficulties of the railroads and their finances in general. We held very extensive hearings, and have filed many reports.

Mr. McNARY. Mr. President, does not the Senator think we should have a quorum?

Mr. WHEELER. I yield.

Mr. McNARY. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. Johnson of Colorado in the chair). The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Danaher	King	Pittman
Andrews	Davis	La Follette	Radcliffe
Ashurst	Donahey	Lee	Reed
Austin	Downey	Lodge	Reynolds
Bailey	Ellender	Logan	Schwartz
Bankhead	Frazier	Lucas	Sheppard
Barbour	George	Lundeen	Shipstead
Barkley	Gibson	McCarran	Smathers
Bone	Gillette	McKellar	Stewart
Borah	Green	McNary	Thomas, Okla.
Brown	Guffey	Maloney	Thomas, Utah
Bulow	Gurney	Mead	Tobey
Burke	Hale	Miller	Townsend
Byrd	Harrison	Minton	Truman
Byrnes	Hatch	Murray	Vandenberg
Capper	Hayden	Neely	Van Nuys
Caraway	Herring	Norris	Wagner
Chavez	Holman	Nye	Walsh
Clark, Idaho	Hughes	O'Mahoney	Wheeler
Clark, Mo.	Johnson, Calif.	Overton	White
Connally	Johnson, Colo.	Pepper	Wiley

The PRESIDING OFFICER. Eighty-four Senators have answered to their names. A quorum is present.

Mr. WHEELER. Mr. President, I wish to give a little of the background of the proposed legislation. First let me say that the part of the bill which deals with the question of setting up the reorganization court, the portion of the bill which is most controversial, was first recommended by three members of the Interstate Commerce Commission. Then it was recommended by the Committee of Six appointed by the President. That Committee of Six consisted of Mr. Carl Gray, of the Union Pacific Railroad; Mr. M. W. Clement, of the Pennsylvania Railroad; and Mr. E. E. Norris, of the Southern Railway, representing the railroad executives; and three members of the railroad brotherhoods. So three members of the Interstate Commerce Commission, three men representing the railway executives, and three representatives of the railway brotherhoods have approved the proposed legislation.

In addition, when testimony was taken before the Committee on Interstate Commerce of the Senate, Chairman Jones of the Reconstruction Finance Corporation appeared before the committee. Mr. Jones has had vast experience in railroad matters, particularly railroad reorganizations. The Chairman of the Reconstruction Finance Corporation, in answer to a question, stated he was in favor of the proposal; that he thought a court should be set up for the purpose of expediting the handling of railroad reorganizations. I asked him with reference to the bill, and he said:

I feel it would be helpful, and, as I understand the bill from $\mathbf{M}r$. Clay's explanation of it, I favor it.

Likewise, I may say that the general counsel for the Reconstruction Finance Corporation favored the idea of setting up a special court to handle railroad reorganization matters.

When the matter was first brought to my attention, and the suggestion first came to me from members of the Interstate Commerce Commission and others, I was hesitant, and members of my staff were hesitant to favor the setting up of a special court to take care of railroad reorganization matters, but it was urged upon us very forcefully that a great many scandals had occurred in the Federal courts of the United States in connection with such reorganizations. Some of those situations have been brought to the attention of the subcommittee of the Committee on the Judiciary. The Senator from Vermont [Mr. Austin], who is a member of the special committee investigating receiverships, commented upon what had taken place during the course of the investigation conducted by the Committee on Interstate Commerce. Some of the scandals which have occurred in connection with appointment of receivers and trustees by United States district courts in connection with reorganization matters have become notorious.

I may say that I not only consulted the different groups I have named, but some of the Federal judges have said to me personally, as well as to other members of the Committee on Interstate Commerce, that they themselves would like to be relieved of handling railroad reorganizations for the reason that scandals have arisen in some of the courts which tended to bring discredit upon all the Federal courts of the United States

I think lawyers in the Senate, as well as lawyers generally throughout the United States, are very jealous of the reputation of the courts and wish above all that they be maintained above reproach. Many of the things which have taken place which have brought discredit upon the courts have not occurred because the courts were corrupt. In some instances we know the courts have been corrupt, but in most instances the scandalous things which have occurred have not been due to the courts' being corrupt, but because the judges knew nothing whatsoever about reorganization or bankruptcy matters in connection with railroads or equity proceedings in connection with railroads, and frequently the judges have been led astray by clever lawyers representing some of the interests affected.

For the benefit of the Senate I wish to read some portions of Interstate Commerce Commissioner Splawn's testimony before the Committee on Interstate Commerce. He said:

Now, this matter of capitalization is of great interest to the public for all the reasons involved in the remedial legislation which you enacted 19 years ago. I think it is so obvious that it is not necessary to dwell on it.

There is another question that arises, and that is as to the possible earnings of a company, a reasonable estimate of the minimum revenues for the future. That is where the Interstate Commerce Commission can function, I think, most helpfully in connection

with these reorganizations, both with respect to this matter of capitalization, where there is some opportunity under the present law for it to function, and also in connection with helping the court and being of most aid to the court, the Commission's judgment on what the future earnings would be being the judgment of a detached body with facilities for gathering the information and with the experience in making the analyses, so that when the company goes into court for reorganization if the court immediately would call upon the Commission for a certification of its finding as to what the probable future earnings would be, the Commission could at once hold a hearing, make its findings, and certify them to the court. The court, in the meantime, would wait, taking care of operating matters by referring them to the respective district courts or to an appropriate district court for a particular property.

I may say in this connection that the Committee of Six, composed of representatives of the railroad executives and railroad brotherhoods, recommended taking all matters relating to railroad reorganization out of the hands of Interstate Commerce Commission and placing them in a special court.

I did not agree with that proposal, because I felt that the Interstate Commerce Commission was in a much better position than the courts would be to find the facts with reference to valuation and with reference to the past earnings and the probable future earnings of the railroads. So we left that portion of the work with the Interstate Commerce Commission, with the provision that when the Interstate Commerce Commission certifies those facts to the court, the court will then simply pass upon questions of law.

At the present time the Interstate Commerce Commission not only passes upon questions of fact with reference to valuation and so forth, but it passes upon intricate questions of law. Commissioner Splawn himself said that although there are some lawyers upon the Commission, their time is so occupied with administrative matters that it is very difficult for them to find time to pass upon these legal questions.

Therefore we decided that instead of continuing the present procedure of having the Commission pass upon both legal matters and factual matters, a division of the two functions should be made. Under present procedure, after the Commission has passed upon both the facts and the law, the question goes to the court. However, the court, under the present procedure cannot cross a "t" or dot an "i." If it disapproves the Commission's ruling it has to send the case back to the Commission. Then the Commission reopens it for further hearings, and thereafter sends it back to the court, and the court again either approves or disapproves. and again, if it does not approve, the case goes back to the Commission. So cases are sent from the Commission to the court and back again and we feel that the present proposal would very much simplify the situation in reference to the whole proceeding.

Commissioner Splawn, when he appeared before the committee, further said:

When this finding of what the probable future earnings might be would come to the court from the Commission, the court would then serve that report on all the parties. The different groups of security holders would have this finding as information, and instead of making plans merely for trading purposes, they would begin to make plans realistically. They would come to the court, then, with this group of problems which are purely judicial.

The Charman. You feel that that is what they should do?

Commissioner Spraws That is what they should do and under

Commissioner Splawn. That is what they should do, and under

your bill that is what would be accomplished.

Under the present section 77 the court refers to the Commission the matter of getting up the plan. That involves adjusting these priorities.

Take the Western Pacific, for example. There was quite a contest before the Commission as to priority of claims of first-mortgage bonds and second-mortgage bonds. It took a lot of time and it required a great deal of attention by the Commission, and after a long and time-consuming hearing the Commission arrived at a conclusion, and what did the Commission then have to say? After all, that is a matter for the court, which the court will have

After an, that is a matter for the court, which the court will have to decide, and when that proceeding gets into court, it is inevitable that the bondholders, against whom the judgment of the Commission went, will seek to have it adjudicated in the court.

The assistance that this will be to the court is to my mind rather doubtful. The Commission is not made up of experts in bankruptcy law, adjusting priorities, and passing on the contractual relationships of claimants.

I will can frapkly that we have Commissioners who would make

I will say frankly that we have Commissioners who would make excellent judges in my opinion, but they are busy with many administrative matters, and the work of the Commission is that of

an administrative body. I could mention some Commissioners who, if they were called upon to pass judgment as judges and do the work of a court, would do it quite creditably; but the Commission is not a court. Its procedure under the law is required by the courts in formal proceedings to be quasi judicial.

But the Commission is making findings

Then he takes up several cases which are pending.

I read further:

Someone will say that out of the nine cases the Commission has certified to the courts, the courts have already confirmed four. But they are little cases.

Take the Reader. Its fixed charges were \$44,000. The Commission cut them to \$38,000, and the court approved that.

Then there is the Copper Range. There the fixed charges were something over \$1,000,000. They were wiped out.

Then there was an electric company, the Chicago, South Shore & South Bend Railroad. I have forgotten what its fixed charges were, but in that case the plan of the Commission has been confirmed. confirmed.

The case of the Louisiana & Northwestern the court sent back,

but it is now, I believe, back in the court.

In the case of the Savannah & Atlanta, the fixed charges were something over \$8,000,000. The Commission reduced them to \$1,700,000. As I recall it, the court has confirmed that plan, and through loans from the R. F. C. that line has come out of reorgani-

But those are small companies. The largest, I think, plans for which have been certified to the courts are the Chicago Great Western and the Chicago & Eastern Illinois, and I am not even certain about the certification of the Chicago Great Western. It is

in the process of certification. The record had not been certified.

In the case of the Akron, Canton & Youngstown the plan was certified by the Commission, and a master has approved it. It has

not yet been confirmed by the court.

I shall not take the trouble to read all of Commissioner Splawn's testimony.

Reading further from the hearings:

The CHAIRMAN. There has been a great deal of criticism of the courts by reason of these receiverships, even to the extent of claiming that there was, if not corruption, favoritism in appointing these receivers and in allowing the fees that were allowed lawyers. In many instances the courts are in discredit.

We had an investigation a few years ago, by a committee of Congress, of receiverships generally throughout the United States, not rectivally with reference to really throughout the United States, not

particularly with reference to railroads, but generally. a tremendous amount of criticism. There was

Senator Austrn. I was on that commission, and judge after judge came in and just laid the cards on the table and admitted that it was utterly impossible for him to supervise those receiverships in

detail and admitted that the system was wrong.

Senator White. I was not originally a member of that committee, but I was in the latter days of its activities. I want to concur in what Senator Austin has said. I think a good many of the courts would be glad to be spared the burden of a job which they could

not effectively supervise. The CHAIRMAN. I myself know of judges in my own State who have said to me very frankly that they did not know anything generally about it and could not drop out and leave it to somebody else, and when they were criticized they said that the procedure was wrong.

Senator Reed. Dr. Splawn, you did not specifically mention it, but certain sums have been paid to certain so-called reorganization committees set up by banks. You were not a member of the Interstate Commerce Commission at the time the Kansas commission protested the allowances made to bankers' reorganization commitprotested the allowances made to bankers reorganization committees in the M. K. T. receivership, but the Interstate Committees in the M. K. T. receivership, but the Interstate Committee Commission, which had final say there, cut that down substantially, holding that the bankers were asking too much. I happened to be chairman of the Kansas commission at that time.

Commissioner Splawn. At that time in that proceeding.

The Charman. There has recently been a case in which I know criticism has been made by Senators of the amount of fees allowed to lawyers and charges made to committees on reorganization, which without going into details seemed to me were upconscion-

which, without going into details, seemed to me were unconscionable.

Senator Truman. Some of those judges who handled receiverships, after their experience and after the plans they had authorized were failures, seemed to do a bigger job the next time in the distribution of fees and expenses than they did the first time. That is particularly true of the St. Paul.

Commissioner Splawn. The Supreme Court, if I am not mistaken,

in Continental Illinois National Bank v. The Rock Island in volume 294, page 648, said that probably one of the reasons why Congress passed section 77 was to expedite proceedings and to protect the public against these excessive allowances.

In this Western Pacific case to which I referred, that is reported in volume 230 of I. C. C. Reports: At page 87 there is a short paragraph in which the Commission discusses the public interest. I should like to read that into the record:

"It will be observed that so for use the controllection of a reserved."

"It will be observed that so far as the capitalization of a reorgan-ized company is concerned, section 77 contains no limitations other

than that the fixed charges of the company shall be adequately covered by the probable earnings available therefor, and that the plan as a whole shall be compatible with the public interest. The public interest is not defined, but it would seem obvious that to be compatible with the public interest the plan must provide a capital structure for the reorganized company which will give it a reasonable opportunity to function efficiently and continuously as a going concern. This requires that the capitalization shall not exceed a conservative appraisal of the assets to be taken over by the reorganized company, and that the proposed charges, whether fixed or contingent, shall be within its probable earning power."

That, of course, is what you were interested in in this bill—this

question of the public interest involved in these reorganizations.

So we have written into this measure the provision that when a railroad comes out of reorganization its future capitalization shall be based upon its expectable future earn-Then we say that the Commission shall take into consideration what the railroad has earned during the past 12 years, 6 years of depression and 6 years of better times. We say that even the expectable earnings are a rebuttable presumption, and that if there is some evidence to show that a railroad may expect greater earnings on account of some peculiar situation which might arise, the Commission shall take that evidence into consideration.

Mr. KING. Mr. President, will the Senator yield? The PRESIDING OFFICER (Mrs. Caraway in the chair). Does the Senator from Montana yield to the Senator from Utah?

Mr. WHEELER. I yield.

Mr. KING. In view of the uncertainties attending our economic system, in view of the uncertainty as to the profits and losses of railroads, in view of the fact that railroads have their periods of decline, their good years and their lean years, and in view of the fact that we are setting up a new court and giving it a wide field of discretion, is there any justification for limiting the factors which should be taken into consideration, including the factor of time, in determining the questions connected with reorganization?

Mr. WHEELER. I think almost without exception everyone who appeared before the committee and everyone who has studied the problem agreed that the basis upon which a company should be reorganized is its future expectable earnings. The question is as to how to arrive at those future expectable earnings. We say, of course, that there is

only one test, and that is over a period of years.

I will say to the Senator that we first had in the bill a 6-year period. There was some criticism of that period. It was thought to be too short, because it took in only the bad years. We extended it to 12 years; and I think practically everyone felt that over a period of 12 years, taking in 6 bad years and 6 of the most prosperous years, there should not be any difficulty. Even the representative of the insurance companies who testified said that he felt that the future expectable earnings represented a sound basis. The representatives of the Reconstruction Finance Corporation and of the Interstate Commerce Commission felt the same way about the matter. I do not know of anyone who came before the committee who dissented with reference to that suggestion.

There were suggestions of some modifications. Some of the witnesses felt that there should not be any standards at all in the bill. However, the Interstate Commerce Commission, which is more familiar with the matter, explained, through Commissioner Splawn, that the Commission ought to have some guide. The Commission suggested some of the provisions which we have included in the bill.

Mr. BROWN. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. BROWN. I have hastily read over the section relative to the make-up of the court. Is it the intention of the Senator that the President shall have the right to appoint only members of the bar?

Mr. WHEELER. That is my understanding. Mr. BROWN. The bill does not so state in the first chapter so far as I can see.

Mr. WHEELER. No bill creating a court has laid down such a requirement. It is not necessary to appoint a lawyer

even on the Supreme Court of the United States. Some persons think members of the Supreme Court have been appointed who have not been lawyers. [Laughter.]

Mr. BROWN. In two or three States-I think New Jersey is one, and I rather think Delaware is another-it is not necessary that members of the court be lawyers.

Mr. WHEELER. It is not required in the Federal courts.

Mr. BROWN. I somewhat disagree with the view expressed by the Chairman of the Interstate Commerce Committee, because it seems to me that in a reorganization of this kind there should be room on such a court for men who have had experience in railroad reorganizations.

Mr. WHEELER. I agree with the Senator.

Mr. BROWN. Members of the Interstate Commerce Commission are not required to be members of the bar. I was going to commend the committee on the fact that that requirement is not in the bill.

Mr. WHEELER. It is not in the bill.

Mr. BROWN. I think that in the make-up of the court the President should give consideration to the appointment of men who are experienced in the railroad business, even though they may not be members of the bar.

Mr. KING. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. KING. I do not quite agree with my distinguished friend. The Commissioners need not be lawyers, and the statement was made that some of them are not lawyers. There are legal questions involved, and for that reason it was deemed best that there should be a court consisting of those trained in the law. Under the provisions of the bill the Interstate Commerce Commission is the fact-finding body. It finds the facts and certifies those facts to the legal authorities.

Mr. BROWN. In the operation of the bill.

Mr. KING. In the operation of the bill. As I understand, the Interstate Commerce Commission is to make the investigation and certify the facts. It will determine whether or not there should be a reorganization, and the character of it, and then certify the facts to the court. After all, the court passes only on the legal questions.

Mr. BROWN. In the determination of the question to which the Senator from Montana just referred-that is. the proper capitalization of a railroad-

Mr. WHEELER. That is all to be done by the Interstate Commerce Commission.

Mr. BROWN. It seems to me it is finally done by the

Mr. WHEELER. Oh, no. It is done by the Interstate Commerce Commission. As I recall, the Committee of Six in its report recommended that all reorganization matters, not only with respect to capitalization but with respect to other features, should be taken away from the Interstate Commerce Commission and put into the special court. I disagreed with that view, and said I felt that the Commission was much better able to handle the economic situation; and when it handles the economic situation, and says what the capitalization should be, it should then certify its finding to the court. The presumption will be that the company can earn in accordance with the finding of the Interstate Commerce Commission. The courts will take that finding. Of course, that presumption is a rebuttable presumption, as all presumptions are; but ordinarily the court will follow a finding of fact by the Commission, unless some reason is disclosed why it should not do so.

Mr. KING. Mr. President, may I say to the Senator that, as I read the bill, I understand that the court is to perform only legal duties, if I may use that expression. It is to be a judicial body, and to act as a judicial body, and not as a fact-finding body. The Commission, with its broad powers, makes investigation and certification to the court, and the court then determines the legal questions involved.

Mr. WHEELER. That is correct.

Mr. WHITE. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. WHITE. It is my understanding that the bill does not, in express terms, require that the appointees to this court shall be lawyers.

Mr. WHEELER. That is correct.

Mr. WHITE. Under the terms of the bill it is not necessary that they shall be lawyers, although, I presume, the proposed legislation contemplates that they shall be lawyers.

Mr. WHEELER. That is correct.

Mr. WHITE. I have in mind the provision that authorizes the chief justice of the court to assign its members to any district court or any circuit court of appeals. Of course, it is inconceivable, unless they are lawyers, that they should be so assigned

Mr. WHEELER. That is correct.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. WHEELER. I vield.

Mr. NORRIS. Is it not true-and I am merely asking for information: I do not know—that a Federal judge, say, a judge of the circuit court of appeals, does not necessarily have to be a lawver?

Mr. WHEELER. That is correct; and a judge of the Supreme Court, for that matter, does not have to be a lawyer.

Mr. NORRIS. No; because the Constitution does not so provide; and this court is provided for in the same way, except that it is created by statute instead of by the Constitution.

Mr. WHEELER. That is correct.

Mr. WHITE. Mr. President, if the Senator will permit me, I presume there is no requirement even with respect to a Justice of the Supreme Court that he should be a lawyer or even a citizen of the United States; certainly there is no requirement that he should be a lawyer; but, as a matter of fact, if a member of the court proposed to be created by this bill is to be assigned to a district court of the United States, to serve on the district court or to serve as a judge of the circuit court of appeals anywhere, I think we would generally agree that he ought to be a lawyer, and the probabilities are perfectly overwhelming that the President will only consider a lawyer for appointment.

Mr. NORRIS. That is very likely true. At the same time, as our civilization advances from year to year we can see, I think, the importance of having philosophers on the court in preference to lawyers. It is a good thing to have a man who is both a philosopher and a lawyer on a court; but if he cannot be both, I would rather he be a philosopher than a lawyer. It is important frequently that he also be an economist. I am not advocating that men who are not members of the bar be made judges of courts, but I should like to see it done once in a while in the case of the Supreme Court of

the United States.

Mr. KING. I think we would have greater difficulty in finding philosophers than we would have in finding lawyers. Mr. NORRIS. It might be a very difficult thing to find philosophers; but when one was found, at least there would be a philosopher on the court and not a lawyer. Lawyers

can be picked up on the street anywhere, any place. They are scattered around everywhere.

Mr. WHEELER. It is rather easy to pick up philosophers,

Mr. BORAH. Mr. President-

Mr. WHEELER. I yield to the Senator from Idaho.

Mr. BORAH. I wish to make an inquiry which it seems to me to be appropriate at this time. As I understand the bill, the Interstate Commerce Commission remains the factfinding body?

Mr. WHEELER. That is correct.

Mr. BORAH. And is supposed to perform all the duties in connection with the finding of facts in matters under its jurisdiction?

Mr. WHEELER. That is correct.

Mr. BORAH. And then the case, if an appeal is taken, goes to the court?

Mr. WHEELER. That is correct.

Mr. BORAH. I presume, of course, that the committee gave a great deal of consideration to the creation of this special court?

Mr. WHEELER. It did.

Mr. BORAH. But, in my opinion, a special court known as a railroad court to deal particularly with railroad matters or matters connected with railroad reorganizations will be unsatisfactory when it comes to be put into operation.

We tried the Commerce Court, but we were not satisfied with it, by any means. To create a court which in the public mind will have to do with railroad matters, a court specifically dedicated to that kind of work, and known to the community, to the public to be such, will result in the concentration of all efforts possible to get onto that court a class of men who see things from that viewpoint, and the public will come to believe that they are considering cases which come before them from that viewpoint. Even if they decide a question correctly the impression will be created that this court is designed particularly to deal with railroad matters, and is looking at questions from that viewpoint and not from the viewpoint of the public. I offer this as a suggestion, having some recollection, as other Senators have, of the Commerce Court. A special court to look after the interests of special business concerns and special phases of industry will never, in my opinion, be satisfactory in the long run. It comes to be regarded as narrowing its views to certain aims and will never possess the respect and confidence which a court should always possess.

Mr. AUSTIN. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. AUSTIN. I am moved to observe that my impression of the pending bill is that it proposes to amend section 77 in respect to the court in this way because the existing clause 77 of the Bankruptcy Act, under which the Interstate Commerce Commission hears and decides matters of a judicial nature comprehending all aspects of railroad organization, has been found in practice, during only a short period of time and with twenty-seven-odd railroads in reorganization, not to be satisfactory.

Mr. WHEELER. That is correct.

Mr. AUSTIN. One of the objectives of this bill is to take from the Interstate Commerce Commission all those functions which normally are exercised by a court of justice and turn them over to a court of justice, leaving as a residue in the Interstate Commerce Commission only the functions of passing upon the limits of the new capitalization of the reorganized corporation and the question whether the plan to be submitted to the court conforms to the standard set up by Congress. Those are the only two things in connection with reorganizations that will be left in the Interstate Commerce Commission as functions. All other functions which are of a judicial character, I understand, are transferred by the proposed act to a court of justice. We might have established a new bureau here at Washington to exercise executory powers, but as the bill is now presented to the Senate we believe this court will be a real court of justice and not a new bureau. It will hear and decide cases, and when it has rendered its decision anybody who has property involved or rights involved can appeal from that court and can go to the Supreme Court of the United States and have a review.

Mr. BORAH. Mr. President, the able Senator's presentation of the matter seems to strengthen the view which I entertain. Here we have a court called a court of justice, and at the same time it is distinguished from all other courts

by calling it a railroad court.

Mr. WHEELER. Let me say, if the Senator will permit me, that I am sure if the Senator realizes what has been going on in railroad reorganization proceedings in the courts, he will feel that we ought to take such cases out of the hands of the courts.

Mr. BORAH. I agree with that.

Mr. WHEELER. The records of our committee are filled with scandals. One judge in Chicago, for instance, appoints trustees and allows them fees that the Commission thought were unconscionable, but when they notified the court they were told that they should mind their own business. Scandals in reorganization proceedings have reached the point where even many Federal judges have said, "We want to be

rid of this class of business because it is bringing discredit on the judiciary of the country."

Mr. BORAH. Mr. President, if we are endeavoring to find some way by which to purify the judiciary, and make it more responsive, we had better consider now the proposition of limiting the time in which Federal judges may serve.

Mr. NORRIS. That is correct.

Mr. WHEELER. I would not have any objection to that. Mr. BORAH. A judge sitting in Chicago under the same circumstances and environment and with the same lifetenure privilege would not likely be any better because he was called a railroad court judge than if he were called a judge of a district court or of the circuit court of appeals of the United States.

Mr. WHEELER. That is right.

Mr. BORAH. Of course, we realize that mistakes are made, but I cannot understand how we will rectify those mistakes by calling a man a railroad judge instead of a Federal judge.

Mr. WHEELER. Let me say to the Senator that the reason why we have these mistakes at the present time is not ordinarily because the court is crooked; that is not the reason; but the average Federal judge, if asked about the matter, will say that the difficulty is that the judges do not know anything about these reorganizations; that their time is so taken up with the trial of cases of other kinds that they cannot give and have not given such matters the consideration which they should have. So we are setting up a court which we say shall do nothing else except consider the legal and intricate questions involved in reorganization matters.

One-third of the railroads of the country are either in bankruptcy or in receivership. Another third of them are hanging on by their eyelashes. Something has to be done,

and everybody recognizes the fact.

Mr. BORAH. Mr. President, I recognize that something has to be done; but I cannot see that any remedy is effectuated by simply selecting another human being whom we call a judge and giving him the same power, but dedicating him to a specific kind of work, which will concentrate upon the selection of the men who are to fill those places all the possible efforts that can be brought to bear to get a particular class of judges to work upon that kind of cases.

Mr. CLARK of Missouri. Mr. President, will the Senator yield for just a moment at that point?

Mr. WHEELER. I yield.

Mr. CLARK of Missouri. Is it not a fact that the Congress of the United States once before embarked upon such a policy as that in the constitution of the so-called Commerce Court?

Mr. WHEELER. Yes.

Mr. CLARK of Missouri. And that instead of obviating and doing away with the vicious practices which were complained about, it really led to one of the greatest national scandals that the country ever had, so far as the judiciary is concerned?

Mr. WHEELER. Yes.

Mr. CLARK of Missouri. So that the Congress had great difficulty in getting rid of the Commerce Court?

Mr. WHEELER. Yes; but let me say to the Senator that there is a vast distinction between the court which is being set up under this bill and the Commerce Court.

Mr. CLARK of Missouri. I should be very much interested to find out about it.

Mr. WHEELER. There is, because the Commerce Court which was previously set up dealt with financial matters and with other matters, whereas this court is going specifically to deal not with economic matters but merely with those provided in the bill.

That is where I think we ought to draw the distinction. This court is going to deal only with the legal matters which involve priority as between this bondholder and that bondholder. So we are going to have a court which is not merely a railroad court, but is one which will deal with the interests of bondholders.

Let me say to the Senator that in the case of some of the railroads there are hundreds and hundreds of different bonds. There is one kind of bonds upon this branch of the road, and another kind of bonds upon another branch of the road, and still another kind of bonds upon another portion of the road. Finally a controversy arises between the different bondholders as to which kind is going to be preferred, and it is a very intricate matter.

Mr. BORAH. Mr. President, assuming that all of that is true, why would it be impracticable or difficult for any Federal judge with ordinary capacity to pass upon those legal questions, the same as they pass upon all other questions? What is it that makes it necessary to have a man of specific knowledge unless we propose to select out a class of men separate and distinct from the general ability, and have a kind of a court of experts, looking at everything from a certain viewpoint?

Mr. WHEELER. In my judgment, that is what this court should be. As a matter of fact, there are a few courts in the country which have had before them so much work of a particular kind that they have become experts in the particular matters with which they deal; but that is not true of the average Federal judge in this country.

The only persons who came before the committee to object to this bill were the lawyers who had some cases before Federal judges, and were representing some group of executives whose roads were in the hands of receivers, and the lawyers wanted to leave the matters in the hands of those particular judges at that particular time. I do not care to particularize between the different judges; but I do say that some of the men who came before us had their cases before some pet judge, and under this bill they cannot pick out the judge. At present, when they want to have their railroad go into receivership, they pick out the particular judge before whom they want the matter to come.

Mr. BORAH. Every effort in the world will be exercised to select those particular judges before they ever go on the bench.

Mr. WHEELER. Of course, that may be true.

Mr. BROWN. Mr. President, if I may say a word-Mr. WHEELER. I yield to the Senator from Michigan.

Mr. BROWN. As I get the idea of the Senator from Idaho, he is saying substantially that the kind of experts the Senator from Montana speaks about can be found only among those who are now in the employ of the railroads. That is where the experts would have to be secured. They are the men who know about that business.

Mr. WHEELER. I do not agree with that conclusion, because there are in this country some very able experts who are not employed by the railroads. On the contrary, there are experts in reorganization who are almost always on the opposite side from the railroads.

Mr. BROWN. The great majority are on the side of the railroads, however.

Mr. NORRIS. Mr. President-

Mr. WHEELER. I yield to the Senator from Nebraska.

Mr. NORRIS. I think the Senator from Idaho [Mr. Borah] has put his finger on a weak place, if there is a weak placeand it seems to me there is-in the new court that is being set up. Perhaps the Senator did not intend it in that way, but to my mind in his remarks he has suggested a remedy. and the Senator from Montana has given approval.

In the course of the remarks of the Senator from Idaho he said that the judges of the new court are to be appointed for an unlimited term; that is, appointed for life. Their terms ought to be limited.

Mr. WHEELER. I should have no objection to that.

Mr. NORRIS. How easy it would be to do that. I think that would remedy the whole situation. It seems to me, if my philosophy is right, it would put the court above reproach in that respect, because after we pass the bill human nature is going to be just the same as it is now.

The suggestions made by the Senator from Idaho as to error in the proposed law are going to be well founded unless we change human nature or change the bill. There will be an incentive from time to time to fill the court with railroad lawyers, so that its name will mean what it says—that it will be a railroad court. We can remedy it all, according to the suggestion the Senators themselves have made, if we strike out in line 5, page 2, the words "good behavior" and insert in lieu thereof the words "a term of 9 years."

Mr. TRUMAN. I think the Senator is exactly right about

Mr. ADAMS. Mr. President-

Mr. WHEELER. I yield to the Senator from Colorado. Mr. ADAMS. Does not the Constitution require that judicial officers, even of the inferior courts, shall hold their offices during good behavior?

Mr. WHEELER. I think that is true.

Mr. NORRIS. Perhaps it does. Mr. BORAH. That difficulty could be obviated by creating a tribunal, but not creating a Federal court.

Mr. WHEELER. We can make it a legislative body in the nature of a commission, and in that way limit the tenure.

Mr. BORAH. I do not like to have created in our judicial system something which is in the nature of a special commission and call it a court, because it does not fit into our judicial system. During our experience with the Commerce Court we found what happened. The interested parties undertake to treat such a body as a separate and distinct entity from a real court, and they concentrate all their efforts to control it from that standpoint. As a constitutional proposition, if we create a Federal court we have to give life tenure to the judges; but we may create a commission, and I would much rather have it that than to create a court.

Another thing: After this court is created, its members are to be sent out through the country, wherever it is desired to send them.

Mr. WHEELER. That is correct. That is, if they are not busy, the Chief Justice may assign them to do duty in some other court.

Mr. BORAH. I only want to impress upon the Senator the necessity of avoiding creating what we call a railroad court. Mr. WHEELER. I do not care what name it is called by.

Mr. BORAH. When I say "a railroad court," I mean a court which not only is called a railroad court but which will be a railroad court, not necessarily in a corrupt sense but by reason of the influence brought upon its members to consider that it must see things from a different view than that of the ordinary court. A narrow, one-sided, biased view. What is the object of creating this court if it is not to give its views and decisions a particular slant.

Mr. WHEELER. I should have to disagree with the Senator, because I assume that when the President of the United States appoints persons on the court, in the first place, he is not going to appoint men who have just been railroad lawyers; and, secondly, anyone who is appointed will have to be confirmed by the Senate of the United States.

Mr. CLARK of Missouri. Mr. President-

Mr. WHEELER. Just a moment.

With reference to the Commerce Court, I call attention to the fact that the Commerce Court took up rate cases and heard them de novo. Nothing of that sort is involved in the legislation with reference to this court. The Commerce Court took up rate cases, economic cases, and everything else. This is a court to decide the disputes between these different

I desire to call attention to what Commissioner Splawn said with reference to this matter. Commissioner Splawn has given a great deal of study to this subject, and was at one time appointed by the Interstate Commerce Committee of the House to make a study of reorganizations of holding companies. He did probably one of the most effective and one of the best and most constructive jobs ever done before he was appointed on the Commission. Since that time he has given a great deal of thought and study to the subject. I may say that Commissioner Splawn and the three Commissioners who were appointed as the President's special committee something over a year ago all suggested a court.

At first, as I said a moment ago, I was not enamored of the idea of a court, but nearly everyone who came before the committee, except the lawyers who practice before some of the courts, particularly some of the courts which have been criticized, agreed that setting up such a court would be advisable. Three railroad presidents who came before the committee-Carl Gray, of the Union Pacific; Mr. Clements, of the Pennsylvania Railroad; and Mr. Norris, of the Southern-endorsed the proposal. The Interstate Commerce Commission and the R. F. C. were also represented.

Under section 77 the directors of a defunct corporation propose a plan, with which they do not believe anyone will be satisfied, but they propose it for trading purposes. Some of the minority groups come in and say, "We do not like this plan, and we will not take it." So a controversy arises, and finally a compromise is reached, and frequently after a railroad has been through reorganization, it has a greater debt burden than when it went into reorganization, and knows that it will have to go into reorganization again in 2 or 3 years.

Mr. AUSTIN. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. AUSTIN. Did it not appear in the hearings that during a short period of years new issues of approximately \$2,000,000,000 were authorized with the approval of the Interstate Commerce Commission, given without the standards which are laid down in the pending bill?

Mr. WHEELER. That is correct.

Mr. AUSTIN. Which new issues have in this short time been defaulted?

Mr. WHEELER. That is correct.

Mr. BORAH. How will the railroad court remedy that?

Mr. AUSTIN. The railroad court will enforce the standards set down in the pending bill. The bill lays down the standard of earning power. As it was first drafted, the court would have had to take into account the average annual net operating income for the past 6 years. That was criticized, and I think justly criticized, and therefore there is an amendment pending which will increase the time to 12 years, thus taking in prosperous years as well as the 6 depression years immediately preceding the present.

In addition to that, the court must take into account only that consideration of reproduction costs and other relevant facts, if any, as the Constitution requires; and add to these factors the market value of nonoperating properties, and thereby ascertain the rule of value for capitalizing the new company. That is an extremely severe rule. I confess to the Senator that my own impression is that it is too severe; but how are we to know the effect if we do not try some of these rules? In any event, we can safely predict that this bill will squeeze out of railway corporations the great burden of fixed costs and carrying charges which now they have to carry in the way of interest on an overcapitalization.

Therefore my answer is that the new court, by executing the law we are now trying to enact, will put the railroads on a basis so lean as to their debts, and, therefore, their interest charges, that they certainly ought to be able to continue in the future for a long time without again going into receiver-

ship.

Mr. BORAH. Mr. President, from what the Senator states in regard to the rule and the general principles which have been laid down in the bill, it seems to me it is exceedingly sound, and I am thoroughly in harmony with it. But what Federal court would not enforce such a law? There is here proposed a law in which rules are established, and in which certain propositions are laid down. Finally, the court is asked to enforce the law. Why do we have to have a special court, which is to be called a railroad court, a special set of judges, for the enforcement of those settled principles?

Mr. AUS'IIN. Mr. President, will the Senator from Montana yield?

Mr. WHEELER. I yield.

Mr. AUSTIN. Because under the present arrangement a single district judge has other business to attend to than a

court receivership, which consumes an enormous amount of time, and calls for special knowledge, and calls for attention to detail, such as watching the receiver or the trustee in reorganization. Unfortunately, we found judges who admitted that they had neither the capacity nor the time to perform this special kind of work. That is the only saving grace of this proposal, as I see it. I do not like the idea of an additional court any more than does the Senator from

Mr. BORAH. There will be the same want of capacity as inheres in all human transactions, and there will be the same kind of men sitting upon the court. But they will be a court which has been set apart to do special work. The Senator says they must have special knowledge. In other words, as the Senator from Michigan [Mr. Brown] says, we are calling for a set of experts.

Mr. AUSTIN. That is correct. Mr. BORAH. Let us call them experts, then, and not call them a court.

Mr. AUSTIN. They would be exercising judicial functions. Mr. BORAH. I venture the opinion that we would rue the day if we undertook to build into our judicial system a special court for the purpose of dealing with special industries and special enterprises and efforts of that kind. The people would lose confidence in it. They would not regard it as a court, but they would regard it as the agent of such special industries. The railroads would have their court, in the minds of the people of the country.

Mr. WHEELER. I cannot help what the people of the country may have in mind with reference to it. The people frequently entertain mistaken ideas. I am sure the Senator has the wrong idea with reference to the court. there is an effort at reorganization, the fight which then proceeds is between the various equity holders. The Senator may rest assured that when the various equity holders come before the court or before the Commission they are represented by this bondholders' committee or that bondholders' committee or somebody else's bondholders' committee. They are fighting very bitterly. The court will have to pass on controversies between the different litigants, not between railroad companies, but between the different litigants who are interested in the bonds.

I started a moment ago to call attention to what Commissioner Splawn stated. He said:

One of the virtues of your bill is that it sets up a special court. One court of three judges should give all of its time to this litigation.

I may say that when we introduced the bill it contained provision for three judges. I was and still am of the opinion that three judges would be better, but it was contended that there should be five instead of three, and the committee finally adopted a provision for five judges, instead of three. Commissioner Splawn further stated:

Commissioner Splawn further stated:

You have had these receiverships scattered all over the country, wherever they might have happened to occur, throughout all railway history, and what have you got? Nothing in the way of development of a principle. You have today the same groping in the dark, the same blind trading, and the same pressures that have always occurred. Judges are not always experienced in these matters. Of course, we are now getting some district judges who have had a lot of experience. For example, in the Middle West, where this map shows so many railroads are in reorganization, some of those judges have several of those cases on their dockets and have had in years past. But ordinarily one of these cases comes in as a big case that interrupts the court's regular docket. It takes much of the court's time. It is a tremendous chore in addition to the regular grist of legislation.

Mr. BORAH. Mr. President, this gentleman fails to state, in my opinion, how the special court is going to remedy conditions. For instance, if there is too much work in the Federal courts now, there is one way to remedy that, that is, by the appointment of more Federal judges. But it is not possible to get a different class of men from the bar of the country by merely calling this a different kind of court. The same class of men would be appointed.

Mr. WHEELER. I agree with the Senator.

Mr. BORAH. The same class of men would be made judges. I shall not delay the matter very long, but I desire to say that I think it a most serious mistake to set up the precedent in this country of establishing special courts to deal with special business matters.

Mr. WHEELER. Of course, whether this court is to be a success or not will depend on the class of men who may be appointed to the court. If poor men are appointed on the court, it will be a failure, if high-class men are appointed it will be a success. It depends entirely, in my judgment, upon the class of individuals who may be appointed on the court.

Mr. BORAH. Let me also call attention to the fact that three judges shall constitute a quorum, "except as otherwise herein provided, and a determination concurred in by a majority of the judges participating shall constitute the determination of the court." So these matters are to be determined really by two judges.

Mr. WHEELER. Two out of three, where there are three. It is exactly the same proceeding we find in the circuit court of appeals today. This provision was taken from the present law pertaining to the circuit court of appeals of the United States.

I do not know that I wish to cover any further points except to say that I think there is general agreement with regard to the proposal in all respects, except with reference to the provision for the establishment of a special court.

I have before me a letter which came to me this morning from one of the independent bondholders' reorganization committees of the New York, New Haven & Hartford Railroad, which says:

After a careful study of your railroad reorganization court bill I am writing you to compliment you on this proposal, which to my mind will help to speed up railroad reorganization. The bill is most assuredly a step in the right direction.

Mr. BORAH. Mr. President-

The PRESIDING OFFICER (Mr. Schwarz in the chair). Does the Senator from Montana yield to the Senator from Idaho?

Mr. WHEELER. I yield.

Mr. BORAH. I agree in general that the reorganization work is necessary. If I thought the court was essential to it and in the end would be helpful to it, I would not raise my voice for a moment, because I am perfectly satisfied, as I was when the bill providing for the Commerce Court was passed, that it certainly will not be long before it will be disposed of.

Mr. WHEELER. I will say to the Senator from Idaho that we have a remedy if it does not work out; but the difference between the proposed court and the Commerce Court is that the Commerce Court tried rate cases de novo.

Mr. BORAH. I realize that. They took in greater jurisdiction and undertook to do more things and perhaps did the work a little worse than it would have been done if they had not undertaken to do all they did.

Mr. WHEELER. Yes. It is only for the purpose of trying to correct the different evils which have existed and which now exist in our local courts.

I am particularly anxious and perhaps feel very keenly about the matter, because when the Supreme Court fight was on in the Congress we heard many people say "The courts of the United States are crooked; there is crookedness in connection with receivers, and this thing is bad and the other thing is bad," and people were constantly pointing to something which was considered bad in connection with some local court. I think if Congress were to set up the proposed special court it would relieve the local courts of much of the work of which many of those courts wish to be relieved. Many judges say they cannot handle the railroad receivership work with all the other work they have to do, and if the proposed court is established it will specialize in that particular line of work.

Mr. BROWN. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. BROWN. I wish to refer to a remark which the Senator made about 10 or 15 minutes ago. There is no question that at the present time we lawyers hang our heads in

shame at the revelations which have been made concerning some of the highest courts in the United States. The Senator said there was a judge in Chicago who was justly subject to great criticism because of his action in connection with certain railroad receiverships. The Senator realizes that that statement reflects upon somebody in Chicago. I think the Senator should not make that kind of statement unless he specifies who the judge is.

Mr. TRUMAN. I will specify who the judge is if the

Senator will permit me to do so.

Mr. BROWN. Such a statement casts reflection on every Federal judge in the city of Chicago. I know to whom the Senator is referring.

Mr. TRUMAN. It is Judge Wilkerson.

If the Senator will read the report, part VII of the investigations with reference to railroad holding companies, which I think is on every Senator's desk, he will find exactly to which judge we are referring.

Mr. BORAH. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. BORAH. There is no doubt that developments with reference to the courts have been such at times as to disceurage those who believe that the courts are indispensable to the preservation of constitutional government. But when we take into consideration the fact that these courts have been running now for 150 years, and the very limited number of judges who have sacrificed their positions and dishonored their calling, I think it is a great credit to the judicial system of this country. Those who have dishonored their great calling have in a sense accentuated the glory of the system, because the number has been rare.

I know the reference which is being had now to this particular judge, and I presume there are other references which will be demonstrated in a conclusive way in a few days as to the conduct of these judges. Such conduct is indefensible and intolerable. But take it as a system and it compares favorably with any judicial system of which we have any knowledge.

knowledge.

Mr. WHEELER. I thank the Senator.

Mr. BROWN. I agree with the Senator from Idaho entirely, and I will say that my purpose in rising was to make certain that we did not cast suspicion upon every judge in the city of Chicago. If there is a judge there who has done something that is justly the subject of criticism, I say that he ought to be named, and that we in the Senate of the United States ought not to lend color to the idea that we have suspicion of all judges generally.

I agree with the Senator from Idaho. I think the record has been remarkable. I think the judicial system is one of the very finest things we have arising out of our Constitution. Therefore I do not want suspicion to be lightly and carelessly cast upon a lot of judges when there may be just one or two that are to blame. I think the name of the judge who has been in the Senator's mind should be stated to the Senate and to the people of the United States.

Mr. TRUMAN. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. TRUMAN. I agree entirely with what the Senator from Idaho and the Senator from Michigan have had to say on the subject. The hearings of the subcommittee of the Committee on Interstate Commerce, which went into detail with respect to receiverships of the Chicago, Milwaukee & St. Paul, the Wabash Railroad, the Chicago & Eastern Illinois, and the Chicago & North Western Railway have cast plenty of reflection upon one or two judges who have handled these receiverships, and the result of that hearing is the bill which is before us now by which we hope to correct those very evils, and to preserve for the courts the respect of the public generally and of the country.

Mr. WHEELER. I agree entirely with what the Senator has said. When persons have criticized the courts I have said that I have had occasion to study the judicial systems in some other countries, and with all the faults in our judicial system—and we have some—our judicial system is the best judicial system.

dicial system of any in the world.

After all, these matters have to be judged relatively. Some may say that a better judicial system exists in England, in France, in Germany, or in Russia, or in some other country, but when conditions in other countries are examined one must come to the conclusion that, with all the faults of our judicial system—and some faults exist in it—yet we have the best judicial system in the world.

Mr. President, the only reason I agreed to accept the proposal with reference to the court to deal with railroad reorganizations was because for 2 years instances of abuses in some of the Federal courts in connection with railroad reorganizations have been brought to the attention of our committee to such an extent that I felt that what was occurring

was having a tendency to discredit all the courts.

I may say to the Senator from Idaho that some of the judges of the circuit court of appeals and other judges in various parts of the country have stated to me privately that they think the proposed court should be established. There is unanimity in that respect in the Interstate Commerce Commission, the S. E. C., and other public bodies which have to deal with the matter. Jesse Jones, Chairman of the R. F. C., as well as the chief counsel for the R. F. C., had said that we ought to have a special court for the purpose, and it ought to be located in Washington.

Some practicing lawyers have opposed the proposal. I can understand their viewpoint. If I were a practicing lawyer in Chicago and had been handling receivership cases I would not want the court to be located in Washington. I would want to have local receivers; and I would want to have the court in my home town handling the matter of appointing receivers for railroads. That would be looking at it from a selfish standpoint of a practicing lawyer. Some lawyers say a local judge ought to handle the matter. Under the bill the local judge will look after the details, but the court in Washington will act in a supervisory capacity to some extent over the local judge, and particularly, if something goes wrong, it can be called to the attention of the reorganization court.

I may be wrong about it and the Senator from Idaho may be right, but I will say that it was only after the committee had given the matter very serious consideration, after we had listened to many witnesses, that we concluded that the establishment of a reorganization court was the best thing to do. We all recognize that its success will depend entirely upon the men who will make up the membership of the

court and upon their capabilities.

I admit that the court can be a complete failure, and it will be a complete failure unless men of the highest type and character, experience, and learning are chosen to sit on it. So far as I am concerned, I shall certainly be very jealous with respect to the sort of men who are appointed to the court, because, having fathered the bill, I do not want to see it result in failure. I wish to see it eradicate some of the evils which have become apparent in various courts in connection with reorganization matters.

Mr. WHITE. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. WHITE. Quite apart from the character of the judges, quite apart from the rightness or wrongness of any particular decisions which may have been rendered in the past, was not one of the prime considerations which moved the Senator and the committee generally to favor the reorganization court proposal the hope that it would expedite the termination of long receivership proceedings?

Mr. WHEELER. That is correct.

Mr. BORAH. Mr. President, I promise not to interrupt the Senator further.

Mr. WHEELER. That is all right.

Mr. BORAH. I know the Senator's views with reference to the courts, and I know the great service which the Senator rendered to this country in coming to the defense of our courts, a service which cannot be overestimated. But I leave this subject very reluctantly. I know that the measure is going to pass, and I do not complain about that. All measures must be disposed of. If I thought the votes could

be had, I would seek to strike out the railroad court provision. I want to make it clear for the record that I feel that the creation of special courts to deal with what may be called special matters touching the interests of special industries or special business concerns is contrary to our judicial system. It weakens or undermines the courts generally, and always results in disappointment, sometimes scandal.

So far as selecting capable judges for the proposed court is concerned, I cannot conceive of the appointing power making any greater effort to select competent judges in this instance than in all other instances on the Federal bench. We shall have, as I must repeat, a special court which will concentrate the efforts of all who are interested in directing the views of its membership along certain lines. I do not say this because I am denouncing railroads, but I am op-

posed to special courts.

Mr. WHEELER. Let me call attention to the fact that in some of the courts we have receivership cases involving railroads which have been pending since 1905, or a period of 34 years. We propose to take those receiverships out of the courts where they have been pending, where receivers have been drawing big salaries and big fees, and to expedite them in the special court. Some of the cases, as I say, have been pending since 1905. Others have been pending in various courts throughout the country from 5 years up to 35 years. There can be no excuse for such a situation. The cases, in many instances, are being dragged along by the dilatory tactics of the attorneys for the receivers and by the receivers themselves.

The proposed court will have special duties. I do not care how long it remains in effect. It may be that if the court does its duty, and expedites these matters, we can abolish the court in a very short time. However, there certainly is a demand at the present time for speeding up railroad reorganizations. For those reasons Commissioner Splawn and the members of the Interstate Commerce Commission think such a court ought to be established.

Let me give an illustration of what is done at the present

time in bankruptcy matters.

A bankruptcy case comes before the Commission. The Commission passes upon the facts and the law, and submits the plan to the court. The court looks at it, and, if he does not like it, he sends it back to the Commission. Under the present law he cannot modify the plan. He sends it back to the Commission, and the Commission makes a new plan and sends it to the court. The court cannot cross a "t" or dot an "i." The court may send the new plan back to the Commission. As I pointed out a few moments ago, four out of nine cases have been approved, but they have all been very small cases, in which very little was involved. However, gigantic cases are coming up, with no standards upon which reorganization should be effected. We have no courts who know anything about the matter.

Many of the receiverships are pending before courts which are not interested in them. The time of the courts is taken up. After giving the matter the most earnest consideration, there was not a dissenting vote on the Interstate Commerce Committee with reference to legislation on this particular

matter.

I do not care to take up the time of the Senate any longer with a discussion of the bill. I think I have covered its main provisions. I ask that the clerk proceed to state the committee amendments.

Mr. AUSTIN. Mr. President, I wish to make some observations about the special court.

It seems to me we ought not to let the occasion pass without giving credit to the Federal courts for the good they have done in developing the reorganization method. I say "developing" it because progress has been made in equipping the courts to overcome the oppression exercised by majorities over nonassenting or silent minorities. Notwithstanding the nuisance value which, in the ancient phrase, has squeezed blood money out of those responsible for a sound reorganization because of the ancient rule that no judgment of a court in reorganization could take effect without the assent

of all, the courts, nevertheless, have done a great service to the cause of justice in the United States by moving forward, in spite of the lack of statutes passed by the Congress of the United States, and enunciating, by judicial legislation, principles affecting the establishment of plans which are fair and equitable to minorities and which conserve the public interest.

I am sure it is well remembered by Senators here present that we originally had a jurisprudence which provided no equipment for such a judgment; but long before the passage of sections 77 and 77B the courts began to take the situation in hand; and if a plan came to them which was obviously fair, they did not allow minorities to exert the degree of pressure which existed in their nuisance value and then come in and attack the plan. In other words, on the ground that a person who seeks equity must do equity, no objector to a plan was regarded as coming into court with clean hands if the plan was entirely fair to him.

I call attention to what the bench itself has done; and I do so largely to offset any impression that might be created by the debate in the Senate that the Senate is criticizing the entire Federal bench of the United States. It is not doing so. The cases to which I refer as having come to my notice as a member of a special committee were not cases of corruption. They were simply cases in which the judges came right out in open investigations and stated that the situation overwhelmed them. They were not themselves equipped either with time or with special learning to take care of the details of reorganizations. In those investigations the reorganizations were not of railroads, but the same principles obtained. So, the criticism I make generally of the courts is not against the integrity of the courts. The courts themselves recognize the situation.

As far back as 1916 a learned judge, in the case of Guaranty Trust Co. against International Typesetting Co., in the United States District Court for the Southern District of New York, February 19, 1916, discussed the question. I am quoting from an excellent monograph by Hon. James N. Rosenberg, of the New York City bar, which was reprinted from the Virginia Law Review, Volume 25, No. 2, December 1938. By the way, Mr. Rosenberg is well qualified to write upon this subject. He is the author of Corporate Reorganizations and the Federal Courts, published in 1924. He says that Judge Charles M. Hough made this observation in 1916:

There is a good deal to be said in favor of a new scheme of law which would in some way confer upon an impartial and disinterested tribunal the entire supervision of corporate reorganization.

He was already crystallizing the views held by his fellow judges in the Federal courts.

I read again from this excellent article:

That cause celebre, the then horror of the reorganization bar, the Boyd case, decided so long ago as in 1913, left no future room for doubt that a "sale" to reorganizers was not really a sale but only a "step in reorganization"; that therefore the new company was not freed from old debts if the plan wronged creditors. The Court thereby spread a cloud over old-fashioned reorganizations. But it also went almost out of its way to lift the cloud and render affirmative aid. Properly denouncing "any arrangement by which the subordinate rights and interests of the stockholders are * * * secured at the expense of creditors * * *," the Court at the same time declared that "this conclusion does not * * require the impossible and make it necessary to pay an unsecured creditor cash as a condition of stockholders retaining an interest in the reorganized company. His interest can be preserved by the issuance on equitable terms of income bonds or preferred stock. If he declines a fair offer * * * in a just reorganization * * he could not thereafter attack it."

That was a long step in the direction of section 77, which was enacted in 1934. That decision was followed from time to time by various adjudications of the courts, making progress toward the point of a final holding by the Supreme Court of the United States that the bankruptcy power of the Congress was not limited merely to taking the assets of the debtor, dividing them up, and distributing them among his creditors, but also that the bankruptcy power extended to the permission for a reorganization in which the rights of all claimants, relative as they might be to each other, would

be satisfied, not by cash but by a redistribution of the assets of the property.

Section 77B was enacted, but it was found not to be satisfactory, and so soon as 4 years after its enactment the Congress was confronted by a demand from the public that Congress amend section 77; and the principal business before the Senate today is to take out of section 77 the "bugs" that after 4 years of experience have been found to be in it. Among those "bugs" is the lack of expedition; among them is also the strange idea of having superior to the courts of justice a bureau located in Washington called the Interstate Commerce Commission. As the matter has been tried out and experimented with, we find cases shuttling back and forth between the courts and the Interstate Commerce Commission and not coming to a final conclusion and bringing about reorganization. Not only time but money is wasted because of the way section 77 now operates. Therefore a real substantial change is attempted by the bill before the Senate by setting up a court that, it is hoped, will be proficient by virtue of past study and that will gain in proficiency by virtue of special experience in handling reorganization cases, and particularly cases of reorganization of railroads.

It is to be composed of five instead of three judges in order that numerous reorganization cases may be carried forward all at the same time; in other words, expedition in the judicial work is the object. This group of five judges may create a number of different branches of three, staggering the membership in such a way that one judge may be at work in his chambers doing an essential part of his service which can only be done in private, while three of his fellow judges are at work on the bench; in fact, two of them could be in chambers all the time and the work of the court go on continuously, taking care of the cases now pending and those which hereafter may come before them.

The creation of an additional court is not a reflection upon our present judges; it is not a reflection upon the structure of our Federal courts. We frequently create additional courts. An omnibus bill providing many new courts was enacted at the last session of the Congress. To be sure it provided for district courts and one circuit court of appeals, but is there any more reason to object to the erection of another court of the same degree of dignity and power as those courts possess than there was reason to object to the creation of the courts to which I have adverted? The whole matter must turn upon the question of the necessity for the action.

Mr. WHITE. Mr. President, will the Senator yield? Mr. AUSTIN. I yield to the Senator from Maine.

Mr. WHITE. The Senator from Vermont spoke of the expected advantage of expedition from this new court, and he spoke of the possibility of a single judge or two judges being engaged in chambers upon special branches of the work. Is there not a special provision in the bill authorizing the court to assign to a single judge for determination, subject to certain limitations, portions of the work of the court?

Mr. AUSTIN. Mr. President, yes, there is, and not only that, but the good that exists is to be preserved by this bill so far as courts go.

There is a provision in the bill that the reorganization court shall assign to a district judge at the place most appropriate for conducting the operations of a railroad in receivership or reorganization that part of the business which relates to the operation of the road. They shall do that; as to that part of the reorganization which is strictly limited to operation the railroad court may impose that duty upon a district court out in the field.

Mr. BARKLEY. Mr. President, will the Senator yield? Mr. AUSTIN. I yield.

Mr. BARKLEY. While the Senator is calling attention to the special courts that have been set up by Congress, it might also be mentioned that we have a United States customs court, located in New York City, the judges of which travel over the country and hear cases within their jurisdiction. We have here in Washington the Court of Claims. Theoretically, the Federal judges throughout the United States could transact that business; theoretically, they could hear and determine questions of customs law and violation of the customs laws. The Federal courts in Washington could pass upon questions of that kind; but we have seen fit, in years gone by, to set up special courts to adjudicate a special type of judicial business

Railroad reorganization is a judicial matter. The proposed court might be called by any name desired; it might be called a transportation commission, or anything else; but it will be a court. It has got to be a court, because the matters which will come before it will be judicial. I do not think there is anything particularly virtuous in the name proposed or in any other name that might be given it, because its functions are largely judicial, and must be; and there is no particular vice, it seems to me, in setting up this court to do this particular job.

Mr. AUSTIN. I thank the distinguished leader of the majority for what he has said. I agree with it fully. I might, in this connection, call attention to what the Supreme Court said in its decision relating to the Rock Island case. That was a decision that passed directly upon section 77. I read what purports to be a quotation from that case, taken from the testimony of Mr. Mark R. Bell, who was counsel for the Chicago, Rock Island & Pacific Railway, and

who ought to know about what he is speaking:

Section 77 advances another step in the direction of liberalizing the law on the subject of bankruptcies. Railway corporations had been definitely excluded from the operation of the law in 1910—

And reference is made there to the statute-

probably because such corporations could not be liquidated in the ordinary way or by a distribution of assets. A railway is a unit; it cannot be divided up and disposed of by piecemeal, like a stock of goods. It must be sold, if sold at all, as a unit and as a going concern. Its activities cannot be halted because its continuous, uninterrupted operation is necessary in the public interest; and, for the preservation of that interest as well as for the protection of the various private interests involved, reorganization was evidently regarded as the most feasible solution whenever the corporation had become "insolvent or unable to meet its debts as they mature."

So the Supreme Court went on to hold section 77 to be a proper exercise of the bankruptcy power. We are now confronted not with completely overturning that principle, but taking one step further in progress toward an equitable administration of it. We are dealing with administration. This bill does not change the substantive law. Those features of this bill wherein a standard is laid down which must be followed, a channel through which the Interstate Commerce Commission must go in arriving at valuations, do not change the substantive law. They are purely administrative, the Congress saying to an independent body, supposed to be the hand of the Congress, "This you will do in this matter." When we set up the court we are dealing with the judicial aspects of property, of rights, of public welfare, and nobody but a court should have jurisdiction over such matters.

My complaint about section 77 as it is today unamended is that it is not in the hands of a judicial body, but in the hands of an independent bureau in Washington, against which I have no criticism to make when it adheres to those functions for which it was created and to which we now attempt to commit it with respect to reorganization.

What earthly reason can there be to object to adding to

our judicial structure another court?

Mr. BORAH. Mr. President, will the Senator permit me to interrupt him?

Mr. AUSTIN. I yield.

Mr. BORAH. I do not know that there could be any objection to adding another court, but I think there is very serious objection to adding a court which has no function or purpose or jurisdiction or power to exercise except in regard to one matter.

Mr. AUSTIN. Mr. President, let me say that perhaps the Senator from Idaho does not know that the court has other powers.

Mr. BORAH. I know that it has certain other powers; but, for instance, this court, as a court—not its members, who may be scattered out after a while and sent to this court and that court—this court, as a court, is limited in its jurisdiction.

Mr. AUSTIN. Yes; this court, as a bench, has a special jurisdiction; but let me ask the Senator from Idaho, why object to a court having a limited jurisdiction?

Mr. BORAH. If that jurisdiction were determined solely on the question of jurisdiction, it might not be objectionable; but when we limit the jurisdiction to a certain line of business, and dedicate the court to that particular line of work, I think it is open to very serious objection.

Mr. AUSTIN. Does the Senator object to the courts which are already so constituted under our constitutional

system?

Mr. BORAH. What courts does the Senator refer to?
Mr. AUSTIN. The Patent Court, the Customs Court.
They are operating entirely satisfactorily to the people of the country.

Mr. WHEELER. The Court of Claims.

Mr. AUSTIN. And the Court of Claims. All of these courts have jurisdiction and power to hear and decide cases, and from them appeals may be taken. That is what we are trying to establish with respect to reorganizations of railways, which constitute a unique type of judicial business. There is no other like it. It is distinguished from all other types of reorganization by the character of the business.

A railroad cannot be divided up into separate parts and distributed among the creditors of the railroad. Why? First, because physically it cannot be done. Secondly, because a railroad is a quasi public property, and the public welfare does not permit the thing to be done.

Mr. BORAH. In my opinion the Court of Claims is a wholly different matter, because that court takes into consideration and within its jurisdiction any claim which arises under the law. It is not confined in its action to a particular line of business or to a particular class of industry.

So far as the Patent Court is concerned, I am not ready to pass upon it as a success.

Mr. NORRIS. Mr. President-

Mr. AUSTIN. I yield to the Senator from Nebraska.

Mr. NORRIS. With the Senator's permission, I should like to say before I propound my question that I am not doing it in any fault-finding way. I expect to support the bill. I think the committee has done a great work on it. I think it is a big improvement over present conditions. It may be that the committee has this court in as good shape as it is possible to have it. I admit that my question will be subject to an objection that might be made, that in propounding the question I myself am not proposing a substitute. I confess that I have not any substitute to propose offhand, and perhaps I should not have if I had given the matter as much study as the committee has given it.

In addition to what the Senator from Idaho has said, however, the thing that troubles me about this court is a little different. It probably is going to be difficult for me to make myself understood; but I think the Senator from Vermont will understand my position, and the committee will understand it. Probably the Senate will.

Under this bill we set up a railroad court. The principal object in setting it up—its complete jurisdiction, with some exceptions which the Senator has noticed—is to pass on one particular kind of property; namely, railroad property. The Senator knows, from his experience as a member of the Judiciary Committee, how difficult a task we have when we come to pass on a nomination made by the President for a judicial office. The members of the committee are conscientious; the President has been conscientious in his selection; but with the multitudinous duties that we have, and with the thousands of other duties that the President has, we must rely and he must rely in a majority of cases upon the opinions of other persons as to the qualifications of the particular nominee.

A patent court passes on all patent questions. A district court passes on all judicial subjects that may come within its jurisdiction. The same thing is true of the other courts;

but this is a court that has just one jurisdiction.

Will not this be the result: When there is a vacancy on the court, all kinds of pressure probably will be brought to bear from all over the country, from the great corporations which cover the entire country, to have a friendly member of the court appointed and confirmed? With the limited time the President and the Senate have for looking up the qualifications of individuals, the Senator knows that unless we give up other things and unless the President gives up other things, it will be impossible to select a man so broad-minded and so fair that he will not be biased on the one subject of which he is going to have jurisdiction.

I do not know whether or not I have made myself clear;

but the facts I have stated worry me a great deal.

Mr. AUSTIN. Mr. President, the Senator's question is a very clear one. In response to it, I desire to say that the assumptions in the question are the same as those which I have already made in the committee. I was greatly disturbed about this court and reluctantly came to the acceptance of the idea.

There was much discussion as to the possibility of the Congress laying down standards or qualifications for the members of the court. Probably I was the only one proposing that course in that particular group. Finally, after much thought, I gave up trying. I sat down with pencil and paper and tried to write out the standards or qualifications, but I could not satisfy myself that I was not writing a very unwise provision. Then, on reflection, is it not true of our judges as a whole that when men are selected and approved by the Senate and go on the bench, the mantle of dignity and sense of justice make those men come out of "the illusions of the den in which they have lived," and do they not on the whole make good judges? And when we have a bench of five-and that is one reason why I wanted five instead of three-do we not at least find diverse views on the bench?

These are considerations only. I am not arguing for or against the thought of the Senator from Nebraska.

Mr. NORRIS. I think what the Senator says is true.

Mr. AUSTIN. The point is that we have to trust somebody in our system. Often we accept a nominee whose name comes to the Senate from the White House, although we are not content with him. Personally, I have accepted and voted for men with whom I was not entirely satisfied, believing that they were honorable men, and that the importance and responsibility of the service they were to perform would be sufficient to hold them straight and keep them judicial. That is all we ask; is it not? All we ask is that we have a fair person, and that he make his decisions as nearly right and just as he can with his natural capacities. That is all we ask.

Mr. NORRIS. Of course; that is all we have a right to ask. That is all any honest man would ask. Some of the railroads of the country, however, probably would want to control this court. Some of them would not. They are composed of men just like ourselves. Knowing what the President has to do in making a nomination, knowing what the Committee on the Judiciary has to do in making its investigation and what the Senate has to do in acting on the nomination, knowing our shortcomings and our limitations, our own experience conclusively shows us that we have to pass on these matters, as the Senator has said, with dissatisfied minds. We are not satisfied. If the railroads should want to control this court, the opportunities for deceiving the President and the Senate would be so multitudinous, so wide, so great, that I am afraid in time we would have a court that would be a railroad ccurt in reality, as well as in name.

Mr. TOBEY. Mr. President

The PRESIDING OFFICER (Mr. MEAD in the chair). Does the Senator from Vermont yield to the Senator from New Hampshire?

Mr. AUSTIN. I yield.

Mr. TOBEY. I merely desire to ask the Senator from Nebraska a question. I can understand his apprehension, and I have great deference for his judgment and his purpose; but I take exception to the thought he has expressed. He suggests, as an illustration of the evil that might follow this action, that the railroads could focus upon the President, and upon the Senate in connection with the confirmation, to get someone they wanted. I do not think that will come about in this country. I offer as exhibit A the Securities and Exchange Commission. It is not a court. It controls the securities issued, and the capitalization of corporations, and is charged, by the intent of the law, at least, to act pro bono publico.

The financial interests of this country have tried, but have not been successful, to enforce their will on the Securities and Exchange Commission. I present the S. E. C. as exhibit A, and a good defense. I cite that to the Senator as an answer

to his apprehensions in this matter.

Mr. NORRIS. Mr. President, will the Senator from Vermont yield?

Mr. AUSTIN. I yield. Mr. NORRIS. I do not think that is an answer at all. With due respect to the Senator from New Hampshire, we may start out with a court which is perfect, or as nearly perfect as human endeavor can make it, but it is going to last through the years. The very Commission of which the Senator speaks may be completely revolutionized as time goes on. We have done the best we could, and are trying to do the best we can in this case. But the Commission the Senator cites as exhibit A covers a multitude of interests. The Commission proposed in this case covers only one interest, the railroad interest. It is confined to practically one thing, and I do not think the Securities and Exchange Commission is a good analogy.

Mr. BORAH and Mr. KING addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Vermont yield, and if so, to whom?

Mr. AUSTIN. I think the Senator from Idaho has been on his feet for a long time endeavoring to be recognized.

Mr. BORAH. Assuming we are to select a judge for the railroad court, and the President is called upon to exercise his judgment, and the Senate will be finally called upon to exercise its judgment, and we select a judge or a set of judges for the railroad court, what qualifications, what virtues, what fitness will we consider with reference to the railroad court that we do not consider with reference to every other Federal court?

Mr. AUSTIN. Mr. President, my studies have indicated that there are some men who have special knowledge of the

subject of reorganization.

Mr. BORAH. Then we will concentrate the efforts of the railroads to get their men with special knowledge of the railroad business on the court, men who run railroad corporations and take care of railroad property. As the Senator from Nebraska has indicated, we may talk about these things. but the Senator knows as a practical fact that these great interests will concentrate every effort to select the class of lawyers who are experts and specialists in that line of business; and their character may be utterly unassailable. Let me say the railroads and their interests would do no different from other interests under these circumstances.

Mr. AUSTIN. I think the Senator is correct in the statement that the Senate should exert its great power to discover the class of men proposed, and of course the Senate should not assent to the appointment of a man of the char-

acter described, whatever his skill may be.

I did not quite finish the answer I intended to make. I would not narrow the court to nothing but railroad experts, or experts on finance and reorganization. I should want to see some men on the court who were worthy because of their experience in the law, men who would make good judges and have the judicial attitude. But, really, I think we are not viewing this question in exactly the same light as that in which we have discussed it. A railroad reorganization does

not necessarily involve the matter of operation alone. The great issues are not generally the issues relating to operation. The issues which have caused bad decisions, and therefore great loss by the public, have related to finance, to the capitalization of the new company, the reorganized company, the distribution between the different claimants of ownership of the property, of securities of different grade or standard, the relative rights of unsecured and secured creditors, the relative rights of stockholders, and so forth. Those are the things which become all tangled up in the reorganization of a railroad. So it seems to me that railroad reorganization constitutes a special type of work, for which it is eminently proper that we have a special court. But I confess, as I have all along confessed, that the most disturbing possibility lies in the personnel of the court, and this has been so emphasized in the standing committee and in the subcommittee and here on the Senate floor that I hope that out of it will come great consideration in the appointment of men to the offices, if they are created.

I now yield to the Senator from Utah.

Mr. KING. The point which the Senator has just made covers the ground I intended to suggest, namely, that while I assent to the views expressed by the Senator from Idaho and the Senator from Nebraska, I conceive the primary purpose of the court will be to determine controversies between bondholders and stockholders. Its proper concern will be to determining the validity and priority of securities and claims, to differentiate between various classes of securities which have been issued, and to settle controversies between large numbers of bondholders and stockholders. The duties of the court will be rather those which will belong to courts of general jurisdiction, such as is now possessed by the Federal courts.

Mr. AUSTIN. I thank the Senator from Utah.

Mr. KING. Mr. President, I am not satisfied with the pending bill. I appreciate the fact that in the circumstances perhaps some legislation is necessary.

Personally, I have sometimes thought that a mistake was made a number of years ago when the railroads were not put "through the wringer," to use the common expression. I remember talking many times with a distinguished Senator whose loss we so much deplore, the late Senator from Michigan, Mr. Couzens, who was a man of large business experience, and who knew the railroad situation perhaps as well as any man in the Senate knew it. He, as well as others to whom I shall not refer, took the view that the wisest course was to permit railroads to go "through the wringer"; to foreclose mortgages and bring about, through the reorganization which would follow foreclosure proceedings, a limited number of railroad organizations, including most of the railroads in the United States.

It was obvious that many of the roads were insolvent and should be reorganized. The result has been that they have been continued in most cases under their old management, with all of their infirmities, incurring additional obligations, so that the burdens and debts are far greater now than they were 5 or 10 years ago.

A mistake was made and we are now confronted with a situation which some believe calls for relief. Perhaps the pending bill embodies the best plan. I am fortified in this statement because of my confidence in the able Senator from Vermont [Mr. Austin], who is a great lawyer and an honest and able public servant. He has given consideration to the legal questions involved, perhaps more than the distinguished chairman of the committee has.

If I vote for the bill, it will be largely because the chairman of the committee, the Senator from Montana [Mr. Wheeler], and the Senator from Vermont [Mr. Austin], who is a lawyer, are supporting the bill.

Mr. AUSTIN. Mr. President, I do not deserve such generosity, but I thank the Senator from Utah just the same.

Mr. WHEELER. Mr. President, the Senator from Vermont is far more familiar with the details of the bill than

am I, because my time was so much taken up with the bill we passed yesterday, and the Senator from Vermont has given his undivided time and attention to the bill now pending.

Mr. President, I ask now that the Senate proceed to the consideration of the amendments proposed by the Committee on Interstate Commerce.

The PRESIDING OFFICER. The clerk will proceed to state the amendments of the committee.

The first amendment of the Committee on Interstate Commerce was, under the heading "Railroad Reorganization Court", on page 2, line 2, before the word "associate", to strike out "two" and insert "four"; in line 19, after the word "Court", to strike out "whenever the chief judge of the Reorganization Court certifies that there is undue delay in reasonably expeditious disposition of the business of the court by reason of there being an inadequate number of judges in said court, the Chief Justice of the United States may assign as many circuit judges of the United States as may be specified in such certificate to serve temporarily as additional judges of the Railroad Reorganization Court (hereinafter referred to as additional judges) and may terminate such assignment when the need therefor shall cease. Such additional judges shall, during their assignments, exercise all the powers and perform all the functions of a judge of the Railroad Reorganization Court"; on page 3, line 6, after the word "judges", to strike out the comma and "of whom not more than one may be an additional judge (as herein defined)"; in line 10, before the word "shall", to strike out "quorum" and insert "judges participating"; in line 12, after the word "matter", to insert "in a proceeding"; in the same line, after the word "judge", to strike out "or additional judge"; in line 18, after the word "That", to insert "the court, with a quorum participating"; and in line 22, before the word "if", to strike out "or additional judge", so as to read:

Sec. 2. A court of the United States is hereby created to be known as the Railroad Reorganization Court, which shall be a court of record and shall have a seal of such form and style as the court may prescribe. The court shall be organized and constituted as follows:

(a) The court shall be composed of a chief judge and four associate judges appointed by the President, by and with the advice and consent of the Senate, who shall be of the rank and receive the compensation of circuit judges of the United States, shall hold office during good behavior and shall as occasion therefor may arise and their engagements in the work of the Railroad Reorganization Court will permit, be designated and assigned by the Chief Justice of the United States for temporary service in the district court for any district or the circuit court of appeals for any circuit. In case of illness or other disability of any judge of the Railroad Reorganization Court, the Chief Justice of the United States may assign any circuit judge of the United States to act in his place, and may terminate such assignment when the need therefor shall cease; and any circuit judge so assigned to act in place of such judge shall, during his assignment, exercise all the powers and perform all the functions of a judge of the Railroad Reorganization Court. Three judges shall constitute a quorum, except as otherwise herein provided, and a determination concurred in by a majority of the judges participating shall constitute the determination of the court. The chief judge may assign any matter in a proceeding to a single judge for final determination. Provided, That a quorum shall be requisite on the question of determination of a fair upset price and on the question of final confirmation (1) of a plan or (2) of sale of property of the debtor or of the railroad corporation in receivership at not less than a fair upset price: Provided further, That the court, with a quorum participating, may in its discretion, on application of any interested person, or of its own motion, grant a rehearing or reconsideration by it of the determination of a single judge if sufficient reason therefor be made to appear, but the court may by general rules confine the opportunity to make applications for rehearing or reconsideration to matters or deter

The amendment was agreed to.

The next amendment was, on page 4, line 3, after the word "court", to strike out the comma and "but without the participation of any additional judges", so as to read:

(b) The court may appoint and fix the compensation of a chief clerk, who shall act as cierk of the court, and such deputy clerks as in its opinion may be necessary; a reporter who shall be in

charge of the collection and reporting of decisions of the court, and such advisory counsel, law clerks, advisory experts, and assistants as in its opinion may be necessary.

The amendment was agreed to

The next amendment was, on page 4, line 17, after the word "court", to strike out the comma and "but without the participation of any additional judges", so as to read:

(e) The court shall have authority, subject to the provisions of the civil-service laws and the Classification Act of 1923, as amended, to appoint such stenographers, clerks, and other employees as are necessary in the execution of its functions.

The amendment was agreed to.

The next amendment was, on page 5, line 8, after the word "court", to strike out the comma and "without the participation of any additional judges", so as to read:

(g) The court shall also appoint a marshal, and the duties and powers of the marshal and of the clerk shall be, insofar as they are appropriate and are not altered by rule of the court, the duties and powers now possessed by the clerk and marshal of the Supreme Court of the United States. The offices of the marshal and clerk of the court shall be in the city of Washington, D. C. Costs and fees in said court shall be established by the court in a table thereof approved by the Supreme Court of the United States within 4 months after the organization of the court, but such costs and fees shall in no case exceed those charged in the Supreme Court of the United States and shall be accounted for and paid into the Treasury of the United States.

The amendment was agreed to.

The next amendment was, under the heading "Business of the court", on page 6, line 2, after the word "and", to strike out "two" and insert "four"; in line 7, after the word "clerk" where it occurs the second time, to strike out "or"; in line 7, after the word "marshal" where it occurs the second time, to insert "employees, or any master appointed by the court"; in line 11, after the word "court", to insert "on its own motion or on motion of any person in interest"; in line 13, after the word "find", to insert "practicable and"; in line 15, after the word "clerk", to strike out "and"; in line 16, before the word "incurred", to insert "employees or masters"; in line 19, after the word "clerk", to strike out "and"; in the same line, after the word "marshal", to insert "employees or masters"; and in line 22, after the word "The", to insert "marshal of said court for the District of Columbia and the", so as to make the section read:

SEC. 3. The Railroad Reorganization Court shall be opened for SEC. 3. The Railroad Reorganization Court shall be opened for the transaction of business at a date to be fixed by order of said court, which shall be not later than 60 days after the chief judge and four associate judges shall have been appointed and qualified. The court shall always be open for the transaction of business. Its regular sessions shall be held in the city of Washington in the District of Columbia; but the power of the court or any judges thereof, or the clerk, marshal, deputy clerk, deputy marshal, employees, or any master appointed by the court may be exercised anywhere in the United States; and for expedition of the work of the court and the avoidance of undue expense or inconvenience to suitors, the court, on its own motion or on motion of any person suitors, the court, on its own motion or on motion of any person in interest, shall hold sessions in different parts of the United States as it may find practicable and desirable. The actual and In interest, shall hold sessions in different parts of the United States as it may find practicable and desirable. The actual and necessary expenses of the judges, clerks, marshal, deputy clerk, deputy marshal, employees, or masters incurred for traveling and attendance elsewhere than in the city of Washington, shall be paid upon the written and itemized certificate of such judges, clerk, marshal, deputy clerk, deputy marshal, employees, or masters by the marshal of the court and shall be allowed to him in the settlement of his accounts with the United States. The marshal of said court for the District of Columbia and the United States marshals for the several districts outside of the city of Washington in which the court may hold its sessions shall provide, under the direction and with the approval of the Attorney General, such rooms in the public buildings of the United States as may be necessary for the use of the court; but in case proper rooms cannot be procured in said public buildings, said marshals, with the approval of the said public buildings, said marshals, with the approval of the Attorney General, and subject to such rules and regulations as he may promulgate, may then lease from time to time other necessary rooms for the court.

The amendment was agreed to.

The next amendment was, under the heading "Jurisdiction", on page 7, line 19, after "section 77)", to insert a comma and "and such jurisdiction is hereby conferred on the district judges to the extent that duties and powers are imposed on them by the Railroad Reorganization Court pursuant to subsection (b) of this section"; in line 23, before the word "shall", to strike out "court" and insert "Railroad Reorganization Court"; in the same line, after the word "exclusive", to insert "subject to the provisions of subsection (b)

of this section 4"; on page 8, line 8, after the word "court", to strike out "acting by" and insert "with"; in line 9, after the word "quorum", to insert "participating"; in the same line, to strike out "is authorized, in its discretion, to" and insert "shall"; in line 10, after the word "district", to strike out "court acting by the individual judges thereof" and insert "judge"; in line 15, after the word "involved", to insert "and may, in its discretion, impose on an appropriate district judge such other of its duties and powers"; in line 17, after the word "as", to strike out "to"; in line 18, after the word "may", to strike out "be considered" and insert "consider"; in line 19, after the word "That", to insert "such impositions shall be revocable and that"; in line 20, after the word "district", to strike out "court" and insert "judge"; in line 23, before the word "the", to strike out "a quorum of"; and in line 24, after the word "judge", to strike out "or additional judge", so as to make the section read:

Sec. 4. (a) The Railroad Reorganization Court, acting by a quorum or by a single judge as herein provided, shall have all the jurisdiction possessed by the district courts of the United States and of the judges thereof, (1) under and with respect to section 77 of the act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory and supplementary thereto (hereinafter referred to as the Bankruptcy Act), and (2) in and with respect to equity receiverships of railroad corporations (as defined in the aforesid receiverships of railroad corporations (as defined in the aforesaid section 77), and such jurisdiction is hereby conferred on the district judges to the extent that duties and powers are imposed on them by judges to the extent that duties and powers are imposed on them by the Railroad Reorganization Court pursuant to subsection (b) of this section. The jurisdiction of the Railroad Reorganization Court shall be exclusive, subject to the provisions of subsection (b) of this section 4, and shall extend to any property involved wherever located. Except as herein otherwise provided, all jurisdiction of the circuit courts of appeals to review any order, judgment, or decree, interlocutory or final, in any proceeding under said section 77 or in such equity receivership is hereby abolished, effective upon the opening of the Railroad Reorganization Court.

(b) Notwithstanding the provisions of subsection (a) of this sec-

(b) Notwithstanding the provisions of subsection (a) of this section, the Railroad Reorganization Court, with a quorum participating, shall impose upon an appropriate United States district judge such of the duties and powers of the Railroad Reorganization Court in connection with the actual operations of the properties in the course of receivership, trusteeship, or reorganization of the rail-road corporations involved, and may in its discretion impose on an road corporations involved, and may in its discretion impose on an appropriate district judge such other of its duties and powers, as the Railroad Reorganization Court may consider necessary and proper for prompt and expeditious handling: *Provided*, That such impositions shall be revocable and that any action of the district judge shall be subject to the provisions of subsection (a) of section 2 hereof relating to rehearing and reconsideration by the Railroad Reorganization Court as though it were the action of a single judge of the Railroad Reorganization Court.

The amendment was agreed to.

court", on page 9, line 4, before the word "thereof", to strike out "and additional judges"; in line 10, before the word "thereof", to strike out "and additional judges"; in the same line, after the word "the", to insert "district"; in the same line, after the word "judges" where it occurs the second time, to strike out "of the district courts"; in line 15, after the word "court", to strike out the comma and "acting by a quorum without the participation of any additional judges"; in line 20, after the word "jurisdiction", to insert "or within the jurisdiction of district judges on whom duties and powers have been imposed"; in line 23, after the word "judges", to strike out "and additional judges"; and in line 24, after the word "district", to strike out "courts and judges thereof on

which" and insert "judges on whom", so as to make the sec-

The next amendment was, under the heading "Powers of

Sec. 5. In all proceedings within its jurisdiction the Railroad SEC. 5. In all proceedings within its jurisdiction the Railroad Reorganization Court, and subject to the provisions of this act, the judges thereof, shall have and may exercise any and all of the powers of a district court of the United States and of the judges thereof, and of a circuit court of appeals and of the judges thereof, so far as may be appropriate to the effective exercise of the jurisdiction herein conferred. The Railroad Reorganization Court, and the judges thereof, and the district judges when duties and powers have been imposed on them in accordance with subsection (b) of section 4 hereof may issue all writs and processes appropriate to the full exercise of their respective jurisdiction and powers. The Railroad Reorganization Court may prescribe appropriate to the full exercise of their respective jurished on and powers. The Railroad Reorganization Court may prescribe the form of such writs and processes, and may also from time to time establish such rules and regulations concerning pleadings, practice, or procedure in matters within its jurisdiction, or within the jurisdiction of district judges on whom duties and powers have been imposed, as to it may seem wise and proper. The orders, writs, and processes of the Railroad Reorganization Court, and of the judges thereof, and of the district judges on whom are imposed duties and powers pursuant to subsection (b) of section 4 hereof may run, be served, and be returnable anywhere in the United States; and the marshal and deputy marshal of the court, and also States, and the marshals in the several districts of the United States shall have like power and be under like duties to act for and in behalf of such courts and judges as pertain to United States marshals and deputy marshals generally when acting under like conditions concerning suits, proceedings, or matters in the district courts of the United States.

The amendment was agreed to.

The next amendment was, under the heading "Transfer of pending cases", on page 11, line 18, after the word "court", to strike out the comma and "acting by a quorum thereof"; in line 23, before the word "Commission", to insert "Interstate Commerce"; in line 24, after the word "originals", to insert "or certified copies"; on page 12, line 5, after the word "thereafter", to insert a comma and "and all evidence in the proceeding before the Commission or such other court prior to transfer, shall be evidence before the Railroad Reorganization Court"; and in line 8, after the word "court" to strike out the comma and "acting by a quorum without the participation of any additional judges", so as to make the section read:

SEC. 6. Until the opening of the Railroad Reorganization Court all proceedings of which that court is herein given exclusive jurisdiction and all appeals in such proceedings may be brought and continued in the same courts and conducted in like manner and with like effect as heretofore provided by law; and in the event of any appealable order, judgment, or decree in or with respect to such proceeding before the opening of said Railroad Reorganization Court, an appeal may be taken in like manner and with like effect as heretofore provided by law. Upon the opening of the Railroad Reorganization Court any proceeding within its jurisdiction, which may be pending in any other court at that time, and any appeal in any such proceeding which may be pending in any circuit court of appeals, shall be transferred to the Railroad Reorganization Court, in whole or in part and to the extent and at a SEC. 6. Until the opening of the Railroad Reorganization Court ganization Court, in whole or in part and to the extent and at a time to be specified by order of the Railroad Reorganization Court. All previous action taken in such transferred proceeding or appeal All previous action taken in such transferred proceeding or appeal shall stand, notwithstanding the transfer, subject to the same control over them by the Railroad Reorganization Court and to the same right of subsequent action as if the transferred proceeding had been originally begun in the Railroad Reorganization Court. Notwithstanding the foregoing provisions of this section, any matter, final or interlocutory, in a proceeding within the jurisdiction of the Railroad Reorganization Court, including appeals therein to any circuit court of appeals, which has been finally submitted for decision by such other court prior to the time of transfer to the Railroad Reorganization Court but which has not been disposed of by such other court, but such disposition shall be subject to the power of the Railroad Reorganization Court to grant a rehearing or reconsideration of such disposition by it. The clerk of the court from which any proceeding is so transferred to the Railroad Reorganizawhich any proceeding is so transferred to the Railroad Reorganiza-tion Court and, if required by the court, the secretary of the Interstate Commerce Commission shall transmit to and file in the Interstate Commerce Commission shall transmit to and file in the Railroad Reorganization Court the originals or certified copies of all papers filed in such proceeding and a certified transcript of all record entries, including such testimony and exhibits as the court may require, in the proceeding up to the time of transfer, as well as those in connection with a matter finally submitted to such other court prior to the transfer and disposed of thereafter, and all evidence in the proceeding before the Commission or such other court prior to transfer, shall be evidence before the Railroad Reorganization Court. The Railroad Reorganization Court shall have exclusive jurisdiction to issue such orders and to promulgate such rules (a) as it may deem to be necessary or desirable to give effect to the terms of this section, and (b) as it may deem to be fair and equitable to resolve any questions that may arise under this section.

The amendment was agreed to.

The next amendment was, under the heading "Practice and procedure," on page 12, line 22, after the word "of" where it occurs the second time, to strike out "such quorum" and insert "the judges participating"; in line 24, after the word "all", to strike out "the judges constituting said quorum" and insert "of them"; in line 25, after the word "one", to insert "or more", and in line 25, after the word "master" and the period, to insert "Members of the staff of the court shall be eligible to be appointed as special masters but without any compensation additional to their regular compensation", so as to make the section read:

SEC. 7. Except as may be otherwise provided herein or by rule of the court, the practice and procedure in the court shall conform as nearly as may be to that in comparable proceedings in a district court of the United States. The court may by rule prescribe the method of taking evidence in proceedings in said court. In matters required to be disposed of by a quorum, a majority of the judges participating may determine that the evidence be taken before all of them, before one or more of them, or before a special master. Members of the staff of the court shall be eligible to be appointed as special masters but without any compensa-tion additional to their regular compensation.

The amendment was agreed to.

The next amendment was, under the heading "Review by the Supreme Court", on page 13, line 7, after the word "judge", to strike out "or additional judge"; in line 9, after the word "district", to strike out "court or"; in line 10, before the word "pursuant", to strike out "thereof"; in line 18, after the word "by", to strike out "a quorum"; in line 20, after the word "certiorari", to strike out "for errors of law"; on page 14, line 2, after the word "orders", to insert "unless otherwise specifically provided therein"; in line 10, after the word "within", to strike out "thirty" and insert "sixty"; in line 15, after the word "judge", to strike out "or additional judge"; on page 15, line 6, after the word "court", to strike out "acting by a quorum"; and in line 7, after the word "justice", to strike out "thereof, and then only upon the giving of a bond by the applicant in such form and amount as the Railroad Reorganization Court, the Supreme Court, or a Justice thereof, as the case may be, may require" and insert "thereof", so as to make the section read:

and insert "thereof", so as to make the section read:
SEC. 8. Any order, judgment, or decree (whether final or interlocutory) (1) of the Railroad Reorganization Court acting by a
quorum, or (2) of a single judge thereof, if rehearing and reconsideration thereof has been denied by a quorum, or (3) of a
district judge pursuant to duties and powers imposed thereon in
accordance with subsection (b) of section 4 hereof, if rehearing
and reconsideration thereof has been denied by a quorum of the
Railroad Reorganization Court, or (4) of a circuit court of appeals
or of a district court or judge thereof in a matter finally submitted
prior to the transfer to the Railroad Reorganization Court but
disposed of thereafter, if rehearing and reconsideration thereof
has been denied by the Railroad Reorganization Court, may be
reviewed by the Supreme Court of the United States upon writ
of certiorari upon application of any person aggrieved, whether of certiorari upon application of any person aggrieved, whether or not a party, but shall not be otherwise appealable or reviewable. The Supreme Court may by general rules confine the opportunity to make applications for writs of certiorari to matters or determinations of certain classes or description which in its opinion present issues requiring consideration by the Supreme Court. present issues requiring consideration by the Supreme Court. Errors in interlocutory orders unless otherwise specifically provided therein (1) where no application for a writ of certiorari may be made to review such order under the general rules of the Supreme Court, or (2) where such writ has been applied for and denied, or (3) where no application for such a writ is made, shall not survive to nor be reviewable with any subsequent or final order, judgment, or decree. Applications for writs of certiorari shall be made within 60 days of the date of entry of the order of the Railroad Reorganization Court sought to be reviewed; or of the date of entry of the order of the Railroad Reorganization Court denying rehearing or reconsideration of the order sought to be Railroad Reorganization Court sought to be reviewed; or of the date of entry of the order of the Railroad Reorganization Court denying rehearing or reconsideration of the order sought to be reviewed made by the single judge thereof, or by the district court or judge thereof or by the circuit court of appeals: Provided, That the Supreme Court or any Justice thereof, or the chief judge of the Railroad Reorganization Court may, where good cause therefor is made to appear, prior to the expiration of the time in which an application for such writ may be made, extend such time, but such extension of time shall be granted only to prevent miscarriage of justice. Applications for such writs shall be disposed of, and if granted hearings on the merits shall be heard and disposed of by the Supreme Court at the earliest possible time and shall take precedence over all other matters not of a like character or not involving the constitutionality of an act of Congress. Neither an application for such a writ nor the granting thereof shall operate as a stay of the order, judgment, or decree sought to be reviewed, unless specifically ordered by the Railroad Reorganization Court or by the Supreme Court or a Justice thereof. Notwithstanding any other provision of law, the review of orders, judgments, and decrees of the Railroad Reorganization Court, or the judges thereof, and of the district courts, or the judges thereof, when subject to the jurisdiction of the Railroad Reorganization Court to grant rehearing and reconsideration, and of the circuit courts of appeals when subject to the jurisdiction of the Railroad Reorganization Court to grant rehearing and reconsideration, shall be governed exclusively by the provisions of this act.

The amendment was agreed to.

The amendment was agreed to.

The next amendment was, under the heading, "Amendments to section 77 of Bankruptcy Act", on page 15, line 23, after the word "court", to strike out the colon and the following provisos:

Provided, That the provisions of subsection (u) and of the last sentence of the third paragraph of subsection (d) and of the second sentence of the fifth paragraph of subsection (e), as hereinafter set forth, shall be effective immediately upon the enactment of this act: *Provided further*, That nothing herein shall be construed to repeal or amend the last sentence of the second paragraph of subsection (d) of section 77 as it existed prior to the enactment of this act, until the opening of the Railroad Reorganization Court.

Mr. AUSTIN. Mr. President, I move to amend that amendment by inserting in lieu of the matter proposed to be stricken out by the committee, the following language:

Provided. That with respect to pending cases under said section 77. for the period of 12 months after the enactment of the Railroad Reorganization Act of 1939 (or until the opening of the Railroad Reorganization Court, if that be later) the Commission may approve and certify to the court a plan in accordance with the provisions of said section 77 as they existed prior to the effective date of this amendment.

Mr. President, permit me to say that the language just read is not agreed to by the Senator from Montana, with whom I have been negotiating in respect of the number of months. My proposal really is a counterproposal to his. He proposed 6 months instead of 12. I do not believe that 6 months is a sufficiently long period. Therefore I propose to put 12 in the amendment. I notified the Senator of my proposal, and with great courtesy he said to me, "Of course, I cannot dictate at all about it. You will have to use your own judgment." I am exercising my own judgment, and nothing more. I may be entirely wrong, but that is what I think the period should be.

Mr. WHEELER. Mr. President, I hope the Senator from Vermont will not ask for the insertion of "twelve." I would be perfectly willing to accept "six."

I am willing to accept the other amendments suggested by the Senator from Vermont. I will say that I took the matter up with the chief counsel for the Reconstruction Finance Corporation, and after considerable discussion with him I suggested 3 months. He said that he felt 6 months would be sufficient time. We finally agreed on 6 months, and he prepared the amendment putting in 6 months. I hope the Senator from Vermont will not insist upon his proposed change to 12 months. I am sure that the 6-month period is ample time for the accomplishment of that which the Senator wants done.

Mr. AUSTIN. Mr. President, I have made a careful study of the amendment, and I have not proposed it without being quite thoroughly convinced of the need for it. I hope the Senator from Montana will accept the 12-month proposal. I regret to spend the time of the Senator from Montana and other Senators in discussing the matter, but I feel that I must call attention to the situation.

I have obtained from the Interstate Commerce Commission a statement of the status of pending cases. Senators will note that the statement relates entirely to pending cases. Hearings have been completed but no proposed report issued in three cases, the Chicago, Rock Island & Pacific Railway Co., Erie Railway Co., and St. Louis-San Francisco Rail-

Cases in which hearings have been completed and proposed reports issued, but no final report issued approving plan, are six: Namely, Alabama, Tennessee & Northern Railroad Corporation; Chicago & North Western Railway Co.; Missouri Pacific Railroad Co.; Chicago, Milwaukee, St. Paul & Pacific Railway Co.; Chicago, Indianapolis & Louisville Railway Co.; Denver & Rio Grande Western Railroad Co.

There are 12 other cases to which the Director of the Bureau of Finance of the Commission refers, as follows:

Upon review of our records I find that whereas the Commission approved a plan of reorganization for the Western Pacific Railroad

approved a plan of reorganization for the Western Pacific Railroad Co. the plan has not been certified to the court because of the receipt of petitions for modification. This leaves 11 cases which have been certified, and they are listed below:

Akron, Canton & Youngstown Railway Co.
Chicago & Eastern Illinois Railway Co.
Chicago Great Western Railroad Co.
Chicago South Shore & South Bend Railroad Co.
Copper Range Railroad Co.
Kansas City, Kaw Valley & Western Railroad Co.
Louisiana & North West Railroad Co.
Oregon Pacific & Eastern Railway Co. Oregon Pacific & Eastern Railway Co. Reader Railroad. Savannah & Atlanta Railway. Spokane International Railway Co.

And the Commission advised me with respect to two other cases as follows:

Extensive hearings have been held in proceedings for reorganization of the New York, New Haven & Hartford Railroad Co. and the St. Louis Southwestern Railway Co., but the hearings in these proceedings have not been closed.

Mr. President, the purpose of my amendment is to afford an opportunity for continuation of the work-the judicial work and the work of the Commission-that has proceeded up to this time in these reorganization cases. In many of these cases a great deal of time and money has been expended and great volumes of records created. I examined the record of the reorganization proceedings in the New York, New Haven & Hartford Railroad the other day. There were seven very large bound volumes. There was a great stack of testimony. In addition there were numerous exhibits. If that case must be completely tried de novo, think of the loss of time and the waste of money involved.

One of the prime purposes of the bill is to speed up final reorganization. By this amendment I want to give opportunity to bring the pending reorganizations before the Interstate Commerce Commission and to obtain certificates for plans of reorganization, so that the reorganizations may go into the reorganization court or into the court which now has jurisdiction, so that the job may be finished. If we make the period of time a year, we shall make it possible for some of the cases to be so handled. If we make the time 6 months, how many of them can possibly get in under the wire? Viewing the situation as a practicing lawyer, it seems to me 12 months is not unreasonably long. It might be regarded as an unreasonably short time in which to accomplish this great work. I want to save the judicial work and the work of the Interstate Commerce Commission which has already been done. We say in the bill that we intend to do so; but in subsequent amendments to which I shall call attention we practically nullify that declaration.

Notice the principle of the bill. I read two sentences on pages 10 and 11:

Upon the opening of the Railroad Reorganization Court any proceeding within its jurisdiction, which may be pending in any other court at that time, and any appeal in any such proceeding which court at that time, and any appeal in any such proceeding which may be pending in any circuit court of appeals, shall be transferred to the Railroad Reorganization Court, in whole or in part and to the extent and at a time to be specified by order of the Railroad Reorganization Court. All previous action taken in such transferred proceeding or appeal shall stand, notwithstanding the transfer, subject to the same control over them by the Railroad Reorganization Court and to the same right of subsequent action as if the transferred proceeding had been originally begun in the Railroad Reorganization Court.

That principle was thought wise. It ought still to be thought wise. By subsequent amendments I think the effect is nullified. The amendments appearing on page 37, in lines 24 and following; page 39, lines 22 and following; page 42, lines 4 to 9; and page 72, line 23, nullify the declaration of principle.

Mr. President, I discontinue my remarks because the very learned Senator from Montana [Mr. Wheeler] has suggested to me that perhaps he and I can get together on a period of 9 months. I think we can.

Mr. TOBEY. Mr. President, will the Senator from Vermont yield?

Mr. AUSTIN. I yield. Mr. TOBEY. I should like to point out that 9 months is generally a very fruitful epoch. [Laughter.]

Mr. AUSTIN. I hope it will be in this case.

Mr. WHEELER. Mr. President, I am perfectly willing to accept the amendment offered by the Senator from Vermont with the modification suggested.

Mr. AUSTIN. I send the amendment to the desk.

The PRESIDING OFFICER. Does the Senator from Vermont modify his amendment in the manner indicated?

Mr. AUSTIN. Yes; I have changed the word "twelve" to "nine."

The PRESIDING OFFICER. The question is on agreeing to the modified amendment offered by the Senator from Vermont to the committee amendment.

The modified amendment to the committee amendment was agreed to.

The committee amendment as amended was agreed to.

Mr. AUSTIN. Mr. President, in order to coordinate the other provisions of the bill with the amendment just agreed to, I ask unanimous consent to present four amendments together at this time.

The PRESIDING OFFICER. Is there objection to considering the amendments offered at this time? The Chair hears none, and without objection the amendments will be

The CHIEF CLERK. On page 38, line 2, in the committee amendment, after "1939", it is proposed to insert "or as provided in said section 9, prior to the expiration of 9 months following the enactment of said Railroad Reorganization Act of 1939."

The amendment to the amendment was agreed to.

The CHIEF CLERK. On page 40, line 1, in the committee amendment, after "1939", it is proposed to insert "or as provided in said section 9, prior to the expiration of 9 months following the enactment of said Railroad Reorganization Act of 1939."

The amendment to the amendment was agreed to.

The CHIEF CLERK. On page 42, line 7, in the Senate text, after "1939", it is proposed to insert "or as provided in said section 9, prior to the expiration of 9 months following the enactment of said Railroad Reorganization Act of 1939."

The amendment was agreed to.

The CHIEF CLERK. On page 72, line 23, in the committee amendment, after "1939", it is proposed to insert "or as provided in said section 9, prior to the expiration of 9 months following the enactment of said Railroad Reorganization Act of 1939."

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next committee amendment.

The next amendment was, on page 19, line 21, after the word "petition", to insert "In any receivership in a Federal court, including pending cases, where it has not been determined that the railroad corporation in receivership is either insolvent or unable to meet its debts as they mature, any interested person may controvert such insolvency or inability within such reasonable time as the court may specify. If the same be controverted, the court shall determine the issue as soon as may be without the intervention of a jury. If the court determines that the corporation is either insolvent or unable to meet its debts as they mature, or if the court has already so determined, or if the same be not controverted within the time specified by the court, the court shall enter an order continuing the case as a proceeding under this section, but it shall be designated as a receivership", so as to read:

SEC. 77. Reorganization of railroads engaged in interstate commerce: (a) Any railroad corporation may file a petition stating that it is insolvent or unable to meet its debts as they mature and that it desires to effect a plan of reorganization. The petition shall be filed with the Railroad Reorganization Court and a copy of the petition shall at the same time be filed with the Interstate Commerce Commission (hereinafter called the "Commission"). The petition shall be accompanied by payment to the clerk of a filing fee of \$100, which shall be in addition to the fees required to be collected by the clerk under other sections of this act. Upon the filing of such a petition, the Railroad Reorganization Court shall enter an order either approving it as properly filed under this section, if satisfied that such petition complies with this section and has been filed in good faith, or dismissing it, if not so satisfied. If the petition is so approved, the court shall have exclusive jurisdiction of the debtor and its property wherever located, and shall have and may exercise in addition to the powers conferred by this section all the powers, not inconsistent with this section, which a Federal court would have had if it had appointed a receiver in equity of the property of the debtor for any purpose. Process of the court shall extend to and be valid when served in any judicial district. The Supreme Court of the United States shall promulgate rules relating to the service of process and any other rules which it may deem advisable. The railroad corporation shall be referred to in the proceedings as a "debtor." Any railroad corporation the majority of the capital stock of which having power to vote for the election of directors is owned, either directly or indirectly through an intervening medium by any rail-

road corporation filing a petition as a debtor may file, with the Railroad Reorganization Court and in the same proceeding, a petition, a copy of which shall also be filed at the same time with the Commission, stating that it is insolvent or unable to meet its debts as they mature, and that it desires to effect a reorganization in conas they mature, and that it desires to effect a reorganization in connection with, or as a part of the plan of reorganization of such other debtor; and upon the filing of such petition, the court shall enter an order either approving it as properly filed under this section, if satisfied that such petition complies with this section and has been filed in good faith, or dismissing it if not so satisfied, and thereupon such court, if it approves such petition, shall have the same jurisdiction with respect to such debtor, its property and its creditors and stockholders, as the court has with respect to such other debtor. Creditors of any railroad corporation, having claims aggregation. debtor. Creditors of any railroad corporation, having claims aggre gating not less than 5 percent of all the indebtedness of such corporation as shown in the latest annual report which it has corporation as shown in the latest annual report which it has filed with the Commission at the time when the petition is filed, may, if such corporation has not filed a petition under this section, file with the court a petition stating that such corporation is insolvent or unable to meet its debts as they mature and that such creditors have claims aggregating not less than 5 percent of all such indebtedness of such corporation and propose that it shall effect a reorganization; copies of such petition shall be filed at the same time with the Commission and served upon such corporation. Such corporation shall, within 20 days after such service ration. Such corporation shall, within 20 days after such service, answer such petition. If such answer shall admit the material allegations of the petition, the court shall enter an order approvallegations of the petition, the court shall enter an order approving the petition as properly filed if satisfied that it complies with this section and has been filed in good faith, or dismissing it, if not so satisfied. If such answer shall deny any material allegation of the petition the court shall summarily determine the issues presented by the pleadings without the intervention of a jury and if it shall find that the material allegations are sustained by the proofs and that the petition complies with this section and has been filed in good faith, the court shall enter an order approving the petition; otherwise it shall dismiss the petition. If any such petition shall be so approved, the proceedings thereon shall continue with like effect as if the railroad corporation had itself filed a petition under this section. In case any petition shall be dismissed, neither the petition nor the answer of a debtor shall constitute an act of bankruptcy or an admission of a debtor shall constitute an act of bankruptcy or an admission of insolvency or of inability to meet maturing obligations or be admissible in evidence, without the debtor's consent, in any proceedings then or thereafter pending or commenced under this or any other act in any State or Federal court. If, in any case in which the issues have not already been tried under the provisions of this subdivision, any of the creditors shall, prior to the hearing provided for in paragraph (1) of subsection (c) of this section, appear and controvert the facts alleged in the petition, the court shall determine, as soon as may be, the issue presented by the pleadings, without the intervention of a jury, and, unless the material allegations of the petition are sustained by the proofs, shall dismiss the petition. In any receivership in a Federal court, including pending cases, where it has not been determined that including pending cases, where it has not been determined that the railroad corporation in receivership is either insolvent or unable to meet its debts as they mature, any interested person may controvert such insolvency or inability within such reasonable time as the court may specify. If the same be controverted, the court shall determine the issue as soon as may be without the intervention of a jury. If the court determines that the corporation is either insolvent or unable to meet its debts as they notice or if the court has already so determined or if mature, or if the court has already so determined, or if the same be not controverted within the time specified by the court, the court shall enter an order continuing the case as a proceeding under this section, but it shall be designated as a receivership.

The amendment was agreed to.

The next amendment was, on page 21, line 3, before the word "to", to insert "or the railroad corporation in receivership"; in line 4, after the word "debtor", to insert "or such corporation"; in line 10, after the word "consolidation", to insert "nor shall anything in this section forbid a reorganization which includes a merger or consolidation, whether directly or through the medium of a new corporation, in accordance with the provisions of applicable law existing prior to the enactment of the Railroad Reorganization Act of 1939, in any case where one of the corporations so to be merged or consolidated is in equity receivership and where hearings before the Commission have been closed prior to May 15, 1939, on an application under section 20a and section 5 or section 1 (18) of the Interstate Commerce Act for authority to carry out such reorganization, nor shall anything herein prevent the court administering the said receivership from making orders to the extent necessary to consummate the said reorganization"; in line 24, after the word "debtor", to insert "or the railroad corporation in receivership"; on page 22, line 1, after the word "debtor", to insert "or such corporation"; in line 10, after the word "debtor", to insert "or the railroad corporation in receivership"; in line 12, after the word "debtor", to insert "the railroad corporation in receivership"; in line 16, after the word "debtor", to insert "or the railroad corporation in receivership"; and in line 18, after the word "debtor", to insert "or the railroad corporation in receivership", so as to read:

(b) A plan of reorganization within the meaning of this section (1) shall include provisions modifying or altering the rights of creditors generally, or of any class of them, secured or unsecured, either through the issuance of new securities of any character or otherwise; (2) may include provisions modifying or altering the rights of stockholders generally, or of any class of them, either through the issuance of new securities of any character, or otherwise; (3) may include, for the purpose of preserving such interests of creditors and stockholders as are not otherwise provided for, provisions for the issuance to any such creditor or stockholder of options or warrants to receive, or to subscribe for, securities of the reorganized company in such amounts and upon such terms and conditions as may be set forth in the plan; (4) shall provide adequate means for the execution of the plan, which may include the transfer of any interest in or control of all or any part of the property of the debtor or the railroad corporation in receivership, to, or the merger or consolidation of the debtor or such corporation with, another corporation or corporations (whether (b) A plan of reorganization within the meaning of this section corporation with, another corporation or corporations (whether or not a successor corporation or corporations, or whether or not a corporation or corporations, or whether or not a corporation or corporations which is a debtor in proceedings under section 77, as amended, or a railroad corporation in receivership: Provided, That nothing in this section shall authorize compulsory merger or consolidation nor shall anything in this section forbid a reorganization which includes a merger or consolidation, whether directly or through the medium of a new corporation, in accorddirectly or through the medium of a new corporation, in accordance with the provisions of applicable law existing prior to the enactment of the Railroad Reorganization Act of 1939, in any case where one of the corporations so to be merged or consolidated is in equity receivership and where hearings before the Commission have been closed prior to May 15, 1939, on an application under section 20a and section 5 or section 1 (18) of the Interstate Commerce Act for authority to carry out such reorganization, nor shall anything herein prevent the court administering the said receivership from making orders to the extent necessary to consummate the said reorganization); the retention of all or any part of the property by the debtor or the railroad corporation in receivership, the sale of all or any part of the property of the debtor or such corporation either subject to or free from any lien at not less than a fair upset price, the distribution of all or any assets, or the proceeds derived from the sale thereof, among those having an interest therein, the satisfaction or modification of any liens, indentures, or other similar interests, the curing or waiver of defaults, the extension of maturity dates of outstanding or any hens, indentures, or other similar interests, the curing of waiver of defaults, the extension of maturity dates of outstanding securities, the reduction in principal and/or rate of interest and alteration of other terms of such securities, the amendment of the charter of the debtor or the railroad corporation in receivership, and/or the issuance of securities of either the debtor, the railroad and/or the issuance of securities of either the debtor, the railroad corporation in receivership, or any such other corporation or corporations for cash, or in exchange for existing securities, or in satisfaction of claims or rights or for other appropriate purposes; and may deal with all or any part of the property of the debtor or the railroad corporation in receivership; may reject contracts of the debtor or the railroad corporation in receivership which are executory in whole or in part, including unexpired leases; and may include any other appropriate provisions not inconsistent with this section.

The amendment was agreed to.

The next amendment was, on page 22, line 23, after the word "debtor", to insert "or by the receiver or receivers of a railroad corporation in receivership"; on page 23, line 3, after the word "debtor", to insert "or such corporation"; and in line 12, after the word "debtor", to insert a comma and "or the railroad corporation in receivership", so as to

The adoption of an executory contract or unexpired lease by the trustee or trustees of a debtor or by the receiver or receivers of a railroad corporation in receivership shall not preclude a rejection of such contract or lease in a plan of reorganization approved hereunder, and any claim resulting from such rejection shall not have priority over any other claims against the debtor or such corpora-tion because such contract or lease had been previously adopted. The term "securities" shall include evidences of indebtedness either The term "securities" shall include evidences of independent intersecured or unsecured, bonds, stock, certificates of beneficial intersecution, certificates of beneficial interest in property, options, est therein, certificates or beneficial interest in property, options, est therein, certificates of beneficial interest in property, options, and warrants to receive, or to subscribe for, securities. The term "stockholders" shall include the holders of voting-trust certificates. The term "creditors" shall include, for all purposes of this section all holders of claims of whatever character against the debtor, or the railroad corporation in receivership, or its property, whether or not such claims would otherwise constitute provable claims under this act, including the holder of a claim under a contract executory in whole or in part including an unexpired lease.

The amendment was agreed to.

The next amendment was, on page 23, line 20, after the word "character", to insert "and interest accrued and unpaid

thereon after the commencement of the proceeding"; on page 24, line 5, after the word "section", to insert "or by a receiver in a proceeding continued under this section"; in line 7, after the word "institution", to insert "or continuance"; in line 11, after the word "debtor", to insert "or the railroad corporation in receivership", so as to read:

The term "claims" includes debts, whether liquidated or unliquidated, securities (other than stock and option warrants to subscribe to stock), liens, or other interests of whatever character and interest accrued and unpaid thereon after the commencement and interest accrued and unpaid thereon after the commencement of the proceeding. For all purposes of this section, claims which would have been entitled to priority if a receiver in equity of the property of the debtor had been appointed by a Federal court on the day of the approval of the petition shall be entitled to such priority and the holders of such claims shall be treated as a separate class or classes of creditors. In case an executory contract or unexpired lease of property shall be rejected, or shall not have been adopted by a trustee appointed under this section or by a receiver in a proceeding continued under this section, or shall have been in a proceeding continued under this section, or shall have been rejected by a receiver in equity in a proceeding pending prior to the institution or continuance of a proceeding under this section, or shall be rejected by any plan, any person injured by such non-adoption or rejection shall for all purposes of this section be deemed adoption or rejection shall for all purposes of this section be deemed to be a creditor of the debtor or the railroad corporation in receivership to the extent of the actual damage or injury determined in accordance with principles obtaining in equity proceedings. The provisions of section 60 of this act shall apply to a proceeding under this section. For all purposes of this section any creditor or stockholder may act in person or by an attorney at law or by a duly authorized agent or committee subject to the provisions of subsection (p) hereof. The running of all statutes of limitation shall be suspended during the pendency of a proceeding under this section.

The amendment was agreed to.

The next amendment was, on page 24, line 21, after the word "petition", to insert "or after the entry of an order in a receivership continuing the case under this section"; in line 24, after the word "court", to insert "except in pending cases where a trustee or receiver has already been appointed": on page 25, line 7, after the word "trustees", to insert "or receivers"; in the same line, after the word "the", to strike out "debtor's"; in line 8, after the word "property", to insert "of the debtor or of the railroad corporation in receivership"; in line 13, before the word "no", to strike out "preceeding" and insert "proceeding,"; on page 26, line 5, after the word "property", to insert "(other than as an additional trustee or receiver solely for the purposes of participation in the actual operation of the property)"; and in line 7, before the word "counsel", to insert "chief", so as to read:

(c) After approving the petition or after the entry of an order in

a receivership continuing the case under this section—

(1) The court, except in pending cases where a trustee or receiver has already been appointed, shall forthwith require the debtor to give such notice as the order may direct to the mortgage trustees, creditors, and stockholders, and to cause publication thereof for such period and in such newspapers as the court may direct, of a hearing to be held not later than 30 days after the date of such order, at which hearing or any adjournment thereof the court shall appoint one or more eligible trustees or receivers of the court shall appoint one or more eligible trustees or receivers of the property of the debtor or of the railroad corporation in receivership. Except in the case of a debtor hereunder or a railroad corporation in receivership, the annual operating revenues of which were less than \$1,000,000 for the calendar year previous to the commencement of the proceeding, no person who at any time since I year prior to the commencement of any proceeding under this section, or of a receivership in a Federal court, has been council the debtor or the commencement of the debtor or the sel to, or an officer, director, or employee of, the debtor or the railroad corporation in receivership, any subsidiary corporation, any holding company connected therewith, or any corporation affiliated holding company connected therewith, or any corporation affiliated with or subsidiary to any of the foregoing, or where there is reason to believe that such person is not then wholly independent of and disinterested in the debtor or such railroad corporation, or any person or persons having a legal or other financial interest in the debtor or its affairs, or in such railroad corporation or its affairs, shall be eligible to be appointed as (or in pending proceedings where the court deems application of this provision practicable and desirable, to continue beyond such time as the court may fix to act as) trustee of the debtor's property, receiver of the railroad corporation's property (other than as an additional trustee or receiver solely for the purposes of participation in the actual operation of the property), or as chief counsel to the trustee or to the receiver.

The amendment was agreed to.

Mr. CLARK of Missouri. Mr. President, it seems to me that in the consideration of a measure of such tremendous importance, changing the basic law with regard to receiverships of railroads, we ought to have some explanation of the various amendments. The very able chairman of the committee is in the Chamber. Some of the amendments may [be entirely justified and some may not be. It seems to me the Senate is in the position of permitting a tremendously basic and important measure to be passed without any explanation of any of the changes in existing law or the changes in the bill heretofore proposed by the committee.

Mr. WHEELER. Mr. President, if the Senator had been in the Chamber, he would have understood, because I was on my feet for several hours explaining the bill. The Senator from Vermont [Mr. Austin] then took it up and spoke for

about an hour and a half explaining it.

Mr. CLARK of Missouri. I will say to the Senator from Montana that I was in the Chamber and heard some of the explanations of the Senator. I tried to ask some questions, but the Senator refused to yield.

Mr. WHEELER. I refused to yield?

Mr. CLARK of Missouri. The Senator from Montana refused to yield.

Mr. WHEELER. I certainly beg the Senator's pardon.

Mr. CLARK of Missouri. The Senator was discussing in very large terms the views of Dr. Splawn, of the Interstate Commerce Commission, and when he came to the question of the very important matters concerned in the bill, I asked the Senator to yield, and the Senator declined to yield.

Mr. WHEELER. I beg the Senator's pardon. I did not say

I refused to yield.

Mr. CLARK of Missouri. The Senator certainly declined to vield.

Mr. WHEELER. I beg the Senator's pardon, and apologize to him, because I did not hear him. If the Senator wanted to ask a question and I did not yield, it was only because of the fact that I did not hear him.

Mr. CLARK of Missouri. I think these matters should be taken up item by item, because they are matters of the very

greatest importance.

Mr. WHEELER. I will say to the Senator that the amendments now in the bill were worked out after full committee hearings, and after considering the suggestions of many witnesses, in an effort to make the bill more workable and helpful. The amendments were to a large extent worked out by the Senator from Vermont [Mr. Austin]. At that time he looked after the details because I was busy with another committee. I should be very glad to have the Senator from Vermont explain any of the amendments.

Mr. CLARK of Missouri. I will say to the Senator from Montana that I have certain fundamental objections to the bill. Those objections do not go to the particular amendment which has just been agreed to. However, I feel that in a matter of this importance there ought to be specific explanation of the various amendments. If I have been absent from the floor while the Senator from Vermont was explaining the amendments, I withdraw my objections. However, I do have certain fundamental objections to the bill, which is what the Senator from Montana was discussing, and to which I desire to address myself. I was called away from the Chamber.

Mr. WHEELER. I am sorry if I neglected to yield to the Senator when he asked me to yield. However, I did not hear him. Otherwise I certainly should have yielded. I have never refused to yield to the Senator from Missouri.

Mr. CLARK of Missouri. I will say to the Senator from Montana that there will never be any question of courtesy or friendship between him and me, because I regard him as one of the very ablest Members of the Senate and one of the closest friends I ever had. I have very great respect for the Senator from Montana and for the Senator from Vermont. I happen to have certain fundamental objections to the bill. I did ask the Senator from Montana to yield to me. Possibly he did not hear me.

Mr. WHEELER. I did not hear the Senator.

Mr. ADAMS. Mr. President, I should like to make an inquiry not related to this particular amendment. On page 12, in reference to practice and procedure, it seems to be provided that the Railroad Reorganization Court, by its own rules, may vary without any limitation the practice and procedure of the courts. The language is:

Except as may be otherwise provided herein or by rule of the court, the practice and procedure in the court shall conform as nearly as may be to that in comparable proceedings in a district court of the United States.

The Supreme Court of the United States, of course, years ago laid down the equity rules and recently the rules at law. This seems to give to the railroad reorganization court the right to make any rules it sees fit which are not in conflict with the provisions of this proposed statute.

Mr. WHEELER. No.

Mr. AUSTIN. Mr. President, the bill itself vests in the Supreme Court of the United States the judicial business of making the rules for this court just as for the equity courts and the district courts of the United States. Subject to that, this court, of course, may, beyond the stated rules, make rules relating to its functions, such rules as are commonly made by district courts and circuit courts of appeals and equity courts.

Mr. ADAMS. Then there are other qualifications in the bill besides the ones to which reference has been made?

Mr. AUSTIN. Yes. Mr. ADAMS. This section standing by itself would sustain the criticism I have offered.

Mr. WHEELER. The provision concerning which the Senator from Colorado was asking is on page 17, and reads:

The Supreme Court of the United States shall promulgate rules relating to the service of process and any other rules which it may deem advisable.

Mr. CLARK of Missouri. Mr. President, out of order I send forward an amendment which I intend to propose, and I ask unanimous consent that it may be stated from the desk.

Mr. WHEELER. Would the Senator mind waiting until we have concluded the committee amendments?

Mr. CLARK of Missouri. I should like to have the amendment now read from the desk for the information of Senators.

The PRESIDING OFFICER. Without objection, the clerk will state the proposed amendment.

The LEGISLATIVE CLERK. On page 2, line 11, after the word "circuit", it is proposed to insert a colon and the following provisos:

Provided, however, That no judge appointed and qualified under this act shall remain on such court or continue to draw salary as a member of such court after he shall have reached the age of 70: and provided further, That any judge of such court who shall serve 10 years upon such court and reach the age of 70 shall be permitted, upon notice as now provided by law, to retire with the pay and allowances of Federal judges of equal rank.

Mr. CLARK of Missouri. I give notice that at the proper time I shall offer that as an amendment to the pending bill.

Mr. HATCH. Mr. President, in the discussion of this question of judges, my attention has been directed to the provision on page 2 relating to the appointment of the judges and the jurisdiction that is given them. I have not made such a study of the bill as I should like to have made, but, as I read that provision, it occurs to me that we are creating a group of what at one time around the Senate were called "roving judges."

Mr. WHEELER. No.

Mr. HATCH. Am I wrong about that? If so, I should like to have it explained.

Mr. WHEELER. These judges are not to be "roving judges" in any sense of the word. They, like all district judges and circuit court of appeals judges, can be sent by the Chief Justice of the Supreme Court to sit in some particular case when they are not busy with the work of their particular court. I think, however, their time will be fully occupied. The Chief Justice is given the same power that is given him with reference to district judges and circuit court of appeals judges at the present time.

Mr. HATCH. I may be wrong. I desire to know if the Chief Justice can send any of these judges to act either as circuit or district judges into any district or into any circuit

in the United States?

Mr. WHEELER. He can do that at the present time with any district judge or any judge of the circuit court of appeals.

Mr. HATCH. Is the Senator certain of that? I am not | certain of it by any means. I am not certain at all that the Chief Justice of the United States can send any district judge into any district in the United States. On the con-

trary, I think he cannot.

Mr. WHEELER. I will not be certain about it, but I am of the opinion that that is the case at the present time; that is my understanding. I know that district judges have been sent from Montana to New Jersey to try cases and they have been sent from Montana to California and to Colorado and Arizona. A Federal judge in my State about a year ago served for a long period of time in Arizona.

Mr. HATCH. I think, of course, what the Senator says is true, that district judges go all over the United States,

but it is only a voluntary matter.

Mr. WHEELER. I will state the reason why this provision is in the bill. Suppose, for instance, there was a time when the judges of this proposed court were not busy; in that event we thought the Chief Justice of the United States. if he wanted to, should be able to assign them to other courts. I have no particular opinion one way or the other about it, but we thought we were following the present law.

Mr. HATCH. I merely wanted to call the attention of the Senate to that provision and to what will be done by the bill, because I quite well recall the discussion that took place here not many months ago about "roving judges" and all

that sort of thing.

Mr. WHEELER. That is right, and I still object to "roving judges."

Mr. HATCH. I fear we are creating them by the provision in the bill.

Mr. WHEELER. I do not think we are creating "roving judges" when we provide for the judges of this new court.

CONSTRUCTION WORK FOR COAST GUARD

The PRESIDING OFFICER (Mr. Schwartz in the chair) laid before the Senate the amendment of the House of Representatives to the bill (S. 1369) to authorize necessary facilities for the Coast Guard in the interest of national defense and the performance of its maritime police functions, which was, on page 2, line 4, after "miles", to insert:

Provided, That the Secretary of the Treasury may, in his discretion, authorize the construction of the public works and the provision of the public utilities required for the establishment of said Coast Guard base and air station on the coast of Alaska to be accomplished by the Secretary of the Navy under a provision to be incorporated in such contract as the Secretary of the Navy nay negotiate for naval aviation facilities in Alaska under the authority contained in the act approved April 25, 1939, entitled "An act to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes" and the Secretary of the Navy, upon request and a transfer of the necessary funds, is authorized to accomplish said work secondingly.

Mr. BAILEY. I move that the Senate concur in the House amendment.

The motion was agreed to.

AMENDMENT OF AGRICULTURAL ADJUSTMENT ACT

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 1569) to amend the Agricultural Adjustment Act of 1938, as amended, which was to strike out all after the enacting clause and insert:

That paragraph (1) of subsection (e) of section 344 of the Agricultural Adjustment Act of 1938, as amended (relating to minimum county allotments of acreage), is amended by striking out "For 1938 and 1939" and inserting in lieu thereof "For 1938, 1939, and one subsection trees".

out "For 1938 and 1939" and inserting in lieu thereof "For 1938, 1939, and any subsequent year".

SEC. 2. Subsection (g) of section 344 of such act, as amended (relating to the 4 percent allotment to farms), is amended by striking out "For each of the years 1938 and 1939" and inserting in lieu thereof "For 1938, 1939, and each subsequent year".

SEC. 3. Subsection (h) of section 344 of such act, as amended (relating to providing an acreage to farms of not less than 50 per centum of 1937 planted acreage plus diverted acreage), is amended by striking out "for each of the years 1938 and 1939" and inserting in lieu thereof "for 1938, 1939, and each subsequent and inserting in lieu thereof "for 1938, 1939, and each subsequent vear".

Mr. HATCH. I move that the Senate disagree to the amendment of the House of Representatives, request a con-

ference with the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. HATCH, Mr. BANKHEAD, and Mr. CAPPER conferees on the part of the Senate.

FINANCIAL REHABILITATION OF RAILROADS

The Senate resumed the consideration of the bill (S. 1869) to protect interstate commerce from the dangers of unsound financial structures and to establish improved procedures and standards for financial rehabilitation of railroads engaged in interstate commerce, and for other purposes.

The PRESIDING OFFICER. The clerk will state the next amendment reported by the Committee on Interstate Com-

The next amendment was, on page 26, line 25, after the word "trustees", to insert "and receivers"; on page 27, line 21, after the word "trustees", to insert "receiver or receivers"; on page 28, line 7, after the word "debtor", to insert "or the railroad corporation in receivership"; and in line 8, after the word "trustee", to insert "in a proceeding instituted under this section", so as to read:

(2) The court shall fix the amount of the bond of every trustee or receiver and may thereafter terminate any such appointments in its discretion, in any case pending before it or transferred to it, and may in that event and in the event of a vacancy from any other cause, in the manner and within the qualifications herein provided for the appointment of trustees and receivers, appoint a provided for the appointment of trustees and receivers, appoint a substitute trustee or trustees, or receiver or receivers, and in the same manner and within the same qualifications may appoint an additional trustee or receiver, and shall fix the amount of the bond of every such substitute or additional trustee or trustees, receiver or receivers. The court shall in its discretion confirm the appointment of such eligible legal counsel for the trustees or receivers as ment of such eligible legal counsel for the trustees or receivers as they shall select, with power of removal in its discretion in any case pending before it or transferred to it. The trustee or trustees, or in a receivership in any Federal court, the receiver or receivers, their officers, counsel, and employees shall receive only such reasonable compensation from the estate of the debtor, or of the railroad corporation in receivership, as the court may from time to time allow but only for services found to be in the interest of the estate as a whole, and not in the interest of any particular class or classes of creditors or stockholders or member or group thereof: Provided. That the foregoing provisions of this sentence shall not Provided, That the foregoing provisions of this sentence shall not apply to any person included within the term "employees" as that term is defined in the Railway Labor Act, as amended, or as it may be amended. The trustee or trustees, receiver or receivers, so appointed, upon filing such bond, shall have all the title and shall exercise, subject to the control of the court and consistently with the provisions of this section, all of the powers of a trustee appointed pursuant to section 44 of this act or any other section of pointed pursuant to section 44 of this act or any other section of this act, and, to the extent not inconsistent with this section, if authorized by the court, the powers of a receiver in an equity proceeding, and, subject to the control of the court, and the jurisdiction of the Commission as provided by the Interstate Commerce Act as now or hereafter amended, the power to operate the business of the debtor or the railroad corporation in receivership. Prior to the appointment of a trustee, in a proceeding instituted under this section, the debtor on behalf of the court shall continue in the possession of the property and shall operate the business thereof during such period, and shall have all the title to the property and shall exercise all power consistent with the provisions of this secshall exercise all power consistent with the provisions of this section, subject at all times to the control of the court, and to such limitations, restrictions, terms, and conditions as it may from time to time impose and prescribe.

The amendment was agreed to.

The next amendment was, on page 28, line 23, after the word "trustees", to insert "or the receiver or receivers", as to read:

(3) The court may, upon not less than 15 days' notice published in such manner and in such newspapers as the court may in its discretion determine, which notice so determined shall be suffi-cient, for cause shown, and with the approval of the Commission, in accordance with section 20a of the Interstate Commerce Act, as now or hereafter amended, authorize the trustee or trustees, or the receiver or receivers, to issue certificates for cash, property, or other consideration approved by the court for such lawful purposes and upon such terms and conditions and with such security and such priority in payments over existing obligations, secured or unsecured, or receivership charges, as might in an equity receivership be lawful.

The amendment was agreed to.

The next amendment was, on page 31, line 2, before the word "estate", to strike out "debtor's", and in the same line, after the word "estate", to insert "of the debtor or the railroad corporation in receivership", so as to read:

(5) It shall be the duty of anyone having information as to the names and addresses of the holders of any securities of the debtor or the railroad corporation in receivership to divulge such information to the trustee or trustees, or the receiver or receivers, upon written request therefor and, upon petition by any person in interest, and after hearing, the court may order the production of any such information by anyone having and refusing to divulge it to any trustee or receiver, upon written request therefor. The court may direct that the cost of preparing such information shall be borne by the estate of the debtor or the railroad corporation in receivership.

The amendment was agreed to.

The next amendment was, on page 31, line 4, after the word "debtor", to insert "or a railroad corporation in receivership", so as to read:

(6) If a lease to the debtor or a railroad corporation in receiver-ship of a line of railroad is rejected, and if the lessee, with the approval of the court, shall elect no longer to operate the leased approval of the court, shall elect no longer to operate the leased line, it shall be the duty of the lessor at the end of a period to be fixed by the court, but which period may be extended by the court, if in its opinion there is good cause for such extension, to begin the operation of such line, unless the Commission, on its own motion or on motion of any interested person, shall find after due notice and hearing that it would be impracticable and contrary to the public interest for the lessor to operate the said line, in which event it shall be the duty of the lessee to continue operation on or for the account of the lessor unless and until the abandonment of such line is authorized by the Commission in accordance with the provisions of section 1 of the Interstate Commerce Act as amended.

The amendment was agreed to.

The next amendment was, on page 36, line 11, after the word "debtor", to insert "or the railroad corporation in receivership"; and in line 15, after the word "debtor", to insert "or such corporation", so as to read:

(13) The court may on its own motion refer any matters for consideration and report, either generally or upon specified issues, to one of several special masters whom it shall appoint and may allow such master a reasonable compensation for his services and actual and reasonable expenses. The debtor, or the railroad coractual and reasonable expenses. The debtor, or the rallroad corporation in receivership, any creditor or stockholder, or the duly authorized committee, attorney, or agent of either, or the trustee or trustees of any mortgage, deed of trust, or indenture pursuant to which securities of the debtor or such corporation are outstanding, shall have the right to be heard on all questions arising in the proceedings, and, upon petition therefor and cause shown, any such person or any other interested person may be permitted to intervene. The court may, after hearing, make reasonable rules defining the matters upon which notice shall be given to other than interveners and the manner of giving such notice. Interdefining the matters upon which notice shall be given to other than interveners and the manner of giving such notice. Intervention shall be liberally allowed in proceedings under this section and in receiverships in Federal courts. Without limiting the generality of the foregoing, the Commission, the judges, and the court shall permit the representatives of employees of the debtor or of the railroad corporation in receivership, duly designated as such for the purpose of collective bargaining as to wages, hours, and other conditions of employment, to intervene and to be heard on all matters affecting the interests of the employees.

The amendment was agreed to.

The next amendment was, on page 37, line 8, after "(a)", to insert "or after the entry of an order continuing a re-ceivership under this section"; in line 12, before the word "or" where it occurs the first time, to insert "the receiver or receivers"; in line 16, after the word "class", to insert "or by the debtor or the railroad corporation in receivership"; in line 19, after the word "time" and the period, to insert "Any plan heretofore filed in a receivership shall forthwith be filed with the Commission", so as to read:

(d) After a petition is filed as provided in subsection (a) or after the entry of an order continuing a receivership under this section, a plan of reorganization may be filed with the court, at any time within such reasonable limits as the court may by order fix or extend, by the trustee or trustees, the receiver or receivers, or by or on behalf of the creditors being not less than 10 percent in appoint of save class of creditors or by or on behalf of save class of or on behalf of the creditors being not less than 10 percent in amount of any class of creditors, or by or on behalf of any class of stockholders being not less than 10 percent in amount of any such class, or by the debtor or the railroad corporation in receivership or with the consent of the court by any person in interest. Such plan shall also be filed with the Commission at the same time. Any plan heretofore filed in a receivership shall forthwith be filed with the Commission.

The PRESIDING OFFICER. The next amendment was amended earlier in the day on the motion of the Senator from Vermont [Mr. Austin], and the clerk will state the amendment as amended.

The CHIEF CLERK. On page 37, line 22, after the word "filed", it is proposed to strike out the comma and "in any proceeding under this section or in a receivership in any Federal court" and to insert "(except in pending cases where the Commission has approved and certified a plan to the court prior to the effective date of the amendment made by section 9 of the Railroad Reorganization Act of 1939 or as provided in said section 9, prior to the expiration of 9 months following the enactment of said Railroad Reorganization Act of 1939, in accordance with the provisions of subsection (d) of section 77 as they existed prior to such amendment, unless the court refers the plan back to the Commission or unless the court so requests)."

Mr. WHEELER. Let me say that amendment is to make the bill conform to another amendment which was adopted in another place on motion of the Senator from Vermont [Mr. Austin] a short time ago.

Mr. CLARK of Missouri. Let me say to the Senator from Montana I have no desire whatever to be captious or to delay the proceedings on the bill, although I am opposed to it; but I think that on a matter of such great importance, proposing to set up a court and to provide the jurisdiction of that court. representing a very important departure from our previous practice, except in the one case of the Commerce Court

Mr. WHEELER. The Senator is wrong about that.

Mr. CLARK of Missouri. Let me finish. I do not think that a matter of so great importance ought to be considered with less than a dozen Senators present on the floor.

Mr. WHEELER. We called a quorum not long ago, and I cannot help it if Senators do not remain on the floor. I wish to say to the Senator that he was not present this morning when the whole question the Senator has just spoken of was covered.

Mr. CLARK of Missouri. Let me say to the Senator from Montana that I have been on the floor all day with the exception of just a few minutes when he was reading a long report from Dr. Splawn, of the Interstate Commerce Commission. If the Senator thinks that he can compel the Senate to act on a measure of transcendent national importance such as this on Friday afternoon at this hour of the evening, 10 minutes after 4 o'clock, with less than a dozen Senators on the floor, I am going to take issue with him.

Mr. WHEELER. Let me say to the Senator there is no disposition on my part to do that. If there is anything the Senator wants to know about this bill, and I can answer it, I will be only too happy to do so. As I tried to explain a moment ago, the amendment which was stated was to make the bill conform to an amendment adopted a short time ago which had been offered by the Senator from Vermont [Mr. AUSTIN]. It is to make the provision effective throughout the other parts of the bill; it is a clarification so that this provision will conform to the other provisions of the bill.

Mr. CLARK of Missouri. Since the Senator from Montana has seen fit to refer twice to the fact that I happened to be off the floor for half an hour meeting some of my constituents, I suggest the absence of a quorum.

Mr. WHEELER. I have no objection, but I wish to say to the Senator that I did not intend to say anything about him. What I meant to say was that the Senator from Vermont [Mr. Austin], in a colloquy with the Senator from Idaho [Mr. Borah], went into the question this morning with reference to the different courts that have been set up by special legislation. The Senator from Missouri may have been on the floor but I just did not happen to see him; that is all; my attention was probably diverted elsewhere. I have not been on the floor during the entire morning; I have been off the floor at times. We all leave the floor at times, for we cannot stay on the floor continuously.

Mr. CLARK of Missouri. Mr. President, as I said a moment ago, I certainly have no desire to have any controversy with the Senator from Montana about that matter; but it seems to me this bill is of such transcendent importance that we cught not to pass it with less than a dozen Senators on

I have no desire to filibuster or to delay matters. I myself have been off the floor a part of the afternoon. There is no question about that. Other Senators are necessarily off the floor. This bill sets up an entirely new court, and I dare say that very few Members of this body know anything about the

Mr. HATCH. Mr. President, has the Senator withdrawn the suggestion?

Mr. CLARK of Missouri. I withdraw the suggestion of the absence of a quorum.

Mr. HATCH. Mr. President, I feel compelled again to state to the Senate what the provision on page 2 does as to these particular judges.

I think without question it is true that this bill creates not judges for this special court but possible district judges for every district in the United States and possible circuit judges for every circuit in the United States.

It is said that the bill merely follows existing law. I cannot agree to that statement. I think it is true that no district judge may be taken out of his district and sent into another district, even within his own circuit, without his

Mr. CLARK of Missouri. Mr. President, will the Senator vield?

Mr. HATCH. I yield.

Mr. CLARK of Missouri. The Senator will recall that the ill-fated and ill-omened Commerce Court, which was created by Congress a number of years ago in a perfectly honest effort to work out a situation, just as I admit that this bill is a perfectly honest effort to work out a situation, fell into such hands that it amounted to a national scandal. One judge of that court-Judge Archbald-was impeached, convicted, and removed from office: and, as to the rest of the court, it was the almost unanimous opinion that the court should be abolished. But having created that court, and having created the members of it as Federal judges, when the Congress abolished the court it was necessary to find means for distributing the judges of that repudiated and disgraced court around over the country as circuit judges in various circuits.

I think Congress ought to be very careful about running the risk of a repetition of that experience.

Mr. HATCH. That is exactly what I am trying to point

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. HATCH. I yield.

Mr. WHEELER. With reference to the Commerce Court, I desire to say that on that court were some judges who were just as high-class judges as we had anywhere in the United States, or ever have had. On that court was Justice Hunt, formerly from Montana. He was then on the Circuit Court of Appeals for the Ninth Circuit. Anybody who knows anything about him will say to us or to anybody that no more high-minded or brilliant judge ever served on the Circuit Court of Appeals of the United States.

Mr. CLARK of Missouri. Mr. President, will the Senator let me interrupt him right at that point?

Mr. HATCH. Certainly.

Mr. CLARK of Missouri. I intended no reflection whatever upon any members of the Commerce Court, with the exception of Judge Archbald. Nevertheless, they were members of a repudiated and disgraced and repealed court. We had those judges on our hands; and the Congress of the United States had great difficulty in finding a way to dispose of those judges, other than Judge Archbald, after the court was abolished.

Mr. WHEELER. Of course; but I am assuming and we must assume, with reference to this court, the same thing that we assume with reference to the Court of Claims. We set up the Court of Claims as a special court to handle certain definite types of litigation. We have set up other special courts, including the customs court, to handle certain

definite types of litigation. This court is no different in that respect. The difference between this court and the Commerce Court is that the Commerce Court tried rate cases de novo; and it was because the jurisdiction which was conferred upon that court to a large extent made it impossible for it to operate successfully that it broke down.

Let me say to the Senator from Missouri that when this proposition was first suggested to me it was proposed, and the Committee of Six recommended, that we take the jurisdiction entirely away from the Interstate Commerce Commission, and set up a court that would not only handle matters of law but would likewise handle factual matters. I refused to follow those recommendations. I said that the factual matters should be determined by the Interstate Commerce Commission, and that the court as a court should pass only upon the legal matters; and that is all that this court does. It is to pass upon the legal matters, whereas the Commerce Court was passing not only upon the legal phases but upon the economic phases; and the members of that court were not in a position and did not have the experience and could not have the opportunity to ascertain the facts as well as that could be done by a fact-finding commission like the Interstate Commerce Commission.

That is the vast distinction between this court and the Commerce Court; and when it is said that we have not any other court of this kind, I remind Senators that we have

these independent courts.

If Senators feel that they would like to cut out that provision, candidly I have no objection whatever. I am perfectly willing; but I thought that by permitting the Supreme Court to assign these judges to work in other districts we were facilitating matters, because the Senator knows from his study that at the present time there are places where it is claimed that there are not sufficient judges, and at certain times they need extra help. However, that is an entirely immaterial matter so far as I am concerned.

Mr. HATCH. Mr. President, I want to say to the Senator that I have not said that this might not be a good provision. It might be a splendid thing.

Mr. WHEELER. We thought it was.

Mr. HATCH. But in view of what I know the attitude of the Senate has been and the attitude of the Judiciary Committee of the Senate has been, I thought the Senate ought to know that they are conferring jurisdiction upon a set of judges who may be sent by the Chief Justice of the United States into any district of the United States to sit as district judges, and may be sent into any circuit of the United States to sit as circuit judges.

Mr. WHEELER. Yes. Quite frankly, I was in favor of a three-judge court. The Senator from Vermont [Mr. Austin] and many persons who appeared before the committee wanted a five-judge court. I said, "I am not particular whether it is a five-judge court or a three-judge court," but I thought three men could do the work. Able lawyers who had had experience in these matters said it ought to be a five-judge court, because they are going to be so busy that it is going to take: five men to do the work. It is a tremendous job. Consequently, I said, "Let it be a court of five men." Then we put in the provision which the Senator suggests, and we really thought it was a good provision. However, I do not care anything about it. If the Senator from New Mexico or other Senators feel that it ought to come out, it is not material to the legislation in any respect.

Mr. HATCH. I recall quite well that in our own committee-and the Senator from Vermont also will recall it, because we had the matter up several times-it was even suggested that we ought to have within a circuit some judge who could be moved about by the senior circuit judge within the districts of that circuit, as might be required. That idea was repeatedly brought forward, and has been repudiated by our

committee.

Mr. ADAMS. Mr. President, will the Senator yield?

Mr. HATCH. I yield. Mr. ADAMS. I simply want to supplement the Senator's statement by repeating what has already been said—that what was sought here was to get a court composed of men who are experts in this particular kind of law; that they would be reorganization experts. If they are reorganization experts, they are not the kind of men to send out to sit on the district bench, the trial bench, or to sit on the circuit court of appeals, because apparently we have taken the position that the district courts and the circuit courts of appeal are not now qualified to handle these things, so we are going to have a different type of qualifications.

Mr. WHEELER. I do not entirely agree with the statement of the Senator from Vermont. The testimony before our committee and the general understanding was that what we are particularly setting up the court for is because, as I pointed out a moment ago, there are some railroad receivership cases which have been pending for 35 years. Others have been pending for periods ranging from 5 years to 35 years. No one will deny that those things ought to be cleared up. Many of the judges will say to you, as they have testified in other investigations before the Senate, that their other duties take up so much of their time that they are not familiar with the reorganization law. They do not know much about it. They are indifferent to it. It is not that they have been dishonest, but generally they do not know anything about it.

I reluctantly came to the conclusion, after conferring with the Interstate Commerce Commission, with Jesse Jones, Chairman of the R. F. C., and with the chief counsel for the R. F. C., and the other groups, that this would be something which would tend to relieve the courts of a great deal of criticism. Many of the judges have said the same thing, and they have felt that it ought to be done.

Mr. ADAMS. Mr. President, this is made mandatory, not permissive, but mandatory. It states that the judges "shall" be assigned. My view would be that it would be wise to strike out all of lines 6 to 10 and through the word "circuit" in line 11 on page 2.

Mr. CLARK of Missouri. Mr. President, I intend to offer an amendment along that line.

Mr. HATCH. Mr. President, it is not my intention now to press the point further. It is about 4:30 o'clock; is it intended that we vote on the bill this afternoon?

Mr. WHEELER. I hope we may. Can we not finish with the other amendments?

Mr. CLARK of Missouri. Mr. President, if the Senator from New Mexico will yield, in connection with what the Senator from Montana has stated, everyone recognizes that there have been abuses in the matter of receiverships in the Federal courts. I do not think the abuses of receiverships with regard to railroads in the Federal courts have been particularly more glaring than abuses in connection with other forms of receivership. I do not know any particular reason why we should set up a separate court to deal with railroad receiverships more than the receiverships of utilities. There have been a great many abuses in those matters in the Federal courts.

My idea is that the logical way to deal with those matters is either by impeaching some Federal judges, which is the process provided by the Constitution of the United States, or by the Congress writing a substantive law regulating receiverships.

A very dear friend said to me a few minutes ago that he knew of several cases in the Federal courts in the city of Chicago where there had been disgraceful practices in connection with railroad receiverships. Several matters have been called to my attention relating to other sorts of receiverships in the Federal courts in the city of Chicago which I think are equally as important for the consideration of the Congress as is the matter of railroad receiverships.

It seems to me that if we have a venal Federal judiciary the judges ought to be impeached, and the guilty judges should be convicted and ousted from office. If the process under the Constitution at the present time is not sufficiently simple, we ought by a constitutional amendment, or by some way within the Constitution, simplify the process. I do not think that is a justification for the Committee on Interstate Commerce to come to the Senate with a proposal to essentially change the judicial structure of our Government. I have no objection to the Senate proceeding and completing the consideration of the committee amendments.

Mr. HATCH. Mr. President, I assume the additional jurisdiction is proposed to be given, because it is contemplated that the work of the special court will be finished within a reasonable time.

Mr. WHEELER. That is true.

Mr. HATCH. Then there will be some judges on our hands, appointed for life, with nothing to do, unless we give them additional jurisdiction.

Mr. WHEELER. That is true.

Mr. HATCH. I concede that that presents a serious question, and if the Senator from Missouri should offer an amendment to strike out those provisions, we should think well of that situation.

Mr. BORAH. Mr. President, is it the understanding that we are to postpone the consideration of this particular matter?

Mr. WHEELER. No; it is not subject to amendment at the present time, because we are taking up the committee amendments by unanimous consent.

Mr. HATCH. I will desist until we conclude the consideration of committee amendments.

Mr. CLARK of Missouri. I have no desire to delay the consideration of committee amendments.

The PRESIDING OFFICER. The clerk will state the next amendment of the committee.

The next amendment of the committee was, on page 38, line 13, after the word "annual", to strike out the word "earnings" and to insert "net railway operating income"; on line 14, after the word "property", to insert the words "upon which a plan may safely be based consistently with the policy and standards set forth in subsection (u)"; and on page 39, line 4, after the words "of the", to strike out "second" and to insert "third", so as to read:

The expectable future average annual net railway operating income of any operating railroad property, upon which a plan may safely be based consistently with the policy and standards set forth in subsection (u), in the light of its earnings experience and of such changes as may reasonably be expected, applying the rebutable presumption set forth in subdivision (3) of subsection (u), and the maximum total capitalization, fixed charges, amount of fixed interest-bearing debt, cumulative contingent charges, amount of contingent interest-bearing debt and cumulative dividend requirements to which the property of the debtor, or of the railroad corporation in receivership, may safely be subjected consistently with the policy and standards set forth in subsection (u). If in its opinion there is good cause, the Commission may defer the determination of such maxima, or any of them, until consideration by it of the issuance of a certificate for the purpose of the third paragraph of subsection (d) as amended. If in its opinion there is good cause, either upon its own motion or upon petition the Commission in its discretion after due notice and hearing may revise such determinations. In making such determinations or revisions thereof, and in considering the issuance of such certificate the Commission shall disregard the question of the participation of the various classes of creditors and stockholders in any plan and the question of distribution of securities of and interests in the reorganized company to the various classes of creditors and stockholders. In fixing the time within which plans may be filed, the court shall give consideration to the time required for the making of such determinations so as to allow a reasonable time after such determinations for the filing of plans.

The amendments were agreed to.

The PRESIDING OFFICER. The next amendment was amended earlier in the day on the motion of the Senator from Vermont [Mr. Austin], and the clerk will state the amendment as amended.

The CHIEF CLERK. On page 39, line 22, after the word "shall", it is proposed to insert "(and in pending cases where the Commission has approved and certified a plan to the court prior to the effective date of the amendment made by section 9 of the Railroad Reorganization Act of 1939, or as provided in section 9 prior to the expiration of 9 months

following the enactment of said Railroad Reorganization Act of 1939, in accordance with the provisions of subsection (d) of section 77 as they existed prior to such amendment, the court may)."

The amendment as amended was agreed to.

The next amendment was, on page 40, line 5, after the word "the" where it occurs the second time, to strike out "second" and insert "third", so as to read:

After the filing of any plan or plans the court, after such hearing, if any, as it may deem desirable, in order to facilitate the ultimate consumption of a plan and the issuance of securities pursuant thereto, shall (and in pending cases where the Commission has approved and certified a plan to the court prior to the effective date of the amendment made by section 9 of the Railroad Reorganization Act of 1939, or as provided in section 9, prior to the expiration of 9 months following the enactment of said Railroad Reorganization Act of 1939, in accordance with the provisions of subsection (d) of section 77 as they existed prior to such amendment, the court may) refer to the Commission for the consideration by it of the issuance of a certificate for the purposes of the last sentence of the third paragraph of subsection (d) as amended, one or more of the following: (1) Any plan as filed; (2) any modification of any plan as filed; (3) any plan promulgated by the court, if the court believes the plan or plans so referred are worthy of consideration. The Commission shall thereupon, within such reasonable time as the court shall fix or extend, certify to the court (together with the record on which such certificate is based) (1) that such plan or plans conform to the policy and standards set forth in subsection (u); or (2) in respect of any plan that it finds does not so conform, what modifications are requisite to conform such plan to such policy and standards. Upon receipt of such certificate, the court shall, after due notice to all stockholders and creditors given in such manner as it shall determine, hold public hearings, at which opportunity shall be given to any interested person to be heard, and following which the court shall render an opinion and order in which it shall render an opinion and order in which it shall refuse to approve any plan. In such opinions the court shall refuse to approve any plan. In such opinions the court shall state fully its conclusions and the reasons therefor.

The amendment was agreed to.

The next amendment was, on page 41, line 11, after the word "section", to strike out "or in any proceeding for the reorganization of a railroad corporation (including specifically but not exclusively proceedings for postponements or modifications of debt, interest, rent, or maturities or modifications of capital structures) under the Bankruptcy Act, as now or hereafter amended, or any other Federal law", so as to read:

The court may thereafter, of its own motion, or on motion of any person in interest, and after due notice and hearing, in a supplemental opinion and order modify any plan which it has approved, stating the reasons for such modification. No plan shall be approved, confirmed, or otherwise made effective in any proceeding under this section, or in any receivership in any Federal court, unless (1) the Commission, after due notice and hearing, shall have certified that the said plan conforms to the policy and standards set forth in subsection (u); or unless (2) the said plan be a modification of a plan considered by the Commission and the court is satisfied that with respect to matters governed by the provisions of subsection (u), said plan is not inconsistent (a) with the provisions of a plan that has been considered by the Commission and certified by the Commission to conform to such policy and standards, or else (b) with the provisions of a plan, considered by the Commission, as modified in accordance with those modifications certified by the Commission as requisite; or unless (3) the said plan be one approved by the Commission and certified to the court prior to the effective date of the amendment made by section 9 of the Railroad Reorganization Act of 1939, or as provided in said section 9, prior to the expiration of 9 months following the enactment of said Railroad Reorganization Act of 1939, in accordance with the provisions of subsection (d) of section 77 of the Bankruptcy Act as they existed prior to such amendment.

The amendment was agreed to.

The next amendment was, on page 42, line 18, after the word "debtor", to insert "or the railroad corporation in receivership"; in line 19, after the word "trustees", to insert "receiver or receivers"; on page 43, line 8, after the word "debtor", to insert "or the railroad corporation in receivership"; in line 9, after the word "any", to strike out "corporation or corporations" and insert "person"; in the same line, after the word "the", to strike out "debtor's"; and in line

10, after the word "assets", to insert "thereof, or any assets pursuant to the plan", so as to read:

(e) Prior to the approval of a plan by the court pursuant to subsection (d), the court shall give due notice to all persons in interest of the time within which such persons may file with the court their objections to such plan, and such persons shall file, within such time as may be fixed in said notice, detailed and specific objections in writing to the plan and their claims for equitable treatment. The court shall, after notice in such manner as it may determine to the debtor, or the railroad corporation in receivership, its trustee or trustees, receiver or receivers, stock-holders, creditors, and the Commission, hear all persons in interest in support of, and in opposition to, such objections to the plan and such claims for equitable treatment. After such hearing, and without any hearing, if no objections are filed, the court shall approve the plan if satisfied that (1) it complies with the provisions of subsection (b) of this section, is fair and equitable, affords due recognition to the rights of each class of creditors and stockholders, does not discriminate unfairly in favor of any class of creditors or stockholders, and does not provide treatment to any creditor or stockholder or to any class of creditors or stockholders superior to that which might lawfully be accorded to them in an equity receivership; (2) the approximate amounts to be paid by the debtor or the railroad corporation in receivership, or by any person acquiring the assets thereof, or any assets pursuant to the plan, for expenses and fees incident to the reorganization, have been fully disclosed so far as they can be ascertained at the date of such hearing, are fair and reasonable, and are to be subject to the approval of the court; (3) the plan provides for the payment of all costs of administration and all other allowances made or to be made by the court except that allowances provided for in subsection (c), paragraph (12), of this section, may be paid in securities provided for in the plan if those entitled thereto will accept such pa

The amendment was agreed to.

The next amendment was, on page 44, line 5, after the word "plan", to insert "by the Commission or otherwise"; in line 24, after the word "debtor", to insert "or the railroad corporation in receivership"; and on page 45, line 23, after the words "by the", to strike out "debtor's"; and in the same line, after the word "estate", to insert "of the debtor or the railroad corporation in receivership", so as to read:

When the court shall approve the plan, as submitted or as modified or as promulgated by it, its order to that effect shall also provide for the submission of said plan, by the Commission or otherwise, to the creditors of each class whose claims have been filed and allowed in accordance with the requirements of subsection (c) hereof, and to the stockholders of each class, and/or to the committees or other representatives thereof, for acceptance or rejection within such time as the court shall specify, together with any report of the Commission thereon or such a summarization thereof submitted by the Commission as the court may approve, and the opinion and order of the court: Provided, That submission to any class of stockholders shall not be necessary if the court shall have determined after due notice and hearing (a) that at the time of such determination the corporation is insolvent, or that at the time of such determination the equity of such class of stockholders has no value, or that the plan provides for the payment in cash to such class of stockholders of an amount not less than the value of their equity, if any, or (b) that the interests of such class of stockholders will not be adversely and materially affected by the plan or (c) that the debtor or the railroad corporation in receivership has pursuant to authorized corporate action accepted the plan and its stockholders are bound by such acceptance: Provided further, That submission to any class of creditors shall not be necessary if the court shall have determined after due notice and hearing that the interests of such class of creditors shall not be necessary if the court shall have determined after due notice and hearing that the interests of such class of creditors have no value, or that the plan provides for the payment in cash to such class of creditors of an amount not less than the value of their interests. For the purpose of this section the acceptance or rejection by any creditor or stockholder shall be in writing, executed by him or by his du

The amendment was agreed to.

The next amendment was, on page 46, line 21, after the word "proceeding", to insert "instituted or continued"; in line 25, before the word "property", to strike out "debtor's";

in the same line, after the word "property", to insert "of the debtor or the railroad corporation in receivership"; and on page 47, line 5, after the word "section", to strike out "or in any proceeding for the reorganization of a railroad corporation (including specifically but not exclusively proceedings for postponements or modifications of debt, interest, rent, or maturities or modifications of capital structures) under the Bankruptcy Act, as now or hereafter amended, or any other Federal law", so as to read:

In any proceeding instituted or continued under this section, the court after due notice and hearing, may order the sale to the highest bidder, at public auction at not less than a fair upset price to be fixed by the court, of all or any part of the property of the debtor or the railroad corporation in receivership, either subject to or free from lien, for any purpose for which such sale might lawfully be ordered in an equity receivership, and the proceeds shall be equitably distributed. No sale to bidders pursuant to a plan shall be confirmed in a proceeding under this section, or in a receivership in any Federal court, unless such plan conforms to the requirements of this section, and unless the provisions of the last sentence of the third paragraph of subsection (d) have been complied with. If a successful bid be made pursuant to a plan accepted by or on behalf of creditors of any particular class holding two-thirds or more in amount of the total of the allowed claims of such class which have been reported in said submission as voting on said plan, or by or on behalf of stockholders of any particular class holding two-thirds or more of the stock of such class which have been reported in said submission as voting on said plan, or by or on behalf of stockholders of any particular class holding two-thirds or more of the stock of such class which has been reported in said submission as voting on said plan, other members of such particular class of creditors or stockholders, as the case may be, shall be bound by the provisions of the plan and need not be paid in cash out of the proceeds of sale unless the plan so provides.

The amendment was agreed to.

The next amendment was, on page 48, line 11, after the word "annual", to strike out "earnings" and insert "net railway operating income"; in line 13, before the word "giving", to insert "and"; and in line 16, after the word "therein", to insert "and other factors", so as to read:

If it shall be necessary to determine the value of any property for the purpose of any plan or of any sale at not less than a fair upset price, in any proceeding under this section, or in any receivership in any Federal court, the Commission shall determine such value, after due notice and hearing, and certify the same to the court, together with the record on which it is based, and, if supported by substantial evidence, such determination shall be conclusive. The Commission shall determine the value of any operating railroad property by capitalizing at a reasonable rate the expectable future average annual net railway operating income of the property, as determined by the Commission under subsection (d), and giving only such effect, if any, to the present cost of reproduction, either new or less depreciation, or to the original cost of the property, or to the actual investment therein and other factors as may be required by the Constitution of the United States in the determination of value for the particular purpose involved. In determining the reasonable rate so to be applied, the Commission shall consider the rates of return necessary to attract investments in other enterprises where the risk is comparable. The value of property other than operating railroad property shall be determined at its fair market value.

The amendment was agreed to.

The next amendment was, on page 48, line 24, after the word "proceeding", to insert "instituted or continued"; on page 49, line 3, before the word "as", to insert "or railroad corporation in receivership"; and in line 7, after the word "the" where it occurs the second time, to strike out "officers" and insert "officer", so as to read:

If in any reorganization proceeding instituted or continued under this section the United States is a creditor on claims for taxes or customs duties (whether or not the United States has any other interest in, or claim against, the debtor or railroad corporation in receivership, as creditor or stockholder), no plan which does not provide for the payment thereof shall be confirmed by the court except upon the acceptance, certified to the court of a lesser amount by the President of the United States or the officer or agency designated by him pursuant to the provisions of this subsection: Provided, That if the President of the United States or such officer or agency shall fail to accept or reject such lesser amount for more than 90 days after receipt of written notice so to do from the court, accompanied by a certified copy of the plan, the consent of the United States insofar as its claims for taxes or customs duties are concerned shall be conclusively presumed.

Mr. KING. Mr. President, I indicated a few moments ago, when I had the floor, that because of my great confidence in the Senator from Vermont and my high regard for the Senator from Montana many of the apprehensions which I had growing out of the pending bill would be

allayed, and that perhaps I might vote for the bill. After further consideration, and weighing the terms of the bill as best I have been able without full opportunity for investigating it in all its implications, I have reached the conclusion that I cannot vote for the bill.

I am unwilling to have additional courts created. I think the statement made by the Senator from Idaho earlier in the debate indicates the unwisdom of this course. If we appoint a so-called railroad court, in the near future there will be a demand that we appoint a court to look after the oil fields, and the great business which has grown out of the automobile industry, and there will be demands from every other industry of any magnitude that special courts be set up for the determination of controversies between those organizations and the public, or among the stockholders and bondholders of the organizations.

Mr. President, the bill under consideration is one of great importance. It is a very long bill and contains provisions which are not, in my opinion, free from ambiguity and which may lead to conflicts between the court which is to be established and the Interstate Commerce Commission. I concede that an effort is made to clearly separate the functions of the Interstate Commerce Commission from the functions of the courts which are to be created. However, as indicated, the line of separation is so shadowy that I apprehend there will be overlapping of activities resulting in controversies.

I know that it is contended that the Interstate Commerce Commission is to be a fact-finding body and that its duties are largely administrative, but I fear that there will be differences of opinion as to where the administrative functions cease and where the judicial authority begins. It may be that situations will be presented where questions of fact and questions of law will be so intermingled and so commingled that it will be difficult to determine where the jurisdiction or administrative authority of a fact-finding body terminates and the judicial functions of the courts begin. Questions of fact not infrequently become questions of law, and, as indicated, the duties of the courts and of the Interstate Commerce Commission may not always be clearly defined.

The measure, as I have indicated, deals with a wide range of subjects and contains provisions of great importance. my opinion, but few Members of the Senate have read the bill and fewer Members are familiar with all of its provisions. The bill covers 76 pages of printed matter, and its announced purpose is to protect railroads engaged in interstate commerce from the dangers of unsound financial structures; also to establish questions of procedures and standards for the financial rehabilitation of interstate railroads as well as for other purposes. It provides for a railroad reorganization court whose jurisdiction extends to any property involved, no matter where located. It is to be known as a railroad reorganization court and shall exercise all the powers of district courts of the United States and the circuit courts of appeals. It is to take over all proceedings now pending in the courts. The bill creates a new judicial body authorized to appoint a large staff, including marshals, clerks, investigators, and so forth.

May I say in passing that Congress has been most generous in the creation of Federal agencies, endowing them with great power and providing them with an ever-increasing number of officials and employees. The Constitution provides for a Federal judiciary, and Congress has not, as I have stated, been unmindful of the importance of providing judicial machinery to meet the growing economic, industrial, and political needs of the people. I think it may be said that the Federal courts have performed their duties with ability and maintained a high standard of judicial integrity. No human institution is perfect, and judges, as well as legislators and persons in other spheres of life, are not free from imperfections, but I think it may be said that the Federal judiciary system has met with ability and honor the responsibilities resting upon it. I do not mean to contend that the conduct of every judge has been free from criticism, but I think that it may be safely said that their record for probity, integrity, and ability has not been surpassed,

if it has been equaled, by those in other departments of the Government.

There has been criticism of the delays in dealing with the reorganization of the railroads, and occasionally courts are criticized for not promptly disposing of cases before them. In my opinion delays may, in most instances, be chargeable to litigants and their companies. In many bankruptcy and receivership cases delays are to be attributed not to the courts but to those litigants and those interested in the litigation. In many receivership cases parties interested, including bondholders, creditors, and stockholders, are averse to the prompt disposition of proceedings by the sale of assets of the corporation or the winding up of the receivership. They hope that conditions may develop by delay, and wise and judicious handling of the assets of the corporation reorganization may result advantageously to both creditor and stockholder. It is not an easy task to deal with railroads which are in financial straits. As indicated, all interested parties-bondholders, stockholders, and the public generallyare interested in conserving the assets and in restoring the corporation to a condition where it will be able to operate and perform the purposes for which it was organized. It is quite likely that in some cases the expectations of the parties interested were not realized, and that prompt liquidation of the assets or prompt reorganization would have been the wiser and better course.

In a colloquy with one of the Senators a few moments ago I stated that in some instances the condition of the railroads was such as to call for prompt reorganization, and even to accomplish that result, foreclosure proceedings, followed by a sale of the assets, was the wiser course to follow. However, as I have indicated, there is usually great reluctance to adopt drastic steps calling for bankruptcy proceedings, including the sale of the assets of the defaulting organizations.

Mr. President, it seems to me that unsatisfactory as is the condition of many of the railroads, the situation does not require legislation such as that contemplated in the bill before us. I do not believe it necessary to create a new court to deal with the railroad situation. The Interstate Commerce Commission's powers to deal with the railroads are very great, and with the authority that the Federal courts possess there is not sufficient reason to enact a measure such as the one under consideration.

I am not blaming the courts for the delays in the settlement of many of those questions which have been before them. I do not think the judges to be appointed would be any different from those who now preside over our courts. As I have indicated, they will have the same weaknesses and the same virtues. They will be characterized by the same judicial knowledge or lack of judicial knowledge. I am willing to trust the judges now upon the bench.

Moreover, I am not in favor of a policy of bringing these railroad controversies to Washington. For instance, if there is a controversy in Maine, or in Massachusetts, or in California, or in Minnesota over some railroad, I see no reason why the trial of the controversy should be transferred to the District of Columbia.

Mr. AUSTIN. Mr. President, will the Senator yield?

Mr. KING. I yield.

Mr. AUSTIN. I think the Senator from Utah is speaking under a misapprehension concerning the significance of the bill. The trials in reorganization cases, where it is necessary to hold hearings, are not transferred to Washington by the provisions of the bill. Jurisdiction is transferred to Washington, but the work of handling the matters with respect to operation of the matters shall remain where it is now. is peremptory, and only that part related to other things besides operation is left in the discretion even of the Railroad Reorganization Court. So it seems to me that it does not appear that the business of reorganizations of railroads is all coming down here to Washington to be tried. In these cases where it has been started elsewhere it is quite likely that both matters-that is, matters of operation and matters not of operation-will be left where they are for those district judges to finish.

Mr. KING. I assume from what the Senator from Vermont said that he is proceeding upon the theory that there will be no further litigation, just winding up the cases that are now pending. I have no doubt there will be future litigation.

Mr. AUSTIN. Mr. President, will the Senator again yield? Mr. KING. Yes; I yield.

Mr. AUSTIN. There is also provision relating to future cases, permitting the reorganization court to impose upon any district judge anywhere in the land this work which is of a local character.

Mr. KING. I am familiar with that provision, and I was about to advert to the fact that the bill recognizes the unwisdom perhaps of bringing all litigants in all controversies to the Capital of the Nation, and therefore it gives the right to impose upon district judges who are now upon the bench. or those who may be subsequently called to judicial positions, to dispose of questions arising in their respective jurisdictions.

Mr. MINTON. Mr. President, will the Senator yield?

Mr. KING. I yield.

Mr. MINTON. The Senator said "all controversies." He means all controversies with reference to reorganization?

Mr. KING. Yes.

Mr. President, there are many other objections to the bill which I shall not take the time of the Senate to delineate. It seems to me under all the circumstances that there is no reason for the creation of another court. I know the disposition of the Congress to create more bureaus and more Federal organizations, and to multiply the large personnel now existing in the Federal Government. It seems to me that the present judicial system, with all its imperfections and all human institutions have their imperfections—is adequate to meet our social, our political, our industrial, and our economic needs. Therefore, Mr. President, without taking any further time of the Senate, I announce my purpose to vote against the bill.

The PRESIDING OFFICER. The question is on agreeing to the amendment in the paragraph on page 48, line 24. The amendment was agreed to.

The next amendment was, on page 49, line 19, after the word "debtor", to insert "or the railroad corporation in receivership"; on page 50, line 1, after the word "debtor" to insert "or the railroad corporation in receivership"; in line 11, after the word "debtor", to insert "to the railroad corporation in receivership"; in line 13, after the word "debtor", to insert "or the railroad corporation in receivership"; in line 15, after the word "debtor", to insert "or the railroad corporation in receivership"; in line 17, before the word "shall", to insert "or the railroad corporation in receivership"; in line 22, after the word "hereunder", to insert "the receiver or receivers"; in the same line, after the word "debtor", to insert "the railroad corporation in receivership"; in line 24, after the word "debtor", to insert "or of the rail-road corporation in receivership"; on page 51, line 2, after the word "debtor", to insert "or the railroad corporation in receivership"; in line 4, after the word "trustees", to insert a comma and "receiver or receivers"; in line 6, after the word "trustees", to insert "receiver or receivers"; on page 52, line 7, after the word "the" where it occurs the first time, to strike out "debtor or" and insert "debtor"; in line 8, after the word "trustees", to insert "or by the receiver or receivers"; and in line 11, after the word "debtor", to insert "or the railroad corporation in receivership", so as to read:

(f) Upon confirmation by the court the provisions of the plan and of the order of confirmation shall, subject to review as p vided in section 8 of the Railroad Reorganization Act of 1939, vided in section 8 of the Railroad Reorganization Act of 1939, be binding upon the debtor or the railroad corporation in receivership, all stockholders thereof, including those who have not, as well as those who have, accepted it, and all creditors secured or unsecured, whether or not adversely affected by the plan, and whether or not their claims shall have been filed, and, if filed, whether or not approved, including creditors who have not, as well as those who have, accepted it. Upon confirmation of the plan, the debtor, or have, accepted it. Upon confirmation of the plan, the debtor, or the railroad corporation in receivership, and any other corporation or corporations organized or to be organized for the purpose of carrying out the plan, shall have full power and authority to, and

shall put into effect and carry out the plan and the orders of the court relative thereto, under and subject to the supervision and the control of the court, the laws of any State or the decision or order of any State authority to the contrary notwithstanding. The property dealt with by the plan, when transferred and conveyed to the debtor, to the railroad corporation in receivership, or to the other corporation or corporations provided for by the plan, or when retained by the debtor, or the railroad corporation in receivership, pursuant to the plan, shall be free and clear of all claims of the debtor or the railroad corporation in receivership and creditors, and the debtor or the railroad corporation in receivership. stockholders and creditors, and the debtor or the railroad corpora-tion in receivership shall be discharged from its debts and lia-bilities, except such as may consistently with the provisions of the plan be reserved in the order confirming the plan or directing such transfer and conveyance or retention, and the court may require the trustee or trustees appointed hereunder, the receiver or receivers, the debtor, the railroad corporation in receivership, any mortgagee, the trustee of any obligation of the debtor or of the railroad corporation in receivership, and all other proper and necessary parties, to make any such transfer or conveyance, and may require the debtor or the railroad corporation in receivership to join in any such transfer or conveyance made by the trustee or trustees, receiver or receivers. Upon the termination of the proceedings a final decree shall be entered discharging the trustee or trustees, receiver or receivers, and making such provisions as may be equireceiver or receivers, and making such provisions as may be equitable, by way of injunction or otherwise, and closing the case. Upon confirmation of a plan in a proceeding under this section or in a receivership in a Federal court, the Commission shall, without further proceedings, grant authority for the issue of any securities, assumption of obligations, transfer of any property, sale, consolidation, or merger of the property of the debtor or the railroad corporation in receivership, or pooling of traffic, to the extent contemplated by the plan, if the Commission has found or finds, on the basis of the record in the proceeding before it, all matters required as conditions of the grant of such authority by the Interstate Commerce Act, as now or hereafter amended or by matters required as conditions of the grant of such authority by the Interstate Commerce Act, as now or hereafter amended or by any other law of the United States other than the Bankruptcy Act. The provisions of title I and of section 5 of the Securities Act of 1933, as amended, shall not apply to the issuance, sale, or exchange of any of the following securities, which securities and transactions therein shall, for the purposes of said Securities Act, be treated as if they were specifically mentioned in sections 3 and 4 of the said Securities Act, respectively: (1) All securities issued pursuant to any plan of reorganization confirmed by the court in accordance with the provisions of this section; (2) all securities issued pursuant to such plan for the purpose of raising money for working capital and other purposes of such plan; (3) all securities issued by the debtor, by the trustee or trustees, or by the receiver or receivers pursuant to subdivision (c), clause (3), of this section; (4) all certificates of deposit representing securities this section; (4) all certificates of deposit representing securities of, or claims against, the debtor or the railroad corporation in receivership, with the exception of such certificates of deposit as are issued by committees not subject to subsection (p) hereof. The provisions of subdivision (a) of section (14) of the Securities Exchange Act of 1934 shall not be applicable with respect to any action or matter which is within the provisions of subsection (b) beref (p) hereof.

The amendment was agreed to.

The next amendment was, on page 52, line 20, after the word "proceeding", to insert "instituted", so as to read:

(g) If in the light of all the existing circumstances there is undue delay in a reasonably expeditious reorganization of the debtor in a proceeding instituted under this section, the court, in its discretion, shall, on motion of any party in interest or on its own motion, after hearing and after consideration of the recommendation of the Commission, if any, dismiss the proceedings. Upon the filing of such an order of dismissal, all right, title, or interest of the trustee or trustees shall vest by operation of law in the debtor unless otherwise provided by such order.

The amendment was agreed to.

The next amendment was, on page 53, line 14, after the article "a", to strike out "debtor" and insert "railroad corporation"; in line 15, after the article "a", to strike out "Federal or"; in line 18, after the word "such", to strike out "debtor, or its creditors" and insert "railroad corporation, or its creditors"; in line 19, after the word "section", to insert "and it shall be the duty of the railroad corporation to file such a petition if it is insolvent or unable to meet its debts as they mature"; on page 54, line 6, after the word "court" and the period, to insert "If the railroad corporation fails to file such petition in compliance with the duty imposed by the foregoing sentence, the petition shall be filed by the Commission in the name of such corporation"; on page 54, line 11, after the word "prior", to strike out "or subsequent"; in line 12, after the word "this", to strike out "section and" and insert "section"; in the same line, after the word "of", to strike out "such proceeding" and insert "a proceeding instituted"; in line 18, after the word "property", to strike

out "within the territorial jurisdiction of such Federal or State court to the prior receiver or trustee, if a prior receiver or trustee has been so appointed by such Federal or State court, or to a receiver or trustee appointed by such Federal or State court" and insert "to a receiver whom it shall appoint, who may be the person appointed as trustee under this section", so as to read:

(i) If a receiver or trustee of all or any part of the property of a railroad corporation has been appointed by a State court, whether before or after this amendatory section takes effect, a petition or answer may be filed under this section at any time thereafter by such railroad corporation, or its creditors, as provided in subsection (a) of this section, and it shall be the duty of the railroad corporation to file such a petition if it is insolvent or unable to meet its debts as they mature, and if such petition is approved, the trustee or trustees appointed under this section, or the debtor until such trustee or trustees are appointed, shall be entitled forthwith to possession of and be vested with title to such property, and the court shall make such orders as it may deem equitable for the protection of obligations incurred by the receiver or receivers or prior trustee or trustees and for the payment of such reasonable administrative expenses and allowances in the prior proceedings as may be fixed by the court. If the railroad corporation fails to file such petition in compliance with the duty imposed by the foregoing sentence, the petition shall be filed by the Commission in the name of such corporation. Whether or not a receiver or trustee has been appointed by a Federal or State court prior to the institution of a proceeding under this section, upon the dismissal of a proceeding instituted under this section, the court may include in the order of dismissal appropriate provisions directing the trustee or trustees, or the debtor if no trustee has been appointed, at the time of such order of dismissal, to transfer possession of the debtor's property to a receiver whom it shall appoint, who may be the person appointed as trustee under this section, upon such terms as son appointed as trustee under this section, upon such terms as the court in the proceeding under this section may deem equitable for the protection of the obligations incurred by any trustee or trustees appointed under this section, or by the debtor while in possession on behalf of the court prior to the appointment of a trustee, and for the payment of administrative expenses and allowances in the proceeding hereunder. Upon the filing of such order of dismissal all title to the property in the trust estate shall vest as therein provided. For the purposes of this section the words "Federal court" shall include the Railroad Reorganization Court, the district courts of the United States and of the Territories and possessions to which this title is or may hereafter be applicable, the District Court of the United States for the District of Columbia. the District Court of the United States for the District of Columbia, and the United States Court of Alaska.

The amendment was agreed to.

The next amendment was, on page 55, line 15, after the word "suits", to strike out "against the debtor"; in line 17, after the word "debtor", to insert "or the railroad corporation in receivership"; in line 19, after the word "stay", to insert "for a reasonable time"; in line 20, after the word "judicial", to insert "or nonjudicial"; on page 56, line 2, after the word "Proceedings", to insert "instituted or continued"; in line 3, before the word "section", to insert "this"; in the same line, after the numerals "77", to strike out "or under this amendatory act" and insert "as amended"; in line 6, after the numerals "77", to insert "or any amendment thereof"; and in line 14, after the word "debtor", to insert "or the railroad corporation in receivership", so as to read:

(j) In addition to the provisions of section 11 of this act for the staying of pending suits, the court may enjoin or stay the commencement or continuation of suits against the debtor or the railroad corporation in receivership until after final decree; and may, upon notice and for cause shown, enjoin or stay for a reasonable time the commencement or continuance of any judicial or nonjudicial proceeding to enforce any lien upon the estate until after final decree: Provided, That suits or claims for damages caused by the operation of trains, busses, or other means of transportation may be filed and prosecuted to judgment in any court of competent jurisdiction and any order staying the prosecution of any such cause of action or appeal shall be vacated. Proceedings instituted or continued under this section 77 as amended shall not be grounds for the removal of any cause of action to the United States district court which was not removable before the passage and approval of said section 77 or any amendment thereof and any order removing any cause of action or enjoining the prosecution of any such cause of action in any court is null and void, and any cause of action heretofore removed from a State court on account of said section 77 shall be remanded to the court from which it was removed. The title of any owner, whether as trustee or otherwise, to rolling stock equipment leased or conditionally sold to the debtor or the railroad corporation in receivership, and any right of such owner to take possession of such property in compliance with the provisions of any such lease or conditional sale contract, shall not be affected by the provisions of this section.

The amendment was agreed to.

The next amendment was, on page 56, line 21, after the word "proceeding", to insert "instituted or continued"; and on page 57, line 5, after the word "impart" and the period, to insert "In any case where a State law requires evidence of corporate action or proceedings to be filed or recorded in any public office, certified copies of the orders or decrees of the court confirming the plan and disposing of the estate of the debtor or the railroad corporation in receivership shall be so filed and recorded in lieu of such evidence and with equal force and effect", so as to read:

(k) A certified copy of the final order confirming a plan of reorganization, or of any other order or decree entered in a proceeding instituted or continued under this section, shall be evidence of the jurisdiction of the court, the regularity of the proceedings, and the fact that the order or decree was made. A certified copy of an order directing the transfer and conveyance of the property dealt with by the plan as provided in subsection (f) of this section, or as specified in an order dismissing the proceedings as provided in subsection (i), shall be evidence of the transfer and conveyance of title accordingly, and if recorded shall impart the same notice that a deed, if recorded, would impart. In any case where a State law requires evidence of corporate action or proceedings to be filed or recorded in any public office, certified copies of the orders or decrees of the court confirming the plan and disposing of the estate of the debtor or the railroad corporation in receivership shall be so filed and recorded in lieu of such evidence and with equal force and effect.

The amendment was agreed to.

The next amendment was, on page 57, line 13, after the word "proceedings", to insert "instituted or continued"; in line 14, after the word "section", to strike out "and" and insert "to the extent"; in line 16, after the word "debtor", to insert "or the railroad corporation in receivership"; in line 18, after the word "debtor", to insert "or such corporation"; in line 21, after the word "petition", to insert "or the petition of its creditors, or the corresponding pleading in a receivership"; and in line 23, after the word "filed", to insert "and as if a railroad corporation could be a bankrupt", so as to read:

(1) In proceedings instituted or continued under this section to the extent consistent with the provisions thereof, the jurisdiction and powers of the court, the duties of the debtor or the railroad corporation in receivership, and the rights and liabilities of creditors, and of all persons with respect to the debtor or such corporation and its property, shall be the same as if a voluntary petition for adjudication had been filed and a decree of adjudication had been entered on the day when the debtor's petition or the petition of its creditors, or the corresponding pleading in a receivership was filed and as if a railroad corporation could be a bankrupt.

The amendment was agreed to.

The next amendment was, on page 58, line 14, after the word "corporation" and the period, to strike out "Wherever the context permits, the term 'debtor' shall include a railroad corporation in receivership, the term 'receiver' shall include a trustee appointed under this section, the term 'trustee' shall include a receiver, and the term 'proceeding under this section' shall include a receivership", so as to read:

(m) The term "railroad corporation" as used in this amendatory section means any common carrier by railroad engaged in the transportation of persons or property in interstate commerce, except a street, a suburban, or interrurban electric railway which is not operated as a part of a general railroad system of transportation or which does not derive more than 50 percent of its operating revenues from the transportation of freight in standard steam railroad freight equipment. Wherever used in this section the term "person" shall include an individual, corporation, partnership, association, joint-stock company, unincorporated organization, or a government or political subdivision thereof. The term "receivership" as used in this section means any receivership proceeding against a railroad corporation.

The amendment was agreed to.

The next amendment was, on page 58, line 20, after the word "proceedings", to insert "instituted or continued"; on page 59, line 2, after the word "corporation", to insert "or receiver"; in line 6, after the word "judge", to strike out "or court, or" and insert "court", so as to read:

(n) In proceedings instituted or continued under this section, claims for personal injuries to employees of a railroad corporation, claims of personal representatives of deceased employees of a railroad corporation, arising under State or Federal laws, and claims now or hereafter payable by sureties upon supersedeas, appeal,

attachment, or garnishment bonds executed by sureties without security for and in any action brought against such railroad corporation or receiver or trustee appointed pursuant to this section, shall be preferred against and paid out of the assets of such railroad corporation as operating expenses of such railroad. No judge, court, trustee, or receiver shall change the wages or working conditions of railroad employees except in the manner prescribed in the Railway Labor Act, as amended June 21, 1934, or as it may be hereafter amended. No reorganization effected under this act or in a receivership and no order of the court or Commission in connection therewith shall relieve any carrier from the obligation of any final judgment of any Federal or State court rendered prior to January 1, 1929, against such carrier or against one of its predecessors in title, requiring the maintenance of offices, shops, and roundhouses at any place, where such judgment was rendered on account of the making of a valid contract or contracts by such carrier or one of its predecessors in title.

The amendment was agreed to.

The next amendment was, on page 59, line 19, after the word "trustees", to insert "receiver or receivers"; in line 21, after the word "debtor", to insert "or the railroad corporation in receivership"; in line 24, after the word "the" where it occurs the second time, to strike out "debtor's"; in the same line, after the word "estate", to insert "of the debtor or such corporation"; on page 60, line 10, after the word "trustees", to insert "receiver or receivers"; in line 18, after the word "trustees", to insert "receiver or receivers", and in line 24, after the word "debtor", to insert a comma and "or the receiver or receivers", so as to read:

(o) The trustee or trustees, receiver or receivers, from time to time, shall determine what lines or portions of lines of railroad and what other property of the debtor or the railroad corporation in receivership, if any, should be abandoned or sold during the pendency of the proceedings in the interest of the estate of the debtor or such corporation and of ultimate reorganization but without unduly or adversely affecting the public interest, and shall present to the court petitions, in which other persons in interest may join, for authority to abandon or to sell any such property; and upon order of the court made after a hearing pursuant to such reasonable notice by publication or otherwise as the court may direct to persons in interest, authorizing any such abandonment or sale, but only with the approval and authorization of the Commission when required by the Interstate Commerce Act as amended February 28, 1920, or as it may be hereafter amended, the trustee or trustees, receiver or receivers, shall take all steps and carry out all proceedings necessary for the consummation of any such abandonment or sale in accordance with the order of the court. The court may order and decree any sale of property, whether or not incident to an abandonment, under this subsection at public or private sale and subject to or free from liens. The proceeds derived from any such sales shall be received by the trustee or trustees, receiver or receivers, subject, in case the property was sold free from lien, to any liens thereon at the time of sale, and shall be applied or disposed of in such manner as the court may determine to be equitable. The court may order the trustee or trustees of the debtor, or the receiver or receivers to deposit such proceeds with any mortgage trustee entitled thereto, to be applied in payment of all or part of such mortgage.

The amendment was agreed to.

The next amendment was, on page 67, line 1, after the word "of", to strike out "the"; in the same line, after the word "proceedings", to insert "instituted or continued"; in line 2, after the word "section", to strike out "and of receiverships"; and in line 4, after the word "indebtedness", to strike out "of debtor companies", so as to read:

(s) During the pendency of proceedings instituted or continued under this section, the court, in its sound discretion, shall order the payment of currently accruing interest on mortgage indebtedness, if adequately covered by earnings, in accordance with the principles permitting payment of interest in equity receiverships, to the extent that such payment is consistent with adequate maintenance of the property in respect of needs which existed at the time of the commencement of the proceeding and of needs arising during the proceeding.

The amendment was agreed to.

The next amendment was, on page 67, line 11, after the word "case", to insert "instituted or continued"; and in line 12, after the word "section", to strike out "or in any receivership in any Federal court", so as to read:

(t) The court may in any case instituted or continued under this section, where it appears useful, request the Commission to designate a member of its staff to act as mediator between persons in interest to facilitate formulation and acceptance of plans. The mediator may utilize the staff, records, and facilities of the Commission, and may consult and confer with any persons in interest

or their duly authorized representatives. He may exercise all powers of investigation vested in the Commission and may file reports with the Commission and the court. A member of the staff of the Commission so designed to act as mediator shall not confer with the Commission in connection with such mediation nor participate in connection with any matter arising for determination by the Commission in any proceeding where he has acted as such mediator.

The amendment was agreed to.

The next amendment was, on page 63, line 6, after the word "section", to strike out "or in any proceeding for the reorganization of a railroad corporation (including specifically but not exclusively proceedings for postponements or modifications of debt, interest, rent, or maturities or modifications of capital structures) under the Bankhead Act, as now or hereafter amended, or any other Federal law"; in line 17, after the word "amended" and the period, to strike out "Railroad corporations as defined in this section are affected with a national public interest in that among other things (i) they are engaged in a common-carrier service of transportation of persons and property in interstate commerce, and are important purchasers of materials and equipment whose manufacture, sale, and transportation influence a substantial volume of interstate commerce; (ii) their securities are widely marketed and distributed by means of the mails and instrumentalities of interstate commerce and are sold to a large number of investors in different States; (iii) their activities extending over many States are not susceptible of effective regulation by any State and make difficult, if not impossible, effective State regulation thereof; (iv) they are essential instruments of the national defense; (v) transactions in, and market prices of their securities materially affect the national credit, the Federal taxing power, the national banking system, the Federal Reserve System, and the maintenance of fair and honest markets in transactions in and affecting interstate commerce; and involve the use of credit of, and directly affect the financing of trade, industry, and transportation in interstate commerce and influence the volume of interstate commerce. That national public interest is materially and adversely affected by the insolvency or inability of such railroad corporations to meet their maturing obligations and by their need for financial reorganization. Such insolvency, inability, and need reduce the volume of employment by such railroads and the compensation paid their employees, their purchases of material and equipment needed in interstate commerce and the adequacy of maintenance of their properties used in interstate commerce, with resulting impairment of their service and the public safety in interstate commerce, and impair the transactions in and markets for their securities. and jeopardize the national defense. National emergencies which produce widespread unemployment and the dislocation of trade, transportation, and industry, and which burden interstate commerce, affect the general welfare and impair the national defense, are precipitated, intensified, and prolonged by such insolvency, inability, and need. Such insolvency, inability, and need result from unsound financial structures and unsound financial reorganizations which have been persistent"; on page 70, line 9, after the word "eliminate", to strike out "such", and in the same line, after the word "structures", to insert "of railroad corporations", so as to read:

(u) (1) It is the policy of the United States in the regulation of interstate commerce, as well as in the exercise of power, to provide for the national defense, to enact bankruptcy laws, and to regulate the jurisdiction of the Federal courts, that plans made effective pursuant to the provisions of this section, or in any receivership in any Federal court, shall provide capital structures for the reorganized companies such as may be required to enable them edecuted by the perform their common carrier services and shall be the reorganized companies such as may be required to enable them adequately to perform their common-carrier service, and shall be consistent with the provisions and purposes of the Interstate Commerce Act as now or hereafter amended. It is hereby declared to be the policy of the United States to eliminate unsound financial structures of railroad corporations and to promote and encourage sound financial reorganizations such as will not be followed by recurring insolvencies, inability to meet maturing obligations, or need for further financial reorganization. need for further financial reorganization.

The amendment was agreed to.

The next amendment was, on page 70, line 15, after the word "section", to strike out "or in any proceeding for the reorganization of a railroad corporation (including specifically but not exclusively proceedings for postponements or modifications of debt, interest, rent, or maturities or modifications of capital structures) under the Bankruptcy Act, as now or hereafter amended, or any other Federal law"; in line 20, after the word "if", to strike out "there is substantial reason to believe" and insert "it appears upon substantial evidence"; on page 71, line 4, after the word "not", to insert "at all times"; in line 19, after the word "property", to insert "included in the assets of the reorganized company"; in line 21, after the word "annual", to strike out "earnings" and insert "net railway operating income"; in line 22, after the word "of", to strike out "the property" and insert "any railway operating property so included, plus the expectable future average annual net earnings from other sources, if any"; on page 72, line 1, after the word "some", to insert "net", so as to read:

(2) No plan shall be made effective under this section, or in any

receivership if it appears upon substantial evidence

(a) That the fixed charges thereunder (of whatsoever nature, including fixed charges on debt, amortization of discount on debt, and rent for leased railroads) are in such amount that, after due consideration of the probable prospective earnings of the property in the light of its earnings experience and of such changes as may reasonably be expected, there will not at all times be adequate coverage of such fixed charges by the probable earnings available for the payment thereof; or

(b) That the reorganized company under such plan will in the reasonably foreseeable future be insolvent or unable to meet its debts as they mature, or in need of further reorganization in the public interest; or

(c) That the plan leaves inadequate means for such future financing as may be requisite and possible, or that the effect of any future financing, or of the exercise of any options, warrants, or other rights, for which provision is made in the plan will be to create a capital structure not in conformity with the policy and standards set forth in this subsection; or

(d) That in the light of the earnings experience of the property included in the assets of the reorganized company and of such changes as may reasonably be expected, the expectable future averchanges as may reasonably be expected, the expectable future average annual net railway operating income of any railway operating property so included, plus the expectable future average annual net earnings from other sources, if any, would be insufficient to provide some net earnings applicable to, though not necessarily distributable to, every class of securities of the reorganized company under such plan, other than options or warrants to receive or subscribe for securities of the reorganized company; or

The amendment was agreed to.

The PRESIDING OFFICER. The next amendment has been heretofore amended on motion of the Senator from Vermont [Mr. Austin], and as amended will be stated.

The CHIEF CLERK. On page 72, line 18, it is proposed to insert a proviso reading as follows: "Provided, That the provisions of this subdivision (2) of subsection (u) shall not be construed to prevent approval or confirmation by the court of a plan approved by the Commission and certified to the court prior to the effective date of the amendment made by section 9 of the Railroad Reorganization Act of 1939, or as provided in said section 9, prior to the expiration of 9 months following the enactment of said Railroad Reorganization Act of 1939, in accordance with the provisions of subsection (d) of section 77 of the Bankruptcy Act as they existed prior to such amendment", so as to read:

(e) That the total capitalization, fixed charges, amount of fixed interest-bearing debt, cumulative contingent charges, noncumulative contingent charges, amount of contingent interest-bearing debt or cumulative dividend requirements provided under the plan, or any of them, are in excess of the maximum to which the property may safely be subjected consistently with the policy and standards set forth in this subsection, and with any determination of value which may have been made pursuant to the next to the last paragraph of subsection (e), all after due consideration of the probable prospective earnings of the property in the light of its carnings experience and of such chapters are more recombiled. probable prospective earnings of the property in the light of its earnings experience and of such changes as may reasonably be expected: Provided, That the provisions of this subdivision (2) of subsection (u) shall not be construed to prevent approval or confirmation by the court of a plan approved by the Commission and certified to the court prior to the effective date of the amendment made by section 9 of the Railroad Reorganization Act of 1939, or as provided in said section 9, prior to the expiration of 9 months following the enactment of said Railroad Reorganization Act of 1939, in accordance with the provisions of subsection (d) of section 77 of the Bankruptcy Act as they existed prior to such amendment.

The amendment as amended was agreed to.

The next amendment was, on page 73, line 3, after the word "annual", to strike out "earnings of the" and insert "net railway operating income of any railway operating"; in line 4, after the word "average", to strike out "earnings of the property during the 6" and insert "thereof during the 12": in line 10, before the word "will", to strike out "earnings" and insert "net railway operating income"; in the same line, after the word "such", to insert "past"; and in line 11, after the word "average", to strike out "earnings", so as to read:

(3) For the purposes of this section, it shall be a rebuttable presumption that the expectable future average annual net rall-way operating income of any railway operating property will not exceed the annual average thereof during the 12 calendar years preceding the date of the close of hearings by the Commission on any matter to which such presumption may be relevant: Pro-vided, That there shall be no presumption that the expectable future average annual net railway operating income will equal such past average.

The amendment was agreed to.

The next amendment was, on page 73, line 13, after the word "section", to strike out "or in any proceeding for the reorganization of a railroad corporation (including specifically but not exclusively proceedings for postponements or modifications of debt, interest, rent, or maturities or modifications of capital structures) under the Bankruptcy Act, as now or hereafter amended, or any other Federal law", so as to read:

(4) No plan shall be made effective under this section or in any receivership unless the Commission has found that with respect to voting rights in the reorganized company, with respect to con-trol of the reorganized company and with respect to the power and manner of selection of the persons who are to be directors, officers or voting trustees, if any, upon the consummation of the plan and their respective successors, it includes provisions which are equi-table, compatible with the interests of creditors and stockholders, and consistent with public policy.

The amendment was agreed to.

The next amendment was, under the heading "Separability of provisions", on page 74, line 13, after the word "thereof" to insert "or any amendment made thereby"; in line 14, after the word "provision", to insert "or such amendment"; in line 16, after the word "section", to insert "and of such amendment"; and in line 17, after the word "provision", to insert "or such amendment", so as to make the section read:

Sec. 11. If any provision of this act or of any section thereof or any amendment made thereby or the application of such provision or such amendment to any person or circumstances shall be held invalid, the remainder of the act and of such section and of such amendment and application of such provision or such amendment. ment to persons or circumstances other than those as to which it is held invalid shall not be affected thereby.

The amendment was agreed to.

The next amendment was, under the heading "Certification of questions"; on page 75, line 7, after the name "Commission", to insert "in any proceeding within the jurisdiction of the Railroad Reorganization Court"; and in line 12, after the word "it", to insert "under section 77 of the Bankruptcy Act", so as to make the section read:

Sec. 12. Notwithstanding any other provision of law, the Rail-road Reorganization Court may certify to the Interstate Com-merce Commission at any time any questions of fact concerning which, in the epinion of said court, findings by the Commission are necessary or appropriate for the determination of any matter pending before it, and such findings of fact by said Commission, after due notice and hearing (which may be modifications of earlier findings), shall be certified by the Commission to the court, together with the record on which based, and if supported by substantial evidence, shall be conclusive. Notwithstanding any other provision of law, said Commission, in any proceeding within the jurisdiction of the Railroad Reorganization Court, may certily to said court at any time any questions of law concerning which, in the opinion of said Commission, instructions are necessary or appropriate for the proper determination of any matter pending before it under section 77 of the Bankruptcy Act and the court shall, after due notice and hearing embody such instructions

The amendment was agreed to.

The next amendment was, under the heading "Reorganization plans", on page 75, line 24, after the word "by", to insert "section 9 of"; on page 76, line 1, after the word "on", to strike out "its" and insert "the"; and in line 2, after the word "date", to insert "of such amendment", so as to make the section read:

SEC. 14. The amendment made by section 9 of this act shall, except as otherwise specifically provided, be applicable with respect to proceedings pending on the effective date of such amendment: Provided, That this act shall not invalidate any action taken before the effective date of such amendment pursuant to section 77 of the Bankruptcy Act as it existed prior to such date or any action taken in any receivership proceeding against any railroad corpora-tion in any court, State or Federal, prior to such date.

The amendment was agreed to.
The PRESIDING OFFICER. That completes the committee amendment.

The bill is still before the Senate and open to further amendment.

Mr. HATCH. Mr. President, I suggest that the Senator from Colorado [Mr. Adams] offer the amendment which he has prepared on the jurisdictional question.

Mr. ADAMS. Mr. President, the amendment I wish to offer is to strike out, on page 2, lines 6, 7, 8, 9, and 10, down to and including the word "circuit" in line 11. That would remove the roving and assignable character of the judges.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. CLARK of Missouri. I am entirely in sympathy with the amendment of the Senator from Colorado. As a matter of fact, I myself had written out and intended to offer the same amendment, but I have an amendment which I desire to offer to an earlier portion of the bill, which it seems to me might readily be considered before the amendment of the Senator from Colorado, although if the Senator from Colorado desires to proceed I shall be glad to have him do so.

My first amendment, Mr. President, would be to strike out, in line 6, page 1, the words "Court of the United States", and insert in lieu thereof the word "tribunal."

The purpose of the bill is to vest the new institution with the character of a Federal court.

Mr. ADAMS. Mr. President, I suggest to the Senator from Missouri that I should like to have my amendment considered first. I think that is the more appropriate order.

Mr. CLARK of Missouri. I shall be glad to have the Senator proceed.

The PRESIDING OFFICER. The amendment offered by the Senator from Colorado will be stated.

The CHIEF CLERK. On page 2, line 6, after the words "during good behavior", it is proposed to strike out-

and shall as occasion therefor may arise and their engagements in the work of the Railroad Reorganization Court will permit, be designated and assigned by the Chief Justice of the United States for temporary service in the district court for any district or the circuit court of appeals for any circuit.

Mr. WHEELER. Mr. President, I have no particular objection to this amendment. However, I must confess that I think it would be better to leave in the language than to strike it out. In my judgment, the amendment would not affect the bill one way or the other. I am much more interested in the general principles laid down in the bill than I am in the tenure of the judges, or where they might be sent. I have no particular interest in the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Colorado.

The amendment was agreed to.

Mr. CLARK of Missouri. Mr. President, on page 1, line 6, I move to amend the bill by striking out the words "court of the United States" and inserting in lieu thereof the word

Mr. WHEELER. Mr. President, I certainly object to that amendment, because the purpose is to make the new institution a court of the United States; and if we set it up simply as a tribunal it seems to me we would change the whole tenor of it.

What we are doing is setting up a court and providing for the appointment of judges. It seems to me that to say that "a tribunal is hereby created to be known as the Railroad Reorganization Court" would be to say to the President of the United States, "Do not appoint any judges; appoint anyone you wish."

I want to see high-class men appointed. To be frank, I want to see men appointed who have had judicial experience. I think the Senator from Missouri is doing the very thing he does not want to do. I think the amendment would

have a very bad effect.

We provide in the bill that the rules of equity, as laid down by the Supreme Court of the United States, shall prevail; and I think it would be very unwise from every standpoint to make this body a tribunal without making it a court of the United States.

Mr. CLARK of Missouri. Let me say very frankly to my friend, the Senator from Montana, that if this amendment is agreed to it is my purpose to follow it up with amendments divesting the tribunal of the character of a court.

Like the Senator from Idaho [Mr. Borahl, who so eloquently stated the matter this afternoon, I am not in favor of the principle of creating a special court having to do with railroad reorganizations. I think that principle is objection-

able from every standpoint.

If the pending amendment is adopted, I intend to follow it up by offering an amendment in lines 3 and 4, on page 2, to strike out the words "be of the rank", so as to read "who shall receive the compensation of circuit judges of the United States", rather than "who shall be of the rank and receive the compensation of circuit judges of the United States." If that amendment is agreed to, I intend to offer an amendment striking out the words "during good behavior" and inserting in lieu thereof the words "for a term of 9 years."

Mr. President, I am not willing to repeat the experience the United States had with the Commerce Court. I am not willing to have the experience of setting up a special court for a special interest which may turn out to be a national scandal. One judge might be impeached, as was Judge Archbald, and then we should have on our hands a court with the status of Federal judges who could not be disposed of except by special legislation authorizing them to be distributed among the judiciary of the United States.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. HATCH. The only thing I wish to interrupt the Senator for is to suggest, in line with the amendment he has offered, that the language in line 8, "shall be a court of record", should be stricken out to carry out his own thought.

Mr. CLARK of Missouri. I thank the Senator for the sug-

gestion.

Mr. AUSTIN. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. AUSTIN. I should like to ask a question. If I understand the proposal, its meaning would be to change the new office from a court into an independent executive body of some kind?

Mr. CLARK of Missouri. The Senator could not more accurately have expressed the intention of my amendment, and the subsequent amendments which I intend to offer.

Mr. AUSTIN. Will the Senator permit another question? Mr. CLARK of Missouri. I shall be very glad indeed to permit another question.

Mr. AUSTIN. The powers contained in the bill are judicial powers, are they not?

Mr. CLARK of Missouri. Mr. President, it is very difficult to understand what the powers contained in the bill are. If they are judicial powers, it occurs to me that the bill should have been reported from the Judiciary Committee, of which the Senator is an honored member, and which has particular jurisdiction over such matters. If the bill has reference to judicial powers, will the Senator explain to me how the bill came to be reported from the Committee on Interstate Commerce?

Mr. WHEELER. Mr. President, I shall be glad to explain how it came about.

The bill deals with railroads; and the Committee on Interstate Commerce has been dealing with the question of railroad reorganizations. The bill pertains to railroad reorganizations. We cannot divide up every petty larceny bill that comes before the Congress of the United States and fight over it, and dispute whether it should go to the Committee on Indian Affairs, the Committee on Agriculture and Forestry, or some other committee.

Mr. CLARK of Missouri. Mr. President-

Mr. WHEELER. The Senator asked for an answer, and I am giving it.

Mr. CLARK of Missouri. Mr. President, I am shocked. My friend the Senator from Montana refers to a bill which he himself introduced and reported as a "petty larceny bill."

Mr. WHEELER. The Senator is very easily shocked this afternoon.

Mr. AUSTIN. Mr. President, will the Senator yield to me for another question?

Mr. CLARK of Missouri. I yield to the Senator from Vermont.

Mr. AUSTIN. In asking this question, I am assuming that all bankruptcy matters involve proceedings in rem in a court of justice which determines property rights generally. They are always judicial proceedings, and a judicial power must be exercised in order to administer for the Congress the bankruptcy power, whether it be in the form of reorganization or in the form of a complete distribution of the property and a winding-up in liquidation.

If that assumption be correct, I ask the Senator from Missouri this question. Would not section 1 of Article III of the Constitution of the United States be a barrier to his

proposal? It reads as follows:

The judicial power of the United States shall be vested in one Supreme Court, and in such inferior courts as the Congress may from time to time ordain and establish.

Mr. CLARK of Missouri. I can answer the Senator very readily by saying that so long as there is an appeal provided to a proper judicial tribunal, no difficulty is presented. Many actions of Congress, including that which we took on yesterday in the passage of the transportation bill which was before us, contemplate action by a tribunal inferior to a court, set up by Congress, with a proper appeal to a court of competent jurisdiction. I do not think there can be any controversy on that question.

Mr. BARKLEY. Mr. President, will the Senator yield? Mr. CLARK of Missouri. I yield to the Senator from Kentucky.

Mr. BARKLEY. If a proceeding in bankruptcy is a proceeding in rem, as I think we are all prepared to concede, and is therefore a judicial question, how can we clothe a mere commission or tribunal with power to deal with questions of that sort in rem, so as to provide an appeal to some court?

Mr. CLARK of Missouri. Mr. President, it would have been very simple from a legal viewpoint if the Interstate Commerce Committee had started out with the idea in mind of providing a tribunal with advisory powers to advise the court.

Mr. BARKLEY. We are dealing with bankruptcy, reorganizations, and receiverships.

Mr. CLARK of Missouri. I am sure the Senator from Kentucky will not deny that over a period of many years the Congress has conferred on the Interstate Commerce Commission jurisdiction to deal with matters of bankruptcy, and to report them on proper occasions to the court.

Mr. WHEELER. Mr. President, if the Senator will pardon

Mr. CLARK of Missouri. I shall be glad to yield to the Senator from Montana.

Mr. WHEELER. What we are doing in this bill is trying to get away from the very suggestion the Senator is making. At the present time the Interstate Commerce Commission

is passing on judicial matters and legal matters. Some of the Commissioners themselves came before the committee and said they did not feel that they were in a position properly to pass upon them. So we say that the Commission shall pass upon the factual matters, and that a court shall pass upon the legal matters.

What the Senator from Missouri proposes is that the factual matters shall be passed upon by the Interstate Commerce Commission, and then that they shall be submitted to a tribunal which would really be another commission; and then what does he propose? He proposes that in certain instances the Commission shall have charge of and direct the Federal judges what to do; and then he proposes that by certiorari the matter may be reviewed by the United States Subreme Court.

Let me say that if the amendment should be adopted, the bill would be emasculated. We might just as well have no legislation at all as to have that provision in it. If that is what the Senator from Missouri seeks to do, let us have an understanding about it. Let us say that the railroads may go on and be run by a lot of crooked receivers and crooked trustees, and that we shall have no standards set up, and that the same old practices that have gone on in the past by the same crooked, faking lawyers will continue to go on. In some instances they were the ones who appeared before the committee, because they want their pet courts to appoint the receivers and the trustees. I am opposed to it.

The committee has made recommendations on the subject, and we have given a great deal of study to it. If the Senate wants to put the matter back in their hands and leave it there, let it be that way; but I want the Senator to understand that when he brings that about he is emasculating the bill

Mr. CLARK of Missouri. Mr. President, let me say to the Senator from Montana, with all due respect to his all-comprehensive knowledge on all subjects, which he has demonstrated here during the past 2 or 3 days, that many Senators are not willing to accept, willy-nilly, the mere declaration of his great wisdom, or the great wisdom of his committee, as concluding a subject. There are many Senators who have no more sympathy with the old and bad practices which have grown up in connection with railroad receiverships than has the Senator from Montana, who do not believe that the answer to this problem is setting up in the District of Columbia a reconstruction of the old Commerce Court to take jurisdiction of the whole United States, and to create a corps of flying judges to go around over the country as additional Federal judges.

Mr. President, since the Senator has brought up that matter, let me remind you that he says that anybody who does not accept his dictum at 5 o'clock on Friday afternoon, after a 1-day discussion of this tremendously important measure, is trying to assist the railroad holding corporations or somebody else in perpetuating a bad system. I am not willing to agree to such a statement. I listened this afternoon to the very able speech of the Senator from Idaho [Mr. BORAH]. I listened to nearly all of the speech of the Senator from Montana, which was very far from being convincing, in behalf of this particular measure. I say that when the Senator at 5 o'clock on Friday afternoon undertakes to make it appear that Senators who desire to discuss this matter more fully, and who desire to change the character of this tribunal even if it is necessary to recast the whole bill, are undertaking to perpetuate any evils which have heretofore existed, the Senator from Montana is not being fair.

Mr. WHITE. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. WHITE. What the Senator has just said is pre-

cisely along the lines I have been thinking.

The Senator speaks of recasting the entire bill. Without expressing an opinion as to the merits of the Senator's proposal, is it not true that if we accept the philosophy of the Senator from Missouri it will be necessary to rewrite the entire bill from cover to cover?

Mr. CLARK of Missouri. I think that is true.

Mr. WHITE. There is hardly a page in the bill which does not in express terms refer to judges, which does not treat this tribunal as a court, as a judicial body; a body which is to have authority to issue writs and processes; a body which is to function under rules promulgated by the Supreme Court of the United States, and under its own rules made in conformity with the rules of the Supreme Court of the United States; a body from which there is to be an appeal by certiorari to the Supreme Court of the United States.

It strikes me that if the philosophy of the Senator from Missouri is accepted as sound, we shall have to rewrite the bill page by page and line by line. Is not that true?

Mr. CLARK of Missouri. Mr. President, I say very frankly to the Senator from Maine that I think to a very large extent the proposition he has enunciated is true. If the theory and the philosophy exemplified in the amendment I have just offered and in the immediate amendments which I shall offer are adopted, I think probably it will be necessary for the whole bill to be recast. I think the whole bill should be recast.

With all due respect to any committee or to the chairman of any committee of this body, I do not think they have a right to come in here with what is almost a revolutionary measure and say to us, "You must sign on the dotted line, or else you are opposed to any reform." I say it is the business of the Senate of the United States to discuss measures and to determine on the proper theory.

It so happens that I hold the theory expressed here today by the Senator from Idaho [Mr. Borahl]. I think the Senate ought to take that theory into consideration, and, if necessary, without any reflection whatever on the Committee on Interstate Commerce, to recommit the bill, or to go through the bill paragraph by paragraph and amend it in accordance with what may be a contrary but better theory. I am perfectly frank to say that to the Senator.

Mr. WHITE and Mr. MINTON addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Missouri yield; and if so, to whom?

Mr. CLARK of Missouri. I am glad to yield to the Senator from Maine.

Mr. WHITE. Mr. President, will not the Senator agree that it would be an utterly impossible task to rewrite this bill on the floor of the Senate, section by section, paragraph by paragraph, and line by line?

Mr. CLARK of Missouri. I am perfectly frank to admit to the Senator from Maine that I think it would be a very difficult task. Nevertheless, when I consider that the whole theory and philosophy of a bill are wrong—as I consider that this bill establishing a new circuit court of appeals is wrong—I think it is the duty of the Senate, if necessary, either to take the time to consider it paragraph by paragraph, or to commit it to a proper committee to make changes in accordance with the views of the majority of the Senate.

I do not assume that I represent the view of the majority of the Senate in this matter. I am simply expressing my own view. I am offering, for the purpose of getting a vote on it, an amendment which expresses my own view, and I happen to know that it expresses the view of a good many other persons.

Let me say to my friend from Montana that when I offer that amendment I am not representing any railroads. I have had no suggestion from any railroads. I am simply opposed to establishing a new court. I was particularly opposed to the bill as it was reported to the Senate when it contained the provision for appointing several roving judges. That provision has been corrected by the amendment of the Senator from Colorado [Mr. Adams], which was just agreed to; but I am still just as much opposed as ever to creating a new court in the District of Columbia for the purpose of taking over the jurisdiction of courts in other parts of the country when I do not think it is necessary.

If it be true, as was suggested a while ago, that there are certain district courts whose handling of receiverships of railroad or other matters is reprehensible, I submit that a method is provided by the Constitution of the United States for dealing with them, and that if in such cases the present method is too cumbersome it is the right of the Congress to submit a constitutional amendment for the purpose of simplifying that process; but I still hold that that is no justification for the creation of a new and unnecessary court in the District of

Mr. WHEELER. Mr. President, I desire to say just one word, and that is that if the pending amendment is adopted it will emasculate the bill, and it will have to be rewritten.

There is not anything new in the suggestions which have been made by my friend the Senator from Missouri [Mr. CLARK]. Every one of these arguments was presented to the committee. Every one of them was very ably presented by lawyers representing trustees. Every one of them was presented before the committee for a considerable period of time by persons representing different trustees and referees

They stated that we should not take this jurisdiction away from the local courts, but it is being taken from the local courts, whereas, of course, the railroads are centered in particular cities, in New York, or Chicago, or St. Louis, or

some other place.

I have no fight with the lawyers who desire to keep the business in their particular districts, but I think the Senate has to look at this question not from a local standpoint, not from the standpoint of some lawyer in St. Louis, or in Chicago, or Boston, or New York, or Butte, Mont.; we have to look at it from the standpoint of the national interest; we have to look at it from the standpoint of the hundreds of thousands of investors in the railroads; we have to look at it from the standpoint of the good of the people, because the railroad industry is one of the industries of first magnitude in this country, and one-third of the roads are in the hands of the receivers or are in bankruptcy, and many of them are tottering on the brink.

Many of those opposed to the bill have been hanging around our committee. They have talked with us privately; they have advanced exactly the same arguments, both in the committee and outside of the committee, and I know where the arguments emanate; and I say that without reflection upon anyone at all. But I know the people who are opposed to the bill, and I know what their interests are.

I know why they are opposed to it.

There was not a single vote in the committee adverse to the bill, and it was given most careful consideration. I do not say that the Committee on Interstate Commerce has all the wisdom with reference to this matter; I certainly know I have not. Undoubtedly the Senator from Missouri knows much more about the problem than I do. I do not claim to be an expert on it. I do know, however, that we listened to impartial witnesses, many who are employed in the Government service, and who have given great consideration to this subject, representing institutions which have the Government's money invested in them to the extent of millions of dollars, institutions which are vitally interested in the proposed legislation from the standpoint of the Government and from the standpoint of the public, as distinguished from the special pleaders who come before the committee. These institutions of the Government favor the legislation, and favor it in its present form. I submit that it ought to be passed.

Mr. McKELLAR. Mr. President, will the Senator yield? Mr. WHEELER. I yield.

Mr. McKELLAR. I am wondering about one feature of the bill. If we establish a separate system of courts for railroads, will not the next step be to establish a separate system of courts for banks, and for insurance companies, and for other large industries or aggregations of industries? If we do this, should we not establish separate courts for agriculture and other lines of endeavor?

I was in the House of Representatives when Judge Archbald was impeached, and I remember the many questions which came up about our having a Commerce Court. It was then contended, along the line the Senator is now arguing, that a Commerce Court would be of tremendous advantage to the commerce of the country, that it would be of advantage to have judges who were particularly interested in commerce, and had had experience in such matters, that it would be for the benefit of the country. It was tried and it was found wanting. I am wondering where we will land if we undertake to furnish courts for particular interests. I think our whole system is based upon a system of courts.

I agree entirely with my distinguished friend, the Senator from Vermont, in his statement. I do not think the Constitution ever intended that we should have a system of courts for each particular interest in the country and that they could take their problems to special courts set up specifically for them. I think the courts should extend their activities to all kinds of cases. That is merely my view. I should like to hear the Senator from Montana discuss the

Mr. WHEELER. The only reason why this court is to be set up at this time is that there is a railroad problem before the country, as everyone recognizes.

Mr. McCARRAN. Mr. President, will the Senator yield? Mr. WHEELER. I should like to answer the question of

the Senator from Tennessee, but I yield.

Mr. McCARRAN. Within the last few years we have had some other bankruptcy problems which were even greater than the railroad problem. Suppose we set up a bankruptcy court for the moving-picture business, which has gone through more bankruptcies perhaps, than has any other one line of industry in the country. Suppose we set up another court to deal with section 77B, which is the reorganization section. Are we to set up a court for every one of those things? If we do, we might just as well commence setting up courts promiscuously.

Mr. WHEELER. I can answer both questions at the same time, because they refer to identically the same thing.

Mr. McKELLAR. Mr. President, will the Senator permit me to ask another question so that he can answer all three questions at the same time?

Mr. WHEELER. Certainly.
Mr. McKELLAR. I apologize to the Senator, to begin with, for not having examined the bill as I should have examined it, but under "Powers of court" it is stated that the court "shall have and may exercise any and all of the powers of a district court of the United States." That is a pretty large jurisdiction to confer upon this special court. That is another reason why a question arises in my mind about it.

Mr. WHEELER. Let me explain that. At the very be-

ginning it is provided:

In all proceedings within its jurisdiction the Railroad Reorganization Court, and subject to the provisions of this act, the judges thereof, shall have and may exercise any and all of the powers of a district court of the United States.

That is because they are to try a special type of cases between different litigants involving railroad equities.

In answer to the other questions, let me say that it has been stated that we are setting up a special court. Yes; but we have set up other special courts. We have set up the Court of Claims, which is a special court. We have set up other special courts.

The court to which the Senator from Tennessee referred awhile ago, upon which Judge Archbald sat, had conferred upon it powers which were not of a judicial character. We conferred upon it the power to hear rate cases de novo. We conferred jurisdiction on that court to determine economic questions as applied to rates. It broke down because we gave it that tremendous power.

Mr. McCARRAN. Mr. President, will the Senator yield further?

Mr. WHEELER. I yield.

Mr. McCARRAN. The Senator stated that we had set up other courts, and he mentioned the Court of Claims.

Mr. WHEELER. Yes.

Mr. McCARRAN. The Court of Claims does not deal with any specific industry exclusively. The Court of Claims is an intermediary because of the constitutional provision that the Government cannot be sued except as the Government sees fit to establish an agency through which it may be

Mr. WHEELER. That is correct, but we have set up other special courts.

Mr. McCARRAN. We set up one special court, and we tore it down.

Mr. WHEELER. We have set up the Customs Court, a court to deal specifically with the question of customs.

Mr. McCARRAN. Will the Senator mention one court that was set up for one particular industry specifically?

Mr. WHEELER. We set up the Court of Customs for a particular line of business, to deal with questions pertaining to customs. One might just as well ask why we set up the Customs Court to deal specifically with customs. Why should not that matter have gone to any Federal court? There is just as much reason for setting up the court proposed in the pending bill as there was for setting up any other court.

Mr. McCARRAN. Mr. President, may I interrupt again?

Mr. WHEELER. Certainly.

Mr. McCARRAN. The Senator admitted just a moment ago that there was a special and constitutional reason for setting up the Court of Claims.

Mr. WHEELER. No.

Mr. McCARRAN. But that did not deal with a specific industry. It dealt with every claim against the Government. Will the Senator kindly recur to my question and name one court that was set up to deal with one specific industry?

Mr. WHEELER. It was not necessary to set up the Court of Claims in order to permit the Government of the United States to be sued. That jurisdiction could have been placed in any court of the United States. But we did set up a particular court to deal with a particular set of facts and a particular set of circumstances. We did the same thing in the case of other special courts which we set up.

I will give the Senate the real argument that was made to me and to the committee. Men came and said to me privately, and have also said in the committee, "Let us be frank about the issue. We will tell you what we are afraid of. We do not want the President of the United States to appoint

Mr. McCARRAN. The Senator from Montana has a very apt way of setting up straw men and then tearing down his own straw men. I admire that procedure. It is a very apt way of presenting the case. But I will say that I have not heard that argument made. I know that some agency must appoint judges, and I have no objection to the President of the United States making the appointments.

Mr. WHEELER. I appreciate that the Senator does not have any objection to that method of appointment. I wish to say to the Senator that some lawyers came to me privately and made the statement-and one of them did so on the witness stand-"There is one thing we do not like about it. If you could take the appointing power away from the President of the United States and give it to the Chief Justice. then we would be satisfied with the membership of the court."

I appreciate that the Senator did not know anything about all that, but I say to him that that was the real opposition which was made before the Interstate Commerce Committee when the subject was discussed.

Mr. McCARRAN. That may be true; but it was entirely without the knowledge of some Senators.

Mr. WHEELER. I appreciate that.

Mr. McCARRAN. Every now and then the able Senator from Montana in his argument uses the expression, "It had been said to me." It may have been said to the able Sena-

Mr. WHEELER. It was said to the committee.

Mr. McCARRAN. It may have been said to the committee, but the Senate is dealing with the problem here as best it may, and I say to the Senator that I realize that some agency would naturally appoint the judges, and I have no objection to the method of appointment. I do not raise

that question here lest perchance my opposition to the bill, against which I shall vote, might perhaps be attributed to something other than what appears in the bill.

Mr. WHEELER. The Senator is entitled to his own judgment. I stated what the testimony before the committee showed, and what lawyers said privately to members of the committee, and it was a notorious fact that that was the case.

Mr. McKELLAR. Mr. President, will the Senator yield? Mr. WHEELER. I yield.

Mr. McKELLAR. I wish to assure the Senate that I do not entertain any such objection as the one just referred to, and I wish to make it further certain that I do not have the slightest interest in any receiver or receivership. I hold in detestation certain receivers of whom we have heard so much in recent years, who have gotten out of corporations exorbitant fees to which they were not entitled, and I think it is most commendable to try to pass legislation which will. do away with such a system.

On the other hand, setting up of a court for a particular class, for a particular industry, for a particular activity among our people, is something that is so foreign and so surprising to me that my breath is taken away by it. Really I do not know sufficient about it. I am frank to tell the Senator that I had not examined the matter until I came into the Chamber this afternoon.

Mr. McCARRAN. Mr. President, will the Senator yield to me to ask a question?

Mr. WHEELER. Yes. Mr. McCARRAN. Is it not true that under the provisions of the bill the court to be set up will appoint receivers, referees, masters in chancery, and the like?

Mr. WHEELER. Yes.

Mr. McCARRAN. So that the system of which the Senator from Tennessee makes mention, which we all deprecate, which we would all reform if we could, would exist under another form.

Mr. WHEELER. Let me call the attention of the Senator from Nevada to the fact that I have pointed out repeatedly on the floor of the Senate what was before the Interstate Commerce Committee and what was before other committees of the Congress. Evidence concerning railroad receiverships was presented not only to the Committee on Interstate Commerce, but to the special committee appointed by the Congress, upon which the Senator from Vermont [Mr. AUSTIN] was a member, the Senator from Maine [Mr. WHITE] was a member, and other Senators were members. Also the matter was presented to the Committee on the Judiciary of the United States Senate.

The evidence shows that judges appoint receivers. This morning I called attention to the fact that in one case the receivership of a railroad had lasted for 34 solid years.

It has been suggested that the proper procedure in case of abuse would be to impeach the judge. The judge cannot be impeached unless facts warranting impeachment are presented. Others have said, "Amend the Constitution so that the necessary action can be more easily taken."

What is going to happen to the reorganizations? We studied the matter in connection with the committee's experts, and the members of the Interstate Commerce Commission. We received advice from the S. E. C. We received advice from the legal department of the R. F. C. and from the Interstate Commerce Commission. We and they tried to work out some satisfactory provision.

I appreciate the fact that there may be in the minds of some a plan for a better way of doing what we seek to accomplish, but what we have presented is the result of the combined judgment of those who have studied the matter, representatives of the S. E. C., of the R. F. C., and of the Interstate Commerce Commission. Chairman Jones, of the Reconstruction Finance Corporation, testified before the committee. Commissioners Splawn and Eastman testified before the committee. The Committee of Three appointed by the President last year studied the problem. The Committee of Six, consisting of three members representing the railroads and three members representing the brotherhoods, endorsed

Those who appeared against the proposal were whom? They were the lawyers representing the trustees. Some of those trustees called themselves independent trustees for the Van Sweringen interests. Really, they were put in there by the Van Sweringens.

Mr. President, I know that the Senator from Nevada [Mr. McCarran] is just as sincerely interested in seeing the problem solved as is any other Member of the Senate. If the proposed legislation is enacted, and the standards contained in it are set up, and the court which is established upholds those standards, I believe the country will find that when a railroad comes out of reorganization it will have a proper capital structure, and the water will have been taken out of it. The bill seeks to provide a proper capital structure.

In my judgment, the bill, if passed, will be one of the most constructive pieces of legislation relating to railroad reorganization that has been put on the statute books during this session of Congress, or any other session of Congress.

I appreciate that some persons do not like it and do not want it. They do not like some of the standards set up in the bill. However, I say that the people of the country, the farmers who have to pay the freight, the workers along the lines, and the shippers from one end of the country to the other, will appreciate this legislation because it is in the interest of the great mass of the shippers of the country, in the interest of the workers, and in the interest of all classes of honest citizens.

The bill is not in the interest of the lawyers who represent the receivers. It is not in the interest of the trustees who make a perpetual business out of being trustees for one railroad and then another, just as fast as the judge can finish up one and appoint them to another. No; it is not in their interest, and they are opposing it. They have been before the committee opposing it. They are opposed to it, and their lawyers are opposed to it. But I say that the great mass of the people of the country want to see the railroads put upon a financial basis under which they can earn dividends and fixed charges without having to pay exorbitant rates on bonds and stocks when they cannot possibly earn the interest upon the bonds or pay dividends unless railroad rates are raised to the people of the country.

Mr. McCARRAN. Mr. President, I do not want to interrupt the Senator; but either before he concludes or after he concludes I wish to make a few remarks on his last few statements.

Mr. WHEELER. I have concluded. I have said all I wish to say.

Mr. McCARRAN. Mr. President, in the first place, the Senator has uttered one of the strongest indictments of the court system of America that has been uttered on the floor of the Senate in many years. In order to give cogency to the argument of the able Senator from Montana, the courts of America must be most corrupt and incapable. They cannot be otherwise looked upon. Condemnation must be hurled against someone who now occupies a judicial office because he has not carried out that which it is claimed might be carried out under the bill.

Mr. WHEELER. Mr. President, will the Senator yield? Mr. McCARRAN. I yield.

Mr. WHEELER. I do not care whether it be called condemnation or not. I say that, either through inefficiency or lack of appreciation of their real duties, some of the judges have failed to discharge their duties. No Senator appreciates and believes in the American system of jurisprudence more than I do, and no one wants to fight to preserve it more than I do. I am asking for the reorganization court so as to take such matters away from inexperienced judges and judges who have shown their lack of interest.

The special court will make a study and business of what? Not of deciding cases in favor of railroads. There seems to be a misconception about the bill. The court is to decide as between the equity holders. So it will not be a railroad court. It will simply decide between the different equity holders.

Mr. McCARRAN. Of course the Senator will admit that the court will not relieve or do away with the unhappy situation which grew out of the investigation which disclosed the conditions in the Van Sweringen case.

Mr. WHEELER. Oh, yes! Let me say to the Senator— Mr. McCARRAN. How would it do it? That is a thing of the past.

Mr. WHEELER. No.

Mr. McCARRAN. Then the new court is to pick up that which has already been passed upon by the courts?

Mr. WHEELER. No.

Mr. McCARRAN. There is no such provision in the bill. In fact, the bill specifically declares against that very thing.

The Senator mentions a receivership which has lasted for some 30 years. Does the Senator say that the court set up under the provisions of the bill would do away with that receivership?

Mr. WHEELER. I certainly do.

Mr. McCARRAN. If that be true, we have to write off the law of the country.

Mr. WHEELER. I say that the court will speed up and bring to a conclusion such cases rather than let them drag on.

The Senator spoke of the Van Sweringen case. I am glad he did. What we are seeking to do through the reorganization court is to prevent the Van Sweringens or the Alleghany Corporation from keeping their hold on the Missouri Pacific and other roads—through what? Through holding a lot of worthless stock.

Mr. McCARRAN. I want to understand the Senator. I hope I may have a clear conception of the bill. Does the Senator mean that the new institution that is to be set up in the name of a court will do away with all the former court proceedings?

Mr. WHEELER. No.

Mr. McCARRAN. Or that it will entirely relieve the corruption which the Senator and his committee found in the Van Sweringen case?

Mr. WHEELER. There will be other legislation. If the bill is enacted into law and the standards set up in the bill are followed for the reorganization of the Van Sweringen railroads, the great Van Sweringen empire will be taken out of the control of the Alleghany Corporation, which has peddled, for a mere pittance, the stock and the control of thousands of miles of American railroads.

Mr. McCARRAN. Does the Senator say that the courts of America today are incapable of accomplishing the same result?

Mr. WHEELER. No; but the standards of today, under which the roads are being reorganized, permit such things to be done; and we are seeking to remedy the situation by this bill. The situation will be remedied if the bill passes.

Mr. McCARRAN. Mr. President, the bill being presented in the manner in which it is presented to the Senate, I am constrained to vote against it. I shall vote against it.

Only one thing pertaining to the bill enlists my especial attention, and that is its authorship. The ability of the author was the thing which yesterday put through a bill which had some serious objections to it, which some of us hope will be worked out. However, I do not believe that for 2 days in succession the able author of the bill should be so admired that at 5:30 in the afternoon a bill which has been considered for only a day, and which sets up a new judicial system to deal with the very lifeblood of America, should go through on a viva voce vote. I am not ready to vote in that manner, and I hope other Senators may look more deeply into the bill before they finally conclude to vote for it.

I should like to support the bill for two reasons: First, because I have a great admiration for the outstanding member of the minority who comes forward supporting the bill. I refer to the Senator from Vermont [Mr. Austin]. Second, because of my admiration of the ability of the Senator from Montana [Mr. Wheeler]. However, I realize that we are setting up a new system which neither the Senator from Vermont nor the Senator from Montana fully appreciates. I think the Senate should at least have time for consideration.

Are we setting up a system which will do away with receiverships? The Senator says "no." So all the corruption that has grown into receiverships will be carried on if the bill becomes a law. Are we doing away with the system under which masters in chancery or other equity officers are appointed by courts having equity jurisdiction? The Senator naturally says "no." If that be the case, where is the assurance in the new set-up that it will be better than the old set-up which we have had and admired for so long?

Mr. President, if the amendment must be voted on at this time, I shall call for a quorum. If the matter goes over,

some of us may want to study and discuss it.

Mr. BARKLEY. Mr. President, I have no intention of trying to hold the Senate in session tonight long enough to vote on the bill, or even the pending amendment. I will say to the Senator that it is my purpose to move that the Senate take a recess until tomorrow.

I now move that the Senate proceed to the consideration of executive business.

Mr. AUSTIN. Mr. President, will the Senator withhold his motion for just a moment?

Mr. BARKLEY. Certainly.

Mr. AUSTIN. I hope the Senator from Missouri [Mr. Clark] and the Senator from Nevada [Mr. McCarran] may have an opportunity during the recess to consider the amendment which is pending.

Under section 77 as it now stands, the predominant power over reorganizations under that section of the Bankruptcy Act is vested in the Interstate Commerce Commission; so much so that the Commission report in this way—I am reading from page 25 of their report:

Consequently, in section 77 the emphasis throughout was upon the Commission instead of the court, and the latter's jurisdiction was so restricted that it could not ultimately supersede the judgment of the Commission with respect to the reorganization.

They have been playing with that throughout the experience under section 77. Now something has to be done about it.

Mr. CLARK of Missouri. Mr. President, will my friend yield at that point?

Mr. AUSTIN. Yes.

Mr. CLARK of Missouri. If that be a vice of the existing law, is not the thing to do about it to take away some of the jurisdiction from the Interstate Commerce Commission and give it back to the courts, where it belongs, instead of setting up a new and special court for a special industry?

Mr. AUSTIN. That may be a better solution than is proposed in the pending bill, but my opinion is not hastily formed. I have been at work on this question for about 3 months, and though at the beginning I approached it with the same attitude of mind that the learned Senators I am addressing have, I reluctantly came to the conclusion that probably this new court was the best solution of our problem, for we have a problem to solve.

Mr. WHEELER. Mr. President, what the Senator from Vermont has said is correct. Let me call attention also to the fact that in section 77 we sought to take away the power of the court because of the things that had been complained of. When we enacted section 77 it was the intention of the Congress to turn over to the Commission certain power in order to get away from some of the evil practices that had been going on.

Mr. McCARRAN. Mr. President, may I interrupt for just a moment?

Mr. AUSTIN. Yes.

Mr. McCARRAN. In that respect we did not seek to take away power, but we sought to give more power, and that was the power of reorganization. We sought to give that power to the bankruptcy court.

Mr. WHEELER. No; the Senator is mistaken.

Mr. McCARRAN. No; I am not mistaken. I have been through this thing time and again; but I realize that the power has been used differently.

Mr. WHEELER. What we did was to give more power to the Interstate Commerce Commission, for we said to the

Interstate Commerce Commission, "You will pass not only upon the facts but upon the legal phases."

Mr. Commissioner Splawn appeared before the committee, and said that while the Commission had in its membership some very able lawyers, their other duties were such that it was almost impossible for them to pass upon the legal phases. If we send the matter back to the old courts, almost everybody I have come in contact with concedes that there are evils there that ought to be remedied. I also approached the thing reluctantly, but after hearing the witnesses I came to the conclusion that what is proposed in the bill was the only thing we could do. If the Congress does not want to do it, then it may leave the matter where it is, and let the abuses go on.

I appreciate the fact that different persons have different views from my own with reference to the matter. Perhaps I am wrong about it; but I am convinced that if we do not pass a measure of this kind we shall perpetuate some of the evils which have been going on, and I am sure we shall come back to the bill and say that it should be enacted.

Mr. McCARRAN. Mr. President, I am only going to say, from the experience I have had in the Senate as a member of a special committee charged with investigating receiverships and bankruptcy matters, that section 77B was the thing that was uppermost, and we had the same proposition with reference to other industries; so, if we wanted to set up another court for those industries, we might have done so.

Mr. WHEELER. I agree with the Senator from Nevada that there are other industries and other receiverships that are in just as bad a position as those dealt with by this bill; but I say that from an economic standpoint the railroads of the country, which are in bankruptcy, capitalized at about five and a half billion dollars, or something like that, seriously affect the whole economic structure of the country. It is recognized that the railroads affect it to a greater extent than almost any other industry. They go into every section of the country. They go into Nevada, they go into Montana, they go into every other section; and when the railroads of the country are in that condition, it affects our whole economic condition.

Mr. McCARRAN. There is not any denying that. We are not denying it.

Mr. WHEELER. The only reason why we have differentiated is because we felt that there was a special problem here, and that the special problem needed special treatment because of the condition which exists at the present time.

Mr. HATCH. Mr. President, I have been thinking about this problem. I desire to ask the Senator one question about the problem which Senators say they are trying to solve. I ask it because the courts have come in for quite a bit of criticism here this afternoon, and the impression might be given that all the courts in the country are corrupt and inefficient.

Can any judge, with the multitude of other duties which the judge has, give to the special problem the attention that a special court could give?

Mr. WHEELER. That is exactly the point. I may say that judges have said that to members of the committee, and the testimony before other committees has been that that is exactly what the courts themselves have said. I do not think the difficulty is that the courts are corrupt. There may be, here and there, a court that is corrupt; but as a general thing, I do not think the courts are corrupt. They have multitudinous other duties, and they have neglected these things and let them run along, and it has produced a bad situation.

Mr. McCARRAN. Mr. President, let me say to the Senator—and this is the last time I shall interrupt; I want to express this thought tonight, because I understand we are to have a session tomorrow—that my observation is that the reason for some of the things to which the Senator from Montana and the Senator from New Mexico have made reference is that we have not in our courts today enough presiding officers to handle the business. That fact is being disclosed before the Judiciary Committee right now, and to

my certain knowledge it has been the case for the past 2 or 3

Mr. BARKLEY. Mr. President, in the light of this discussion, will the Senator from Montana submit to a mere observation?

Mr. WHEELER. Certainly. Mr. BARKLEY. Much has been said here about the creation of a new court for the railroads, whereas we have not done that for any other business or industry. I do not look upon this court as one set up simply for the railroads. The railroads constitute one of the largest industries in America. Millions of persons have invested their money in the railroads. They are the arteries of commerce, and they are vital to the maintenance of our economic system. This, however, as I understand, is not a court which is set up simply for the benefit of the railroads. It is set up to deal with railroad problems for the benefit of the American people, because the railroad problem now stands out on our economic system like a sore thumb to a greater extent than any other particular industry or business problem of which we have any knowledge.

For that reason I do not think it is quite accurate to say that we are trying to set up a court for the benefit of the railroads. If the court which is established can put the railroads on a sound basis, and so readjust their financial status as to make it possible for them to operate with a profit and to render greater service to the American people. it will incidentally benefit the railroads, of course; but the benefit will inure to the whole country, and not simply to

the railroads.

Mr. WHEELER. The Senator is entirely correct.

Mr. CLARK of Missouri. Mr. President, will the Senator look through the bill and tell me to what other industry than the railroad industry this court applies? Will he tell me any other industry in the whole bill to which it applies. except as any special court for any special industry must necessarily affect some other industry?

In other words, if this court is not a railroad court, no court affecting a special industry could possibly be a special court. Suppose we were to set up a court having to do only with such questions as might come before a court in connection with the production and sale of cotton. That would necessarily affect other persons in the United States. If we were to set up a special banking court, that necessarily would

affect other persons.

Mr. BARKLEY. I understand that. I am not contending that the decisions of this court will not affect persons who are not particularly interested in railroads, except as a part of the transportation system of the country; but it seems to me the Senator's illustration of a cotton court or a banking court does not apply, because the problem is not comparable.

Mr. CLARK of Missouri. We have a considerable problem in this country having to do with, let us say, motor-

truck transportation.

Would the Senator be in favor of setting up a court having jurisdiction only of problems arising in connection with the motortruck industry? We have a very large problem in this country in connection with utilities. Would the Senator be in favor of setting up a court to deal with the reorganization of utility companies?

Mr. BARKLEY. If the question should be of such universality as the railroad question, we would have to consider that subject when we reached it in the light of the merits. But there is no situation in this country with respect to any other industry comparable with that of the railroads.

Mr. WHEELER. The Senator asks why pick out the railroads. Why was section 77B adopted? It was for the purpose of taking care of the reorganization of the railreads.

Mr. CLARK of Missouri. I may say to the Senator from Montana that I voted against that.

Mr. McCARRAN. Mr. President, the Senator from Montana is mistaken. Section 77B was enacted for the purpose of giving all bankruptcy courts the right to reorganize in all lines of business.

Mr. WHEELER. We made special provision with reference to the reorganization of railroads.

Mr. McCARRAN. I understand that.

Mr. WHEELER. We picked out the railroads as a separate and independent industry, and provided different rules and different procedure for the railroads, because there is a different economic problem connected with them. If we attempted to put all industries under the pending measure, establishing different standards, we could not apply the law, because, after all, many of the other industries are not engaged in interstate commerce, and are not regulated by the Government as railroads are.

Mr. McCARRAN. Let me make this observation to the Senator, without having the facts behind me to support it: Today the truck lines are in nearly the same condition the railroads are insofar as bankruptcy is concerned. Does the Senator desire to set up another court for the truck lines of the country?

Mr. WHEELER. Not at all, because they are in an entirely different category. Anyone who knows anything about the bus and truck lines knows they are entirely separate from the railroads.

Mr. McCARRAN. Certainly.

Mr. WHEELER. Since 1887 the railroad problem has been recognized as a distinct and separate problem. We established the Interstate Commerce Commission in 1887 for the purpose of regulating the railroads. We recognized the railroad problem as distinct and separate. As the Senator from Kentucky has stated, the railroad problem stands out like a sore thumb, and needs separate and independent treatment, just as we gave the railroads separate treatment under section 77B

Mr. McCARRAN. Mr. President, this is my last observation to the Senator today. My primary objection to the bill is because of the provision we are discussing, because it sets up a new and distinct system of courts, which would have nothing to do with a judicial system which has been recognized under the Constitution and under congressional acts for the

Mr. WHEELER. There is a distinct and separate set of laws with reference to railroads; consequently we have to have different provisions with reference to reorganizations of railroads than with respect to any other industry.

Mr. CLARK of Missouri. Mr. President, I give notice that as soon after the meeting of the Senate tomorrow as I can obtain recognition I shall address the Senate at some length on the pending amendment and certain other amendments which I propose to offer to the bill.

EXECUTIVE SESSION

Mr. BARKLEY. Mr. President, I renew my motion that the Senate proceed to the consideration of executive business. The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. SCHWARTZ in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of the Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. HARRISON, from the Committee on Finance, reported favorably the following nominations:

Dr. Herman E. Hilleboe to be passed assistant surgeon in the United States Public Health Service, to take effect from date of oath;

Drs. Edward J. Driscoll and William C. Neaf to be assistant dental surgeons in the United States Public Health Service to take effect from date of oath;

Asst. Surgs. Robert F. Martin, Theodore McC. Burkholder. and John R. McGibony to be passed assistant surgeons in the United States Public Health Service; and

Senior Surgs. Joseph Bolten and Walter L. Threadway to be medical directors in the United States Public Health Service.

Mr. BYRD, from the Committee on Finance, reported favorably the nomination of Oscar B. Ryder, of Virginia, to be a member of the United States Tariff Commission for the term expiring June 16, 1945 (reappointment).

Mr. WAGNER, from the Committee on Banking and Currency, reported favorably the nomination of Leon Henderson, of New Jersey, to be a member of the Securities and Exchange Commission for the term expiring June 5, 1944 (reappointment).

Mr. MILLER, from the Committee on the Judiciary, reported favorably the nomination of Charles H. Sisson, of Ohio, to be United States marshal for the southern district of Ohio, vice R. Kenneth Kerr, resigned.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The PRESIDING OFFICER. The reports will be placed on the Executive Calendar.

If there be no further reports of committees, the clerk will state the nominations on the calendar.

THE JUDICIARY

The legislative clerk read the nomination of Reuben Gosnell to be United States marshal for the western district of South Carolina.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

RECESS

Mr. BARKLEY. As in legislative session, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 55 minutes p. m.) the Senate took a recess until tomorrow, Saturday, May 27, 1939, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate, May 26 (legislative day of May 19), 1939

UNITED STATES PUBLIC HEALTH SERVICE

The following-named doctors to be assistant surgeons in the United States Public Health Service, to take effect from date of eath:

James John Griffitts
John Belden Vander
Albert Lyon Chapman
George Kemp Massengill, Jr.
Michael Boris Shimkin
Lloyd Smith Rolufs
Lloyd Raymond Hershberger
Daniel Duncan Chiles
Dorland Jones Davis
James Raymond Shaw
Horace Dreher Warden

Lester Lawrence Smith
Leo David O'Kane
Harlan Elrod Wilson
Joseph Carroll Sturgell
John Richard Marron
Harold Jennings Stoen
Robert Andrew Hingson
Thomas Earl Williams
Ralph Burk Dawson
Robert Leland Griffith
Kenneth William Chapman

Appointments to Temporary Rank in the Air Corps in the Regular Army

TO BE COLONEL

Lt. Col. George Edward Lovell, Jr., Air Corps, from June 1, 1939.

TO BE LIEUTENANT COLONELS

Maj. Benjamin Franklin Giles, Air Corps, from June 5, 1939.

Maj. Edward Crews Black, Air Corps, vice Lt. Col. George E. Lovell, Jr., Air Corps, nominated for appointment as temporary colonel, Air Corps.

TO BE MAJORS

Capt. Lawrence Joseph Carr, Air Corps, from May 22, 1939. Capt. Harry Clark Wisehart, Air Corps, vice Maj. Benjamin F. Giles, Air Corps, nominated for appointment as temporary lieutenant colonel, Air Corps.

Capt. John Ferral McBlain, Air Corps, vice Maj. Edward C. Black, Air Corps, nominated for appointment as temporary lieutenant colonel, Air Corps.

APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY TO JUDGE ADVOCATE GENERAL'S DEPARTMENT

Capt. Auguste Rhu Taylor, Field Artillery, with rank from August 1, 1935.

TO QUARTERMASTER CORPS

Maj. Edwin Douglass McCoy, Infantry, with rank from January 1, 1939.

First Lt. Carmon Ambrose Rogers, Infantry, with rank from June 12, 1938.

Second Lt. James John Cosgrove, Cavalry, with rank from June 12, 1937.

CONFIRMATION

Executive nomination confirmed by the Senate May 26 (legislative day of May 19), 1939

UNITED STATES MARSHAL

Reuben Gosnell to be United States marshal for the western district of South Carolina.

SENATE

SATURDAY, MAY 27, 1939

(Legislative day of Friday, May 19, 1939)

The Senate met at 12 o'clock meridian, on the expiration of the recess

The Chaplain, Rev. Z@Barney T. Phillips, D. D., offered the following prayer:

Come Holy Spirit, heavenly Dove, With all thy quickening powers; Kindle a flame of sacred love In these cold hearts of ours.

See how we grovel here below, Fond of these earthly toys; Our souls, how heavily they go, To reach eternal joys.

In vain we tune our lifeless songs, In vain we strive to rise; Hosannas languish on our tongues, And our devotion dies.

Come Holy Spirit, heavenly Dove, With all thy quickening powers; Come, shed abroad a Saviour's love, And that shall kindle ours.

Amen.

THE JOURNAL

On request of Mr. Barkley, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Friday, May 26, 1939, was dispensed with, and the Journal was approved.

THE LOUISVILLE COURIER-JOURNAL

Mr. MINTON. Mr. President, one of the greatest newspapers in the country is the Louisville Courier-Journal. It is remembered by many of the older people as the Journal of Henry Watterson, whose brilliant editorials gave it a national reputation. The passing of Watterson did not mean the passing of the Courier-Journal. Not only has its present publisher, Barry Bingham, and its editor, Mark Ethridge, maintained the great reputation of this paper but they have brought new recognition and luster to its name.

It is recognized as a household institution throughout the Middle West and the Ohio Valley, where it is widely read. It was gratifying, therefore, to the friends of this great paper to learn that recently its worth as a newspaper and the outstanding job it is doing in carrying on the best traditions of journalism were recognized by the University of Missouri School of Journalism in awarding to the Courier-Journal the school's citation this year for excellency in journalism.

On the occasion of the award of this citation the distinguished young publisher, Mr. Barry Bingham, responded in

a brief address that is not only worthy of his great paper but of the profession of which he is so justly proud.

I ask unanimous consent that the citation and the brief address by Mr. Bingham may be incorporated in the RECORD as a part of my remarks.

There being no objection, the citation and address were ordered to be printed in the RECORD, as follows:

[Citation]

THE COURIER-JOURNAL

To the Courier-Journal of Louisville, Ky.:

For 113 years of able journalism; for brilliantly colorful and epigrammatic editorial comment; for consistently meeting new conditions with successful adaptation; for contributing to the business growth and both the municipal and rural development of its area by discerning and articulate leadership; for independent and intelligent emphasis upon news coverage in its later years, and for recent progressive development of, and leadership in, graphic and pictorial journalism.

ADDRESS BY MR. BARRY BINGHAM

Ladies and gentlemen, it is a happy thing for me to be able to accept this citation from the School of Journalism of the University of Missouri. I am still new in the job of publishing a newspaper—in fact, I still have to refer to myself as a cub publisher—and this signal recognition of the Courier-Journal is the most inspiring thing that has happened to me since I fell heir to the publishing job in Louisville.

To have such an honer come to our paper from the State of

To have such an honor come to our paper from the State of Missouri is particularly pleasant. There are many connections between Missouri and Kentucky. A large number of Kentuckians pushed on out to this State in the pioneer days, and there are still manifold family connections between the people of the two States. A few years ago Kentucky undertook to hold a home-coming colories for each feet and their descendants and coming celebration for ex-Kentuckians and their descendants, and when the plans were announced a flood of inquiries came in from former Kentuckians and their descendants all over the country. It was significant that more inquiries came from Missouri than any other State, and the last names signed to nearly all the letters were the familiar family names that we meet in Kentucky every

were the familiar rainly decay.

It is tremendously gratifying, too, to receive such recognition from a school of journalism which is really representing the highest ideals of the journalistic profession. I say that in all earnestness, and not in flattery. I think there is inclined to be too much flattery and too much mutual praise when newspaper people get together. Every man is likely to have a healthy respect for his trade and a strong sense of its importance, and that is certainly a good thing. Journalists, however, and particularly publishers, good thing. Journalists, however, and particularly publishers, usually go a good many steps beyond the pickle manufacturers and the organizations of master barbers and all the other trade groups in spreading the gospel of their own importance in the scheme of

Whenever newspaper publishers meet in any numbers, we get Whenever newspaper publishers meet in any numbers, we get pronouncements concerning the high ideals of their craft, the need for keeping the flame of public service ever burning and the presses ever grinding, and particularly we hear the oft-repeated battle cry "freedom of the press." There has been a tendency on the part of American publishers to appropriate that part of the Bill of Rights which guarantees freedom of the press to themselves as their own precious possessions, and there is a corresponding fear on their part that somebody is going to try to take that possession away from them. session away from them.

If freedom of the press were really the exclusive possession of a small group of men who own newspapers, there is every likelihood that it would be taken away from them in short order. But the small group of the taken away from them in short order. But that it would be taken away from them in short order. But that truth is that freedom of the press is a possession of the American public at large and not of any small group. The far-sighted patriots who drew up the Bill of Rights had no idea of granting a partiots who drew up the Bill of Rights had no idea of granting a

patriots who drew up the Bill of Rights had no idea of granting a special privilege to one class, to use as they saw fit. Their idea was to guarantee to the people at large that they would have the right to read publications that were not controlled and censored by any agency whatsoever, as the press of Germany and Italy and Russia is controlled and censored today.

Freedom of the press, then, was guaranteed in the spirit of equal rights to all and special privilege to none. Instead of giving the publishers of America an exclusive possession in press freedom, the authors of the Bill of Rights actually placed on the publishers a special responsibility, to provide the country with a free press. The right to a free press belongs to the people of America, not to the publishers of America. There are other methods besides Government censorship to produce a controlled, censored press, methods that some newspapers themselves have been willing to adopt. Americans who read distorted news stories, biased reports, and unfair presentation of daily happenings in their newspapers adopt. Americans who read distorted news stories, blased reports, and unfair presentation of daily happenings in their newspapers are being denied their constitutional right to a free press, for such a press cannot be free, regardless of where the control lies. Such papers are fortunately few, but their readers have a right to assail them for denying them a privilege guaranteed to them in the Constitution.

Nothing could be more injurious to American democracy, Heaven knows, than a press controlled by the Government. But the Government could control the press only if the people of the United States willed it, and they will never will such a thing unless they feel that the press has already sacrificed its freedom by its own dereliction of duty. In other words, if the American people should ever become convinced that their press was actually controlled by forces within itself, they would probably take the logical step and transfer control of the press to the Government. If they thought they were being denied their right to a free press by the special interests of the newspaper publishers themselves, it would be only natural for them to prefer a press controlled by the Government, which at least in theory represents the people at large and not a limited group.

The job for American newspapers to do, I believe, is not to fight off some shadowy foe on the outside who is believed to threaten

off some shadowy foe on the outside who is believed to threaten press freedom. The fight is an internal one, and the foe is the type of publisher who is controlling his news columns for his own purposes. Such warping of the function of the press breaks down public confidence in newspapers at large. Public confidence is the bulwark on which the press must maintain its freedom. If the public ever loses entire confidence in newspapers, it will institute

Freedom of the press, as I have tried to express it, does not belong to the publishers of America as a group, but it is within their power to destroy that freedom for themselves and all the American people. Absolute honesty in the handling of news is the key to perpetual freedom for our press. If the publishers of America will devote themselves wholeheartedly to that ideal, I believe they will have nothing to fear now or at any time from outside enemies. The American public will defend us if we serve the public justiv the public justly.

Mr. BARKLEY. Mr. President, I have just a word to add to what the Senator from Indiana [Mr. MINTON] has said about the great journal, the Louisville Courier-Journal.

Long before our day that newspaper became widely known throughout the Nation because of its brilliant and sound editorials and their highly literary quality. Before Henry Watterson became connected with the Courier-Journal, George D. Prentice was one of the most brilliant newspaper editors in America, and took his place along with Dana, James Gordon Bennett, and many others. Following him came Henry Watterson, who became a sort of institution. In those days the Courier-Journal was the household journal of nearly all the people of Kentucky and the immediately surrounding territory. In later years the newspaper was purchased by Judge Robert W. Bingham, who later became our Ambassador to England. Following his death, the Courier-Journal is now in charge of his son, Barry Bingham.

Not only from the standpoint of news, but from the standpoint of editorial policy, although most newspapers in this day have an editorial staff rather than a particular editor whose editorials are so distinctive as to be known when they are read, the Courier-Journal has maintained its high standards, its high quality, its impartial dissemination of the news, and has always stood for and now stands for the best things in American life politically, socially, economically, and in every other way.

Along with my friend from Indiana I am glad to congratulate the Courier-Journal upon the award to which he has called attention.

PETITIONS

The VICE PRESIDENT laid before the Senate a letter from the executive director of the Welfare Council of New York City, N. Y., stating that the committee on housing of that council favor the prompt enactment of the so-called Wagner-Steagall bill, being the bill (S. 591) to amend the United States Housing Act of 1937, which was ordered to lie on the table.

Mr. WALSH presented a letter signed by Katharine Beer, secretary of the Greater Boston Committee for Nonparticipation in Japanese Aggression, transmitting petitions of sundry c'tizens of the State of Massachusetts praying for the enactment of legislation to stop the shipment of munitions and war supplies to Japan for use in operations in China, which, with the accompanying papers, was referred to the Committee on Foreign Relations.

BILLS INTRODUCED

Bills introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. MINTON:

S. 2511. A bill to correct the military record of John W. Bough (with an accompanying paper); to the Committee on Military Affairs.

By Mr. GUFFEY:

S. 2512. A bill for the relief of Felix White, Karol Statkewicz, Sabos Mankus, and Frank Raul; to the Committee on Claims.

By Mr. WALSH:

S. 2513. A bill for the relief of certain persons whose property was damaged or destroyed as a result of the crashes of two airplanes of the United States Navy at East Braintree, Mass., on April 4, 1939; to the Committee on Claims.

By Mr. BAILEY:

S. 2514. A bill to amend the Merchant Marine Act, 1936, to provide a comprehensive system for the training of merchant marine personnel, and for other purposes; to the Committee on Commerce.

NOTICE OF MOTION TO SUSPEND THE RULE-AMENDMENT

Mr. MINTON. I submit in writing a notice of motion to suspend paragraph 4 of rule XVI, which I ask to have printed in the Record. At a later time I shall insist upon the motion. The notice referred to is as follows:

In accordance with rule XL of the Standing Rules of the Senate, I hereby give notice in writing that it is my intention to move to suspend paragraph 4 of rule XVI for the purpose of proposing to the bill (H. R. 6260) making appropriations for the fiscal year ending June 30, 1940, for civil functions administered by the War Department, and for other purposes, the following amendment, namely: On page 9, at the end of line 13, after the word "law", to add a colon and the following: "Provided further, That in the case of any local flood-protection work in the Ohlo River Basin authorized to be prosecuted by the provisions of section 4 of the act entitled 'An act authorizing the construction of certain public works on rivers and harbors for flood control, and for other purposes, approved June 28, 1938, the President is authorized to waive the requirements of section 3 of the Flood Control Act, approved June 22, 1936, with respect to local cooperation to the extent of not to exceed 50 percent of the estimated cost of the lands, easements, and rights-of-way required for such work, if he finds, after investigation, that the city or town to be benefited by such work is, by reason of its financial condition, unable to comply with the requirements of such section 3 with respect to local cooperation."

Mr. MINTON also submitted an amendment intended to be proposed by him to House bill 6260, making appropriations for civil functions administered by the War Department, which was ordered to lie on the table and to be printed.

(See the foregoing notice for text of amendment referred to.)

ADDRESS BY SENATOR PEPPER ON INTERNATIONAL AFFAIRS

[Mr. Barkley asked and obtained leave to have printed in the Record a radio address on international affairs delivered by Senator Pepper on April 16, 1939, which appears in the Appendix.]

ADDRESS BY SENATOR PEPPER REFORE CONFERENCE OF ONE HUNDRED AT WASHINGTON, D. C.

[Mr. Barkley asked and obtained leave to have printed in the Record an address delivered by Senator Pepper before the Conference of One Hundred at Washington, D. C., April 16, 1939, which appears in the Appendix.]

ADDRESS BY COL. F. C. HARRINGTON BEFORE UNITED STATES CON-FERENCE OF MAYORS

[Mr. Wagner asked and obtained leave to have printed in the Record the address delivered by Col. F. C. Harrington, Works Progress Administrator, before the United States Conference of Mayors in New York City on May 15, 1939, which appears in the Appendix.]

THE NATIONAL DEBT-ARTICLE BY RAYMOND CLAPPER

[Mr. Minton asked and obtained leave to have printed in the Record an article on the national debt by Raymond Clapper, published in the Washington Daily News of Thursday, May 25, 1939, which appears in the Appendix.]

THE RECOVERY PROBLEM-ARTICLE BY WALTER LIPPMANN

[Mr. Pepper asked and obtained leave to have printed in the Record an article by Walter Lippmann entitled "Crux of the Recovery Problem," printed in the Washington Post of Saturday, May 20, 1939, which appears in the Appendix.]

FINANCIAL REHABILITATION OF RAILROADS

The Senate resumed the consideration of the bill (S. 1869) to protect interstate commerce from the dangers of unsound

financial structures and to establish improved procedures and standards for financial rehabilitation of railroads engaged in interstate commerce, and for other purposes.

The VICE PRESIDENT. When the Senate took a recess yesterday the pending amendment was, on page 1, line 6, to strike out "court of the United States" and insert the word "tribunal."

Mr. WHEELER. Mr. President, this amendment was offered by the Senator from Missouri [Mr. Clark], who does not appear to be present at the moment.

The VICE PRESIDENT. The Senator from Missouri gave notice yesterday, according to the Record, that he desired to discuss the pending question, but the Chair does not see the Senator from Missouri on the floor at the moment.

Mr. JOHNSON of California. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	George	Lundeen	Sheppard
Andrews	Gibson	McCarran	Shipstead
Ashurst	Green	McKellar	Smathers
Austin	Guffey	McNary	Stewart
Bailey	Gurney	Maloney	Taft
Barbour	Hale	Miller	Thomas, Okla.
Barkley	Harrison	Minton	Thomas, Utah
Bilbo	Hatch	Murray	Truman
Borah	Hayden	Neely	Vandenberg
Bulow	Herring	Norris	Van Nuys
Capper	Holman	O'Mahoney	Wagner
Chavez	Hughes	Overton	Walsh
Connally	Johnson, Calif.	Pepper	Wheeler
Danaher	Johnson, Colo.	Pittman	White
Davis	King	Radcliffe	Wiley
Downey	La Follette	Reed	
Ellender	Logan	Reynolds	
Frazier	Lucas	Schwartz	

Mr. MINTON. I announce that the Senator from Virginia [Mr. Glass] is detained from the Senate because of illness. The Senator from South Carolina [Mr. SMITH] is absent because of illness in his family.

The Senator from New York [Mr. Meap] is absent attending the funeral of the late Representative Lord, of New York.

The Senator from Arkansas [Mrs. Caraway], the Senator from Idaho [Mr. Clark], the Senator from Ohio [Mr. Donahey], the Senator from West Virginia [Mr. Holt], and the Senator from Washington [Mr. Schwellenbach] are unavoidably detained.

The Senator from Alabama [Mr. Bankhead], the Senator from Washington [Mr. Bone], the Senator from Michigan [Mr. Brown], the Senator from Virginia [Mr. Byrd], the Senator from South Carolina [Mr. Byrnes], the Senator from Iowa [Mr. Gillette], the Senator from Alabama [Mr. Hill], the Senator from Georgia [Mr. Russell], the Senator from Illinois [Mr. Slattery], and the Senator from Maryland [Mr. Tydings] are absent on important public business.

The VICE PRESIDENT. Sixty-nine Senators have answered to their names. A quorum is present.

The question is on agreeing to the amendment stated by the Chair a moment ago, on page 1, line 6, to strike out "court of the United States" and insert in lieu thereof "tribunal."

The amendment was rejected.

The VICE PRESIDENT. The question is on the engrossment and third reading of the bill.

Mr. McCARRAN. Mr. President, I move that the bill be referred to the Committee on the Judiciary.

The VICE PRESIDENT. The question is on the motion of the Senator from Nevada.

Mr. McCARRAN. Mr. President, I shall detain the Senate only a moment with reference to this motion. It is not made for the purpose of delaying action on the pending bill. It is made, however, for two reasons. The first reason is that a standing committee of this body, if it has any function whatever or any place in the life of this body, should be recognized.

This bill creates in this country a new judicial system that has its jurisdiction limited to one particular class of business. If there is within the Senate any committee that should know the jurisdiction of courts and is indeed created for the purpose of investigating judicial matters, it is

the Committee on the Judiciary.

The Committee on the Judiciary is responsible for every bill that comes from the Department of Justice and with which the Department of Justice has to do. The Committee on the Judiciary is constituted of those who sought place on that committee because they made its work their life study. To say that from the Committee on Commerce or the Committee on Interstate Commerce or the Committee on Agriculture and Forestry should come a bill which prescribes the jurisdiction of courts and creates an entirely new judicial system without having it first scrutinized by the committee which was set up for the purpose of scrutinizing that particular class of legislation, is, first of all, an insult to those who constitute the membership of the Committee on the Judiciary, and, secondly, is disregarding the precedents of this body.

In other words, if courts are to be created on the recommendation of various committees within this body without any consideration by the Committee on the Judiciary, and if new jurisdictions are to be set up in those courts, then we may have courts coming out of the Committee on Agriculture and Forestry; we may have courts coming out of the Committee on Commerce; we may have courts, as in this instance, coming out of the Committee on Interstate Commerce.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. McCARRAN. I yield.

Mr. HATCH. For the Senator's information, I may say that only recently we passed a criminal statute which came from the Committee on Agriculture and Forestry.

Mr. McCARRAN. May I ask if that measure was submitted to the Committee on the Judiciary before it reached the floor of the Senate?

Mr. HATCH. Oh, no.

Mr. McCARRAN. Then the Senator's suggestion simply emphasizes my argument. I dare say that scarcely a handful of Senators today can tell me what that statute was. So I say that this bill should go to the Judiciary Committee for review and examination.

Mr. President, I will amend my motion. Lest, perchance, someone may think I seek to defer action on the bill, I ask to amend my motion so as to provide that the Committee on

the Judiciary shall report within 15 days.

The VICE PRESIDENT. The question is on the motion of the Senator from Nevada that the bill be referred to the Committee on the Judiciary, with instructions to report it back within 15 days.

Mr. ASHURST. Mr. President, it was not my intention to take any of the time of the Senate on this bill; but several Senators and some persons not Senators have asked me about it; therefore, a few words might be appropriate.

I invite the attention of the Senator from New Mexico [Mr. HATCH] to the provision on page 2, beginning with line 6 and ending with the word "circuit", on line 11, providing for roving or ambulatory judges. Am I correctly advised that that provision has been deleted from the bill?

Mr. HATCH. The Senator is quite right. That provision was stricken from the bill by an amendment suggested by the Senator from Colorado [Mr. ADAMS].

Mr. ASHURST. The Senator from Colorado did good

Mr. HATCH. The provision is out of the bill.

Mr. ASHURST. It is out of the bill.

As to the general principle of the bill, that is to say, whether or not there should be a special court to deal with matters regarding bankruptcies, receiverships, and trusteeships on railroads, I express no opinion. There is only one thing to be learned from history, and that is that nations and governments do not learn from history. Many years ago Congress created the Commerce Court. It existed 2 or 3 years and then both the great political parties urged its abolition. It was held by the lawyers of that day that we could not constitutionally abolish the offices of the judges. They were therefore sent out to work upon the various circuits as roving or ambulatory judges. Realizing that governments seldom, if ever, learn anything from history, I am not holding up that special court as an illustration, as a warning, or as a precedent.

As to the motion of my learned friend from Nevada [Mr. McCarranl, who is a valued member of the Senate Committee on the Judiciary, I should congratulate him upon the jealous regard, the scrupulous care he takes respecting the functions, duties, and jurisdiction of the Senate Committee on the Judiciary. However, what the Senate Committee on the Judiciary says or decides is by no means ex cathedra. There are in this body many good lawyers who are not members of the Senate Committee on the Judiciary. We wish they were; but I think I ought also to say that some of the most distinguished lawyers of the United States are members of the Senate Committee on the Judiciary.

The Committee on the Judiciary is a servant of and creature of the Senate. The Senate has the power to send a

bill to any committee the Senate may choose.

The Senate Committee on the Judiciary is constantly considering questions of adjective law, substantive law, jurisdiction of courts, and constitutional law, and it may be that at times we do not proceed with the haste which characterizes governments nowadays. I take pride rather in the fact that in the Committee on the Judiciary we do deliberate. We hesitate, and explore, and no one seems to suffer as a result. Whenever a man in parliamentary matters or in most departments of life says "This must be done at once," he puts the wrong brand upon his own remedy. He discounts in advance the value of his proposition. Whenever in parliamentary government we are told that something must be done at once we are in effect told that the matter may not stand the scrutiny of argument.

On the whole, I do not feel offended; I am not hurt, because the bill did not go to the Senate Committee on the Judiciary. Had it gone to that committee, we would have given it our careful attention, possibly not closer attention than it received before the Interstate Commerce Committee; possibly we would not have shed more light upon it than has been shed upon it by the Committee on Interstate Commerce. I cannot forget that the Senate Committee on Interstate Commerce is presided over by a Senator whom I conceive to be a very great lawyer. When we were in the university together more years ago than I care to remember, I predicted that he would become a great lawyer; and he has.

Mr. BARKLEY. Mr. President-

Mr. ASHURST. Let me conclude this remark. Moreover I am not thin skinned, in fact, I am pachydermatous, that is, thick skinned; so personally I am not hurt. I do not believe that any slight or disdain was intended toward the Senate Committee on the Judiciary. Had such slight been offered, I should, in a most polite way, have resented it.

I now yield to the Senator from Kentucky.

Mr. BARKLEY. In connection with the Senator's school days, I was thinking of asking him whether he admitted publicly that he was as old as the Senator from Montana.

Mr. ASHURST. The sands of life have run longer and have trickled faster through the glass for me than they have

Mr. WHEELER. Mr. President, will the Senator yield? Mr. ASHURST. I yield.

Mr. WHEELER. I assure the Senator from Arizona that no slight was intended to the Committee on the Judiciary. The bill seeks to amend the interstate commerce law and the so-called Railroad Bankruptcy Act, both of which came from the Committee on Interstate Commerce. We did add the provision relating to the setting up of a court. As I stated at the outset, that was not my suggestion; it did not emanate from me.

Mr. McCARRAN. Mr. President, will not the Senator speak louder so that we may all hear?

Mr. WHEELER. I repeat, no slight was intended to the Committee on the Judiciary. As a matter of fact, there are members of the Committee on the Judiciary who serve most

ably upon the Committee on Interstate Commerce. The pending bill has been pending since March 21, and no one ever questioned the reference of the bill. It is only since the bill has come onto the floor of the Senate that the matter has been mentioned.

I call attention to the fact that of the many bills which seek to regulate interstate commerce, some have gone to the Committee on Commerce, and some to other committees. A measure recently considered, in which the Senator from Nevada was interested, for the regulation of aircraft, was first pending before the Committee on Interstate Commerce. The waterway bill was pending before the Interstate Commerce Committee, because it provided for the regulation of interstate commerce.

It has been the practice of the Senate, as has been well said, that bills affecting interstate commerce go before the Committee on Interstate Commerce, unless some particular objection is raised, and certainly none was ever raised by the Senator from Arizona in this case. If objection had been raised, the Senator from Arizona knows that I certainly would not have intended any slight toward him. But the pending bill was gone over and very carefully examined by the members of the Committee on the Judiciary who happened to be members of the Committee on Interstate Commerce.

Mr. ASHURST. I probably should conclude here, but allow me further to say-and I am speaking now to the country more than to the Senate, if indeed anyone in the country should deign to read what I say-the procedure as to the introduction of a bill in the Senate is not always understood by those who are not Senators. A Senator introducing a bill has the privilege—and I do not quarrel with it, it is a privilege he should have-after he has drafted a bill to consider to what committee he will send his bill. It may be believed by some that when bills are introduced the Vice President scans each bill and determines to which committee it shall go. The Vice President cannot do that. If he did that, he would never do anything else. So the Senate by practice has given the privilege to each Senator to name the committee to which a bill introduced by him shall go, and I doubt whether I have ever introduced a bill during my service here wherein I failed to indicate to what committee I desired to have the bill referred. That is not a bad practice, particularly in view of the fact that the Senate has the power at any time to withdraw a bill from one committee and send it to another.

I conclude by saying that I am doubtful about special courts, but in the circumstance, in view of the present posture of affairs and the tremendous complexities of the railroad problems, I shall waive whatever doubts I may have and vote for the bill. I would not have voted for the bill had it not been for the adoption of the amendment offered by the able Senator from Colorado which strikes out the provision which made the judges roving, or ambulatory. While ordinarily I should like to join and be associated with my able friend from Nevada, I shall feel constrained to vote against his motion.

The VICE PRESIDENT. The question is on the motion of the Senator from Nevada [Mr. McCarran] that the bill be referred to the Committee on the Judiciary with instructions to report within 15 days.

The motion was rejected.

Mr. CLARK of Missouri. Mr. President, I realize that there is not a quorum of the Senate present today, except a synthetic quorum. I also realize that a demand for a roll call would force the pending bill to go over until next Monday. Investigation has led me to believe that the result on next Monday would be the same as the result of a vote without a quorum and without a roll call will be today. Therefore, rather than embarrass the Members of the Senate who do not happen to be present, I do not desire unduly to delay the Senate and will not ask for a roll call on my amendment. I do desire to discuss it, however, very briefly.

In connection with the amendment offered yesterday, I am just advised by the Senator from Montana that in my absence the amendment was disposed of. So I present the next amendment I desire to have adopted, on line 3, page 2, after the word "Senate", to insert the words "who shall have been formally admitted to the practice of the law."

Mr. WHEELER. I have no objection to that amendment. Mr. CLARK of Missouri. I offer the amendment by reason of the fact that some of the news columnists in this city have already intimated that it is the purpose to constitute this court of men who are not lawyers, and it seems to me the court should consist of lawyers.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Missouri.

The amendment was agreed to.

Mr. ASHURST. Mr. President, will the Senator from Missouri yield?

Mr. CLARK of Missouri. I yield.

Mr. ASHURST. There is a question upon which I seek enlightenment, and I address my question to the chairman of the Committee on Interstate Commerce. Are the judges of the proposed court to be judges of general jurisdiction, or are they to be special judges whose jurisdiction shall be limited to the matters within the four corners of the pending bill?

Mr. WHEELER. They are really to be judges of general jurisdiction, because they are to be United States judges, constitutional judges. I assumed, of course, that in appointing the judges the President would appoint lawyers. I would not want to see it otherwise, and now that the amendment has been agreed to, there cannot be any doubt about it.

Mr. ASHURST. The Senator says they will be judges of general jurisdiction. My view of the Constitution is that Congress has the power to prescribe the jurisdiction of an inferior court.

Mr. WHEELER. We have limited the jurisdiction of the court, and these judges are to be appointed to the court.

Mr. ASHURST. That is what I mean. Mr. WHEELER. I perhaps misunderstood the Senator, then. The jurisdiction of the court, of course, is limited.

Mr. ASHURST. The court, then, is not to have general jurisdiction.

Mr. WHEELER. That is correct. Mr. ASHURST. The only cases cognizable upon appeal or otherwise would be those which came squarely and simply and solely and only within the four corners of the pending bill, or such amendatory act as might be passed thereafter. Am I correct?

Mr. WHEELER. The Senator's statement is accurate.

Mr. CLARK of Missouri. Will not the Senator from Montana agree that when we have once created the proposed court, and the judges thereof have once been appointed and confirmed, they then will be circuit judges of the United States?

Mr. WHEELER. Yes.

Mr. CLARK of Missouri. And if such situations should arise as arose in the case of the Commerce Court, and the Congress should seek to abolish the new court, Congress would still have to find employment for the judges of the new court as circuit court judges?

Mr. WHEELER. That is correct.

Mr. CLARK of Missouri. In other words, Congress will be creating either a special court or providing for the appointment of a number of supernumeraries as Federal circuit judges.

Mr. ASHURST. Mr. President, will the Senator from Missouri yield to me?

Mr. CLARK of Missouri. I am glad to yield to the Senator from Arizona.

Mr. ASHURST. Two or three of the ablest lawyers in this body have indicated to me their opinion that Congress has the power subsequently to abolish the judgeships in question. With due deference to the opinion of those Senators, I will say that I do not agree with them in that respect. When the proposed judges are appointed, confirmed, and commissioned they are appointed for life.

Mr. CLARK of Missouri. I take it that the Senator from Arizona is of the opinion that by abolishing the court we could not abolish the court officers?

Mr. ASHURST. We could abolish the court, but the judges would remain. They would receive their salaries. They might have no duties to perform, they would have no jurisdiction, but they could be distributed among the districts or circuits of the United States as the Congress chose.

My opinion is that when these judges are commissioned

they are there for life unless and until impeached.

Mr. MINTON. Mr. President-

The PRESIDING OFFICER (Mr. King in the chair). Does the Senator from Missouri yield to the Senator from Indiana?

Mr. CLARK of Missouri. I am glad to yield to the Senator from Indiana for the purpose of asking a question of the Senator from Arizona.

Mr. MINTON. Did not Jefferson abolish the court which Congress created, composed of the "midnight judges"?

Mr. ASHURST. There is a long history in connection with that matter.

Mr. MINTON. That is true, is it not?

Mr. ASHURST. Yes.

Mr. MINTON. And did not that action on the part of Jefferson dispose of the judges as well as the Court?

Mr. ASHURST. That might have been done.

Mr. CLARK of Missouri. The validity of the original act was questioned.

Mr. MINTON. No; the law was repealed. That was all that was done.

Mr. ASHURST. Mr. President, will the Senator from Missouri further yield until I shall have completed my statement?

Mr. CLARK of Missouri. I yield.

Mr. ASHURST. At the hour of midnight, or 1 minute before midnight, of March 3, 1801, James Madison, who was soon to become Secretary of State, walked into the room where the President was engaged in signing commissions, and said, "You are no longer authorized to sign commissions. You will no longer be President within one minute." Considerable discussion arose as to whether the commissions issued would be valid.

I ask the Senator from Missouri whether that is not his

recollection of what occurred.

Mr. CLARK of Missouri. My understanding of the circumstances which the Senator has just related is that the incoming Secretary of State or Secretary of State designate, James Madison, walked into the office of the outgoing Secretary—

Mr. ASHURST. That is correct-John Marshall.

Mr. CLARK of Missouri. He walked into the office of the outgoing Secretary of State, John Marshall, and laid his watch on the desk and said, "This is the President's watch. Any commissions issued after this time will be illegal."

Mr. AUSTIN. Mr. President, will the Senator yield? Mr. ASHURST. I will yield in just a moment.

I would not have entered the discussion had not the present phase of the question been brought up. There will be other Congresses which—mirabile dictu!—wonderful to relate—will be as able as is the present Congress, and they can settle that question when they reach it. Not that I wish to throw upon succeeding Senators or Representatives the problem of solving any question. Our decision as to whether such judges would be permanent or not will not bind any succeeding Senate.

Mr. AUSTIN. Mr. President, will the Senator from Missouri yield?

Mr. CLARK of Missouri. I yield.

Mr. AUSTIN. I think the Supreme Court of the United States 15 years after the date to which the learned chairman of the Committee on the Judiciary has referred, rendered an opinion which in substance answers his question. That was in the case of *Martin* v. *Hunter* (1 Wheat. 304), in which appears the following:

Congress is bound to create some inferior courts in which to vest all that jurisdiction which, under the Constitution, is exclusively vested in the United States, and of which the Supreme Court cannot take original cognizance. It might establish one or

more inferior courts, and might parcel out the jurisdiction among such courts from time to time at their own pleasure. But the whole judicial power of the United States should be at all times vested either in an original or appellate form in some courts created under its authority.

I submit that that language answers the question.

Mr. ASHURST. I thank the Senator from Vermont for reading that opinion. Possibly I was misunderstood. I do not question that the judicial power is with courts. I only say that, in my judgment, Congress could not remove those judges except by impeachment. Congress has the power to limit or define the jurisdiction, or deprive them of jurisdiction. Is that the purport of the decision?

Mr. AUSTIN. I believe that is not the whole purport of the decision. My interpretation of what I have read is that from time to time courts which are inferior to the Supreme Court of the United States may be abolished by Congress, but that at all times there must be a repository for all the judicial power; and if Congress destroys or discontinues one of these courts, the judicial power of the United States must be vested

somewhere else. That is all.

Mr. CLARK of Missouri. Mr. President, as I said a moment ago, if I felt there were any possibility of my views prevailing on this question, I would be glad to force the matter over for consideration until next Monday by demanding a roll call. From investigation I have made I have become convinced that the result on Monday would be the same as the result will undoubtedly be today. Therefore, I am not disposed to ask that the matter go over.

I merely desire to express my opposition to the proposed legislation, and to such type of legislation, and I will do so as briefly as may be in order not to detain the Senate unduly

on Saturday afternoon.

Mr. President, if my original motion had prevailed to divest the body which it is proposed to set up of the character of a Federal court by striking out the words "a court of the United States is hereby created" and inserting the words "a tribunal is hereby created", it would then have been important perhaps to offer an amendment to conform to the suggestions made on yesterday by the Senator from Idaho [Mr. Borah] and the Senator from Nebraska [Mr. Norris] to limit the tenure of the judges of the proposed court to a period of 9 years, or 8 years, or 7 years. That is a matter with respect to which I have no great pride of opinion, but certainly their tenure should be limited to a definite period of years.

I admit that under the Constitution of the United States it is not possible for us legally to adopt the amendment striking out the words on page 2, line 5, that these judges "shall hold office during good behavior", and insert a provision for a tenure of a definite period of years, which I should like to do. If my original amendment had been adopted it would then have been my purpose to insist upon going through the bill and striking out everything in it having to do with this body in the character of a court. I shall not pursue that procedure, because the action of the Senate in rejecting my original amendment proposing to change the proposed body from a court to a tribunal, or a board, or a commission, or what Senators may please to call it, is indicative of the temper of the Senate, and, without that amendment, it is impossible to pursue the course, by the submission of further amendments, which I desired to pursue.

However, I wish to say, Mr. President, that in passing this measure, in my judgment, we are creating one of the most dangerous precedents which has ever been created in the judicial history of the United States. For the first time in our history we are setting up a court, a Federal court, a circuit court of the United States, for the consideration of the interests of one special industry in the United States. That was not true even in the case of the Commerce Court, because even the ill-omened and ill-famed and ultimately disgraced Commerce Court was not set up for one special industry.

Mr. President, if we have to set up a special court for the railroads, there is no reason why we should not set up another special court for the truck interests; there is no reason why we should not set up another special court for the gas utilities; there is no reason why we should not set up another special court for the electric utilities, the power companies. In the past few years we have heard many times in this body that the bituminous-coal industry is a sick industry. We shall be called upon to set up a special court for the bituminous-coal industry. If we set up a special court for one special industry, there is no reason for not setting up other special Federal courts for other special industries.

Mr. President, the reason assigned for the creation of a special court in the case of railroads is that, according to general conception-with which I agree-there has been some mismanagement of railroad receiverships by certain Federal courts. There has been the same sort of mismanagement by certain Federal courts as to utility receiverships; there has been the same sort of mismanagement by certain Federal courts as to private corporation receiverships, and it seems to me the remedy for that condition does not go to the question of railroad receiverships. It goes to the question of all receiverships. The remedy for that condition is not to set up a special court to deal with railroad receiverships. It is to go to the bottom of the misconduct, if such there be, of certain Federal judges, and either to impeach them or to set up a different system having to do with receiverships in all courts, whether they be railroad receiverships or any other kind of receiverships. So far as the railroads are concerned, in contradistinction to other corporations which may be in receivership, the railroads are in a peculiarly fortunate position, because under the present law trustees appointed by Federal courts in railroad receiverships must be approved by the Interstate Commerce Com-

Mr. President, I am opposed to the bill. I would rather have a commission than a court, because it is easier to abolish a commission than to abolish a court. However, I am fundamentally opposed to creating new commissions, and I am particularly opposed to creating new courts of special jurisdiction.

I realize that it is impossible successfully to oppose the combination which may be evidenced by the vote on this question in this body. We have the railroad executives, the railroad brotherhoods, the ardent new dealers, and the reactionary Republicans in a hard-and-fast line for the passage of the bill. One of the first things I remember being told by my father when I was a little boy was never to think that I could butt my head through a stone wall. I realize exactly the effect of any remarks that I or other Senators may make on the floor of the Senate in the face of the combination to which I have referred. Nevertheless, I wish to make my views a matter of record. I predict, Mr. President-and I shall come back later to remark on the effect of my prediction-that the creation of a special class court for one particular industry will have as disastrous and ultimately as disgraceful effects as did the creation of the Commerce Court of ill-omened memory.

Mr. BORAH. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. BORAH. I wish to ask the Senator from Colorado [Mr. Adams] a question with respect to his amendment which was agreed to yesterday. As I understand the amendment offered by the Senator from Colorado, it undertook to eliminate what are called roving judges.

Mr. ADAMS. The purpose of the amendment was to take away the power which the bill gave to the Chief Justice to assign Railroad Reorganization Court justices to sit as either district or circuit judges in cases of general jurisdiction.

Mr. BORAH. If the judges are to be appointed with limited jurisdiction and limited powers, as it is now contended they will be, how could they be assigned to general service as Federal judges?

Mr. ADAMS. Only by virtue of the statutory authorization which was in the bill before the amendment. The bill authorized such procedure, and I suppose by virtue of the control Congress has any judge could be assigned if that were the express will of Congress.

Mr. BORAH. I am asking the question for the purpose of ascertaining the opinion of those in charge of the bill, and the opinion of the able Senator from Colorado as to the definition of the jurisdiction of the court. It seems to me it is exceedingly important that this legislative body define what it understands to be the jurisdiction of the proposed court.

Mr. WHEELER. Mr. President, if I may interrupt the Senator, on page 7, section 4 (a), the language is:

The Railroad Reorganization Court, acting by a quorum or by a single judge as herein provided, shall have all the jurisdiction posessed by the district courts of the United States and of the judges thereof, (1) under and with respect to section 77 of the act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory and supplementary thereto (hereinafter referred to as the Bankruptcy Act), and (2) in and with respect to equity re-ceiverships of railroad corporations (as defined in the aforesaid section 77).

I wish to call the Senator's attention to the fact that the Congress recognized that there was a distinct and separate problem with reference to railroads. When we passed section 77 it was not a general bankruptcy act for utilities, trucks, and bus interests. It was a specific and definite act with reference to bankruptcy of railroads. So the Congress recognized the railroad problem as a separate and distinct problem, as contrasted with receiverships with respect to busses, trucks, and all the other things that have been mentioned.

When we set up the Interstate Commerce Commission we recognized the railroad problem as a separate and distinct problem. Today, as never before in the history of the country, everybody recognizes the importance of the railroad problem. The proposed court is spoken of as being a railroad court. It is not a railroad court. It is a bankruptcy court, whose duty it is to handle receiverships and bankruptcies. What we are seeking to do in the bill is to take away from the railroad courts jurisdiction over railroad bankruptcies and receiverships. Those who opposed the bill before the committee wanted to have such matters remain in the railroad courts. We are seeking to take them away from the railroad courts and set up a court in which railroad receiverships and bankruptcies cannot be manipulated.

Mr. BORAH. The Senator has been in the Senate long enough to know that he must make up his own mind as to who wants what. He cannot be certain about it from reports which come from those who have an interest on one side or the other.

Mr. WHEELER. That is correct.

Mr. BORAH. As I understand, the new court is to have limited jurisdiction.

Mr. WHEELER. That is correct.

Mr. BORAH. And a litigant could not go into the court with anything in the nature of general litigation.

Mr. WHEELER. That is correct.

Mr. BORAH. Then, I take it that a judge appointed to that court of limited jurisdiction would have no power to serve in any other court.

Mr. WHEELER. I think that is correct. Certainly that is the situation in the present form of the bill.

Mr. SHIPSTEAD. Mr. President, will the Senator yield? Mr. WHEELER. I yield.

Mr. SHIPSTEAD. Are the judges to be appointed for

Mr. WHEELER. Under the Constitution they must be appointed for life.

Mr. SHIPSTEAD. Is it the assumption that the railroads are to be permanently in bankruptcy?

Mr. WHEELER. I stated on the floor yesterday that I should have been perfectly willing to limit the tenure of office of the judges; but under the Constitution I came to the conclusion that it could not be done.

Mr. HATCH. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. King in the chair). Does the Senator from Montana yield to the Senator from

Mr. WHEELER. I yield.

Mr. HATCH. The statement of the Senator from Idaho [Mr. Borah] that the powers of the judges under the bill are limited to the special jurisdiction conferred is now true: but it is true only because of the amendment offered by the Senator from Colorado [Mr. Adams], which has been agreed

Mr. WHEELER. That is correct.

Mr. HATCH. Unless that amendment had been agreed to, the judges would have had all the power of both district and circuit judges.

Mr. WHEELER. That is correct.

Mr. BORAH. To what language does the Senator from

New Mexico refer?

Mr. HATCH. The language on page 2, line 8, which says that the judges may "be designated and assigned by the Chief Justice of the United States for temporary service in the district court for any district or the circuit court of appeals for any circuit." That language has been eliminated. It is not now in the bill.

Mr. BORAH. That language was stricken out.

Mr. HATCH. Yes. Mr. BORAH. But suppose it had not been stricken out. If the judges were appointed to a court of limited jurisdiction, with no power except to do specific and particular things, how could they be assigned to perform duties which they had never been authorized to perform?

Mr. HATCH. That language has now been stricken out and is no longer in the bill. It was the view of some of us

that it was dangerous.

Mr. CLARK of Missouri. Mr. President, I said a moment ago that I did not desire to detain the Senate by an unduly long discussion of this matter, but one statement just made by my friend from Montana I cannot permit to go unchallenged. He stated that the purpose of this bill is to transfer jurisdiction of receiverships from railroad courts and that those who are opposed to the bill are in favor of retaining jurisdiction in railroad courts.

Mr. WHEELER. Mr. President, will the Senator yield

there?

Mr. CLARK of Missouri. Yes; I yield.

Mr. WHEELER. I explained that, and said that I referred to those who came before the committee.

Mr. CLARK of Missouri. I understand the Senator explained that he was not reflecting on any Senator.

Mr. WHEELER. No; I was not.

Mr. CLARK of Missouri. There are many people in the United States who are opposed to setting up special courts who do not regard the courts of the United States as railroad courts. I can say that in my State, where there are four or five-I think five-trunk lines in receivership, there are five district judges and one circuit judge, the son of the late Senator Stone, of Missouri, one of the most eminent jurists in the United States. So far as the five district judges are concerned, two of them are Democrats, appointed by the present President of the United States and confirmed by this body. The other three are Republicans, appointed by former Presidents of the United States and confirmed by the Senate.

Mr. President, I do not believe there is one citizen in the State of Missouri who believes that the court of any of those judges, either Democrat or Republican, is a railroad court. I do not believe that there are very many people in the State of Missouri who would not have more confidence in the administration of a great trust by any one of those five judges, Democrat or Republican, whether appointed by President Roosevelt or one of his predecessors, than he would in a court set up here in Washington, far away from the scene of their trust, operating through Janizaries that might be sent out from this city.

Mr. ADAMS. Mr. President, just a word following what the Senator from Missouri [Mr. CLARK] has said. I have given considerable thought to that phase of the matter, and I have been driven to vote against the bill because of one thing. The bill provides for the appointment of a new court, which cannot understand all the problems, to hold its sessions in the city of Washington and to take jurisdiction of every receivership, every bankruptcy throughout the railroad systems of the United States, all the attorneyships and everything else connected with them.

One of the railroads in my State is in the Federal court under the jurisdiction of a judge in whom all the people have confidence, who is familiar with the problems, which are difficult and intricate. Our interest and our concern is to maintain the railroad system in operation, to make the necessary concessions and work out the necessary reorganization. I am apprehensive of the creation of a court of five men concentrated in Washington, none of them, probably, coming from the western section of the country, for it seems that the section west of the Mississippi River is no longer deemed able to furnish men for the high courts. It is no longer represented on the Supreme Court of the United States. Although for many years two Justices on that Court came from the West, now appointments are made from other sections. I feel driven to vote against the bill by reason of the tremendous concentration of power which the bill

There have been abuses in the courts—naturally we know they are not general but rather sporadic-but by this bill we are proposing to concentrate power in the hands of five men who are to be appointed and who are to sit in Washington. If there were any assurance of protection on the part of these five men, of course, it would be the thing to do, but-

Mr. CLARK of Missouri. Mr. President, will the Senator

vield?

Mr. ADAMS. Certainly.

Mr. CLARK of Missouri. Does the Senator have any real doubt that any five men selected by Mr. Thomas G. Corcoran and Ben Cohen would have all wisdom?

Mr. ADAMS. I decline to comment on that suggestion.

Mr. HATCH. I am not convinced that Mr. Corcoran is going to make any appointments. But the point I rose to make was this: The Senator from Montana talks about the wisdom of five judges; the Senator from Missouri talks about the wisdom of five judges. Why do they say "five judges"? Why do they not say one judge, for, under the terms of the bill, is it not true that one judge may exercise all the duties and powers of the court?

Mr. WHEELER. No.

Mr. HATCH. Why not?

Mr. WHEELER. Because it is not so provided in the bill.

Mr. HATCH. I think it is so provided in the bill.

Mr. WHEELER. One judge may be assigned to the consideration of incidental matters, but the same provisions are written into this bill as are contained in the law with reference to the circuit court of appeals.

Mr. HATCH. I say frankly to the Senator from Montana that I am not so familiar with this bill as I should like to be, and that is the reason I am asking the questions.

Mr. WHEELER. I understand. I repeat, we have incorporated into the pending bill the provisions now in the law with reference to the circuit court of appeals concerning action by a majority of the judges. The bill provides that in certain detailed matters one judge may act in certain instances for the purpose of expediting matters.

Mr. HATCH. I do not wish to delay, but would the Senator explain for my benefit what are those "detailed matters" upon which one judge may act in place of the court?

Mr. ADAMS. Mr. President, while the Senator from Montana is looking up the provision in the bill, may I make a statement as to my understanding? There are certain detailed matters which may be assigned to one judge, but a quorum of the court consisting of three members may sit, and a majority of those three members may exercise all the powers of the court. So, instead of being a one-judge court, it may be a two-judge court.

Mr. WHEELER. The same provision is in the existing law with reference to the circuit court of appeals.

Mr. ADAMS. But I have made a correct statement, have I not?

Mr. WHEELER. The Senator is correct. The pending bill makes the identical provision in this regard as is made by the present law for the circuit court of appeals. For instance, in the ninth circuit—I do not know how many judges there may be in the eighth circuit, but in the ninth circuit there are seven judges, and they are behind in their work. So, for the purpose of expediting the work frequently only three judges sit, and the three other judges, for instance, go to Portland or Los Angeles or some other place. So, a majority of the three judges, which is two, decide cases.

Mr. HATCH. I should like to call the Senator's attention to the particular language which aroused my curiosity. It is found on page 7, section 4.

JURISDICTION

Sec. 4. (a) The Railroad Reorganization Court, acting by a quorum or by a single judge as herein provided—

That is, the entire court or a quorum of the court or a single judge of a court—

shall have all the jurisdiction possessed by the district courts of the United States and of the judges thereof—

That gives to one judge "all the jurisdiction possessed by the district courts of the United States and the judges thereof"—

(1) under and with respect to section 77 of the act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory and supplementary thereto.

Does not that give to one judge the power to act?

Mr. WHEELER. Coming back to page 3, it is there provided:

Provided further, That the court, with a quorum participating, may in its discretion, on application of any interested person, or of its own motion, grant a rehearing or reconsideration by it of the determination of a single judge if sufficient reason therefor be made to appear, but the court may by general rules confine the opportunity to make applications for rehearing or reconsideration to matters or determinations of certain classes or description which in its opinion present issues requiring consideration by a quorum.

It was desired to so frame the bill as to expedite the consideration of comparatively small matters which may come before the court by allowing one judge to act in certain instances, but then the bill provides that in the event the one judge should decide a question upon request a quorum of the court shall be required to review it.

Mr. HATCH. I merely wish to say to the Senator from Montana that I wanted to vote for the bill. I am not like the Senator from Missouri, who wants to set up a board or a commission or some agency to transact judicial powers. I think judicial powers should be vested in a court. I am trying to understand something about the bill, and I cannot help but believe that the language used in the section beginning on page 7, which is the section which defines jurisdiction, confers jurisdiction not alone upon the court, not alone upon a quorum of the court, but it also confers the same jurisdiction upon a single judge of the court. I make that statement somewhat along the line of an interrogation. I desire information on the subject; that is all.

Mr. WHEELER. Let me say to the Senator that when we provide that a court may act through judges we have got to confer jurisdiction upon the judges. So the bill confers jurisdiction upon the judges, but by other provisions the actions of the court in deciding matters are limited to a quorum the same as in the circuit court of appeals. What is bothering the Senator is that it confers jurisdiction, as I understand him, upon judges.

Mr. HATCH. Oh, no! I have no objection to conferring jurisdiction upon the court as a whole, or even upon a quorum of the court, if necessary; but I think we are conferring upon a single judge all the jurisdiction which we give to the court as a whole.

Mr. WHEELER. What the Senator disregards is this language:

The Railroad Reorganization Court, acting by a quorum or by a single judge as herein provided—

Then, as I say, we go back to the other provisions to which I called the Senator's attention, which absolutely protect the litigant except in minor details, as to which one judge may act.

Mr. ELLENDER. Mr. President, in connection with this discussion, I should like to ask the Senator from Montana what is meant by the language appearing on page 3, line 11:

The chief judge may assign any matter in a proceeding to a single judge for final determination.

In what matters could not a single judge himself make the final decision?

Mr. WHEELER. I do not know that I quite catch the Senator's suggestion. The language is:

The chief judge may assign any matter in a proceeding to a single judge for final determination.

Mr. ELLENDER. What matters? To what extent could the single judge adjudicate on "matters" to finality? The language is rather broad and should be more specific.

Mr. WHEELER. I think we should have to say the bill means that instead of assigning a matter to a master in chancery for the purpose of taking evidence, the chief justice may say to a single judge, "You may take the evidence in this particular matter and the recommendations will come back to the court."

Mr. ELLENDER. Why add the words "for final determination"? Why empower a single judge to pass final judgment if his duties are to be in the nature of a master in chancery for the purpose of taking evidence?

Mr. WHEELER. Then the proviso follows:

Provided, That a quorum shall be requisite on the question of determination of a fair upset price and on the question of final confirmation (1) of a plan or (2) of sale of property of the debtor or of the railroad corporation in receivership at not less than a fair upset price: Provided further, That the court, with a quorum participating, may in its discretion, on application of any interested person, or of its own motion, grant a rehearing or reconsideration by it of the determination of a single judge if sufficient reason therefor be made to appear.

Mr. ELLENDER. Even with that proviso, why leave in the language on line 13, "for final determination"? I believe the language should be stricken from the bill.

Mr. AUSTIN. Mr. President, a railroad reorganization involves transactions extending clear across the continent, perhaps; and numerous orders from time to time, perhaps daily, have to be made in the operation of such a railroad in receivership or under trusteeship—incidental, interlocutory orders; orders that must go into effect immediately, because they relate to operation of the road day after day-and they should be in the possession and jurisdiction of one judge. Receivers or trustees should not be required to come to Washington and get a final determination of those questions before a court of three members. If that were done, we should never in the world get through. No receivership would be practical, no trusteeship would be practical, if we should strike out the word "determination," and should not have reposing somewhere near headquarters, near where the railroad was operated, somebody who could make a final determination of such matters as I have described.

Mr. ELLENDER. Could not more specific language be found than "any matter," so as to make it certain that a single judge will be clothed only with such duties as were outlined by the Senator from Vermont?

Mr. AUSTIN. I should not be so intemperate as to try to prescribe all the conceivable proceedings which would have to be included in the bill in order to make this provision work.

Mr. HATCH. Mr. President, I reiterate my inquiry. In the light of the language to which the Senator from Vermont has been addressing his remarks, about one judge making a final determination, and in the light of the language which I read a moment ago on page 7, apparently conferring upon

a single judge the same jurisdiction that is conferred upon the whole court, what is the Senator's interpretation? How much power does a single judge have, how much power does the court have, and how much power does a quorum have?

I merely want to get the views of the Senator.

Mr. AUSTIN. Mr. President, we shall have to separate that question. Jurisdiction and power have both been mixed up in the question, and they do not mean the same thing.

Mr. HATCH. Let us first take up the question of juris-

diction.

Mr. AUSTIN. Very well.

It is intended by the bill—and I think the bill accomplishes it-to give jurisdiction over all the things that may conceivably have to be administered as property of a railroad company, both the things that are used in operating the plant and things that are not used in operating the plant, but represent investments, nonoperating property. All the jurisdiction that the Constitution says Congress shall exercise through bankruptcy is intended to be invested in this court-all of it-and it is taken away from all other courts. But that means we have conformed to what we understand to be the law of the land, as interpreted in the Hunter case, to which I referred a few moments ago-that if we take away from the district courts of the United States a part of their jurisdiction, we must find another repository for it, because all of the jurisdiction which must be exercised by a court must be provided by Congress, and that is all expected to be transmitted to this court by this bill.

If our language is too restrictive to accomplish that purpose, it is faulty. I, however, interpret the limitations as not too restrictive. These limitations are to the provisions of section 77. Hereafter section 77 will be as we are writing it.

The second thing is sufficient jurisdiction to comprehend all cases of equity receivership that are comprehended by section 77. That does not mean all equity receiverships.

Mr. HATCH. Equity receiverships of railroad corporations?

Mr. AUSTIN. That is it-of railroad corporations.

When it comes to power, I think we have another matter. Mr. HATCH. What has the Senator to say about the jurisdiction of the whole court or the jurisdiction of an individual judge?

Mr. AUSTIN. That certainly is confusing. The purpose of that language is to accommodate the bill to the differing conditions which arise in railroad reorganizations.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. AUSTIN. Yes; I yield.

Mr. HATCH. I am asking these questions of the Senator in all good faith. He knows the respect and confidence I have in his judgment. Does the Senator from Vermont think it is a good idea, in a bill of this type and character, to confer jurisdiction on a single judge? Is that a good idea?

Mr. AUSTIN. Yes.

Mr. HATCH. And the Senator thinks the bill does that?

Mr. AUSTIN. I think it does.

Mr. HATCH. That is what I want to be sure about.

Mr. AUSTIN. Yes; I have that persuasion. Mr. HATCH. Then, I was correct in my interpretation; so the single judge does have all the power conferred on the court as a whole by this section.

Mr. AUSTIN. No; not at all. He has jurisdiction, but his power is limited.

Mr. HATCH. How is it limited?

Mr. AUSTIN. It is limited by this proviso:

That a quorum shall be requisite on the question of determination of a fair upset price—

That takes two judges instead of one and on the question of final confirmation-

That takes two judges-

(1) of a plan or (2) sale of property of the debtor-

That is, any property-

or of the railroad corporation in receivership at not less than a fair upset price:

There is another limitation:

Provided further, That the court, with a quorum participating, may in its discretion, on application of any interested person, or of its own motion, grant a rehearing or reconsideration by it of the determination of a single judge if sufficient reason therefor be made to appear, but the court may by general rules confine the opportunity to make applications for rehearing or reconsideration to matters or determinations of certain classes or description which it is opinion present issues requiring consideration by which in its opinion present issues requiring consideration by a quorum.

I am not certain that I have called attention to all the limitations. I believe, however, that that is the general limitation upon the power of the single judge.

Mr. BARKLEY and Mr. WHEELER addressed the Chair. The PRESIDING OFFICER. Does the Senator from Vermont yield; and if so, to whom?

Mr. AUSTIN. I yield first to the Senator from Kentucky. Mr. BARKLEY. Mr. President, reading all these provisions together-first, that-

Three judges shall constitute a quorum, except as otherwise herein provided, and a determination concurred in by a majority of the judges participating shall constitute the determination of the court-

I imagine that the sentence-

The chief judge may assign any matter in a proceeding to a single judge

refers to a proceeding, of course, which has already been instituted and is pending before the court. Instead of having, as the Senator says, all litigants come to Washington, it might be necessary to send a single judge to Minnesota or Arizona or California or Maine to hold hearings with respect to some question in a proceeding.

Mr. ELLENDER. Mr. President, will the Senator permit

me to ask him a question at that point?

Mr. BARKLEY. In a second; and in the determination of the matters for which he was sent out as a single judge his decision would be final, subject, however, to these provisions:

Provided, That a quorum shall be requisite on the question of determination of a fair upset price and on the question of final confirmation (1) of a plan or (2) of sale of property of the debtor or of the railroad corporation in receivership at not less than a fair upset price.

It seems to me that what that must mean is that this court is somewhat in the same category as the United States Customs Court, whose headquarters is in New York, but it sends single judges all over the United States to hold hearings in matters of customs, violations of the internal revenue laws, or the customs regulations of the country.

In the decisions in those cases, as I recall, the single judge who goes out to hold a hearing, instead of having all the litigants and others involved come to the city of New York, makes a final determination of the facts which he has gathered in the hearing, subject later, of course, if there is any reason for the whole court to pass upon the subject, to have it determined finally by the full court. It seems to me that while the provision authorizes a single judge to act, yet where there is good reason the court as constituted may determine by a majority whether the final determination, socalled, of the single judge shall stand, or whether it shall be reviewed or modified. Am I correct about that?

Mr. AUSTIN. I think the Senator has stated it clearly. Mr. HATCH. Mr. President, I do not wish to delay the consideration of the bill by my questions, but I think they have a good deal of merit, and I think the Senate should understand what the bill would do, especially as to the jurisdiction conferred. From the statements made by the Senator from Vermont and the Senator from Montana, and the explanation of the Senator from Kentucky, it occurs to me that the jurisdiction conferred might be thus stated, that full jurisdiction is conferred upon the court as a whole, upon

a quorum of the court, or upon a single judge thereof, except as to the express limitations set forth in the bill. Is that correct?

Mr. AUSTIN. Mr. President, I cannot quite adopt that language. I think, however, I can adopt the thought. In my opinion the same jurisdiction is conferred on each one of

those elements named by the Senator from New Mexico, but I think the power differs.

Mr. HATCH. Let us confine it to jurisdiction.

Mr. AUSTIN. I think the jurisdiction is the same. Jurisdiction is conferred on one judge over all the same matters that is conferred on the three judges, excepting those things which are named in the proviso.

Mr. HATCH. The limitation set forth in the measure itself?

Mr. AUSTIN. Yes.

Mr. HATCH. I thank the Senator.

Mr. ELLENDER. I am wondering what judgments could be rendered under this procedure, other than those the Senator has mentioned and the nature of which are described in the proviso following the language to which I referred a few minutes ago?

Mr. AUSTIN. There are often leased lines in a railway system, and the relative rights of lessor and lessee arise. Always the trustee, and the receiver in equity, is a mere agent of the court, and before he makes a fundamental change in the relationship of lessor and lessee he goes to the court with a petition asking leave to make the change, and there must be a judgment of the court approving the change before it is valid. Certainly a trustee or a receiver should protect himself always if he can, and he generally does, by a judgment of the court. That is a mere illustration. There are innumerable instances in which an order of a judge is necessary to carry on and keep the trains running, and keep serving the public, as a railroad must do, whether it is in receivership or out of it. The Senator understands that we are dealing with a public servant and with a quasi-public property, and one of the obligations we have in the Congress is to see that we do not stop transportation, that we do not interfere with interstate commerce, but, on the other hand, that we promote it and that we keep the wheels

It is for that purpose that we have facilitated the conduct of business in receiverships and trusteeships by naming one judge to pass upon such matters.

Mr. ELLENDER. Matters incidental to the procedure?

Mr. AUSTIN. Yes.

Mr. WALSH. Mr. President-

The PRESIDING OFFICER (Mr. SMATHERS in the chair). Does the Senator from Vermont yield to the Senator from Massachusetts?

Mr. AUSTIN. I yield. Mr. WALSH. What provision is made in the bill for the printing of the reports or decisions of the court?

Mr. AUSTIN. None, so far as I remember.

Mr. WALSH. Why should there not be such a provision? How is the public, how are the Members of Congress, even, to be able to judge of the soundness of the decisions or the efficiency of the judges?

Mr. AUSTIN. My attention has just been called to a section which makes such provision. I did not remember it, there are so many other things I have been thinking of. It

is section 10.

Mr. WALSH. The purpose of the proposed legislation is fundamentally to correct the abuses which have grown up as a result of mismanagement and inefficiency in the han-

dling of receivership cases by receivers?

Mr. AUSTIN. Partly that; but, if the Senator will permit me, I should go further in answering his inquiry and say that a substantial reason for the legislation is the imperfection of the law as it now is. The law as it now undertakes to implement the reorganization of railroads takes out of the hands of the court and puts into the hands of the Interstate Commerce Commission judicial power. Too much judicial power is now invested in a tribunal here in Washington which is only a quasi-judicial and quasi-administrative body.

Mr. WALSH. The Senator considers that a major reason for the change?

Mr. AUSTIN. That has been considered a major reason for making the change.

Mr. WALSH. The Senator will agree with me, will he not, that the abuses which have grown up in connection with bankruptcy cases in our courts, favoritism in appointments, excessive fees, and negligence in the handling of the cases, cannot be cured by legislation. It is fundamentally a question of the personnel of the tribunals.

Mr. AUSTIN. The Senator is exactly right.
Mr. WALSH. So that, so far as the bankruptcy features of the bill are concerned, the selection of new personnel to handle bankruptcy cases may result in a continuation of the same abuses, unless the personnel is of the very highest and most capable character. Even from that standpoint I see an advantage, in that this court will be able to give more personal attention to bankruptcy cases, watch the actions of the receivers, and be more intimately in touch with the operations of the receivers. That impresses me as one of the advantages.

Mr. AUSTIN. Has the Senator observed also that, notwithstanding the weakness of having the court here in Washington, seemingly centralizing all the judicial power in one city of this great continent, there is the advantage that the court will be in the eyes of the people all the time with respect to the reorganization of railroads? As it is now, district judges scattered wherever those who petition for a railroad to go into reorganization may select them, have jurisdiction. How many citizens of this country know what judges now have charge of such reorganizations? Reorganization matters are now in the hands of individual judges. Who are they? Does the public know? Let there be five men here in Washington, and the public will know them all the time.

Mr. WALSH. The Senator has made a very valuable cbservation in referring to the fact that the absence of publicity has been largely responsible for the abuses in the courts in connection with bankruptcy cases. If I had my way, a judge would have to give his reasons in writing for his appointment of a receiver and would have to publicly announce the fee he allowed and the reasons for the fee. because, as the Senator knows, great scandals involving legalized graft have arisen from the courts naming favorites as receivers, and bestowing large and unreasonable and unearned fees upon receivers, not merely in the railroad field but in every other field.

Mr. AUSTIN. Mr. President, let me observe that like a little bit of blood in a great amount of water, just one such case creates a very bad impression all over the country. There is thereby cast a cloud upon the whole judicial system which ought not to rest upon it. I think that the practices spoken of do exist in certain places, but, as I have said before on this floor, I do not think the whole judicial structure should be condemned for it.

Mr. WALSH. I am pleased to have the Senator's observation for another reason, because I have been worried about the precedent, especially as the Senator has emphasized the other features of the bill, aside from provision for the handling receiverships in a more adequate and efficient manner. If this is to be a precedent, what is to prevent the workers and employees of the country from asking for a labor court? As the Senator knows, we have passed a large number of very important labor laws in recent years, and various questions are being raised as to their interpretation. There are many untried cases in the courts dealing with labor laws, and it seems that there is a stronger argument for a separate judicial tribunal to deal with human factors and the rights of workers and employees than there is for a court dealing solely with the protection of the monetary interests of those who invest in railroads, which I concede should not be neglected or passed by without our giving them serious consideration. What does the Senator say about the precedent?

Mr. AUSTIN. Mr. President, I have the same sentiment of devotion to the established Federal and State judicial institutions as has the Senator from Massachusetts. I think we could not come out of New England without very strong | feelings of that kind.

Mr. WALSH. That is true.

Mr. AUSTIN. And I must say that I approached the study of this proposed Federal court legislation with misgiv-

ings as to passing it.

Mr. WALSH. What has impressed me very much, let me say to the Senator from Vermont, is that the Senator's judgment in respect to the matter has considerable influence on the floor of the Senate, which is to the Senator's credit

Mr. AUSTIN. Mr. President, I do not seek that responsibility and I do not run from it. I have had to meet responsibility in my life many times, and I know the consequences of mistake, and I fear the consequences of mistake in judgment in the present instance. But I have made no hasty decision, I assure Senators, and I do not urge them to follow me. I am supporting the bill because I have become persuaded, after careful consideration, that it is the best we can do at the present time and under the circumstances.

Mr. WALSH. I find myself reaching the same conclusion after much misgiving and many doubts as to the wisdom of the proposed legislation.

Mr. AUSTIN. I thank the Senator. I now yield to the

Senator from Arizona who has just risen.

Mr. ASHURST. The Senator from Vermont [Mr. Austin] and the Senator from Massachusetts [Mr. Walsh] have by their attitude expressed exactly what I would wish to say about the bill. It is the best that may be done in the circumstances.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield.

Mr. ELLENDER. I wish to ask another question with respect to the language we were discussing a few moments ago on page 3, as follows:

The chief judge may assign any matter in a procedure to a single judge for final determination.

Suppose a final determination is made, would there be an

appeal from such final determination?

Mr. AUSTIN. Yes; as I understand the bill there are two ways of obtaining such action. That is, they are alternative, and different in some degrees. One of them is provided right at the bottom of the same page. The Senator will see that any interested person can make the appeal.

Mr. ELLENDER. To what court?

Mr. AUSTIN. To the court which is down here at Washington.

Mr. ELLENDER. But to whom would the appeal from the final decision of the single judge be made?

Mr. AUSTIN. To the whole court. Mr. ELLENDER. The whole court?

Mr. AUSTIN. The court in Washington. Suppose a judge in Louisiana made an order in which the Senator was interested. All that has to be done is to transact the business in the manner following:

Provided further, That the court, with a quorum participating, may in its discretion, on application of any interested person, or of its own motion, grant a rehearing or reconsideration by it of the determination of a single judge if sufficient reason therefor be made to appear, but the court may by general rules confine the opportunity to make applications for rehearing or reconsideration to matters or determinations of certain classes or description which in its opinion present issues requiring consideration by a quorum.

Mr. ELLENDER. Will the Senator point out the other language?

Mr. AUSTIN. A review by the Supreme Court is provided for on page 13. That means the Supreme Court of the United States.

Mr. ELLENDER. As I understand, an appeal will lie from the judgment of a single judge to the whole court and from a judgment of the whole court to the Supreme Court. I thank the Senator.

Mr. President, I do not intend to prolong the discussion on this bill, but I do believe the Senate is acting too hastily upon such important and intricate legislation. I do not like the idea of creating a special court for the express purpose of handling the legislation of our distressed railroads. I predict that all railroads will seek the jurisdiction of this court on the least pretense. This bill will create a refuge for the railroads, protecting them from the pursuit of their legitimate creditors. What will become of the many lawsuits resulting from a breach of contract or law actions. Will not litigants be compelled to apply to the court herein created for permission to sue? Will they not be obliged to come to Washington for relief? What chances will litigants have with a court whose primary duty it is to preserve the assets of an ailing railroad? I fear that litigants will be forced into compromises which will be disastrous to their just demands.

Mr. President, because of the calamitous predicament in which our railroads now find themselves, it is not my purpose to offer any serious opposition to this bill. My objection thereto lies principally to the creation of the court that will be empowered to deal with the problem. I ask, why could not a commission be created for the purpose of rendering aid, clothed with the authority to investigate and give suggestions, and permit our circuit courts to pronounce judgment?

The PRESIDING OFFICER. The bill is still before the

Senate and open to further amendment.

If there be no further amendment, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

RAILROAD CORPORATIONS IN EQUITY RECEIVERSHIP

Mr. WHEELER. Mr. President, I ask unanimous consent that House bill 5407, to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplementary thereto, be made the unfinished business of the Senate. I do not ask that the bill be taken up for consideration or discussion this afternoon. I merely ask that it be made the unfinished business, so that it may be taken up next Monday.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the bill (H. R. 5407) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplementary thereto, which had been reported from the Committee on Interstate Commerce with amendments.

COMMISSIONING OF AVIATION CADETS

Mr. WALSH. Mr. President, I ask unanimous consent that the Senate now consider House bill 5765, to authorize commissioning aviation cadets in the Naval and Marine Corps Reserves upon completion of training, and for other purposes. I am sure the bill can be disposed of in a few minutes.

Mr. WHEELER. Mr. President, if this bill shall be taken up, it will be with the understanding that when it shall have been disposed of the consideration of House bill 5407 will be

resumed.

The PRESIDING OFFICER. That is the understanding. Is there objection to the request of the Senator from Massachusetts?

There being no objection, the Senate proceeded to consider the bill (H. R. 5765) to authorize commissioning aviation cadets in the Naval and Marine Corps Reserves upon completion of training, and for other purposes, which had been reported from the Committee on Naval Affairs with amendments.

Mr. WALSH. Mr. President, the purpose of the bill is to authorize commissioning aviation cadets in the Naval Reserve and the Marine Corps Reserve upon completion of training at the naval air station, Pensacola, Fla., and to authorize their retention on active duty for an additional period of 4 years.

In 1935, when the impracticability of securing enough naval aviators from the commissioned line of the Navy to

man the increasing aviation forces of the fleet was apparent, the system of aviation cadets was instituted. By this system, aviation cadets were chosen from young men of broad educational background, and after elimination flight training at the several Naval Reserve aviation bases were sent to Pensacola for a course of training. This course at first was 12 months, but is now approximately 14 months.

These young men, once completing satisfactorily the elimination training at the naval aviation bases, were accepted for a period of 4 years, to which they obligated themselves to serve, and were given the rank of aviation cadets in which rank they served throughout their period of active duty. Their pay was fixed at \$75 a month while at Pensacola, and \$125 a month thereafter, with \$1 per day subsistence, and Government life insurance for \$10,000 paid for by the Navy out of regular appropriations, and a payment on discharge after their 4 years' service of \$1,500.

Experience with these aviation cadets has been uniformly successful. The first group will complete its 4-year period of

duty during the next fiscal year. This bill is designed to retain the services of this class of officers on active duty for a longer period of service with the fleet in order to supply experienced aviators needed for the expanding air forces.

The bill in substance provides for the commissioning of aviation cadets as Reserve officers immediately upon the completion of their training at Pensacola and for an optional extension of their service in the fleet beyond the present 4 years' total to a further total of 4 years, without however, any requirement that the officer obligate himself for any given period beyond the original 4 years.

It provides for the advance of these officers from ensign to lieutenant (junior grade) after 3 years' active service after completion of the training course at Pensacola and corresponds therein to the promotion of the line officer from the rank of ensign to the rank of junior lieutenant after 3 years' service. The bill provides for the immediate commissioning as ensigns of those aviation cadets now serving

These provisions exactly duplicate similar provisions in the recent Army law, so that in this respect there is no question of competitive bidding between the services for the best aviation cadet material.

The PRESIDING OFFICER. The clerk will state the amendments reported by the Committee on Naval Affairs.

The CHIEF CLERK. In section 1, page 1, line 4, after "1939", it is proposed to insert "and shall take effect on July 1, 1939", so as to make the section read:

That this act may be cited as the "Naval Aviation Reserve Act of 1939," and shall take effect on July 1, 1939.

The amendment was agreed to.

The next amendment was, in section 14, page 5, line 23, after the words "transmitted to the", to strike out "Speaker of the House of Representatives" and to insert "Congress", so as to make the section read:

SEC. 14. The Secretary of the Navy is hereby authorized and directed to appoint a board of officers of the Navy and Marine Corps to investigate and report upon all matters concerning the regular and reserve aviation personnel of the Navy and Marine Corps. The board shall make such recommendations, including recommendations regarding the enactment of permanent legislation, as it deems appropriate and justified concerning the subject matter herein referred to. The Secretary of the Navy is further directed to cause the report of the board herein authorized to be transmitted to Congress within 10 days of the beginning of the session of the Seventy-sixth Congress, commencing on or about Tanuary 3, 1940.

The amendment was agreed to.

Mr. WALSH. Mr. President, I do not ask the Senate to adopt the last committee amendment, which adds a new section on page 6 of the bill. I shall ask that the amendment be rejected.

The PRESIDING OFFICER. The amendment will be

The LEGISLATIVE CLERK. At the end of the bill it is proposed to add the following new section:

SEC. 15. The insurance granted aviation cadets in accordance with the provisions of the act of April 15, 1935 (49 Stat. 156), and that

granted officers who are commissioned pursuant to authority contained in this act shall insure against the death or total permanent disability of the person insured.

Mr. WALSH. I ask that that committee amendment be rejected.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was rejected.

The PRESIDING OFFICER. The question is on the engrossment of the amendments and the third reading of the

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed, as follows:

Be it enacted, etc., That this act may be cited as the "Naval Aviation Reserve Act of 1939" and shall take effect on July 1, 1939.

SEC. 2. Aviation cadets may, if qualified after completion of training, be commissioned ensigns in the Naval Reserve or second lieutenants in the Marine Corps Reserve.

SEC. 3. Ensigns or second lieutenants commissioned pursuant to this act may, after 3 years of service as such, and if found qualified after such examinations as the Secretary of the Navy may prescribe, be commissioned lieutenants (junior grade) in the Naval Reserve or first lieutenants in the Marine Corps Reserve, respectively: Provided, That the active duty of aviation cadets subsequent to completion of their active duty while undergoing training shall be counted as such service for the purposes of promotions authorized by this section. by this section.

SEC. 4. All members of a class of aviation cadets entering the naval service at approximately the same time shall be deemed, for all purposes of this act, to have commenced their commissioned service on the same date.

SEC. 5. Officers commissioned pursuant to this act may be employed on active duty in time of peace only during the 7-year period next following the completion of their duty as aviation cadets undergoing training, except that such officers may be ordered to active duty thereafter for the purpose of instructing and training members of the Naval Reserve and the Marine Corps Reserve.

SEC. 6. When officers, commissioned pursuant to this act, are released from active duty that has been continuous for a period of 4 or more years, including active duty both as aviation cadets and

4 or more years, including active duty both as aviation cadets and as commissioned officers, they shall be paid a lump sum of \$500 in addition to any pay and allowances which they may otherwise be entitled to receive, except as hereinafter provided.

Sec. 7. Government life insurance issued in accordance with sec-

tion 5 of the act of April 15, 1935 (34 U. S. C. 846), shall continue when an aviation cadet is commissioned pursuant to this act; the premiums thereon shall be deducted from the pay of the officers concerned and paid by the Secretary of the Navy to the Administrator of Veterans' Affairs. When released from active duty or discharged they shall have the option of continuing such insurance

at their own expense.

SEC. 8. Aviation cadets who have completed active duty undergoing training on the date of approval of this act and who may be commissioned pursuant thereto shall, upon completion of 4 years' active duty, be paid a lump sum determined as \$1,000 minus the excess of the pay and allowances received by them prior to the date of such completion of duty over the pay and allowances with date of such completion of duty over the pay and allowances, with which shall be included Government-paid insurance premiums, which they would have received as aviation cadets had they not been commissioned. No person shall be held to be indebted to the United States as a result of the provisions of this section. Payments authorized by this section shall be in addition to that authorized by section 6 of this act.

authorized by section 6 of this act.

Sec. 9. Pay and allowances of officers commissioned pursuant to this act shall be paid from appropriations for "Pay, subsistence, and transportation of naval personnel" and "Pay, Marine Corps," except for those officers ordered to active duty pursuant to authority contained in the exception in section 5 of this act the pay and allowances of whom shall be paid from appropriations for "Naval Reserve" and "Pay, Marine Corps."

Sec. 10. No back pay or allowances shall be held to have accrued under this act prior to its enactment.

Sec. 11. When first commissioned pursuant to this act officers

SEC. 11. When first commissioned pursuant to this act, officers shall be paid a uniform allowance of \$150 provided they have not already received the uniform allowance of \$150 authorized to be paid to aviation cadets upon their first assignment to duty after completion of training, and as provided in section 3 of the act of April 15, 1935 (49 Stat. 157; 34 U. S. C. 844).

SEC. 12. (a) Section 1 of the act of April 15, 1935 (49 Stat. 156; 34 U. S. C. 842), is hereby amended by deleting therefrom the

st sentence. (b) Section 3 of the act of April 15, 1935 (49 Stat. 157; 34 U. S. C.

(b) Section 3 of the act of April 15, 1935 (49 Stat. 157; 34 U. S. C. 844), is hereby amended by deleting therefrom the last sentence.
(c) Section 6 of the act of April 15, 1935 (49 Stat. 157; 34 U. S. C. 847), is hereby repealed.
(d) The first proviso of section 5 of the Naval Reserve Act of 1938 (52 Stat. 1176; 34 U. S. C. 853c) is hereby amended to read as follows: "Provided, That aviation cadets and officers commissioned pursuant to authority contained in the Naval Aviation Reserve Act of 1939 may be required to serve on active duty for a continuous period of 4 years from date of appointment as aviation cadets."

Sec. 13. Section 10 of the Naval Reserve Act of 1938 (52 Stat. 1178; 34 U. S. C. 853h) shall be applicable to the procurement and training of aviation cadets and of officers of the Naval Reserve and Marine Corps Reserve commissioned pursuant to this act. The minimum numerical strength to be achieved in aviation officers of the reserves is set at 6,000.

SEC. 14. The Secretary of the Navy is hereby authorized and directed to appoint a board of officers of the Navy and Marine Corps to investigate and report upon all matters concerning the regular and reserve aviation personnel of the Navy and Marine Corps. The board shall make such recommendations, including recommendations regarding the enactment of permanent legislations as it deems appropriate and institute correspond to the subject. recommendations regarding the enactment of permanent regista-tion, as it deems appropriate and justified concerning the subject matter herein referred to. The Secretary of the Navy is further directed to cause the report of the board herein authorized to be transmitted to the Congress within 10 days of the beginning of the ession of the Seventy-sixth Congress, commencing on or about January 3, 1940.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE REPORTS OF A COMMITTEE

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nomination of several postmasters, which were ordered to be placed on the Execu-

The PRESIDING OFFICER (Mr. SMATHERS in the chair). The report will be placed on the Executive Calendar.

If there be no further reports of committees, the clerk will state the nominations on the calendar.

SECURITIES AND EXCHANGE COMMISSION

The legislative clerk read the nomination of Leon Henderson, of New Jersey, to be member of the Securities and Exchange Commission for the term expiring June 5, 1944. The PRESIDING OFFICER. Without objection, the nom-

ination is confirmed.

Mr. WAGNER. Mr. President, I ask unanimous consent that the President be notified at once of the confirmation of the nomination of Mr. Leon Henderson.

The PRESIDING OFFICER. Without objection, the Pres-

ident will be notified.

UNITED STATES TARIFF COMMISSION

The legislative clerk read the nomination of Oscar B. Ryder, of Virginia, to be member of the United States Tariff Commission for the term expiring June 16, 1945.

The PRESIDING OFFICER. Without objection, the nom-

ination is confirmed.

THE JUDICIARY

The legislative clerk read the nomination of Charles H. Sisson to be United States marshal for the southern district

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

UNITED STATES PUBLIC HEALTH SERVICE

The legislative clerk proceeded to read sundry nominations in the United States Public Health Service.

Mr. BARKLEY. I ask that the nominations in the United States Public Health Service be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. BARKLEY. I ask that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations of postmasters are confirmed en bloc.

That completes the calendar.

Mr. BARKLEY. As in legislative session, I move that the Senate take a recess until 12 o'clock noon on Monday next. The motion was agreed to; and (at 1 o'clock and 45 minutes p. m.) the Senate took a recess until Monday, May 29,

1939, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 27 (legislative day of May 19), 1939

SECURITIES AND EXCHANGE COMMISSION

Leon Henderson to be a member of the Securities and Exchange Commission.

United States Tariff Commission

Oscar B. Ryder to be a member of the United States Tariff Commission.

UNITED STATES MARSHAL

Charles H. Sisson to be United States marshal for the southern district of Ohio.

UNITED STATES PUBLIC HEALTH SERVICE

TO BE PASSED ASSISTANT SURGEONS IN THE UNITED STATES PUBLIC HEALTH SERVICE

Herman E. Hilleboe Robert F. Martin

Theodore McC. Burkholder John R. McGibony

TO BE MEDICAL DIRECTORS IN THE UNITED STATES PUBLIC HEALTH SERVICE

Joseph Bolten

Walter L. Threadway.

TO BE ASSISTANT DENTAL SURGEONS IN THE UNITED STATES PUBLIC HEALTH SERVICE

Edward J. Driscoll William C. Neaf

POSTMASTERS

LOUISIANA

Minnie M. Baldwin, Bernice. Thomas W. Hendrix, Grayson.

David R. Reider, Delaware. John Charles Violet, Lucasville. Etta Newell, South Webster.

OKLAHOMA

James D. Bullington, Sasakwa.

SENATE

Monday, May 29, 1939

(Legislative day of Friday, May 19, 1939)

The Senate met at 12 o'clock meridian on the expiration of the recess.

The Chaplain, Rev. ZeBarney T. Phillips, D. D., offered the following prayer:

Thou hidden love of God, whose height, whose depth unfathomed, none can know: Speak to our inmost souls, that we may hear Thy voice and feel Thy power in hearts that wait the call to serve the Master and naught else beside. Grant to Thy servants here prophetic insight, that they may know truth as it relates to human life, to the betterment of mankind, and may reveal that temper which refuses to separate between the true and the good and in which every ecstacy of thought makes conscience tremble with awe as the mind quivers with delight. Make them, indeed, prophets of the new day, when, with intrenched wickedness o'erthrown and the chains of oppression broken, the star of peace shall shine upon our world to the honor and praise of Him in whom goodness and wisdom meet and are but one. Through Jesus Christ our Lord. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Saturday, May 27, 1939, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Hess, one of his secretaries.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following joint resolution of the Legislature of California, which was referred to the Committee on Finance:

Senate Joint Resolution 9

Relative to the baneful effects of a reciprocal-trade agreement between the United States of America and Venezuela

Whereas a reciprocal-trade agreement between the United States of America and Venezuela is contemplated and is being considered and hearings have been held before the Committee on Reciprocity Information pursuant to governmental sanction for the purpose of accumulating data and information for the guidance of the committee charged with the drafting of said proposed agreement;

Whereas it appears from the data and information collected as a result of hearings held the principal subject of the proposed reciprocal-trade agreement shall be the importation of crude oil or derivatives manufactured therefrom into the United States of America, produced in the Sovereignty of Venezuela, and the reduc-tion of already inadequate excise taxes and tariffs thereon; and

Whereas there is a great plethora of oil produced in the State of California and other States of the United States of America far beyond demands in either foreign or domestic markets, which is causing great distress in the petroleum industry and economic waste to this State and the Nation; that said conditions have stifled initiative, discouraged further discoveries, and sterilized investments generally throughout the United States in the petroleum industry; and

Whereas in the State of California the distress caused by the overproduction of oil is particularly acute and a constant threat to the well-being and soundness of the industry and the people at large, so that any graduation of tariff or tax on the importation of foreign oil would not only aggravate such distress by encouraging additional importations, with attending competition to California oil, but would be followed by chaos, causing bankruptcy of the industry and those directly or indirectly affected thereby, including the State itself; and

Whereas California in particular is now adversely affected by the present inadequate tariffs and excise taxes enjoyed by importers of foreign oils to the extent that it has suffered a great diminution of markets throughout the United States and practical depriva-tion of its former great market—the eastern seaboard of the United States of America—by reason of the importation of foreign oils uniquely related by similar characteristics to the oil produced in the State of California; and

Whereas by reason of reciprocal-trade agreements and the inclu-sion of the most-fewered-nation clause in said agreements a

sion of the most-favored-nation clause in said agreements a reciprocal-trade agreement made with Venezuela subjecting petroleum or its derivatives to graduated tariffs or decreased excise taxes leum or its derivatives to graduated tariffs or decreased excise taxes would be applicable and available equally to all other oil-producing nations enjoying reciprocal-trade agreements with the United States, thereby permitting the indiscriminate dumping of foreign oil on an already surfeited domestic market of the United States under the same provisions as would be accorded Venezuela under the proposed reciprocal-trade agreement; and

Whereas prudence dictates that our State and National defense be strengthened by the development of domestic resources as a measure of preparedness for war; the dumping of foreign oil on the domestic market would not only discourage and stifle domestic development but would encourage development of oil reserves in foreign countries that would become weapons in inimical hands in times of conflict; and

times of conflict: and

Whereas any graduation of tariff or decrease in excise tax would not only endanger the billions of dollars invested in California oil fields and the facilities installed to treat, handle, and market the same, but labor and the whole economic structure of the State and same, but labor and the whole economic structure of the State and the Nation itself would be deleteriously affected thereby. Any impetus given to the importation of foreign oil not only affects domestic, economic, and social conditions of those actively engaged in the industry, but likewise affects the financial and national ability to obtain required money from taxation. Oil produced in foreign countries is uniformly carried in foreign bottoms to the detriment of American shipping, shipbuilding, and American labor otherwise employable in that industry. It affords a stimulus for the employment of cheap foreign labor and an incentive for the building of foreign ships for transportation that become auxiliaries to foreign navies in times of war, creating not only a pronounced threat to our own Navy and the national defense but an incentive threat to our own Navy and the national defense but an incentive for potential belligerents to establish shipyards, fabricate tankers that may become auxiliaries to potentially inimical navies, to the detriment of our own nationals: Now, therefore, be it

Resolved by the Senate and Assembly of the State of California jointly. That the Congress of the United States of America be reproduced to enact legislation particularly exampling from and

memorialized to enact legislation particularly exempting from, and prohibiting the inclusion of crude oil produced in a foreign country, or any derivative manufactured from crude oil produced in a foreign country to come within, the purview of any treaty or trade agreement between the United States of America and any foreign country, which would in any manner, directly or indirectly, influence or encourage or condone the importation of crude oil produced in a foreign country, or any derivative manufactured from such crude oil, into the United States of America, or any Territory or dependency thereof, and be it further. ency thereof; and be it further

Resolved, That the Congress of the United States of America be further memorialized to enact legislation either to increase substantially the current tariff or excise tax on the importation of oil produced in foreign countries and derivatives manufactured therefrom and imported into the United States of America, or any Territory or dependency thereof, or to prevent and prohibit entirely and effectually by way of embargo the importation of oil produced in foreign countries, or derivatives manufactured from oil produced in foreign countries, into the United States of America, or any Territorian Countries, into the United States of America, or any Territorian Countries, into the United States of America, or any Territorian Countries, into the United States of America, or any Territorian Countries, into the United States of America, or any Territorian Countries of Coun tory or dependency thereof, for any purpose whatsoever; and be it further

Resolved, That certified copies of this resolution be transmitted Resolved, That certified copies of this resolution be transmitted by the secretary of state of the State of California to the President of the United States of America, to the Secretary of State of the United States of America, the Secretary of the Senate of the United States of America, the Clerk of the House of Representatives of the United States of America, and each Senator and each Member of the House of Representatives of the United States of America, and to the Committee on Reciprocity Information, and that they are respectfully urged to accomplish the purpose of this memorial.

The VICE PRESIDENT also laid before the Senate a resolution of Local No. 149, United Federal Workers of America (affiliated with the C. I. O.), Veterans' Administration Facility, Palo Alto, Calif., favoring the prompt enactment of the bill (S. 1314) to provide for the hearing and disposition of employee appeals from discriminatory treatment by superiors in the Federal service, which was referred to the Committee on the Civil Service.

He also laid before the Senate a statement and resolution of the Southern Governors' Conference, held at Memphis, Tenn., May 20, 1939, favoring a prompt public congressional investigation of the personnel and policies of those administering the wage and hour law; that such investigation disclose the name, home address, place of birth, and voting residence, organizations with which affiliated, past and present, other than religious, and the background of training, experience, viewpoint, conduct, and attitude of each; and that following completion of the proposed investigation such reorganization of the personnel and policies of the administration of the wage and hour law be effected as will guarantee a proper administration of that law in terms of the legislative intent and the true objective of the act, which was referred to the Committee on Education and Labor.

He also laid before the Senate a telegram from Clerks' Lodge No. 511 and Freight Handlers' Local (B. & O. Railroad), of Baltimore, Md., signed by C. M. Machin, committeeman, and A. W. Shipley, secretary, requesting that the socalled Reed amendment be eliminated from the bill (S. 2009) to amend the Interstate Commerce Act, as amended, by extending its application to additional types of carriers and transportation and modifying certain provisions thereof, and for other purposes, which was ordered to lie on the table.

Mr. MEAD presented a petition of sundry citizens of Franklin, Malverne, and Valley Stream, N. Y., favoring a policy of strict neutrality on the part of the United States, which was referred to the Committee on Foreign Relations.

REPORT OF A COMMITTEE

Mr. HATCH, from the Committee on Public Lands and Surveys, to which was referred the bill (S. 1558) to provide for granting to the State of New Mexico an easement with respect to certain lands in New Mexico, reported it with amendments.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

Mr. HUGHES, from the Committee on the Judiciary, reported favorably the nomination of Leo Calvin Crawford, of Ohio, to be United States attorney for the southern district of Ohio, vice Francis C. Canny, resigned.

Mr. NEELY, from the Committee on the Judiciary, reported favorably the nomination of Leslie R. Darr, of Tennessee, to be United States district judge for the middle and and eastern districts of Tennessee, to fill a position created

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of several postmasters.

The VICE PRESIDENT. The reports will be placed on the Executive Calendar.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. DOWNEY:

S. 2515. A bill to amend the act entitled "An act to give wartime commissioned rank to retired warrant officers and

enlisted men", approved May 7, 1932; and

S. 2516. A bill to provide for the reinstatement of First Lt. Richard C. Hutchinson, Air Corps Reserve, to the active list of the Regular Army; to the Committee on Military

S. 2517. A bill granting an increase of pension to Harry Breese Johnson; to the Committee on Pensions.

By Mr. NEELY:

S. 2518. A bill granting a pension to Emma C. Senseny; to the Committee on Pensions.

By Mr. WILEY:

S. J. Res. 140. Joint resolution proposing an amendment to the Constitution relating to the power of the Congress to declare war: to the Committee on the Judiciary.

DOMESTIC SOURCES OF TIN-AMENDMENT

Mr. GUFFEY submitted an amendment intended to be proposed by him to the bill (H. R. 5840) to amend the act entitled "An act to provide for the protection and preservation of domestic sources of tin", approved February 15, 1936, which was referred to the Committee on Military Affairs and ordered to be printed.

PROVISION FOR ADDITIONAL CLERK HIRE-AMENDMENTS

Mr. GUFFEY submitted amendments intended to be proposed by him to the bill (H. R. 6205) to provide for additional clerk hire in the House of Representatives, and for other purposes, which were referred to the Committee on Appropriations and ordered to be printed, as follows:

tions and ordered to be printed, as follows:

On page 2, between lines 6 and 7, to insert the following:
"Sec. 3. (a) Each Senator from any State which has a population of 2,000,000 or more inhabitants shall be entitled to receive, in addition to any other amounts provided by law for clerical assistance for every 1,000,000 inhabitants or fraction thereof in excess of 2,000,000: Provided, That no Senator shall be entitled to receive, in all, more than \$5,000 additional for such purpose.

"(b) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this section."
On page 2, line 7, to strike out "3" and insert in lieu thereof "4."
On page 2, between lines 6 and 7, to insert the following:
"Sec. 3. (a) Each Senator from any State which has a population of 2,000,000 or more inhabitants shall be entitled to have, in addition to any other clerical assistance to which he may be entitled, one additional clerk at \$1,500 per annum for every one and one-half million inhabitants or fraction thereof of such State in excess of 2,000,000: Provided, That no Senator shall be entitled to receive, in all, more than \$6,000 additional for such purpose.

"(b) The majority and the minority leaders of the Senate shall each be entitled to have, in addition to any other clerical assistance to which he may be entitled under this act or any other act, a research assistant at \$5,000 per annum.

"(c) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this section."

On page 2, line 7, to strike out "3" and insert "4."

On page 2, line 7, to strike out "3" and insert "4."

On page 2, between lines 6 and 7, to insert the following:

"Sec. 3. (a) Each Senator from any State which has a population of 2,000,000 inhabitants or more shall be allowed \$1,500 per annum for each one and one-half million inhabitants or fraction thereof of his State in excess of 2,000,000, such sum to be used for the pay-

for each one and one-half million inhabitants or fraction thereof of his State in excess of 2,000,000, such sum to be used for the payment of additional compensation to the clerical assistants of such Senator, or for the compensation of additional clerical assistants for such Senator, at the election of such Senator: *Provided*, That no Senator shall be entitled to receive, in all, more than \$6,000 additional for such purpose

tional for such purpose.

"(b) The majority and the minority leaders of the Senate shall

(c) The majority and the minority leaders of the Senate shall each be entitled to have, in addition to any other clerical assistance to which he may be entitled under this act or any other act, a research assistant at \$5,000 per annum.

"(c) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this section."

On page 2, line 7, to strike out "3" and insert "4."

FOR VICTORY IN 1940-ADDRESS BY SENATOR BRIDGES

[Mr. Danaher asked and obtained leave to have printed in the RECORD an address on the subject For Victory in 1940 delivered by Senator BRIDGES at the Seventh Annual Convention of the Association of the New York State Young Republican Clubs in New York City on May 27, 1939, which appears in the Appendix.]

NATIONAL DEBT WEEK-ADDRESS BY SENATOR GREEN

[Mr. Minton asked and obtained leave to have printed in the RECORD an address by Senator GREEN over the radio on Saturday, May 27, 1939, on the subject National Debt Week, which appears in the Appendix.]

PROBLEMS OF TODAY-ADDRESS BY SECRETARY OF STATE HULL

[Mr. Barkley asked and obtained leave to have printed in the RECORD an address delivered by the Secretary of State before the Chicago Sunday Evening Club, in Orchestra Hall, Chicago, Ill., on Sunday, May 28, 1939, on the subject Some Problems of Today, which appears in the Appendix.]

NEUTRALITY-LETTER FROM THE SECRETARY OF STATE

[Mr. Barkley asked and obtained leave to have printed in the RECORD a letter from the Secretary of State to the chairman of the Senate Committee on Foreign Relations on the subject of neutrality legislation, which appears in the Appendix.]

SEVENTIETH BIRTHDAY ANNIVERSITY OF RT. REV. MSGR. JOHN A. RYAN, D. D.

[Mr. La Follette asked and obtained leave to have printed in the RECORD tributes to Rt. Rev. Msgr. John A. Rvan. D. D. at the testimonial dinner tendered him on the occasion of the seventieth anniversary of his birth, which appear in the Appendix.]

GERMAN REFUGEES-ARTICLE BY DR. HENRY SMITH LEIPER

[Mr. Wagner asked and obtained leave to have printed in the RECORD an article by Dr. Henry Smith Leiper on the subject of German refugees, published in Current History for May 1939, which appears in the Appendix]

LETTER FROM ALCORN (MISS.) ELECTRIC POWER ASSOCIATION TO TENNESSEE VALLEY AUTHORITY

[Mr. Norris asked and obtained leave to have printed in the Record a letter from the Alcorn (Miss.) Electric Power Association to the Tennessee Valley Authority, which appears in the Appendix.1

A REPORT ON THE OPPOSITION-ARTICLE BY WALTER LIPPMANN

[Mr. Guffey asked and obtained leave to have printed in the Record an article by Walter Lippmann, entitled "A Report on the Opposition," published in the Washington Post for May 27, 1939, which appears in the Appendix.]

ARTICLE BY CHARLES BROOKS SMITH

[Mr. Holt asked and obtained leave to have printed in the RECORD an article by Charles Brooks Smith, published in the Wheeling Intelligencer of Saturday, May 27, 1939, which appears in the Appendix.]

THE POLITICAL MILL-ARTICLE FROM THE WASHINGTON EVENING

[Mr. Ellender asked and obtained leave to have printed in the RECORD an article by G. Gould Lincoln appearing in the Washington Evening Star, issue of the 27th, instant, headed "The Political Mill, 1,500 Families' Livelihood Seen Imperiled in Florida by Sugarcane Quota Order," which appears in the Appendix.]

RAILROAD CORPORATIONS IN EQUITY RECEIVERSHIP

The Senate resumed the consideration of the bill (H. R. 5407) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supple-

Mr. WHEELER. Mr. President, this bill, which has passed the House of Representatives, proposes to amend the Bankruptcy Act of 1938 relating to the bankruptcy of railroads. It passed the House almost, if not quite, unanimously and came over to the Senate. The Senate Committee on Interstate Commerce have amended it in several particulars so as to protect the public interest, as we felt, and also to throw around investors certain safeguards which we considered were needed in the bill.

There was some objection to the bill from some of the departments, they feeling that if the bill in its present form were passed it would throw it open to all the railroads of the country, whether they were in receivership or whether they were in bankruptcy, to try to organize under the provisions of this bill. Really, this is an emergency measure, and was first drafted and introduced at the request of the Baltimore & Ohio Railroad for the purpose of taking care of an emergency situation with reference to that particular railroad. We have limited its application so that it will apply to two railroads which have already had the approval of the Interstate Commerce Commission.

As the bill is proposed to be amended by the Interstate Commerce Committee we feel that the public interest will be protected; we likewise feel that the investors' interests will be protected; and, as the bill now stands, we feel it is a good measure.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. WHEELER. I yield. Mr. TYDINGS. As I understand, one of the railroads has secured from its security holders approximately 80 percent of the securities, so that they can be managed in such a way as not to impair the private operation of the road; but that if this proposed legislation authorizing them to act shall not be passed, what the security holders are voluntarily willing to do will not be permitted to be done, and the road may be in even worse circumstances than it is at the present time. Is that correct?

Mr. WHEELER. That is correct.

Mr. President, I ask unanimous consent that the formal reading of the bill be dispensed with, that it be read for amendment, and that committee amendments be first considered.

The VICE PRESIDENT. Without objection, it is so ordered.

The clerk will proceed to state the amendments reported by the Committee on Interstate Commerce.

The first amendment of the Committee on Interstate Commerce was, under the heading "Chapter XV-Railroad Adjustments, article II—Definitions", on page 2, line 13, after the word "act", to strike out "including" and insert "excluding", and in line 14, after the word "receivership", to insert "or in proceedings for reorganization under section 77 of this act",

Be it enacted, etc., That the act of July 1, 1898, entitled "An act to establish a uniform system of bankruptcy throughout the United States," as amended, is hereby further amended by adding thereto a new chapter, to be designated chapter XV, and to read as follows:

"CHAPTER XV-RAILROAD ADJUSTMENTS

"ARTICLE I-JURISDICTION

"Sec. 700. In addition to the jurisdiction otherwise exercised, courts of bankruptcy shall exercise original jurisdiction, as provided in this chapter, for postponements or modifications of debt, interest, rent, and maturities or for modifications of the securities or capital structures of railroads.

"ARTICLE II-DEFINITIONS

"Sec. 705. The following terms, as used in this chapter, unless a different meaning is plainly required by the context, shall be construed as follows:

"(1) 'Petitioner' means any carrier as defined in section 20a of the Interstate Commerce Act, excluding any corporation in equity receivership or in proceedings for reorganization under section 77 of this act, petitioning for a plan of adjustment, as hereinafter

defined.

"(2) 'Claims' includes debts, whether liquidated or unliquidated, certificates of deposits of securities (other than stock and options). warrants to subscribe to stock), including demands and obligations of whatever character made, assumed, or guaranteed by the peti-

"(3) 'Debt' shall be considered to include all claims held or owned by 'creditors' as hereinafter defined. "(4) 'Creditors' shall include all holders of claims, demands, and

obligations of whatever character against the petitioner or its property, whether or not such claims would otherwise constitute provable claims in bankruptcy, including the holders of claims made, assumed, or guaranteed by the petitioner.

"(5) 'Securities' shall include those defined in section 20a of the

Interstate Commerce Act, as amended, and also certificates of deposit and all other evidences of ownership of or interest in

securities.

"(6) 'Commission' refers to the Interstate Commerce Commis-

(7) 'Adjustment' shall include postponements or modifications of debt, interest, rent, and maturities and modifications of the securities or capital structures.

The amendment was agreed to.

The next amendment was, under the heading "Article III-Petition and powers of court", on page 3, line 20, after the word "in", to insert "equity receivership or in"; in line 22, after the word "act", to insert "at the time of filing its petition hereunder, and which has not been in equity receivership or in process of reorganization under said section 77 within 10 years prior to the filing of such petition"; in line 25, after the word "before", to strike out "or after the effective date of this chapter"; on page 4, line 2, before the article "a", to strike out "Prepared" and insert "Prior to April 1, 1939"; in line 3, after the word "adjustment", to strike out "and secured assurances satisfactory to the Commission" and insert "and, as found by the Commission, secured assurances, tentative or otherwise"; in line 7, after the word "of" where it occurs the second time, to strike out "the claims" and insert "all claims against said corporation and its parents and subsidiaries"; in line 10, after the word "Thereafter", to insert "but prior to April 1, 1939"; in line 18, after the word "is", to strike out "in" and insert "compatible with"; in line 19, after the word "the", to strike out "continuance" and insert "proper performance"; and on page 5, after line 9, to strike out "If a receiver of such railroad corporation has been appointed by a court of the United States and is in office, such petition shall be filed in the court having primary jurisdiction in such receivership proceeding". so as to read:

"ARTICLE III-PETITION AND POWERS OF COURT

"SEC. 710. Any railroad corporation not in equity receivership or in process of reorganization under section 77 of the Bankruptcy Act at the time of filing its petition hereunder, and which has not been in equity receivership or in process of reorganization under said section 77 within 10 years prior to the filing of such petition, which, before shall have—

"(1) Prior to April 1, 1939, a plan of adjustment and, as found by the Commission secured expression to the street of the prior of the street of

by the Commission, secured assurances, tentative or otherwise, of the acceptance of such plan from creditors holding at least 25 percent of the aggregate amount of all claims against said corporation and its parents and subsidiaries affected by said plan of adjustment, and

"(2) Thereafter but prior to April 1, 1939, obtained an order of the Commission, under section 20a of the Interstate Commerce Act, authorizing the issuance or modification of securities as proposed by such plan of adjustment (other than securities held by, or to be issued to, Reconstruction Finance Corporation), such order of the Commission to include also a specific finding that such proposed issuance or modification of securities is compatible with the public interest, is consistent with the proper performance by the railroad corporation of service to the public as a common carrier, and will not impair its ability to perform such service, and

"(3) Secured assents to such plan of adjustment by creditors holding more than two-thirds of the aggregate amount of the claims affected by said plan, which two-thirds shall include at least a majority of the aggregate amount of the claims of each affected class, may file in the United States district court in whose territorial jurisdiction such railroad corporation has had its principal executive or principal operating office during the preceding 6 months or a greater period thereof, its petition averring that it is unable to meet its debts, matured or about to mature, and desires to carry out the plan of adjustment.

"A copy of the order obtained from the Commission, as above provided, shall be filed with the petition and made a part thereof.

The amendment was agreed to.

The next amendment was, on page 6, line 22, after the word "this", to strike out "section" and insert "chapter", and in line 23, after the word "this", to strike out "section" and insert "chapter", so as to make the section read:

"SEC. 714. The special court, after hearing, promptly shall enter an order approving the petition as properly filed under this chapter if satisfied that such petition complies with this chapter and has been filed in good faith, or dismissing such petition if not so

The amendment was agreed to.

The next amendment was, under the heading "Article IV-Hearings", on page 7, line 18, after the word "all", to strike out "creditors affected by the plan in such" and insert "persons in interest in such reasonable"; in line 21, after the word "of", to strike out "parties" and insert "persons"; and in line 23, after the word "any", to strike out "holder of securities of the petitioner" and insert "person in interest", so as to make the section read:

"ARTICLE IV-HEARINGS

"Sec. 720. The special court shall fix a date for a hearing to be held promptly after the filing of the petition and notice of such hearing or hearings shall be given to all persons in interest in such reasonable manner as the court shall direct. In such proceeding, the court may allow such interventions of persons in interest as it may deem just and proper, but any person in interest shall have the right to present evidence and be heard thereon, in person or by attorney, with or without intervention.

The amendment was agreed to.

The next amendment was, on page 8, line 2, after the word "or", to insert "propose to"; in line 3, after the word "and", to insert "as hereinafter provided"; in line 4, after the word "modified" and the period, to strike out "If the court shall modify the plan in a manner which the court shall find substantially or adversely affects the interests of any class or classes of creditors, such plan shall be resubmitted, in such manner as the court may direct, to those creditors affected by such modification and shall not be finally approved until after reasonable time, fixed by the courts, is allowed for said creditors to be heard thereon." and insert "If the court shall propose to modify the plan, then: (a) if such modification substantially alters the issues determined by the Commission under section 20a of the Interstate Commerce Act, the plan as so proposed to be modified shall be resubmitted to the Commission and shall not be finally approved by the court until the Commission has authorized the issuance or modification of securities as proposed by the plan as so modified (other than securities held by, or to be issued to, Reconstruction Finance Corporation) making the findings required by subparagraph (2) of the first sentence of section 710; and (b) if such modification substantially or adversely affects the interests of any class or classes of creditors, such plan shall be resubmitted, in such manner as the court may direct, to those creditors so affected by such modification and shall not be finally approved until after (1) a hearing on such modification, to be held within such reasonable time as the court may fix, at which hearing any person in interest may object to such modification, and (2) a reasonable opportunity (within a period to be fixed by the court), following such hearing, within which such affected creditors who have assented to the plan may withdraw or cancel their assents to the plan, and failure by any such creditor to withdraw or cancel an assent within such period shall constitute an acceptance by such assenting creditor of the plan as so modified. After such authorization and finding by the Commission, where required hereby, and after such hearing and opportunity to withdraw or cancel, where required hereby, the court may make the proposed modification, and as provided in section 725 finally approve and confirm the plan as so modified", so as to read:

"SEC. 721. After such hearing, the special court may approve the plan as filed or propose to modify such plan and as hereinafter provided approve the same as so modified. If the court shall propose to modify the plan, then: (a) if such modification substantially alters the issues determined by the Commission under section 20a of the Interstate Commerce Act, the plan as so proposed to be modified shall be resubmitted to the Commission and shall not be finally approved by the court until the Commission has authorized the issuance or modification of securities as proposed by the plan as so modified (other than securities held by, or to be issued to, Reconstruction Finance Corporation) making the findings required by subparagraph (2) of the first sentence of section 710; and (b) if such modification substantially or adversely affects the interests of any class or classes of creditors, such plan shall be resubmitted, in such manner as the court may direct, to those creditors so affected by such modification and shall not be finally approved until after (1) a hearing on such modification, to be held within such reasonable time as the court may fix, at which hearing any person in interest may object to such modifications, and (2) a reasonable opportunity (within a period to be fixed by the court), following such hearing, within which such affected creditors who have assented to the plan my withdraw or cancel their assents to the plan, and failure by any such creditor to withdraw or cancel an assent within such period shall constitute an acceptance by such assenting creditor of the plan as so modified. After such authorization and finding by the Commission, where required hereby, and after such hearing and opportunity to withdraw or cancel, where

required hereby, the court may make the proposed modification, and as provided in section 725 finally approve and confirm the plan as so modified.

The amendment was agreed to.

The next amendment was, on page 9, line 19, after the word "stockholder", to insert "the interests or claims thereof shall be deemed to be affected by a plan under this chapter, and"; and on page 10, line 3, after the word "plan", to strike out "shall be approved by the court if it provides for the payment of less than the full amount of such claim or provides for any postponement of such payment unless the Secretary of the Treasury shall certify to the court his willingness to accept a lesser amount or agrees to such postponement" and insert "which does not provide for the payment thereof shall be approved by the court except upon the acceptance of a lesser amount by the Secretary of the Treasury certified to the court: Provided, That if the Secretary of the Treasury shall fail to accept or reject such lesser amount for more than 60 days after receipt of written notice so to do from the court, accompanied by a certified copy of the plan, the consent of the United States insofar as its claims for taxes or customs duties are concerned shall be conclusively presumed", so as to make the section read:

"SEC. 722. If the United States, or any agency thereof, or any corporation (other than the Reconstruction Finance Corporation) the majority of the stock of which is owned by the United States, is a creditor or stockholder, the interests or claims thereof shall be deemed to be affected by a plan under this chapter, and the Secretary of the Treasury is hereby authorized to act in respect of the interests or claims of the United States or of such agency or other corporation. If in any proceeding under this chapter the United States is a creditor on claims for taxes or customs duties (whether or not the United States has any other interest in or claim against the debtor as creditor or stockholder), no plan which does not provide for the payment thereof shall be approved by the court except upon the acceptance of a lesser amount by the Secretary of the Treasury certified to the court: Provided, That if the Secretary of the Treasury shall fail to accept or reject such lesser amount for more than 60 days after receipt of written notice so to do from the court, accompanied by a certified copy of the plan, the consent of the United States insofar as its claims for taxes or customs duties are concerned shall be conclusively presumed.

The amendment was agreed to.

The next amendment was, under the heading "Article V—Proceedings subsequent to approval of petition", on page 10, line 20, after the word "shall", to strike out "be satisfied" and insert "find"; on page 11, line 5, after the word "modified", to insert "as the case may be"; on page 11, line 10, after the word "equitable", to insert "as an adjustment, is in the best interests of the creditors and stockholders of each class, is feasible"; in line 17, after the word "land", to insert "pertaining to adjustments"; in line 19, after the word "stockholders" and the semicolon, to strike out "and"; and after line 22, to insert:

"(5) That the petitioner has not, in connection with said plan or the effectuation thereof, done any act or failed to perform any duty which act or failure would be a bar to the discharge of a bankrupt, and that the plan and the acceptance thereof are in good faith and have not been made or procured by any means, promises, or acts forbidden by this act; and

"(6) That the amounts paid or to be paid by the petitioner for expenses and fees incurred in connection with the proceeding and plan have been fully disclosed so far as they can be ascertained at the date of such hearing, are fair and reasonable, and to the extent they are not then ascertainable are to be subject to the approval of the special court as fair and reasonable.

On page 12, line 22, after the name "Federal", to insert "except where required by any law relating to the Reconstruction Finance Corporation", and on page 13, line 8, after the quotation mark, to strike out "The plan of adjustment may contain appropriate provisions whereby the interests of creditors affected by the plan shall be safeguarded in all matters of the petitioner's financial policy and operations" and insert:

No plan shall be approved under this chapter unless the special court finds that with respect to the continuation of, or any change in, the voting rights in the petitioner, control of the petitioner, and the power and manner of selection of the persons who are to be directors, officers, or voting trustees, if any, upon the consummation

of the plan and their respective successors, the plan is equitable, compatible with the interests of creditors and stockholders, and consistent with public policy.

So as to make the section read:

"SEC. 725. If the special court shall find—
"(1) That, at the time of the filing of said petition as provided in article III hereof, the proposed plan of adjustment had been assented to by not less than two-thirds of the aggregate amount of all claims of the petitioner affected by such plan, including at least a majority of the aggregate amount of claims of each such

"(2) That the plan of adjustment as submitted or as modified by "(2) That the plan of adjustment as submitted or as modified by the court has been accepted as submitted or as modified, as the case may be, by or on behalf of creditors affected by such plan holding more than three-fourths of the aggregate amount of the claims affected by said plan, including at least three-fifths of the aggregate amount of the claims of each affected class;

"(3) That the plan is fair and equitable as an adjustment, is in the best interests of the creditors and stockholders of each class, is feasible, is in the public interest, affords due recognition to the rights of each class of creditors and stockholders, does not discriminate unfairly in favor of any class of creditors or stockholders.

inate unfairly in favor of any class of creditors or stockholders, and will conform to the requirements of the law of the land pertaining to adjustments regarding the participation of the various classes of creditors and stockholders;

"(4) That all corporate action required to authorize the issuance

or modification of securities pursuant to such plan shall have been

or modification of securities pursuant to such plan shall have been duly taken;

"(5) That the petitioner has not, in connection with said plan or the effectuation thereof, done any act or failed to perform any duty which act or failure would be a bar to the discharge of a bankrupt, and that the plan and the acceptance thereof are in good faith and have not been made or procured by any means, promises, or acts forbidden by this act; and

"(6) That the amounts paid or to be paid by the petitioner for expenses and fees incurred in connection with the proceeding and plan have been fully disclosed so far as they can be ascertained at the date of such bearing are fair and reasonable, and to the extent

the date of such hearing, are fair and reasonable, and to the extent they are not then ascertainable are to be subject to the approval of the special court as fair and reasonable.

of the special court as fair and reasonable. Said court shall file an opinion setting forth its conclusions and the reasons therefor and shall enter a decree approving and confirming such plan and the adjustment provided thereby, which decree shall be binding upon the petitioner and upon all creditors and security holders of the petitioner; and thereafter the petitioner shall have full power and authority to, and shall, put into effect and carry out the plan and the orders of the special court relative thereto and issue the securities provided by the plan without further reference to or authority from the Commission or any enect and carry out the plan and the orders of the special court relative thereto and issue the securities provided by the plan without further reference to or authority from the Commission or any
other authority, State or Federal, except where required by any law
relating to the Reconstruction Finance Corporation, and the rights
of all creditors and security holders with respect to claims and
securities affected by the plan shall be those provided by the plan
as so approved and confirmed: Provided, however, That the title of
any owner, whether as trustee or otherwise, to rolling-stock equipment leased or conditionally sold to the petitioner, and any right
of such owner to take possession of such property in compliance
with the provisions of any such lease or conditional-sale contract,
shall not be affected by the provisions of this chapter.

"No plan shall be approved under this chapter unless the special
court finds that with respect to the continuation of, or any change
in, the voting rights in the petitioner, control of the petitioner,
and the power and manner of selection of the persons who are to
be directors, officers, or voting trustees, if any, upon the consummation of the plan and their respective successors, the plan is
equitable, compatible with the interests of creditors and stockholders, and consistent with public policy.

The amendment was agreed to

The amendment was agreed to.

The next amendment was, on page 13, line 24, after the word "stay", to insert "for a reasonable time"; and on page 14, line 7, before the word "to", to insert "based on or", so as to make the section read:

"SEC. 726. After the special court shall have approved as properly filed a petition pursuant to article III hereof, the special court, from time to time during the pendency of the proceedings hereunder, may enjoin the institution of, or stay, for a reasonable time, any action or proceeding to enforce any right against the petitioner or its property based upon claims affected by the proposed plan of adjustment in any court, State or Federal, whether for the enforcement of any such claim, or for the appointment of receivers in equity, or of the institution or prosecution of a proceeding under section 77 of the Bankruptcy Act or otherwise: Provided, however, That no such stay shall affect any proceeding based on or to enforce any claim which would be required to be paid if the plan of adjustment proposed by the petitioner were then in effect.

The amendment was agreed to.

The next amendment was, on page 14, line 14, after the word "court", to insert a comma and "if satisfied that confirmation of a plan is in immediate prospect", so as to make the section read:

"Sec. 727. Unless the plan of adjustment as submitted or as modified shall have been confirmed by the special court within 1 year from the date of filing the petition, the proceedings shall be dismissed unless, for good cause shown, on motion of any party in interest, the court, if satisfied that confirmation of a plan is in immediate prospect shall determine otherwise.

The amendment was agreed to.

The next amendment was, on page 15, line 1, after the word 'plan", to insert a colon and the following proviso: "Provided, That the making of such payments shall not constitute a preference within the meaning of the Bankruptcy Act, nor shall acceptance of such payments constitute an acceptance of a plan", so as to make the section read:

"SEC. 728. Without prejudice to existing rights of all creditors, including those affected by the plan, and as a condition to the approval of any plan by the special court, the petitioner, from and after the filing of the petition with the court and until the making of a final order by the special court approving a plan or dismissing the petition, shall continue to make or tender payment to all credithe petition, shall continue to make or tender payment to all creditors affected by the plan of sums currently payable to such creditors equal to the amounts proposed to be paid to such creditors under the plan: Provided, That the making of such payments shall not constitute a preference within the meaning of the Bankruptcy Act, nor shall acceptance of such payments constitute an acceptance of a plan. If, from and after the filing of the petition with the special court, there shall be any failure to make or tender such payments, the special court, unless there is good cause shown for the failure, shall dismiss the proceedings. In finally approving any plan the court may make, or require to be made, such adjustments with respect to said payments or any of them as may be necessary to make the same conform to the provisions of said plan as finally approved. approved.

The amendment was agreed to.

The next amendment was, on page 15, line 17, after the word "amounts", to strike out "and circumstances", so as to make the section read:

"SEC. 729. In providing for any such payments the petitioner may require any bond or other security, including interest coupons affected by such payments to be presented to or deposited with a paying agent or depositary named by the petitioner for appropriate stamping to show the amounts of such payment.

The amendment was agreed to.

The next amendment was, under the heading "Article VI-Tax provisions", on page 17, after line 7, to insert:

"SEC. 738. The special court shall have power to determine the amount and legality of claims of the United States for taxes or customs duties, and to order payment thereof; and the order of the special court (provided for in section 714) approving the petition shall have the effect of an adjudication of bankruptcy of the petitioner for the purposes of section 274 of the Internal Revenue Code and the corresponding provisions of prior and subsequent revenue acts. The running of the statute of limitations on the assessment or collection of any internal-revenue tax shall be suspended while a proceeding under this chapter is pending and until it is finally dismissed. it is finally dismissed.

The amendment was agreed to.

The next amendment was, on page 17, after line 19, to strike out:

"ARTICLE VII-INTERSTATE COMMERCE COMMISSION

"Sec. 740. If, in any application filed with the Commission pursuant to section 20a of the Interstate Commerce Act for authority to issue or modify securities, the applicant shall allege that the purpose in making such application is to enable it to file a petition under the provisions of this chapter, the Commission shall take final action on such application as promptly as possible, and in any event within 120 days after the filing of such application.

The amendment was agreed to.

The next amendment was, on page 18, line 5, after the word "Article", to strike out "VIII" and insert "VII", so as to make the heading read:

"Article VII-Final decree and review.

The amendment was agreed to.

The next amendment was, on page 18, line 8, after the word "within", to strike out "thirty" and insert "sixty", so as to read:

"Sec. 745. Any final order or decree of the special court may be reviewed by the Supreme Court of the United States upon application for certiorari made within 60 days after the entry of such order or decree, pursuant to the provisions of the Federal Judicial Code.

The amendment was agreed to.

The next amendment was, on page 18, line 19, after the word "article", to strike out "IX" and insert "VIII"; in line 20, after the word "chapter", to insert "(other than the provision of sections 710 and 711 limiting the chapter to petitioners that have complied with subparagraphs (1) and (2) of the first sentence of section 710 before April 1, 1939)"; and on page 19, line 2, after the word "affected", to strike out "thereby." and insert "thereby." ", so as to read:

"ARTICLE VIII-SAVINGS CLAUSE

"SEC. 750. If any provision of this chapter (other than the provision of sections 710 and 711 limiting the chapter to petitioners that have complied with subparagraphs (1) and (2) of the first sentence of section 710 before April 1, 1939), or the application thereof to any railroad corporation or circumstances, is held invalid, the remainder of this chapter, or application of such provisions to other railroad corporations or circumstances, shall not be sions to other railroad corporations or circumstances, shall not be affected thereby."

The amendment was agreed to.

The next amendment was, on page 19, after line 2, to strike out:

"ARTICLE X-TERMINATION OF JURISDICTION

"SEC. 755. The jurisdiction conferred upon any court by this chapter shall not be exercised by such court after 5 years from the effective date of this chapter, except in respect of any proceeding initiated by filing a petition under section 710 hereof on or before the termination of such 5-year period."

The amendment was agreed to.

The VICE PRESIDENT. That completes the committee amendments.

Mr. WHEELER. Mr. President, there are two typographical errors which should be corrected. On page 3, line 25, after the word "which", I move to strike out the comma and the word "before."

The VICE PRESIDENT. Without objection, the amendment is agreed to.

Mr. WHEELER. On page 4, line 2, after the numerals "1939", I move to insert the word "prepared."

The VICE PRESIDENT. Without objection, the amendment is agreed to.

Mr. VANDENBERG. Mr. President, I should like to ask the Senator from Montana for his opinion regarding a matter which has come to my attention in some other committee hearings. While it has no bearing upon this bill, it would be, it seems to me, of substantial value to the railroads in connection with the tremendous problem and responsibility of reorganization. I wish to submit the idea to the Senator from Montana and see what he has to say about it.

If the railroads were permitted to buy their own bonds at the depreciated market prices without having to pay a tax upon the difference between the purchase price and par, they could rather painlessly, in many instances, reorganize their own debt structure. What would the Senator have to say about that?

Mr. WHEELER. I have had the matter referred to by the Senator from Michigan under consideration and have discussed it. So far as the tax is concerned, I would have no objection to removing it; and think it would probably be a desirable thing to do. I was rather enamored of the idea of the railroads buying their own securities, but in talking it over with experts both of the railroads and in the departments and outside the departments, there seem to be some difficulties which would have to be overcome before I would want to commit myself definitely to the proposal. I think, however, perhaps it could be done.

Mr. VANDENBERG. I was impressed with the fact in the testimony that was submitted to us that the actual market value of these securities today is just about at the point where the experts say the railroads could survive if they could acquire them without the tax.

Mr. WHEELER. That is right.

Mr. VANDENBERG. So that any voluntary progress that could be made back toward a lower level, it seems to me, ought to be encouraged.

Mr. WHEELER. I think so; and if something could be worked out so that the other securities holders would be properly protected, I would see no objection to it.

Mr. TYDINGS. Mr. President, I should like to inquire of the Senator from Michigan to what tax he referred.

Mr. VANDENBERG. I referred to the capital-gains tax. Mr. TYDINGS. I should like to say along that line that one of the railways in my own city of Baltimore wants to buy its bonds and has been steadily buying them and has been getting the railway on a sound basis; but the trouble is that the taxes are so high that they have practically prohibited, even with the consent of the stockholders and the bondholders, the reorganization of the railway.

Mr. VANDENBERG. I take it from the Senator's observation that he would be somewhat in sympathy with the idea

I have submitted.

Mr. TYDINGS. I think the idea is a good one. A way ought to be found to allow the roads to reorganize voluntarily when the stockholders and the bondholders and the public are all taken into consideration and protected.

The VICE PRESIDENT. The question is on the engressment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

ORDER FOR CONSIDERATION OF UNOBJECTED-TO BILLS ON CALENDAR

Mr. BARKLEY. I ask unanimous consent that the Senate proceed to the consideration of unobjected-to bills on the calendar.

The VICE PRESIDENT. Is there objection?

Mr. KING. I suggest the absence of a quorum.

The VICE PRESIDENT. Is there objection to the request of the Senator from Kentucky that the Senate proceed to the consideration of unobjected-to bills on the calendar?

Mr. KING. I have no objection provided we may have a call of the roll, because there are a number of Senators who did not anticipate that the calendar would be called.

Mr. BARKLEY. Mr. President, in order that Senators may be present, I had intended to make the point of no quorum, so that Senators could be called to the Chamber, and I now do so.

The VICE PRESIDENT. Is there objection to the request of the Senator from Kentucky? The Chair hears none.

The Senator from Kentucky suggests the absence of a quorum. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams Ellender Lucas Lundeen Sheppard Andrews Frazier Shipstead McCarran George Gibson Slattery Smathers Ashurst McKellar Austin Maloney Barbour Barkley Green Smith Stewart Mead Bilbo Gurney Minton Taft Hale Harrison Thomas, Okla. Murray Bulow Neely Thomas, Utah Townsend Hatch Norris Burke Hayden Nye Capper Truman Caraway Herring Holman O'Mahoney Tydings Vandenberg Overton Chavez Clark, Idaho Clark, Mo. Pepper Pittman Holt Van Nuys Hughes Wagner Johnson, Calif. Connally Radcliffe Walsh Johnson, Colo. Wheeler Danaher Reynolds King White Davis La Follette Donahey Russell Schwellenbach Wiley Downey Logan

Mr. MINTON. I announce that the Senator from North Carolina [Mr. Bailey], the Senator from Alabama [Mr. BANKHEAD], the Senator from Washington [Mr. Bone], the Senator from Virginia [Mr. GLASS], the Senator from Oklahoma [Mr. Lee], and the Senator from Arkansas [Mr. MILLER] are unavoidably detained from the Senate.

The Senator from Michigan [Mr. Brown], the Senator from Virginia [Mr. Byrd], the Senator from South Carolina [Mr. Byrnes], the Senator from Iowa [Mr. GILLETTE], the Senator from Alabama [Mr. Hill], the Senator from Georgia [Mr. Russell], and the Senator from Wyoming [Mr. SCHWARTZ], are absent on important public business.

Mr. AUSTIN. I announce the necessary absence of the senior Senator from Oregon [Mr. McNary].

The VICE PRESIDENT. Seventy-nine Senators have answered to their names. A quorum is present.

EFFECT OF WAGE AND HOUR LAW ON SOUTHERN INDUSTRIES

Mr. GEORGE. Mr. President, I ask to have printed in the RECORD and desire to direct the attention of the Senate to a resolution recently adopted by the Southern Governors Conference with reference to the Wage and Hour Act.

The VICE PRESIDENT. Is there objection? The Chair hears none.

(The letter appears at the end of Mr. George's remarks.)

Mr. GEORGE. Mr. President, I desire to say that at the time the Wage and Hour Act was under consideration there were in this body some who dared to say that the measure would result in the crucifixion of many southern industries. We dared to say that, though we knew very well that there were in the country those who could easily turn upon us and say that we wanted low wages in southern industry. Those of us who made the fight against the wage and hour bill did not want low wages in southern industry; but we knew very well the handicaps under which we were laboring in the South, and we knew very well what the administration of the Wage and Hour Act would do to many southern industries. We, therefore, had the courage to tell our people the truth.

During the fight on that bill the southern Governors, meeting here in conference, adopted a resolution demanding a floor under wages and a ceiling on hours, thereby contributing so far as they could to the undoing of those of us who were making a fight for the South and for the industries of the South. The Southern Governors Conference by resolution demands, and I ask the Senate to consider it:

1) That we urge upon the Members of Congress an immediate (1) That we urge upon the Members of Congress an immediate public congressional investigation of the personnel and policies of those administering the wage and hour law. That such investigation disclose the name, home address, place of birth, and voting residence, organizations with which affiliated, past and present, other than religious, and the background of training, experience, viewpoint, conduct, and attitude of each.

(2) That following the completion of such investigation such reorganization of the personnel and policies of the administration of the wage and hour law be effected as will guarantee a proper administration of the wage and hour law in terms of the legisla-

tive intent and the true objective of the act.

(3) That the secretary of the conference is hereby instructed to forward a copy of this action of the conference to the President of the United States, the Wage and Hour Administrator, the President of the United States Senate, and the Speaker of the United States Payment of the United States Senate, and the Speaker of the United Stat States House of Representatives-

And so forth. Mr. President, in my opposition to the Wage and Hour Act as passed I did not stand for low wages. Wages cannot be fixed and maintained without regard to economic conditions. It is impossible to maintain wages by mere law without destroying jobs for the workers.

Throughout the South many small industries are idle. Throughout the South many small industries have closed since this law went into effect, not because the management did not desire to pay good wages but because the management could not pay the wages required by the act.

Mr. President, the South has many industries the labor in which has been trained in the South. Those industries have accumulated many inefficient workers in the course of the years. Be it said to the eternal credit of the management of those industries that they have not desired to deprive those inefficient or underaverage workers of employment. They never did so until the law compelled them to do so.

The wage and hour law is, of course, administered by men who know nothing of the conditions in the South, who do not understand or appreciate the conditions under which our industries have been built up. I am not disposed to think that they are maladministering the law, as the Conference of Southern Governors now say. I am disposed to think that they are carrying out the law, not always with a sympathetic understanding of facts and conditions, but they are endeavoring to carry out the law as it was written. The law as written really takes no account of varying conditions in a country as wide and as broad as these United States. The law disregards cost of maintaining one's self under economic and climatic conditions which widely differ in this country.

Those of us who opposed the law when it was before Congress pointed out that the South was suffering and that her

industries were suffering under the most iniquitous regional freight-rate structure any great country ever endured. We knew that there was scant hope that any remedy would be provided for that situation.

Mr. President, I can point to cotton oil mills in the South, the one- and two-press mills, in which the employee is at work only about 13 minutes out of the half hour. For practically 30 minutes out of the hour he is idle because from the beginning of the process in the small oil mills to the end of the process, the crushing, the cooking, and the extracting of the oil, approximately only 13 minutes out of every 30 are required. The employee cannot leave his machine, however. He must remain there, because at the tick of the clock a second process commences, and he must attend to it. What is the result? Many of the little two-press cotton oil mills in the South have closed down. Their labor has gone on relief, or it is walking the roads without work.

Can we expect the Administrator of the wage and hour law to understand that situation? If it were a 6-press mill, or a 14-press mill, the labor would be busy every second of every 30-minute period throughout the whole working day. But they cannot make a differential under the law. They cannot say that this is a situation which we will care for.

So, what is the result? The law must be enforced, and

these people are out of work.

Mr. President, I could stand here and cite instance after instance of legitimate industry paying a legitimate wage to efficient workers, and yet that industry has ceased to exist, because it cannot put its products into the comsuming markets in competition with like industry in other parts of this country, and because the economic facts which enter into its life as an industry have been ignored, not as the Conference of Southern Governors think, through poor and maladministration of the law by Mr. Andrews and those associated with him, but by the law itself.

If the Wage Hour Act, coupled with certain other acts of the Congress which have taken no due consideration of varying differences in this country, of varying economic conditions, which cannot be ignored, had been in effect 50 years ago, there would not today be a single national industry south of the Potomac River save those industries which had to go there because the raw material was there, or because climatic conditions demanded the establishment of the indus-

I invite the reading of this resolution of the Governors. The immediate cause of the resolution is this: Under the Wage and Hour Act in October of this year the minimum wage will be set up from 25 to 30 cents an hour, and the hours reduced from 44 to 42 hours a week in the textile industry. But the law itself provided for industry committees, and industry committees have been set up. An industry committee was set up for the textile industry, and that industry committee has recommended a higher wage than the 30 cents which would become effective in October. That committee has recommended a wage of 321/2 cents an hour, effective in July or at some date between now and the effective date fixed in the act. If that rate goes into effect, not all of the southern textile mills, by any means, will go out of business, but many small mills in the rural areas, in the small communities, will close.

The monopoly committee is wondering what is happening. The monopoly committee wants to know why monopoly is taking a stronger and stronger hold upon the throat of American business. This is one of the reasons. When all of the small textile units of the South are driven out, only the large and well-financed units in the industry will survive, and that will tend to create a monopoly, at least in the South.

Mr. President, every one in the South wants to see higher wages paid. No section of the country has made more rapid progress in advancing the wage scale. Certainly none desire to advance it faster. Surely the South is not to be criticized, because under conditions which actually exist, not under some fancied Utopian conditions, into which this law might fit in one section of the country as well as another, but under the conditions as they really exist it is impracticable if not impossible to pass a uniform law, rigid in its terms, with no flexibility, which can be administered without working a great deal of hardship upon the industries in the South. That is what has happened.

Mr. President, I wish to repeat, I am offering the resolution for the RECORD in its entirety because I desire to have Senators read it. But I do not share the view expressed by the Conference of Southern Governors that the trouble is a result of maladministration of the law by Mr. Andrews and those associated with him. My experience with Administrator Andrews, except in his too narrow definition of "area of production," has been that he has endeavored to meet a situation which he could not meet under the nonflexible, rigid terms of the Wage and Hour Act. My experience has been that Mr. Andrews has leaned backward wherever he could do so to make the law workable. I do not think it would be fair to insert the resolution in the Congressional RECORD without saying positively that I do not think the criticism aimed at the Administrator is entirely justified.

I ask that the resolution adopted by the Conference of Southern Governors be printed in its entirety.

The PRESIDENT pro tempore. Is there objection?

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

A STATEMENT AND RESOLUTION BY THE SOUTHERN GOVERNORS CONFER-ENCE, PEABODY HOTEL, MEMPHIS, TENN., MAY 20, 1939

The Conference of Southern Governors calls attention to the

following facts:
The National Tariff Commission was born out of a conception that tariffs would protect and encourage the development of infant American industry. The Interstate Commerce Commission was born out of an equally high conception of public duty for the purpose of guaranteeing that railroad investments would receive a fair return, while at the same time the shipper was to be protected against the payment of more than a fair freight rate. Monopolistic against the payment of more than a fair freight rate. Monopolistic interests have succeeded in defeating the high purpose of both of these measures, to the economic disadvantage of all the vast population of our Nation west of the Mississippi and south of the Ohio River, while at the same time the consuming public within the territory east of the Mississippi and north of the Ohio pay penalties that augment concentrated wealth.

By virtue of the meldministration of these measures the nor

By virtue of the maladministration of these measures the per capita wealth of the citizens in the vast expanses of the southern and western parts of the United States is substantially below the national average. This condition is such that correction, if not impossible, can be accomplished only after most strenuous and

expensive effort.

However, as progress is becoming apparent in the effort to correct this maladministration, particularly of the Interstate Commession Act, we find ourselves confronted with the impending, if not presently accomplished, maladministration of another meas-

if not presently accomplished, maladministration of another measure born of equally worthy motives. The wage and hour law is recognized by the Southern Governors Conference as a measure intended to accomplish social justice. Its fine purpose to put a floor under wages and a ceiling over hours was approved by this conference on January 7, 1938, prior to the enactment of the law. The legislation had as its main objective the escape from a combination of intolerable hours and wages. There is no question but that benefits have been derived from the passage of this legislation. These benefits have accrued because of the law, however, and in spite of inefficient and incompetent administration of the act, which maladministration, unless corrected, will cause the present gains to be lost and will, indeed, finally destroy the very objective of the act be lost and will, indeed, finally destroy the very objective of the act

An analysis of the background of training, experience, viewpoint, and present conduct and attitude of the personnel charged with the administration of this act brings the Southern Governors' Conferadministration of this act brings the Southern Governors' Conference to the inescapable conclusion that it is the purpose of the present personnel to pervert the purposes of this act from the accomplishment of social justice to the nullification of gains recently made in efforts to modify discriminatory freight differentials. It is therefore the conclusion of the Southern Governors' Conference that the merest sense of duty and responsibility to national welfare demands of the Congress that it make an investigation of the personnel charged with the administration of the wage and hour law for the purpose of guaranteeing that the legislative intent will be the motivating force in the administration of the law; that following such investigation proper steps be taken to compel the selection of such personnel as can and will properly carry out the selection of such personnel as can and will properly carry out the intent and purposes of the act.

The wage and hour law specifically contemplates that the actual basic facts surrounding a given enterprise, its location, and its handicaps be reckoned with in effecting differentials to the enterprise so that the actual source of employment of labor will not be destroyed. We point as an illustration of the maladministration of this law that no such factors have been taken into consideration, and that as a result of that maladministration workers in various sections of the country are facing unemployment and may have actually become unemployed and placed on relief rolls because of the forced shutting down of small business enterprises. While not expressing approval or disapproval, we point to the significant fact that when these workers are thrown out of employment as a result of such maladministration and are forced upon work projects of the Federal Government they immediately encounter a wage differential despite the fact that such differential is not recognized in the

present administration of the wage and hour law.

We again affirm that we want to get as high wages for the workers in all sections of the country, including our own, as can possibly be

in all sections of the country, including our own, as can possibly be paid, but a failure to recognize the existing discriminatory differentials will inevitably destroy the source of employment.

In view of the above facts the conference resolves:

(1) That we urge upon the Members of Congress an immediate public congressional investigation of the personnel and policies of those administering the wage and hour law. That such investigation disclose the name, home address, place of birth, and voting residence, organizations with which affiliated, past and present, other than religious, and the background of training, experience, viewpoint, conduct, and attitude of each.

(2) That following the completion of such investigation such reorganization of the personnel and policies of the administration of the wage and hour law be effected as will guarantee a proper administration of the wage and hour law in terms of the legislative intent and the true objective of the act.

lative intent and the true objective of the act.

(3) That the secretary of the conference is hereby instructed to forward a copy of this action of the conference to the President of the United States, the Wage and Hour Administrator, the President of the United States Senate, and the Speaker of the United States House of Representatives, with the request that the President of the Senate and the Speaker of the House cause same to be read in open session of their respective Houses of Congress, and that it be placed in the Congressional Record. That a copy be mailed to each Member of Congress and each Senator from the States within the conference. That copies be released to the press.

Mr. ANDREWS subsequently said: Mr. President, I hold in my hand an amendment to the rulings issued on April 19 last by Elmer F. Andrews, Administrator of the Wage and Hour Division of the Department of Labor. This has reference to his construction of that portion of the wage and hour law regarding "area production." The ruling on that provision, in my judgment, militates severely against agricultural products, and particularly fruit and vegetables and other perishable products which move in commerce.

"Area of production" was never intended by Congress to include persons engaged in growing, packing, picking, and processing fruits and vegetables whose labors must always depend upon the weather. The weather determines generally the number of hours, and very often the amount of pay. A bill has been introduced by my colleague at this session which will undertake to correct this construction.

I ask that this ruling of the Administrator of the wage and hour law appear in the RECORD, following the resolution of the Conference of Southern Governors, which has just been presented by the senior Senator from Georgia [Mr. George].

The PRESIDENT pro tempore. Is there objection? There being no objection, the matter was ordered to be

printed in the RECORD, as follows:

[Title 29, labor; ch. V, Wage and Hour Division]

PART 536. REGULATIONS DEFINING THE TERM "AREA OF PRODUCTION" AS USED IN SECTION 7 (C) AND IN SECTION 13 (A) (10) OF THE FAIR LABOR STANDARDS ACT

The following amendment to regulations—part 536—(regulations defining the term "area of production" as used in sec. 7 (c) and in sec. 13 (a) (10) of the Fair Labor Standards Act) is hereby issued. This amendment amends section 536.2 by adding an alternative paragraph No. "(e)" applicable to perishable or seasonal fresh fruits and vegetables. Said amendment shall become effective upon my signing the original and upon the publication thereof in the Federal Register, and shall be in force and effect until repealed by regulations hereafter made and published.

Signed at Washington, D. C., this 19th day of April 1939.

ELMER F. Andresws,

Administrator, Wage and Hour Division,

Department of Labor.

Department of Labor.

SEC. 536.2. "Area of production" as used in section 13 (a) (10) of the Fair Labor Standards Act: An individual shall be regarded as employed in the "area of production" within the meaning of section 13 (a) (10), in handling, packing, storing, ginning, compressing, pasteurizing, drying, preparing in their raw or natural state, or canning of agricultural or horticultural commodities for market, or in making cheese or butter or other dairy products;

(a) if he is engaged in such work on a farm and on agricultural or horticultural commodities produced exclusively on such farm: or

(a) if he is engaged in such work on a farm and on agricultural or horticultural commodities produced exclusively on such farm; or
(b) if the agricultural or horticultural commodities are obtained by the establishment where he is employed from farms in the immediate locality and the number of employees in such establishment does not exceed seven; or
(c) with respect to dry edible beans, if he is so engaged in an establishment which is first concentration point for the processing

of such beans into standard commercial grades for marketing in their raw or natural state. As used in this subsection (c), "first concentration point" means a place where such beans are first assembled from nearby farms for such processing but shall not include any establishment normally receiving a portion of the beans assembled from other first concentration points; or (d) with respect to Puerto Rican leaf tobacco if he is engaged in

handling, packing, storing, and drying such tobacco for market in an establishment which is a first concentration point for such tobacco. As used in this subsection (d), "first concentration point" means a place where such tobacco is first assembled from nearby means a place where such tobacco is first assembled from hearby farms for such preparation for market but shall not include any establishment normally receiving a portion of the tobacco assembled from other concentration points, nor any establishment operated by a manufacturer for the preparation of tobacco for his own

ated by a manufacturer for the preparation of tobacco for his own use in manufacturing; or

(e) with respect to perishable or seasonal fresh fruits and vegetables, if he is engaged in handling, packing, storing, drying, preparing in their raw or natural state, or canning such products for market in an establishment which is located in the open country or in a rural community and which obtains all of its products from farms in its immediate locality. As used in this subsection (e), "open country" or "rural community" shall not include any city or town of 2,500 or greater population according to the Fifteenth United States Census, 1930, and "immediate locality" shall not include any distance of more than 10 miles.

[U. S. Department of Labor, Wage and Hour Division, Washington]

AREA OF PRODUCTION REDEFINED FOR FRESH FRUIT AND VEGETABLES

Administrator Elmer F. Andrews announced today a redefinition of the much-disputed "area of production" phrase of the Fair Labor Standards Act. The new definition exempts from the wage and hour provisions of the act employees engaged in the canning, packing, and storing of fresh fruits and vegetables who are employed in establishments situated in the open country or in towns of less than 2,500 and which draw all their products from within a radius of 10 miles.

In issuing the regulation the Administrator said:

'I have given careful consideration to the record made at the hearing held before me on April 3 and 4 on the question of amending section 536.2 of regulations, part 536, defining the term 'area of production' as applied to fresh fruits and vegetables. I have also carefully reconsidered the legislative history of section 13 (a) (10), in order to ascertain the congressional intent.

"There are approximately 325 000 employees angeond in the fresh

"There are approximately 325,000 employees engaged in the fresh fruits and vegetables industry. The employers generally have been demanding a definition of 'area of production' which will be so broad as to exempt practically all of the employees in the industry. Labor, on the other hand, urges a definition so narrow in scope as virtually to exempt no one.

"It is of primary importance to avoid discrimination between competitors engaged in similar operations and between the same classes of labor. The definition issued today will, in my opinion, produce a minimum of discrimination and economic dislocation.

"Upon the basis of the consideration which I have given both to the record made at the hearing before me and to the language and intent of section 13 (a) (10), the only sound definition which the act and the facts permit me to issue is one that requires a canning plant or packing house to draw its products from the immediate producing area and to be located in the open country or in a rural town of small population. Accordingly, the amendment to the reg-ulations just issued exempts employees engaged in the canning. packing, and storing of fresh fruits and vegetables who are employed in establishments situated in the open country or in towns of less than 2,500 and which draw all their products from within a radius of 10 miles.

Mr. SMITH. Mr. President, I am delighted to hear the remarks of the senior Senator from Georgia [Mr. George]. I wish that the Members of this body could visit my State and see the disastrous effect of the application of the wage and hour law on small industries which were struggling to carry on. He has mentioned specifically the textile industry. I am intimately conversant with the lumbering business in my State. It is more or less complicated in a way, but certain individuals during the slack period on the farm take from commercial men contracts for logging. Others take contracts to deliver lumber which has been cut by local mills to those who process it. Under the terms of the act they are all "out" because the wages they must pay under the provisions of the law are so high that they simply cannot continue to operate. Those employers were making a living. but they were not making any profit. They were giving employment where otherwise the laborers would be idle. In other words, as the Senator from Georgia has said, in as complex a condition as must exist over the vast territory of America it is absurd to think that we can make a uniform, rigid law to apply to all the conditions that may exist. The act is destructive of competition and is encouraging monopoly. Anyone who reads the act must come to that conclusion.

I sometimes wonder if we have not done a real hurt to labor by the passage of the wage and hour law. I do not mean organized labor, but I mean those millions who are not in any labor organization and who may never be in a labor organization, but who come under the terms of that act. I believe that under the spur of certain organized political influences we have done more damage within 24 hours by reason of the universal application of the wage and hour law than we may be able to undo in a generation.

America was built up and became prosperous because of the freedom of individuals and the freedom of businessmen.

I shall not stand in the Senate and say that there have not been some grave injustices done to the laboring man by certain representatives of organized capital. I hold no brief for such representatives of capital, and I think such conditions ought to be corrected. But, Mr. President, in order to correct a bad situation a blanket bill was passed which has had the effect of throttling individual effort. It has applied to an infant company, for which the ground work of its future hope is being laid, a rigid law which should apply only to well-entrenched organizations whose profits are large.

That was not the effect of the wage-hour law. By that law Congress has throttled everybody and everything. Congress has throttled infant industries and made it impossible for them to meet the conditions existing in industry.

Thousands of small industries have sprung up all over the southern part of our country, which is still virgin territory, where much timber is to be found and where there is a kind climate. The development of the southern section of the country, however, has been held in abeyance for 75 years because of the disasters incident to a great, horrible, fratricidal war, but gradually we were coming back. No people in the history of civilization have ever borne what the people of my section have borne and still continued to exist, still retained their spirits. But from time to time Congress has passed laws which have blighted the hopes of millions and encouraged the very practices Congress was seeking to control.

Mr. President, I think there has not been a law passed, to my knowledge, since I have been a Member of the Senate which has had the blighting and disastrous effect that the present wage and hour law has had. Had we been specific and applied it to those industries which we knew, or had the power to discover, were making tremendous profits, while they were exploiting their employees, it would have been well, but we did not do that. We enacted a law which covers all employers engaged in the production of goods which enter into interstate commerce, and flung the dragnet and dragged to destruction thousands of small industries throughout my section of the country.

Mr. President, no man can say that I have not in all my 30 years in the Senate been a practical friend of labor. I have done all I could to help the man who does the behest of the representatives of capital. He is entitled to his share of the wealth which he helps produce. But we are discouraging enterprises all over the country in our senseless obeisance to what is known as the labor element. I am going to help them all I can along the right lines, but I take this opportunity to enter my protest against the absurd wage and hour law.

MESSAGE FROM THE HOUSE-ENROLLED BILLS SIGNED

A message from the House of Representatives, by Mr. Calloway, one of its reading clerks, announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the President pro tempore:

S. 1369. An act to authorize necessary facilities for the Coast Guard in the interest of national defense and the performance of its maritime police functions; and

S. 1842. An act to authorize the construction of certain vessels for the Coast and Geodetic Survey, Department of Commerce, and for other purposes.

THE CALENDAR

Mr. BARKLEY. Mr. President, we have a special order at 2 o'clock. The Senate has already ordered the call of the I hope we may finish the call of the calendar in calendar. order that the Senate may adjourn over until Wednesday, as tomorrow, Tuesday, will be Memorial Day. For that reason I hope we may proceed with the call of the calendar.

The PRESIDENT pro tempore. The clerk will state the liftst measure on the calendar.

BILLS, ETC., PASSED OVER

The first business on the calendar was Senate Resolution 58, providing that a calendar day's notice shall suffice in connection with suspension of a rule.

Mr. KING. I ask that the resolution be passed over.

The PRESIDENT pro tempore. The resolution will be passed over.

The resolution (S. Res. 74) providing for a Committee on Civil Aviation was announced as next in order.

Mr. AUSTIN. I ask that the resolution be passed over.

The PRESIDENT pro tempore. The resolution will be passed over.

INDIAN CLAIMS BILLS PASSED OVER

The joint resolution (S. J. Res. 45) to amend the act of July 3, 1926, entitled "An act conferring jurisdiction upon the Court of Claims to hear, examine, adjudicate, and render judgment in claims which the Crow Tribe of Indians may have against the United States, and for other purposes," was announced as next in order.

Mr. KING. Mr. President, there are a number of these Indian bills, so-called, to which objection has been made. We have received from the various departments reports respecting them. The chairman of the Committee on Indian Affairs (Mr. Thomas of Oklahoma) and I will examine those reports, and I hope at the next call of the calendar we will consider the measures.

The PRESIDENT pro tempore. Without objection, the so-called Indian bills, beginning with Calendar No. 100, through and including Calendar 116, will be passed over.

The bills ordered to be passed over are the following: Senate bill 783, to amend the act, as amended, entitled "An act to refer the claims of the Delaware Indians to the Court of Claims, with the right of appeal to the Supreme Court of the United States," approved February 7, 1925.

Senate bill 784, for the relief of certain Indians of the Winnebago Agency, Nebraska.

Senate bill 790, conferring jurisdiction upon the Court of Claims to hear and determine the claims of the Prairie Band or Tribe of Pottawatomie Indians of Kansas and Wisconsin against the United States.

Senate bill 1222, authorizing an appropriation for payment to the Osage Tribe of Indians on account of lands

sold by the United States.

Senate bill 767, conferring jurisdiction on the Court of Claims to hear, examine, adjudicate, and enter judgment in any claims which the Assiniboine Indians may have

against the United States, and for other purposes.

Senate bill 864, authorizing the Arapahoe and Cheyenne Indians to submit claims to the Court of Claims, and for

other purposes.

Senate bill 962, to define the status of certain lands pur-

chased for the Choctaw Indians, Mississippi.

Senate bill 498, authorizing an appropriation to carry out the provisions of section 26 of the agreement with the Muskogee or Creek Tribe of Indians, approved March 1, 1901.

BILLS PASSED OVER

The bill (S. 1162) to provide for the recognition of the services of the civilian officials and employees, citizens of the United States, engaged in and about the construction of the Panama Canal was announced as next in order.

Mr. KING. I ask that the bill be passed over.

The PRESIDENT pro tempore. The bill will be passed

The bill (S. 1303) to amend the Agricultural Adjustment Act of 1938, as amended, with respect to cotton, was announced as next in order.

Mr. KING. I ask that the bill be passed over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (H. R. 2971) for the relief of certain Indians of the Winnebago Agency was announced as next in order.

Mr. KING. I ask that the bill be passed over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (H. R. 3367) to define the status of certain lands purchased for the Choctaw Indians, Mississippi, was announced as next in order.

Mr. KING. I ask that the bill be passed over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 795) to provide for the education of all types of physically handicapped children, to make an appropriation of money therefor, and to regulate its expenditure was announced as next in order.

Mr. KING. I ask that the bill be passed over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 1631) to amend section 107 of the Judicial Code to create a mountain district in the State of Tennessee, and for other purposes, was announced as next in order.

Mr. AUSTIN. I ask that the bill be passed over. The PRESIDENT pro tempore. The bill will be passed

The bill (S. 570) to regulate interstate and foreign commerce in agricultural products, to prevent unfair competition, to provide for the orderly marketing of such products, to promote the general welfare by assuring an abundant and permanent supply of such products by securing to the producers a minimum price of not less than cost of production, and for other purposes, was announced as next in order.

Mr. KING. I ask that the bill be passed over.

The PRESIDENT pro tempore. The bill will be passed over.

SALES OF AMERICAN COTTON

The resolution (S. Res. 107) opposing sales of American cotton during the present world crisis to foreign purchasers below the cost of production was announced as next in order.

Mr. GEORGE. Mr. President, I ask that that resolution go over, because it is my purpose to amend it in view of Secretary Wallace's latest speech in Little Rock, Ark. After having amended the resolution I shall ask for its consideration, but for the time being I ask that it go over.

The PRESIDENT pro tempore. The resolution will be passed over.

BILLS AND JOINT RESOLUTION PASSED OVER

The bill (S. 1305) to promote the general welfare through appropriation of funds to assist the States and Territories in providing more effective programs of public education was announced as next in order.

Mr. KING. I ask that the bill be passed over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 1265) to establish a Department of Public Works, to amend certain sections of the Social Security Act, and for other purposes, was announced as next in order.

Mr. KING. Over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 2202) to establish a Public Works Agency was announced as next in order.

Mr. DAVIS. I ask that the bill be passed over.

Mr. BARKLEY. Mr. President, that bill and the following bill should both be passed over.

The PRESIDENT pro tempore. Without objection, Senate bill 2202 and Senate bill 2203, being Calendar Nos. 321 and 322, will be passed over.

The joint resolution (S. J. Res. 34) for the relief of W. K. Richardson was announced as next in order.

Mr. KING. Mr. President, an objection was made previously by a Senator who is not now present. I ask that the joint resolution be passed over.

The PRESIDENT pro tempore. The joint resolution will be passed over.

The bill (S. 2017) to amend the Railroad Unemployment Insurance Act, approved June 25, 1938, was announced as next in order.

Mr. KING. I ask that the bill be passed over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 517) to amend the Communications Act of 1934 to prohibit the advertising of alcoholic beverages by radio was announced as next in order.

Mr. LA FOLLETTE. I ask that the bill be passed over.

The PRESIDENT pro tempore. The bill will be passed

The bill (S. 1730) to amend the civil-service law to permit certain employees of the legislative branch of the Government to be transferred to positions under the competitive classified civil service was announced as next in order.

Mr. KING. I ask that the bill be passed over.

The PRESIDENT pro tempore. The bill will be passed over.

SPANISH WAR TRAVEL PAY

The bill (H. R. 289) for the relief of officers and soldiers of the Volunteer Service of the United States mustered into service for the War with Spain and who were held in service in the Philippine Islands after the ratification of the treaty of peace, April 11, 1899, was announced as next in order.

Mr. KING. I ask that the bill be passed over.

The PRESIDENT pro tempore. The bill will be passed over.

Mr. CAPPER subsequently said: Mr. President, I wish to make a brief statement with respect to House bill 289.

I hope the Senate will consider and pass without delay H. R. 289, the so-called Spanish War travel pay bill, and thereby have a creditable part in discharging an obligation to a group of the Nation's veterans which has existed for 40 years. That this debt should have remained unpaid for nearly half a century is, I think, a glaring example of our lack of appreciation of loyal and patriotic service on the part of our volunteer soldiers.

During the War with Spain there were several regiments of volunteer soldiers in active service in the Philippine Islands. They rendered valiant service under most trying circumstances. Among those troops was the Twentieth Kansas Infantry. No finer soldiers ever wore the Nation's uniform than the men who made up the membership of that regiment.

Under the law, men who enlisted for service in the War with Spain entered the service for the duration of the war. Likewise under the law and under the terms of their enlistment they were entitled to be discharged upon the close of the war and were entitled to receive travel pay and subsistence from the Philippine Islands to their homes, or to the points in the United States where they were mustered into the service.

However, technically these Volunteer soldiers were not discharged upon the completion of their enlistment. An emergency existed. The Philippine soldiers, some thirty or forty thousand of them, under the command of General Aguinaldo, who had been our friends, were now our enemies. They were demanding the freedom of their country and were attempting to retake Manila and the Philippine Islands, which came into our possession as a result of the War with Spain. It was impossible for the few Regular Army soldiers in the Philippine Islands at that time to cope with the situation. It was apparent that it would be necessary to have the service of Volunteer soldiers to meet that tense situation.

Early in March 1899, the Secretary of War, who, it was understood, was speaking for President McKinley, communicated with General Otis, in command of the American forces in the Philippines, and made inquiry as to whether or not the Volunteer soldiers in the islands would consent to reenlist for a period of not to exceed 6 months until the existing situation could be cleared up or replacements could be provided for them. General Otis made inquiry of these Volunteers as to whether they would reenlist under the circumstances, providing they were granted travel pay and subsistence. They agreed to do so. On March 25, 1899, a general advance against the insurrectionsists was ordered, and these men went into action. They were under heavy fire, and endured great hardships. Many of them were

killed, and others were wounded. All rendered valiant and patriotic service to the Nation.

The treaty of peace with Spain was accomplished on April 11, 1899. The Volunteer troops, under the terms of their enlistment, were entitled to their discharge and their travel pay at that time. However, they were in the field on that day and in active service against the enemy. Naturally, it was impractical to provide for their formal discharge from the service and their muster in for the new enlistment. However, they willingly continued in the service and performed their patriotic duty with the assurance from their commanding general that they would be granted travel pay and subsistence as promised.

Upon the completion of their additional enlistment, however, these soldiers were dismayed to find that Congress had appropriated no funds for their travel pay and that the Government was standing on the technicality that they had not been formally discharged and reenlisted. Technically that is correct. But these men did not stand on a technicality when they agreed to render service to the Nation beyond their terms of enlistment. They performed their part of a contract into which they felt they had entered with their Government, and had a right to feel that the Government would perform its part of the contract. I agree with this position on the part of these soldiers and feel that they were then and are now entitled to their travel pay and subsistence.

It does us no credit as a people that the debt to these men has remained unpaid for more than 40 years. It is an honest debt. It is not a gratuity, as some have suggested. These men are not pleading for a gratuity. They are merely asking that even at this late date the Government discharge an obligation to them which it assumed nearly half a century ago. I think their cause is a just one and, as I said at the outset, I very much hope that the Congress will now pass the necessary legislation to provide for the payment of the debt to these men who served their Nation willingly and valiantly.

The bill has twice passed the Senate in previous sessions and now comes to us from the House, where it had no opposition.

I hope the Senator from Utah [Mr. King] will withdraw his objection to the consideration of the bill at this time.

Mr. KING. Mr. President, it is true, as stated by the Senator, that the Senate has upon two occasions passed bills substantially the same as the one under consideration. The first of these two measures passed in the Senate in 1935 and was vetoed by the President of the United States. With a slight amendment, the second bill was passed in 1938. The purpose of the bills was the same as the purpose of the pending measure. My attention was called to the first measure after it was passed following the veto of the same by the President. I then conferred with the officials of the War Department and reached the conclusion that the President was right in the position which he took. When the second bill was under consideration in the Senate, I opposed it, assigning the position of the President in vetoing the measure as ample justification for my opposition to the same. As indicated, the second bill was vetoed by the President and in his veto message he referred to his former veto message.

In my opinion, there are further reasons than those assigned by the President in support of his position. In view of the action of the President in vetoing the two bills, it is certain that if this bill were to pass it would again be vetoed by the President. In view of this fact, I think the bill should be passed over.

The PRESIDENT pro tempore. The bill will be passed over. Mr. KING. Mr. President, I offer as a part of my remarks the veto message of the President dated June 20, 1938. This veto message contains the veto message of the President dated September 2, 1935.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The message is as follows:

MEMORANDUM OF DISAPPROVAL

I have withheld my approval of the bill H. R. 2904, for the relief of officers and soldiers of the Volunteer Service of the United States

mustered into service for the War with Spain and who were held in service in the Philippine Islands after the ratification of the treaty of peace, April 11, 1899.

The effect of this bill is that a certain class of the approximately 15,000 volunteers "shall be entitled to the travel pay and allowance for subsistence provided in sections 1289 and 1290, Revised Statutes, as then amended and in effect, as though discharged April 11, 1899, by reason of expiration of enlistment, and appointed or reenlisted April 12, 1899, without deduction of travel pay and subsistence paid by reason of expiration of enlistment, and appointed or reenlisted April 12, 1899, without deduction of travel pay and subsistence paid such officers or soldiers on final muster out subsequent to April 11, 1899." In this bill is a proviso "that no benefits shall accrue under any provision of this act to any person whose claim is based upon the service of any such officer or soldier discharged in the Philippine Islands at his own request."

With the exception of the above-quoted proviso, H. R. 2904 is identical with H. R. 2024, Seventy-fourth Congress, first session, which I disapproved on September 2, 1935, at which time I made the following statement:

"I have disapproved H. R. 2024, 'An act for the relief of officers and soldiers of the Volunteer Service of the United States mustered into service for the War with Spain and who were held in service in the Philippine Islands after the ratification of the treaty of peace,

in the Philippine Islands after the ratification of the treaty of peace, April 11, 1899.'

"The effect of this bill is that the beneficiaries thereof 'shall be entitled to the travel pay and allowance for subsistence provided in sections 1289 and 1290, Revised Statutes, as then amended and in effect, as though discharged April 11, 1899, by reason of expiration of enlistment, and appointed or reenlisted April 12, 1899, without deduction of travel pay and subsistence paid such officers or soldiers on final muster out subsequent to April 11, 1899.

"I am advised by the Secretary of War that there were approximately 15,000 officers and soldiers of the volunteer forces of the United States in the Philippine Islands at the conclusion of peace with the Kingdom of Spain who would become beneficiaries of

this act.

this act.

"The Comptroller General in his report on February 23, 1935, advises that the enactment of this bill would authorize payment of travel pay at the rate of 1 day's pay and 1 ration for each 20 miles, inclusive of the distance by water from the Philippine Islands to San Francisco, approximately 8,000 miles, and that such payments for the water travel alone will exceed 1 year's pay plus 1 day's ration for each day of such period. It is estimated the cost of the legislation will approximate \$7,000,000.

"Congress has heretofore recognized the service of these officers

'Congress has heretofore recognized the service of these officers and men by the award of a special medal, and there was also an allowance by the act of Congress approved January 12, 1899, of 2 months' extra pay to all volunteers who served honestly and faithfully beyond the continental limits of the United States. I join most heartly in recognizing and appreciating the patriotic service of

these men.

"However, approval of this bill would result in the payment of a gratuity to each of the officers and men concerned, in an amount exceeding his pay for a full year, plus the value of rations for the period involved in sea travel from the Philippines to the United States, a benefit utterly without warrant, since each individual concerned has already received transportation and subsistence at Government expense for the journey performed in addition to full new for the active time. pay for the entire time.

"I have recently signed an act restoring pensioners of the War with Spain and Philippine Insurrection to their full rate of pension. I feel that no breach of trust has been committed by the Government as regards the men who served their country in the War with Spain and Philippine Insurrection, and from the facts in this case general legislation upon this subject as provided in H. R. 2024 is not deemed advisable."

I am informed by the Secretary of War that there is no informa-tion available upon which an estimate of the number of beneficiaries tion available upon which an estimate of the number of beneficiaries entitled to the travel pay and allowance for subsistence under the provisions of the act can be determined, and it is not understood how the proponents of the legislation have estimated that approximately 7,000 of the officers and soldiers of the State Volunteers have died leaving no widow, children, father, or mother. I find no change in the beneficiaries affected by H. R. 2904, other than the proviso that no benefits shall accrue under any provision of the act to any person whose claim is based upon the service of any such officer or soldier discharged in the Philippine Islands at his own request, and I am informed by the Secretary of War also that this proviso would affect approximately 2 percent of the 15,000 volunteers who served in the Philippine Islands, or only about 300.

Moreover, the enactment of H. R. 2904 into law would establish an

Moreover, the enactment of H. R. 2904 into law would establish an undesirable precedent under which approximately 4,400 members of the Regular Army rendering similar service could demand with equal justice that legislation be enacted in their behalf and in whose behalf a similar bill, H. R. 2279, was introduced in the first session of the present Congress.

The Secretary of War strongly recommends that this bill be not favorably considered, and I find nothing new in the facts of the case which would justify different action on my part.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, June 20, 1938.

The bill (H. R. 5375) to promote nautical education, and for other purposes, was announced as next in order.

Mr. KING. I ask that the bill be passed over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 773) conferring jurisdiction upon the United States Court of Claims to hear, examine, adjudicate, and render final judgment on any and all claims which the Yakima Indian Tribes may have against the United States, and for other purposes, was announced as next in order.

Mr. KING. Mr. President, I think that bill falls within the same category as the other so-called Indian bills, and I

ask that it be passed over.

The PRESIDENT pro tempore. The bill will be passed

The bill (S. 1854) to increase the number of midshipmen allowed at the United States Naval Academy from the District of Columbia was announced as next in order.

Mr. LA FOLLETTE. Mr. President, the Senator from Oregon [Mr. McNary] has been objecting to that bill, and I doubt if in his absence it should be taken up. I ask that it go over without prejudice.

The PRESIDENT pro tempore. The bill will be passed

over without prejudice.

The bill (S. 912) for the relief of Joseph Kenney was announced as next in order.

Mr. KING. May we have an explanation of the bill? If not, let it go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 446) to amend the Packers and Stockyards Act of 1921 was announced as next in order.

Mr. KING. Mr. President, may we have an explanation of the bill?

Mr. CONNALLY. I object to the consideration of the bill at this time.

The PRESIDENT pro tempore. The bill will be passed

EXPERIMENT STATION, BUREAU OF MINES, ROLLA, MO.

The bill (S. 1806) to provide for the construction and equipment of a building for the experiment station of the Bureau of Mines at Rolla, Mo., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Interior be, and he is hereby, authorized and directed to enter into a contract or contracts for the erection and equipment of a building or buildings on the campus of the School of Mines and Metallurgy at Rolla, Mo., suitable for use by the Bureau of Mines for the mining experiment station at Rolla, at a cost not to exceed \$300,000, including plumbing lighting, heating, and other general springs. ing, lighting, heating, and other general-service equipment and necessary roads, walks, and ground improvement: *Provided*, That a site on said campus, acceptable to the Secretary of the Interior, is donated and conveyed by deed giving absolute title to the United

States Government.

SEC. 2. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$300,000 for carrying out the purposes of this act.

PERPETUATION OF THE EASTERN WILD TURKEY The bill (S. 2270) to authorize the Secretary of Agriculture to purchase refuge lands within the State of South Carolina for the perpetuation of the eastern wild turkey and to provide pure-blood brood stock for restocking within its native range, and for other purposes, was announced as next in order.

Mr. SMITH. Mr. President, I wish to make a few brief remarks about this bill.

The Bureau of Biological Survey has discovered in my State the original breed of wild turkeys. The Bureau prepared a bill, and I introduced it. We have destroyed the passenger pigeons, we exterminated the bison, and now we are on the eve of exterminating the pure original wild turkey, which was indigenous to this country when it was discovered. Only \$50,000 is asked to permit the Biological Survey to obtain control of certain property and protect the birds. Every lover of sport believes in perpetuating our food game stock and fish.

I shall not insist upon consideration of the bill at the present time, but I hope it may be taken up later and passed.

The PRESIDENT pro tempore. The bill will be passed over.

BOOKS FOR THE ADULT BLIND

The bill (H. R. 5136) to amend the act entitled "An act to provide books for the adult blind," approved March 3, 1931, was considered, ordered to a third reading, read the third time, and passed.

BILLS PASSED OVER

The bill (S. 897) to correct the military record of Walter Ballhaus was announced as next in order.

Mr. KING. Let the bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (H. R. 2695) for the relief of Kenneth B. Clarke was announced as next in order.

Mr. KING. Let the bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

PENSIONS TO CERTAIN DISABLED MEMBERS OF MILITARY SERVICES

The bill (S. 522) to provide pensions to members of the Regular Army, Navy, Marine Corps, and Coast Guard who become disabled by reason of their service therein, equivalent to 90 percent of the compensation payable to war veterans for similar service-connected disabilities, and for other purposes, was announced as next in order.

Mr. KING. Mr. President, this bill has very great merit. I have referred the matter to the War Department and to the Navy Department, which have submitted reports asking for some modifications of the bill. The Senator from Wyoming [Mr. Schwartz] having the bill in charge, is not in the Chamber at the moment. In order that we may confer with reference to the objections urged by the two Departments, I suggest that the bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

BILL PASSED OVER

The bill (S. 1033) for the relief of Albert P. Dunbar was announced as next in order.

Mr. KING. Let the bill go over, in view of the objection from the Department.

The PRESIDENT pro tempore. The bill will be passed

EMERSON J. FRENCH

The bill (S. 1047) for the relief of Emerson J. French was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of the pension laws or any laws conferring rights, privileges, or benefits upon persons honorably discharged from the United States Army Emerson J. French shall be held and considered to have been honorably discharged on July 8, 1897, as a private, Company H, Eighteenth Regiment United States Infantry, the said Emerson J. French having been honorably discharged, with character excellent, from three subsequent enlistments in the United States Army: Provided, That no pension, pay, bounty, or other benefit shall be held to have accrued by reason of this act, prior to its passage.

ROBERT H. MUIRHEAD

The bill (S. 581) for the relief of Robert H. Muirhead was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers Robert H. Muirhead, who was a member of the Quartermaster Corps, Camp McClellan, Ala. (Army serial number 1298485), shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a private of that organization on the 18th day of December 1918: Provided, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

BILLS PASSED OVER

The bill (S. 1650) to promote peace and the national defense through a more equal distribution of the burdens of war by drafting the use of money according to ability to lend to the Government was announced as next in order.

Mr. BARKLEY. Let the bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 915) to provide for the more expeditious settlement of disputes with the United States, and for other purposes, was announced as next in order.

Mr. BARKLEY. Let the bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 2390) to amend an act entitled "An act to provide for the complete independence of the Philippine Islands, to provide for the adoption of a constitution and a form of government for the Philippine Islands, and for other purposes," was announced as next in order.

Mr. JOHNSON of Colorado. Let the bill go over.

Mr. BARKLEY. Mr. President, I think this is the bill which the Senator from Maryland [Mr. Tydings] desires to have taken up next Wednesday. Therefore, it should go over for the present.

The PRESIDENT pro tempore. The bill will be passed over. The bill (S. 1554) to provide that the district judge for the western district of Washington, authorized to be appointed under the act of May 31, 1938, shall be a district judge for the eastern and western districts of Washington, was announced as next in order.

Mr. DANAHER. Let the bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

ADDITIONAL LOCKS FOR PANAMA CANAL

The bill (S. 2229) authorizing and providing for the construction of additional facilities on the Canal Zone for the purposes of more adequately providing for the defense of the Panama Canal and for increasing its capacity for the future needs of interoceanic shipping was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the improvement and enlargement of the capacity of the Panama Canal in the interests of defense and interoceanic commerce is hereby authorized to be prosecuted by the Governor of the Panama Canal under the supervision of the Secretary of War, substantially in accordance with the plans set forth and recommended in the report of the Governor of the Panama Canal, dated February 24, 1939, and published as House Document No. 210 and including such appurtenant structures, works, and facilities, and enlargements or improvements of existing channels, structures, works, and facilities as may be deemed necessary at a total cost not to exceed \$277,000,000, which is hereby authorized to be appropriated for the purpose: Provided, That the initial appropriation for the fiscal year 1940 shall not exceed \$15,000,000. For the purposes aforesaid, the Governor of the Panama Canal is authorized to employ such persons as he may deem necessary and to fix their compensation without regard to any other law affecting such compensation, to authorize the making of any contracts, continuing or otherwise, in advance of actual appropriations, aggregating not more than the total cost authorized herein, as may be deemed necessary for the prosecution of the work herein authorized, to provide for the establishment and operation of such auxiliary plants and facilities in connection with the work as may be necessary or desirable, to utilize any of the facilities or services of the Panama Railroad Co. upon such terms and conditions as may be approved by the Secretary of War, and in general to do all things proper and necessary to insure the prompt and efficient completion of the work herein authorized.

PAY DAY FOR OFFICERS AND EMPLOYEES OF CONGRESS

The joint resolution (H. J. Res. 280) authorizing the payment of salaries of the officers and employees of Congress on the first workday preceding the last day of any month when the last day falls on Sunday or a legal holiday was considered, ordered to a third reading, read the third time, and passed.

MARKING OF PACKAGES CONTAINING WILD ANIMALS, BIRDS, ETC.

The bill (S. 1031) to amend section 243 of the Penal Code of the United States, as amended by the act of June 15, 1935 (49 Stat. 378), relating to the marking of packages containing wild animals and birds and parts thereof, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 243 of the act of March 4, 1909, entitled "An act to codify, revise, and amend the penal laws of the United States," as amended by section 201 of the act of June

15, 1935 (49 Stat. 378), is hereby amended so as to read as follows:

follows:
"Sec. 243. All packages or containers in which wild animals or birds, or the dead bodies or parts thereof (except furs, hides, or skins of such animals, for which provision is hereinafter made), or the eggs of such birds are shipped, transported, carried, brought, or conveyed, by any means whatever from one State, Territory, or the District of Columbia to, into, or through another State, Territory, or the District of Columbia, or to a foreign country, shall be plainly and clearly marked, labeled, or tagged on the outside thereof with the names and addresses of the shipper and con-signee and with an accurate statement showing by number and kind the contents thereof: Provided, That packages or containers in which migratory birds included in any convention to which the United States is a party, or the dead bodies or parts thereof or eggs of such birds, are shipped, transported, carried, brought, or conveyed, as aforesaid, shall be marked, labeled, or tagged as

conveyed, as aforesaid, shall be marked, labeled, or tagged as prescribed in any such convention or law or regulation thereunder.

"All packages or containers in which the furs, hides, or skins of wild animals are shipped, transported, carried, brought, or conveyed, by any means whatever, from one State, Territory, or the District of Columbia to, into, or through another State, Territory, or the District of Columbia, or to a foreign country shall be plainly and clearly marked, labeled, or tagged on the outside thereof with the names and addresses of the shipper and consignee."

WITHDRAWAL OF NATIONAL-FOREST LANDS FOR PROTECTION OF WATERSHEDS

The bill (S. 229) to authorize the withdrawal of nationalforest lands for the protection of watersheds from which water is obtained for municipalities, and for other purposes, was announced as next in order.

Mr. KING. Mr. President, I am very much in sympathy with the bill. I have just received a letter asking for an amendment, and I have not had time to examine the matter. The Senator from Oregon [Mr. McNary] is not in the Chamber at the moment. I shall confer with him, and I hope the bill may be considered at the next call of the calendar.

The PRESIDENT pro tempore. The bill will be passed over.

FILING OF AFFIDAVITS OF PREJUDICE, DISTRICT COURT FOR ALASKA

The bill (S. 1335) relating to the filing of affidavits of prejudice in the District Court for the District of Alaska was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 707, chapter 70, of title II of the act entitled "An act making further provision for a civil government for Alaska, and for other purposes" approved June 6, 1900, as amended (section 3305 of the Compiled Laws of the Territory of Alaska, 1933), is amended by striking out the period at the end of paragraph "Fourth" and inserting in lieu thereof a semicolon and the following new paragraph:

"Fifth. Whenever any party, or an attorney for any party, to any action or proceeding, civil or criminal, shall make and file an affidavit that the judge before whom the action or proceeding is to be tried or heard has a personal bias or prejudice either against him or his attorney or in favor of any opposite party, or attorney for an opposite party, to the suit, and that it is made in good faith and not for the purpose of delay. Every such affidavit shall state the facts and the reasons for the belief that such bias or prejudice exists, and shall be filed within 1 day after such action, suit, or proceeding is at issue upon a question of fact, or good cause shall be shown for the failure to file it within such time. No party or attorney shall be entitled to file more than one such affidavit in any case.

DELEGATION OF CERTAIN AUTHORITY, DEPARTMENT OF AGRICULTURE

The joint resolution (H. J. Res. 188) authorizing the delegation of certain authority within the Department of Agriculture was announced as next in order.

Mr. ADAMS. Mr. President, I wish to make an inquiry of the Senator from Oklahoma [Mr. Thomas]. As I understand, the bill provides that some finance officer in the Department of Agriculture shall have the right, on his own signature, to allocate money to the disbursing officers. wish to inquire whether or not the finance officer who would be given this vast authority is subject to confirmation by the Senate.

Mr. THOMAS of Oklahoma. No.

Mr. ADAMS. Does not the Senator think an officer with such powers ought to be subject to confirmation by the Senate?

Mr. THOMAS of Oklahoma. The reason for this bill is the fact that the Agricultural Department has been so expanded that the original officers who had certain powers conferred on them to act cannot do the work now incumbent upon the Department. In order to accomplish the end desired, it has been found necessary to divide the work and to expand the authority. This bill is for that specific purpose.

Mr. ADAMS. I am entirely in accord with that. My only inquiry is whether or not the individual to whom this authority is given ought not to be appointed subject to the confirma-

tion of the Senate.

Mr. THOMAS of Oklahoma. I think the Senator is absolutely correct. As to the salary of this particular official, I am not advised, and the salary would dictate, I think, whether or not the position should be confirmed by the Senate.

Mr. ADAMS. If he is an officer of the class which is not subject to confirmation, the question is, Should he be given the authority in view of the fact that a billion and a quarter

dollars will be subject to his disposition?

Mr. THOMAS of Oklahoma. I think the Senator is entirely correct. The joint resolution may go over, and if an amendment is necessary to accomplish the purpose suggested, as the Senator who reported the joint resolution, I shall be very glad to accept such an amendment.

The PRESIDENT pro tempore. The joint resolution will

be passed over.

DEFINITION OF STATUS OF UNDER SECRETARY OF AGRICULTURE

The joint resolution (H. J. Res. 189) to define the status of the Under Secretary of Agriculture, and for other purposes, was considered, ordered to a third reading, read the third time, and passed, as follows:

Resolved, etc., That the Under Secretary of Agriculture is authorresolved, etc., That the Under Secretary of Agriculture is authorized to exercise the functions and perform the duties of the first assistant of the Secretary of Agriculture within the meaning of section 177 of the Revised Statutes of the United States (U. S. C., title 5, sec. 4) and shall perform such other duties as may be required by law or prescribed by the Secretary of Agriculture.

INSIGNIA OF 4-H CLUBS

The bill (H. R. 913) to prohibit the unauthorized use of the name or insignia of the 4-H clubs, and for other purposes, was considered, ordered to a third reading, read the third time, and passed.

ADMINISTRATION OF OATHS TO EXPENSE ACCOUNTS

The bill (H. R. 3646) to authorize certain officers and employees to administer oaths to expense accounts was announced as next in order.

Mr. KING. I inquire if there is any objection to the bill by the Department, or is it recommended by the Department?

Mr. THOMAS of Oklahoma. These are a series of administration bills. They have all been authorized, prepared by, and recommended by the Department.

Mr. KING. Very well.

The PRESIDENT pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 8 of the Sundry Civil Appropriation Act for the fiscal year ending June 30, 1913, approved August 24, 1912 (37 Stat. 487), be, and it is hereby, amended to read as follows:

follows:

"SEC. 8. Postmasters, assistant postmasters, collectors of customs, collectors of internal revenue, chief clerks of the various executive departments, independent establishments, and other Government agencies, or of bureaus thereof, the superintendent, the acting superintendent, custodian, and principal clerks of the various national parks and other Government reservations, superintendent, acting superintendent, and principal clerks of the different Indian superintendencies or Indian agencies, chiefs of field parties, and any officer or employee of any executive department, independent establishment, or other Government agency, in the District of establishment, or other Government agency, in the District of Columbia or elsewhere, who shall have been designated in writing for such purpose by the head of the department, establishment, or agency concerned, are required, empowered, and authorized, when requested, to administer oaths, required by law or otherwise, to accounts for travel or other expenses against the United States, with like force and effect as officers having a seal; for such services when so rendered, or when rendered on demand by notaries public.

who at the time are also salaried officers or employees of the United States, no charge shall be made; and no fee or money paid for the services herein described shall be paid or reimbursed by the United States.'

BILL PASSED OVER

The bill (S. 591) to amend the United States Housing Act of 1937, and for other purposes, was announced as next in

Mr. KING. I ask that that bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

CONVEYANCE OF LAND TO BRISTOL, MAINE

The Senate proceeded to consider the bill (S. 1409) to authorize the conveyance by the United States to the town of Bristol, Maine, of a portion of the Pemaquid Point Lighthouse Reservation, and for other purposes, which had been reported from the Committee on Commerce with amendments, on page 1, line 4, after the word "convey", to insert "at any time within three years of the effective date of this act", and on page 2, after line 13, to strike out:

SEC. 2. Such conveyance shall contain the express condition that if the town of Bristol shall at any time cease to use the property as a park for public recreation, or shall alienate or attempt alienate such property, title thereto shall revert to the United States and the land and buildings shall be reassigned for the express use of the Lighthouse Service, Department of Commerce.

And insert:

SEC. 2. Such conveyance shall contain the express condition that SEC. 2. Such conveyance shall contain the express condition that if the town of Bristol shall at any time cease to use the property as a park for public recreation, or shall alienate or attempt to alienate such property, or shall fail to perform any contract entered into with the United States for the purchase of the property, title thereto shall revert to the United States for the use of the Lighthouse Service, Commerce Department, or other agencies of the United States, or for disposal under the act of August 27, 1935 (49 Stat. 885; U. S. C., title 40, sec. 304a), or under the act of August 26, 1935 (49 Stat. 800; U. S. C., title 40, sec. 345).

So as to make the bill read:

Be it enacted, etc., That, subject to the conditions hereinafter specified, the Secretary of the Treasury is authorized to convey at any time within 3 years of the effective date of this act to the town of Bristol, Maine, for public-park purposes all the right, title, and interest of the United States in and to that portion of the Pemaquid Point Lighthouse Reservation, Lincoln County, Maine, which is not required to be retained for lighthouse purpos subject to the payment of a purchase price to be determined by the Treasury Department: Provided, That the total purchase price shall not be less than 50 percent of the appraised value of the land and buildings thereon, except the light tower, and the Secre-tary of the Treasury may enter into a long-term contract for the payment of the purchase price in such installments as he deems fair and reasonable and may furthermore waive any requirement for interest charges on deferred payments: Provided further, That the proceeds of the sale shall be deposited in the Treasury as miscellaneous receipts. The Secretary of the Treasury shall describe by metes and bounds in the deed of conveyance the exact portion of such reservation transferred. of such reservation transferred.

SEC. 2. Such conveyance shall contain the express condition that if the town of Bristol shall at any time cease to use the property as a park for public recreation, or shall alienate or attempt to alienate such property, or shall fail to perform any contract entered into with the United States for the purchase of the property, title thereto shall revert to the United States for the use of the Lighthouse Service, Commerce Department, or other agencies of the United States, or for disposal under the act of August 27, 1935 (49 Stat. 885; U. S. C., title 40, sec. 304a), or under the act of August 26, 1935 (49 Stat. 800; U. S. C., title 40, sec. 345).

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILLS PASSED OVER

The bill (S. 547) to amend section 23 of the act of March 4, 1909, relating to copyrights, was announced as next in

Mr. REED. I ask that the bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 162) to protect producers, manufacturers, distributors, and consumers from the unrevealed presence of substitutes and mixtures in spun, woven, knitted, felted, or otherwise manufactured wool products, and for other purposes, was announced as next in order.

Mr. AUSTIN. Mr. Presdent, I filed minority views on this bill. I regard the bill as one that ought to be carefully considered by the Senate, and I give notice that I hope that it will not pass on a mere call of the calendar. I object to its consideration.

The PRESIDENT pro tempore. The bill will be passed

ACQUISITION OF COLLECTIONS BY GEOLOGICAL SURVEY

The Senate proceeded to consider the bill (S. 1542) to authorize the Director of the Geological Survey, under the general supervision of the Secretary of the Interior, to acquire certain collections for the United States.

Mr. KING. Mr. President, I should like to have an explanation of the bill.

Mr. GUFFEY. Mr. President, this bill was introduced by me, and I should like to have it passed. It merely proposes to authorize the Geological Survey to accept gifts and devises of technical and other books, charts, maps, and so forth, for the United States for inclusion in the Geological Survey Library. The Survey's library is one of the world's finest and largest technical and scientific collections of books and maps covering the subject of geology, mineralogy, and metals, mapping, engineering, and related subjects.

The Geological Survey, in my opinion, is one of the most valuable agencies in the entire Government. I have been using the information provided by the Geological Survey for more than 35 years, and I think that any assistance that can be given to the Survey in its work should be provided. I assure Members of the Senate that great public service will be done by the passage of this bill.

Mr. KING. Mr. President, I have no objection to the bill. The bill was ordered to be engrossed for a third reading. read the third time, and passed, as follows:

Be it enacted, etc., That the Director of the Geological Survey, under the general supervision of the Secretary of the Interior, is authorized to acquire for the United States, by gift or devise, scientific or technical books, manuscripts, maps, and related materials, and to deposit the same in the library of the Geological Survey for reference and use as authorized by law.

BILL PASSED OVER

The bill (H. R. 312) for the relief of Roland P. Winstead, was announced as next in order.

Mr. KING. Mr. President, I see there is no recommendation by the Department on the bill. I should like to have an explanation, and, in the absence of one, I ask that the bill go over.

The PRESIDENT pro tempore. The bill will be passed

HARRY L. SMIGELL

The bill (H. R. 3897) for the relief of Harry L. Smigell, was considered, ordered to a third reading, read the third time, and passed.

BERNARD WOODRUFF

The bill (H. R. 2926) for the relief of Bernard Woodruff, was considered, ordered to a third reading, read the third time, and passed.

ADDITIONAL LOCKS FOR PANAMA CANAL

Mr. DANAHER. Mr. President, a parliamentary inquiry. The PRESIDENT pro tempore. The Senator will state it. Mr. DANAHER. What is the status of Calendar No. 487, Senate bill 2229? Has that bill been passed?

The PRESIDENT pro tempore. The bill has been passed. Mr. DANAHER. I ask unanimous consent to reconsider the vote by which that bill was passed.

Mr. BARKLEY. Mr. President, the Senator from Missouri [Mr. CLARK] is absent from the Chamber at the moment. Will the Senator from Connecticut wait until the Senator returns?

Mr. DANAHER. I did not know he was present at the time the bill was passed.

Mr. BARKLEY. Oh, yes; he was in the Chamber. Mr. DANAHER. I thought probably we ought to have an explanation of a bill that provides for an appropriation of \$277,000,000; that is all.

Mr. BARKLEY. The Senator from Missouri is prepared to explain the bill, but an explanation was not called for at the time when the bill was reached on the calendar. The Senator from Missouri will be here in a moment. I suggest that the Senator from Connecticut await his return.

Mr. DANAHER. Very well. Let the request be passed over for the moment.

GRACE ROUSE

The bill (H. R. 3300) for the relief of Grace Rouse was considered, ordered to a third reading, read the third time, and passed.

STANLEY MERCURI

The bill (H. R. 2259) for the relief of Stanley Mercuri was considered, ordered to a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (H. R. 4084) to provide for the reimbursement of certain personnel or former personnel of the United States Navy and United States Marine Corps for the value of personal effects destroyed as a result of a fire at the Marine Barracks, Quantico, Va., on October 27, 1938, was announced as next in order.

Mr. KING. I ask that that bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

HOMER C. STROUD

The bill (H. R. 2097) for the relief of Homer C. Stroud was considered, ordered to a third reading, read the third time, and passed.

R. H. GRAY

The bill (H. R. 2345) for the relief of R. H. Gray was considered, ordered to a third reading, read the third time, and passed.

EDGAR GREEN

The bill (H. R. 3074) for the relief of Edgar Green was considered, ordered to a third reading, read the third time, and passed.

FAE BANAS

The Senate proceeded to consider the bill (S. 683) for the relief of Fae Banas, which had been reported from the Committee on Claims with amendments, on page 1, line 6, after the words "sum of", to strike "\$5,000" and insert "\$1,719,-80", and at the end of the bill to add a proviso, so as to make the bill read:

the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Fae Banas, of Philadelphia, Pa., the sum of \$1,719.80, in full satisfaction of her claim against the United States for injuries suffered as the result of a collision with a Civilian Conservation Corps truck on Route 331, 8 miles north of Tampa, Fla., on the 7th day of December 1934 at 12 o'clock noon: Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

ALLIE HOLSOMBACK AND LONNIE TAYLOR

The Senate proceeded to consider the bill (S. 1414) for the relie? of Allie Holsomback and Lonnie Taylor, which had been reported from the Committee on Claims with an amendment, on page 1, line 6, after the words "sum of", to strike out "\$893.00" and insert "\$759"; and on line 7, after the words "sum of", to strike out "\$338.90" and insert "\$175", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Allie Holsomback, of Wyatt, La., the sum of \$759, and to Lonnie Taylor, of Natchez, Miss., the sum of \$175, in full and final settlement of all their claims against the United States for personal injuries and property damage sustained by them on October 28, 1937, near Hodge, La., when a Ford coach owned by the Government and operated in connection with

the Soil Conservation Service collided with Allie Holsomback's wagon and a truck owned by Lonnie Taylor: Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (S. 1987) for the relief of J. S. Melloan and the Boston Milling Co. was announced as next in order.

Mr. KING. I ask that the bill be passed over.

The PRESIDENT pro tempore. The bill will be passed over.

R. DOVE AND LAURA J. DOVE

The bill (H. R. 2044) for the relief of R. Dove and Laura J. Dove was considered, ordered to a third reading, read the third time, and passed.

JOHN T. CLARKSON

The bill (H. R. 5601) for the relief of John T. Clarkson was considered, ordered to a third reading, read the third time, and passed.

JESSIE M. DURST

The bill (S. 809) for the relief of Jessie M. Durst was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That sections 17 and 20 of the act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes," approved September 7, 1916, as amended, are hereby waived in favor of Jessie M. Durst, who is alleged to have suffered injuries on or about May 25, 1936, while in the performance of her duties as an employee of the Works Progress Administration, at Fond du Lac, Wis.: Provided, That no benefits shall accrue prior to the approval of this act.

BILL PASSED OVER

The bill (S. 1042) for the relief of the Epes Transportation Corporation was announced as next in order.

Mr. KING. Let that bill go over. I should like to have an explanation of it.

The PRESIDENT pro tempore. The bill will be passed

WILLIAM E. COWEN

The Senate proceeded to consider the bill (S. 1823) for the relief of William E. Cowen, which had been reported from the Committee on Claims with an amendment, on page 1, line 7, after the words "sum of", to strike out "\$324.50" and insert "\$265", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to William E. Cowen, of Washington, D. C., an employee of the custodian's office, Senate Office Building, the sum of \$265, in full settlement of his claim against the United States for medical and hospital expenses incurred as a result of injuries sustained on April 29, 1937, when his left foot was crushed between the loading platform and the subway car: Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

The amendment was agreed to.

Mr. KING. I ask that the bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

VIRGINIA PEARSON

The Senate proceeded to consider the bill (S. 2114) for the relief of Virginia Pearson which had been reported from the Committee on Claims with an amendment, on page 1, line 11, after the numerals "1938", to insert a proviso, so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money

in the Treasury not otherwise appropriated, to Virginia Pearson, of Bellingham, Wash., the sum of \$121.40, in full satisfaction of her claim against the United States for expenses incurred as the result of an accident involving a Government truck operated in connection with the Civilian Conservation Corps, at the intersection of Maple and Jersey Streets, Bellingham, Wash., on March 27, 1938: Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

ADDITIONAL LOCKS FOR PANAMA CANAL

Mr. DANAHER. Mr. President, during the absence of the Senator from Missouri [Mr. Clark] I asked unanimous consent to reconsider the vote by which Calendar No. 487, Senate bill 2229, was passed. I did not realize that the Senator from Missouri had temporarily left the Chamber. Noting that he has now returned, I renew my unanimous-consent request.

Mr. CLARK of Missouri. Mr. President, of course, I have no objection to reconsidering action on the bill to which the Senator refers, but if it is reconsidered, I wish to give notice that so soon as I can obtain recognition, at the conclusion of the call of the calendar, I will move that the Senate proceed to the consideration of the bill.

Mr. BARKLEY. I suggest that the Senator from Connecticut has asked for an explanation. The Senator from Missouri might obviate the necessity of the action suggested by him if he would now make an explanation of the bill.

Mr. CLARK of Missouri. I will be very glad to explain the bill.

This measure is a very important and vital part of the national defense program, recommended by the President at the beginning of the session. It provides for the construction of an additional set of locks in the Panama Canal. The fact that it would at some time in the comparatively near future surely be necessary from a commercial standpoint as well as a national-defense standpoint to construct an additional set of locks in the Panama Canal has lobe been recognized. The Government has made a number of surveys. The latest report on the subject is embodied in a report of the Governor of the Panama Canal Zone, sent forward by the Secretary of War and embodied in House Document 210, at the present session of the Congress.

It has been recognized, Mr. President, as I have said for a long time, that by the year 1950 it will almost inevitably be necessary to construct an additional set of locks from the standpoint of the mere commercial usage of the canal. It is believed by the War Department and the Navy Department that it is extremely desirable to construct an additional set of locks perhaps 10 years in advance of the time when it would otherwise normally be necessary as a measure of national defense.

It is perfectly obvious from the statement of fact recognized by everyone that the Panama Canal, of course, is a vital artery of our naval defense. The two sets of locks now in existence in the Panama Canal are immediately adjacent to each other, and any damage which might come to one set of those locks by reason of sabotage or an air attack, would, in all likelihood, destroy both sets of locks and render the operation of the canal impossible for a certain length of time.

It is proposed to construct a new set of locks at a distance of possibly 5 or 6 miles, on the basis of surveys already made, which for the next few years at least could be used exclusively for naval vessels and Government vessels, to reduce to the very minimum any danger of sabotage in the Canal. While the new set of locks is not presently necessary from a strictly commercial standpoint, nevertheless it represents a sound investment from a commercial standpoint, and is believed by the War Department and the Navy Department to be vitally necessary to the national defense.

The House Committee on Merchant Marine and Fisheries held very elaborate hearings upon this bill and the other bills dealing with other canals which had been submitted to it. In view of the extensive hearings which the House had held, and which were available to us, the Senate committee did not feel that it was necessary to hold extensive hearings. We did, however, hold hearings, at which appeared the Senator from Tennessee [Mr. McKellar], who is the author of a bill for the construction of a Nicaraguan canal, to which the Senate committee gave consideration. It was the opinion of the Senate Committee on Interoceanic Canals, however, that the proposal for additional facilities at Panama and the proposal for the construction of a Nicaraguan canal are not necessarily antagonistic; that irrespective of whether it may be necessary or desirable at some later time to construct a Nicaraguan canal, as a matter of national defense and as a matter of protection of the investment which we already have at Panama, a third set of locks at the Panama Canal should be constructed.

I may say in addition that the Nicaraguan canal would, at the minimum calculations, cost a billion and a quarter dollars—in all probability would cost very much more—and would entail an additional expense for its defense estimated at not less than \$200,000,000 a year. In addition to that, of course, every bit of the traffic going through the Nicaraguan canal would be a subtraction from the revenue of the Panama Canal, which is now paying its own way; and there is the additional consideration that the new set of locks will eventually pay for themselves in the tolls of commercial vessels passing through the Canal. It is simply a question of authorizing at this time a construction which in any event will be necessary within the next very few years.

Mr. DANAHER and Mr. ANDREWS addressed the Chair. The PRESIDENT pro tempore. Does the Senator from Missouri yield, and, if so, to whom?

Mr. CLARK of Missouri. I yield first to the Senator from Connecticut. Then I will yield to the Senator from Florida. Mr. DANAHER. Mr. President, I thank the Senator for

his courtesy and for his very complete explanation.

As I understand the parliamentary situation, by unanimous consent we made bills on the calendar the order of business only today. I have not personally had an opportunity to examine either the bill or the report. There are phases of this matter which seem to me of sufficient importance that we ought to let it go over until Wednesday; and I ask the consent of the Senator from Missouri to that end.

Mr. CLARK of Missouri. It is not a matter for me to determine. The majority leader stated to me that at the conclusion of the calendar, if an objection should be made on the call of the calendar, he would arrange to have me recognized so that I might move to take up the bill. In a case of that sort, of course, I feel obligated to take it up whenever the opportunity is afforded the committee.

I have no desire to delay the matter. The report has been in for several days. The subject has also been before the Committee on Military Affairs. As I say, there have been very full, adequate, and complete hearings in the House; and in view of the very urgent recommendations of the War Department and the Navy Department, it seems to me the bill should be forwarded as soon as possible.

If the Senator's request meets with the approval of the majority leader, I have no objection. I do not know what the plans for Wednesday are.

Mr. BARKLEY. Mr. President, in arranging the program I had hoped that this bill could be passed on the call of the calendar. I suggested to the Senator from Missouri that if the bill should not be passed on the call of the calendar it be made the next order of business, and that he move to take it up, which he has planned to do.

On Wednesday we are scheduled to take up the Philippine bill, in charge of the Senator from Maryland [Mr. Tydings], which probably will arouse some controversy; and it is important that this bill be passed at the very earliest date. I have no desire, and I am sure the Senator from Missouri has no desire, to rush the bill through over the objection of any

Senator who wants it considered. It is the next legislative measure on the program, whether on this call or by motion. Whatever the Senator from Missouri wants to do about the matter will be satisfactory to me.

Mr. DANAHER. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I shall be glad to yield to the Senator from Connecticut.

Mr. DANAHER. The reason for directing my inquiry to the Senator from Missouri in that form was that, as I interpreted the Senator's action, he had opposed my unanimous-

Mr. CLARK of Missouri. No; I make no objection. The Senator means his request for reconsideration?

Mr. DANAHER. For reconsideration.

Mr. CLARK of Missouri. No; I stated that I should make no objection to reconsideration, but that under the statement which had been made to me by the majority leader I should move that the Senate proceed to consider the bill at the conclusion of the call of the calendar.

Mr. AUSTIN. Mr. President-

Mr. CLARK of Missouri. Let me suggest to the Senator from Connecticut that the bill be made the unfinished business at the conclusion of the call of the calendar. I have no disposition to press it for consideration today.

Mr. DANAHER. That is quite agreeable; and I thank the

Senator for his courtesy.

Mr. BARKLEY. While I am on the subject, then, I ask unanimous consent that, following the conclusion of the call of the calendar, Senate bill 2229 be made the unfinished

The PRESIDENT pro tempore. Without objection, it is so ordered. It is understood, of course, that under the unanimous-consent agreement heretofore entered into the memorial services will begin at 2 o'clock today.

Mr. BARKLEY. That is true. We shall suspend all legislative business at 2 o'clock, and at the conclusion of the memorial services I plan to move that the Senate adjourn until Wednesday; so the bill would not come up until Wednesday, although made the unfinished business today,

The PRESIDENT pro tempore. The clerk will state the

next bill on the calendar.

REDUCTION OF DOWN-PAYMENT FOR NONSUBSIDIZED VESSEL CONSTRUCTION

The bill (H. R. 5756) to amend section 509 of the Merchant Marine Act, 1936, as amended, was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 509 of the Merchant Marine Act, 1936, as amended (52 Stat. 959; U. S. C. 1934 ed., Supp. IV, title 46, sec. 1159), is amended as follows:

(1) By amending the second sentence thereof to read as follows:

"If such application is approved by the Commission, the vessel may be constructed under the terms and conditions of this title, but no construction-differential subsidy shall be allowed."; and (2) By amending so much of the fourth sentence thereof as precedes the first semicolon therein to read as follows: "In case the vessel

cedes the first semicolon therein to read as follows: "In case the vessel is designed to be of not less than 3,500 gross tons and to be capable of a sustained speed of not less than 14 knots, the applicant shall be required to pay the Commission not less than 12½ percent of the cost of such vessel, and in the case of any other vessel the applicant shall be required to pay the Commission not less than 25 percent of the cost of such vessel (excluding from such cost, in either case, the cost of national-defense features);".

CANCELATION OF SALVAGE CHARGES FOLLOWING HURRICANE

The Senate proceeded to consider the bill (S. 485) providing for the cancelation of certain charges under section 20 of the River and Harbor Act of March 3, 1899, which had been reported from the Committee on Commerce with an amendment, on page 1, line 7, after the word "raising", to strike out "their boats after the hurricane of September 21, 1933" and insert "moving, or otherwise conducting salvage operations with respect to their vessels, boats, watercraft, or rafts after the hurricane of September 21, 1938: Browning Walls & Co., Inc., New York, N. Y.; McKinnon Construction Co., East Providence, R. I.; Providence Tow & Steamboat Co., Providence, R. I.; Jacob A. Hunt, East Providence, R. I.", so as to make the bill read:

Be it enacted, etc., That the Secretary of War is authorized and directed to cancel all amounts charged under section 20 of the

River and Harbor Act of March 3, 1899, against the following persons as a result of the action taken by the United States Engineer Office in raising, moving, or otherwise conducting salvage operations with respect to their vessels, boats, watercraft, or rafts operations with respect to their vessels, boats, watercraft, or rafts after the hurricane of September 21, 1938; Browning Walls Co., Inc., New York, N. Y.; McKinnon Construction Co., East Providence, R. I.; Providence Tow & Steamboat Co., Providence, R. I.; Jacob A. Hunt, East Providence, R. I.; G. Blunt White, Mystic, Conn.; Harry Tatro, Mystic, Conn.; Walter Buddington, Noank, Conn.; Harry Douglas, Noank, Conn.; Post Shipyard, Mystic, Conn.; B. C. Chesebrough, Stonington, Conn.; William H. McLaughlin, North Stonington, Conn.; Francis DeBragga, Stonington, Conn.; and George Grogan, Stonington, Conn.

The PRESIDENT pro tempore. The question is on agreeing to the amendment reported by the committee.

Mr. KING. Mr. President, let us have an explanation of the bill.

Mr. MALONEY. Mr. President, under existing law the Secretary of War is compelled to charge to shipowners the cost of salvage operations. During the recent hurricane which struck New England so seriously a large number of small fishing vessels and a few other craft were sunk or broken from their moorings. Under the direction of the Army engineers these boats were raised and recaptured. For the most part they are owned, as I have said, by the operators of small fishing boats. There are one or two other business craft, and, I think, one pleasure craft—I am not sure. The total amount of money involved is not in excess of \$10,000.

If the owners were compelled to make payment for these salvage operations, it would be a very serious handicap, and I have some doubt that some of the men could recover their vessels under those circumstances. Because the matter arose from the hurricane, and because relief was afforded by the Government to all other persons who suffered in the hurricane in New England, as elsewhere, I am hopeful that there will be no objection to the bill. The Bureau of the Budget and the Secretary of War offer no opposition, and, I believe, look with favor upon the passage of the bill.

Mr. KING. I have no objection.

The PRESIDENT pro tempore. The question is on agreeing to the amendment reported by the committee.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (S. 2330) to authorize cooperation with other American republics in accordance with treaties, resolutions, declarations, and recommendations by all of the 21 American republics at the Inter-American Conference for the Maintenance of Peace was announced as next in order.

Mr. AUSTIN. Mr. President, may we have an explanation of the bill?

The PRESIDENT pro tempore. The Chair will ask that the bill go to the bottom of the calendar.

CHANGE OF NAME OF MUD MOUNTAIN DAM AND RESERVOIR

The joint resolution (S. J. Res. 95) to change the name of the Mud Mountain Dam and Reservoir was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Resolved, etc., That the Mud Mountain Dam and Reservoir on White River in the State of Washington, the construction of which was authorized by Congress in the Flood Control Act of June 22, 1936, shall hereafter be known and designated on the public records as the Isaac Ingalls Stevens Dam and Reservoir.

ERNEST CLINTON AND FREDERICK P. DERAGISCH

The Senate proceeded to consider the bill (S. 1229) for the relief of Ernest Clinton and Frederick P. Deragisch, which had been reported from the Committee on Claims with an amendment, on page 1, line 12, after the word "Provided", to strike out "That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent

thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000" and to insert "That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Ernest Clinton, of Portland, Oreg., the sum of \$1,028.17, and to Frederick P. Deragisch, of Portland, Oreg., the sum of \$15.56, such payments being in reimbursement of sums which they were required to pay from their personal funds on account of stamps which were stolen, without their neglect or malfeasance, from stamp stocks with which they were charged at the post office in Portland, Oreg.: Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

HANNIS HOVEN

The Senate proceeded to consider the bill (S. 1722) for the relief of Hannis Hoven, which had been reported from the Committee on Claims with an amendment, on page 1, line 6, after the words "sum of", to strike out "\$5,000" and insert "\$2,500", so as to make the bill read:

Be it enacted, etc.. That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Hannis Hoven, of Jackson, Ala., the sum of \$2,500, in full and final settlement of his claim against the United States for permanent injuries sustained June 3, 1937, when the automobile in which he was a passenger was struck by a Chevrolet coupe, tag No. 13–688, D. A. U. S. A., which was being driven by one Gaylord Willard, an employee of the United States Department of Agriculture, in the city of Mobile, Ala.: Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

LESLIE J. FRANE AND CHARLES FRANE

The Senate proceeded to consider the bill (S. 2067) for the relief of Leslie J. Frane, which had been reported from the Committee on Claims with an amendment to strike out all after the enacting clause and to insert:

That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Leslie J. Frane, of Fort Wayne, Ind., the sum of \$1,948.50, and to Charles Frane the sum of \$3,995.25, in full settlement of all their claims against the United States for injuries and expenses incurred by Leslie J. Frane, and for the death of Mrs. Charles Frane, when the car in which they were traveling was struck by a Works Progress Administration truck on September 13, 1938: Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill for the relief of Leslie J. Frane and Charles Frane."

ADDISON B. HAMPEL

The Senate proceeded to consider the bill (S. 555) for the relief of Addison B. Hampel, which had been reported from the Committee on Claims with an amendment to add a proviso at the end of the bill, so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Addison B. Hampel, former postmaster at Greenville, Ind., such portion of the sum of \$1,429.21 as the Comptroller General finds that the said Addison B. Hampel has paid to the United States on account of the claim of the United States against him arising out of the payment of salary to him as postmaster while he was also employed as a substitute railway postal clerk. The said Addison B. Hampel is hereby released from all liability to the United States arising out of payments to him for salaries during the period he was so employed as postmaster and as substitute railway postal clerk: Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

JOSEPH LOPEZ RAMOS

The Senate proceeded to consider the bill (S. 1527) for the relief of Joseph Lopez Ramos, which had been reported from the Committee on Claims with an amendment to add a proviso at the end of the bill, so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Joseph Lopez Ramos, of Naugatuck, Conn., the sum of \$500, such sum representing the amount reimbursed by him to the Aetna Casualty & Surety Co. on account of the forfeiture of a bond for the appearance fo Mario Augusto Lopez Ramos with respect to deportation proceedings, the warrant of deportation subsequently being canceled: Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

Mr. KING. Mr. President, I am sorry to trouble the Senator from Connecticut, but what is the reason for exonerating the insurance company from the payment of this obligation? I have not had time to read the report.

Mr. MALONEY. Mr. President, the individual involved was ordered deported because of a charge that he had committed a felony. A bond in the amount of \$500, furnished by an insurance company, was posted. Subsequent to the posting of the bond, the felony charged against the individual involved was dropped. It is my understanding that he was found innocent of the charges, and that automatically delayed the deportation proceedings, or set them aside. In the meantime the \$500 involved had been turned over to the Treasury, and there was no way of making repayment. If the money had not been in the Treasury, it would have been automatically repaid, as is pointed out in the report.

Mr. KING. Having been acquitted, the individual was not finally deported, then?

Mr. MALONEY. He was not.

Mr. KING. I have no objection to the bill.

The PRESIDENT pro tempore. The question is on agreeing to the amendment.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

MONTIE S. CARLISLE

The Senate proceeded to consider the bill (S. 1816) for the relief of Montie S. Carlisle, which had been reported from the Committee on Claims with amendments, on page 1, line 6, to strike out "\$2,492.89" and to insert "\$1,000", and on line 11,

to strike out "That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with such claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with such claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be fined in any sum not exceeding \$1,000", and to insert "That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be fined in any sum not exceeding \$1,000", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Montie S. Carlisle, of Albuquerque, N. Mex., the sum of \$1,000, in full satisfaction of his claim against the United States for compensation for injury and damage to his property located in section 10, township 15 north, range 1 east, New Mexico principal meridian, Sandoval County, N. Mex., resulting from activities of officers and enrollees of the Civilian Conservation Corps: Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

CONVEYANCE OF PROPERTY TO EL CAMPO, TEX.

The bill (S. 1982) to convey certain property to the city of El Campo, Tex., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to convey to the city of El Campo, Tex., all the right, title, and interest of the United States in a strip of land on the west side of the present post-office site 50 feet wide and 200 feet long between Railroad Avenue and First Street. Such conveyance shall be subject to the express condition that the land be used for street purposes.

COURTHOUSE BUILDING, PORTLAND, OREG.

The bill (S. 2404) to authorize the disposal of the Portland, Oreg., old courthouse building was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the proviso reading as follows: "Provided, That the present Federal building and site at Morrison, Fifth, Yamhill, and Sixth Streets shall not be sold for an amount less than \$1,750,000," limiting the paragraph making an appropriation for a courthouse, etc., at Portland, Oreg., in the act entitled "An act making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1929, and for other purposes," approved March 5, 1928 (Public, No. 93, 70th Cong.; 45 Stat. 181), shall not apply to any contract providing for the demolition of said building which does not involve a sale of the land upon which the building is located.

CONVEYANCE OF LAND FROM ALAMEDA, CALIF.

The joint resolution (H. J. Res. 171) authorizing the President of the United States to accept on behalf of the United States a conveyance of certain lands on Government Island from the city of Alameda, Calif., and for other purposes, was considered, ordered to a third reading, read the third time, and passed.

ANNA RYAN AND ELEANOR RYAN MILLER

The resolution (S. Res. 109) to pay a gratuity to Anna Ryan and Eleanor Ryan Miller was considered and agreed to, as follows:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay from the contingent fund of the Senate to Anna Ryan and Eleanor Ryan Miller, only children of Theresa

Ryan, late an assistant clerk to the Senate Committee on the Judiciary, a sum equal to 6 months' compensation at the rate she was receiving by law at the time of her death, said sum to be considered inclusive of funeral expenses and all other allowances.

APPROPRIATION FOR THE JOINT COMMITTEE ON FORESTRY

The concurrent resolution (H. Con. Res. 23) to increase the appropriation for the Joint Committee on Forestry by \$7,000 was considered and agreed to, as follows:

Resolved, etc., That the limit of expenditures under Senate Concurrent Resolution 31, Seventy-fifth Congress (providing for the establishment of a Joint Committee on Forestry), is hereby increased by \$7,000, of which one-half shall be payable from the contingent fund of the Senate and one-half from the contingent fund of the House of Representatives upon vouchers approved by the chairman of the committee.

AK SAR BEN BRIDGE COMMISSION

The Senate proceeded to consider the bill (S. 2307) to amend section 3 of the act entitled "An act to authorize the construction of certain bridges and to extend the times for commencing and completing the construction of other bridges over the navigable waters of the United States," approved June 10, 1930, as amended and extended, and for other purposes, which had been reported from the Committee on Commerce with amendments, on page 8, line 23, to strike out "person" and insert "person" and quotation marks; and beginning on line 24, to strike out:

(h) No authorization shall hereafter be granted for the construction of a competing bridge, the operation of which will adversely affect the outstanding bonds, debentures, or other instruments of indebtedness against any bridge or bridges owned and operated under the provisions of this section unless provision is otherwise made for the payment of such bonds, debentures, or other instruments of indebtedness.

So as to make the bill read:

Be it enacted, etc., That section 3 of the act entitled "An act to authorize the construction of certain bridges and to extend the times for commencing and completing the construction of other bridges over the navigable waters of the United States," approved June 10, 1930, as amended and extended, is hereby amended to read as follows:

"Sec. 3. (a) In order to facilitate interstate commerce, improve the postal service, and provide for military and other purposes, A. C. Tilley, State engineer of the State of Nebraska, and his successors in office, Fred R. White, chief engineer of the State highway commission of the State of Iowa, and his successors in office, George Brandeis of Omaha, Nebr., James E. Davidson, of Omaha, Nebr., and A. A. Lowman, of Omaha, Nebr., all as trustees, acting as a bridge commission to be known and designated as "Ak Sar Ben Bridge Commission" (hereinafter referred to as the "commission"), are hereby authorized and empowered to acquire, receive, purchase, hold, maintain, improve, and operate such bridges (including approaches) over the Missouri River, which abut upon or enter into the corporate limits of either or both of the cities of Omaha, Nebr., and Council Bluffs, Iowa, as the commission may deem it advisable to acquire or purchase. Any bridge so acquired or purchased shall be owned, held, maintained, improved, and operated in accordance with the provisions of the act entitled 'An act to regulate the construction of bridges over navigable waters,' approved March 23, 1906, and subject to the conditions and limitations contained in this act and shall, while so owned and operated, be deemed to be a Federal instrumentality for facilitating interstate commerce, improving the postal service, and providing for military and other governmental purposes. No act of said commission shall be valid unless concurred in by not less than three members thereof. The commission shall select a chairman from its own number but its secretary and treasurer need not be members thereof. The commission shall select a chairman from its own number but its secretary and treasurer need not be members thereof. The commission shall have all the ordinary and usual powers necessary to carry out the purposes of this section, and in connection therewith may adopt rules of procedure and bylaws; enter into contracts and employees, as may be necesary or

"(b) There is hereby conferred upon the commission, its legal representatives, and assigns, all such rights and powers to enter upon lands and to acquire, condemn, occupy, possess, and use real estate and other property needed for the location, operation, and maintenance of any such bridge and its approaches as are possessed by railroad corporations for railroad purposes or by bridge corporations for bridge purposes in the State in which such real

estate or other property is situated, upon making just compensa-tion therefor, to be ascertained and paid according to the laws of such State, and the proceedings therefor shall be the same as in condemnation or expropriations of property for public purposes in such State.

"(c) To pay the cost of any bridge purchased under the provisions of this section, the commission may, either separately or in conjunction with the financing of any other bridge, issue bonds, conjunction with the financing of any other bridge, issue bonds, debentures, or other instruments of indebtedness, or acquire such bridge subject to any bonds, debentures, or other indebtedness that may be outstanding on or against it. If bonds, debentures, or other instruments of indebtedness are issued to finance the purchase of any such bridge or bridges, their aggregate amounts shall not exceed the amount of the indebtedness outstanding against such bridge or bridges at the time of the acquisition thereof, less the net revenues on hand derived from the operation thereof. All bridges cannot be said commission shall thereof. All bridges owned and operated by said commission shall, so far as possible, be so financed that the obligations incurred will be amortized, and travel over such bridges made free of tolls, at the same time.

"(d) The commission, its legal representatives, and assigns, is hereby authorized to fix and charge tolls for transit over any bridge or bridges operated by it under the provisions of this section, and the rates of toll so fixed shall be such as will amortize the cost of such bridge or bridges within a period fixed by the commission but not to exceed 20 years, and such rates of toll so fixed shall be the legal rates until changed by the Secretary of War under the authority contained in the act of March 23, 1906. The commission authority contained in the act of March 23, 1906. The commission shall so operate the bridge or bridges under its control and charge and collect such rates of toll for transit over same as not or reflect upon or impair the earnings of any other bridge operated by said commission or any bridge abutting upon or entering the limits of either Omaha, Nebr., or Council Bluffs, Iowa, on July 2, 1937, the construction of which was financed in whole or in part by a loan and a grant from the United States, or any agency or instrumentality thereof, to such an extent as to adversely affect any bonds outstanding on July 2, 1937, which may have been issued for account of any such bridge.

"(e) Any bridge or bridges operated by the commission may at any time prior to the retirement of the indebtedness against such bridge or bridges, by agreement with the commission, be taken over

bridge or bridges, by agreement with the commission, be taken over or acquired by the State of Iowa and the State of Nebraska, jointly or severally, but any bridge or bridges so taken over shall be taken over subject to the bonds, debentures, or other instruments of indebtedness, including accrued interest, outstanding thereon at the time of such taking over. In the event that any such bridge or bridges are so taken over, and if tolls are thereafter charged for the use thereof, the rates of toll shall be so adjusted as to provide, as soon as possible under reasonable charges but within a period of not to exceed 20 years from the date of such taking over, a fund sufficient to pay for the reasonable cost of maintaining, repairing, and operating such bridge or bridges under economical management, and to provide a sinking fund sufficient to amortize management, and to provide a sinking fund sufficient to amortize the amount of the indebtedness to which such bridge or bridges were subject when taken over. After such sinking fund has been provided, such bridge or bridges shall thereafter be maintained and operated free of tolls, or the rates of toll shall thereafter be so adjusted as to provide a fund of not to exceed the amount necessary for the proper maintenance, repair, and operation of such bridge or bridges under economical management. An accurate record of the amount paid for acquiring such bridge or bridges, the satural expeditures for mentaling and constitute of the constitution and constitution and

the actual expenditures for maintaining, repairing, and operating the same, and the daily tolls collected shall be kept and shall be available for the information of all persons interested.

"(f) Upon the acquisition by the commission of such bridge or bridges, by purchase or otherwise, it shall be the duty thereafter of the commission until such bridge or bridges shall be taken over of the commission until such bridge or bridges shall be taken over or acquired by such States of Nebraska and Iowa, or Nebraska or Iowa, as provided for in this act, to supervise the collection of tolls and to authorize and audit all expenditures of money received from the collection of tolls; and it shall be their duty to see that all revenues received from such bridge or bridges, except such amounts as may be necessary for the repair, operation, and maintenance, under economical management, of such bridge or bridges, shall be paid into a sinking fund and used for the amortization of the cutstanding indebtedness incurred or assumed in connection. of the outstanding indebtedness incurred or assumed in connection with the acquisition or improvement of such bridge or bridges, After a sinking fund sufficient for such amortization shall have been so provided, the commission, its legal representatives and assigns, shall thereupon convey, by proper instrument of convey-ance, all right, title, and interest in such bridge or bridges to the State of Nebraska and the State of Iowa, jointly, if such States shall agree to accept and to maintain and operate the same toll shall agree to accept and to maintain and operate the same toll free; if such States refuse to agree to accept and maintain and operate the same toll free, then the commission, its legal representatives and assigns, shall convey such bridge or bridges to either the State of Nebraska, or the State of Iowa, whichever shall first by duly authorized action agree to accept and maintain and operate the same toll free. If such two States, due to the fault of one of them, shall fail to agree to accept jointly and operate such bridge or bridges toll free, then in no event shall the commission convey such bridge or bridges to the State at fault. In the event that no State or States shall elect to take over such bridge or bridges, in the manner herein provided for, it shall be permissible for said commission to set up a sinking fund out of toll revenues derived from the operation of such bridge or bridges sufficient to insure proper maintenance of such bridge or bridges after the indebtedness against such bridge or bridges shall have been retired, and thereafter such bridge or bridges shall be operated toll free.

"(g) The right to sell, assign, transfer, and mortgage all the rights, powers, and privileges conferred by section 3 of this act is hereby granted to the commission, its legal representatives, and assigns; and any corporation to which or any person to whom such rights, powers, and privileges may be sold, assigned, or transferred, or who shall acquire the same by mortgage foreclosure or otherwise, is hereby authorized and empowered to exercise the same as fully as though conferred herein directly upon such corporation or person."

Sec. 2. The set entitled "An act to emend the set relating to the

SEC. 2. The act entitled "An act to amend the act relating to the Omaha-Council Bluffs Missouri River bridge board of trustees, approved June 10, 1930, and for other purposes," approved July 2, 1960, in health and the second of the purposes, approved July 2, 1960, in the second of the second of

1937, is hereby repealed.

SEC. 3. The right to alter, amend, or repeal this act is hereby expressly reserved.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

TRANSFER OF OLD HORSES AND MULES

The bill (H. R. 5485) permitting the War Department to transfer old horses and mules to the care of reputable humane organizations was considered, ordered to a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (H. R. 5748) to amend the Second Liberty Bond Act, as amended, was announced as next in order.

Mr. BARKLEY. Let that go over.

The PRESIDING OFFICER (Mr. THOMAS of Oklahoma in the chair). The bill will be passed over.

RELIEF OF VETERANS' ADMINISTRATION OFFICIALS FROM LIABILITY

The bill (S. 2454) to relieve disbursing officers and certifying officers of the Veterans' Administration from liability for payment where recovery of such payment is waived under existing laws administered by the Veterans' Administration, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That no disbursing officer and no certifying officer of the Veterans' Administration shall be held liable for any amount paid to any person where the recovery of such amount from the payee is waived under existing laws administered by the Veterans' Administration.

SEC. 2. This act shall be deemed to be in effect as of June 10, 1933.

BILL PASSED OVER

The bill (H. R. 6260) making appropriations for the fiscal year ending June 30, 1940, for civil functions administered by the War Department, and for other purposes, was announced as next in order.

The PRESIDING OFFICER. The bill will be passed over. COOPERATION BETWEEN AMERICAN REPUBLICS

Mr. PITTMAN. Mr. President, by order of the Chair, Calendar No. 524, Senate bill 2330, authorizing cooperation between the United States and other American republics, went to the bottom of the calendar. The Senator from Vermont [Mr. Austin] asked for an explanation of the measure.

Mr. President, the bill is an authorization measure. It authorizes appropriation of about \$800,000 to carry out the agreements and understandings of the United States Government under the conventions into which we entered with 21 American republics at Buenos Aires and Lima. The undertakings contemplate the exchange of professors, the exchange of students, and the supplying of expert information with regard to road building and bridge building, and other matters of that kind.

It is intended to carry out the treaties we have entered into, and which have been ratified by the Senate. I may state that no money is to be turned over to any foreign state whatever, but the expenditure is entirely within the discretion of our Government in carryng out the terms of the agreement as we see them.

Mr. AUSTIN. Mr. President, I do not happen to be a member of the distinguished committee presided over by the Senator from Nevada, which has probably considered the bill. Did the Committee on Foreign Relations consider the bill?

Mr. PITTMAN. Yes, we considered it twice; and at the last meeting, on Wednesday of this week, we had before us the Assistant Secretary of State, Mr. Messersmith, who explained the entire matter satisfactorily.

Mr. AUSTIN. I am satisfied with the explanation. I

knew nothing about the measure previously.

Mr. VANDENBERG. Mr. President, if the Senator from Vermont will permit, I can verify the statement of the Senator from Nevada. There were several suspicions attached to the bill, all of which I think have been, let us say, substantially removed.

Mr. PITTMAN. Mr. President, I ask that the Senate pro-

ceed to the consideration of the bill.

The PRESIDING OFFICER. Is there objection?

There being no objection, the bill (S. 2330) to authorize cooperation with other American republics in accordance with treaties, resolutions, declarations, and recommendations by all of the 21 American republics at the Inter-American Conference for the Maintenance of Peace, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in order to render closer and more effective the relationship between the American republics, the President of the United States is hereby authorized, subject to such appropriations as are made available for the purpose, to utilize the services of the departments, agencies, and independent establishments of the Government in carrying out the reciprocal undertakings and cooperative purposes enunciated in the treaties, resolutions, declarations, and recommendations signed by all of the 21 American republics at the Inter-American Conference for the Maintenance of Peace held at Buenos Aires, Argentina, in 1936, and at the Eighth International Conference of American States held at Lima, Peru, in 1938.

AGRICULTURAL DEPARTMENT APPROPRIATIONS

The PRESIDING OFFICER (Mr. Thomas of Oklahoma in the chair) laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H. R. 5269) making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1940, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. RUSSELL. I move that the Senate insist upon its amendments, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. Russell, Mr. Hayden, Mr. Tydings, Mr. Bank-Head, Mr. Smith, Mr. Nye, and Mr. McNary conferees on the part of the Senate.

EXTENSION OF PUBLIC HEALTH SERVICE FACILITIES TO FOREIGN SERVICE OFFICERS

The PRESIDING OFFICER laid before the Senate the action of the House of Representatives disagreeing to the amendment of the Senate to the bill (H. R. 3537) to extend the facilities of the United States Public Health Service to active officers of the Foreign Service of the United States, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. PITTMAN. I move that the Senate insist upon its amendment, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. Pittman, Mr. George, and Mr. Borah conferees on the part of the Senate.

ADDITIONAL LOCKS FOR PANAMA CANAL

The PRESIDING OFFICER. Under the order previously entered, the consideration of the calendar having been concluded, the Chair lays before the Senate the bill S. 2229, the Panama Canal Zone bill.

The Senate proceeded to consider the bill (S. 2229) authorizing and providing for the construction of additional facilities on the Canal Zone for the purposes of more adequately providing for the defense of the Panama Canal and for in-

creasing its capacity for the future needs of interoceanic shipping.

Mr. BARKLEY. Mr. President, I ask that the unfinished business be temporarily laid aside for the consideration of routine matters, with the understanding that it will remain as the unfinished business when the Senate reassembles on Wednesday.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

AID FOR PHYSICALLY HANDICAPPED CHILDREN

Mr. PEPPER. Mr. President, I wish to propound a parliamentary inquiry regarding the making of a motion. If the parliamentary situation permits, I should like to make a motion at this time that the Senate proceed to the consideration of Order of Business 225, Senate bill 795, a bill which has been on the calendar practically the whole session this year and last, dealing with Federal aid for physically handicapped children. I am sure that it will take but a few minutes to dispose of the bill if we can get opportunity for the Senate to consider it. So I ask the question, Is the unfinished business the Panama Canal locks bill?

Mr. BARKLEY. That is the unfinished business.
Mr. PEPPER. I note that the Senator from Missouri [Mr. Clark] is not on the floor at the present time——

Mr. BARKLEY. The Panama Canal lock bill was made the unfinished business with the understanding that it should go over until Wednesday. At 2 o'clock today the Senate enters upon a special order.

Mr. PEPPER. I realize that.

Mr. BARKLEY. It is my purpose to move an adjournment to Wednesday at the conclusion of the services this afternoon, so that the Senate will not be in session tomorrow. Personally I have no objection to the consideration of the Senator's bill, but I do not know whether it could be concluded by 2 o'clock; and if it were not concluded by that hour, of course it could not interfere with the unfinished business on Wednesday.

I think it will take but a few minutes to dispose of the canal bill on Wednesday, and then the Senator from Maryland [Mr. Tydings] desires to have the Philippine bill considered. Following that I had intended, as I stated to the Senator a few days ago, to arrange for him to be recognized so as to have his bill considered. I doubt whether we could conclude consideration of the Senator's bill by 2 o'clock today, although I do not know. There may be some question about it.

Mr. KING. Consideration of the measure could not be concluded by that time.

Mr. BARKLEY. If it were certain that the consideration of the measure could be concluded by that time, I would have no objection to taking it up now.

Mr. AUSTIN. Mr. President, I could not hear all that was said on the other side of the Chamber during the present discussion, but I am sure I express the minority point of view when I say that when we know our time is so limited we ought not to take up for consideration so important a principle as is involved in the bill referred to.

Mr. BARKLEY. I think the Senator from Florida probably should let his bill go over.

Mr. PEPPER. Mr. President, I gladly defer to the suggestion of the minority leader. However, I give notice that at the time suggested by the majority leader—that is, after the consideration of the Tydings Philippine bill shall have been concluded on Wednesday—I shall move that my bill be considered.

Mr. BARKLEY. Of course, the Senator from Florida and all other Senators understand that that is subject to the prior right of any appropriation bill which may be ready for action.

Mr. PEPPER. That is understood.

AGREEMENT FOR RECESS UNTIL 1:55 P. M.

Mr. BARKLEY. I ask unanimous consent that at the conclusion of the remarks of the Senator from Utah [Mr. King] the Senate stand in recess until 5 minutes to 2.

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The PRESIDENT pro tempore. Without objection, it is so ordered.

WAGES AND HOURS

Mr. KING. Mr. President, I shall detain the Senate but a short time. The Senator from Georgia [Mr. George] earlier in the day referred to the wage and hour law and to the serious consequences which had attended its execution in the South. He pointed to the fact that the efforts to standardize wages throughout the United States had most seriously affected industries of the South, and had accentuated unfavorable conditions which had been brought about by various factors.

I was reminded, when he was speaking, of the disastrous effects of this law upon the social, industrial, and economic life of the people of Puerto Rico. I have visited Puerto Rico upon a number of occasions, as a member of the Committee on Territories and Insular Affairs, and am reasonably familiar with the economic conditions there prevailing. In my opinion, conditions in Puerto Rico are far from satisfactory; and this unsatisfactory situation is in part due to unwise policies and unwise legislation which has been made applicable to Puerto Rico.

It is obvious that, in a country so large as the United States, with its varying climatic and other conditions, a rigid and inflexible wage law cannot result other than in serious injury to various sections of our country; and that is particularly true when it is determined to enforce the same standards in Puerto Rico and the Virgin Islands as are applied in the industrial sections of the United States.

As Senators know, Puerto Rico has a population of at least 1,800,000. It is a very small island. Its resources are limited. Sugar and tobacco are the principal products of the island.

The tobacco business has been seriously injured by the wage and hour law and other policies of the National Government. As a matter of fact, the important factor in the tobacco industry is found in the "stripping" of the tobacco plants. The wage and hour law has seriously injured this activity and has thrown out of employment several thousand employees.

A number of years ago there were factories in Puerto Rico which manufactured cigars and prepared tobacco for the market. As stated, the tobacco industry is now seriously injured.

The sugar industry is the most important industry in the island; and second in importance is what is known as the "needlework" industry. Recently an economic convention was held in Puerto Rico, at which a number of resolutions were adopted, dealing with the deplorable economic and industrial situation. In one of the resolutions it is declared that the needlework industry takes second place as a source of employment in the island, and employs more than 50 percent of all workers employed in manufacture. The resolution states that the pay roll of the needlework industry is greater than that of any other manufacturing or agricultural industry, except that of sugar. The statement is further made that the annual net income accruing from the needlework industry was sufficient to pay for 40 percent of all foodstuffs imported into the island from the United States.

The resolution further declares that the needlework industry enables the island to purchase in the continental markets a large proportion of the needs of the people. It further states that the needlework industry cannot pay the wages fixed by the Fair Labor Standards Act of 1938, and that this will result in forcing the industry to shut down, which would be a calamity rendering still more acute the desperate economic situation at present affecting our—their—workers and the island in general.

My information is that 90,000 women were engaged in the needlework industry. Most of them carried on their work in their own homes. Senators know of the climatic conditions in Puerto Rico, and know that the duties of the housewife do not engage her entire time. As a result, she is permitted to engage in light work, such as needlework in connection with her home duties. My information is that the great majority of the women needleworkers carry on their

work in their own homes. Perhaps 30 or 40 percent of those engaged in the needlework industry were employed in small factories. My information is that the wage and hour law has closed most of the factories and has seriously affected the employment in the homes, and that approximately 60,000 of the needleworkers are thrown out of employment.

The income which the needleworkers received before the wage and hour bill was passed was approximately \$20,000,-000 per annum. As a result of the wage and hour bill and the consequent unemployment, this important factor in the economy of the people is menaced, and within a short time it is believed that the greater part of the \$20,000,000 paid to the workers will be lost to the island and to its inhabitants. This will further demoralize conditions in the island, and it is quite certain, unless something is done to avert the disaster, it will place at least 300,000 people of the island upon relief.

The women of the island, engaged in needlework, had attained a high degree of efficiency and their products found a ready market in the United States. As a result of the wage and hour bill, throwing out of employment tens of thousands of women, the market for their products in the United States was largely lost to them and transferred to China, Japan, and other countries.

Mr. President, we are doing a great wrong to the people of Puerto Rico, and it seems to me most absurd to force upon them policies and measures which they do not want and which seriously, indeed, disastrously, affect their social and economic life. I have received many letters from residents of Puerto Rico protesting against the treatment accorded the island and its inhabitants, and particularly against the application of the wage and hour law to Puerto Rico.

I have taken this opportunity of inviting the attention of the Senate to the situation in Puerto Rico in order that steps may be taken by the executive department or Congress to alleviate conditions and to prevent what is obviously inevitable under the present system—a catastrophe affecting social and, indeed, political conditions in the island.

EXECUTIVE MESSAGE REFERRED

The PRESIDENT pro tempore, as in executive session, laid before the Senate a message from the President of the United States, submitting sundry nominations in the Diplomatic and Foreign Service, which was referred to the Committee on Foreign Relations.

(For nominations this day received, see the end of Senate proceedings.)

RECESS TO 1:55 P. M.

Mr. KING. Under the unanimous-consent agreement heretofore entered into, I move that the Senate take a recess until 5 minutes to 2 o'clock p. m.

The motion was agreed to; and (at 1 o'clock and 42 minutes p.m.) the Senate took a recess until 1 o'clock and 55 minutes p.m., at which time it reassembled, and the President protempore took the chair.

CALL OF THE ROLL

Mr. GEORGE. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The Clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Denators with	more to tricin in	terrico.	
Adams	Ellender	Lucas	Sheppard
Andrews	Frazier	Lundeen	Shipstead
Ashurst	George	McCarran	Slattery
Austin	Gibson	McKellar	Smathers
Barbour	Green	Maloney	Smith
Barkley	Guffey	Mead	Stewart
Bilbo	Gurney	Minton	Taft
Borah	Hale	Murray	Thomas, Okla.
Bulow	Harrison	Neely	Thomas, Utah
Burke	Hatch	Norris	Townsend
Capper	Hayden	Nye	Truman
Caraway	Herring	O'Mahoney	Tydings
Chavez	Holman	Overton	Vandenberg
Clark, Idaho	Holt	Pepper	Van Nuys
Clark, Mo.	Hughes	Pittman	Wagner
Connally	Johnson, Calif.	Radcliffe	Walsh
Danaher	Johnson, Colo.	Reed	Wheeler
Davis	King	Reynolds	White
Donahey	La Follette	Russell	Wiley
Downey	Logan	Schwellenbach	

The PRESIDENT pro tempore. Seventy-nine Senators have answered to their names. A quorum is present.

MEMORIAL SERVICES FOR THE LATE SENATORS COPELAND AND LEWIS

The PRESIDENT pro tempore (at 2 o'clock p. m.). Under a special order entered heretofore, this hour is set aside for memorial exercises for the late Senator ROYAL S. COPELAND, of New York, and the late Senator James Hamilton Lewis, of

The Chaplain will open the proceedings with prayer.

The Chaplain (Rev. ZeBarney T. Phillips, D. D.) offered the following prayer:

Lord, Thou hast been our refuge: from one generation to another

Before the mountains were brought forth, or ever the earth and the world were made: Thou art God from everlasting, and world without end.

Thou turnest man to destruction: again Thou sayest, Come again, ye children of men.

For a thousand years in Thy sight are but as yesterday: seeing that is past as a watch in the night.

As soon as Thou scatterest them, they are even as a sleep:

and fade away suddenly like the grass. In the morning it is green, and groweth up: but in the

evening it is cut down, dried up, and withered. For we consume away in Thy displeasure: and are afraid

at Thy wrathful indignation.

Thou has set our misdeeds before Thee: and our secret sins in the light of Thy countenance.

For when Thou art angry all our days are gone: we bring our years to an end, as it were a tale that is told.

The days of our age are three score years and ten; and though men be so strong, that they come to four score years; yet is their strength then but labour and sorrow; so soon passeth it away, and we are gone.

O teach us to number our days: that we may apply our hearts unto wisdom.

Glory be to the Father, and to the Son, and to the Holy Ghost. As it was in the beginning, is now, and ever shall be, world without end. Amen.

Remember Thy servants, O Lord, according to the favor which Thou bearest unto Thy people, and grant that, increasing in knowledge and love of Thee, they may go from strength to strength, in the life of perfect service, in Thy heavenly kingdom; through Jesus Christ our Lord, who liveth and reigneth with Thee and the Holy Ghost ever, one God, world without end. Amen.

> Shapeless and grim A Shadow dim O'erhung the ways. And darkened all my days. And all who saw, With bated breath. Said, "It is Death."

And I in weakness Slipping towards the night, In sore affright Looked up. And lo!-No spectre grim, But just a dim Sweet face, A sweet high mother-face, A face like Christ's own mother's face, Alert with tenderness And grace.

"Thou are not Death!" I cried:-For Life's supremest fantasy Had never thus envisaged Death to me;-"Thou art not Death, the End!" In accents winning, Came the answer,-"Friend," There is no Death! I am the Beginning. "Not the End!"

And may the peace of God, which passeth all understanding, keep your hearts and minds in the knowledge and love of God and of His Son, Jesus Christ, our Lord; and may the blessing of God Almighty, the Father, the Son, and the Holy Spirit, be upon you and all who are near and dear unto you, both here and yonder, and remain with them and with you forever. Amen.

TRIBUTES TO THE MEMORY OF THE LATE SENATOR COPELAND

Mr. WAGNER. Mr. President, I offer the resolution which I send to the desk, and ask unanimous consent for its immediate consideration.

The PRESIDENT pro tempore. The resolution will be

The legislative clerk read the resolution (S. Res. 138), as follows:

Resolved, That the Senate has heard with profound sorrow of the death of Hon. ROYAL S. COPELAND, late a Senator from the State of New York.

Resolved, That as a mark of respect to the memory of the deceased Senator the business of the Senate be now suspended to enable his associates to pay tribute to his high character and distinguished public service.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

The PRESIDENT pro tempore. In accordance with parliamentary practice, the resolution will be acted on after the addresses shall have been delivered.

Mr. WAGNER. Mr. President, the year which has gone by since the death of my late colleague, ROYAL S. COPELAND, has not numbed our sorrow at his passing nor dulled our appreciation of his exemplary merits. In his death the Nation has lost one of its most illustrious citizens, the State of New York has lost a faithful servant, and I feel a personal bereavement in the loss of a close friend.

As we travel down the broad highway of life, there is given to each of us, in varying degree, some opportunity for service to our fellow men. Seldom has such opportunity been so richly bestowed or so fully utilized as in the life of ROYAL S. COPELAND. For to him was given the opportunity to perform high public service not only as a great Member of this body but also as a man of science.

With a life blending so beautifully two such ordinarily divergent professions as medicine and public service, he brought to the practical problems of government the high idealism of the oath of Hippocrates. His public life was characterized by the dispassionate analysis of the scientist and the warm human feeling of a physician. His goal was the cure of both the physical and the economic ills of society.

Born and raised in the Middle West, ROYAL S. COPELAND came to New York in 1908. His record of public service had already begun, for he had served as mayor of Ann Arbor, Mich., and as trustee of the Michigan State Tuberculosis Sanatorium. His assiduous studies of public-health problems and his other distinguished medical service soon attracted favorable attention and led to his appointment as a member of the New York City Ambulance Board and later as city health commissioner. In this important office he quickly demonstrated his unique administrative abilities to put medical science to work for the benefit of all the people. His many successful health campaigns brought countless benefits in human welfare. One of his campaigns, for example, resulted in doubling the consumption of milk by the people of New York.

In his rapid rise to eminence in public affairs the Nation soon shared with the State of New York in the fruits of his accomplishments. Four years after his appointment as health commissioner ROYAL S. COPELAND had won election to this body and entered upon a long and distinguished career on the stage of national affairs.

This body has never had a more conscientious, courageous, and capable Member. Whatever cause he espoused during his 16 years of service, he sustained with a sincerity of purpose and breadth of knowledge which commanded respect and admiration knowing no partisan bounds. The development of civil aeronautics and of the American merchant

fleet were close to his heart, and to these tasks he devoted untold hours of unflagging labor to his dying day.

His profession naturally led him to take a special interest in the improvement of pure food and drug laws. Two days before his death he succeeded in obtaining their enactment after a 5-year fight, thus accomplishing what he himself con-

sidered his greatest senatorial victory.

In addition to these strenuous legislative labors, he continued to the end his writings in the daily press. No one can ever know the countless lives eased or saved through this medium. But if the warmth and affection with which he was regarded throughout the length and breadth of the Nation may be taken as a criterion, many an humble citizen acknowledged an indebtedness to Dr. Copeland for professional counsel, in terms of health and happiness, which can never be repaid.

Because of what he saw through his medical eyes, and because he rightly and generously assumed responsibility for the physical well-being of every Member of this body, my colleague frequently cautioned against the dangers of overwork during the hectic periods of a congressional session. On the sad day following the death of our late leader, the beloved Senator Joseph T. Robinson, Dr. COPELAND expressed the fervent hope that "out of this disaster may come a warn-

ing which will fend off other disasters."

But, ever the devoted public servant, he labored indefatigably in the face of his own warnings, and became a knowing martyr in the public cause. Two days before his death he left his sickbed to participate in nine separate and arduous conferences between Senate and House conferees relating to important and necessary legislation. Beyond a doubt his untimely death was brought on by these exhausting labors for the public weal.

As truly as the slain soldier deserves the homage of the Nation, the unselfish service of ROYAL S. COPELAND has earned him the everlasting gratitude of the American people and a permanent place high on the roll of those who gave to their

country "the last full measure of devotion."

Mr. VANDENBERG. Mr. President, it is with a sense of keenest personal loss, to say nothing of the loss to the common weal, that I rise to add my humble words to the flowers of affection that are brought this reminiscent afternoon to the Senate of the United States in memory of a great citizen, a great partiot, a great humanitarian, a great statesman, and a great friend.

Senator Copeland came originally from my home State of Michigan, and he deeply loved the roots of his nativity. It was ever his State, and he was ever its third Senator. Indeed, he is part of our proudest Michigan tradition, even as he sprang from our blood and soil. Here he was born near a little village on the rugged countryside, which became a part of him. Here he labored in his youth and early maturity. Here he commenced the practice of medicine, in which he was to rise to the heights of a profession which ever remained his first love and in which he became the trusted confidant of thousands. Here he began his collegiate activities, at his beloved University of Michigan, which will ever honor him as one of its most distinguished sons. Here he first entered public life. He was the mayor of Ann Arbor when I was on the university campus much more than 30 years ago. From that hour until the moment of his untimely death we were firm friends. I knew him in the intimacies of those close contacts which are reserved by each of us for but a few. I knew him in the sweetness of his home relationships. I knew him later as a great Senator. But I knew him first and always as a man. Nothing finer ever lived. He was as rugged in the loyalties of his character as he was gentle in his consideration for others. He was as kindly as he was brave. He never deserted the faith that was in him. He lived and died a Christian patriot.

Michigan gave the world a great soul when ROYAL S. COPE-LAND was born. Michigan loaned him to the State of New York in the flower of his young manhood, and New York gave him to the Nation. You may follow his career from its humble beginnings on a Michigan farmstead to his thrice commissioned senatorship from the largest and richest State

in the Union, and every inch of the way you will find a trail of honor, industry, service, friendliness, and achievement. It is needless for me to remind the Senate or the country of the brilliant part he played for many years in the legislative life of the Republic. He displayed an amazing versatility of interest. He completely mastered any subject to which he put his splendid mind. Indeed, the final entries on his Senate record tell this tale more eloquently than words. As the able senior Senator from New York has indicated, in the hard, hot days preceding the last congressional adjournment he was chairman simultaneously of nine different conference committees, representing House and Senate, charged with the responsibility of composing differences in respect to important legislation. It was an inhuman burden to put upon any man. But he who repeatedly warned the rest of us to take care and watch out lest we tax ourselves beyond endurance, he uncomplainingly taxed himself beyond endurance, and 24 hours after the curtain fell upon the Congress it fell upon his mortal career.

A notable patriotic organization in New York proposed for him this epitaph: "He died at work." Indeed he did. But I would add one illuminating phrase: "He died, as he had lived, at work for his fellow men."

I never knew any practical legislative proposal to lack his vigorous support if it sought to serve the welfare of the unfortunate, the lowly, or the underprivileged. He believed in social justice; and he practiced what he preached. I never knew any assault upon what he believed to be the integrity of constitutional government that did not find him in the flaming armor of a crusading knight for the preservation of our free institutions. More than once I saw him under acid test, but I never knew him to desert a principle when once an issue came to grips with what he believed to be the destiny of constitutional democracy. In such circumstances he was always first to accept the challenge; and, having enlisted in a cause, he never knew the meaning of truce or of surrender.

Others have spoken and will speak this day of the details of his vivid record. I did so on my own account in the opening hours of this session. But none of us can add anything to what he has written for himself in the devoted respect and the long, lingering affections of his fellow countrymen. I can say only that I miss him-deeply miss himeach day that I look for him in vain across yonder aisle, where I now see the red carnation for the last time. He was so virile, so dynamic, that one thought of him as always living on and on. But inevitably the great accounting comes for all of us. Fortunate, indeed, are we if we may approach the judgment seat with so complete and so deserved an assurance of the eternal benediction which must have greeted him with the finality of all rewards:

Well done, thou good and faithful servant; enter thou into the joy of thy Lord.

Mr. GEORGE. Mr. President, I entered the Senate a short time before Senator Copeland entered this body. We were desk mates on the back row on this side of the aisle. Later, we were desk mates on an intermediate row. Finally, we both came down to the front row, and he remained my desk mate until the end.

Thinking of him today, I cannot but recall his last utterance in this body. Already the pallor of death was upon his face. He had grown weak with the weary work of a session ending in June. He had been on his feet many times to further or to complete legislation in which he had great interest. On the last day that he occupied a seat in this body, when he rose to make for his last time some observations upon a pending measure, I asked him not to speak. He assured me that he would say only a few words. Some one called me away from my seat, and when I returned ROYAL S. COPELAND was going out of this body forever.

I think of him as a man, because I was thrown with him so intimately from the time he entered this body. He was a man with capacity for great friendship. He had a great capacity for kindliness. He was a man of infinite good humor, and of good feeling, and of good will. He was patient, kindly, and gentle. He had those rare qualities which enabled him to impress all of his fellow men with whom he came in close contact with his complete friendship for them.

He was a great church man. He loved his church. Although he possessed that broad catholicity of spirit with which men are rarely endowed, or blessed, he had not the slightest antipathy or animosity toward any race or any creed. Yet he loved his own church, even as he loved the little town of Dexter, in the great Midwestern State of the distinguished Senator who has just spoken here, with a personal, passionate kind of love.

He had an intense interest in all civic, educational, and

religious matters, as well as in political questions.

Mr. President, thinking back over the days, I found ROYAL S. COPELAND when he came into this body intensely interested in general welfare legislation, in public health. He was interested in everything which had to do with the poor, and the weak, and the helpless. His sympathy for these was true and genuine.

He was interested much in human welfare legislation. That had been the background of his experience as a physician, as a teacher, as the health commissioner of the great city of New York, in the Empire State of the Nation. He drew upon his experience. But I saw him broaden, almost perceptibly broaden, his interest in the whole field of human legislation and human relationships.

As all of our colleagues will recall, he became perhaps the best-versed and best-informed man on maritime law in this body. He had a great passion to rebuild and to fortify and

to strengthen our merchant marine.

We all know with what intense industry Senator Copeland applied himself to everything which came within his care. We all must recall how, for the 5 long years to which the distinguished senior Senator from New York has already referred, he made his fight for the present Pure Food and Drug Acts.

Mr. President, Senator Copeland's interest broadened after he entered this body, it constantly broadened. Not only did he leave his impress upon much of the useful legislation which passed this body and the Congress of the United States during the years since he entered upon his public service as Senator, but his own affections broadened. He was a genuine American. He did not pay lip service merely to the American system of government: He understood it; he had an inherited understanding of it which came down from the days when the Pilgrims landed on our shores. Indeed, he traced his ancestry back through those Pilgrims to the sturdy Irish and English of the old country.

Senator COPELAND appreciated the American system of Government, and with that same kindliness and with that same great industry with which he approached all of his public duties, he never failed to register his deepest conviction upon those measures which have more significance than the passing matters which come before this body.

He had courage, and that is the rarest quality of the public official today, not only in this country, but in the world. He had a courage which could not be stilled or hushed by flattery, by threat, by intimidation.

As his deskmate since the day he entered the Senate I unhesitatingly declare, and in the declaration pay to him the highest compliment which can be paid to any statesman, that none of his colleagues had to await the roll call to know where ROYAL S. COPELAND stood upon any matter of great and first importance.

Mr. President, I well remember a notable fight, now ended, in which many of us in the Senate were arrayed upon the one side and many of our colleagues upon the other, an issue upon which honest and well-informed and conscientious and patriotic men differed, and I well remember the conclusion of the fight. A little group of Senators, personal friends of Royal Copeland, met with him, as we had been accustomed to meet through the long weary months when that issue was before the Senate and the country, and we all knew that that evening the fight was over. As the little group dispersed, Senator Copeland turned to me and said,

"It has been worth this fight. We have had our small part in the saving of this country."

Senator Copeland was a man of great courage, of high courage, and as I watched his broadening interest in legislation, countless laws and bills, from the beginning of his career to the end, I think I can pay to him no higher compliment than I have already paid him in declaring him not only an industrious and useful Senator, whose name is attached to many worth-while laws, but a man of rare courage, who, without dramatics, nevertheless went steadily on to the end.

Those of us who went with him to his last resting place in the countryside of the great Empire State well remember the good minister, who took for his text that verse from Paul's second letter to Timothy:

I have fought a good fight, I have finished my course, I have kept the faith.

His bereaved friends in this body know that his course is finished, as his friends all over the Nation know and understand. That he fought a good fight all of us here are free to attest. That he kept the faith, faith with the American people, faith with his highest concepts of duty to the American system of government, as a Member of the Congress of the United States, with a seat in the Senate, those of who knew him well may with great confidence assert.

With that passionate love which he bore for the little town of his birth, and always for the friends and associates of his boyhood, and with that passionate affection in which he held his friends in this body and his friends everywhere, we can say that we loved ROYAL S. COPELAND, and that in his way he was a good and a faithful servant, and that down to the last hour he had the high courage to keep the faith that was within him.

Mr. McCARRAN. Mr. President, one who comes to this body as a total stranger will as time goes on naturally remember those who first took him by the hand. I came as a total stranger from the far West to the city of Washington and, indeed, to this body. I recall the first Member of the Senate who took me by the hand to lead me along right lines when faith and justice and my country's welfare were involved.

You may break, you may shatter the vase if you will, But the scent of the roses will hang 'round it still.

And so today one who has pased through only his first term in this body brings back the scent of the roses, the memory of the friendship extended by one who had a clever understanding of the affairs of this most exalted group, that the newcomer might go forward and know what it was all about.

But, Mr. President, as time went on and as acquaintance became closer, I learned more intimately to know the depth of a great character; I learned more intimately to rely upon a truth that was the soul's center, upon a faith that was as broad as the country, upon a patriotism that will return with the reverberations of eternity.

I may—I hope with propriety—recall the lines of a great American who said:

Christ gave us proof of immortality. Yet it would hardly seem necessary for one to rise from the dead to convince us that the grave is not the end.

Mr. President, with memories of a patriotism such as that handed down to this body and to America by Royal S. Copeland comes added conviction that the grave is not the end. The glory of his country, everlasting and eternal, unending, as we hope it will be, the glory of American citizenship is, and I hope will always continue to be, associated with the name of Royal S. Copeland.

As the red comes from the flower he so loved, so the red memory of America will enshrine his name, because he gave his strength to a cause that has come down in history and will go down in history.

Realizing his own physical weakness, he warned his fellows—yea, he sent the word of warning to the great leader of his party during that Congress which closed not so long ago—when he said, "There are men here who should have caution." While he was saying that, his one idea of caution

was to remain on the floor of the Senate until the Constitution of the United States, as it had been enshrined in the hearts of millions of his countrymen, was safe. He would remain on the floor of the Senate until the land that he loved was secure. He would remain on the floor of the Senate although he warned his fellows of the dangers that surrounded them. He would remain here as he did remain here, as his memory will remain here, as one of those whose names stand behind American institutions and American tradition to give us courage that we in his memory shall carry on.

So I come back to the thought I first expressed:

You may break, you may shatter the vase if you will, But the scent of the roses will hang 'round it still.

Mr. DAVIS. Mr. President, Senator Copeland had two wellknown personal characteristics-his unruly hair and the inevitable red carnation which he wore in the lapel of his coat. Both of these were tokens of his strong independent nature. Senator COPELAND was a native son of Michigan. He began his public career at the turn of the century as mayor of Ann Arbor. But even before that time he had been active in civic improvement, establishing a splendid reputation for fair play and a keen understanding of human nature.

In 1918 Mayor John F. Hylan appointed Dr. COPELAND health commissioner of New York City, a position which he retained until he was elected to the United States Senate in 1922. He was reelected in 1928 and again in 1934. He maintained an independent position in the Senate throughout, and cooperated with the various administrations insofar as his own personal convictions would permit. He participated in legislative developments covering a wide range of interests, as would be expected from any Senator representing the most populous State in the Union. He was especially active in promoting public-health measures, safety in air and on the sea, relief of white-collared workers, barring the illegal possession of firearms, and the prevention of crime through public-school instruction. At all times he evinced a fraternal interest in the personal health of all his colleagues and repeatedly warned them against neglect of health and overstrain. The last notable instance of this care of his associates was the warning he gave the late Senator Joseph T. Robinson, of Arkansas, while in the heat of debate, just prior to his death. Such was the devotion of Senator Copeland to duty that he himself was carried away and his days shortened by the indefatigable energy with which he applied himself to his public work. Never was there a man more intent upon discharging his full duty.

On June 27, 1938, I wrote to Dr. W. A. Pearson, dean of the Hahnemann Medical College and Hospital in Philadelphia as follows:

The passing of Senator ROYAL S. COPELAND should be commemorated in some practical way. Here was a statesman, whom I have long been happy to know as a personal friend and one who carried his vocational role as a physician into the Senate of the United States, thus bringing the services of this noble profession to the constant attention of the American people. Probably no other physician in the annals of American history has enjoyed

such national distinction as Dr. Cofeland.

November 7 is his birthday, and I think it fitting that the work which Dr. Cofeland has so well begun should be continued through the years. I am, therefore, suggesting that his birthday be accepted in the United States as Health Day. On this day it would seem an occasion would be welcomed by millions of our citizens to express their personal appreciation of their doctors, dentists, and nurses, and indeed to all who have had a part in promoting their health and happiness. Appropriate greetings should keep Uncle Sam's mails busy on that day. Health Day should be observed in our schools and colleges. Moreover this would be an occasion for an annual review of advances made in medical science, together with suitable recognition for those who have achieved extraordinary distinction in the advancement of medical science. In addition, some way may be found whereby scholarships for needy and worthy medical students may be provided. Doubtless with the passing of time new ways to add to the glory and significance of Health Day will be found. I feel confident that the birthday of Dr. COPELAND, if remembered in this way, will prove to be a lasting blessing to the American

If this suggestion appeals to you and if you wish to cooperate in bringing it to the attention of the citizens of the Nation, I shall appreciate hearing from you as to the procedure you think best for the practical accomplishment of this purpose.

In reply, Dr. Pearson wrote me expressing his belief that this would be a splendid recognition of Dr. COPELAND's spirit and service, and sending me a copy of a recent article he had written about Dr. COPELAND that was published in the Hahnemannian Monthly. I wish to quote brief portions of Dr. Pearson's article:

It is difficult to depict the life of such an active man with accuracy. His versatile mind and conscientious study enabled him to accumulate an amazing amount of reliable information. * * *
His interest in the new food and drug legislation was unbounded and his detailed knowledge included technical chemical details, legislative procedures, interests of reputable manufacturers, and he never wavered from the policy of giving adequate protection to the public.

ROYAL SAMUEL COPELAND lived a life filled with hard work of definite constructive value. He helped millions of people with his suggestions on health, medicine, and the fine art of living which were the result of wide experience, ardent study, sympathy for the underdeveloped, and a sincere desire to make the world a better place in which to live.

Dr. COPELAND was actively identified all his life with the principles of political and religious toleration. He was a stalwart defender of good will among all men. He realized the worth of free ideas. The most democratic thing in the world is an idea. To be the cradle of a great thought is the deepest religious experience a man can have. A dominant idea will choose a humble birthplace for itself, often in the mind of some obscure man or some neglected child, and from that idea will grow the force of a mighty movement which will shake the world and rock the thrones of earthly rulers. Before the power of a great idea the forces of present-day dictators must tremble. They will give way before the shining light of truth as the blackness of midnight yields to the approach of the rising sun.

America needs strong men, such as Dr. ROYAL SAMUEL COPE-LAND, who put God first in their daily life. America needs strong men-many strong men-not just one or a few. America needs strong men who accept as the ideals of their lives the patterns of individual initiative and divine guidance which led our American sires as pioneers from ocean to ocean. No one has yet found a substitute for their strength of character and the stout hearts which they brought to the making of America. No sacrifice is too great which will help us conserve our American heritage of courage and faith.

These are the thoughts that come to me when I think of Dr. Copeland. Words fail me when I try to express how sad we all were in his passing. Dr. COPELAND and I had been scheduled to address a convention of doctors in Philadelphia, and he was unable to attend. His last words to me were, "I cannot go, Jim. I am too tired." So he had to cancel the engagement. As it turned out, I was also compelled to cancel my engagement, because the Senate was in session that day late into the evening.

> At even, ere the sun was set, The sick, O Lord, around Thee lay; Oh, in what divers pains they met! Oh, with what joy they went away!

Once more 'tis eventide, and we, Oppressed with various ills, draw near; What if Thy form we cannot see? We know and feel that Thou art here.

Thy touch has still its ancient power, No word from Thee can fruitless fall; Hear, in this solemn evening hour, And in Thy mercy heal us all.

Mr. MEAD. Mr. President, we have but to wander through the Halls of this great building to learn at first-hand in what respect and admiration Dr. COPELAND was held by those who served here during his senatorial career. It is amazing that such an extremely busy man could have had the time to enlist the friendship of so many Capitol employees, even down to those in the most humble capacities. In every nook and cranny of the Capitol are men and women who found him their friend, and who took a real delight in paying him even the smallest service. The universal comment throughout the Capitol usually resolves itself into five words: "He was a great man."

Dr. COPELAND was a beloved man among the great and the small because he was intensely human, kind, and generous.

While he and I served at opposite ends of the Capitol, I had many occasions to feel the strength of his friendship.

Members of the Senate know far better than I can hope to express the scope of his fairness and his kindness. He was a man who stood valiantly by his convictions—one who fought fairly in every debate. They know how indefatigably he labored and how unselfishly he served the causes he thought to be just.

As a devoted husband and father Dr. Copeland lived an exemplary home life, and found his deepest happiness with his family, surrounded by those he loved, those who so dearly loved him. He gained peace of mind and strength to carry on his many official duties through the companionship and the inspiration of his good wife and family. He thoroughly enjoyed his home, and liked to return to Suffern, in Rockland County, there to be among his intimate friends and neighbors. In the quiet restfulness of his farm he found a little time to relax, to cast aside his mental burdens, and to bask in the pleasantries that accompany a happy home. He found recreation in his garden, and he especially liked to engage himself in his workshop. He deeply loved the country and the out-of-doors. He sought no happier respite than to spend some time with his family, and to enjoy the beauties of the countryside about his home.

Serving in his stead. I have grown more deeply conscious of the services he rendered to the people of my State. He instinctively liked people. He liked to do things for people. He died working for his people—a martyr to detail and to duty. I find constant reflection of his many little kindly gestures, which certainly could have been inspired only by a heart that was warm and by a spirit that made public

service a perpetual pleasure to him.

Dr. Copeland's career was studded with one paradox after another, with a wealth of human learning and experience, and with achievements in several fields of high endeavor. He was born on a farm in the State of Michigan; he died as a citizen of New York, the largest city in the world. Educated in medicine, he became an outstanding physician, a noted teacher, a renowned statesman. He began his political life in his native State of Michigan, where he was elected mayor of Ann Arbor. His career came to a close in this Chamber as a Senator from the Nation's Empire State. He was a pillar in his church, a college dean, a park commissioner, a board of education president, a mayor, a health commissioner, and a United States Senator. These varied activities gave him a broad range of training, and accounted for the depth of his fund of knowledge.

His ability, his perseverance, and his natural brilliance are attested to by his rise to fame in the profession of his choosing. He began practicing medicine in 1895 at Bay City, Mich., and by 1918 he had become a national figure in the medical world as he began his creditable record as commissioner of health of New York City. His political rise to distinction was just as phenomenal and was actuated by the same earnest effort which characterized his devotion to every task to which he applied himself.

Senator Copeland served powerfully in this body, and it is not for me even to try to record the extent of his legislative genius or the influence which he exerted in the passage of

legislation to which he was particularly devoted.

The most important chapter in his legislative record was successfully written when his food and drug bill became law. He seized upon this subject because it was near to him and because he had a consuming ambition to protect by law the health of millions of persons from misbranded, falsely advertised, and at times injurious food and drug products. He labored over each and every section of that humanitarian law. He lent every ounce of his energy and enthusiasm to its He was directly and, in most respects, individually responsible for this statute which today serves humanity so beneficially. He rightfully considered this his greatest legislative victory, and without question it was his crowning achievement in the interests of humankind.

He served as chairman of the Committee on Rules, as chairman of the Committee on Commerce, and as chairman of several special Senate investigating committees, including the Special Committee to Investigate Crime Throughout the Nation, the Special Committee to Investigate Subversive Influences in the American Merchant Marine, and the Special Committee to Investigate the Causes of the Morro Castle and Mohawk Ship Disasters.

In the merchant marine field Senator COPELAND sponsored numerous laws beneficial to the seamen, and time and again he pleaded their cause before this body. He was the author of the Merchant Marine Act, which set up the present Maritime Commission; he lent powerful influence to aviation legislation, notably the law to set up the Civil Aeronautics Authority; he was a relentless foe of the criminal, and just last year successfully piloted the so-called firearms bill to enactment; he sponsored the Flood Control Act of national importance; and he endeared himself to the citizens of the District of Columbia by his annual efforts to promote improved civic, educational, health, and park facilities for the Nation's Capital.

I have touched but lightly upon his legislative accomplishments; but to the laborer, the farmer, the seaman, the veteran, and to many other groups he shall forever remain in memory a real and true friend. The advancement of their hopes and aspirations was always uppermost in his mind. He died serving them as a member of nine conference committees in the closing hours of a long and grueling session of Congress. He felt those duties to be obligations he must not shirk. The burdens proved too great for his tired and overtaxed body. His contributions as a lawmaker, like his services in the field of medicine, improved the living standards of the poor-they enriched the Republic he served so well.

Ordinary folk simply call ROYAL S. COPELAND a great man, and I presume no epitaph could express our thoughts more

genuinely.

As such he shall always remain in our hearts.

The PRESIDENT pro tempore. The question is on agreeing to the resolution submitted by the Senator from New York [Mr. WAGNER].

The resolution (S. Res. 138) was unanimously agreed to.

TRIBUTES TO THE MEMORY OF THE LATE SENATOR LEWIS

Mr. LUCAS. I send to the desk a resolution and ask unanimous consent for its present consideration.

The PRESIDENT pro tempore. The resolution will be read. The Chief Clerk read the resolution (S. Res. 139), as follows:

Resolved, That the Senate has heard with profound sorrow of the death of Hon. James Hamilton Lewis, late a Senator from the State of Illinois.

Resolved, That as a mark of respect to the memory of the deceased Senator the business of the Senate be now suspended to enable his associates to pay tribute to his high character and distinguished

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

Mr. LUCAS. Mr. President and Members of the Senate, it was only a few weeks ago that our late and beloved colleague. James Hamilton Lewis, marched down these Senate aisles in courtly fashion. It seems but yesterday that citizens in every walk of life came to this stately hall to hear his brilliant wit and profit by his penetrating scholarship.

He was beyond the middle plateau of life, and yet his years in no way dimmed his intellectual capacity. Age had not slowed the tempo of his active life when one day the Angel of Death moved swiftly into the Senate Chamber and, with little warning, took from our ranks this illustrious son of Illinois

and the Nation.

Mr. President, little did I think when the people of my State last November selected me to join Senator Lewis that I would upon this day be called upon to pay tribute to his memory. It is with the utmost humility that I attempt the task. Obviously my years of friendship and close contacts with this great man lighten my load. Yet, my friends, words are so empty and cold when one attempts to describe the virtues and qualities of such a strong personality.

In the days that have intervened since his departure I have sought to analyze his life and determine the outstanding characteristics which made him such a unique figure in the public eye. The difficulty of the task is readily apparent. From a life rich in experience and a personality generously endowed with admirable traits it is hard to single out any one thing responsible for his greatness.

His life story is fantastic, for it seems incredible that any man could have accomplished so much even in the generous span of years allotted to him. All the romance and courage and spirit of the Nation he loved so zealously are symbolized in the annals of his career.

His Chesterfieldian courtesy awed and delighted those of us who served with him and those who knew him even slightly, as did the grace of manner, the gentility, and the enlightened intellectual outlook bequeathed to him by generations of culture.

Beneath the courtliness of his polished and suave exterior, however, a spirit of adventure coursed strongly in his veins. It was this impelling force which, in the last decade of the nineteenth century, led him from the South to the rugged Pacific Northwest. He arrived in the Territory of Washington in 1886. Those were pioneer days, and any young man who settled in the Territory could not depend upon his background nor on tradition to carry him to the top, because those who settled that area were making tradition, and the only background was the immediate present.

The same qualities which later were to carry him to national and international fame were responsible for his success in serving in the Territorial senate, in being elected to the Congress of the United States as the first Representative at Large from the State of Washington, in serving his country during the Spanish-American War, in being nominated to the United States Senate, and in being put forward as the favorite son of the State of Washington for the Vice Presidency at the Democratic National Convention of 1900 at Kansas City.

Thus in the short span of 15 years he had accumulated honors which, to many men, would constitute sufficient accomplishment for a lifetime. But for James Hamilton Lewis these signal achievements served only as an inspiration to greater things. That same adventuresome spirit which carried him to the great open spaces of the Pacific Northwest heard the hum of the wheels of industry and sent him, just after the turn of the century, to the great metropolitan center of Chicago.

Two years later he was corporation counsel of that city, 5 years after he arrived he was Democratic candidate for Governor of the State of Illinois, and 9 years after he became a resident of Chicago he was elected to the United States Senate. What greater testimonial to his ability and his versatility could be given than this rapid winning of the confidence of a diversified people of a great State wherein he had resided for so few years?

It would seem there were no new worlds to conquer, yet he followed these rare accomplishments with repeated triumphs in political, diplomatic, and military arenas. Then, in 1930, the people of Illinois again returned him to serve them in the Senate of the United States, and, by his reelection in 1936, he became the first man in Illinois to serve two successive terms as Senator after the origin of the direct primary.

His career in the great parliamentary body was filled with brilliant and constructive achievements. His suave urbanity and gentility of manner were ever at his side. His keen perception of human nature, his shrewd understanding of psychology, and his impeccable politeness sometimes caused his antagonists, and even his supporters, to lose sight of the steely strength, the fixity of purpose, and the daring which won for him so many objectives. Of no man could it more truly be said that even those who vied with him in debate or in political strategy felt naught but the highest admiration for his attainments. Every Member of the Senate knew Senator Lewis to be a scholar, statesman, patriot, soldier, and gentleman.

It has been said that genius does what it must; talent does what it can. Nature endowed James Hamilton Lewis generously with talents, and added a spark of genius. Mr. President, since the day our beloved Chaplain spoke so feelingly over the bier of our departed colleague, my thoughts have

been focused upon this unusual combination. Talent inspired by genius may impel a man to scale the heights in various fields of human endeavor, but it must be tempered by the great sense of tolerance and justice which Senator Lewis possessed if a man is to hold the high position in the affairs of a nation which he retained for so many years.

His attitude toward his fellow man is best portrayed in a remark that was recently made to me by one who had been closely associated with him for years when he said, "In all the years I have known Senator Lewis, and all the years I have worked by his side, I never heard him speak an unkind word against a man in public or private life." To me that is an epitaph which could well be inscribed over his final resting place.

In quiet contemplation I have pondered over the implication of that remark, and it occurred to me that the fullness and the richness of his life gave a perspective and a sense of relative values often denied to others of us who might not have had the experiences which he enjoyed. When one sees as much and does as much as he did in his crowded years, the transient nature of the passing moment is best appreciated.

Tolerance implies understanding. Thus, this same quality was the one which enabled him to be so truly representative of the people of Illinois during his three terms in the United States Senate, as well as in other assignments of responsibility. A man who possesses tolerance is one who has rubbed elbows with the throng, and who, through that close contact with humanity, comes to understand the simple human problems which, magnified a millionfold, are converted into national, even international, issues.

The Senator's rich and varied experience served him well in the United States Senate. As a member of the Committee on Foreign Relations, he exercised a potent influence on the role America has played in world affairs. He decried the despotism of those who, with the iron heel and mailed flst, stamp out the God-given rights of peoples. He was the bitter foe of oppression and tyranny wherever they raised their monstrous heads. Senator Lewis never condoned making countless thousands mourn through the display of force and power. He believed in the solution of the complicated problems of international import through peaceful discussion, reason, logic, sacrifice, and arbitration.

He had firm conviction upon all fundamental rights of peoples, yet Members of this body will bear witness to the unerring fact that in his speeches, debates, and in his dealing with his fellow men, Senator Lewis not only personified tolerance but inspired it in others. No matter how acrimonious the speech, no matter how heated the epithet hurled against him, no matter how much interested he may have been in the subject matter before him, he never lost sight of nor failed to sympathize with the point of view of his opponent. In other words, his tolerant attitude was a recognition of that inherent principle of democracy, respect the rights of others.

It was the great Voltaire who said, "I wholly disapprove of what you say, but will defend to the death your right to say it." James Hamilton Lewis was a disciple of that philosophy. Yes, Mr. President, if the tolerant attitude of this man toward all races and creeds and their inalienable rights could be instilled into the leaders of nations throughout the world, the universal cry for peace on earth and good will toward men would be transformed from a futile hope into a living reality.

Nothing that I have said here today can add to the luster of his fame or the glory of his career. His record has been written, and each of us would be proud to claim it for his own. His stature will grow with the passing of the years; and the historians of the future will best serve their generations by recording his life so that the principles of tolerance, faith, sympathy, and patriotism may provide inspiration for generations yet unborn.

Senator Lewis, we bid you a further and final farewell. Sleep well in your inn of immortality! And as the ages come to you, may these beautiful sentiments of Edwin Markham be with you forevermore:

Now in this hour, this high remembering hour, I see the eternal Lord of Song bend down With fragrant, fadeless laurels for your brow, Lay them with reverence on your honored head, And leave you in your immortality.

Mr. AUSTIN. Mr. President, as we observe by the elegant and eloquent address to which we have just listened, James Hamilton Lewis lives on. The immortal qualities of his character will develop from his mortal life, as a giant sequoia grows through the centuries from the tiny seed that perished in the ground.

What his colleagues here and now record of his loyalty to principle, to his country, to his family, to his fellow man, and, within these walls, to his colleagues, is but the recognition of his works.

Mr. President, I first met James Hamilton Lewis when I came to the Senate in 1931. Already he had long served his country as lawyer, soldier, Representative at Large from the State of Washington, and United States Senator from the State of Illinois.

His intellect had sought satisfaction and exercise in the exploration of history, especially the record of the development of governments and the relationship between governments.

In 1912 Senator Lewis, together with Albert H. Putney, another author of treatises on government and history and law, wrote the treatise entitled "Handbook on Election Laws."

In 1913, Senator Lewis wrote a book entitled "The Two Great Republics, Rome and the United States," comparing conditions recorded in Roman history with those existing in America, which, he said in his preface, "should warn, by reason of the results at Rome." Although written more than a quarter of a century ago, this book might have been written under conditions in this country today.

In 1923, Senator Lewis edited and published a textbook relating to removal of causes from State to Federal courts. This compendium of law and forms has been applicable to professional activities in a field in which there are many refinements and subtleties.

In 1936 he published the Law Governing Injunctions.

Senator Lewis also had a background of service abroad, representing the Senate at a convention in London in 1914, and in war service in France during the World War.

Out of the wealth of experience and intellectual and spiritual treasures of his life he gave to me, as a young Senator, suggestions and other help. He did this in a delicate manner which I accepted with gratitude. I soon found that he was doing similar acts of kindness and helpfulness to other new Senators around me. This generosity was the subject of comment among us because of the broad benevolence it expressed, including, as it did, Republicans as well as Democrats.

Senator and Mrs. Lewis, Mrs. Austin, and I have lived as near neighbors throughout our common service here. From that happy relationship we know that no eulogy to this great statesman would be adequate which failed to mention the devotion of Senator and Mrs. Lewis to each other.

Moreover, his love of fun and keen sense of humor was frequently expressed in stories, in which the joke was generally on him. This lighter side of his nature enlivened the art of conversation, which found a master in Senator Lewis. His wit and humor generally pointed up his profound observations.

The superficial aspects of Senator Lewis' colorful personality were displayed in his daily function as Democratic whip, when he rose with formal and courtly dignity to announce, in classic language, the absences of his colleagues. This flashed a little light on the scene, which drew attention to himself. The habit of inviting attention was as natural to him as any other of his characteristics. What might have been regarded as a weakness in others seemed a virtue in Senator Lewis. It was a gesture designed to enlist attention for what he had to say, and for his acts of leadership. The press publicized it and popularized his unique individuality.

The Congressional Record is a source of much fascinating material on the character of Senator Lewis. I invite attention to an episode in the Senate in 1914, when the President of the United States was under attack with reference to our relations with Mexico, and we find Senator Lewis in a role which was natural to him—defending his President.

Twenty-five years ago, as in the months preceding his demise, he was calling his colleagues' attention to the constitutional division of functions by which the executive department was vested with the responsibility of conducting current foreign relations. He was pointing to the equipment in the State Department employed by the President to keep in touch with sources of information. Provoked by his claim that Senators on the Republican side took an attitude equivalent to declaring that war ought to have been made on Mexico by the President, the Republican floor leader interrupted Senator Lewis for a question:

Does not the Senator think the time has now arrived when an embargo should be placed upon arms and munitions of war into Mexico on the northern border as well as on the seacoast?

Thereupon occurred an interchange of parliamentary thrust, parry, and ripost which exhibited Senator Lewis in the use of luxuriant vocabulary and circumlocution at one moment, and short, sharp, sententious retorts at another.

The debate became somewhat heated, when Senator Lewis admirably brought the incident to its close by the tact, grace, and kindness which was ever in his heart, notwithstanding the rapid fire and zeal of argument.

Said Senator Lewis:

The Senator from New Hampshire is in error to assume that my allusion is offensive. It was not my purpose, and while I may yet indulge in a gentle passage of arms, I assure him my sword, when leveled toward him, is tipped with a rose. If there was anything offensive in my observation, I certainly withdraw it.

In glorifying our late friend and colleague, we give prominence to another characteristic; namely, his sympathy. Senator Lewis had a feeling for a fellow when he needed a friend. It was a strong feeling. It consisted in understanding gained from his early life. It flowered throughout his years in gifts and help for many. This side of Senator Lewis' service was not known to the public, for his left hand was not permitted to know what his right hand did.

Mr. President, we who hold James Hamilton Lewis in deep and cherished regard seek to record for posterity our memory of that warm and vivid personality, with its rare individual characteristics, which will illumine the deeds that

history must perpetuate.

Mr. BARKLEY. Mr. President, though the fitness of the time was not altogether realized when the ceremonies of this day were ordered, it strikes me as being eminently appropriate that on this, the 29th day of May, we should pause in our legislative duties to pay our feeble words of respect and honor to the two distinguished Senators who are being memorialized today, for tomorrow all over America the countless dead will sleep beneath a wilderness of flowers, and the butterfly, ancient emblem of immortality, will flutter over every grave.

I always feel how inadequate are our efforts to pay tribute to our friends, whether they hold high station or whether they walk in the humbler paths of life, where the sun of publicity never shines, for in the hour of grief, when the sable drapery of mourning is drawn in heavy folds around us, silence itself is sometimes more eloquent and impressive than the chaste rhetoric of the scholar, or the flowing declamations of the orator. In the ministrations of affliction the downcast, full, and drooping eye sometimes speaks the sentiments of the heart in language more touching and truthful than the polished utterances of the eulogist, or the glowing phrases, clothed in beautiful imagery of the poet.

Mr. President, on an occasion such as this our minds naturally revert to the more solid and substantial things of life. We all love life, and though it be extended beyond the years of apparent usefulness, we cling to it. All nature loves life. Although knowing not life's value, the infant clings to its mother's neck in the hour of danger, and when the storm approaches the sparrow beats its own life out against the

windowpane in its effort to preserve its life. We are reminded of the beautiful poem of Oliver Wendell Holmes, The Last Leaf, in which he describes how tensely, through the autumn and winter months, the last leaf clings to the tree, and he concludes-

> Let them smile, as I do now, At the old forsaken bough Where I cling.

What is this thing, Mr. President, about which we are talking today? We are not all endowed equally with intellect, or physical strength, or the power of description, or with financial genius, and those of us who sit in this distinguished body, like those who have gone before us and those who will follow us, are no doubt prone to puff ourselves up a little because of the possession of some temporary power or authority conferred upon us by a confiding constituency. But in the final assessment of the value of men's lives, who shall say that the man who sits in the Senate, or on the judge's bench, or in the Governor's chair, renders greater service to society than the man who, in the middle of the street, digs a ditch in order that a wire or pipe or cable may be laid to bring heat and light and comfort to the people?

"Bob" Ingersoll was one of America's greatest orators. He had the power of imagery and was a master of beautiful description and elegant diction. He described life as "a narrow vale between the cold and barren peaks of two eternities." He spent a large portion of his life seeking to destroy the faith men and women had in a traditional religion. Yet with all his doubt and his agnosticism, when he stood one day by the grave of his brother, he uttered the beautiful sentiment, "In the hour of death, hope sees a star, and listening love hears

the rustle of a wing."

Mr. President, in contemplating the lives of Senator Core-LAND and Senator Lewis I feel no disposition to speak of one and not the other, for I served with both of them, and I honored and respected them. We did not always agree on the details of legislation, and that is perfectly natural. This would be a monotonous world if all the 2,000,000,000 men and women in it thought the same thoughts and harbored within their hearts the same sentiments and the same feelings. It is the friction of intellectual contact that gives life to deliberation and wisdom to final determination.

I recall one particular instance in which the fine heart of Senator COPELAND was displayed, soon after the great flood in the Ohio Valley, which destroyed more than \$4,000,000,000 worth of property. I was anxious, in the closing hours of the session of Congress, to obtain some relief for the stricken people, and the legislation proposed was in charge of Senator COPELAND, as chairman of the Committee on Commerce. I recall that late one day he stood here in the Well of the Senate and would not consent to an adjournment, although tired and worn from his labors almost to the extent which characterized the last few hours of his life, until some relief had been granted to the people living in this stricken valley.

Senator Copeland was a man of strong convictions, of deep allegiances, of high ideals. He was a man of deep religious convictions and had all his life been an active member of the same denomination in which I myself claim membership. In all of his contests, in all of his activities, he was a gentle soul.

I have sometimes felt that the physician, the man who heals and relieves the ailments of the human body, after all, renders the greatest service that can be performed by a human being. Long before he ever attained high office, long before he had any ambition to attain high office, in countless places and in countless ways that never found expression in the public press, Senator Copeland ministered to those who suffered.

Mr. President, how shall I describe our affection and regard for the memory of that knightly spirit from Illinois of whom the senior Senator from that State has spoken with such beauty and eloquence! It seems to me James Ham-ILTON LEWIS was carved out of the chivalrous days that have gone before. He gave to his companions a breath of wholesome freshness; he gave to discussion here a brilliance

of expression and of conception worthy of any man on any side of any question. And in his daily walk and in his bearing there was a gentility, a courtesy, a chivalry, a sort of intellectual and spiritual setting apart of himself as one who had been cast in a mold which no longer fashioned the character of individuals.

Our memories are rich in these associations. They inspire us to greater effort on our own part. They inspired us to make ourselves worthy of their companionship in the past, but they inspire us to be worthy of their hallowed memory in the years to come.

Mr. President, as I think of these two Senators, not as Senators, not as public officers, not as worthy and humble bearers of distinguished honors but as human beings, I am constrained to read from Holy Writ the beautiful language of the Twenty-third Psalm:

The Lord is my shepherd; I shall not want. He maketh me to lie down in green pastures: He leadeth me beside the still waters. He restoreth my soul: He leadeth me in the paths of righteous-

ness for His name's sake.

Yea, though I walk through the valley of the shadow of death, I will fear no evil; for Thou art with me; Thy rod and Thy staff

they comfort me.

Thou preparest a table before me in the presence of mine enemies: Thou annointest my head with oil; my cup runneth

Surely goodness and mercy shall follow me all the days of my life; and I will dwell in the house of the Lord forever.

The PRESIDING OFFICER (Mr. Lucas in the chair). The Chair recognizes the Senator from Texas.

Mr. CONNALLY. Mr. President, I am honored by having an opportunity briefly to join in memorializing our late colleagues, Senator Copeland, of New York, and Senator James Hamilton Lewis, of Illinois, and adding a few words with regard to the character and services of Senator Lewis.

It is always a difficult task to pay adequate and accurate tribute to one who has departed this life, and whose relations with ourselves have been affected by friendship, association, and service.

I believe it was Arthur Henry Hallam who evoked from Lord Tennyson's pen perhaps the noblest memorial in all the English language, and today I could wish for something of the genius of that man in undertaking to give utterance to the very great affection and veneration and admiration which I entertain for Senator James Hamilton Lewis.

Some years ago I read an account in a magazine by a writer who set forth what he thought was the preparation requisite for one to be a Member of the House of Representatives or of the Senate. The writer had never served in the Congress; he probably never would serve in the Congress; but his outline of the necessary requirements for one seeking to enter the Halls of Congress were, in short, a liberal education, college degrees, and then experience in business and industry, and a variety of the activities of modern life. I am very glad that such requirements are not constitutional requirements.

It seems to me that Senator James Hamilton Lewis perhaps came as near to having the requirements set forth in that article as any Senator with whom I have ever been privileged to serve. He was a cosmopolite. He was born in Virginia, which is a good State in which to be born and to live when one is young and has the opportunity of reflecting upon the majesty and the greatness of Virginia when it was young. He was educated in Georgia, a great old State of fine tradition. And then as a young man he grew up in the West-in the West that was growing, in the West that was young. There he developed, catching a new conception of modern American life. And then in his maturity he went to the great metropolis of the Middle West, which in a sense is the countinghouse for that great and splendid area. And so he had a background from the standpoint of geography and education and experience possessed by few men.

Our late colleague served as a soldier during the Spanish-American War. He had military experience in Cuba and in Puerto Rico. Back in the nineties he served with distinction as a Member of Congress from the State of Washington. While I have not verified this statement, I doubt not that

Senator Lewis' service in the Congress, while interrupted, covered a longer range of time than that of any man now living and serving in either branch of the Congress of the United States. It covered a period of more than 40 years.

He was a lawyer, not alone an accomplished lawyer in the courtroom, but a legal authority, the author of several works on the law. He was a statesman, but equally as important, he was a politician, and I use that term in its highest and best significance. He was politician enough to get elected; then he was statesman enough to serve his people well and patriotically.

He was widely traveled. He knew many foreign countries and many foreign places, not alone from books but from actual contact with foreign institutions and foreign races.

What were his personal qualities? He had in abundance those attractive personal qualities that make one man love another man. He was gallant, courteous, kindly, considerate. He was a counselor of those of us who were his juniors in service. I recollect on one or two occasions when I was either engaged in a contest for reelection or was looking forward to the possibility of one, Senator Lewis of his own motion came to me and made suggestions as to the proper manner in which to conduct the campaign, and he somewhat checked up on the possibilities of the probable candidate who would oppose me.

Senator Lewis was perhaps as well read in English literature as any man in this Chamber. What is more than being well read, he knew how to use his command and his mastery of English literature in the debate and in the interchange here upon the floor of the Senate.

He was a lovable, kindly, delightful man. He was more than that. He was not only terrific in debate when roused to the full measure of his powers but he was a great orator. I remember some years ago, when I was a Member of the House, sitting in this Chamber and hearing Senator Lewis in the memorable debate following the World War, when the titanic issues involving the League of Nations and our relations with Europe were under consideration. I heard him deliver one of the most attractive and outstanding addresses in all that debate. I now commend to Senators two great orations which Senator Lewis delivered in this Chamber. One was on the 6th of December 1918, while the Peace Conference was meeting. With marvelous perception Senator Lewis then clearly outlined the issues which later arose as the result of the Treaty of Versailles. Again, on the 3d day of January 1919 he replied to a number of Senators on the other side of the Chamber who had attacked his position. He made an outstanding address, which commanded the attention and admiration of those who heard it.

Mr. President, on occasions such as this, when we come to grieve over the loss of our friends, we frequently meditate. We wonder and conjecture whether this little span that we spend here is all there is of life. Scientists tell us that matter is indestructible; that it is merely transformed from one form into another; that the cigar which is consumed by fire is not destroyed but is merely resolved into ashes, vapor, and smoke, and that all its essential elements are still in existence, though in another form. Scientists tell us that the electricity which comes to us from the clouds is not destroyed but is transmuted into heat, light, and energy, and goes back into the great reservoir of Nature in another form: that the flower which blooms in the spring, withers, and dies is not dead but goes back to mingle with Mother Earth in the great chemistry of Nature to bring forth another flower in another spring.

So, Mr. President, whatever be our inability to look beyond the curtain that vells the future, I cannot believe that the spirit which animated the now cold and silent dust of James Hamilton Lewis, and which glowed and flashed from his eyes in debate, the intellect which charmed us and moved us on the floor of the Senate, and the eloquence which thrilled his hearers are dead forever. I believe that his spirit has gone out to influence our own lives and the activities of this body, and that it has become a priceless heritage, not to the future world alone but to American public life; and that, like

indestructible physical matter, it will go on to enrich and ennoble the generation in which he lived.

The PRESIDING OFFICER. The Chair recognizes the Senator from Illinois [Mr. SLATTERY].

Mr. SLATTERY. Mr. President, it is difficult for one who has been chosen to fill a small portion of the void created by the departure of a great man to speak of him in terms adequate to his greatness, or in tones normal to the occasion.

James Hamilton Lewis, by any standard of appraisal, was a great man, a man sufficiently great to be so recognized in

his own day and by his own generation.

The people of Illinois and of the Nation suffered an irreparable loss when he was summoned to eternity. Yet he left to us a heritage of glorious memories, a heritage of inspiration, a heritage founded on his unfaltering trust in the democratic processes. Senators who were his colleagues and friends know that he was a man of inflexible principle, a man actuated only and always by motives of unquestionable sincerity. A patriot always, a partisan seldom, and then only in the best sense of the word, his life was dedicated to his State and to his Nation. His was a life devoted to the democratic principles which he well exemplified.

We of Illinois, his adopted State, revered him. We possessed for him an affection based on our knowledge of his rare qualities. We appreciated the depth of his statesmanship; we understood the breadth of his scholarship; we delighted in the warmth of his friendship; we rejoiced in his

triumphs.

Illinois has never been hesitant in awarding its laurels to adopted sons who possessed outstanding qualities. Lincoln, son of Kentucky; Stephen A. Douglas, son of New England, and Grant, son of Ohio, all found their places in history because Illinois gave them their opportunity.

The same thing is true of James Hamilton Lewis, a son of the Old Dominion. As my colleague [Mr. Lucas] has said, he was the only man the people of Illinois ever elected to succeed himself in the Senate since the Constitution was changed so as to provide for the direct election of Senators. That fact alone demonstrates the faith and the confidence the people of Illinois had in him.

Those who knew him or who knew his story could not help but regard him as the personification of American initiative. His career demonstrated the opportunity provided by a democracy. His boyhood was spent amid scenes of desolation left in the wake of a great Civil War. Everything he had, everything he became, he obtained for himself. No task was too lowly if it contributed to the objective he sought. He worked as a dockhand and a lumberjack, all that he might become, as he did, a learned lawyer, a valiant soldier, an outstanding statesman, and a distinguished author.

His individualism and extreme courtesy were but the manifestations of his colorful character and innate chivalry. Kindly, tolerant, and possessed of a keenly perceptive and analytical mind, his counsel and advice were sought by many. A profound student of government and international affairs, and a gifted orator from whom flowed scintillating phrases of rhetorical perfection, he was a most important influence in the deliberations of this body and the councils of the Democratic Party.

Alert to the needs of a changing world, he championed the cause of the common man. The welfare of his constituents and the American people was his paramount

concern.

Senator Lewis and I were friends for many years. Almost 30 years ago he was president and I was secretary of the Webster College of Law in Chicago. Never did he lose his democratic spirit and common touch. I am reminded of an incident which occurred at the Illinois State fair just a year ago. An elderly farmer approached the Senator and said, "Senator Lewis, do you remember me? I met you at our county fair a few months ago." The Senator acknowledged the salutation gracefully, beamed upon the man, and said, "Why, of course I do, my friend, but I am deeply flattered that you remember me."

The spirit of James Hamilton Lewis will permeate this Chamber for years to come. He will always occupy a unique

place in the saga of the Senate and in the annals of the Illinois which he loved and by which he was loved.

This, then, is the man I have been designated to succeed in the Senate. Truly do I recognize the magnitude of the task I have been given. Earnestly do I hope and pray that I may represent my State and Nation as faithfully as did he.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 139) was unanimously agreed to. ADJOURNMENT TO WEDNESDAY

Mr. BARKLEY. Mr. President, as a further mark of respect to the memory of our departed colleagues, I move that the Senate adjourn until Wednesday next.

The motion was agreed to; and (at 4 o'clock p. m.) the Senate adjourned until Wednesday, May 31, 1939, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate May 29 (legislative day of May 19), 1939

PROMOTIONS IN THE FOREIGN SERVICE OF THE UNITED STATES From Foreign Service officer of class 4 to Foreign Service officer of class 3:

J. Webb Benton, of Pennsylvania. Donald R. Heath, of Kansas.

Dayle C. McDonough, of Missouri.

Alfred R. Thomson, of Maryland.

From Foreign Service officer of class 5 to Foreign Service officer of class 4:

William E. DeCourcy, of Texas. Harold D. Finley, of New York. James E. McKenna, of Massachusetts. John J. Muccio, of Rhode Island.

Christian T. Steger, of Virginia. Leo D. Sturgeon, of Illinois.

From Foreign Service officer of class 6 to Foreign Service officer of class 5:

Russell M. Brooks, of Oregon.

Winthrop S. Greene, of Massachusetts.

Charles W. Lewis, Jr., of Michigan. Austin R. Preston, of New York.

Harry L. Troutman, of Georgia. S. Walter Washington, of West Virginia.

From Foreign Service officer of class 7 to Foreign Service officer of class 6:

Glenn A. Abbey, of Wisconsin.

Franklin B. Atwood, of Massachusetts.

Joseph L. Brent, of Maryland. Sidney H. Browne, of New Jersey.

J. Holbrook Chapman, of the District of Columbia.

Landreth M. Harrison, of Minnesota.

Knowlton V. Hicks, of New York.

Cloyce K. Huston, of Iowa.

Albert W. Scott, of Missouri.

Miss Frances E. Willis, of California.

From Foreign Service officer of class 8 to Foreign Service officer of class 7:

Ware Adams, of Georgia.

George V. Allen, of North Carolina.

J. Kenly Bacon, of Massachusetts.

Robert Y. Brown, of Alabama.

Homer M. Byington, Jr., of Connecticut.

Albert E. Clattenburg, Jr., of Pennsylvania.

Robert D. Coe, of Wyoming.

Albert H. Cousins, Jr., of Oregon.

Henry B. Day, of Connecticut.

Horace J. Dickinson, of Arkansas.

Everett F. Drumright, of Oklahoma.

Elbridge Durbrow, of California.

Donald D. Edgar, of New Jersey. F. Russell Engdahl, of Washington.

John B. Faust, of South Carolina.

Hugh Corby Fox, of New York.

Carlos C. Hall, of Arizona.

Claude H. Hall, Jr., of Maryland. Heyward G. Hill, of Louisiana.

Phil H. Hubbard, of Vermont.

Paul C. Hutton, of North Carolina.

J. Wesley Jones, of Iowa.

Stephen E. C. Kendrick, of Rhode Island.

Nathaniel Lancaster, Jr., of Virginia.

John J. Macdonald, of Missouri.

Walter P. McConaughy, of Alabama.

Robert Newbegin, of Massachusetts.

Calvin Hawley Oakes, of South Carolina.

R. Borden Reams, of Pennsylvania. Charles S. Reed, 2d, of Ohio.

Arthur R. Ringwalt, of Nebraska.

Eric C. Wendelin, of Massachusetts.

Kenneth J. Yearns, of the District of Columbia.

From Foreign Service officer, unclassified, to Foreign Service officer of class 8:

Stephen E. Aguirre, of Texas.

Waldo E. Bailey, of Mississippi.

Walworth Barbour, of Massachusetts.

Hiram Bingham, Jr., of Connecticut.

Bernard C. Connelly, of Illinois. Andrew E. Donovan, 2d, of California.

Douglas Flood, of Illinois.

Reginald S. Kazanjian, of Rhode Island.

Reginald P. Mitchell, of Florida.

William D. Moreland, Jr., of Oregon.

John Peabody Palmer, of Washington.

Troy L. Perkins, of Kentucky.

Frank A. Schuler, Jr., of Michigan. Elvin Seibert, of New York.

Francis L. Spalding, of Massachusetts.

John F. Stone, of Pennsylvania.

William C. Trimble, of Maryland.

H. Bartlett Wells, of New Jersey.

Milton K. Wells, of Oklahoma.

HOUSE OF REPRESENTATIVES

Monday, May 29, 1939

The House met at 12 o'clock noon.

Rev. George S. Henninger, D. D., pastor, Fifty-first Street Methodist Church, Indianapolis, Ind., offered the following

Our Heavenly Father, we thank Thee for the "sweet hour of prayer," whether it be in the silence of one's inner life or the place of worship or in the busy walk of life.

We thank Thee for that blessed "hour of prayer" of childhood, when simple faith reached Thy throne.

For that hour of prayer when young manhood was struggling for something—sure and steadfast. That hour of prayer when the quest for struggle and combat seemed sweet. That hour of prayer in older life when the sands of time

seemed to run fast through life's hourglass. Yes, Father, we thank Thee for the "sweet, sacred hour of prayer."

Today at this hour in this historic place we make use of its privileges.

More than 3,000 years ago a wise and good man said, "In all thy ways acknowledge Him and He will direct thy paths." Our Heavenly Father, we believe that.

This sacred moment in the Hall of Congress says to the world, "We believe that."

We would in all our ways acknowledge Thee.

Give, our Heavenly Father, to the Honorable Speaker of this House divine guidance and direction. We thank Thee for his fairness and desire to do and be right.

Give to every Member a new sense of Thy willingness to guide. We dare not attempt to go through these days of tremendous responsibility alone. Millions of homes and firesides wait with anxiety as to the doings of these men. Theirs is a sacred and holy trust, given them by the franchise of their neighbors and friends. May they always prove themselves worthy of that trust.

Bless those near to them by the ties of love and affection.

Bless our President and his advisers. Help all of us to feel the sacredness of the words of God when He said, "If My people who are called by My name shall confess and acknowledge their sins, and will turn to Me, I will heal their land."

Help us to take this simple road to recovery.

As a nation, and as individuals, we have sinned in many ways. Forgive us, O God, we pray Thee. Heal our land as by Thy promise. Lead us in a plain path, and we will thank Thee in the name of Jesus Christ our Lord. Amen.

The Journal of the proceedings of Thursday, May 25, 1939, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had passed with amendments, in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 5765. An act to authorize commissioning aviation cadets in the Naval and Marine Corps Reserves upon completion of training, and for other purposes.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the

House is requested: S. 2009. An act to amend the Interstate Commerce Act, as amended, by extending its application to additional types of carriers and transportation and modifying certain provisions

thereof, and for other purposes.

The message also announced that the Senate disagrees to the amendments of the House to the bill (S. 1569) entitled "An act to amend the Agricultural Adjustment Act of 1938, as amended," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. HATCH, Mr. BANKHEAD, and Mr. CAPPER to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5324) entitled "An act to amend the National Housing Act, and for other purposes."

The message also announced that the Senate agrees to the amendment of the House to a bill of the Senate of the following title:

S. 1369. An act to authorize necessary facilities for the Coast Guard in the interest of national defense and the performance of its maritime police functions.

The message also announced that the Senate had passed the following resolution (on May 25, 1939):

Resolved, That the Senate has heard with profound sorrow the announcement of the death of Hon. BERT LORD, late a Representative from the State of New York.

Resolved, That a committee of two Senators be appointed by the Presiding Officer to join the committee appointed on the part of the House of Representatives to attend the funeral of the deceased Representative

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

Resolved, That as a further mark of respect to the memory of the deceased Representative the Senate do now take a recess until 12 o'clock meridian tomorrow.

The message also announced that pursuant to the foregoing the Presiding Office appointed Mr. WAGNER and Mr. MEAD as the members of said committee on the part of the Senate.

THE TOWNSEND PLAN

Mr. COX, from the Committee on Rules, submitted the following privileged resolution (H. Res. 205, Rept. No. 697) which was referred to the House calendar and ordered printed:

House Resolution 205

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 6466, a bill to provide for and promote the

general welfare of the United States by supplying to the people a more liberal distribution and increase of purchasing power, retiring certain citizens from gainful employment, improving and stabilizing gainful employment for other citizens, stimulating agricultural and industrial production and general business, and alleviating the hazards and insecurity of old age and unemployment, etc., and all points of order against said bill are hereby waived. That after general debate which shall be confined to the bill and continue not to exceed 4 hours to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, the Committee shall rise and report the bill to the House and the previous question shall be considered as ordered on the bill to final passage without intervening motion except one motion to recommit.

EXTENSION OF REMARKS

Mr. COX. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a resolution recently adopted by the Southern Governors' Conference, in which conference was denounced the administration of the wage-hour law, asking for a congressional investigation of the personnel and the policies of those administering the act.

Mr. Speaker, this is the same Governors' conference that on January 8 last year came here and resoluted in favor of the adoption of the resolution.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

CALENDAR WEDNESDAY

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent that the business on the calendar for Wednesday next may be dispensed with.

The SPEAKER. Is there objection?

There was no objection.

ORDER OF BUSINESS

Mr. MAPES. Mr. Speaker, I ask unanimous consent to proceed for 1 minute to ask the majority leader a question. The SPEAKER. Without objection, it is so ordered. There was no objection.

Mr. MAPES. Is it proper to assume that the Hendricks bill, the so-called Townsend bill, will be up for consideration on Wednesday?

Mr. RAYBURN. That is correct.

Mr. MAPES. The rule and the bill will be taken up the first thing on Wednesday?

Mr. RAYBURN. The first thing on Wednesday.

Mr. MAPES. The rule provides for 4 hours of general debate on the bill. Of course, there will be 1 hour on the rule. Would it be possible to enter into an agreement that the vote on any motion to recommit, and on the final vote on the passage of the bill, may be put over until Thursday?

Mr. RAYBURN. Replying to that question, I will say that a great many Members on both sides feel that it will be very difficult for them to return by Wednesday, and they have appealed to me that the vote may go over until Thursday. I will say, however, that I have made no promise, but have told each and every Member that in all probability there would be a vote on Thursday.

Mr. MAPES. I wonder if the gentleman would not be willing to ask unanimous consent that the roll call on the motion to recommit and on the final passage of the bill shall not be had until Thursday.

Mr. COX. Mr. Speaker, before that request is offered, will the gentleman yield to me?

Mr. MAPES. I yield to the gentleman.

Mr. COX. The gentleman will recall that representatives of the Ways and Means Committee, in asking for this rule, wanted 8 hours for general debate; that the Rules Committee thought that 4 hours would probably be sufficient; but it was practically agreed by the committee that if there should develop demand for the vote going over until the following day, the committee would join in that request.

Mr. MAPES. Yes. I think that is an accurate statement. Mr. RAYBURN. I will say to the gentleman that it is perfectly agreeable to me, although I have made no promises to anyone, and I would not have done so without consulting with the gentleman from Massachusetts, if he were here, and

the gentleman from Michigan, if the gentleman from Massachusetts were not here. I am perfectly willing to make that agreement, so far as I am concerned.

Mr. MAPES. So that the membership can definitely understand, will the gentleman make that request?

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent, if it is a proper request, that the vote, if there be one, on a motion to recommit the Townsend-plan bill and the vote on the final passage may be deferred until Thursday.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

DEBT WEEK

Mr. NELSON. Mr. Speaker, last week was known as "debt week" in the United States. This was part of a political program which, I understand, was approved by the Republican National Committee. In a large display window in Washington—and this may have been true of other cities—was shown a graphic picture, with lights flashing on and off to attract attention and to impress the passer-by with the "terrible times" present and to come. There was even a tiny, blue-eyed baby, with Hollywood eyelashes and face stained with tears, because on the day of its birth it had been given to understand that it was deeply in debt.

Each time the lights flashed on and off in the political picture, thousands or millions, or maybe it was billions, of dollars were supposedly spent, the impression sought to be conveyed being that the money was wantonly wasted. A "tall" feature of the designedly depressing display was the Empire State Building in New York City, the accompanying statement explaining that for the money spent under the New Deal so many hundred such buildings might have been constructed, as if there is need for additional buildings of this kind any more than for any other "white elephant." Striving to make the scare story more complete, a great arrow directed the onlooker to step around to the other side and "see who pays." In doing so, the spectator looked into a mirror, seeing only his own image.

As I paused to look at the political picture referred to, I thought of the possibilities of another, a very different dis-

play-one confined to facts.

First, Mr. Speaker, the window I have in mind would be based on history rather than on prophecy. "Lest we forget," or possibly "1932 and you," would be the lead line in type big and bold. To truly portray a period of deep shadows the scene should be dimly lighted, the few lights being red, business and all else having come to a stop by the end of the Hoover era. But because the lesson must not be lost, I would have the picture well lighted. As was said a long time ago, "Given light, the people will find their way."

What would I show in my window in answer to the Re-

publican "debt week" window?

I would show a bank, one of more than 10,000 that closed their doors under recent Republican administration, and in front of this bank would be a crowd of anxious depositors, all fearful that they would lose their savings, for in those days there was no bank-guaranty law, as now.

I would show a scene here in Washington, in the Capital City of our Nation, with veterans of the World War being driven out by troops after they had come, as law-abiding

citizens, to plead their cause.

I would show a freight train on which were crowded young men, and perhaps here and there a young woman, all stealing rides, going just anywhere, too often going to ruin, because in those days there were no C. C. C. camps where youth is trained in citizenship and taught worth-while work, as a result of which there is upbuilding—physically, mentally, and morally.

I would show the most dismal of all places, an old-time poorhouse, the haunting fear of many aged men and women, for in those days there was no Social Security Act, no oldage assistance, no far-reaching humanitarian movement, as now.

I would show part of a big city, with its miserable sections, its disease-inducing tenements, where the unfortunate ex-

isted, rather than lived, for then the low-cost housing program, providing modern, comfortable places of residence, had not been put into effect.

I would show a farm home at evening time, dimly lighted, because then there was no R. E. A., the conveniences of electric light and power being for city folks or very few of the

more fortunate on farms.

I would show a road, practically impassable during weeks at a time, leading to a rural home, the road poor because the almost 100,000 miles of improved highways, largely made possible through W. P. A. and P. W. A., had not then been constructed.

I would show a typical town or small city, without a safe and suitable school building, with no swimming pool, no adequate playgrounds or parks, and sorely in need of modern

waterworks and sewer systems.

I would show grain and livestock, a sort of miniature county fair, and on each head of livestock or bushel of grain I would place 1932 prices—hogs, \$2.80 per hundredweight; wheat, 25 to 30 cents per bushel; corn, 12 to 20 cents per bushel; wool, 11 cents per pound, and so on.

Because so much space would be required to truly picture the old days, and dark days they were, I should not attempt

to show all.

Life is not "dollared off." If it were I might show in the window I have in mind one check—a check from "Uncle Sam" to the farmers of the United States—a check for a billion dollars.

Today one may look about and on every hand see cause for rejoicing. See happy and hopeful people, see many modern school buildings, attractive grounds and recreational facilities; thousands of miles of highways and streets, parks, and playgrounds; see a million town homes and farm homes, saved under the H. O. L. C. and the Farm Credit Administration, each such home worth more to America than all the Empire State Buildings that can ever be constructed. In short, Mr. Speaker, in every county in the United States are evidences of progress, permanent improvements, which make for health and happiness. I would have us as a people get away from the politics and the pessimism of the "debt week" window. In a window more typical of the real spirit of the best nation in all the world, your country and mine, the good old U. S. A., I would place a card on which was printed—

No matter where you live, look about and you will see that under the New Deal many fine things have come to your community and to you. Happily, the old days are dead.

Then especially for youth, hope of every age in every land, I would add:

Be glad that worth-while things are yours today, glad that tomorrow will be better than yesterday.

WE MUST HAVE A NATIONAL OLD-AGE PENSION—IT MUST BE UNI-FORM THROUGHOUT THE NATION—IT MUST GUARANTEE SECURITY TO THE AGED AND OPPORTUNITY TO YOUTH

Mr. LEAVY. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes.

Mr. RAYBURN. Mr. Speaker, reserving the right to object, and I shall not, as we have no legislative program today, I see no reason for gentlemen limiting themselves to 1 minute in asking for time to address the House.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. LEAVY. Mr. Speaker, we have been giving consideration to the matter of social security since the depression of 1929 when millions of American people helplessly stood by and saw their savings of a lifetime swept away and could do nothing to check the terrible catastrophe. This consideration has grown constantly until today throughout the Nation, and in this Congress it has attained such proportions that it is readily recognized as one of the major domestic problems confronting us. In the next few days we will vote upon this important matter.

This administration among the many proposals for corrective legislation gave to the American people the Social Security Act now in effect. This was a step in the right direction but in actual practice has proved so totally inadequate

that its defects have only had the tendency of crystallizing public opinion throughout the Nation upon something more workable and more equitable. By the enactment of the Social Security Act we have been able to secure a decision of the United States Supreme Court that such laws are constitutional and we need no longer concern ourselves with that difficulty.

WE MUST HAVE AN IMPROVED PROGRAM

I, like every other Member of Congress, have received thousands of communications and petitions urging that action be taken. I, also, like every other Congressman, know the tremendous need for a sensible, workable old-age pension. I know, as we all do, the untold misery, the heartaches, the despair, and suffering that is occurring in millions of homes of America, all due to social and economic inequities. I have many able and thoughtful constituents who cannot hope personally to profit directly by any pension legislation we might pass, yet who are strong advocates of a sound pension proposal. I received a communication from Mr. C. A. Drinkard, of Wenatchee, Wash., a constituent of mine, and a gentleman whose judgment and views concerning the money question and the old-age pension question are deserving of most serious consideration because of his recognized ability and understanding concerning such matters.

A COMMON GROUND FOR ALL PENSION ADVOCATES

In this letter he suggested the basis upon which we should give consideration to any old-age pension proposal that is submitted for enactment. They are as follows:

First:

The pension issue must be dealt with by Congress either as a matter of a pauper's relief or as a matter of an inalienable right of the pensioner—the inalienable right to life and, therefore, an inalienable right to the things that sustain life. choose one or the other of these two viewpoints. Congress must

Shall the Government adopt a pension policy with the one thought of giving relief to the needy, or shall it approach the problem with the intent of making it a part of an economic recovery program?

Shall the pension issue be approached with the understanding that the concentration of wealth in the hands of a few, the development of scientific methods of production, and the invention of labor-saving machinery have brought about a condition of unemployment on so vast a scale as to make it absolutely necessary to provide for a large army of unemployed constantly; or shall it be considered a temporary matter and one that has no connection considered a temporary matter and one that has no connection with general economic conditions?

Is it not wise and just to establish a real social security by adopting a program of real protection of all who find themselves unable to properly provide for themselves and their dependents? Is it not possible by such program to create a greater buying power, a more equitable distribution of income, and at the same time retard wealth concentration?

Which shall be placed first—our profit system or the health, happiness, and life of some 40,000,000 of our people?

WE CAN NOW VOTE

Mr. Speaker we will be given a chance to vote on this pension issue now for the first time after 6 years of struggle, even though the bill is submitted by the Rules Committee under rigid restrictions prohibiting any amendment. I feel that the suggestions made by Mr. Drinkard are very helpful in aiding us in arriving at a proper decision, and here I want to state that Dr. Townsend is entitled to great credit for his efforts.

STILL DIFFERENCES OF OPINION

There are Members of this House who think and feel that the pension proposal contained in H. R. 6466, upon which we will soon be asked to vote, is quite complete and workable. There are others in this body who find fault with certain provisions of this bill because they sincerely doubt its workability. There are still others who oppose it because they are prejudiced against Dr. Townsend or have had some unpleasant experiences with some of the leaders in that movement, but all of us are going to be called upon to record our position definitely upon this pension issue. I am glad that this opportunity is presented to us. I regret that we will be limited in the matter of correcting any weakness that might exist or of adding strength to the already strong features of the bill.

If we apply to a consideration of this bill the five questions propounded by my friend and constituent, Mr. Drinkard, of Wenatchee, then it seems to me, even though we may be critical of some of the mechanical features of H. R. 6466, which is known here as the Townsend pension bill, still it is deserving of our support, and I shall vote for it.

THE GENERAL WELFARE FEDERATION BILL

The other pension proposal which is an outgrowth of the Townsend pension movement and which is generally known as the General Welfare Act (H. R. 11), has likewise been reintroduced in this session of Congress and is now known as H. R. 5620. This is a well-considered legislative proposal. Its author and draftsman, Arthur L. Johnson, is an able lawyer and a profound student of this subject, and this bill meets all the tests that my friend, Mr. Drinkard, would apply to a national old-age pension act. It, too, should have been submitted to us for consideration.

JUSTICE DEMANDS SECURITY

Mr. Speaker, one thing is certain, I am sure, to all of us, and that is that the justice of the demands for individual security of all Americans, of all ages, cannot much longer be denied. While the answer to this irresistible demand may not be the plan of any one man or group of men, nevertheless the demand must be answered, and it should be answered by enacting the best possible national pension law that can be obtained and then correcting weaknesses as they show themselves from time to time. My good friend, Mr. Drinkard, in his letter to me states that he favors the General Welfare Act, known as H. R. 11, amended, because it rests upon an income-tax base. The latest Townsend proposal—that which we will be asked to vote upon-has now shifted from a transaction tax to an income tax, and the advantage of such a tax applies now with equal force to both the Townsend General Welfare Act and the Johnson General Welfare Act.

GROSS INCOME TAX

Mr. Drinkard, referring to the income-tax base for pensions, states this whole matter so clearly in a couple of paragraphs in his letter that I am going to quote them. He says:

It creates a system of forced circulation. Under it every month some eight or nine hundred million dollars will be collected from all over the Nation and then redistributed throughout the country according to population.

The great majority of those who receive the money when it is distributed, because of their poverty, will be forced to spend it. Thus the bill creates a Government controlled system of forced circulation.

Thus the bill is bound to create buying power; to cause prices to advance because of the increased demand. The increased demand will call for increased production. The increased production will call for the employment of more laborers. Taking up the slack in production and unemployment are two things Congress has been trying to do.

The real pinch is it hits the tax dodger. The rich and the well to do know that you cannot pay \$8,000,000,000 a year to 10,000,000 poor people without taking anything from them. They are fighting it because they do not want to give up any of the advantages they now have.

There is one thing I fear they do not understand. The ship of state upon which they are blissfully riding is sinking. It struck the snag of too great profiteering, too great concentration of wealth, too unjust distribution of the annual income, and she is badly listing. Unless some radical changes are made, she will soon sink. soon sink.

Mr. Speaker, in conclusion I want to say that I take a justifiable pride in the fact that I was perhaps the first Member in this body who publicly proclaimed, as the Con-GRESSIONAL RECORD of June 15, 1937, will show, the proposal, that a pay-as-you-go national old-age pension program should rest upon a gross income tax. I gave my support to the General Welfare Act proposed by Arthur Johnson, who, following my address in Congress, submitted such an old-age

pension bill; and I congratulate the leaders of the Townsend movement in accepting the gross income tax as a tax formula by which the money is to be raised. Of course, this will result in Uncle Sam becoming the master of the Nation's purse. Of course, it will result in driving the money changers from power. We are now really approaching a common ground upon which we may all stand. In truth and in fact, a universal old-age pension will be a new hope; a joy to millions of fine people, and actually restore that mysterious and evenescent thing we call "confidence." [Applause.]

COMMUNICATION FROM THE PRESIDENT OF THE UNITED STATES— RESALE PRICES IN THE DISTRICT OF COLUMBIA

The SPEAKER laid before the House the following communication from the President of the United States, which was read and referred to the Committee on the District of Columbia:

THE WHITE HOUSE, Washington, May 24, 1939.

My Dear Mr. Speaker: My attention has been called to H. R. 3838, which would render legal in the District of Columbia contracts for the maintenance of resale prices. A study of "Fair Trade Acts," which is a term applied to resale-price maintenance statutes, has been begun by the Federal Trade Commission, and the Temporary National Economic Committee has under consideration a study of general marketing laws, including fair trade acts and statutes having to do with prices and price policies. In view thereof, this bill should not, in my judgment, receive the consideration of the Congress until the aforesaid studies of the subject matter of such legislation have been reported upon by the Temporary National Economic Committee and by the Federal Trade Commission.

Very sincerely yours,

FRANKLIN D. ROOSEVELT.

Hon. WILLIAM B. BANKHEAD,

Speaker, House of Representatives,

Washington, D. C.

ELECTION TO COMMITTEES

Mr. COOPER. Mr. Speaker, I offer a privileged resolution and ask for its immediate consideration.

The Clerk read as follows:

House Resolution 206

Resolved, That Wirt Courtney, of Tennessee, be, and he is hereby, elected a member of the following standing committees of the House of Representatives, to wit: Elections No. 1, Claims, Immigration and Naturalization, and Census.

The resolution was agreed to; and a motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. WALTER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein a radio address by the gentleman from Illinois [Mr. Smith].

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. MAPES. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record and to include therein a statement addressed "To the Republicans of the United States," signed by the Governor and other elective Republican State officials of Michigan and the Republican Members of the Senate and House of Representatives of the State of Michigan; a letter to the senior Senator from Michigan, Hon. Arthur H. Vandenberg, from the Republican Members of Congress from the State, and his reply thereto, all relating to the drafting of Senator Arthur H. Vandenberg as the Republican candidate for the Presidency in the next campaign.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

RELIEF AND WORK RELIEF

Mr. TABER. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. TABER. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include therein a table which I have prepared with reference to the relief question.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. TABER. Mr. Speaker, in order that we may have before us a comparative picture of the relief situation in the different States, the number of the W. P. A. employees, the local relief expenditures, the number of relief cases, the percentage of W. P. A. expenditures, and the combined dollar average spent for W. P. A. and local and State purposes for relief, and the percentage of unemployables, I have worked out a table giving the percentage in each State as it relates to each of these items. I place it in the Record at this point in order that when we come to consider the relief problem we shall have these facts available and the membership may have an opportunity to study them.

Mr. PARSONS. Mr. Speaker, reserving the right to object, how much space will the table occupy in the Record?

Mr. TABER. Mr. Speaker, the consent has already been granted. I presume it will take a page, I may say to the gentleman from Illinois.

Mr. PARSONS. I did not hear the gentleman propound such a request. I understood that he asked merely to revise and extend his remarks.

The SPEAKER. The Chair understood that the gentleman's request included the table he is now discussing.

The table referred to follows:

Percentage table

Percentage table								
States	Percent of population	Percent of number, Apr. 2, 1988	Works Progress Adminis- tration em- ployees, Mar. 11, 1939	General relief, by State and localfunds, in 1938	Number of general relief cases by State and local	Percent of Works Progress Adminis- tration ex- penditures	Average spent for Works Progress Adminis- tration and local and State	Percent unem- ployed as shown in 1937 unem- ployment census
Alabama Arizona Arkansas California Colorado Connecticut Delaware District of Columbia Florida Georgia Idaho Illinois Indiana Lowa Kansas Kentucky Louisiana	1. 5 4. 6 . 8 1. 3 . 2 . 4 1. 2 2. 4 . 4 6. 2 2. 6 2 1. 5	1. 47 .35 1. 44 3. 857 1. 12 .9 .122 .3285 1. 29 1. 7 .473 8. 07 3. 00 1. 25 1. 46 2. 05	1. 9 .34 1. 78 3. 9 .87 .12 .4 1. 7 2. 2 .4 7. 90 3. 08 1. 01 1. 15 2. 10	\$0.059 .108 .055 8.5 .43 1.4 .091 .128 .139 .117 .104 10.18 1.99 1.21 1.576 .112 .25	0. 15 . 21 . 22 . 7. 06 	\$1.14 .36 .97 4.25 .102 .113 .372 1.03 1.22 .354 8.22 3.25 1.08 1.08	\$0.92 312 .7964 4.966 .91 1.198 .3245 .946 .301 .8 608 3.032 1.126 .9837 1.34	2.4 .28 1.61 4.46 .86 1.13 .14 .6 1.36 2.13 .33 5.89 2.38 1.09 1.27 2.53 1.66

Percentage table-Continued

States	Percent of population	Percent of number, Apr. 2, 1938	Works Progress Adminis- tration em- ployees, Mar. 11, 1939	General relief, by State and local funds, in 1938	Number of general relief cases by State and local	Percent of Works Progress Adminis- tration ex- penditures	Average spent for Works Progress Adminis- tration and local and State	Percent unem- ployed as shown in 1937 unem- ployment census
Maine Maryland Massachusetts Michigan Minnesota Mississippi Missouri Montana Nebraska Nevada New Hampshire New Jersey New Mexico New York North Carolina North Dakota Ohio Oklahoma Oregon Pennsylvania Rhode Island South Carolina South Dakota Tennessee Texas Utah Vermont Virginia Washington West Virginia Washington West Virginia Wisconsin Wyoming	.6 1.3 3.5 3.9 2.1 1.6 6.3 0 .4 1.1 1.4 4.3 3.3 2.6 6.5 4.2 0 0 8.7 8.8 7.8 1.4 1.4 1.4 2.1 2.1 2.1 2.1 3.0 3.0 3.0 3.0 3.0 3.0 3.0 3.0 3.0 3.0	31 48 4.3 5.1 2.36 1.26 3.52 .74 1.15 3.36 4.8 4.6 1.29 6.8 2.49 .68 9.1 .35 .77 1.27 3.18 .43 .43 .43 .44 .45 .47 .47 .48 .48 .48 .49 .68 .79 .79 .79 .79 .79 .79 .79 .79	. 33 .52 4.3 4.7 2.18 1.56 3.49 .63 1.03 3.09 3.09 .4 4.8.22 1.67 .48 8.3 2.18 8.3 2.18 6.3 2.0 1.03 1.03 1.03 1.03 1.03 1.03 1.03 1.	\$0.661 .5 .5 .03 .5.68 .01 1.4 .25 .26 .02 .59 4.54 .03 .26.3 .26.3 .27 .25 .46 .6.2 .67 .17 .69 .28 .19 .17 .255 .105 .43 .21 .33 .07	.7 .65 4.15 4.34 2.14 .07 2.1 .45 .66 .03 .51 4.4 .1 16.9 .34 .38 .5,4 1.2 .78 .14,7 .64 .15 .33 .33 .33 .33 .31 .23 .2 .2 .5 .5 .6 .6 .3 .3 .5 .6 .6 .6 .6 .6 .6 .6 .6 .6 .6 .6 .6 .6	\$0. 29 .41 4. 77 5. 73 2. 47 .85 3. 09 .32 3. 92 3. 39 11. 69 .5 9. 28 1. 59 1. 59 1. 59 2. 47 2. 47 2. 47 2. 47 2. 47 2. 47 2. 47 3. 22 3. 92 3. 92 3. 92 3. 92 3. 92 3. 92 3. 92 3. 92 4. 47 5. 78 1. 67 1. 67 1	\$0. 368 .472 4. 82 5. 722 2. 49 .687 .885 .856 .077 .381 4. 0446 .3176 14. 613 .752 .451 .358 .622 11. 3557 .6733 .73 .475 .763 .176	.50 .91 4.18 8.18 1.52 8.3 .62 .91 .00 .41 8.66 .39 12.39 1.61 .58 5.22 2.21 .93 9.59 .75 1.32 .64 1.9 9.38 8.18 1.55 1.55 2.03 1.55 1.55 2.03 1.55 2.03 1.55 2.03 2.03 2.03 2.03 2.03 2.03 2.03 2.03

EXTENSION OF REMARKS

Mr. BUCK. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein an article which appeared in the New York Times of May 25, 1939.

The SPEAKER. Is there objection to the request of the gentleman from California [Mr. Buck]?

There was no objection.

Mr. SMITH of Washington. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein quotations from certain writers and speeches by the Honorable James Hamilton Lewis, late a Senator from Illinois.

The SPEAKER. Is there objection to the request of the gentleman from Washington [Mr. SMITH]?

There was no objection.

Mr. BURDICK. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein quotations from a letter and resolution received from the American Indian Federation and also to extend my own remarks in the Record on the plight of the American families of this country.

The SPEAKER. Is there objection to the request of the gentleman from North Dakota [Mr. Burdick]?

There was no objection.

Mr. CRAWFORD. Mr. Speaker, I ask unanimous consent to proceed for 25 minutes in order to discuss the sugar situation, but before propounding the unanimous-consent request I would like to have these gentlemen propound their unanimous-consent requests to extend their own remarks in the Record so that they will not have to wait.

The SPEAKER. The Chair will recognize the gentleman later to propound his unanimous-consent request.

THE LATE JAMES A. FREAR

Mr. HULL. Mr. Speaker, I ask unanimous consent to proceed for 2 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin [Mr. Hull]?

There was no objection.

Mr. HULL. Mr. Speaker, I regret to announce that James A. Frear, a member of this body for 22 years, passed away on Sunday morning, May 28, 1939, at the age of 78 years.

Mr. Frear was born at Hudson, Wis., in October 1861. He came to Washington with his parents when he was 18 years LXXXIV—398

of age, and while gaining departmental experience he graduated from the National Law University. Immediately upon his graduation he returned to Hudson, Wis., where he was elected city attorney in 1894. He became district attorney of St. Croix County, Wis., in 1897. He continued therein until 1901. He was elected to the Wisconsin Assembly in 1902, and later to the Wisconsin State Senate in 1904. In 1907 he was elected Secretary of State of the State of Wisconsin, in which capacity he served 6 years. In 1914 he was elected as a Progressive-Republican to the Sixty-third Congress, and served in each consecutive Congress until 1934, when he voluntarily retired.

Since his retirement from Congress he has been engaged in the practice of law in the city of Washington. A man of high ideals, strict integrity, and great ability, Mr. Frear's long career in the public service was characterized by faithful service to his State and to his country. He was widely known and was highly esteemed by all who knew him.

Mr. Frear leaves his wife, Mrs. Harriet Frear, a son Philip A. Frear, and a daughter, Mrs. Allen Johnson, all residents of the city of Washington.

EXTENSION OF REMARKS

Mr. SHEPPARD. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record. I have received an estimate from the Public Printer, which states that the additional cost to extend these remarks will be \$90. I ask unanimous consent to extend these remarks in the Record, notwithstanding the estimate of the Public Printer.

The SPEAKER. Is there objection to the request of the gentleman from California [Mr. Sheppard]?

There was no objection.

THE EFFICIENCY AND LOYALTY OF THE UNITED STATES NAVY

Mr. THORKELSON. Mr. Speaker, I ask unanimous consent to extend my own remarks at this point in the Record and to include therein a discussion of the various topics in the newspapers of today.

The SPEAKER. Is there objection to the request of the gentleman from Montana [Mr. Thorkelson]?

There was no objection.

Mr. THORKELSON. Mr. Speaker, the United States Navy carries on in its traditional efficiency and loyalty to the Nation, to the people, to the service, and to the men who

serve in the Navy. This was clearly shown in the recent disaster of the U.S. S. Squalus. Let us be loyal to those alive by keeping faith with those who died. Congress may keep faith by providing for their dependents and for education of the children whose dads sleep in the aft compartment of the Squalus.

As we read the log of the survivors we are again impressed with the discipline of the crew, for they said: "No one was excited. We waited for help from our shipmates. We were quiet, so as to conserve oxygen." And this is the spirit in which the Navy meets its problems.

So these 33 members of the crew waited in the forward hold of the Squalus, under 240 feet of water, on the bottom of the Atlantic Ocean. In my mind's eye I pictured the methodical manner in which each and every one stepped forward to rescue, with one thought in mind—to help those in the stricken ship. I can also understand the feeling of the imprisoned crew when they heard the first signal tapped on the deck of the ship. They had already heard the propeller of the sister ship, the U.S. S. Nautilus. A happy moment, certainly, when they heard the signal of the diver.

It is difficult for us to understand the hazards of this rescue work, not only after locating the marker buoy but also after having anchored in position. When my colleagues can imagine the diving bell swung over and lowered from a derrick 240 feet into the semidarkness of the Atlantic and the divers directing the bell squarely over the rescue hatch, the magnitude of this work is only partly appreciated.

To the Navy it is all in a day's work; it is a duty to which they have obligated themselves. The Navy is loyal to this obligation and carries on with perfect discipline. The only compensation the crew receives is "Well done," and the ship an "E" rating.

I suppose a few of my seagoing colleagues have seen rescue work at sea, and I am not addressing myself to them, but rather to those unfamiliar with such work. I recall in April 1936, when the fleet received orders to spot three land planes afloat in the shark-infested Pacific, south of Central America. As we swung ahead full speed to the rescue of these planes, I recalled having seen the same day two 8-foot hammerhead sharks off the starboard bow. Thinking of this, I wondered if the empty gas tanks would keep the planes afloat and the crew safe from these aquatic monsters. The only disappointment registered by our crew was in not being first to find the planes.

The Navy is efficient, and I look forward to the day when Congress will also be efficient, so that an "E" may face the flag over the Speaker's rostrum, instead of the clock now hung there, making wasted time. Congress must again take charge, and the best time to begin is now. The invisible government and the "White House Congress" has been in charge too long for the general welfare of the country. These constitutional saboteurs have by their own acts classified themselves as incompetent, and a national menace.

However, I want to compliment the legal staffs in the White House Congress and other Federal departments for the legislation they draw. It is voluminous and most of it is in conflict with the Constitution or clearly unconstitutional. The legislation drafted by a portion of the 2,500 or more attorneys in the Federal employ is for one purpose. and that is to build complete Federal control by legislation. In other words, these 2,500 attorneys, who are supported by the taxpayers, enmesh these taxpayers in legislation destructive to them, and to the Nation as well. I realize, of course, that a great majority of these 2,500 attorneys are sincerely loyal to the people, and although falling over each other, they are still carrying on. I am not speaking of them. I refer to the new clan of lawyers. who, in 4 years, have learned to write legislation so obscure that it fools the majority in Congress. To those who glibly say "That should not be hard," let me reply. We have about 240 lawyers in the House who would "spot" this new "hot dog" legislation if they could understand it, and understanding of it has been tried, but those who have relied on the Constitution for a premise find there is no justification for this new legislation, so it is passed, I suppose, in the belief

that there is a new document in the beautiful marble structure on Capitol Hill.

I also realize that someone may take exception to this presumption on my part, but if they believe I am wrong, I invite them to read the United States Constitution and justify their legislation upon it.

I want to say at this point that I expect to be called a Nazi or Fascist, because I honor my obligation to preserve, protect, and defend the Constitution and the people's rights. I even expect to be ridiculed or smeared, if you please, by the Asiatic Communist and invisible government's press because of my convictions. Be that as it may, I shall not abandon the fundamental principles of our Nation for a "mess of pottage."

The afore-mentioned group of 2,500 attorneys employed in the Federal Government are distributed among the many departments and bureaus, and it is this group that drafts legislation for all the Federal departments and bureaus. The people should understand that such legislation is drafted solely for the benefit of those departments and bureaus, and not for the people. It follows, therefore, when such legislation is passed by Congress, the people's rights are gradually restricted until they become enslaved in a legal structure, which is in reality the beginning of all despotic governments.

We have much evidence of this today. I have in my possession 16 Senate and House bills for regulation of radio broadcasting alone. If these bills are enacted into legislation, no one but the Federal Government and its agents will be permitted to broadcast and tell bedtime stories to the people. That is practically what such legislation means. In other words, I, speaking as I do in this address, would be barred from the use of the broadcasting stations, and the people who own recording machines would be prevented from using them for recording; yet the Federal Government itself would have the right to all broadcasting and recording privileges in the fullest extent. That in itself is sufficient evidence of usurpation of rights and destruction of free speech, the beginning American ogpu.

A few examples of these bills are S. 1520, S. 517, and H. R. 5791, and there are many more, which I shall not discuss at this time. It is my intention, however, to inform the public that the greater number of this pending legislation is for no other purpose than to keep facts from the people. It is now up to the public to express themselves in opposition to this censorship of free speech. Broadcasting is about the only chance left by which truth may be imparted to the people, for many of the papers are now closed to those who expound constitutional government.

One of these bills, H. R. 2981, introduced by the gentleman from New York [Mr. Celler], is entitled to special mention, because its purpose is to protect squibs, clothed in obscurity but with a definite purpose, in which the authors are expert. This bill, if enacted, will protect the sponsors and the owners of the stations from liability when they allow striped quadrupeds to contaminate the air with personal innuendoes. The F. C. C. is now a drag on the taxpayers, and should be cut in numbers to reduce the administrative cost of this Bureau. This can be done if Congress conveniently forgets to appropriate money to sustain subversive legislation.

Subversive legislation is that which in reality is written under the direction of the invisible government and sent down through its agents until it reaches some Member of Congress, who becomes its dupe in the introduction of such legislation. In other words, such Member unknowingly becomes an agent of the invisible government by introducing legislation favorable to it. If the bills are studied carefully, the Members will find that there is no actual necessity for such legislation, but in the passing of it truth is restricted and facts are prevented from being broadcast. It does not, however, restrict broadcasting of subversive propaganda by undercover agents of the invisible government, for they have convenient and servile contacts.

There is another broadcasting infant in the offing—H. R. 2721—introduced by the gentleman from New York [Mr. Celler]. It is a high-powered naval broadcasting station at

Arlington, Va., to be called PAZ, which means "peace" in Portuguese. There is no provision for the Government's propaganda bureau to build such broadcasting station, so the Navy is used as an excuse for this appropriation. The station is to cost \$700,000, with an additional operating cost of \$100,000 per year. This will be charged to the taxpayers. The sole purpose of this station is to spend more money on a bigger and better publicity bureau for the New Deal, or the invisible government. This station is presumably constructed to promote friendship with South American republics, and the irony of it is that American industries have already been kicked out of Mexico, Venezuela, and, I read in the Evening Star of May 27, 1939:

Santiago, Chile, May 27.—United States and British oil companies in Chile were authoritatively reported tonight to have been notified officially that the Government would establish shortly a state monopoly for the sale and distribution of petroleum products. The foreign companies were said to have been advised to liquidate their organizations within 3 months.

In the Washington Post, May 28, appeared the following:

In March 1938, Mexico appropriated properties of American and British companies which the latter valued at \$400,000,000, and 2 years ago Bolivia canceled concessions of the Standard Oil Co.

These are examples of central South American good-neighbor policy, and it makes the United States an international laughing stock. The Army and Navy should have been sent to audit the books of the first nation that "pulled this shenanigan."

It is well to bear in mind that all South American nations owe money to the United States, and our private capital has developed mines and oil industries in these countries, just as was done in Mexico. We have millions upon millions of dollars invested south of us, and it was only recently that Brazil borrowed one hundred and twenty millions from the United States, while Nicaraugua has asked for \$2,000,000. This should be of considerable interest to the taxpayers in the United States.

It will be seen by those who read this, that I am one of the so-called "common" or "middle class." We are composed of patriotic members of American labor, industry, business, and professions. We total better than 90 percent of the population. It is this group alone which now can set the Nation right. We are sandwiched between the invisible government, the money powers, and "rubber stamp" politicians, those who do the bidding of the invisible government's agents. I do not believe this group, which is less than 10 percent of the population, can intimidate us, even though they might try to deprive us of arms and armed protection. I understand that legislation is now contemplated which will deny the people a right which they have always had, that is the right to own arms without permission of the Federal Government. The purpose of such legislation is to disarm the American public, so that they will be in no better position than were the Ethiopians. They fought with clubs and spears, and we will be protecting ourselves with conversation; but, mind you, criminals or agents of the invisible government do as they please, and those who are anxious for this legislation close their eyes to that group, while law-abiding, patriotic citizens are disarmed. In making this statement, I am not unmindful of the havoc wrought by a small Japanese force against 400,000,000 unarmed and defenseless Chinese. But be that as it may, let us now analyze this invisible government.

The invisible government is far reaching, and in it we will find the gentlemen who control gold, money, and credit. In this group we also find the so-called "gypsy" or "roaming ambassadors," such as the late Colonel House, whose philosophy is set forth in Philip Dru, Administrator, and Gabriel Over the White House. We also find important individuals with a proper and at all times convenient entree to the Government, for the Government's tolerance is necessary to protect these un-American activities.

This system reaches a little further, because it includes the so-called "liberals," a group which is composed of the "pink," the "red," the "ists," and "isms." These will be found widely distributed throughout the whole subversive category. They are found in the ranks of business and in the radical ranks of labor. They are the underground workers for the invisible government, but are themselves in many instances unaware of the purpose they serve to the higher-ups.

The next group is the murder squad of the invisible government, those who for a price, or by the drawing of a straw, killed Huey Long and others. This activity is generally known today and would, if repeated, be unhealthful for those responsible for such un-American activity. If attempted again, it no doubt would start a number of this subversive gentry walking, and not having anyone to wave the staff and part the Atlantic and Pacific Oceans to provide escape, they might be forced to entrench themselves in Government-owned parks or else march to Mexico as guests of Papa Trotsky.

This I would not like to see, and it is my reason for suggesting that we now return to a republican form of government, restore State rights, take the government out of business, and restore constitutional rights to industry, commerce, business, and labor including all earning groups, as provided for in the Constitution of the United States. In returning to sound government, each and every one will be adequately protected, because in common unity each will respect the rights of the other.

The taxpayers of the United States set aside \$100,000 to the Dies committee on un-American activities, and these taxpayers want the committee to find the "wolves in sheep's clothing."

The invisible government and those who own and control gold, money, and credit can squeeze the banks, if helping the community is not for the better interest of the invisible government. It is a power which has laid the country low many times, and it is the power in control today, of course in a different manner than before, because they now own and control all of the gold in the United States.

Before leaving the subject I want to say that "pinks," "reds," Socialists, Bundists, Fascists, and Communists would not dare to utter a word about their particular destructive activities, if the Government intelligence service had orders to clean them up. There is not one of these activities that could exist for any length of time if the Governmen chose to close down on them. The Constitution itself, in article III, section 3, classifies all unconstitutional activities as "treasonable" and those engaged in them "enemies of the United States." In view of this, it would be interesting to know what insults we shall tolerate before the Government takes it upon itself to drive these enemies of the people into their holes.

The Dies committee received \$100,000 to investigate these activities, but have instead spent much of the time investigating those who believe in a republican form of government and who have taken upon themselves the responsibility to form shock units against the "red" invasion, after the Government has failed in doing its duty.

We have today in our midst many so-called antiforeign country societies, which go so far as to classify especially selected nations as enemies of the United States. The question now arises, What right has any group or society to classify any foreign nation as an enemy of all the United States? And what further right have they to say: "Do not trade with this nation"? Such attitude is not only provocative to war, but it is extremely silly from a commercial standpoint, because we shall need all the foreign trade we can get in such commodities as are not raised or produced in the United States.

The Dies committee should now call each and every member of these 700 "antiforeign nation" societies and ask them why they consider their particular pet aversion an enemy of the United States. It would be interesting to know their reason for such antagonism and hatreds, and I am sure in the discovery of that the Dies committee would be well on the trail of the Communist.

The Dies committee may be helped in its investigation of communism and un-American activities from an opinion expressed in a note, and an excerpt from an article that appeared in the Daily Worker, New York, Friday, May 19, 1939, both of which I now quote:

DEAR SIR: I wish to call your attention to this article which I am enclosing, Forward—the C. I. O.

If I say the Communists aid and assist and more or less control

the C. I. O., then I am a "red batter"; if you make any such statement, you are a Fascist; but it must be so and O. K. to everybody when the chairman of the party says the Communists have par-ticipated and actively supported the C. I. O. in all their attempts

You might keep this on record or get it on record that the Communists themselves say they play an active part in C. I. O. organizations. It's their own story, not mine or yours.

From the Daily Worker:

On all these fronts against the capitalist offensive—the fight to prevent Martin and Gorman from splitting the auto and textile unions, the campaign to build up the steel union, the strikes of the miners and seamen, the organizing work in packing, agricultural implement, and fur, and the battle in defense of the Wagner Act—the Communists have actively participated and have loyally supported the C. I. O.'s efforts to build up a militant and powerful labor movement.

This information should be a revelation to the Dies committee, because communistic aid has been acknowledged by the C. I. O. and Mr. William Z. Foster, who, I believe, is the secretary of that organization.

In these examinations before the Dies committee the witnesses should not be compelled to face a battery of movingpicture machines or three or four cameras immediately in front of them, which is for no other purpose except a childish attempt at third-degree methods. These examinations are not supposed to be of the character of an inquisition. That age is no more. The investigation is to discover those engaged in un-American activities, and it is not for the purpose of intimidating those who testify to those activities. It strikes me that the committee has the "cart before the horse," and the examinations will finally terminate in finding out who the patriots are instead of discovering the enemies harbored in our midst. If the witness must have his picture taken, I am sure he would be glad to furnish the committee, as well as the newspapers, with one of his photographs. I am also reasonably sure that none of those whom I have heard testifying would refuse to submit to fingerprinting. That might be very interesting, because we could in some instances discover those with criminal records. No doubt many of those engaged in un-American activities belong to the criminal category and do have such records.

The Dies committee may further endeavor to find out why the F. B. I. is used for tracing down subscribers to magazines which can be bought at newsstands and subscribed to by every member of that Service. I often feel that someone believes that un-American activities are so widely distributed that our Intelligence Service is better employed to discover if there is anyone left who believes in a republican form of government.

After reading an account of Ambassador Bullitt's speech in the Times-Herald of May 29, and many other articles advocating war, I am rather inclined to favor a bill which will draft each and every one who speaks for war, whether through the press, magazines, or in any Government office, as shock troops in the first conflict. It would not hurt the Nation to get rid of them in an honorable manner. When we have reached the point where our own Ambassador speaks about the enslavement of the Nation, pretending that such enslavement will come from abroad, we no longer have an intelligent Ambassador. As a matter of fact, he does not know what it is all about. Enslavement of the American people will come from within, through the invisible government itself, and many of those who advocate war are agents of the invisible

In closing, I want everyone to know that I hold no animosity to anyone, no matter of what faith, creed, or race he may be. Everyone has a right to live and to share all happiness he can acquire legally, but no one has the right to deprive others of the rights he expects himself. Under a republican form of government, and particularly if we repeal the seventeenth amendment, our Nation will go on, stanch and safe. Let us all put our shoulders to the wheel and help our Nation back

on the road to recovery. We have a duty to those who come after us. Let us in common decency leave their hands untied so that they may enjoy the blessing of liberty and the freedom that we have had under a government which was given to us by patriots who understood sound government better than we understand it today.

EXTENSION OF REMARKS

Mr. KING. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Is there objection to the request of the Delegate from Hawaii [Mr. KING]?

There was no objection.

OLD-AGE ASSISTANCE

Mr. REES of Kansas. Mr. Speaker, I ask unanimous consent to proceed for 2 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Kansas [Mr. Rees]?

There was no objection.

Mr. REES of Kansas. Mr. Speaker, I have requested permission to address the House during the limited time allowed me, to call attention to a matter in which all the Members of the House, as well as the people of this country, are interested.

The Ways and Means Committee has passed to the House without recommendation a bill known as H. R. 6466, being a measure, according to its terms, which provides for a variable tax of from one-half percent to 2 percent on gross incomes, so that assistance may be rendered to the older people of this country.

Mr. Speaker, I have always been given to understand that we have a right to depend, to a great extent, upon the wise adjustment and experience of the important Ways and Means Committee, which I have understood, is the greatest committee in Congress. This committee, under the control of the majority party, is the most powerful committee of the House. It has been in session most of the time during the past 5 months. They say they have given 3 months of that time to consideration of amendments to the Social Security Act. They have held long hearings and taken a great deal of testimony covering various phases of this subject. Now they bring to the floor of the House, without recommendation, a bill which was in their hands for not more than 48 hours, and without having given it one iota of consideration. I am also informed by those of wide experience in Congress that bills of this nature, not bearing the recommendation of the Ways and Means Committee rarely are passed by the House.

This House is entitled to the judgment and consideration of the Ways and Means Committee. Why that committee has not held hearings on this particular measure, I do not know. Furthermore, they have not told us. I have observed from reading the newspapers that the bill is referred to as a "political hot potato."

It seems to me that it is only fair to the membership of this House and to the people interested in the measure—that the Ways and Means Committee should have held hearings on the bill and been ready to give the Members the benefit of those hearings. Certainly the membership of the House should have a right to offer amendments if they see fit to do so. Above all things, they should not call it a "hot potato" and tell us we must either vote it up or down in order to get rid of it.

Mr. Speaker, after the 5 months this Congress has been in session, this is the only legislation which the Ways and Means Committee has submitted to this House on the general question of Social Security. The Members of that committee should be prepared to answer some of the questions the Members of this House would like to ask them with reference to this bill when it comes to the floor of the House next Wednesday.

The bill, comprising 29 pages, was introduced last Tuesday, May 23. On Thursday, the Ways and Means Committee sends it to the House without recommendation. Then it goes before the Rules Committee, and today, we find that on next Wednesday, May 31, this bill which involves the great question of Social Security—a problem in which practically everybody is interested—is to be considered. It is to be given only 4 hours of debate for the 435 Members of the House. They tell us further that no Member will have a chance to offer amendments of any kind—but must either vote it up or down. I say to you that such action on the part of the Ways and Means Committee of this House is almost unprecedented, and in my judgment, is unfair to the sponsors of this measure as well as to the Members of Congress and the people they represent.

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. DOUGLAS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein a recent editorial which appeared in the magazine Field and Stream.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. Douglas]?

There was no objection.

Mr. OLIVER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein a copy of a broadcast recently made by me over a radio broadcasting station of Portland, Maine.

The SPEAKER. Is there objection to the request of the gentleman from Maine [Mr. OLIVER]?

There was no objection.

Mr. Landis asked and was given permission to extend his own remarks in the Record.

Mr. FISH. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein a radio speech by myself.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. Fish]?

There was no objection.

Mr. ANGELL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein an article by Mr. Harlan B. Holmes, aquatic biologist, and Mr. Frederick G. Morton, inspector, Fishways Operations, with reference to the Bonneville Dam in the Columbia River.

The SPEAKER. Is there objection to the request of the

gentleman from Oregon [Mr. ANGELL]?
There was no objection.

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and include therein excerpts from a speech recently made by Dr. Joseph F. Thorning with regard to the Honorable Joseph B. Kennedy, United States Ambassador to Great Britain.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. MAPES. Mr. Speaker, I ask unanimous consent that the gentleman from Michigan [Mr. Engel] may have permission to address the House for 30 minutes on Thursday, June 1, at the conclusion of the legislative business of the day and following any special orders which may have heretofore been entered.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

POSITION OF UNDER SECRETARY IN THE DEPARTMENT OF COMMERCE

Mr. RAYBURN. Mr. Speaker, after consultation with the gentleman from Michigan [Mr. Mapes], who is the ranking member of the Committee on Interstate and Foreign Commerce—and as I understand the gentleman in turn has consulted with his colleagues of the minority on that committee—I ask unanimous consent that it may be in order to consider the bill S. 2314 at any time under the general rules of the House.

Mr. MAPES. Reserving the right to object, Mr. Speaker, as the gentleman from Texas says, I have consulted with a number of the Republican members of the Committee on Interstate and Foreign Commerce with regard to this request.

This is a bill which perhaps should be identified as a bill to create the position of Under Secretary in the Department of Commerce. The members of the committee, as far as I have consulted with them, do not object to this request, but it should be distinctly understood that they do object to the passage of the bill and desire adequate time to discuss the merits of the measure when it is called up.

Mr. RAYBURN. I may say to the gentleman that I will agree to any time the gentleman and the gentleman from

California [Mr. LEA] decide on.

Mr. MAPES. Granting this request in no way commits anybody in regard to the merits of the legislation.

Mr. RAYBURN. Not at all; that is not expected, of course. Mr. HOLMES. Reserving the right to object, Mr. Speaker, the gentleman does not anticipate taking the bill up for consideration this week, anyway?

Mr. RAYBURN. I may say to the gentleman that it is the hope that at the completion of the consideration of the so-called Townsend plan the Committee on Ways and Means will be ready to present the amendments to the Social Security Act. If the committee have the amendments ready for presentation at that time, of course, we will go along with them. If they are not ready, then it would be the purpose of the gentleman from California to call this matter up on either Thursday or Friday. This bill, let me say to the House, as the gentleman from Michigan has stated, is a bill providing for the creation of the position of Under Secretary in the Department of Commerce.

Mr. WARREN. Reserving the right to object, Mr. Speaker, I wish to call this situation to the attention of the majority leader. The Select Committee on Government Reorganization hope to have a resolution reported Wednesday. I am sure it will be something to which there will be no objection whatever and its consideration may require 25 or 30 minutes. I am sure the minority will agree to it. We consider it very necessary and vital that this resolution be brought up for consideration as soon as the Townsend measure is disposed of. I hope the majority leader will take that into consideration before definitely saying that another bill will be taken up at that time.

Mr. RAYBURN. I may say to the gentleman from North Carolina that this is the first I have heard that that committee may want to report any sort of a resolution this week. I have discussed the program with the chairman of the Ccmmittee on Ways and Means. In making up the program, of course, I cannot consider matters that have not been called to my attention.

Mr. WARREN. The only reason it was not called to the attention of the gentleman is that we did not know until today, but I do not believe the consideration of the resolution will require more than 30 minutes.

Mr. RAYBURN. I may say to the gentleman that that is very appealing, but I will have to talk to these other gentlemen before I make any agreement.

Mr. HOLMES. Mr. Speaker, for the moment I object.

The SPEAKER. Did the Chair understand the gentleman from Massachusetts to object?

Mr. HOLMES. I object, Mr. Speaker, until there is some understanding as to the time the bill will be called up.

PERMISSION TO ADDRESS THE HOUSE

Mr. HOBBS. Mr. Speaker, I ask unanimous consent that today, at the conclusion of the business on the Speaker's table and following the special order for which the gentleman from Michigan [Mr. Crawford] will submit a request in a moment, I may be permitted to address the House for 20 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. FITZFATRICK, for an indefinite period, on account of illness.

To Mr. Maciejewski, for an indefinite period, on account of illness.

To Mr. Ashbrook, for the remainder of the week, on account of important business.

FEDERAL SUGAR POLICY

The SPEAKER. Does the gentleman from Michigan renew his request for permission to address the House?

Mr. CRAWFORD. Mr. Speaker, I ask unanimous consent to address the House for 25 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. CRAWFORD. Mr. Speaker, on last Monday, May 22, the majority leader, the Honorable Samuel Rayburn, of Texas, asked me several questions with respect to the Federal sugar policy. He particularly requested me to explain what is the cost of the domestic sugar industry to the consumers of the United States.

The Sugar Act and future sugar legislation have been currently very live subjects in both branches of Congress. I am pleased to note that the majority leader is sufficiently interested to ask questions about the policies that are now being applied by the United States Government in regard to sugar. In response to the request of the gentleman from Texas, I have prepared as complete and comprehensive a statement on the facts as I am able to do within a limited space and time.

At the outset I want to repeat the answer which I gave to the gentleman from Texas on Monday when he asked how much sugar should be produced by the southern cane- and the beet-sugar producing States. I claim that the American sugar-beet growers and the American sugarcane growers, including the growers of Hawaii and Puerto Rico and the Virgin Islands, should first be allowed to grow all of the sugar that they can supply to our market. Whatever balance is left and needed to supply our consumptive demands should go to Cuba and the Philippine Islands. I further stated, and here repeat, that as long as our own farmers can grow sugar beets and sugarcane so that the cost of sugar at retail to the consumers in the United States will not exceed the going average retail price of sugar paid in all of the countries of the world, they should be permitted to do so, and I advocate that they be encouraged to do so as a matter of good national

Before I discuss the cost of supporting the domestic sugar industry, let me say to the Members of the House of Representatives that the payments which are being made to growers of sugar beets and sugarcane are financed by the sugar industry itself. The tax which the producers of sugar pay has been entirely absorbed by the sugar industry. I make that statement for the reason that the average prices paid at retail for sugar in the United States during the years 1935, 1936, and 1937 were one-half cent higher than the price which is now being paid by the consumers of sugar, despite the fact that a tax of one-half cent per pound was placed upon sugar in September 1937. At the time that this tax was placed upon sugar the American consumer was paying an average of 5.6 cents per pound, where in 1939 he is paying 5.1 cents per pound. If the consumers were being charged the same price for sugar as they paid in 1935, 1936, and 1937, plus the tax, the price of sugar today would average over 6 cents instead of 5.1 cents. Now, this price is not mere chance, because the Secretary of Agriculture is applying a throttling control upon the price of sugar which is causing distress in every area which sells sugar in the United States market, including Cuba.

On several occasions during the past 2 or 3 years prominent officials of the national administration have repeated the statement, "American consumers are obliged to pay more than \$350,000,000 per annum in excess of the value at world prices for their annual sugar supply." These statements appear in the official record of public hearings and congressional deliberations. One important Government official called it a "rake-off" for the domestic sugar industry. Last Monday the majority leader asked me whether this figure is correct; and if not, what is the actual cost of protecting the

sugar industry of the United States. This figure of \$350,000,-000, which purports to represent the cost of what the American consumer pays for the protection given the domestic sugar industry, was originally based upon the difference between the price in the United States market during 1936 and the price at which a very small part of the world sugar supply, which sells under extremely distressed conditions, moved in the free market. Moreover, this figure was computed at a time when the domestic prices exceeded the free-market prices by a very much larger amount than at present. In fact, if the same method of computing were used for determining the difference between domestic prices and free-market prices during 1937 and 1938, the result for each year would be far less than \$350,000,000. But in no case would the total figure represent the actual costs or even possible costs.

I shall show that the method used in arriving at this tremendous figure—which is obviously intended to scare the consumer—is based upon exaggerated imagination and represents a result which is impossible to occur as a matter of practice. As I stated before, it is a purely hypothetical computation which becomes an intellectually dishonest presentation of the facts.

Let us take the figure for 1938, which would be derived by subtracting the consumption and domestic prices, including the tax on sugar, from the free-market prices—after multiplying each by the tonnage of sugar consumed in 1938—as follows:

6,666,694 tons, at \$62.72 per ton equals______\$458,000,000 6,666,694 tons at \$22.80 per ton equals______ 152,000,000

Difference______ 306, 000, 000

But the figure \$306,000,000 is entirely meaningless, because none of the producers who presently supply the United States market with sugar could long sell sugar on the basis of \$22.80 per ton, as that is less than their cost of production.

I use the term "free market" instead of "world market," because the latter term is a complete misnomer. The free market is where the price of sugar does not include a tariff duty or tax. Members of Congress naturally believe that the "world price" means the price paid by consumers for sugar all over the world, but every sugar statistician or economist or person engaged in producing or marketing sugar knows that this so-called "world price" is actually the free-market price on raw sugar and the so-called "world market" is where a very small part of the world supply of raw sugar is dumped. For instance, Cuba sells almost onethird of its sugar on the free market. Now any Cuban sugar producer will admit that he is losing money on such sales, but he makes up for those losses by the fact that Cuba sells annually to the United States 2,000,000 tons or more of sugar, for which the Cubans receive a very much better price as a result of the preference in tariff which Cuba enjoys.

There is one point which should be made plain to every man and woman who really want to understand the sugar problem from the standpoint of the interest of the consumer. It appears to be the preference of those who seek to inflame the consumer regarding the alleged cost of the domestic sugar industry, to use as the basis of discussion what they call the "world price." First, let me say that this price is not paid by any consumer in any country. This price is not what anyone pays for the white sugar which is consumed at the dining-room table or in the kitchen of the consumer. This so-called "world price" is a price paid for raw sugar which has to be refined before it is fit for direct human consumption. Furthermore, this so-called "world price" is not the price paid for all raw sugar throughout the world, but it is a price paid in the tariff-free markets of the world. where less than 10 percent of the world supply of sugar is sold. Manifestly, any computation cannot be accurate which seeks to demonstrate the cost of sugar to the United States consumer by taking as its basis a market where less than 10 percent of the sugar is sold, and where even that sugar is distressed and is the subject of export dumping.

As a matter of fact, the figures of the United States Department of Commerce officially issued show that the average

price paid for sugar in all of the countries of the world as of May 1938, is much higher than the price paid by consumers at retail in the United States. The price paid for sugar at retail in each of the principal countries of the world is much higher than the price paid in the United States. Stated differently, all of the countries that have large populations are paying more for their sugar at retail than is being paid in the United States by consumers. The only exception is England where the bounties paid to the sugar producers come out of the Treasury to which the consumers contribute in the form of taxes other than a tax on sugar.

The United States Department of Commerce has very recently issued a booklet entitled "Sugar Retail Prices in 43 Countries." The information therein contained has been compiled in the Foodstuffs Division of the Bureau of Foreign and Domestic Commerce from reports submitted from the Foreign Service offices of the Departments of State and of Commerce. Therefore it is authentic and official.

Two statements contained in this document, when taken together, have a peculiar significance for us just at the present time:

Although the average world price of raw sugar during the month of April 1936, 1937, and 1938, respectively, averaged approximately 1.06, 1.36, and 1.05 cents per pound, the price remained unchanged. In 34 out of a total of 43 countries the retail price either remained the same or increased as cf May 1, 1938, compared to May 1, 1937.

These statements, officially made, demonstrate better than any argument I could possibly advance the fallacy of using the so-called world price of raw sugar as the basis of discussing the consumer angle of the sugar business. The world price of raw sugar fell 23 percent, or from an average of 1.36 cents per pound during April 1937 to 1.05 cents in April 1938, and yet the retail price paid by consumers in 34 out of 43 countries either remained the same or actually increased.

I ask to have printed as part of my remarks the complete table 6 of the report of the United States Department of Commerce in order to present the full picture to the Members

The SPEAKER pro tempore (Mr. HARE). Is there objection to the request of the gentleman from Michigan?

There was no objection.

The table referred to follows:

TABLE 6.—Retail price, taxes, and ratio of taxes to retail price of refined sugar in selected countries (on or nearest May 1, 1938) [Compiled in the Foodstuffs Division of the Bureau of Foreign and Domestic Commerce from reports submitted by the Foreign Service officers of the Departments of State and Commerce]

Country	Retail price per pound	Import duties and excise taxes	
EXPORTING ¹ Brazil British Guiana	U. S. cents 3. 09 10. 37	U. S. cents 0.14	Percent 5
Cuba Dominican Republic Peru Czechoslovakia. Hungary.	3. 50 6. 00 3. 02 9. 47	1. 59 2. 75 . 65 3. 45 4. 49	45 46 22 36 35
Poland Australia Philippine Islands Netherlands Indies Union of South Africa	8. 49 6. 62 2. 88 3. 03	3, 39 , 33 .50 , 25	40 5 17 4
PRINCIPALLY SELF-SUPPLYING ³ Argentina	5, 71	.80	14
Costa RicaEcuadorGuatemala		.04	2
Venezuela	10. 67 4. 66 5. 72 5. 45 12. 95 9. 41 7. 16	. 67 1. 92 1. 70 7. 89 2. 83 1. 48	14 34 31 61 30 21
Germany Italy Netherlands	15, 73 12, 24	4. 26 9. 05 8. 35	31 58 68

TABLE 6.—Retail price, taxes, and ratio of taxes to retail price of refined sugar in selected countries (on or nearest May 1, 1938)—Continued

Country	Retail price per pound	Import duties and excise taxes	Ratio of taxes to retail price
PRINCIPALLY SELF-SUPPORTING—continued Rumania. Sweden	U. S. cents 10.62 5.60	U. S. cents -5, 00	Percent 4
TurkeyYugoslavia	9. 44 14. 23	1, 49 9, 46	1 6
Chile	4. 28 4. 90	1.31 1.56	3
Oruguay Ohina Finland	3. 14 5. 65	1. 60 3. 01 3. 79	5 4
reland Norway	6. 75 7. 16 9. 10	3. 64 3. 75 3. 24	
Portugal Switzerland United Kingdom ⁸	4, 39 4, 67	2.09 2.60	4 5
Canada 1 6 United States 8	5, 90 5, 40	2, 89 2, 52	4

4 Includes both import duties and excise taxes.

5 The countries included in this table are those which import the major part of their sugar requirements. Excise taxes are included in the table when applicable and are explained in the notes. For uniformity the rates of duty cited in the above table are in each case the highest rate payable, although a considerable portion of imports into some of these countries are derived from sugar-producing areas which stand in special relation to them and enjoy reduced rates of duty on sugar, viz:

Import duty on refined sugar as of May 1, 1938, in United States cents per pound

527 or , 256 d. mandates)______Canada: British preference_____

Mr. CRAWFORD. Mr. Speaker, analyzing further, I find that only such exporting countries as Brazil, Cuba, Peru, Philippine Islands, Netherlands Indies, self-supplying Costa Rica, Ecuador, Guatemala, and India have lower cost to the consumer. Taken collectively, these countries do not have a population comparable to the larger nations of the world. By contrast, Italians pay 15.73 cents, Germans pay 13.67 cents, the French pay 7.16 cents, and even the Chinese pay 5.65

As this compilation was made as of date May 1, 1938, the retail price in the United States appears as 5.40 cents. But since that time the retail price of sugar in the United States went down until it had reached an average of 5.10 cents in March 1939, which is the latest official published report.

The following questions must be answered in order to get an intelligent understanding of the problem of sugar pro-

First. How representative of the price at which the United States could obtain its sugar supply on a free-market basis are the prices now prevailing in the free market?

Second. How much is the domestic sugar supply now costing in excess of what it could be bought in the free market?

Third. To what extent does this excess amount now go to increase the income to the producers of domestic sugar crops, and to what extent does it go to further other national policies?

Fourth. To what extent do other considerations offset the domestic consumer's burden from protection to domestic producers?

Fifth. To what extent is the income of domestic sugar producers increased by this protection?

Sixth. What uses are made of the protection?

1. A TREMENDOUS RISE IN FREE-MARKET PRICES WOULD RESULT IF THE UNITED STATES ATTEMPTED TO BUY ITS SUGAR IN THE FREE MARKET

The assumption upon which the \$306,000,000 figure is based! is that, without any restrictions upon sugar entering the United States, this country could obtain its entire sugar supply at a price of approximately 1 cent per pound. The reason that this extremely low price prevails in the free sugar market to the extent that it does is that certain areas overexpanded their production in the 1920's, and this is the play of economic factors necessary to return them to their normal level of output.

¹ Only excise taxes included for countries in this group. (See table 3.)
² Wholesale price. Retail price not available.
² Although import duties form a varying but, in many instance, important part of retail price, only excise duties are included for the countries classified as self-supplying. Import duties shown in footnote, table 4.

In fact, though on a greatly restricted basis, the cost of production in Cuba, our principal source of sugar outside of domestic areas, is about 2 cents per pound. Cuba is also the largest seller in the world market. Cuba can sell some sugar at the present free-market price because she is able to obtain a much higher price for her sugar sold in the United States market, and consequently can take a loss on the sugar sold in the free market and still average out at a price which enables her to stay in production.

Less than 10 percent of the world sugar output sells in the free market, and most of this is from areas that sell part of

their output at higher prices, as does Cuba.

The quantity of sugar now sold by all world areas in the free market is less than one-half of the United States annual consumption. Even allowing a reasonable period for the adjustment of economic factors, this quantity of sugar would not be trebled unless prices were substantially in excess of present free-market levels.

The price at which the United States could obtain its entire sugar supply if bought in the free market would be from two to three times the price level now prevailing. For the United States to buy its entire requirements in the free market would mean that production in the areas supplying such market would have to again reach or exceed the all-time record high level of production in such areas which was reached in the late 1920's after a decade in which free-market prices for raw sugar were as high as 19 cents per pound, and averaged 4.1 cents, as compared to 1.14 cents for 1938.

 DIFFERENCE BETWEEN VALUE OF UNITED STATES SUGAR REQUIREMENTS AT DOMESTIC PRICE AND AT PRICE AT WHICH THIS SUGAR COULD BE EOUGHT IN FREE MARKET NEAR \$125,000,000

Even if all domestic sugar requirements could be obtained in the free market at a price as low as 2.5 cents per pound, which is substantially less than the prices which last brought forth the level of production in the areas in such market necessary to supply present free-market and United States requirements combined, the cost to the consumer of restrictive measures upon sugar is about \$125,000,000, and nowhere near the figure of \$350,000,000 frequently used.

This \$125,000,000 figure is based upon the quantity of sugar consumed in 1938, domestic prices, including the tax, and the lowest price at which the domestic supply most likely could be bought in the free market. The quantity of sugar consumed in the United States in 1938, by sources, and the amount this sugar cost the consumer over and above the price at which it probably could have been bought for in the free market, are as follows:

Source of sugar	Quantity consumed from stated sources in 1938, short tons, raw value	Value at do- mestic price, including the tax of 0.5 cent (3.44 cents per pound, raw value)	Value at lowest price at which supply probably could be bought in free market (2.5 cents per pound, raw value)	Difference be- tween values at domestic and probable free-market prices
Domestic areas Philippine Islands. Foreign areas	3, 691, 865 958, 851 2, 015, 978	\$254, 000, 000 66, 000, 000 138, 000, 000	\$185, 000, 000 48, 000, 000 100, 000, 000	\$69, 900, 000 18, 000, 000 38, 000, 000
Total	6, 666, 694	458, 000, 000	333, 000, 000	125, 000, 000

A careful and scientific statistical analysis of both domestic and world supply and demand conditions indicates that 2.5 cents per pound is the lowest price at which the United States could expect to buy its sugar supply in the free market.

3. LARGE PART OF \$125,000,000 BURDEN ON CONSUMER GOES TO FURTHER OTHER NATIONAL POLICIES AND NOT TO INCREASE INCOME OF SUGAR PRODUCERS

A large part of this probable \$125,000,000, representing the difference between the values of United States sugar requirements at domestic prices and at the price at which our sugar supply could probably be obtained in the free market, goes to further other policies of our National Government, and does not go to the sugar producers. In the first place, the \$38,000,000, representing the difference in the value of foreign sugar consumed in this country at 2.5 cents and at domestic prices, goes to the Federal Treasury to help cover general Treasury operations. In the second place, the \$18,000,000

of similar origin goes to the Philippine Islands to enable those islands to adjust their economy to conditions subsequent to independence. Thus, \$56,000,000 of the probable \$125,000,000 cost of our sugar supply over and above the value at which it could be bought in free markets goes to support the general cost of the Government or to promote national policies which are in no way to the interest of domestic sugar producers. Though the \$69,000,000 arising from the difference between domestic and probable free market prices on the quantity of sugar consumed from domestic areas goes to the domestic producer, the \$56,000,000 that goes to support other national policies cannot be charged as a benefit to the producer. In fact, this \$56,000,000 is a burden on the sugar consumer in the same sense that a tax on cigarets is a burden on the cigaret consumer, but is no more a benefit to the sugar producer than the tax on cigarets is a benefit to the tobacco producer. The truth is that, if the sole purpose was to protect the domestic sugar producer, this \$56,000,000, or possibly more, could be saved for the consumer, and the producer still receive the same protection he now receives.

4. CONSUMER DOES NOT LOSE BUT GAINS FROM \$69,000,000 DOMESTIC PRODUCERS RECEIVE IN PROTECTION

Now, using the formula of \$125,000,000 difference between the value of our domestic sugar supply at 2.5 cents and the domestic price, and with \$56,000,000 of this amount going to further other national policies, we must conclude the cost to the consumer of protection to domestic producers is only \$69,000,000. Furthermore, however, the consumer receives other benefits which offset a large part, if not all, of this \$69,000,000 burden. In most cases the consumer gets his purchasing power by engaging in some productive activity. To the extent that the outlet for the goods he produces is increased, the consumer receives offsetting benefits from the \$69,000,000 burden.

The record of domestic sugar producers as a market for goods produced by other sections of the Nation shows that for each 100 pounds of sugar they sell, with prices as they were in 1938, they buy in return about \$3.20 in domestic goods. On the other hand, the market records of foreign areas supplying this market large quantities of sugar indicates that, with a price of \$2.50 per hundred pounds of sugar, they would buy in return only \$1.83 of goods. Bearing in mind that the domestic-sugar consumer gets his purchasing power from some productive activity, the consumer, therefore, obtains a market for approximately \$100,000,000 more goods by reason of his \$69,000,000 burden than he would enjoy if our entire domestic sugar requirements were bought from foreign producers. The consumer, therefore, gains instead of loses from the protection accorded domestic sugar producers. I wish to say to Mr. RAYBURN this is a categorical answer to your question.

5. SIXTY-NINE MILLION DOLLARS PROTECTION RECEIVED BY DOMESTIC PRODUCERS INCREASES FARM INCOME MORE THAN \$200,000,000

The \$69,000,000 protection accorded to the domestic sugar producer enables him to produce a much larger volume of sugar crops than he would be able to produce without such protection. It is variously estimated that domestic-sugar producers would produce only about 1,000,000 tons of sugar if the price were 2.5 cents per pound. The domestic farmer receives a net gain of \$204,000,000 in income resulting from the \$69,000,000 burden to the domestic sugar consumer.

This \$204,000,000 figure is obtained from the quantity of sugar consumed from domestic areas in 1938 with the prices, including the tax, that prevailed and from the quantity of sugar domestic areas probably would produce with a price at 2.5 cents per pound. It is derived as follows:

3,691,865 tons, at \$68.72 per ton______\$254,000,000 1,000,000 tons, at \$50 per ton_______50,000,000

Difference 204, 000, 000

Mr. WOODRUFF of Michigan. Mr. Speaker, will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from Michigan. Mr. WOODRUFF of Michigan. Unfortunately, I have not heard all of the gentleman's remarks, but I hope somewhere in his remarks he has incorporated the cost to the American consumer which has always appeared whenever there has not been enough of the domestic sugar on the market to constitute genuine competition with the foreign sugar.

Mr. CRAWFORD. Yes.

6. PROTECTION ENABLES DOMESTIC PRODUCERS TO PAY AMERICAN WAGES AND TAXES AND TO MAINTAIN THEIR SOIL FERTILITY

The protection received by domestic sugar producers enables them to pay higher wages and taxes than do the foreign producers that sell in the free market. The most recent data in this connection are those compiled by the United States Tariff Commission for the years 1929-30 to 1931-32, inclusive. These data show that the wages paid in growing and harvesting cane averaged \$2.14 per ton of cane in Louisiana, Puerto Rico, and Hawaii, but only 89 cents in Cuba. The amount paid in taxes averaged 27 cents per ton in the three domestic areas but only 2 cents per ton in Cuba. Under the system of production followed for the most part in Cuba, the soil is used for cane until it is exhausted, and then it is abandoned. In domestic areas good farming practices, the use of fertilizer and the like are followed to conserve and maintain the soil. The Tariff Commission found that the three domestic areas used 64 cents worth of fertilizer per ton of cane but that Cuba used none. These three items of cost alone more than take up the real protection enjoyed by domestic producers.

By way of summary, we conclude the burden on the consumer of sugar for the benefit of the domestic grower of sugar crops is only about \$69,000,000 and not \$306,000,000 or the \$350,000,000 frequently stated. The grower, while receiving only \$69,000,000 in actual protection—that is, protection over and above the price at which our domestic supply might be obtained in the free market—is given an increase of about \$204,000,000 in income. This increase in income goes not to a few persons but to thousands of farmers, factory and other laborers to support the Government, to cover expenses incurred in conserving and maintaining the fertility of the soil in order that our posterity may make a living thereon, and to pay for other items needed by sugar producers and laborers, the price of which is increased by other protective measures.

It is difficult to see, therefore, how it can be contrary to any sound national policy or would not be in the interest of national welfare to exchange \$69,000,000 for \$204,000,000. It is even more difficult to see why this should not be done when it is considered that the purchasing power of the consumer is increased by reason of larger domestic purchases of goods made in this country by an amount greater than the burden which is placed upon such consumer.

EXTENSION OF REMARKS

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein a statement made by Secretary Morgenthau last Saturday before the Ways and Means Committee.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

TO CREATE AN EDMUND BURKE MEMORIAL COMMISSION

The SPEAKER pro tempore. Under the previous order of the House the gentleman from Alabama [Mr. Hobbs] is recognized for 15 minutes.

Mr. HOBBS. Mr. Speaker, it is a historic saying that democracies are ungrateful. Ingratitude—one of the basest of base vices—cannot be laid to the charge of our American democracy, which is the exception to that rule. The United States, with ennobling spirit and exquisite art, has honored the benefactors and saviors of human freedom. Witness our Washington Monument, our Lincoln Memorial, the Thomas Jefferson Memorial now being erected. Witness the memorial decreed by an act of the Congress to preserve in grateful memory the services of Lafayette to our Nation when coming to birth. Witness the statues in honor of William Pitt, erected by the New York Colony and by the South Carolina Colony, after the repeal of the Stamp Act, and to hundreds of others worthy of honor. The publication of the writings of Washington, Jefferson, and Madison, also

attest our gratitude and the value we place on thus making available to the thinkers of earth the riches of their wisdom.

Yet one memorial remains to complete this meed of gratitude and praise which already adorns the annals of our country—a just and appropriate memorial in honor of Edmund Burke, whose resplendent genius and world-wide fame achieved supreme glory in his defense of the American Colonies during their contest with the mother country for English rights and equal justice under law. In praise of Edmund Burke's writings on America, Lord Morley says with insight and truth:

If ever in the fullness of time—and surely the fates of men and literature cannot have it otherwise—Burke becomes one of the half dozen names of established and universal currency in education and in common books, rising above the waywardness of literary caprice or intellectual fashions, as Shakespeare and Milton and Bacon rise above it, it will be the mastery, the elevation, the wisdom of these far-shining discourses in which the world will in an especial degree recognize the combination of sovereign gifts with beneficent uses.

After more than 150 years the fullness of time is come: and the name of Edmund Burke is securely written with the names of Shakespeare, Milton, and Bacon-with the name of our Washington. George Washington and Edmund Burke were one in spirit and in truth. Edmund Burke fought for human freedom on the battlefields of the human spirit. George Washington fought the same good fight on the sacred soil which Almighty God had given to the chosen sons of England. They were beautiful in their lives and in their death they are not divided. They share together an immortality of fame. It was Edmund Burke who foretold the fame of Washington, prophesying that his character would be transmitted to posterity among the first of heroes and patriots. It is the reasoned verdict of history, that without Edmund Burke in Parliament and George Washington at Valley Forge and Yorktown, and thereafter in councils as potent, there would be no United States of America. England has finely honored George Washington. Shall not cur America in like spirit honor Edmund Burke?

Now, therefore, let the spirit of Washington speak to this Seventy-sixth Congress of the United States with a moving appeal to create an Edmund Burke memorial commission, with an appropriation adequate to perpetuate Burke's shining fame and commensurate with his services to the American Colonies and to this great Nation, established by the wisdom of Edmund Burke and the leadership of George Washington. Such a memorial of gratitude and good will at this critical and auspicious time in the history of English-speaking peoples, who seek to preserve human freedom on earth, is now proposed in a petition to the President and the Congress of the United States by more than 150 leaders of American thought, whose names appear in the preamble of a resolution I have introduced today.

Dr. Hopson Owen Murfee, of Alabama, is the distinguished scholar and educator who conceived the idea of such a memorial, and is leading the effort to make his dream a reality.

The American memorial edition of the complete writings of Edmund Burke would preserve and make available to American States and legislatures, to American colleges and universities, and to the English-speaking peoples throughout the world a definite edition of the complete writings of the greatest of English statesmen and the most justly famous Englishman of letters who, with truth, is praised by competent judges as the Shakespeare of English prose, the Sir Isaiac Newton of English politics, the George Washington among English statesmen. Ireland, England, India, France, and the entire Christian world are beneficiaries with America of the genius and wisdom of Edmund Burke, dedicated to the cause of representative constitutional government, human freedom, religious liberty, Christian morals, and equal justice under law. Such an act of Congress would unite more securely our English-speaking peoples, would advance the cause of representative constitutional government, safeguard human freedom, religious liberty, and peace and justice among men and nations.

Of course, we know that there have been 35 "collections" of the works of Edmund Burke. Some are quite inclusive and of great value. But it is thought that none of them are definitive. The fullness of his genius can only be seen and made usable by such an edition as is now proposed.

Let us now highly resolve that by the adoption of this resolution we shall in this auspicious year of the visit of the King and Queen of Great Britain to the nation so dearly cherished and so nobly served by Edmund Burke achieve a memorial commensurate with the vision of the American Ambassador to Great Britain, Whitelaw Reid, in his eloquent eulogy, Our Foremost Friend in Great Britain, delivered at the unveiling of a tablet in memory of Edmund Burke at Bath, England, October 22, 1908. The words of our American Ambassador are in part these:

The occasion which you are honoring with your presence today is of a kind long since familiar to you. What a story of the great Georgian and Victorian times might in fact be reconstructed from the tablets in memory of former residents, which you have already set up in the streets of Bath! Your town has been a haunt of men; the very air is filled yet with the shadows of the mighty. Foremost in your civic record comes naturally your old member, the masterful Chatham, and hard after his yet more masterful son. the masterful Chatham, and hard after his yet more masterful son. Then you have commemorated the stay among you of Britain's greatest sailor, Lord Nelson, and of British soldiers who won imperishable renown in two remote continents, Lord Clive in Asia, General Wolfe in America. You have cherished, likewise, the memories of residents of gentler fame. Here on this very North Parade, as your tablets show, dwelt Goldsmith, whom to this day all men love, and Wordsworth, whom all admire. On the South Parade is seen your tribute to the best novelist Britain had to that time produced Sir Walter Scott, and there is a place for another to one

men love, and Wordsworth, whom all admire. On the South Parade is seen your tribute to the best novelist Britain had to that time produced, Sir Walter Scott, and there is a place for another to one of the greatest men of letters she ever produced, Samuel Johnson. Your other novelists range from Henry Fielding and Jane Austin to Charles Dickens; and your poets from George Crabbe to Thomas Moore and Walter Savage Landor; while, with impartial hands, you have placed tablets also to Gainsborough, the artist; Quin, the actor; and Herschell, the astronomer.

And yet, gentlemen of Bath, in all this brilliant galaxy you have left the greatest to the last. He was more nearly your own, too, than many of the others. It was here he found his devoted wife. Perhaps the most fruitful period of his great public career he spent as the representative in the House of Commons for your nearest neighbors, the people of Bristol. Here he came repeatedly for rest and enjoyment; and here he came, too, when he knew the shadow of death was upon him. In this very house he spent the last months in which any activity was left him, and he only quitted it for the serene and beautiful death bed at Beaconsfield.

Did I go too far in rating him the greatest you have yet commemorated? It is not so far as Macaulay went. He said quite simply that Edmund Burke was "the greatest man then living." We may be sure the eminent historian and almost omniscient scholar and critic forgot neither of two other great men then living.

We may be sure the eminent historian and almost omniscient scholar and critic forgot neither of two other great men then living, William Pitt or Charles James Fox, when he deliberately chose that superlative. It is not so far as Grenvile went, when he said that Burke is to politics what Shakespeare is to the moral world. In considering that eulogium, however, I must confess that, while recognizing the propriety of coupling the names, I have often been purelled to know whether Grenville meant that relities had not recognizing the propriety of coupling the names, I have often been puzzled to know whether Grenville meant that politics had nothing to do with morals, or merely that Shakespeare had nothing to do with politics. It is not so far as Mackintosh went, who considered Burke "without a parallel in any age or country, unless with Cicero and Lord Bacon"; or so far as Lord Morley went, who, seeking another standard of comparison, pronounced him your "greatest man since Milton."

"greatest man since Milton."

There is an estimate in another place by this last accomplished statesman and man of letters, which I would like to quote. He said that Burke's "is one of the greatest names in the history of political literature. No one that ever lived used the general ideas of the thinker more successfully to judge the particular problems of the statesman. He was one of the great masters of the high and difficult art of elaborate composition."

And yet, what could be terser, what could go more directly like an arrow to the heart of the matter in hand, than many of the epigrammatic sentences which sprinkle almost every page of his speeches? Take a very familiar example: "It looks to me narrow and pedantic to apply the ordinary ideas of criminal justice to this great public contest. I do not know the method of drawing up an indictment against a whole people." Has any recent orator, free from the alleged fault of too much rhetoric, condensed into fewer indictment against a whole people." Has any recent orator, free from the alleged fault of too much rhetoric, condensed into fewer and more cogent words the argument against a historic error in the statesmanship of more than one land? Or take another example: "Gentlemen say America is an object well worth fighting for. Certainly it is, if fighting a people be the best way of gaining them." Or again, "Nobody shall persuade me, when a whole people are concerned, that acts of lenity are not means of conciliation." Or again, take the pregnant sentence into which he put the whole philosophy of his opposition to the French Revolution: "Whenever a separation is made between liberty and justice, neither is in my opinion safe." Or again, take his whimsical expression of his distilke for the employment of Hasting and its like for the employment of Hasting and in the same content of the state of the same content. opinion safe." Or again, take his whimsical expression of his dis-like for the employment of Hessian soldiers against English colonists: "I fairly acknowledge I have not yet learned to delight in finding Fort Kniphausen in the heart of the British Dominions." Or again, his candid estimate of the success these Hessian soldiers gained: "You have the ground they encamp on, and you have no

more." Or again, in resisting the reactionary tendencies which would have carried the rule of George III back to the standard of Charles I: "The people of England were then, as they are now, called upon to make government strong. They thought it a great deal better to make it wise and honest." Or, to take a final example, what could better expose the imbeclity of the proposal to treat privateering as piracy, and service in the Colonial Army as treason, and to enforce against both, where opportunity offered the penalties in the statute of Henry VIII, than his scornful phrase: "They think the defeats in America can be compensated by the triumphs of Tyburn."

If illuminating flashes like these are a fault in political discussion, they are at least a fault not too common among the public men of our day. Would that more debates were "too common among the public men of our day. Would that more debates were "too ornate and rhetorical" after this convincing fashion—I will not say in your Parliament, for it would be unbecoming in me to express any opinion about that; but perhaps I may venture to say, would that there were more of them in our Houses of Congress.

Mr. Burke illustrated conspicuously in this very neighborhood another quality ret too.

another quality not too common among our public men—however, it may be with yours. He scorned to pander to the prejudices of his constituents, or bow to every gust of changing opinion in order to hold their votes. Even when first a candidate in Bristol he took pains to make it clear that he would not recognize their he took pains to make it clear that he would not recognize their instructions as always binding his action. "Your representative owes you," he exclaimed, "not his industry only, but his judgment; and he betrays, instead of serving you, if he sacrifices that to your opinion." Later, when his attitude had excited discontent, he told them if they did not permit their member to act upon a very enlarged view of things, they would at length infallibly degrade their national representation into a confused and scuffling bustle of local agency. He knew efforts had been made to injure him in their eyes, but "the use of character is to be a shield against calumny." "I could not have served you as I have done," he proudly added to the electors, "and court you, too. I canvassed you through your affairs and not your persons. You must look to the whole tenor of your member's conduct."

It proved in the end too much to hope for, even in a city like

It proved in the end too much to hope for, even in a city like ristol and with a man like Burke. Yet Bristol may well be It proved in the end too much to hope for, even in a city like Bristol and with a man like Burke. Yet Bristol may well be proud of the wisdom that chose Burke as its representative during that part of his public service which time has most thoroughly vindicated, and can join with us in admiring the fine and calm dignity with which he accepted his ultimate dismissal. He rejoiced that the justice of his course whether as to Ireland or America was no longer in doubt. "No," he exclaimed, "the charges against me are all of one kind, that I pushed the principles of general justice and benevolence too far, further than a cautious policy would warrant, and further than the opinions of many would go along with me. In every accident which may happen through policy would warrant, and further than the opinions of many would go along with me. In every accident which may happen through life, in pain, in sorrow, in depression, and distress, I will call to my mind this accusation and be comforted." If his lofty shade takes any cognizance now of human affairs, he may read what these communities themselves think of that accusation in the Bristol statue and the Bath tablet.

No other men in England, hardly one even in America, saw quite No other then in England, hardly one even in America, saw quite so clearly as Edmund Burke that after an unwise ministry has forced the Colonists into a long war in defense of the English principle of no taxation without representation, the only possible outcome of the war by which the real England could succeed would outcome of the war by which the real England could succeed would be an American victory. Yet no other deprecated the struggle so much; no other at the outset more sincerely desired to preserve the authority of Parliament and the just rights of the crown. He even admitted the precedents, both on these islands and in the colonies, for taxation without representation. But when once the right was determinedly challenged, he frankly recognized that, as he put it in lawyerlike phrase, "the assertion of the title would be the loss of the suit."

the loss of the suit."

While there was still a chance to draw back, he pleaded with the Ministry and with Parliament: "It is our business to rule, not to wrangle. It is poor compensation to triumph in a dispute, whilst we lose an empire." "Your ancestors." he exclaimed, "did at length open their eyes to the ill-husbandry of injustice. They found that the tyranny of a free people could of all tyrannies the least be endured." And then he reminded the Ministry that, while reciting the entire and perfect authority of the Crown, its predecessors had nevertheless, with the approval of the Crown, given successively to various English communities and also to the Welsh all the rights and privileges of English subjects. "Are not the Colonists," he demanded, "as much Englishmen as the Welsh?" By such steps he came to regard the struggle as not a rebellion, but a civil war, in which Englishmen in the Colonies fought for old English rights, and in gaining these rights for themselves made English rights, and in gaining these rights for themselves made them henceforth forever secure for England, too.

them henceforth forever secure for England, too.

In fact, upon this common English heritage he grounded his appeals: "This fierce spirit of liberty," he told Parliament, "is stronger in the English Colonies, probably, than in any other people of the earth. They are not only devoted to liberty, but to liberty according to English ideas and on English principles." And again, "We cannot falsify, I fear, the pedigree of this fierce people, and persuade them that they are not sprung from a nation in whose veins the blood of freedom circulates. The language in which they would hear you tell them this tale would detect the imposition; your speech would betray you. An Englishman is the unfittest person on earth to argue another Englishman into slavery." He made his plea unanswerable by grounding it upon undisputed historical facts: "The feelings of the Colonies were formerly the feelings of Great Britain. They were formerly the

feelings of Mr. Hampden, when called upon for the payment of 20 shillings." And later on in the discussion he uttered the prophetic warning, "English colonies must be had on these terms or not had at all."

What Mr. Burke constantly sought, in the American business, what Mr. Burke constantly sought, in the American business, while it was possible, was reconciliation. His most important utterance during the long debate, from the Stamp Act to the Declaration of Independence, was entitled "Conciliation with America," and English oratory contains no more powerful or persuasive plea for peace. A month after the momentous declaration, he wrote: "We are deep in blood. God knows how it will be. I do not see how I can wish success to those whose victory is to separate from us a large and noble part of our empire; still less do I wish success to injustice, oppression, and absurdity."

This sheer mental inability to support injustice was the key to

his whole conduct in American affairs—to his whole conduct, indeed in every public affair. It is this which makes his discussions of old eighteenth-century issues a vivid and vital part of the English old eighteenth-century issues a vivid and vital part of the English literature you still cherish in the twentieth century. Their great value was and is that he constantly looked to enduring principles for light on current problems. That was the crowning trait in the wonderful equipment which made him the greatest orator of his country, and its most splendid writer on public affairs—the only man, as a critic of the day said, who had combined the two qualities in like perfection since Cicero. Such rank he won, by contemporary judgment and by that of posterity, in an epoch of great men and great deeds—the greatest, as Lord Rosebery has somewhere observed, in the history of the world up to that time, since the coming of Christ. the coming of Christ.

I have only one thing to add. The colonists whom Burke be-friended were, after all, but a feeble folk, less than 3,000,000, scat-tered along the eastern fringe of a continent with the ocean on one hand and a savage wilderness on the other. They have since subdued the wilderness, overspread the continent, and stretched out in either hemisphere to the islands of the sea. I am here on Burke's threshold to utter the voice, feebly and inadequately, it may be, but the authentic voice of that people of now nearly 90,-000,000 souls in reverent and affectionate gratitude for the memory, the undying memory of their foremost friend in Great Britain.

Thus spoke the United States Ambassador to Great Britain in 1908.

Now, in the fullness of time, "in reverent and affectionate gratitude for the memory, the undying memory of their foremost friend in Great Britain," let this Seventy-sixth Congress achieve in this proposed American memorial to Edmund Burke a larger and more enduring monument to the fame of Edmund Burke than the Bath Tablet, the Dublin Statue, and the statue in Westminster Abbey. The grateful hearts of the American people consecrate and keep the true memorial of his immortality.

PENSIONS FOR DISABLED REGULARS

Mr. ANGELL. Mr. Speaker, I ask unanimous consent to preceed for 1 minute and to extend my remarks in the RECORD. The SPEAKER pro tempore (Mr. HARE). Is there objection?

There was no objection.

Mr. ANGELL. Mr. Speaker, there is pending before the Congress S. 522 and H. R. 5452, which, if enacted into law, would provide a more decent pension for disabled regulars. Those bills are entitled to careful consideration by our membership. The unfortunate tragedy which sent 26 American heroes to a watery grave when the submarine Squalus sank off Portsmouth, N. H., brings vividly to our attention the need of such legislation.

The highly mechanized instrumentalities of warfare which we have today place an ever-increasing hazard upon our soldiers and sailors who are engaged in protecting our country. May we not take a lesson from the sacrifice of these young American lives in the performance of their hazardous duty on this ill-fated submarine? Let us remember that if they and others in like service of defense for their country become disabled or die in line of duty that they and their dependents are discriminated against in the matter of pensions. Our country, and we in the Congress who direct legislation, are responsible for this disgraceful inequality existing in our pension system. If a man is totally disabled on the Squalus or other such service, he will receive a pension of but \$45 as against \$100 for war veterans identically disabled. In the event of his death his mother would receive but \$15 against the war mother's pension of \$45. His widow would receive but \$22 against the \$30 for the war widow, and his child would receive but \$6 against the \$10 for the war veteran's child. Furthermore, the pay of service personnel is far less than that paid to other employees in like pursuit.

We cannot help these boys who paid the supreme sacrifice in answer to the call of duty. We can, however, see that legislation is speedily enacted which will eradicate the inequalities in affording pension relief to their dependents and their associates engaged in this hazardous service in the defense and protection of our country.

POSITION OF UNDER SECRETARY, DEPARTMENT OF COMMERCE

Mr. RAYBURN. Mr. Speaker, since I made the request for unanimous consent to consider at any time Senate bill 2314, which unanimous consent was objected to by the gentleman from Massachusetts [Mr. Holmes], I have had further conversation with him, and he has asked me to say that he withdraws any objection. Therefore I ask unanimous consent, Mr. Speaker, that it may be in order to consider under the general rules of the House at any time Senate bill 2314.

The SPEAKER pro tempore. Is there objection?

There was no objection.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 1369. An act to authorize necessary facilities for the Coast Guard in the interest of national defense and the performance of its maritime police functions; and

S. 1842. An act to authorize the construction of certain vessels for the Coast and Geodetic Survey, Department of Commerce, and for other purposes.

ADJOURNMENT

Mr. RAYBURN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 1 o'clock and 10 minutes p. m.) the House adjourned until tomorrow, Tuesday, May 30, 1939, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON INVALID PENSIONS

There will be a meeting of the Committee on Invalid Pensions at 10 a.m. on Wednesday, May 31, 1939, in room 247, House Office Building, for the purpose of holding public hearings on H. R. 2889, a bill to provide that the widows and orphans of deceased veterans of the Regular Establishment shall be entitled to the same pensions, under the same conditions otherwise, as provided for widows and orphans of deceased World War veterans, and for other purposes; H. R. 2897, a bill to equalize the pensions payable to the dependents of veterans of the Regular Establishment with those payable to dependents of veterans of the World War whose death is due to service; and H. R. 6129, a bill to restore to the widows of the Regular Establishment the marriage privileges taken away by the Economy Act.

COMMITTEE ON IMMIGRATION AND NATURALIZATION

There will be a meeting of the Committee on Immigration and Naturalization at 10:30 a.m. Wednesday, May 31, 1939, on House Joint Resolution 165, Dingell child refugee bill; House Joint Resolution 168, Rogers child refugee bill,

COMMITTEE ON INDIAN AFFAIRS

There will be a meeting of the Committee on Indian Affairs on Wednesday next, May 31, 1939, at 10:30 a. m., for the consideration of House Joint Resolution 117, H. R. 2390, H. R. 2776, H. R. 3797, H. R. 5002, and H. R. 5409.

COMMITTEE ON FOREIGN AFFAIRS

There will be a meeting of the Committee on Foreign Affairs (executive session) in the committee rooms, Capitol, at 10:30 a. m. Thursday, June 1, 1939, for the consideration of House Joint Resolution 306, Neutrality Act of 1939.

COMMITTEE ON THE JUDICIARY

On May 31, 1939, beginning at 10 a.m., there will be a public hearing before the Committee on the Judiciary on the bill (H. R. 6369) to amend the act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplemental thereto; to create a Railroad Reor-

ganization Court, and for other purposes.

There will be a public hearing before Subcommittee No. III, of the Committee on the Judiciary on Friday, June 2, 1939, at 10 a. m., on the bill (H. R. 2318) to divorce the business of production, refining, and transporting of petroleum products from that of marketing petroleum products. Room 346, House Office Building.

COMMITTEE ON THE POST OFFICE AND POST ROADS

The Committee on the Post Office and Post Roads will continue to hold public hearings on Thursday, June 1, 1939, at 10 a.m., for the consideration of H. R. 3835, a bill to authorize the Post Office Department to cooperate with the several States in the collection of State taxes.

COMMITTEE ON MERCHANT MARINE AND FISHERIES

The Committee on Merchant Marine and Fisheries will hold public hearings in room 219, House Office Building, at 10 a. m., on the bills and dates listed below:

On Wednesday, May 31, 1939, at 10 a.m., on H. R. 4985, relating to Fishery Educational Service in Bureau of Fisheries (Caldwell); H. R. 5025, purchase and distribution of fish products (Bland); and H. R. 5681, purchase and distribution of fish products (Caldwell).

On Tuesday, June 6, 1939, on H. R. 6039, motorboat bill of 1939 (Bland); and H. R. 6273, outboard racing motorboats

(BOYKIN).

On Thursday, June 8, 1939, on H. R. 5837, alien owners and officers of vessels (Kramer); and H. R. 6042, requiring

numbers on undocumented vessels (KRAMER).

On Tuesday, June 13, 1939, on H. R. 1011, drydock facilities for San Francisco (Welch); H. R. 2870, drydock facilities for Los Angeles (Thomas F. Ford); H. R. 3040, drydock facilities for Los Angeles (Geyer of California); and H. R. 5787, drydock facilities for Seattle, Wash. (Magnuson).

On Thursday, June 15, 1939, on House Joint Resolution 194, investigate conditions pertaining to lascar seamen (Sirovich).

On Friday, June 16, 1939, on H. R. 5611, district commanders bill (U. S. Coast Guard).

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

788. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the Department of the Interior, for the fiscal year 1939, in the amount of \$340,000 (H. Doc. No. 302); to the Committee on Appropriations and ordered to be printed.

789. A communication from the President of the United States, transmitting the draft of a proposed provision pertaining to an existing appropriation for the Civilian Conservation Corps for the fiscal year 1940 (H. Doc. No. 303); to the Committee on Appropriations and ordered to be printed.

790. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the Smithsonian Institution for the fiscal year 1939, amounting to \$270,000, to remain available until June 30, 1940 (H. Doc. No. 304); to the Committee on Appropriations and ordered to be printed.

791. A communication from the President of the United States transmitting supplemental estimates of appropriations for the fiscal years 1939 and 1940, amounting to \$216,856, and five drafts of proposed provisions pertaining to existing appropriations, for the Department of State (H. Doc. No. 305); to the Committee on Appropriations and ordered to be printed.

792. A communication from the President of the United States transmitting a recommendation in connection with H. R. 3838 for complete study by the Temporary National Economic Committee and the Federal Trade Commission before congressional action is taken; to the Committee on the District of Columbia.

793. A letter from the Secretary of the Interior transmitting the draft of a proposed bill to add certain lands to the Rocky Mountain National Park in the State of Colorado; to the Committee on the Public Lands.

794. A letter from the Acting Secretary of the Department of Commerce, transmitting a detailed statement of expenditures, together with descriptions of the exhibits of the 25 executive departments and independent establishments participating in the Pan American Exposition at Tampa,

Fla., 1939; to the Committee on Foreign Affairs.

795. A letter from the chairman, United States Maritime Commission, transmitting recommendations for legislation to provide Government war-risk insurance and reinsurance and marine-risk insurance and the draft of a proposed bill to carry out such recommendations; to the Committee on Merchant Marine and Fisheries.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. COX: Committee on Rules. House Resolution 205. Resolution providing for the consideration of H. R. 6466, a bill to provide for and promote the general welfare of the United States by supplying to the people a more liberal distribution and increase of purchasing power, retiring certain citizens from gainful employment, improving and stabilizing gainful employment for other citizens, stimulating agricultural and industrial production and general business, and alleviating the hazards and insecurity of old age and unemployment; to provide a method whereby citizens shall contribute to the purchase of and receive a retirement annuity; to provide for the raising of the necessary revenue to operate a continuing plan therefor; to provide for the appropriation and expenditure of such revenue; to provide for the proper administration of this act; to provide penalties for violation of the act; and for other purposes; without amendment (Rept. No. 697). Referred to the House Calendar.

Mr. BLAND: Committee on Merchant Marine and Fisheries. H. R. 4184. A bill to authorize the conveyance by the United States to the town of Bristol, Maine, of a portion of the Pemaquid Point Lighthouse Reservation, and for other purposes; with amendment (Rept. No. 698). Referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ANGELL:

H. R. 6554. A bill to provide for the education of all types of physically handicapped children, to make an appropriation of money therefor, and to regulate its expenditure; to the Committee on Education.

By Mr. DOUGHTON:

H. R. 6555. A bill to amend the act of March 28, 1928 (45 Stat. 374), as amended, relating to the advance of funds in connection with the enforcement of acts relating to narcotic drugs, so as to permit such advances in connection with the enforcement of the Marihuana Tax Act of 1937, and to permit advances of funds in connection with the enforcement of the customs laws; to the Committee on Ways and Means.

H. R. 6556. A bill to provide for the seizure and forfeiture of vessels, vehicles, and aircraft used to transport narcotic drugs, firearms, counterfeit coins, obligations, securities, and paraphernalia, and for other purposes; to the Committee on Ways and Means.

By Mr. GEHRMANN:

H. R. 6557. A bill to regulate interstate and foreign commerce in agricultural products, to prevent unfair competition, to provide for the orderly marketing of such products, to promote the general welfare by assuring an abundant and permanent supply of such products by securing to the producers a minimum price of not less than cost of production, and for other purposes; to the Committee on Agriculture.

By Mr. GEYER of California:

H. R. 6553. A bill authorizing the acquisition by the Secretary of the Navy, on behalf of the United States, of certain real property of the city of Los Angeles, Calif., and, subject to such acquisition, the construction of a marine hospital at Los Angeles Harbor, Los Angeles, Calif.; to the Committee on Naval Affairs.

By Mr. WALLGREN:

H.R. 6559. A bill to accept the cession by the State of Washington of exclusive jurisdiction over the lands embraced within the Olympic National Park, and for other purposes; to the Committee on the Public Lands.

By Mr. TAYLOR of Colorado:

H. R. 6560. A bill relating to placer mining claims for deposits of phosphate, sodium, potassium, oil, oil shale, or gas, on the public domain; to the Committee on the Public Lands.

By Mr. BLOOM:

H. J. Res. 306. Joint resolution on Neutrality Act of 1939; to the Committee on Foreign Affairs.

By Mr. HOBBS:

H. J. Res. 307. Joint resolution to provide for the printing of the speeches and writings of Edmund Burke as a House document; to the Committee on the Library.

By Mr. DOUGHTON:

H. J. Res. 308. Joint resolution construing section 304 of the Tariff Act of 1930, as amended by section 3 of the Customs Administrative Act of 1938; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ANDERSON of Missouri:

H.R. 6561. A bill for the relief of Andrew Wichmann; to the Committee on Claims.

By Mr. ANDERSON of California:

H. R. 6562. A bill authorizing the President of the United States to present, in the name of Congress, the Congressional Medal of Honor to Ernest L. Wrentmore; to the Committee on Military Affairs.

By Mr. CLASON:

H. R. 6563. A bill granting an annuity to Blanche De Land; to the Committee on Claims.

By Mr. DEMPSEY:

H. R. 6564. A bill for the relief of Joseph F. Tondre; to the Committee on Claims.

By Mr. HARRINGTON:

H.R. 6565. A bill authorizing the President to present a Distinguished Service Medal to Rear Admiral Harry Ervin Yarnell, United States Navy; to the Committee on Naval Affairs

By Mr. O'NEAL:

H. R. 6566. A bill granting a pension to Joseph P. Flanders; to the Committee on Pensions.

By Miss SUMNER of Illinois:

H. R. 6567. A bill granting a pension to Elizabeth Epperson; to the Committee on Invalid Pensions.

By Mr. TREADWAY:

H. R. 6568. A bill for the relief of Mrs. Pasquale Diliberto; to the Committee on Claims,

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3330. By Mr. ANGELL: Petition of members of the Philomath (Oreg.) Townsend Club, urging the enactment of House bill 2 and Senate bill 3, the Townsend plan; to the Committee on Ways and Means.

3331. By Mr. CLASON: Petition of sundry citizens of the Second Massachusetts Congressional District, requesting the enactment of the General Welfare Act; to the Committee on Ways and Means.

3332. By Mr. CURLEY: Resolution of the executive council of the American Federation of Labor, urging amendments to the National Labor Relations Act to abolish present National Labor Relations Board and create a new Board with authority to reorganize the entire staff; to the Committee on Labor.

3333. By Mr. GRAHAM: Petition of Ada M. Hamilton and other citizens of Mars, Butler County, Pa., urging the enactment of Senate bill 280; to the Committee on Interstate and

Foreign Commerce.

3334. Also, petition of A. J. Savage and other residents of Beaver Falls, Beaver County, Pa., urging the enactment of legislation prohibiting the advertising of liquor by press and radio; to the Committee on Interstate and Foreign Commerce.

3335. Also, petition of George W. Adams and other citizens of Aliquippa, Beaver County, Pa., urging the enactment of legislation prohibiting the advertising of liquor by press and radio; to the Committee on Interstate and Foreign Commerce.

3336. Also, petition of Lena Stump and other citizens of Beaver Falls, Beaver County, Pa., urging the enactment of legislation prohibiting the advertising of liquor by press and radio; to the Committee on Interstate and Foreign Commerce.

3337. Also, petition of F. M. Falkner and other citizens of Cabot, Butler County, Pa., urging the enactment of legislation prohibiting the advertising of liquor by press and radio; to the Committee on Interstate and Foreign Commerce.

3338. Also, petition of D. P. Linduff and other citizens of Valencia and vicinity, Butler County, Pa., urging enactment of legislation prohibiting the advertising of liquor by press and radio; to the Committee on Interstate and Foreign Commerce.

3339. Also, petition of Rev. S. R. Schieb and other citizens of Valencia, Butler County, Pa., urging the enactment of legislation prohibiting the advertising of liquor by press and radio; to the Committee on Interstate and Foreign Commerce.

3340. Also, petition of sundry citizens of Lawrence County, Pa., forwarded by Mrs. W. E. Currie, of New Castle, Pa., urging the enactment of legislation prohibiting the advertising of liquor by press and radio; to the Committee on Interstate and Foreign Commerce.

3341. Also, petition of members of the Rose Point Covenanter Church, Lawrence County, Pa., urging the enactment of legislation prohibiting the advertising of liquor by press and radio; to the Committee on Interstate and Foreign Commerce

3342. By Mr. JENKS of New Hampshire: Petition of 89 residents of New Hampshire, urging the enactment of House bill 5620, which supersedes House bill 11; to the Committee on Ways and Means.

3343. By Mr. KEE: Resolution of the Interdepartmental Local, No. 111, United Federal Workers of America, Princeton, W. Va., endorsing House bill 960, a bill extending the classified executive civil service of the United States, but requesting the elimination of the provision excluding all persons in positions in or connected with the Works Progress Administration; to the Committee on the Civil Service.

3344. By Mr. KEOGH: Petition of William Feinberg, secretary, Local 802, American Federation of Musicians, favoring Senate bill 951 for additional appropriation for the United States Housing Authority; to the Committee on Appropriations.

3345. Also, petition of the United Federal Workers of America, favoring the passage of the Ramspeck bill (H. R. 960); to the Committee on the Civil Service.

3346. Also, petition of the Book and Magazine Guild, Local 18, United Office and Professional Workers of America, favoring appropriation to provide at least 3,000,000 Works Progress Administration Jobs; to the Committee on Appropriations.

3347. Also, petition of the Welfare Council of the city of New York, favoring the passage of the Wagner-Steagall bill (S. 591) to amend the United States Housing Act; to the Committee on Banking and Currency.

3348. Also, petition of Fred M. Westcott, Webster, N. Y., favoring the passage of House bill 1674; to the Committee on Merchant Marine and Fisheries.

3349. Also, petition of the Fruehauf Trailer Co., Detroit, Mich., concerning the so-called Wheeler bill (S. 2009); to the Committee on Interstate and Foreign Commerce.

3350. Also, petition of the American Federation of Labor, favoring certain amendments to the National Labor Relations Act; to the Committee on Labor.

3351. Also, petition of the United Textile Workers of America, affiliated with the American Federation of Labor, Washington, D. C., concerning Senate bill 162 and House bill 944; to the Committee on Interstate and Foreign Commerce.

3352. Also, petition of the Loose-Wiles Biscuit Co., Long Island City, N. Y., concerning the Knutson bill (H. R. 6068); to the Committee on Ways and Means.

3353. Also, petition of the Eastern Federation of Feed Merchants, Inc., Glenridge, N. J., concerning wage and hour legislation: to the Committee on Labor.

3354. Also, petition of the Baugh & Sons Co., fertilizers and chemicals, Baltimore, Md., concerning the Wheeler-Truman bill (S. 2009); to the Committee on Interstate and Foreign Commerce.

3355. By Mr. KNUTSON: Petition of E. A. Rysbert and 30 others, of Palisade, Minn., favoring the General Welfare Act (H. R. 5620); to the Committee on Ways and Means.

3356. Also, petition of Hans Johnson and 60 others, of McGregor, Minn., favoring House bill 5620, the General Welfare Act; to the Committee on Ways and Means.

3357. Also, petition of George W. Dodge and 60 others, of McGregor, Minn., favoring the General Welfare Act (H. R. 5620); to the Committee on Ways and Means.

3358. Also, petition of Joseph Matte and 29 others, of Crow Wing County and Morrison County, Minn., favoring the General Welfare Act (H. R. 5620); to the Committee on Ways and Means.

3359. Also, petition of A. Hamilton and 29 others, of Backus, Minn., supporting the General Welfare Act (H. R. 5620); to the Committee on Ways and Means.

3360. By Mr. MARTIN J. KENNEDY: Petition of Lodge No. 1053, International Association of Machinists, Buffalo, N. Y., urging support of House bill 4862; to the Committee on Interstate and Foreign Commerce.

3361. Also, petition of the metropolitan section of the American Society of Civil Engineers, New York City, favoring the passage of the Starnes bill (H. R. 4576); to the Committee on Appropriations.

3362. By Mr. MOSER: Petition of the Royal Neighbors of America, a fraternal organization, praying relief from social-security taxation for salaries, as remitted due to its serving officers as elected; to the Committee on Ways and Means.

3363. By Mr. O'NEAL: Petition of sundry citizens of Jefferson County, Ky., in behalf of House bill 5620; to the Committee on Ways and Means.

3364. By Mr. PFEIFER: Petition of the United Textile Workers of America, Washington, D. C., favoring the enactment of the Martin wool labeling bill (H. R. 944); to the Committee on Interstate and Foreign Commerce.

3365. Also, petition of the Book and Magazine Guild, Local 18, United Office and Professional Workers of America, New York City, urging additional appropriation for Works Progress Administration; to the Committee on Appropriations.

3366. Also, petition of the Labor's Non-Partisan League, Washington, D. C., endorsing the Casey bill (H. R. 6470); to the Committee on Appropriations.

3367. By Mr. KEOGH: Petition of the Labor's Non-Partisan League, Washington, D. C., favoring the Casey bill (H. R. 6470); to the Committee on Appropriations.

3368. By Mr. PFEIFER: Petition of William Feinberg, secretary, Local 802, American Federation of Musicians, New York City, endorsing the passage of House bill 3849 and House bill 5471; to the Committee on Military Affairs.

3369. Also, petition of the American Federation of Labor, Washington, D. C., urging the passage of certain amendments to the National Labor Relations Act; to the Committee on Labor.

3370. By Mr. KEOGH: Petition of Customs Laborers Council of the United Federal Workers, New York City, favoring the passage of House bill 6327; to the Committee on Ways and Means.

3371. By Mr. PFEIFER: Petition of William Feinberg, secretary, Local 802, American Federation of Musicians, New York City, endorsing Senate bill 591 for additional appropriation for United States Housing Authority; to the Committee on Appropriations.

3372. By Mr. KEOGH: Petition of Local 802, American Federation of Musicians, New York City, favoring the passage of House bills 3840 and 5471; to the Committee on Military Affairs.

3373. By Mr. PFEIFER: Petition of the Customs Laborers Council of the United Federal Workers of America, New York City, urging support of House bill 6327; to the Committee on Ways and Means.

3374. Also, petition of Local No. 53, of the United Federal Workers of America, urging the passage of House bill 960; to the Committee on the Civil Service.

3375. Also, petition of the Welfare Council of New York City, urging favorable action on the Wagner-Steagall bill, S. 391; to the Committee on Appropriations.

3376. Also, petition of the Baugh & Sons Co., Baltimore, Md., concerning certain amendments to the Wheeler-Truman bill, S. 2009; to the Committee on Interstate and Foreign Commerce.

3377. By Mr. RABAUT: Petition of Harvey Howard and 15 residents of the Fourteenth Congressional District of Michigan, asking for the enactment of the General Welfare Act (H. R. 5620, amended by H. R. 11); to the Committee on Ways and Means.

3378. By Mrs. ROGERS of Massachusetts: Petition of the General Court of the Commonwealth of Massachusetts, memorializing Congress concerning the passage of the antilynching bill, so-called; to the Committee on the Judiciary.

3379. Also, petition of the General Court of the Commonwealth of Massachusetts, memorializing Congress in favor of the continuation of Works Progress Administration projects; to the Committee on Ways and Means.

3380. By Mr. SCHAEFER of Illinois: Petition of the Townsend clubs, Twenty-second Congressional District of Illinois, urging enactment of House bill 2, with endorsements from Local 313, Automobile Mechanics; Local 266, Railroad International Association of Machinists; Local 18980, Federal Labor Union; Local 22, United Leather Workers; Local 16, Switchmen's Union; Local 149, Operating Engineers; Local 676, Retail Clerks; Local 20032, Chemical Workers, Monsanto; Local 90, Continental Casting Co.; Local 3324, Cooks, Waiters, and Bartenders; Local 561, United Brick and Clay Workers; and East St. Louis Central Trades Council; to the Committee on Ways and Means.

3381. Also, petition of the Women's Auxiliary of Progressive Miners of America, Mrs. Lillian Burnette, president, Mrs. Mary Seiber, recording secretary, Marissa, Ill., favoring enactment of H. R. 5332, a bill to provide a pension of \$60 per month to all permanently disabled veterans of the World War; to the Committee on World War Veterans' Legislation.

3382. By Mr. SCHIFFLER: Petition of Eugene Hauck, recording secretary, U. W. P. A. Workers Union, of Wellsburg, Brooke County, W. Va., urging that region 1 be redefined and the State of West Virginia placed in region 1 instead of region 2; to the Committee on Ways and Means.

3383. By Mr. SMITH of Ohio: Petition of Mrs. Vernon Shultz and Benjamin H. Wibbeler and 307 others, petitioning the Congress to stop, by Federal law, as far as possible, the great advertising campaign for the sale of alcoholic beverages now going on by press and radio; to the Committee on Interstate and Foreign Commerce.

3384. By Mr. TINKHAM: Resolutions memorializing Congress, urging the passage of the antilynching bill, so-called; to the Committee on the Judiciary.

3385. Also, resolutions memorializing Congress in favor of the continuation of Works Progress Administration projects; to the Committee on Ways and Means. 3386. By Mr. WELCH: Petition of the California State Senate, Joint Resolution No. 9, relative to the baneful effect of a reciprocal-trade agreement between the United States of America and Venezuela; to the Committee on Ways and Means.

3387. Also, petition of a number of citizens of the Fifth Congressional District of California, urging the enactment of the General Welfare Act; to the Committee on Ways and

3388. By Mr. WOOD: petition of E. S. Downs and others, favoring general welfare legislation; to the Committee on Ways and Means.

3389. By the SPEAKER: Petition of the Brotherhood of Locomotive Firemen and Enginemen, Magnet Lodge, No. 227, Binghamton, N. Y., petitioning consideration of their resolution with reference to the sudden passing of the Honorable Bert Lord, congressional representative from the Thirty-fourth District of New York; to the Committee on Labor.

3390. Also, petition of the Council of the City of Toledo, Toledo, Ohio, petitioning consideration of their Resolution No. R 160–39, concerning the Wagner and Steagall bills; to the Committee on Banking and Currency.

3391. Also, petition of the Past Exalted Rulers Council, No. 7, the Elks Order, Philadelphia, Pa., petitioning consideration of their resolution with reference to military affairs; to the Committee on Military Affairs.

3392. Also, petition of the California Conference of Social Work, San Francisco, Calif., petitioning consideration of their resolution with reference to social work; to the Committee on Ways and Means.

3393. Also, petition of the United Federal Workers of America, Palo Alto, Calif., petitioning consideration of their resolution with reference to House bill 960, extending civil service and classification; to the Committee on the Civil Service.

3394. Also, petition of the United Textile Workers of America, Washington, D. C., petitioning consideration of their resolution with reference to Senate bill 162 and House bill 944, concerning the wool industry; to the Committee on Interstate and Foreign Commerce.

HOUSE OF REPRESENTATIVES

TUESDAY, MAY 30, 1939

The House was called to order by the Speaker at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Almighty God, the Father of us all, in whose changeless love we have our being, as this sacred Memorial Day recurs we lift our grateful hearts to Thee. We praise Thee for that overruling Providence which hitherto has shaped and guided the destiny of our Republic; at its altar may we kneel. We pray that the oppressed everywhere may go free, that the hearts of selfish men may be melted into brotherly love, that the sanctity of human life may increase, that the purity and sweetness of the home may feel the breath of God, and that all creeds may be swallowed up in pure religion. As the tears of the Blue and the tears of the Gray mingle over the graves of their sacred dead, grant that one flag may wave in triumph over a united country—one land and one heart forevermore. In the name of the world's Saviour. Amen.

THE JOURNAL

The SPEAKER. Without objection, the reading of the Journal of the proceedings of yesterday will be dispensed with and the Journal will stand approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. St. Claire, one of its clerks, announced that the Senate had passed without amendment bills, joint resolutions, and a concurrent resolution, of the House of the following titles:

H. R. 913. An act to prohibit the unauthorized use of the name or insignia of the 4-H clubs, and for other purposes.

H. R. 2044. An act for the relief of R. Dove and Laura J. Dove.

H. R. 2097. An act for the relief of Homer C. Stroud.

H. R. 2259. An act for the relief of Stanley Mercuri.

H. R. 2345. An act for the relief of R. H. Gray.
H. R. 2926. An act for the relief of Bernard Woodruff.

H. R. 3074. An act for the relief of Edgar Green.

H. R. 3300. An act for the relief of Grace Rouse.

H. R. 3646. An act to authorize certain officers and employees to administer oaths to expense accounts.

H. R. 3897. An act for the relief of Harry L. Smigell.

H.R. 5136. An act to amend the act entitled "An act to provide books for the adult blind", approved March 3, 1931.

H.R. 5485. An act permitting the War Department to transfer old horses and mules to the care of reputable humane organizations.

H. R. 5601. An act for the relief of John T. Clarkson.

H. R. 5756. An act to amend section 509 of the Merchant Marine Act, 1936, as amended.

H. J. Res. 171. Joint resolution authorizing the President of the United States to accept on behalf of the United States a conveyance of certain lands on Government Island from the city of Alameda, Calif., and for other purposes.

H. J. Res. 189. Joint resolution to define the status of the Under Secretary of Agriculture, and for other purposes.

H. J. Res. 280. Joint resolution authorizing the payment of salaries of the officers and employees of Congress on the first workday preceding the last day of any month when the last day falls on Sunday or a legal holiday.

H. Con. Res. 23. Concurrent resolution to increase the appropriation for the Joint Committee on Forestry by \$7,000.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 5407. An act to amend and Act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and Acts amendatory thereof and supplementary thereto.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 1869. An act to protect interstate commerce from the dangers of unsound financial structures and to establish improved procedures and standards for financial rehabilitation of railroads engaged in interstate commerce, and for other purposes.

The message also announced that the Senate insists upon its amendment to the bill (H. R. 3537) entitled "An act to extend the facilities of the United States Public Health Service to active officers of the Foreign Service of the United States," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. Pittman, Mr. George, and Mr. Borah to be the conference on the part of the Senate.

The message also announced that the Senate insists upon its amendments to the bill (H. R. 5269) entitled "An act making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1940, and for other purposes," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. Russell, Mr. Hayden, Mr. Tydings, Mr. Bankherad, Mr. Smith, Mr. Nye, and Mr. McNary to be the conference on the part of the Senate.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 1869. An act to protect interstate commerce from the dangers of unsound financial structures and to establish improved procedures and standards for financial rehabilitation of railroads engaged in interstate commerce, and for other purposes; to the Committee on the Judiciary.

S. 2009. An act to amend the Interstate Commerce Act, as amended, by extending its application to additional types of carriers and transportation and modifying certain provisions thereof, and for other purposes; to the Committee on Interstate and Foreign Commerce.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. SHANLEY, indefinitely, on account of death of his father,

RECESS

The SPEAKER. Pursuant to House Resolution 160, the Chair declares the House to be in recess for the purpose of holding memorial services as arranged by the Committee on Memorials.

Accordingly, the House stood in recess to meet at the call of the Chair.

MEMORIAL SERVICE PROGRAM

MAY 30, 1939

Prelude, Sacred Selections (11:30 to 12)—
United States Marine Band Orchestra

The Speaker of the House of Representatives Presiding Officer___ Scripture Reading and Prayer ______ The Chaplain
The Lord Is My Shepherd (Rogers) _____ The Temple Quartet
Roll of Deceased Members— The Clerk of the House of Representatives

Devotional Silence Rest In Peace (Schubert)_

(Schubert) ______ The Temple Quartet ______ Hon. Thomas A. Jenkins Representative from the State of Ohio Address A Spirit Flower (Campbell Tipton) ____ John Carter

Hon, James P. McGranery Representative from the State of Pennsylvania The Strife Is O'er (Palestrina) ---__The Temple Quartet

_Winfred Kemp Benediction_____ __The Chaplain

MEMORIAL SERVICES

The SPEAKER of the House of Representatives presided. The Chaplain, Dr. Montgomery:

Almighty God, unto whom all hearts are open, all desires known, and from whom no secrets are hid, cleanse the thoughts of our hearts by the inspiration of Thy Holy Spirit, that we may perfectly love Thee and worthily magnify Thy holy name. Through Jesus Christ our Lord. Amen.

Mr. John Carter sang, I Know That My Redeemer Liveth. by Dudley Buck.

SCRIPTURE READING AND PRAYER

The Chaplain, Dr. Montgomery:

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I am the resurrection and the life; he that believeth on Me though he were dead, yet shall he live; and whosoever believeth on Me shall never die.

For we know that if the earthly house of our tabernacle be dissolved we have a building from God, a house not made with hands, eternal in the heavens.

The Lord is my shepherd; I shall not want. He maketh me to lie down in green pastures: He leadeth me beside the still waters. He restoreth my soul: He leadeth me in the paths of righteousness for His name's sake. Yea, though I walk through the valley of the shadow of death, I will fear no evil: for Thou art with me; Thy rod and Thy staff they comfort me. Thou preparest a table before me in the presence of mine enemies: Thou anointest my head with oil; my cup runneth over. Surely goodness and mercy shall follow me all the days of my life: and I will dwell in the house of the Lord forever.

Lord, Thou hast been our dwelling place in all generations Before the mountains were brought forth, or ever Thou hadst formed the earth and the world; even from everlasting to everlasting Thou art God. For a thousand years in Thy sight are but as yesterday when it is past and as a watch in the night. Thou carriest them away as with a flood; they are as asleep; They are like grass: In the morning it flourisheth and groweth up; in the evening it is cut down and withereth. So teach us to number our days that we may apply our hearts unto wisdom.

Let not your heart be troubled; ye believe in God, believe also in Me. In My Father's house are many mansions; if it were not so, I would have told you; for I go to prepare a place for you. And if I go and prepare a place for you, I will come again and receive you unto Myself, that where I am ye may be also. . .

I heard a voice from heaven saying, write: Blessed are the dead who die in the Lord from henceforth: yea, saith the Spirit, that they rest from their labors; for their works do tollow them.

Heavenly Father, our Companion of The Lonely Way: O Thou whose star stood above the Judean hills, be very graciously near us and draw aside the veil of grief. Let us not mourn, as those who love and lose in this fading world: let Thy full-orbed spirit be upon our waiting souls like the dawn upon the hills of earth. How firm, how strong, how sovereign is that manhood that lives and breathes through Thee. May that peace prevail among us that might even flow from the robes of angels. Let us hear the evening hymn that calls us from the language of earth to the language of heaven. O Thou who didst bow Thy head upon the cross and passed beneath the shadow of pain and dying, comfort the sorrowing ones who linger here. Dear Lord. so often our reason wrestles for the daybreak and asks for the way, the truth and light; on the wings of our prayer we come to Thee in our weakness. Keep us all in the shelter of Thy presence until the stream of death we cross-and unto Thee be eternal praise.

> If on a quiet sea, on a quiet sea, Toward heaven we calmly sail ith grateful hearts, O God to Thee, We'll own the favoring gale. With

Teach us in every state,
To make Thy will our own;
And when the joys of sense depart
To live by faith alone.

Through Christ our Saviour.

The Temple Quartet sang The Lord is My Shepherd, by Rogers.

ROLL OF DECEASED MEMBERS

Mr. Roger M. Calloway, reading clerk of the House, read the following roll:

ROYAL SAMUEL COPELAND, Senator from the State of New York: Doctor; lawyer; professor, author; house surgeon, University of Michigan Hospital, 1889–90; practiced medicine 1890–95; professor, medical school, University of Michigan, 1895–1908; Mayor Ann Arbor, Michigan, 1901–03; dean, New York Flower Hospital Medical College, 1908–18; fellow of the American College of Surgeons; commissioner of public health and president of the New York Board of Health 1918–23; elected to the United States Senate 1922, 1928, and again in 1934. Died June 17, 1938.

JAMES HAMILTON LEWIS, Senator from the State of Illinois: Law-

JAMES HAMILTON LEWIS, Senator from the State of Illinois: Law-yer; author; soldier; member of the Senate, State of Washington; candidate for Governor of Washington 1892; Member of the Fifty-fifth Congress; served as Inspector General during Spanish Ameri-can War; corporation counsel, City of Chicago, 1905–07; candidate for Governor of Illinois, 1908; delegate, Safety at Sea Convention at London 1914; designated to incidental service in Europe during the World War, reporting to the President; decorated by foreign countries; elected to the United States Senate 1912, 1930, and 1936. Died April 9, 1939.

CHARLES J. COLDEN, Seventeenth Congressional District of California: Educator; businessman; journalist; president of the board of regents of Northwest Missouri Teachers College; president of Los Angeles Harbor Commission; member of Los Angeles City Council; elected to the Seventy-third, Seventy-fourth, and Seventy-fifth

Congresses. Died April 15, 1938.

ALLARD HENRY GASQUE, Sixth Congressional District of South Carolina: Educator; superintendent of education, Florence County; president State Teachers Association and State County Superintendents Association; member State democratic executive committee; Member of the Sixty-eighth, Sixty-ninth, Seventieth, Seventy-first, Seventy-second, Seventy-third, Seventy-fourth, and Seventy-fifth Congresses. Chairman, Committee on Pensions at the time of his death June 17, 1938.

ROBERT LOW BACON, First Congressional District of New York:
Lawyer; soldier; served in the Field Artillery, United States Army,
during World War; instructor of Field Artillery; commanding officer
training battalion; brigade adjutant; assistant to Chief of Field
Artillery; awarded Distinguished Service Medal; delegate, Republican National Convention, 1920; Member of the Sixty-eighth,
Sixty-ninth, Seventieth, Seventy-first, Seventy-second, Seventy-

third, Seventy-fourth, and Seventy-fifth Congresses. Died September 12, 1938.

Der 12, 1938.

John Joseph Boylan, Fifteenth Congressional District of New York: Businessman; member New York Assembly 1910–12; State senator 1913–22; Member of the Sixty-eighth, Sixty-ninth, Seventieth, Seventy-first, Seventy-second, Seventy-third, Seventy-fourth, and Seventy-fifth Congresses; member of the Committee on Appro-

and Seventy-fifth Congresses; member of the Committee on Appropriations; chairman of the Thomas Jefferson Memorial Commission. Died October 5, 1938.

STEPHEN WARFIELD GAMBRILL, Fifth Congressional District of Maryland: Lawyer; member State legislature 1920-22; member of the Maryland State Senate 1924; Member of the Sixty-eighth, Sixty-ninth, Seventieth, Seventy-first, Seventy-second, Seventy-third, Seventy-fourth, and Seventy-fifth Congresses; reelected to the Seventy-sixth Congress. Died December 19, 1938.

WILLIAM BEN CRAVENS, Fourth Congressional District of Arkansas: Lawyer; city attorney, Fort Smith, 1898-1902; prosecuting attorney of the twelfth judicial district of Arkansas 1900-06; Member of the Sixtieth. Sixty-first. Sixty-second. Seventy-third. Seventy-

of the Sixtieth, Sixty-first, Sixty-second, Seventy-third, Seventy-fourth, Seventy-fifth, and Seventy-sixth Congresses. Died January 13, 1939.

John Burrwood Daly, Fourth Congressional District of Pennsyl-

JOHN BURRWOOD DALY, FOURTH Congressional District of Fennsylvania: Lawyer; educator; master of arts and doctor of laws; assistant city solicitor of Philadelphia for 12 years; member faculty of La Salle College; Member of the Seventy-fourth, Seventy-fifth, and Seventy-sixth Congresses. Died March 12, 1939.

CLARENCE WYLY TURNER, Sixth Congressional District of Tennessee: Lawyer; editor; elected to State senate of Tennessee 1900, 1909, and 1911; delegate to the Democratic National Conventions

1909, and 1932; mayor and city attorney, Waverly, Tenn.; county judge, Humphreys County, 1920–33; Member of the Sixty-seventh, Seventy-third, Seventy-fourth, Seventy-fifth, and Seventy-sixth Congresses. Died March 23, 1939.

Mrs. Norton, a Representative from the State of New Jersey, standing in front of the Speaker's rostrum, placed a memorial rose in a vase as the name of each deceased Member was read by the Clerk.

Then followed 1 minute of devotional silence.

The Temple Quartette sang Rest in Peace, by Schubert. Hon. Thomas A. Jenkins, a Representative from the State of Ohio, delivered the following address:

ADDRESS OF HON. THOMAS A. JENKINS

Mr. JENKINS of Ohio. Mr. Speaker and friends, the sorrow that we have for our dead is one sorrow from which the heart refuses to seek surcease. It is the only sorrow that we refuse to forget. Every other wound we seek to heal, but somehow we feel it our duty to keep this wound open. We sometimes cherish our sorrow for our dead so that we may brood over it in solitude. Our sorrow for our dead is measured exactly by our love for them.

> Who hath not learned, in hours of faith, The truth to flesh and sense unknown, That life is ever lord of death, And love can never lose its own!

When we first get the sad news that one of our own has gone from us we feel an overwhelming burst of grief, but time, the great healer, slowly and surely calms this into a tender recollection. A gentle tear is then our only outward manifestation. The convulsive agony that first consumed us gradually softens into pensive meditation from which we derive much solace. And among the beautiful pictures that hang on memory's wall the picture of one we loved the most will seem the best of all.

We may laugh with our gay friends, we may meet with them around the festal board, we may listen intently to their songs and chronicles, but there is a remembrance of the dead to which we turn even from the charms of the living. We are always keyed to hear the voice which even the tomb cannot stifle.

There is a scene where spirits blend, Where friend holds fellowship with friend.

A genuine show of reverence for the dead is a mark of culture in any individual. A nation's standard of civilization is accurately tested by the customs of the people as they show or fail to show proper respect for their dead. Veneration for the tomb and reverence for their dead was characteristic of the strong nations of earliest history. This simple inclination of these unlettered ancients to keep fresh the memories of their dead is unmistakable proof that the natural instincts of man cry out for the eternal companionship of those he loves.

In all generations nations have erected monuments as proof of their love and affection for their honored dead. No nation has surpassed us in this respect. All over our land a thankful people have recorded the virtues of their forefathers in literature, in art, in song, and in enduring bronze and granite. The choicest treasure of an individual who has lived right is his memory of his life's experiences—"A good name is rather to be chosen than great riches." The greatest wealth of any nation is its national memories. When Greece was richest in treasures her greatest treasure was her culture. Rome ruled the world her richest treasure was that which held her empire together-law and government. The national memories of our country are richer than our mines of gold, our fields of corn, or our cattle on a thousand hills. Our national memories are more ennobling than our great cities filled with the treasures of art and the trophies of war. In these days of wars and rumors of war our national memories which inspire our patriotism are a safer defense for the Republic than our strong efficient armies or our swift, magnificent navies.

So today we are deeply conscious that we have assembled to pay our tribute of love and respect to our deceased colleagues, of whom we could say that they were-

> Tall men, sun-crowned, who live above the fog In public duty, and in private thinking.

That they were-

Men whom the lust of office does not kill: Men whom the spoils of office cannot buy; Men who possess opinions and a will; Men who have honor, men who will not lie.

We meet from a genuine and generous impulse of our hearts to testify to their worth and to say to their relatives that we mingle our tears with theirs for we, too, love our departed brethren and shall forever cherish their memory. Their greatest and most enduring monuments will be seen in the greatness of the Republic which they served so well. It is a glorious death to die in the service of one's country. It is not important what one gets or what one has as compared to what one gives. These men gave of their time and their talents to their fullest capacity.

> Carve your name high over shifting sand, Where the steadfast rocks defy decay—All you can hold in your cold, dead hand Is what you have given away.

Build your pyramid skyward, and stand, Gazed at by millions, cultured they say— All you can hold in your cold, dead hand Is what you have given away.

Count your wide conquests of sea and land, Heap up the gold, and hoard as you may— All you can hold in your cold, dead hand Is what you have given away.

The loss of these, our beloved colleagues, causes a wide gap in our public councils, of which we are deeply sensible. To the States which they represented and to the people of the sections of the country with which they were identified, no tongue of a stranger may venture to attempt words of adequate consolation. But let us heed the voice which comes to us all, both as individuals and as public officials, and in the solemn and signal province of God let us remember that our duty to the Republic next to our duty to God is our greatest obligation. Let us reflect how vain are the personal strifes and partisan contests in which we daily engage, in view of the great account which we soon may be called to render. Our opportunity to serve humanity is great and our responsibility to assume it humbly and discharge it nobly is commensurately great.

Our association with these our distinguished dead was a rare privilege. All of them, no doubt, came from wholesome Their courage and ambition carried them environment. through the public schools, the academies, colleges or universities as their funds would warrant. They boldly breasted the currents of life strengthening themselves by daring to swim against all currents that threatened to carry them into easy or useless activities. One must have a fair measure

of courage and have confidence in his own worth and ability, when he asks an intelligent American constituency to elect him as their representative to the greatest legislative body in the world. When once honored with membership in this great body; once having sworn to uphold and defend the Constitution against all enemies, foreign and domestic, theirs was the duty to see to it that constitutional Government should be maintained and that the torch of equal justice should always be kept burning bright so as to lead those in authority to do justly and walk uprightly, to their own honor and to the welfare of the people and to the glory of the Republic. So nobly did they discharge their duties that they left no stain upon the escutcheon of the Republic. Alongside their irreproachable conduct, we lay the full measure of our love, our confidence, and our respect. While we held our departed brethren in the highest esteem as we served with them, our measurement of their stature might be dwarfed somewhat by the nearness of the perspective. Now that they are gone our appraisal could probably be better expressed in these words:

> A prince once said of a king struck down: "Taller he seems in death." And the word holds good, for now, as then, It is after death that we measure men.

The greatest measure of devotion that any man can show for his country is to die for it on the field of battle. I am sure that our departed brethren whom we strive to honor today would approve a reference by me at this time to the fact that this day is our national holiday known as Memorial Day. Today, from shore to shore, in every city, village, and hamlet, and at every countryside the people are gathered in tribute to their beloved dead. Soon after the close of the great conflict that threatened the existence of the Union there was published a poem inspired by the magnanimity of a group of women who strewed flowers alike on the graves of the Union dead as on the graves of their own Confederate dead. This little poem, the Blue and the Gray, with other contributing features, so moved the sympathy of the Nation that Decoration Day or Memorial Day came to be a national holiday. At first Decoration Day was largely a day for paying tribute to those who had died on the field of battle by decorating their graves, but it has now grown to universal observance. The people, encouraged by the churches, the schools, the civic, fraternal, and patriotic organizations consider this as a day when they can proudly demonstrate their patriotism and when they can reverently show their love and devotion to those who have moved to that mysterious realm we call eternity.

Besides carrying his theme to a beautiful conclusion, the poet who wrote the Blue and the Gray expressed a beautiful and timely prophecy which we hope has been fully and enternally realized in our country. He writes:

No more shall the war cry sever Or the winding river be red; They banish our anger forever When they laurel the graves of our dead.

Oh, speed the day everywhere when the peoples of the world can rest safely in the assurance that war shall be no more. May God hasten the fulfillment of the prophecy of His prophet, Isaiah, who said:

And they shall beat their swords into plowshares and their spears into pruning hooks; nation shall not lift up sword against nation, neither shall there be war any more.

When primitive man advanced far enough to reason and rationalize he wondered whether death ended all. From that time forward one solemn thought has been with mankind always. As the primitive man saw his friends and his own offspring pass away he pondered over it and wondered whether he would ever see them again. When he saw their flesh mix with the insensible clod and their bleached bones blow away with the passing winds, he was dismayed. His mind was confused, and he followed his natural instinct

and continued to ponder, little thinking that his plight was and would be for ages the common plight of mankind. Long before Revelation strengthened our faith and Resurrection assured our hope the people of the world were reverently and worshipfully seeking what they thought was the source of good, knowing that if there was a supreme being it must be good. With advancing civilization the matter remained insolvable except for the rather indefinite prophecy of a few bold prophets. It was left to Job, the man of trouble and the great philosopher to give cogent expression to his feelings on this subject. He said:

O that Thou wouldest hide me in the grave, that Thou wouldest keep me secret, until Thy wrath be past, that Thou wouldest appoint me a set time, and remember me.

If a man die, shall he live again? All the days of my appointed time will I wait, till my change come. Thou shalt call, and I will answer Thee; Thou wilt have a desire to the work of Thine hands.

Every rational man has with him always the question: If a man die shall he live again? He is baffled with his inability to prove the immortality of the soul but takes comfort in the thought that nobody has disproved it. Somehow a belief in the immortality of the soul binds the world in a close comradeship.

So through the generations the question has remained inexplicable by the intellect. Many questions are unexplainable by the intellect that are understood and solvable by the sensibilities. The finest activities of the soul spring from the sensibilities rather than from the intellect. When Job spoke, he consulted his feelings.

We need not worry too much about the mystery of death until we understand the miracle of birth. All men come into the world through birth and all are equal then. All men leave this world through death and all are again equal. But at no other time from birth to death are they equal. We of the Christian faith through our belief in Christ and His divinity are irresistibly led to a belief in the authenticity of the greatest event in all history—the resurrection of Christ. If Christ rose from the dead, this eternal question that has worried humanity has been answered. If we believe in Christ, let us hear Him say:

Let not your heart be troubled: ye believe in God, believe also in me. In my Father's house are many mansions: if it were not so, I would have told you. I go to prepare a place for you. And if I go and prepare a place for you, I will come again and receive you unto myself; that where I am, there ye may be also.

To those who are of the house of faith these words are convincing. Encouragement to this view is also given when we recite the long list of the great of all ages who were irresistibly drawn to a belief in immortality. It was David who expressed his faith that he would again meet his son Absolom. The shrewd Socrates included a belief in immortality in his philosophy. The sublime Plato made himself immortal by his writings on the immortality of the soul. In burning eloquence Cicero proclaimed his belief in immortality. The Apostle Paul, who left a greater impression on the world than any other man, the Saviour only excepted, in faith abounding said:

And the time of my departure is at hand. I have fought a good fight, I have finished my course, I have kept faith: Henceforth there is laid up for me a crown of righteousness, which the Lord, the righteous judge, shall give me at that day: and not to me only, but unto all them also that love his appearing.

These and other countless scholars, scientists, and philosophers agree with the irrefutable teaching of the lowly Nazarene.

Robert Ingersoll, the great modern agnostic, when put to the test while speaking at his brother's funeral, said:

Life is a narrow vale between the cold and barren peaks of two eternities. We strive in vain to look beyond the heights. We cry aloud and the only answer is the echo of our own wailing cry. From the voiceless lips of the unreplying dead there comes no word, but in the night of death, hope sees a star and listening love can hear the rustle of a wing.

Addison makes Cato say as he sat alone just before his suicide, with Plato's book on the Immortality of the Soul in his hand and a drawn sword on the table before him:

Plato, thou reasonest well!
Else whence this pleasing hope, this fond desire,
This longing after immortality?
Or whence this secret dread, and inward horror,
Of falling into naught? Why shrinks the soul
Back on herself, and startles at destruction?
'Tis the divinity that stirs within us;
'Tis heaven itself that points out an hereafter,
And intimates eternity to man.

Here will I hold. If there's a Power above us, (And that there is, all Nature cries aloud Through all her works) he must delight in virtue; And that which he delights in must be happy.

Thus am I doubly armed; my death and life, My bane and antidote are both before me. This in a moment brings me to an end; But this informs me I shall never die. The soul, secured in her existence, smiles At the drawn dagger and defies its point. The stars shall fade away, the sun himself Grow dim with age, and Nature sink in years; But thou shalt flourish in immortal youth, Unhurt amidst the war of elements, The wrecks of matter, and the crush of worlds.

My friends, change is the most inexorable law of nature. "Change and decay in all around" we see. Only God and His grace are unchanging and unchangeable. Heaven's fair morning has broken for our departed brethren. Earth's vain shadows have fled. "O Thou who changest not," let them abide with Thee.

Mr. John Carter sang A Spirit Flower, by Campbell Tipton. Hon. James P. McGranery, a Representative from the State of Pennsylvania, delivered the following address:

ADDRESS BY HON. JAMES P. M'GRANERY

Mr. McGranery. Mr. Speaker, more than four centuries before the dawn of the Christian era, Pericles, when asked to speak of the first Athenians who fell in the Peloponnesian War, confessed that he doubted the wisdom of any speech and declared that where men's deeds have been great they should be honored in deed only. Today my mind is one with the great orator of Athens, as I stand in this Chamber which has echoed with the voices of the men whom we are gathered to commemorate, our colleagues who have been summoned into eternity during the past year.

Posterity will be eager to share our knowledge of their personalities, gained in the happy comradeship of this legislative body. Because they were statesmen, it is the right of future generations calmly to appraise their service here and judicially to award to them their places in history.

We, who knew them and loved them, find our eyes dimmed by emotion on this hallowed occasion as we unite to dedicate this hour to our friends. Nothing that we can say will soften the pain of loss in the hearts of their mothers, their widows, their children who are attending these exercises. Their grief will not lessen; but consolation, like the morning dew, must come with the realization that they have given a member of their family in sacrifice upon the altar of patriotism. They must know, too, that the period of separation is a temporary one; for the men who are gone from our midst have reached the place of perpetual light where they are united to God, and where their loved ones will one day be reunited with them.

The legacy which they left us is a precious one—the more precious because the privilege was ours to know in the intimacy of good fellowship men whose integrity of character and social sympathy had enriched the life of a great nation.

In them we found no narrow passion of sectionalism, but rather the firm determination to interpret the historic forces animating American life, and the enlightened will to direct those forces to real fulfillment of the ideals of a democratic society.

With Edmund Burke they had come to understand that the distinction between a statesman and a pretender is that the latter thinks of results and aims for expediency, while the former reasons from principles and acts for immortality. These departed Members, whose memories we shall ever cherish and revere, were exemplars of American statesmanship, and their active faith was the foundation of their substantial heroism. A vista is opened out to us luminous with their vision, and we who look through it see a world ordered by God, a universe serene with his spirit of peace.

Today is consecrated to those who have already gone to be with the valiant ones whom men call immortal. Yet we who remain should not be sad—our colleagues would not wish it, for they know, with Francis Thompson, that—

The fairest things in life are death and birth, And of these two the fairer thing is death.

It is the falling star that trails the light, It is the breaking wave that trails the might, The passing shower that rainbows maniple.

Thus hath He unto death his beauty given: And so of all which form inheriteth, The fall doth pass the rise in worth; For birth hath in itself the germ of death, But death hath in itself the germ of birth: It is the falling acorn buds the tree, The falling rain that bears the greenery.

For there is nothing lives but something dies, And there is nothing dies but something lives. Till skies be fugitives, Till time, the hidden root of change, updrives, Are birth and death inseparable on earth, For they are twain yet one, and death is birth.

If they could return to this Hall of Congress they would smile—

As only joy made wise By sorrow smiles at fear, as if a smile Would teach—

Us the serenity of one who has the perspective of eternity, of one who stands and views the centuries from afar unconfused by the sequence of past and future.

We who are here can but-

Dimly guess what time in mists confounds; Yet ever and anon a trumpet sounds From the hid battlements of eternity.

As it did for our comrades. They answered it, not with their loins girded for war, but armored with their valiant faith, eager for the peace that passeth understanding.

We, who shared their last days under the dome of this Capitol, had witnessed again and again the manifestation of the faith which was their treasured heritage as Americans—faith in the logic of democracy; faith in their fellowmen, and in the supremacy of the spiritual force; faith in the essentially democratic ideal of the right of men everywhere to determine the conduct of their own affairs; faith in the ideal of the cooperation of peoples, in the same ideal which during almost eight score years welded together the individuals, who had their varied origins in the many hostile countries of the Old World, into an harmonious and united nation in the New World, where there is no place for communism, nazism, or fascism with their false interpretations of anthropology and biology.

It is not fitting that I should here attempt any controversial discussion, but I should lack the courage of those earnest advocates of democracy whom we are gathered to honor if I did not voice the plea that they would make today in this Chamber.

May God grant that the ideal of democratic cooperation which has been realized in this Republic—and of which this legislative body is at once a symbol and a proof—shall in our time join the now discordant peoples of the whole world into a permanent and united congress of nations.

Many years ago that great American, Charles Sumner, said:

Not that I love country less, but humanity more, do I now and here plead the cause of a higher and truer patriotism. I cannot forget that we are men by a more sacred bond than we are citizens—that we are children of a common Father more than we are Americans.

It is natural, too, that we, as Members of the Congress of the United States, should place the tie of humanity above that of nationality, for each Member represents diverse constituents descended from citizens of all the nations, constituents of all creeds and of all races—constituents who live in harmony with each other, and ask of us only that we legislate for the common good. Their protection is indeed in their fraternity, and the legislation enacted in these Halls for them by us, their representatives, is effective, not because of the perishable parchment upon which it is inscribed but because it expresses the will of the American people with its tradition of fair and honorable dealing, founded upon the principles of equality, first enunciated for us in the Declaration of Independence.

As my eminent and now deceased predecessor from the district which I have the privilege to represent, the Honorable James M. Beck. aptly stated:

The Declaration did not create us a people. We were potentially a great people before it was adopted. Declarations, constitutions, and governments do not create peoples, but peoples create governments and ordain constitutions.

There is today harmony among the varied citizens of these United States because theirs is the spirit of democracy, which safeguards their inalienable rights to life, liberty, and the pursuit of happiness. The human conscience, to which Jefferson appealed in his great state paper, rises higher than the selfish interests and prejudices of nations and races, and unerringly approves what is right and condemns what is wrong. His words gave unto men a new deed poll to liberty, and neither time nor change has clouded the title for the many who have since claimed their heritage on our shores.

Our national strength has increased in the same ratio as our spirit of solidarity has grown under the wise and fatherly government of the Republic. It has been well said that our whole system of law is in its essence only the enforcement of the reciprocal limitations of individual liberty. Every man must limit his liberty by his brother's, and his brother must in turn realize that his freedom is not without the restraint that is upon every member of a family. Each law and each custom which constrains human conduct is justified insofar as it is necessary and appropriate for the preservation of the liberty of other men.

The keystone of American liberty has ever been freedom of speech—a happy heritage won by our forefathers by incalculable sacrifice—a sacred inheritance to be preserved only by perpetual vigilance. It must be maintained inviolate by the guardians of democracy whose sacred trust it is to watch it as zealously as the vestal virgins of ancient Rome guarded the fire of the empire.

The Members of the Congress must be militant to maintain liberty in the face of alien and corrupting influences that seek to undermine it within our borders, just as they must be vigilant to defend the integrity of those borders against military aggression from abroad.

This dual admonition has come down to us in the Farewell Address, wherein the Father of our Country reminded us that—

In proportion as the structure of government gives force to public opinion, it is essential that public opinion should be enlightened.

Wisely, he affirmed, that-

Virtue or morality is a necessary spring of popular government.

As he cautioned us:

Observe good faith and justice towards all nations; cultivate peace and harmony with all: Religion and morality enjoin this conduct; and can it be that good policy does not equally enjoin it?

With practical foresight, he counseled that we were to do these things:

Taking care always to keep ourselves by suitable establishments on a respectable defensive posture—

And-

Remembering also that timely disbursements to prepare for danger frequently prevent greater disbursements to repel it.

The philosophy of Washington, blended with that of Monroe, has been clarified and revivified for the men of today by the President of the United States, as he eloquently declared:

To show our faith in democracy, we have made the policy of the good neighbor the cornerstone of our foreign relations. No other policy would be consistent with our ideas and our ideals. In the fulfillment of this policy we propose to heed the ancient scriptural admonition not to move our neighbor's landmarks, not to encroach on his metes and bounds.

We desire by every legitimate means to promote freedom in trade and travel and in the exchange of cultural ideas among nations. We seek no territorial expansion, we are not covetous of our neighbor's goods; we shall cooperate in every proposal put forward to limit armaments; we abhor the appeal to physical force except to repulse aggression, but we say to all the world that in the Western Hemisphere—in the three Americas—the institutions of democracy—government with the consent of the governed—must and will be maintained.

With his unfailing clarity of expression, the Chief Executive of our Nation has thus summarized the will of the American people, the determination of every representative who has ever been elected to serve in the Congress of the United States.

As the immediate representatives of the people, Members of the Congress were entrusted by the Federal Constitution with the sole right—yea, the solemn duty—to declare war. It is a happy commentary upon the patriots who served their country in this historic place—who daily devoted their living strength to the tasks of their sacred trust—that, throughout the century and a half that has intervened, there has marched a long and distinguished procession of men who have waged in this Chamber an unceasing battle to substitute for the arbitrament of war and death the reign of law, a valiant campaign to guarantee to the principles of democracy eternal validity.

Our colleagues who we mourn today were members of that militant procession whose fealty was to democracy, the mother of peace. They had consecrated their manhood to a great cause, and in this place where we are met today they gave their lives as heroically as any soldier—knights who died in a crusade.

They are beyond the need of our prayers as truly as the martyrs who were baptized by blood. By their death there has been born in the hearts of each of us a desire to dedicate ourselves anew to the defense of democracy.

In the words of Cardinal Newman, we, who must carry on, humbly ask our Divine Father:

May He support us all the day long, till the shades lengthen, and the evening comes, and the busy world is hushed, and the fever of life is over, and our work is done; then in His mercy may He give us a safe lodging and a holy rest, and peace at the last.

The Temple Quartet sang The Strife Is O'er, by Palestrina. Taps was sounded by Winfred Kemp, principal musician, United States Marine Band Orchestra.

The Chaplain, Rev. James Shera Montgomery, D. D., pronounced the Benediction:

Unto Him who is able to keep you from falling and to present you faultless before the presence of His glory with exceeding joy, to the only wise God, our Saviour, be glory and majesty, dominion and power both now and forever.

Now may grace, mercy, and peace from God the Father, Son, and Holy Ghost abide with you and keep you always. Amen.

AFTER RECESS

At the conclusion of the recess the Speaker called the House to order, and then, pursuant to House Resolution 160, as a further mark of respect to the memory of the deceased, declared the House adjourned.

ADJOURNMENT

Accordingly (at 1 o'clock and 24 minutes p. m.) pursuant to its order heretofore entered, the House adjourned until tomorrow, Wednesday, May 31, 1939, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON INVALID PENSIONS

There will be a meeting of the Committee on Invalid Pensions at 10 a.m. on Wednesday, May 31, 1939, in room 247, House Office Building, for the purpose of holding public hearings on H. R. 2889, a bill to provide that the widows and orphans of deceased veterans of the Regular Establishment shall be entitled to the same pensions, under the same conditions otherwise, as provided for widows and orphans of deceased World War veterans, and for other purposes; H. R. 2897, a bill to equalize the pensions payable to the dependents of veterans of the Regular Establishment with those payable to dependents of veterans of the World War whose death is due to service; and H. R. 6129, a bill to restore to the widows of the Regular Establishment the marriage privileges taken away by the Economy Act.

COMMITTEE ON IMMIGRATION AND NATURALIZATION

There will be a meeting of the Committee on Immigration and Naturalization at 10:30 a.m. Wednesday, May 31, 1939, on House Joint Resolution 165, Dingell child refugee bill; House Joint Resolution 168, Rogers child refugee bill.

COMMITTEE ON INDIAN AFFAIRS

There will be a meeting of the Committee on Indian Affairs on Wednesday next, May 31, 1939, at 10:30 a. m., for the consideration of House Joint Resolution 117, H. R. 2390, H. R. 2776, H. R. 3797, H. R. 5002, and H. R. 5409.

COMMITTEE ON FOREIGN AFFAIRS

There will be a meeting of the Committee on Foreign Affairs (executive session) in the committee rooms, Capitol, at 10:30 a. m. Thursday, June 1, 1939, for the consideration of House Joint Resolution 306, Neutrality Act of 1939.

COMMITTEE ON THE JUDICIARY

On May 31, 1939, beginning at 10 a.m., there will be a public hearing before the Committee on the Judiciary on the bill (H. R. 6369) to amend the act entitled "An act to establish a uniform system of bankruptcy throughout the United States,' approved July 1, 1898, and acts amendatory thereof and supplemental thereto; to create a Railroad Reorganization Court, and for other purposes.

There will be a public hearing before Subcommittee No. III of the Committee on the Judiciary on Friday, June 2, 1939, at 10 a.m., on the bill (H. R. 2318) to divorce the business of production, refining, and transporting of petroleum products from that of marketing petroleum products. Room 346, House Office Building.

COMMITTEE ON THE POST OFFICE AND POST ROADS

The Committee on the Post Office and Post Roads will continue to hold public hearings on Thursday, June 1, 1939, at 10 a. m., for the consideration of H. R. 3835, a bill to authorize the Post Office Department to cooperate with the several States in the collection of State taxes.

COMMITTEE ON MERCHANT MARINE AND FISHERIES

The Committee on Merchant Marine and Fisheries will hold public hearings in room 219, House Office Building, at 10 a.m., on the bills and dates listed below:

On Wednesday, May 31, 1939, at 10 a.m., on H. R. 4985, relating to Fishery Educational Service in Bureau of Fisheries (CALDWELL); H. R. 5025, purchase and distribution of fish products (BLAND); and H. R. 5681, purchase and distribution of fish products (CALDWELL).

On Tuesday, June 6, 1939, on H. R. 6039, motorboat bill of 1939 (BLAND); and H. R. 6273, outboard racing motorboats

On Thursday, June 8, 1939, on H. R. 5837, alien owners and officers of vessels (KRAMER); and H. R. 6042, requiring numbers on undocumented vessels (KRAMER).

On Tuesday, June 13, 1939, on H. R. 1011, drydock facilities for San Francisco (Welch); H. R. 2870, drydock facilities for Los Angeles (Thomas F. Ford); H. R. 3040, drydock facilities for Los Angeles (GEYER of California); and H. R. 5787, dry-

dock facilities for Seattle, Wash. (Magnuson).
On Thursday, June 15, 1939, on H. J. Res. 194, investigate conditions pertaining to lascar seamen (SIROVICH).

On Friday, June 16, 1939, on H. R. 5611, district commanders bill (U. S. Coast Guard).

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred, as follows:

By The SPEAKER: Memorial of the Legislature of the State of California, memorializing the President and the Congress of the United States to consider their senate joint resolution No. 5, relative to shipbuilding facilities on the Pacific coast; to the Committee on Appropriations.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions of the following titles were introduced and severally referred, as follows:

By Mr. BARNES:

H. R. 6569. A bill granting a pension to Deck Dabbs; to the Committee on Invalid Pensions.

By Mr. BOREN:

H. R. 6570. A bill for the relief of W. Cooke; to the Committee on Claims.

By Mr. PETERSON of Florida:

H. R. 6571. A bill granting a pension to Jesse P. Gaither; to the Committee on Claims.

By Mr. DIMOND:

H. Res. 207. House resolution providing for a special employee of the House of Representatives; to the Committee on Accounts.

SENATE

WEDNESDAY, MAY 31, 1939

The Reverend Harry Rimmer, D. D., Sc. D., of Duluth, Minn., president of the Research Science Bureau, offered the following prayer:

Our Heavenly Father, we thank Thee for every good and gracious gift that Thou hast bestowed upon men, for the gift of life and health and strength, for tasks to do and the courage to perform. We pray Thy blessing upon this group of men who rule us, and we ask that the wisdom of the Holy Spirit may be manifested in all of their decisions. As Thou shalt lay upon them problems that are weighty, wilt Thou give them also understanding from above, that the old foundation of Christian faith may continue to be the standard of our daily conduct. Bless these men in their individual lives, that they may be able to render unto God an acceptable accounting of their thoughts and their conduct. For Jesus Christ's sake. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Monday, May 29, 1939, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Calloway, one of its reading clerks, announced that the House had agreed to the amendments of the Senate to the bill (H. R. 2878) to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes.

ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills and joint resolutions, and they were signed by the Vice President:

H. R. 913. An act to prohibit the unauthorized use of the name or insignia of the 4-H clubs, and for other purposes;

H. R. 2044. An act for the relief of R. Dove and Laura J.

H. R. 2097. An act for the relief of Homer C. Stroud;

H. R. 2259. An act for the relief of Stanley Mercuri;

H. R. 2345. An act for the relief of R. H. Gray;

H. R. 2878. An act to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes;

H. R. 2926. An act for the relief of Bernard Woodruff;

H. R. 3074. An act for the relief of Edgar Green;

H.R. 3300. An act for the relief of Grace Rouse;

H. R. 3646. An act to authorize certain officers and employees to administer oaths to expense accounts;

H. R. 3897. An act for the relief of Harry L. Smigell;

H.R. 5136. An act to amend the act entitled "An act to provide books for the adult blind," approved March 3, 1931; H. R. 5324. An act to amend certain sections of the National

Housing Act;

H.R. 5485. An act permitting the War Department to transfer old horses and mules to the care of reputable humane organizations;

H. R. 5601. An act for the relief of John T. Clarkson;

H. R. 5756. An act to amend section 509 of the Merchant

Marine Act, 1936, as amended;

H. J. Res. 171. Joint resolution authorizing the President of the United States to accept on behalf of the United States a conveyance of certain lands on Government Island from the city of Alameda, Calif., and for other purposes;

H. J. Res. 189. Joint resolution to define the status of the Under Secretary of Agriculture, and for other purposes; and

H. J. Res. 280. Joint resolution authorizing the payment of salaries of the officers and employees of Congress on the first workday preceding the last day of any month when the last day falls on Sunday or a legal holiday.

LAWS OF THE FIRST NATIONAL ASSEMBLY OF THE PHILIPPINES

The VICE PRESIDENT laid before the Senate the following message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Territories and Insular Affairs.

To the Congress of the United States:

As required by section 2 (a) (11) of the act of Congress approved March 24, 1934, entitled "An act to provide for the complete independence of the Philippine Islands, to provide for the adoption of a constitution and a form of government for the Philippine Islands, and for other purposes," I transmit herewith copies of laws enacted by the First National Assembly of the Philippines during its third session, from January 24, 1938, to May 19, 1938; its fourth special session, May 23 and 24, 1938; and its fifth special session, from July 25, 1938, to August 15, 1938.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, May 31, 1939.

SUPPLEMENTAL ESTIMATES, DEPARTMENT OF COMMERCE (S. DOC. NO. 78)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting, pursuant to law, supplemental estimates of appropriations under the Department of Commerce, Coast and Geodetic Survey, for the fiscal year 1940, amounting to \$360,000, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

ADDITION OF LANDS TO ROCKY MOUNTAIN NATIONAL PARK, COLO.

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Interior, transmitting a draft of proposed legislation to add certain lands to the Rocky Mountain National Park in the State of Colorado, and for other purposes, which, with the accompanying papers, was referred to the Committee on Public Lands and Surveys.

DISPOSITION OF EXECUTIVE PAPERS

The VICE PRESIDENT laid before the Senate letters from his signature to the following enrolled bills and joint resolulaw, lists of papers and documents on the files of the Departments of the Treasury, of War, of Justice (4), Post Office, of the Navy, of the Interior, of Agriculture, of Commerce (2), of Labor; the Civil Service Commission, the United States Tariff Commission, the Federal Housing Administration, the Panama Canal, and the Northwest Territorial Celebration Commission, which are not needed in the conduct of business and have no permanent value or historical interest, and requesting action looking to their disposition, which, with the accompanying papers, were referred to a Joint Select Committee on the Disposition of Executive

The VICE PRESIDENT appointed Mr. BARKLEY and Mr. GIBSON members of the committee on the part of the Senate.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate petitions of sundry citizens of the State of California, praying for the enactment of pending general-welfare legislation granting old-age assistance, which were referred to the Committee on

Mr. WHEELER presented petitions of sundry citizens of the State of Montana, praying for the enactment of legislation designed to keep the United States out of war, which were referred to the Committee on Foreign Relations.

Mr. WALSH presented a resolution of Belmont Post, No. 165, the American Legion, Belmont, Mass., protesting against the enactment of the so-called Wagner-Rogers bill, providing for the admission of refugee children from Germany into the United States, which was referred to the Committee on Immigration.

Mr. NORRIS presented a resolution of the Burwell National Farm Loan Association, of Burwell, Nebr., relative to the Federal Land Bank of Omaha, Nebr., taking into consideration the findings of the association and acting accordingly by reappraisement of all the lands upon which it has a Federal land-bank loan or commissioner's loan, and to arrive at a just and fair value of such real estate, to reduce and renew the same to a mortgage based upon the present valuation and upon the same proportion as is at present used in making new loans if any there be, and to permit the farmer or rancher to make payments on any indebtedness based upon the full amount, such appraisement and adjustment to be made as may be mutally agreed upon between the association and the Federal Land Bank of Omaha, Nebr., and to be uniform throughout the district, which was referred to the Committee on Agriculture and Forestry.

Mr. TYDINGS presented resolutions of the Maryland State and District of Columbia Federation of Labor, favoring the proposed new location of the Abbott Vocational School and also favoring the enactment of legislation granting sabbatical leave of absence to teachers in the District of Columbia, which were referred to the Committee on the District of Columbia.

He also presented petitions, numerously signed, of sundry citizens of the State of Maryland, praying for the enactment of House bill 2, a general-welfare bill granting old-age assistance, which were referred to the Committee on Finance.

Mr. CAPPER presented a petition, numerously signed, of sundry citizens of Oswego, Kans., praying for the enactment of House bill 2, a general-welfare bill granting old-age assistance, which was referred to the Committee on Finance.

He also presented a resolution adopted by the Third District Convention of the American Legion, Department of Kansas, Neodesha, Kans., favoring the enactment of legislation to provide for a reduction in the interest rates of loans on converted war-risk insurance policies, which was referred to the Committee on Finance.

He also presented a resolution adopted by the Third District Convention of the American Legion, Department of Kansas, Neodesha, Kans., protesting against the enactment of legislation to admit 20,000 refugee children from Germany

into the United States, which was referred to the Committee on Immigration.

He also presented a resolution adopted by the Labette County Unit of the American Indian Federation, Chetopa, Kans., favoring the enactment of legislation to provide for the ending of Federal supervision of certain individual Indians, and also to provide for the final settlement of Indian claims against the Government, which was referred to the Committee on Indian Affairs.

REPORTS OF COMMITTEES

Mr. CLARK of Missouri, from the Committee on Interoceanic Canals, to which was referred the bill (S. 310) to amend the Canal Zone Code, reported it without amendment and submitted a report thereon.

Mr. CLARK of Missouri subsequently said: Mr. President, earlier in the day I presented a report from the Committee on Interoceanic Canals on Senate bill 310. I think that bill requires some further hearings. I ask unanimous consent to withdraw the report, and that the bill be recommitted to the Committee on Interoceanic Canals.

The PRESIDING OFFICER (Mr. Truman in the chair). Is there objection to the request of the Senator from Missouri? The Chair hears none, and it is so ordered.

Mr. ADAMS, from the Committee on Public Lands and Surveys, to which was referred the bill (S. 2237) to amend the Taylor Grazing Act, reported it without amendment and submitted a report (No. 505) thereon.

He also, from the same committee, to which was referred the bill (S. 2133) authorizing the conveyance of certain lands to the State of Nevada, reported it with an amendment and submitted a report (No. 506) thereon.

Mr. TOWNSEND, from the Committee on Claims, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 1474. A bill for the relief of Thomas G. Abbitt (Rept. No. 504); and

H.R. 2478. A bill for the relief of the Wisconsin Milling Co. and Wisconsin Telephone Co. (Rept. No. 507).

Mr. TOWNSEND also, from the Committee on Claims, to which was referred the bill (S. 2023) for the relief of C. L. Herren, reported it with amendments and submitted a report (No. 508) thereon.

He also, from the same committee, to which was referred the bill (H. R. 2346) for the relief of Virgil Kuehl, a minor, reported it with an amendment and submitted a report (No. 509) thereon.

Mr. LOGAN, from the Committee on Claims, to which was referred the bill (H. R. 1363) for the relief of George Houston, reported it without amendment and submitted a report (No. 510) thereon.

Mr. ELLENDER, from the Committee on Claims, to which was referred the bill (H. R. 2583) for the relief of A. W. Evans, reported it with an amendment and submitted a report (No. 511) thereon.

Mr. HUGHES, from the Committee on Claims, to which was referred the bill (S. 2276) for the relief of the R. G. Schreck Lumber Co., reported it with an amendment and submitted a report (No. 512) thereon.

He also, from the same committee, to which were referred the following bills, reported them each with amendments and submitted reports thereon:

S. 263. A bill for the relief of George R. Morris (Rept. No. 513); and

S. 2275. A bill for the relief of Floyd M. Dunscomb (Rept. No. 514).

Mr. SHEPPARD, from the Committee on Military Affairs, to which was referred the bill (S. 28) to provide for the erection of a public historical museum in the Custer Battlefield National Cemetery, Mont., reported it with an amendment and submitted a report (No. 515) thereon.

Mr. MINTON, from the Committee on Military Affairs, to which was referred the bill (S. 903) to authorize the Chief of Engineers of the Army to enter into agreements with local governments adjacent to the District of Columbia for the use

of water for purposes of fire fighting only, reported it without amendment and submitted a report (No. 516) thereon.

Mr. DOWNEY, from the Committee on Military Affairs, to which was referred the bill (S. 1238) for the relief of Maude Isabel Rathburn Miner, reported it without amendment and submitted a report (No. 517) thereon.

Mr. PITTMAN, from the Committee on Public Lands and Surveys, to which was referred the bill (S. 2) authorizing the Secretary of the Interior to convey certain land to the State of Nevada to be used for the purposes of a public park and recreational site and other public purposes, reported it with an amendment and submitted a report (No. 518) thereon.

He also, from the Committee on Foreign Relations, to which were referred the following bills and joint resolutions, reported them severally without amendment and submitted reports thereon:

H. R. 3065. A bill to amend Public Law No. 370, Seventy-fourth Congress, approved August 27, 1935 (49 Stat. 906) (Rept. No. 519);

H. R. 5933. A bill for the relief of Frances Virginia McCloud (Rept. No. 520);

H. R. 5934. A bill for the relief of W. Elisabeth Beitz (Rept. No. 521):

H. R. 5935. A bill for the relief of Charlotte J. Gilbert (Rept. No. 522);

S. J. Res. 137. Joint resolution authorizing and requesting the President to accept the invitation of the Government of Norway to the Government of the United States to participate in an International Exhibition of Polar Exploration, which will be held at Bergen, Norway, in 1940; and authorizing an appropriation to cover the expenses of such participation (Rept. No. 523); and

H. J. Res. 180. Joint resolution to provide that the United States extend to foreign governments invitations to participate in the Seventh International Congress for the Rheumatic Diseases to be held in the United States during the calendar year 1940, and to authorize an appropriation to assist in meeting the expenses of the session (Rept. No. 524).

ENROLLED BILLS PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that that committee presented to the President of the United States the following enrolled bills:

On May 24, 1939:

S. 1579. An act to extend the time during which orders and marketing agreements under the Agricultural Adjustment Act, as amended, may be applicable to hops; and

S. 1583. An act to amend the act of March 2, 1929 (45 Stat. 1492), entitled "An act to establish load lines for American vessels, and for other purposes."

On May 25, 1939:

S. 1096. An act to amend the Agricultural Marketing Agreement Act of 1937, as amended, to make its provisions applicable to apples produced in the States of Washington, Oregon, and Idaho.

On May 29, 1939:

S. 1369. An act to authorize necessary facilities for the Coast Guard in the interest of national defense and the performance of its maritime police functions; and

S. 1842. An act to authorize the construction of certain vessels for the Coast and Geodetic Survey, Department of Commerce, and for other purposes.

BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. SCHWELLENBACH:

S. 2519. A bill for the purpose of extending to employees of the Government of the United States rights and privilege in adjusting grievances; and

S. 2520. A bill for the purpose of regulating the conditions of employment of mechanics and helpers at all navy yards and naval stations under the Navy Department, and for other purposes; to the Committee on Naval Affairs.

By Mr. NEELY:

S. 2521. A bill granting an increase of pension to Mary M. Lewis; to the Committee on Pensions.

By Mr. NYE:

S. 2522. A bill to transfer from the Farm Credit Administration and certain agencies thereof to the Secretary of Agriculture certain notes and other evidences of indebtedness, and for other purposes; to the Committee on Agriculture and Forestry.

By Mr. THOMAS of Oklahoma:

S. 2523. A bill to provide for the construction, extension, equipment, and improvement of public-school facilities at McCurtain, Okla., Haskell County; to the Committee on Indian Affairs.

By Mr. DOWNEY:

S. 2524. A bill to incorporate the Military Order of the Purple Heart; to the Committee on the Judiciary.

By Mr. SHEPPARD:

S. 2525. A bill for the relief of Samuel Richard Mann; to the Committee on Finance.

By Mr. BARKLEY:

S. 2526. A bill to authorize Leonhard Stejneger, of the United States National Museum, to accept certain decoration from the Norwegian Government; to the Committee on Foreign Relations.

By Mr. WILEY:

S. J. Res. 141. Joint resolution proposing an amendment to the Constitution of the United States relating to the terms of office of the President and the Vice President; to the Committee on the Judiciary.

By Mr. LUNDEEN:

S. J. Res. 142. Joint resolution proposing an amendment to the Constitution of the United States relating to old-age assistance; to the Committee on the Judiciary.

AMENDMENTS TO RIVER AND HARBOR AUTHORIZATION BILL

Mr. WHITE. Mr. President, on behalf of my colleague [Mr. Hale], who is necessarily temporarily absent, I submit an amendment.

The amendment submitted by Mr. WHITE (for Mr. HALE) and intended to be proposed by Mr. Hale to the bill (H. R. 6264) authorizing the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes, was referred to the Committee on Commerce and ordered to be printed.

Mr. SHEPPARD submitted an amendment intended to be proposed by him to House bill 6264, the river and harbor authorization bill, which was referred to the Committee on

Commerce and ordered to be printed.

APPROPRIATIONS FOR CIVIL FUNCTIONS OF THE WAR DEPARTMENT-AMENDMENTS

Mr. WHEELER submitted an amendment intended to be proposed by him to the bill (H. R. 6260) making appropriations for the fiscal year ending June 30, 1940, for civil functions administered by the War Department, and for other purposes, which was ordered to lie on the table and to be printed, as follows:

On page 4, between lines 7 and 8, to insert the following: "Custer Battlefield National Cemetery, Mont., historical museum: For the erection and maintenance, by the Secretary of War, of a public historical museum within the Custer Battlefield National Cemetery, Mont., \$75,000."

Mr. McKELLAR submitted an amendment intended to be proposed by him to the bill (H. R. 6260) making appropriations for the fiscal year ending June 30, 1940, for civil functions administered by the War Department, and for other purposes, which was ordered to lie on the table and to be printed, as follows:

On page 9, line 13, after the word "law", to insert a colon and the following additional proviso:

"Provided further, That the conditions of local cooperation for the Memphis, Tenn., flood-control project, authorized by the Flood Control Act approved August 28, 1937, shall be so modified that the cost of providing pumping stations and outlet works for interior drainage shall be borne by the United States, all in acceptance with plants to approve the Chief of Engineers" cordance with plans to be approved by the Chief of Engineers."

AMENDMENT OF SECOND LIBERTY BOND ACT-AMENDMENT

Mr. NORRIS submitted an amendment intended to be proposed by him to the bill (H. R. 5748) to amend the Second Liberty Bond Act, as amended, which was ordered to lie on the table and to be printed.

ADDITIONAL COPIES OF HEARINGS BEFORE COMMITTEE ON TERRITORIES AND INSULAR AFFAIRS—AMENDMENT OF PHILIPPINE INDEPENDENCE ACT

Mr. TYDINGS submitted the following resolution (S. Res. 140), which was referred to the Committee on Printing:

Resolved, That, in accordance with paragraph 3 of section 2 of the Printing Act, approved March 1, 1907, the Committee on Territories and Insular Affairs of the Senate, be, and is hereby, authorized and empowered to have printed for its use 1,000 additional copies of the hearings held before said committee during the current session on the bill (S. 1028) to amend an act entitled "An act to provide for the complete independence of the Philippine Islands; to provide for the adoption of a constitution and a form of government for the Philippine Islands, and for other

MEMORIAL DAY ADDRESS BY SENATOR THOMAS OF OKLAHOMA

[Mr. Lee asked and obtained leave to have printed in the RECORD a Memorial Day address delivered by Senator THOMAS of Oklahoma, before the Second Division Association of the American Expeditionary Forces, at the Second Division Memorial, Washington, D. C., Tuesday, May 30, 1939, which appears in the Appendix.]

ADDRESS BY SENATOR PEPPER ON FOREIGN POLICY AND NEUTRALITY

IMr. MINTON asked and obtained leave to have printed in the Record an address by Senator Pepper on Foreign Policy and Neutrality, delivered in the program of the American Forum of the Air on April 9, 1939, which appears in the

ADDRESS BY GOVERNOR HOEY, OF NORTH CAROLINA, BEFORE REGIONAL CONFERENCE OF DEMOCRATIC WOMEN

[Mr. Harrison asked and obtained leave to have printed in the Record an address delivered by Gov. Clyde R. Hoey, of North Carolina, before the Regional Conference of Democratic Women from 11 Southeastern States, held in Winston-Salem, N. C., May 23, 1939, which appears in the Appendix.]

CITIZENSHIP INDUCTION CEREMONY IN WISCONSIN

[Mr. La Follette asked and obtained leave to have printed in the RECORD addresses delivered by Chief Justice Marvin B. Rosenberry, of the Supreme Court of Wisconsin, and Dr. C. A. Dykstra, president of the University of Wisconsin, at the citizenship induction ceremony, held at Manitowoc, Wis., May 21, 1939, which appear in the Appendix.]

THE PUBLIC-SERVICE COMMISSION OF WISCONSIN

[Mr. La Follette asked and obtained leave to have printed in the RECORD an editorial from the Milwaukee Journal of April 29, 1939, entitled "To Kill the Public Service Commission," which appears in the Appendix.]

THE STRAIT OF PANAMA-ARTICLE BY PHILIPPE BUNAU-VARILLA

[Mr. Lodge asked and obtained leave to have printed in the RECORD an article by Philippe Bunau-Varilla, published in "Europe" for May 1938, entitled "The Strait of Panama," which appears in the Appendix.]

ORDER TO DISPENSE WITH CALL OF CALENDAR

The VICE PRESIDENT. The routine morning business having been concluded, the calendar, under rule VIII, is in

Mr. BARKLEY. I ask unanimous consent that the call of the calendar be dispensed with.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

ADDITIONAL LOCKS FOR PANAMA CANAL

Mr. CLARK of Missouri. Mr. President, I ask unanimous consent that the Senate resume the consideration of Senate bill 2229, the Panama Canal locks bill.

Mr. LA FOLLETTE. I suggest the absence of a quorum. The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Donahev Lodge Russell Schwellenbach Downey Ellender Logan Andrews Lundeen Sheppard Ashurst Frazier McCarran McKellar Shipstead Slattery George Gibson Green Barhour Barkley McNary Smathers Bilbo Maloney Smith Stewart Bone Borah Guffey Mead Taft Thomas, Okla. Thomas, Utah Townsend Miller Minton Gurney Bulow Hale Harrison Murray Burke Hatch Neely Byrd Byrnes Capper Caraway Hayden Herring Norris Truman Nye O'Mahoney Tydings Vandenberg Holman Overton Van Nuys Chavez Clark, Idaho Clark, Mo. Connally Johnson, Calif. Wagner Pepper Johnson, Colo. Pittman Walsh Radcliffe King La Follette Danaher Reed White Davis Reynolds Wiley

Mr. MINTON. I announce that the Senator from Virginia [Mr. GLASS] is detained from the Senate because of illness.

The Senator from North Carolina [Mr. Bailey], the Senator from Alabama [Mr. BANKHEAD], the Senator from Michigan [Mr. Brown], the Senator from Iowa [Mr. GILLETTE], the Senator from Alabama [Mr. Hill], the Senator from West Virginia [Mr. Holt], the Senator from Illinois [Mr. Lucas], and the Senator from Wyoming [Mr. Schwartz] are detained on important public business.

The VICE PRESIDENT. Eighty-four Senators have answered to their names. A quorum is present.

Mr. CLARK of Missouri. I renew my request for unanimous consent that the Senate resume the consideration of

There being no objection, the Senate resumed the consideration of the bill (S. 2229) authorizing and providing for the construction of additional facilities on the Canal Zone for the purposes of more adequately providing for the defense of the Panama Canal and for increasing its capacity for the further needs of interoceanic shipping.

Mr. CLARK of Missouri. Mr. President, I desire to make a very simple statement. In the very brief explanation of this bill which I made on Monday last, I neglected to emphasize one fact as affording an additional reason for the construction of the proposed locks in the Panama Canal.

The capacity of the present locks has almost been reachedin fact, almost exceeded-by the size of the vessels which can be passed through the Panama Canal locks now existing. A couple of years ago, when the fleet went through the Panama Canal, the superstructure of the Saratoga knocked down an iron fence on the top of the Gatun Locks. maximum capacity of the existing locks has already been reached both as to naval vessels and commercial vessels. The new locks to be constructed under the pending measure would be sufficiently large to afford passage to the largest naval vessels now in the contemplation of naval architects and to the largest commercial vessels that will probably be constructed in many years. That is an additional reason for the passage of the measure at this time.

Mr. LA FOLLETTE. Mr. President, I am not a member of the committee from which this bill was reported, and I have had no opportunity to consider the measure at all. As a matter of fact, it was only brought to my attention this morning as I was coming to the Chamber that the representative of the employees of the Canal, Mr. Hushing, is very much opposed to the broad powers which are given to the Governor of the Panama Canal with regard to the fixing of compensation and the making of contracts for carrying out the construction works which are provided for by this measure.

It goes without saying, therefore, that I have had no opportunity to prepare any amendments or to offer any specific suggestions relative to it, but in fairness to the employees I ask unanimous consent that the clerk may read from the desk a statement which Mr. Hushing handed to me as I was on my way to the Chamber.

Mr. CLARK of Missouri. Mr. President, of course I am not going to object to the reading of the statement, but I can say to the Senator from Wisconsin that I am certain that Mr. Hushing himself knew nothing more about this matter than did the Senator from Wisconsin or I until this morning. He told me himself about 11 o'clock that somebody in the Panama Canal Zone had suggested that there might be a question and that he himself had not been familiar with it. but that he was sending a letter to me, which I have not as yet received.

I have no objection to the reading of the letter, but it seems to me to come very belatedly when this bill has been made the unfinished business, has been on the calendar for some time, and had been before the committee of the Senate since the President's message last January. I have no objection, of course, to the reading of the letter.

Mr. LA FOLLETTE. Mr. President, this perhaps should be said: I may be in error, but, as I understand, the Governor of the Panama Canal declined to authorize a representative of the employees to come to the United States at this session of Congress, as had been the practice in the past. They may be guilty of resting on their rights in the matter; but the fact should be taken into consideration that the Panama Canal is a long way from Washington and that Mr. Hushing, who is also a legislative representative for the American Federation of Labor, has his hands pretty full in looking after matters which the federation considers to be important.

I am somewhat familiar with the situation that existed so far as the P. W. A. projects in the Canal Zone are concerned, because I had the honor and the privilege of offering on the floor of the Senate the amendment to title II of the Industrial Recovery Act which included the Panama Canal Zone and permitted projects in that zone to be considered for allocations and for carrying on construction work. I repeat, however, that I am not familiar with this particular measure and am not prepared to offer any specific amendment to it, because I learned of the matter only 5 or 10 minutes ago. In fairness to the employees of the Canal Zone, who are so far away from Washington, I think the statement of their designated representative here should be read to the Senate, in order that the Senate may know their views.

Mr. CLARK of Missouri. I certainly have no objection to that.

The VICE PRESIDENT. Without objection, the statement will be read.

The legislative clerk read as follows:

STATEMENT BY W. C. HUSHING IN BEHALF OF AMERICAN FEDERATION OF LABOR ON PANAMA CANAL BILL, S. 2229

By Executive order, the Governor and several of the department

heads of the Canal must be Army or Navy officers.

The Canal is approximately 2,500 miles from New York City and the Governor and his department heads have almost unlimited power. They resent laws passed by Congress limiting their authority regarding wages and hours of labor.

The bill under consideration, on page 2, will permit them to disregard all laws covering such matters and hire anyone, whether citizen gard an laws covering such matters and fire anyone, whether citizen or alien. Being so far away from authority in a spot only 10 miles wide and 47 miles long, isolated between the two oceans and by impassable jungle—the only outlet being by air or water ships—the Canal and Panama Railroad officials are little kings and have abused their authority.

The Governor in past years has permitted the representative of the employees of the Canal and Panama Railroad to come to the United States, providing he and those he represented agreed to present to Congress only such matters as were approved by the Governor. Congress only such matters as were approved by the Governor. This year the Governor would not permit the representative to come at all, and, as the Canal and Panama Railroad employees are affiliated to the American Federation of Labor through their central labor union, which is composed of 35 local unions, President Green designated the undersigned to represent them.

On May 29, when this bill was first considered by the Senate, the employees were negotiating with the Governor about the clause in the bill which permits him to hire, fire, and set wages and hours without regard to any laws, and such haste under such circums.

without regard to any laws, and such haste under such circum-

stances appears most suspicious.

The policy of Canal and Panama Railroad officials has been to employ as many alien Negro West Indians as possible. There are 3,000 citizens and 10,000 of these aliens employed on the zone at

By Executive order, these aliens cannot be paid over 40 cents per hour, or \$80 monthly, but their average pay is only 25 cents per

hour. They are employed because they are supposed to be cheaper than American-citizen labor, but this was disproven in 1935 by an official investigation by the Interior Department, as the N. R. A. had \$10,000,000 to the Army and Navy for construction

work under P. W. A.

Some alien contractors secured a portion of the work and em-Some alien contractors secured a portion of the work and employed only alien labor, so that under these contracts no American citizen benefited. The American contractors did likewise. So many complaints were made that Secretary Ickes sent two investigators to the zone by plane—Messrs. Joyce and Wire—and they found about 35 violations of different rules and regulations, and the Assistant P. W. A. Administrator took the question up in part with the Secretary of War, as follows:

MARCH 27, 1935.

The honorable the Secretary of War.

My Dear Mr. Secretary: The Division of Investigations has recently made a complete inspection and labor survey of all projects in the Canal Zone financed with P. W. A. funds. The majority of the reports of the special agents indicate a satisfactory condition in all respects except one. It was noticed that contractors were employing native artisans at the rate of 50 cents per hour, whereas these men are doing work which is classified as skilled under the original instructions.

On December 8, 1933, Major General McKinley dispatched the attached radiogram to the Canal Zone, which was to establish wage rates. There are three classifications set out therein: (a) Skilled labor at \$1.20 per hour, (b) semiskilled labor at 50 cents per hour, and (c) common labor at 30 cents per hour. It is the opinion of this office after several conferences on this matter that it would be unfair to require contractors to abide by the \$1.20 rate for native artisans, in view of the fact that our investigators state that the normal productivity of these men is not more than 33 percent of that of a skilled American workman.

I would suggest that General McKinley's radiogram mentioned above be amended to read in paragraph (b) to include the words "native artisan" in the 50-cent bracket.

Sincerely yours,

PHILIP B. FLEMING, Acting Deputy Administrator.

These aliens are employed as clerks, timekeepers, section men, railroad firemen and brakemen, baggage masters, policemen, watch-

men, and all the building and mechanical trades.

These officials in the bill under consideration are attempting to enable themselves to extend this system and further add to the alien Negro problem they have already created on the Canal Zone. They wish to do the work which will be authorized in this bill with

They wish to do the work which will be authorized in this bill with these aliens at low wages and long hours.

We have about 12,000,000 unemployed in the United States at present, and no one in Congress should be willing to approve a bill which will deny a portion of that 12,000,000 opportunity to do part of the work which will be provided by this bill.

The 1932 and 1936 platforms both carried a plank providing for the elimination of aliens as employees of the United States Government on the gone.

ernment on the zone.

The sons of Americans who live on the zone cannot learn building trades, as they cannot be apprenticed to these alien Negroes. Canal officials are considering apprenticing young alien Negroes in these trades, however, and wish to make all these aliens citizens, but this would require revision of the immigration laws.

The bill should be amended to provide:

(1) For employment of American citizens only.

(2) For application of the 8-hour law and the Thomas amendment to the Independent Offices Appropriation Act of 1934.

(3) For payment of not less than the rates now paid by the Canal to employees on the gold roll.

Mr. McCARRAN. Mr. President, I send to the desk three amendments, which I offer in order, and ask that they be read by the clerk.

The VICE PRESIDENT. The first amendment offered by the Senator from Nevada will be stated.

The LEGISLATIVE CLERK. On page 2, line 10, after the word "necessary", it is proposed to insert a colon and the following:

Provided, That none of the funds herein authorized may be used for the purpose of paying the salary or wages of any alien directly or through any contractor or subcontractor indirectly.

Mr. McCARRAN. Mr. President, I had hoped that the Senator in charge of the bill would see fit to accept that amendment, because it provides, as I think should be agreed to here, that no Federal money appropriated from the funds of the taxpayers shall be paid to aliens directly, nor to them indirectly through any contractor or subcontractor. That is the object and aim and language of the amendment; and I ask the Senator from Missouri if he will not agree to it.

Mr. CLARK of Missouri. Mr. President, the Senator from Missouri certainly will not agree to any such amendment as that.

Let me say to the Senator from Nevada that this proposal was never even suggested until about 11 o'clock this morning. This measure was included in the President's original

message on the subject of preparedness. It was included in the discussion of the question of necessary national defense by the Secretary of War and the Chief of Staff before the Military Affairs Committee, which was made public throughout the United States. It was included in a document which was sent to the President of the Senate and referred to the Interoceanic Canals Committee as early as about the 1st of February. It was included in a document which was sent to the Speaker of the House and referred in that body to the Committee on Merchant Marine and Fisheries as early as about the 1st of February. Not until after 10 o'clock this morning did Mr. Hushing even pretend to have heard of the matter himself, although he knew this bill had been pending before the Committee on Interoceanic Canals, and he knew when it was reported and put on the calendar.

Mr. President, what this amendment represents is simply an attempt to lug into the discussion of this bill an entirely separate question which has been a matter of dispute between the Canal authorities and certain employees of the Canal for a great many years. The Canal authorities assert that they could not possibly have constructed the Panama Canal originally without the employment of a certain amount of alien labor, to wit, men who were imported for the purpose of doing the heavy work on the Canal which Americans were

unable or unwilling to do.

Mr. McNARY. Mr. President-

Mr. LOGAN. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. In just a moment. The Canal authorities still maintain that they cannot operate the Panama Canal without the employment of a certain amount of such labor.

Mr. President, that presents a question which is a proper question for the consideration of the Congress, but it is a question which has nothing to do with the authorization of the construction of these vitally necessary locks and with giving the Canal Zone authorities an opportunity to carry out the purposes of the act.

I am glad now to yield to the Senator from Kentucky.

Mr. LOGAN. Mr. President, the Senator has very well answered the question before I ask it; but it is true, as I understand, that the aliens there are persons who have been living there since the United States acquired that strip of land.

As I recall the testimony before the committee, it would be impossible to do the work contemplated if this amendment should be agreed to because it is not possible to take men from the United States into that climate to do heavy workhard work. Nor would they go for the wages which are paid. So it seems to me that if the amendment should be agreed to. and if the statements made by the Army representatives who have appeared before the Military Affairs Committee have been true, it would be just as well not to pass the bill if the amendment were added to it.

Mr. CLARK of Missouri. I think undoubtedly that is true. Let me say further, in answer to the Senator from Kentucky and the Senator from Nevada, that this matter has just been presented, within the hour, after the bill had been made the unfinished business. I would certainly not feel justified in accepting such an amendment. But the bill probably will not be before the House for consideration for some little time. Mr. Hushing and his associates will have ample opportunity, undoubtedly, to present the matter in the House. If the amendments should be inserted in the House the Senate would have further opportunity to consider them, either by concurring in the House amendments or by sending the bill to conference. On the other hand, if we now adopt amendments which have never been considered until this moment, about which no Member of this body had knowledge until this morning, we preclude ourselves from any opportunity of considering them.

Mr. President, will the Senator yield? Mr. BARKLEY. Mr. CLARK of Missouri. I yield.

Mr. BARKLEY. If I understand the situation in the Panama Canal Zone, there are not now available American laborers to do this work, so that they would have to be taken from the United States to the Canal Zone. Is that a fact?

Mr. CLARK of Missouri. Not only is that true, but it has always been the testimony of the Canal authorities and the War Department authorities that the work is of a class which American labor cannot be induced to do; that American labor is neither willing nor able to perform that sort of work in the Tropics. I should say, in all fairness, that that is disputed by some of these organizations; but that has been the testimony.

Mr. BARKLEY. The question I ask is, even if Americans are willing to do the work, they are not on the Canal Zone

now available to do it?

Mr. CLARK of Missouri. That is entirely true.

Mr. BARKLEY. So that if they were willing to do it, they would have to be taken from the United States into the Tropics and, of course, used for this heavy work, which, I have understood, when the Canal was being built originally, had to be performed by men who were inured to the climate; and the same situation exists now, I assume. So that if there is no American labor in the Canal Zone now available for this sort of work, and we had to take people from the United States to the Canal Zone, how long would it take them to become so acclimated that they would be enabled to perform that character of work?

Mr. CLARK of Missouri. We not only would have to take them down there but we would have to make arrangements, which are not presently made, to house them. In other words, it would certainly delay the initiation of the con-

struction work for a very material period.

Mr. BARKLEY. If I understand the situation in the Canal Zone, all the Americans there are either employed on the Canal in some capacity or are in private business; there is no large amount of unemployment among Americans in the Canal Zone.

Mr. CLARK of Missouri. There is no private business, even, in the Canal Zone. Everyone who lives in the Canal Zone lives in a house owned by the United States Government, and the only private businesses which are permitted in the Canal Zone are a few oil stations, for convenience in the refueling of ships.

Mr. BARKLEY. There are other Americans, who live in Panama City, who carry on private business; but I do not think they live in the Canal Zone itself.

Mr. CLARK of Missouri. That is true.

Mr. BARKLEY. Certainly not in Government houses.

Mr. CLARK of Missouri. Does the Senator from Oregon desire to interrupt?

Mr. McNARY. The Senator having the bill in charge makes a statement which is wholly in conflict with the rule, that this measure would not be the proper place for the insertion of an amendment which would involve the question of the wage scale. The amendment could not be presented in connection with an appropriation bill; that would be a violation of the rule. If in the work contemplated we are to protect American labor as against foreign competitive labor, it must be done in connection with the bill before us, or it will not be done at all. The Senator argues that we should not do it in connection with the pending bill, which is only an authorization bill, but that we should wait for some other bill.

Mr. CLARK of Missouri. I made no such argument at all. Mr. McNARY. The Senator said it should come in connection with some other bill.

Mr. CLARK of Missouri. The Senator completely misunderstood what I said, because I made no such argument as that he has charged to me.

Mr. McNARY. Then what is the objection to the amendment?

Mr. CLARK of Missouri. Because it is a matter which has not been considered by any member of the Senate, and I would much prefer to see the bill defeated than to see a number of amendments attached to it which had not been considered by anyone, even by Mr. Hushing, who proposed the amendments, until this morning.

Mr. McNARY. Mr. President, anyone who has traveled through the Canal going from east to west, as frequently I have done, would be shocked at the number of aliens, from every nation in the world, who are receiving Federal money out of our Treasury for work on which American citizens are denied employment. I am not interested in what the Navy or Army representatives say; I know the practical situation, that there is work in the Canal Zone, in a climate which is agreeable to American labor, which should be performed by American citizens at American wages. The letter submitted a moment ago by the Senator from Wisconsin, from one representing the American Federation of Labor, shows clearly that the average wage in the zone is 25 cents an hour, in what I regard as a delightful climate. This measure relates to a great American project, involving commerce and national defense. If there is any character of government project in the world on which the American wage scale should be paid, it is a project which involves the national defense.

I am really surprised that the able Senator from Missouri would not accept the amendment and let it go to conference. It is not a question which requires study. Experts are not needed to testify in regard to the matter. A mere statement of the question is sufficient: Do we want to pay the American wage upon American construction in American territory, or do we want to hire aliens who are willing to work for less than a living wage in that country, and pay their wages out of the

Treasury of the United States?

What expert do we need to testify in a matter of that kind? What hearings are necessary? Is it not a matter which is self-evident? If there is any bill in which such amendment should be incorporated, this is the only bill which would permit that sort of amendment under the rule. I repeat, the contention that this is not the proper measure for the insertion of the amendment is not a defense. The fact that no hearings could have been had can be urged against the amendment. I appeal to the Senator to accept the amendment, let the House act on it, and then, if necessary, take it to conference.

Mr. CLARK of Missouri. This is not a question of sending the bill to conference. The bill has not been acted on in the Senate.

Mr. McNARY. Let the question be submitted to the House, and if it comes back, submit it to a conference.

Mr. CLARK of Missouri. The Senator from Oregon has been in the Senate for a long time. He says it shocks the conscience of anyone who goes through the Panama Canal—and I know he is very familiar with the conditions—to see aliens working there. If he were so shocked, why has he never introduced a measure in this body to prohibit the employment of those aliens? Why has he sat until this bill is reported and made the unfinished business—a bill involving the national defense—and then rise and announce that he has been shocked in passing through the Panama Canal by seeing some aliens, who built the Canal themselves, employed in the Panama Canal Zone?

Mr. President, there is a good deal of "bunk" and demagoguery in a question such as this. It is very easy to undertake to make a play at the eleventh hour and fifty-ninth minute for an amendment which the Senate has not considered and no one else has considered, involving an entirely distinct question which has nothing to do with the measure before us—a bill which ought to be passed and ought to be

passed as soon as possible.

As I have said, so far as I am concerned, if the Senate desires to have considered in connection with this measure the question as to all those alien employees who the Canal authorities say are necessary for the operation of the Canal and who, they say, were absolutely and imperatively necessary to the actual construction of the Canal, then the bill should be recommitted to the Committee on Interoceanic Canals with instructions to consider that question in connection with the bill. I do not think any ill-considered amendment should be injected into the measure at this time.

Mr. DANAHER. Mr. President, will the Senator yield?

Mr. CLARK of Misscuri. I yield to the Senator from Connecticut.

Mr. DANAHER. I invite the attention of the Senator from Missouri to page 2, lines 10 and 11, with reference to compensation. Does it not appear, from a reading of that language, that there is no limitation upon the Governor

paying \$25 an hour if he chooses so to do?

Mr. CLARK of Missouri. Of course, that is correct, and, of course, it is also correct that we have passed many construction bills through Congress authorizing various administrators to fix rates and make contracts, in essence, without reference to the civil service, and I dare say that this is the first one of such measures which have been before the Congress in connection with which such a provision was actually in the interest of economy.

As I stated a while ago, there is a good deal of work in connection with the construction of great projects of this sort, in a tropical country, for which Americans are not suited or able or willing to perform. To undertake to write into the proposed law a provision for the maintenance of an American wage scale in a tropical country, in which much of the work must necessarily be done by a lower class of labor, is simply to undertake to make the cost of this necessary construction so staggering that no Member of the Congress would be justified in voting for it.

Mr. DANAHER. Mr. President, will the Senator yield

Mr. CLARK of Missouri. I yield further.

Mr. DANAHER. Does it not appear to the Senator, then, that if we are to give untrammeled discretion to the Governor of the Panama Canal Zone, we should fix some standards with reference to the expenditure of Federal moneys by way of compensation?

Mr. CLARK of Missouri. Mr. President, I undertake to say that if the Congress, at the time of the original construction of the Panama Canal, a gigantic task, of which every American is very proud, had undertaken to restrict General Goethals in his employment of the labor at hand, the labor it might have been possible for him to use, and to restrict him as to the wages to be paid, the Canal never would have been constructed.

Mr. McCARRAN rose.

Mr. CLARK of Missouri. Mr. President, I yield to the Senator from Nevada.

Mr. McCARRAN. I wish to have the floor when the Senator shall have concluded.

Mr. CHAVEZ. Mr. President

The PRESIDENT pro tempore. Does the Senator from Missouri yield to the Senator from New Mexico?

Mr. CLARK of Misscuri. I yield.

Mr. CHAVEZ. Mr. President, I wish to ask the Senator from Missouri a question which is foreign to the discussion now taking place. I am obliged to leave the Senate Chamber for a few minutes, and therefore I should like to ask the Senator about a particular matter contained in the report of the committee. On page 4 of the report is a small item with reference to the Tehuantepec Canal. The report states that there are no existing treaties permitting the construction of that particular project. Can the Senator from Missouri tell us whether or not any efforts have been made by authorized officials of the United States Government to enter into any kind of a treaty with the Republic of Mexico for the purpose of constructing the Tehuantepec Canal?

Mr. CLARK of Missouri. Mr. President, so far as I know, there have not been. In fact, I am quite certain that there have not been any. The paragraph to which the Senator referred was quoted in the Senate report from the House report, because the House committee has held hearings on that subject. However, it was the view of the Senate committee, and I think of the House committee as well, that the building of the new locks in the Panama Canal was not in opposition to the construction of any other canal the Government might later see fit to construct, but the building of the new locks was necessary for the purpose of implementing and facilitating the passage through the Panama Canal of the large new vessels.

Mr. CHAVEZ. I may state to the Senator from Missouri that I am in accord with the bill: I am for it: but when we are discussing the Nicaraguan Canal and any other canal south of the United States it seems to me that the possibilities of the Tehuantepec Canal should not be neglected. The Isthmus of Tehuantepec is a comparatively short distance away from United States naval stations on the Pacific and the Atlantic. It is easily accessible. It provides a short route. It seems to me the American authorities should do something to bring about an understanding with the Republic of Mexico with reference to the construction of a canal at that point.

Mr. CLARK of Missouri. The bill was reported from the Interoceanic Canals Committee without any prejudice whatever to the construction of any other isthmian canal which might later be considered necessary or desirable, but we felt that in view of the much greater speed with which the additional Panama Canal locks could be constructed, in view of the actual physical necessities which have already developed and are rapidly developing because of the construction of larger ships, and in view of the importance of protecting the investment we already have in Panama, the building of additional locks in the Panama Canal should be proceeded with at this time.

Mr. CHAVEZ. I believe the bill is entirely proper. I think that what it provides should be done in view of the investment we have made in Panama, and in view of the actual facts; nevertheless. I feel that if we are to have some other canal. the Tehauntepec route, which is only a comparatively few miles away either from San Diego or stations on the Gulf of Mexico, should be considered, on account of its proximity to the confines of the United States.

Mr. CLARK of Missouri. Mr. President, I express no opinion whatever about that, because I am not familiar with it.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. TAFT. If I correctly understand, the present Canal locks are not large enough to accommodate the battleships which have now been authorized?

Mr. CLARK of Missouri. Before the Senator from Ohio came into the Chamber I stated what I understood to be the fact, that a ccuple of years ago, when the fleet went through the Panama Canal, the superstructure of the aircraft carrier Saratoga knocked down an iron fence on the top of the Gatun locks. The information which I have received on that subject, and the discussion which took place before the House committee, would indicate that the vessels which will be constructed in the comparatively near future may have great difficulty in passing through the locks.

Mr. TAFT. I understand from the testimony before the House committee that our ships now building would make a tighter fit, but there is no statement that any ships now building could not go through the present locks of the

Panama Canal.

Mr. CLARK of Missouri. Mr. President, the statement has repeatedly been made, which is a matter of common sense, that in view of the rate of progression in the increase of the size of ships, the time will very soon be reached when the present lock facilities in the Panama Canal will be inadequate.

Mr. TAFT. It seems to me to be doubtful whether we are going to build any larger ships than have already been

authorized. They seem to be the maximum.

Mr. CLARK of Missouri. The same thing seemed to be true years ago, when smaller ships were built. When I was a little boy it seemed that the superships which were then being built would never be exceeded in size. Nevertheless, we go on from time to time building larger ships, and even this year naval experts appearing before the committees of the Congress have predicted larger and larger ships than have yet been contemplated.

Mr. TAFT. Is the real purpose of building additional Canal locks to have an extra lock in case the present ones

are destroyed?

Mr. CLARK of Missouri. That is unquestionably true, Mr. President. It is also the purpose, in building additional locks, to build larger locks, locks which will be adequate for taking care of either naval or commercial vessels which may be constructed in the comparatively near future.

Mr. TAFT. I do not quite understand, however, why, if one set of locks could be destroyed by air attack, it would not be possible that another set of locks 5 miles away could also be destroyed by air from the same air base, if it were near enough to the Canal so that airships from it could reach the Canal.

Mr. CLARK of Missouri. It might be entirely true that if one set of locks in the Panama Canal were destroyed another set of locks in the Nicaragua Canal, 400 miles away, might also be destroyed.

Mr. TAFT. Not from the same air base.

Mr. CLARK of Missouri. It is entirely probable, Mr. President, and it has been so testified by our leading air experts.

Mr. TAFT. I have been rather surprised in reading the House hearings that the Navy does not seem to be tremendously interested in where the canal should be built, or in urging a site. The short report of the committee says the Navy thinks it desirable to build an extra canal. However, the report contains simply one letter from Admiral Leahy on the subject. The matter did not go to the Naval Affairs Committee, did it?

Mr. CLARK of Missouri. No; it did not. The Committee on Interoceanic Canals is the committee which considered it

in the Senate.

Mr. MINTON. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. MINTON. Is it not true that the experts take the view that there is not so much danger of the destruction of the Canal by an attack from the air; they think they can handle that situation; but danger lies in that some vessel belonging to a power which is unfriendly to the United States, and in trouble with the United States, in passing through the Canal might drop a bomb in the lock and blow it up, sabotage it, whereas if we had an auxiliary canal, of course only naval vessels would be passed through it, and not commercial vessels, and therefore the authorities would not have to be on the lookout for the laying of an "egg" in the Canal, the dropping of a bomb which might destroy it.

Mr. CLARK of Missouri. That is true.

Mr. President, I will say that extraordinary efforts have already been made by the proper officials to afford the fullest protection possible against sabotage to the existing locks. That is the great fear and the great danger to the Panama Canal, and therefore necessarily to our whole national defense, that there might be sabotage.

It is contemplated under this bill that a new set of locks shall be constructed at a distance of several miles from existing locks, which in any time of stress or of prospective emergency would be reserved exclusively for the use of our naval vessels and other public vessels of the United States, and thus reduce to the absolute minimum any danger of sabotage.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. CONNALLY. The Senator means that on the Canal, farther up somewhere, there would be another set of locks?

Mr. CLARK of Missouri. No; I meant to say there would be an alternative set of locks, roughly, parallel with the present set of locks, removed to the distance of several miles, which would be available through the same canal by a system of bypasses. Our engineers have made a survey, and, by the way, have worked on it for several years.

Mr. CONNALLY. Does not the Senator believe that ulti-

mately we ought to build the Nicaragua Canal?

Mr. CLARK of Missouri. Mr. President, it is entirely possible that that may be necessary at some future time. The report of the committee was specifically without prejudice to the Nicaragua Canal. It is to be remembered, however, that at the present time the Nicaragua Canal would, in all probability, cost, at present estimates, one and one-half billion dollars; and if such an amendment as that proposed by the Senator from Nevada were adopted, it would probably cost three or four billion dollars. The Nicaragua Canal would

have a length of about 140 miles, as against about 50 miles for the Panama Canal. I think the engineering problems in connection with the Nicaragua Canal remain to be worked out, whereas those in connection with the Panama Canal have already been worked out.

Mr. CONNALLY. The Nicaragua Canal would be a sea-

level canal, would it not?

Mr. CLARK of Missouri. It would not be a sea-level canal, I will say to the Senator from Texas, but it could probably be constructed with only two locks, which would be tidal locks. The Nicaragua Canal route is some 60 feet above sea level. So it would not be a sea-level canal, but probably could be constructed with only two sets of locks, one at each end, which would be tidal locks, due to the difference in tides in the Pacific and the Atlantic Oceans.

Mr. CONNALLY. It seems to me that with the necessity for maintaining a fleet in the Atlantic and another fleet in the Pacific we should either have two great fleets or else have adequate transit facilities from one ocean to the other, and I personally think we ought to have two canals.

Mr. CLARK of Missouri. Mr. President, this bill, as I say, has been reported without antagonism to the Nicaragua route, because we felt that, irrespective of anything else, the passage of the bill is necessary at the present time.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. BARKLEY. Assuming that the Nicaragua Canal is needed and will be built, we are still going to use the Panama Canal, and we ought to increase its facilities sufficiently to make it available for all sorts of ocean transportation.

The Senator from Missouri commented a while ago on the increase in the size of our naval vessels. Anyone who has been through the Panama Canal on a ship wonders why it was not made bigger to begin with. I went through there once on a commercial ship, and there was not more than 6 inches between either side of the ship and the sides of the canal. We are bound to know that in the future ships are going to be larger and larger, whether they are war vessels or whether they are commercial ships, and it seems to me that, regardless of whether we ever build the Nicaragua Canal or any other canal—but assuming that we will—yet we ought to make the Panama Canal, as long as we have it, as useful as possible, and also provide against contingencies that might arise in the future which would militate against its use at all, either for military or for commercial purposes.

Mr. CLARK of Missouri. Mr. President, as I stated a while ago, I think the additional facilities provided for by the bill are necessary merely as a matter of protecting our own commercial investment in the Panama Canal, if nothing else.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. NORRIS. I should like to invite the Senator's attention to the pending amendment, offered by the Senator from Nevada [Mr. McCarran]. We shall have to dispose of the amendment before we decide whether or not we shall pass the bill.

I should be very much impressed by the amendment offered by the Senator from Nevada if I thought it could in all reasonableness be applied to the bill. I am not a competent witness. I do not claim to have knowledge, except as an ordinary observer watching the Canal when it was being constructed and passing through the Canal. I have in mind the definite idea that when we constructed the Panama Canal we employed a great amount of the kind of labor which the amendment would prohibit. We necessarily did so. As I understand, the climatic conditions are such that unless an American were acclimated to the climate it would be impossible for him to be a laborer on the Canal.

I favor the principle of the amendment. If I am wrong, those who know more about the subject than I do will certainly be able to give us the correct information. My present understanding is that it would be a practical impossibility to avoid employing many native laborers who are acclimated, and who live in the climate which prevails at the Panama Canal.

There is one other thing included in the amendment about which I wish to inquire. I would prefer—I think we all would—that no aliens be employed in the proposed construction. When we passed the Panama Canal Act I do not believe we included such a provision in it. If we are to be arbitrary and say, as I understand the amendment provides, that no one except citizens of the United States shall be employed, we might prevent the employment of some experts who are foreigners, and who could not be obtained in this country. I have in mind some other Government operations in which a few foreigners have been employed. They were particularly qualified to fill certain technical positions. I should like to exclude aliens. I think the pending amendment would do so.

If the Senator from Nevada or any other Senator can satisfy my mind upon the two questions I have propounded, I should like to have the information, because I believe in the fundamental principle involved in the Senator's amendment, and I should like to see it put into the law if it is applicable. However, it is useless for us to close our eyes to the fact—if it be a fact—that American labor, especially common labor, could not be employed to do much of the work.

Mr. CLARK of Missouri. Mr. President, for the first time I have had the opportunity of looking at the amendment. It reads:

Provided, That none of the funds herein authorized may be used for the purpose of paying the salary or wages of any alien directly or through any contractor or subcontractor indirectly.

I do not believe a single Member of this body or anyone else who has given study to the matter and who has listened to any of the suggestions or advice of the men who are most familiar both with the construction of the Panama Canal and its maintenance since that time would fail to be convinced that the adoption of the amendment would absolutely prevent the construction of the additional locks in Panama, or at least would delay their construction for a very considerable period of time until American labor could be assembled to go down to Panama and become acclimated, and until quarters could be provided in the Panama Canal Zone for maintaining them.

I think everyone who is familiar with the history of the construction of the Panama Canal will agree that the original construction of the Canal would have been absolutely impossible under any such amendment as the one before us; although, of course, we all recognize that health conditions in the Panama Canal Zone have vastly improved since the American occupation of the Panama Canal Zone. I think it is the unanimous opinion of the officials who are most familiar with the problem that to say that only native American labor may be employed in the Panama Canal Zone, or in the possible Nicaragua canal zone, or in any other tropical country, is simply to make impossible the construction of such a project.

Some of the so-called alien laborers on the Panama Canal are the sons of the men who constructed the Panama Canal. Some of them are the men who themselves constructed the Panama Canal. They are not citizens, nor are their sons, because they are prohibited by law from becoming citizens. However, they have been in the Panama Canal Zone and have done the heavy work of the Panama Canal for all these years; and either it would be impossible to construct the locks or great delay would occur in the construction by reason of the importation from the United States of labor which is willing or able to do the heavy work involved in constructing the locks, and by reason of the necessity of building quarters for the laborers and waiting for their acclimatization so that they would not all die like flies.

Mr. DANAHER. Mr. President, will the Senator yield? Mr. CLARK of Missouri. I yield to the Senator from Connecticut.

Mr. DANAHER. I should like to ask the Senator from Missouri a question. Was not the Panama Canal built by the Army engineers?

Mr. CLARK of Missouri. General Goethals finally succeeded to the command of that project. Many American

Army engineers, civilian engineers, and Americans, who were not engineers at all, were engaged in that construction, and many of them died like flies. A short time ago I introduced and reported a bill affording some consideration in the matter of retirement for Americans who were engaged in that construction.

Thus, Mr. President, the universal testimony in connection with the construction of the Canal, the testimony of General Goethals in his various reports, the testimony of the Army engineers, and of everyone else, is that the Canal never could have been constructed without alien labor, which was imported. Most of the labor was not born in Panama or the vicinity of Panama. It was imported from Jamaica and some of the other British islands for the purpose of doing the work which Americans could not or would not do.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. BARKLEY. Has the Senator any information as to the number of men who would be employed in the construction of the proposed locks?

Mr. CLARK of Missouri. Mr. President, I do not believe that information appears in the report of the Secretary of War.

Mr. HAYDEN. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. HAYDEN. At the time of maximum employment during the period of construction under General Goethals, 40,000 men were employed in the Canal Zone. The work was divided into three divisions, the Atlantic, the Central, and the Pacific divisions. As the Senator will remember, one division was under the Army, one under naval engineers, and one under civilian engineers. The maximum number of men employed was about 40,000.

Mr. BARKLEY. How long a time would be required to complete the locks?

Mr. CLARK of Missouri. It is estimated that the work could be done in 7 years, provided the bill were passed in its present form, without the amendment suggested, and provided the present season could be utilized.

Mr. BARKLEY. I assume that the construction of a project of that size, covering a period of 7 years, would require several thousand men, at least at the period of maximum employment. Has the Senator any information in that connection?

Mr. CLARK of Missouri. I have not the figures on that subject; but unquestionably we may assume that in the heavy work of constructing the locks and the bypasses necessary to make the locks available, the labor of a large number of men would be involved. I will say to the Senator that it is contemplated that after the locks are constructed they can be operated with practically no increase in the present Canal personnel.

Mr. BARKLEY. I assume that the construction of the additional locks would not require as many men at any one time as did the original construction of the Canal.

Mr. CLARK of Missouri. That is unquestionably true.

Mr. HAYDEN. I am sure that is a safe assumption, particularly because of the technical improvements over the years in moving earth and rock.

Mr. BARKLEY. The amount of money proposed to be authorized for the locks is not far from the original cost of the Canal. The amount proposed to be authorized is \$277,-000,000. I think the Canal cost about \$350,000,000.

Mr. CLARK of Missouri. Mr. President, the \$277,000,000 estimated would, of course, be a very small portion of the cost of the Canal if the amendment of the Senator from Nevada were agreed to.

Mr. BARKLEY. Independently of that, what I am trying to ascertain is the number of men required to be sent to Panama from this country if a sufficient number are employed to do the work.

Mr. REED. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield to the Senator from Kansas.

Mr. REED. I wish to say to the Senator from Missouri that I agree with the statement he has made as to the inadvisability of hamstringing construction in a tropical country by what seems to be an impossible amendment to his bill. The Senator from Nebraska [Mr. Norris] stated my thoughts upon the subject. In a tropical country men engaged in hard labor must be acclimated before they can render any useful service. I expect to vote against the amendment.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. McNARY. For what reason does the Senator make that statement? My information is quite the contrary. I know from personal experience that many Americans have gone there when work was available, and have gotten along successfully. They did not need to be acclimated. The change in temperature is not such that men must adapt themselves beforehand. In my judgment, all that is necessary in this case is to give American labor an opportunity to work, and it will go there and perform the work. That is all we are asking.

Mr. REED. I take it that the Senator from Oregon disagrees with the views I have stated, but I still hold to those views, with all due respect to the Senator from Oregon. However, I desired to leave with the Senator from Missouri in charge of the bill a thought which I will now express. I am troubled, after the disposition of this amendment, with the wide open authority given to one man who may be Governor of the Panama Canal to spend \$277,000,000 absolutely upon his own judgment, without any approval or check or rein on the part of anyone else. Because I am due to attend some important committee meetings this afternoon and possibly I might be absent when this question comes up, I appeal to the Senator from Missouri to give consideration to the latter part of his bill which begins on page 2, line 8, with the words:

For the purposes aforesaid, the Governor of the Panama Canal is authorized to employ such persons as he may deem necessary—

To that I have no objection-

and to fix their compensation without regard to any other law affecting such compensation.

I think in that respect there might fairly be a provision requiring approval by the Secretary of War or the Board

of Engineers, and more especially-

Mr. CLARK of Missouri. Mr. President, I would have no objection to such an amendment as that. I will say to the Senator from Kansas that I certainly have as little disposition to grant any more authority to any Government official or bureau or set of bureaus as has any man in this body or any place else. I will say to the Senator from Kansas that I have no pride of authorship whatever in this bill, because I did not have anything to do with drafting it; it was drafted by the War Department and sent here, and I introduced it as it came here. It was the theory of the War Department and the theory of the committee in reporting the bill that in setting the pegs for a work of this magnitude it was necessary to give very considerable latitude to the responsible official who, of course, is a brigadier general of the Regular Army, operating under the direction of the Secretary of War in every particular, in making his plans and setting his pegs so as to facilitate this work as much as possible.

Mr. HAYDEN. Mr. President, if the Senator from Kansas will permit me, I can state that there is a very sound historic background for this language. We set out to build the Panama Canal under a commission—the Panama Canal Commission—located here in the United States, and from time to time different engineers were appointed to build the Canal. I talked with General Goethals himself in the midst of the construction in Panama, and complimented him upon his work. The general said, "It is not because I am a great engineer; there have been more able engineers engaged in the construction of the Panama Canal, better engineers than I am; but I have authority to act, which they did not have." The earlier engineers could hardly build a lean-to on a house on the Canal Zone without coming back to get authority from

the Commission here in the United States. Conditions became so bad and the difficulties and delays so numerous that Theodore Roosevelt took charge, and said, "I will put somebody in charge there who can 'run the show,' and I will give him full authority." So he called in General Goethals, after eminent engineers, such as Mr. Stevens and others, had been hampered by restrictions, and he gave the general complete authority. General Goethals was the czar of the Canal Zone. He even regulated the private morals of the people. If they did not do right, they had to get off the Canal Zone. With such arbitrary authority, as it might be called, he constructed the Panama Canal, and it could not have been constructed in any other way.

Mr. REED. May I say to the Senator from Arizona that czars and dictators are perhaps less popular now than they were when the Panama Canal was originally built?

Mr. HAYDEN. Mr. President, in answer to the Senator's observation, let me say that the wisest thing that Woodrow Wilson did during the World War was to put one man in command of the American Expeditionary Forces. He told General Pershing, "You will 'run the show,' and if you cannot run it, I will get someone else who can; but so long as you are there you are going to be backed up." That is exactly what Theodore Roosevelt said to General Goethals, "This is 'your show'; take it, run it, and you will not be hampered or restricted." It is the only way that a work of such magnitude can be conducted at a great distance from the United States. We cannot have a commission or some other authority acting at this end by cable, imposing regulations and restrictions. That is the reason why we find this language in the bill.

Mr. REED. Mr. President, I wish to proceed to the clause to which I find the most objection. I refer to the clause that authorizes the Governor of the Panama Canal—

To authorize the making of any contracts, continuing or otherwise, in advance of actual appropriations, aggregating not more than the total cost authorized herein.

We are not in an emergency so far as the commercial use of the Panama Canal is concerned. The reports all show, including the report of the distinguished Senator from Missouri on behalf of his own committee, that up to 1960 or 1970 the capacity of the Canal would be adequate for commercial purposes.

Mr. CLARK of Missouri. That is correct.

Mr. REED. I think it would be more satisfactory if the bill should contain a provision requiring the approval of contracts by the War Department, either by the Secretary of War or by the Board of Engineers, because there is no emergency that requires immediate construction. In fact, this bill provides that of the total cost of \$277,000,000 only \$15,000,000 are to be authorized for making a start. So I appeal to the Senator from Missouri, whose bill I desire to support, and to whom I am going to offer my assistance in keeping it in the best shape that it can be kept-I appeal to the Senator from Missouri and his committee in these circumstances, there being no emergency to give consideration to the suggeston, not to grant to the Governor of the Panama Canal the unlimited authority that was given to the great genius who constructed the Canal. We might not get another great genius, and, after all, ordinary precaution in business and ordinary precaution in governmental affairs, I think, certainly call for some restriction upon the unlimited authority granted by this bill.

Mr. CLARK of Missouri. Mr. President I will say to the Senator from Kansas that, so far as I am concerned—and I think in this matter I am authorized to speak for the committee—I have no objection whatever to an amendment requiring the contracts made by the Governor of the Panama Canal to be approved by the Secretary of War. I say very frankly that I am willing to accept such an amendment because I do not think it in any material particular would change the bill itself. We have no communication, for instance, as a Congress at the present time from the Governor of the Panama Canal except through the Secretary of War; everything that he does comes to us through the Secretary of War. The drafting of this bill was made in the War

Department on the recommendation of the Governor of the Panama Canal. The report on construction in the Canal comes to us under cover of a letter from the Secretary of War, and the report of the Governor of the Canal. Therefore, I say that I have no objection whatever to requiring the approval of the Secretary of War; but I repeat I do not think it means anything.

Mr. WHEELER. Mr. President-

Mr. CLARK of Missouri. I yield to the Senator from Montana if the Senator from Kansas has concluded.

Mr. REED. Mr. President, the Senator from Montana has agreed to let me conclude. I wish to thank the Senator from Missouri for his courtesy in permitting me to interrupt him.

Mr. CLARK of Missouri. I am glad to yield to the Senator

from Kansas at any time on any measure.

Mr. REED. I desire to support the Senator in every way I can, but I think he ought to tie the authority for these tremendous expenditures up tighter than it is. He would make me much happier in supporting him if he would do that.

Mr. CLARK of Missouri. If the Senator from Kansas will draw such an amendment, so far as I am concerned, I will

be glad to accept it.

I now yield to the Senator from Montana.

Mr. WHEELER. Mr. President, am I to understand that this bill came from the Commerce Committee?

Mr. CLARK of Missouri. It did not; it was considered and reported by the Committee on Interoceanic Canals, the committee specifically created by the Senate to have jurisdiction of such matters.

Mr. WHEELER. I must confess that I am perfectly amazed when I read the measure to find that the Senator from Missouri is advocating the passage of a bill giving such powers to any department as the pending bill gives to the Governor of the Panama Canal. I do not know of a piece of legislation we have passed, even in the palmy days of the present administration, that simply turned a matter over to one agency and said, "You can go ahead, spend \$277,000,000, you can spend it in any way you want to spend it as you may deem necessary; you may fix the compensation of those you employ in any way you want to fix it, and you can authorize the making of any contracts that you want to make in any way, shape, or form that you want to make them." am sure if any other proposal for legislation came before the Senate with such lax and loose provisions that the Senator from Missouri would be standing upon the floor of the Senate denouncing it in unmeasured terms, much better than I could do. The Senator from Missouri would be saying, "Think of it! You are giving to a Governor dictatorial powers." agree that in this bill we are giving to the Governor of the Panama Canal dictatorial powers.

Mr. CLARK of Missouri. If my friend from Montana had been in the Chamber, he would have heard the fact impressed a number of times-not once but on at least half a dozen occasions-by the Senator from Arizona [Mr. Hay-DEN], by the Senator from Kentucky [Mr. Logan], and by myself, that in the construction of a canal in a tropical country several thousand miles from home it is necessary to confer unusual powers; and we have pointed out that the original Panama Canal never would have been constructed except by the decision of the Congress to repose very extensive powers in General Goethals, and practically make

him the dictator of that construction.

Mr. WHEELER. Mr. President, I cannot agree with either the Senator from Arizona, the Senator from Missouri, or the Senator from Kentucky that in order to build these locks it is necessary to do what is proposed.

Mr. CLARK of Missouri. I will say to the Senator that

that is our misfortune.

Mr. WHEELER. When the original Panama Canal was built we were dealing with an entirely different situation; but, thank goodness, we have a more enlightened population in this country today, and Panama is a more enlightened country now than it was then. I cannot conceive of any reason in the world why we should say to the Governor of the Panama Canal, "You may employ thousands of men

to build these extra locks and pay them any kind of wages you want to pay them. You may enter into any kind of contracts that you want to enter into." Knowing my good friend from Missouri as I do, I am perfectly amazed that he should stand on the floor of the Senate and say, "We want to give dictatorial power to some departmental head." The Senator wants to give those powers to the departmental head because he is living in Latin America, where there are dictators; but it seems to me that is quite a different problem. The Senator also wants to give the departmental head those powers because he is two or three thousand miles away from the United States. In my judgment, that is all the more reason why we should say that these contracts shall be approved before they become effective.

The Senator says the War Department drew up the legis-That does not make the legislation any different than if Mr. Ickes had drawn it up, or if somebody else had drawn it up. Apparently the Senator takes the position that if somebody in the War Department draws up legislation it is all right, but if somebody in some other department draws it up it is all wrong. I cannot follow the Senator in that kind of legislation, because I think it is giving over dictatorial powers to one of the departments.

Mr. CLARK of Missouri. Mr. President, at the risk of fourth or fifth repetition I will say for the benefit of my friend from Montana, who has just arrived in the Chamber, what has been said here on several occasions before, both on Monday and today, that in the construction of a great works project in the Tropics a situation exists which is entirely different from anything that goes on in this country. I am as much opposed to dictatorial powers as anybody possibly can be. The Senator from Montana knows very well that I have no particular reverence for a bill drawn in the War Department, although I will say to the Senator from Montana that I certainly have as great respect for a bill drawn in the War Department as I have for a bill drawn at the whim of somebody at the Interstate Commerce Commission.

I am, of course, perfectly familiar with what the Senator from Montana is now doing. He is trying to get even for the fact that I opposed a couple of his bills last week; and that is perfectly all right. I take that in perfectly good part; but if the Senator from Montana had been here at the beginning of the session he would have heard it said several times, "On a project of this sort it is necessary to allow more discretion than on a project in the United States." Heaven knows that on projects in the United States we have certainly granted the widest and most discretionary powers to certain administrators, whose identity we did not even know, in offices which were not even created when we granted the extensive powers; and the Senator from Montana argued and voted for those bills.

Mr. WHEELER. The Senator said that if I had been here I would have heard his explanation, which he said he had made four or five times. Let me say for his particular benefit that the other day I did not have to explain merely four or five times the bill that I had but I had to explain it for the seventeenth or eighteenth time because the Senator from Missouri or some other Senator did not happen to be in the Chamber at the time I was explaining it.

Mr. CLARK of Missouri. I am glad to repeat my explana-

tion when any Senator comes in.

Mr. CONNALLY rose.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield to the Senator from Oregon.

Mr. McNARY. I have been here since the roll call, and I have not yet heard any explanation why we should give to the Governor of the Panama Canal arbitrary power in doing this great work. I have heard the able Senator from Missouri say the matter has been explained, but I have not heard the explanation. I have heard it dogmatically stated, "This must be done," but I have heard no reason for it. I am anxiously waiting for someone to explain and give a reason for the wide latitude that is given in this particular matter. Mr. CLARK of Missouri. I very much regret that my explanation has not satisfied the Senator from Oregon. I think possibly if he had listened a little more attentively, he might have heard something that would have satisfied him. I tried to yield to him a moment ago, because he had been asking me to yield, but he was engaged in a private conversation. After waiting for a few minutes I yielded to another Senator.

I now yield to the Senator from Texas, who was on his feet a moment ago.

Mr. CONNALLY. Mr. President, I do not care to have the Senator yield now. I was only going to aid the Senator as he tried to repel the assault of the Senator from Montana, who was complaining about this wide authority. Mr. CLARK of Missouri. I am glad to have the aid of

the Senator from Texas.

Mr. CONNALLY. To give political power, political control over political questions is one thing. To give somebody a job to go out and dig a ditch is quite another thing. All that the Senator is really doing is to say to the engineers, or whoever is going to do this work, "Go down there and dig this ditch." He is not telling them how much dirt they shall put in each shovel when they take it out. He is not going to try to control at what hour they shall eat, or at what hour they shall sleep; but he is telling them to go down and dig this canal. That is a wholly different proposition from the exercise of political power.

I quite agree with the Senator from Montana. I recall that the Senator from Missouri was recently associated with the Senator from Montana in a memorable fight in the Senate over the exercise of a vast political power; and I agree with both of them. I think there is no parallel between digging a ditch and reforming the political institutions of our country. When we build a battleship, I presume we do not tell the Navy how many steps there shall be from one deck to another, or what size the guns shall be, or how thick the armor plate shall be. We tell them to build a battleship. If they had to run back up here every time they drove a rivet and say, "Mr. Congressman, how shall we do this?" we should never have any battleships, and we should not have many ditches either.

Mr. CLARK of Missouri. I thank the Senator from Texas.

Mr. ADAMS. Mr. President-

Mr. CLARK of Missouri, I yield to the Senator from Colorado.

Mr. ADAMS. The Senator from Texas speaks about building a battleship. I will say to him that no battleship has ever been built without an authorization from the Committee on Appropriations. This measure provides that the appropriation for 1940 shall not exceed \$15,000,000; but it provides that the Governor of the Panama Canal may make a contract for \$277,000,000 without ever having the matter pass through the Committee on Appropriations. It is equivalent to making an immediate appropriation of \$277,000,000 to be expended by the Governor of the Panama Canal without ever having gone through the ordinary processes of appropriation

Mr. CONNALLY. Mr. President-

Mr. CLARK of Missouri. I yield to the Senator from Texas.

Mr. CONNALLY. I will say to the Senator from Colorado that I am not familiar with the general terms of the bill, and I am not advocating it. I was only prompted to interject some remarks on account of the very savage assault made on the Senator from Missouri by the Senator from Montana, one of his late comrades, one of the Roman legions that overwhelmed the Gauls.

Mr. ADAMS. I will say that if there is anybody who does not need assistance, it is the Senator from Missouri.

Mr. CONNALLY. I do not think he needed it, but I have such an affection for him that I wanted at least to be arrayed on his side.

Mr. ADAMS. I am not embarrassed like the Senator, because I was with the Senator from Missouri in his opposition to the recent measure.

Mr. CONNALLY. So was the Senator from Texas. I have no objection to having this bill referred to the Committee on Appropriations if that is what the Senator from Colorado is irritated about.

Mr. ADAMS. I will say to the Senator from Missouri that the Senator from Colorado is not irritated. I am merely pointing out the situation that exists. I go right along with the Senator from Missouri most of the time.

Mr. CONNALLY. Mr. President, the Senator from Colorado is never quite so effective as when he is irritated. [Laughter.]

Mr. ADAMS. Then perhaps I had better become irritated; but both the Senator from Missouri and I believe in the maintenance of the proper functions of committees. The Senator has been very effective on that subject within the past week, so far as his statement was concerned.

Mr. CLARK of Missouri. I was not effective in obtaining any results from the Senate. I may have been effective in my observations, but they did not seem to bear very immediate results. The Senator from Montana simply overpowered me, and overpowered the Senate, and assumed the jurisdiction of several other committees.

Mr. ADAMS. I merely wanted to make that statement. I do think we ought, without the scrutiny of the Committee on Appropriations, to grant this authority. I say that with all due respect to the Senator from Arizona [Mr. Hayden]. I heard his explanation. We have not here an emergency of a character which justifies putting into the hands of one man, whose personality perhaps is entirely unknown to us today, the expenditure of this vast sum of money.

We get into the habit of talking of millions very easily;

but \$277,000,000 is still a great deal of money.

Mr. CLARK of Missouri. I thoroughly agree with the Senator from Colorado in that observation.

Mr. ADAMS. And I personally think there should be some additional restriction, some provision, other than now exists

Mr. MALONEY. Mr. President-

Mr. CLARK of Missouri. I will yield to the Senator from Connecticut in just a minute.

Let me say to my friend from Colorado that I certainly do not wish to grant to the Governor of the Panama Canal any more authority than is necessary. I do, however, say that unless we are willing to grant to the Governor of the Panama Canal enough authority to carry out the purposes of this act and to make it effective, it would be better to defeat the bill entirely and give over the idea of constructing the third set of locks at the Panama Canal. I certainly am not in favor of any such amendment as will probably double the cost of the estimates and make the project cost above \$500,000,000 instead of \$277,000,000, because the labor required to do this work certainly does not exist in the Panama Canal Zone at the present time.

I now yield to the Senator from Connecticut.

Mr. MALONEY. Mr. President, I am hopeful that the bill will not be defeated. It seems to me a tremendously important measure; but, in view of the fact that the language is disturbing to so many Senators, and because I am disturbed, too, and in view of the fact that the Senator from Missouri has expressed a generous willingness to see the proposal amended in certain particulars, I am wondering if he would not look with sympathy upon a suggestion that the bill be recommitted to his own committee for further study.

Mr. CLARK of Missouri. So far as I am concerned, I shall oppose the motion to recommit unless the Senate should agree to some such amendment as the one offered by the Senator from Nevada [Mr. McCarran], completely defeating and emasculating the purpose of the bill. If the amendment should be agreed to, I, myself, should move to recommit the bill; and if a disposition on the part of the Senate to include such an amendment is manifested, I shall oppose the bill, because I think it would defeat its purpose in any event, and would on any calculation double the proposed cost of construction.

Mr. MALONEY. Mr. President, will the Senator yield further?

Mr. CLARK of Missouri. I yield.

Mr. MALONEY. In view of what he has just said, I am seriously hopeful that the Senator from Missouri will sympathetically look upon a motion to recommit the bill. I am fearful that the bill may be destroyed by some amendment hurriedly offered in an effort to correct the bill, which seems to me to have been too hurriedly submitted to the Senate.

Sympathetic toward the aim of the Senator from Missouri to pass the bill in proper form, so soon as I can obtain the floor I will move to recommit the bill to the Committee on

Interoceanic Canals.

Mr. CLARK of Missouri. Mr. President, I yield to the Senator from Connecticut for that purpose now, though I will oppose the motion. I do not see any necessity for prolonging the debate in the Senate if the bill is to be recommitted.

Mr. REED. Mr. President, I desire to endorse and approve what the Senator from Connecticut has stated. The junior Senator from Connecticut [Mr. Danaher] has taken an interest in this matter, and I have just had a brief discussion with him in an attempt to draw an amendment to reach the end

we desire to accomplish.

No one knows better than does the Senator from Missouri, the distinguished Senator in charge of the bill, the difficulty of trying to amend a bill of this importance on the floor. I hope the Senator from Missouri will look sympathetically on a motion to recommit, and will accept a recommitment of the bill to his committee. I assure him that when he brings the bill back, if any effort is made to insert the proposed labor amendment, I will help him, so far as I can, on the floor. But I do think there ought to be some limitation upon the authority given the Governor of the Canal Zone, and there is nobody so competent to write the proper language in the bill as the committee itself.

Mr. CLARK of Missouri. Mr. President, I yield to the Senator from Connecticut if he desires to present the motion. Mr. MALONEY. I cannot make the motion until I have

the floor.

Mr. CLARK of Missouri. I yield the floor to the Senator from Connecticut to make the motion.

Mr. MALONEY. Mr. President, because I do not desire to delay the Senate, and because I think nothing can be gained by a further debate on the bill in its present form, and because I think there has been a sufficient discussion to advise the Senators present of the seriousness of the enactment of the bill in its present form, I am about to make a motion that the bill be recommitted.

I should like to say, first, that I am in sympathy with the project involved in the bill. I should like to emphasize that the situation in Panama today considerably differs from the situation when the Panama Canal was built. The zone was malaria infested and dangerous to health. Over a long period there had been failures in attempts to dig a canal. The administration in power at that time, mindful of the failures and the deaths and the danger in the Canal Zone, realized that, if this tremendously important canal was to be constructed, dictatorial power had to be delegated.

The United States Government has corrected the conditions. There is no longer great danger to health. There is in my opinion an opportunity to employ a great many Americans in the Canal Zone now without danger to their health.

I think the committee is competent to draw a bill in keeping with the sentiments expressed on the floor of the Senate today by members of the Senate who desire to see the bill passed, but wish to see it perfected.

Without further delay, Mr. President, I move that Senate bill 2229 be recommitted to the Committee on Interoceanic

Canals.

Mr. CLARK. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams Austin Bilbo Bulow
Andrews Barbour Bone Burke
Ashurst Barkley Borah Byrd

Byrnes Maloney Shipstead Capper Caraway Harrison Mead Miller Slattery Smathers Hatch Chavez Clark, Idaho Clark, Mo. Hayden Herring Minton Smith Murray Stewart Holman Neelv Taft Connally Hughes Norris Thomas, Okla. Danaher Johnson, Calif. Nye O'Mahoney Overton Thomas, Utah Davis Donahey Johnson, Colo. Townsend King Truman La Follette Lee Tydings Vandenberg Downey Van Nuys Frazier Lodge Radcliffe George Logan Reed Wagner Gibson Reynolds Lundeen Walsh Green Guffey McCarran Russell Schwellenbach Wheeler McKellar White McNary Wiley Gurney Sheppard

The PRESIDING OFFICER. Eighty-four Senators having answered to their names, a quorum is present.

Mr. CLARK of Missouri. Mr. President, I desire to say just a few words about the motion of the Senator from Connecticut [Mr. Maloney] to recommit the bill.

I have no personal interest whatever in the bill except that to my mind it is the most justifiable part of the President's whole program of national defense which was sent to the Congress at the beginning of the present session, denominated an emergency defense program. The measure under consideration was included in the recommendations accompanying the President's message. The general plan was set forth in more detail when the Secretary of War and the Chief of Staff first appeared before the Military Affairs Committee.

Mr. President, I am frank to say that I believe, and have always believed, that if the United States acts with any sense and any judgment we shall not be engaged in a war within the next few years. But I say that the protection of the Panama Canal and affording of additional facilities in the Panama Canal constitute perhaps the most justifiable and the most vitally necessary portion of the President's whole defense program.

If the Senate desires to delay that matter at the behest of someone outside the Senate who never presented any protest until after 11 o'clock today, that is the responsibility of the Senate. I shall oppose that action; and if the bill fails of passage at the present session of the Congress, I simply say that that is no responsibility of mine.

Mr. MALONEY. Mr. President, my interest in this proposal is exactly that of the Senator from Missouri. Because it is so important to the national defense I am anxious that the bill be considered at an early time and passed. However, because of the controversy which has arisen, because of the misunderstanding, and the possibility that the bill may be emasculated by amendments, because it is difficult to amend the bill on the floor in a few minutes, because I think there is room for much improvement in the bill, for it does grant dictatorial power to the Governor of the Panama Canal; because I think that the power might be more properly delegated, as the Senator from Missouri has himself indicated through his willingness to accept amendments to the bill and to bring action on it as quickly as we can, I hope that the motion to recommit will be adopted. I think the committee, without much delay, within a matter of a very few days, within a matter of a day, as a matter of fact, might bring the bill back with the changes which seem to me to be necessary. Under the bill in its present form, as was pointed out by the very able Senator from Colorado [Mr. Adams], the Governor of the Panama Canal is authorized to expend \$277,000,000 and completely to circumvent the Appropriations Committee.

I should like to point out that under the terms of the bill the Governor of the Panama Canal could fix wages at any figure suiting himself; he might pay peon wages to one group, if he so decided, and pay \$50,000 a year to one person if he so desired.

It seems to me to be a very great departure from the late practices of the Congress, and I am hopeful that the motion to recommit will prevail in order that we may pass a proper bill to provide for the performance of this very important work at an early time.

The PRESIDING OFFICER (Mr. Johnson of Colorado in the chair). The question is on the motion of the Senator from Connecticut [Mr. Maloney] to recommit the bill to the Committee on Interoceanic Canals with instructions. [Putting the question.] The Chair is in doubt.

Mr. CLARK of Missouri. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk called the roll.

Mr. SHIPSTEAD. I have a pair with the senior Senator from Virginia [Mr. Glass]. I am informed that if he were present he would vote as I shall vote. I am therefore at liberty to vote. I vote "yea."

Mr. HALE (after having voted in the affirmative). I have a general pair with the junior Senator from South Carolina [Mr. Byrnes]. I transfer that pair to the junior Senator from New Hampshire [Mr. Tobey], and allow my vote to stand.

Mr. McNARY. I transfer my general pair with the Senator from Mississippi [Mr. Harrison] to my colleague the junior Senator from Oregon [Mr. Holman], and will vote. I vote "yea." My colleague [Mr. Holman] would vote "yea" if present, but I am not advised how the Senator from Mississippi would vote.

Mr. AUSTIN. The Senator from New Hampshire [Mr. Bridges] has a general pair with the Senator from Illinois [Mr. Lucas]. He is absent, being confined to the hospital because of an operation.

Mr. BYRD. My colleague the senior Senator from Virginia [Mr. Glass] is absent because of illness. I am advised that if present and voting he would vote "yea."

Mr. MINTON. I announce that the Senator from Florida [Mr. Andrews], the Senator from Arizona [Mr. Ashurst], the Senator from South Carolina [Mr. Byrnes], the Senator from Mississippi [Mr. Harrison], the Senator from New Mexico [Mr. Hatch], the Senator from Nevada [Mr. Pittman], the Senator from Missouri [Mr. Truman], the Senator from Mex York [Mr. Wagner], and the Senator from Massachusetts [Mr. Walsh] are attending committee meetings and, therefore, are unable to be here for the vote.

The Senator from Texas [Mr. Sheppard] is detained on official business.

The Senator from New Mexico [Mr. Chavez], the Senator from Ohio [Mr. Donahey], the Senator from Iowa [Mr. Herring], the Senator from Delaware [Mr. Hughes], the Senator from Montana [Mr. Murray], the Senator from Louisiana [Mr. Overton], and the Senator from Oklahoma [Mr. Thomas] are detained on departmental business.

The Senator from North Carolina [Mr. Balley], the Senator from Alabama [Mr. Bankhead], the Senator from Michigan [Mr. Brown], the Senator from Rhode Island [Mr. Gerry], the Senator from Iowa [Mr. Gillette], the Senator from Illinois [Mr. Lucas], the Senator from Alabama [Mr. Hill], and the Senator from Wyoming [Mr. Schwartzl are absent on important public business.

The Senator from West Virginia [Mr. Holt] is addressing the East Fairmont High School Alumni Association today, and is therefore necessarily detained.

The result was announced—yeas 50, nays 16, as follows:

YEAS-50

Adams Austin Barbour Bilbo Bone Borah Byrd Capper Caraway Clark, Idaho Connally Danaher Davis	Downey Frazier George Green Gurney Hale Johnson, Colo. La Follette Lee Lodge Lundeen McCarran McKellar	McNary Maloney Mead Neely Norris Nye O'Mahoney Fepper Radcliffe Reed Reynolds Russell Shipstead	Slattery Smathers Taft Thomas, Utah Townsend Tydings Vandenberg Van Nuys Wheeler White Wiley
	NA	YS-16	

Barkley Ellender Johnson, Calif. Minton Bullow Gibson King Schwellenbach Burke Guffey Logan Smith Clark, Mo. Hayden Miller Stewart

NOT VOTING-30

Andrews	Donahey	Holman	Sheppard	
Ashurst	Gerry	Holt	Thomas, Okla.	
Bailey	Gillette	Hughes	Tobey	
Bankhead	Glass	Lucas	Truman	
Bridges	Harrison	Murray	Wagner	
Brown	Hatch	Overton	Walsh	
Byrnes	Herring	Pittman	124.000.000	
Chavez	Hill	Schwartz		

So the bill (S. 2229) was recommitted to the Committee on Interoceanic Canals.

Mr. McCARRAN. Mr. President, with reference to Senate bill 2229, which has been recommitted to the Committee on Interoceanic Canals, earlier in the day I offered three amendments to it. I ask that they be printed and referred to the Committee on Interoceanic Canals.

The PRESIDING OFFICER. Without objection, it is so ordered.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Calloway, one of its reading clerks, announced that the House insisted upon its amendment to the bill (S. 1569) to amend the Agricultural Adjustment Act of 1938, as amended, disagreed to by the Senate; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. Jones of Texas, Mr. Doxey, and Mr. Hope were appointed managers on the part of the House at the conference.

TRADE RELATIONS WITH THE PHILIPPINES

Mr. TYDINGS. Mr. President, I ask unanimous consent for the immediate consideration of Senate bill 2390, to amend an act entitled "An act to provide for the complete independence of the Philippine Islands, to provide for the adoption of a constitution and a form of government for the Philippine Islands, and for other purposes."

The PRESIDING OFFICER. Is there objection to the

request of the Senator from Maryland?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Territories and Insular Affairs, with amendments.

Mr. TYDINGS. Mr. President, in the bill as reported to the Senate there are a number of typographical errors. In one or two cases it is necessary to change a word in a way which does not change the basic meaning of the bill but states it in better form. I ask that these amendments be first read and adopted.

The PRESIDING OFFICER. The clerk will state the amendments.

The CHIEF CLERK. On page 16, at the beginning of line 1, it is proposed to reinsert:

(5) The term "refined sugars" possesses the same meaning as the term "direct consumption sugar" as defined in section 101 of the Sugar Act of 1937.

And to renumber paragraphs 5, 6, and 7 as 6, 7, and 8, respectively.

The amendment was agreed to.

The CHIEF CLERK. On page 5, line 11, after the word "sugars" and before the word "which", it is proposed to insert "other than refined sugars."

The amendment was agreed to.

The CHIEF CLERK. On page 6, line 9, after the word "sugars" and before the word "and", it is proposed to insert "other than refined sugars."

The amendment was agreed to.

The CHIEF CLERK. On page 15, line 13, it is proposed to strike out "(47 Stat. 672)" and to insert "(46 Stat. 675)."

The amendment was agreed to.

The CHIEF CLERK. On page 19, line 12, after the word "this", it is proposed to insert the word "amendatory."

The amendment was agreed to.

Mr. O'MAHONEY. Mr. President, will the Senator yield? Mr. TYDINGS. I yield.

Mr. O'MAHONEY. Am I to understand that the amendments just read are offered?

Mr. TYDINGS. There was some confusion in the Chamber; but I explained, first of all, that most of the amendments deal with small errors in the bill, the numbering of paragraphs, and so forth. In one or two cases it was necessary to add a few words which do not change the philosophy of the bill in the slightest, but give a clearer picture of exactly what the bill contains. In reference to sugar, no change whatsoever is made in the existing sugar quota.

Mr. O'MAHONEY. I heard the words "refined sugars."
Mr. TYDINGS. Those words were added to make the

quota plain.

Mr. O'MAHONEY. Mr. President, I ask unanimous consent that the votes by which the amendments were agreed to be reconsidered until those of us who are interested in that phase of the bill may have an opportunity to examine the amendments.

Mr. TYDINGS. Mr. President, I ask that the votes by which the amendments dealing with refined sugars were agreed to be reconsidered and that the bill remain in the same position as though the amendments had never been offered until Senators interested therein can familiarize themselves with the subject.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield. Mr. BARKLEY. I suggest that the Senator from Maryland make a general statement about the contents of the bill and its provisions, so that the Senate may understand what we are considering.

Mr. CONNALLY. Mr. President, will the Senator yield for a question?

Mr. TYDINGS. I yield.

Mr. CONNALLY. Has any action been taken on any of the amendments?

Mr. TYDINGS. Only those which are typographical, those which relate to the numbering of paragraphs, and the amendment calling the act an amendatory act rather than the original act. No basic change in the philosophy of the bill has been made by the amendments which have been agreed to up to this time.

Mr. CONNALLY. As the Senator knows, the Senator from Texas is deeply interested in a committee amendment on pages 19 and 20 relating to the processing tax on imported coconut oil. That amendment has not been acted upon, has it?

Mr. TYDINGS. No.

Mr. CONNALLY. When the Senator concludes, I wish to take the floor to make a few remarks concerning that

The PRESIDING OFFICER. Without objection, the votes by which the amendments relating to refined sugars were agreed to are reconsidered.

Mr. TYDINGS. Mr. President, the bill is far different from the original bill introduced at the beginning of this session of Congress. The original bill covered a wide territory. It covered not only the period up to independence but, in an economic way, covered the period after complete independence. I hope Senators will not confuse the original bill with the bill now before us.

The pending bill deals only with the time up to independence. It does not make any change in the original act after independence. Everything in the original act dealing with the Philippine situation after 1946 remains untouched by the bill which is now pending before the Senate. However, in line with certain requests from Americans and Filipinos alike, it was felt advisable by the administration that some changes be made in the existing independence act of the Philippine Islands.

The original act, called the Tydings-McDuffie Act, provided that commencing in 1941 and extending to the year 1946. tariffs should be levied on products coming from the Philippine Islands into the United States, starting with 5 percent of the existing tariff in 1941, 10 percent of the existing tariff in 1942, and increasing 5 percent each year until 1946, when 100 percent of the tariff would fall upon products coming from the Philippine Islands to the United States, because

after that time the Philippines would be a free and independent country.

After extensive hearings lasting almost a month the committee recommends to the Senate 5 percent reductions in the amount of goods that may come from the Philippines in place of the 5-percent increases in tariffs contained in the original Philippine Act. In other words, if 100 percent is established as the quota of any particular commodity covered by the act, in the year 1941 only 95 percent of that amount may come in; the next year only 90 percent; the following year 85 percent; the next year 80 percent; the fifth year 75 percent, and after the fifth year all considerations of that kind are eliminated, and products coming from the Philippines will be on exactly the same basis as those coming from France, Great Britain, South America, or any other country. In other words, we have substituted a quota restriction for a tariff increase-a constantly decreasing quota for constantly increasing tariffs. Such an arrangement is better for the Filipinos, and I believe it can be shown to be better for our own people.

That, briefly, is the reason for the bill. There are other provisions in the bill, but the bill was offered in the first place to eliminate the increases in tariffs and substitute

therefor increases in quota restrictions.

The bill has the approval of the administration. Indeed. I think I may say I have offered it at the request of the administration. I was frank to say to those in the administration who were interested in the matter that I doubted whether the original bill introduced could be passed through this Congress; that there was much opposition in the committee, and I believed there would be much opposition on the floor. However, I felt that the committee and the Senate alike would probably realize that there is fairness in the limitations to which the bill addresses itself, and therefore that such a measure might receive the approval of the Congress.

At the request of the administration I introduced the bill, the committee considered it, and reported it favorably. with one or two amendments.

Mr. ADAMS. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. ADAMS. I gather that the plan of the bill is to change the sliding scale from a tariff to a quota reduction basis.

Mr. TYDINGS. Yes.

Mr. ADAMS. Can the Senator tell me offhand whether or not there is the same 5-percent reduction in sugar quotas?

Mr. TYDINGS. I shall try, of course, to answer any question as accurately as I can. However, I will say to the Senator that generally, wherever there was a 5-percent increase in tariff in the original bill, there is in this bill a quota provision to take care of the tariff.

Mr. ADAMS. I notice that certain specific quotas are set out on page 3. I have not read the bill. Can the Senator tell me whether or not the sugar quota, which was 850,000 tons under the original bill, was subjected to a 5-percent reduction?

Mr. TYDINGS. No. The commodities which are in the bill under the quota are Philippine cigars, scrap tobacco, cigar ends, stripped filler tobacco, coconut oil, pearl buttons, and embroideries. In my judgment the provisions of the original independence act in reference to sugar remain untouched.

Mr. ADAMS. That is, the tariff limitation would then

Mr. TYDINGS. That is correct. The quota provision of 50,000 refined tons and 800,000 raw tons remains; and all the tariff provisions of the original act remain as we passed the act in 1934.

I think I should perhaps make more headway, and I desire to yield the floor as soon as possible, if, with this brief explanation and making one or two more statements I desire to make, Senators would later ask me questions which, insofar as I can, I will try to answer.

Mr. O'MAHONEY. Mr. President, will the Senator yield, if it is not objectionable to him at this point?

Mr. TYDINGS. I am glad to yield.

Mr. O'MAHONEY. I just read the amendments the Senator sent to the desk. Glancing at the second one, I ask the Senator if there is not a typographical error in it. If the Senator will observe, it inserts the phrase "other than refined sugars" after the word "sugars" and before the word "which." Does he not mean before the word "shall?"

Mr. TYDINGS. It may be; I would have to look at it again. I would not want to say offhand. I will say, however, that I think these amendments came to me from the Customs Bureau of the Treasury Department and I may have misinterpreted them.

Mr. O'MAHONEY. The amendment which the Senator has sent to the desk reads:

On page 5, line 11, insert after the word "sugars", and before word "which" the following: "other than refined sugars."

There is no word "which" at that place.

Mr. TYDINGS. On what page?

Mr. O'MAHONEY. On page 5, line 11. That, of course, will have to be straightened out.

Mr. TYDINGS. We will straighten that out. The Senator, of course, may be correct. I have merely offered the amendments at the instance of the administrative department in the hope that they would clarify the existing language. If it does not change the philosophy of the measure, I have no objection to correcting the typographical errors in the form in which I have presented them.

Mr. O'MAHONEY. At the proper time, I shall ask the Senator to explain what the effect of those amendments will be.

Mr. TYDINGS. Very well.

Under the original Filipino Act, too, a large sum of money was to be collected through various taxes and then turned over to the Filipino government, which it could spend in almost any way it desired. There is a provision in this bill which limits the way in which that money may be expended, and it is to be managed under a joint Filipino and American commission which will use the money as a guaranty to liquidate any Filipino bonds, to which it might be assumed our Government is a party, directly or indirectly; so that we will not have claims bills here after all arrangements have been completed and be called upon to pay interest or, perhaps, principal, if, as I do not believe will happen, the bonds should ever be in default.

Another question relates to the rights of Americans in the Philippine Islands. Those rights were pretty clearly defined in the original Independence Act, and we have in this bill given to the Filipinos the same rights in this country that the Philippine government gives to Americans in the Philippine Islands.

Then, too, in the original act no provision was made to retain property now belonging to our Government should we desire to retain it for diplomatic, business, or other purposes. Under the provisions of the pending bill the United States reserves the right to retain any of this property that it now has in the Philippine Islands for any use to which it may desire to put it, whereas without this provision all of that property would revert to the Filipino government.

What I have said briefly touches the high lights of the bill. I understand there will be some discussion of the coconut-oil provision, and I have asked the Senator from Arizona [Mr. HAYDEN], who has made a very intensive study of this particular phase of the question and has compiled considerable data, if the necessity arises, to present the full case on that particular subject.

There is much interest, too, regarding sugar, and, rather than take any chance that I might misrepresent the matter, I asked Vice President Osmena, of the Philippine government, to make clear that turbinado sugar, which has been coming into the United States, would not come in the future, as the refineries feel that the raw sugar should come in and our people should have the work of refining it in accordance with the Sugar Act. Vice President Osmena wrote me a letter stating that as all sugar had to receive a license from the

Filipino government before it could be exported to this country, he had received assurances, which he put in a letter, that even if the law were not touched not another license would be issued to permit the shipment of turbinado sugar into the country. Without questioning his good faith, I asked him if he would not also get a statement from President Quezon touching this subject. He sent me on May 29 the following letter, which I should like to have printed in the RECORD, and which I will read:

MAY 29, 1939. MY DEAR SENATOR TYDINGS: In further reference to the question of sugar, I beg leave to quote hereunder a telegram received from President Quezon addressed to Commissioner ELIZALDE regarding stopping further shipments of turbinado sugar:

"No. 326. For Commissioner ELIZALDE:

No. 326. For Commissioner ELIZALDE.

"No further shipments turbinado will be permitted.

"QUEZON."

Since under existing law and the provisions of the bill (S. 2390, Calendar No. 481), reported by your committee Philippine sugars sent to the United States must have export permits from the Philippine government, the refusal of the Philippine government to issue permits for turbinado sugar will be sufficient to stop further shipments of such sugar to the United States.

I trust that this information will serve your purpose.

Sincerely yours,

(Signed) S. Osmena, *Vice President of the Philippines, on Special Mission to the United States.

Senators will recall that a great many refiners thought that the importation of turbinado sugar was a violation of the act, and rather than trust the matter to defining it again, and perhaps having some other content come in, I thought that it would be wise at the same time to have what might be called a definite understanding about it. Having had this assurance from the President of the Filipino government and the Vice President of the Filipino government, and as that government itself must issue permits for any such sugar that comes into the United States, their word in formal statement that it will not come in, together with letters from the Treasury Department, as well as the State Department, that there is no need for the amendment, I feel that the limitation of 50 tons of refined sugar will be respected in every way.

Mr. ELLENDER. Mr. President, will the Senator yield? Mr. TYDINGS. I yield to the Senator from Louisiana.

Mr. ELLENDER. The fact remains, however, does it not, that under the pending bill as it is now framed 850,000 tons of direct-consumption sugar may enter the United States from the Philippine Islands? As the law now stands, 800,000 long tons of raw sugar and 50,000 tons of refined sugar may be admitted.

Mr. TYDINGS. That is correct.

Mr. ELLENDER. Under this bill it can be all-

Mr. TYDINGS. Raw sugar.

Mr. ELLENDER. Yes. But it can also be all direct-consumption sugar. That will especially be true should we fail to reenact a new sugar bill at the expiration of the 1937 Sugar Act.

Mr. TYDINGS. I do not think so; I think it can all be raw; but only 50,000 tons can be refined sugar; and, with the telegram covering sugar which is just under what is considered to be refined sugar and the promise that no permits will be issued for that kind of sugar, we have, in addition to the law. the word of the Filipino government itself that the sugar will be sent in a raw state and not in a semirefined or refined

Mr. ELLENDER. The present officers of the Filipino government may lose their jobs at the next election.

Mr. President, will the Senator further yield to me?

Mr. TYDINGS. Yes. Mr. ELLENDER. As the law now stands, should the Philippines fail to send any refined sugar, their exportation to this country would be limited to 800,000 tons of raw sugar?

Mr. TYDINGS. As the law now stands, that is correct.

Mr. ELLENDER. Under the pending bill, if they choose not to send any refined sugar, they could send 850,000 tons of raw sugar.

Mr. TYDINGS. That is correct.

Mr. ELLENDER. So that they could really and truly increase their shipments of raw sugars by 50,000 tons.

Mr. TYDINGS. That is not correct. Under the present law they can send 800,000 tons of raw sugar and 50,000 tons of refined sugar, making 850,000 tons all told. They could send in, under this bill, 850,000 tons, which may all be raw or 800,000 tons of it could be raw and 50,000 tons and no more could be refined.

Mr. ELLENDER. Exactly so. And I am convinced that if we fail to use the same terms with respect to sugar in both the pending bill and the Sugar Act it would permit the importation of direct consumption sugar in addition to the 50,000 tons of duty-free refined.

Does the Senator know how much refined sugar they have

sent to the United States in the past?

Mr. TYDINGS. I am saying to the Senator, in answer to both questions, that the reason the committee worded it in this fashion is that turbinado sugar is so close to refined sugar that we wanted a double definition, a double check, so that the terms of the Sugar Act would not be violated by the Filipino government. If we have not done that then we have missed our purpose.

Mr. BARKLEY. Mr. President, will the Senator yield? Mr. TYDINGS. I yield to the Senator from Kentucky.

Mr. BARKLEY. As I understand, under the present law 800,000 long tons of sugar may be shipped into the United States?

Mr. TYDINGS. That is correct.

Mr. BARKLEY. And 50,000 tons of refined sugar?
Mr. TYDINGS. That is correct.
Mr. BARKLEY. Of course, if they send in 800,000 tons of raw sugar and 50,000 tons of refined sugar, then the 800,000 tons of raw sugar are refined in this country.

Mr. TYDINGS. That is correct.

Mr. BARKLEY. Under the pending bill they could send 850,000 tons of raw sugar?

Mr. TYDINGS. That is correct.
Mr. BARKLEY. And the additional 50,000 tons would be refined in this country rather than in the Philippines?

Mr. TYDINGS. The Senator is correct. The attitude of Congress has been to permit the importation of raw sugar and have it refined in this country rather than to have them develop the refined sugar business in the islands. To speak frankly, that is what the Congress, and particularly those interested in sugar legislation, wanted. We thought we were meeting that view by putting the possibility of cutting out the exportation of refined sugar up to them, and having it all in the raw state instead of the refined state, and they were satisfied to proceed in that way.

Mr. BARKLEY. That constitutes an advantage to this country, because all the sugar will be refined here.

Mr. TYDINGS. Yes, and will provide employment in this country which would not otherwise exist.

Mr. BARKLEY. Let me ask the Senator another question. Considering the probable difference in the restriction of importations by reason of the stepping up of the tariff 5 percent, as would be done under the present law-

Mr. TYDINGS. Not in the case of sugar.

Mr. BARKLEY. No, but providing in this bill that instead of stepping it up 5 percent the imports shall be automatically reduced 5 percent, can the Senator advise us under which plan the largest amount of imports would probably occur?

Mr. TYDINGS. Yes; I think I can. In some cases, on some particular products, it is possible that the tariff might cut down importations more than the quota would do so. On other products, because of the particular economic factors that enter into the production of those products, it might be that the quota would cut down importations more than the tariff would do so. I may say to the Senator, however, that on a couple of the products, like embroideries, if we do not have the quota it is quite likely that the entire industry in the Philippine Islands will go out of existence.

Mr. BARKLEY. It is true, though, that a definite reduction in quotas brings about a more specific reduction in imports than might be possible under a 5 percent higher tariff?

Mr. TYDINGS. That is correct; and it allows the Filipino people to know exactly how much they may produce, and toreadjust their economy, which all of us want them to have a chance to do.

Mr. BARKLEY. Under the tariff step-up the amount would be more or less speculative, whereas under this plan it is really definite?

Mr. TYDINGS. That is correct.

Mr. KING. Mr. President, perhaps the Senator has stated-if not, I think he might with great propriety statethat the most recent report from the Agricultural Department and the State Department shows that the Philippine Islands are now the fifth largest customer of American commodities. In other words, there are only four countries which purchase a larger quantity of American goods than do the Philippines; and the Philippines therefore are a very important market for the products of the United States.

Mr. TYDINGS. I thank the Senator for his contribution. What we tried to do in the bill which is pending before the Senate was to obtain the maximum amount of prosperity for both countries without seriously injuring anything in either country, so far as we could. It was not possible to work out the matter with complete perfection to the satisfaction of all parties concerned; but we tried to take into consideration the welfare of our own country selfishly, the welfare of the Filipino people selfishly, and then in a more tolerant way the welfare of both countries, and to adjust the facts and circumstances to that particular situation, because the Philippines are one of our good customers, and we do not want to destroy that buying power, particularly at this time of unemployment.

Mr. President, I understand that some amendments may be offered from the floor. Only two amendments are offered by the committee, I believe. I ask unanimous consent that the committee amendments be first acted upon.

The PRESIDING OFFICER (Mr. TRUMAN in the chair). Is there objection to the request of the Senator from Maryland? The Chair hears none, and it is so ordered.

Mr. O'MAHONEY. Mr. President, may I ask the Senator from Maryland to explain the effect of the amendments

which he has just proposed from the floor?

It would appear from the text of the amendments which were read from the desk today that the phrase "other than refined sugars" is being inserted in the bill in two places. The provisions which are changed by this amendment are provisions which govern the allocation of the quota by the Philippine government. My question to the Senator is intended to develop information as to what will be the effect upon the bill of inserting this phrase in two places.

Mr. ELLENDER. Mr. President, has the Senator from Maryland yielded the floor?

Mr. O'MAHONEY. No; the Senator has just yielded for a question.

Mr. ELLENDER. I desire to ask him another question.

Mr. TYDINGS. Mr. President, without taking either Senator off the floor I am going to ask, if I may, in order to get one situation disposed of, if the Senate will not unanimously agree, on page 5, line 11, after the word "sugars", to insert the words "other than refined sugars." That is what we have just been discussing.

Mr. ELLENDER. The question I desired to ask the Senator from Maryland is: Where does he find the language in the bill that prescribes that the 800,000 tons of sugar shall be raw sugar? As I understand the language on page 4, line 11, it says:

Upon all Philippine sugars, which are entered, or withdrawn from warehouse, for consumption.

And on page-Mr. O'MAHONEY (interposing). Mr. President, may I answer for the Senator from Maryland?

Mr. TYDINGS. Go ahead.

Mr. O'MAHONEY. My impression is that the Senator from Louisiana was not on the floor when the Senator from Maryland presented an amendment by which lines 1, 2, and 3 on page 16 are restored to the bill. As the measure was

reported by the committee, those three lines were to have been eliminated. The committee now restores them to the bill: and I think that covers the primary question in which those of us who are representing sugar-producing States were very much interested.

Mr. ELLENDER. The Senator from Louisiana was on the floor and that is not his understanding. That language has not been restored. Mr. President, I repeat, will the Senator point out the language as it now appears in the bill that makes it certain that only raw sugars will be permitted to enter and not direct consumption sugar. As I remarked a few minutes ago it is essential that the same terms with respect to sugar be used in both the pending bill and the 1937 Sugar Act.

Mr. ADAMS. Mr. President, that means that the committee amendment was not agreed to?

Mr. O'MAHONEY. Exactly; that is my understanding. The committee amendment has been withdrawn, and the bill now is before the Senate containing this sentence:

The term "refined sugars" possesses the same meaning as the term "direct consumption sugar" as defined in section 101 of the Sugar Act of 1937.

Mr. TYDINGS. Mr. President, does the Senator mean that that language is out or in?

Mr. O'MAHONEY. The words I have just read will appear in the bill.

Mr. TYDINGS. Mr. President, that is not correct. No effort has been made to withdraw any amendment. I did not understand the Senator. This particular provision I asked to have written by the Tariff Division of the State Department, which has control over reciprocal treaties, and referred to the customs; and I have here letters from Mr. Gibbons, and likewise the wording in the report.

Mr. O'MAHONEY. Mr. President, if the Senator will yield to me, I am basing my statement upon the first two lines of the amendment which he himself just offered from the floor and sent to the desk.

Mr. TYDINGS. Yes; the Senator is perfectly correct about that. He and I are talking about two different things. Mr. LODGE. Then the language at the top of page 16 is

just as it originally appeared in the bill?

The PRESIDING OFFICER (Mr. HATCH in the chair). The present occupant of the chair has just taken the chair, but he is advised that the Senator from Maryland offered certain amendments which were agreed to; but later, on the request of the Senator from Wyoming [Mr. O'MAHONEY], those amendments were reconsidered, and none of them has

The Senator from Maryland first asked unanimous consent that committee amendments be first considered. That consent was given. Then the Senator from Maryland asked unanimous consent that on page 5, line 11, certain words be inserted; and that is the question now before the Senate.

Mr. O'MAHONEY. I think the Chair has correctly stated the parliamentary situation; but before I can give consent to the adoption of the amendment just proposed by the Senator I want to clear up the effect of these amendments

upon the importation of Philippine sugar.

As I was discussing the amendment with the Senator, a question was raised by the Senator from Louisiana [Mr. ELLENDER] dealing with the primary issue of refined and direct-consumption sugars and as to what they mean. I am calling his attention to the fact that the first amendment which was offered by the Senator from Maryland today was to reinsert lines 1, 2, and 3 on page 16. As the bill was reported by the committee, those lines were stricken out. They are now reinserted; so that if the bill is enacted as the chairman of the committee now urges it, it will contain this sentence:

The term "refined sugars" possesses the same meaning as the term "direct consumption sugar" as defined in section 101 of the Sugar Act of 1937.

I may say that that is altogether satisfactory to me, and I believe it is quite satisfactory to all of us who represent sugar-producing States.

Mr. WHEELER. Mr. President, will the Senator yield? The PRESIDING OFFICER. Does the Senator from Wyoming yield to the Senator from Montana?

Mr. O'MAHONEY. I shall be very glad to yield to the

Senator from Montana.

Mr. WHEELER. The Senator says the first three lines on page 16 remain in the bill.

Mr. O'MAHONEY. If the amendment which the Senator now offers is adopted.

Mr. WHEELER. All it would be necessary to do, if it is desired to have those three lines remain, is not to adopt the committee amendment.

Mr. O'MAHONEY. Exactly; so that the motion would be to withdraw or reject the amendment.

Mr. WHEELER. Yes. I suggest to the Senator from Maryland, in order that we may clear up this matter, that he ask unanimous consent that the committee amendment on page 16 be rejected.

Mr. TYDINGS. I will do that, if the Senator will yield just a moment. Let me say, in order that there may be no anxiety about any change in the quotas on sugar, and that there may be no further anxiety about the importation in the future of turbinado sugar, not only does the committee amendment define how much sugar of all classes may come in, and no more, but I have previously read the statement of the President of the Philippines and the Vice President that no permits will be issued for the exportation to the United States of semirefined sugar from the Philippine Islands. So that either way, and certainly by both ways, the condition of which many have complained will not come to

Mr. LODGE. Mr. President, will the Senator yield?

Mr. TYDINGS. As soon as I make a request I will yield. ask unanimous consent for the consideration in order of the amendments which I send to the desk.

The PRESIDING OFFICER. The question now before the Senate is the request of the Senator from Maryland that on page 5, line 11, there be inserted the words which the Senator has stated and which the Chair will ask the Senator to state again.

Mr. TYDINGS. Mr. President, I ask that that amendment be withdrawn and that the amendments which I have sent to the desk be read in order and acted upon by the Senate. They will carry the idea through the entire bill in line with the discussion on the floor.

The PRESIDING OFFICER. Is there objection? The Senator from Maryland proposes that the Senate reject the committee amendment to strike out lines 1, 2, and 3 on page

16 and to change the numbering of the paragraphs.

Mr. LODGE. Mr. President, I should like to ask the Senator from Maryland for the RECORD whether it is not his understanding, as it is mine, that the adoption of this amendment will give the American sugar-refining interests every safeguard they request?

Mr. TYDINGS. It certainly will, and, in addition to that, it will make explicit what the Congress has already said in a formal law so that there cannot be any doubt in the future

as to what was intended by Congress.

Mr. LODGE. I thank the Senator.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee on page 16, line 1.

The amendment was rejected.

The PRESIDING OFFICER. The clerk will state the second amendment submitted by the Senator from Maryland,

The CHIEF CLERK. On page 5, line 11, it is proposed to insert after the word "sugars" and before the word "shall" the words "other than refined sugar."

Mr. O'MAHONEY. Mr. President, I desire to ask the Senator from Maryland to explain the effect of the amendment. I take it that this amendment and the next succeeding one are intended to serve the same purpose.

Mr. TYDINGS. The best way to explain the amendment

is to read the text as it would be if amended:

The quotas for sugars other than refined sugar shall be allocated annually to the sugar-producing mills and the planters supplying the mills.

And so forth. In other words, after the Philippines, in the Sugar Act, were allowed 800,000 long tons of raw sugar, it became necessary for the Philippine government to say who was going to produce the raw sugar. As we wanted to treat all of the Filipino sugar producers fairly, insofar as we could control the matter without infringing on the rights of the Filipino government, we merely inserted the provision that those quotas should be fixed equitably among the sugar producers of the Philippines. It applies only to raw sugar, because there is only one refinery of any consequence in the islands. Does that explain it?

Mr. O'MAHONEY. It is my understanding that the amendment pending and the succeeding amendment apply solely to the activities of the Philippine officials, and do not in any manner whatsoever affect the importation of refined

sugar to the United States.

Mr. TYDINGS. Not in the slightest way.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Maryland.

The amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment submitted by the Senator from Maryland.

The CHIEF CLERK. On page 6, line 9, after the word "sugars" and before the word "and", it is proposed to insert the words "other than refined sugar."

The amendment was agreed to.

The PRESIDING OFFICER. The Chair informs the Senator from Maryland that the next two amendments sent to the desk have already been agreed to.

Mr. HAYDEN. Mr. President, as has been very properly pointed out by the Senator from Utah [Mr. King], the Philippine Islands now occupy a position as our fifth best customer in all the world.

Mr. CONNALLY. Mr. President, if the Senator will yield, his amendment is not now before the Senate, is it?

Mr. HAYDEN. No; I am making some general observations.

When we took over the Philippine Islands they had a population of about 7,000,000. The population has increased to 17,000,000, and that is one reason why we have such good trade with them.

Senators will find in examining the bill that we are not just doing something good and altruistic for a people across the Pacific; we are conferring substantial benefits upon the United States. As I have stated, the Philippines are our fifth best customer, and among the products of which they buy most are, first, cotton textiles. They have been among our very best customers in all the world. Last year they bought 39 percent of all the cotton textiles exported from this country. To insure that that market shall not be lost the pending bill I read from the report of the joint preparatory committee:

The committee, therefore, recommends that the Philippine tariff on cotton textiles be increased. It recommends the adoption of the schedules specifically set forth in appendix III, which schedules, if made effective simultaneously with the termination of the "gentleman's agreement," should not increase materially the prices paid by Philippine consumers.

The bill specifically refers to the recommendations made by the joint preparatory committee and states that they shall be carried out. The recommendation as to cotton textiles is that the Philippine tariffs shall be raised as against the rest of the world, and the United States shall continue to have free entry for cotton textiles into the Philippine Islands. That means, in effect, the elimination of Japanese competition to a very large extent. The Japanese were taking that business away from us entirely, but by the gentleman's agreement, referred to heretofore, they agreed not to take more than half of it. If the pending bill shall be enacted into law and its terms carried out, we will have a very much better market for cotton textiles in the Philippine Islands.

Our next large item of export to the Philippine Islands is evaporated milk. In the last year we sent to the Philippines 49.3 percent of all the evaporated milk which was shipped out of the United States. It is a very excellent market. However, there has been increasing competition in evaporated

milk in that market from the Netherlands. The pending bill provides that the Philippine tariff on condensed milk shall be increased from 10 to 25 percent ad valorem as against the rest of the world and that from now until 1946 the American condensed milk shall have free entry into the Philippine Islands.

The next large item of export to the Philippines is canned fish. Of canned sardines we send to the Philippines 26.5 percent of our exports to all the world. The bill provides for increased Philippine duties on all canned fish, giving, again, a preference for American canned fish in that market. What is true of canned sardines is also true of canned mackerel; 26.2 percent of all the canned mackerel shipped out of the United States last year went to the Philippine Islands.

They are good customers for our corrugated iron. They buy our automobiles. We have educated them over a period of 40 years to know and understand American products. We have taught them the English language, so that they can read and understand the advertisements in American magazines. It is a market we do not want to lose; it is advantageous to us.

The only way the Philippines can do business in the United States is by having purchasing power, and that is why I favor the provisions of the pending bill, which allow a quota of sugar to come to the United States. If the Filipinos can sell their sugar here, they can buy our canned fish, our condensed milk, our automobiles, and the other products they have been purchasing from us. The same thing is true of their cordage and the same is true of their coconut oil. I mention the latter because that is the subject of the next amendment to be considered in the bill.

I wish to state briefly why the Senate Committee on Territories and Insular Possessions made a recommendation that the excise tax of 3 cents per pound on coconut oil, now levied when it comes in from the Philippine Islands, should be taken off so far as denatured coconut oil is concerned.

Of the coconut oil imported into the United States, 68 percent is used in soap. If it is denatured, it could still go to that market. Thirty-two percent goes into food products.

The committee proposes to admit denatured coconut oil free, but to continue the excise tax of 3 cents per pound upon any coconut oil which comes in for food purposes.

We made that provision because it was in the interest of our own country. We found that as a result of the provision of law which requires that the export taxes be returned to the Philippines for the 4 years, 1935, 1936, 1937, and 1938, a total of \$65,000,000 was collected in the United States at the expense of our Government and remitted to the Philippine Islands. The average for the 4-year period was \$16,358,497. In the first 9 months of the present year \$14,000,000 had already been collected. At the present rate we will collect around \$18,000,000 this year in the United States and remit it to the Philippine Islands. Those figures are what the committee considered in making its recommendations.

Mr. FRAZIER. Mr. President-

The PRESIDING OFFICER (Mr. Russell in the chair).

Does the Senator from Arizona yield to the Senator from

North Dakota?

Mr. HAYDEN. I yield.

Mr. FRAZIER. I should like to ask the Senator from Arizona what he thinks the effect would be if the 3-cent tariff were cut off; whether the coconut oil would come in that much cheaper, and, if it did, would it not have the effect of reducing the price of our fats and oils here in the United States?

Mr. HAYDEN. That brings me to the next fact which induced the Senate committee to recommend this amendment. We ascertained as a fact that in a little less than 5 years there had been accumulated in this country practically \$80,000,000 which we must give to the Philippine government. If in doing that we had cut down the uses of coconut oil in the United States, it might have been entirely justified. But I want to give the Senate the figures for the years before the tax was imposed and after the tax went into effect, to show that it had no effect at all.

The tax was imposed in 1934. Let us take the 4 years before that: In 1931, 592,000,000 pounds of coconut oil came

to the United States; in 1932, 549,000,000 pounds; in 1933, 583,000,000 pounds; in 1934—the year in which the tax was imposed-585,000,000 pounds; in 1935, 582,000,000 pounds; in 1936, 602,000,000 pounds; in 1937, 425,000,000 pounds. In 1938, 555,000,000 pounds of coconut oil came in.

Senators can see from those figures that, although the 3-cent tax was imposed, coconut oil still came in from the Philippines in practically the same volume. There must be a reason for that. The reason is perfectly simple—that good soap cannot be made without the use of coconut oil.

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. HAYDEN. I yield. Mr. PEPPER. I wish to ask the Senator if it might be possible that the need for that kind of oil expanded, and in spite of the fact that the quantity which came in increased, there still might have been some diminution in

quantity by reason of the imposition of the tax.

Mr. HAYDEN. No, Mr. President. The principal use of the coconut oil in the United States is to make soap. Imported oils that go into soap must contain lauric acid. When coconut oil goes into food products, the committee does not propose to change the rate at all. Personally I think that is entirely sound. We have this broad fact to consider, that in the United States for many years, except in the drought years, we ordinarily have had a great surplus of edible oils and fats, more than we needed. We exported large quantities of lard and other fats; but we have always had a shortage of inedible oils and fats, and that being the case, we must distinguish between the two, and that is what the amendment does.

Mr. ADAMS. Mr. President, will the Senator yield?

Mr. HAYDEN. I yield.

Mr. ADAMS. Can the edible oils be substituted for the inedible oils in soap making?

Mr. HAYDEN. No.

Mr. ADAMS. I ask the question because in the amendment there is provision for the treatment of certain oils so

they might not be edible.

Mr. HAYDEN. Yes. Coconut oil can be very satisfactorily denatured. Coconut oil can be so treated that it can no longer be consumed as food. It is made to be very, very bitter. Congress has imposed that duty upon the Treasury Department, and they have been denaturing oils for the last 25 years. If the oil is properly denatured, it is no longer ed'ble and no longer competes with American edible oil. Without being denatured, coconut oil can be used for edible and nonedible purposes. But what the committee is proposing by the amendment is the admission only of coconut oil that is nonedible. The principal destination of that oil is the soap kettle.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. HAYDEN. I yield.

Mr. ELLENDER. Is there any limitation upon the amount of the denatured coconut oil that can be brought into the United States?

Mr. HAYDEN. There is a limitation in the quota of coconut oil manufactured in the Philippines that can come in.

Mr. ELLENDER. I have particular reference to the amount that is to come in a denatured form for the purpose of making soap.

Mr. HAYDEN. The law now provides, and the amendment contemplates, that if copra comes in and oil is pressed out of it, the manufacturer shall pay the excise tax if there is a tax to be paid on the edible part of it. On the part that is being made inedible, he pays no tax. If the coconut oil comes from the Philippine Islands and is purchased by a soap factory, that would be the first domestic processing of that cil, and the soap maker pays the tax now. He would not have to pay it if it were denatured oil.

Mr. ELLENDER. My information is that as much as 448,-000,000 pounds of this denatured coconut oil is to be permitted to be imported into this country under the proposed

legislation. Is that correct?

Mr. HAYDEN. That is hardly as much as has been coming in, so it is within the limit. We imported 555,000,000 pounds this year. And as I just read the Senate the figures, we imported 602,000,000 pounds in 1936, and 582,000,000 pounds in 1935.

Mr. ELLENDER. The Senator has stated the entire amount of coconut oil importations. I had reference to the denatured oil that may be permitted under the bill. Mr. President, would the Senator agree to an amendment limiting the amount of denatured coconut oil?

Mr. HAYDEN. I cannot see any possible advantage in doing that. The purpose of the amendment would be destroyed. What we are trying to do is to let oil come in to be used in making soap, and not to be taxed, because the tax

is paid by the American consumer.

Mr. ELLENDER. If the bill is passed the American consumer will pay just the same. I predict that the soap will not sell any cheaper than it is now sold, and the manufacturer is going to get the benefit. Why not put a limitation? Why not place a limitation of say 362,000,000 pounds, the amount consumed last year by soap manufacturers.

Mr. HAYDEN. When the tax was imposed the price of soap went up. I quoted the figures from the hearings before

the Committee on Finance in that respect.

Mr. ELLENDER. They had a good reason to cause the price of soap to go up. They are going to take advantage of this tax rebate, as it were, and make the American people pay just the same.

Mr. HAYDEN. The tax is paid in one of two places. It is paid either by the American consumer or paid by the Philippine producer of coconut oil. My judgment is that when times are good and there is a demand for oil all over the world, it is paid by the American consumer. When times are bad it is reflected back and paid by the coconut grower in the Philippine Islands.

Mr. ELLENDER. I have before me a statement from the Department of Commerce showing that in the year 1938, 702,000,000 pounds of inedible tallow was used in the making

of soap.

Mr. HAYDEN. That is correct.

Mr. ELLENDER. With this cheaper coconut oil coming in, what effect will it have, in the Senator's opinion, on the

use of these tallow inedibles for making soap?

Mr. HAYDEN. That is a question I am glad the Senator asked, because some of the stockmen out in Arizona are asking me the same question, implying that the introduction of coconut oil will displace tallow. There is no basis in any Government statistics to justify that idea. The truth is that we used to make soap out of tallow before we had coconut oil, and then we found that by mixing coconut oil with tallow we would get a soap that would lather in hard water. You cannot make a soap that satisfies the American housewife unless it has these lauric acid oils in it. If too much coconut oil is used it is hard on the hands and women do not like it. If you do not put enough coconut oil in it, and there is too much tallow, the soap will not lather.

A soap formula has been worked out since the World War which is satisfactory to the great majority of women in the homes of America. Of all the fats and oils used in the manufacture of soap, about 20 percent has been coconut cil, and about one-fifth or one-fourth of the oils that go into soap must be the oils that contain lauric acid. Since the invention of the washing machine the American housewife knows exactly what she wants. She wants something that will properly wash the clothes, and you cannot substitute anything for it. That is why, when Congress imposed this excise tax of 3 cents on coconut oil, it did not stop its importation. The soap makers had to have it to make a soap the American housewife would use, and they added the cost of the tax on coconut oil to the price of soap. That was all there was to it.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. HAYDEN. I yield.

Mr. TYDINGS. I should like to suggest that the amendment had its origin with the Senator from Arizona, and that there is no desire on the part of the Philippine government, so far as we know, to cut themselves out of \$16,000,000 a year of good American tax money. The amendment does not come from Philippine sources. The Senator from

Arizona was wise enough to see that we were paying \$16,-000,000 of unnecessary taxes to the Philippine government each year, and getting no benefit for our own people.

It is not a Philippine amendment. It is an amendment to help our own people, and we ought to have that situation very clearly in mind

Mr. HAYDEN. That is why I prefaced my remarks by stating that I wanted the Senate to look at this bill from the American point of view.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. HAYDEN. I yield.

Mr. O'MAHONEY. I understand, from the argument which the Senator has, as always, presented most lucidly, that the only purpose is to exempt from the tax denatured coconut oil which is to be used in the manufacture of soap.

Mr. HAYDEN. That is primarily the use to be made

of it.

Mr. O'MAHONEY. Why not use exactly that language and state it in the amendment?

Mr. HAYDEN. If a plant on the Pacific coast were bringing copra from the Philippine Islands and pressing the coconut oil out of it and denaturing it, the coconut oil would be made unfit for food.

Mr. O'MAHONEY. The Senator misunderstands me. The amendment which the committee has reported excepts from the tax coconut oil which has been rendered unfit for use as food or for any but mechanical or manufacturing pur-

Mr. HAYDEN. That is correct.

Mr. O'MAHONEY. Would the Senator object to striking out the words "but mechanical or manufacturing purposes" and inserting in lieu thereof the words "use except in the manufacture of soap"?

Mr. HAYDEN. One of the manufacturing purposes of coconut oil is that it is used in the manufacture of safety glass. It is the best oil for use in the composition which is put between the panes of safety glass, which is used in automobiles. All kinds of oils have been used in making the composition which is put between the two panes of glass, and coconut oil has been found to be the best oil for that purpose. That use is technical, but it does not interfere with any vegetable oil produced in the United States.

Mr. O'MAHONEY. The Senator's argument is based upon two instances: first, soap, and now safety glass.

Mr. HAYDEN. Yes.

Mr. O'MAHONEY. But the language is broad enough to cover any use.

Mr. HAYDEN. So long as we are protecting the American producer of fats and oils, whose market is for food use, there can be no legitimate complaint.

Mr. O'MAHONEY. But it is not for food use. We are exempting from the tax any coconut oil which may be used

for lubrication. We say so.

Mr. HAYDEN. If coconut oil is the best kind of oil to use for lubricating purposes, how does that use in any manner interfere with the fats and oils produced by American farmers, which cannot be used for lubricating purposes?

Mr. O'MAHONEY. It might take the place of some fats

or oils that could be used.

Mr. HAYDEN. The facts do not so indicate.

I wish to complete my discussion on the question of inedible tallow. I am sure the Senator from Wyoming is interested.

The figures which I shall put in the RECORD show that in 1912 we used about 333,000,000 pounds of tallow and 99,000,000 pounds of coconut oil. The figures have increased until last year, as shown by the table the Senator has, we used 702,000,000 pounds of tallow and 342,000,000 pounds of coconut oil. What does that mean? It means that the manufacture of soap requires more than 2 pounds of tallow for every pound of coconut oil. It is impossible to make a soap that will lather in any kind of water unless the two are combined. So I think the testimony of the manager of the Los Angeles Soap Co. before the Committee on Finance is very appropriate. He said that coconut oil is the best friend of tallow, because combining it with tallow

is the only way in which good soap can be made. Soap must be made cheaply. It is used in every household in the United States, and the market has expanded so that for every pound of coconut oil that has been imported we have had to use two pounds of inedible tallow.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. HAYDEN. I yield.

Mr. ELLENDER. Has the Senator a table showing the proportions of tallow and coconut oil used in the manufacture of soap?

Mr. HAYDEN. Yes; I have complete figures. I shall put a number of tables in the RECORD. Table 8 in the publication of May 15, 1939, of the Department of Agriculture. Bureau of Agricultural Economics, shows the fats and oils situation. I shall print that table, which goes back to 1912 and covers every year from then until 1938, showing exactly what fats and oils were used to make soap.

Mr. ELLENDER. Will the Senator at this time read into the RECORD the proportions of inedible tallow and coconut

oil used in making soap?

Mr. HAYDEN. That information will also be found in table 9, where the figures are transferred into percentages. In 1938, inedible tallow was 39 percent of the component parts of soap. Coconut oil was 19 percent. Soft oils of all kinds amounted to 14 percent, and the rosins to 6.9 percent. There are three or four principal ingredients of soap. The so-called hard oils are inedible tallow, whale and fish oils, and palm oil. The quick lathering oils are coconut oil, palm-kernel oil, and babassu oil. The soft oils are cottonseed foots, soybean oil, and so forth. Finally, there are the rosins. I shall put the table in the RECORD, showing not only the quantities but the percentages. I defy anyone to make a study of those tables over the past 25 years and not conclude that the use of coconut oil has increased the use of inedible tallow.

Mr. ELLENDER. Mr. President, will the Senator further yield?

Mr. HAYDEN. I yield.

Mr. ELLENDER. According to the table from the Department of Commerce, to which I have just referred, twice as much inedible tallow as coconut oil was used in making soap. Will the Senator point out, in the table to which he has just referred, the proportion of inedible tallow which is used in making soap, in contrast to the coconut oil

which is used, let us say, for the past 10 years?

Mr. HAYDEN. Yes. The ratio continues through the years with certain variations. If the Senator will examine the tabulation all the way through, he will find that the ratio is roughly 2 to 1. Taking the totals from the table which the Senator is showing me, slightly more than twice as much inedible tallow as coconut oil was used.

Mr. ELLENDER. Slightly more than twice as much?

Mr. HAYDEN. Some years the ratio is a little more, and sometimes a little less, depending, I suppose, upon the quantities available in the market. However, as these figures will show, the general use throughout the years, covering a 25year period, is about twice as much tallow as coconut oil.

Mr. President, that concludes the general observations I wish to make. I should like to have the amendment stated. Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. HAYDEN. I yield.

Mr. O'MAHONEY. Would the Senator object to the amendment which I suggested a moment ago? As the language comes from the committee, it throws open the door of exceptions to any use which may develop in the future. The whole argument of the Senator is dependent upon two uses, soap and safety glass. As I understand his argument. it is that the admission of coconut oil, far from being a detriment to the producer of animal fats, is an assistance to him, because it increases the market for both coconut oil and tallow in the manufacture of soap.

Mr. HAYDEN. That is correct.

Mr. O'MAHONEY. I also understand the Senator to say that animal fats cannot be used in the manufacture of safety glass. Is that correct?

Mr. HAYDEN. That is correct.

Mr. O'MAHONEY. Those are the only two purposes for

which it is desired to grant the exemption?

Mr. HAYDEN. I would not say that. The purpose I have in mind is that any use we make in soap, or for any mechanical purpose, shall not be in competition with anything that an American stockman or farmer grows.

Mr. O'MAHONEY. How can the Senator say that when he cannot define all the uses to which tallow may be put?

Mr. HAYDEN. If the Senator will take any one of these tabulations, he will find, first, that tallow cannot go into paint, varnish, linoleum, or printing inks, and other miscellaneous products. Those are mechanical uses of oils. It is simply impossible to use tallow in paint. Other miscellaneous uses of that kind show no use of tallow of any consequence. So there is no particular competition.

Mr. O'MAHONEY. Of course, my only purpose is to see that the amendment is so phrased that, if it is adopted, coconut oil will not become increasingly competitive with

animal fats. That is all I am interested in.

Mr. HAYDEN. I am as much interested in that as is the Senator. I am also interested to see that coconut oil shall not come in competition with vegetable oils.

Mr. O'MAHONEY. Let me add vegetable oils, also.

Mr. HAYDEN. My purpose in this matter is simply to try to take off the American people a tax that there is no sense in their paying, which tax, after it is collected, is given to the Philippine Government, which does not need it.

Mr. O'MAHONEY. Mr. President, if we wish to grant an exception for two particular uses, would it not be better procedure to define those uses instead of opening wide the door to some use that we may not be able to foresee?

Mr. HAYDEN. I am not insistent about the matter. When the amendment is stated, if the Senator will prepare an amendment I shall be glad to consider it.

Mr. O'MAHONEY. Let me offer a perfecting amendment

Mr. HAYDEN. The committee amendment has not yet been submitted to the Senate.

Mr. CONNALLY. Mr. President, a point of order.

The PRESIDING OFFICER. The Chair calls the attention of the Senate to the fact that there are still two committee amendments which remain to be disposed of.

Mr. HAYDEN. I now ask, on behalf of the committee, that the amendments be submitted to the Senate.

The PRESIDING OFFICER. The committee amendments?

Mr. HAYDEN. Yes.

The PRESIDING OFFICER. The next committee amendment will be stated.

The CHIEF CLERK. On page 19, line 23, after the words "Treasury of the", it is proposed to strike out "Philippines." " and insert "Philippines."

The amendment was agreed to.

The next amendment was, on page 19, after line 23, to insert a new paragraph, as follows:

"(f) Subsection (a) (1) of section 2470 of the Internal Revenue Code (I. R. C., ch. 21, sec. 2470 (a) (1)), is hereby amended by striking out the comma after the words 'coconut oil,' and inserting in lieu thereof the following: '(except coconut oil rendered unfit for use as food or for any but mechanical or manufacturing purposes as provided in paragraph 1732 of the Tariff Act of 1930), and upon the first domestic processing of."

Mr. CONNALLY. Mr. President, I make a point of order against the amendment.

The PRESIDING OFFICER. The Senator from Texas will state his point of order.

Mr. CONNALLY. I make the point of order that the amendment proposed is a revenue measure, and, under the Constitution, must originate in the House of Representatives. If the Chair desires argument, I can make an argument; but it is so patent that I feel no argument is necessary.

The PRESIDING OFFICER. The Chair will state to the Senator from Texas that the present occupant of the chair is always delighted to hear arguments from the Senator from Texas, but, under the long-established usage, practice and precedents of the Senate, a constitutional point is not decided by the Chair, but is submitted to the Senate, and the present occupant of the chair will follow that practice.

Mr. CONNALLY. That is agreeable to me. I apprehended that ruling, and I consulted the parliamentary precedents.

The PRESIDING OFFICER. Is the Senator from Texas ready at this time for a vote on the question?

Mr. CONNALLY. I desire to submit some remarks to the

The PRESIDING OFFICER. The Senator from Texas is recognized.

Mr. CONNALLY. Mr. President, of course, every Senator knows that this amendment affects revenue. It does not make any difference whether it raises revenue or lowers revenue, if the provision relates to the revenue it is a revenue matter, and, under the Constitution of the United States, all revenue bills and all revenue matters, unless affecting a bill coming from the other House and pending in the Senate, must originate in the House of Representatives and not in the Senate of the United States. So, under the ruling of the Chair, the Senate itself is to pass upon the question as to whether the point of order is good or whether it is bad.

All who have served in either branch of Congress know how important it is for each branch to respect the limitations and prerogatives of the other branch. I doubt not if this bill goes to the House, and this provision is contained in it, together with some other provisions that also relate to the revenue, the House of Representatives will not consider the bill—and very properly so—because that is the only way by which the House can require the Senate to observe the constitutional rule in regard to matters of this kind.

Mr. BORAH. Mr. President-

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Idaho?

Mr. CONNALLY. I yield.

Mr. BORAH. Are there other provisions in the bill dealing with the question of the revenue?

Mr. CONNALLY. There are, and they all originated in the Senate: none came from the House.

Mr. BORAH. None came from the House?

Mr. CONNALLY. No; for the bill is not a House bill; it is a Senate bill. I shall say to the Senator from Idaho, to repeat what I said a moment ago, that there are several other provisions that relate to the revenue, and they all originated in the Senate committee. It is not a House bill at all; and such provisions have no business in the bill. I am sure the Senator from Idaho agrees with that statement, because he knows too well the Constitution and the history of legislative precedents to hold any other view. It is well established that any provision relating to the revenue, whether it raises a duty or lowers a duty-and this amendment, while it does not affect a duty, relates to a domestic processing tax, which is a tax, nevertheless, and it proposes to remove that tax-

Mr. O'MAHONEY. Mr. President, will the Senator yield? Mr. CONNALLY. I yield.

Mr. O'MAHONEY. The Senator will probably be successful in his argument, but, unfortunately, I am necessarily called away from the floor for about half an hour or perhaps longer, and I desire now to offer the amendment which I was discussing with the Senator from Arizona so that it may be before the Senate in the event that the amendment is considered.

Mr. CONNALLY. I yield for that purpose, however, with the reservation that I may then proceed.

The PRESIDING OFFICER. As the Chair understands. the Senator from Texas yields to the Senator from Wyoming for the purpose of offering an amendment to the committee amendment?

Mr. O'MAHONEY. That is correct.

Mr. CONNALLY. Yes; but I shall make the point of order against the amendment as amended.

Mr. O'MAHONEY. The point of order goes against the amendment as amended.

Mr. CONNALLY. It goes against the amendment offered by the Senator from Wyoming as well as the amendment now pending. I do not yield to have the amendment added. I merely yield to have it offered and lie on the table.

Mr. O'MAHONEY. Certainly. At the proper time I shall ask that the committee amendment be perfected in line 4, page 20, by striking out the words "but mechanical or manufacturing purposes" and inserting in lieu thereof the words "use except in the manufacture of soap or of safety glass."

I thank the Senator for yielding.

The PRESIDING OFFICER. As the Chair understands the situation the Senator from Texas yielded only for the purpose of offering the amendment. His point of order goes to the committee amendment, and if the point of order should be sustained, of course, that would obviate the necessity of the Senator from Wyoming offering his amendment to the amendment.

Mr. O'MAHONEY. Certainly; and, as a matter of fact, I am rather inclined to agree with the Senator from Texas in

his argument.

Mr. CONNALLY. Mr. President, I am a little disappointed that the Senator from Wyoming, who represents a great cattle-raising State—and the cattle growers are all opposed to this amendment-should seek to sugar-coat it so as to lessen its objectionable features to denature it, so to speak, in order to make it more attractive.

Mr. O'MAHONEY. I am not making it more attractive but making it less disadvantageous to the cattle interests of Texas as well as my own State.

Mr. CONNALLY. I am not for it in any form.

Mr. O'MAHONEY. I agree with the Senator in that regard.

Mr. CONNALLY. And when I am against an amendment, I do not want to make it more attractive to those who might be tempted to vote for it.

Mr. DANAHER. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Connecticut?

Mr. CONNALLY. I yield.

Mr. DANAHER. I should like to ask the Senator from Texas a question as to whether or not the point of order he has raised would not apply to the whole bill.

Mr. CONNALLY. I have not made it to the whole bill. A point of order may be made at any time to any portion of the bill. I will say to the Senator that I have marked a number of provisions of the bill which I think are subject to a point of order, but I did not care to go through the bill seriatum. I was interested primarily in this particular amendment.

I desire to say that, aside from the constitutional argument, it is very bad policy and very bad precedent for either House to fail to observe the amenities that ought to control. What would the Senate think if the House undertook to pass on a treaty or raise a complaint about some confirmation which was within the exclusive jurisdiction of the Senate? Of course, we would take appropriate action to show our displeasure.

Mr. President, I desire to read briefly from the precedents. I read from Hinds' Precedents of Procedure in the House of Representatives:

The House having questioned a Senate amendment providing a tax on incomes on a nonrevenue bill, the Senate withdrew the

In other words, the Senate, when its attention was called to a tax provision that was in violation of the constitutional requirement that revenue matters shall originate in the House, respected the privileges of the House, and withdrew the amendment. That occurred on the 30th of June 1864.

Mr. Thaddeus Stevens, of Pennsylvania, submitted the resolution on the subject, which was as follows:

Resolved, That the amendment of the section, being section No. 12, added by the Senate to House bill No. 549, in the opinion of this House, contravenes the first clause of the seventh section of the first article of the Constitution of the United States, and is an infringement of the privileges of this House, and that the said bill, with the amendments, be respectfully returned to the Senate with a message communicating this resolution.

The House sent the bill back to the Senate; and the Senate recognized the propriety of the action of the House, and acquiesced in it.

The bill (H. R. 549) further to regulate and provide for the enrolling and calling out the national forces had been returned from the Senate with amendments, among which was No. 12, providing for a 5-percent duty on all incomes. * * *

Mr. Stevens said: "It is so clearly a violation of the privileges of the House that I think it ought not for a moment to be acquiesced in."

Without further debate the House agreed to the resolution. The same day a message from the Senate announced that they, on reconsideration, had again passed the bill with all amendments

on reconsideration, had again passed the bill with all amendments previously concurred in except the section objected to by the

I do not want to weary the Senate but the precedents are uniform with respect to this question. I find here an argument by Senator Spooner, of Wisconsin.

Mr. TYDINGS. Mr. President, will the Senator yield for a question?

Mr. CONNALLY. I yield. Mr. TYDINGS. Was this tax added to the original bill in the Senate or in the House?

Mr. CONNALLY. It was added in the Senate on a House revenue bill.

Mr. TYDINGS. I did not remember as to that.

Mr. CONNALLY. The tax was levied in 1934 on my motion when the Senate was considering a general tax bill, a revenue bill, and, under such a condition, the Senate has a right to amend a revenue bill. If the House sends to the Senate a revenue bill, the Senate, under the Constitution, has the explicit right to amend it. That is the way the tax was originally placed in the statute. It was placed there by an amendment offered by myself to a general revenue bill, not a Filipino bill.

Mr. President, I wish to take issue with the Senator from Arizona, however much I regret to disagree with him about any matter of general importance, on his statement regarding the great advantage of repealing this tax. The repeal of this tax will help nobody on earth except the soap manufacturers of the United States. They have been before the Committee on Finance repeatedly. I know them all. I see some of them in the gallery now. Did the price of soap change any after we put on this infinitesimal tax? Did soap cost any more a bar? Not a cent. That has been developed by the committee.

What are the facts? The facts are that every other country on earth has to pay 5 cents a pound on any coconut oil it sends into the United States. In the case of the Philippines we levy no tariff duties whatever on their coconut oil, but we simply levy this 3 cents a pound processing tax. The result has been that, under the law, the Philippines now have an absolute monopoly of the coconut-oil business in the United States. The figures here show that only 15,000 pounds, as I recall, come from other countries. I have the table here somewhere.

Mr. FRAZIER. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield. Mr. FRAZIER. We not only levy the 3 cents a pound tax, but we return it to the Philippines after it is collected.

Mr. CONNALLY. It is one of the main sources of revenue of the Philippine government. The provision referred to by the Senator from North Dakota was made on motion of the Senator from Nebraska [Mr. Norris]. When we adopted this tax originally it was provided that the amount received from the processing tax on coconut oil should be handed over to the Philippine government, and the Philippine government is deriving a very substantial income from this particular tax. Its repeal is not asked for by the Filipino authorities. The Philippine government have not asked that this tax be repealed; because if they had, it would have been in the original bill, probably; but in conversation with representatives of the Philippine government I have been assured that they are not asking that this tax be repealed.

What are the facts? The Senator from Arizona says the importation of coconut oil is a great advantage to animal fats. He also says that the importations have not lessened in volume since the tax was imposed. If that is true, then the tax has had no effect on the importation. Importations have been coming in, so the Senator from Arizona says, all the time. If that is true, unless we get cheaper soap by the bar, who is it going to benefit except Procter & Gamble and a few other soap manufacturers in the United States? Mr. Procter and Mr. Gamble are the chief advocates of the repeal of this tax, because they have been before the Finance Committee, as will be testified by other members, repeatedly, not once but at many sessions of the Congress. They have made a regular groove in the marble floors in the Senate Office Building by walking back and forth to the Finance Committee.

Who is on the other side in this fight? The soap manufacturers are on one side. I read from the American Farm Bureau Federation. They are opposed to this amendment. They say it benefited vegetable fats in the United States. Who else is opposed to it? I have here resolutions from the American Cattle Raisers' Association. They are opposed to this amendment. I have here a resolution from the Domestic Fats and Oils Conference, whose slogan is to protect and further the production of domestic fats and oils until such production reaches our domestic requirements. They are against this amendment.

It is said that this tax has done no good. Let me say to you, Senators, that when the tax was originally adopted it resulted within a very short period of time in raising the price of domestic fats and oils in the United States. I know that in the case of cottonseed the price of cottonseed advanced from \$18 a ton to practically \$30 a ton within a very short time after the levying of this tax; and it had a similar effect on other vegetable and animal fats in the United States.

Oh, but it is said that if the fat is rendered inedible, if it is denatured, it will do no harm. Let me say to you that experts appearing before the Finance Committee have testified that many of these oils and fats are interchangeable by chemical treatment. For instance, tallow may be inedible, or it may be edible. The point is made in these articles that if the tallow that is being used for inedible purposes is driven from soap making by the use of so much coconut oil, it is driven into the edible class.

Mr. HAYDEN. Mr. President, will the Senator yield at that point?

Mr. CONNALLY. Yes.

Mr. HAYDEN. Is the Senator aware of the source of inedible tallow in the United States?

Mr. CONNALLY. The Senator means where it comes from?

Mr. HAYDEN. Yes.

Mr. CONNALLY. No; not entirely.

Mr. HAYDEN. I can tell the Senator where it comes from. Mr. CONNALLY. I shall be very glad to have the Senator do so.

Mr. HAYDEN. It comes principally from garbage cans. That is what this whole fight is about. Of the 702,000,000 pounds of inedible tallow which is shown on the table the Senator from Texas has in his hand, over 500,000,000 pounds came out of garbage cans. It is tallow that was recovered in that manner. That is to say, those who collect it go to hotels and to hospitals and to chain stores, they go everywhere that they can pick up scraps of meat of any kind, to render the tallow out of it. That is where 70 percent of the inedible tallow comes from.

It is claimed that there is competition between coconut oil and the tallow that comes from garbage. I should like to have the Senator, if he will be kind enough, explain to me how any cattle grower in Arizona or any cattle grower in Texas is benefited by gathering up garbage and taking the tallow out of that garbage and sending it to market. When we sell a steer in Arizona or Texas we sell him on foot. We sell him at his meat price, and that is the way we get our price for him. If the meat scraps are gathered up afterward and the tallow is pressed out of them, and that tallow goes to market, if it is doing anything it is competing against our livestock industry.

Mr. CONNALLY. I do not agree with that conclusion.

Mr. HAYDEN. I can prove conclusively that the great majority of the tallow that goes into soap is inedible, and

it would continue to be inedible. If they attempted to put it into food they would violate every health law we have in the United States.

Mr. CONNALLY. I do not know about the argument of the Senator.

Mr. NORRIS. Mr. President, will the Senator yield at that point?

Mr. CONNALLY. I yield.

Mr. NORRIS. I may be entirely wrong about this matter, but I am satisfied in my own mind that in the interruption the Senator from Arizona has just made he has been a little too harsh in calling this a garbage collection. My understanding differs somewhat from his. I do not believe it is right to say that this inedible tallow is taken out of a garbage can.

My understanding is that if the Senator from Texas should go into an ordinary butcher shop and buy some steak, the man who ran the butcher shop would weigh the steak. After he had weighed it he would cut off the ragged edges, he would cut off some tallow, and he would throw it not into the garbage can but into a receptacle containing it, being part of the steak which the Senator from Texas had purchased. A great deal of that tallow accumulates in the course of the day. I do not believe it is thrown into the garbage can. If the steak went to a hotel, and the hotel employees were going to prepare it for food in the dining room, they would probably cut off some more tallow. Perhaps the original butcher had left some straggling pieces on it. The hotel employees would cut off some more of the same steak that the Senator had bought and paid for, including the part of the steak that had been cut off which he did not get, and the hotel would accumulate that kind of material. The employees would not throw it into the It has some value. The butcher does not garbage can. throw it into the garbage can. It is purchased without ever going into a garbage can. I do not believe anybody goes around and locks over garbage cans and picks out anything that might be useful.

Mr. HAYDEN. Will the Senator agree, though, that once having been cast aside, that kind of fat should not again

be made edible? That is the whole point.

Mr. NORRIS. That may be true or it may not be true. Some customers do not want any of the tallow cut off. They want it left on. They want it there when the steak is wrapped up, and in that case the butcher, of course, would leave it on; but the steak looks better without part of the tallow, it makes a nicer looking piece of meat, and most of the persons who purchase meat probably do not use that part of it. They themselves might throw it away. That might be true, but the tallow is not something that is confined to the garbage can because of any inferiority that it possesses. It is just as clean as the steak itself. It is accumulated by the butcher, and he sells it. After having once sold it as steak he sells it again.

I am only raising the point that the term "garbage can" has a harsh sound. I do not believe it is properly applied

in this instance by the Senator from Arizona.

That is all I wanted to say.

Mr. CONNALLY. I thank the Senator from Nebraska very much, because if the tallow is good when it came off the meat in the shop, when it is trimmed off, there is no reason why it should not be just as edible as the piece next to it that was left on the steak. I do not know how much of it goes into the garbage can; but that is beside the question.

Mr. President and Senators, I want to revert for just a moment to another matter. I do not see how any Senator can contend that this is not a revenue provision.

Allow me again to refer to the precedents:

Senator Spooner-

That was John C. Spooner, of Wisconsin-

Senator Spooner. Mr. President, I wish to say a word, and only a word, about this matter. I never supposed when the act was passed that the draw-back clause included wheat and some other items. But I cannot agree with the Senator from Alabama, and I do not quite agree with the Senator from Ohio, although I do not care to enter into a discussion of the question. I think the clause

of the Constitution which says "all bills for raising revenue shall originate in the House of Representatives" uses the word "raising" in a generic sense. I do not think it means simply raising duties. Oftentimes revenue is raised by lowering duties. I think it means in a strict sense, affecting revenue * * * concerning revenue. The Constitution does certainly confer upon the House by that clause an exclusive right, so far as this class of measures is concerned. Tariff bills cannot originate in the Senate. That is an impossibility.

This is an agricultural appropriation bill.

Then he proceeds at great length, and at the conclusion the RECORD states:

On motion of Mr. Spooner, the passage and engressment of the bill was reconsidered, and the objectionable amendment was disagreed to. The bill was then engressed, read a third time, and passed; and then returned to the House of Representatives.

Mr. President, I shall not weary the Senate with more questions; but if any Senator has any doubt about it being a revenue measure, I shall ask the Senator from Arizona, while he is on his feet, whether he does not regard this as a revenue measure.

Mr. HAYDEN. I do not, and I propose to tell the Senate why.

Mr. CONNALLY. It does not affect the revenue?

Mr. HAYDEN. It does not affect the revenue in the sense used in the Constitution. This is a constitutional question, and constitutional questions are determined by the courts.

Mr. CONNALLY. Oh, no; we have a duty in that regard, as well as the courts.

Mr. HAYDEN. But this question has been raised a number of times in the courts—that bills raising revenue originated in the Senate and therefore were unconstitutional. I merely wish to read from a few Supreme Court decisions on that question. They are all based upon a statement made by Mr. Justice Story. This is what Mr. Story said—and I think he is a pretty good authority on the Constitution:

And, indeed, the history of the origin of the power already suggested abundantly proves that it has been confined to bills to levy taxes in the strict sense of the words, and has not been understood to extend to bills for other purposes which may incidentally create revenue.

Mr. CONNALLY. That was a bill affecting postage, was it not?

Mr. HAYDEN. This is Story on the Constitution.

Mr. CONNALLY. It was with respect to a bill in which the rates of postage were increased?

Mr. HAYDEN. No; this is Story on the Constitution.

Mr. CONNALLY. I know that-

Mr. HAYDEN. Then the Supreme Court quotes Mr. Story.
Mr. CONNALLY. I would rather the Senator would not
take my time to read all those decisions.

Mr. HAYDEN. I understood the Senator yielded.

Mr. CONNALLY. I asked the Senator for his opinion, not Mr. Story's opinion. He says it is not a revenue measure.

Mr. HAYDEN. I do not think so.

Mr. CONNALLY. If it is not a revenue measure, and the Senator from Arizona says it is not a revenue measure, why does he provide for a repeal of the 3-cent tax? That is revenue, is it not? There is a domestic processing tax of 3 cents a pound. It has nothing on earth to do with anything in the Philippine Islands. The tax is levied, not when the article is imported, but after it comes to the United States and after it is processed in the United States. There is no matter relating to the internal affairs of the Philippine Islands, but it relates to a domestic, United States tax, and it takes the tax off.

Mr. President, I said the soap people were the ones who were making this argument. I have here a long printed argument, "Petition of soap industry to the Committee on Territories and Insular Affairs in support of the amendment of Senator Hayden relating to coconut oil. John B. Gordon, secretary." I will not read it all. Nobody is interested, so far as I can discover, except the soap manufacturers. Have they reduced the price of soap? They have not. Will they reduce the price of soap? They will not. We hear statements about lauric acid, it being said that no other oil contains any lauric acid except coconut oil. Very well. This pecconut oil is imported in the same volume with the tax or

without the tax. If that be true, no one is hurt by the tax except the soap people, who want larger profits.

How much was it Procter & Gamble paid their president last year? There was some testimony before the Committee on Finance as to what they paid the president of the company. I cannot recall the figure now, but I shall check up on it and insert it in the Record. I am sure that Procter & Gamble's representative, who is in the gallery, will be glad to tell me about it when the session is over. [Laughter.]

Mr. President, the tax has resulted in benefit to domestic vegetable and animal fats. At least it has convinced the representatives of every farm organization I know of, such as the Grange and the American Farm Bureau Federation. The dairy representatives are here asking that this tax be retained; the representatives of the cattle associations are here asking that the tax be retained; the representatives of the fishing industry of the United States, who manufacture fish oil, are here asking that the tax be retained. It is now up to the Senate.

Mr. President, I shall insist on a vote on the point of order on the ground that this is an amendment affecting the revenue and therefore is not to be considered in the Senate but must originate in the House of Representatives.

Mr. HAYDEN. Mr. President, let us see what the effect would be if the Senate should adopt the amendment and it turns out to be an amendment affecting the revenue. Similar instances have happened a great many times in the history of this Government. The Senate, believing that it was acting within the Constitution, would pass a bill, and the House in its judgment would say we did not have a right to do it because it violated a provision of the Constitution. So they would send the bill back to us, and there would be no legislation unless it originated in the House.

In this case the House at least would have the advantage of knowing what the Senate thought about the legislation. No harm can come to anyone if we act favorably upon the amendment. No harm can come to the Senate. We cannot offend anyone. The most the House can do will be to say, "We will not consider the bill you sent over to us."

This whole constitutional provision in practice is more or less of a farce, as the Senator from Texas has pointed out. The House can pass any kind of a minor revenue bill, and we can attach a whole tariff bill to it, because the House has first acted on some item of revenue legislation.

I insist that this is not a revenue measure such as the House would object to, for the very good reason the Senator from Texas pointed out, except that he did not state all the facts. This is a revenue measure for the Philippine government, but not for our Government. I have the facts here. We have collected in 4 years, from 1935 to 1935, inclusive, \$65,533,000, which we have sent back to the Philippine Islands. That is not American revenue, it is Philippine revenue which we collected and gave to them. The only kind of revenue that could be affected would be revenue which would go into our own Treasury.

Mr. VANDENBERG. Mr. President, will the Senator yield? Mr. HAYDEN. I yield.

Mr. VANDENBERG. I am particularly anxious to get some information on that precise point.

Mr. HAYDEN. Very well.

Mr. VANDENBERG. I understand the pending bill is intended to stabilize the Philippine economy, to facilitate their safe independence ultimately. I also understand that the tax revenue the Senator is proposing to take away from them represents one-third of their budgetary income. I should like to know whether any consideration has been given to what this would do to the finances of the Philippine Islands, whether or not we would be unstabilizing them at one point when we were proposing to stabilize them at another.

Mr. HAYDEN. The Senator is mistaken in that respect, because the American collections of the 3-cent tax on coconut oil does not constitute one-third of the Philippine revenues. But that has nothing to do with the point of order. It only strengthens my objection to the point of order, in that it is Philippine revenue we are dealing with and not American revenue. What American revenue is affected by the amendment?

Mr. VANDENBERG. Mr. President, if the Senator will permit further-

Mr. HAYDEN. I yield.

Mr. VANDENBERG. Let me inquire whether any consideration has been given to the effect of this proposed repeal

upon Philippine revenue.

Mr. HAYDEN. Certainly I gave consideration to it, and, of course, I would not urge it if I thought it would result in wrecking the Philippine government. If the Philippine budget is to be balanced and kept in balance—as it has been; Frank Murphy attended to that when he was the Governor General over there-and if it depends upon our continuing to collect taxes from the American people in order to balance it, then I think it is time to consider whether we want to keep on taking money out of the pockets of our people to balance the Filipino budget.

Mr. VANDENBERG. Precisely, but that is a totally dif-

ferent matter.

Mr. HAYDEN. Not at all. The Philippine government has always raised sufficient revenue by taxing their own people.

Mr. VANDENBERG. The Senator is proposing an amendment to assist the Philippine Islands, but I want to know whether it assists them to take away one-third of their revenue.

Mr. HAYDEN. All I am proposing to do is to take away two-thirds of \$16,000,000. One-third of the tax will continue to be collected on the coconut oil that is edible, which will amount to five or six million dollars to be remitted to the Philippine government. I am not proposing to disturb that, but I am proposing that the tax on the inedible oil be reduced. It means that instead of transmitting some \$16,000,000 we will send five or six million to the Philippine Islands, a saving of \$10,000,000 to the American people.

Mr. NORRIS. Mr. President, will the Senator yield? Mr. HAYDEN. I yield.

Mr. NORRIS. The Senator is now making the point that this is not a measure for raising revenue for the United States but for the Philippine Islands.

Mr. HAYDEN. That is correct.

Mr. NORRIS. I do not believe it would be any less a revenue measure because we would, after we had collected the money, give it back to the Philippine Islands. The Government of the United States has to collect the revenue, it does everything just the same as it does with any other revenue, but after it has collected it, it uses it for a special purpose. The constitutional provision does not apply any more to that kind of a case than though we use the money for relief, or for general governmental purposes. In other words, the Senator makes the point that the Constitution does not apply to this kind of revenue because we are going to pay it to the Philippine Islands when we get it. It seems to me perfectly clear that it is still a revenue measure, regardless of what we do with the money when we collect it, and that, as a matter of the constitutionality of the particular provision, what we are going to do with the money after we get it has nothing to do with it.

Mr. HAYDEN. I am not a lawyer, but I am just looking at the question in a common-sense way, that if we are collecting a tax for the American people and giving it to the Philippine government, certainly it is not revenue which

helps to maintain the American Government.

Mr. NORRIS. The Constitution does not provide it has to be revenue that will help to maintain the American Government. The Constitution imposes no limitation what-ever. It is our money after we collect it. We can do with it what we please. The Government collects the money just the same as though it were going to put it in its pocket. The fact that the measure which provides for levying the tax also contains a provision as to what shall be done with the money does not make it constitutional to originate the measure in the Senate, as I see it.

Mr. HAYDEN. There is a constitutional question here as to the tax collected from the other American possessions. There is a 3-cent tax collected on coconut oil which comes from Guam or from American Samoa. That amounted to an average of \$188,000 a year. Then there is a 5-cent tax collected on coconut oil from all over the world which amounted to \$65,000 a year. That makes a total of about \$250,000 a year.

In my simple businessman way of reasoning things, if for every \$1 of revenue that we lose \$64 is collected and sent to the Philippines, it seems to me that this is not a revenue measure, and that we have to adopt a strictly legalistic definition of what is revenue if we do not look to the practical effect of where the money goes after we collect it.

Mr. BARKLEY. Mr. President, will the Senator yield? Mr. HAYDEN. I yield. Mr. BARKLEY. The thing which bothers me in connection with this subject is the language of the Constitution itself, which does not seem to draw any distinction concerning what sort of a revenue bill it is, or what sort of a tax it is, or the purpose for which the money is to be expended. It simply says that all bills for raising revenue shall originate in the House of Representatives. If this is a bill for raising revenue, no matter what happens to the revenue after it is raised, I would feel that probably we had no jurisdiction to originate it.

Mr. HAYDEN. I should be inclined to agree with that statement.

Mr. BARKLEY. That raises the question whether a bill. one of whose purposes is something else than to raise revenue. but has revenue-raising provisions in it, still comes within the constitutional provision. I am afraid it does, to be perfectly frank with the Senator. Is it necessary to have these revenue provisions in the bill?

Mr. HAYDEN. Oh, yes. Mr. TYDINGS. Mr. President, the trouble is that some of the revenue provisions were put in the original bill, and incidentally the original bill originated in the Senate.

Mr. BARKLEY. Does the Senator mean the original Philippine bill?

Mr. TYDINGS. Yes.

Mr. BARKLEY. That question may not have been raised. and the fact that it was not raised does not preclude it from being raised at any time in the future, if it is a good point.

I will say to the Senator that the other body has sometimes been a little squeamish with respect to its jurisdiction over revenue bills. I think sometimes there has been very serious doubt whether a bill was a revenue bill. Recently we had a discussion of that subject in connection with a measure which did not raise any revenue, but it proposed to amend a revenue bill, and amend it in an entirely different particular. It had nothing to do with revenue. But the House took the position that inasmuch as it was an amendment to a bill which originated in the House, and carried revenue provisions, although our amendment did not touch the revenue, it was still outside of our jurisdiction to inaugurate.

Mr. HAYDEN. Mr. President, here is the case of the Twin City Bank v. Nebeker (167 U. S. 196), a case which was passed on by the Supreme Court of the United States. I will not read the whole opinion. At one point it says:

It is sufficient in the present case to say that an act of Congress providing a national currency secured by a pledge of bonds of the United States, and which, in the furtherance of that object, and also to meet the expenses attending the execution of the act, imposed a tax on the notes in circulation of the banking associations organized under the statute, is clearly not a revenue bill. * * * a revenue bill.

The bill levied a tax to raise revenue, but it was not a revenue bill. The primary purpose of the pending bill is to adjust the differences between the United States and the Philippines in their commercial relations.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. HAYDEN. I yield.

Mr. CONNALLY. Is it not true that in the case from which the Senator just read the primary purpose was to regulate the bank, and as an incident to the service they levied a fee or charge on these notes, just the same as in the case of the bank examiner who comes around and examines the banks, for which a charge is made? that is not revenue. That is not the purpose of the legislation at all. It is just an incident in the execution of the

general regulatory power. But here they boldly and openly and defiantly urge that the legislation is for the purpose of affecting the revenues.

Mr. BORAH. Mr. President-

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Idaho?

Mr. HAYDEN. I yield.

Mr. BORAH. The very object of the amendment is to change the revenues, is it not?

Mr. HAYDEN. No, Mr. President. The object of the amendment, as I see it, is to avoid taking money away from the American people and giving it to the Philippines.

Mr. BORAH. Yes; but in order to do that a change in the revenue law must be effected.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. HAYDEN. I yield.

Mr. McKELLAR. I may call attention to the wording of

Subsection (a) (1) of section 2470 of the Internal Revenue ode * * * is hereby amended. Code

The Senator in terms is proposing to amend the revenue act of the country, and of course it affects the revenue.

Mr. HAYDEN. Yes. I think if the bill goes back to the House with this amendment it will not be the only objection to it, because the same thing was done, as has been pointed out, in other places of the bill. We cannot get into the broad subject of the relationship between the United States and the Philippine Islands without in some manner changing a tariff or a revenue law, and if we are to take this view then no legislation can be initiated in the Senate at all. It has to be begun only in the House.

Mr. BORAH. That might very well be true, but the Senate could not initiate the legislation with regard to the Philippines if the legislating in regard to the Philippines changed the revenues of the country. That would have to be done in the House. The control with respect to the question is whether or not you are dealing with the question of revenue, and if you stick it onto another bill dealing with any other kind of a proposal my opinion is that with the experience we have had here the House will send it back.

Mr. HAYDEN. What harm would it be?
Mr. BORAH. There would be no harm if they sent this bill back.

Mr. HAYDEN. After all, it will not do a bit of harm. If out of perhaps an excess of enthusiasm for some subject we pass a bill and the House does not like it, they do not have to pass it. We have the same privilege here with respect to bills originating in the House. It is a mere formality.

Mr. McKELLAR. No; we are sworn to uphold and defend the Constitution of the United States. The Senator cannot regard it as a formality.

Mr. HAYDEN. I would not. And as a matter of fact I do not think that we are in any way affecting the Federal revenues in the present case.

Mr. SMATHERS. Mr. President, will the Senator yield? Mr. HAYDEN. I yield.

Mr. SMATHERS. Will the Senator indulge me with an explanation as to who will be benefited if we remove the tax? Will the resulting benefit be passed on to the consuming public, or will it go to the soap manufacturers?

Mr. HAYDEN. The statement has been made, and I have seen it in all this lobbyist literature which has been sent to Senators, that when this tax was imposed the price of soap was not increased in the United States. The best evidence that such statements are not true was what was brought out in the hearings on the tax on fats and oils before the Committee on Finance of the United States Senate. Here are charts made by the Bureau of Labor Statistics of the Department of Labor, showing the wholesale prices of soaps, and in each case, after the tax was levied, the price of soap was increased. If the Senator will look on pages 344, 345, 346, and 347 of the hearings before the Senate Committee on Finance he will see that in every case after 1934 the price of soap of every kind in the United States went up. Why

did it go up? Because the manufacturers had to pay more for their coconut oil.

The Senator from Texas mentioned Procter & Gamble. The only person connected with Procter & Gamble I ever talked to was their attorney, who happened to be on the ship with me when I went to the Philippine Islands-Mr. Frank Dinsmore from Cincinnati.

Mr. CONNALLY. The Senator understands that I did not

make any intimation of anything improper.

Mr. HAYDEN. No; I understand that, but I stated where I received the information. He said that so far as Procter & Gamble was concerned, with the wide advertising that they had of Ivory Soap, it was a matter of indifference to them whether this tax was on or off, because they were going to use the coconut oil anyhow, and they would add the tax to the cost of the Ivory Soap. That is exactly what they have done, and the proof of it is these charts from the Bureau of Labor Statistics, showing that after the tax was levied the price of all kinds of soap in the United States did go up.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. HAYDEN. I yield.

Mr. CONNALLY. That was the wholesale price, was it not?

Mr. HAYDEN. Surely.

Mr. CONNALLY. Here is some testimony also on that subject before the Committee on Finance of the United States Senate. Someone representing the farm group testified as

However, one of the remarkable things about the soap industry, one of the mysterious things, is that from 1926 through and including 1928 the price of laundry soap has not varied as much as a cent a pound. For each of the years 1934, 1935, 1936—

The years given in the testimony must have been 1936 and

Mr. HAYDEN. Who was the witness?

Mr. CONNALLY. I think it was Mr. Loomis.

Mr. HAYDEN. Mr. Loomis is the lobbyist who represents those who gather inedible fats from the garbage cans.

Mr. CONNALLY. He represents all those who deal in fats. Mr. HAYDEN. No; his principal clients are those who gather up the scraps of fats throughout the United States. They are the people who are paying Mr. Loomis.

Mr. CONNALLY. I cannot agree to that. But I know he is not on the soap end of it, because he fights the soap people.

Mr. HAYDEN. I read that testimony by Mr. Loomis and then called up the Bureau of Labor Statistics in the Department of Labor, and said, "I have seen this remarkable statement that there was no increase in the price of soap after the excise tax on coconut oil was imposed. That statement has been repeated by a number of agricultural leaders. How could that be?" They told me that they could not understand it, because there had been increases in the price of soap, both wholesale and retail, since 1934. So the Senator is quoting a very unreliable witness.

Mr. CONNALLY. I know the testimony will not suit the Senator. This is what it says:

For each of the years 1934, 1935, 1936, 1937, and 1938 the official price quotation was 4.067 cents per 11-ounce cake.

I presume that is the retail price. When one goes to the store and buys one cake of soap it costs him, on an average, 4.067 cents. At any rate it is the official price.

During those years the prices of the materials, both the hard fats and the soft fats, have varied considerably with the producers. At the same time laundry soap prices have not varied materially from 1929 to 1938.

This large soap company-Procter & Gamble-has made substantial profits ranging from \$19,000,000 in 1929 down to a low of nine-million-and-odd dollars in 1932, up to a possible high of \$26,803,000 in 1937, and back to \$17,439,000 in 1938.

I shall not consume more of the time of the Senate at this moment.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. HAYDEN. I yield.

Mr. ELLENDER. In connection with the statement just made by the Senator from Texas, let me give the prices of coconut oil since 1930. Before I do, let me say that coconut oil enjoys a special freight rate. I quote freight rates on vegetable oils in carload lots:

Interstate Commerce decision for Louisiana ports, Jan. 6, 1938, Order No. 169621; Interstate Commerce decision for Gulf and eastern ports, Nov. 27, 1936, Order No. 161891

From-	7	o Cincinna	ati, Oh	To Chicago, Ill.				
	Mile-	tically	duced ous		Mile-	ticany	Freight on foreign-pro duced oils	
	250	produced oils	A	В		produced oils	A	В
New Orleans, La	836 739 715 806 701 559 658	Cents 56 52 51 55 51 38 41	Cents 31 33½ 33½ 33½ 33½ 33½ 31	301/2	915 864 991 1,060	Cents 58 56 62 65 61 46 49	Cents 39 39 39 39 39 39 39 39 383½	Cents 36 36 36 36 36 36 36 37 38 38

Mr. TYDINGS. Mr. President, will the Senator from Louisiana vield?

Mr. ELLENDER. I do not have the floor. In just a moment I will be through with my questions.

The PRESIDING OFFICER. The Senator from Arizona [Mr. HAYDEN] has the floor. Does the Senator from Arizona yield; and if so, to whom?

Mr. HAYDEN. I shall be very glad to have such prices put into the RECORD.

Mr. ELLENDER. The coconut-oil prices from 1930 to 1938, per pound, are as follows: 1930, 7.3 cents; 1931, 5.3 cents; 1932, 4.5 cents; 1933, 4.2 cents; 1934, 3.9 cents; 1935, 4.7 cents; 1936, 5.3 cents; 1937, 6.3 cents; and in 1938, 3.4 cents. I ask the Senator from Arizona what fluctuation there has been in the price of soap from 1930 to 1938. With such variations in price soap should have sold much cheaper at times, but I wager the record shows no variation in prices.

Mr. TYDINGS. Mr. President, will the Senator from

Arizona yield?

Mr. HAYDEN. I yield.

Mr. TYDINGS. I hope the Senator will not think I am captious, or desire to cut off the argument. However, it seems to me the question whether the amendment is good or bad has no place in this argument.

Mr. HAYDEN. I agree. Mr. TYDINGS. Obviously, until we decide whether or not the amendment is a revenue measure, the other argument is incidental. If it is decided that it is not a revenue measure, then the arguments pro and con can properly be presented. However, if it is decided that it is a revenue measure, and not properly in the bill, we shall have consumed in debating the merits much time which we might otherwise save. I was only going to suggest-with an apology, of course-that if Senators care to discuss the merits of the constitutional question, that is one thing. However, we are not getting anywhere when we discuss the merits of the proposal as detached from the constitutional question.

Mr. HAYDEN. Mr. President, I entirely agree with what the Senator from Maryland has said. I would not have gone outside the constitutional argument except that certain statements were made which are not in accord with the facts as I understand them to be.

Mr. ELLENDER. Should the point of order made by the Senator from Texas be not maintained. I desire to further discuss the provisions of the bill.

Mr. HAYDEN subsequently said: Mr. President, during the course of my remarks I promised to insert certain tables in the RECORD. I should like permission to do so, and to have them printed as exhibits at the end of my remarks.

The PRESIDING OFFICER. Without objection, permission is granted.

The tables referred to are as follows:

EXHIBIT A

DEPARTMENT OF COMMERCE. BUREAU OF THE CENSUS, Washington, March 18, 1939.

FACTORY CONSUMPTION OF ANIMAL AND VEGETABLE FATS AND OILS, BY CLASSES OF PRODUCTS, FOR 1938

The distribution of primary animal and vegetable fats and oils consumed in factory operations in the United States during the calendar year 1938, by classes of products in which used, is presented in the tabular statement below. Data for oleo stock were not collected; hence the secondary products, edible animal stearin, and oleo oil are shown. The statistics were compiled from the quarterly reports of the several concerns to the Bureau of the Census, supplemented by special statements covering the entire year for those manufacturing more than one class of products.

The total consumption in all industries for each item is the same as given in the bulletin for 1938, except for those vegetable oils for which the crude and refined products are indicated in the questionnaire, namely, cottonseed, peanut, coconut, corn, soybean, palm-kernel, palm, and babassu oils. For each of these a net consumption was arrived at by deducting from the total of both crude and refined consumed the quantity of refined produced.

Oils subjected to the process of hydrogenation or other treatment

for special uses were reported as consumed in the products for which intended. For example, oils treated for soap manufacture were entered in the column headed "Soap" and oils intended for edible purposes were entered in one or more of the columns covering edible products. The ultimate uses of the primary oils are designated in this way.

Factory consumption of primary animal and vegetable fats and oils, by classes of products, calendar year 1938 [Quantities in thousands of pounds]

Kind	Total	Shortening	Oleomar- garine	Other edible products	Soap	Paint and varnish	Linole- um and oilcloth	Printing inks	Miscel- laneous products	Loss includ- ing foots
Total	4, 634, 135	1, 512, 299	310, 936	377, 055	1, 468, 535	357, 625	85, 362	21, 884	264, 877	235, 562
Cottonseed ofl	1, 528, 805	1, 040, 162	142, 857	198, 155	2,883	184		168	2,971	141, 425
Peanut oilCoconut oil	62, 461 555, 017	52, 402 26, 199	3, 593 89, 521	1, 920 61, 493	545 342, 982	422		2	32 3, 572	3, 969 30, 826
Corn oil	72,770	399	566	57, 104	2, 514	118			3, 345	8,724
Soybean oilOlive oil:	243, 613	143, 318	39, 885	11, 280	10, 897	15, 183	3, 605	59	5, 340	14, 046
Edible	2,990			2, 850	31				109	
Inedible.	4, 248				1, 299	6			2, 943	
Sulfur oil or olive foots	15, 378 51, 962	614	4,746	13, 118	15, 013 29, 498				365	
Palm oil	253, 150	115, 033	4, 740	444	91, 642	1		9	19, 905	3, 946 26, 116
Babassu oil	32, 468	950	11, 545	8,969	8, 289					2, 715
Sesame oil	7, 568 5, 317	5, 435 297		1, 573	302 55	131	2		4, 831	234
Linseed oil	298, 481	6			1, 455	216, 568	55, 395	16, 804	8, 253	
Cung oil	87, 415					78, 310	4, 131	2,084	2,890	
Perilla oil	32, 649				1 010	23, 528	6,952	1,762	407	
Castor oil	28, 160 31, 952	695	70	6, 525	1,810	5, 283 1, 912	1, 313	200 106	19, 554 7, 304	1, 19
ard	9, 925	2,825	1, 464	5, 518	1	1,012		2	20	95
Edible animal stearin	41, 616 14, 235	32, 845 291	3, 278 13, 411	5,074	240 119				144 323	3:
Pallow:	14, 200	231	10, 111	40	119	-			020	43
Edible	78, 320	74, 251		2,992	332		**********	2	557	186
Inedible	764, 041 182, 767				702, 267	117		420	61, 437 85, 083	216
Yeat's-foot oil	4, 757				20	9	1	2	4, 726	100
Marine animal oils	70, 664	48			66,080	28		5	4, 467	36
Fish oils	153, 406	16, 529			79, 874	15, 679	13,848	254	26, 235	98

Ехнівіт В

DEPARTMENT OF COMMERCE, BUREAU OF THE CENSUS
[Extract from table 8]

Factory consumption of primary animal and vegetable fats and oils, by classes of products, 1931-38

[Quantities in thousands of pounds]

Kind	Year	Total	Shorten- ing	Oleo- marga- rine	Other edible products	Soap
Total	1938	4, 634, 135	1, 512, 899	310, 936	377, 055	1, 468, 535
1000	1937	4, 963, 914	1, 604, 841	324, 905	412, 684	1, 475, 756
The second second second	1936	4, 775, 241	1, 614, 319	322, 719	363, 237	1, 394, 538
	1935	4, 489, 687	1, 552, 476	306, 275	320,006	1, 312, 790
	1934	4, 026, 819	1, 214, 742	214, 132	292, 466	1, 474, 415
	1933	3, 514, 641	972, 142	198, 794	247, 753	1, 311, 263
	1932	3, 355, 555	968, 577	166, 698	190,065	1, 375, 416
	1931	3, 771, 469	1, 208, 142	190, 467	190, 835	1, 390, 231
Cottonseed oil	1938	1, 528, 805	1,040,162	142, 857	198, 155	2, 883
Cottoniseed on	1937	1, 686, 222	1, 162, 596	173, 615	226, 647	8, 414
	1936	1, 302, 827	918, 866	108, 106	178, 330	1, 278
	1935	1, 339, 739	991, 798	99, 505	138, 580	1, 857
	1934	1, 377, 437	1, 058, 733	54, 778	155, 343	2, 702
	1933	1, 114, 846	852, 843	17, 997	121, 558	6, 967
	1932	1, 083, 959	834, 367	15, 096	100, 129	3, 583
	1931	1, 140, 799	928, 489	16, 027	84, 435	1, 970
Tallow, inedible	1938	764, 041	020, 100	20,021	04, 100	702, 267
	1937	675, 918				613, 509
	1936	725, 974				660, 020
	1935	718, 357				663, 002
	1934	717, 368				662, 859
	1933	566, 731				508, 824
	1932	585, 896			1000000000	549, 186
	1931				*********	323, 714
Coconut oil	1931 1938	566, 328 555, 017	26, 199	89, 521	61, 493	342, 982
	1937	425, 894	12,531	73, 806	49,885	252, 241
	1936	602, 273	38, 427	150, 465	60,020	307, 376
	1935	582,097	44, 034	174, 314	87,060	229, 711
	1934	589,602	9,045	123, 678	78,636	341, 124
	1933	583,826	7, 117	150,096	69,333	322, 264
	1932	549, 515	8,332	123, 219	40,853	353, 527
	1931	592, 684	34, 132	133, 117	52,984	340, 503
Palm-kernel oil	1938	51, 962	614	4,746	13, 118	29, 498
	1937	144, 041	47	7,946	21, 294	111, 514
	1936	44, 104	627	2,400	12,490	26, 443
	1935	57, 125	825	425	14,895	37, 273
	1934	22, 601			4,608	16, 516
	1933	15, 962			7,757	6, 278
	1932	16,615			11,310	3, 565
	1931	54,059	158	USE SANS	22, 579	28, 035

EXHIBIT C

United States Department of Agriculture, Bureau of Agricultural Economics, Washington, May 15, 1939.

EXTRACTS FROM BULLETIN FOS-27—THE FATS AND OILS SITUATION TABLE 8.—Soap: Fats, oils, and rosin used in manufacture, United States, specified years, 1912-38

Fat or oil	1912	1914	1916	1917	1919
Hard oils (tallow class):					
Slow lathering: Tallow, inedible Whale and fish	1,000 lbs. 238, 683	1,000 lbs. 270,713	1,000 lbs. 338, 931	1,000 lbs. 362, 297	1,000 lbs. 326, 587
oils 1	11,030	15, 876	12,852	13, 308	13, 555
Grease	76, 479	84, 573	102, 134	114, 616	33, 871
Palm oil	7, 546	10,000	14,938	27, 345	17, 268
Total	333, 729	381, 162	468, 855	517, 566	391, 281
Quick lathering:					
Cocorut oil	78, 616	77, 959	111,084	168, 602	182, 613
Palm- kernel oil	20, 579	31, 376	5, 804	4, 762	4, 551
Total	99, 195	109, 335	116, 888	173, 364	187, 164
Soft oils:		700 May 1000 M	A. A. Lander	and the same	
Cottonseed oil foots Olive oil, foots and in-	89, 127	108, 141	112, 178	115, 042	108, 389
edible	6, 147	8,046	10, 595	12, 231	4, 899
Red oil	8,723	10, 275	10, 230	12, 812	24, 205
Cottonseed oil	132, 312	119, 254	194, 916	126, 390	56, 130
Soybean oil	1, 182	4, 499	57, 373	124, 058	58, 401
Corn oil	9, 822	11, 368	12, 821	15, 997	2, 235
Peanut oil	31	76	1, 181	15, 126	3, 055
stock stock	25, 000	25,000	25,000	25,000	60, 653
Other 1	35, 883	41, 517	48, 758	64, 094	41, 111
Total	308, 227	328, 176	473, 052	510, 750	359, 078
Total fats and oils	741, 151	818, 673	1, 058, 795	1, 201, 680	937, 523
Rosin	(200, 000)	185, 310	(175, 000)	(150, 000)	119, 520
Total saponifiable materials	941, 151	1, 003, 983	1, 233, 795	1, 351, 680	1, 057, 052

See footnotes at end of table.

EXHIBIT C-Continued

Table 8.—Soap: Fats, oils, and rosin used in manufacture, United States, specified years, 1912-38.—Continued

Fat or oil	1921	1922	1923	1924	1925
Hard oils (tallow class): Slow lathering: Tallow, inedible Whale and fish	1,000 lbs. 373, 223	1,000 lbs. 429,966	1,000 lbs. 412,749	1,000 lbs. 428, 881	1,000 ths. 390, 789
oils 1 Grease Palm oil	37, 613 136, 322 24, 386	90, 505 161, 985 30, 389	73, 269 160, 167 102, 323	67, 781 292, 123 82, 250 5, 198	98, 940 242, 466 119, 400
Vegetable tallow	571, 544	712, 845	8, 548 757, 056	5, 198 876, 233	6, 424 858, 019
Quick lathering:					
Coconut oil Palm-kernel oil	194, 417 593	237, 702 685	267, 982 3, 287	260, 000 4, 440	286, 000 45, 037
Total	195, 010	238, 387	271, 269	264, 440	331, 037
Soft oils: Cottonseed oil foots Olive oil, foots and	76, 018	61, 966	52, 676	77, 214	109, 824
nedible	16, 609 13, 149	21, 735 10, 431	28, 641 12, 233	32, 024 14, 000	49, 083 14, 000
Cottonseed oil	47, 935 10, 756	19, 759	10,824	10,000	8, 000 2, 250
Soybean oil	2, 405	2, 307 4, 941	3, 266 5, 617	2, 500 5, 000	2, 250 5, 000
Peanut oil	2, 405 10, 983	6, 711	6, 900	5, 000	
stock	22, 104 24, 048	21, 130 19, 169	24, 753 22, 334	15, 000 20, 000	18, 000 20, 000
Total	224, 007	168, 149	167, 244	180, 738	226, 157
Total fats and oils	990, 561 (100, 000)	1, 119, 381 141, 350	1, 195, 569 143, 378	1, 321, 411 104, 956	1, 415, 213 140, 615
Total saponifiable materials	1, 090, 561	1, 260, 731	1, 338, 947	1, 426, 367	1, 555, 828
Fat or oil	1926	1927	1928	1929	1930
	III we II				2000
Hard oils (tallow class): Slow lathering: Tallow, inedible	1,000 lbs. 430, 886	1,000 lbs. 484, 029	1,000 lbs. 440, 943	1,000 lbs. 434,755	1,000 ths. 442, 610
Whale and fish	111,673	135, 549	142, 220	134, 107	113, 829
Palm oilVegetable tallow	242, 424 100, 960 2, 477	135, 549 242, 712 112, 460 5, 688	142, 220 261, 454 142, 363 7, 262	245, 516 192, 331 10, 211	243, 944 191, 956 6, 042
Total	888, 420	980, 438	994, 242	1, 016, 920	998, 381
Quick lathering: Coconut oil Palm-kernel oil	270, 206 83, 653	334, 765 31, 248	335, 417 50, 578	334, 205 72, 920	303, 271 29, 431
Total	353, 859	366, 013	385, 995	407, 125	332, 702
Soft oils:		7713			
Cottonseed oil foots Olive oil, foots and in-	118, 727	147, 511	105, 206	108, 904	103, 360
edible	52, 206 15, 000	48, 190 15, 000	48, 060	53, 629	49, 842
Cottonseed oil	5,000	7, 500	15, 000 20, 000	15, 000 12, 000	12,000 7,500
Soybean oil	2, 500 5, 000	2, 500 5, 000	2, 500 5, 000	6, 400 5, 000	5,000
Peanut oil	3,000	2,000	3,000	1,700	4,000 1,500
Castor oil				4, 835	
Miscellaneous soap	22, 000	32, 000	35, 660	1, 916 35, 112	30, 415
Other 3	20, 000	20,000	20, 000	20, 000	15, 000
Total	243, 433	279, 701	254, 426	264, 496	228, 617
Total fats and oils	1, 485, 712 118, 257	1, 626, 152 100, 227	1, 634, 663 91, 269	1, 688, 541 114, 300	1, 559, 700 109, 484
Total saponifiable materials	1, 603, 969	1, 726, 379	1, 725, 932	1, 802, 841	1, 669, 184
Fat or oil	1931	1932	1933	1934	1935
Hard oils (tallow class): Slow lathering: Tallow, inedible	1,000 lbs. 523,714	1,000 lbs. 549, 186	1,000 lbs. 508, 824	1,000 /bs. 662,858	1,000 lbs. 663, 002
Whale and fish	200-1400	25/10/2019	III TO THE TOTAL OF	I Same	
Grease	127, 095 129, 403	98, 035 143, 724	97, 063 124, 743	98, 544 142, 782	138, 410 98, 086
Palm oil Tallow, edible	172, 228 1, 494	168, 009 1, 969	187, 962 2, 389	154, 704 1, 098	87, 311 1, 431
Oleostearine Lard	53	374	362	452 24	338
Vegetable tallow	3, 256	511			
Total	957, 243	961, 808	921, 343	1, 060, 462	988, 579

EXHIBIT C-Continued

Table 8.—Soap: Fats, oils, and rosin used in manufacture, United States, specified years, 1912-38.—Continued

Fat or oil	1926	1927	1928	1929	1930
Hard oils (tallow class)— Continued. Quick lathering: Coconut oil Palm-kernel oil	340, 503 28, 035	353, 527 3, 565	322, 264 6, 278	341, 124 16, 516	229, 711 37, 173
Total	368, 538	357, 092	328, 542	357, 640	266, 884
Soft oils: Cottonseed oil foots and other foots 4 Olive cil, foots and inedible. Soybean oil. Cottonseed oil. Corn oil. Castor oil.	152, 000 41, 076 3, 816 1, 970 4, 104 2, 829	152, 000 32, 789 5, 571 3, 583 2, 532 2, 408	145, 000 33, 879 4, 235 6, 967 3, 638 2, 090	141, 000 32, 364 1, 354 2, 702 6, 268 1, 786	191, 000 33, 197 2, 549 1, 857 2, 828 1, 056
Linseef oil Peanut oil Sesame oil Oleo oil Rape oil Olive oil, edible Neat's-foot oil Perilla oil	1, 488 244 8, 197 446	985 290 1, 871 260 89 52 27	980 529 758 112 39 61 20	1, 022 147 466 85 994 51 61	1, 196 754 749 93 8, 001 33 33 16
Tung oil Sunflower oil Other 4	230	6, 059	7, 889 176	35 7, 142 1, 836	103 4, 762
Total	216, 450	208, 516	206, 378	197, 313	248, 227
Rosin 5	1, 542, 231 119, 934	1, 527, 416 130, 675	1, 456, 263 132, 086	1, 615, 415 141, 732	1, 503, 690 139, 375
Total saponifiable materials	1, 662, 165	1, 658, 091	1, 588, 349	1, 757, 147	1, 643, 065
Fat or	oil		1936	1937	1938
Hard oils (tailow class): Slow lathering: Tallow, inedible Whale and fish oils Grease. Palm oil. Tallow, edible Oleostearine Lard	1,000 lbs. 660, 020 160, 647 98, 714 78, 453 228 320 9	1,000 lbs. 613, 509 189, 009 94, 247 141, 358 143 321	1,000 lbs. 702, 267 145, 954 96, 356 91, 642 332 240		
Total			998, 391	1, 038, 587	1, 036, 792
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See footnotes at end of table.

EXHIBIT C-Continued

Table 8.—Soap: Fats, oils, and rosin used in manufacture, United States, specified years, 1912-38—Continued

Fat or oil	1936	1937	1938
Hand oils (tallow class)—Continued. Quick lathering:	1,000 lbs.	1,000 lbs.	1,000 lbs.
Coconut oil	307, 376	252, 241	342, 982
Palm-kernel oil Babassu oil	26, 443 8, 993	111, 514 14, 308	29, 498 8, 289
Total	342, 812	378, 063	380, 769
Soft oils:			
Cottonseed-oil foots and other foots 3	183,000	183,000	208, 000
Olive oil, foots and inedible	25, 599	18, 874	16, 312
Soybean oil	5, 023	10, 274	10, 897
	1, 278 2, 527	8, 414 2, 392	2, 883
Corn oil	1, 623	2, 392	2,514
Linseed oil	1, 482	1, 359	1,810 1,455
Peanut oil	1,734	820	545
Sesame oil	1, 869	2,944	302
Oleo oil	57	74	119
Rape oil.	7, 771	981	55
Olive oil, edible	53	21	31
Neat's-foot oil	41	16	20
Perilla oil	8	2	
Tung oil	2		
Other 4	4, 268	10, 812	14, 031
Total	236, 335	242, 106	258, 974
Total fats and oils	1, 577, 538	1, 658, 756	1, 676, 535
Rosin ⁸	148, 536	136, 410	6 125, 000
Total saponifiable materials	1, 726, 074	1, 795, 166	1, 801, 535

Table 9.—Soap: Fats, oils, and rosins used in manufacture as percentage of total saponifiable materials, United States, specified years,

Fat or oil	1912	1914	1916	1917	1919	1921	1922	1923	1924	1925	1926	1927
Hard oils (tallow class): Slow lathering: Tallow, inedible. Whale and fish oils. Gresse. Palm oil. Other !	Per- cent 25.4 1.2 8.1 .8	Per- cent 27. 0 1. 6 8. 4 1. 0	Per- cent 27. 5 1. 0 8. 3 1. 2	Per- cent 26. 8 1. 0 8. 5 2. 0	Per- cent 30. 9 1. 3 3. 2 1. 6	Per- cent 34. 2 3. 5 12. 5 2. 2	Per- cent 34.1 7.2 12.8 2.4	Per- cent 30. 8 5. 5 12. 0 7. 6 . 6	Per- cent 30.1 4.8 20.5 5.8 .4	Per- cent 25. 1 6. 4 15. 6 7. 7	Per- cent 26. 9 7. 0 15. 1 6. 3 . 2	Per- cent 28.0 7.9 14.1 6.5
Total	35. 5	38.0	38.0	38.3	37.0	52. 4	56. 5	56. 5	61.6	55. 2	55. 5	56.8
Quick lathering: Coconut oil. Palm-kernel oil. Total.	8. 4 2. 2	7. 8 3. 1	9. 0 . 5	12.5 .4	17. 3 . 4	17.8	18.9	20. 0	18. 2 . 3	18. 4 2. 9	16.8 5.2	19. 4 1. 8
Soft oils: Cottonseed oil foots Olive oil, foots, and inedible. Red oil Soybean oil. Cottonseed oil Other 2.	9.5 .6 .9 .1 14.1 7.5	10.8 .8 1.0 .4 11.9 7.7	9.1 .9 .8 4.6 15.8 7.1	8.5 .9 .9 9.2 9.4 8.8	10. 3 . 5 2. 3 5. 5 5. 3 10, 1	7.0 1.5 1.2 1.0 4.4 5.4	4.9 1.7 .8 .2 1.6 4.1	3.9 2.1 .9 .3 .8 4.5	5.4 2.2 1.0 .2 .7 3.0	7.1 3.1 .9 .1 .5 2.8	7.4 3.2 .9 .2 .3 3.1	8. 5 2. 8 . 9 . 1 . 4 3. 5
Total	32. 7	32, 6	38. 3	37. 7	34.0	20. 5	13. 3	12, 5	12.5	14.5	15.1	16. 2
Total fats and oils	78. 8 21. 2	81. 5 18. 5	85. 8 14. 2	88. 9 11. 1	88. 7 11. 3	90. 8 9. 2	88. 8 11. 2	89. 3 10. 7	92. 6 7. 4	91. 0 9. 0	92. 6 7. 4	94. 2 5. 8
Total saponifiable materials	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

¹ Includes whale, herring, sardine, menhaden, and other fish oils.

² These data are for item reported as miscellaneous (p. 127, U. S. Tariff Commission Rept. No. 41), plus difference between items reported as domestic animal fats and oils except marine (p. 127) and domestic tallow, inedible, grease, and red oil (p. 132, 1912-17. Beginning 1919, item reported as miscellaneous only.

³ Estimated.

⁴ Reported as "other vegetable oils."

⁵ The rosin season extends from April of one year through March of the next year. Data are for calendar year in some cases and for season in other cases. Data are placed, however, in the calendar year in which most of the season occurs, i. e., 1938-39 data are placed in calendar year 1938.

⁵ Preliminary.

Data for 1913, 1915, 1918, and 1920 not available.

Compiled as follows: Fats and oils: 1912-30, U. S. Tariff Commission Rept. No. 41, pp. 127, 130-132; 1931-38, Bureau of the Census, Animal and Vegetable Fats and Oils. Rosin: Naval Stores Division, U. S. Department of Agriculture.

¹ Includes edible tallow, oleostearine, lard, and vegetable tallow as reported.

² Includes corn, castor, linseed, peanut sesame, oleo, rape, edible olive, neat's foot, perilla, tung, sunflower oils, soap stock, and "other" as reported.

Table 9.—Soap: Fats, oils and rosins used in manufacture as percentage of total saponifiable materials, United States, specified years, 1912-38—Continued

Fat or oil	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938
Hard oils (tallow class): Slow lathering: Tallow, inedible Whale and fish oils Grease Palm oil Other 1	25. 6 8. 2	Percent 24.1 7.4 13.6 10.7 .6	Percent 26. 5 6. 8 14. 6 11. 5 . 4	Percent 31. 5 7. 6 7. 8 10. 4 . 3	Percent 33. 1 5. 9 8. 7 10. 1	Percent 32.0 6.1 7.9 11.8 .2	Percent 37.7 5.6 8.1 8.8 .1	Percent 40.3 8.4 6.0 5.3	Percent 38. 2 9. 3 5. 7 4. 5 (3)	Percent 34. 2 10. 5 5. 2 7. 9	Percent 39. 0 8. 1 5. 4 5. 1 (3)
Total	57. 5	56, 4	59.8	57.6	57.9	58.0	60.3	60.1	57.7	57.8	67.6
Quick lathering: Coconut oil Palm-kernel oil Babassu oil	2.9	18. 5 4. 0	18. 2 1. 8	20. 5 1. 7	21, 3	20.3	19.4	14. 0 2. 3	17. 8 1. 5 . 5	14. 0 6. 2 . 8	19.0 1.6
Total	22.3	22. 5	20.0	22. 2	21, 5	20.7	20.3	16.3	19.8	21.0	21, 1
Soft eils: Cottonseed oil foots Olive oil, foots and inedible Red oil	2.8	6.0	6. 2 3. 0 . 7	9. 1 2. 5	9. 2 2. 0	9, 1 2, 1	8,0 1.8	11. 6 2. 0	10. 6 1. 5	10. 2 1. 1	11. 6 . 9
Soybean oil Cottonseed oil Other?	1.2	.4 .7 3.9	.3 .4 3.0	.2 .1 1.1	.3 .2 1.0	.3 .5 1.0	1.2 1.2	1.2 1.2	.3 .1 1.4	.6 .5 1.2	.6 .2 1.1
Total	14.9	14.8	13. 6	- 13.0	12.7	13.0	11.3	15. 1	13. 9	13.6	14.4
Total fats and oilsRosin		93. 7 6. 3	93. 4 6. 6	92. 8 7. 2	92.1 7.9	91. 7 8. 3	91. 9 8. 1	91. 5 8. 5	91. 4 8. 6	92. 4 7. 6	93. 1 6. 9
Total saponifiable materials	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

1 Includes edible tallow, oleostearine, lard, and vegetable tallow as reported.
1 Includes corn, castor, linseed, peanut, sesame, oleo, rape, edible olive, neat's-foot, perilla, tung, sunflower oils, soap stock, and "other" as reported.
1 Less than 0.1 percent.

NOTE.-Computed from table 8.

Mr. JOHNSON of California. Mr. President, I wish to fortify, if I can, the position of the Senator from Arizona. I will say by way of preface that I am not accustomed to argue constitutional questions. I am not a constitutional expounder. I have generally found in my experience that, according to the courts, if we may place any reliance upon them, the most eloquent expounders of the Constitution are usually decided to be in error.

The latest edition of the Constitution of the United States of America, annotated—oh, it is a presumptuous thing to be referring to the Constitution here-contains notes under the various headings. I will read the notes for what they are worth. I shall not attempt to comment upon them in any way, shape, form, or manner. Other Senators can understand them as well as I can, although they may understand them differently:

SEC. 7. All bills for raising revenue shall originate in the House of Representatives; but the Senate may propose or concur with amendments as on other bills.

The note says:

All bills for raising revenue: The construction of this limitation is practically settled by the uniform action of Congress confining it to bills to levy taxes in the strict sense of the word, and it has not been understood to extend to bills having some other legitimate and well-defined general purpose but which incidentally

Under that particular text the following cases are cited: United States v. Norton (91 U. S. 566), Twin City National Bank v. Nebeker (167 U. S. 196), Millard v. Roberts (202 U.S. 429).

Amendments by Senate: It has been held within the power of the Senate to remove from a revenue collection bill originating in the House a plan of inheritance taxation and substitute therefor a corporation tax.

The following cases are cited: Flint v. Stone Tracy Co. (220 U. S. 107), Rainey v. United States (232 U. S. 310).

That is all.

Mr. CONNALLY. Mr. President, I have not had the opportunity to read the decisions cited by the Senator from California; but there is no difficulty in that regard. As I understand the rule and the precedents, the language of the Constitution provides that all bills for raising revenue shall originate in the House. However, the Senate, of course, may amend them. When a revenue bill comes to the Senate, the Senate is at liberty, if it desires, to adopt a new tax which is not even contained in the House bill, because it has complete legislative powers, except for the prchibition that it shall not originate the bill.

If the doctrine asserted by Senators on the floor is sound, then the Senate need never pay attention to the constitutional provision about revenue measures, because when any bill comes over from the House a Senator may offer on the floor of the Senate an amendment cutting down the taxation, as this bill does, and say that it does not raise any revenue, and is therefore in order. The bill immediately becomes subject to amendment, and another Senator may offer an amendment raising the revenue, or adding a new tax, thus rendering absolutely nugatory the constitutional provision.

There was a reason for the constitutional provision that revenue bills should originate in the House. The theory was that the Members of the House of Representatives are representatives of the people, and that Senators are representatives of the States, formerly being elected by the legislatures of the States. The old theory, upon which the Revolution itself was founded, was that taxation without representation was cause for revolution. Therefore, the makers of the Constitution wisely provided that no tax should be laid upon the backs of the people unless their Representatives in the House of Representatives should propose the bill seeking to levy the tax; but the Constitution says that when that bill comes to the Senate the Senate may amend it, or change it, or do what it pleases with it, once the House has opened the door.

We have before us a bill which did not even originate in the House. The whole bill originated in the Senate. It is now proposed to take off a tax. It does not make any difference whether the bill raises or lowers the tax; it is still a revenue measure. It still relates to the revenue. I could offer in a moment an amendment raising the tax, instead of repealing the 3-cent tax, as is proposed. I could offer an amendment to make it 5 cents. Such an amendment would be in order. Then we should unquestionably have a bill raising revenue.

Mr. President, we ought not to adopt the pending amendment. I think everyone ought to know that it is violative of the spirit of comity, good will, and respect for the prerogatives of the two Houses. We ought not to add a revenue measure by a committee amendment.

The Senator from Arizona [Mr. HAYDEN] says that because the money ultimately goes to the Philippines, the bill is not a revenue bill. How does the money go to the Philippines? The Government of the United States first levies the tax. Whose tax? The tax of the United States. Who is the collector? The United States' collector goes out and collects it at the factory where the processing is done. We are not concerned with what becomes of the money after it goes into the Treasury. The bill is still a revenue measure. Whether we appropriate the money to the Treasury of the Philippines or whether we give it to the W. P. A. does not change or modify the fact that it is a revenue measure. We would never get a dollar of the money into the Treasury of the United States unless the United States first exacted it by law, and then extorted it from the taxpayer by its own collection. There is no concern whatever as to what becomes of the dollar. We do not earmark every dollar that goes into the Treasury. We levy the tax, and it is up to the Congress to appropriate the proceeds.

So, Mr. President, that argument is specious; it is transparent. It is an argument through which even the dullest

mind ought to be able to pierce.

Mr. President, I shall not consume more time. If the pending bill is not a revenue measure, then there are no revenue

The PRESIDING OFFICER. The question recurs on the committee amendment. For the information of the Senate, the committee amendment will be stated.

Mr. BARKLEY. Mr. President, a parliamentary inquiry. The PRESIDING OFFICER. The Senator will state it. Mr. BARKLEY. Has the Chair stated the point which is

to be voted on?

The PRESIDING OFFICER. The Chair will state it presently. For the information of the Senate, the Chair wishes to have the committee amendment stated.

The LEGISLATIVE CLERK. On page 19, line 24, it is proposed by the committee to insert:

(f) Section (a) (1) of section 2470 of the Internal Revenue Code (I. R. C., ch. 21, sec. 2470 (a) (1)), is hereby amended by striking out the comma after the words "coconut oil," and inserting in lieu thereof the following: "(Except coconut oil rendered unfit for use as food or for any but mechanical or manufacturing purposes as provided in paragraph 1732 of the Tariff Act of 1930), and upon the first domestic processing of."

The PRESIDING OFFICER. To the committee amendment which has just been stated, the Senator from Texas

has raised a point of order.

Mr. HARRISON. Mr. President, I should like to express myself briefly respecting the point of order made by the Senator from Texas [Mr. Connally]. Frequently the Committee on Finance has been compelled to refuse to report bills which a majority of the committee favored, because it was felt that those proposals involved revenue legislation and should originate in the other House. I have no doubt, so far as this particular amendment is concerned, that should this bill pass the Senate with the committee amendment included, the House could reject or return it if it desired to do so. I may be mistaken, but I believe the amendment involves a revenue matter, and it seems to me that we should not send this bill to the House under these circumstances and that the Senate should sustain the point of

The PRESIDING OFFICER. To the committee amendment the Senator from Texas raised the point of order that the committee amendment is itself a revenue measure and may not originate in the Senate. The question now occurs, Is the committee amendment in order? Those Senators who think it is in order will vote "aye"; those who think the point of order is well taken will vote "no."

Mr. BARKLEY. Mr. President, a parliamentary inquiry. The PRESIDING OFFICER. The Senator will state it.

Mr. BARKLEY. Is not the question whether the point of order is well taken, on which those who believe it well taken will vote "aye"?

The PRESIDING OFFICER. The present occupant of the chair will say that he entertains the same idea as that of the Senator from Kentucky, but he submitted the question to the Parliamentarian, and the Parliamentarian advised the occupant of the chair that the better practice is to submit the question, "Is the committee amendment in order?" Therefore, so that it may be understood, the Chair will repeat the question, Is the committee amendment in Those who think it is in order will vote "aye," and those who think it is not in order will vote "no." [Putting the question.] By the sound, the "noes" appear to have it.

Mr. HAYDEN. Mr. President, I ask for a division.

Mr. HARRISON, Mr. BARKLEY, and Mr. LA FOLLETTE called for the yeas and nays.

The yeas and navs were ordered.

Mr. JOHNSON of California. Mr. President, the Senate is voting upon the point of order, is it not?

The PRESIDING OFFICER. That is correct.
Mr. JOHNSON of California. There was no decision rendered by the Chair upon the point of order, was there?

The PRESIDING OFFICER. The Chair ruled, under the precedents of the Senate, the constitutional question being raised that it was a question to be decided by the Senate, and the Chair did not rule on the constitutional question.

Mr. JOHNSON of California. The Chair is safe, then. The PRESIDING OFFICER. The Chair seems to be safe on such a vote. The clerk will proceed to call the roll.

The legislative clerk called the roll.

Mr. SHIPSTEAD (after having voted in the negative). I have a general pair with the senior Senator from Virginia [Mr. Glass]. I find that if he were present and voting he would vote as I have voted. So I let my vote stand.

Mr. McNARY. The senior Senator from Pennsylvania [Mr. Davis], the junior Senator from Oregon [Mr. Holman], and the junior Senator from New Hampshire [Mr. Tobey] are absent on official business. If present, each of the Senators mentioned would vote "nay."

Mr. AUSTIN. I announce that the Senator from New Hampshire [Mr. Bridges] is absent because of an operation.

Mr. BYRD. My colleague the senior Senator from Virginia [Mr. Glass] is detained from the Senate because of illness. I am advised that if he were present and at liberty to vote he would vote "nay."

Mr. MINTON. I announce that the Senator from North Carolina [Mr. Balley] and the Senator from Iowa [Mr. Gil-LETTE] are absent on important public business. I am advised that if present and at liberty to vote those Senators would vote "nay."

The Senator from Florida [Mr. Andrews], the Senator from Arizona [Mr. ASHURST], the Senator from South Dakota [Mr. BULOW], the Senator from Nebraska [Mr. BURKE], the Senator from Idaho [Mr. CLARK], the Senator from Kentucky [Mr. LOGAN], the Senator from Wyoming [Mr. O'MAHONEY], the Senator from Florida [Mr. PEPPER], the Senator from North Carolina [Mr. REYNOLDS], the Senator from Utah [Mr. THOMAS], the Senator from Montana [Mr. WHEELER], and the Senator from Massachusetts [Mr. Walsh] are detained in important committee meetings.

The Senator from Alabama [Mr. BANKHEAD], the Senator from Michigan [Mr. Brown], the Senator from Pennsylvania [Mr. Guffey], and the Senator from Wyoming [Mr. SCHWARTZ] are absent on important public business.

The Senator from New Mexico [Mr. Chavez], the Senator from Ohio [Mr. Donahey], the Senator from Rhode Island [Mr. Gerry], the Senator from Iowa [Mr. Herring], the Senator from Alabama [Mr. Hill], the Senator from Illinois [Mr. Lucas], the Senator from Louisiana [Mr. Overton], and the Senator from Indiana [Mr. Van Nuys] are detained on departmental business.

The Senator from West Virginia [Mr. Holf] is addressing the East Fairmont High School Alumni Association today, and is therefore necessarily absent.

The result was announced—yeas 8, nays 54, as follows:

		I EAS-0	
Caraway	Downey	Hayden	King
Clark, Mo.	Gibson	Johnson, Calif.	Taft
		NAYS-54	
Adams	Bone	Connally Danaher Ellender Frazier George	Green
Austin	Borah		Gurney
Barbour	Byrd		Harrison
Barkley	Byrnes		Hatch
Bilbo	Capper		Hughes

Reed Russell Schwellenbach Johnson, Colo. Mead Miller Thomas, Okla. Townsend La Follette Lee Lodge Minton Truman Sheppard Vandenberg Murray Lundeen McCarran Neely Shipstead Wagner White Norris Slattery McKellar Nve Smathers McNary Pittman Smith Stewart Radcliffe Malonev NOT VOTING-34 Andrews Clark, Idaho Hill Schwartz Thomas, Utah Ashurst Davis Donahey Holman Tobey Tydings Van Nuys Holt Gerry Gillette Bankhead Logan Lucas O'Mahoney Bridges Brown Glass Wheeler Bulow Guffey Overton Hale Pepper Reynolds Burke Chavez Herring

So the Senate decided the committee amendment to be out of order

Mr. TYDINGS. Mr. President, I think that disposes of all committee amendments.

The PRESIDING OFFICER. The committee amendments have been disposed of. The bill is still before the Senate

and is open to further amendment. Mr. CLARK of Missouri. Mr. President, I send forward an amendment which I ask to have stated. I may say that this amendment was not adopted by the committee as a committee amendment, but I have submitted it to nearly all the members of the committee since it was prepared. I gave notice of it in the committee, and it has the approval

of the majority of them.

The PRESIDING OFFICER. The amendment proposed by the Senator from Missouri will be stated.

The LEGISLATIVE CLERK. On page 15, after line 2, it is proposed to insert the following as a new section:

SEC. 4. Section 13 of the said act of March 24, 1934, is hereby

amended to read as follows:

"SEC. 13. After the Philippine Islands have become a free and "Sec. 13. After the Philippine Islands have become a free and independent nation there shall be levied, collected, and paid upon all articles coming into the United States from the Philippine Islands the rates of duty which are required to be levied, collected, and paid upon like articles imported from other foreign countries: Provided, That at least 2 years prior to the date fixed in this act for the independence of the Philippine Islands, there may be held a conference of representatives of the Government of the United States and the government of the Commonwealth of the Philippine Islands, the representatives of the United States to consist of three United States Senators, appointed by the President of the Senate, three Members of the House of Representatives, appointed by the Speaker of the House, House of Representatives, appointed by the Speaker of the House, and six persons appointed by the President of the United States; and six persons appointed by the President of the United States; a like number of representatives of the Philippine government may be appointed by the President of the Philippine Commonwealth, with the consent of the commission on appointments; the purpose of the conference shall be to formulate recommendations as to future trade relations between the Government of the United States and the independent government of the Philippine Islands, the time, place, and manner of holding such conference to be determined by the President of the United States; but nothing in this proviso shall be construed to modify or affect in any way any provision of this act relating to the procedure leading up to Philippine independence or the date upon which the Philippine Islands shall become independent.

"In the event any vacancy may occur in the commission by

"In the event any vacancy may occur in the commission by reason of the death, resignation, or retirement from the Senate of any member appointed by the President of the Senate such vacancy may be filled by appointment of the President of the

Senate

"In the event any vacancy may occur by reason of the death, resignation, or retirement from the House of Representatives of any Member appointed by the Speaker of the House of Representatives such vacancy may be filled by appointment of the Speaker of the House of Representatives.

"Any vacancy which may occur in the portion of the commission appointed by the President of the United States may be filled by appointment of the President of the United States."

Mr. CONNALLY. Mr. President, purely on the grounds of consistency-I really do not know what is in this amendment-I shall have to make the same point of order that I made on the other one, because on its face the amendment discloses that it is a revenue proposition.

Mr. CLARK of Missouri. Mr. President, let me say to my friend from Texas that the sentence to which he refers makes no change in existing law by even as much as one word.

Mr. CONNALLY. Then it is not a question of existing law at all. If it is existing law, there is no use to reenact it; but on its face the amendment provides that when and if the Philippines become independent and free, certain tariff rates shall be levied on all articles coming into the United States. If that is not a tariff bill, I do not know what a tariff bill is.

Mr. CLARK of Missouri. Mr. President, let me say to the Senator from Texas that that provision is in existing law; and the purpose of the amendment is to add to existing law a proviso which does not affect the revenue in any particular whatever. The provision of existing law was set out in order to make the proviso intelligible.

Mr. BORAH. Mr. President-

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Idaho?

Mr. CONNALLY. I do.

Mr. BORAH. I do not recall the language of the original law; but, as I listened to the reading of this amendment, it provides that this commission shall meet for the purpose of fixing tariff rates.

Mr. CLARK of Missouri. The amendment gives the Commission no authority whatever to fix tariff rates. As has been contemplated in the law from the very beginning of the consideration of the question of independence, the amendment simply sets up a body for the consideration of any economic questions which may arise prior to the Independence Act going into effect. It does not give the Commission the slightest authority to change existing rates or to provide for any new rates.

Mr. BORAH. What is the purpose of the Commission? What is its objective?

Mr. CLARK of Missouri. In the process of economic separation certain questions may and undoubtedly will arise, and the amendment simply sets up a commission having jurisdiction, if the President sees fit to appoint them-it is not mandatory-to study these questions, and, of course, to report to the Congress. That is what it would be necessary for the Commission to do, of course.

Mr. BORAH. The only power the Commission would have ultimately would be to report to Congress?

Mr. CLARK of Missouri. Absolutely.

I will say very frankly, so far as I am concerned, that my purpose in offering the amendment is to have some commission authorized by law to take the matter under consideration, rather than an entirely extralegal committee such as has been set up without any authorization by law. We have had an interdepartmental committee. I think the President should have authority to appoint representatives on this commission, I also think there should be on it representatives from Congress to take into consideration matters which may arise prior to the final separation already The amendment does not provided for by existing law. give them the slightest authority to change law. It simply authorizes them to take the matters into consideration, and, of course, to report to the Congress, and whatever determination the Congress may see fit to make will be final.

Mr. CONNALLY. Mr. President, may I ask the Senator a question?

Mr. CLARK of Missouri. Certainly.

The PRESIDING OFFICER. The Senator from Texas has the floor.

Mr. CONNALLY. Under existing law when and if the Philippines become free, do the tariff rates under the present law immediately apply as they do to all other countries, or do the Philippines enjoy a scaling-down process?

Mr. CLARK of Missouri. When they have complete independence, I understand that they pay duty like anybody

else.

Mr. CONNALLY. If the Senator does not know-Mr. CLARK of Missouri. That is my understanding of the law. If any Senator has a contrary view, I shall be glad to have him state it. This amendment does not change existing law. It is not the purpose of the amendment to change existing law.

Mr. CONNALLY. It is not a matter of whether the amendment changes existing law or whether it does not; it deals with the revenue, because it says:

Section 13. After the Philippine Islands have become a free and independent nation there shall be levied-

By whom? By the United States.

Mr. CLARK of Missouri. That is already the law.

Mr. CONNALLY. Then there is no need to reenact it-

there shall be levied, collected, and paid upon all articles coming into the United States from the Philippine Islands the rates of duty which are required to be levied, collected, and paid upon like articles imported from other foreign countries.

If that is not a tariff bill, I do not know what a tariff bill

Mr. CLARK of Missouri. Well, Mr. President, if the Senator from Texas desires to be so technical—

The PRESIDING OFFICER. The Senator from Texas has the floor.

Mr. CLARK of Missouri. If the Senator will yield, I will take the floor.

Mr. CONNALLY. The Senator from Texas does not appreciate comments such as the Senator from Missouri makes when he says, "If the Senator wants to be so technical." I do not care anything about his amendment and did not know what was in it until it was read. I had just made a point of order on the same grounds on an amendment offered by the Senator from Arizona [Mr. HAYDEN] and the Senate sustained me.

Can I sit here now and, simply because the Senator from Missouri offers an amendment that is also objectionable, not make the point of order against him when I have made it against one of the best friends I have in the world, the Senator from Arizona? And then, because the Senator from

Texas does that, he is "technical."

When the Senator from Texas takes an oath to obey the Constitution of the United States, he takes an oath to obey all of it, not just the part that suits him, not just the part that suits the Senator from Missouri, not just the part that suits the views of the Senator from Texas as to some particular measure, but he takes an oath to support all of it, whether it suits him or not. If the Senator from Missouri wants to call that technical, I shall plead guilty; I am technical.

I have seen the Senator from Missouri stand here and heard him exhort Senators to stand up for the Constitution when that view suited him. I am surprised that he should relax in his vigilance over that sacred document at any time or for any purpose. I commend it to him. Go back and look at the old document. It is over here in the Library of Congress, if the Senator has not seen it lately. Go over there and look at it, meditate on it, become saturated with it, and then the Senator will not say that someone who is insisting on observance is merely technical.

Mr. CLARK of Missouri. Mr. President, I repeat the statement that the Senator from Texas is not only technical but

is wrong.

If it suits the peculiar mentality of the Senator from Texas to insist that it is a violation of any constitutional provision to insert in a Senate amendment a repetition of the existing law, now upon the statute books, without a change of any single letter in that law, for the purpose of making more clear a proviso which does not refer to the revenue being appended to that section of existing law, I am perfectly content for the Senator from Texas to maintain such a position.

If the Senator from Texas conceives that it would be a violation of his oath of office, as being a violation of the Constitution of the United States, to include in a bill a repetition of existing law, I desire to relieve the Senator from the necessity of making a point of order, although I am thoroughly convinced that there is no merit whatever in the point

If the Senator from Texas conceives that the point of order which he could make against this amendment would be the

one which he has just made against the amendment of the Senator from Arizona [Mr. HAYDEN], I am perfectly willing for him to labor under that delusion.

Therefore, Mr. President, I modify my amendment by striking out the words beginning on line 1, of page 1, down to and including the word "Provided", on line 1, of page 2, and the word "that", on line 2, of page 2, so that the amendment will begin:

At least 2 years prior to the date fixed in this act-

And the remainder of the amendment will be as it has been read.

Mr. TYDINGS. Mr. President, with the elimination the Senator from Missouri has made in his amendment, the objection made by the Senator from Texas would, of course, no longer hold; and I am sure the Senator from Texas does not want to make an objection to the remainder of the amendment.

Mr. CONNALLY. When the vice I perceive in the amendment is taken out, of course I have no further objection to it. Mr. CLARK of Missouri. Mr. President-

Mr. TYDINGS. I yield to the Senator from Missouri.

Mr. CLARK of Missouri. I desire to state very specifically that the modification makes no reference whatever to the merits of the objection made by the Senator from Texas, but is merely to satisfy the mind of the Senator from Texas, and keep him from reading the Constitution again.

Mr. CONNALLY. I thank the Senator from Missouri for

this soulful solace he gives to the Senate.

Mr. TYDINGS. Mr. President, the amendment of the Senator from Missouri, as it now stands, is not mandatory, but permissive. Nevertheless, before the Senate votes on it, and I have no particular objection to it. I think we might consider where we will be when the amendment really becomes operative.

The amendment now reads:

Provided, that at least 2 years prior to the date fixed in this act for independence-

Which would be 1944there may be held-

Not "shall be held," butthere may be held a conference.

Then it proceeds to provide that the conferees shall bechosen from the Senate and the House. At this time I' cannot see any particular reason why perhaps just before independence there might not be a conference of Representatives and Senators to see what the situation might then be and to take such necessary steps as it might demand. But between now and 1944 two Presidents of the United States will be elected, an entirely new Senate will be elected, and there will be three new Houses of Representatives. I do not know whether in 1944 I would be glad that a conference would go into this matter again. If we have to have a conference 2 years before final independence takes place, I think it is pretty sound to provide that Congress as then existing shall put into force such a conference to hear any matter which may need to be considered, and certainly if tne Philippine people wanted to petition Congress for some change which we do not now perceive to be necessary, they could do so.

True, the amendment makes it only permissive; it is not mandatory. But I think there is much force in the thought that we should not now make provision for this conference. Congress may not want to have a conference at that time. Certainly if the act takes care pretty reasonably of the things which may happen prior to independence, we may not want to have another consideration of the Philippine situation. But if we put this amendment into the law, I am afraid it will be interpreted to mean a promise which Congress will make good 2 years before independence. We may want to do it when the date arrives, or we may want to do it 3 years or 4 years before the independence of the Philippines is to come about. I think the Senate and the country ought to know that, even though the amendment is permissive, it might be interpreted as committing Congress to a certain procedure 2 years before final independence. I believe that thought ought to be in the minds of Senators when they vote upon the amendment. I am not particularly speaking against the amendment, but I think the implications of the amendment ought to be understood if the Senate cares to adopt it.

Mr. DANAHER. Mr. President, I should like to ask the Senator from Maryland whether it is not the present law that there is to be a trade conference to be held at least 1

year prior to July 4, 1946?

Mr. TYDINGS. I do not think that is accurate.

Mr. DANAHER. What is the provision of law in that respect?

Mr. TYDINGS. I think it is permissive.

Mr. DANAHER. It does provide that there may be one

at least 1 year prior to July 4, 1946?

Mr. TYDINGS. I would not care to say; I have not read that part of the law for a long time. It may be in the law, or it may not be.

Mr. CLARK of Missouri. If it is in the law except for a change in the date when the conference is to be held, the law

does provide for it.

Mr. TYDINGS. Mr. President, the amendment of the Senator from Missouri would make it pretty definite that the Congress is to constitute a certain number of Members of the House of Representatives and of the Senate to consider this matter 2 years before independence. There might be a world war before that time; there might be another war in the Orient. The whole situation might be changed. It seems to me we might be well advised to wait until 1943 or 1944 to see what the situation may then be. Certainly if there is any need for dealing with this question again, I am sure Congress will deal with it through its appropriate committees. But to make this gesture now, before we know what may happen in the next 4 or 5 years, might be a mistake. I have no particular objection to the amendment, except that I am concerned that it will be misinterpreted by the Filipino people as a demand on their part for a conference which we will have to accept in good faith.

Mr. HAYDEN. Mr. President, let me point out the provi-

sion in existing law:

That at least 1 year prior to the date fixed in this act for the independence of the Philippine Islands there shall be held a conference of representatives of the Government of the United States and the government of the Commonwealth of the Philippine Islands, such representatives to be appointed by the President of the United States and the chief executive of the Commonwealth of the Philippine Islands, respectively, for the purpose of formulating recommendations as to future trade relations between the Government of the United States and the independent government of the Philippine Islands.

The advantage I see in the amendment offered by the Senator from Missouri is that instead of being mandatory it is permissive.

Mr. TYDINGS. From what act is the Senator reading?

Mr. HAYDEN. I am reading from section 13 of the act of March 24, 1934.

Mr. TYDINGS. Not from the pending bill?

Mr. HAYDEN. No; I am reading from the law.

Mr. TYDINGS. Then, if the Senator's position is well taken, unless that law shall be repealed, that conference will be provided for and also the conference proposed in the pending amendment.

Mr. HAYDEN. But the Senator from Missouri proposes

to amend this language in the existing law.

Mr. TYDINGS. The amendment does not so state. I have the amendment in my hand. It says nothing about amending.

Mr. CLARK of Missouri. It provided, "Section 13 of the said act of March 24, 1934, is hereby amended."

Mr. HAYDEN. That is the act from which I have been reading.

Mr. TYDINGS. I am in error.

Mr. HAYDEN. I think it is highly advantageous that there be on the commission provided for, Members of the

Senate and of the House of Representatives. Congress has had much to say about all of the Philippine legislation enacted heretofore. We have not turned it over to the executive department.

The Senator from Missouri improved the situation, first, by making the amendment permissive; secondly, by making it effective 2 years before independence, instead of 1, because if we are to do anything about it, 1 year is too short a time; thirdly, he improved the situation by providing representation on the commission of Senators and Representatives.

Mr. PITTMAN. Mr. President, I am very much in accord with the position taken by the Senator from Arizona. There is now what is called an Interdepartmental Commission. It consists of representatives of five of the departments. As a matter of fact, only one department is represented, and only one man in one department pays very much attention to the Commission, so far.

If the law remains as it is, there will probably be one representative of the six departments in the Philippine Islands negotiating, we will say, a bill with regard to the future of the Philippine Islands after they become independent. The Congress of the United States will probably know nothing about what the proposal is until it is submitted within a few months or a few days before the Commonwealth of the Philippine Islands is to die and the Philippine Islands become absolutely sovereign. Then the Congress of the United States will be expected to act on the matter immediately, because of it being an emergency, something being about to happen. The privileges granted the Philippine Islands under the Commonwealth Act will expire, and we will be urged to act immediately. We will either act without knowledge or we will take considerable time in studying the question, while possibly the Philippine Islands will be suffering.

It seems to me it is one of those peculiar cases of the responsibility as to what we should do in the Philippine Islands after they become sovereign resting upon the Congress of the United States. I think there should be Members of both branches of the Congress, in equal numbers with those representing the executive department, who should be prepared to give a full report to the Congress before the period of sovereignty commences, and the report should be rendered from the standpoint of Congress, not from the standpoint of some executive commission.

Mr. President, I very strongly support the pending suggestion, and I ask, of course, that it be certain that the provision in the act for a conference, which is for a purely departmental conference, is repealed by the amendment. I want it

to be understood that it is.

Mr. CLARK of Missouri. Mr. President, that is certainly the purpose of the amendment, and I understand it repeals the former provision. The amendment as originally drawn was printed 10 days ago and has been available to members of the committee since that time. In the original print the provisions were mandatory instead of permissive, and I say very frankly that I much prefer to have them mandatory instead of permissive; but the amendment was changed today at the suggestion of the chairman of the committee. I understood that made the amendment meet with the complete approval of the chairman of the committee. Otherwise, I should not have changed the amendment to make it permissive instead of mandatory.

Mr. NORRIS. Mr. President, I wish to ask the Senator about the very question he is now discussing. Under the present law a mandatory commission is provided for, which will not be composed of Members of Congress. The Senator's

amendment would repeal that provision.

Mr. CLARK of Missouri. My amendment would repeal it. Mr. NORRIS. It provides for Members of the House and Senate being on the commission. I think that is a great improvement; I like it very much; but I do not like the provision which does not make the conference mandatory.

Mr. CLARK of Missouri. As I have stated, I prefer a mandatory provision.

Mr. NORRIS. The law as it now reads is mandatory, and there was reason for that. I suppose most Senators feel there should be a conference, and if the Senator's amendment is not adopted, there may never be a conference. Nothing may be done.

Mr. CLARK of Missouri. So far as I am concerned, Mr. President, I am very much in favor of making it manda-

tory.

Mr. NORRIS. I should like to know if the chairman of the committee has any objection to making it mandatory.

Mr. TYDINGS. I have no objection whatsoever to making it mandatory. If the Senate wants to do so, I certainly do not want to interpose any objection. I did tell the Senator from Missouri that I did not like the amendment to start with, but I did not dislike it so much if it was permissive rather than mandatory.

From previous contacts with this problem, I am of the opinion that this provision is going to be misinterpreted. I believe that it will be used as a vehicle to bring up the whole question all over again. And, while I think I have shown a pretty fair disposition toward the Filipino government and the people to meet every reasonable request so far as I could, so far as I have any voice, I do not like to have in the measure a provision which would enable the Filipinos to look to 1944 as a definite date, when changes affecting them might be made.

Mr. CLARK of Missouri. I should like to call attention to this provision:

But nothing in this proviso shall be construed to modify or affect in any way any provision of this act relating to the procedure leading up to Philippine independence or the date upon which the Philippine Islands shall become independent.

Mr. TYDINGS. That is correct.

Mr. CLARK of Missouri. The Senator is well aware that that is the one provision I have insisted from the very beginning should be inserted in any bill that might be passed, in order that there may be no doubt whatever in the minds of the Filipino people or the American people that we are going to carry through the act of independence heretofore enacted.

Mr. TYDINGS. I do not want such doubt to exist. I should like to answer the Senator from Nebraska a little more in detail.

Mr. NORRIS. Before the Senator does that, may I submit to him also that under existing law, if we agree to no amendment, there is bound to be a commission?

Mr. TYDINGS. That is true, but it would be a departmental commission and would not bind the Congress. I am not going to mention any names, and I hope I will not violate any confidences, but I may suggest to the Senator that there are a good many people interested in the Philippine problem in this country and in the Philippines who are looking for the day when this particular act will be used only as a means of translating what we assume now is going to be an ultimate independence of the Philippines into a dominion status of the Philippines similar to that of Canada with relation to Great Britain. I know that that is so from many contacts.

Mr. NORRIS. If that is so, and the Senator wants to avoid that, we would have to repeal that portion of the law which would not be repealed by the amendment.

Mr. TYDINGS. Yes.

Mr. NORRIS. So it really comes down to whether we are going to have a commission at all, and if we are not going to have a commission we must repeal the law which provides for one. So after all, does it not come down to this proposition: That it is a question whether the amendment of the Senator from Missouri is better than existing law?

Mr. TYDINGS. I do not know but what it is. As I say, I am not going to object to it, but I want to make my own position clear, in even mildly being for it, that, so far as I am concerned, I am in favor of complete independence of the Philippine Islands, with no strings tied to it, as soon as we can decently and humanely, morally, financially, and economically bring it about.

Mr. NORRIS. I am, too.

Mr. TYDINGS. I know the Senator is. And, insofar as my position is concerned, and I believe the position of Congress, I do not want any of these proposed conferences

which are to be held sometime in the future to be seized upon by any source in this Government or out of it, as indicating that basically the policy upon which we are now embarked of Filipino independence is going to be altered by the Congress, so far as we now know.

I am aware that certain persons here and there are hoping that gradually this whole policy can be veered into another direction; that the Filipino people will realize what a difficult time they will have ahead of them as a free nation; that with some countries nearby being warlike, and the Philippines no longer having a free market, their whole economy must pass through an evolution; that dictatorial powers may be necessary to maintain law and order. Therefore, with all these things in mind, people who at first were in favor of independence now want to retreat, not to retreat back to the old status but they want a governor and a dominion form of government.

Mr. CLARK of Missouri. In other words, they want to have their cake and eat it, too.

Mr. TYDINGS. That is perfectly true, and it is understandable why there should now be signs of a change in viewpoint in the Philippine Islands. Personally I am sorry that the conference provision was put in the original act. If the original act were pending before the Senate today I believe I should offer an amendment to eliminate the conference provisions; not that we would not consider any petition which the Philippine people might file with Congress; not that we would not give them a hearing; not that we would not meet them half way in respect of any complaint they might have, or any difficulty that might be ahead, but because of the certainty of numerous conflicts, and knowing that there are those in the Congress who think the Filipinos ought not to have their independence in the first place, and knowing there are now those in the Philippines who perhaps asked for freedom, but who now are beginning to look at it in a little different way, I am afraid in view of changed world conditions that such a conference might be used in a future Congress as a vehicle again to attach the Philippines to our country. For my part I want to get out of the Philippines at the earliest possible moment consonant with what may be called fair dealing between the two peoples.

Mr. CLARK of Missouri. Mr. President, let me say to the Senator from Maryland and to the Senate that I am certainly as thoroughly committed and as thoroughly in favor of the proposition of the United States getting out of the Philippines at the earliest possible moment as anyone could pos-The Senator from Maryland will recall that sibly be. throughout the hearings on the original bill, which was introduced by him-not the measure now pending before the Senate, but the one introduced at the beginning of the session-I insisted that I would not vote for any bill dealing with the subject of the Philippines to any extent whatever which did not contain an explicit and emphatic provision to the effect that nothing in that bill was to be taken as in any manner whatever changing or holding out any hope of changing the fundamental conditions with regard to the political independence of the Philippine people.

I did state, however, that I thought the people of the United States in making this separation after 40 years' connection with the people of the Philippines-a connection which the people of the Philippines did not seek-could afford to be very generous in their economic relationships, and to that view I adhere. I stated that I would oppose any measure dealing with the Philippines which did not contain such a provision as I have referred to, and such a provision as is contained in the pending amendment, making it perfectly clear that nothing is to change the political status. I may say that I received a telegram from the President of the Philippine Commonwealth setting forth his views to the effect that nothing contained in this measure should be taken as changing the political status of the Philippine Islands, which communication I read to the Committee on Territories and Insular Affairs when I was attempting to have reported a measure to bring about economic justice to the people of the Philippines.

In view of the statements of the chairman of the committee, I desire to modify my amendment again to make it mandatory and explicitly repeal, as I thought I had done, the provisions of section 13 of the act now before us, so as to read as follows:

Insert on page 15, after line 2, the following as a new section: "Sec. 4. Section 13 of the said act of March 24, 1934, is hereby amended by striking out the proviso and inserting in lieu thereof the following.'

That strikes out the provision which at the present time provides for the mandatory commission to be created 1 year before independence, and inserting in lieu thereof the fol-

Provided, That at least 2 years prior to the date fixed in this act for the independence of the Philippine Islands, there shall be held a conference of representatives of the Government of the United States and the government of the Commonwealth of the Philippine Islands, the representatives of the United States to consist of United States Senators, appointed by the President of the Senate, three Members of the House of Representatives, appointed by the Speaker of the House, and six persons appointed by the President of the United States.

That is a provision to provide for a representation of the Senate of the United States, a representation of the House of Representatives of the United States, and an equal representation to be appointed by the President of the United States, which incidentally represents the number of representatives that now are on the interdepartmental committee.

A like number of representatives of the Philippine government shall be invited to be appointed by the President of the Philippine Commonwealth, with the consent of the Commission on Appointments; the purpose of the conference shall be to formulate recommendations as to future trade relations between the Govern-ment of the United States and the independent government of the Philippine Islands, the time, place, and manner of holding such conference to be determined by the President of the United States; but nothing in this proviso-

And I mention this particularly in reference to the statement made by the Senator from Maryland [Mr. Typings]but nothing in this proviso shall be construed to modify or affect in any way any provision of this act relating to the procedure leading up to Philippine independence or the date upon which the Philippine Islands shall become independent.

That certainly meets every objection raised by the Senator from Maryland. The remainder of the amendment is as previously reported, having to do simply with vacancies in the Commission.

Mr. KING. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. KING. As the Senator reads his amendment, there occurs to me the question of the propriety or authority of the United States to say that the Philippine Commonwealth shall appoint representatives to take part in the formulation of the plan.

Mr. CLARK of Missouri. I will say to the Senator that that provision is in the existing law.

Mr. KING. I know it is in the existing law. There is some question in my mind as to the propriety of our Government saying to the Commonwealth, "You shall appoint representatives to participate in this conference." Undoubtedly the Commonwealth will desire to have representation.

Mr. PITTMAN. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. PITTMAN. The word "may" might be substituted.

Mr. KING. I do not wish to change the existing law. I do not want it to appear that our Government assumes autocratic and tyrannical authority, and says to the Commonwealth, "You shall appoint representatives to take part in this conference."

Mr. CLARK of Missouri. Certainly nothing was further from my thought than to insist that the President of the Philippine Commonwealth do anything. I shall be glad to state the matter in the permissive form.

Mr. KING. It is simply a question of comity. I should not want our Philippine brethren to feel that we were assuming the right to say what they shall do.
Mr. PITTMAN. Mr. President—

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Nevada?

Mr. CLARK of Missouri. I yield the floor, Mr. President. Mr. PITTMAN. Mr. President, some question has been raised as to the insertion in the original act of the provision for a commission and a conference. That provision was discussed at length on several occasions. It seemed evident at the time the act was passed that there might be developments which would require some change in the law after the Philippine Islands became sovereign. The law as it stands treats the sovereignty of the Philippine Islands as any other sovereignty, subject to all the restrictions in tariff and other matters placed upon any other foreign country. At the time we drafted that act some of the members of the committee insisted that a rising tariff tax should be placed upon Philippine goods during the period of the Commonwealth and before the period of sovereignty, so as gradually to adjust the conditions of the islands to a complete tariff restriction after they became sovereign.

However, at the present time, from the evidence which has been submitted to the Committee on Territories and Insular Affairs on the original bill which was presented-and the pending bill is only half the bill which was originally presented-it is perfectly evident that we could not place such restrictions upon the sovereignty of the Philippine Islands after 1946 without practically destroying their entire economic system. The bill as originally presented to our committee by Dr. Sayre on behalf of the Interdepartmental Committee extended the period of gradual reduction of tariffs until 1961.

However, there had not been sufficient consideration of that bill. We knew nothing about the bill until it was sent to us by Dr. Sayre and handed over to the chairman of the committee to introduce. After weeks of hearings of experts in every Department, the committee became satisfied that it was not sufficiently advised to pass that kind of a bill at this time; and therefore the bill we are now considering deals only with quotas instead of taxes up until the time of sovereignty.

It is evident from the hearings before the committee that we shall be faced with numerous new problems when the time comes to decide how we shall treat the sovereignty of the Philippine Islands. We must treat them fairly after they become sovereign. We cannot afford to destroy them. There will have to be consideration of this subject under the commission to be appointed under the present act, and that consideration will probably be by one or two members of the Department. There will be a consideration by the proposed commission; or, if we repeal what is in the present law and have nothing, the President himself will send somebody to negotiate, because he has the inherent authority to do that if he wishes. The result will be just as the result was at this session of Congress: We shall have a detailed bill thrown in on the committee with no time to consider it.

I think the pending amendment is of extreme importance to the Philippine Islands as well as to the United States.

Mr. NORRIS. Mr. President, at the time the Senator from Missouri [Mr. Clark] and the Senator from Utah [Mr. King] were discussing the question of the use of "may" instead of "shall," I had it in mind to suggest that it seemed to me that neither of those words is quite right. I intended to suggest for the consideration of the Senator from Missouri [Mr. CLARK] the use of the word "invite."

Mr. CLARK of Missouri. Mr. President, that modification is entirely agreeable to me. Page 1, line 11, of the amendment would be modified to read:

Shall be invited to appoint a like number of representatives of the Philippine government.

The PRESIDING OFFICER. The question is on agreeing to the modified amendment offered by the Senator from

The amendment as modified was agreed to.

Mr. MILLER. Mr. President, I send to the desk an amendment which I ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Arkansas will be stated.

The LEGISLATIVE CLERK. One page 6 it is proposed to strike out all of lines 1 to 7, inclusive, and to insert in lieu thereof the following:

(2) The quotas established by the act of June 14, 1935 (49 Stat. 340), and herein established for the commodities enumerated in such act, shall be allocated by the authorities of the Philippine government among the manufacturers of such commodities proportionately upon the following basis:

(a) The number of spindles which were installed as of February 1, 1939, for use in spinning hard-fiber yarns in each mill manu-

facturing such commodities

(b) The average annual production of each of said manufacturers for the calendar years 1931, 1932, and 1933.

(c) The amount or quantity each manufacturer shipped to the United States in the 12 months immediately preceding the inauguration of the commonwealth.

Mr. MILLER. Mr. President, the purpose of the amendment is merely to strike out the provision in the bill which authorizes the allocation of the cordage shipments to this country and directs that the amount shall be reallocated under the three formulas set forth in the bill. I have undertaken to follow the original act as well as the Cordage Act and the Sugar Act. To be perfectly frank, my purpose is to have the question go to conference, so that the injustices which apparently exist under the Executive order may be eliminated.

Mr. KING. Mr. President, will the Senator yield?

Mr. MILLER. I yield.

Mr. KING. Does the amendment seek to impose upon the Philippine manufacturers or producers a category which may be offensive to them or unfair or discriminatory to

Mr. MILLER. No; it does not. I do not see how it could

Mr. KING. I mean discriminatory in favor of one section of the Philippines as against another section or one person as against another.

Mr. MILLER. That is what I am trying to avoid. For instance, one firm now has 63 percent of the cordage business. An American firm has 1 percent.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. MILLER. I yield.

Mr. TYDINGS. I think the Senator from Arkansas wants to do the fair thing. I do not know whether or not his amendment accomplishes what he desires. It is directed toward a worthy purpose. The situation is that the amount of cordage produced in the Philippines which can be shipped to this country is limited.

The Senator wants to make sure that in the allocation of the cordage no one interest obtains all the business, and he has tried to take the same sort of formula that was previously used, insofar as such cordage comes to our country. I told the Senator quite frankly that the committee had not considered that phase of the question, and that, while I personally would not oppose his amendment, it was quite likely that it might have to be dropped or altered in conference. I know it is the desire of the Congress to deal fairly with the respective interests in the Philippines, and not to allow any one or two or three firms to take all the business and exclude others, particularly when a part of the business is operated by continental American capital.

Mr. LODGE. Mr. President, will the Senator yield?

Mr. MILLER. I yield.

Mr. LODGE. I should like to ask the Senator whether or not his amendment, which I have just heard read for the first time, would result in an increase in the amount of cordage coming to this country.

Mr. MILLER. Ch, no! It would not change the situation at all.

Mr. LODGE. It would not change the quantity?

Mr. MILLER. Not at all.

Mr. KING. Mr. President, I shall not object to the amendment going to conference; but I should be unwilling to have the Senate of the United States assume to direct the manufacturers or the people of the Philippines as to how they should allocate whatever commodities they produce for shipment to the United States.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. MILLER. I yield.

Mr. TYDINGS. I think the point of the Senator from Utah is well taken. I think perhaps in conference we can find some way of accomplishing the desired object without doing that against which the Senator from Utah protests.

Mr. MILLER. I think so.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Arkansas [Mr. MILLER].

The amendment was agreed to.

The PRESIDING OFFICER. If there be no further amendments to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

AMENDMENT OF SECOND LIBERTY BOND ACT

Mr. HARRISON. Mr. President, I move that the Senate proceed to the consideration of House bill 5748. It is a bill to amend the Second Liberty Bond Act, as amended. It does not increase limitation on the national debt, but it eliminates the partition within the \$45,000,000,000 limit.

I may say, in making the motion, that I expect to follow it by asking that the bill be made the unfinished business, and shall not press it tonight. I merely move that it be

considered.

Mr. AUSTIN. Mr. President, I ask to have the motion

The PRESIDING OFFICER. The Senator from Mississippi moves that the Senate proceed to the consideration of a bill the title of which will be stated by the clerk.

The LEGISLATIVE CLERK. A bill (H. R. 5748) to amend the

Second Liberty Bond Act, as amended.

Mr. HARRISON. Mr. President, I shall not proceed with the bill tonight. The Senator from Utah [Mr. King] desires to discuss it tomorrow. It is so late tonight that I merely desire to have the bill made the unfinished business.

The PRESIDING OFFICER. The question is on the mo-

tion of the Senator from Mississippi.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 5748) to amend the Second Liberty Bond Act, as amended.

Mr. NORRIS. Mr. President, I offer an amendment to the bill which has just been made the unfinished business. I ask that it be printed and lie on the table.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. Johnson of Colorado in the chair) laid before the Senate messages from the President of the United States submitting several nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate

proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. PITTMAN, from the Committee on Foreign Relations, reported favorably the nominations of sundry persons for promotion in the Foreign Service.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of several

postmasters.

Mr. ADAMS, from the Committee on Public Lands and Surveys, reported favorably the nomination of Mrs. Jessie M. Gardner, of Colorado, to be register of the land office at Denver, Colo. (Reappointment.)

Mr. WHEELER, from the Committee on Interstate Commerce, reported favorably the nomination of David J. Lewis, of Maryland, to be a member of the National Mediation Board for the remainder of the term expiring February 1, 1940, vice William M. Leiserson.

Mr. ASHURST (for Mr. O'MAHONEY), from the Committee on the Judiciary, reported favorably the nomination of Robert N. Wilkin, of Ohio, to be United States district judge for the northern district of Ohio, vice Samuel H. West, deceased.

Mr. AUSTIN (for Mr. Hughes), from the Committee on the Judiciary, reported favorably the nomination of Calvert Magruder, of Massachusetts, to be judge of the United States Circuit Court of Appeals for the First Circuit, vice George H. Bingham, retired.

The PRESIDING OFFICER. The reports will be placed on the Executive Calendar.

If there be no further reports of committees, the clerk will state the nominations on the Executive Calendar.

THE JUDICIARY-LESLIE R. DARR

The legislative clerk read the nomination of Leslie R. Darr to be United States district judge for the middle and eastern districts of Tennessee.

Mr. KING. Mr. President, I ask the Senator from Tennessee [Mr. McKellar] whether the confirmation of the judge with this title will in any way affect the bill which is pending before the Judiciary Committee which, as I understand, looks toward the ultimate creation of a new district in Tennessee.

Mr. McKELLAR. No; the confirmation of this nominee will not do that. This is a roving judge, and his confirmation would have nothing to do with that bill unless the bill should become a law, in which event he would become judge of that district.

I may say that this nomination was previously reported to the Senate by the committee; but the initials were wrong, and the nomination had to be sent back to the White House. This is a second submission of the nomination. I hope the Senator from Utah will allow it to be confirmed.

Mr. KING. The only point I was attempting to make is that there is pending before the Judiciary Committee a bill of the kind I have stated; and at the last meeting of the committee some objection was made to its being favorably reported because there was some question as to what its effect would be, whether it contemplated the creation of a new district or what effect it might have upon the nomination which is now before the Senate.

Mr. McKELLAR. The confirmation of this judge's nomination would have no effect on that bill.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to the nomination? Without objection, the nomination is confirmed.

Mr. McKELLAR. I ask unanimous consent that the President be notified of the confirmation of this nomination.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will state the next nomination on the calendar.

The legislative clerk read the nomination of Leo Calvin Crawford to be United States attorney for the southern dis-

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask that the nominations of post-masters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered.

That concludes the calendar.

trict of Ohio.

RECESS

Mr. BARKLEY. As in legislative session, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 7 minutes p. m.) the Senate took a recess until tomorrow, Thursday, June 1, 1939, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate May 31, 1939
DIPLOMATIC AND FOREIGN SERVICE

Howard Bucknell, Jr., of Georgia, now a Foreign Service officer of class 3 and a secretary in the Diplomatic Service, to be also a consul general of the United States of America.

Collector of Internal Revenue

William P. Bowers, of Columbia, S. C., to be collector of internal revenue for the district of South Carolina, to fill an existing vacancy.

CONFIRMATONS

Executive nominations confirmed by the Senate May 31, 1939
UNITED STATES DISTRICT JUDGE

Leslie R. Darr to be United States district judge for the middle and eastern districts of Tennessee.

UNITED STATES ATTORNEY

Leo Calvin Crawford to be United States attorney for the southern district of Ohio.

POSTMASTERS

MINNESOTA

Margaret E. Mahling, Randall. Morten G. Pedersen, Tyler.

OKLAHOMA

Robert P. McCoy, Haworth. Clarence C. Russell, Wilson.

HOUSE OF REPRESENTATIVES

WEDNESDAY, MAY 31, 1939

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O Christ, our Saviour and Redeemer, through endless years the same, we lift our prayer to Thee. We bless Thee that across the troubled waves of the sea of life comes the assurance: "I will never leave nor forsake thee." Underneath our stumbling doubts and our bewildering griefs are the everlasting arms of power and unchangeable goodness. Do Thou grant to those who desire the vision of wisdom, a stronger faith, the spirit of patience, and Thy directive presence. We pray that the Congress may heed the call of duty, and may the pride of our lives be to serve all men with free minds and warm hearts. Heavenly Father, inspire us all with those plain, heroic virtues out of which good men and great souls are fashioned, and men who lift the world and roll it in another course. In the holy name of Jesus. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. St. Claire, one of its clerks, announced that the Senate had passed bills and a joint resolution of the following titles, in which the concurrence of the House is requested:

S. 485. An act providing for the cancelation of certain charges under section 20 of the River and Harbor Act of March 3, 1899;

S. 555. An act for the relief of Addison B. Hampel;

S. 581. An act for the relief of Robert H. Muirhead;

S. 683. An act for the relief of Fae Banas;

S. 809. An act for the relief of Jessie M. Durst;

S. 1031. An act to amend section 243 of the Penal Code of the United States, as amended by the act of June 15, 1935 (49 Stat. 378), relating to the marking of packages containing wild animals and birds and parts thereof;

S. 1047. An act for the relief of Emerson J. French;

S. 1229. An act for the relief of Ernest Clinton and Frederick P. Deragisch;

S. 1335. An act relating to the filing of affidavits of prejudice in the District Court for the District of Alaska;

S. 1409. An act to authorize the conveyance by the United States to the town of Bristol, Maine, of a portion of the Pemaquid Point Lighthouse Reservation, and for other pur-

S. 1414. An act for the relief of Allie Holsomback and Lonnie Taylor:

S. 1527. An act for the relief of Joseph Lopez Ramos;

S. 1542. An act to authorize the Director of the Geological Survey, under the general supervision of the Secretary of the Interior, to acquire certain collections for the United States:

S. 1722. An act for the relief of Hannis Hoven;

S. 1806. An act to provide for the construction and equipment of a building for the experiment station of the Bureau of Mines at Rolla, Mo.;

S. 1816. An act for the relief of Montie S. Carlisle;

S. 1982. An act to convey certain property to the city of El Campo, Tex.;

S. 2067. An act for the relief of Leslie J. Frane and Charles Frane:

S. 2114. An act for the relief of Virginia Pearson;

S. 2307. An act to amend section 3 of the act entitled "An act to authorize the construction of certain bridges and to extend the times for commencing and completing the construction of other bridges over the navigable waters of the United States," approved June 10, 1930, as amended and extended, and for other purposes;

S. 2330. An act to authorize cooperation with other American republics in accordance with treaties, resolutions, declarations, and recommendations by all of the 21 American republics at the Inter-American Conference for the Mainte-

nance of Peace;

S. 2404. An act to authorize the disposal of the Portland,

Oreg., old courthouse building;

S. 2454. An act to relieve disbursing officers and certifying officers of the Veterans' Administration from liability for payment where recovery of such payment is waived under existing laws administered by the Veterans' Administration; and

S. J. Res. 95. Joint resolution to change the name of the Mud Mountain Dam and Reservoir.

The message also announced that the Senate had passed the following resolutions:

Senate Resolution 138

May 29 (legislative day, May 19), 1939.

Resolved, That the Senate has heard with profound sorrow of the death of Hon. ROYAL S. COPELAND, late a Senator from the State

Resolved, That as a mark of respect to the memory of the deceased Senator the business of the Senate be now suspended to enable his associates to pay tribute to his high character and distinguished public service

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

Resolved, That as a further mark of respect to the memory of the deceased the Senate do now adjourn until Wednesday next.

Senate Resolution 139

MAY 29 (legislative day, MAY 19), 1939. Resolved, That the Senate has heard with profound sorrow of the death of Hon. James Hamilton Lewis, late a Senator from the State of Illinois

Resolved, That as a mark of respect to the memory of the de-ceased Senator the business of the Senate be now suspended to enable his associates to pay tribute to his high character and distinguished public service.

Resolved, That the Secretary communicate these resolutions to

the House of Representatives and transmit a copy thereof to the family of the deceased.

Resolved, That as a further mark of respect to the memory of the deceased the Senate do now adjourn until Wednesday next.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on the

following dates the President approved and signed joint resolutions and bills of the House of the following titles:

On April 29, 1939:

H. R. 5287. An act relating to the importation of distilled spirits for consumption at the New York World's Fair, 1939, and the Golden Gate International Exposition of 1939, and to duties on certain articles to be exhibited at the New York World's Fair, 1939.

On May 2, 1939:

H. R. 2074. An act for the relief of Junius Alexander: and H. R. 5219. An act making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1939, and for prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1939, and June 30, 1940, and for other purposes.

On May 3, 1939:

H. R. 2061. An act for the relief of Ernest O. Robinette and others;

H. R. 2098. An act for the relief of Katherine Patterson;

H. R. 2320. An act to provide domiciliary care, medical and hospital treatment, and burial benefits to certain veterans of the Spanish-American War, the Philippine Insurrection, and the Boxer Rebellion; and

H.R. 3134. An act to amend the act entitled "An act authorizing the temporary detail of United States employees, possessing certain qualifications, to governments of American republics and the Philippines, and for other purposes," approved May 25, 1938.

On May 6, 1939:

H. R. 4492. An act making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1940, and for other purposes; and

H. J. Res. 279. Joint resolution making supplemental appropriations for printing and binding and stationery for the Treasury Department for the fiscal year ending June 30, 1939.

On May 10, 1939:

H.R. 1694. An act for the relief of Bozzani Motors. Ltd.: and

H. R. 4852. An act making appropriations for the Department of the Interior for the fiscal year ending June 30, 1940, and for other purposes.

On May 11, 1939:

H. R. 2529. An act for the relief of W. F. Towson; and

H.R. 3587. An act to authorize the Secretary of War to exchange obsolete, unsuitable, and unserviceable machines and tools pertaining to the manufacture or repair of ordnance matériel for new machines and tools.

On May 12, 1939:

H. R. 3811. An act to provide for the appraisal of the pneu-

matic mail-tube systems in New York and Boston; H. R. 4087. An act to amend an act entitled "An act for making further and more effectual provision for the national defense, and for other purposes," approved June 3, 1916, as amended by the act of June 4, 1920, so as to confer on the commanding general, General Headquarters Air Force, the same retirement privileges now enjoyed by chiefs of branches;

H.R. 4772. An act to provide time credits for substitutes in the pneumatic-tube service;

H.R. 4785. An act to provide a differential in pay for night work to pneumatic-tube system employees in the Postal Service:

H.R. 4786. An act to extend the provisions of the 40-hour law to pneumatic-tube system employees in the Postal Service: and

H. J. Res. 221. Joint resolution authorizing the President to invite other nations to participate in the Sacramento Golden Empire Centennial commemorating the one hundredth anniversary of the founding of Sacramento by Capt. John A. Sutter.

On May 15, 1939:

H. R. 3230. An act to amend the statutes providing punishment for transmitting threatening communications;

H. R. 3231. An act to authorize the mailing of pistols, revolvers, and other firearms capable of being concealed on the person, to officers of the Coast Guard;

H.R. 3812. An act granting postal employees credit for Saturday in annual and sick-leave law, thereby conforming to the 40-hour workweek or 5-day-week law;

H. R. 4771. An act limiting working hours of pneumatic-

tube system employees to 8 in 10 hours a day; and

H. J. Res. 241. Joint resolution providing for the participation of the United States in the celebration of the one hundred and fiftieth anniversary of the establishment of the United States Lighthouse Service.

On May 25, 1939:

H. R. 6149. An act making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1940, and for other purposes.

On May 26, 1939:

H. R. 1774. An act to authorize the transfer to the State of Minnesota of the Fort Snelling bridge at Fort Snelling, Minn .:

H. R. 3593. An act authorizing and directing the Secretary of War to execute an easement deed to the city of Duluth for park, recreational, and other public purposes covering certain federally owned lands; and

H. R. 5746. An act to provide for the correction of the list of approved Pine Ridge lost allotment claims, and for other

purposes.

COMMITTEE ON THE JUDICIARY

Mr. HOBBS. Mr. Speaker, by direction of the Committee on the Judiciary, I ask unanimous consent that that committee may continue its sittings in connection with the hearings on the railway reorganization bill during the sessions of the Congress for the remainder of this week.

The SPEAKER. Is there objection to the request of the gentleman from Alabama [Mr. Hobbs]?

There was no objection.

EXTENSION OF REMARKS

Mr. ROBERTSON. Mr. Speaker, I ask unanimous consent to insert in the Appendix of the Record excerpts from the testimony given before the Ways and Means Committee of certain experts on the subject of transaction taxes, and in this connection I read the following letter:

> UNITED STATES GOVERNMENT PRINTING OFFICE, Washington, D. C., May 31, 1939.

Memorandum for Hon. Robert L. Doughton:
You are advised that the attached manuscript on tax rates will make three and one-half pages of the Congressional Record at an estimated cost of \$158.

The SPEAKER. Is there objection to the request of the gentleman from Virginia [Mr. ROBERTSON]?

There was no objection.

Mr. TERRY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an address delivered by Secretary Wallace at Little Rock, Ark., last Friday.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas [Mr. TERRY]?

There was no objection.

Mr. BARRY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a Memorial Day address.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. BARRY]?

There was no objection.

ADMINISTRATION OF WAGE AND HOUR ACT

Mr. COCHRAN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Missouri [Mr. Cochran]?

There was no objection.

Mr. COCHRAN. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks in the Record and to include therein a letter to the Wages and Hours Committee.

The SPEAKER. Is there objection to the request of the gentleman from Missouri [Mr. Cochran]?

There was no objection.

Mr. COCHRAN. Mr. Speaker, last week I was invited to appear before Industry Committee No. 6 for Shoe Manufacturing and Allied Industries considering the question of compensation under the Wage and Hour Act. I did not appear before that committee for several reasons which I set out in a communication addressed to the committee, which reads as follows:

MAY 26, 1939.

INDUSTRY COMMITTEE NO. 6 FOR SHOE

MANUFACTURING AND ALLIED INDUSTRIES,

Wage and Hour Division, Department of Labor,

Washington, D. C. GENTLEMEN: It has come to my notice that a number of Members of Congress from both sides of the Capitol appeared before your committee Thursday and Friday of this week in connection with your public hearing.

I was requested to appear before your committee, but I declined, as I felt it would be highly unethical. I cannot see where it is the duty of a Member of Congress to enter into a discussion before a committee of this character on any administrative procedure. My view is that Congress should confine itself to legislation and let those who are responsible administer the law. So long as the law is being properly administered Congress should let the administration alone, but if information comes to the Congress that the law is not being properly administered, then, and not until then, is it the duty of Congress to take any action.

I do not know whether it is true or not, as I was not present, but I was told that at least one Member intimated if the law was not properly administered, Congress would repeal the act. In reply to

that I will say that the wage and hour law will be on the statute books long after the ones who are now in Congress have passed away. It is needless for me to tell you that your committee has at its disposal Government agencies that will supply you with statistics and facts, including cost of living at various locations, etc., which

might not be advanced by the employers or the employees.

If the committee is in doubt as to the interpretation of any part of the act, the legal division of the Wage and Hour Administration is certainly in a position to furnish that information.

I would no more attempt to influence your committee than I would a Federal judge, and it is my hope all questions arising under the Wage and Hour Act will be decided on the facts and the committee and the Administrator will ignore the pressure.

Sincerely yours,

Mr. Speaker, I have outlined my views on this subject so that my constituents will understand my attitude now and in the future.

Probably some of my colleagues will take issue with what I have to say, but I am certainly entitled to express my

cpinion, even if we are in disagreement.

If Members of the House and Senate are going to attend every hearing that is held, we will soon find a debate between Members of Congress on every issue presented to the Wage and Hour Administration. Congress provided by law how these disputes should be settled, and, while of course we did not prohibit Congressmen or Senators from appearing before a committee, still it seems to me we should refrain from trying to influence the decision of a committee set up in pursuance to law.

We are receiving complaints every day in regard to the administration of some laws enacted to benefit both employer and employee, but so far as I know the administration of the Wage and Hour Act has up to the moment been commended rather than condemned. I have confidence in the Administrator and the committees to work out these problems, and, as I said in my letter, I sincerely hope both will render their decisions on the facts and ignore the pressure.

EXTENSION OF REMARKS

Mr. SMITH of Washington. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a Memorial Day address which I delivered yesterday at the United States Soldiers' Home and to include therein a statement of Mrs. John A. Logan.

The SPEAKER. Is there objection to the request of the gentleman from Washington [Mr. SMITH]?

There was no objection.

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I shall make today on H. R. 6466, the Townsend bill, by inserting certain letters and memorandum from argricultural and labor organizations, and other material having a direct bearing on the

bill, and which would be of interest to the Members of the House. The estimate I have received from the Public Printer is that it would require approximately 4 pages of the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina [Mr. Doughton]?

There was no objection.

Mr. REED of New York. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein a table.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. REED]?

There was no objection.

Mr. DONDERO. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein a memorial address which I delivered on yesterday.

The SPEAKER. Is there objection to the request of the gentleman from Michigan [Mr. DONDERO]?

There was no objection.

Mr. YOUNGDAHL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein a telegram received this morning.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota [Mr. Youngdahl]?

There was no objection.

Mr. THILL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and include therein an article from the Republican Observer. I also ask unanimous consent to extend my own remarks in the Record and include a poem entitled "America's Our Father."

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. WELCH. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and include therein California State Senate Joint Resolution No. 5, with regard to shipbuilding on the Pacific coast.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. CRAWFORD. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD with regard to our deceased colleague, Hon. Bert Lord.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and include therein a statement by a former Member of the House, Mr. Pettengill, of South Bend, Ind.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

AMENDMENT OF THE AGRICULTURAL ADJUSTMENT ACT OF 1938

Mr. JONES of Texas. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 1569) to amend the Agricultural Adjustment Act of 1938, with House amendments thereto, insist on the House amendments, and agree to the conference asked by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas? [After a pause.] The Chair hears none and appoints the following conferees on the part of the House: Mr. Jones of Texas, Mr. Doxey, and Mr. Hope.

EXTENSION OF REMARKS

Mr. COX. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record by inserting therein an address delivered by our colleague the gentleman from Vermont [Mr. Plumley] during the past week at a school in my State.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

THE TOWNSEND PLAN

Mr. COX. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 205 and ask for its immediate consideration.

The Clerk read as follows:

House Resolution 205

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 6466, a bill to provide for and promote the general welfare of the United States by supplying to the people a more liberal distribution and increase of purchasing power, retiring certain citizens from gainful employment, improving and stabilizing gainful employment for other citizens, stimulating agricultural and industrial production and general business, and alleviating the hazards and insecurity of old age and unemployment, etc., and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and continue not to exceed 4 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, the Committee shall rise and report the bill to the House and the previous question shall be considered as ordered on the bill to final passage without intervening motion except one motion to recommit.

Mr. COX. Mr. Speaker, of the time allowed for debate I yield 30 minutes to the gentleman from Michigan [Mr. Mapes], to be in turn yielded by him as he sees fit.

The SPEAKER. The gentleman from Georgia is recognized for 30 minutes.

Mr. COX. Mr. Speaker, this resolution simply proposes to provide for the consideration of the so-called Townsend bill. From reading the resolution Members will observe that this is what is called a closed rule. I should like to say to the House that the Committee on Rules was somewhat reluctant to report a closed rule for the consideration of this measure, but the author of the bill and, we understand, the founder of the movement, as well as the Committee on Ways and Means, asked for this rule in the form in which it is now pending.

Except for the fact that the measure is one that for a number of years has claimed public attention throughout the country, your Committee on Rules would probably have not, even upon request of the Committee on Ways and Means, have reported a resolution for the consideration of a measure that was reported out without any recommendation whatever. The procedure is somewhat unusual.

I am sure the Members of the House would welcome an explanation of the circumstances and the reasons under which and by which this bill was reported from the Committee on Ways and Means. For the purpose of their being accommodated in that respect, I yield 5 minutes to the gentleman from North Carolina [Mr. Doughton], the chairman of the Committee on Ways and Means.

The SPEAKER. The gentleman from North Carolina is recognized for 5 minutes.

Mr. MARTIN J. KENNEDY rose.

The SPEAKER. For what purpose does the gentleman from New York rise?

Mr. MARTIN J. KENNEDY. Mr. Speaker, I rise to propound a parliamentary inquiry.

The SPEAKER. Does the gentleman from North Carolina yield for that purpose?

Mr. DOUGHTON. If it will not come out of my time.

The SPEAKER. It would have to come out of the time of the gentleman.

Mr. DOUGHTON. I cannot yield if it comes out of my time. I do not have control of the time; the Rules Committee controls the time.

The SPEAKER. The gentleman from North Carolina can yield during his time, but if the gentleman from North Carolina yields, of course the time will be taken out of his time.

Mr. MARTIN J. KENNEDY. Mr. Speaker, I ask unanimous consent that the time of the gentleman may be extended 2 minutes in order that I may propound my parliamentary inquiry.

The SPEAKER. Is the gentleman from New York of the opinion that his parliamentary inquiry can be propounded and an answer given within 2 minutes? The Chair does not

know what reply he will have to make to the inquiry. The gentleman from New York could ask unanimous consent that he be permitted to propound a parliamentary inquiry and that an answer be given by the Chair without its being taken out of the time under the rule.

Mr. MARTIN J. KENNEDY. Mr. Speaker, I ask unanimous consent that I be permitted to propound a parliamentary inquiry, with the reservation that the time be not taken out of the time of the gentleman from North Carolina.

The SPEAKER. Is there objection to the request of the

gentleman from New York?

Mr. RAYBURN. Reserving the right to object, Mr. Speaker, I have no idea how much time it will take for the gentleman from New York to propound his parliamentary inquiry. The gentleman has in his hand a document which might take some time to read. If the gentleman desires to propound a parliamentary inquiry without making a speech, an inquiry that can be submitted in a few words and answered "yes" or "no" by the Speaker, I have no objection; but if the gentleman has a parliamentary inquiry whose submission will take some time, I feel constrained to object.

Mr. MARTIN J. KENNEDY. I am pleased to tell the gentleman it will take me only a half minute to propound my

parliamentary inquiry.

Mr. RAYBURN. I have no objection, Mr. Speaker. The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. RAYBURN. I have no objection to the gentleman's proceeding for a half minute.

There was no objection.

Mr. MARTIN J. KENNEDY. Mr. Speaker, I have ascertained that about 134 Members of this House are over 60 years of age, and, therefore, they might be considered to have a direct personal interest in the pending bill, H. R. 6466, known as the Townsend plan. I regard all the Members as men of honor, but I feel that in such an important issue as the pending one-

Mr. SWEENEY. Mr. Speaker, a point of order. The gentleman is not rising to a parliamentary inquiry.

Mr. MARTIN J. KENNEDY. I will state it in just a second

if the gentleman will permit me to proceed.

I feel that in such an important issue as the pending one the House and the country are entitled to know whether or not these Members over the age of 60 are disqualified to vote under rule VIII of the House. If this bill passes they will automatically become immediate beneficiaries under the provisions of the bill. Therefore, Mr. Speaker, my parliamentary inquiry is, Are such Members disqualified from voting on this bill?

The SPEAKER. The gentleman from New York has propounded a parliamentary inquiry which, of course, the Chair assumes is propounded in good faith, and the Chair imagines that the gentleman has in mind rule VIII of the House of Representatives, which is in the following language:

Every Member shall be present within the Hall of the House during its sittings unless excused or necessarily prevented, and shall vote on each question put unless he has a direct personal or pecuniary interest in the event of such question.

The Chair does not feel, in view of the pressing circumstances with respect to time, it is necessary to undertake to elaborate upon this question, as it is certainly not a novel one, and in the brief time since the gentleman gave notice he would propound his parliamentary inquiry the Chair has found that this question has been specifically presented to the House on a number of occasions and finds that very thoughtful and elaborate opinions have been rendered upon this point, particularly by Mr. Speaker Blaine (Hinds' Precedents, vol. V, sec. 5952), by Mr. Speaker Longworth (Cannon's Precedents, vol. VIII, sec. 3072), and by Mr. Speaker Clark (Cannon's Precedent's, vol. VIII, sec. 3071), all of whom join in the conclusion stated in the syllabus of the Blaine opinion in the following language:

Where the subject matter before the House affects a class rather than individuals, the personal interest of Members who belong to that class is not such as to disqualify them from voting.

The power of the House to deprive one of its Members of the right to vote on any question is doubtful.

If the Chair were disposed to elaborate upon the opinion announced in the Blaine decision, it might be proper for him to read extracts from that decision. However, it seems to be well determined-and the Chair thinks it is based on sound reasoning and philosophy—that where a bill comes up affecting a general class of people and no direct or personal pecuniary interest of a Member as such is involved, Members are not proscribed in absolute good faith and in all morality from voting upon a bill of that character.

If the rule were otherwise, all of us would probably be subject to some prohibition in the way of voting upon Federal taxation. It might be taken to excuse ourselves from voting upon such questions because our pecuniary interests are involved. A number of other suggestions might be made along

the same line.

So the Chair answers the parliamentary inquiry of the gentleman from New York to the effect that under the rulings of former Speakers in well-considered opinions and as a matter of constitutional right the Members can, and should, in all good faith vote upon the bill now involved.

Mr. DOUGHTON. Mr. Speaker, there has been considerable discussion and some criticism of the action of the Committee on Ways and Means in reporting the bill H. R. 6466, known as the Hendricks or Townsend bill, to the House without recommendation. It is a fact that this is an unusual procedure, and so far as I recall this is the first bill that has ever been reported in this manner by the Ways and Means Committee since I have been a member of that committee, some 14 or 15 years, and, certainly, the first bill that has been reported in this way since I have been its chairman. But we were confronted with an unusual situation, Mr. Speaker.

Never in all my knowledge of the work of our committee has there been such universal or general demand that the House be given an opportunity to consider any measure that has been before our committee. I received more than 25,000 letters urging, and some demanding, that this measure be reported out by our committee so that the Members could have an opportunity to express themselves upon it.

In addition to this, Mr. Speaker, scores, and I may say hundreds, of Members of this House, some for and some against the measure, some favorable and some unfavorable, have said to me that they felt that this bill is of sufficient importance to the membership of the House and to the entire country that the Members should be given an opportunity to vote on it.

So far as I know, Mr. Speaker, there is not one of the 25 members of our committee who were present during all the hearings and heard the testimony taken by our committee who is favorable to this bill. I have not heard them all express themselves, but I feel sure that I am on safe ground when I make this statement, because, while the opportunity was given, no member of our committee made a motion to report the bill favorably, although, as I say, such opportunity was afforded. Therefore, we felt that in consideration of the widespread demand and the earnest insistence coming to us from all directions, especially, I repeat, from Members of the House, those favorable and those unfavorable, that we would be derelict in our duty and our responsibility if we smothered the bill in committee, as we were charged with doing, and did not in some way give the membership of the House an opportunity to express itself.

Mr. LAMBERTSON. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. Yes.

Mr. LAMBERTSON. Is it true that not one member of the gentleman's committee after 5 months of hearings in the committee favored the bill?

Mr. DOUGHTON. None of them moved to report it favorably, and I take it from that that no one was strenuously in favor of it.

Mr. LAMBERTSON. After a hearing of 5 months?

Mr. DOUGHTON. Nearly 3 months, and the longer it was heard the more unfavorable the committee was toward it.

Mr. LAMBERTSON. Does not the gentleman think that the House had a right to expect a verdict on those hearings?

Mr. DOUGHTON. It is not a question of what I think. It is the judgment of our committee that this is the most practical proceeding that we could take.

Mr. DIRKSEN. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. Yes.

Mr. DIRKSEN. Was there a formal request made for an open rule by the proponents of the measure?

Mr. DOUGHTON. No, there was not, that I ever heard of. Mr. DIRKSEN. I was informed that a request for an open rule is still before the Committee on Ways and Means.

Mr. DOUGHTON. By whom? I never heard of it until This is the first intimation I ever had of it.

Mr. McCORMACK. As a matter of fact the request of the proponents of the measure was for a closed rule.

Mr. DOUGHTON. The proponents of the measure insisted on a closed rule. Some might call it a gag rule. We deferred to the request, almost the demand, of the proponents of the measure.

The SPEAKER. The time of the gentleman from North

Carolina has expired.

Mr. COX. Mr. Speaker, I yield the gentleman 2 minutes

Mr. SWEENEY. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. Yes.

Mr. SWEENEY. Does the distinguished chairman of the Committee on Ways and Means state for the purpose of the RECORD that no member of the Ways and Means Committee will vote for this bill?

Mr. DOUGHTON. No; I did not say that. I said I felt that none of them was favorable to it for the reason that

no one moved to report it favorably.

Mr. BUCK. Not merely did no one move to report it favorably, but the chairman asked whether there was any member present in a full committee meeting who desired to make such a motion.

Mr. DOUGHTON. That is correct.

Mr. TERRY. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. Yes.

Mr. TERRY. Why was it that H. R. 6466 was reported

out instead of H. R. 2, on which the hearings were held?

Mr. DOUGHTON. That was done at the instance and insistence of the proponents of the measure, the author of the measure. The gentleman from Florida [Mr. HENDRICKS] said they wanted a vote on the last version of the Townsend plan, H. R. 6466, which superseded and replaced H. R. 2.

Mr. SMITH of Washington. Mr. Speaker, will the gentle-

man yield?

Mr. DOUGHTON. Yes.

Mr. SMITH of Washington. Is it not a fact that when the action of the committee was taken reporting out the bill without recommendation only two members of the committee voted against that action?

Mr. DOUGHTON. That is correct.

The SPEAKER. The time of the gentleman from North

Carolina has again expired.

Mr. MAPES. Mr. Speaker, I yield myself 10 minutes. First, Mr. Speaker, if I may, I congratulate the distinguished gentleman from Georgia [Mr. Cox] and the distinguished chairman of the Committee on Ways and Means, the gentleman from North Carolina [Mr. Doughton], upon the enthusiasm and heartiness with which they have supported this resolution in their opening statements. [Laughter.] Let me also emphasize the statement that the distinguished chairman of the Committee on Ways and Means made, that this is the first and only time in his experience in the House of Representatives that the Committee on Ways and Means has ever reported a piece of legislation to the House without recommendation. In that connection I call attention to the fact that the distinguished chairman of that committee has been a Member of the House of Representatives for 30 years.

In order to keep the record straight let me say at the outset, as one member of the committee, I voted against this rule in the Committee on Rules. It is a gag rule and ought to be defeated. It provides for 4 hours of talk, 4 hours of balderdash only, and then compels a vote on the bill as it is without any opportunity to amend or perfect it. I am opposed to being gagged and bound in that way. [Applause.]

I say that with no desire to avoid a vote on the bill. In fact, I welcome an opportunity to vote on it, but I refuse to take any responsibility for this procedure. This procedure, as distinguished from the legislation, makes it as easy as it is possible to do for anyone to vote against the bill. I favor legislation making adequate provision for people in their old age, but I am not in favor of this bill as presented to us here. What the Committee on Ways and Means might have worked out if it had really tried, no one knows. If it had not run out on its job it might have recommended a real constructive piece of legislation that the most of us would have been glad to support. [Applause.]

Under this rule, if adopted, the House can do nothing more than go through the motions of considering a piece of legislation which has been characterized as "one of the most farreaching revenue measures that has ever been presented to the American people," without its ever having been seriously considered by the Committee on Ways and Means to which it was referred and without the benefit of any recommendation on it by that or any other committee of Congress. Indeed, it is more accurate to say that the rule not only compels consideration of it under those circumstances, but requires that the bill be voted up or down without any opportunity to consider it seriously even on the floor of the House. It must be voted upon as it is after 4 hours of nothing but talk without any opportunity to amend or perfect What a travesty on legislative procedure. Others may be a party to such procedure if they choose, but I am not going to be. [Applause.]

The bill before us is not H. R. 2, which the Townsend people have been writing us about. It is a new bill. It is H. R. 6466. H. R. 2 provided for a transaction tax. bill provides for a gross-income or consumers tax. President Roosevelt, in his recent speech to the retailers here in Washington, had this to say as to such a tax:

It would be bad for business-

He said-

to shift any further burden to consumer taxes. The proportion of consumer taxes to the total is plenty high enough as it is. Remember, as businessmen and as retailers, that any further taxes on consumer, like a sales tax, means that the consumer can buy fewer goods at your store.

Let me ask the followers of President Roosevelt on the Democratic side of the aisle how they can support this bill in view of that position of the President.

No one knows how much anyone would get if this bill should be enacted into law. Townsendites are looking for \$200 per month. Everyone concedes that they would get no more than a small fraction of that amount under this bill.

Mr. SMITH of Washington. Mr. Speaker, will the gentleman vield?

Mr. MAPES. Yes, I yield to one of the leading proponents of the Townsend bill.

Mr. SMITH of Washington. I would like to ask the distinguished gentleman from Michigan if it is not a fact that for the past 4 years, ever since April 1935, there has been no bill pending before the Congress providing for a flat payment of \$200 per month? So why keep talking about something which does not exist?

Mr. MAPES. Let me reply by asking the gentleman if he does not believe that the Townsend people, if this bill passes, which I am told would provide only about \$30 or \$31 a month to those over 60 years of age, will make a drive on the next and the following Congresses asking for a higher tax so as to increase the amount which they will receive under this legislation?

Mr. SMITH of Washington. Does the gentleman desire me to answer that question?

Mr. MAPES. I cannot yield further now, Mr. Speaker.

Mr. COOPER. Mr. Speaker, will the gentleman yield?

Mr. MAPES. I cannot yield now.

Everyone concedes that they will get no more than a small fraction of \$200 under this bill.

Mr. DONDERO. Mr. Speaker, will the gentleman yield? Mr. MAPES. I yield to my colleague from Michigan.

Mr. DONDERO. I want to call the gentleman's attention to the statement made by Dr. Townsend on page 647 of the hearings, where he says this:

I am after that \$200 a month, and I am going to have it, and I am going to stay after it until I overtake it.

Mr. MAPES. Certainly. I now yield to the gentleman from Tennessee.

Mr. COOPER. The fact is that repeatedly throughout the hearings, Dr. Townsend stated that it was \$200 a month he was advocating; that is what he wanted, and in a short time it should be made \$300 a month. [Applause.]

Mr. MAPES. And, that is what the old people of this country have been led to believe they will receive if this legislation is passed.

Mr. SMITH of Washington. Will the gentleman yield? Mr. MAPES. I cannot yield to the gentleman further at

this time

This bill was never even considered by the Committee on Ways and Means. The draft which we are asked to vote upon was not introduced until the day before the committee washed its hands of it by reporting it without recommendation. It was available in printed form only an hour or so before the committee took the action it did. No one familiar with legislative procedure and with Congress has any expectation or hope that it will be enacted into law. It is not here for that purpose. It is here for political purposes only. Everyone knows that. The purpose is so clear that it is transparent. There ought to be some better reason for the passage or consideration of legislation so vital to the welfare of the Nation and to those whose hearts are set upon getting legislation which will provide them with reasonable security in their declining years.

The SPEAKER. The time of the gentleman from Michi-

gan has expired.

Mr. MAPES. Mr. Speaker, I yield myself 7 additional minutes.

I have never been very good at playing the game of makebelieve or fooling people, and I am not going to attempt it on this legislation.

Our Democratic colleague from New York is quoted in an interview as characterizing the action of the Committee on Ways and Means on this bill as "shysterism and trickery." That is stronger language than I am in the habit of using. In this connection, it must be remembered that the Democratic Party is in control of the Committee on Ways and Means, as it is of all other committees of the House. It determines what legislation will be considered and what will not be.

The friends and advocates of legislation to provide adequate security for old people in their declining years cannot help but be greatly disappointed over the situation with which the House is confronted. Regardless of the merits of the legislation, the procedure adopted to bring it up is a hoax pure and simple. No one can be proud of it. No one can defend it. We are asked to pass a gag rule, which will permit of no amendment, to consider legislation of vital importance which is full of loopholes, imperfections, and ambiguities and which is not recommended by the committee to which it was referred, nor any member of it, as far as the record shows.

The debate here already discloses that members of the Ways and Means Committee were invited by the chairman in executive session to make a motion to report it favorably and no one on that committee responded. No one has any idea even what its effect on the country will be, if passed. My observation has been that legislation gets nowhere in Congress unless it is first sold to a reasonable number of the members of the committee which has jurisdiction of it, and this has not been.

The advocates of the Townsend plan for years asked for a hearing. The Committee on Ways and Means early in the year was good enough to give them extensive hearings. I

was glad to have the committee give them a hearing. I thought they were entitled to it. But, with the close of the hearings, the committee ceased to function, as far as this legislation is concerned. It ran out on its job. It made no attempt to perfect the legislation—no attempt to make it workable and constructive. It never considered it in executive session. Neither the House nor the country nor the Townsendites had the benefit of the study, the judgment, or the recommendation of the committee.

The Committee on Ways and Means is a great committee—the greatest in the House. The members of it are capable. Most of them have been Members of the House a long time. They are experts on tax and other questions with which the committee has to deal. The House is entitled to the collective judgment of the members of that committee before being asked to pass upon legislation coming from it of this importance.

I appreciate the longing and the hope of the elderly people of this country for constructive legislation in their behalf. I make no criticism of them. In fact, I have every sympathy for them and their ambition in that respect. I have always favored adequate pensions for those along in years who need assistance to provide them with the comforts of life, but I refuse to be a party to this hoax. I have not been and I do not intend to start to be today. [Applause.]

Mr. Speaker, I reserve the balance of my time.

The SPEAKER. The gentleman from Michigan has consumed 15 minutes.

Mr. COX. Mr. Speaker, I yield 3 minutes to the gentleman from Florida [Mr. HENDRICKS] the author of the bill.

Mr. HENDRICKS. Mr. Speaker, I rise to support this so-called "gag" rule for a purpose. Ordinarily I would not be in favor of "gag" rules, but the time comes when I think that they are justified. We, the proponents of this bill and the opponents of this bill, favor the "gag" rule because we are determined to vote upon an issue and not simply a scrap of paper. We know that those who may like to straddle the fence for a while longer, or those who dread to face this may offer amendments to the bill which would so butcher the bill that when we reached a final vote on it, we would not be voting on the Townsend plan; and for that reason I, with a block of supporters, have asked for a closed rule in order that when we reach a vote on this bill the Members may be able to say "yes" or "no" on the Townsend plan and not something else. I know amendments may be offered to permit certain people to go back and straddle the fence for a while longer, and be able to explain their votes.

This question of opposing "gag" rule does not surprise me in the slightest. I have been here 3 years and I have learned a good deal. I have come to the conclusion and have been convinced that there are many Members of this House who would seek any issue to save themselves from having to vote on this bill. A good many have been willing to say, patting this bill on the back: "You are a mighty fine bill, but I hope to God you will never get to the floor of the House." For that reason, although I would have preferred that the Ways and Means Committee had given us a favorable report on this bill—I asked if they could not give us a favorable report then to report it to the House without recommendation in order that we might be able to declare ourselves.

Mr. SMITH of Washington. Mr. Speaker, will the gentleman yield?

Mr. HENDRICKS. Not for the moment.

There may be some question as to where the friends of this bill stand on this closed rule and on this bill. You have heard the argument, and will again, that this is not the bill H. R. 2, that instead of being H. R. 2 it is H. R. 6466. Minor changes only have been made. Furthermore, the hearings on H. R. 2 are available to every Member of the House. I dare to say that if the opponents of this rule were asked if they had read the testimony on H. R. 2 that practically every one of them would have to say, "No; I have not." Had this bill been before the House for 6 months

and hearings been held on it, those same Members would not have read the hearings on this bill.

Mr. COX. Mr. Speaker, will the gentleman yield?

Mr. HENDRICKS. I yield gladly.

Mr. COX. Is the House to understand from what the gentleman has stated that he and his associates, the advocates of the adoption of this proposal, join with him in asking for the adoption of the rule, and that the gentleman and his associates, the advocates of the measure, will vote for the previous question?

Mr. HENDRICKS. I am sure that is true, I may say to the gentleman from Georgia. I have not questioned every one of them. We would have preferred more time, but we

have agreed to this.

Mr. COX. I have understood that that was also the

request of the founder of the movement.

Mr. HENDRICKS. I shall be glad to clear that up by reading a couple of letters written by Dr. Townsend, one addressed to myself and one addressed to the chairman of the Committee on Rules.

Under date of May 15, 1939, Dr. Townsend wrote me as

My Dear Representative: It is my understanding that while there has not yet been any official action taken by the Committee on Ways and Means on H. R. 2 that if we will present a new bill including the amendments which are submitted to the committee, the committee will report the bill without recommendation and the leaders will give us 4 hours in which to discuss the bill offer which we will have a relieful work. after which we will have a roll-call vote.

I do not think the time allotted to this bill is sufficient.

lieve its importance justifies at least 10 hours' debate; however, in order to get a roll-call vote on our bill, which is what we desire, I feel that our supporters are justified in agreeing to the 4 hours'

I trust that every Member of Congress will give this measure his most careful and sympathetic consideration as a constructive contribution to the national recovery we all desire.

Under date of May 24 last Dr. Townsend addressed a letter to the chairman of the Committee on Rules, from which I read the following:

Congressman Hendricks has called my attention to the fact that the Committee on Ways and Means reported H. R. 6466 to the House of Representatives without a recommendation. It is my

House of Representatives without a recommendation. It is my understanding that the chairman of the committee was also instructed to ask for a rule on this bill. Congressman Hendricks called my attention to the fact that all concerned were desirous of knowing whether this bill, H. R. 6466, had my approval.

While we all realize that this bill is not a perfect bill, we believe it to be the best that we can get at this time, and we are therefore asking the Rules Committee give us a rule in order that this bill may be discussed in the House of Representatives and a record vote taken on this bill as the Townsend issue at this time.

Mr. Speaker, Dr. Townsend asked me further to convey this message to friends of this bill in the House of Repre-

Friends have advised me that in all probability there will be certain dilatory tactics used to damage our bill. I understand that there will be an attempt to vote down the previous question on the rule and also a motion to recommit the bill.

Will you kindly assure our friends that either move will be considered an attempt to scuttle our bill, and ask them to cooperate with you in voting against these tactics.

Mr. Speaker, I believe I am justified in saying that any vote to vote down the previous question on this rule or any vote to recommit this bill will be considered a vote against the Townsend bill. [Applause.]

[Here the gavel fell.]

Mr. MAPES. Mr. Speaker, I yield 3 minutes to the gentleman from Kansas [Mr. REES].

Mr. REES of Kansas. Mr. Speaker, I realize that in appearing before you for such a short time that very little can be accomplished, but I do appeal in this brief time on behalf of the elderly people of this country, whom I think are going to be misled by reason of the action of the House this after-

I agree with the gentleman from Michigan [Mr. Mapes], who left the floor a moment ago, that the manner in which the Ways and Means Committee has reported this bill to the House—a measure involving one of the most important questions that has come on the floor for consideration—is unprecedented. Here we are, faced with this most important measure, involving the livelihood of thousands of people, only to find that the Ways and Means Committee, under the leadership of the great majority party, saying to us: "We will just run out on you. We will not even take charge of the bill during its consideration this afternoon."

Mr. BUCK. Mr. Speaker, will the gentleman yield?

Mr. REES of Kansas. No; I have not the time or I would be glad to

Mr. Speaker, I am in favor of a fair and adequate system of providing for the maintenance of these elderly people. The manner in which we have handled the question of social security is a shame and a disgrace. I am in favor of giving this question the fair consideration to which it is entitled at the hands of the Ways and Means Committee, and which it should receive at the hands of the membership of this House. And now the powerful Rules Committee, evidently at the request of the Ways and Means Committee, has said to the Congress: "We will give you 4 hours during which to consider. without amendments, this measure, and then you must vote for or against it." It seems to me that we are at least entitled to a chance to vote on this important question fair and square on its merits. If the bill should not be amended, let it stand. But if there are places in it that should be properly improved and changed, we should have a right to do it.

For instance, under the terms of this bill, chambers of commerce and national banks are exempt from its terms. But State banks, doing business across the street, will have to be taxed. There are other points in the bill that could easily be remedied so that we would have a reasonably fair working measure.

We have always claimed that the House of Representatives was a deliberative body and one where the membership had a right to express its views, but the Rules Committee has invoked an ironclad "gag" rule that says, by inference at least, that we will not even be given a chance to debate the bill pro and con and shall not offer even the slightest amendment. We were told just a moment ago by those who have some information on this bill that it may provide between \$15 to \$30 per month to those who will be affected thereby. We do not know how much it will produce. In fact no one on the floor seems to have that information. This is not H. R. 2. It is a different bill. Hearings were held on H. R. 2, but no hearings were held on this bill. It was introduced one day and the next day the Ways and Means Committee handed it over to the membership of the House. It seems they wanted to get rid of it. Whether this is a Townsend bill or not should not make any difference. The question is whether or not it is good legislation. Will it provide the revenues for the people of this country who really need it? Our present social-security law has been a great disappointment to the needy people of our country. Let us enact legislation that will provide adequate means of support for older people as well as for those who, by reason of misfortune over which they have no control, are unable to provide a fair and reasonable living for themselves.

Let us give this legislation the fair and decent consideration to which it is entitled. Let us not forget that this is the only old-age pension bill which has been submitted on the floor of Congress during the 5 months we have been in Congress. I am told by those who have been in Congress for many years that a bill that comes to the floor of the House without recommendation rarely if ever passes Congress. It seems to me that this is a left-hand way of defeating a measure which, if it could be properly debated and reasonably amended, could become a workable piece of legislation. In any event, whether the measure is good or bad, it just is not the way to handle it. The question involved, that of old-age assistance, is too big and too important to be handled in such a trivial manner.

[Here the gavel fell.]

Mr. COX. Mr. Speaker, I yield 1 minute to the gentleman from Tennessee [Mr. PEARSON].

Mr. PEARSON. Mr. Speaker, in addressing myself to this resolution, I want to call the attention of the chairman of the Committee on Rules to what in my mind is a very

essential amendment to the pending rule. The first line of | the rule states:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole for the consideration of H. R. 6466, a bill to provide for and promote the general welfare—

And so forth. Mr. Speaker, I believe that the rule is a declaration of what this bill does, with which some might not agree. I believe the word "entitled" should be inserted in the rule after the figures "6466" to quote the title of the bill rather than declare in the rule that it is a bill which will provide for and promote the general welfare of the United States. I hope the chairman will accept such an amendment so to perfect the language used in the resolution.

[Here the gavel fell.]

Mr. COX. Mr. Speaker, I yield 2 minutes to the gentleman from New York [Mr. MARTIN J. KENNEDY].

Mr. MARTIN J. KENNEDY. Mr. Speaker, ladies and gentlemen, today we are debating a rule which makes in order the immediate consideration of H. R. 6466, popularly known as the Townsend plan. This bill has been reported by the Committee on Ways and Means without recommendation—a most unusual procedure on the part of this powerful committee. Upon the adoption of this rule the House will begin 4 hours of debate on the bill, after which the bill as reported must be voted up or down without privilege of offering a single amendment.

I regret that the Ways and Means Committee, which is supposed to consist of stout-hearted men and who should be prepared to fight to protect the financial security of our country as well as to serve as the right arm of the President in maintaining the national credit, has seen fit to report this fantastic bill to the House. In my opinion, the adoption of the Townsend plan would wreck and destroy the Social Security Act, which has taken years to develop.

As a Member who has always voted for progressive, liberal, and humane legislation, I am going to vote against this bill because I am in favor of meeting present-day requirements by extending the benefits provided by the Social Security Act.

No one could have a more sincere interest in the welfare and security of our aged and helpless citizens and dependent children than our President. At the present moment there is pending a series of amendments to further liberalize the Social Security Act which have been suggested by Mr. Roosevelt. As you know, these amendments have my wholehearted support, and I propose to work for their adoption.

May I suggest as a most complete answer to the proponents of the Townsend plan that they read the message of the President to the Congress under date of January 16, 1939, containing his views on the liberalization of the existing Social Security Act.

Mr. Speaker, the following is the message of the President, and I, for one, intend to accept his recommendations. I shall not desert the President to enlist with Dr. Townsend.

To the Congress of the United States:

Four years ago I sent to the newly convened Congress a message transmitting a report of the Committee on Economic Security. In that message I urged that Congress consider the enactment into law of the program of protection for our people outlined in that report. The Congress acted upon that recommendation and today we have the Social Security Act in effect throughout the length and breadth of our country.

This act has amply proved its essential soundness.

More than two and one-half million needy old people, needy blind persons, and dependent children are now receiving systematic and humane assistance to the extent of a half billion dollars a year.

Three and a half million unemployed persons have received out-of-work benefits amounting to \$400,000,000 during the

A Federal old-age insurance system, the largest undertaking of its kind ever attempted, has been organized and under it there have been set up individual accounts covering 42,- 500,000 persons who may be likened to the policyholders of a private insurance company.

In addition there are the splendid accomplishments in the field of public health, vocational rehabilitation, maternal and child welfare, and related services, made possible by the Social Security Act.

We have a right to be proud of the progress we have made in the short time the Social Security Act has been in operation. However, we would be derelict in our responsibility if we did not take advantage of the experience we have accumulated to strengthen and extend its provisions. I submit for your consideration a report of the Social Security Board, which, at my direction and in accordance with the congressional mandate contained in the Social Security Act itself, has been assembling data, and developing ways and means of improving the operation of the Social Security Act.

I particularly call attention to the desirability of affording greater old-age security. The report suggests a twofold approach which I believe to be sound. One way is to begin the payment of monthly old-age insurance benefits sooner, and to liberalize the benefits to be paid in the early years. The other way is to make proportionately larger Federal grants-in-aid to those States with limited fiscal capacities, so that they may provide more adequate assistance to those in need. This result can and should be accomplished in such a way as to involve little, if any, additional cost to the Federal Government. Such a method embodies a principle that may well be applied to other Federal grants-in-aid.

I also call attention to the desirability of affording greater protection to dependent children. Here again the report suggests a twofold approach which I believe to be sound. One way is to extend our Federal old-age insurance system so as to provide regular monthly benefits not only to the aged but also to the dependent children of workers dying before reaching retirement age. The other way is to liberalize the Federal grants-in-aid to the States to help finance assistance to dependent children.

As regards both the Federal old-age insurance system and the Federal-State unemployment compensation system, equity and sound social policy require that the benefits be extended to all of our people as rapidly as administrative experience and public understanding permit. Such an extension is particularly important in the case of the Federal old-age insurance system. Even without amendment, the old-age insurance benefits payable in the early years are very liberal in comparison with the taxes paid. This is necessarily so in order that these benefits may accomplish their purpose of forestalling dependency. But this very fact creates the necessity of extending this protection to as large a proportion as possible of our employed population in order to avoid unfair discrimination.

Much of the success of the Social Security Act is due to the fact that all of the programs contained in this act-with one necessary exception-are administered by the States themselves, but coordinated and partially financed by the Federal Government. This method has given us flexible administration and has enabled us to put these programs into operation quickly. However, in some States incompetent and politically dominated personnel has been distinctly harmful. Therefore, I recommend that the States be required, as a condition for the receipt of Federal funds, to establish and maintain a merit system for the selection of personnel. Such a requirement would represent a protection to the States and citizens thereof rather than an encroachment by the Federal Government, since it would automatically promote efficiency and eliminate the necessity for minute Federal scrutiny of State operations.

I cannot too strongly urge the wisdom of building upon the principles contained in the present Social Security Act in affording greater protection to our people, rather than turning to untried and demonstrably unsound panaceas. As I stated in my message 4 years ago:

It is overwhelmingly important to avoid any danger of permanently discrediting the sound and necessary policy of Federal legislation for economic security by attempting to apply it on too am-

bitious a scale before actual experience has provided guidance for the permanently safe direction of such efforts. The place of such a fundamental in our future civilization is too precious to be jeopardized now by extravagant action.

We shall make the most orderly progress if we look upon social security as a development toward a goal rather than a finished product. We shall make the most lasting progress if we recognize that social security can furnish only a base upon which each one of our citizens may build his individual security through his own individual efforts.

Franklin D. Rooseyelt.

Mr. COX. Mr. Speaker, I yield 2 minutes to the gentleman from Washington [Mr. SMITH].

Mr. SMITH of Washington. Mr. Speaker, I want to refer briefly to the colloquy which I had a moment ago with the distinguished gentleman from Michigan [Mr. Mapes] in regard to the alleged \$200 per month provided in the pending legislation. I call attention to the fact that commencing on April 1, 1935, every Townsend bill that has been introduced in the House has provided for a ceiling or maximum amount "not to exceed \$200 per month." I defy the gentleman from Michigan or anybody else to point to any bill since April 1, 1935, which has provided for the express, flat payment of \$200 per month, which has always been and still remains the ultimate objective. Each and every one of the bills, including the pending bill, H. R. 6466, introduced by the gentleman from Florida [Mr. HENDRICKS], at the request of Dr. Townsend, provides for a tax on manufacturing, production, wholesaling, also retailing, as a tax formula, and further provides that the revenue yielded shall be prorated and the amount yielded shall be paid to the recipients of the pension. It is about time therefore that we cease talking all this bugaboo of an immediate payment of \$200 per month, which is not involved in this legislation at all. The estimated payment based on the present business turn-over of the country is at the rate of from \$50 to \$75 per month, which Dr. Townsend and those of us who are supporting this legislation feel confident will rapidly increase commensurate with the increase in the national income which everybody admits is far short of what it could and should be. As the national income increases the business turn-over and volume of business sales and transactions will also increase and consequently cause an increase in the revenue yielded for tax and pension purposes and increase the sum available to the pensioners. Could anything be clearer? I therefore submit that it is manifestly unfair to argue that \$200 per month is to be paid from the very start, which is not possible upon the present business turn-over and national income, and which the legislation does not call for.

Mr. Speaker, I am supporting this closed rule, something I have never done before, as I favor rules which leave the legislation open to amendment as a matter of the highest principle, because this is the only way we can have a vote on the Townsend plan at the present time.

I have received scores of air-mail letters urging my support of the legislation, and as a part of my remarks I insert a number of telegrams received from Townsend clubs in my district:

ABERDEEN, WASH., May 31, 1939.

Congressman Martin F. Smith,

House of Representatives, Washington, D. C.: We, the members of Townsend Club No. 2, Aberdeen, Wash., urge you to support H. R. 6466 or the Townsend enactment. Respectfully,

TOWNSEND CLUB, No. 2.

VANCOUVER, WASH., May 31, 1939.

Hon. MARTIN F. SMITH,

Member of Congress, Washington, D. C.: Manor Townsend Club expects your best efforts in behalf H. R.

J. I. PARKER, Secretary.

VANCOUVER, WASH., May 30, 1939.

Martin F. Smith,
Congressman, Washington, D. C.: Townsendites and friends in your district expect you to do everything possible toward passage of Townsend bill now on floor of Congress.

TOWNSEND CLUB, No. 2, VANCOUVER, WASH.

KELSO, WASH., May 30, 1939.

MARTIN F. SMITH,

Congressman, Washington, D. C.:

Eight hundred members of Townsend Club No. 1, of Kelso, Wash., petition you to support the Townsend plan bill now before the House of Representatives.

MELVIN HEATON, Precident. Mrs. GRACE GORE, Secretary.

SATSOP, WASH., May 30, 1939.

Representative Martin F. Smith, Washington, D. C. We are anxiously awaiting the vote on the Townsend bill. We are depending on your support in every

SATSOP TOWNSEND CLUB.

MAYTOWN, WASH., May 30, 1939.

Hon. MARTIN F. SMITH,

Representative in Congress, Washington, D. C.
Regards Townsend bill, H. R. 6466. Rochester's 462 members commend you for your work. We urge you to vote for and use your influence to put it over. We are banking on you.

Frank N. Palmer, President.

MORTON, WASH., May 30, 1939.

Congressman Martin F. Smith,

Washington, D. C.:

Regarding House bill No. 6466, the Morton Townsend Club is in favor this bill. We appreciate anything you can do to further this bill.

MORTON TOWNSEND CLUB.

TENINO, WASH., May 30, 1939.

Congressman Martin F. Smith, Washington, D. C .:

Congratulations on the fine stand and continued interest you have taken in the Townsend plan. We are looking for results.

Secretary, Tenino Townsend Club.

OCEAN PARK, WASH., May 29, 1939.

Congressman Martin F. Smith, Washington, D. C.:

The Ocean Park (Wash.) Townsend Club No. 2 humbly asks you to vote "yes" on Townsend-plan bill.

MATT WOLFORD, President. MABEL SMITH, Secretary.

RIDGEFIELD, WASH., May 29, 1939.

MARTIN F. SMITH.

House of Representatives, Washington, D. C.: Townsend Club No. 1 of Ridgsfield depending upon you for support of Townsend bill May 31.

J. W. BORDER, President.

LACENTER, WASH., May 31, 1939.

Representative MARTIN F. SMITH. Washington, D. C .:

Resolution passed at regular meeting Townsend Club 33 members, Fargher Lake, Clark County, requesting your support H. R. 2. L. I. Nichols, President,

Mrs. ALICE PICHROB, Secretary, Yacolt, Wash.

Mr. MAPES. Mr. Speaker, I yield the balance of my time to the gentleman from New York [Mr. Fish].

Mr. FISH. Mr. Speaker, this is the biggest tax bill ever brought into the Congress or any other legislative body in the world, either in war or peace; yet we are asked to consider it under a "gag" rule. The gentleman from Florida [Mr. HENDRICKS], who is sponsoring this measure, introduced on May 10 and sent to the Rules Committee House Resolution 189, asking for an open rule. What has caused him to change? I assume that he received some definite promises that he could get a bill out under a "gag" rule, but in no other way.

Mr. HENDRICKS. Will the gentleman yield?

Mr. FISH. I yield to the gentleman.

Mr. HENDRICKS. I will answer the question promptly. We had amendments we wanted in the bill. We could not get them in H. R. 2; therefore we had to have an open rule to amend the bill in exactly the form we wanted. That is the reason I introduced that resolution.

Mr. FISH. Mr. Speaker, Dr. Townsend in his letter just read, to Chairman Sabath of the Rules Committee, says:

While we all realize this is not a perfect bill

Even in spite of this admission by Dr. Townsend, we are supposed to consider it under a "gag" rule which permits no

amendments to perfect it and to enable us to pass a con-

structive and feasible pension bill.

This "gag" rule forced out of the committee is an abomination of desolation and an evil and outrageous procedure. The Democratic leaders of the House are responsible for bringing up the Townsend pension plan for the aged under this drastic "gag" rule, which, if adopted by the House, permits no consideration of the proposal on its merits.

Apparently the purpose of the rule is to insure the defeat

of the Townsend bill.

The Democratic members of the Rules Committee were ordered by the House leadership to report this "red-hot potato" under a "gag" rule which, by prohibiting any amend-

ments, gives a virtual kiss of death to the proposal.

I have served in the House for almost 20 years, but I have never seen a more brazen attempt to kiss a bill to death by means of a "gag" rule. It amounts to a contemptible political hoax on 8,000,000 American aged who hoped to benefit by its passage.

I am proud to state that neither Mr. Mapes nor myself was a party to trying to bamboozle the Townsendites by voting for this iniquitous "gag" rule. By this unholy device the Townsend bill, without any real hearing before any committee or opportunity to amend and perfect it on the floor, is brought up to be slaughtered and make a Roman holiday for the Democratic leaders.

The New Deal high command, not satisfied with having arrested and caused to be sentenced to prison Dr. Townsend, an honest and upright American citizen, and a sincere champion of old-age pensions, now insists on giving the coup de grace to Dr. Townsend's plan by adding insult to injury.

There has been no study or report made on this bill. The Members are expected to be mere rubber stamps and subservient to the leadership of the House and to the President. We are offered only the right to accept or reject the pending measure, but not to amend it. In my opinion, to prevent the House from amending such far-reaching and important legislation is an act of supreme folly and political chicanery.

If this practice is continued, and the Rules Committee at the lash of the party whip employs this kind of ingenuity to gag Members of the House, they will soon destroy the usefulness of the House of Representatives as a deliberative and representative body. Hitler, Mussolini, and Stalin have all said that self-government has failed in America, and that democracy is on its way out. Why not give the House a chance to demonstrate that it is capable of legislating? Why not restore representative government in the House and to the people who are our constituents? This New Deal "gag" rule is a form of dictatorship foreign to American ideals of government that makes mere puppets out of the Members of the House of Representatives. The other body would not stand for it under any circumstances, and as a member of the Rules Committee I am ashamed and humiliated at such a stultifying procedure. I am opposed to "gag" rules whether under the New Deal or Republican control.

I appeal to all Republicans and fair-minded Democrats to vote down this vicious "gag" rule and let the Members of the House offer amendments to this bill that has never been considered on its merits in any committee of the House. If the House is given an opportunity, we can write and pass a pension bill that will provide real pensions for our aged and destitute instead of deceiving them by fictitious political promises. The "gag" rule insures the defeat of years of effort by a million or more active and sincere supporters of the Townsend plan.

I deplore this humiliating spectacle of forcing such an important bill, without the benefit of a hearing, upon the Congress. It is a reflection on, and a disservice to, our free institutions and representative form of government. It makes our parliamentary system a mockery and a farce and a laughingstock for dictatorial governments. It is undemocratic and un-American practices like this that undermine popular government. We Republicans should not compromise with or be a party to such a vicious rule and abominable procedure. We Members of the House have, regardless of party affiliations, the power and the duty to vote the "gag" rule down and

to serve notice on the Democratic leaders that the House refuses to make a football out of human misery.

I have been in sympathy with and a supporter of old-age pensions for many years, and introduced one of the first old-age pension measures. On May 27, 1928, just 10 years ago, I introduced a resolution in the Congress providing for the appointment by the Speaker of a committee of five Members of the House to study old-age pensions and report back its findings. I said at the time:

The purpose of my resolution is to obtain the facts upon which to consider sound, economical, and constructive legislation in order to provide some form of security for our aged and worthy poor in the evening of their lives. The sound common sense and fairness of the American people will demand the enactment of a modern system of old-age pensions as soon as the actual facts are made public. Old-age pension laws are bound to be adopted throughout the United States in the next 10 years, because they are just, and the main question to be settled will be whether they should be State or Federal enactments or a combination of both.

system of old-age pensions as soon as the actual facts are made public. Old-age pension laws are bound to be adopted throughout the United States in the next 10 years, because they are just, and the main question to be settled will be whether they should be State or Federal enactments or a combination of both. The smug and complacent man of means sometimes fails to appreciate that the wage earner is apt to be thrown out on the industrial scrap heap after he reaches his fiftieth birthday, whereas in business and in the professions or in politics men often do their best work between 50 and 60, where maturity of judgment and ripened experience are a distinct advantage. The time has come for the Federal Government to carefully examine into the feasibility and the desirability of affording financial relief to the aged poor. The United States in the last quarter of a century has become a great industrial nation. It should cease playing the ostrich act and confront or at least attempt to solve the serious problem of old-age dependency.

come for the Federal Government to carefully examine into the feasibility and the desirability of affording financial relief to the aged poor. The United States in the last quarter of a century has become a great industrial nation. It should cease playing the ostrich act and confront or at least attempt to solve the serious problem of old-age dependency.

Our present method of dealing with the aged, such as incarceration in almshouses, is antiquated, inefficient, expensive, and demoralizing. The problem of the aged cannot be ignored or postponed much longer. A constructive modern social policy must be worked out after a careful study of all the facts strictly on the basis of merit for the best interests of the American people.

I want my constituents to know my views on old-age pensions, and just what I advocate. I am in favor of a maximum old-age pension of \$60 a month, to be paid to every American over 60 years of age who is out of work and worth less than \$20,000. The Federal Government to pay \$30 and the States to contribute \$30. The Federal Government is to pay each person who qualifies \$15 a month, regardless of the payment of the State's contribution. If the State pays \$15, then the Federal Government will match it dollar for dollar up to a maximum of \$60 a month.

The advantage of my proposal is that the aged and poor will receive \$15 per month from the Federal Government, regardless of the action of the States. In other words, instead of promises and talk they would be assured of financial benefits every month. I would favor a 1-percent manufacturers sales tax to pay for these old-age pension benefits, and would make them payable this year and not at some indefinite time in the future.

If the previous question is ordered and the "gag" rule prevails, and the motion to recommit is defeated, I hope every Republican will feel free to vote his own views on the final passage of this legislation without criticism from any source. This is not a party issue. This issue of old-age pensions will not be settled until it is settled right for the benefit of all the aged citizens of our country. [Applause.]

Mr. WHITE of Idaho. Mr. Speaker, will the gentleman vield?

Mr. FISH. I yield to the gentleman from Idaho.

Mr. WHITE of Idaho. Is the gentleman in favor of the bill?

Mr. FISH. I am not in favor of it under a "gag" rule, or of any bill under a "gag" rule.

Mr. WHITE of Idaho. Is the gentleman in favor of the principle of this legislation?

Mr. FISH. I am in favor of old-age pension legislation.

Mr. WHITE of Idaho. The gentleman wants a dollarmatching proposition between the States and the Federal Government?

Mr. FISH. I just told the gentleman what I favored in the way of old-age pensions.

Mr. O'TOOLE. Mr. Speaker, will the gentleman yield? Mr. FISH. I yield to the gentleman from New York.

Mr. O'TOOLE. Will the gentleman please inform the House whether or not he is in favor of the Townsend plan?

Mr. FISH. I am not in favor of either the taxing provision or of the \$200 payment in the Townsend plan, but I believe that Congress should provide more substantial oldage pensions immediately by a 1-percent manufacturers' sales tax. I believe it is wrong to bring this bill up under a "gag" rule so that we cannot amend it and do something constructive and beneficial for the aged people in this country instead of sacrificing them on the altar of New Deal politics. [Applause.]

[Here the gavel fell.]

Mr. COX. Mr. Speaker, I am not going to quarrel with my friend the gentleman from New York over the political speech he has just made. The test of his sincerity will come on the vote on the bill. Certainly I would not quarrel with my long-time and devoted friend the gentleman from Michigan [Mr. Mapes], also one of my colleagues on the Committee on Rules. I am not even going to quarrel with him because of his criticism, mild though it may have been, of the Committee on Ways and Means for having reported the Townsend bill without recommendation, and of his own committee, that on Rules, for having reported a rule for its consideration. I would remind the gentleman, however, and the House, that the 10 Republican members of the Committee on Ways and Means-and there are 10 Republican members on that committee—joined with the majority members on the committee in reporting this bill and in reporting it without recom-Those 10 Republican members of that committee mendation. joined with their colleagues in requesting a rule. They requested a closed rule, the rule that is now before the House. The ranking minority member of that committee appeared before the Committee on Rules, together with the chairman of the committee, endorsed every statement that was made by the chairman, and upon his own responsibility as the representative of his committee and of his party asked for the rule now pending.

Mr. Speaker, I have heretofore stated that the Committee on Rules felt some hesitation in reporting a closed rule. The committee is disinclined to ask the House to consider any bill under a closed rule. However, the committee is nothing but the creature of the House. The House is its master, and if the House differs with the committee on the question of judgment as to how this bill should be considered, of course,

the House can vote down the previous question.

There has been some criticism of the Committee on Ways and Means, which has had this bill under consideration for a long while, for having reported the bill without recommendation and for not having accompanied the measure with a somewhat extended report in which was set forth the arguments for and against the proposal, some of the most pertinent parts of the evidence, and the opinion of the committee on its soundness. There are those who feel that the committee owed this to the House. However, the committee is here today, represented by some of its most outstanding members, to perform that duty, and these members will, if the rule is adopted, make the report of the committee during the debate on the bill. This represents their judgment as to how the question should be dealt with, and of it I make

I am sure the Members of the House appreciate and understand that the Committee on Ways and Means has had up the question of the revision of our social-security law for a good long while, and that it is certain that at an early date the committee will report a revised and liberalized social-security bill-one which will probably provide a larger sum for the aged people of this country than can possibly be produced under the revised Townsend bill.

Frankly, Mr. Speaker, speaking for myself, I occupy somewhat the same position as the members of the Committee on Ways and Means. I have never been able to see that the Government could survive under the original Townsend bill. I know the present bill has been greatly modified and made less rigorous in its effect upon the country. However, I have not as yet been able to bring myself to the conclusion that it is sound legislation and would work. I am certain that to make it stand up in the courts that a constitutional

amendment would be necessary. I would not be opposed to submitting such an amendment. Yet, Mr. Speaker, the Committee on Ways and Means felt that since this is a measure that has claimed the attention of people all over this country, and that although it was unable to give the bill committee endorsement there was, because of the widespread interest, justification for the action it took; that is, reporting the bill without recommendation. The committee was unwilling, because of its inability to approve the bill, to deny its advocates a forum in which they might be heard. If the rule is adopted, Members will have opportunity to record their views.

Mr. Speaker, I move the previous question on the resolu-

Mr. PEARSON. Mr. Speaker, I desire to submit a parliamentary inquiry prior to the vote on ordering the previous question.

The SPEAKER. The gentleman will state his parliamentary inquiry.

Mr. PEARSON. I should like to inquire, Mr. Speaker, whether, under the present parliamentary situation, this resolution is open to amendment?

The SPEAKER. It is not.

The question is on ordering the previous question on the resolution.

The question was taken; and on a division (demanded by Mr. Taber) there were—ayes 217, noes 63.

Mr. TABER. Mr. Speaker, I demand the yeas and nays. The yeas and nays were refused.

So the previous question was ordered.

The SPEAKER. The question is on agreeing to the reso-

The question was taken; and on a division (demanded by Mr. Taber) there were—ayes 221, noes 53.

Mr. MARCANTONIO. Mr. Speaker, I demand the yeas and navs.

The yeas and nays were refused. So the resolution was agreed to.

Mr. DOUGHTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 6466) to provide for and promote the general welfare of the United States by supplying to the people a more liberal distribution and increase of purchasing power, retiring certain citizens from gainful employment, improving and stabilizing gainful employment for other citizens, stimulating agricultural and industrial production and general business, and alleviating the hazards and insecurity of old age and unemployment; to provide a method whereby citizens shall contribute to the purchase of and receive a retirement annuity; to provide for the raising of the necessary revenue to operate a continuing plan therefor; to provide for the appropriation and expenditure of such revenue; to provide for the proper administration of this act; to provide penalties for violation of the act; and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 6466, with Mr. Smith of Virginia in the chair.

The Clerk read the title of the bill.

The Clerk read the bill, as follows:

Be it enacted, etc.,

SHORT TITLE

SECTION 1. This act shall be known and may be cited as the General Welfare Act.

DEFINITIONS

SEC. 2. The following words, terms, and phrases when used in this act have the meaning ascribed to them in this section, except where the context clearly indicates a different meaning:

(a) The terms "transaction" or "business transaction" as used in this title shall include all activities (personal, professional, or corporate) engaged in or caused to be engaged in with the object of gain or economic benefit, either direct or indirect.

(b) "Property" means real and/or personal property and includes stocks, bonds, and choses in action, and includes also any right, interest, equity, easement, appurtenance, or privilege and commercial value in such property or related thereto.

(c) The term "person" or "company" shall include every individual, partnership, society, unincorporated association, joint adventure, group, joint-stock company, corporation, trustee, executor, administrator, trust estate, decedent's estate, trust, or other entity, whether doing business for themselves or in a fiduciary case. pacity, and whether the individuals are residents or nonresidents of the United States and whether the corporation or other asso-ciation is created or organized under the laws of the United

ciation is created or organized under the laws of the United States or of another jurisdiction.

(d) "Gainful pursuit" means any occupation, profession, business, calling, or vocation, or any combination thereof, performed for monetary or other commercially valuable consideration, remuneration, or profit whether occasionally or continuously performed, and whether performed for one's self or some other person, the person of company or corporations, except, ordinary household or firm, association, or corporations, except ordinary household or

firm, association, or corporations, except ordinary household or domestic duties.

(e) "Annuity" and/or "annuities" means the various sums and/or amounts of money distributed and paid pro rata and otherwise to the various persons who shall become and be entitled to monthly payments after qualifying under section 5 of this act.

(f) The term "sale" includes the exchange of properties as well

as the sale thereof for money.

(g) "Governmental agency" means a government body or officer, whether Federal, State, District, or local, and/or any public agency or institution and/or public instrumentality through which public

business is transacted.

(h) The "Secretary of the Treasury" or "Secretary" means the Secretary of the Treasury of the United States of America.

(i) "United States," when used in a geographical sense, means

and includes only the States, the Territories of Alaska and Hawaii,

and the District of Columbia.

(i) The term "sales value" shall correspond as nearly as possible (j) The term "sales value" shall correspond as nearly as possible to the gross proceeds of sale of similar products, of like quality and character, by other persons, where no common interest exists between the buyer and seller but the circumstances and conditions and character, by other persons, where no common interest exists between the buyer and seller but the circumstances and conditions are otherwise similar. Where delivery of any products is made to other affiliated companies or persons, or under other circumstances where the relation between the person delivering the products and the receiver of such products is such that the sales value is not indicative of the true sales value of the products delivered, the taxpayer shall pay the tax imposed by this title on the products so delivered, upon the aforementioned basis of sales values. If no such comparable sales exist between nonaffiliated buyers and sellers, the Secretary of the Treasury or his duly appointed deputy shall prescribe equitable and uniform rules for ascertaining such sales value.

(k) The term "gross proceeds of sale" means the sales value, cash or accrued, actually proceeding from the sale of tangible property without any deductions on account of the costs of property sold or expenses of any kind. The words "gross revenue" and "gross proceeds of sales" shall not be construed to include the proceeds of sale of goods, wares, or merchandise returned by customers when the sale price is refunded either in cash or by credit; or the sale price of any article accepted as part payment on any new article sold if the full sale price of any new article is included in the "gross revenue" or "gross proceeds of sales"; and accounts found to be worthless and actually charged off for income-tax purposes may at corresponding periods be deducted from gross proceeds of sales or gross revenue earned after this

and accounts found to be worthless and actually charged off for income-tax purposes may at corresponding periods be deducted from gross proceeds of sales or gross revenues earned after this title becomes effective, but shall be added to gross proceeds of sale or gross revenue when and if afterward collected.

(1) The term "gross revenue" means the gross receipts, cash or accrued, of the taxpayer received as compensation for personal services and the gross receipts of the taxpayer derived from trade, business, commerce, or sales and the sales value proceeding or accruing from the sale of tangible property, or service, or both, and all refrom the sale of tangible property. from the sale of tangible property, or service, or both, and all receipts, actual or accrued, according to the manner in which the books of account of the taxpayer are kept, by reason of the investment of the capital of the business engaged in, including interest, dividends, discount, rentals, royalties, fees, or any other emoluments however designated and without any deductions on account of the cost of property sold, the cost of materials used, labor cost, taxes, royalties, interest or discount paid, or any other expenses whatsoever: Provided, That every taxpayer shall be presumed to be dealing on a cash basis unless he proves to the satisfaction of the Secretary

on a cash basis unless he proves to the satisfaction of the Secretary of the Treasury or his duly appointed agent that he is dealing on an accrual basis and his books are so kept.

Throughout the act the present tense includes the past and future tenses; and the future, the present. The masculine gender includes the feminine and neuter. The singular number includes the plural and the plural the singular. "Shall" means "must" and is mandatory. "May" is permissive.

All terms used in the act shall receive a liberal construction with a view toward effectuating the objects of the act and promoting

view toward effectuating the objects of the act and promoting

SEC. 3. (a) Imposition of taxes; rates: (1) There is hereby levied and shall be assessed and collected privilege taxes against the persons on account of their business and other activities within the United States measured by the application of rates against values, gross proceeds of sales, or transactions measured by gross revenues, as the case may be, as follows:

(b) Tax on producers: Upon every person engaging or continuing mithing the United States in the Decimer of selling any tangents.

within the United States in the business of selling any tangible personal property whatsoever as a producer, there is hereby levied, and shall be assessed and collected, a tax equivalent to one-half of 1 percent of the gross proceeds of sales or gross revenue of such

(c) Tax on manufacturers: (1) Upon every person engaging or continuing within the United States in the business of manufacturing, compounding, canning, preserving, milling, processing, refining, or preparing for sale, profit, or commercial use, either directly or through the activity of others, in whole or in part, any article or articles, substance or substances, commodity or commodities, the amount of such tax to be equal to the value of the articles, substances, or commodities manufactured, compounded, canned, preserved, packed, milled, processed, refined, or prepared, for sale, as shown by the gross proceeds or gross revenue derived from the sale thereof by the manufacturer or person compounding or preparing the same, multiplied by a rate of one-half of 1 percent.

(2) The measure of the tax on manufacturers is the value of the entire product manufactured, compounded, canned, preserved, packed, milled, processed, refined, or prepared, in the United States, for sale, profit, or commercial use, regardless of the place of sale or the fact that deliveries may be made to points outside the

United States.

United States.

(3) If any person liable for the tax on manufacturers shall ship or transport his products, or any part thereof, out of the United States without making sale of such products, the value of the products in the condition or form in which they existed immediately before entering foreign commerce shall be the basis for the assessment of the tax imposed in this section. Such value shall be arrived at by deducting all expenses incurred after shipment into foreign commerce from the ultimate selling price thereof and such tax shall be due and payable as of the date of such entry into foreign commerce, whether said products have been sold or not.

such entry into foreign commerce, whether said products have been sold or not.

(4) In computing the tax levied on manufacturers where the gross proceeds of sales of such manufactured products are taken as the measure of the sales value of such products for the purpose of computing the tax, if such products shall have been sold on a delivered price, the actual transportation charges prepaid by the taxpayer or included in the invoice price on such manufactured products, to the place of delivery shall be deducted from the gross proceeds of sales used in determining the amount of the gross proceeds of sales used in determining the amount of

the tax.

(d) Tax on wholesalers or jobbers: (1) Upon every person engaging or continuing within the United States in the business of selling any tangible property whatsoever, there is likewise hereby levied, and shall be assessed and collected, a tax equivalent to one-half of 1 percent of the gross proceeds of sales or gross revenue of the business; (2) Provided, however, That any person engaging or continuing in business as a retailer and a producer or as a retailer and a manufacturer or as a retailer and wholesaler or jobber shall pay the tax required on the gross proceeds of sales or gross revenue of each such business at the rates specified, when his books are kept so as to show separately the gross proceeds of sales or gross revenue of each business; and when his books are not so kept he shall pay the tax as a retailer.

(e) Tax on other business: Upon every person engaging or continuing within the United States in any business, trade, occupation, or calling not included in the preceding subsections or

pation, or calling not included in the preceding subsections or any other provisions of this act, there is likewise hereby levied and shall be assessed and collected, a tax equal to 2 percent of the sales value, gross proceeds of sales, or gross revenue thereof. This subsection shall also apply to the gross proceeds of sales or gross revenue of persons taxable under other subsections hereof

or gross revenue of persons taxable under other subsections hereon not derived from the exercise of privileges taxable thereunder. (f) Every return of excises, taxes, or duties, together with the payment of excises, taxes, or duties, as required by this act, shall be made to the collector of internal revenue of the United States, or to such other person as may be designated by the Secretary of the Treasury in administrative rules and regulations issued or to such other person as may be designated by the Secretary of the Treasury in administrative rules and regulations issued under this act, for the district from which such return is made, as of the end of each calendar month during which such excises, taxes, or duties become fixed and chargeable. The return is mandatory, must be sworn to, and shall be delivered and the excises, taxes, or duties paid to said collector of internal revenue or other person not later than 10 days after the expiration of the calendar month for which such return is made. The Secretary shall provide the forms for returns herein required.

tary shall provide the forms for returns herein required.

(g) No return need be made and no excise, tax, or duty need be paid if the total amount due for any one calendar month

is less than \$1.
(h) The Secretary of the Treasury shall enforce the payment of the excises, taxes, or duties required by this act to be paid, and shall promptly deposit in the United States Treasury, in the fund hereinafter designated, all moneys received by him through or from the collection of such excises, taxes, or duties.

A SEPARATE FUND

Sec. 4. There is hereby created in the Treasury Department of the United States a fund to be known and administered as the general welfare fund. All revenue derived from the excises, taxes, or duties levied in and under this act shall be deposited in said fund, and shall be disbursed only for the payment of the sums expressly authorized by this act to be paid therefrom, and for

expressly authorized by this act to be paid therefrom, and for no other purpose.

SEC. 5. (a) The term "producer" shall mean and include any person engaged in the business of raising and producing agricultural, animal, or poultry products in their natural state, or in producing natural resource products, or engaged in the business of fishing, who sells agricultural, animal, or poultry products in their natural state, or the natural resource products, or the

fish, for resale or to be incorporated and remain in finished manufactured products, or in the finished work required under a

constuction contract.
(b) "Manufacturer"

(b) "Manufacturer" shall mean and include any person engaging or continuing within the United States in the business of manufacturing, compounding, canning, preserving, packing, milling, processing, refining, or preparing for sale, profit, or commercial use, either directly or through the activity of others, in whole or in part, any article or articles, substance or substances, commedities

modity or commodities.

(c) "Wholesaler" or "jobber" shall apply only to a person doing a regularly organized wholesale or jobbing business known to the trade as such, and only with respect to the following sales:

(1) trade as such, and only with respect to the following sales: (1) Sales to a licensed retail merchant or jobber, for purposes of resale; (2) sales, to a licensed manufacturer, of material or commodities which are to be incorporated by such manufacturer into a finished or salable product (including the container or package in which the product is contained) during the course of its preservation, manufacture, or processing, including preparation for market, and which will remain in such finished or salable product in such form as to be perceptible to the senses, which finished or salable product is to be sold and not otherwise used by such manufacturer; or (3) sales to a licensed contractor of material or ufacturer; or (3) sales, to a licensed contractor, of material or commodities which are to be incorporated by such contractor into the finished work or project required by the contract and which will remain in such finished work or project in such form as to be perceptible to the senses.

SEC. 6. The provisions of this title shall not apply to-

(a) The following persons: (1) National banks; (2) fraternal benefit societies, orders, or associations, operating under the lodge system, or for the exclusive benefit of the members of the fraternity itself, operating under the lodge system, and providing for the payment of death, sick, accident, or other benefits to the members of such societies, orders, or associations, and to their members of such societies, orders, or associations, and to their dependents; (3) corporations, association, or societies organized and operated exclusively for religious, charitable, scientific, or educational purposes; (4) business leagues, chambers of commerce, boards of trade, civic leagues, and other similar organizations operated exclusively for the benefit of the community and for the promotion of social welfare, and from which no profit inures to the benefit of any private stockholder or individual; (5) hospitals, infirmaries, and sanatoria, from which no profit inures to the benefit of any private stockholder or individual; (6) cooperative infirmaries, and sanatoria, from which no profit inures to the benefit of any private stockholder or individual; (6) cooperative associations, insofar as the gross revenue derived from their non-profit activities is concerned; (7) building and loan associations, with respect only to interest received by them from loans to members: Provided, however, That exemptions (2) to (7), both inclusive, shall apply only to the gross proceeds of sales or gross revenue

received from nonprofit activities.

(b) The following gross revenue or gross proceeds of sales: (1) Amounts received under life-insurance policies and contracts paid by reason of death of the insured; (2) amounts received (other than amounts paid by reason of death of the insured) under life insurance, endowment, or annuity contracts, either during the term of at maturity, or upon surrender of the contract; (3) amounts received by any person under any accident-insurance or healthinsurance policy or contract or under workmen's compensation acts or employers' liability acts, as compensation for personal injuries, death, or sickness, including also the amount of any damages or other compensation received, whether as a result of action or by private agreement between the parties on account of such personal injuries, death, or sickness; (4) amounts received by any person of the parties o injuries, death, or sickness; (4) amounts received by any person as compensatory damages for any tort injury to him, or his character or reputation, or received by any person as compensatory damages for any tort injury or to destruction of property, whether as the result of action or by private agreement between the parties; except amounts received by any person as punitive damages for tort injury or breach-of-contract injury; (5) amounts collected as Federal, State, or Territorial taxes upon the sales of gasoline at the time of such sale to the consumer; (6) amounts received by any person as a benefit payment so-called or like payments by virtue of acts passed by the Congress of the United States relating thereto and disjurged to others as such benefit payment; but the Secretary and disbursed to others as such benefit payment; but the Secretary of the Treasury may by regulation require any such deductions to be set forth specifically by the taxpayer in his returns; (7) amounts received as alimony and other similar payments and settlements; (8) amounts collected as Federal taxes when shown as a separate item upon the face of the ticket sold for purposes of amusement.

ONLY UNITED STATES CITIZENS ARE ELIGIBLE; OTHER REQUIREMENTS

SEC. 7. (a) Every person in the United States 60 years of age and over, or who shall attain the age of 60 years after the passage of this act, who has been a full citizen of the United States for at least 5 years, shall be entitled to receive, upon filing application and qualifying as hereinafter provided, as annuity payable monthly during the life of the annuitant, in a sum to be determined as hereinafter provided in this act.

hereinafter provided in this act.

(b) The right of any person to receive an annuity under this act shall date from and begin on the 1st day of the calendar month following the approval by the Secretary of the Treasury of his application therefor, if approved by the 20th of any month (otherwise the 1st day of the following month), when and if such application is supported by his affidavit as to his age and citizenship for 5 years and by proper public or private record proof or a detailed corroborating sworn statement, as to his age

and such citizenship, and has attached to it a photograph of passport size and a fingerprint record of the applicant for identification purposes, but subject to the limitations upon time and manner of payment as hereinafter provided by this act.

cation purposes, but subject to the limitations upon time and manner of payment as hereinafter provided by this act.

(c) The annuitant shall not engage in any gainful pursuit and the annuitant shall covenant and agree, in his sworn application for the annuity, to expend, and shall spend all of each month's annuity during the calendar month for which it is received by the annuitant, or within 5 days thereafter, within the United States or its Territorial possessions, or en route between the States and such Territorial possessions, with preference given, as far as possible, for the purchase of any services (except gambling) rendered, to his best knowledge and belief, by citizens of the United States, and/or a home or an equity in or rental of or a lease of a home or other living quarters, or the support of a dependent spouse, dependent former spouse, or dependent child, or for the payment of any indebtedness lawfully arising for any such purpose, the payment of premiums on a life or endowment insurance policy taken out over a year before the effective date of this act or on a life-insurance policy of not exceeding \$1,000 on his own life taken out after the effective date of this act, or the payment of a bona fide indebtedness incurred before such annuitant received any money under this act.

money under this act.

(d) No annuity shall be paid to any person who is forcibly confined in any penal or other institution and no person shall be entitled to any annuity while so confined, or until a new application is approved for him after his release. Annuity checks issued tion is approved for him after his release. Annuity checks issued to any such person shall be returned uncashed with an explanation to the Secretary of the Treasury at Washington for cancelation, and those in charge of such institutions and the Post Office Department shall cooperate to see that this is done. The Post Office Department shall also cooperate to see that checks issued to deceased annuitants are likewise returned to the Secretary for cancelation, as the death of the annuitant terminates the

annuity.

(e) No assignment of or order on an annuity under this act is valid.

(f) Any annuitant may at any time terminate his right to re-(1) Any annuitant may at any time terminate his right to receive annuities under this act by a sworn notice to this effect filed with the Post Office Department for forwarding to the Secretary of the Treasury. At the time he files same, satisfactory proof must be produced that he is the annuitant in question. Upon receipt of such notice of termination, the Secretary shall eliminate such person as an annuitant in making future distributions. Such termination shall not, however, affect the right of such person to again apply for annuities under this act.

Any annuitant may likewise waive his right to a portion of (g) Any annuitant may likewise waive his right to a portion of the annuity upon filing a like sworn notice and satisfactory proof that he is the annuitant in question, and any applicant for annuities may apply for a lesser amount than the \$200 per month maximum. In such cases the Secretary shall, after the pro rata or full monthly annuity figure is arrived at on the 20th of any month, deduct any such amounts that may have been waived, or not applied for, from the amounts to be sent to such annuitants. Such waiver or failure to apply for the full amount shall not affect the right of any person to file a new application at any time for the full amount to which he would otherwise be entitled,

ADMINISTRATION PROVISIONS

SEC. 8. (a) The Secretary of the Treasury shall have general supervision of the distribution of the annuities under this act and shall cause to be paid by checks mailed out by him from Washington at regular monthly intervals, to each person who lawfully qualifies to receive annuities under this act, such amounts as shall become due the respective annuitants lawfully

amounts as shall become due the respective annultants lawfully qualifying under this act.

(b) Forms for the use of applicants for the annuities provided for in this act shall be made available to such applicants by the Secretary through the Post Office Department within 30 days after secretary through the Post Office Department within 30 days after this act takes effect. All applications for annuities and all returns required by this act from annuitants shall be filed with the local post-office department. Returns must be sworn to by the annuitant, on forms provided by the Secretary, and must be filed within 10 days after the expiration of the calendar month for which he receives his annuity. Postmasters and their assistants are hereby given the power to administer oaths on applications for annuities and for returns from annuitants under this cat. They annuities and/or returns from annuitants under this act. They shall make no charge for verifications on applications for annuities, but shall charge 25 cents for each verification of a return for ties, but shall charge 25 cents for each verification of a return for an annuitant, which 25 cents shall become a part of the revenue of the Post Office Department. The applications and returns shall be checked by the local postmaster with whom they are filed, and then forwarded by him to the Secretary at Washington, unless for any reason he sees fit to turn over a return to the United States attorney in the district for appropriate action. The local postmaster shall be entitled to call upon the office of the United States attorney in his district for legal advice and assistance in handling the registration of applicants and checking the ance in handling the registration of applicants and checking the returns filed.

(c) Any person contemplating the filing of an application for an annuity and/or any annuitant may call upon the office of the United States attorney, in any district in which he may be, for assistance in filling out forms and/or advice as to his rights under this act. Any such person may also petition the United States district court, in any district in which he may be, for a ruling as to

his rights under this act, which petition may be informal but must be in writing and sworn to by the petitioner. It may be filed with the clerk of such court upon the payment of a \$1 filing fee and there shall be no other court costs of any nature in connection with the hearing and determination of such petition. There shall be no the hearing and determination of such petition. There shall be no charge by the clerk of the court for verification of such petition before him. No notary public shall charge more than 25 cents for verification of any petition for filing with a court, under this act, application for an annuity under this act or a return required by this act. A copy of any petition to a court for a ruling on the petitioner's rights under this act must be served on the United States attorney's office, in the district in which it is filed, at least 5 days before the hearing thereon, and the petitioner shall be entitled to be represented by counsel if he so desires or may handle the matter himself. The hearing shall be informal and the strict rules of evidence shall not be rigidly adhered to. There shall be a right of appeal by either party, but appeals shall be handled in the regular formal way and be subject to the usual court costs. The exclusive jurisdiction to hear and determine all issues arising under this act shall be in the Federal courts. this act shall be in the Federal courts.

APPORTIONMENT AND DISTRIBUTION OF FUNDS

SEC. 9. From and out of the proceeds of such excises, taxes, or duties collected and accumulated under the provisions of this act, auties collected and accumulated under the provisions of this act, appropriation is hereby made, and disposition and disbursement shall be made in the following manner and order, to wit:

(a) All proper and necessary expenses of administering this act shall first be paid or provided for, and upon a monthly basis whenever practicable.

(b) All other moves a stable to

ever practicable.

(b) All other money available in any month or period, from or out of revenues received under this act, as hereinafter referred to, shall be distributed and paid monthly, pro rata, except as hereinafter provided, to all qualified annuitants who are of record and whose applications for annuities have been checked and approved by the Secretary of the Treasury at Washington at the end of the twentieth day after the last day of the calendar-month period for which the said revenue collections and/or residue are accumulated for distribution in such amount not exceeding \$200 per month as

which the said revenue collections and/or residue are accumulated for distribution, in such amount not exceeding \$200 per month as may properly be paid from funds accumulated for that period, and in the following manner, to wit:

First. The total amount available for distribution shall be divided by the total number of annuitants entitled to share therein, and, except for cases where deduction is to be made as hereinafter referred to, the result shall be the pro rata annuity amount.

Second. The proper deductions provided for in section 13 of this act as penalties or forfeitures and other deductions provided for

act as penalties or forfeitures and other deductions provided for herein shall then be made from the pro rata so determined. Third. The amount so determined to be due each of the annuities

Third. The amount so determined to be due each of the annuttes shall then be paid in manner and by method as herein provided.

(c) The total amount of the deductions made as provided in section 13 of this act, any amounts collected after the 20th of any month for a previous month, any amounts waived or not applied for as provided in section 5 (i) of the act, and any amounts returned under section 5 (f) thereof shall be carried over, as an undistributed residue, into the next following month and be merged into and become a part of the fund available for that month for distribution to qualified annuitants as provided for in this act.

uted residue, into the next following month and be merged into and become a part of the fund available for that month for distribution to qualified annuitants as provided for in this act.

(d) All funds accumulated under this act for the period extending from the time the excises, taxes, or duties provided for in this act become payable and to the end of the first full calendar month thereafter, and hereby designated as the "first period," shall be promptly disbursed as soon after the 20th day of the fifth full calendar month after this act takes effect as practicable and not later than the last day of said calendar month. Disbursement shall be made to such annuitants as are of record with and whose applications for annuities have been checked and approved by the Secretary of the Treasury at Washington at the end of the 20th day after the last day of such "first period," out of the funds then available for distribution out of collections for the said "first period," as hereinbefore provided in section 7, subdivision (b), of this act. The checks to the annuitants shall indicate that, as to them, this annuity is for the following calendar month.

(e) Thereafter all accumulations for the calendar month next in order are to be disbursed as soon as practicable after the 20th day of the calendar month following which the previous disbursement was made, and not later than the last day of said month, to those annuitants who are of record with and whose applications for annuities have been checked and approved by the Secretary of the Treasury at Washington at the end of the 20th day following the end of the calendar month for which collections are made, out of funds then available for distribution out of collections for such calendar month and accumulations for the previous month. The checks to the annuitants shall indicate that, as to them, the

calendar month and accumulations for the previous month. The checks to the annuitants shall indicate that, as to them, the annuities are for the following calendar month in each case.

(f) Any surplus in any calendar month over and above the amount necessary to take care of the above items shall be used by the Secretary of the Treasury in liquidation of the national debt until same is cleared, after which it shall go into the general fund.

RULES AND REGULATIONS

Sec. 10. All administrative details not specifically otherwise provided for in this act shall be governed by rules and regulations issued and promulgated by the Secretary of the Treasury.

APPROPRIATIONS

Sec. 11. There is hereby authorized to be appropriated, and the Secretary of the Treasury is hereby authorized and directed to pay

from the money or moneys available in said general welfare fund, the money necessary to cover the expenses of administration of this act and the monthly annuities to the qualified annuitants, in the amounts as elsewhere provided in this act, and then to pay any surplus in liquidation of the national debt, and any balance into the general fund, but in any event not to exceed at any time the amount on deposit in said general welfare fund; and there is hereby authorized to be appropriated from the general fund of the United States, out of money not otherwise appropriated, such sum or sums as may be necessary to establish and maintain this act, subject to reimbursement out of the funds collected hereunder, pursuant to the provisions of this act.

ANNUITIES NOT SUBJECT TO GARNISHMENT, ETC.

SEC. 12. Any annuity granted under this act, and the money proceeds thereof due or in the hands of the annuitant, shall be wholly exempt from attachmen and/or any other judicial process. attachment, garnishment, execution, levy,

DISQUALIFICATION

Sec. 13. No annuity shall be paid under this act to any person who is not at the time of payment domiciled within the United States or its Territorial possessions, or en route between the States and such Territorial possessions.

DELAY IN PAYMENT: REMEDY

Sec. 14. If in any case the payment of an annuity to any person is delayed to an extent which causes an accumulation of 2 months or more of annuities, then in that event the expenditures by the annuitant for the amount of any such accumulation shall be made upon the basis of 1 additional month for every month of such accumulation.

CERTAIN OFFENSES A MISDEMEANOR; PENALTY

SEC. 15. It shall be a misdemeanor for any annuitant—
(a) To engage in any way, or upon occasion, in any gainful pursuit, as in this act defined;

(b) To keep or fail to expend, any annuity, or any part thereof, the proceeds of direct or indirect accumulations, or any part thereof of any annuity, within the time required by this act; or to expend, directly or indirectly by resort to any subterfuge whatever, any annuity, or any part thereof, or the proceeds or direct or indirect accumulations, or any part thereof, of any annuity, in any manner except as in this act provided;

(c) To unreasonably and unnecessarily maintain any able-bodied person in idlenses or any person in drunkenness or gambling

person in idleness, or any person in drunkenness or gambling and/or to unreasonably and unnecessarily employ any person or to pay any person any salary or wages or any other form of compensation entirely and clearly in disproportion to the service rendered;

(d) To willfully fail or refuse to pay any just obligation incurred for purchases, leases, rentals, and/or services under this act or to

willfully fail or refuse to pay 10 percent of any month's annuity on just obligations incurred before such annuitant received any money under this act; and

(e) To willfully fail or refuse to obey any rule or regulation issued by the Secretary of the Treasury under this act.

Prosecution for such misdemeanor shall be brought by the Trutted States effective court in the United States effective court in the

United States attorney in the United States district court in the district in which the offense occurred, and upon conviction the annuitant shall forfeit each month for the remainder of his life annuitant shall forfeit each month for the remainder of his life one-fourth of the annuity to which he would otherwise be entitled, but shall suffer no other penalty no matter on how many counts on which he was convicted. Upon a subsequent conviction for such a misdemeanor occurring thereafter he shall forfeit each month an additional one-fourth of the annuity to which he would have been entitled had he never violated the law, for a third conviction another one-fourth, and for a fourth conviction shall forfeit entirely his right to any annuity under the terms of this act.

CERTAIN OFFENSES A FELONY; PENALTY

SEC. 16. It shall be a felony, and punishable as such, for any individual or copartner, or the president, secretary, treasurer, and/or general manager of any firm, association, or corporation required by this act to make any return for the payment of any excise, tax, or duty, and/or to pay same, or for any applicant for an annuity, or for any annuitant, to willfully fail to make any required return, or to make any false statement in any application or return, or to knowingly withhold therefrom any fact material to the proper administration of this act, or to willfully fail to pay any excise, tax, or duty provided for in this act within the time required by this act, with intent to defraud the United States Government, directly or indirectly, by resort to any subterfuge whatsoever, under a penalty, upon conviction, of a fine of not more than \$1,000 or imprisonment for not more than \$2,000 or more than \$20,000, or imprisonment for not less than \$2,000 or more than \$20,000, or imprisonment for not less than 1 year or more than 5 years, or both, for each subsequent conviction.

\$20,000, or imprisonment for not less than 1 year or more than 5 years, or both, for each subsequent conviction.

In addition to and entirely separate and apart from any criminal penalty hereunder, there shall be a civil liability to the United States Government for the amount of any unpaid excise, tax, or duty, plus interest thereon at 7 percent from the due date, and a civil penalty of twice the amount of the excise, tax, or duty for any failure to pay same on the due date, such liability to be enforced by the United States attorney for the district in question, upon the request of the Secretary of the Treasury. The collector of internal revenue in each district, or such other persons as the Secretary may designate to collect the excise, tax, or

duty in such district, is hereby given the right to file a lien upon any real or personal property of any person or legal entity who fails to pay any excise, tax, or duty within the time allowed by this act, for the amount thereof, plus accrued penalties and interest, which lien shall become effective from the date it is filed with the county recorder in the county in which such property is situated and shall be a prior lien to all other liens except encumbrances of record when it is filed. There shall be no charge for filing such lien and it may be enforced by appropriate action in the United States district court for the said district and the said property sold to satisfy the said lien.

CONSTRUCTION OF THIS ACT

SEC. 17. If any provisions of this act, or the application thereof to any person or circumstance, is held invalid, the remainder of the act, or the application of such provision to other persons or circumstances, shall not be affected thereby. If any section, sentence, clause, or part of this act is for any reason held to be unconstitutional, such decision shall not affect, impair, or invalidate the remaining portions of this act, but shall be confined in its operation to the section, sentence, clause, or part thereof directly involved in the controversy in which such judgment have been rendered. The Congress hereby declares that it would have passed this act, and each section, sentence, clause, or part thereof. passed this act, and each section, sentence, clause, or part thereof, irrespective of the fact that one or more sections, sentences, clauses, or parts be declared unconstitutional.

ALL CONFLICTING LAWS REPEALED

SEC. 18. All Federal acts or parts of acts in conflict with any of the terms of this act are hereby expressly repealed to the extent of such conflict, and any person who accepts an annuity under this act thereby forfeits his right to unemployment insurance, where herefit is a profit to the profit has a profit to a profit to the profit to the profit has a profit to the profit to and/or other benefit to which he might be entitled under any other Federal Social Security Act to the extent of the amount he receives under the terms of this act.

SEC. 19. Titles I, II, and VIII of the Social Security Act are

hereby repealed.

EFFECTIVE DATE OF THIS ACT

SEC. 20. Except as otherwise herein specifically provided, this act shall take effect upon its enactment.

Mr. COLE of New York (interrupting the reading of the bill). Mr. Chairman, I ask unanimous consent that the further reading of the bill be dispensed with.

Mr. BOEHNE. I object, Mr. Chairman.

The Clerk resumed the reading of the bill.

Mr. BURDICK (interrupting the reading of the bill). Mr. Chairman, I ask unanimous consent that the further reading of the bill be dispensed with.

Mr. BOEHNE. I object, Mr. Chairman.

The Clerk resumed and concluded the reading of the bill.

Mr. DOUGHTON. Mr. Chairman, I yield 15 minutes to the gentleman from Florida [Mr. HENDRICKS].

Mr. ELLIOTT. Mr. Chairman, I make the point of order there is not a quorum present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and twenty-three Members present, a quorum.

Mr. HENDRICKS. Mr. Chairman, when I ran for Congress the first time I promised my constituents that if I were elected I would exert every effort within my power to bring the Townsend plan to the floor of the House of Representatives and that if I were successful in doing this, I would support and vote for it. I am delighted that when the day is ended I will have kept the faith with them and fulfilled my pledges.

I shall try, in the brief time which I have, to explain this plan as simply as possible. I shall not yield until I have finished my main statement, after which I shall be glad to answer any questions as far as possible.

FIRST. PENSIONS

This bill, contrary to what many think, does not provide for the amount of pensions to be paid to anyone. It simply provides for the levying of a tax, ranging from onehalf of 1 percent on certain transactions up to 2 percent on others, which as far as we are able to estimate, will pay those eligible and who would make application for the pension, between \$50 and \$75 to begin with, but would, if the bill accomplishes what it is designed for, increase the amount materially as time goes on. So much for the pension provision at the present time.

SECOND, TAX FEATURES

There seems to have generated in the Congress and about the country a great deal of opposition to the tax proposed

in this bill. It is claimed by the opponents that the tax would stifle business and one would think at times that no such tax has ever been imposed or proposed, when, in fact, we have a similar tax in a limited way now imposed in the State of Indiana, and I understand it is working successfully. We have a still better example of the tax in Hawaii, and it has been so successful in the island that the Government finds itself in splendid financial condition, and they are contemplating reducing the tax in many instances. Results indicate that business is prospering in Hawaii instead of being stifled.

Now, as to whether this tax is a new proposal, as many seem to think it is, let me say that it is no such thing. find that such a proposal was placed before the Congress 18 years ago. The then Republican President, Warren G. Harding, in an address to a joint session of Congress, urged a prompt and thoroughgoing revision of the revenue lawsand for what purpose? For the purpose of relieving business of burdensome taxes. For the same purpose that the Ways and Means Committee is now holding hearings for a revision. You do not need to take my word for what I am about to say, for the records of the hearings are still available for your examination. The Senate Committee on Finance, on May 9, 1921, began hearings in accordance with President Harding's request. In the record of these hearings you will find that many organizations and individuals appeared and proposed a tax similar in its application to the tax we are proposing in this bill. In the records you will find that the following, not liberal but conservative organizations and individuals, appeared and testified in favor of a turn-over tax ranging from 1 to 3 percent:

The Trades Council of the Manufacturers' Club of Phila-

delphia.

The legislative committee of the National Association of Real Estate Boards.

The tax committee of the National Association of Manufacturers.

The chairman of the taxation committee of the Boston Chamber of Commerce.

The Business Science Club of Philadelphia.

Roger W. Babson, president of the Babson Statistical Organizations.

The National Conference of State Manufacturers Association.

The public committee on taxes of the United States Chamber of Commerce.

There were others. So, my friends, you can see that our proposal is not entirely without example and precedent.

THIRD. RECOVERY FEATURE

Now this plan is not simply a taxation and pension plan. is essentially a national-recovery plan or it is nothing. I shall say to you, as I said to the Ways and Means Committee in testifying on this bill, that if it were merely a pension plan I would not support it, and I say that for this reason. I do not believe that we can afford to tax the American people for even four to six billion dollars which we estimate would be collected and place this in the hands of any small group of people without some definite assurances that it would be placed back into trade channels for the purpose of stimulating recovery and be of benefit to the entire American people.

In order that we may be assured that it will be of benefit to the Nation instead of to one class alone, we have placed in the bill a provision that an applicant for this pension must retire from gainful employment—and must covenant and agree to spend the annuity within the calendar month for which it is

allocated.

The provision for enforced retirement from gainful employment would affect the general public, because the lowest figures on unemployment show 13,000,000 out of work. Figures which I have obtained convince me that there would be about 4,000,000 old people eligible for the pension who would retire from gainful employment, thus giving their jobs to that many of the unemployed. No one can doubt the benefit of such a result. This will still leave about eight or nine million unemployed.

Now, in regard to the enforced spending clause which has been so roundly condemned by the opponents, I should think it would be slightly embarrassing for any Member of this Congress or for anyone who has been a Member of Congress since 1932 to condemn this clause—for as a result of the collective action of the Congress we have been preaching and practicing spending to stimulate recovery, and I do not believe that the country today is taking the position that spending has not had good results. I think the quarrel is that we have not paid our way as we have spent and that we may be running into inflation, bankruptcy, and repudiation of national debts.

This bill proposes to continue spending to bring back prosperity. It proposes to place the money raised from this tax into the hands of about 8,000,000 old people who are now in need, with the understanding that they spend it each month, thereby creating a new purchasing power and placing in circulation a steady flow of money which we believe would stimulate national recovery. It differs from the present plan of spending for recovery in that it would pay its way as it goes.

At the time of our recent severe depression Mr. Marriner S. Eccles, commenting on the situation, stated that the upturn in business which we had had up to that time may be owing to the fact that the soldiers had been spending their over \$2,000,000,000 bonus; and now that that was gone it may be the cause for the recession.

It is our hope that with the spending of this money and the resulting new purchasing power, that with the factory wheels turning, and industry humming that the remaining millions of unemployed can get jobs and the Government be relieved of this problem.

I hope we can all remember the simple provisions of this bill. It simply provides for the levying of a tax on transactions ranging from one-half of 1 percent to 2 percent, the proceeds of which shall be divided pro rata among those in the country above the age of 60, providing they retire from gainful employment and agree to spend the money.

In conclusion let me say that any Member may question my judgment, but I hope they will not question my sincerity. Recently a friend of mine said that since I had been in Congress he had not caught me off base but once. Upon inquiry as to the occasion he said, "On the Townsend plan." I appreciate the very friendly manner in which he told me we disagreed on this matter. But I have attended many ball games in my life and I am reminded that in every instance in my observation when a man was caught off base, he was caught attempting to score. I may be off base in this instance, and if so I will be caught in an effort to score. [Applause.]

Now, Mr. Chairman, I am sure there are going to be many serious questions asked about this bill, and those I shall be pleased to answer in the best manner possible, but I have no intention of wasting anybody's time by answering any facetious questions.

Mr. JENKINS of Ohio. I would like to ask the gentleman two questions, neither of which will be facetious.

In the first place, the gentleman stated that he would be against this bill if it were simply a pension bill.

Mr. HENDRICKS. Correct.

Mr. JENKINS of Ohio. I understand the gentleman means by that if this bill were a pension bill on the basis of need; in other words, what we call an ordinary pension bill for old people in need, he would be against it?

Mr. HENDRICKS. I would not be against such a provision, but here is what I mean, if the gentleman will permit me to explain—and I may say that I explained that in my statement, as the gentleman would understand if he had been listening. We cannot afford to tax the American people from four to six billion dollars, which we propose in this bill shall be done, and give that to any one class without providing that they put it back into trade channels in order that it may benefit the entire Nation. I am not against pensions, and do not try to get me to say that.

Mr. JENKINS of Ohio. The gentleman did make the positive statement.

Mr. HENDRICKS. With an explanation.

Mr. JENKINS of Ohio. That he would be against this bill if it was only a pension bill.

Mr. HENDRICKS. Yes.

Mr. JENKINS of Ohio. The gentleman still stands by that?

Mr. HENDRICKS. Yes.

Mr. JENKINS of Ohio. What does the gentleman believe about this, when he says he does not favor taxing the people for a special group? What does he do in this bill in section 4? Does the gentleman think in his own heart that this bill is constitutional?

Mr. HENDRICKS. I did not say I was against taxing for a special group. Sometimes that has to be done. What is

section 4?

Mr. JENKINS of Ohio. Reading section 4, it says:

There is hereby created in the Treasury Department of the United States a fund to be known and administered as a general welfare fund.

Mr. HENDRICKS. I do not think any one knows whether that will be constitutional until it is brought before the Supreme Court.

Mr. JENKINS of Ohio. That section provides what the gentleman is opposed to, namely, that a levy be made for a certain group of people.

Mr. HENDRICKS. Oh, we are on two different points. I simply mean that if we are going to collect that large tax, it must be for the benefit of the entire Nation.

Mr. MARCANTONIO. Mr. Chairman, will the gentleman yield?

Mr. HENDRICKS. Yes.

Mr. MARCANTONIO. I call the gentleman's attention to page 9 and the language contained in section (e)—tax on other business:

Upon every person engaging or continuing within the United States in any business, trade, occupation, or calling not included in the preceding subsections or any other provision of this act—

And so forth. Is not the gentleman of the opinion that that necessarily includes a tax on wages?

Mr. HENDRICKS. This bill does not include a tax on

Mr. MARCANTONIO. Will the gentleman explain to the members of the committee just what the language means, where it refers to—

any business, trade, occupation, or calling-

And so forth?

Mr. HENDRICKS. This bill provides for a tax on professional services. You may call it wages if you want to—in other words, for personal services, which the proponents believe is for such services as attorneys, owners of garages, filling stations, and so forth.

Mr. ALLEN of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. HENDRICKS. Yes.

Mr. ALLEN of Pennsylvania. The gentleman says that it does not levy a tax on wages. I read from the bill:

Upon every person engaging or continuing in the United States in any business, trade, occupation, etc.

Mr. HENDRICKS. That is for personal services, not for

Mr. ALLEN of Pennsylvania. But the gross revenue for these services would necessarily be interpreted as wages.

Mr. HENDRICKS. The gentleman may put that interpretation upon it, but we define personal services in the back of the bill and he will find that we have no intention of taxing wages, but only personal services, professional services, like the services of a lawyer, or like persons running garages and filling stations.

Mr. MARTIN of Colorado. Mr. Chairman, will the gentleman yield?

Mr. HENDRICKS. Yes.

Mr. MARTIN of Colorado. Mr. Chairman, I am afraid the gentleman is in error about this bill not taxing wages. The first Townsend bill exempted all personal services, the second Townsend bill taxed all personal services, the third and fourth Townsend bills exempted all personal services, and this bill

taxes all personal services, and it has always been understood that personal services included labor.

Mr. HENDRICKS. Unless they are defined otherwise. I ask the gentleman to read the definition of personal services in the bill.

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. HENDRICKS. Yes.

Mr. HOFFMAN. Is it not true that Dr. Townsend testified that the success of his plan depended upon a pension of \$200 a month?

Mr. HENDRICKS. The gentleman will have to read the record to see what he said.

Mr. HOFFMAN. But I recall what he said and I am asking the gentleman if that is not true?

Mr. HENDRICKS. The gentleman will have to read the record. I did not hear Dr. Townsend. When I finished my testimony I had to go to Florida.

Mr. HOFFMAN. He did so testify. He testified the reason they were fixing it at \$200 a month was because you had to have \$2,400 or \$2,500 annually to make it work. Now he has abandoned the \$200 a month, has he not?

Mr. HENDRICKS. No, sir.

Mr. HOFFMAN. He said the plan could not be successful unless it was \$200 a month.

Mr. HENDRICKS. I told the gentleman I did not know what Dr. Townsend said. He speaks for himself.

Mr. HOFFMAN. Suppose he did? If he has abandoned the \$200 a month, he cannot possibly have been correct in his first statement.

Mr. HENDRICKS. The gentleman would have to talk to Dr. Townsend about that. I am sure Dr. Townsend will make his position clear. I have never heard him decline to do so yet.

Mr. O'BRIEN. Mr. Chairman, will the gentleman yield?

Mr. HENDRICKS. Yes.

Mr. O'BRIEN. On page 10, section 4, we find the language:

There is hereby created in the Treasury Department of the United States a fund to be known and administered as a generalwelfare fund.

Is that money to be earmarked in the Treasury to be used specifically so that these people will be the recipients of that money, or is the money to go into the Treasury precisely as in the social security?

Mr. HENDRICKS. It is put in there for the purposes set forth in this bill.

Mr. O'BRIEN. To be spent in reckless abandonment, such as the social-security money is spent?

Mr. HENDRICKS. It is to be spent for these old people. The CHAIRMAN. The time of the gentleman from Florida has expired.

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. BUCK. Will the gentleman yield?

Mr. HENDRICKS. I yield.

Mr. BUCK. Mr. Chairman, I think the gentleman desires to be accurate. I will say to the Committee the gentleman has always been fair in appearances before the Ways and Means Committee.

I invite the gentleman's attention to page 5, line 12:

The term "gross revenue" means the gross receipts, cash or accrued, of the taxpayer received as compensation for personal services.

Mr. HENDRICKS. Yes.

Mr. BUCK. I invite the gentleman's attention also to page 2, line 9:

The terms "transaction" or "business transaction" as used in this title shall include all activities (personal, professional, or corporate) engaged in or caused to be engaged in with the object of gain or economic benefit, either direct or indirect,

Reading those two together, it seems to me the gentleman from Florida is mistaken when he says it does not cover wages which are paid for economic benefit and gain.

Mr. HENDRICKS. In the beginning, in drawing these bills, we did cover wages, but we placed the interpretation on "personal services" as the services of men who operate garages, filling stations, a lawyer, or that class of person, and not wages. We have no intention of including wage earners.

Mr. BUCK. But the bill does not say so. I am only reading the bill as it stands and giving it the interpretation it

Mr. HENDRICKS. The gentleman and I disagree on what "personal service" means.

Mr. SMITH of Washington. Is it not a fact that the maximum amount provided in the bill is \$200 a month?

Mr. HENDRICKS. Yes.

[Here the gavel fell.]

Mr. SMITH of Washington. And the gentleman's estimate is that it will yield \$50 or \$75 a month-

Mr. HENDRICKS. I would be glad to answer every question if the opposition will yield me some of their time, but I do not have any further time.

Mr. DOUGHTON. Mr. Chairman, I yield myself 15 minutes.

Mr. Chairman and members of the Committee, the bill under consideration-H. R. 6466-would enact into law the Dr. Townsend scheme for business recovery and pensions to aged people. It is proposed by the Townsendites to consummate their utopian program by the imposition of a new tax.

This bill will not only impose a new tax but the heaviest tax ever levied in the history of this or any other country. The primary purpose of this tax, as expressed by the proponents of the measure, is not to pay pensions to aged people but to promote recovery—business recovery and permanent prosperity. In other words, the first purpose is not to pay pensions to aged people but is to bring about the enrichment of all people.

It will impose not only a tax—the heaviest in all historybut it would impose a tax without any reference or regard whatever to ability to pay, and pretending, I say, to promote business recovery. It is also claimed that this bill, if enacted into law, would abolish poverty, would banish the poorhouse, eliminate courts and jails. In other words, it would in effect bring the millenium. These are some of the modest claims of Dr. Townsend.

Since 1933, when the first petition was filed with Congress to pay pensions of \$200 a month to aged people, the money to be raised by a transaction tax, the Townsend plan has undergone many changes, mutations, and about faces. But there is one respect in which it has undergone no change, and that is constantly dangling in the faces of old people and drumming in their ears \$200 a month pension. That has been indelibly written into the minds of the aged people. Two hundred dollars a month is to be paid, regardless of need, regardless of income, or regardless of wealth. The objective of \$200 a month is to be paid, regardless of need. It is to go to the rich and poor alike. Millionaire and pauper receive the same consideration and the same benefit under the provisions of this bill.

Mr. KITCHENS. Mr. Chairman, will the gentleman yield? Mr. DOUGHTON. I regret that I do not have the time.

The only requirement being that persons must have arrived at the age of 60 years and they must have ceased work.

Funds to finance this program are to be obtained by levying a transaction or gross-income tax of 2 percent upon individuals, corporations, firms, partnerships, and other entities on each and every transaction, with few exceptions, except that producers, manufacturers, and wholesalers only pay one-half of 1 percent. It has been reliably estimated that the 2-percent tax would apply to 70 percent of the transactions in dollars and the one-half of 1 percent would only apply to 30 percent of transactions in dollars.

Moreover, my friends, both taxes would apply on every article over and over again, because it is a multiple tax. multiplies itself with every transaction. This pyramiding adds enormously to the iniquitous effects of the tax. No tax that I can conceive of is so unequal, so unjust, so unsound, so fanatical, so intolerable, and so inequitable. Talk about

making people tax conscious. My friends, this will tax people until they are unconscious. [Laughter.] We must not lose sight of the fact that this multiple sales pay-roll tax is a superimposed tax, imposed upon all other taxes.

We must not lose sight of the fact that this multiple sales and pay-roll tax is to be superimposed upon our present tax structure, or is in addition to all other taxes levied by the Federal Government, States, counties, and local taxing units. At least, it will have the effect of doubling our Federal-tax burden, and if sufficient funds are obtained from the tax, to pay the \$200 per month, and which Dr. Townsend testified was only a "starter." it will more than double the tax collections now made by all government units. Dr. Townsend even says that \$300 per month is the ultimate goal. He also suggests that ultimately the national debt may be paid off out of this tax. It would impose an average tax burden upon each man, woman, and child in the United States, in addition to all other taxes now paid, of \$185 per year, or more than one-third of our present per capita income of \$547.

This tax would give an enormous advantage to large producers who distribute directly to the consumer, as the total tax payable with respect to any commodity varies with the number of hands through which it passes. Also to chain stores who buy direct from the manufacturers, or produce their own goods. Middlemen, in many cases, will be eliminated. Small jobbers and small merchants will be wiped out, thus fostering monopoly, as independent small businesses will be crushed and unable to compete with producers who have sufficient capital to develop retail outlets. Even Dr. Townsend admits this and states that they ought to be wiped out.

As to the actual consequences of such a plan, were it placed into operation, I desire to refer you to the testimony of cutstanding economists, businessmen, farm and labor organizations, and those who are qualified to judge as to the economic effect of the Townsend program. Among the large array of witnesses brought forward by the Townsend organization during the course of the hearings, there did not appear a single economist or recognized tax expert to support their plan. Among those appearing voluntarily before the committee and taking the position that the bill was unsound, impractical, unworkable, and dangerous were the following: Dr. Slichter, of Havard University; Dr. Frank Graham, of Princeton University; Dr. Frederic Dewhurst, of the Twentieth Century Fund; Prof. Paul Haensel, of Northwestern University; Dr. Albert Hart, of Chicago; Prof. Paul Studenski, of New York University; Dr. Harold G. Moulton, president of the Brookings Institution; Dr. Francis Tyson, of the University of Pittsburgh; and John T. Flynn and David Cushman Coyle, both economists and nationally known writers.

Representatives of business included Gerard Swope, president of General Electric; Marion B. Folsom, of Eastman Kodak Co.; also, Matthew Woll, vice president of the American Federation of Labor; made it clear than labor did not favor the Townsend bill or the principle underlying it.

As to its effect upon agriculture, Dr. John Lee Coulter, probably the most outstanding agricultural economist in America today, stated, in eeffct, that the adoption of the Townsend plan would be ruinous to the farmer and destructive to the entire agricultural system.

Mr. MARCANTONIO. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. I regret I have not time.

I regret very much that I have not time to go into a fuller explanation of the bill, but I desire to read some letters I have received from those who oppose it.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield? Mr. DOUGHTON. I regret that I have not time, I decline to yield.

I now read a letter from Mr. William Green, president of the American Federation of Labor:

AMERICAN FEDERATION OF LABOR,

Hon. ROBERT L. DOUGHTON, Washington, D. C., May 25, 1939.

Chairman, Ways and Means Committee,

House Office Building, Washington, D. C.

MY DEAR CONGRESSMAN: In the federation's testimony presented on March 7, 1939, before your committee by Mr. Woll, chairman of our social-security committee, the position of the federation was clearly stated in opposition to the Townsend bills. We believe that a clear distinction must be drawn between the type of benefit which is received as a matter of right by designated beneficiaries for whom insurance programs have been established and that which is granted as relief to persons in need. The rights which have been established under the social-security laws have which have been established under the social-security laws have been primarily for persons whose economic circumstances left them prey to insecurity which the Nation wished to remove, and have been definite in respect to the funds and the amount of benefits. Although it would be a happy situation if no consideration of needs were necessary, so long as we must raise the money for whatever pensions are granted we must consider the cost. It is unreasonable to tax persons ill able to pay and give pensions to many who are already secure enough not to need assistance in their old age. in their old age.

We are convinced that to pretend to offer up to a maximum of \$200 a month to all old persons regardless of need as is done by H. R. 6466 is both dishonest and undesirable. It is dishonest

by H. R. 6466 is both dishonest and undesirable. It is dishonest because no such large sums could be paid to individual annuitants even with the burdensome taxes proposed. The amounts actually paid would be very much under the maximum and would fluctuate from month to month so that no real security would be achieved for those who really need it while others would receive sums entirely unnecessary in their economy.

It is undesirable because it taxes wages and gross incomes with practically no regard for ability to pay and because it offers tremendous incentive to integration of producing and marketing units at the expense of small independent business. The independent retailer, the consumer and the wage earner will be the losers under this program. A gross income tax of a flat percent cannot be other than regressive in effect. It is a thoroughly bad form of taxation. form of taxation.

The incomes of most wage-earning families are too small to justify this 2-percent income tax designed to furnish pensions for old persons regardless of need. The wage earners spend now nearly every cent of their wages. No increase in national purchasing power can be achieved by taking money from them to give to

another part of the population.

The American Federation of Labor believes in enlarged social security for the Nation but achieved by reasonable methods. It condemns H. R. 2 and even more H. R. 6466 as wholly unreasonable devices and as unable to fulfill the implied extravagant promise of large pensions on the basis of which they make their appeal.

Very truly yours, S, WILLIAM GREEN,
President, American Federation of Labor.

Hon. Robert L. Doughton,
House Office Building, Washington, D. C.

That is what Mr. Green has to say.

Mr. MASSINGALE. Mr. Chairman, will the gentleman vield?

Mr. DOUGHTON. No; I am sorry, I have not time.

Mr. Edward A. O'Neal, president of the American Farm Bureau Federation, who is supposed to know the needs of the farmers and the effect this legislation would have on the farmer, has this to say:

> AMERICAN FARM BUREAU FEDERATION, Chicago, Ill., May 29, 1939.

Hon. ROBERT L. DOUGHTON,

House of Representatives, Washington, D. C.
My Dear Congressman Doughton: I enclose herewith a detailed analysis of the Townsend old-age pension plan and a statement regarding the effect that such a pension system would have upon the national economy. I earnestly hope that you will give careful consideration to this statement, which I believe proves conclusively that it would be fiscal suicide for this Nation to undertake to pay old-age pensions on the scale provided for in H. R. 6466.

Sincerely yours.

EDW. A. O'NEAL

He says it will be fiscal suicide for this Nation to undertake to pay old-age pensions on the scale provided for in H. R. 6466. That is what he says.

The bill is analyzed in a detailed statement attached to Mr. O'Neal's letter. This analysis follows:

[Department of research, American Farm Bureau Fee Munsey Building, Washington, D. C., May 29, 1939] Federation.

SPECIAL REPORT IN RE H. R. 6466, THE TOWNSEND OLD-AGE PENSION PLAN

WHAT BILL PROVIDES

H. R. 6466, introduced by Congressman Hendricks, and reported to the House of Representatives by the Ways and Means Committee,

without recommendation, embodies in a somewhat modified form the so-called Townsend old-age pension plan.

It provides for a monthly pension of not to exceed \$200 per month to every person in the United States 60 years of age or over who has been a citizen at least 5 years.

Each pensioner must agree to expend all of each month's annuity within the calendar month it is received or be subject to prosecutive to be received to the subject to prosecutive the subject to prosecutiv

within the calendar month it is received or be subject to prosecution in a Federal court and upon conviction to pay a penalty equal to from one-fourth of the monthly annuity for the first conviction to forfeiture of all the annuity upon the fourth conviction.

Every person 60 years of age or over, regardless of need or financial circumstances, is entitled to the pension by filing application, and all pensioners receive the same amount, whether they are rich or poor, whether able to work or not, whether self-supporting partially dependent, or wholly dependent.

The bill makes it a misdemeanor to save any unneeded portion of the pension or for any pensioner to engage in any gainful pursuit. While the bill authorizes a maximum pension of \$200 to each

while the bill authorizes a maximum pension of \$200 to each person, it seemingly is the intention of the bill to limit payments to the total amount of revenue derived from the taxes imposed by the bill. The monthly revenues from these taxes are to be distributed to pensioners pro rata. However, the language of the bill is not very clear as to whether the Government is free from any liability to make payments up to \$200 per month when revenues are insufficient currently to make this possible.

METHOD OF FINANCING

In order to raise revenues to make these pension payments, the bill levies a tax of 2 percent on every business, trade, occupation, or calling (except those specifically designated at a lower rate) to be levied on the sales value, gross proceeds of sales, or gross revenue thereof. A rate of one-half of 1 percent is levied on all sales of tangible property of any kind made by any person as a producer; the same rate is also applied to all manufacturers, wholesalers, and jobbers. Retailers are taxed at 2 percent. All these taxes are levied upon the gross revenue, gross proceeds of sales or

salers, and jobbers. Retailers are taxed at 2 percent. All these taxes are levied upon the gross revenue, gross proceeds of sales, or gross receipts of the taxpayer.

The term "gross proceeds of sale" is defined as meaning "the sales value, cash or accrued, actually proceeding from the sale of tangible property without any deductions on account of the costs of property sold or expenses of any kind."

The term "gross revenue" is defined as "the gross receipts, cash or accrued, of the taxpayer received as compensation for personal services and the gross receipts of the taxpayer derived from trade, services and the gross receipts of the taxpayer derived from trade, business, commerce, or sales, and the sales value proceeding or accruing from the sale of tangible property, or service, or both, and all receipts, actual or accrued, according to the manner in which the books of account of the taxpayer are kept, by reason which the books of account of the taxpayer are kept, by reason of the investment of the capital of the business engaged in, including interest, dividends, discount, rentals, royalties, fees, or any other emoluments however designated, and without any deductions on account of the cost of property sold, the cost of materials used, labor costs, royalties, interest or discount paid, or any other expenses whatsoever * * *." penses whatsoever

This means that every farmer, every workingman, every businessman, and every person receiving income of any kind from any source would be subject to this gross revenue tax. The only exemptions are the revenues derived from national banks, fraternal organizations, religious and educational organizations, non-profit cooperatives, building and loan associations to a certain extent, life-insurance policies, Federal tax payments, and Federal benefit

PYRAMIDING OF TAX BURDEN

Every time a commodity is sold, every time it is transported commercially, every time a wage or salary payment is made, every time an income payment is received, a tax would be levied on the time an income payment is received, a tax would be levied on the total gross amount of the sale, wage payment, or income payment, with no deductions for losses, expenses, or costs of any kind.

This means that the tax would be pyramided over and over again in the channels of trade and distribution, so that its total

effects would be cumulative and would be manyfold to what ap-

pears on the surface.

pears on the surface.

It would be especially burdensome to agriculture. For example, in the case of wheat, a tax would be levied on the total wages of farm hands employed in producing the wheat; the farmer would pay a tax on the total sales value of the wheat sold to the local elevator; the elevator in turn would pay a tax on the total sales value of the wheat when sold to the terminal agency, and the latter in turn a tax on the total sales value of the wheat when sold to the mill. The mill processing the wheat into flour and byproduct feeds would pay a tax on the total sales value of these products—likewise, the wholesaler, then the local jobber, and then the retailer. Each time the product is sold the tax on the entire amount must be absorbed and the tax is thus compounded again and again. It should also be borne in mind that every time the amount must be absorbed and the tax is thus compounded again. It should also be borne in mind that every time the commodity is handled by labor and wages are paid, a tax is paid on the full amount of such wages; also that every time the commodity is transported by rail, water, or by truck for hire, the tax is paid on the cost of transportation.

All these cumulative taxes are compounded together like compounds interest. To the extent they can be passed on the con-

All these cumulative taxes are compounded together like com-pound interest. To the extent they can be passed on, the con-sumer will pay the bill in his loaf of bread; to the extent they cannot be passed on, such taxes would be passed back to the farmer in lower prices for wheat.

Similarly, in the case of cotton, at every step from the farm to the gin, to the cotton handler, to the cotton mill making cotton goods, to the dress manufacturer, to the wholesaler, to the jobber, to the retailer, and finally to the consumer—all along the line this tax is levied on the full accumulated value plus taxes at each point

in the distribution process.

The same thing would be true of every commodity the farmer sells, the extent of pyramiding depending upon the complexity of the distribution process.

EXTENT OF TAX BURDEN

According to the United States Bureau of the Census, there were

10,110,000 American citizens 60 years of age and over in 1935, or about 8 percent of the total population.

It is estimated that by 1945 the total number of persons 60 years of age and older will be 15,710,000 and 24,980,000 by 1965. (Population estimates of Scripps Foundation for Research in Population

lation Problems.)

To pay a pension of \$200 per month to 10,000,000 persons would require an annual revenue of \$24,000,000,000. In order to pay such a pension to 25,000,000 persons in 1965 would cost \$60,000,000,000 annually. In establishing a pension system, it is necessary to take into account not only present costs but probable costs in the future. The above estimates show that within another 25 years, the number of persons 60 years of age and over will be more than double what it is now; and therefore the cost of such pension plan would be

more than double present costs.

Various estimates indicate that the Hendricks bill as now drawn Various estimates indicate that the Hendricks bill as now drawn would fall far short of yielding sufficient revenue from the taxes levied in the bill to provide pensions of \$200 per month for 10,-000,000 persons. Dr. J. Frederic Dewhurst, economist, with the Twentieth Century Fund, which made a special study of the Townsend plan, estimated that a 2-percent transactions tax as provided in H. R. 2 (a similar bill) would yield \$6,179,000,000. Congressman Sheppard estimated that such a tax as provided in H. R. 11 (another similar bill) would yield \$7,247,000,000 (pp. 85 and 787, hearings, House Ways and Means Committee, Social Security, 1939).

Assuming that pension payments would be limited to revenues

Assuming that pension payments would be limited to revenues derived from such taxes, the Hendricks bill would permit pension payments of \$50 to \$60 per month to 10,000,000 persons, according

to the foregoing estimates.

It should be clearly recognized that once such a system is established there would be constant pressure to raise pensions. The advocates of such legislation have frankly and openly stated in the hearings before the Ways and Means Committee their intention to press for \$200 per month pensions and ultimately \$300 per month. Dr. Townsend frankly said:

"Two hundred dollars a month will not stay very long. We will go to \$300. We must, inevitably" (p. 597, hearings, vol. 1, Social Security, 1939).

Pension payments of \$300 per month or \$3,600 per year would cost \$36,000,000,000 per year for 10,000,000 persons now and by 1965 when nearly 25,000,000 persons will be eligible, it would cost \$90,000,000,000 to pay them pensions of \$3,600 per year.

CONCLUSIONS

Leaving out of consideration the merits or demerits of the pension features of this plan, concerning which the American Farm Bureau Federation has adopted no definite policy as yet, this proposed measure, if enacted into law, would impose upon American agriculture and the Nation a crushing tax burden which would not be a supplying the content of the which would be intolerable and which would ultimately destroy our economic system.

The tax policies adopted by the American Farm Bureau Federation in 1933 and reaffirmed with modification from time to time since, justify the Federation in condemning and opposing vigorously this proposed tax both from the standpoint of the nature of the tax and the alarming extent of the tax burden which it would place upon American agriculture.

it would place upon American agriculture.

Since early in the 1920's the American Farm Bureau has opposed the levying of a Federal sales tax by the Federal Government and has advocated the establishment of an equitable tax structure based upon ability to pay.

This proposed bill levies the most vicious form of a Federal sales tax. It proposes to tax every farmer, every worker, every person receiving income from virtually any source and the tax is levied on the total value of every transaction, every wage or salary payment, and every income payment.

salary payment, and every income payment.

The tax is not based upon ability to pay, but in fact bears heaviest upon those least able to pay. It levies the same rate upon the peor as upon the rich. Even the unemployed must pay the tax upon his food, clothing, and shelter.

Being levied upon every transaction and service again and again as commodities move through the channels of trade it is pyra-

mided to the greatest possible extent like compound interest, by

the time it reaches the consumer.

A disproportionate share of the tax would be borne by farmers A disproportionate share of the tax would be borne by farmers because much of this enormous tax burden on agricultural commodities as they move through distribution channels would be passed back to the farmer, because of the inability to pass on such enormous costs to the consumer.

It levies an additional tax burden of not less than six or seven billion dollars if the taxes are imposed as provided in the Hendricks bill. Such an additional burden of taxes at this time would

be ruinous not only to agriculture but to the Nation as a whole. The total expenditures of the Federal Government for the fiscal year 1940 are estimated by the Budget Bureau at \$8,995,000,000, and total revenues at \$5,669,000,000. The disastrous consequences of imposing another six or seven billion dollars in taxes under such conditions should be obvious. It is generally conceded that the imposition of the moderate social-security taxes in 1937 and 1938 had a depressing effect upon the progress of recovery, yet these amounted to only about one-tenth of the total tax revenue which this bill would collect.

To provide the maximum payments of \$20 per month to every person 60 years of age or over would require at least \$24,000,000,000 at the present time, and approximately \$60,000,000,000 by 1965. To provide the payment of a \$300 pension, or \$3,600, which Dr. Townsend declared as the ultimate objective of this plan, would require \$90,000,000,000 by 1965.

To attempt to raise any such sums by taxation would be fantastic and would destroy any government and any nation. To attempt to raise it through inflationary borrowing would destroy the monetary and economic system of any nation attempting it. The contention of proponents of such legislation that the enforced expenditure of pension payments would cause such universal prosperity as to more than offset the effects of these enormous tax burdens cannot be systemed.

mous tax burdens, cannot be sustained.

The total number of persons eligible for such payments constitute only about 8 percent of the population. This bill transfers by taxation from six billion to a potential goal of \$60,000,000,000 from 92 percent of the population under 60 years to 8

percent above that age.

It proposes to pay these pensions to all persons regardless of need, rich and poor alike, whether self-supporting, partially dependent, or wholly dependent. This means that millions of

pendent, or wholly dependent. This means that millions of people who are unemployed or on relief, eking out a bare existence, will be taxed along with all the rest in order to make payments not only to the needy above 60 years of age, but to the wealthy. The millionaire and the pauper share alike in this fantastic tax orgy.

A pension of \$200 per month, or \$2,400 per year, means an income of \$400 per month, or \$4,800 per year for a married couple 60 years of age. According to a study by the Brookings Institution, 6,000,000 families (2 or more persons) in the United States, had incomes less than \$1,000; 12,000,000 families, or 42 percent of all families in the United States, had incomes less than \$1,500; nearly 20,000,000 families, or 71 percent, had incomes less than \$2,500; and over 2,000,000 families, or 92 percent of all families, had incomes of \$5,000 or less. had incomes of \$5,000 or less.

had incomes of \$5,000 or less.

Thus the proposed pension of \$2,400 per year per person is nearly as much or more than the total income of 71 percent of all the families in the United States; and the proposed pension of \$4,800 for a family of 2 persons is nearly as much or more than the total income of 92 percent of all families in the United States. Even the payments of \$50 per month per person, the minimum under the Hendricks bill, would provide a family of two with \$1,200 per year, which is nearly as much or more than 42 percent of the families in the United States enjoyed. (Income data from America's Capacity to Consume, Brookings Institution, data from America's Capacity to Consume, Brookings Institution,

1934, p. 55.)
So far as farmers are concerned, the situation is far worse, so far as farmers are concerned, the situation is far worse, when the proposed pension of \$2,400 per person per year is compared with a per capita farm income which averaged only \$342.15 in 1929 for the entire United States (farm cash-income data supplied by A. A. A., U. S. Department of Agriculture). On a family basis, the proposed pension of \$4,800 for a family of two may be compared with the incomes of farm families; wherein, according to the Brookings study, 25 percent of all farm families received less than \$500, 54 percent received less than \$1,000, 89 percent received less than \$2,500, and 98 percent received less than

Transferring wealth from 92,000,000 consumers to 8,000,000 consumers would decrease rather than increase the national purchas-

Such a transfer of wealth would disrupt our whole economic system. It would work particular hardship upon agriculture. The old-age pensioners being required to expend the total pensions currently each month, would necessarily expend most of the increased income for nonagricultural commodities, as they would increased income for nonagricultural commodities, as they would not be able to increase very much the total consumption of food products. After all, a human being can only eat about a certain quantity no matter how much income he has. The increased consumption of cotton and wool for clothing would be limited because the group eligible for pensions amounts to only about 8 percent of the consuming public.

Because of the enormous taxes to be paid, the purchasing power of the 92 percent of consumers would be reduced. While the expenditures of the 8 percent of consumers would be large and would therefore stimulate demand for commodities bought and to that extent influence advenges in prices and create employment.

to that extent influence advances in prices and create employment.

Furthermore, the greater demand created for nonfarm goods than for farm goods probably would result in raising the prices of industrial goods more than the prices of farm commodities, with the result that the existing wide disparity between farm prices and nonfarm prices would be widened. This would mean further loss of purchasing power for farmers. This would be tempered to the extent that the increased purchases of 8 percent of the consumers resulted in increasing farm prices.

of the consumers resulted in increasing farm prices.

In short, this proposal would launch the Federal Government upon a course which imposes upon the masses of people, one of

the most inequitable forms of taxation, which requires immediately as a very minimum an amount of money which would ruinous in its consequences both to agriculture and to the Nation as a whole under present circumstances, which proposes ultimate burdens to be imposed upon the people that are utterly fantastic but which if really applied would wreck our economic system and perhaps destroy our Nation, and which imposes these heavy burdens unnecessarily upon millions of people unable to bear them, in order to pay excessive and unnecessary benefits to many people who do not need such amounts. It is unnecessary to impose these heavy burdens upon all in order to provide reason-able pensions for those who really need them. Respectfully submitted.

W. R. Ogg, Director of Research.

I call particular attention to the pyramiding of the tax burden mentioned in the analysis:

Every time a commodity is sold, every time it is transported commercially, every time a wage or salary payment is made, every time an income payment is received, a tax would be levied on the total gross amount of the sale, wage payment, or income payment, with no deductions for losses, expenses, or costs of any kind.

That is one of the iniquities of this legislation. must pay a tax on his losses just the same as on his gains. On a transaction he lost \$1,000 he would be taxed to the same extent and in the same way as though he had gained \$1,000. Everyone knows that is an abominable, iniquitous. and unreasonable type of tax.

I have a letter here from Mr. Fred Brenckman, Washington representative of the National Grange. It reads as follows:

THE NATIONAL GRANGE, Washington, D. C., May 29, 1939.

Hon. Robert L. Doughton,

House Office Building, Washington, D. C.

DEAR MR. DOUGHTON: In response to your request for information regarding the attitude of the National Grange with reference to H. R. 6466, embodying what is commonly known as the Town-send plan, we wish to report that at one of our recent annual sessions the Grange adopted the following resolution bearing on this subject:

"Resolved, That the National Grange is opposed to any form of old-age pension which will discourage thrift and saving during the person's productive years, but strongly favors a contributory system of old-age insurance."

of old-age insurance."
In looking over H. R. 6466 we note that while the bill presents In looking over H. R. 6466 we note that while the bill presents some variations from the original plan, the objective is still the same. Dr. Townsend has been quoted in the newspapers as saying that the sum of \$200 a month would be only a starter, and that if the plan were once placed in operation in due time the pension should be raised to \$300 per month. The bill, as drawn, would place a tax of one-half of 1 percent upon the gross proceeds of any sale made by the producers of any product, including the products of agriculture. A like tax is placed upon manufacturers, whole-salers, or jobbers. Those engaged in any other business, trade, activity, occupation, or calling would be required to pay a tax of 2 percent upon their gross receipts. percent upon their gross receipts.

2 percent upon their gross receipts.

The revenues derived from these taxes would be placed in a separate fund, to be paid out on a monthly basis to pensioners or annuitants of both sexes over the age of 60 years, after deducting the expenses of administering the system.

It would, of course, be impossible to analyze this bill in all its ramifications in the space ordinarily devoted to a letter.

No one could furnish even an approximate estimate as to the revenues that would be derived by the imposition of the taxes imposed by the bill. However, keeping in mind the fact that the supporters of the Townsend plan aim to provide a pension of at least \$200 a month for all citizens of the United States who are over 60 years of age and who are not habitual criminals, let us assume that 10,000,000 people will be eligible under the plan. This would call for taxes aggregating \$24,000,000,000 a year.

This sum is equal to more than one-third of the national income during 1938. Last year our total tax bill—National, State, and lo-

This sum is equal to more than one-third of the national income during 1938. Last year our total tax bill—National, State, and local—amounted to \$13,214,000,000. Last year the total taxes collected by all units of Government were equal to 23.6 percent of the national income. If the money we borrowed and spent were added to the taxes collected, it would amount to nearly one-third of the national income. How the people could be expected to pay the additional taxes called for by the Townsend plan is not clear to use

An actuary located at Minneapolis has made some careful cal-culations based on the mortality tables of the old-line insurance companies, and according to his findings if the Townsend plan, as it has been presented to the people all over the United States, were placed in operation, it would be equivalent to saddling the Federal Government with a debt or a liability of \$251,000,000,000. This calculation is based on what it would cost the Government to pay \$200 a month to all persons now living who are 60 years of age or older.

According to the National Industrial Conference Board, the total national wealth declined to \$247,000,000,000 during the depth of the depression. We have not seen any recent estimate in this connection.

Every man who has social brains and the heart to feel for the wants of the old, the infirm, and the distressed is naturally willing that everything possible should be done to help these members of the human family. However, there is one point that must be kept firmly in mind. It is this: There can be no such thing as personal or individual security that is not based on national security. Any plan that would wreck the United States Government would surely leave each one of us stranded individually. That the Townsend plan would wreck the Government, if placed in operation, cannot be denied by anyone who will think the matter through and who is willing to look facts in the face. Among other things, it violates that sound principle of legislation which should always be kept in mind, namely, the greatest good

Among other things, it violates that sound principle of legislation which should always be kept in mind, namely, the greatest good for the greatest number. Placing our population at 130,000,000, it would tax 120,000,000 people to the point of extinction to give a joy ride to the other 10,000,000 people over 60 years of age.

According to census figures, the average farm owner of the United States is about 50 years of age. It may be assumed that his wife has lived about as long. Why should the farmer and his family, who toil from dawn until dusk, be asked to pay a part of the proceeds of every sale they make to help maintain in idleness or even luxury those who have attained the age of 60 or more? The same question may be asked with reference to those who are engaged in any other industry, vocation, or business.

There is only one basis upon which any government can endure, and that is that the people must support the government to support the people, could not fail to result in disaster.

Yours sincerely,

Yours sincerely.

THE NATIONAL GRANGE, By Fred Brenchman, Washington Representative.

You have heard what he says: That the Townsend plan would wreck the Government if placed in operation; that it would tax 120,000,000 people to the point of extinction to give a joy ride to the other 10,000,000 people over 60 years of age.

O Mr. Chairman, this bill if put into operation would break the legs of industry; it would break the back of agriculture, and it would break the neck of labor. That would be the effect of this unsound, impossible, unworkable, chimerical scheme.

I quote the following letter from the Railway Labor Executives' Association:

RAILWAY LABOR EXECUTIVES' ASSOCIATION, Washington, D. C., May 29, 1939.

Washington, D. C., May 29, 1939.

Hon. Robert L. Doughton,
Chairman, Ways and Means Committee,
House Office Building, Washington, D. C.

Dear Sir. I am directing your attention to bill H. R. 6466 and at the outset state definitely that the Railway Labor Executives' Association, composed of the members as indicated on the letterhead, are definitely opposed to this bill.

The language of the bill does not exempt the railroads nor the employees employed by the railroads from the taxation specified in the bill, although both the employees of the railroads and the railroads are paying a definite tax for old-age retirement and annuities.

annuities. annuities.

Under the term "exemptions," section 6, irrespective of exclusion of associations or organizations operating under the lodge system, it would still require the members of such associations or organizations to pay a tax in addition to the tax already provided for under the railroad retirement tax bill, Public, No. 174, Seventy-fifth Congress, without receiving for such taxation a proper remuneration for taxes paid.

We understand that this bill is to be considered on Wednesday, May 31, and is not subject to amendments. We therefore pray

May 31, and is not subject to amendments. We therefore pray that this bill, H. R. 6466, will be defeated since it is discriminatory in a far-reaching way with respect to the railroads and approximately 1,000,000 railroad employees.

Yours very truly,

J. G. LUHRSEN, Executive Secretary.

I received the following letter from the executive secretary of the American Association for Social Security:

AMERICAN ASSOCIATION FOR SOCIAL SECURITY, INC., New York City, May 26, 1939.

Hon. R. L. Doughton,
Chairman, Committee on Ways and Means,
House Office Building, Washington, D. C.
MY DEAR REPRESENTATIVE DOUGHTON: Thank you ever so much for your kind letter of the 25th enclosing a copy of H. R. 6466,

representing the latest edition of the Townsend plan.

I cannot see that the revised bill changes the basic fallacies of the Townsend program. It merely reduces the sales tax for certain groups from 2 to one-half of 1 percent while it maintains the 2-percent tax on retail trade, wages, etc. The main defects of the Townsend program lie in the fact that—

(1) It seeks to accomplish a universal papages through a most

(1) It seeks to accomplish a universal panacea through a most regressive tax program.

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(2) It attempts to set up the aged as a separate group to whom money will be given not in accordance with their needs but as agents to bring in utopia for the rest of the country.

(3) Instead of giving assured protection to the aged in need, all aged will have to depend entirely on the money available with merely the hope that they can get as much as \$200. This is especially serious since the Hendricks bill abolishes the present social-security provisions which are certain and definite and substitutes for them the most uncertain and indefinite program so that even the needy may not get sufficient protection.

that even the needy may not get sufficient protection.

(4) It attempts to foist upon the country a financial obligation which the Nation may not only be unable to carry but which may

destroy our entire economy.

In view of the above, I do not see that the revised bill changes the picture and I still stand by the statements I made before your committee.

I expect to be in Washington next week and, if at all possible, would appreciate your giving me a few minutes of your time on Thursday morning to discuss with you some of the committee's recommendations regarding unemployment insurance.

Thanking you again for writing me, I am

Very sincerely yours,

A FROMEN From the Secretary

A. EPSTEIN, Executive Secretary.

I received the following letter and memorandum from Mr. Merryle Stanley Rukeyser, of New York, economic commentator for International News Service:

> MERRYLE STANLEY RUKEYSER, New York, N. Y., May 29, 1939.

Hon. R. L. DOUGHTON.

Hon. R. L. Doughton,

Chairman, Committee on Ways and Means,

House of Representatives, Washington, D. C.

Dear Mr. Doughton: As requested by you in your letter of May 25, I take pleasure in sending you herewith my views on H. R. 6466, the revised version of the Townsend plan.

As a matter of possible interest in connection with your current hearings, I am also enclosing a copy of a recent series of articles I have written on taxation. In view of the study which I have made of this subject, some of my colleagues suggested that I offer to appear before the House Ways and Means Committee to present my views on Secretary Morgenthau's proposals for tax revision. I could do so late this week.

could do so late this week.

Please let me know whether this is desired.

Cordially yours,

M. S. RUKEYSER.

MEMORANDUM BY MERRYLE STANLEY RUKEYSER, ECONOMIC COMMENTA-TOR FOR INTERNATIONAL NEWS SERVICE, ON H. R. 6466

The latest edition of the Townsend plan, namely, H. R. 6466,

seems to embrace the same old economic fallacies.

Bad legislative proposals are the children of unsound economic theory. The Townsend plan stems from the fallacious economic doctrine that the problem of prosperity is simply one of diffusing purchasing power.

There has been infinite loose thinking on this subject, especially on the part of respectable heterodox theorists.

They go haywire by making the incomplete observation that in times of depression there is less consumption than in times of prosperity. Up to that point, the observation is correct. But it by no means follows that the job of society is merely to create or subsidize additional consumers.

This misconception leads to the fantasies of social credit and the Townsend plan. Theorists of this school in effect advocate dropping dollars indiscriminately out of dirigibles in order to in-

crospoint dolars indiscriminately out of dirigioles in order to increase buying power.

But such theorists are not seeing the economic problem whole. They overlook the basic fact that the exchange value of one man's production gives him the purchasing power to acquire the next fellow's production. Modern business is merely the mechanism by which specialists swap their output for the production of others in order to get the various goods and services needed for the comfort of the femily.

comfort of the family.

But if the state intervenes and arbitrarily gives purchasing power to consumers who do not produce, such consumers will become leaners on the gainfully employed.

Those on a dole or in nonproductive made work are in effect

They take goods and services out of the national heap without renewing it with a quid pro quo in the form of their own pro-

This analysis deals with the slick argument of the Townsend plan advocates that if we gave pensions up to \$200 a month to those 60 or over and forced them to spend the funds within a month, the country would be promoting recovery by increasing purchasing power.

It is analogous to the argument for big foreign loans. It is urged that they provide employment, even though eventually the loans may be repudiated and this would mean giving away valuable

goods to foreigners.

goods to foreigners.

If "purchasing power" theorists went to chief executives of department stores and advocated that they increase their turn-over by giving away merchandise the latter would not be greatly impressed with the "plan."

The new bill is mischievous, especially because it would repeal the provisions of the Social Security Act dealing with old-age assistance and with contributory old-age benefits. It would substitute an unscientific formula for the law which has been on the statute books since 1935 and which will be effectively revised if the sane recommendations of the House Ways and Means Committee are followed.

The Townsend Act would levy a gross income tax of 2 percent on all incomes and would also, in addition to a retail transactions tax of 2 percent, put a levy of one-half of 1 percent on manufactures,

of 2 percent, put a levy of one-half of 1 percent on manufactures, agriculture, mining, and fisheries.

It would pay large benefits to the superannuated wealthy and the needy alike, exhausting younger taxpayers in order to do so. If perchance the maximum pensions should be paid, families with both spouses pensioned would receive four times the income of the average active American wage earner. The scheme would enrich the idle by transferring to them the substance earned by the self-supporting.

Ignoring the fact that existing taxes, though oppressive, are insufficient to meet the cost of government, the Townsend bill would seek to preempt the transactions tax for a new form of spending.

spending

The Townsend plan vaguely purports to offer as a maximum vastly more than the public assistance grants under the Social Security Act, which are available only to those who take a means

These are but samples of the voluminous testimony to this effect.

It is sufficient to say that the plan has been thoroughly condemned by the representatives of labor, business, agriculture, and particularly by those who are recognized as unbiased experts in the field of social security and taxation. Thus we have on one hand, a scheme which may be properly labeled as the climax of economic heresy, and is obviously the result of selfish, unintelligent, and unsound delving into a field foreign to their experience by a group of visionary amateurs, and on the other hand a well-thought-out and feasible system of social security, which our committee will report out within a day or two, which represents the best efforts made through years of study by the leading experts in that field.

The issue is clearly drawn and it is the duty of the Congress to meet it squarely, openly, and fearlessly. The issue -Shall we continue in effect the principles of social security which we have seen tried and tested, or shall we accede and surrender to the demands of crackpots, and accept a plan never before tried by any nation on earth, and one which violates every sound economic principles?

The Townsend scheme, if enacted into law, would, in my judgment, produce universal distress and national disaster, and I trust we will kill it so dead and bury it so deep that its proponents in the future will devote their time and attention to something more constructive and less dangerous.

Lastly, Mr. Chairman, I set forth as part of my remarks a table, prepared by W. L. Price, a member of the staff of the Joint Committee on Internal Revenue Taxation, showing the estimated additional tax burden necessary to pay maximum pensions of \$200 per month to 8,000,000 and 10,000,000 persons, based upon per capita cost computed on population of 130,000,000:

The Townsend plan-Estimated additional tax burden necessary to pay maximum pensions of \$200 per month to 8,000,000 and 10,000,000 persons, based upon per capita cost computed on population of 130,000,000

MAXIMUM PENSION, \$200

Pensioners	Annual cost	Per capita cost
8,000,000	\$19, 200, 000, 000	\$147. 69
10,000,000	24, 000, 000, 000	184. 62

COST OF TOWNSEND PLAN BY STATES [On per capita basis-1936 estimated population 128,884,000]

State	Actual internal	Estimated additional cost, maximum of \$200 per month			
State	tions, 1938	8,000,000 pensioners	10,000,000 pensioners		
Alabama Arizona Arkansas California Colorado	\$16, 929, 203. 24 4, 513, 075. 19 8, 046, 468. 34 315, 570. 028 00 34, 282, 573. 53	\$422, 984, 160 59, 962, 140 298, 776, 870 894, 853, 710 157, 437, 540	\$528, 751, 680 74, 955, 720 373, 486, 260 1, 118, 612, 580 196, 804, 920		

The Townsend plan—Estimated additional tax burden necessary to pay maximum pensions of \$200 per month to 8,000,000 and 10,000,000 persons, based upon per capita cost computed on population of 130,000,000—Continued

State	Actual internal revenue collec- tions, 1938	Estimated additional cost, maximum of \$200 per month	
		8,000,000 pensioners	10,000,000 pensioners
Connecticut	\$96, 310, 529, 35	\$256, 094, 460	\$320, 131, 080
Delaware	80, 717, 110, 47	38, 251, 710	47, 816, 580
District of Columbia	35, 760, 942, 29	91, 420, 110	114, 279, 780
Florida	42, 959, 445, 41	242, 506, 980	303, 146, 040
Georgia	33, 724, 693, 09	451, 931, 400	564, 937, 200
Idaho	4, 362, 441, 74	71, 619, 650	89, 540, 700
Illinois	497, 963, 517, 42	1, 158, 628, 050	1, 448, 343, 900
Indiana	114, 163, 319, 54	510, 859, 710	638, 600, 580
Iowa	24, 593, 358, 38	375, 575, 670	469, 488, 660
Kansas	24, 637, 081, 03	278, 543, 340	348, 193, 320
Kentucky	122, 200, 619, 24	425, 790, 270	532, 259, 460
Louisiana	45, 786, 260, 99	313, 398, 180	391, 763, 640
Maine	15, 075, 260, 28	125, 979, 570	157, 480, 860
Maryland	108, 973, 372, 02	247, 233, 060	309, 053, 880
Massachusetts	186, 277, 559, 11	653, 528, 250	816, 943, 500
Michigan	308, 182, 920, 50	706, 401, 270	883, 037, 460
Minnesota	71, 466, 304, 30	389, 163, 150	486, 473, 700
Mississippi	6, 610, 539, 32	296, 561, 520	370, 716, 960
Missouri	134, 617, 025, 97	584, 704, 710	730, 910, 580
Mortana	6,000,459.32	78, 423, 390	98, 033, 220
Nebraska	20, 991, 112, 10	201, 449, 160	251, 821, 680
Nevada	4, 925, 530, 06	14, 769, 000	18, 462, 000
New Hampshire	9, 196, 853. 32	75, 026, 520	93, 786, 960
New Jersey	210, 509, 618, 66	639, 202, 320	799, 035, 360
New Mexico	2, 958, 951, 78	62, 325, 180	77, 909, 640
New York	1, 244, 298, 641, 03	1, 910, 370, 150	2, 388, 059, 700
North Carolina	327, 018, 171. 48	510, 564, 330	638, 231, 340
North Dakota	1, 579, 263. 21	103, 826, 070	129, 787, 860
Ohio	335, 417, 098, 89	991, 442, 970	1, 239, 354, 060
Oklahoma	62, 661, 773. 46	373, 360, 320	466, 719, 360
Oregon.	14, 939, 960. 63	150, 200, 730	187, 758, 540
Pennsylvania	475, 316, 900. 31	1, 496, 985, 840	1, 871, 308, 320
Rhode Island	32, 478, 532, 75	100, 576, 890	125, 726, 220
South Carolina	12, 101, 084. 27	274, 703, 400	343, 393, 200
South Dakota	1, 970, 673. 23	102, 201, 480	127, 757, 040
Tennessee	32, 142, 317. 67	422, 984, 160	528, 751, 680
Texas	139, 526, 049, 31	903, 419, 730	1, 129, 320, 540
Utah	8, 138, 003. 37	76, 208, 040	95, 263, 920
Vermont	4, 735, 769. 45	56, 122, 200	70, 155, 600
Virginia	202, 403, 845, 49	394, 479, 990	493, 120, 020
Washington	35, 395, 703. 22	251, 811, 450	314, 777, 100
West Virginia	24, 348, 370. 55	270, 272, 700	337, 854, 600
Wisconsin	96, 981, 214. 96	429, 482, 520	536, 874, 960
Wyoming	3, 352, 877. 76	34, 411, 770	43, 016, 460

Estimated additional cost of paying pensions of \$100 per month is one-half of above timates—\$50 per month one-fourth of above estimates.

Mr. BREWSTER. Mr. Chairman, I am obliged to say that on account of the limitations of the gag rule which have been imposed in the discussion of this measure it will not be possible for me to yield.

The gentleman who just preceded me has stated on this floor that this measure comes here under an unprecedented procedure, that never before in his long service has a bill been brought here in the fashion in which this bill is brought to the floor of the House for consideration. That is a sufficient indication of the Nation-wide interest. He said, I believe, that never had he had so universal a call for consideration of a measure. This indicates that the matter transcends the ordinary procedure under which bills are here

I hold in my hand an apparently inspired story attributed to experts on the Social Security Board stating that next week we are to consider a radical revision of the Social Security Act under which we are to take in a billion dollars less and we are to pay out a billion more. At the present time we are running a deficit of approximately \$4,000,000,000 a year. The question is now coming home to the American people: How much longer shall we march down the road to ruin under the leadership of a gentleman who with all his intriguing charm is ultimately going to come to be recorded in history as the Pied Piper of Hyde Park? [Applause.]

The issue is whether we shall pay as we go or continue to borrow as we go until our economy shall entirely collapse.

AMERICA MUST CHOOSE

The old-age program now before the House proposes to tax the American people to pay old-age assistance. It proposes not to pay out one cent that is not first taken in. This principle must be adopted if the Budget is ever to be balanced. Only along this road can the American system of free enterprise be salvaged from the financial chaos that now looms.

This measure repeals the pay-roll tax. This will save workers in the State of Maine \$3,000,000 a year. This measure relieves the State of Maine of an annual expenditure of \$1,500,000, which would be raised to \$3,000,000 if all deserving citizens of Maine were put on an equality.

Today Maine contributes \$3,000,000 a year to the Federal Treasury in the name of social security and gets a million back. The balance of two million is used to finance in part activities in no way related to the purpose for which the tax is paid.

This measure comes nearer than any other that has been seriously considered by this Congress to redeeming the pledge of the Republican platform of 1936 for a pay-as-you-go program of old-age assistance on a Nation-wide basis financed by a direct tax widely distributed. As that platform declared "Everyone will benefit, therefore everyone should share."

Every Republican may vote for this measure as the only way in which he is permitted to register in parliamentary procedure his conviction that old-age assistance must be put on a pay-as-you-go basis if it is not to meet inevitable collapse.

As against that program which is wrecking the finances of the country, we are here considering a measure which proposes to levy a tax and not pay out one cent that is not first taken in. Unfortunately, it is not possible for this great deliberative body to consider the details of this act. We must take it or leave it as it is. Even its chief sponsor has indicated he does not consider it a perfect measure.

We are, however, compelled to record ourselves either for one theory or the other of social security; either for the theory under which we have been functioning for the past 5 years with a constantly mounting deficit, by which payroll taxes are levied on approximately one-third of the productive workers of our Nation, and two-thirds of the proceeds are used for the purposes utterly other than that for which the tax is levied. We shall this year pay in \$750,-000,000 under the pay-roll tax and \$500,000,000 of that sum will be diverted to other purposes than that for which the money is paid in. Yet all this is done in the name of sanity and security.

Let us hark back to 1932 and see what they then told us about the \$3,000,000,000 deficit of the Hoover administration. If that was responsible for misery and unemployment then what of the \$20,000,000,000 deficit since? Yet you ask, How is this bill related to balancing the Budget? The President has told us in connection with the farm appropriation that we should not appropriate that billion dollars until we provided the funds. That principle is sound.

Mr. Chairman, here is the only instance in my experience where pressure groups of any character have come asking not primarily for an appropriation but have asked for the levying of a tax and have not asked one cent that that tax does not first produce. It requires not the wisdom of the ages to know that unless this Government soon adopts that fiscal policy and provides the necessary revenue, then we are pointed to inevitable chaos. Unemployment will much more abound as confidence continues to decline.

We are faced, and I am voting here today on the simple principle that I believe we should place old-age assistance and all the other functions of this Government on a pay-as-yougo basis and this without delay. That is the principle for which I am casting my vote today.

My friends on the other side of the aisle will not permit us to consider amendments of any kind. I should prefer that the constitutional aspects of this problem receive more consideration than they have already had. I stated before the Ways and Means Committee that I welcomed the submission of a constitutional amendment which would clarify beyond any doubt the right of this Congress not only to levy the taxes but to segregate them for specific purposes, as provided in this act. But I call your attention to the fact that the leaders of the Ways and Means Committee proclaimed within 2 weeks, according to authoritative stories, that they thought now after 3 years they have discovered a device by which they might constitutionally protect these

funds against the diversion that has been a disgrace to this administration thus far. We are not yet privileged to see the constitutional device invented by these gentlemen, but if they would permit, that device would be just as much available to carrying out the provisions of this act.

This measure also replaces the pay-roll tax. It substitutes for the pay-roll tax inflicted on one-third of our workers a direct tax widely distributed in accordance with the pledge of the Republican platform of 1936. This measure favors the only concrete proposal by which, under parliamentary procedure, we on this side are permitted to record before the electorate our readiness to support a sound program of oldage essistance, financed on a pay-as-you-go basis.

This measure also provides that the funds or proceeds shall be used to buy American, not Argentine. [Applause.] That, it seems to me, must invite some favorable consideration, at least on this side of the House.

Mr. Chairman, to those who believe that an unbalanced Budget can indefinitely go on, there is nothing I can say. To those of who believe in a balanced Budget only two courses are open. Either we may discontinue old-age assistance or we must levy the taxes necessary to pay the bill. I choose the latter course. I am quite ready to cooperate with all these who believe in a balanced Budget and in continuing old-age assistance in the evolution of a program that will put our national finances in order and equitably distribute the burden of old-age care. This measure represents an honest effort to that end.

Such measures will ultimately be developed and in the not-distant future, and sound finance will be restored to the Treasury of the United States. [Applause.]

EXCERPTS FROM STATEMENT OF REPRESENTATIVE RALPH O. BREWSTER BEFORE COMMITTEE ON WAYS AND MEANS, HOUSE OF REPRESENTATIVES, ON SOCIAL SECURITY, ON FRIDAY, FEBRUARY 10, 1939

Brewster. As I understand, the committee is concerned with the problem of social security in these hearings. And it is that to which I shall address myself.

BALANCING BUDGET

I approach it from the angle of restoring us to a sound financial basis. That is my primary approach—from the standpoint of a balanced Budget—which I know this committee has historically recognized as the cornerstone on which any sound prosperity must be based.

I subscribe unequivocally to a statement which I think is profoundly true, that "too often in recent years liberal governments have been wrecked on the rocks of a locse fiscal policy," and I feel that the members of this committee, more perhaps than any other group in the Congress or in the country, will recognize the imperative necessity of getting us back to a sound finencial basis. financial basis.

There is, incidentally, also in what I shall say an aspect of assisting the States to balance their budgets, although I recognize that that is not here our primary concern. But we do realize that in recent years the Federal Government has increasingly held out the attraction of Federal grants on a matching basis and so does have a considerable measure of responsibility for the region for the proposed structure in which most of our States find them. tragic financial situation in which most of our States find themselves, as well as the Federal Government. And if we can find any measure in our action here which will check that tendency and at the same time assist in some measure the States as well to get back to a sound financial basis, I think we shall recognize we are performing a very real public service.

The program here proposed involves the social use of the taxing power which I think has been recognized almost throughout our history and is associated with the method of old-age assistance, which is one of the titles under the Social Security Act, the amendment of which we are here considering.

I have become more and more persuaded that it may only be along lines such as this that we may get back to, first, a sound financial basis and, second, meet the broadening and humanizing sense of social security which has developed in recent years.

sense of social security which has developed in recent years.

My proposal to the committee in connection with the bills now in hearing is that this may be accomplished by a program of universal old-age assistance on a pay-as-you-go basis, financed by a direct tax, universally distributed. That is the principle which I am here to advocate and which I believe may contribute very materially to the solution of many of our economic ills.

CONSTITUTIONAL QUESTION

First I want to address myself to its constitutional aspects, as that was brought to our attention yesterday in connection with the pending revenue legislation, and has been brought very forcibly home by the decision in the Hoosac Mills case, where the Triple A was found to be unconstitutional because it levied a special tax for a special purpose. Hoosac Mills case, 297 U. S. 1.

I would prefer that this problem were approached from that aspect. It seems to me a sufficiently fundamental change in our

economic and social functioning, to warrant a consideration of that character, and it would certainly clarify beyond any doubt any constitutional questions that may be involved.

It would also serve to lock the door against the danger of other abuses in using the Federal taxing power for a variety of other

I feel that the old-age problem may well be dignified by that constitutional recognition. I realize that it is entirely possible by apparently constitutional means, or at least by means that are not open to constitutional challenge, to accomplish perhaps the results we have in mind exactly, as did this honorable committee in the existing law. The constitutional problem is practically the same.

The committee, in the drafting of the Social Security Act and in its submission to the Congress, have recognized that problem by first providing for the various forms of social aid that are provided in the existing law, and then, in the end, simply levying a tax for general purposes. It seems probable that that may avoid constitutional challenge, not necessarily because the expenditures of the Government may constitutionally be made for the purposes provided in the act, but because no taxpayer may be able to challenge it, since the method by which the tax is levied under the decisions of the Supreme Court cannot be challenged by an individual taxpayer or by any group, unless the taxes are levied and dedicated to a specific purpose that is unconstitutional.

I should consequently prefer to see this problem approached in that way. I believe that the importance of the problem and of the method proposed for its solution warrant the deliberate consideration that is involved in a constitutional amendment. I believe that if two-thirds of the Congress and a necessary plurality of the State should come to recognize this specific problem and its solution, because of its contribution to our economic and social progress, it would mean that the people themselves, as a whole, are ready for the adoption of what in some respects seems a new departure in our economic life. We recognize, however, that the problem is a practical one. The committee, in the drafting of the Social Security Act and

a new departure in our economic life. We recognize, however, that the problem is a practical one.

I think that many Members of Congress yesterday, with all honesty—I know certain members of this committee—defended their action in enacting legislation which was seemingly flatly in contravention of the decisions of the Supreme Court as to taxing State employees, because either they felt that the attitude of the Court may change as its personnel changed, or that it would enable the question to be decided. (The Court has since justified that doubt.) So that I do not feel—and I do not challenge the sincerity of any man who took that position—that we necessarily must confine ourselves to a constitutional amendment. I say simply that I would personally prefer to see a solution along that line.

PRINCIPLE INVOLVED

Now, for the provisions of the legislation, forgetting the constitutional question for a moment. I said that I propose a universal plan of old-age assistance to be distributed to everyone alike passing a certain age. I realize that is challenged on the ground of not incorporating a needs test, such as is contained in existing legislation, and such as has always commended itself to the sense of thrift as a motive for the functioning of our entire economic machine.

The objection which I have to the needs test is, first, that it results in abuses of various kinds, and in tremendous expense in

administration.

INEQUITIES

Under the present law, for instance, the average payment is between \$19 and \$20 per person assisted. But that varies from \$6 or \$6.50 in Mississippi up to \$27 in some States. That is a tremendous spread. It would not seem that that could reflect the needs of the individual concerned—a disproportion of such great

Second, in some States, 500 out of every 1,000 persons above the age of 65 are getting aid; in Oklahoma conspicuously. In other States it is as low as 100 or 150. On the average it is 200 per 1,000 of the eligible population. Such tremendous disparities certainly indicate a great difference in administration. In addition, local abuses are almost inevitable in administration of the needs test. In the first place, we want to be seen a such as the second seed that the second seed the second s

In addition, local abuses are almost inevitable in administra-tion of the needs test. In the first place, you must have a very large group of social-service inquisitors going about to determine the needs of all these people. It is a tremendous job.

If you had it administered by investigators, with all the wisdom of Solomon and all the sincerity of a saint, it would be a tre-mendous problem. And it must be kept constantly up to date as the recipients change and as the conditions of the individuals

change. In addition, if any sectional or partisan or personal considerations enter, immediately the whole thing is thrown out of gear and tremendous social inequalities and political abuses result. We had this situation in my own State of Maine, where under the early administration of this law there were most regrettable abuses, resulting either from personal or partisan approach to the problem.

In my own district there was a great area that was of one political or high grant and it may say that it was not my persuasion. They got no old-age assistance at all. There were 25,000 people in that area and they got 10 old-age pensions, under the administration of this act. Certainly it was associated in no way with their needs, because it was one of the most needy areas of my State, and of my district. But apparently they were in the bag. They did not man-

age to get any aid. The administration then in power did not need to give them old-age assistance in order to secure their political

to give them old-age assistance in order to secure their political support.

There was a city where one of our most distinguished citizens lived, of 20,000 population. They got 40 pensions. There was a little town in my district with 1,200 population which got 42 pensions. Now, there could be no relation between the needs of the old people in the little town of Millbridge in my district and the great city of Lewiston. What was the explanation for that disparity must be given by those responsible, but it illustrates the abuses that almost inevitably result.

It is for these reasons: First, the problem of the tremendous amount of bureaucracy, investigators and continued investigations that have led me to question the wisdom of the needs test; and

that have led me to question the wisdom of the needs test; and

second, the abuses which it seems to me must inevitably result.

Discriminations on the line of race, or color, or creed, or of a variety of other considerations in the administration of any human responsibility also must be considered.

The contrast is a universal system that gives assistance to every-

one over a certain age, so that they merely have to establish that they are American citizens, and show that they were born at a certain date, and they automatically become eligible to participa-

certain date, and they automatically become engine to participation in this fund.

I realize that it was rather shocking to a great section of American public opinion when it was suggested that the needs test might be eliminated. I was one of those who hesitated long over that proposition, but the more I have seen this in operation the more fully I have become persuaded that the alternative provision of a universal old-age plan would be wise.

FORM OF TAX

Second, as to the tax: A direct tax universally distributed. realize that those who have been associated in any measure with proposals for a solution along these lines have been seriously suspected as to their economic if not their political soundness. I want to point out that one of the features of this situation which attracted me, coming from a section of the country hiswhich attracted me, coming from a section of the country his-torically devoted to sound money, was the fact that the advocates of this solution did not propose to devalue the dollar; did not propose to inflate the currency; did not propose to print green-backs or to borrow the funds. And I think that that must be recognized as very different from many proposals which would lead us down the trail to an inflation that would destroy the value, not only of our currency but of our country. not only of our currency but of our country.

They propose to tax everyone in order to help everyone as they

The words of the Republican platform are somewhat pertinent when they used this language in 1936: "All will be benefited and all should contribute," in pledging the Republican Party to the financing of old-age assistance by a—and I quote the words—"direct tax widely distributed." That was the suggestion of the platform.

platform.

Now, as to the character of the tax, a direct tax widely distributed. I am not going to undertake to educate this committee on questions of taxation, because that has been your responsibility throughout your service on this body.

We have tried a variety of ways of raising money in the upper brackets and the lower brackets and have treated it by various kinds of taxes. We have tried soaking the rich until we reached the point of diminishing returns, until now, in the past 2 years, I have heard no one in any responsible position, at least, seriously suggest that we could achieve any substantial revenues except by moving in the direction of a direct tax widely distributed.

SMOOT PROPOSAL OF 1922

I was most interested in the history of approaches to the tax problem in the last 15 years, beginning with the Smoot proposal of 1922 looking in the direction of an excise tax, and culminating in the proposal sponsored by this committee, not quite unanimously because three members signed a minority report but the remaining members of the committee on both sides in 1932 had some very definite things to say about, first, the importance of balancing the Budget and, second, the method by which it might be done.

WAYS AND MEANS COMMITTEE 1932

I read from the report of the committee on the revenue bill of

1932:
"It cannot be doubted, however, that any failure to balance the Budget in 1933 showing as it would a continuing failure in the face of known conditions to meet current expenditures out of current receipts would evidence such a lack of sound business methods in the conduct of our national finances as to cause a loss

of confidence and apprehension as to the future.

"* * In the opinion of your committee the preservation, unimpaired, of the national credit is the most important single issue facing this country today, and it is confidently stated that this is possible only by taking those steps necessary to balance the

Budget for 1933.

Budget for 1933.

"Temporary relief measures, such as the bill creating the Reconstruction Finance Corporation, will be to a large extent ineffective unless steps are taken to balance the Budget and maintain the national credit."

The three members of the committee who signed a minority report I think took no exception to that statement, but proposed an alternative or additional method of balancing the Budget by

placing taxes upon liquor and upon beer.

For the purpose of balancing the Budget, after reviewing in this certainly very exhaustive report all the various methods which might be adopted, the committee finally settled upon the so-called manufacturers' excise tax, at the rate of 2½ percent, which was certainly a direct tax widely distributed, estimating that that would yield between five and six hundred million dollars and would make a most important contribution.

The committee reviewed in this report the reasons why they believed that was the most equitable and soundest way, from the economic standpoint, to approach this problem.

It is my judgment that nothing which has developed in the last 6 years has altered the essential soundness of the committee's then unanimous conviction that the balancing of the Budget by what amounted to direct taxes widely distributed was the only basis on which we could get back to a sound position.

You may well ask, What is the relation between that proposal and the other suggestions which have been made? Certainly they possess this in common, that both measures—I will speak more especially of H. R. 2—propose a direct tax widely distributed. That certainly fulfills the definition to that extent.

Now, the great contribution which it seems to me has been made by this agitation has been the awakening of millions of our people who might not otherwise realize the significance of this problem to

by this agitation has been the awakening of millions of our people who might not otherwise realize the significance of this problem to the necessity of additional taxes if our troubles are going to be worked out. That, to me, is the greatest service that is being rendered by those who are earnestly advocating a step along these lines. And to that degree they certainly are associated not only with this committee in all its soundness but with all those conservative influences in this country who want to get us out of the mess that

we are in.

'The manufacturers' excise tax, as I have understood, was adopted because of the simplicity of its collection and operation. It would involve only five to then thousand taxpayers, I believe it was estimated, so that it would be comparatively simple to operate. But that would be apparently about the limit that might be realized after the exemptions which were provided on certain things.

If substantial additional sums are to be realized, the tax must be broadened in its base, and I think the broadening of the tax base is recognized by everyone as an essential at this time.

BALANCING BUDGET

How would this contribute to the balancing of the Budget? That problem is not confined, it seems to me, simply to the tax and to the distribution. We realize that we are now running on a basis of about nine billions expenditures and six billions revenues. And in order to get a realistic approach to this, we certainly have got to cut our expenditures as well as increase our revenues. No one has seriously proposed, I believe, this year—not even the Economy League—that we could at this time cut our expenditures by \$3,000,000,000 to balance the Budget. That would result in a terrific crisis, and that would be necessary to get us down to the six billions. There seems no immediate prospect that our national income will increase to the seventy or eighty billion dollars envisaged by the President in his recent Budget message within the next year or two in order to bring a balance of the Budget along that line by increased governmental revenues.

the next year or two in order to bring a balance of the Budget along that line by increased governmental revenues.

In fact, from what communications I have had with those concerned with the agricultural situation in the Government, I am told that they believe that it is going to grow very much worse in this year; that farm prices are altogether likely to fall instead of to rise, and that will mean that our national income will decline and our national revenues will decline, rather than increase.

So that it seems to me we cannot hope to balance the Budget by cutting our expenditures to fit the cloth. The alternative then is a method by attempting to increase our revenues, to meet the necessities of the country, and it has seemed to me that this proposal possessed not only the economic soundness but also the essential elements to make it possible for the country to adopt.

ELIMINATE RELIEF

In other words, it seemed to me that if we could provide in some degree adequately for the old people of this country, who were more bitterly affected than any other group by the collapse of the banking structure, destroying their savings, and by the crisis of the last 10 years, when they were approaching old age; if we could provide adequately for them so that they could get along, we might rapidly approach the day when our remaining relief problem would be very materially reduced and, per-

haps, disappear.

That would come first—and this approaches the recovery aspects of the program—that would come as a result of businessmen coming to the conviction, if we could show them within the next year or two a balanced Budget, that we were back on a sound basis, that they knew what the tax problem is to be, and they were assured of something definite, and finally that the period of experimentation for a few years at least would have passed, and they were not going to be made further subjects of viviescetion.

I believe with that assurance to the industries of this country there would be a rapid revival of interest which would absorb in some measure the unemployed and reduce the problem in that regard, and would increase the national revenues otherwise.

And I have even gone to the extent of hoping it may seem entirely pertinent to the consideration by this committee in the matter of social security and a balanced Budget of what I would outline as the method by which this could be achieved.

First, levying the direct tax universally distributed to care for the old and segregating it for that purpose, so that the old people are taken apart from the rest of the population as a problem. It has then seemed to me that we might readily in the first year reduce our relief appropriation to \$1,000,000,000, and I was reenforced in this by the recommendation, I believe, of the chairman of the Subcommittee on Appropriations of the House handling that phase of appropriations, Mr. Woodrum, who, after I had made up my own figures, came out with a suggestion of \$1,000,000,000 for relief. In view of his provision of that sum which he apparently considered to be adequate, I think it might well be possible to reduce this relief appropriation even more; that is, perhaps to \$750,000,000. But my budget is on a basis of \$1,000,000,000 as against the \$2,266,000,000 provided in the current Budget that is now before the Congress.

The interest item on the national debt must remain constant at \$1,650,000,000. That, of course, could not be changed at the present time.

present time.

For social security, in place of the \$358,000,000, which includes \$245,000,000 for old age, there would be \$113,000,000 which would provide for the other items than the old-age assistance. Those

would be carried along.

For the veterans, the same sum would be left, \$539,000,000. The veteran would not be touched.

REDUCE COSTS 25 PERCENT

In the remaining expenditures of the Government, for all of In the remaining expenditures of the Government, for all of the bureaus and commissions and so on, I would hope to achieve a reduction there of 25 percent. It has seemed to me that in the mounting and seemingly sometimes a little irresponsible expansion of recent years, the suggestion of a 25-percent reduction in the expenditures for the other departments of the Government would certainly be feasible. If it was feasible in 1932 it certainly is feasible today. And in that way we would save the balance which would enable us to have our remaining Budget, let us call it our normal Budget, at \$6,289,000,000, or a reduction of close to \$3,000,000,000. That would bring our remaining Budget in balance. The remaining revenues of the Budget under existing tax laws would be adequate to care for the necessary expenses of the Government, including relief and the service of the debt and all the bureaus, and we should be able then to find ourselves once all the bureaus, and we should be able then to find ourselves once again upon a sound economic basis.

Those are the very practical approaches which I have attempted to make to this problem of getting us back on a sound track.

Now, two other items and I will be done with this statement.

RECOVERY

As to the recovery aspects of this program, I have pointed out already that in my judgment the great contribution to recovery would be through the restoration of business confidence. That is where I would expect to make great gains.

As to the redistributing of purchasing power, which is discussed, assuming our national income at sixty billions, if we take a certain portion of that national income and redistribute it to other individuals—of course, the seven to ten million old people are getting something today; they are at least surviving, so they are getting some portion of our national income. If you give them an additional portion of that income, you, of course, must take it from some source.

The turn-over of the tax on a monthly basis unquestionably would result in a stimulation of national productivity. I do not contend that it would be 100 percent. That is, if you took one or two billion dollars out each year—and turned it over once a month, you would not gain all of that amount. But you would get some effect.

VELOCITY OF MONEY

However, I rest my position primarily upon the effect on our business and economic structure as a whole. It is to be borne in mind that a great deal of our present trouble is at least associated with or indicated in the very low velocity of our money which rose as high, in 1929, in New York, as 132 times. That is, each dollar turned over that many times. In 1934 it was down to 22½. In the country as a whole it has normally been around 25 to 30. In 1929 it was up to 45. In 1933 it was down to 16 and is nearly back at that point now. I believe last year—if I remember the figures—the velocity of the dollar reached its all-time low as a result of the almost complete paralysis of business confidence. Any time anybody got hold of a dollar, they hung onto it like grim death.

Any time anybody got hold of a dollar, they hung onto it like grim death.

Certainly the assurance given in a program such as this would lead not only the old people to spend what money they had received, or would receive, but would enable the great mass of our people under the provided age to spend much more freely, if they felt assured that their old age was to be provided for.

Business, meanwhile, would go ahead with great confidence if it could feel legislative experiments were at an end and the taxation

program was stabilized.

NATIONAL INCOME

Now, as the capacity to pay. The President has indicated that he hoped to see our national income go up to seventy or eighty billion dollars. Of course, when you estimate national income it is a rather difficult thing to know just how to term it; it is very easy to pyramid the national income by simply including the various stages of the distribution process. That was done in 1933. So that it is very difficult to compare the national income before 1933 with the national income since. The method of estimating

national income was changed in 1933 so that it would indicate a somewhat larger income than had previously prevailed. To what extent that explains the rise in the income is not clear, but it is a

However, taking 1929 as the basis of comparison and the scale then prevailing—we were, I believe at \$80,000,000,000 then—we sank to \$40,000,000,000 and we are now, I believe, back to \$60,000,000 through the altered system of reckoning national income. But it is to be borne in mind that the Brookings Institution which is, I think, the most conservative economic body in the

country and the most thoroughly objective, has estimated that our country and the most thoroughly objective, has estimated that our present economic structure, without any undue strain, without any exhaustion of our resources, could produce not merely the \$80,000,000,000 of 1929, but could produce \$125,000,000,000. And that, it seems to me, is an objective, in view of the Brookings Institution survey, which we may very definitely keep in mind. And that means, as Congressman OLIVER, of Maine, pointed out, that throughout the last 10 years our national production has been not merely twenty to forty billions below 1929, but has been sixty to eighty billions below what the Brookings Institution estimated it might properly be.

it might properly be.

I am sure that every American, proud of our traditions, will want to do everything possible to get to that goal which is to me the goal they have set up. And the question is how that may be achieved.

It is my conviction that by a step along this line we may possibly cut the Gordian knot that seems too long to have impeded the progress of America to the heights that we all desire.

I think that covers my initial statement, Mr. Chairman.

MANUFACTURERS' EXCISE TAX

Mr. Cullen. Mr. Brewster, you spoke about the manufacturers' excise tax?

Mr. BREWSTER. Yes.

Mr. Cullen. Do you remember that Congress considered that in 1932?

Mr. BREWSTER. Yes.

Mr. BREWSTER. Yes.

Mr. CULLEN. On a basic rate of 2¾ percent?

Mr. BREWSTER. I thought it was 2¼ percent.

Mr. CULLEN. I stand corrected; perhaps it was 2¼ percent. The estimates submitted of prospective returns at that time were between six and seven hundred million dollars.

Mr. BREWSTER. I thought it was a little under \$600,000,000;

\$590,000,000, I think it was.

Mr. Cullen. Do you favor the manufacturers' excise tax, Mr. Brewster?

Mr. Brewster. I favor, as I have stated, a direct tax universally distributed. That is certainly one. I do not think it goes far enough. That is, I would go further than the manufacturers' excise tax. I would be willing to take whatever I can get, but I

want to go as far as I can.

Mr. Cullen. You also remember that when it was brought to the floor of the House it was rejected?

Mr. Brewster. Yes. And I remember that the leader in the fight against that was the distinguished mayor of New York who last year vetced a bill in New York City which would have repealed the 3-percent sales tax in New York City. So I think that even Mr. LaGuardia has changed his mind, perhaps repents a little of the action he then took.

Mr. Cullen. Of course, the record shows that there was a divided

Mr. Cullen. Of course, the record shows that there was a divided vote; it was not a partisan vote?

Mr. Brewster. I have pointed out that this committee almost unanimously, with only the exception of Mr. McCormack and two others, united on that proposal.

Mr. McCormack. What proposal?

Mr. Brewster. On the manufacturers' excise tax.

Mr. McCormack. Why, I proposed it.

Mr. Brewster. Then I have been misled in this report.

Mr. McCormack. I proposed it.

Mr. Brewster. Where I am misled is that this minority report is signed by Mr. McCormack and recommends the beer tax. That was what led me astray. I am very glad to accept the gentleman

is signed by Mr. McCormack and recommends the beer tax. That was what led me astray. I am very glad to accept the gentleman as an advocate, if he was.

Mr. Cullen. That is all I wish to ask. Do any other members of the committee desire to ask Mr. Brewster any questions?

Mr. McCormack. Mr. Chairman, I should like to. Mr. Brewster, I think if you will look it up, you will find that your information is incorrect. I know that you would not want to make an incorrect statement. rect statement.

Mr. Brewster. I have your report signed by you right in my

hand here. It says:

"We, the undersigned members of the Committee on Ways and Means, after having heard and considered the evidence and all of the proposals for raising revenue for the Federal Government, favor the imposition of a revenue tax of \$5 per barrel on beer of an alcoholic content of 2.75 percent by weight, or such other method of imposing a tax as will bring into the Treasury revenue conservatively estimated as amounting to \$350,000,000."

Mr. McCormack. I think you will find that was when we had the first beer hearing and the committee did not report it out.

Mr. Brewster. No. This is incidental to the report by the committee on the revenue bill of 1932, under date of March 8. Those were the supplemental views of the gentleman from Massachusetts.

Mr. McCormack. I was urging that in addition to what the committee reported, because later I offered the general manufac-"We, the undersigned members of the Committee on Ways and

turers' excise tax in an effort to help out the then Secretary of the Treasury, Mr. Mills—to help him out of his predicament. We were raising \$1,641,000,000 in 1932 in a tax bill, and the manufacturers' excise tax, with necessities of life exempted, was proposed. I joined in it. In fact, I think I was one of those—if I did not propose it, I was one of those who voted for it in the committee and later, a year or two later, I offered it as an amendment to the tax hill from the floor.

tax bill, from the floor.

Mr. Brewster. I am very glad to know that you were proposing that in addition to the manufacturers' excise tax.

PROTECT VETERANS

Mr. McCormack. Did you intend, if this bill became law, that any payments that the Government is now making to different

groups should be wiped out?

Mr. Brewster. I left in my suggested balanced budget the \$113,-000,000 for the other titles of social security, for the children and for the widows, and so on; and I also left \$1,000,000,000 temporarily for relief purposes which I hope would be quickly

eliminated.

Mr. McCormack. What do you think about the veterans?

Mr. Brewster. I left the veterans exactly as they are.

Mr. McCormack. Do you think the veteran who has been disabled overseas and who is getting anywhere from \$10 or \$11 a month up to over \$100 a r onth according to the degree of service connection of his disability, and according to the degree of his disability, will be satisfied with this bill? What do you think his reaction should be?

Mr. Brewster. In the budget which I have suggested I left the \$539,000,000 which is at present appropriated for the veterans, exactly as it was.

Mr. McCormack. Do you think they would be satisfied?

Mr. Brewster. You bring to my mind an item which I neglected

Mr. McCormack. Do you think they would be satisfied?
Mr. Brewster. You bring to my mind an item which I neglected to speak of in my or ginal statement. One of the considerations which seems to me most persuasive in this thing is that, looking ahead for the next 10 or 15 years at this problem, we have 4,000,000 veterans and their dependents; and after the experience of our last great crisis, if that experience is repeated, we are going to have an enormous increase in this pension situation. Now, if we adopt a universal system such as this, it will largely eliminate what I think everyone recognizes is otherwise likely to occur, some universal system of pensions for the veterans in their declining years. If we put everybody on that basis—and, after all, I think it is now recognized that war is totalitarian, that everybody sacrifices and contributes—if we pension everybody in this way, we are going to have a saving of \$500,000,000 to \$1,000,000,000 a year on our pension bill eventually.

pension bill eventually.

Mr. McCormack. Do you favor that with the passage of this bill the World War veterans and the Spanish War veterans be subject to the provisions of it?

Mr. Brewster. That situation will not arise for 10 to 20 years.

That is what I stated.

Mr. McCormack. The situation is here now, Governor, so far as the World War veterans are concerned.

Mr. Brewster. In my budget I provided for the veteran exactly as he is provided for now. I did not cut down his allotment at all in balancing the Budget. I did not take it out of the hide of the veteran as this administration the first year started to do. I do not know whether the gentleman voted for the Economy Act or not, but certainly they took it out of the veteran.

Not. but certainly they took it out of the veteran.

Mr. McCormack. The gentleman from Massachusetts [Mr. McCormack] for the information of the gentleman from Maine [Mr. Brewster] will advise him that he voted against the Economy Act.

Mr. Brewster. I am with you, then, on the veterans. But you did not have sufficient company on your side of the House.

Mr. McCormack. I want to understand your frame of mind. You will agree that is the subject of inquiry. Do you intend ultimately that the veterans should receive the pension that is proposed in this bill?

Mr. Brewster. What I said earlier was that it seems to me that

mately that the veterans should receive the pension that is proposed in this bill?

Mr. Brewster. What I said earlier was that it seems to me that this universal pension is going to save this country tremendously when the veterans of the late war get to the pensionable age. We are going to take care of them anyway; you know that. Historically, we have always done so. And if we have the provisions of this act in operation, they will certainly be on an equality with everybody else. Whether they will continue to be distinguished—certainly the men who were disabled as a result of war service would be distinguished; they would not ever be penalized because of their war service or disabilities—but whether the veterans as a whole—and you realize that that is the more serious problem; that is, the question of the disabled veterans as the result of war service is a limited group, but the 4,000,000 veterans who are aproaching the retirement age is the same sort of problem that we faced after the period of 1860.

Mr. McCormack. You realize that some World War veterans now receive a pension, do you not?

Mr. Brewster. Indeed I do.

Mr. McCormack. That is, a man who is totally and permanently disabled and whose condition is not service-connected, may be getting \$30 a month or as high as \$40 a month? What about that class of cases? Do you think they should continue the present pension that they are getting?

Mr. Brewster. I think whatever adjustments are necessary to save them from any prejudicial effect would be entirely war-

Mr. Brewster. I think whatever adjustments are necessary to save them from any prejudicial effect would be entirely warranted. Certainly I would not penalize the veteran. I think the gentleman perhaps exaggerates the possible effect on the cost.

BLIND PENSIONS

Mr. McCormack. We also provided for the care of the blind. Do you not think that they ought to receive the benefits of this bill?

Mr. Brewster. Yes, sir; my proposal left them provided for. Mr. McCormack. Also for dependent children. Mr. Brewsjer. One hundred and thirteen million dollars is the amount for the dependent children and the blind and other titles in the bill.

Mr. McCormack. They should receive whatever they are receiv-

Mr. BREWSTER. That is right

Mr. McCormack. They should come within the purview of this bill? Mr. Brewster. That is right. There again I thank the gentleman for the suggestion, because—

McCormack. It was not a suggestion, I was just asking

Mr. McCormack. It was not a suggestion, I was just asking you the question.

Mr. Brewster. I thank the gentleman for suggesting to my mind that in connection with the blind there will also be an ultimate saving. That is, all of the blind who are of the provided age which we are taking care of now—of course, there would not be a duplication there, and therefore there would be further savings as a result of the universal old-age plan. It would not affect the balance, I assume.

Mr. McCormack. Are there any other Federal expenditures that

affect the balance, I assume.

Mr. McCormack. Are there any other Federal expenditures that you think would be saved by the passage of this bill? What about the farmer? Do you think we ought to include the farmer?

Mr. Brewster. Yes. I thank the gentleman again. Ultimately your farmer over the provided age—and up in our country we have a great many of them who are over the age limits provided, who are now receiving some benefits from the Triple A payments; if we are going to retire them from production, that will contribute to the balancing of our production through the elimination of their contributions to the markets.

Mr. McCormack. What about the farmer who has not reached.

Mr. McCormack. What about the farmer who has not reached the age limit, but who is receiving payments from the Government? Do you not think he would have some thought as to whether he should not receive \$125 to \$200 a month, whatever

the amount is?

Mr. Brewster. I have felt that both the veteran, who has shown his patrictic and unselfish interest by being willing to sacrifice his life, and most other elements of our population, would to some extent be ready to recognize a common patrictic concern, and if it did adversely affect one or another individual, there would be that willingness to contribute which is characteristic of America in times of crisis. And I think we are in a crisis.

MOTHER'S AID

Mr. McCormack. What about the mother who has dependent children? Do you not think she should receive \$200 a month, or whatever it is—\$125 to \$200 a month, whatever were the pension paid?

Mr. Brewster. We now have a plan to provide for mothers with dependent children. Of course, that is a constantly changing problem. They are now provided for under the Social Security Act and under the laws of most of our States.

Mr. McCormack. Would you leave them as they are, or where

they are?

Mr. Brewster. If my proposal—
Mr. McCormack. Do you believe that they should stay there if
this bill passes? Do you think they should stay there?
Mr. Brewster. I would be glad to see utopia on this earth and
all of these delicate social problems readjusted. But I cannot
all of the delicate social problems readjusted. But I cannot undertake to do it all at once. I think we must take one step at

Mr. McCormack. Do you not think that they might contend that they should come within the purview of this bill?

Mr. Brewster. I will not say what they might contend. I say simply I would not take away what they are getting, but I had not contemplated additional provision. But if the gentleman wants to advocate that, there is no objection that I can see.

Mr. McCormack. You are quite astute when you say that, but please do not try to put in my mouth those words, because I am asking you the questions. You are the witness. Do you believe they should stay the way they are at the present time?

Mr. Brewster. At the present time I am not proposing any change there. I am leaving them alone. But I do not say that some change would not be wise.

CHANGES IN BILL

Mr. Disney. Then do I understand you are here before us advocating the passage of H. R. 2 as it is now written?

Mr. Brewster. I shall be ready to vote for that if we cannot evolve something better. I want to get the benefit of this committee's studies, and anything else, but I stand for the direct tax universally distributed. And I understand this committee stood for that in 1932.

Mr. Disney. Did you propose anything better in your statement? I did not have the benefit of hearing all of it.

Mr. Brewster. I did not go into the details of the tax law, because, as I said, that is a matter for tax experts.

Mr. DISNEY. Then you are for H. R. 2?

Mr. Brewster. I said that I stand ready to vote for that if something better could not be shown me. If you can show that there are difficulties with that, or amendments to that that will in any degree improve it, I shall be happy to consider them. But up to

this time we have had to spend all of our time getting to this august tribunal, and we have not been able to spend very much time on anything else. I think if we will get down to the point where we are going to consider type and character of legislation, if the gentleman stands on the principle enunciated by the committee in 1932, which was for a manufacturers' excise tax, this seems to be just a logical evolution of that position in favor of direct taxation. And I think it is the only way our economic difficulties are ever going to be solved. I hope the gentleman will direct taxation. And I think it is the only way our economic difficulties are ever going to be solved. I hope the gentleman will eventually come to that position, if he is not already there.

VETERANS UNTOUCHED

Mr. Buck. Then it would be your belief that the Spanish War veterans—and I take it that you would apply this also to the railroad men who are entitled to railroad retirement pensions that might be smaller than the old-age assistance pension; they would be included in the bill, as well as Government employees who are entitled to annuities— you would bring all of those under H. R.

entitled to annuities— you would bring all of those under H. R. 2 payments, would you not?

Mr. Brewster. As far as I have gone I would not take away from anyone an earned pension. That would apply to your Government employees. As to the veterans, I had not given further thought to that. I was thinking of the group which is going to come into being in 15 or 20 years. I think, as far as existing groups are concerned, I would not take away from them anything which they now have. I would give them the old-age allowance in addition

Mr. Buck. You would give them the old-age allowance in addition to any pension or annuity that they may be entitled to under existing law?

Mr. Beewster. That is what I have got in my budget.

Mr. Buck. That is what you have in your budget?

Mr. Brewster. That is right; in the budget. Of course, they are a comparatively small factor. It would not greatly affect the total.

Mr. Buck. That is all.

Mr. TREADWAY. Mr. Chairman, I yield 10 minutes to the gentleman from Missouri [Mr. SHORT].

Mr. SHORT. Mr. Chairman, at this particular moment I feel very much as did Hamlet when he said:

> O! that this too, too solid flesh would melt, Thaw, and resolve itself into a dew.

And again when he uttered:

The time is out of joint; O cursed spite, That ever I was born to set it right.

No Member of this body relishes or cherishes being placed on a spot politically; but the issue before us at this moment is one that must be met by each and every Member of this House, I hope, conscientiously and courageously.

Mr. Chairman, the author of this particular bill now under consideration is unknown. It is an illegitimate child, conceived in ignorance, born in obscurity, and destined for oblivion. [Applause.] The injustices and inequities contained in it, and the ambiguous verbiage, would require all the lawyers of Philadelphia to comprehend and would require stationing a policeman in every home in this country to carry out. How in the name of common sense are we to know that some old person drawing \$200 a month pension does not secretly slip \$10 or \$20 to a son, daughter, or grandchild? Yet, should he do this, he is subjected to severe penalties, including both fine and imprisonment.

This bill taxes the very purchasing power that is essential in order to have economic recovery in this country, and it taxes you from the cradle to the grave, from the time you jump out of bed and use your tooth paste in the morning until you pull on your cotton pajamas at night. It taxes the producer one-half of 1 percent, it taxes the manufacturer one-half of 1 percent, it taxes the wholesaler and the jobber one-half of 1 percent, and then it taxes the retailer 2 percent. This tax is so pyramided that if this bill is enacted into law the American dollar will not buy 50 cents worth of goods. The farmer who exchanges a bushel of potatoes for a sack of meal is taxed just as every little merchant who will be driven out of business.

It taxes everybody in this country who earns \$50 a month or more. This tax is essentially a sales tax that is blanketed upon the American people, and how in the name of God you are going to have a return of prosperity or increase the purchasing power of the masses of the laboring people of this country by taking \$2 out of the pocket of John Smith, who works and toils and labors, and putting it into the pocket of Bill Jones, who is 60 years of age or more, is more than I can comprehend. You do not increase wealth, you simply rob

Peter to pay Paul. [Applause.] Wait until you hear from organized labor on this measure.

Why, this bill is not the Townsend bill as originally introduced, if I understand the history of this legislation. Dr. Townsend finished his discussion and his testimony before the powerful Committee on Ways and Means on February 17 and said that on the following day he would bring in certain necessary amendments in order to improve the legislation. Three months passed by without those amendments ever being offered. On May 17 our good friend from Florida, Mr. HENDRICKS, did introduce a bill that included the amendments submitted by Dr. Townsend, and that was H. R. 6738. Now they have brought in this monstrosity, H. R. 6466, under an airtight, ironclad, unprecedented gag rule, and they tell the Members of this House, all of us who I believe want to help the old people as much as we can, that we have to blindly close our eyes, gullibly open our mouths, and swallow hook, line, and sinker all of this nauseating and indigestible measure without crossing a "t" or dotting an "i."

Mr. COOPER rose.

Mr. SHORT. I ask you, my comrades, since when has any one man in this country, be he Dr. Townsend or anyone elseand I do not want to speak disparagingly of him-been given the power to hold a club over the heads of Members of Congress and say, "Here, you take this bill just as I have given it to you"? I predict here that the ones who swallow it will run themselves to death answering the calls of nature in the days to come. [Laughter and applause.]

Now, with pleasure I yield.

Mr. COOPER. Mr. Chairman, having such a high regard for the gentleman's splendid ability of analysis, I just ask him if he has given his special attention to the paragraph on page 6, beginning in line 6, as follows.

Throughout the act the present tense includes the past and future tenses; and the future, the present. The masculine gender includes the feminine and neuter.

[Laughter.]

Mr. SHORT. Yes; I say to the gentleman that I have given it most careful consideration, but I doubt that 25 percent of the membership of this House has read this bill, yet alone made any serious attempt to analyze and attempt to understand it.

The paragraph continues:

The singular number includes the plural and the plural the singular. "Shall" means "must" and is mandatory. "May" is "permissive."

Then it goes on to state that-

All terms used in the act shall receive a liberal construction a view toward effectuating the objects of the act and promoting justice.

Mr. HENDRICKS and Mr. WHITE of Idaho rose.

Mr. SHORT. I am sorry, I have another thing or two I would like to say.

I will tell you what you are going to do when you pass this bill. You are going to throw a million and a half more Americans who are now employed out of work, and there will not be a stockbroker or a real-estate man who can function or stay in business for a week because he will have to pay a 2-percent tax on the gross value of every transaction that is made.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. SHORT. I yield to the gentleman from Massachusetts. Mr. McCORMACK. As a matter of fact, Dr. Townsend admitted at the hearings that it would destroy the small and the independent business of this country, which, as we know, employs from eight to ten million workers.

Mr. SHORT. Of course, this tax will not only set up a monopoly but will squeeze the little man out of existence. National banks are exempted from this tax but State banks are not exempted, and they will not be able to keep open long. All your mortgage associations and your own agencies likewise will be taxed out of existence. Chambers of commerce

are exempted but labor organizations are not exempted. The huge amounts that are received in gifts or inheritances or life-insurance policies are exempted. If you attend a ball game or a prize fight or a movie or some other place of amusement you can, of course, escape the tax if you will save the stub and make the return in sufficient time.

Listen to the severe penalties under this measure. Oh, you cannot discuss it in the limited, brief time that has been granted us. If any employee or any person willfully or knowingly, indirectly or directly, does not make a return within the limited time prescribed he is subject to \$1,000 fine and imprisonment for the first offense and is subject to \$20,000 fine and 5 years' imprisonment for all subsequent offenses.

Mr. WHITE of Idaho. Mr. Chairman, will the gentleman yield to a supporter of the measure?

Mr. SHORT. No; I refuse to yield.

Mr. WHITE of Idaho. The gentleman yields to the opponents but not the supporters of the measure.

Mr. SHORT. Mr. Chairman, the thing that I regret is that during the past 6 months we have been so profligate and so foolish in vast expenditures of Government money that we have created a psychological atmosphere; we have tilled the soil in this country with such crackpot schemes and allowed them to grow and flourish that this has threatened to destroy honest and conscientious legislation.

Mr. TREADWAY. Mr. Chairman, will the gentleman

yield?

Mr. SHORT. I yield to the gentleman from Massachusetts.

Mr. TREADWAY. The gentleman is so well versed in the English language, will he offer me an explanation of section 15, on page 25, which states under (c):

It shall be a misdemeanor for any annuitant to unreasonably and unnecessarily maintain any able-bodied person in idleness, or any person in drunkenness or gambling.

[Laughter.]

Will the gentleman explain that?

Mr. SHORT. Not being so well versed in all those virtues [laughter], I cannot.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. SHORT. I am deeply grateful to the ranking member of the Ways and Means Committee for his unbounded generosity, and I regret that I cannot give a categorical reply to his inquiry. Since he has been so generous as to give me 5 additional minutes, I want to say a word or two about the wonderful Ways and Means Committee on which he serves.

I am very loath and reluctant to criticize any committee of this House, and, certainly, I have nothing but the highest regard, in fact, personal affection, for the distinguished and . able gentlemen who comprise the powerful Ways and Means Committee, just as I have for those other able gentlemen who are on the Rules Committee, but let me say here and now that if you would take the combined intelligence that all the Members on both of those committees have shown in reporting this measure and the rule under which it is being considered and poured that combined intelligence into a crucible you would have almost a half-wit. [Laughter.]

If that sounds a bit harsh, again I must say that I must be cruel only to be kind.

Seriously, gentlemen, you have made it impossible for us who believe in a reasonable and adequate old-age pension; and let me remind you that one of the New Deal measures I voted for, and about the only one I can recall, was the Social Security Act, and I did it reluctantly; in fact, it caused me to vomit later. However, I did it in the hope of extending some help to the old people and the crippled, as well as the children of this country, orphaned and unable to take care of themselves. I voted for social security because I believed with you gentlemen in a reasonable and adequate old-age pension. I have never pledged myself to the Townsend plan. I have never come out against it.

Mr. Chairman, under leave to extend my remarks, I include a letter which I recently have written to a constituent:

WASHINGTON, D. C., May 26, 1939.

Mr. WILIAM M. BOYLAN, 530 East Highland Avenue, Carthage, Mo.

MY DEAR MR. BOYLAN: I have your card of the 24th instant, written in behalf of the bill H. R. 2, which is the Townsend plan bill. It is my understanding that this bill has been changed and a new one introduced containing the amended features, and it now bears the number H. R. 6466. The bill H. R. 6466 has been reported by the House Ways and Means Committee without recommendation, and the Rules Committee has granted a special rule for its consideration on next Wednesday, May 31. I have not yet had an opportunity to see a copy of this new bill.

However, as you may know, I have never pledged myself to yote for legislation embodying the Townsend plan, because I never

However, as you may know, I have never pledged myself to vote for legislation embodying the Townsend plan, because I never have, and never will, pledge myself to support or oppose a bill for political reasons until the legislation comes before Congress in the form in which I shall have an opportunity to vote on it. However, I signed the petition on H. R. 4199 last session, as well as the letter to the Speaker, and I assume that it was because of this that the Townsend national organization voluntarily endorsed me in 1938. As you doubtless know, our district Townsend organization endorsed my Democratic opponent in the 1936 election.

in 1938. As you doubtless know, our district Townsend organization endorsed my Democratic opponent in the 1936 election.

I am anxious that the plan have full and fair discussion and consideration, and when it is before the House next week I shall bear in mind your views. Meanwhile, I shall get hold of a copy of the new bill and study it very carefully. I appreciate the support which some members of the various Townsend Clubs in the district gave me, but I have consistently stated that whether or not I had Townsend support in an election, I would and could promise, as I would promise concerning any other proposed legislation in which my constituents were interested, to endeavor to secure consideration of it, and to exercise my best judgment when it came to a vote. I want to be entirely honest about the matter, and this is the only honest promise any legislator should make.

With all good wishes, I am Sincerely yours.

DEWEY SHORT, M. C.

I cannot comprehend how any Member of this body feels that he is pledged to this particular bill, since it is a new measure, a combination of H. R. 2, the General Welfare Act, and another measure, which was presented to the Ways and Means Committee only 2 days before the bill was reported without recommendation. However, Mr. Chairman, if any Member of this body has pledged himself in advance to such a proposal, all I can say is, "Father, forgive him, for he knows not what he has done." And I might add, "Neither do I condemn you; go and sin no more."

I have many clubs in my district, and let me say that they endorsed my opponent and fought me 4 years ago. They supported me 2 years ago, and I suppose it was because I signed a petition to discharge the Ways and Means Committee and to bring that bill on the floor of the House for discussion; and I also signed the letter addressed to the Speaker in order that the American Congress and the American people could consider, under an open rule and in a fair and impartial and unprejudiced and strictly nonpartisan manner, the question of old-age pensions. I suppose that is the reason the Townsendites endorsed me and most of them voted for me 2 years ago, although they voted for my opponent 4 years ago. They are powerful in my district, and I know I may be cutting my own throat here politically, but if I never come back to this Chamber, I want you gentlemen to remember one thing that Martin Luther once uttered. He made this statement:

To act contrary to conscience is neither safe nor upright.

Mr. Chairman, this bill, it seems to me, rises above mere partisanship, and there should be no difference of opinion. As far as Republicans and Democrats in this House are concerned, I believe we have as much of the milk of human kindness in us as some of those others who are always posing as humanitarians, and perhaps some of us who do not speak often and so loudly for the old people give more out of our individual pockets than some of the loud speakers do. This bill is bad, and the rule under which it is considered worse. I voted against the previous question and I voted against the rule, and I am going to vote for a motion to recommit, which will be offered from our side, I trust.

In case that motion is defeated, I shall vote against the passage of this particular bill.

If the Ways and Means Committee would bring in a bill providing for a pension of \$50 per month to every worthy person 60 years of age or over on a pay-as-you-go basis, I would be only too happy to support such a measure. The way the old people of this country have been deceived and kicked around by the professional pension racketeers and this administration is positively disgraceful. There will not be a dozen honest votes cast for this measure. Many Members on both sides of the aisle have told me that it was bad and should not be passed, and that they were voting for it only because they felt sure it would not be passed; and even should it pass the House, it would be killed in the Senate. Mr. Chairman, I cannot stultify my conscience nor resort to such a low political expediency when all kinds of morality, public, private, and political, is flowing at such a low ebb today in our national life. Such conduct is wicked and cruel. What should be done is to bring out a bill that will direct us to pay a reasonable, adequate pension to the old people of this country, and also to include helpless cripples. I have a good friend in my district, in my home town, just 2 or 3 years older than myself, with both legs off just below the hips. That man is as helpless as any old person 60 years or more, and just as much in need of assistance, and why, in the name of God, can we not write a bill in this House instead of giving the old people a run-around? You fellows who think you are taking the opponents of this bill and putting them on the spot have another think coming. I stand here today to say that the real, genuine friends of the old people of this country, who believe in paying them a pension which this Government can stand, are the real friends of the aged when they vote against this monstrous measure and will vote to bring about one that will work instead of bankrupting the Nation. [Applause.]

The CHAIRMAN. The time of the gentleman from Mis-

souri has expired.

Mr. TREADWAY. Mr. Chairman, I yield 2 minutes to the gentleman from Wisconsin [Mr. Hull].

Mr. HULL. Mr. Chairman, in our own State of Wisconsin there was a well-defined interest in the old-age pension movement before the Townsend movement came into being, and before the enactment of the social-security law. Wisconsin, in fact, was among the first of the States to provide an optional form for such pensions which was put into force in several of the industrial counties. It was hoped by many when the social-security law was enacted that it might so operate as to a large part meet the demand for proper assistance for the old folks.

The widespread growth of the Townsend movement in our State clearly indicates that the social-security law has not worked out as was generally anticipated. The Townsend sentiment there is not confined to those who would be early beneficiaries under the plan. In fact, the membership is probably very largely drawn from the people who are in sympathy with a national old-age pension act who may not become direct beneficiaries for many years to come. The recovery feature of the measure appeals to thousands of people who have watched Government experiments fail in an attempt to drive away the depression and restore prosperity. They believe that the distribution of a national income in such form that millions now unable to buy and to consume will become buyers and consumers if that distribution were provided. The very deplorable situation in the dairy regions of the Northwest which is forcing thousands of farmers from their farms into villages and cities, many of them to seek positions in Government emergency activities, is lending no small influence to the increased demand for an old-age pension act which will at once assist those in advanced years and which will contribute to the general welfare of all.

One objection to the Social Security Act, especially in counties where real-estate values have fallen to a low level, and the matter of local taxation is of growing importance, is the fact that States and counties are obliged to provide one-half of the fund set aside for old-age pensions. The reduction in assessment values and of income-tax returns

has been so great that both the State and its subdivisions have met with a great loss of revenues which is bothering our people in finding a solution for the growing tax problem. Twenty percent of the amount of old-age pensions is now provided by counties, and 30 percent by the State. Coupled with the demand for proper old-age assistance is that of State and local taxpayers that the Federal Government shall assume the entire cost of an old-age pension system.

There is no reason to believe that the demands of the people of our own State, or those of other States, will become less until the situation is squarely met by the Federal Government. The change of conditions of recent years which has taken away all hope of security for millions of people in their old age is a moving force which Congress must reckon with. Farm incomes and farm values have been so reduced that even those more fortunate in farming operations can look forward to no accumulation of their own capital which would permit them in their advanced years to retire from their usual activities. Many who in previous times believed that a lifetime of earnest toil and thrift would earn them a competency for such retirement now are in despair of any such accomplishment. The farmer who started out as a hired hand, or as a farm tenant, could and would make sufficient progress in previous years to acquire a comfortable homestead, rear a family, and provide the members with the comforts common to those of his community, and as age came on had a property which he could rent or dispose of. The retired farmers were numerous in villages and smaller cities, living comfortably on what they had been able to save and accumulate. That situation has largely disappeared with new conditions. Farms no longer yield that comfortable living for millions of farmers. The farmer's percentage of the national income has continued to decline and is now less than ever before. The values of farms have become so low and foreclosures so numerous that millions of farms cannot now be sold for one-half the cost of their improvements.

This present measure, commonly referred to as the Townsend bill, provides for a tax of one-half percent upon farmers, producers, and manufacturers, and 2 percent upon retailers and other lines. The funds would be prorated among those who are eligible for old-age assistance. It embodies the essential features of a national old-age pension act. It should receive the endorsement of this Congress and should be passed by the House upon this occasion. Undoubtedly faults and imperfections may be found in the measure and in the plan by its opponents. That is always the case in every form of legislation. It was true of the enactment of the social-security law, to which numerous important amendments are now pending. Such criticism, however, should not be an obstacle to the adoption of a plan which provides so much for the benefit of the old folks of the country and all others as well. Now is the time for action. [Applause.]

Mr. TREADWAY. Mr. Chairman, I yield 2 minutes to the

gentleman from Iowa [Mr. Dowell].

Mr. DOWELL. Mr. Chairman, I shall vote for this bill. In addition to the large number of elderly persons who will be benefited directly under the pending bill, it will furnish an opportunity for employment to a large number of the 10,000,000 or more persons now out of employment.

I have received many thousand petitions and letters from citizens and residents of the district I have the honor to represent, asking and urging the passage of this legislation.

Mr. DOUGHTON. Mr. Chairman, I yield 7 minutes to the

gentleman from Tennessee [Mr. Cooper].

Mr. COOPER. Mr. Chairman, it is impossible to discuss a measure of as far-reaching consequences to the American people and as important as this bill is in the brief period of 7 minutes' time, and I shall hope only to be able to point to what I think are a few salient facts that should be borne in mind in connection with the consideration of this measure. I am duly mindful of the political consequences that may be involved for some persons with respect to this measure, but as was so well indicated by the distinguished gentleman from Missouri [Mr. Short], it is time for us to be frank

and honest with the American people when we have measures of this kind creating so much fervor and emotion among a considerable number of our people. We have this practical situation to face here today. Throughout the last several years the old people of this country have been deceived and misled with respect to this measure. They have been told all along that they would receive a pension of \$200 a month. It is cruel when we think about the way the deception has been practiced upon these people, and we know that they are called upon to contribute their nickels and dimes and quarters to this movement, when many of them need that money to buy something to eat and clothes to wear. As was shown by the evidence presented to the Bell investigating committee, the Townsend movement was conceived and started as a money-making venture, and I invite your attention to the Bell committee report. On page 54 of that report you will see the findings of this committee and these four items appear on the bottom of page 54 of that report:

First. Dr. Townsend created the Townsend movement for "cold

That was the deliberate judgment and report of this special committee appointed by this House to investigate this movement and that is their finding and report to this House.

Second. Dr. Townsend was aware that the collections would not last over 2 years.

Third. Dr. Townsend employed promoters to promote the Town-

send movement for financial gain.

Fourth. Dr. Townsend made the statement that there would be a "hatful" of money for those who stayed with the movement.

These are the findings of a responsible and distinguished committee of this House appointed by the House to investigate this movement. Dr. Townsend stated to the Ways and Means Committee during the hearings conducted during this session that he has taken in about \$3,000,000 during the life of his movement. Other people who should be in a position to know something about it have stated that he has received a great deal more than that, some of them estimating as high as five and one-half million dollars.

Mr. BUCK. Mr. Chairman, will the gentleman yield? Mr. COOPER. I yield.

Mr. BUCK. What about the letter that Dr. Townsend admitted that he wrote, which is contained on page 638 of the hearings:

Mr. Duncan. Dcctor, I have a paper before me which purports

"I want a man who knows the King's English and who can play on the heartstrings," wrote Dr. Townsend on April 27, 1937, from California to branches in Chicago. "Weismer and Webb have both proven themselves organizers, but neither of them is the man I want as solicitor for funds. They lack the dignity and culture that should go with the function." wrote Dr. Townsend in this letter. should go with the function," wrote Dr. Townsend in this letter. "Polish, combined with a convincing logic, is required to loosen the purse strings. I haven't found the man I want for this job. So far I have been making just a short statement for the purpose of our tour and then turning the "mike" over to Webb to make an appeal for funds. He is crude and takes up too much time in getting to his point.

Is that your letter, Doctor?

Dr. Townsend. I think I wrote that. What is the purpose in introducing that?

Mr. Duncan. I just wanted to show the activities of the organization in getting the quarters and dimes.

Mr. COOPER. Thorough hearings have been held on this proposed Townsend plan on two different occasions. In 1935 thorough and complete hearings were held, and again this year a full and complete opportunity was given to everybody to appear. Dr. Townsend stated he was entirely satisfied with the hearings. It was clearly shown, as convincingly as anything I ever witnessed in my life, that this proposed Townsend plan is absolutely unsound and unworkable. A dozen of the leading economists of this Nation came in and testified that it was absolutely unsound and unworkable. I wish I had time to quote from all of them, but they appear in the hearings, and it will be interesting for all of you to read the statements that they gave.

I do want to invite your attention in passing to this statement made by Dr. Moulton, president of the Brookings Institution. This is what he said:

Two percent on transactions sounds like an innocent enough tax rate, but, if applied as intended, it would really mean a tax that would absorb from 25 to 30 percent of the total national

income

I think the point that I want to emphasize most in connection with this is the magnitude of the expectations held forth to old people. Even though the figure of \$2,400 is not a provision of the act, that is the figure that is in the minds of the people. That is the way it has been sold to the country. The point is this: That act, that is the figure that is in the minds of the people. That is the way it has been sold to the country. The point is this That \$2,400 a year for each person, for 10,000,000 people, roughly speaking, means \$24,000,000,000 of additional taxes.

Of course, that is absolutely fantastic on the face of it. The total revenues, with all of the tax machinery that we have—Federal, State, and local—is \$12,000,000,000. This is double that total. It is an impossibility. It would wreck the economic system if you undertake to collect such a toy.

undertook to collect such a tax.

[Here the gavel fell.]

Mr. DOUGHTON. I yield the gentleman 1 additional minute.

Mr. COOPER. Mr. Chairman, that is characteristic of the evidence given us by all of the economists who came before us. Many business institutions would be destroyed by the passage of this bill. Agriculture would be very seriously and adversely affected. Labor would be seriously and adversely affected. The consumer would be seriously affected. It has been estimated a loaf of bread now costing 10 cents would cost 50 cents, and a cotton shirt now costing \$1 would cost \$5.

Just one other point, if I may. Consider the unfair application of the Townsend plan. For instance, a widow 45 years of age, with 6 children, left destitute, would get nothing at all, while one man, 60 years of age, strong and able-bodied, willing and able to work and now working every day, would get \$200 a month. Such a proposition as that cannot be defended on any ground as fair, just, or reasonable to the American people. [Applause.]

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield 3 minutes to the gentleman from North Dakota [Mr. BURDICK].

Mr. BURDICK. Mr. Chairman, I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. BURDICK. Mr. Chairman, I realize that there is little I can say in 3 minutes on this important measure. I realize, too, that with the limited time allowed in this debate by the Rules Committee that I have been as justly treated on the question of time as anyone could expect. About all I can do is to call attention to the speech which I will insert in the RECORD at this point.

I do not hold seven college degrees, as does the gentleman from Missouri [Mr. Short], but, in my judgment, the possession of college degrees does not give the holder the license and right to indulge in outright vulgarity in the greatest deliberative body in the world, as the gentleman from Missouri did a moment ago. If his speech is printed as he delivered it, the full significance of what I say will be observed.

[Applause.]

This is a time to keep our feet on the ground and meet the responsibilities resting upon us without sidestepping the issues by the profuse use of mixed metaphors and well-sounding but meaningless adjectives. This is a serious day in the Nation's history. It is serious to the millions who are in distress; it is serious to the millions who love this country and

want to perpetuate it. [Applause.]

The fact that this country is in distress I need not mention, because we all admit it. We are worse off now than when I came here 5 years ago. What can be done? That should be our answer. In my judgment, viewing this matter calmly, regardless of what action we may take on our vote tomorrow. there are two things wrong in this country that will keep on making conditions worse until the Republic itself disappears in oblivion. First, we must get control of the Nation's money and credit and use it for all the people and prevent private interests from using it for their own profit. That is No. 1.

No. 2 is that having gained possession of the use of our money and credit, we must see that that money and credit

I call your attention to the bank statements of America today. Every bank is full of money, and no money is available. It means that the banking institutions of this country, using the United States money and credit and having nothing to sell to the American people, have control of us absolutely. This is the only bill before the Congress so far that compels the circulation of money month after month. Unless we face this situation, and we cannot stop it by ridicule, unless we are willing to face the facts as they are and apply this remedy of control of our money and of mandatory circulation-

[Here the gavel fell.]

Mr. BURDICK. Read the rest of my speech in the RECORD. [Applause.]

Mr. Chairman, it is unnecessary for me to recount the general condition of the country, except to say that unemployment haunts us; foreclosures on farms, tax deeds, and voluntary debt surrender has driven out of existence 2,000,000 farm homes since 1930; city foreclosures during the last 4 years are proceeding at a more rapid rate than did the farms; our public debt is the largest in history; it is estimated that over 60,000,000 people in the United States are in some form of distress. When we add to these conditions the fact that in this one session we have appropriated two and one-quarter billion dollars for war purposes, when there is no war in sight and cannot be if we attend to our own business, we can indeed say that the people in this country are in a sad plight.

In short. What have we done in this country as a Government that can be said to be responsible for this condition? Our natural resources are still unimpaired; there is more than a plenty for all our people and 100,000,000 more people.

It is my purpose in these precious minutes to tell this House and the country at large what has brought about this sad situation and this intense suffering among our citizens. I do not refer to contributing causes, but only to the approximate cause—that cause without which the present condition of the country would not be present. The approximate cause is our failure as a nation to stop the growth of a moneyed aristocracy in this country which defies all Government agencies, including this Congress. The prophetic words of Lincoln have come true. After he was forced by the necessity of securing finances for the prosecution of the Civil War, to grant to national banks the power to issue money, he said:

Yes, we may congratulate ourselves that this cruel war is nearing the close, but I see in the future a crisis approaching that unnerves and causes me to tremble for the safety of my country. result of the war corporations have been enthroned, and an era of corruption in high places will follow and the money power of the country will endeavor to prolong its reign by working upon the prejudices of the people until wealth is aggregated in a few hands and the Republic is destroyed. I feel at this moment more anxiety for the safety of my country than ever before in the midst of war.

This system with free Government money and credit turned over to private operators, who in turn sell it to the American people through nefarious contracts of interest, our free Government is all but consumed under the load of interest, and the people themselves are fast succumbing to the system. cannot enroll enough Members of Congress who are either independent or are not afraid of the next election to put a stop to this business. Many good men in this Congress see the situation clearly, but their constituency objects to any change, and properly speaking, these Congressmen should endeavor to carry out the wishes of the voters who sent them here. I have never charged that the fault lies entirely with Congress-it lies with the people of the United States. Just how long the money power will keep them hoodwinked or fed up with favors which only the power of credit can give, I do not know. But I assert, as a statement of principle that this Congress should immediately and without any unnecessary delay assert its control over the Nation's money and credit and prevent any individual or corporation from selling our credit to the American people under an unjust and immoral

practice of usury.

Secondly, having again taken control of our money and credit to be used for all of the people; having stamped out the practice of special privilege granted to private interest to loot the Government and the people, our next step will be to make sure that what money there is in circulation actually circulates. Our condition would be infinitely better, even under the system of private control of Government credit, if the money actually in existence circulated among the people. At the present time we have an example of just what it means to have stagnant money. You can examine most any bank statement in the country and you will find the bank loaded down with money, but none available for legitimate business. The farmer and the city home owner has been shut off from the use of money for years past, but it is only of late that the businessmen of the country have met the same fate. Thousands of small-business men today and some who could qualify as big business are in danger of losing the business unless they can have access to money at nominal rates. Some businessmen have told the story of paying 35 percent for the use of money. How long will it take under these circumstances to make the whole business life of the Nation as dead as Tutankhamen after his sleep of 4,000 years?

The money of the Nation must circulate. It does not now—at least not fast enough to aid the people who need it in the business of exchange. This bill will do it. I do not know how much revenue this bill will bring in, but it is estimated that probably the annual income from the taxes proposed will yield a sum not in excess of \$6,000,000,000,000 or \$500,000,000 per month. Assuming that 7,000,000 of the citizens of the United States over the age of 60 would apply for and be qualified to receive the annuity, each individual would receive monthly approximately \$70. This calculation is based on the present state of the national income, which is much below normal. Should the national income increase, as it will under the operation of the act, the annuity for the second

year might well run up close to \$100 a month.

It will be some time before a full quota of 7,000,000 will qualify for this annuity, if indeed that many ever do. First, the qualification of citizenship must be met, and in addition to that each applicant must have been a citizen at least 5 years preceding his application. At any rate, the monthly estimate of \$70 may be much more, depending upon how fast

applicants qualify.

Should business revive under this plan of operation, the limit of \$200 per month to any individual is placed in this bill; and if the revenue raised is more than enough, it is expended for a good purpose under the terms of this bill. First, the national debt shall be paid; and finally, when that has been completed, the further revenues shall be converted

into the general fund of the Government.

I am fully aware of the attacks to be made upon this act by those opposed to it. They propose to kill it by ridicule and. if that works sufficiently well, to offer a motion to recommit the bill to the Committee on Ways and Means, with or without instructions. They may provide in the motion to recommit that the enacting clause be stricken out, or provide for some other death-stinging maneuver, but the fact is such a motion will be offered. If the motion to recommit carries. that ends the matter; and it will provide a political escape ladder for many Congressmen who are pledged to vote for this bill, but they do not want to appear ridiculous before this august body, whose leaders are determined to make this bill ridiculous. There will be, in my judgment, no vote directly on this Townsend bill. The motion to recommit will kill all chances for a direct vote. Those who have wavered in their loyalty to the people on this question can then truly say, "I did not vote against the bill; I would have voted for it if given a chance." That kind of argument is all phoney.

I caution the Townsendites to look up the RECORD on this vote and they will probably find that the Congressman who said, "I didn't vote against the bill; I would have voted for it if given a chance," did in fact vote to recommit the bill.

He can also offer a plausible argument if the motion to recommit is not too brazen. He can say that there were just a few features in the bill which he wanted corrected and of course, in order to do so, he had to vote to send the bill back to the committee. You might say then, "Why did you not offer your amendment on the floor?" That has all been fixed beforehand. This bill came out of the Rules Committee under a closed rule, which in ordinary English means that no amendments are allowed. You see, that takes care of many wavering Members and it was deliberately framed that way to do that identical thing.

The real friends of the Townsend movement in this House will vote "no" on any motion to recommit—they will offer the best that is in them to bring this matter to a direct vote before this House. That is all the people demand. If the bill then fails, the people will find out why it failed and send back in the next election Congressmen who will stand

up and be counted.

Logically those who are opposed to this bill have nothing to say. If they were in any court in this country they would not be allowed to speak at all. They would be foreclosed from speaking. The principle of estoppel could be properly raised against them. They have had their day in court, and what a day it has been-it has been not a day but a night of nightmares. With distress all around us attributable directly to those who oppose this bill, we can see the ridiculous light in which the opposition is placed. The Republicans supported the Republican regime in power before this administration, and the Democrats have supported this administration; we have spent billions to put the business of this Nation in order and all has been a failure except the relief proposed by the President and approved by Congress. This was the humanitarian thing to do-it was the right thing to do. But we have offered the people on relief only a little help in the fight to sustain life. We have not reached the real objective of putting money to work at the bottom of the social heap.

It seems to me that if there is any ridicule to be indulged in it should work the best against those "superpatriots" in this House who are responsible for the condition we are in. Where can be found a sane person who does not see the abject ridicule applicable to this Congress for sitting supinely here and letting the money power use our own money and credit to further enslave the American people? Where can be found a sane person who does not in his own heart see the ridicule of appropriating two and one-quarter billion dollars for war purposes when there is no enemy in sight. Yet these superpatriots on both sides of this aisle are responsible for both situations.

Can they be heard now to say this bill will not work? Can they be heard to say they should be followed because they are men of wisdom? What is wisdom, I pray, if their actions in the past 10 years are a demonstration of what they call wisdom? We have followed them, we have listened to them, we have been guided by them—the opponents of this bill—until we are now at a point in our national life when the very foundations of this Republic are in danger. Shall we follow them further and be led over the cliff to national ruin and bankruptcy? No, sir; Mr. Chairman, I am all through following these superpatriots. I am going to follow the people and not these so-called wise men of the East.

I believe in this Government, I believe we have the framework to make this the greatest experiment of government ever dreamed of. We are the protectors of this Government, and I for one mean to protect it. I do not propose to let a band of financial brigands dismember it and cause its collapse; I do not propose to allow a banking system to be perpetuated here which locks up the money of the Nation for its own profit while the people thirst for the mere right of existence. I do not propose to let a band of men in this Congress, who are logical and wise in all things, except the real thing, control this Congress in the interest of special privilege. I mean to fight it out right here; I mean to fight against the insipid and subterranean power which now controls this Government for the money power.

I mean to take control of our money and circulate it and keep it circulating. I mean to bring back new life to this Nation. I mean to rededicate this Nation to the principles upon which it was founded. I mean to bring to every citizen of this Republic the inalienable rights of citizenshiplife, liberty, and the pursuit of happiness. I mean to leave nothing undone which I am capable of doing, to pass this bill. It is a good bill; it may not do as much as should be done, but it is a start back to saneness. Time will prove our arguments, and those who stand here today armed with ridicule, invective, and sly, slick parliamentary tactics, will live long enough, I trust, to be the object of the ridicule of a happy, contented, and prosperous Nation-a Nation that guarantees fundamentals to its citizens, a Nation that grants equal opportunities to all and special privilege to none, a Nation that has no hungry men, women, or children in a land of plenty; a Nation that can maintain and defend itself by its own power of right and justice; a Nation that may continue to have the guidance of Divine Power without which ne nation can long endure.

Mr. TREADWAY. Mr. Chairman, I yield 2 minutes to the

gentleman from Wisconsin [Mr. MURRAY].

Mr. MURRAY. Mr. Chairman, at this opportune time I wish to call the attention of the Members of this House to the table that shows the amount of social-security funds obtained from each State and social-security funds distributed to each State. These figures were furnished by the Social Security Board. I am sure every Member prefers to study these figures in connection with the bill-H. R. 6466-now under consideration.

In connection with the pending bill and other so-called Townsend bills, permit me to state that I did not have the Townsend blessing when I got into politics. I do not care to what party a man belongs, he has no business dodging the Townsend people or trying to do anything that would mislead them in any way. He has no right to count on help from the Townsend people if he is not willing to give them help when the time comes to give it to them. I expect to vote accordingly.

The table referred to follows:

States	Expenditures for grants to States for old-age assistance under title 11 of Social Security Act for period covering fiscal year 1938 and July 1, 1938, to Apr. 30, 1939	Receipts from employment taxes under title VIII of Social Security Act for period covering fiscal year 1938 and July 1, 1938, to Apr. 30, 1939
1. Alabama 2. Alaska 3. Arizona 4. Arkansas 6. California 6. Colorado 7. Connecticut 8. Delaware 9. District of Columbia 10. Florida 11. Georgia 12. Hawaii 13. Idaho 14. Illinois 15. Indiana 16. Iowa 17. Kansas 18. Kentucky 19. Louislana 20. Maine 21. Maryland 22. Massachusotts 23. Michigan 24. Minnesota 25. Missispip 26. Missouri 27. Montana	\$1, 730, 031. 96 289, 229. 67 1, 642, 800. 84 1, 590, 205. 00 37, 781, 557. 94 10, 458, 007. 08 4, 294, 546, 29 335, 967, 45 854, 974, 85 4, 877, 015, 68 2, 711, 720. 30 251, 893, 67 2, 195, 496, 77 26, 221, 859, 66 9, 167, 795, 13 10, 104, 377. 07 3, 861, 443, 89 3, 198, 101, 36 3, 282, 104, 45 1, 851, 002, 83 3, 434, 107, 19 22, 433, 727, 74 13, 967, 287, 05 14, 665, 153, 63 1, 144, 530, 12 12, 291, 328, 06	\$6, 662, 418, 47 (2) 1, 631, 103, 61 2, 575, 067, 72 57, 714, 833, 26 5, 745, 733, 92 17, 988, 434, 64 5, 011, 724, 53 (3) 6, 310, 788, 71 8, 804, 340, 53 1, 839, 879, 01 1, 794, 129, 27 86, 285, 438, 09 16, 964, 793, 94 4, 622, 845, 47 7, 178, 654, 20 7, 037, 105, 87 3, 872, 026, 19 16, 741, 822, 85 41, 589, 131, 32 45, 586, 031, 02 14, 153, 288, 72 2, 335, 470, 27 27, 785, 189, 66 1, 791, 535, 70
28. Nebraska 29. Nevada 30. New Hampshire 31. New Jersey 32. New Mexico 33. New York 34. North Carolina 35. North Dakota	4, 397, 148. 63 450, 646. 54 1, 034, 454. 88 5, 444, 367. 94 543, 718. 64 27, 672, 276. 64 2, 716, 032. 24	4, 564, 455. 68 879, 671. 85 2, 606, 365. 60 33, 887, 117. 31 1, 038, 140. 43 202, 302, 195, 14 10, 996, 988. 95 899, 055. 69

On basis of amounts covered into the Treasury.
 Included in State of Washington.
 Included in State of Maryland.

States	Expenditures for grants to States for old-age assist- ance under title 11 of Social Se- curity Act for period covering fiscal year 1938 and July 1, 1938, to Apr. 30, 1939	Receipts from employment taxes under title VIII of Social Security Act for period covering fiscal year 1938 and July 1, 1938, to Apr. 30, 1939
36. Ohio	1, 188, 823, 44 1, 846, 996, 14 3, 224, 803, 45 2, 864, 518, 81 18, 345, 805, 92 3, 415, 585, 44 834, 334, 79 416, 743, 56 9, 360, 922, 78 3, 160, 309, 19 9, 610, 756, 87 766, 221, 01	\$62, 240, 013. 69 9, 184, 651. 77 6, 212, 447. 56 89, 565, 445. 82 6, 692, 351. 23 4, 593, 010. 94 1, 013, 650. 05 8, 443, 377. 58 23, 037, 477. 43 2, 272, 863. 72 1, 585, 400. 68 9, 151, 478. 22 11, 151, 915. 52 8, 192, 987. 62 19, 563, 191. 89 896, 978. 52
Total	362, 019, 741. 66	928, 389,

Mr. MURRAY. Mr. Chairman, I yield back the balance of my time.

Mr. TREADWAY. Mr. Chairman, I vield 11 minutes to the gentleman from Kansas [Mr. Hope].

Mr. HOPE. Mr. Chairman, I do not believe that there is anyone in my congressional district who expects me to vote for the Townsend plan. When this measure first came up, even before the introduction of the first McGroarty bill early in 1935, I had answered inquiries from my district concerning this plan by pointing out its utter impracticability and the crushing burden of taxation which it would impose upon the workingman, the farmer, the small merchant, and others of moderate means. Since that time I have written hundreds of letters to people in my district frankly giving them the reasons why I could not support the plan. Many of these letters have been read at meetings of Townsend clubs and otherwise circulated throughout the district.

In both the 1936 and 1938 general elections I was opposed by a candidate who espoused the Townsend plan and who had the endorsement of the Townsend organization; therefore the matter has been thoroughly and fully discussed in my district, and my position is well understood.

One of the reasons why I felt it imperative to make by position clear on this matter from the very beginning was because of the fact that I did not want to be a party, either actively or passively, to the deception, either wittingly or unwittingly, in good faith or bad, which has been carried on on behalf of this measure among the fine elderly people of this country. The growth of the Townsend pension program offers perhaps the most conspicuous example of the power of skillful propaganda which has ever been afforded in this country.

I do not want to question the good faith of all of those who have been guilty of deceiving millions of elderly people in this country into believing that it was possible for the Federal Government to pay them up to \$200 per month without cost to anyone. The fact remains, however, that this impossible proposal has been the theme song of paid Townsend organizers and workers since the beginning of the movement and is today being held out to the elderly people of this country not only as the objective of the program but as something that was going to ultimately be brought about

Since the introduction of the first McGroarty bill early in 1936, there have been at least four other bills which have been sponsored by the Townsend organization, to say nothing of the bills sponsored by other pension groups. new bills have been introduced, because even the sponsors of the earlier legislation conceded that it could not work. Yet the Townsend organizers and lecturers have, on the occasion of the introduction of everyone of these bills, informed the members of the organization that they were

perfect bills and that they should importune Members of Congress to pass them without amendment.

The publicity and discussion which has occurred throughout the country with respect to these measures has, of course, demonstrated clearly that there is no possible way by which a tax can be levied upon the American people which would result in payments of \$200 per month to all those over 60 years of age. Yet that has not in any degree resulted in a change in the propaganda of the organization, and this inducement is still being held out to the duespaying members of the organization in order to keep the money coming in for the benefit of the officers, organizers, speakers, and other paid employees of the movement.

I call attention to the column carried in every issue of the Townsend National Weekly, including that which is dated Friday, June 2, 1939, entitled "Townsend plan in capsule form," where the \$200 is still put forth in the following language:

Revolving effects of the plan will be apparent within 30 days to 90 days. As transactions increase, tax revenues will mount and the prorated share of the spending agents will grow, to be again spent within 30 days.

spent within 30 days.

Continued increase in business will reduce unemployment rolls to a minimum. Continued increase in the tax return will add to the annuitants' pro rata share until a maximum of \$200 each was being distributed monthly. At that time revenue beyond this figure can be used to reduce the national debt, or eliminate other taxes, or both.

All this notwithstanding the fact that members of the organization, when questioned concerning the matter, frankly admit that the taxes provided for in the present bill will not raise enough money to pay even one-fourth of such an amount. The fact is, if competent economists are to be believed, the provisions of the bill which is before us now would probably not raise sufficient funds to pay one-eighth of \$200 per month. It is wrong to deceive the splendid elderly people of this country in such a fashion. Congress ought not to be a party to it. We ought to vote this bill down by such a vote that the elderly people of this country will understand that it is not possible to do what the sponsors of this legislation claim it will do.

Any fair analysis of the present bill, or any other of the bills embodying this plan, will quickly demonstrate that the plan is unsound, that it is unworkable and cannot possibly do what its sponsors claim for it. If the plan will work as the sponsors claim, then it means that it is possible in this world to get something for nothing, which the accumulated experience of generations of mankind has proven cannot be done. Yet that is the theory upon which this plan is being sold to the public. From the very beginning, the paid organizers and workers for the plan have based their arguments on the theory that the plan would cost nothing and that it is possible to pay out to the elderly people of this country as much as \$20,000,000,000 per year without its actually having to come out of anyone's pocket.

The theory of the bill as expounded by its supporters is that by levying a tax it is possible to accelerate the circulation of money. Strangely enough, if this is the theory, the tax is to be levied not upon idle money or hoarded money which is out of circulation but upon money which is already actually in circulation. It is a tax to be levied upon business transactions so that every penny which would, by means of this tax, be diverted to pension payments is a penny taken away from someone who was actually preparing to spend it at the time it was taken away by taxation. In other words, all the transaction tax does is to take the dollar that is being spent for goods and commodities and divert a part of it to the Federal Government in the form of a tax. The man who is about to spend a dollar gets 98 cents worth of goods and the Government gets 2 cents in tax. Later, presumably some elderly person will receive the 2 cents and spend it. Exactly the same amount of money is circulated. The only difference is that in one case it would have been spent by the man who worked for it and earned it, and in the second case, it is spent by the man to whom it is paid as a pension. A trans-

actions tax is a particularly vicious tax, because it bears down most heavily upon the poor. The people who have to pay the Townsend tax are the farmer, the small-business man, the working man, those on relief-in short, the 97 percent of our population who may be classified as poor or of moderate means. They are the people who are doing the work in this country, who are raising the families, producing the goods and creating the wealth. Yet, under this program, a man on relief would have to contribute a part of his meager return in the form of taxation. The farmer who is losing his farm would be taxed, and the small retail merchant who is just able to keep his head above water in the face of increasing chain-store competition would be assessed for his share. In fact, it seems very apparent that, under the present bill or any bill which includes a transactions tax or a gross-income tax, the small retail merchant will be placed at a much greater disadvantage as compared with the chain store, and small business institutions of all kinds will be forced out of the picture.

In the main, of course, this tax will be borne by the consumer, but in other cases competitive conditions may force it to be absorbed by the businessman and thus impose an additional handicap upon small business. Furthermore, if the history of taxation is any criterion, we can expect this tax to slow up business rather than accelerate it, thus not only reducing the amount of money in circulation but providing a decreasing scale of revenue. In view of these facts, which are admitted by all economists and which have not and cannot be controverted by the sponsors of this plan, is it not time that Members of Congress do their part in informing the people of this country that there is no way through legislation by which black can be changed to white, by which 2 and 2 can be made to add up 40 instead of 4, or by which people can get something for nothing?

The main reason that the Townsend plan has gained such a large following is because of the fact that the skillful propaganda of the paid organizers for the plan has been allowed to go unanswered and unchallenged. I have heard Townsend organizers frequently make the statement that there is no answer to the plan, that those who oppose it can give no good reason for doing so, and that their only reason for opposing the plan is because sinister money interests are against it. This bill is not going to hurt the moneyed interests of the country. It is not going to hurt the rich man who, after all, spends a very small part of his income. It will not touch a penny of hoarded capital. The men and women who will be hurt by it are in that great class composed of those who must of necessity spend all of their earnings for living expenses.

Yet I am confident that these facts have not been brought to the attention of the public generally. That is partly our fault. It is partly the fault of the press and of other avenues of information. With the high regard which I have for the fairness and intelligence of the American people, I am convinced that when this proposal is put up to them in its true light and in a fair way they will be overwhelmingly against it.

No one can carefully study the voluminous hearings which have been conducted on this measure without reaching the conclusion that every claim which has been made for this plan is false and that, instead of contributing to recovery, its adoption would be the greatest catastrophe which could happen to this country. Instead of doing what its sponsors claim it would do, the adoption of this plan would decrease the circulation of money and curtail business activity, because it is a tax imposed upon business activities and because it gives to one in the way of pension benefits what it takes away from another in the form of a tax. There is no way by which increased purchasing power can be developed except through the increased production of goods and wealth.

Mr. BUCK. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield briefly.

Mr. BUCK. The gentleman from Kansas represents an agricultural district as I do.

Mr. HOPE. The gentleman is correct.

Mr. BUCK. I call the gentleman's attention to page 1002, where the gentleman from Massachusetts [Mr. McCormack] was interrogating Dr. Coulter, former president of the North Dakota Agricultural and Mechanical College:

Mr. McCormack. Doctor, just one or two questions. It is your opinion that the passage of the Townsend Act, or similar legislation, would be disastrous to agriculture, confining my question to that activity in the country?

Dr. COULTER. Yes; I think it would be very burdensome.

Mr. McCormack. By burdensome, you mean it would be destructive?

Mr. McCormack Any Member who voted for this bill, who comes from an agricultural district, would be voting directly contrary to the best interests of the people of his district?

Dr. COULTER. I think so.

Mr. HOPE. I appreciate the gentleman's contribution; and, of course, I agree with what the gentleman says 100

The adoption of this plan will decrease rather than increase employment. It is true that if the pension were large enough it might result in elderly people giving up their employment and transferring their jobs to those in lower age groups. No new jobs would be created, however, and it is generally felt by those who have made a study of the matter that it would probably result in a net decrease in employment because many elderly people are employed because of their long and faithful service, and if they should retire, their places in many instances would not be filled.

The plan will ruin the small-business man and the independent merchant because chain stores and large business institutions will be able to avoid a part of any transactions or gross income tax due to the absence of middlemen or job-

bers in connection with their operations.

The plan will impose an intolerable tax upon the consumer, which means upon the poor man. Everything he buys will cost more because of the tax, and his wages will be decreased because he will have to pay a tax upon them.

The adoption of this plan would prevent the development of a sound, workable pension, because any pension system to be successful must be based upon pension principles and not be tied up with an unworkable so-called recovery plan.

The sponsors of this legislation have a low opinion of Congress. I might say they have a contempt of Congress, because they believe that legislation in this body is not considered on its merits or because of its merits, but because of the amount of mass pressure which can be placed behind it. That is the theme of the entire Townsend drive. Its proponents do not offer arguments. They even tell their followers not to argue the question with anyone but that the thing to do is to bring all possible threats and pressure against the Members of Congress in order to induce them to vote for the measure, irrespective of its merits. No one can read the arguments which were made before the Committee on Ways and Means on behalf of the Townsend plan without being convinced of their pitiful weakness and utter lack of logic and sound economic basis.

I think that the vote on this bill offers the Members of Congress a splendid occasion to demonstrate to the people of this country that we are not influenced by mass pressure irrespective of the merits of legislation. If this bill is voted down overwhelmingly, it will result in increased confidence in Congress on the part of the people of this country and to that extent will contribute to business recovery. On the other hand if this measure should receive a large vote today, it will lower this great body in the estimation of the people of this country and will create a feeling of distrust and suspicion which cannot help but undermine confidence.

I have only the kindest and most sympathetic feeling for the splendid elderly people of this country, many of whom are supporting this plan. I want to see a sound, workable system of old-age insurance worked out for their benefit. Like all other great movements, however, whatever may be done must be done slowly and developed through experience. I am sure that is what the elderly people of this country want. Many of them have been induced to support the

Townsend plan because of the misrepresentations that have been made and are still being made by its officers and organizers. No matter how good the original intentions of its founders may have been, by this time they know and must admit that there is no way by which pensions of up to \$200 per month may be paid without costing anyone anything.

Yet that fraud is being carried on today in the columns of the Townsend Weekly, and the bill before us solemnly provides that payments shall be made to annuitants in an amount not exceeding \$200 per month, and that any surplus shall be "used by the Secretary of the Treasury in liquidation of the national debt until same is cleared after which it shall go into the general fund." The Congress of the United States ought not to be a party to any program which gives such a false and fraudulent impression. We ought not to be accomplices to this program of deception which is being practiced upon the elderly people of this country who have a right to look to Congress to deal with them justly and in good faith. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield 5 minutes to the gentleman from Montana [Mr. O'CONNOR].

Mr. HENDRICKS. Mr. Chairman, will the gentleman

Mr. O'CONNOR. I yield.

Mr. HENDRICKS. Mr. Chairman, I want to call the attention of the House again, to page 6, line 6, of the bill, to that section which you consider ridiculous. I am the one to be embarrassed, but I have never assumed the mistaken sense of omniscience or perfection that some Members might

I hold in my hand the present Labor Code of California with this section in it verbatim. In addition to that it is in 200 important laws in California which are on the statute books, and a portion of this same language is in the United States Code. There are two other bills in this House at this time which carry the identical provision.

I wrote to the man who drew this bill to find out why the language was in it and I read a paragraph from that letter which will explain his reason.

In order to make perfectly clear, as an attorney admitted to practice before the United States Supreme Court and all the courts of California and the District of Columbia, the purpose the section California and the District of Columbia, the purpose the section serves, let me call attention to the fact that many statutes use the future tense "shall be." The section in question makes it clear that this means "is." Many statutes use the pronoun "he" and if this section is not in the statute a grave question arises as to whether a woman affected would be governed thereby without repeating "he or she," also whether a corporation would be included under the term without using the pronoun "it." Questions have often arisen in court as to whether the plural number used in a statute refers to just one person and some mighty important in a statute refers to just one person and some mighty important cases have been taken to our higher courts on whether "shall" means "must" and is mandatory. To prevent litigation, which the needy poor oftentimes cannot carry on, this section was inserted.

If any Members further insist on my helping them to expose their ignorance, they cannot complain if I attempt to accommodate them.

Mr. O'CONNOR. I thank the gentleman. I have not sufficient time to discuss the bill in detail. I want to call the attention of the Members to two or three matters.

It has been contended upon this floor this afternoon, and seriously if you please, that this measure if enacted into the laws of this country would bankrupt the Government. Remember, Mr. Chairman, that it does not bring into being a new department to enforce its provisions, it is enforced through the mechanics of the Bureau of Internal Revenue and without expense to the United States Government except a slight increase in costs of collection. In addition to that, they say the enactment of this law will break the country. Remember every dollar that is taken out in the form of taxation goes back into the country in the channels of trade every 30 days after it is collected; so it will not break the Government, and it will not break the country.

Mr. Chairman, whose eyes are turned toward Washington and upon the House of Representatives this afternoon? Are they the eyes of the rich? Mr. Chairman, no it is the old people throughout the United States who have been forced to live upon from \$6 to \$15 a month, living almost like animals,

if you please, who today from the East and West, from the North and South, are looking to this body to see whether or not we are going to compel them to continue to live in the future as we have compelled them to live in the past. We have had a lot of fun here this afternoon. I thought our distinguished friend from Missouri was going to burst a hame string in ridiculing this measure designed to help the needy. Yes, Mr. Chairman, we can have fun here, we can laugh here this afternoon, but we are laughing at the expense of humanity in this country, of the men and women of this country who are in need and with tears in their eyes looking to us.

They say that millions of the people who followed Dr. Townsend have done so through false propaganda. That is not true, Mr. Chairman; they have followed him because they feel that they are in need and something must be done. That is why they are prepared to follow this man.

We cannot do less here this afternoon than go along and meet the call of the old and needy people of this country.

Mr. Chairman and Members of the Committee, some people say that the Townsend plan is fallacious; but, in my judgment, the American people are indebted deeply to Dr. Townsend for the campaign that he conducted, calling to the attention of Congress and the American people the deplorable conditions that exist throughout the country. I think they will always owe to him a debt of gratitude.

And, Mr. Chairman, I am going to refer to a gentleman who has departed this life, for whose memory each and every Member of Congress has a deep reverence. That was Senator Thomas J. Walsh, of Montana. I happened to be visiting at his summer home at Glacier Park sometime in 1931, I think it was, and he was preparing a speech to be delivered before the chamber of commerce in San Francisco. He was pointing out in that speech the human needs of this country. He stated in the speech that there was "no surplus beyond human needs in the United States but there was a surplus beyond market demands."

Now, in my opinion, gentlemen, that is related to the subject at hand. It is distribution today that is wrong with the country. Somehow or other we have lost the key. Our markets are glutted with the necessities of life, and at the same time we have our hungry people, our ill-clothed people, and ill-housed people. I think the President of the United States was right when he made the statement that one-third of the people in this country were ill-fed, ill-housed, and ill-clothed. The Social Security Act is not adequate.

The present Social Security Act is based upon pay rolls. I see no hope of relief for the man who has no employment, who is not on any pay roll, in the present social-security set-up. Some time ago I engaged in an argument with my distinguished friend, Congressman McCormack. And I do not speak lightly when I refer to him as my friend.

I made the statement that I wanted to know if taxexempt securities were going to be taxed or if we were going to have a chance to vote upon that before taking up a discussion of a bill providing for taxing the low-salaried people, the teachers of the country if you please, the most underpaid class of people that we have on the public pay roll, those who render the greatest service of any public servants.

I said "It seems to me that we went gunning for a mouse when elephants were at large." Between \$50,000,000,000,000 and \$60,000,000,000 worth of tax-exempt securities were going without a single dime being imposed by way of taxation.

As I understand it, one of the Rockefellers died and left an estate of something like \$53,000,000, and \$48,000,000 of it, I have been informed, was invested in tax-exempt securities upon which not a single dime of tax was imposed. I have introduced a bill in the House to provide for taxing the income and profits from all securities, Federal, State, county, and municipal, which bill has been referred to the Ways and Means Committee. I have asked for a hearing upon the same.

It is possible under our present system for a man to have an income of three or four or five million dollars a year and

not even pay for police protection, court protection, court service, or schols for his children.

If the Townsend bill is passed it will put into circulation money which is lying static and dead in the banks of this country amounting to the staggering sum, if you please, of more than \$9,000,000,000.

In addition, what else do you have? You have \$52,000,000,000 on deposit in the banks. And I want to call your attention to this, Mr. Chairman, the reserve is never moved. It is an all-time high reserve in the history of this country. Now, cannot we find some way to help?

A gross-revenue or gross-receipts tax will provide sufficient revenue to meet the expediency of the program. A maximum monthly annuity of \$200 may appear to be too high to many Members of Congress, but we must never forget our debt and our duty to the aged persons of our Nation. That debt, and duty as well, cannot be reckoned on monetary values, and whatever they receive will be a small portion of what they deserve.

From earliest civilization we have had the "haves" and the "have nots." Under our economic system the two classes are positive, normal products. We cannot melt the "haves" with the "have nots." Consequently, it is the duty of our economic system to provide for the "have nots" when they reach the autumn of their lives.

H. R. 6466 provides for the administration and related duties necessary for the carrying out of the Townsend program. It represents the best efforts of persons who have devoted many hours of labor and thought to the social-security cause.

We have tried hundreds of economic schemes to solve our internal problems. Surely we must not stop until we can at least find what program comes nearest to meeting the needs of our people—our youth, as well as the aged.

Ex-President Hoover wracked his brain from 1929 to 1932 to solve these problems to take off from the streets and off from the railroads the 12,000,000 to 14,000,000 men who were out of employment, living scarcely as human beings. I have seen thousands of people come into my town, which is a railroad city, crawling out of the freight cars, if you please, going down to the brush along the Yellowstone River and in the night coming up to town to get food, obtaining the trash from the stores that could not be used for sale purposes. I have seen good men and women living that way in my home city. President Roosevelt has taken his course in an attempt to solve this problem since 1933, but we still fall far short of our objective, and we still have millions and millions of unemployed in this country today who are hungry. Bear this fact in mind, Members of the Committee: That in your banks today you have over \$9,000,000,000 that is static; that is held as a reserve. You also have hundreds of millions of dollars that are hoarded by the people.

The sccial-security program as it exists today is insufficient to meet the needs of the aged persons. An aged person cannot possibly live on \$20 to \$25 a month. I ask this question: What would one of us do if we were required to live upon the pittance that many of our elderly people in the United States are required to live upon now?

Now. Members of this Committee, is there a man on this Committee, or is there a Member of Congress, that would dare to get up in front of this body and who would admit to the elderly people of this country the fact that he would not pay the gross revenue tax if that would permit the aged to live in reasonable comfort? Whenever you give some money to somebody to spend, he is going to buy something with it, and you are going to put somebody to work to replace the article that he purchased. In my opinion, there is no such a thing as a waste of money. If I went out here on the street and threw a \$20 bill away-which, of course, I would not, because I have not got it—but if I did that and somebody came along and picked it up and went uptown and bought a suit of clothes with it, or some lady bought a dress with it, that transaction is putting money into circulation. You have put to work somebody to make the article that he or she bought. It will stimulate industry.

It will be performing a duty that we owe to the aged people of the country, and, in addition to that, my friends, it will supplant the aged man with the youth who is traveling the country today without employment, out of a job, and, as I said a while ago, because of circumstances over which he has no control, we are making him a criminal. His average age in the penitentiary today is 21 years; we are hanging him; we are electrocuting him. Why? Because he has nothing What hope is there for a boy that graduates from school if he cannot find employment?

We talk about elections, electing a Republican or Democratic candidate in 1940 for President. I say to you if we do not solve our unemployment problem, then we have today in the White House the most conservative President this country will ever see. His successor will take the reins in his hand and use the resources of America to meet the needs of his

people.

There are certain things that I hope the committee will not lose sight of in considering this bill, one of which is that this Nation is accredited with having or owning 60 percent of the resources of the world, and only 7 percent of the population of the world is in the United States.

The proponents and followers of this program, designed for economic recovery and social security, have been termed "crackpots" from many sides. This program deserves the utmost consideration by this body, and in fairness to thousands of my constituents I want to see this program in application. I can say this to the Members of the Committee: I think we have 20,000 members of the Townsend organizations in the eastern district of Montana alone. We may have to rely sometimes upon what some think today is a crackpot theory to lead us out of our present difficulty.

During the last few years we have applied to practical tests the best programs framed by the leading economic intellects of our country. Today, as I view the situation, we have made no more than a faint step toward our desired

I need not recite in detail the ironic story of machines replacing manpower. I need not dwell to any extent on the tremendous unemployment problem in the United States today. The facts are known by each Member of the Committee, by every Member of this Congress. You will recall that when the tractor replaced the horse in our agricultural regions several years ago, the mechanized tractor chugged onto the field and the horse was retired, not to green pastures but to the public lots. After creating nuisances, the horses were finally rounded up, shipped to various points over our Nation, and slaughtered and canned. Gentlemen, we cannot do that with the idle people who have been displaced by machinery.

Who will deny that the aged persons of our Nation must be taken out of industry to make room for the millions of unemployed roving youths in our country? And, also, who will deny that when aged persons are taken from the employment scene they must be given sufficient funds not only to meet their necessities but to provide comforts as well in

their old age?

The Federal Bureau of Investigation recently informed me that the average age of criminals in our Nation today is 21 years. Now, think of that. Gentlemen of the Committee, I was informed by the Department of Justice also that the average cost of crime per annum to the Federal Government, the States, counties, and municipalities amounts to the staggering sum of \$15,000,000,000. Now, that is a problem we have to consider. These young men and women have exhausted their patience seeking employment. They are met with the same answers each time they seek a job. If they cannot find work, they will find themselves in crime. Leisure is the devil's workshop for the youth of our Nation. And if we must have an unemployed class, it will be considerably better to have an unemployed class composed of the aged persons. Who is safer to be at large, hungry, with no place to go, a man in his teens or his early twenties, or a man 60 years of age or over? Who is safer to have at large and who will go farthest to get the necessities of life?

I receive scores of communications daily from my constituents in the eastern district of Montana urging my support in behalf of the passage of the Townsend national recovery program.

It is our duty as elected representatives of the people of our various districts to represent our constituents in the most efficient manner possible. When I impress upon you my stand in behalf of the Townsend program I am carrying out the desires of thousands of my Montana constituents who are not the type to fall in line behind a program built

on a crackpot foundation.

You may recall reading of the time when Mr. Bell went to somebody to get him to help him finance the Bell Telephone Co., and when the poor fellow left, after having offered to sell a half interest in it for \$500, the man that he offered it to did that-tapping his head-as though the man was crazy. Now, after all our great economists have tried it—the very greatest we have—we might have to try something else that does not perhaps ring 100 percent true to

We must bear in mind that the Townsend national recovery program is a recovery move as well as a social measure. The annuities will increase the purchasing power of a class of persons who today are barely earning sufficient funds to provide absolute necessities. I know of old people in my State of Montana that are living on from \$12 to \$15 or \$20 a month. Are we performing our duties as Congressmen to that class of people, who have built our churches, our railroads, and our schoolhouses? Cannot they, and should not they, expect more of us? Furthermore, in addition to creating a new level of purchasing power, the program would provide jobs for our crime-bent youth, which consequently would open a new field of purchasers. When these people spend money industry is stimulated. Industrial wheels will not stand still when there is purchasing power to back the demand for the products. Furthermore, additional employment will be a necessity to provide articles desired by the new class of purchasers. New markets will appear on our economic skyline and demands supported by the necessary purchasing power for articles ranging from automobiles to fishing tackle will increase to an inestimable end.

Now, it is estimated that approximately 10,465,000 persons over 60 years of age would be eligible for pensions under the Townsend national recovery program, based on 1935 figures

of the Census Bureau.

The Townsend program, as incorporated in the bill introduced by Representative Hendricks, provides for an efficient, workable social-security structure coupled with a sound recovery program. It was designed by some of the best minds of our country. Every person 60 years of age and over, who has been a full citizen of the United States for at least 5 years, is entitled to a monthly annuity under the Townsend program. It provides that the annuitant shall not engage in any gainful pursuit, thereby making room in unemployment ranks for youth who today are turning to crime in a pitiful attempt to solve their economic plight.

Members of the Committee, if it did not do anything else than put to work the youth of the country, if it did not increase employment at all, you would be doing a great service to our Nation in putting to work the youth and taking them off the streets, out of the pool halls, hell holes, and other places that are worse, putting them to work and giving them a chance to make a living like you and I had in our

early life.

I read an article the other day written by Mrs. Roosevelt, the substance of which was this: What is the use in preparing to do something if you cannot find it to do after you are prepared? That is a very serious question. The obligations, Members of this Committee, are heavy upon your shoulders.

It has been argued that this bill does not produce anything that is not already in existence. In other words, that they have just as much to spend now as they would have after this bill were put into operation, because people are spending all they can get now. The reason I referred to the vast deposits and reserves was to show that we have an all time high of reserves in the banks today. If we had a stimulation of industry, and if we had the class of people buying something that has no buying power today, it would detract from this pile of money that is of no use to anybody. In other words, we would have more money in circulation; we would have more business, and therefore more transactions taking place. That is the point I make, because it is argued that this bill would not cause anything to be produced. It would cause an increase in the purchasing of goods, which would cause, in turn, an increase in employment. If we can only get into circulation what we already have and give buying power to that part of the public which has no buying power at the present time it will stimulate business and industry. [Applause.]

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield 2 minutes to the

gentleman from Florida [Mr. GREEN].

Mr. GREEN. Mr. Chairman and fellow Members of the Committee, I have followed with considerable interest and with some amazement the speeches which have been made this afternoon for H. R. 6466, the Townsend plan bill. A number of you gentlemen have spoken in opposition to the bill and at the same time have indicated your desire to be of assistance to the old people of our country and to provide for them adequate pension. It is quite singular that some who have made these statements have not been identified, so far as I know, with any particular move for particular relief for pension to the aged. If you are so earnest in your desire to provide pensions for the aged, why not have you already brought out and petitioned for a vote for an adequate plan for the aged? The Townsend plan is the best plan which has been offered and I urge each of you to support it.

Many have viewed with alarm the consequences of the Townsend plan bill. Do you not believe that the Congress would be able to amend the law if it proved not wise? I am firm in my conviction that if the Townsend plan bill or any other pension bill for the aged should be enacted and later found not adequate or not workable, then future Congresses

could amend or change it.

Our Nation is the richest and most powerful of all nations. We have almost half of the wealth of the world and the American people are the largest consumers of manufactured products and of raw materials. Per family we consume and use more than any nation in the world. The fact of the matter is, in practically all of the comforts and luxuries of life, the American people, although embracing only about 6 percent of the world's population, consume as much as half. We possess about 3 percent of the world's area and about 6 percent of the population. We possess more than 40 percent of the wealth and produce practically all of many of the essentials of life. Our Nation is a large producer of practically all of the food necessities and of clothing necessities. Our mineral wealth and other natural wealth exceeds that of other nations.

In this land of wealth and plenty, we still have poverty and dire necessity for the things of life. A large percentage of our population, probably 30 percent, is not possessed adequately of the comforts and luxuries of life. The enactment of the bill before us will, I believe, bring to these and to all of our people a large degree of the luxuries of life, together with all of the necessities and many of the comforts. The tax burden as outlined in the bill will not fall hard on anyone. After its passage, employment will surmount unemployment because the recovery which it will bring will offer employment to the middle-aged and the youth of our land. Idle hands are the devil's instruments and idle brains are his workshop. Idleness is conducive to crime and discontent. With gainful employment, the youth of our land and the middle-aged will be led away from crime and, in fact, crime in our country will decrease.

Records show that many of the crimes in our country are committed by those who are idle. With the vast wealth and development possibilities in our country, there is no good reason for idleness and want. I believe that with the passage of this bill employment can be had for all of those

who are actually desirous of working. I believe also that destitution will be replaced by prosperity.

Some of my colleagues have named this bill as class legislation. The Congress has from time to time enacted laws which were particularly beneficial to the wealthy and rich and the industrialists of our Nation. If this legislation is called class legislation for poor people, then has it not the same right of passage as class legislation for the wealthy people?

The machine age in which we are living must be met. Machines have multiplied the quantity of goods and also multiplied the number of unemployed. One machine now will do the services which formerly were done by from 20 to 200 men. Science and invention have also added to the unemployment list. It would not be practical to undertake to outlaw scientific development, research, and invention perfection. Rather than do this, it is the American ideal to place a premium upon the perfected devices and evolution of industrial and natural production. To meet this great progress and development in production, we must increase the purchasing power of the rank and file of the American people. With added purchasing power, added consumption will follow. In America it is not a question of overproduction as much as it is a problem of underconsumption and a lack of purchasing power. By the passage of this bill the purchasing power of the American people will be tremendously increased. This purchasing power will take manufactured articles as well as raw materials and these will be consumed. As these articles are consumed through the added purchasing power, then there is an added demand for raw material and for manufactured goods. With this added purchasing power and added demand for goods comes the necessity for additional employment and hours of work. The enactment of this bill will go a long way toward solving our unemployment problem and the economic distress now experienced by the rank and file of our people.

I urge my colleagues to think of this legislation in a businesslike manner and from a business point of view as well as a humane point of view. It will give security and comfort to the aged of our land who have during their younger and earning years helped to accumulate the wealth of our Nation. These senior citizens have done their duty and their part toward the development of our industrial and economic life. They likewise have done their part in the developing and maintaining of our civic institutions and our general civilization. It is heartless for a rich government to deny these senior citizens comfort and security. They are entitled to it, and they shall have it. This particular plan will not only give this to them but will also carry the other necessary benefits to our American people who are less than 60

years of age.

I have just read a startling statement in the Washington Post of May 31. This statement says that in New York State the average monthly relief grant per case last January was reported as \$38.16, while in Mississippi the amount per family is \$2.91. A family of four in Atlanta, Ga., obtains only \$6.70, and the average in New Mexico was \$2.50 monthly. It is a travesty on justice for relief to be so maladministered. A person can be hungry in Georgia, Mississippi, or New Mexico to the same degree that he can be hungry in New York, Pennsylvania, or Michigan. Hunger, want, and necessity do not know any geographical bounds. It is unjust, unfair, and tragic for the relief administration to politically toy with hungry stomachs in our land. The same amount of relief benefit and the same relief wage should be paid alike in every place and to every white person in the United States. I decry and deplore such miscarriage of justice and misuse of public tax funds. I am assuming, of course, that this article appearing today is correct. I believe the enactment of the Townsend plan bill will soon make unnecessary Federal W. P. A. appropriations as well as many other Federal emergency appropriations.

My constituents, thousands of them, are deeply interested in this bill and believe it is the solution to our present economic and social ills. I have received thousands of telegrams, letters, and petitions urging passage of it. I shall read one just received from a neighbor of mine, and his wife. This neighbor is one of our prominent citizens and has in mind only the best interests of America and its future. The letter follows:

STARKE, FLA., May 30, 1939.

Hon. Lex Green, Congressman.

Dear Lex: This is to let you know that we are for the Townsend plan, H. R. 2. We expect to fight for it until we win. We sincerely hope that you are still with us, that you will make a fight for it when it comes to the floor, which we understand that will be Wednesday. The people as a whole in your district are depending on you—not only the Townsend members but the believers of the movement.

Respectfully,

W. A. COLLEY AND WIFE.

There are many other advantages which I would like to outline which this bill, when enacted, will bring to the American people, but time will not permit. I shall vote for the passage of the bill and commend its enactment to my colleagues.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield 3 minutes to the gentleman from North Dakota [Mr. Lemke].

Mr. LEMKE. Mr. Chairman, I am in favor of the pending bill, known as the Townsend bill, because I believe in an adequate old-age pension. We need not deceive ourselves by thinking we are going to escape our responsibility by setting up a man of straw and then proceeding to knock him over.

This bill provides a tax. This tax is the meat of the bill. It provides that the old people shall get the proceeds from that tax. I am informed that this will not exceed \$50 or \$60 a month.

It is a fraud and a deception to intimate that this bill provides for \$200 a month. It does nothing of the kind. It provides that if the tax brings in enough the amount that any one individual may receive shall not exceed \$200. The statements made here about \$200 a month are not fair to the Members of Congress.

There are two things that should be borne in mind; that there is a deplorable financial condition existing throughout this Nation, not only of the old people, but of the young, and I feel that this legislation is a step in the right direction, that it will take from the industrial life about 6,000,000 people who ought to taken from it, because they are no longer capable and they have done their work in building this Nation, and it will give about 6,000,000 of the unemployed an opportunity to get employment.

So far as the merits of the bill are concerned, the young people are just as vitally interested in it as the old, because this is, in fact, and in truth, an insurance policy which cannot be forfeited or canceled for nonpayment of premiums.

The amount that each such individual will receive will depend entirely upon the income from the tax. There is one thing sure, it will be a great deal more than the few who are over 65 years of age now receive under the so-called old-age assistance. It will be given to all alike regardless of what State they live in.

Under the present law if you are 65 years of age and your State happens to be able to pay you \$2 a month, then the Federal Government will add \$2, making \$4. Again, if your State is able to pay you \$4 a month, then the Federal Government will add another \$4, making \$8. If your State pays you \$15 a month, then the Federal Government will add another \$15, making \$30. But if you live in a State that does not or cannot pay you anything, then the Federal Government will also desert you. I feel that the Federal Government should treat all its citizens alike, no matter in what State they reside. If the State does not or cannot pay you anything, then you will need Federal aid all the more.

I agree that this bill will increase the cost of living, but not near as much as some of those theorists have told you. But that increase will be more than set off when we will be able to take six or seven million of the young unemployed and give them permanent work when the six or seven million old people retire from gainful employment under the provisions of this act. These young people will then be able to become self-supporting in place of living on a dole and a sandwich handed out to them by relief organizations.

It also will give security not only to the old but an assurance of security to the young. It will act as an insurance policy which cannot and will not be forfeited by non-payment of premiums. I am sure the average man and woman will be willing to pay a little more for the cost of living provided they are sure that when they reach the age of 60 they will be taken care of, not as a matter of charity but as a matter of right.

The money which the old people will receive under this bill is not wealth, but it is the purchasing power, the yard-stick with which they can measure and consume the wealth of which we have too much—the wealth which the Secretary of Agriculture had to destroy because, he says, we have too much of everything. This bill would provide a means for redistributing this wealth to the men and women who created it.

The Secretary of Agriculture recently plowed under 60,000 acres of sugarcane in the South. I want to give the old people the purchasing power—the yardstick—so that they can get some of that sugar. [Applause.]

Let us look at ourselves. Some of you have been here with me now for 7 years. We are still just where we started. We still have from twelve to thirteen million unemployed. We still have a situation where one farmer out of every five has lost his home by mortgage foreclosure.

Yet we are afraid to do anything for the people for fear we will make a mistake. May I say that if this Congress should make a mistake in trying to help the great mass of American people it will be the first time in the history of this Nation that Congress has made a mistake on the side of the people. Heretofore it has always made the mistake on the side of the selected few.

I cannot understand why some Members of Congress are so afraid that the people who have created the wealth of this Nation may get too much of it back. "Old-age pension should be called "old-age compensation," because any person who has worked at a useful occupation from the age of 20 to the age of 60 has produced enough wealth to take care of himself or herself for the rest of his or her life. If such a person finds himself or herself in financial distress and without the means of a comfortable livelihood, then it is because someone appropriated this wealth, or, rather, misappropriated it.

We have now arrived at a stage in our civilization where we realize that as a nation we can safely restore to the aged part of the wealth which they created, part of the wealth taken from them by overzealous individuals and corporations. This is not a pension; it is not charity; it is a compensation for useful labor performed or for wealth actually created or produced.

In fact, the Federal Government, as well as the States, require a pauper's oath from the aged in order to give them just a dribbling of that which is theirs, which they are entitled to, and which they themselves have created or produced, but which under our financial system has been taken from them, generally without their consent and without fault on their part.

In the distant past, as well as more recently, the combined energies of the world were required to produce the necessities of life. Nations became great because of an abundance of raw materials and sufficient labor to change these raw materials into finished products, but even then there was usually a scarcity of some of the necessities. Saving and thrift became the watchword of the day.

Now, however, owing to machines, to mechanical inventions, and chemical discoveries, all this has been changed. We suddenly find that we have an abundance for all. Our problem no longer is how to produce more nor fear the morrow may not bring plenty, but, rather, how to distribute the things that we have and that are essential to our well-being

In place of destroying this food and clothing and other essentials of life, why not distribute it to those who helped to create it and need it? Why does Congress not pass a decent and intelligent old-age pension bill? Such a bill would provide the machinery for the distribution of our so-called surplus and overproduction. It would compensate the aged for part of the wealth they have created. Such a bill would make it unnecessary for the aged to continue in industrial competition with the youth of this Nation. It would to a large extent solve our unemployment problem. It would give to those who have toiled for 40 years a needed and deserved rest for the remainder of their lives. It would add to the health and well-being of the Nation. It would give peace and contentment where now all is doubt, uncertainty, insecurity, and mental suffering.

We all know that this Nation is still in agony. We all know that we still have some 15,000,000 on a disguised dole; that every courthouse is a poorhouse. We all know, in spite of all the statements to the contrary by politicians for political reasons, that mortgage foreclosures on city and farm homes are continuing and that thousands are being evicted from their homes. I regret to say that official Washington does not know what is going on in this Nation. It seems deaf and blind to the appeals of the men and

women who have made this Nation what it is.

Mr. TREADWAY. Mr. Chairman, I yield 3 minutes to the

gentleman from New Hampshire [Mr. JENKS].

Mr. JENKS of New Hampshire. Mr. Chairman, I rise to voice my approval of the passage of H. R. 6466. I believe that the enactment of this legislation would be a step in the right direction (1) because it would establish a pension system for persons over 60 years of age which would afford them for the present the basic necessities of life and as time goes on, I hope, the comforts they should have, (2) because it would be at least a partial solution of the unemployment problem with which the country has been so sorely harassed for the past several years, and (3) because it would increase the confidence and contribute to the improvement of the morale of the old and young alike.

It is estimated that some 8,000,000 of our citizens who have passed the noonday of life would avail themselves of this annuity. We have in the neighborhood of 10,000,000 unemployed persons. During the course of the past 6 years, our national debt has been increased by some \$20,000,-000,000 in an effort to solve this unemployment problem, which is the root of our economic difficulties. Despite the vast pump-priming efforts that have been made at such a tremendous cost, the unemployment problem remains unsolved while the national debt steadily mounts with no prospect of surcease. The rapid strides that have been made in industrial mechanical equipment and scientific management have brought about a displacement of labor and the ensuing struggle for a livelihood, with which we are all familiar; machines now do the work which formerly kept many hands busy and that are now doomed to idleness.

It seems to me that a logical attack on this most stubborn and obstinate problem of unemployment would be to remove from the industrial market this percentage of persons over 60 years of age by awarding them, on a pay-as-we-go basis, adequate old-age annuities which would retain them as a force in the purchasing power of the country.

I regard this bill (H. R. 6466) which we have before us only as a beginning. I realize that the estimated pension of \$50 per month carried in the measure we have under consideration will prove a great disappointment to many people who have hoped and who have thought in terms of a larger amount. Those people, however, will realize that all legislation is largely a matter of negotiation and compromise, and that any law that proves itself to be practicable, workable, and beneficial can be amended from time to time with a view to expanding its scope and broadening its terms. To those who suffer disappointment over the revision that has been made in the tax section of the bill, let me say that half a loaf is better than none. Let me further say that if this bill is enacted into law definite progress will

have been made toward the desired goal because it would establish a pension system for all citizens over 60 years of age from which the stigma of pauperism will have been removed in that it would not require that an individual be practically a candidate for the almshouse before he or she would be eligible to apply for benefits, which is largely what we have under the present Social Security Act.

I am supporting this bill not because I believe that in its initial operations it would provide an adequate old-age annuity to its beneficiaries but because I believe it would establish the proper principle and the correct basis on which old-

age annuities should be awarded.

In supporting this bill and advocating its passage, I am redeeming my pledge to cooperate in every manner possible toward the enactment of liberalized old-age pension legislation. Despite its imperfections, this bill (H. R. 6466) is seemingly the best we can get at this time and it probably constitutes our only opportunity to accomplish definite action in the matter of liberalized old-age pension legislation. For that reason I shall vote for it and I urge the Members of this body to do likewise. [Applause.]

Mr. TREADWAY. Mr. Chairman, I yield such time to the gentleman from Maine [Mr. SMITH] as he desires.

Mr. SMITH of Maine. Mr. Chairman, 25 years ago I introduced in the Maine Legislature the first old-age pension bill presented in that section of the country. Since that day I have patiently striven for, and waited the time when our older people could, through such a medium, be happy and comfortable during their declining years.

In those days a pension for the aged was regarded as a fantastic idea, and many pointed me out as being a dangerous man to society. But such epithets inspired me with courage and a desire to fight onward for the cause. And strange as it may seem, such activities have not interfered with my 49 elections without defeat.

When a candidate for the Seventy-fifth Congress my opponent in the primaries was a Townsend advocate, and after being defeated he, through Democratic influence and Townsend approval, became an independent Republican candidate in the following election. It is needless to say that this dramatic effort to retain the Second District in the Democratic column failed.

However, I became interested in the Townsend plan and its transaction tax, and sponsored it in the succeeding successful election, completely proving that one could win while sponsoring a pension program even at a time when the political pendulum was swinging the other way.

Since the last election throughout the Nation was more or less contingent on the Townsend plan, millions of proponents throughout the country had a right to expect action.

Instead, day by day, they have been sadly disappointed. It is beyond conception why so much time has been wasted, and after waiting nearly 5 months some of us wired Townsend headquarters urging at least cooperation.

One group has been contending that the negligence was of a political nature, that there were those who were hoping to drag this issue into another campaign. Others figured that such unfair tactics afforded profiteers a chance to collect nickels.

More amazing still is the fact that, so far as can be determined, not a single effort has been made to ascertain how many would be eligible and the amount of money pensioners would receive from the Townsend plan-a most ridiculous situation.

It was for this reason that I refused to go before the Committee on Ways and Means, unwilling to take part where Townsend sponsors were guessing at this amount, varying from fifty to one hundred and fifty dollars per month, or eight to twenty-four billions of dollars per year. Members of the Ways and Means Committee should not be condemned for not making recommendations when confronted with such indefinite information.

In order to do my bit to help out this homely situation. I was determined to ascertain the number of persons included and amount of money involved in the transactions tax, first by selecting a town of 6,400 people as a basis, one typical of municipalities throughout the country, one with a mixture of races and varying industries. This arduous task consisted of many tests and unlimited compilations, taking months of time.

Results, so far as is humanly possible to obtain, disclose that there are 8,320,026 persons 60 and more years old who would apply for a pension; that the amount available would be \$7,089,662,060, and would provide a pension of \$70 per month, or \$852 per year, less administrative expense.

Less than 3 months ago these facts and figures were placed with Townsend sponsors who appeared to be interested and admitted that something of this kind should have been done

long ago.

However, new legislation has been offered by way of H. R. 6466 with the revenue program definitely changed. The transaction tax, for 2 years heralded by Dr. Townsend as being perfect, goes out of the window.

Such methods not only mean postponement of this bill but create perplexities and misunderstandings by supporters.

Furthermore, until one of its sponsors can show the difference in revenue between old and new bills, some of us believe the amount of pension, set up in latest Townsend plan, has been materially reduced.

I fear the vote about to be taken will reveal that Members in Congress are tired and sick of going one way today and in another direction tomorrow.

Suggestions that may be opportune:

First. Members in Congress, any of us, who use the Townsend badge to pull off publicity stunts or create political capital are not immune from criticism. Old-age pensions transcend personal and political interest.

Second. Dr. Townsend would do well to wear his own hat, listen less to others, and think for himself. Too many politicians, like too many cooks, spoil the broth. Older people of

this Nation want one leader, Dr. Townsend.

Third. If you and I do not prevent further delays and confusion of the Townsend plan, we are not true to ourselves or to each other. Too many brothers and sisters, fathers and mothers, are making the last turn in life's journey while waiting and watching.

Dr. Townsend has done more than any man or group of men to create a pension-minded public, and our people, old and young, owe him an eternal debt of gratitude for conceiving a plan that will not only alleviate sufferings of those fading years but likewise protect the younger who, too, find themselves without a chance to earn a living.

Regardless of what mistakes have been made, regardless of who is accountable for the many delays, regardless of who is responsible for changes, we must go forward united, determined that man's inalienable rights shall, first of all, be enjoyed by those who have either fought or endured for

freedom's cause.

Let me say that you who are more conservative—yes, perhaps more sensible—would, in my opinion, be among the first to extend the milk of human kindness if brought face to face with the condition that confronts more than 20,000,000 men and women of this day and generation.

This thought brings to our minds that the President of the United States is deserving of untold plaudits for making

old-age assistance a national reality.

Sometimes I ask brighter men than myself to offer one good reason why the Townsend plan should not be adopted. Usually replies consist of misunderstanding of facts, many believing that a \$200 pension is the goal.

Others will tell you that the amount of money involved will destroy our monetary system, that such an appropriation is insane and impossible. They forget that the required \$8,000,000,000, on a pay-as-you-go basis, is about one-third of what has already been borrowed during the past few years.

Opponents cannot visualize that the Townsend money will relieve State and National Budgets of billions of dollars now being expended for relief and old-age assistance.

At times they overlook the fact that this plan will absorb much unemployment, and as proof of this theory, I call attention to the other side of the House where it is believed that one, two, or three billions of dollars, invested in W. P. A., cause business to improve and unemployment to recede.

By this same token, we claim that by increasing three or four times this buying power, and distributing it free from graft and politics in every community, month by month throughout the year, we will not only bring a temporary but lasting prosperity without increasing debts and taxes.

My friends, our older people were once the lifeblood of this country, caring for themselves and preserving the com-

forts of home for their kind and kin.

Today these pioneers are helpless because of conditions beyond their control. Surely these men are not to blame for property depreciations, closing of banks, higher living costs, loss of opportunity to earn a living.

Our present pension system is unjust, inadequate, and insufficient to fittingly care for fathers and mothers, to create a purchasing power that the younger and the stronger may take their places in the channels of progress and development.

If we do not act in this grave emergency, if we do not listen to the quivering lips of emaciated men and women, we will not fight a good fight, we will not run the course, we will not keep the faith.

Remember, if this bill is defeated, it is not dead, for like all other great reforms, it is just beginning. [Applause.]

Mr. TREADWAY. Mr. Chairman, I yield 4 minutes to the gentleman from Oregon [Mr. Morr].

Mr. MOTT. Mr. Chairman, it is regrettable, to say the least, that the House of Representatives must consider a bill of this importance under a gag rule permitting only 4 hours of debate. When I say "a bill of this importance" I mean exactly that. No bill has been introduced in Congress in the past 5 years which has attracted more attention throughout the country or which has been given more careful study by the great masses of our people than this bill. No bill during that time has received more popular support than this one, and there is no legislative proposal before the Congress now which has behind it a greater or a more serious demand than this one for fair, honest, and unprejudiced consideration at the present time.

But after 5 years of earnest and thoughtful discussion and consideration of legislation along this line, not only by Members of Congress here on this floor, but by millions of their constituents in every State and every congressional district in the Nation, what do we find? We find that most of the opposition here to the present bill (H. R. 6466), which is the legislative form in which the principles of the Townsend plan for a Federal old-age pension law are presented to us, has been solely in the nature of ridicule.

Thus far in the debate, with perhaps one or two exceptions, no serious well-considered argument has been advanced against this bill by any of its opponents. My opinion is that they do not intend during the remainder of the debate to offer serious argument or any facts whatever. They are still content, as they always have been, to laugh at this proposal and to ridicule it, notwithstanding the fact that most of them have never given 5 minutes' actual study to the bill and have not the slightest idea either of its specific provisions or of the fundamental principles on which it is based.

Now, I tell my colleagues sericusly, if they do not already know it, that they cannot ridicule this thing out of existence and they cannot laugh it out of existence. You cannot ridicule or laugh out of existence a proposal which has behind it the affirmative support of more than 30,000,000 citizens of this country. You may think you can do so, and perhaps for the moment you can. But it is my humble opinion and prediction that the time will come, and that shortly, when your answer to the demand of the aged and the poor for a decent and sensible old-age pension will have to be something more substantial and affirmative than ridicule.

I have time in this debate only to scratch the surface, and I want to say first of all that there is no essential difference

between the bill that is now before us and the bill H. R. 2, for which this is a substitute. There is a technical difference in the method of taxation, but that is all the difference there is. The tax proposed in both bills is a transaction tax. In H. R. 2 it was a straight transaction tax, or, as some have called it, a multiple sales tax. In H. R. 6466 the tax is still a tax upon transactions, but the tax is for the most part measured by the volume of the gross revenue of those who are subject to the tax. It simplifies the transaction tax by eliminating the multiplicity of the taxable transactions. In this respect it is an improvement on H. R. 2. In all other respects the two bills are almost identical.

Now, what is the principal object and purpose behind all this so-called Townsend legislation? Let me say in the beginning, for the benefit of those who may be confused or bewildered by the deliberately planned tactics of opponents who are undertaking in this debate to kill the bill by laughing at it, that there is nothing mysterious or ambiguous, or even very unusual about it. And I may add, also, for the benefit of some of those who have been miscast in the role of comedians in this debate, that there is nothing funny

about it, either.

The fundamental principle and the object of the bill is simply this—to provide an opportunity for every person in the United States who has reached the age limit of his real economic usefulness to retire completely from competition with those who have not reached that age, upon a Federal pension sufficient in amount to permit him to do this, and to live the remainder of his life in decency and comfort and happiness. And this legislation proposes further that this great blessing of security shall be extended to the aged of our Nation, not as a charity but as a matter of right.

Now, I submit, Mr. Chairman, that no intelligent Member of this body can logically find fault with that proposition, which is the very basis and the whole basis upon which the Townsend proposal rests. And I assert further that to ridicule it and to laugh at it shows a most amazing lack of intelligence on the part of the one who does so. And I say still further that any Member who cannot accept that basic proposition as a desirable goal to be attained is entirely out of line and out of touch with the almost universal thought

and opinion of the people of this country.

But in spite of the fact that every informed person knows that the object and purpose of this bill is precisely what I just stated it to be, opponent after opponent has taken the floor in this debate and has declared that the millions of people throughout the country who are supporting the Townsend legislation do not know what it is all about. They assert that these people have been fooled into believing that this proposal is something which it is not. They contend, for example, that these people believe the bill before us provides for a pension of \$200 per month and that they believe they are going to get that pension if the bill becomes law. And then these opponents, having thus set up a straw man of their own making, have proceeded to knock the straw man down and to ridicule what they call the absurdity of the situation.

Now, Mr. Chairman, all I care to say in reply to that kind of argument is this: Opponents who have made this claim here on the floor of the House are more familiar with their own districts and with the people whom they represent in Congress than I am. I am willing to admit that in some of those congressional districts the average intelligence of the people is not very high. I am willing to admit that in some States and in some congressional districts there may be supporters of this bill who are as ignorant of its plain provisions as their own Representatives in Congress have here declared them to be. But I say emphatically that that is not true of the supporters of this bill in States and congressional districts having populations of average intelligence, and I here declare categorically and of my own knowledge that it is not true of the supporters of this bill in the State and district which I have the honor to represent in the Congress of the United States. The people of Oregon know exactly what this legislation is. Nobody has fooled them. Nobody can fool them. A substantial majority of the people of my State favor this legislation. A substantial minority are opposed to it. But both sides know what the legislation is, and both its support and its opposition is intelligent. I make bold to suggest, therefore, to gentlemen who, in this debate, have charged that the people who are supporting this bill are ignorant of its provisions, that they confine their observations in this regard to their own constituents, who are the only people whose intelligence or lack of intelligence they know anything about. They can answer to them for impugning the intelligence of their own people if they want to. That is their business. But when they go further than that and undertake to insult the intelligence of people in another part of the country, about whom they are totally ignorant, then their gratuitous observations can be taken as nothing more nor less than just plain, ordinary impertinence.

Now, I have said that the object and purpose of this bill is to provide a pension sufficient in amount to enable those who have reached the age limit of their economic usefulness to retire from competition with those who have not reached that age, and I have said that in the opinion of the overwhelming majority of our people in all walks of life that that object and purpose is a desirable one—a thing which ought to be accomplished if we can devise legislation which will accomplish it. The only question in consideration of this bill, therefore, which can be properly raised is this: Does the bill now before us, H. R. 6466, offer a feasible, a sound, and a practical method of achieving this admittedly worthy object? Let us examine it solely with this question in mind, and not in a spirit of prejudice and vituperation, and see whether reason and experience, when applied to the provisions of the bill, will not answer the question for us.

The bill places the age of eligibility for a pension at 60 years. Why? For two reasons: First, because experience has shown that in modern industry-and in that term I include industry and business of every kind-the limit of the average person's real economic usefulness is reached, and that the majority of people above that age have not been able to exist in competition with people who have not reached that age. The second reason is that 9 people out of 10 above the age of 60 years do not have an income sufficient to support themselves and that the majority of people of that age are objects of charity in one form or another. Ninety percent of all the people past 60 who are holding jobs at the present time are holding them at the expense of younger people who are better fitted to do the work, and they are thus keeping out of employment millions of people who are still within the age which qualifies them to do the work required by modern

Looking at the problem, therefore, from the viewpoint of economic necessity and desirability alone, I think most people will agree that the age of 60 is a proper age of eligibility under any comprehensive Federal old-age pension law. From the humanitarian angle, also, an age limit not greater than this commends itself to most students of this problem.

No one, of course, is obliged to accept a pension under this bill. If he does accept it, however, he must agree to spend it and not hoard it, and he must also agree to retire from active competition with those who have not reached the eligible age. There are two reasons for this provision. The first is that since the pensioner is to be assured of an adequate annuity monthly during the remainder of his life, and that remaining period is a brief one, there is no economic necessity for his having to save it; and the second reason is that it is economically desirable to put this huge pension fund into continuous general circulation. That the circulation of this fund obviously will tend to increase business, to create new jobs, and to otherwise help to bring about a recovery, there can be little doubt.

This bill is unique among the many old-age pension proposals in that it provides a definite method for raising the necessary revenue to finance the pensions. It does not depend upon borrowing to finance it, as does so much of the so-called recovery and reform legislation enacted by Con-

gress during the present administration. Neither does it depend for its financing upon taking out of the Treasury a part of the money raised for general governmental purposes. Finally, it does not propose to increase existing rates on any of the taxes which are now employed by the Federal Government for revenue-raising purposes. The bill proposes a new kind of tax, which is to be used exclusively for the financing of the pensions to be paid under it, and for no other purpose.

The bill (H. R. 6466) provides for the raising of the revenue necessary to pay the pensions by imposing and collecting each month the following taxes: (1) a tax of one-half of 1 percent on the sales of all producers selling any commodity as a producer; (2) a tax of one-half of 1 percent on the sales of all manufacturers selling any commodity as a manufacturer, (3) a tax of one-half of 1 percent on the sales of wholesalers or jobbers doing business as such, and (4) a tax of 2 percent on the gross proceeds of sales, or the gross revenue, of all others not included in the first three classifications.

Now that is a very simple but accurate statement of the whole tax feature of the bill. Wages and salaries, as such, are not taxed under this bill, nor is any other personal revenue received by a person in the pursuit of his trade, occupation, or calling, whatever it may be. The reason for this is that it is this personal revenue from which, ultimately, all taxes of every kind are paid, including the taxes specifically named in this bill. This revenue is the revenue of the ultimate consumer, to whom every tax now in existence is passed on. The ultimate consumer always pays all the taxes and no system has ever been devised under which he can escape this tax burden. To levy a separate tax directly on the ultimate consumer, therefore, would serve only to tax him again after all the other taxes provided in the bill had been already passed on to him.

Now, Mr. Chairman, you may be in favor of the taxes I have just outlined, and which include all of the taxes provided in this bill, or you may be opposed to them. But I submit, in all sincerity, that the claims made here on the floor of the House that these taxes would bankrupt the Government and ruin the business of the country are absurd on their face, and that there are no facts whatever to support such a claim. By what process of mathematical calculation, for example, is it claimed that a manufacturers' sales tax of one-half of 1 percent would ruin a manufacturer? The slightest increase in his cost of labor, or the difference in his cost of material from time to time, amounts to far more than that and has a greater effect on the cost of his manufactured article than this small tax could possibly

Not one shred of evidence has been produced in this debate or in the hearings on the bill tending to show that such a tax would be even burdensome, let alone ruinous, to the manufacturer. And the same thing is true of each and every one of the other taxes provided in this bill. And let me say further that all the taxes in the bill combined do not amount to a fraction of the Federal sales or excise taxes which many of these manufacturers are already paying under existing law. The present manufacturers' sales tax on cigarettes, for example, is 200 percent-not one-half of 1 percent, but 200 percent, or just 400 times as large as the tax provided in this bill-yet will anyone say that even this huge present cigarette tax has bankrupted the cigarette manufacturer? Of course it has not, and if an additional tax of one-half of 1 percent were collected from the cigarette manufacturers that would not bankrupt him either. Hundreds of other examples could be cited, but everyone is familiar with them, and everybody who has given any study whatever to the subject knows that a reasonable manufacturers' sales tax has never hurt any manufacturer. He simply passes the taxes on, as all other taxes always are passed on, to you and to me, and to all of the other 130,-000,000 ultimate consumers of this country.

Some question has been raised as to the amount of revenue which the taxes specified in this bill would provide. It has been contended that we do not know just how much that revenue will amount to, and that therefore we cannot calcu-

late what the amount of the pension will be. I am perfectly willing to admit that, but I do not admit that that is a valid objection to the bill. No one can tell in advance of the actual levy and collection of a new tax just how much that tax will raise. This has been true of every new tax bill. It was largely for that very reason that this bill does not undertake to prescribe the amount of the monthly pension to be paid under it. The bill simply provides that out of the revenue raised by these taxes the pensions shall be paid, pro rata monthly, to those eligible to receive them under the bill.

And now, in this connection, I want to make an important observation. It is this: There has been entirely too much controversy as to the probable amount of the pension to be paid under this bill. The amount of the pension to be paid during the first year or two of the operation of this law, if the bill becomes law, is not, in my opinion, very important at this time. The important thing is not to get a law which will immediately pay a fixed pension large enough to satisfy everybody. The important thing here and now is to get the fundamental principle of this bill enacted into law and to set up the tax machinery to finance it. That fundamental principle, as I have so often repeated, is to provide a pension for everyone who has reached the age where he ought to retire, in an amount sufficient to enable him to retire in complete comfort and in peace of mind, so that he may be freed entirely from the necessity of competition and so that he may safely turn over the job he now holds to a younger man who is out of a job and who is being kept out of that job largely because it is necessary for the old worker to hold on to it as long as he can in order to live. We know this bill will do that, even if we are not able in advance to calculate in dollars and cents the exact amount of the pension.

This security, this assurance of an adequate means of support for all of our people when they become old, this, and not the precise amount of the pension, is the fundamental principle, the dominant idea behind this proposed legislation. And when we have enacted that proposal into statutory law we will have accomplished two great things which have never yet been accomplished in the whole history of the world. We will have changed the period of old age from a period of fear and want and despair into that period of happiness and blessedness which the Creator surely meant it to be. That is what this bill will do from the humanitarian angle of it. Upon its economic side it will take the greatest step toward the solution of our unemployment problem that has ever been taken, because it will necessarily release millions of jobs to the young people of our Nation who now, through no fault of their own, find themselves without work while they are still living in the period of their greatest economic usefulness.

Therefore, I want to say again that whether the bill will furnish an immediate pension as large as some have claimed or hoped for is not at all the important thing at this particular time. The important thing is that this pension, which will at least be an adequate one, will actually enable the old people of our country to cease competition and to retire; and this great purpose having once been actually accomplished by law, that law can be amended at any subsequent session of the Congress so as to fix the pension at whatever figure experience and good judgment may then show that the tax proposed in this bill can properly and safely provide.

I now wish to discuss briefly the reason why it is necessary to employ the transaction tax in one form or another in order to provide revenue enough to finance an adequate pension system. Objection has been advanced against the transaction taxes provided in H. R. 6466 on the ground that they are really multiple sales taxes, and that a sales tax is wrong in principle because it does not assess the taxpayer in accordance with his ability to pay. This is one of the few objections that have been offered seriously to the bill during the course of the present debate, and it is entitled to a serious answer.

I answer that objection, first, by admitting that for purposes of general revenue for ordinary governmental purposes the sales tax is not an equitable tax, because under it the poor man is more heavily burdened than the rich man. This is because the poor man must spend everything he

makes in order to live, while the rich man needs to spend only a portion of his income for that purpose. But I contend that this objection is valid only when the sales tax is used for the general revenue-raising purposes. When it is used for a specific and exclusive purpose—for the purpose of financing a necessary and indispensable activity outside of the usual and ordinary functions of government—then this objection largely disappears, because then the tax is used for the direct and special benefit of those who pay it.

There are many examples of the truth of the statement I have just made. I will cite only one; that of the gasoline tax, which is purely and simply a sales tax. The sales tax on gasoline in most States amounts to from 20 to 25 percent of the retail price of the gasoline. No one would tolerate such a tax for general governmental purposes. But the gasoline tax is paid by motorists, for whose benefit the roads are built, and it is used exclusively for road building. Without the gasoline sales tax the motorist knows his automobile would be useless to him. Therefore he willingly pays the tax, which is several times as high as the tax contemplated in this bill, because he derives the entire benefit of the tax he pays. I venture to say that the most outspoken opponent of the general sales tax-and I myself happen to be one of them-would not for a moment consider doing away with the gasoline sales tax, or even reducing it in any considerable amount.

The same reason that makes the gasoline sales tax desirable and necessary for the special and exclusive purpose of road building makes such a tax as the transaction tax desirable and necessary for the financing of this new and special and necessary Government activity, which is for the direct and special benefit of those who pay the tax, and without

which tax the benefit cannot be given.

The objection to the tax feature of this bill is a fundamental objection, of course, but I think a complete answer can be given to that objection by asking this question: Is the benefit to be derived by the taxpayer from this bill great enough and necessary enough to warrant the tax burden which it must necessarily impose upon the taxpayer? If it is, then the objection fails no matter what the objector may think of this particular tax, because without some special tax of this kind it would be impossible to raise enough revenue to finance any comprehensive adequate Federal old-age pension.

Therefore if it be once conceded that we should have an adequate Federal old-age pension system, and nearly everyone now does concede that, then we must provide for its financing; and to do that we must of necessity employ a tax which is capable of raising the necessary revenue. Since no other tax entirely capable of doing this has as yet been proposed, or appears likely to be proposed, it follows as a matter of ordinary logic that this is the tax which should

be employed.

And who pays the tax under this bill? Obviously everybody pays it. Who directly benefits by paying the tax? Again everybody, because everybody living in the United States, no matter what his age, will be eligible to the benefits of the act, if he needs them, when he reaches the eligible age. And please do not forget in this connection that experience has already demonstrated that 90 percent of the American people now living will need its benefits when they arrive at that age. That is a plain, cold, statistical fact, which should give pause to everyone in his consideration of this bill.

It has been argued here that this bill is a tax on poverty. I do not agree with that, nor do I think such a contention can reasonably be sustained. It is a tax upon the rich and the poor alike. But to those who say that the poor will pay most of the tax because they constitute the great majority of our population, because they make up the major portion of the ultimate consumers, and because they must spend all they earn in order to live, I reply that it is the poor who will most surely be the direct beneficiaries of this bill. I reply also that it is not the poor who are objecting to the

taxing features of the bill. And if the poor themselves do not object to being taxed for the purpose of insuring to themselves a little comfort and happiness when finally they enter upon the twilight of the evening of their lives, surely no one else should be heard to raise his voice against it.

I wish it were possible to find a tax which the very poor did not have to pay at all, but no one, I am sure, believes that this is possible. It is the poor who have always been really taxed, regardless of what the form of taxation has been. The great income-tax payers, for example, have always managed to pass along most of the tax to the consumer, although the tax the income-tax payer pays is merely a tax upon his profits. Even this tax he passes on to the ultimate consumer who, as has truly been said, is for the most part poor. Throughout all history that has been the The rich always have been few. Always the poor have been multitude. From the beginning the poor have carried upon their backs the burden of the world. They still carry it. They have fought its battles, they have created its wealth, they have paid its taxes, and as their reward they have died, as they have lived, still poor. I say this has always been so. But has not the time now come to inquire whether it must continue to be so forever? Is there always to be no hope, no reward, no surcease from the never-ending toil of the masses of our people?

Mr. Chairman, for the first time in the history of legislation I see in this bill the hope that the age-long burden of the poor may be lightened, at least toward the end of the journey. This bill does not propose to make the poor man rich. It does not propose, as has mockingly been said, to make spendthrifts of the aged. It does not propose to bring about any revolutionary change in our economic system. It does not propose to take away wealth from anyone. But it does propose, and it does undertake, to insure to all the people of the United States, no matter how poor they may be, that when they have reached that age in life where they are no longer fitted by nature to continue the strenuous fight for existence that they shall receive back something of the wealth they have already created as their reward and their

due for having created it.

It does undertake to say to them that when, by virtue of their years, the time comes for retirement that they shall be entitled to retire as a matter of right and that their retirement shall be one of comfort and security. It undertakes to liberate from the minds of all the devastating fear of poverty in their declining years and to bless those years with the sunshine of peace and happiness. And while doing all this it undertakes at the same time a rational effort to solve at least a part of the vital problem of unemployment which must be solved if the Nation is to endure but which all the billions expended and all the volumes of legislation of the past 7 years have as yet failed to accomplish.

A measure having these things for its purpose and its goal must, in my opinion, ultimately become law. I believe the bill now before us, if enacted, will go far toward reaching that goal. I consider myself fortunate in having had the opportunity to support the first legislation of this kind—the revised McGroarty bill-upon its initial introduction in the Congress and to have had some part in the making of subsequent bills translating the fundamental principles of this basic pension plan into concrete legislative proposals. I am convinced the time is near at hand when the Congress must inevitably see the wisdom and necessity for enacting these proposals into law. The demand of the people of our country for a sensible, workable, and adequate Federal old-age pension system, such as this bill provides, is a demand which the Congress eventually must meet and which through enactment of legislation of this kind it can meet. This demand on the part of the people is a natural and a human one arising out of a basic necessity which has long since been admitted by everyone. It is a righteous and a just demand and it is growing more insistent and more emphatic every day. It cannot and it will not long remain unheeded by those who represent the people here in the lawmaking body of our Nation. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield 8 minutes to the

gentleman from California [Mr. Buck].

Mr. BUCK. Mr. Chairman, I desire particularly to address myself this afternoon to those Members of the House who were not here with us in 1935. This Townsend plan is no new proposal. It was offered as an amendment to the original social-security bill in 1935, in a different form. Then it was the third of the eight different proposals which have been presented under the name of that gentleman to date. A fourth proposal was offered before the Social Security Act was adopted, and since that time we have had three other versions of the plan and finally the one which you are considering now. The bill that you have under consideration, H. R. 6466, was only introduced after the hearings on amendments to the Social Security Act or substitutes therefor had been closed by our committee, and long after Dr. Townsend had promised to present my amendments that he cared to have the committee consider in modification of H. R. 2 would be introduced. It is the eighth of the Townsend proposals.

While the spots on the leopard have been painted over a little bit it is still the same old leopard that is before us. I hope, therefore, that those of you who are interested in going into the fundamentals of this proposition may review some of the debates that took place here in 1935 as well as that

which is taking place here this afternoon.

The fundamentals of the plan remain the same; first, a goal of \$200 per month for every American citizen over 60 years of age; compulsory spending of that amount within 35 days, and a taxation system based on transaction or gross revenue taxes. These are the basic features. The present bill is the result of the extensive hearings recently held before the Ways and Means Committee on H. R. 2, which were acknowledged by Dr. Townsend and all his associates to be full and fair. The criticism that has been made today that there were no hearings on H. R. 6466 is quite beside the point, for outside the tax structure, which is only modified as to rates in certain cases, fundamentally the bill is identical with H. R. 2 on which the Ways and Means Committee spent weeks. As a matter of fact, the proponents of this bill stipulated that the evidence produced with regard to H. R. 2 would equally apply to H. R. 6466.

A careful review of this bill has been made by those of us who are familiar with the other seven proposals. In our opinion, it has all the imperfections of H. R. 2, and as far as I can see, no improvements. Whatever number these bills may carry or however the details may vary from year to year while the fundamental features of the plan just referred to remain, I know that I shall not be wrong in opposing their enactment into law.

The tax that is proposed in this bill is the same thing as a transactions tax, for if the tax is not collected at every transaction in the course of manufacture, it must be paid by the manufacturer, the producer, or the jobber at the end of a whole series of transactions, on the gross value of his sales, and the wage earner and the retailer will be taxed the full 2 percent at the time they receive their wages or at the time they part with title.

The effect of a transactions tax, of course, whether it is paid at the end of a chain or paid as you go along, is to pyramid the cost, and to pyramid the cost at the expense of those least able to bear it, the ultimate consumers. Therefore, it is the most unjust tax that can be placed upon the American public.

I quote from the hearings, page 865:

Mr. Duncan. In considering the probable increase in the cost of commodities to the ultimate consumer, is it not likely that that

increased cost would be more than the tax itself that would be imposed as the commodity moves through the various transactions?

Dr. Dewhurst. Well, it would be pyramided, of course, to increase net prices by more than 2 percent, because by the time you get the commodity through all the stages from raw material,

adding 2 percent each time until it finally got into the hands of the consumer, the increase would be, as a rule, several times 2 percent. As I say, it would range from 5 to 10 or 12 percent. It is hard to say what it would be.

It would, of course, vary according to the number of transactions entering into each commodity, but that there would be an increase in prices all along the line no one has attempted to deny. In effect, this would mean depreciation of the buying power of the dollar. Perhaps the realization of this is what prompted Dr. Townsend to say that there should be a periodical reexamination of the amount of the annuity, and urged him to call for a further increase of the \$200 now suggested to \$300.

Hearings, page 597:

Dr. Townsend. I believe every 5 years, once we loosetake off the shackles on technological knowledge and inventiveness—I believe every 5 years we shall have to resurvey the economic condition of this country and raise the standard of retirement for the aged. Two hundred dollars a month will not stay very long. We will go to \$300. We must, inevitably.

Hearings, page 655:

Mr. McCormack. When you say you later believe it should go to \$300, then you disown the principle at \$200 at this time?
Dr. Townsend. No: not the principle at all.

Mr. McCormack. In other words, the \$200 is not your objective; it is only a means to an end?

Dr. TOWNSEND. That is all.

If \$300 in 5 years, with successive and gradual depreciation of the value of the dollar, restriction of sales, and increase of unemployment, why not \$500, \$1,000 per month, or more later? This might not be so bad for the aged if their dollar were artificially kept up to par, but what about those under 60 years, whose wages would not go up by similar leaps and bounds? They would not only be taxed on their earnings to pay these annuities, but taxed on every article of food or clothing which they bought at an increased cost, with their impaired dollar.

Dr. Paul Studenski, professor of economics, New York University, presented quite clearly the effect of the proposed taxes on transactions or so-called gross income. At page 953 of the hearings he testified:

The proposed taxes on transactions or so-called gross income, despite their misleading low rate of 2 percent, if ever enacted, would prove to be the most burdensome taxes in the history of this country. The 2-percent tax under either plan, applicable as it would be to each successive turn-over in the production of goods, would make up a total burden of between 10 and 25 percent of the cost of the final product. It is obvious that industry will not be able to absorb such a burden and that the general level of prices would rise simultaneously with the imposition of the tax and commensurately with the rise in the costs of production. The rise in prices would be especially marked in the case of those goods which are the results of the efforts of many enterprises each of which handles the goods in a different stage of production, and where, consequently, the tax would be pyramided many times over.

Confronted with a rise in prices, wage earners, salaried groups, farmers, and recipients of low and medium-sized incomes, generally, would be compelled to spend a larger portion of their incomes on necessities and a smaller one on luxuries. The curtailment of demand on the part of these groups for luxuries would ment of demand on the part of these groups for luxuries would certainly disrupt the industries producing such goods, unless there developed a corresponding increase in demand for these goods from the aged men and women to whom the purchasing power has been transferred. It is conceivable that in the case of some types of consumption goods, such an offsetting increase in demand would take place, with the result that the industries involved would neither gain nor lose from the contemplated transfer of purchasing power Since the requirements of the aged, however, differ materially from those of young people, in the case of mondities, either a net increase in demand or a net decrease, would result. Industries producing goods and services having a commodities, either a net increase in demand or a net decrease, would result. Industries producing goods and services having a particular appeal to the aged would be benefited. Those producing goods and services of little use to the aged, however, would be forced to curtail operations or perhaps to close down altogether. The proposed taxes would result in a great diminution in security transactions. The purely speculative transactions will be taxed out of existence, for the margin of profit thereon is too small to bear such a tax. Consequently, stock exchanges would probably cease operation.

ably cease operation.

The gentleman who preceded me said no one had told him this afternoon why this tax is unjust. I will tell you why it is unjust. It is unjust because, in the first place, it starts by taxing the baby's milk, the school books of the youth, their education, the food and clothing of the young man and the young woman, as well as the wages of every ditch digger and of every charwoman who scrubs the floor, and those who are making the Nation today and who need every cent to carry on and produce the succeeding generation. For what purpose? Supposedly to put into circulation through the aged, money which their relatively simpler needs—their families having been reared—do not require. But even the aged will be consumers and they, too, will be taxed on their expenditures. The ultimate consumer will pay at both ends of the ladder of life.

The tax is an unjust one because it is a tax prorated among the people on the basis of old age, on the basis of a person having reached a definite age. It is prorated, and that is perhaps the biggest defect there is in the whole proposed system.

Mr. MOTT. Mr. Chairman, will the gentleman yield for a question?

Mr. BUCK. I decline to yield.

Mr. MOTT. The gentleman used my name. I thought perhaps the gentleman would yield.

Mr. BUCK. I am sorry, I do not have time to yield.

It is apparent from the discussion this afternoon that there are still many of my good friends on both sides of the House, just as there are at home, who feel that the Townsend plan is a pension plan, a bill to relieve the necessities of the aged. Were that the only effect of the bill, even though the system of taxation proposed is outrageous, it might be seriously considered. However, the proponents of the bill have always said that this is not a pension planit is a recovery plan. My own advocacy of a sound system of assistance and care for the aged needs no defense here today and is a matter of record in legislation such as the Social Security Act that has been passed by the House. In this connection, I may well point out that the aged are already cared for, both under old-age assistance and old-age insurance under that act, and that a new, revised, and liberalized version of the Social Security Act, H. R. 6497, has already been introduced in the House by Chairman Doughton of the Ways and Means Committee as a result of very extensive hearings which our committee has been holding since February 1, 1939. It will be reported very shortly and acted on, I hope, next week. Incidentally, those hearings gave us a full insight into the defects contained in the pending bill. I have no doubt in my mind that our liberalized program will be adopted by the Congress, and that it will be an effective piece of legislation.

Since the proponents of the Townsend bill claim it is a recovery and not a pension plan, it is well to call your attention to the fact that whatever basis it has for consideration depends upon claims that it will bring prosperity through imposed heavy taxes to be diverted into trade channels by compulsory spending. The theory is that by increasing the velocity of money, business prosperity will ensue. It is purely a monetary plan and not a philanthropic program.

I do not know why the aged were picked out as the vehicle through which this velocity of money is supposed to be increased, except that they no doubt have a fundamental appeal to all of us. If the youth of the country, or the farmers, or the veterans, cannot be used as an excuse, why not the aged? Inflation is what our monetary meddlers want, but they have no assurance that the money, once distributed, will continue to speed on its way. There is no assurance that once out of the hands of the annuitant the money will not pile up in the banks or come to rest in some old sock. The pension picture of the aged is just a great, big false face for erratic economics.

The proponents of the bill generally seem to have failed to consider the effect on our national economy of the proposals contained therein to pay uniform and universal benefits to a specified class. The first thought that will occur to you is that these benefits are not paid according to the need of the recipient or according to any economic loss

that he may have received. The cost will be tremendous because you include all types of individuals, simply because they have reached a given age. There is not only a high cost but inequity results as well. If no consideration is given to the individual need or the economic loss that a recipient has suffered the payment of a flat pension is bound to result in some people receiving more than others in proportion. Certainly there is bound to result an inequity if \$2,400 a year is paid out when it is considered that 89 percent of the families and persons in the United States had incomes of less than \$2,500 per year, according to the report of the National Resources Committee in 1935-36, while over 97 percent had incomes of less than \$5,000, which is almost the amount that a married couple over 60 would receive under the terms of H. R. 6466. Add to that the considerations that should be taken into effect as to the cost of living in various portions of our country, the economic wage levels of those who are under 60 throughout the entire country, and other factors which have been given no thought apparently by the proponents of this measure, and it obviously stands to reason that there will be a definite and disrupting effect upon the whole economic structure of the United States. The tax on goods sold in export trade may well interefere with our competition in foreign markets; in fact, it would almost inevitably interfere. The tax on imports would not be sufficient to offset the increased costs of home manufactures resulting from the transaction tax as it marched through the process of American production and manufacturing.

There is another objection which stands out. From either the social or administrative standpoint, a prorated pension such as is provided by this bill is most undesirable. You will recall that this total fund is to be prorated among the eligible annuitants without regard to need or economic loss. The amount of the fund is that raised by a tax based on the gross transactions or gross sales value of any given year. In 1934 the base of our gross transactions was less than half of what it was in 1929. Assuming that the old people seriously depended upon these pensions for their livelihood. it would be extremely difficult for them to adjust their standard of living to any level, since the pension might be \$50 per month in one year, \$35 per month the next, and then bound back again. It would be a physical impossibility to know from month to month what the pension was going to be over a period of 12 months.

There is further no test based on the necessity for relief, and Dr. Townsend does not believe in any such test as is shown by his testimony at pages 609, and 618 of the hearings, which I here insert.

Hearings, page 609:

Mr. McCormack. Under your bill you provide for a pension without regard to whether or not reasonable need exists. That is so, is it not?

Dr. Townsend. I would abolish the needs test entirely.

Hearings, page 618:

Mr. McCormack. Let me get this; need is not the test in order to get a pension?

Dr. TOWNSEND. It shouldn't be.
Mr. McCormack. And it is not intended by you it should be?

Dr. Townsend. No.

But if there is no such test every time there is fluctuation in the amount of the fund raised due to a fluctuation in the gross transactions or gross sales value of any given year, the man who is in need will suffer more than he should because the man who is not in need will still be drawing his pro rata of the pension fund. This is an inequity which I abhor and which alone would justify the defeat of the pending bill.

Now let us consider the other claims of the proponents of the measure. According to them it would relieve unemployment.

Unemployment would be reduced, it is contended, because the retirement of older workers would make room for younger workers. It is assumed that between 3,000,000 and 4,000,000 persons over 60 are now at work and would retire. Assuming this is wholly desirable, it would not increase the total volume of employment or decrease the total volume of

unemployment. The young would only substitute for the aged. Possibly even the volume of unemployment might be increased, partly because the old people who are now "taken care of" by employers would not be replaced, and partly because the effect of taxes would result in the curtailment of business. Directly there would be neither an increase or a decrease of unemployment. When taxes are considered, there might be a substantial increase of unemployment.

As to the effect on purchasing power and business activity. every bit of testimony that was presented to the Ways and Means Committee indicated that the payment of pensions under this bill could not increase, but could only redistribute income and purchasing power. Obviously the money paid out to the aged would be money which would be spent otherwise if it were not handed over to them. It would be collected in the form of taxes from the younger groups of our country. Hence the purchasing power of persons under 60 would be decreased to the extent that the purchasing power of persons over 60 would be increased. I recall that one of the experts before our committee called our attention to the fact that there was no reason to believe that even if the net purchasing power of consumers could be increased that prosperity would be restored. "At the bottom of the depression." he said, "consumers' expenditures were at a much higher level relative to 1929 than were expenditures for producers, capital goods, and new constructions." (Dr. Dewhurst, hearings, p. 791.) General business revival, it is pretty thoroughly agreed, depends more upon the recovery of expenditure for capital goods and construction than upon the expansion of consumer spending.

There are other glaring inequities in this bill. I do not need to call your attention to the curious and sometimes conflicting phraseology of the bill, because that has been gone into this afternoon by some of the other speakers. I hesitate to talk about its constitutionality although there are some very grave questions, for instance, the tax on sales of manufactured products that are exported from the United States and, for instance, the establishment of a separate fund in the Treasury into which these taxes are to be paid directly. The proponents of the measure have recognized their doubtful position by introducing a constitutional amendment to validate this plan, and the gentleman from Florida today has admitted that he does not know whether the bill is constitutional or not. In the course of the hearings, page 615, the following colloquy occurred:

Mr. McCormack. Well, if the bill is constitutional, there is no necessity for a constitutional amendment.

Dr. Townsenn. I think it would be better.

Mr. McCormack. Do you think you could get an amendment to the Constitution more easily than you could get the passage of

this bill through Congress?

Dr. Townsend. Well, probably not more easily, but we would feel easier after we had it.

Every economist who appeared before the Ways and Means Committee testified there would be a rise in prices as a result of the imposition of this pyramiding tax. That it would be ranged from 5 to 12 or more percent, according to the number of transactions that entered into the manufacture of any given commodity, but there is bound to be that rise, and let me tell you that that rise in the price of commodities means a depreciation of your dollar.

Now let us consider what the proposed taxes may yield.

There is a very grave question as to whether the \$200 per month, or the \$300 which Dr. Townsend envisages, will ever be attained. Since this present bill provides a great many more exemptions from the taxes imposed than any of the previous bills, a complete and accurate estimate of the amount of revenue that would be derived is not available. It would unquestionably be less than the amount of the tax yield which was estimated under H. R. 2, the bill recently abandoned. Taking as a base the statistical table inserted in the hearings at page 85, showing a break-down of the gross transactions of the Nation for 1936, which totaled, according to Mr. Robert R. Nathan, Chief of the Income Section, Division of Economic Research of Bureau of Foreign and Domestic Commerce, \$449,000,000,000, Dr. J. Frederic Dewhurst, of the Twentieth Century Fund, prepared an estimate of the average monthly pension under H. R. 2. I insert the table, which is found at page 789, volume 1, of the hearings:

Estimated tax yields and pensions payable under H. R. 2

GROSS TRANSACTIONS AND TRANSFER	S
1. Total gross transactions (or gross income)	\$449,000,000,000
2. Estimated transfers of money by devise, be-	
quest, etc. (1935)	2, 500, 000, 000
3. Estimated transfer of money by gift (1935)	1, 100, 000, 000
4. Estimated total transactions and trans-	
fers	452, 600, 000, 000
ESTIMATED EXEMPTIONS AND DEDUCTIONS UNDER	
H. R. 2	
Payments for personal service of employees	\$37, 368, 000, 000
6. Gross income to Government (1937) total	12, 500, 000, 000
7. Estimated sale of Government securities	3, 000, 000, 000
8. Shrinkage in security transactions resulting	
from 2-percent tax	76, 288, 000, 000
9. Shrinkage in sales of tangible goods resulting from 2-percent tax	14, 483, 000, 000
10. Total exemptions and deductions	143, 639, 000, 000
11. Total transactions and transfers	\$452, 600, 000, 000
12. Total exemptions and deductions	143, 639, 000, 000
13. Theoretical taxable balance	308, 961, 000, 000
14. Yield of 2-percent transactions tax	\$6, 179, 220, 000
15. Number of persons over 60 years o'd	12, 600, 000
16. Number of persons who would accept H. R. 2 pensions	10, 100, 000
17. Average annual pension under H. R. 2	\$612
18. Average monthly pension under H. R. 2	\$51

This table indicates that the average monthly pension available could be only \$51, allowing nothing for administra-

I was very much interested in what one gentleman said this afternoon to the effect that there would be no additional expense to the United States Government to collect and audit the returns and make the payments, that the Bureau of Internal Revenue and some other agencies could easily handle this. There are about 2,740,000 individuals and partnerships and corporations employing workers at the present time that will have to be checked, while we are only dealing with a limited number of income-tax payers.

Treasury estimates on the bill before us in 1935 indicated an administrative cost of 81/2 percent, which would reduce the net pension by that amount or to the figure of \$46.67. Under the new bill with its lower rates on producers and manufacturers, and its additional exemptions the yield would be less than that. The most reliable figures I have indicate that 30 percent of the collections would be on one-half of 1-percent tax basis and 70 percent on a 2-percent basis. Administrative expenses, however, would be greatly increased because under the phraseology of the bill many people, such as producers selling both to wholesalers and directly to consumers would be required to pay the tax on each basis, and auditing of these returns would be extremely complicated and laborious.

When the activities of the Social Security Act take full effect wage records may be built up which will run up payments as high as \$85 per month. For the first few years of the operation of the act after benefits begin to be paid the amounts will not reach this level. However, under oldage assistance it is already possible for any State to match Federal funds up to \$15, making a total of \$30 payable to an aged individual monthly. The question that has disturbed my mind ever since I learned of the Townsend proposals is the effect that they would have on our national economy. Particularly I have wondered whether the very limited increase in the amount of money that the aged would receive was justification for the economic disturbances that would result from the enaction of the Townsend proposals.

The evidence which I have so far presented certainly indicates that these disturbances may well be expected to take place. Even Dr. Townsend recognizes that such disturbances will occur, although he does not seem to be very much concerned about them. As an example of his attitude toward the small-business man, the retailer, and the middleman, I submit excerpts from his testimony before the Ways and Means Committee:

Hearings, page 622:

Mr. McCormack. All right. I am trying to get your state of mind. When you drive out the middleman and bring the producer and consumer closer together, the middleman is closed out;

Dr. Townsend. Sometimes; yes.
Mr. McCormack. And the middleman, on the average, is the small and independent businessman. That is true, isn't it? Dr. Townsend. That is right.

Mr. McCormack. And you can't do that without creating another social problem, because that affects millions of people now employed by the middleman.

Dr. Townsend. Let us create all the jobs we possibly can.
Mr. McCormack. In other words, as a result of this bill the
middleman will be closed out. * * *

Dr. Townsend. That is going to happen to him anyway under the present competition.

Mr. McCormack. In other words, he faces extinction?

Dr. Townsend. Yes.
Mr. McCormack. Don't you think we should try and do some-

Dr. Townsend. No; I don't. I think he is a useless appendage in the profit scheme. in the profit scheme.

Hearings, page 625:

Mr. Duncan. I believe you stated to Mr. McCormack that it would probably have the effect of eliminating the middleman to a very large degree.

Dr. Townsend Yes, sir; it might. * * * Mr. Duncan. And you likewise stated that if he couldn't survive under a system of taxation of that kind that he ought to be eliminated.
Dr. Townsend. Yes. * *

Hearings, page 655:

Mr. McCormack. You conceded this morning that the average retail store, the average middleman, would have passed on to him from 8 to 10 transactions taxes, and he could not compete with the large concern that had only 3 transactions taxes. Dr. Townsend. He will not compete.

Mr. McCormack. And he is going to be squeezed out.

Dr. TOWNSEND. Yes, sir.

Mr. McCormack. What is going to happen to him?

Dr. Townsend. He will go into service jobs, the way the rest of

the people will.

Mr. McCormack. In other words, business will become highly monopolized in America?

Dr. Townsend. Yes; it is bound to be highly monopolized.

Well, my friends, if that is what you are aiming at, vote for this bill. It is not what I am aiming at at all.

This tax is a tremendous burden, and will be a tremendous burden, also, upon the farmers. You heard me read some of the testimony taken the other day before our committee when the gentleman from Kansas [Mr. HOPE] was speaking, and the opinion of everyone who appeared before us is that the farmer most of all is the one on whom the incidence of this tax is going to fall first. There appeared before us as a witness Dr. John Lee Coulter, formerly president of the North Dakota Agricultural and Mechanical College, and a former member of the United States Tariff Commission, a recognized expert on both agriculture and economics. In the course of his testimony he stated (page 981, hearings):

My feeling is that the methods proposed in H. R. 2 to raise revenue necessary to put such a program into effect would be a tremendous burden upon agriculture, far out of proportion to the

tremendous burden upon agriculture, far out of proportion to the burden on the rest of society; and that the benefits coming to agriculture, if any, would be disproportionately small.

I would like to develop that point just a little. Unless agriculture is able to secure for the products of the soil prices which are reasonably in harmony with other prices, farmers in turn are unable to purchase from the market and their position is dis-

advantageous.

The reason for that, fundamentally, is that farmers sell their labor in the form of prices received for goods rather than in the form of wages or salaries.

Hearings, page 986:

Let me, then, just briefly go back to these three points, only to enumerate them, and which my study discloses. First, that such a program as this, a method of raising revenue for the pur-

pose stated, would have as its first great repercussion a tremendous increase in the disparity between the status of farmers and other groups. It would come on the one side by the advancing of costs and prices, becoming excessively burdensome to the farmers, and, on the other side, depressing the price of farm products in this country, making their situation even more difficult.

On later examination the following colloguy occurredpage 1002:

Mr. McCormack. Any Member who voted for this bill, who comes from an agricultural district, would be voting directly contrary to the best interests of the people of his district?

Dr. COULTER, I think so,

I endeavored to point out this afternoon that labor, no matter of what type, would be at a decided disadvantage under this bill. While manufacturers are given a one-half of 1-percent tax all wages will be taxed 2 percent. Careful reading of the bill will disclose that statement is true beyond peradventure. The chairman of our committee read you earlier this afternoon from a letter from President Green, of the American Federation of Labor. Let me now quote you testimony given before our committee by Vice President Matthew Woll of the same organization, hearings, page 1351.

Mr. Woll. I thought I had made that very clear in my original presentation, where we said, of course we do not believe in any system that would give benefits to all people regardless of need, and the Townsend bill, of course, is predicated entirely upon right and not on the matter of need. There is no question about it; we are opposed to the Townsend bill, and the principle underlying

Mr. Duncan. If the philosophy underlying the Townsend bill is that of economic recovery rather than relief to the aged—

Mr. Woll. Then it would be only a temporary measure and would not involve a permanent system, unless we are to understand the country is constantly under an economic depression that needs recovery.

Mr. Duncan. And any economic system that would take purchasing power from one group, which is spending all the money it earns, and give it to another group, would not likely increase the purchasing power of the public generally, would it?

Mr. Woll. Nor would it be a sound economic system,

Mr. Duncan. And the transactions tax of 2 percent upon each transaction as a commodity moves in commerce would likely fall more heavily upon the group that you represent than upon any other group in the Nation?

Mr. Woll. We realize that the wage-earning group, representing the great mass of our consumers, is the one ultimately to bear the burden of taxation, no matter what form it takes. Mr. Duncan. And any economic system that would take pur-

burden of taxation, no matter what form it takes.

No Representative in Congress who has at heart the welfare of the laboring man can afford to return to his district and report that he voted to tax wages 2 percent and also tax similarly every product that the laboring man has to buy.

Dr. Townsend believes in the principle of enforced spending of the annuity and has had that principle included in this bill. I quote his testimony as shown on page 652 of the hearings:

Mr. McCormack. Do you believe in the principle of enforced spending?

Dr. Townsend. For this coming generation; yes. Mr. McCormack. You do not believe in saving, then? Dr. Townsend. No, sir.

There are some of us who still think that there is a virtue in thrift and a virtue in providing for our own future to the best of our ability. We cannot agree with the principle of a uniform and universal benefit nor with the principle of dissipating income as it may be received. There is not a large enough national income possible in this country to take care of the needs of everyone over 60 without their having done something themselves to supply a reservoir upon which they may likewise draw. For that reason, too, I feel that this bill should be defeated, because it proposes to inculcate in the minds of the coming generation what is a false philosophy.

It is noteworthy that throughout our hearings Dr. Townsend never produced the evidence of a single businessman, a single economist, or a single student or authority on banking and currency in the support of his proposal. He evidently did not care to. I quote from the hearings at page

Mr. McCormack. Have you gotten the opinion of any economist, which opinion supports your claim?

Dr. Townsend. No: and I wouldn't give a hoot for the opinion of the average economist, because they are basing their opinions on events that have passed and gone forever

But, after all, the only way that we can predict the future is in the light of the past and of what we are undergoing at the present. The verdict of disinterested observers has been unanimously against the fundamental principles that this bill represents, and it should be defeated on the evidence of the hearings, if for no other reason.

In conclusion, I again call your attention to the admitted economic disturbances that will follow the adoption of this bill. Not the least of these is that it proposes to repeal, effective immediately, titles I, II, and VIII of the Social Security Act, dissolving every State old-age assistance plan in the United States by withdrawing Federal aid, depriving workers who have obtained wage credits under title II of the benefits that they may some day receive, and for what purpose? That for the next 4 months and 19 days following the enactment of this law there may be collected into the Treasury of the United States an enormous sum to be hoarded there against the day when the first annuities shall be payable under this bill. If the intention of the proponents of the bill is to bring about an inflationary effect on our currency in the long run, certainly the immediate effect will be deflationary to a high degree, and it may be that some of our industries will never be able to recover from that 4 months and 19 days. As Dr. Craig, the president of the American Retail Federation, told the committee, if we just put through some scheme which cannot be borne financially it will collapse and everybody will suffer. Let us not take that fatal step today.

I have not spoken of the phraseology of the bill, of the half-baked condition in which it has been presented. Your attention has been called to that by others. It does not require legislative counsel to recognize the absurdity of some of the language or to see at once the defects and contradictions of the section on definition and that on taxation. No one who claims that he is entitled to recognition as a legislator, no matter what his views may be on the principle of the Townsend plan, can afford to vote today to pass this monstrosity. None of you can afford to assume responsibility for the results that this bill will accomplish. The economic revolution which its proponents have predicted would result from its enactment would be the revolution of the laborer, the retailer, and the farmer against the bill itself.

Mr. TREADWAY. Mr. Chairman, I yield 2 minutes to the

gentleman from Oregon [Mr. ANGELL].

Mr. ANGELL. Mr. Chairman, we are not going to kill the Townsend bill by barroom jokes or by ridicule.

I put in the RECORD a short time ago a report of resolutions from 18 sovereign States of the United States of America that have petitioned this Congress to take some action on this proposed legislation. I challenge anyone to produce any other measure where so many States of the Union by formal action of their State legislatures have petitioned the Congress, as they have a right to do under the Constitution, to give heed to a piece of legislation.

Mr. HOOK. Mr. Chairman, will the gentleman yield? Mr. ANGELL. I am sorry: I have not the time to yield.

In addition to that, in my own State this matter was placed upon the ballot in a formal election and 183,000 of my fellow citizens voted in favor of a constitutional amendment embodying this Townsend legislation. Almost every State in the Union, and I believe every single State in the Union, has numerous clubs belonging to the Townsend organization from Oregon to Maine and from Canada to the Gulf. They are intelligent, honest, straightforward Americans, and that is the reason I stated in my opening that you cannot, by jokes or by ridicule, kill a movement of this sort, because, fundamentally, it has as its purpose taking care of the old people of America, those men and women who have led the way in making America what it is today. They have turned America over to you and to me. It is our duty when these old folks have been thrown out of employment by our industrial system to provide for their care and support in a decent American way. This legislation will do that. We have voted billions for war and other activities but we lose our voices when we are asked to vote for an adequate old-age pension. The Ways and Means Committee has had this legislation under consideration for 4 years. They have had hearings on it for almost 4 months of this session. The committee now brings the legislation to the floor of the House and have not suggested a single change or amendment. Neither have they presented any substitute bill in its place. If we are sincere in our support of adequate old-age pensions, we should vote for this bill. It is our only opportunity to vote for such legislation. The amendments now proposed to the social-security law will not provide for our old people. [Applause.]

Mr. Chairman, the bill under consideration, H. R. 6466, is known as the General Welfare Act and embodies the Townsend program for national recovery and old-age assistance. In the Seventy-fifth Congress the bill was known as H. R. 4199, which bill was reintroduced in the Seventy-sixth Congress and carries the title H. R. 2. The present bill, H. R. 6466, is identical with H. R. 2 with the exception that it carries Dr. Townsend's amendments, chief of which is the change in the tax formula. The purpose of this bill, as defined in its title, is to provide for and promote the general welfare of the United States by supplying to the people a more liberal distribution and increase of purchasing power, retiring certain citizens from gainful employment, improving and stabilizing gainful employment for other citizens, stimulating agricultural and industrial production and general business, and alleviating the hazards and insecurity of old age and unemployment; to provide a method whereby citizens shall contribute to the purchase of and receive a retirement annuity; to provide for the raising of the necessary revenue to operate a continuing plan therefor; and to provide for the appropriation and expenditure of such revenue.

Many people to whose attention this program has been called misconceive its purpose. A great many of our people have been led to believe it is a scheme for the redistribution of wealth and the payment to our citizens who are 60 years of age or older the sum of \$200 per month. As a matter of fact, the purposes of the act are twofold: First, to provide for a solution of our economic troubles with which we have been wrestling now for almost 10 years; and, secondly, to provide a reasonable income for our senior citizens 60 years of age or over sufficient to care for their needs according to the American way of living. The program is national in scope and will permit every person in the United States who is 60 years of age or over or who attains that age after the passage of the act, and who has been a citizen for at least 5 full years, to receive the benefits provided by the act, namely, an annuity payable monthly during life. The annuity shall begin the first day of the calendar month following the approval of the application by the Secretary of the Treasury. It is provided that the annuitant shall not engage in any gainful pursuit and is required to spend all of each month's annuity during the calendar month for which it is received, or within 5 days thereafter, within the United States or its Territorial possessions or while traveling between the States and such Territorial possessions. The annuity funds must be spent for services rendered by citizens of the United States, commodities manufactured in the United States, the purchase or rental of a home, or for the support of a dependent spouse and children. Certain portions may be expended for debts and to purchase life insurance. A person forcibly confined in any penal or other institution is not entitled to the annuity. Any portion or all of the annuity may be waived, and the receipt thereof is voluntary.

General supervision of the act is placed on the Secretary of the Treasury, who mails out the annuity checks monthly from Washington, D. C. Forms of applications for the annuities are made available under the act through the Post Office Department, and returns shall be filed with the local post office. Local postmasters are authorized to administer oaths on returns requested to be filed for the annuities, for which a 25-cent charge for each verification is made. An

applicant for an annuity may secure legal advice with respect thereto from the United States district attorney for the district in which he resides. Provision is also made for jurisdiction in the United States court in an informal proceeding to hear petitions of any annuitant who feels aggreved. The filing fee for such petitions is \$1. There shall be no other court cost in connection with such hearings and determinations.

In order to provide funds for carrying cut the provisions of the act a gross-income or business tax is imposed. It provides a privilege tax of one-half of 1 percent on persons engaged generally in the business of selling tangible personal property as a producer or in selling at wholesale any tangible property, or in manufacturing any articles or commodities. There is a tax of 2 percent imposed on all others engaged in any business, trade, occupation, or calling. National banks and certain other societies and organizations which do not operate for profit are exempted from the act. Returns must be made by those subject to the tax monthly at the end of each calendar month during which such taxes become fixed and chargeable. The return is mandatory and must be sworn to, and the return delivered within 10 days from the expiration of the calendar month which it covers. The Secretary of the Treasury is charged with the responsibility of enforcing the payment of the taxes and depositing the same in the United States Treasury, which are required to be kept in a separate fund in the Treasury Department to be known and administered as the general welfare fund. Provision is also made that all such revenue shall be disbursed only for the payment of sums expressly authorized by the act and for no other purpose.

It is provided that the funds thus collected shall be used for the payment of proper and necessary expenses of administration, and the balance shall be paid and distributed pro rata monthly to all qualified annuitants who are of record and whose applications for annuities have been approved, at the end of the twentieth day after the last day of the calendar month for which the revenues are collected. The total amount of funds available for distribution under the terms of the act shall be divided by the total number of annuitants entitled to share therein, and the result shall be the pro rata amount to be distributed to each respectively. The amount which will be available for distribution to the annuitants, therefore, is a variable sum and can only be determined at expiration of each month, measured by the receipts from the tax imposed. However, there is a ceiling of \$200 per month to any one annuitant. It is generally conceded under existing economic conditions and the volume of business now being conducted in the United States that the maximum payment will not be reached; in fact, Dr. Townsend has been quoted as saying recently that under present business conditions it is not expected that a sum in excess of \$50 a month will be available.

In broad outline the plan is a simple one, providing the imposition of a gross income or business tax graduated to promote the general welfare and to provide a fund for meeting old-age annuities on a pay-as-you-go basis. It is believed that the increased volume of trade which will result from the purchasing power made available through these annuities will enable business generally to go forward, and that this much-needed stimulus to business will largely relieve those engaged therein from the burden of the tax. It is argued that the imposition of such a tax will increase prices to the consumer. This is not necessarily true. If by reason of the incentive given to business by the creation this large purchasing power and the resulting increase in business activity among those who must produce the merchandise and goods to supply this trade, merchants and others who must pay the tax are able to increase their volume of sales, they may still sell at the same unit price and receive profits largely in excess of those previously received. This principle was clearly demonstrated in the growth and development of the automotive industry. Automobiles today may be purchased for a price equal or below the price obtaining when the industry was new, notwithstanding the automobiles now being sold are doubled in value. The whole chain-store idea is based on large volume and frequent turn-over of capital investment with low-unit profits.

Under the General Welfare Act the public will be benefited by the elimination of a large portion of the expenditures now being required for relief, W. P. A., community care for the aged, and for unemployment generally. Administrative expenditures for W. P. A. were in excess of \$5,000,000 a month from July 1938 to January 1939. Four million dollars a month was spent for personal services. There were 1,902 administrative employees in Washington and 32,670 in the field. Their salaries range up to \$9,000 a year. The monthly W. P. A. expenses for travel and subsistence is \$500,000. Telegrams and telephones cost \$150.-000. In 1936 the W. P. A. expenditures aggregated \$1,270,-235,065; in 1937, \$1,833,456,971, and in 1938 they totaled \$1,427,701,994. For the current fiscal year they are the stupendous sum of \$2,250,000,000. In January 1938 there were 1,900,000 persons on W. P. A. pay rolls. In January 1939 the number had increased to 2,996,000 persons. In 1913, the Federal Government had 469,000 civil employees, and in 1939 the number was 863,000. In 1913, the carrying charge on the public debt was \$22,900,000, and in 1938, \$926,200,000-40 times as much. In 1913, the total expenditure of the Federal Government was \$724,500,000, and in 1938, \$7,700,-000,000-an increase of 961 percent. This record clearly demonstrates this program has not stimulated private employment and it is not the answer to the unemployment

A considerable number of those who will qualify under this law as annuitants are engaged in gainful pursuits, and the positions held by them will be freed for younger citizens. A survey by the Brookings Institution shows American resources and plant capacities are ample to provide the American standard of living for all of our citizens, and under mass production as now carried on in the United States there is sufficient manpower under the age of 60 to man the machines and do all the Nation's work. Under this program those 60 years of age or over who are the beneficiaries of the program are not drones deriving their sustenance from the community at large. They are American citizens who have done their share in carrying on the work of the Nation during the productive years of their lives. Under the stern economic rules of the machine age in which we live workmen, who by reason of age are unable to keep the pace set by relentless competition in mass production, must step aside. They must give way to younger workmen. Society, which by its laws permits this condition to exist, and industry, which profits by it. must assume responsibility for the workmen cast off the pay rolls and provide for those who are no longer permitted to follow gainful pursuits. They are cast aside by industry, and industry in turn must assume the burden of their care. Industry should welcome a universal tax for that purpose. The law being universal in its application will give the same opportunity to every citizen of 5 years' standing upon attaining the age of 60 years. Those who contribute today may be the recipients of the annuity tomorrow. The tax takes its toll from every transaction, which spreads its burdens to everyone. Our present-day industrial system, with mass production and the profit motive, cannot escape its responsibility if it is to endure. It cannot cast off its worn-out workers when they reach 60 years like old horses turned out to shift for themselves or die. Industry, which has created this backwash of discarded laborers too old to carry on, must assume the responsibility of caring for them. The Townsend plan will require industry to do this. A small tax on industry will create the fund to retire these workers. The only plan that will work must be universal, covering all groups and all citizens who attain the required age and who wish to participate. It is based in broad outline upon the same underlying principle as that in the existing Social Security Act, in that all citizens of the Nation are contributing to this fund to provide annuities for everyone upon attaining the age of 60 years who desires to avail himself of its privileges. The Social Security Act applies only to limited groups, while this

act will apply to all groups.

After 8 years of the depression there are still substantially over 10,000,000 of our people unemployed. There are approximately 3,000,000 on relief. Trade channels are clogged, and the wheels of industry to a large extent are motionless, and our whole economic and social structure is bogged down. The social-security program, the relief set-up, borrowing and spending, and all other remedial legislation that has been enacted to solve these problems have failed miserably to bring back prosperity.

The social-security program for old-age assistance has not worked out as planned. It was a commendable effort looking toward social justice. Its old-age relief program needs fundamental amendment. On August 14, 1935, our Social Security Act became effective. It is computed that under title II there will have been collected up to June 30, 1940, \$1,826,000,000. This is exacted from the industries of America and some 40,000,000 workers. Out of this huge sum, however, we will have paid only \$60,000,000 to the beneficiaries. Approximately 3 cents out of each dollar will go to the beneficiaries and 97 cents for the reserve account. The employers are now taxed 1 percent of the pay rolls and the employees a like amount. The employers, however, are

paying 3 percent for unemployment insurance.

Under the schedules of the act these taxes will increase until 1949, when the employers will be required to pay 6 percent and the employees 3 percent, making a 9-percent payroll tax taken directly out of industry. It is patent that this tax is and will be added to the cost of the goods produced and, therefore, will fall upon the consuming public. Should the provisions of this act be carried out and the full amount of taxes exacted, the reserve account will have, by 1980, nearly \$47,000,000,000. Furthermore, the social-security law is much restricted in its application and affords relief to only a selected group of workers rather than to all senior citizens equally deserving. This huge sum of money exacted from industry and workers is not being devoted to the relief of the beneficiaries, the workers, but is being used to finance the ordinary activities of the Government. Statisticians and economists tell us that it is not necessary to carry a full reserve account to protect these payments. This is apparent to the layman as well. These funds collected as trust funds. having been spent by the Federal Government to meet its running expenses, necessitate the levying of taxes hereafter to pay the beneficiaries as the obligations become due. The plan should be revised, or superseded by another plan, so framed as to cover all senior citizens 60 years of age or over. and with tax provisions designed to raise only such funds as are needed on a pay-as-you-go basis, with a contingency fund sufficient only to meet emergencies. The funds so raised should be restricted to the use for which they were raised.

Mr. Roger W. Babson, the outstanding financial expert,

If the social-security system is not changed, I doubt very much if the young people of 20 to 30 years of age will ever receive any benefit from it. When their time arrives to get their \$40, \$50, or \$60 monthly Government check, it may not even buy a pair of shoes or a roast of beef. The Townsend plan, on some reasonable basis, is far safer.

And the economist, John T. Flynn, testifying before the Ways and Means Committee of the House, said:

Over the next 40 years what they are actually going to do under the guise of creating a reserve is to collect \$47,000,000,000 more than they pay out, and this \$47,000,000,000 is never going to be paid back in any form to the social-security system.

I want the Government to stop collecting money it is not going to use for social security. * * * Next year it is going to take \$714,000,000: it is going to pay out \$22,000,000 in benefits and spend \$52,000,000 to run the system, making \$74,000,000 in all, and it is going to borrow the balance and use it to pay the expenses of running the Government—maybe buy a battleship or two and a few other things. That mapper is never going to buyed for social few other things. That money is never going to be used for social

Dr. A. L. Epstein, executive secretary of the American Association for Social Security, referring to the social-security law for old age, said:

Moreover, to the extent that our system, contrary to that of any other nation, and therefore, again, to the extent that our system contemplates the private insurance system seeks to build up in the worst years of depression, in the years when we need every penny we earn to spend, in years when we are saving all our lives to get money for that purpose, when we in these years of the worst depression are trying to save money, then trying to take out in taxes billions of dollars more than we are actually paying in benefits, obviously what you are doing is deliberately not to create social security, not to increase or enhance security of the workers, but deliberately to decrease the purchasing power of the workers and to enhance unemployment and enhance depression.

The immense sums of money being exacted from employers and employees under the social-security program for old-age assistance are being spent as received for carrying on the ordinary activities of the Government. In the place of the tax dollars he has collected, Uncle Sam is placing I O U's in the till. Eventually when these annuities must be paid the Government will have to levy another tax upon the American people to meet these obligations. This in effect is a fraud upon industry and upon our workmen who are compelled to pay these taxes. The taxpayer's burden has increased threefold in the last 7 years, notwithstanding that our deficit has averaged \$3,000,000,000 a year, and the public debt has increased over twenty-three billions, now exceeding forty billions. We are piling this immense debt on the backs of future generations and are squandering the borrowed money on ourselves.

Under this bill, section 9, titles I, II, and VIII of the Social Security Act are repealed and these heavy burdens placed upon employers and workers will be eliminated. In its place will be substituted a pay-as-you-go program; the moneys collected from business transactions will be used as collected for paying the annuities, and this large volume of money at once will go back in the channels of trade and will constitute the blood stream of industry.

Dr. Arthur J. Altmeyer, Chairman of the Social Security Board, before the Ways and Means Committee, said:

The unemployment compensation funds collected from em-

The unemployment compensation funds collected from employers, and in a few States from employees also, are usually spent immediately for food, clothing, shelter, and other family essentials. In other words, they go back into the community from the cash register of the local merchant. They flow right into the business of the State and the Nation.

Experience has already proved that benefit payments help to maintain workers' purchasing power and thereby to stimulate lagging business and industrial activity. This is particularly evident in a small, one-industry community, where lack of work in the past has meant that a large part of the wage-earning population was deprived of income. In such communities as well as in lation was deprived of income. In such communities, as well as in larger cities, the payment of benefits to unemployed workers during the last recession has prevented serious losses to retail business and to the service industry, and as a result has tended to maintain employment levels in those businesses.

The great need of America today is purchasing power in the hands of the rank and file of our people. America is a rich nation. It is blessed with immense natural resources. We have the greatest industrial plants and hydroelectric power of any nation ready to start production. We have idle manpower, skilled and intelligent, waiting for the green light. We have two-thirds of the world's gold supply and our banks and savings institutions are bulging with money awaiting investment. If normal purchasing power were restored to America, these funds could be released in investments, restoring and increasing our industrial plants and manufactories to take care of the immense volume of trade that would arise. These savings locked up in depositories means stagnation in business and unemployment. Much of it should be released in the heavy-goods industries. We have the great American market, the finest in the world, waiting to purchase the commodities of our field and factory. This market is equal to 500,-000,000 Europeans and 1,000,000,000 Asiatics. The whole economic and industrial machine only awaits the formula which will start the wheels turning. With purchasing power restored will come jobs for the unemployed and purchasers for our

commodities from the farms, the mills, and the industries. The purchasing power provided for in this bill will supply this need. The forced spending for American goods will bring business revival and relieve unemployment. At the same time we will be giving decent treatment to our old people, many of whom now are in dire want.

The American people are pension minded. The Gallup poll recently made shows that 94 percent of our people favor a reasonable old-age pension. Eighteen States of the Union have petitioned Congress to consider this legislation, namely, Arizona, California, Colorado, Florida, Georgia, Idaho, Indiana, Massachusetts, Michigan, Minnesota, Montana, New Hampshire, North Dakota, Oregon, South Dakota, Washington, Wisconsin, and Wyoming.

This plan is not merely a pension program, but provides for national recovery and is a philosophy of life founded upon sound American principles. The legions of supporters of the movement in every State of the Union are loyal, patriotic, earnest American citizens pledged:

First. To uphold and defend the Constitution of the United

Second. To stand against the surrender of any of our traditional American liberties.

Third. To oppose fascism, communism, or any other form of dictatorship which may menace the traditional form of American government.

Fourth. To strive for a higher standard of living for the underprivileged classes.

Fifth. To stand as a safeguard of the American tradition against racial, political, or religious intolerance.

Sixth. To foster and promote better citizenship by educating the voters to safeguard their own interests.

The haphazard old-age pension laws as they are being administered in the 48 States are a poor subterfuge for old-age assistance. The monthly payments vary in every State and usually in every county. The reports of the Social Security Board show the average payments last year ranged from \$4.74 in Mississippi to \$32.30 in California. A miserable pittance for the full care and support of our old people. America, the richest nation on earth, should bow its head in shame at such pittance for our old folks who made America and gave it to us.

The old-age security law has failed to solve this social problem of affording relief to our old people; on the other hand, it has exacted unnecessary, burdensome taxes from workers and employers alike, impeding business and halting recovery. It is limited in its applications to selected groups. It rests upon the fiction that these taxes are to be used for relief payments, whereas the money is immediately spent for Government activities. It stifles industry and robs the wage earner, giving little relief. The Townsend plan, on the other hand, is a pay-as-you-go program. It is universal throughout the United States in its application, covering all citizens 60 years of age or over, otherwise qualified. It is a sound American plan. It will create purchasing power. It will start mills and factories. It will provide pay rolls. It will afford an immense market for American products and will lead America back onto the high road to prosperity. It will provide food, clothing, and shelter for our senior citizens, many of whom are now destitute.

Mr. Chairman, I believe no legislation now pending before this Congress or which has had the attention of the Congress in the last several sessions has received more universal approval than the Townsend program. Almost half of the States of the Union through formal action of their legislative bodies, as I have heretofore shown, have urged upon the Congress to give attention to this legislation. From every city, hamlet, and countryside all over our Nation from Maine to Oregon come to us the pleas of our fellow countrymen to enact this legislation. My own State legislature and 183,781 of my fellow citizens, a majority by popular vote at a regular election, have urged this course. For 5 years they have been waiting for the enactment of this program. I urge you to give the bill your approval.

Mr. TREADWAY. Mr. Chairman, I yield 3 minutes to the gentleman from Ohio [Mr. ROUTZOHN].

Mr. ROUTZOHN. Mr. Chairman, I would not impose myself upon the Members of the House this afternoon if I did not feel that I might have something constructive to offer. We have had a general debate here this afternoon and are nearing the close of the time limit. Up until this time, and I have listened attentively, I have heard nothing more than an apology on the one hand and ridicule on the other because of the admitted weakness of the bill. We have just heard expressed on the floor of this House by the gentleman from California [Mr. Buck] that the Townsend plan has been in this House under consideration for 4 years, since 1935, I believe the gentleman said. It seems to me that within 4 years we should have been able to solve the old-age pension problem, but we have not, and the indications are that this bill is not going to be passed this afternoon or tomorrow morning. I believe the vote is scheduled for tomorrow morning. That means that we will not solve the problem this year. The most cruel and inhuman treatment that we can possibly inflict upon the old people is to continually buoy up their hopes and then do nothing for them but merely discuss their problem, as we discuss the weather, and do nothing about it.

During my campaign for election to Congress in the fall of 1938 I received the support of the regular Townsend organizations, notwithstanding the fact that a third candidate in the field was an avowed Townsendite.

The national Townsend organization approved my candidacy over that of this third candidate who ran as an independent, my other opponent being the incumbent who was then on record as unalterably opposed to the Townsend plan.

Furthermore, a number of fine men and women who were loyal members of the Townsend clubs in my district worked diligently and faithfully in my behalf.

On October 23, 1938, a meeting was held in Memorial Hall, Dayton, Ohio, when L. W. Jeffery, vice president of the national Townsend organization, and my good friend, the Honorable Ralph O. Brewster, spoke in favor of my candidacy.

At that meeting I read the following as a statement of my position regarding the Townsend plan:

If elected, I shall do everything in my power to obtain proper and fair hearings of the Townsend plan before the committee. If such hearings are denied, I will be glad to join in a petition to bring the proposal to the floor for adequate discussion, and thus let every Member go on record. Hearings before the committee or in the House will allow the Townsend organization the opportunity to prove the merits they claim for their program. If these claims can be established as meritorious, naturally I will support it as, I believe, every other well-meaning Congressman will then do.

The third candidate heretofore referred to used this statement as evidence of my failure to commit myself in favor of the legislation specifically proposed by the Townsend organization. At no time have I minimized or attempted to minimize the results obtained through the work and support of the Townsend organization and its members. At no time have I ceased to be grateful to both organization and membership for their generous efforts in my behalf. Also, at no time has the organization or anyone in authority asked, or attempted to exact, any more from me than what I voluntarily offered in the statement just quoted.

Referring to my statement, it now can be said that Dr. Townsend has admitted that the Ways and Means Committee has granted to him and his witnesses a full, fair, and complete hearing. Although it did not report his bill out favorably, it did the next best thing by reporting the bill without recommendation. Also, it is conceded that the Townsend movement has been rewarded by a consideration of the bill this day on the floor of the House.

Personally, I would have much preferred a rule which would have permitted a longer time for debate and also would have permitted amendments to the bill.

Still referring to my statement, ever since I made that statement I have devoted a great deal of thought, research, and

effort in order to acquaint myself with the subject matter of the proposed legislation. I also have sought the advice and counsel of those connected with the movement.

This was done, all of it, in the hope that I might cooperate as much as my understanding and convictions would permit. My attitude has at all times been, and still is, friendly and with a desire to be of practical help in solving the old-age

problem.

While the plan has never appealed to me as a recovery measure, I am profoundly interested in the desire to solve the problem of adequately supporting and maintaining the aged. For many years I have been a director of the Montgomery County (Ohio) Humane Society, the functions of which deal in part with the care of the aged. For many years I have been a member of the Fraternal Order of Eagles, the original organization to agitate and sponsor old-age pension legislation. I retained my membership in this organization principally because of its constructive and effective work performed in behalf of the aged throughout the States of the Union.

I have stated these things as what I consider positive proof of my interest in old-age pensions and unaffected by any

political considerations.

The bill before us for consideration contains departures from the taxation proposed in the original bill, known as H. R. 2. I regret that this bill was not filed at a date earlier than May 23, which, if filed earlier, would have permitted the obtaining of more information as to its practicability.

However, one need go no further than to consider the constitutionality of its provisions in determining whether or

not he would be warranted in supporting the bill.

In the light of the decisions of the Supreme Court of the United States heretofore rendered, it is obvious to anyone trained in the law that before this bill would ever become effective as law it would be subjected to attacks in the courts on the ground of its unconstitutionality.

Dr. Townsend has long since been advised of this legal impediment, and I have been informed that he wrote the chairman of the Ways and Means Committee suggesting a constitutional amendment which would provide for the levying of a tax and the earmarking of the funds derived therefrom for old-age pension purposes.

Bills have been introduced by friends of the Townsend plan, who have been cooperating with Dr. Townsend, to submit such a constitutional amendment. Thus, it cannot be said that I question the constitutionality of the bill as a

subterfuge.

It has been suggested that the Congress pass the bill and at the same time pass on to the courts the responsibility of determining the constitutionality of the provisions of the proposed legislation. I cannot countenance such a suggestion. The oath of a Congressman implies, even if it does not specifically state, that a Congressman shall conform to the Constitution in the performance of his duties in enacting legislation as much as a Justice of the Supreme Court in his decisions must abide by the Constitution.

Nor can I consider the argument that the social-security law contains unconstitutional provisions, as an excuse for supporting this measure. Two wrongs never can make one

right.

Heretofore, at this session of the Congress, I have voted against certain other proposed legislation because I considered such legislation unconstitutional. In my best judgment this proposed bill is unconstitutional and my sense of duty impels me to vote against it because of this fact.

It is, therefore, unnecessary for me to discuss the feasibility and practicability of the plan outlined in the bill. It would be unjust and unfair, yes, inhumane and cruel, to pass this bill and thereby raise false hopes in the hearts and minds of those who are expectantly yearning for the enactment of a law that will give them protection against want and misery in their declining years.

It would be better for the old folks if no law ever were passed providing pensions for them than to pass a law that

would not fit into the governmental and economic structure of our Nation. The present patchwork of social security and old-age pension enactments is anything but practical, adequate, or comforting.

Some general law must and eventually will be evolved and will meet the needs that all fair-minded citizens will admit

exist.

I have earnestly desired and sought for enlightenment on this subject that I might be helpful in solving the problem. I have not, at least at this time, any panacea to offer. I have recognized the fact that the anxiety of our aged people for protection and help furnishes a temptation to exploit the aged and work upon their sympathies and gullibility.

I also have noted that the old-age pension problem is apt to become a bone of contention for party and partisan strife.

I, therefore, have a plan to submit that will, in my judgment, tend to clear the way and to eliminate predatory schemes and party issues.

The plan is simply the creation of a bipartisan and, if possible, thereby a nonpartisan commission that will be charged with the duty of submitting to the Congress a report based upon a thorough and complete investigation of all plans now proposed or later suggested to the commission.

My thought of removing the commission from all partisanship is by the appointment of 11 individuals, 4 from the Members of the House, 4 from the Senate, and 3 to be appointed by the President. The Presidential appointees are to come

from private life.

I shall file a joint resolution embodying my plan after vote is taken on the pending bill, assuming that a motion to recommit, which the Republicans will offer as a constructive measure, will be defeated, and likewise assuming that the bill will be defeated.

I ask you to consider this modest contribution of mine and add to or subtract from its provisions whatever you may deem fit and proper under the circumstances.

The CHAIRMAN. The time of the gentleman from Ohio has again expired.

Mr. COOPER. Mr. Chairman, I yield 3 minutes to the gentleman from Washington [Mr. SMITH].

Mr. SMITH of Washington. Mr. Chairman, I have studied the principles of the Townsend old-age pension and national-recovery plan for the past 5 years and am now the only member of the first steering committee, organized in 1935, who is still serving in Congress, and I am still serving actively on the steering committee. During all this period we have had the support and cooperation of many fine, able, patriotic Members of this House, and they are all entitled to share in the credit for the progress which we have made with this legislation. As is the case with all major legislation, we have had a difficult struggle in advancing our various bills and have encountered the usual opposition to all our proposals, much of which has been founded upon misunder-standing and misinformation.

H. R. 2-H. R. 6466

At the beginning of this session H. R. 2 was introduced by our colleague from Florida [Mr. Hendricks]. It provided for the payment, financing, and compulsory expenditure of a Federal monthly old-age pension of not to exceed \$200 per month to all law-abiding citizens 60 years of age and past by levying a 2-percent transactions tax. That has been the proposal which I have discussed here in Congress and before many public gatherings held in many of the largest cities in the country, and before two national conventions, and which I presented at some length during the recent hearings before the Ways and Means Committee. With that proposal and all its various phases I have become thoroughly familiar and have accumulated a mass of statistical and factual information relating thereto.

Now a new bill has been introduced by the gentleman from Florida, H. R. 6466, at the request of Dr. Townsend. It is substantially the same as H. R. 2 and previous Townsend bills save and except that it provides for a slightly different tax formula. Instead of a 2-percent over-all transactions tax,

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it provides for a tax of one-half of 1 percent on producers, manufacturers, wholesalers, and jobbers, and 2 percent on retailers, and follows more closely the tax system which has proven such an outstanding success in the Hawaiian Islands. This is a somewhat narrower tax base and not as broad a tax base as a universal transactions tax and would probably not provide as large and prolific a source of revenue. However, I feel that the difference is not great enough to cause any sincere supporter and advocate of the Townsend plan to oppose it on that account, and, therefore, I am accepting the change, although I still prefer the original Townsend bill (H. R. 2). Of course, it does render it impractical and quite impossible for me to use for argumentative purposes some of the facts, figures, and illustrations which I have assembled during the past 5 years of my advocacy of a plan based upon and to be financed by the revenues derived from an all-inclusive 2-percent transactions tax.

TAX FORMULA SIMILAR TO THAT FAVORED IN 1921

The tax formula in the present modified bill is similar to that endorsed by the largest business organizations in America in 1921, in the extended hearings which were held before the Committee on Finance, United States Senate, Hon. Reed Smoot, of Utah, chairman.

On April 5, 1920, from New York, the Business Men's National Tax Committee issued a bulletin in which it said in part:

It could be collected monthly * * * without the slightest strain on business or the banks * * * it would definitely fix the amount of tax due to the Government at the time of the sale. * * * It is very simple of administration. * * * The books of the taxpayer will automatically furnish the basis for computing the tax. * * * The ultimate cost to the consumer of a pyramided 1-percent tax, even if shifted by each taxpayer, will rarely exceed 2½ or 3 percent. * * * The average number of turn-overs will probably not exceed 5; but even with 10 turn-overs, if the 1-percent tax was shifted each time, the burden on the final consumer would not exceed 5 percent.

The administrative task would be greatly simplified. * *

The administrative task would be greatly simplified.
The gross turn-over tax is based on sound principles.
An all-inclusive turn-over tax is practically sound
includes all production, agricultural and mineral; all manufacturing; all public service; and all operations by sales, transfers and leases
includes all operations by sales, transfers and leases. desirable.

Meyer D. Rothschild, chairman of the Business Men's National Tax Committe, testified (on p. 196) in support of the transactions tax:

We believe this to be the fairest, most equitable, widely spread, and easily administered tax which can be levied upon business. * * * This form of tax has been carefully investigated by our industry and unanimously indorsed.

Mr. Rothschild filed with the Senate committee (May 20, 1921) what he called a "Primer" on the subject of a 1percent transactions tax. It contained an estimate of the amount of the tax on various commodities, compiled by the firms that produced them. Here are some of these estimates taken from the official Senate record:

Granulated sugar, tax estimated by Seeman Bros., of New York, 3.44 percent.

Bread, tax estimated by William C. Cornwell, editor Bache Re-view, from information obtained from various wholesale and retail dealers in New York City, 2 percent.

Beef, tax estimated from figures obtained from Armour & Co.,

1.87 percent.

Pork, tax estimated from figures obtained from Armour & Co., 1.87 percent.

Suit of men's clothing retailing at \$40, tax estimated from figures obtained from William Goldman, of New York, 2.34 percent. Pa'r of men's shoes retailing at \$7, tax estimated by R. H. Hazzard, of Gardiner, Maine, 3.30 percent.

Pair of gloves retailing at \$2.25, tax estimated by prominent glove manufacturer, 2.80 percent.

Automobile tire retailing at \$35.10, tax estimated by presi-

dent of the Ajax Rubber Co., 3.25 percent.

Farm machinery: One of the largest manufacturers of farming implements and machinery has given us the following information:

Owing to the variety of materials entering into the manufacture of the bulk of our products, it is not possible to furnish you with a detailed statement similar to that submitted to you in the case

of a suit of clothes. We have, however, carefully analyzed some of our principal machines and, taking all the various factors into consideration, we assume that the total furnover tax in our complicated industry will be equivalent to about 3 to 3½ percent of the retail price of our machines to the consumer.

Hugh Satterlee, representing the Trades Council of Manufacturers' Club of Philadelphia, on page 31, gave this testimony:

I believe * * * that the most practical tax is a turnover tax on goods, wares, and merchandise * * *. No taxes can be entirely equal * * *. Where every commodity is taxed 1 percent people are not discouraged from buying commodities, but where one particular commodity is taxed 10 percent or higher and other commodities which satisfy the same general needs of the consumer are not taxed at all, the manufacturer who makes and sells that particular commodity loses business * * *. Under sells that particular commodity loses business * * *. Under the turnover tax the man who spent \$100,000 would pay 100 times as much tax as the man who spent \$1,000.

C. H. Smith, of the Westinghouse Airbrake Co., Pittsburgh, representing the tax committee of the National Association of Manufacturers, on page 53, testified and in answer to the question put to him by Boise Penrose, then chairman of the Senate Finance Committee, as to the kind of a tax he favored, said:

A gross sales tax on all turnovers.

Then Chairman Penrose asked:

You urge it on account of its simplicity and convenience?

And Mr Smith replied:

Absolutely.

Lebbeus S. Wilfley, representing the Tax League of America, on page 65, former Attorney General of the Philippine Islands, gave this testimony in support of the turnover tax:

I represent the Tax League of America * *. It embraces about 13 States * * *. It (turnover tax) will completely, promptly, and economically collect and furnish a flow of revenue that will be constant and dependable * * *. It will be paid by the whole body of the people, each paying in proportion to the amount of goods he consumes * * *. There is a general feeling that in many lines of industry the turnovers are so numerous that the sales tax will pyramid and accumulate until it becomes a very considerable amount. This is not true * * *. It will be observed that in the creation of a suit of clothes there are normally seven turnovers and that the total tax amounts to about 2½ percent. (This is based on a 1-percent transaction tax.)

Frederick E. Kip, given as "a prominent manufacturer and tax authority" of Montclair, N. J., not only endorsed the transaction of turnover tax but also applied it to the wage worker as a stimulant to employment. He said, on pages 255 and 256:

Our workers now, as in the winter of 1913, would far rather contribute their share to our Federal expenses through a turnover tax (releasing funds to flow back into industry) and thereby obtain steadier employment and wages. * * If a worker is out of employment 1 week, it will cost him at least twice what he would pay for a whole year through any 1-percent turnover tax.

Then, addressing the farmers and pointing out the benefits to them, on page 257, Mr. Kip added:

Nearly all farmers are today in dire need of cash funds to help over the present disastrous period. * * * Therefore, our hearly all farmers are today in dire heed of cash runds to help them over the present disastrous period. * * Therefore, our farmers are also vitally interested and should be enthusiastically in favor of the present proposed law. * * It is estimated that the 1-percent turnover tax on all commodities and merchandise will add 2½ to 3 percent. In no case, however, can it add more than 3½ percent. more than 31/2 percent.

SIR JOHN AIRD RECOMMENDED TURN-OVER TAX

I desire to quote from an address delivered by the late Sir John Aird, who was president of the Canadian Bank of Commerce, at the annual meeting of shareholders, held at Toronto, Canada, January 14, 1936, according to the text of his speech which I received from him:

It is now quite generally agreed that continuous borrowing to It is now quite generally agreed that continuous borrowing to cover deficits and to maintain social services on the present scale cannot go on indefinitely, and therefore that the most rigid public economy and higher taxation must be faced. Intensive study should be given to the problem of establishing a broader and more equitable basis of taxation. In this connection I again advocate a Nation-wide turn-over tax as more likely than any other new form of levy to meet the need for a balanced Budget.

When he passed away recently he was culocized in the

When he passed away recently he was eulogized in the

Canadian press as the "grand old man of banking."

MORGENTHAU RECOMMENDS TURN-OVER TAX OR TRANSACTIONS TAX

Three years ago there appeared in the Washington, D. C., press the statement that Secretary of the Treasury Henry Morgenthau had submitted several alternative tax proposals to President Roosevelt and among them a "11/2-percent turnover tax." I suggested to the Ways and Means Committee that they call and question Secretary Morgenthau in regard to this type of taxation but understand that they failed to do so.

JAMES BRYCE-THE HAWAIIAN TAX SYSTEM

Many years ago when James Bryce was Ambassador from England in Washington, he said:

The American form of Government will go on and live long The American form of Government will go on and live long after most of the other forms of government will have fallen or been changed, and the reason is this: In other nations of the world when a new problem comes up it must be tested in a national laboratory, and a solution of the problem must be worked out, and when it is worked out that solution must be applied to the Nation as a whole. Sometimes it may be the correct solution and other times it may be the wrong solution. But you in the United States have 48 laboratories and when new problems arise you can work out 48 different solutions to meet the problem. Out you can work out 48 different solutions to meet the problem. Out of these 48 experimental laboratories, some of the solutions may not prove sound or acceptable, but out of this experimentation history shows you have found at least some remedies which can be made so successful that they will become national in their

This thought-provoking statement by James Bryce, who wrote the monumental work, the American Commonwealth, still considered to be one of the finest treatises ever written on our Government, is absolutely correct. We have recent verification and corroboration of that fact in what has transpired in one of our Territories, the Hawaiian Islands, in regard to their successful experiment in taxation.

I desire to read into the RECORD the following letter which I received from Hon. William Borthwick, tax commissioner of Hawaii:

TERRITORY OF HAWAII,
BUREAU OF THE TAX COMMISSIONER, April 21, 1938.

Hon. MARTIN F. SMITH, M. C.,

1034 New House Office Building, Washington, D. C.
Dear Sir: In reply to your question as to why a gross income tax, rather than a transaction tax, I will say that there are few human activities that could not be described as a transaction. Many of them would produce no income. A law attempting to define transactions would require so many exemptions, deductions, etc., that it would be impossible to administer it without great trouble. For instance, a man buying postage stamps is a transaction that does not produce any income. A man could swap a hound pup for a gallon of moonshine liquor, which would be a transaction.

The reason we adhere to gross income is to find out the gross take in any line of work without looking at the number of transactions. It was suggested at the time I was fighting to put over the gross-income tax that we make it a transaction tax. This I refused to do. The gross-income tax here is the most equitable tax that we have, and those who bitterly assailed it and declared it would put them out of business are now its most ardent sup-

Pardon me for the suggestion, but I believe a little study will reveal that I am right when I tell you that if we had a gross-income tax as a Federal measure, carrying a rate of 2 percent, the money to be spent monthly in the United States in some useful and constructive manner, we could forthwith quit borrowing money and the Federal Government would soon balance its Budget and be run on an even keel.

While I recognize that all of our national borrowings have probably been necessary and are truly only capital investments, a business firm that could get its hands on money by collecting which was due rather than borrowing would certainly succeed in a greater measure than a firm who borrowed money continually, involving

them in interest payments.

Before the gross-income-tax law was passed the Territorial legislature appropriated a quarter of a million dollars for each bienrium with which to pay interest on its borrowings to finance the Territorial government through lean periods of collection. Since the gross-income-tax law began operating we have always had money in the till and have never borrowed a thin dime, although the cost of government has increased several million dollars in that

Thank you for your inquiry. Assuring you of any help I may be able to render you in the future, I am, Sincerely yours,

WM. BORTHWICK, Tax Commissioner.
P. S.—I formerly lived in Olympia and knew many Hoquiam folks and still retain an interest in western Washington.—W. B.

The Hawaiian gross income-tax system has been favored by Dr. Francis E. Townsend since he went to the islands last year, and he brought Hon. Louis C. Silva, official tax expert in the islands, to this country to make an exhaustive study of the proposed tax for the United States. Mr. Silva has been granted a year's leave of absence from his official duties as chief deputy tax administrator for the Territory of Hawaii in order to conduct this survey and investigation. He testified before the Ways and Means Committee, and I quote from his testimony:

This law became effective July 1, 1935. Prior to its enactment, Hawaii faced a deficit of approximately \$1,000,000 for the biennium ending June 30, 1935. Salaries and wages of all government employees had already been cut 10 percent, with the prospect of an additional cut just around the corner. The automatic salary increases under Territorial law had been terminated by act of the previous legislature and the functions of government parent to the previous legislature and the functions of government pared to the bone.

bone. In the parlance of Territorial finance, these items presented a very serious problem, indeed, as the amount of revenues required to wipe out the impending deficit, reinstate the 10 percent salary cut, and automatic increases totaled \$2,100,000 during the ensuing biennium ending June 30, 1937.

Because of the acute economic situation in Hawaii during the 1933-35 biennium, expenditures had been curtailed to the extent that governmental activities could no longer properly function. Additional revenues were therefore needed during the ensuing biennium to place these activities upon a sound and businesslike basis. This required an additional \$3,000,000.

To cope with this serious situation the Honorable Joseph Boyd

To cope with this serious situation the Honorable Joseph Boyd Poindexter, Governor of Hawaii, created an advisory committee on Poindexter, Governor of Hawaii, created an advisory committee on taxation composed of 13 men representing a cross section of the financial, industrial, agricultural, and business life of the islands. This committee was headed by our present tax commissioner, William Borthwick, as chairman. It was charged with the duty of conducting a thorough study of the Territory's tax structure and consistent with its findings, to offer recommendations for the elimination of any current or future financial ills found therein. The Governor's advisory committee on taxation employed me as their statistician, with instructions to conduct for them a research and study of all the so-called emergency tax laws throughout the United States at that time.

out the United States at that time.

Upon completion of a year of diligent effort, this committee submitted a very comprehensive report to the Governor recommending, among other things, that a gross income-tax law be substituted for the business excise tax, which was then upon the statute books. It had been ascertained that the break-down and complete failure of this tax to produce sufficient revenues was directly responsible for Hawaii's financial difficulties.

Although the business excise tax law was also a tax upon the privilege of doing business, the method of measuring the tax was different than that of the present gross-income tax. Under the former act, cost of goods, together with interest and rents paid, were deductible items. Investigation revealed that where merchandise was purchased from foreign countries such returns showed a very narrow margin of taxable income, and in these instances the taxpayers demonstrated losses each year for the purposes of a net income tax and accordingly paid no taxes to the Territory.

It was ascertained that such taxpayers in Hawaii had buying

the Territory.

It was ascertained that such taxpayers in Hawaii had buying agents, so-called, in such foreign countries, and when the merchandise was invoiced the Hawaiian purchasers, the margin of profit had already been deducted and added to the cost of the goods. Because of the narrow margin remaining between their gross profit and net profit, it was then a simple matter to demonstrate a net loss after deduction of overhead and operating expenses. This procedure of demonstrating a net loss each year seemed to have no bearing whatever upon their status as going businesses. They had done it for years and anticipated doing it for years to come. The enactment of the gross income tax law, however, dissipated this system with one fell swoop, as the cost of goods is not an allowable deduction under this act. The foregoing, incidentally, constitutes one of the best reasons why the gross income tax law met with such terrific opposition before its enactment. its enactment ..

its enactment.

In his message to the 1935 session of the Hawaiian Legislature, Governor Poindexter unqualifiedly recommended the passage of the gross-income tax as submitted by his advisory committee on taxation, promising that august body that the enactment of such a tax would be the means of not only wiping out the impending deficit, but reinstating the 10 percent salary cuts and automatic increases; employing additional help necessary to improve upon governmental functions, and last, but by no means least, balancing the hudget ancing the budget.

ancing the budget.

Before enactment of the law, however, the Territorial legislature held public hearings upon the bill, giving all an opportunity to be heard. It developed that most of the businessmen and more particularly the retail merchants were against the enactment of such a law, claiming, among other things, that a rate of 1½ percent upon their sales would drive them to the wall.

One group of retail merchants and taxpayers formed a very powerful lobby for the express purpose of fighting its enactment.

When the retailers and others realized that they were losing ground and the bill seemed certain of enactment, they tried to have the law amended so that it would be made mandatory to pass the tax on to the customer. In this they were unsuccessful, and Hawaii's law today does not include such a provision.

The honest retailers, and there were many of these who strenucusly fought the enactment of the bill, did not know then what the gross income tax law held in store for them.

They did not realize that where there were only 5,600 honest taxpayers carrying a certain burden of taxation, that under the gross income tax law 26,000 or 364 percent more taxpayers were going to help them bear this same load.

In order to better demonstrate the value of broadening a tax base such as demonstrated above, let us say, for example, that the Territory of Hawaii required that the former business excise tax collect \$2,600,000 in revenues in 1 year. If 5,600 taxpayers were to pay this, then each taxpayer would be called upon to pay an average of \$464 per annum in taxes, whereas under the pres-

were to pay this, then each taxpayer would be called upon to pay an average of \$464 per annum in taxes, whereas under the present gross income tax law, with its broadened base of 26,000 taxpayers, each taxpayer would pay an average on only \$100 per annum. Many folks ask the very reasonable question as to whether or not the tax has caused a rise in prices. I can truthfully say that in Hawaii the rise, if any, has gone unnoticed. Of course, there are two sound reasons which may be given for this. One is the fact that the gross-income tax replaced another law, and the other and most important reason is that the base of taxation was broadened 364 percent.

It hardly need be said that the formidable opposition demonstrated the said that the formidable opposition demonstrates the said that the said that the formidable opposition demonstrates the said that the said

it hardly need be said that the formidable opposition demonstrated before the law was enacted has since been entirely dissipated insofar as the honest taxpayer is concerned. A small amount of opposition by certain people still persists, but we know that these grumblings emanate from taxpayers who constitute the greater part of the 364-percent increase group, and the sympathy we have conveyed to them has been very conspicuous by its absence.

Hawait's gross income tax law was designed to raise \$5,108,600 during the first blennium ending June 30, 1937. The higher rate of 1½ percent was made flexible to the extent that should insufficient revenues be collected, the Governor was authorized to raise it to a maximum of 1½ percent, and should more funds than were necessary be collected, he was empowered to lower this higher rate accordingly and without limit.

From its inception, however, the revenues collected were so great that during the last 6-month period of the first biennium, Governor Poindexter lowered the higher rate of 1½ percent to

Governor Poindexter lowered the higher rate of 1½ percent to 1 percent.

Even though this rate was cut 20 percent, the gross income tax collected \$1,331,303.85, or 25.06 percent more than was required of it. Had the higher rate remained at 1½ percent throughout the biennium, this tax would have collected \$1,654,022.98, or 32.38 percent more than was required. The Territory not only balanced its budget at the end of the biennium as predicted by the Governor, but presented the legislature with a surplus of \$1,315,000.

The following increase in business done and gross income reflected during the year 1937 as against 1936 may be of interest to you. Retailing increased 16 percent; producing, wholesaling, and certain manufacturing, 8.7 percent; printing and publishing, 23.5 percent; services other than professional, 20 percent; professional services, 25.8 percent; contracting, 30.8 percent; theaters and amusements, 14.6 percent; interest and discounts received, 1.6 percent; and all other taxable gross income, 5.2 percent. The base of the tax for all classifications increased 10.2 percent in 1937 over 1936. the tax for all classifications increased 10.2 percent in 1937 over 1936.

the tax for all classifications increased 10.2 percent in 1937 over 1936. You may readily observe from the above break-down of business activities such as retailing, sugar processing, and pineapple canning, printing and publishing, contracting, theaters and amusements, and others which serve as reliable yardsticks, how much more simple it is for Hawaii to accurately gage its trends of business. It is safe to say, however, that the actual business done in the Territory did not increase to the extent demonstrated, and it is even safer to say that business was not paying additional taxes because they particularly liked the gross income tax law. We fully realize that because of the chiseling which prevailed in the past and which cannot now so easily escape the provisions and administration of a gross income tax law, that total business for a time will show increases, whereas actually business may be falling off. The saturation point must first be reached before for a time will show increases, whereas actuary business may be falling off. The saturation point must first be reached before these statistics become of real value, but thereafter they may be used as unquestionable yardsticks for the measurement of business trends.

Reference has been made to a higher rate of 1½ percent. This is because of the fact that under Hawaii's law certain business

is because of the fact that under Hawaii's law certain business activities bear various rates of tax, as follows: The business activities of producing, wholesaling, or jobbing and certain manufacturing bear a rate of one-quarter of 1 percent; printing and publishing pays 1 percent; professional services, one-half of 1 percent; retailing, sugar processing and pineapple canning, services other than professional contracting, theaters and amusements, interest, commissions, rentals, and all other taxable gross income, 14 percent.

Based upon the taxable gross receipts reported by all classifications under this law, the average rate of tax for the year 1936 was a fraction over nine-tenths of 1 percent.

The 1937 session of the Hawaiian Legislature made gross income the "budget-balancing tax law." In order to balance the 1937–39

the "budget-balancing tax law." In order to balance the 1937-39

budget the gross-income tax was required to collect \$7.829,919.54, which was \$2,721,319.54, or 53.28 percent, more than was required of it during the previous biennium. From all present indications, this is being accomplished even though the business activities of sugar processing and pineapple canning have been very hard hit because of lower world prices for their products. Any conditions which adversely affect these two industries are soon reflected against other business activities.

It seems significant to state that the original higher rate of 1½ percent would today be lowered to approximately three-fourths of 1 percent based upon the same revenue requirement for the 1935–37 biennium. Hawaii is today collecting 53 percent more revenue under its gross income tax law than was required during the 1935–37 biennium, and this is being done at the same rates which prevailed during that biennium.

The tremendous increase in collections under this law is inverse.

The tremendous increase in collections under this law is invaria-The tremendous increase in collections under this law is invariably credited to the increase in business done throughout the Territory. Inquiries, however, prove otherwise, and the honest merchants in Hawaii are still at a loss to know how the gross-income tax is able to increase its collections to such an extent when their own sales have actually fallen off. One of the answers to this is the broadening of the base for purposes of taxation, which automatically makes the payment of a tax more equitable.

Hawaii's experience depresentates guits completely that also

Hawaii's experience demonstrates quite conclusively that dishonest taxpayers at heart are truly in the minority. Because of the victous competition created by dishonest taxpayers in underselling their honest competitors, the latter group have been forced to conform or go out of business. If their own government neglects to protect them as honest merchants and taxpayers, then they have no other recourse if they are to survive.

they have no other recourse if they are to survive.

Our system of compiling statistical data in Hawaii places us in such a position that we know at all times how business is faring. such a position that we know at all times how business is faring. We have compiled statistical charts covering 350 kinds of business, with a supporting break-down showing how much retail business was done during any specified period of time, how much whole-saling, how much manufacturing, and so forth. These charts tell us the source of the tax, in other words, the particular kind of business endeavor in which the taxpayer is engaged, the number of taxpayers engaged in such business, and the several business activities by which the gross income was received.

We know, for example, that there are 30 sugar-processing companies engaged in business in Hawaii, and we also know how much income was received from the processing of sugar how much was

income was received from the processing of sugar, how much was received from retail business done, the amount received from the business activities of theaters and amusements, services rendered, interest received, commissions received, rentals received, and so

Since its inception the gross income tax division in Hawaii has been the business barometer for the Territory. There is no guess-work there, and no estimating upon business already done is nec-

work there, and no estimating upon business already done is necessary, as our method of compiling statistics must balance to the penny with collections. Because of this system we are also able to anticipate with a substantial degree of accuracy the possibilities of future business income and taxes thereon.

Based upon statistical data for the year 1937, the cost of administering Hawaii's gross income tax law is 1.43 percent of collections. The annual average cost per taxpayer is approximately \$2.02, and the average monthly cost per return filed a little less than 17 cents. The average tax collection per taxpayer was \$141.37.

A very pertinent feature of Hawaii's law is the fact that the tax

A very pertinent feature of Hawaii's law is the fact that the tax is paid monthly. The taxpayers there seem to be very pleased with this phase of it and more particularly the smaller taxpayers who find it difficult to raise sufficient funds to meet their taxes if same were paid annually or even semiannually. This monthly payment feature has been a factor also in keeping delinquencies and ultimate losses down to about one one-thousandth of 1 percent of collections. cent of collections.

Prior to the enactment of the law it was necessary for the Terri-Prior to the enactment of the law it was necessary for the Territory to borrow from local banks to carry on the functions of government and after a time borrowing power became somewhat strained. Interest paid upon such borrowings was quite substantial, amounting to \$145,326.48 during the 1933-35 biennium. Since the inception of the act, however, it has not been necessary to borrow a single penny from the banks, as the tax is payable monthly and the Territory of Hawaii has always had more than sufficient funds with which to carry on.

NATIONAL GROSS BUSINESS TURN-OVER-INCOME-REVENUE

Nobody knows to a certainty what the present national gross business turn-over and total business transactions amount to but Dr. E. A. Goldenweiser, Director of Research and Statistics of the Board of Governor of the Federal Reserve System, who is probably in a better position to make a reliable estimate than anybody else in the country, has estimated the total for 1938 at \$553,000,000,000. Dr. Robert R. Nathan, chief economist for the Bureau of Foreign and Domestic Commerce, has estimated the gross revenue and income of the Nation for 1936, the last year for which the figures have been compiled and are available in his office, at \$449,000,000,000. From these estimates which both authorities declare to be conservative, Mr. Louis C. Silva, deputy tax commissioner

of the Hawaiian Islands, our tax expert, has made a further deduction to be on the safe side and remove all grounds for any argument by our opposition that we are inflating our figures and further making a very liberal allowance for all exemptions, and has placed his estimate of the present national gross taxable income under this bill at \$360,000,000,000. Mr. Silva estimates that one-third of this sum can be figured as derived from producers, manufacturers, wholesalers, and jobbers, or \$120,000,000,000 subject to a tax of one-half of 1 percent and yielding \$600,000,000 per year. This would leave the remaining two-thirds, or \$240,000,000,000 for all retail transactions, business and professional activities of all kinds, subject to the 2-percent tax with an annual yield of \$4,800,-000,000 and a total yield of \$5,400,000,000 to be divided among 8,000,000 pensioners of the age of 60 and past and amounting to \$56.25 per month for the first year and, of course, certain to increase commensurate with the increase in money circulation, velocity, and turn-over and consequent increase in gross business turn-over and business transactions.

THE NEED OF INCREASING THE VELOCITY OF MONEY

Dr. Goldenweiser has on more than one occasion stressed the fact that the decrease in national business transactions is largely due to "decline in velocity." He pointed out in a recent statement that in 1929, when bank deposits were less and when the amount of currency outside of the banks was about \$2,000,000,000 less than at the present time, that there was double the volume of business transacted in the country as compared to 1938. This was due to the fact that each dollar in demand deposits turned over 26½ times during the year 1929, whereas it turned over 13 times during 1938, which does not include the turn-over of currency, the figures for which are not available and which would probably be greater.

In other words, one of our difficulties today is the lack of money circulation. There is a pressing need of not only putting money in the hands of the masses but it must be kept in circulation, hence H. R. 6466 provides that the pension must be spent within 30 days. The more rapidly it circulates, the greater service—the greater work—it will do for humanity. That is one of the main objectives of the Townsend plan.

ADVANTAGE OF QUICK CASH TURNOVER

In 1935–36 the Supreme Court ordered the Illinois Bell Telephone Co. to refund to subscribers in Chicago the tidy little sum of \$20,700,000 overcharges. This money was immediately spent in the stores of Chicago, the merchants passing it along in payment of various bills, and in the purchase of more merchandise, and in just a few days the money had turned over so rapidly and circulated from person to person so often that it had transacted approximately \$100,000,000 worth of new business, and even in the big wealthy city of Chicago, which deals in billions, it attracted attention and surprise.

According to the Dow-Jones Co., of New York, national authority as statisticians and economists, this Chicago money turned over 22½ times during the year, which meant that this \$20,700,000 created \$465,750,000 worth of new business If the comparatively small sum of \$20,700,000 disbursed by a private corporation to a few people created \$465,750,000 worth of new business for Chicago merchants alone, then why will not \$5,500,000,000 disbursed by the Government to 8,000,000 citizens also turn over 22½ times and produce \$121,000,000,000 worth of new business for all the merchants of America? In other words, increase the volume of gross business turnover to that extent, or does the money of a private corporation act any differently than money disbursed by the Government?

EXAMPLE OF \$10 TURNOVER

For example, taking the month of April as a basis, to show possible and reasonable transactions with a Government \$10 check from his allowance, we find the pensioner receives a check on April 1 and takes \$10 of it the same day to his grocer, who pays 2 percent to the Government on sales; the grocer pays same check to his clerk, who also pays 2 percent on salary (all over \$100 per month); the clerk pays check to butcher, who also pays the Government 2 percent

on sales; on the 2d, butcher pays to wholesaler, who also pays 2 percent on sales; wholesaler pays to his clothier, who also pays to the Government on sales; clothier pays same check to salesman on 6th; salesman pays it to his grocer on 8th; grocer pays to his wholesaler on 10th; wholesaler pays to his salesman on 10th; salesman pays on his auto on 11th; auto dealer pays to his salesman on 13th; salesman pays to his landlord on 15th; landlord pays to electric company on 16th; electric company pays to employee on 20th at noon; employee pays to drygoods company same afternoon; drygoods company pays salesman same check on closing on 20th; salesman pays his grocery bill on 22d; grocery pays on daily account to bakery on 23d; bakery pays daily account to creamery on 24th; creamery pays wholesaler on 25th; wholesaler pays on furniture the 26th; furniture dealer pays his salesman on 27th; salesman pays on his radio the 27th; radio dealer pays to his wholesaler on 29th, saving his 2 percent cash discount for month; and the wholesaler deposits check in bank on the 30th. Each transaction has paid a 2percent tax, amounting to 20 cents, either from seller of merchandise or receiver of check for services.

Twenty-five reasonable and not unusual accounts have been paid with this one \$10 check, which is accepted by everybody the same as currency, and 25 payments have earned \$5 in revenue tax. This shows the possibility of velocity in business.

With this possible with one \$10 check, what would happen with 8,000,000 pensioners paying out from \$56.25 to \$200 per month on the Townsend plan, and everybody keeping up this velocity of business transactions?

An interesting experiment was made, as related by Frederic J. Haskin, of the Washington (D. C.) Star, in his article entitled "The Velocity of Money Circulation." As a feature of a convention held in Milwaukee, Wis., the chamber of commerce put in circulation \$400 in money so marked that it could be traced. The tracing could be carried on indefinitely until the money actually wore out or returned to the Treasury or to Federal Reserve banks for redemption and destruction. But in the short time that the chamber traced the money—a matter of a few days only—it was found that \$400 paid bills amounting to \$1,425. That much indebtedness was discharged by the original \$400.

While a certain amount of cooperation from local people was required to keep track of the use of the money, no collusion was involved and, in all probability, many transactions were missed entirely; that is, probably more debts were paid than could be traced.

WHERE THE MONEY WENT

In detail, the fascinating story is as follows: Three hundred dollars of the money paid salaries to various persons. Meals—dinner, luncheons accounted for \$258. Landlords received \$136 of the \$400, while \$109 was expended for groceries. The sum of \$78 was spent for general merchandise, while hotel bills to the extent of only \$48 were paid. In view of the fact that a convention was in the city at the time the experiment was conducted, it appears that comparatively little of the original \$400 got into the hands of the visitors as hotel bills doubtless constituted a major portion of their expenses. Home-town people were getting the chief use of the funds.

Banks received \$38 of the identifiable money on deposit, while board bills were paid with \$35. Filling-station men received a respectable share, for \$35 came into their hands in payment for gasoline and oil. Housewives paid \$34 of the money for meats, while coal and other fuel bills were paid to the extent of \$31. Twenty-nine dollars went into the hands of public-utility companies in settlement of electric bills, with another \$10 for water and gas bills.

Cigars, cigarettes, and tobacco were purchased with \$24 of the money, while candy, ice cream, and similar light refreshments accounted for \$20. Transportation fares locally, streetcars, busses, and taxicabs absorbed \$15. Debts were paid and loans made to the extent of \$18, while tips accounted for \$17.

Furniture and hardware stores got \$17 of the money and \$15 of it was paid on medical and dental bills. Insurance premiums were paid to the extent of \$15. Movies and other theaters and amusements accounted for \$15 of the original money.

Barbers and proprietors of beauty shops received \$14 of this money, while \$13 was expended for drugs and medicines. Club dues and charitable donations accounted for \$10. Nine dollars went for flowers and jewelry.

Bakers took in \$9 of the money, and \$9 of it was spent for shoes. Garage bills were paid to the extent of \$8, while tailors, cleaners, and laundries got \$8. Telephone bills were paid in the amount of \$6, while radio tubes and accessories were purchased with \$5.

Shoe shines and shoe repairs were acquired with the payment of \$5 of the marked money. Railways and boat tickets accounted for \$5, and another \$5 turned up as payment of interest on a note. Payment on an automobile in the sum of \$4 of this money was made. Livestock was purchased with \$1.

Thus the total of \$1,425 was reached. Money, to be of any use, must continue to circulate, and theoretically there are no limits to the extent of this circulation, as the Milwaukee test shows.

Starting with the \$300 out of the original \$400 which was paid in salaries, it can be assumed that some of it was paid in rent. The test showed that \$258 of the money was paid in rent, but that did not necessarily all come out of salary money. But to follow through one single line: Assume the landlord used some of the rent money he received to pay his grocery bill. Then assume that the grocer paid his electric-light bill with what he had received. The electric-light company owed a bill for fuel and paid over some of the money to discharge that debt. The coal man paid some to the hardware man for shovels. The hardware man paid a doctor's bill, and the doctor bought flowers and had a suit pressed.

Only about 3 days were devoted to the Milwaukee experiment, and yet it was shown that \$400 paid \$1,425 in bills. Those obligations were definitely and finally discharged; they did not have to be paid again; and yet no more money was used. That is the whole theory of circulation and, in part, the theory of inflation. Practically everyone in the United States is in debt. With more money in circulation and hoarding stopped the cycle of payments can be speeded up, and in a short time the obligations can be discharged.

A transaction tax of 2 percent on every retail transaction, sale, barter, or exchange is the most equitable and just form of tax that could possibly be devised, and it would not work a hardship or injury on anybody. It would amount to \$2 on every \$100, \$20 on every \$1,000, \$2,000 on every \$100,000, and so forth; and in the case of nearly all manufactured wares, goods, and merchandise would involve directly a tax load of only five times the single 2 percent while passing, first, through the hands of the producers of the raw material; second, the manufacturer of the raw material; third, the jobber-broker-commission man; fourth, the wholesaler; and, fifth, the retailer.

It was estimated at the previous social-security hearings (p. 1103) that the cost of living would rise by 10 to 12 percent, and even the group of University of Chicago professors who oppose the Townsend plan on other grounds stated in the pamphlet issued by them that—

an examination of statistics for one or two representative industries (not included in this pamphlet for lack of space) confirms the reasonableness of the estimate that the rise would be on the order of 10 percent.

However, if the increase in the price level proved greater, owing to the stimulation of business, trade, industry, and agriculture, which would result, it would be governed by the law of supply and demand, the same as in the past and at the present time. Prices would go up and wages go up in proportion. Hence, no damage or injury could be caused to the vendor of any commodity who would, in the very nature of things, be greatly benefited on account of the improved market and demand for everything that is produced on the farms and manufactured in the factories.

THE TRANSACTION TAX-GROSS SALES

A transaction or gross-sales or gross-revenue tax is a tax on business transactions. It is not a tax on profits. To illustrate: During 1933 and 1934 the United States Government collected a tax of 2 cents on each bank check. This was a transaction tax applied to check transactions only. The tax was 2 cents on a \$1 check and only 2 cents on a \$1,000 check. The small bank depositor paid the major portion of this tax.

The United States Treasury, during 1933 and 1934, collected from this tax over \$79,000,000, according to the Secretary of the Treasury. During these years the Federal Reserve Board reported that its branches and agencies alone handled over \$76,000,000,000 worth of checks. To further illustrate: If the tax had been 2 percent of the total check transactions, instead of 2 cents on each check, the Government would have collected from Federal Reserve agencies alone over \$1,500,000,000 instead of a total of only \$79,000,000.

To further illustrate: All the corporations in the United States paid income taxes in 1934 of \$397,000,000. The users of tobacco alone—chewing, cigars, and cigarettes—paid a total tax into the United States Treasury in the same year of \$425,000,000.

NATIONAL INCOME VERSUS NATIONAL BUSINESS TURN-OVER

Some people fail to differentiate between national income and national business turn-over. They confuse the two and assume that the pension payments must be deducted from the present national income and without any increase of the latter. They confine the volume of the Nation's business to the national income and consequently place themselves in the position of claiming that every time a dollar of national income is spent that dollar ceases to exist; that it stops right then and there and can never be spent again. No other conclusion can logically follow, for they can point to no year in which the amount of business transacted in the United States did not exceed many, many times over the amount of national income. The national cash income in 1929 was \$81,000,000,000. The national business turn-over for the same year was \$1,200,000,000,000.

A manufacturer may do a gross business turn-over of \$1,000,000 and have an income of \$100,000. Another manufacturer may do a business of \$10,000,000 and have an income of only \$10,000. The tax is not based on income or profits, but upon the gross volume of all business transacted.

The cigarette tax is not based on the profits or income of the cigarette manufacturer; it is based on the volume of cigarettes manufactured. The gasoline tax is not based on the income or profits of those engaged in selling gasoline; it is based on the volume of gasoline sold. Likewise, the transaction tax is not based on the net cash national income, it is based on the volume of all business transacted—measured in dollars—hence it is called a transaction or gross-sales, gross-revenue, or gross-income tax.

To illustrate further: If a small merchant did a \$50,000 business at a net profit of \$5,000 in 1935; then, because of increase in sales because of the Townsend plan going into effect, he did a \$100,000 business in 1938 at a \$10,000 profit, the Government would collect 2 percent of the \$100,000, or \$2,000, leaving a net profit for 1938 of \$8,000 as against only \$5,000 in 1935. Thus, by paying \$2,000 tax to support the Townsend prosperity plan, the merchant increased his business and profit. And his income was not taken or taxed to support the Townsend plan.

PENSIONS WILL NOT BE PAID FROM PRESENT NATIONAL INCOME

The fallacy most often used against the Townsend plan is the statement that the monthly pensions will be paid from the present national income.

Economists know full well that money of itself has no value whatever; that it simply is a symbol used in registering the amount of labor or goods involved in a transaction. I know little about poker and never play poker but know enough about the game to know that each poker chip on a gambling table simply represents something, and that some-

thing in that case is a definite amount of currency, which is no more than a due bill on the world for something. There may be only 500 chips on the table, yet any amount of winnings, from \$1 to \$10,000, may change hands in one evening, passing those chips back and forth in the process.

Russell Leffingwell, of the firm of J. P. Morgan & Co.,

recently declared:

Money is not an end to itself, it is a means to an end.

Henry Ford, in the American Magazine, October 1934, said:

The function of money is not to make money but to buy goods. Money is only one part of our transportation system. It moves goods from man to man. A dollar bill is like a postage stamp, it is no good unless it will move commodities between persons. If a postage stamp will not carry a letter, or money will not move goods, it is just the same as an engine that will not run. Someone will have to get out and fix it.

The records show that our national income has increased in the face of increased taxes; or, putting it the other way, increase in taxes does not decrease the national income.

The administration levied a processing tax on farm commodities, better known as the A. A. A. tax. It was a transaction tax on processing. This tax exceeded over a billion dollars before it was nullified by the Supreme Court. Who paid this tax? The highest authorities are in disagreement. Some say the farmers paid it, some say the processors, and others say the consumers paid it. But that is beside the point.

The point is that in the face of this new billion dollar transaction tax, collected by the Federal Government, the farmers' income increased, the railroad income increased; business income increased; deposits increased in banks, and the national income increased.

So much for the claim that the Townsend plan pensions being paid out of national income—or "involving one-half of the national income."

Walter E. Spahr, of New York University, in a radio address said:

Thus to pay the annual cost of the Townsend pension scheme would require 40 percent of the national income.

This, of course, is untrue. The Townsend plan will not "rob Peter to pay Paul," which is another oft-repeated statement made by opponents of the plan.

A man without income in 1935 may in 1939 invest his money, or credit, employ idle men, buy unused raw products, turn out new goods, and sell the new goods thus produced to men heretofore unemployed. Thus taxes can be paid, idle men employed, business and freight receipts increased, and a profit made in addition without taking a single penny from the present "national income" or from any person now employed.

It is, therefore, possible to increase taxes, increase freight income to railroads, increase pay rolls, increase the buying of life insurance, increase medical and dental service, increase the consumption and production of food, clothing, and luxuries—and increase the expenses of operating and building bigger and better mills and factories—without taking anything from those who now have property or from those now employed.

This is possible because we have unused materials, unused money and credit, idle men and idle machinery. These will create new wealth without taking wealth or income from others.

CONCLUSION—RECAPITULATION

This legislation will relieve industry and business and the employer of the pay-roll tax, and the States of their parity contributions to the present Social Security fund, and spread the cost over the entire population at a rate so small that it will not be burdensome or work a hardship upon anybody. It requires no payment of interest to the bankers. It is a cash-and-carry, pay-as-you-go, self-financing, self-liquidating plan, and far less costly than a bond-debt-creating system, with its appalling interest burden. It applies the velocity principle of money turn-over and provides a revolving

fund, upon a pay-as-you-go basis, to create active, liquid, working capital, available currently every month of the year, to finance the idle, unused potential productive capacity of our industrial and agricultural facilities. The old-age assistance phase of H. R. 6466 (H. R. 2) is merely the most desirable means to the more important end sought, namely, the acceleration of the velocity of money turn-over. The pensions to the aged, the most deserving group of our population. to be expended currently each month in the purchase of goods and services, is merely the modus operandi by which the working capital is made available to the productive enterprise of the Nation. The bill H. R. 6466 (H. R. 2) is the only proposal pending before Congress which will meet the requirements of the price system, the profit motive, and credit capitalism. There is not a single sound, valid objection against it and it should and will become the law of [Applause.] the land.

Mr. COOPER. Mr. Chairman, I yield 2 minutes to the

gentleman from Ohio [Mr. SWEENEY].

Mr. SWEENEY. Mr. Chairman, in the brief time allotted to me I shall not make a detailed statement of my espousal of this legislation, preferring to let the testimony I gave before the Ways and Means Committee in behalf of H. R. 2 stand as an argument in favor of this present bill. In my opinion, there is very little difference except the tax structure, which has been changed at the suggestion of the leaders in the Townsend organization.

I do, however, desire to meet the charges made on the floor of the House today by several Members against Dr. Francis Townsend, not direct charges but inferences proclaiming Dr. Townsend to be the head of a racket organization, handling large sums of money for which no accounting is made, and collecting dues from the poor people who are members of his organization.

I challenge any Member of this House to point out one single instance since he became the head of the Townsend movement wherein Dr. Townsend was guilty of turpitude of any kind, malfeasance, or misfeasance in the administration

of the affairs of this powerful organization.

I have been an advocate of the Townsend philosophy since its inception, and if I thought Dr. Francis Townsend was guilty of any of the charges made by inference here today I would sever my support and connection with this Nation-wide movement. The membership of the Townsend organization represents substantial citizens. If they desire to contribute 10 cents or \$1 a year toward the maintenance of their organization, that is their business, and not the concern of the Congress of the United States.

Those of you who were here as Members of the Congress when Dr. Townsend walked out of the congressional committee room, and subsequently was charged with contempt, will admit that the so-called investigating committee was a political inquisition committee, designed to cast aspersions upon a movement which had great potential political strength. At that famous hearing when Dr. Townsend departed from the committee room he was refused the right to submit a statement, a right which is usually accorded to any witness appearing before congressional committees, a right that was most generously accorded to the great J. Pierpont Morgan when he appeared before a certain committee of the United States Senate a few months previous.

The effect of Dr. Townsend's conviction and subsequentpardon by the President of the United States demonstrated that the Chief Executive at least believed in his sincerity, and I believe that goes for almost the entire press of the Nation, who, while in many instances they criticized the Townsend philosophy, were unanimous in their opinion that its leader was a sincere individual.

While the measure before us today in some respects is a substantial departure from the legislation heretofore introduced on this subject, it is in its last analysis the Townsend plan, a plan that has swept the country like wildfire, and which I believe will be the cause of bringing about an adequate, substantial old-age pension throughout the Nation. I

have been identified with this movement for the past 5 years. It has been my privilege to address large gatherings of American citizens interested in the subject of old-age pension. I have been honored by having the privilege of addressing two national conventions of the Townsend organization.

Whenever and wherever I was privileged to speak in behalf of old-age security I proclaimed that the \$200 per month was somewhat of a myth, but that the Townsend plan would justify its existence if legislation would be enacted assuring an annuity of \$50 or more per month to qualified annuitants. From a conservative estimate made by the experts who have fixed the proposed tax rate specified in H. R. 6466, the annuity would mean, roughly, about \$57 a month.

This bill, perhaps, will not pass at this session of Congress, but tomorrow the day of reckoning is at hand. The advocates of this legislation have a right to know their friends and their opponents. A "yes" or "no" vote will determine this question tomorrow under the rules which guide the con-

sideration of this measure.

For the reasons advanced, despite the charge of demogogy, I have never swerved in my conviction nor apologized for my membership in the organization nor my advocacy for this sort of legislation. It was my good fortune to pioneer in the field of old-age pension in the State of Ohio some 20 years ago, and my interest in the subject has not abated but, on the contrary, has increased with the advance of consideration of the Townsend plan.

It took 12 years before the opponents of national prohibition were given consideration by the Congress of the United States. During my 8 years as a Member of Congress the payment of the adjusted-service certificates, or the bonus bill, was under deliberation three times before the measure finally became a law. I am firmly convinced as I stand here today that the next Congress, or the one to follow, will ultimately enact into law a similar measure to the one we discussed today, and that those of us who support this bill will have made a splendid contribution toward hastening the day when substantial old-age pensions will be paid to those who have given the best years of their lives in the interest of their Government and society as a whole.

Mr. BUCK. Mr. Chairman, I yield such time as he may desire to the gentleman from California [Mr. GEYER].

Mr. GEYER of California. Mr. Chairman, the time allotted me is short. I rise to support this bill. Some have said that there will be none to support this measure except those who were elected by the efforts of the Townsend organization. This is one of the many instances where that is not the case. In my district another had that endorsement, and the race was not even close. I received almost 7 votes to my opponent's 1. There must be some other reasons for my support. It is simply this: First, I believe in security for our senior citizens; and, second, I believe that this a good, though perhaps not a perfect, bill. No one has claimed perfection for any measure that has been before this House this

A TRUE STORY

Let me tell you a true story in illustrating my support of this legislation that we now have before us. This is a story in which I played an important part, a story having to do with farm life, a story that has been enacted in similar form on nearly every farm in the United States. I apologize for the continued use of the first person, but I can see no other effective way of giving it to you.

DECK AND DELL

I was reared on a farm in the Middle West. Every year we raised on this farm many acres of wheat. In those days there were no combines and no tractors. The grain must be cut and bound into bundles with what was known as a grain binder. It took five horses to draw this implement over the field. Round and round it went from early morning until late at night. The three horses hitched in the rear were driven by my father and one of the two in the lead was ridden by myself to keep them from tramping underfoot the precious golden grain.

On the day of my story it was extra hot-not a breath of air was stirring. To the sultriness of the atmosphere was added the odor of the perspiring animals. All this made breathing almost impossible. I was very fond of the horse I was riding, for we had taken many a gallop over the hills of the surrounding country. As we went around the field and as he began to lather and his breath came almost in gasps, my heart went out to the dumb animal.

Across the barbed-wire fence from us on one side of the field was a field of clover, knee high, each plant tipped with a crimson bloom. At one end of the clover field, under the shade of an elm tree, stood two fat, sleek horses, head to tail, lazily switching the flies from each other. It seemed almost as long as I could remember that this old team had had the best of everything on the farm. In the winter the warm box stall was theirs. The brightest of hay was placed in their manger and each evening they were bedded knee deep in straw. In the summertime their entire day was spent as I saw them now, with nothing to do but eat and drink and stand in the shade.

I REBEL AT THE WORLD'S INJUSTICE

On this day as I looked across the fence at the old gray team and heard in the nearby woods the voices of my school playmates swimming in my swimming hole or catching my fish while I was denied that pleasure, resentment to the injustices of a cruel world rose in rebellion within my youthful mind. It seemed to me that there was no such thing as justice.' Why must I, all day long from daylight until dark, ride this sweaty horse round and round the field while other boys of my own age, boys with whom I attended school in the nearby village, were at leisure to come into my own domain, on my father's farm and shoot my game and catch my fish, both of which were all too scarce? Then there was the horse I was riding-a spirited animal that, when he was not worked down, could keep pace with the best of horses. But here he was, perspiration dripping from his flanks, tormented by bot flies, nervously throwing his head as they stung him on the throat. This he had been doing for weeks and this he would do for weeks to come, while old Deck and old Dell made no greater effort than was required to move from the shade of the tree into the clover, down to the nearby brook and back again to resume their switching in the shade. The more I reflected on it the greater the rebellion that arose within me.

I ASK FOR JUSTICE

Soon we stopped to "blow" the horses and to get a drink of luke-warm water from the jug wrapped in an old gunny sack that we had hidden from the hot rays of the sun beneath a nearby shock of grain. It was then that, filled with the thoughts of an unjust world, that I exploded with, "Dad, it's not fair. Look at that horse pant. He pulls as much as any other horse and carries a load besides. Let's give the lead team a rest tomorrow and let that fat old team work while this horse and his mate take a turn in the clover. It's no more than right."

I shall never forget the look in my father's eyes nor the tone of his voice as he replied in measured words that seemed to carry with them a solemn promise, "Son, old Deck and old Dell will never look through a collar again. They were a wedding present, along with a farm wagon and a set of harness from my father to your mother and me. Everything we have we owe to that team. The house in which we live, this ground from which we are cutting grain, cleared with so much labor, and even the education of you children, are the result of the efforts of Deck and Dell. If they live for 50 years, the best will be none too good for them. They have earned their keep."

He kept his promise, and the old team spent their last days in peace and plenty in return for services well rendered in their younger days.

My colleagues, this is the way we are treating our dumb brutes. Should the fathers and mothers of the Nation be accorded less favorable treatment? Need I say more? [Applause.]

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield such time as he may desire to the gentleman from Ohio [Mr. Seccombe].

Mr. SECCOMBE. Mr. Chairman, this is not a political question with me, because I rise in support of the bill. I am positive if my mother and dad were living I would be expressing their sentiments.

I was amused at my good friend and colleague from Ohio [Mr. Sweeney] when he said that President Hoover promised one chicken in every pot, because the New Deal promised two chickens in every pot, and today the old people do not even have a pot. [Laughter.]

Several days ago the President made the statement, "Consistency, thou art geography." Certainly geography does not apply to this question known as the Townsend bill, because some thirty or thirty-five million people have endorsed it. They claim it is a good plan, and so do I. I place my sentiments in the hands of Dr. Townsend and the aged people of this fine Government of ours, rather than place my sentiments in the hands of the President, who would rather talk about war in Europe and becoming involved in some foreign entanglements, and to send some mother's son back to a

I am going to support the bill. I am conscientious when I say that, as I pledged myself to support a Federal old-age pension, and I wish to make good my promise. I believe in the principle of this bill, although it may not be perfect in its entirety. [Applause.]

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield 7 minutes to the

gentleman from Kentucky [Mr. Robsion].

Mr. ROBSION of Kentucky. Mr. Chairman and colleagues, we have before us for consideration H. R. 6466. The Townsend folks had introduced on the first day of the Seventy-sixth Congress, January 3, 1939, H. R. 2. H. R. 2 is the successor to Townsend bills introduced in the Seventy-fourth and Seventy-fifth Congresses.

H. R. 6466 comes to us under most remarkable circumstances. The Ways and Means Committee of the House, controlled by the Democrats, held hearings on H. R. 2 and other proposals to amend the Social Security Act. Thousands of pages of testimony were taken. Dr. Townsend and all the witnesses he desired to introduce were heard. After this great committee had heard testimony for 3 months or more, the gentleman from Florida [Mr. HENDRICKS], a supporter of the Townsend plan, on May 23, 1939, introduced H. R. 6466, and the Ways and Means Committee reported this bill without recommendation on May 25, 2 days later. The gentleman from North Carolina [Mr. Doughton], chairman of the Ways and Means Committee, told us that in all his experience on the Ways and Means Committee it had never made such a report on any bill before.

The Ways and Means Committee is made up of 25 members and among the ablest and most experienced men of the House. I am informed that each and every member of the Ways and Means Committee were and are opposed to the so-called Townsend plan. It is strange indeed that this great committee of experienced men, after hearing testimony for and against this proposal for 3 months, dropped it into the lap of the House without any recommendation. It is generally said that our Democratic friends took this course in order to put the Republicans "on the spot" and force a

record vote.

This bill was brought up for consideration under a special gag rule reported out by the Rules Committee made up of 10 Democrats and 4 Republicans. This special rule makes it impossible to change in any particular whatever any of the provisions or terms of this bill. The bill is made up of 29 large printed pages. Each Member of the House must vote on it as is without the crossing of a "t" or the dotting of an "i." No Member will have an opportunity to offer or vote for any amendment in order to perfect it and provide a decent and reasonable pension for needy old people. Dr. Townsend and his followers agreed for the Ways and Means Committee to report the bill without recommendation and for the Rules Committee to bring in and adopt this gag rule.

The administration and its leaders knew, and Dr. Townsend and his supporters knew, that the bill could not be passed and become law in its present form. Dr. Townsend gave out more than one statement in recent weeks that the bill would be defeated. Mr. Jeffreys, the active vice president of the Townsend movement, according to the gentleman from Illinois, Congressman DIRKSEN and others, admitted that the bill would not pass, and stated that the Townsend people did not want this bill to pass. The gentleman from Florida [Mr. HENDRICKS), who introduced H. R. 6466, told us in his speech today that the bill had no chance to pass, and all others who spoke for the bill said it had no chance to pass. The Townsend plan was turned down by Congress when the socialsecurity bill was up in 1935.

Why do the supporters of the Townsend plan persist in the bill in its present form and urge a gag rule to prevent any perfecting amendments when they know there is no chance

for the bill to pass?

I am anxious to do something fair, reasonable, and substantial for the needy old people of this country, and but for this gag rule I think this House would amend this bill so that it could and would pass and would provide a reasonable and fair pension for needy old people. The bill in its present form has the active opposition of the farmers of the Nation, the American Federation of Labor, the railroad brotherhoods, and other labor groups.

Since the Townsend plan has been urged, I have received only four letters and one telegram from the people of my district favoring the Townsend plan and urging me to support it. I have received many letters expressing strong opposition. I have also received hundreds of letters from people in my district favoring an adequate and reasonable old-age pension, but they say they do not expect me to vote for the

Townsend plan, as it is unreasonable.

FROM \$200 TO \$300 PER MONTH

Dr. Townsend testified at great length before the Ways and Means Committee. He and his supporters take the position that this is a recovery plan and not an old-age pension plan. They claim that we can, by taxation, place \$28,000,-000,000 into the hands of 12,000,000 people 60 years of age and over and bring about great prosperity by requiring them to spend this money every 30 days, and in no event can they have any of this money in their possession more than 35 days. Some of the proponents of this bill are now urging that they do not expect the \$200 a month for there are 12,000,000 people to come within this proposed law. Let us quote from Dr. Townsend. On page 616 of the Ways and Means Committee hearings Congressman McCormack asked the following questions and received the answers thereto:

Mr. McCormack. In other words, the \$200 is only a starting point? Dr. Townsend. That is all.

Mr. McCormack. And you say that that amount should be revised as the result of a survey every 5 years?

Dr. Townsend. Yes, sir.

Dr. Townsend further testified on page 655 of the hearings:

Mr. McCormack. When you say you later believe it should go to \$300 then you disown the principle at \$200 at this time.

Dr. Townsend. No; not the principle at all.

Mr. McCormack. In other words, the \$200 is not your objective; it is only a means to an end? Dr. Townsend. That is all.

Dr. Townsend's testimony on page 609 of the hearings is as follows:

And under your bill you provide for a pension without regard to whether or not reasonable need exists. That is so, is it not?

Dr. Townsend. I would abolish the needs test entirely.

On page 618 of the hearings, Dr. Townsend stated:

Mr. McCormack. Let me get this; need is not the test in order

to get a pension?

Dr. Townsend. It shouldn't be.

Mr. McCormack. And it is not intended by you it should be? Dr. TOWNSEND. No.

The Hendricks bill, H. R. 6466, introduced on May 23 and now before us is supposed to contain, as I understand it, amendments suggested by Dr. Townsend to H. R. 2. Dr. Townsend was inquired of, when he testified, as to the number of persons the bill would cover. On page 616 of the hearings, Dr. Townsend testified as follows:

Mr. McCormack. Suppose this amendment of yours were carried into effect; suppose that any person, whether engaged in gainful occupation or not, as you construe it, was eligible. How many then would come within the purview of your bill?

Dr. Townsend. About 12,000,000, I think.

Mr. McCormack. And you say about 12,000,000 would be eligible with the amendment you advocate?
Dr. Towsend. Something like that; yes.

If I can understand simple English language, Dr. Townsend testified that under his bill persons who are 60 years of age, whether they need a pension or not, will get it. They may be worth \$10,000,000 and own a great deal of property, yet they would be entitled to the pension from the day they are 60 years of age, and this would make 12,000,000 eligible for the pension. Dr. Townsend's plan is to start at \$200 a month and in a few years increase it to \$300 a month.

TWO HUNDRED DOLLARS A MONTH - 12,000,000 PENSIONERS-\$28,800,000,000 ANNUALLY

It is a simple problem of arithmetic-\$200 a month means \$2,400 a year for each pensioner, and with 12,000,000 pensioners it would cost \$28,800,000,000 a year on a basis of \$200 a month; but if it should be increased to \$300 a month, as Dr. Townsend asserts, in a very few years it would cost \$43,-200,000,000 a year, provided there would be no increase in the number of persons 60 years of age.

The Members of the House, including myself, received a statement from a prominent leader in the Townsend movement. He has this entire matter figured out along the line stated by Dr. Townsend. Of course, this money to pay these enormous sums would be raised by transaction, income, and consumers' or sales taxes. The money will not be picked off of bushes or trees. The money must come in the way of taxes out of the pockets of the taxpayers of the Nation. This Townsend leader submits the figures and I have seen it from other Townsend leaders. He says that in 1929, when the country was prosperous, there was a turn-over of transactions in this country amounting to \$1,000,300,000,000, and this 2-percent Townsend tax on each transaction would bring in \$26,000,000,000. He says it would cost \$540,000,000 to collect this \$26,000,000,000 in taxes, and he estimates that at least 8,000,000 people would draw the \$200 a month, and they would be paid annually \$19,200,000,000 a year in benefits, and after paying the pensions and the cost of collecting the twenty-six billion of taxes there would be a balance left of \$6,280,000,000 to pay every year on the national debt.

Now, this man sets forth the general argument of the supporters of the Townsend plan. Under this plan we are not only going to pay \$200 a month to everybody 60 years of age and over that wants it, whether he is rich or poor, in need or in plenty, but collect the enormous sum of \$26,000,000,000 in taxes, bring about prosperity, and have left \$6,280,000,000 to

pay annually on the national debt!

We must not overlook the fact that all the money collected last year by the Federal Government in taxes, both direct and hidden-income taxes, tobacco, cigarette, whisky, gas, oil, tariff, taxes, and every other tax-all amounted to less than \$6,000,000,000, and this \$6,000,000,000 was used to pay on the expenses of the Government-the Army, Navy, veterans' pensions and compensation, relief, benefits to agriculture, and so forth.

WHO WILL PAY THESE ENORMOUS TAXES?

The farmers, the railroad, shop, factory, and mine workers, and the common folks, will pay the most of these enormous taxes. It is in the nature of a consumers' or sales tax. This tax would be levied on everything that is consumed by any human being in this country, from the cradle to the gravefood, clothing, shelter, amusement, education, and everything. As the farmers and the working people of this country are the big consumers they must carry the load. The farmers and the working people who, because of their toil many of them die before they are 60 years of age, will receive no pensions from this utopian scheme-this pipe dream of Dr. Townsend. Most of those who toil little and are well to do and who take care of themselves will live beyond the 60 years, and under Dr. Townsend's idea will receive from \$200 to \$300 a month, and if they have a wife over 60 it will run from \$400 to \$600 a month for the husband and wife.

The average farmer does not average \$50 a month for himself and family. I doubt if the working people in these times are averaging over \$60 a month for themselves and families. There will be taken away from the workingman and his family of his wages earned and income approximately 20 percent to finance the Townsend plan. The producer of hides will be taxed 2 percent and he will turn his hides and taxes over to the manufacturer of shoes and leather goods. The manufacturer will have to pay a tax. He will hand the producer's and manufacturer's taxes over to the wholesaler. The wholesaler, when he sells the product to the jobber will hand over his own taxes as well as the producer's and manufacturer's taxes, and when the jobber sells the goods to the retailer he hands over his tax and all the other taxes to the retailer, and when the retailer sells the shoes or other articles to the consumer, he hands over to the consumer his tax and all the other taxes.

The entire income of the American people last yearall the income of agriculture, labor, industry, commerce, and the professions (and this means the gross and not the net income)—was a little over \$62,000,000,000. We have 130,000,000 people in this country. If Dr. Townsend's plan was put into effect and we paid these pensions to 12,000,000 people at \$200 per month, 9 percent of our population would receive nearly half of all the gross income of all our people last year. The highest gross income the people of this Nation have ever had was a little over \$30,000,000,000. This pension would be more than 33 percent of the total gross income of this Nation in its most prosperous year.

It is insisted by Dr. Townsend and his friends that this is not a pension bill but it is a recovery bill. It will bring about prosperity in this country. Of course, these tremendous taxes would be reflected in the cost of everything that our people buy. It would greatly increase the cost of living. Dr. Townsend admits in his testimony it would more than likely eliminate hundreds of thousands of small businessmen and middlemen who provide employment for some eight to ten million workers in this country.

President Roosevelt under his policies has been spending five or six billion dollars more each year than was necessary to carry on the usual functions of the Federal Government in the hope that this spending would bring about prosperity but we find unemployment and the relief rolls on the increase under that policy. Dr. Townsend would increase President Roosevelt's pump-priming by 500 percent. Dr. Townsend's plan is so wild that it cannot and is not accepted by the President or his most ardent new dealers.

We have about 50,000,000 people in this country that must depend upon salaries and wages for their living. They must work. All the wages paid to the workers of this country amount to less than \$47,000,000,000 a year. I wonder how long these millions of workers would be willing to pay in pensions to 10,000,000 or 12,000,000 persons who do not work more than half the sum they receive in wages and salaries. I wish I could believe and that it would be true that this Utopian scheme would bring about recovery and give to a man and his wife 60 years of age or over from \$400 to \$600 a month to spend. If I could believe that, there could be no power on earth that could keep me from voting for this bill. However, out on the farm I heard it said many times that a man could not lift himself over the fence by pulling up on his bootstraps. If the Townsend plan can work out, then a man can lift himself over the fence by pulling up on his bootstraps.

A KENTUCKY DOCTOR HAD A BETTER PLAN

A certain Kentucky doctor-and I refrain from using his name-had what I consider a much better plan than Dr. Townsend. He prepared and sent to me a bill and requested me to introduce it. He had the same idea in mind that Dr. Townsend and his friends have—that we can tax and squander ourselves into prosperity. He criticized Dr. Townsend's plan because Dr. Townsend limited his pensions to those 60 years of age and over. The Kentucky doctor provided in his bill to put every child the day it was born on the pension rolls at so much per month until the child reached the age of 15 years, and then it was increased, and at 21 years it was increased some more. It was further increased after 30, 40, 60, and so forth. He took the position that if the payment of pensions to ten or twelve million of our population would bring about prosperity, to provide a pension for 130,000,000 would increase the Townsend prosperity about tenfold.

WHAT ABOUT NEEDY WIDOWS AND BLIND OR DISABLED PERSONS?

This Government pays a pension of \$100 per month to a veteran who was totally and permanently disabled in line of duty in defense of our country. His wife gets nothing. If he dies by reason of the disabilities contracted in the service in line of duty his widow gets from \$30 to \$37.50 per month. Under the Townsend plan the husband, if over 60 and with no disabilities from defending our country or any other cause, gets \$200 per month; and if his wife is living and is over 60, she will likewise get \$200 a month; and if either one dies the other will continue to draw \$200 or perhaps \$300, as stated by Dr. Townsend.

I am satisfied we have a million or more needy widows in this country with young children who are far under 60 years of age, and we have hundreds of thousands, and perhaps a million or more, of people who are poor and needy and are totally and permanently disabled by accident or disease who are under 60, and there are hundreds of thousands of needy blind in this Nation. This bill does not give any relief to them, and under the gag rule under which this bill was brought in there is no way on earth to amend it to give any relief to needy disabled veterans, to needy widows, needy blind, or needy disabled persons under 60 years of age.

I wonder how many working people or poor farmers in any community would be willing to be taxed about 20 percent of their wages, salaries, or income to give to some wealthy man and his wife from \$400 to \$600 a month merely because they are 60 years of age.

KENTUCKIANS WOULD BE TAXED \$532,259,460 ANNUALLY

The people of Kentucky feel that they are heavily taxed to carry on their State government, for highways, schools, charitable and penal institutions, and for other purposes. The total cost of Kentucky's State government is approximately \$25,000,000 a year. Under the Townsend plan, as stated by Dr. Townsend, the Federal Government would collect from the people of Kentucky in the way of transaction, income, consumers', and sales taxes \$532,259,460 to pay the pensions under the Townsend plan for a single year. In other words, Dr. Townsend and his friends insist that I vote for a bill that would tax the people of Kentucky and to a large extent the farmers, workers, and common people, 20 times the amount they are now taxed to carry on all the activities of the government of the State of Kentucky. The \$25,000,000 spent by the State of Kentucky is for the benefit of all the people of Kentucky. This \$532,259,460 would be turned over to about 9 percent of the population of Kentucky.

I have never heard of a proposal more fantastic or more inequitable than the bill now before us. Only five of the people in my district have asked me to vote for it, and I am thoroughly convinced if they made a study of Dr. Townsend's testimony alone these five would not ask me to vote for this bill

Last year we spent for pensions and compensation, hospital treatment, and all other activities for and in behalf of the millions of defenders of our country and their widows and orphans \$539,000,000. Under the Townsend proposal we would collect from the people of Kentucky and turn over to 9 percent of Kentucky's population \$532,259,460—thousands of them in perfect health at 60 and with plenty of money in the bank and broad acres of fertile land.

FAVOR FEDERAL GOVERNMENT PAYING \$25 MONTHLY TO NEEDY, AGED, BLIND, AND DISABLED

I have always favored and urged adequate old-age pensions for the needy old people of this country, the needy blind, the needy disabled, and the needy widows and their children.

The President's social-security bill, which included old-age pensions, left it up to the States to fix the conditions under which persons could secure old-age pensions and fix the amount thereof, and the Federal Government would pay half of the amount paid out by the respective States for old-age pensions. When that bill was under consideration in 1935 I offered an amendment which provided that the Federal Government would pay at least \$25 per month to each needy person 60 years of age or over, \$25 per month to each needy blind person, and \$25 per month to each person totally and permanently disabled by reason of being crippled or diseased. I took the position that needy blind people and needy disabled persons even though not 60 years of age required assistance just as much as needy persons over 60 years of age. President Roosevelt was against my amendment. They had a majority in the House of about 3 to 1. My amendment was defeated by the administration, its leaders, and supporters.

If my amendment had been adopted, every needy person 60 years of age or over, every needy blind person, and every needy permanently disabled person would now be receiving at least \$25 per month from the Federal Government. If a needy person 60 years of age or over had a wife 60 years of age or over, blind or disabled, she would likewise receive \$25 per month. They both together would receive \$50 per month. I offered that amendment and tried to have them adopt it because I knew Kentucky and many other States would fail to provide adequate pensions for these groups and politics might enter into the administration of the old-age pension law.

OLD-AGE PENSIONS OF KENTUCKY AND OTHER STATES INADEQUATE

The Kentucky Legislature, controlled by the Democrats, under the present Social Security Act fixed the minimum age at 65 and the maximum pension at \$15 a month. In other words Kentucky under that law would not put up more than \$7.50 per month per person and, of course, the Federal Government could not put up more than \$7.50 per month as a maximum. In the administration of the old-age-pension law in Kentucky many needy old people 65 years of age or over receive as low as \$4 and \$6 per month, and the average pension paid to them has been less than \$9 per month.

The Republicans in the Kentucky House and Senate at the last session of the Kentucky Legislature offered an amendment to increase the maximum to \$30 per month, \$15 to be paid by the State of Kentucky and \$15 to be paid by the Federal Government, and every Republican in the house and senate voted for that amendment, but the Democrats defeated that amendment and prevented any change in the Kentucky law, fixing the maximum at \$15 per month, and in actual practice the old-age pensions that have been paid on an average are less than \$9 per month. Furthermore, according to the report of the director of old-age pensions in Kentucky, about 90,00 needy old people have made application for old-age assistance, but only about 45,000 have been put on the pension rolls at less than \$9 per month on an average. I have been advised in letters from the director of old-age pensions that thousands of these needy old people must be denied pensions because the Kentucky Legislature, controlled by the Democrats, has failed to provide sufficient funds to take care of the needy old people of Kentucky 65 years of age or over at the pitiful and inadequate rate of less than \$9 a month. I know of no case where the husband is getting an old-age pension that such pension has also been. granted to the wife. However, there may be such cases.

We have had lots of politics in the administration of oldage pensions in Kentucky. I understand there has been some improvement. In one rich farming Democratic county of Kentucky of about 10,000 population, more old-age pensions have been granted than in a poor Republican county with approximately 30,000 population. In my own congressional

district I have observed the old-age pension administration being used in city, county, State, and National races. In my amendment I hoped to take the old-age pensions out of politics and to give to the needy old citizens of the United States the same consideration. In Kentucky they get less than \$9 a month on an average. In Mississippi I am informed they receive about \$4 per month, while in some States they receive more than \$30 per month. We must take old-age pensions and other relief out of politics. Politics has no place in human misery. These pensions should go to the needy. Our oldage pension program should be honest, impartial, and should be adequate. The State and Federal Government should provide at least \$30 per month for each needy old person.

If I desired to play politics on this measure I would speak and vote for it, and if possible get it passed in the House and Senate and send it to the White House, because I know and we all know the President is against this bill and will

veto it if we pass it.

One of my Democrat friends from Florida stood up and voted against my amendment to the President's social-security bill in 1935. Today he made a speech for the Townsend bill and talks about economic royalists being against this bill.

Mr. HENDRICKS. Mr. Chairman, will the gentleman yield?

Mr. ROBSION of Kentucky. I am not referring to the gentleman from Florida [Mr. Hendricks], it was another Member from Florida. The President spoke of a lot of people in the South as being feudal lords. I see a lot of the feudal lords of the South are against this bill today. [Laughter.]

Mr. WHITE of Idaho. Has the gentleman read the bill?
Mr. ROBSION of Kentucky. Yes; I have read the bill and I understand what I read and know more about the bill than the gentleman who is trying to interrupt me.

[Applause.]

If Dr. Townsend and his friends had not agreed to this gag rule and had insisted on bringing the bill in under an open rule so that we could amend and improve it, we could then have worked out amendments that would greatly benefit the needy old people of this Nation, but Dr. Townsend thinks and talks in terms of a pension of \$200 per month and to be increased to \$300 per month to every one 60 years of age or over whether they need it or not. Why should he and his friends continue to shadow box? Why not come down to earth, and instead of promising impossibilities, support measures that will bring real benefits to those who need them?

Last year the American people paid for all taxes for schools, towns, cities, counties, States, and the Nation, about \$15,000,000,000. Under Dr. Townsend's plan it would take \$28,800,000,000 to pay each person 60 years of age \$200 a month. The total amount of taxes collected last year amounting to \$15,000,000,000 was for the benefit of 130,000,000 people. Twenty-eight billion eight hundred million dollars proposed under the Townsend plan is to be turned over to 12,000,000 people, only about 9 percent of our entire population. This proposition is fantastic, unworkable, unreasonable, and I cannot support it. [Applause.]

Mr. TREADWAY. Mr. Chairman, I yield 4 minutes to the

gentleman from Wisconsin [Mr. Schafer].

Mr. SCHAFER of Wisconsin. Mr. Chairman, having some love and affection for my country, I shall be pleased to vote to send this half-baked, crackpot legislative monstrosity back to the committee for consideration and a committee report.

Mr. WHITE of Idaho. Mr. Chairman, will the gentleman yield?

Mr. SCHAFER of Wisconsin. I regret that I cannot yield to the gentleman as I have only 4 minutes.

I ask my Republican colleagues who denounce the New Deal drunken, spending spree, my Republican colleagues who weep crocodile tears about an unbalanced Budget, and who express fear that it will result in bankruptcy and inflation, to hesitate before you support his \$8,000,000,000 pyramided sales-tax measure.

To those Republican colleagues who vote for this legislative monstrosity, let me say I do not want to hear another word of criticism of the New Deal spending spree, unbalanced Budget, or free-trade policies. [Applause.]

Mr. Chairman, Republicans have denounced the New Deal reciprocal-trade agreements day in and day out. We take a position to preserve our American market for our American producers to their full capacity to supply it. We are considering under a gag rule this bill which will raise \$8,000,000,000 through a pyramided sales tax and increase the cost of every manufactured, agricultural, and industrial product about 20

percent.

Since this bill does not provide for an increase in the tariff rates on foreign competitive imports and under the gag rule an amendment to do so is prohibited, the enactment of the bill will throw millions of our people who are now employed into the ranks of our unemployed, who now number about 12,000,000. The enactment of the pending bill will be equivalent to a 20-percent reduction in all existing tariff rates and will result in a flood of foreign imports which do not have to carry the burden of most of the pyramided sales taxes which American products with which they compete must carry under this Townsend bill.

Mr. Chairman, we read in Holy Writ:

Or what man is there of you, whom if his son ask bread, will he give him a stone.

Mr. Chairman, the record indicates that Dr. Townsend is that kind of a man and a first-class demagogue, faker, and racketeer. He first promised our elderly people \$200 a month. He has changed his bill many times and now states that the pending bill, which is his latest version, will give them about \$60 a month. Notwithstanding this fact, many of Dr. Townsend's followers still believe they will receive \$200 a month pension because the doctor adroitly incorporated in the pending measure a provision that the pension should not exceed \$200 a month.

Every working man and woman in America will have their cost of living increased about 20 percent if this bill with its super sales tax becomes law. The W.P.A. worker who is now getting \$60 a month will have his cost of living increased 20 percent. The increased cost of living under this bill will in effect be equivalent to a 20-percent reduction in the pay check of every worker in America and the compensation check of all disabled American war veterans, their widows, orphans, and dependents.

Mr. Chairman, all conservative Jeffersonian Democrats and Republicans who adhere to the philosophy of Abraham Lincoln should join and overwhelmingly defeat this bill, and send word to the country that we still have sanity in government. [Applause.]

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield 6 minutes to the gentleman from Maine [Mr. OLIVER].

Mr. OLIVER. Mr. Chairman, did someone mention something about demagogy? It seems to me we have just witnessed one of the most flagrant examples of demagogy by the gentleman who just preceded me. We have heard this afternoon speakers rise in the Well of this House and tell us that the economists are not in favor of this Townsend principle or plan, those same economists, Mr. Chairman, who perhaps had a great deal to do with writing the present monstrosity that is on the books of this Nation in the form of the present Social Security Act. We have heard Members get up in the Well of the House this afternoon and tell us about the proceedings that occurred before the socalled inquisition committee, headed by the honorable gentleman from Missouri, 3 years ago and we have heard those arguments cut and dried and rehashed over again this afternoon, all water over the dam, and absolutely nothing to do with the economic problem or the economic principle contained within this particular piece of legislation.

Mr. Chairman, as one Member of Congress, I welcome this opportunity to be placed on the spot with reference to the issue presented here today. Furthermore, I am deeply grate-

ful that the opportune moment has finally arrived when I can arise on the floor of this House and support the Townsend principle of old-age pensions or annuities as presented in the legislation now pending before this great body.

I am pleased and motivated to this action, not only because thousands of good citizens in my congressional district and State desire it, but also because I am sincerely convinced that a distribution of social dividends to millions of our people through the medium offered in the pending bill is entirely necessary and most desirable in the best interests of our national economy.

In order to appreciate the vital economic significance of this proposition, we must face fearlessly and boldly the fact that the capitalistic economy of this Nation which we all desire to have preserved and perpetuated must be continually underwritten or subsidized. My conception of the national economy under a system of free competition and free governmental processes leads me to the conclusion that this underwriting or subsidizing has been found during our past history in the incident of savings or debt accumulations. In this connection, the recent testimony before the Temporary National Economic Committee to the effect that an additional debt accumulation through the medium of self-liquidating public projects is necessary in order to reemploy our idle millions and to repay existing debt through pay rolls is most pertinent and interesting.

No person will deny that our great material progress has been made possible by the fact that we have builded on the sound rock of thrift. But, the large majority of those who concern themselves about our economic destiny apparently lose sight of the fact that for every dollar of savings accumulated through thrift and put to interest-bearing investment use, there must necessarily be a like dollar of debt. Therefore, we will find that in periods of expansion or so-called prosperity we have our savings for the most part translated into evidences of debt. In other words, debt expansion goes hand-in-hand with savings as they are accumulated and invested. When large amounts of savings, being used in the investment or speculative markets, have caused the expansion of debt to a point where the service charges and principle payments of that debt load can no longer be met without a serious diminution of current purchasing power for the ordinary demands of life, then we have a breakdown of this process or cycle. A depression results. Debt obligation cannot be met and we have a period of liquidation. During this period, it seems to me that any debtor who cannot pay off is in the position of having received a subsidy. He has received something which he does not pay back. He has been underwritten. The greater the debt expansion, the more serious the depression. All this means to me that in order to utilize our plant structure and make job opportunities available in mass volume, we always have and must continue to underwrite our economy with subsidies to somebody.

During the World War we underwrote our economy through the medium of millions of foreigners when we shipped them a tremendous volume of goods and services, for which we accepted evidences of debt. We gave them these things because we never received the payment for those things. In my opinion, we never shall. But while we were thusly subsidizing our allies in World War days we had full employment at home.

During the peacetime era of 1922–27 we did the same thing with South America and Germany. We gave them steel, copper, cement, and all sorts of construction materials. We gave them real wealth in return for worthless bonds which will never be paid. But, while we were doing so, we experienced full employment in this country. It is true that in this period we were also piling up debt tokens domestically in the form of installment purchasing and speculative gambling. This, however, only accentuated our so-called good times. People who were willing and able to work could find jobs in private enterprise. Each was to this degree the master of his own destiny—a situation which does not prevail today, and for which we as Members of Congress are to a large degree responsible—and a situation which legislation of this type will help to meet.

Now then, Mr. Chairman, I can only draw one conclusion from our past experience and that is that underwriting our economy is just as essential to our well-being as breathing is to life. We must underwrite either through increasing and continuing debt accumulation, publicly or privately, or we must devise some monetary and tax vehicle for riding through the storm of deflation and depression on a cash-and-carry basis. One thing is certain and that is that mass production can only be made possible by mass consumption. Furthermore, one other thing is certain and that is that any underwriting of our economy should be confined to our people and not spread out to foreigners as it has been in the past. If we must subsidize millions of people, and I believe that is the case, then these recipients should be our own. Of course as their answer to the present economic paradox, international bankers will advocate, as one did recently before a Senate committee, the spreading of our surplus gold supply over foreign nations. In other words, his idea was the underwriting once again of foreigners to accomplish full employment in America. Mr. Chairman, my idea and the idea of Townsendites is that any spreading of gold, dollars, or goods and services should and must be confined to our own people within our own borders. This pending legislation is based on this very proposition. We believe that the plant structure of America is fully capable of producing an abundance of goods and services to the end that our people, both aged and young, may live as citizens of the greatest and wealthiest Nation should live. Furthermore, we believe that the American people are demanding that legislative action be forthcoming to make this possible under the process of free institutions and the competitive system of economy.

In the past history of our economy, as I have attempted to indicate, we have prospered because we have expanded, through the use of credit and its corresponding debt, the purchasing power of our people. We have permitted private bankers and financial interests to monetize private credit or debt on a pyramiding basis. We have allowed private parties through this process to take advantage of a sovereign and constitutional right of this Government of ours. By so doing, however, at least we obtained, for temporary intervals of time, prosperity. We made it possible for our Nation to work at productive and private enterprise. We gave individuals who were willing and able to work the opportunity for gainful occupation, which in turn furnished each and every person the chance to carve out his own economic fate. During the years since the Federal Reserve Act has been in operation we have gone one step further. Since that time we have permitted the same private interests to monetize public credit or debt through the so-called purchase of Government bonds. During these days of constant and heavy public-debt accumulation we have witnessed work-relief opportunities being made for a chosen class of our unemployed employables on a pittance level. This has been done on the theory of making new purchasing power, but it has been restricted and inhibited by the process of monetizing public credit or debt through the private medium referred to above. Now we have the build-up being developed before the Monopoly Committee: That we should further monetize credit or debt by the creation of additional credit institutions and the further insurance of business loans by the Federal Government. In other words, every time that any economist, financier, or brain truster opens his bazoo about new purchasing power, he predicates his recommendations for increasing our money supply and the use of the same by immediate consumers on some vehicle for the monetization of debt or credit? Why is this? Why this continual obeisance to debt or credit which is the same thing? Why do these experts not think in direct terms of production? Why beat around the bush indirectly in a mad rush to create more debt or credit in order to put into use more purchasing power? If, in order to effectuate a full utilization of our idle manpower and our idle plant structure we must give away a certain percentage of our production, why not face the issue frankly and ascertain the proper domestic vehicle to employ whereby such a distribution may be made with the least amount of demoralization and the greatest amount

of productive employment? Obviously, pensions offer the medium and our worthy people economically unemployable as a result of age offer one deserving and practical vehicle for such underwriting. In other words, let us monetized production directly in lieu of an indirect monetization based on debt or credit and furnish our people over 60 years of age with a share of that production—a share large enough to keep them in complete comfort for the balance of their declining years. This is not a matter of sentiment. It is a matter of cold, hard common sense. Foreign markets are not necessary for the consumption of our surpluses as long as millions of American citizens are starving, cold, and indecently sheltered.

Monetization of our productive capacity without debt, distributed through the medium of pensions and taxation, will reach the root of our trouble. But this continual approach along the line of establishing bigger and better credit or debt bases is only playing with dynamite. The failure to face this issue honestly and openly now, in my opinion, is the last straw that will break the camel's back. Remember that somebody's credit is somebody else's debt if the credit is put to interest-bearing use. The more that the debt bubble is expanded, the sooner and worse will be the explosion. This Nation or any other people can never effect permanent and full employment of our employables by attempting to restore and continue our economy on a base of debt or credit. The underwriting of our unemployables with goods and services will employ our employables, just as quickly and much more effectively than doing the same thing for foreigners in foreign markets. But the starving of our unemployables and the underwriting of our employables through the pittance existence of W. P. A., and the debt base of P. W. A., is basically and essentially crackpot. It cannot succeed and will eventually bring this Nation to the threshold of disaster. According to my interpretation, Townsendism stands as the symbol of a reasonable, sensible, and proper employment of our productive plant and of our ambitious, energetic, and capable manpower.

The present Social Security Act in titles I and II does not in any way recognize the possibility of underwriting our economy through the medium of old-age annuities. Title I is an un-American proposition. It has developed discrimination between States and between citizens within the same State. It is based on the needs test and practically requires the pauperization of the applicant. Merely the incident of residence in a State which is more liberal and more wealthy, places some of our worthy aged citizens in the preferred position of receiving far larger remittances than the same type of citizen receives in another State. In many States, including my own State, we find the un-American result of John Jones receiving old-age assistance and his neighbor, Sam Smith, not receiving anything although the need of both of these worthy and good citizens is absolutely on a parallel. In other words, because title I is based on a State matching dollar formula, adequate financial provisions throughout the various States to treat all alike under the law are impossible. Certainly this is rank discrimination and un-American in its very concept and practice. Title II, or the old-age insurance phase of the Social Security Act. establishes a fantastic system of contributory payments from more than 40,000,000 of United States workers. Under the amendments recommended by the Social Security Board and the majority of the able members of the great Ways and Means Committee, liberalization of existing provisions are to be provided at the expense of those savers who accumulate more over a longer period of time. In other words, the maximum payments available under this monstrosity of title II are to be decreased to pay more at an earlier date to those who would be only entitled to smaller annuities under the original formula. Thus we have here again the penalizing of one class of workers to benefit another group. In short, a further sharing of poverty by the relatively poor-a process which has been continually established by these New Deal crackpot policies.

The pending bill, whether or not it is perfect in each and every detail, at least is predicated on the proposition that American citizens should eat, clothe themselves, and dwell on a level commensurate with American dignity. It does not necessitate the pauperization of that class of our citizens to whom the present generation of workers owes everything than it has. It does not discriminate in any sense of the word against any citizen. It is based on the sound and just premise that all contribute and all collect. It does not necessitate an army of administrative employees in the States and in Washington as does the existing monstrosity with its 40,000,000 and more of 30-cent savings accounts. It does not seek to establish a reserve of paper I O U's to be paid for with future tax receipts as does the financial legerdemain of the present law. But, rather is it based on a pay-as-we-go, open, and honest tax formula, which treats all alike.

In short, Mr. Chairman, the Townsend bill and the Townsend principle recognize the need of underwriting our economy on a cash rather than a debt basis. It recognizes the need of distributing dollars directly to millions of our most worthy citizens in order to provide jobs for others in producing the goods and services which these dollars will purchase. The food-stamp financing and underwriting of our food surpluses through the medium of those on work relief is only another example of this principle, although on a most inadequate distribution basis. The Townsend principle recognizes the need of placing our old-age annuity system on a national basis in order to extend justice to all with discrimination against none. It recognizes the principle that retirement after a life of useful application should be a badge of honor and distinction and not the label of pauperization. The Townsend principle is right, just, fair, and American, and should be adopted. As one Member of the Seventy-sixth Congress, I am deeply appreciative of this opportunity to place myself on record in support of legislation which is truly based on the principle of abundance and American justice.

In closing, Mr. Chairman, let me state that America can contribute far more to civilization by solving our domestic economic paradox under a free economy and free institutions than it ever could offer by spreading itself so thinly in world affairs that all will perish in the inevitable conflict and collapse which must follow a continuance of present national and international economic conditions. The Townsend principle and the Townsend idea comprise a vital link in the chain of legislation which must be forged if America is to make its contribution to world welfare on such a basis.

Mr. DOUGHTON. Mr. Chairman, I yield 9 minutes to the

gentleman from Michigan [Mr. Dingell].

Mr. DINGELL. Mr. Chairman, as a consistent supporter of old-age pensions and other security legislation which my time will not permit me to discuss now, I have stood on this floor and pleaded the cause of the aged citizen and never yielded in my attitude of liberality.

I insisted on such amounts to be paid jointly from the treasuries of the United States and the respective States as would guarantee to the pensioners comfort and decency of

maintenance in old age.

I opposed the imposition of the pauper's oath and other degrading, burdensome, and superficial conditions. And I repeat what many of you heard me say on previous occasions on this floor, that I advocated these liberal pensions long before I was elected to Congress as a Representative of the Fifteenth District of Michigan. I was in the vanguard of the liberal-pension advocates. I carried the banner before Townsendism was ever heard of, back in the early twenties when it was very unpopular to talk about the subject. At that time such radicalism as pensions for the aged was referred to as socialism, paternalism, or rank nonsense. hoped and prayed for the day when people of the United States would consider and adopt a sane, equitable pension plan which would ban the specter of want and poverty in old age, wiping out at the same time the curse of the poorhouse and assure our people contentment and happiness in their declining years. Providentially, I am sure I was permitted not only to work for such a bill in committee but actually to aid in its preparation and finally witness its passage. The crowning glory and satisfaction of it all was realized to the fullest extent when I was permitted to witness at the White House the signing of the Social Security Act by our great humanitarian President who spoke briefly, though with feeling and satisfaction, about the measure which was to all intents and purposes a good beginning of a great and noble undertaking. To me the Social Security Act is the one sound and certain plan which will be liberalized as you will see for yourselves to such an extent as will justify the confidence of the Congress and of the people. The plan which will be presented is not as generous as I would like it to be but it is basically sound and elastic enough to be further liberalized and expanded as time, conditions, and finances of the Nation will permit.

I never misled anyone as to my attitude about the Townsend plan; I analyzed it carefully, open-mindedly, and for the following reasons I felt and declared that I could not support it. I took the lashing of the Townsendites in 1936 and again in 1938. Fakers who would not vote for a monthly pension of 200 cents masquerading as friends of the Townsend movement were given the blessing of Townsend leaders, and the mass vote of misguided, sincere, old folks was directed to favor their worst enemies to the detriment of myself, who never missed the chance to speak, act, and vote for liberal

pensions.

The Townsend plan as presented to you according to the mass testimony contained in the hearings on the social-security bill, given by witnesses of unimpeachable character, whose standing cannot be questioned in the field of business, social reform, economics, actuarial science, labor, and church affairs, is preponderantly and unmistakably in opposition to the scheme. There is a most significant unanimity of opinion that the plan would bankrupt the Nation; that it would place a crushing tax upon the great mass of our workers, farmers, storekeepers, small-business men, upon widows, orphans, and the poor, who are least able to bear them. Transactions taxes, with the added gross income tax graduated, as in the modified Townsend bill, H. R. 6466, would destroy business, increase unemployment, and accentuate misery and want, provided it was constitutional. Think of the possible effect upon the cost of clothing, milk, meats, and staple food products. Take bread as a good illustration; the accumulated transactions taxes, which are nothing less than multiple sales taxes, would be applied at the rate of 2 percent at least a hundred times before you bought a loaf from your grocer. This multiple sales tax would begin piling up even before the wheat was planted and before the seed wheat was purchased by the farmer. The farmer would pay the tax on seed wheat; someone would pay on the hauling, planting, harvesting, selling, storing, shipping, and then the elevator operator comes in for additional multiple taxes. The same applies to the miller, the baker, the distributor, and the grocer. Railroads, middlemen, buyers, brokers, distributors, and supply houses would all have to pay the tax. Every worker, whether on the farm or in the mill, bakery, grocery, or delivery serviceanyone and everyone who had to do with any transaction in connection with wheat and the ultimate bread would pay one or more times, and altogether the taxes would be added to the cost, and the consumer would finally pay it all. Testimony bears out my contention that the Townsend plan would not remove from the pay rolls but a very small number of men who are now in active employment at the age of 65 or even at the age of 60 years. The fact of the matter is that industry does not employ men, and much less women, of that age. They are the exception as to employability, not the rule. Industry geared to high speed and efficiency today rejects workers after their forty-fifth year. Such men as are employed at the age of 65 are self-employed in their own business, and few are they in number who would give up their business even for the Townsend plan.

All economists and experts who testified agree on what I have always contended, that the Townsend plan does not create new wealth; quite the contrary, it stifles the natural process of growing wealth. It does not and cannot speed up purchasing power. It merely shifts the purchasing power from the younger folks and transfers it to the old folks. It deprives the younger folks of money which they need to meet the pressing responsibilities of clothing, feeding, housing, and educating their families, restricts their activities in every in-

stance where their means, often limited, are vitally needed. Those younger men and women with their family responsibilities, with keen appetites, ambitions, and desires, will be taxed into stagnation and paralysis in order to pay a Townsend pension, which the old folks are led to believe will amount to \$200 per month. The old folks no longer having the responsibilities, desires, appetites, ambitions, or inclinations, will have to be lashed to spend the amount of their pension in order to get rid of it within the prescribed period of time specified in the bill before you. You cannot argue that you are going to put on full speed ahead when you propose a plan that is perfection in reverse. If you want to add velocity to the dollar, speed up recovery; or if you want to put the money into such hands as can spend it quickly and for useful purposes, and where the physical stamina is present to sustain forced spending, then reverse your proposition and pay the pension under the Townsend plan to those under 65 years of age, leaving the Social Security Act to provide decent, livable, certain pensions for our worthy old folks.

I cannot vote for this bill, because I have calculated very carefully the costs in added taxes which might be levied upon the people of the State of Michigan, and particularly upon the people of the Fifteenth Congressional District, which I have the honor to represent, in the event this bill should pass.

Here are some cold, merciless figures which I must face: Michigan paid for 1938 internal-revenue taxes in the amount of \$308,182,920.50. If the Townsend bill becomes law the people of Michigan will be forced to pay an added \$147.69 per capita tax. That means for every man, woman, and child, if 8,000,000 pensioners are placed upon the Nation's pension rolls, or \$706,401,270. If 10,000,000 pensioners are to be enrolled—and this figure, according to expert testimony, will eventually be increased—then the added per capita tax for the Townsend pension plan rises to \$184.62 for every man, woman, and child in the State, reaching the stupendous total figure of \$883,037,460 for this purpose alone.

Thus the grand total of all prospective and existing Federal impositions would be the sum of \$706,401,270 plus \$308,182,-920.50, or \$1,014,584,190.50, provided the pension rolls did not exceed 8,000,000 pensioners.

If 10,000,000 pensioners are to be provided for throughout the Nation, Michigan taxpayers will have to pay a "little bit more." You will add present internal-revenue tax of \$308,-182,920.50 to \$883,037,460, making a total of \$1,191,220,380.50.

If the pension paid is to be \$100 per month, Michigan will pay \$661,383,555.50, or \$749,701,650.50, depending upon whether 8,000,000 or 10,000,000 pensioners are to be provided for. These last figures should be reduced on the same basis if \$50 per month is to be paid, so as to read as follows:

Total taxes \$484,783,237.50, or a total, including present Federal taxes, of \$528,942,285.50.

If the people of my district want me to vote for the Townsend plan, and I am sure they do not, then I want them to know the cost of Townsend's folly.

Using the same basis of per capita tax payments upon the 378,630 people living in my district—population of 1930—and the same number of pensioners, the table works out in this manner and in the following totals:

Estimated pension tax collectible annually under the Townsend plan as it would apply to the Fifteenth Congressional District of Michigan (population of 1930, 378,630)

Number of pensioners	Rate of pension	. Per capita tax	Total annual pension tax to be collected, Fifteenth District
8,000,000	\$200	\$147. 69	\$55, 919, 864, 70
	100	73. 84	27, 959, 932, 35
	50	36. 92	13, 979, 966, 17
	200	184. 62	69, 902, 670, 69
	100	92. 31	34, 951, 335, 30
	50	46. 15	17, 475, 667, 65

Those figures are nearly as large as the entire tax budget of the city of Detroit. If tax burdens are to make my people happy and contented they certainly ought to be happy with what is in prospect for them under the Townsend plan.

I will put into the Record a table of added taxes which would be collectible over and above the internal-revenue taxes paid by the various States of the Union, and I invite you to read them, study them, and I am sure they will interest you, even if they do not convince you that the Townsend plan is folly, sheer madness, which will destroy the Government and wipe out all the gains thus far made under the social-security plan. Such a blow will set us back so far that we will never dare talk of pensions of any kind in the dismal future.

I have served my constituents faithfully, earnestly, and, I hope, reasonably well. If I am in error in this instance, if I have inadvertently failed to sense their desires as regards the Townsend plan, then bless my soul. They who by their support and suffrage sent me to Congress will likely order me to stay home. I know they will be pleased, however, in knowing and hearing repeated my statement that because I am convinced that the Townsend plan is a snare, a delusion, and a dangerous experiment that I shall have to vote against the bill. I would rather be right than in Congress. [Applause.]

THE TOWNSEND PLAN

Estimated additional tax burden necessary to pay maximum pensions of \$200 per month to 8,000,000 and 10,000,000 persons, based upon per capita cost computed on population of 130,000,000

	Maximum per	nsion \$200	Maximum pension		
Pensioners	Annual cost	Per capita cost	\$100 per capita cost	\$50 per capita cost	
8,000,000 10,000,000	\$19, 200, 000, 000 24, 000, 000, 000	\$147.69 184.62	\$73. 84 92. 31	\$36, 92 46, 15	

Cost of Townsend plan, by States (on per capita basis—1936 estimated population, 128,884,000)

State	Actual internal-	Estimated additional cost maximum of \$200 per month—			
	revenue collec- tions 1938	8,000,000 pen- sioners	10,000,000 pen- sioners		
Alabama	\$16, 929, 203, 24	\$422, 984, 160	\$528, 751, 680		
Arizona	4, 513, 075, 19 8, 046, 468, 34	59, 962, 140 298, 776, 870	74, 955, 720 373, 486, 260		
Arkansas	315, 570, 028, 00	894, 853, 710	1, 118, 612, 580		
Colorado	34, 282, 573. 53	157, 437, 540	196, 804, 920		
Connecticut	96, 310, 529. 35	256, 094, 460	320, 131, 080		
Delaware	80, 717, 110. 47	38, 251, 710	47, 816, 580		
District of Columbia	35, 760, 942. 29	91, 420, 110	114, 279, 780		
Florida	42, 959, 445, 41 33, 724, 693, 09	242, 506, 980 451, 931, 400	303, 146, 040 564, 937, 200		
GeorgiaIdaho	4, 362, 441, 74	71, 619, 650	89, 540, 700		
Illinois	497, 963, 517, 42	1, 158, 628, 050	1, 448, 343, 900		

Cost of Townsend plan, by States (on per capita basis—1936 estimated population, 128,884,000—Continued

State	Actual internal- revenue collec-	Estimated additional cost maximum of \$200 per month—			
	tions 1938	8,000,000 pen- sioners	10,000,000 pen- sioners		
Indiana	114, 163, 319. 54	510, 859, 710	638, 600, 580		
Iowa	24, 593, 358. 38	375, 575, 670	489, 488, 660		
Kansas	24, 637, 081. 03	278, 543, 340	348, 193, 320		
Kentucky	122, 200, 619, 24	425, 790, 270	532, 259, 460		
Louisiana	45, 786, 260. 99	313, 398, 180	391, 763, 640		
Maine	15, 075, 260, 28	125, 979, 570	157, 489, 860		
Maryland	108, 973, 372. 02	247, 233, 060	309, 053, 880		
Massachusetts	186, 277, 559. 11	653, 528, 250	816, 943, 500		
Michigan	308, 182, 920. 50	706, 401, 270	883, 037, 460		
Minnesota	71, 466, 304. 30	389, 163, 150	486, 473, 700		
Mississippi	6, 610, 539. 32	296, 561, 520	370, 716, 960		
Missouri	134, 617, 025, 97	584, 704, 710	730, 910, 580		
Montana	6, 000, 459. 32	78, 423, 390	98, 033, 220		
Nebraska	20, 991, 112. 10	201, 449, 160	251, 821, 680		
Nevada	4, 925, 530. 06	14, 769, 000	18, 462, 000		
New Hampshire	9, 196, 853. 32	75, 026, 520	93, 786, 960		
New Jersey	210, 509, 618. 66	639, 202, 320	799, 035, 360		
New Mexico	2, 958, 951. 78	62, 325, 180	77, 909, 640		
New York	1, 244, 298, 641. 03	1, 910, 370, 150	2, 388, 059, 700		
North Carolina	327, 018, 171, 48	510, 564, 330	638, 231, 340		
North Dakota	1, 579, 263, 21	103, 826, 070	129, 787, 860		
Ohio.	335, 417, 098. 89	991, 442, 970	1, 239, 354, 060		
Oklahoma	62, 661, 773. 46	373, 360, 320	466, 719, 360		
Oregon	14, 939, 960. 63	150, 200, 730	187, 758, 540		
Pennsylvania	475, 316, 900. 31	1, 496, 985, 840	1, 871, 308, 320		
Rhode IslandSouth Carolina	32, 478, 532, 75	100, 576, 890	125, 726, 220		
South Carolina	112, 101, 084, 27 1, 970, 673, 23	274, 703, 400 102, 201, 480	343, 393, 200		
Tennessee	32, 142, 317, 67	422, 984, 160	127, 757, 040		
Texas	139, 526, 049, 31	903, 419, 730	528, 751, 686 1, 129, 320, 546		
Utah	8, 138, 003, 37	76, 208, 040	95, 263, 920		
Vermont	4, 735, 769. 45	56, 122, 200	70, 155, 60		
Virginia	202, 403, 845, 49	394, 479, 990	493, 120, 020		
Washington	35, 395, 703, 22	251, 811, 450	314, 777, 100		
West Virginia	24, 348, 370, 55	270, 272, 700	337, 854, 600		
Wisconsin	96, 981, 214, 96	429, 482, 520	536, 874, 960		
Wyoming	3, 352, 877. 76	34, 411, 770	43, 016, 460		

Estimated additional cost of paying pensions of \$100 per month is 1/2 of above estimates; \$50 per month, 1/4 of above estimates.

Estimated pension tax collectible annually under the Townsend plan as it would apply to the Fifteenth Congressional District of Michigan (population of 1930, 378,630)

Number of pensioners	Rate of pension	Percapita tax	Total annual pension tax to be collected in Fif- teenth District of Michigan
8,000,000	\$200	\$147. 69	\$55, 919, 864, 70
	100	73. 84	27, 959, 932, 35
	50	35. 92	13, 979, 966, 17
10,000.000	200	184. 62	69, 902, 670, 60
	100	92. 31	34, 951, 335, 30
	50	46. 15	17, 475, 667, 65

Taxes shown in fourth column for Townsend pension payments to be superimposed and added annually to present internal-revenue taxes.

State of Michigan total tax burden

	Estimated additional cost, maximum pension \$200 per month		Estimated additional cost. maximum pension, \$100 per month		Maximum pension, \$50 per month	
	8,000,000 pen-	10,000,000 pen-	8,000,000 pen-	10,000,000 pen-	8,000,000 pen-	10,000,000 pen-
	sioners	sioners	sioners	sioners	sioners	sioners
Actual internal-revenue collections, 1938, \$308,182,920.50	{ \$706, 401, 270. 00	\$883, 037, 460. 00	\$353, 200, 635. 00	\$441, 518, 730. 00	\$176, 600, 317, 00	\$220, 759, 365. 00
	308, 182, 920. 50	308, 182, 920. 50	308, 182, 920. 50	308, 182, 920. 50	308, 182, 920, 50	308, 182, 920. 50
Total taxes	1, 014, 584, 190. 50	1, 191, 220, 380. 50	661, 383, 555. 50	749, 701, 650. 50	484, 783, 237. 50	528, 942, 285, 50

Mr. TREADWAY. Mr. Chairman, I yield 3 minutes to the gentleman from Indiana [Mr. Landis].

PAY-AS-YOU-GO PENSION

Mr. LANDIS. Mr. Chairman, look at this picture:

Under our present social-security system we favor Mr. Doolittle and penalize Mr. Tryhard. Mr. Tryhard has worked hard all of his life at moderate wages. He took his duties as a husband, father, and citizen seriously. He bought a modest home through the building and loan, and through the years deprived himself and his family of many pleasures in order to meet the payments on that home. He gave his children an education. He never at any time in his life had to go to the township trustee for aid. He reached the age of 65 broken in health, with no income except that from his garden and chickens. His little home was all paid for and clear of mortgages. He filed for old-age assistance. The investigator deducted from his food account the income derived from his garden, eggs, and chickens. He was forced to reduce his \$1,000 insurance policy to \$250. He was forced to mortgage the little homestead and pay 3-percent interest.

Mr. Doolittle arrived at the age of 65 and applied for oldage assistance. He never did an honest day's work in his life. He took the attitude that the world owed him a living. He married young and brought up a large family. None of them was able to give any assistance. Henry was a W. P. A. boss; John was on the Resettlement farms; Jim joined the Army;

Joe was a timekeeper; and poor Tom was on the penal farm. The girls were all married, but they did not do so well. Jane was doing better than the others. She was supervisor on a sewing project since she got her divorce. Since Mr. Doolittle had no property, no income, and no source of income, he was recommended more money per month than Mr. Trybard.

In the State of Indiana the average amount for old-age assistance is \$16.39. The lowest county receives an average of \$7.46. The highest county receives an average of \$24.66.

Let us give our old people, all of them, a liberal pension without any strings to it, at no more cost to the taxpayer. Let us do away with the hundreds of thousands of dollars we are spending for useless help and give that money to our old folks instead. Our old people want security and peace. They do not want to be upset every 6 months by a Government reinvestigation to see whether or not they have gotten rich from their allowance during the last 6 months. Let us stop the Government from going any further into the real-estate business. We must assure our old people a just pension for all, instead of the grossly unfair and unjust assistance they are now receiving.

I believe in a pay-as-you-go plan for old-age security. A revenue tax of one-half to 2 percent, given our old people over 60 years, will increase buying power and help employ our idle millions. These people must be American citizens. They must spend it every 30 days for American-made and American-grown products. They must retire from any gainful pursuit.

The 1 percent gross-income tax in Indiana has provided \$700 per teacher in salaries of nearly 20,000 teachers. It has permitted the State of Indiana to match the county units of government dollar-for-dollar on welfare costs. It has reduced the property tax one-third in our State. The gross-income tax is not passed on to the consumer.

A revenue tax of this kind in the State of Indiana will produce \$73,500,000 per year. The number of old people that would be eligible is approximately 200,000. If all of them decided to retire from their jobs, they would receive \$30.50 the first month. As business increases, their amount will increase. This pension will give three square meals a day to 8,000,000 families in America. This plan will establish better markets for our farmers, abolish poorhouses, eliminate a large percent of the crime in our Nation, strengthen religious organizations and do away with much unemployment.

Public opinion has decreed that the old-age pension is here to stay. Taxes will be collected in every community, and the money will come back to every community. Everyone will be guaranteed an old-age pension policy at the age of 60

We have appropriated billions for battleships, millions for dams, Government-owned power plants, wildlife and soil conservation. We guard the flying geese and ducks and we protect the mineral wealth under our ground. I believe it is time we started to conserve human beings, to make life comfortable for our old folks, and at the same time make life secure for our younger people by making them certain of jobs, plenty of food, and the comforts of life.

All we ask is that you give this plan a trial for 1 year. If you believe our old people should have \$30 to \$50 per month, vote for this bill. If you believe they can exist on \$6 to \$26 per month, vote it down.

Mr. TREADWAY. Mr. Chairman, I yield 2 minutes to the gentleman from Wisconsin [Mr. Bolles].

Mr. BOLLES. Mr. Chairman, since the beginning of civilization there have been three great motivators of the human race, (1) obtaining power, (2) accumulation of wealth, and (3) the abolition of poverty.

The most stupendous task in this world is the abolition of poverty. It cannot be done by the system that demands that, because we cannot, or are not all rich, we should all be poor. This tremendous work cannot be done in a generation. It cannot be accomplished by mere homilies. It must begin with the child. This bill is but a step toward

that goal. Its benefit is not alone for the aged; it is to make a place for the youth. The underprivileged, whether from morals or finances or physical defects, environment, or heredity, call aloud to us and demand a share of the profits we have made in placing each in a way for independence as against dependency. We need to turn some of these profits we are permitted to make into a profitable investment in humanity. Into the port of missing girls each year sail 80,000 of our daughters. They seldom are found and few return.

The greater the spread of prosperity the greater need there is for the abolition of poverty. In making profits we have also lessened but not defeated poverty.

Tremendous things demand accomplishment. poverty with us yet. Poverty will never be eliminated by charity. It will never be abolished by giving gifts. Poverty is not always a crime. Poverty is a reflection on all of us. We have fallen down somewhere in the building of the social organization. We have resolved and theorized and gone to sleep. We see children brought into the world and thrown in the ashpit of moral degeneracy and financial restrictions and give the family a sack of oatmeal through the poormaster or a ton of coal from the associated charities or a job on W. P. A. We hand the illiterate and starving a printed formula for thrift and uplift. We give a dinner with swelling chest to stuff the body of the poor while the soul is starving. We try to be charitable and only feed cupidity, permit the soul to atrophy and imperil our citizenship. We make professional paupers by writing checks for funds of which we know nothing for certain. We spend a part of the profits each year to aid the incapable who resent it. We waste millions on highly paid experts who have a new scheme each day to regenerate someone who does not need it or ask it. There are wandering boys and wayward girls to save while there is yet time.

For these we must vote as for the older people. We cannot look upon this bill as for the aged alone, but as clearing a highway for younger people into gainful operations.

Mr. DOUGHTON. Mr. Chairman, I yield such time as he may desire to the gentleman from Kansas [Mr. Houston].

Mr. HOUSTON. Mr. Chairman, the United States is the stronghold of democratic government which in some lands has failed to meet the needs of the people, and that failure has resulted in the setting up of dictators. To avoid dictatorship, we must make democracy work here, and the best manner in which that can be accomplished is through the steady expansion of private enterprise.

America has been endowed by nature with unexcelled natural resources and we can produce within our boundaries more of the things we need than any other nation in the world. We have the men, the knowledge, the skill, and the resources to produce much more than we are now producing.

Our problem is to find the policies and the program that will assure a strong and steady flow of capital into the stream of commerce and trade, and a pay-as-you-go plan for old-age security such as H. R. 6466 will provide a pension of \$50 or more to all eligible persons more than 60 years of age, enable our elderly people to live in a dignified manner befitting an American citizen, create new markets, increase employment in industry, enable young workers to take the places of those retired, eliminate the present costly and unsatisfactory relief system, and restore prosperity.

Early in 1935, when I first came to the House of Representatives, I introduced a bill to pay \$50 per month to single persons and \$70 per month to couples living together, but that bill was accorded no consideration as the Social Security Act was favored by the administration. About that time the revised McGroarty bill, H. R. 7154, approved by the Townsend organization, was introduced and I voted to substitute it for the Social Security Act. H. R. 4199 followed, then H. R. 2, then H. R. 6378, and finally H. R. 6466, which is before the House of Representatives and for which I am voting.

In addition to these bills, there is H. R. 5620, sponsored by the General Welfare Federation, which is a carefully prepared measure, and for which I have just received petitions signed by residents of the Fifth Congressional District of Kansas, as follows:

Sadie Sharp, Mulvane, Kans., and 29 others.

Mrs. Neva Hutchinson, 1310 East Central, Wichita, Kans., and 59 others.

C. W. Glennie, 408 East Eleventh Street, and 29 others. Edgar Brassier, 351 Lulu Avenue, Wichita, Kans., and 89 others.

Mrs. Jane Brumfield, Wichita, Kans., and 59 others.

A. D. Barton, 811 East Harry Street, Wichita, Kans., and 89 others.

A. D. Cooper, Lincoln, Belle Plaine, Kans., and 119 others.

S. O. Coble, 201 Southwest Fourth, Newton, Kans., and 59 others.

Sallie Davidson, Udall, Kans., and 29 others.

W. A. Darling, Mulvane, Kans., and 30 others.

Richard Cooper, 2010 South Topeka Avenue, Wichita, Kans., and 19 others.

Mrs. G. A. Delano, 1439 Otis Street, Wichita, Kans., and 29 others.

J. C. Davidson, rural route, Belle Plaine, Kans., and 29 others.

Miss Ida Swisher, 1526 Golds, Wichita, Kans., and 29 others. Mrs. Florine Lamb, 1511 South, Wichita, Kans., and 59 others.

Julia Fox, Valley Center, Kans., and 29 others.

L. O. Coleman, 309 West Eleventh Street, Newton, Kans., and 29 others.

Frederick E. Andrews, Eaton Hotel, Wichita, Kans., and 71 others.

Fannie F. Smith, 1600 North Market Street, Wichita, Kans., and 24 others.

Mina Van Gieson, 837 Porter Avenue, Wichita, Kans., and 14 others.

Thurston Lesley, 517 South Market Street, Wichita, Kans., and 16 others.

Mrs. Jessie Lawless, 712 Laura Street, Wichita, Kans., and 20 others.

Mrs. Laura Kinsey, 319 Lulu Avenue, Wichita, Kans., and

59 others. Mrs. B. C. Minnick, Mulvane, Kans., and 18 others.

Edna McNeese, 1436 Franklin Street, Wichita, Kans., and 29 others.

H. L. Lopshire, 355 North Gordon Street, Wichita, Kans., and eight others.

Mrs. Betty Lorenz, 426 West Second Street, Wichita, Kans., and 29 others.

Edd Lindsey, Mulvane, Kans., and 20 others.

Anna Stacy, 304 Southwest Fourth Street, Newton, Kans., and 29 others.

J. F. Winger, 117 Southwest Second, Newton, Kans., and 29 others.

Ida Young, 318 Riverview, Wichita, Kans., and 29 others. I. N. Zumbrum, 319 Merchant Street, Belle Plaine, Kans.,

May Reeder, 151p North Emporia, Wichita, Kans., and 18

Etta Townsend, 406 South Topeka, Wichita, Kans., and 22 others.

F. R. Richards, 315 North Exposition, Wichita, Kans., and 82 others.

Ed. Pfaff, 909 Washington, El Dorado, Kans., and 29 others. Arthur S. Cain, 817 South Gordy, El Dorado, Kans., and 25 others.

Jim Wilson, Sharps Hill, El Dorado, Kans., and 25 others. Mrs. Mina Van Gieson, 837 Porter, Wichita, Kans., and 20 others.

Rose A. Rugg, 425 Smythe Avenue, Wichita, Kans., and 60 others.

During the past 5 years I have received thousands of letters from people of my district urging the enactment of a Federal old-age pension law, and it is my sincere hope that a majority of the House membership will join me in voting for H. R.

6466, which is designed to repay in a measure the debt we owe to our old folks and at the same time restore prosperity throughout the land.

Mr. DOUGHTON. Mr. Chairman, I yield 2 minutes to the gentleman from Florida [Mr. Cannon].

Mr. CANNON of Florida. Mr. Chairman and Members of the Committee, I have listened with great interest to this debate today regarding H. R. 6466, and it was a matter of great disgust to me to hear so many of the opponents of this bill flaunting themselves before this membership today as "saviors of our country," despite the fact that they have offered no constructive reason or reasons why they oppose the bill in question.

Some Members who oppose this legislation have spoken on this floor as gentlemen should, while others have played the role of character assassins, scandalmongers, and resorted to villification generally, while still others of a more suave type have "toyed" with the matter and have been given to satire and ridicule of a minor nature. But it is interesting to note that everyone who has spoken from the floor today has realized the necessity of a plan for the aged offering more security to our unfortunate elders above the age of 60, who would retire from a gainful occupation.

America for the past 10 years has become more pension and relief conscious as a result of the advent of the machine age, which has stripped us of the utility of our manpower. This Congress has voted many millions of dollars for relief and semi-relief agencies. Just recently we voted \$100,000,000 for W. P. A. relief; too much of which amount, it is said, will be spent administering the relief funds and too much likewise will be given to nonrelief clients, and too much will probably be given to those who do not deserve or need any relief funds. Most of which eventualities are beyond the control of this Congress or any other Congress. It is obvious to me that where relief is so broad in its scope and so far-reaching in its effect, it is humanly impossible to rid the entire program of most of its inconsistencies and misgivings. Yet, I am proud to confess that I voted for, on every occasion, the larger amounts in the order of their appearance on the floor of this Congress. I did so believing that this country owes its all, if necessary, to suffering humanity within our territorial confines. We are told now that more funds will have to be appropriated for a continuation of our necessary relief program. I shall support any measure in that direction. No one can deny, however, that every penny of money so appropriated comes from the General Treasury, depleting the General Treasury and never to be returned thereto. Under the operation of the plan known as H. R. 6466 the funds with which to operate the law are to be raised by a definite tax levy, clearly defined and classified, and the relief under the effect of this bill will not cost this Government one cent. Some of the Members have obviously confused this form of taxation and have presumed that this tax is to be heaped upon and added to the present tax system under which we now labor; but I would advise this Congress that this plan proposes to replace and displace the other relief structures and is operated under a pay-as-you-go plan. It has been stated by several speakers today that the operation of this plan would bankrupt the Government, and I say to you in all sincerity that it would not cost this Government one penny; but I do say that continuation of W. P. A. and other relief agencies, all of which, unfortunately, are necessary, will bankrupt this Government. But if the erroneous assertion that this bill would by its operation bankrupt this Government were true, I know of no other force having a right to bankrupt its own country than the people of this country. and I am definitely certain that some measure must be passed by this Congress looking toward the relief of the elders of this country, who are not employed and who will never be employed in this life unless such relief is had. And since our elders today are the youth of yesterday I cannot see why we question their right to live in the pursuit of happiness with the enjoyment of the necessary things in life, because without them, obviously, we would not be a country today.

For the few reasons above set out I ask this House to support H. R. 6466. And if time permitted there are many other reasons which I could enumerate.

To those of you who conscientiously oppose this measure I invite your further and more studious consideration, and to those of you who resort to vulgarity, stupidity, ridicule, and misrepresentation I offer my sympathy.

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman from Florida [Mr. Peterson] such time as he may desire.

Mr. PETERSON of Florida. Mr. Chairman, I rise in support of this bill. I want to compliment my colleague from Florida [Mr. Hendricks] for his untiring efforts on behalf of the aged of our State. There are some Members who are not definitely pledged to this bill but are in favor of more liberal pensions. I ask you today to support this measure in order that the aged of your respective States may have more liberal pensions and in order that red tape may be slashed.

I sent out a questionnaire asking how the aged in certain counties in my district would spend the money in the event this bill would pass. I shall not attempt to analyze in detail those statements, but suffice it to say that practically every type of professional or business man would get the benefit of such spending.

This bill, H. R. 6466, introduced by Representative Hendricks, of Florida, takes the place of H. R. 2 and is known

as the Townsend plan.

Whether one sits in his office or whether one goes through his district, he cannot help seeing the plight of the aged of the Nation. Many of them, through no fault of their own, are destitute. Many of them are dependent upon their children, kinspeople, and neighbors, who are making sacrifices to assist them-sacrifices which they are glad to make, yet in many instances those same sacrifices may make them skimp on the education or even food and clothing of their own children. The passage of this bill helps not alone the aged but it helps the youth of the Nation, and it helps business and professional men. As a matter of curiosity, or maybe not so much curiosity itself but an actual desire to ascertain how the money would be spent, I sent out questionnaires. I enumerated some of the items for which the money would be spent in a previous talk which I made on the floor, and I referred to some of these items before the hearings in the Ways and Means Committee. I will not go into detail here, but I will state generally that merchants, automobile dealers, radio dealers, oculists, doctors, dentists, painters, carpenters, libraries, farmers-practically every business or profession would get the benefit of the expenditures made by the aged. The passage of this bill also will eliminate many local taxes for the upkeep of old people's homes, county farms, and so forth-places where in many instances the upkeep is out of proportion to the benefit to the aged. It will eliminate the necessity of State levies to meet the present old-age pension system. It will eliminate the dual system, which has so much red tape-investigations and reinvestigations. There will be a degree of definiteness about this pension when a person is adjudged to be entitled to it.

I would remind the Members of this House that it is not a mandatory \$200 pension, as many have been led to believe. Whatever the tax brings will be distributed to the beneficiaries under this plan. Many criticisms of the plan have been due not to provisions in the bill itself but to what someone may have said, or misconstructions of what someone may have said, or false issues creeping into the consideration. Two direct objectives—one, the assistance to the aged of the Nation; the other, to place dollars in the channels of commerce-may be materially sped along the way by your support of this legislation. Some have said, "I'm not for this particular bill, but I'm for more liberal pensions." Even if you were not for this plan from the start, if you are an advocate of more liberal pensions, I ask that you cast your vote for same. My support has been of long duration, but whether you have been for it for that long or not, here is your chance to vote for the aged, for the young, for the Townsend plan, for more liberal pensions, and against red tape and delays.

Mr. DOUGHTON. Mr. Chairman, I yield 2 minutes to the gentleman from Oregon [Mr. Pierce].

Mr. PIERCE of Oregon. Mr. Chairman, the bill before this Committee of the Whole, H. R. 6466, is the outgrowth of human needs and the expression of both hope and fear. Somewhere in our path through the jungle of these difficult transition years we should have found a bypath which might better be traveled by our dependent ones—the very young and the aged. We should have set their feet on pleasanter and safer paths. We must now do all possible to allay the fears and meet the hopes and expectations of those who look to us for aid.

It is not strange that this matter of old-age annuities should have become almost a religion with millions of people. In any period the idea and the demand would have spread swiftly. Now conditions are ripe for its full flowering and fruition. The people have caught the vision. Government prodigality has made it clear that there are vast money resources which can be reached by those who have the will to find them, and can be divided among those who insistently demand a share.

In this hour of reckoning I take satisfaction in recalling that some things have been done by this administration toward social security and the democratization of our vast wealth resources. We have, for the first time in our history, acknowledged certain responsibilities as a nation for the welfare of our handicapped, underprivileged, and helpless people. Unfortunately, the provisions for old age have lagged and the realization of such benefits as have been provided has been too long deferred.

I deeply regret that this Congress has not taken cognizance of the situation and met the need and the demand by carefully considered legislation worked out in committee by experienced legislators who could have used, as a framework, the bills which have been so universally acceptable to those in whose behalf the legislation is sought. There have lately been two national groups devoted to this single and pressing problem. Each has advanced some plans and ideas fundamental to such legislation. Certain theories and requirements have been widely acclaimed only to go into the discard later. This is clear evidence that a harmonization was needed, adapted to our usual legislative procedure. The fact that this bill, lately recast, is before us for acceptance or rejection without amendment, as discussion may develop such need, rules out any and all reasons for argument as to its details. The goal toward which we have pressed in the cause of democracy was not only that such a bill should be reported out from committee for consideration on this floor, but, also, that the Members of this House might lend aid toward enactment of such legislation. We are working at cross-purposes. Those who desire that Congress shall share in shaping old-age pension legislation are disappointed in the procedure. There are many alternatives which have now and then been suggested and at times incorporated in the legislative setting of this plan. They should be open to acceptance or rejection by the Nation's lawmakers. We have had years to shape and mold old-age pension legislation, but we have left it to private agencies.

It is amazing and gratifying that the voices of our people can be raised in unison to such strength that they can be so unmistakably heard in this Chamber where the whispers of the powerful have sometimes reverberated like thunder. The support of this bill has not come from the powerful ones of our social organization, those who luxuriously foster "moral rearmament" and would save the Nation by a slogan have had no great banquets over old-age pensions nor have there been broadcasts by our royalty or near royalty for this bill. It has sprung from the hearts of people who know want and misery. During the growth of the movement millions have been meeting in every city and countryside to talk about Government affairs. This has resulted in a widespread permanent interest in all that makes for the general welfare and the preservation of democracy. The response by Government is a real test of democracy.

a real test of democracy.

I believe the demand for security in old age is a reasonable one. Those in my State who are making it are our

stable citizens who have met the tests of citizenship in political and social life. They have for the most part been hard-working, kindly, self-respecting people, helpful to friends and neighbors and generous in support of a good cause. There must be a solution of their present problems which is entirely consistent with self-respect.

I have, for years, advocated old-age pensions and included such a plea in a Governor's message. Since that time conditions have grown steadily worse for the average man and woman. Our relief load in Oregon is now as great as was the total State budget when I was Governor. Under our economic development wealth has been channeled into fewer hands. The automobile, and the gas to run it, drains money with great rapidity to the Atlantic seaboard. No solution has been found for the problem of redistribution of that wealth. The uncertainties of jobs, wages, and of returns from efforts put into farming and other producing occupations have been made manifest. Savings have been exhausted. A wave of thrift-teaching propaganda led to small accumulations of money which were lost through wicked and ruthless exploitation by financial brigands who ran the banks and holding companies, and laughed at blue-sky laws and State or national regulation. Interest rates have made it impossible to live from returns on any small capital which has survived the craftily organized raids of "investment bankers." I want to say that the "loss of confidence" in business so much talked about in hearings and the press is not due entirely to legislation or Government activities but comes from a lesson learned in the "school of hard knocks." Savings henceforth will be kept in banks because we have made them safe, but they will not soon be entrusted to the Wall Street manipulators of East or West. Sons and daughters can just manage to keep homes going for their younger dependents. What in heaven's name is left for a person to count on if he is to live to what we used to call a good old age?

Action cannot wait on recovery because that will be so gradual it cannot be timed. I cannot agree with my friends who talk so glibly about recovery. As I look toward the future I cannot see anything that indicates a return to the good old times of the past when jobs were plentiful for all who desired them. Instead of recovery there must be a readjustment to new conditions. We have accepted the idea of Government subsidies, of control and intervention, of made work under W. P. A., of loans and grants of numberless sorts. Charles Beard, in his fine new work, America in Mid-Passage, tells how the press regarded proposed agricultural legislation in 1927. He says, "Metropolitan editors seemed unable to explain the phenomenon save in terms of agrarian fanaticism-as a mental disease." This was 12 years ago. Now the Congress votes over a thousand million dollars for activities along that line. So in years to come our successors in these seats will take for granted what we now struggle to secure and some people ridicule. We must eventually accept shorter hours of labor in industry. We must yield to Government ownership of natural monopolies and total intolerance of private monopoly.

Yes, we must progress.

No one knows how many people might be retired from wage earning by such an annuity as is now proposed. It assuredly would not retire the most competent, who receive wages beyond the amount which could be realized under this or any similar act. Machinery, which has been of so much benefit to humankind, has nevertheless destroyed millions of jobs. Our marvelous increase of national wealth has been accompanied by increase of slums, by general financial insecurity, and total inability, so far, to readjust our economic life to the new conditions under which we must live. If an assured, though small, income can tempt into retirement four or five millions now gainfully employed, there will be room in the work world for nearly half the employables now at the door, begging for work. No one knows just what would happen under this proposed bill, but no one can deny that many of our plans for 10 years have proven failures, and that we seem to be casting about for another solution without much well-developed planning

and with diminishing confidence. Why not establish an old-age annuity plan and take such economic byproducts as it may afford?

When the tragic days of 1929 shocked us into realization of our economic situation, we had developed in America what we called the American standard of living. It was higher, more expensive, more enjoyable than any previously developed anywhere at any time in human history. The American standard of living meant education for Kate and John beyond the ordinary school. It meant better clothes than anywhere else worn; it meant the telephone, automobile, better food. It meant running water, the bathtub; the care of doctors for health, eyes, and teeth. It meant making the world a lovely, intensely interesting place in which to live. The subsistence standard of living to which millions have been relegated means no higher education for the children. It means the denial of the accustomed pleasures and of those inventions which have become necessities—the automobile, the radio, the telephone, and the electric light. It means illhealth, stunted bodies, undeveloped minds, bitter hearts. It is estimated that two-thirds of our people have today income sufficient only for this subsistence standard of living.

We devised the W. P. A. as an emergency measure. I know how bitterly any criticism of this agency is resented by some of its beneficiaries of both high and low degree. We do not know all about its administration, as it is what one of our Oregon editors calls "an untouchable secret society." We had to have some such thing, but such a travesty on the worker's life must not be made permanent. It is certainly better to have work relief than to extend poor relief and to accept in a democracy a class of recipients of public charity who may become powerful in determining who shall be the leaders of government. I fear the permanent extension of both these temporary expedients. I desire to help to form a plan for an organized society without poverty and its attendant crime and misery. Believing a plan for old-age annuities will bring us any nearer that goal, I am willing to try it.

My neighbors and friends who have for 5 or more years struggled to spread knowledge of this pension idea and to secure its enactment into law are just as much interested in our country as are those who ignore the necessity for something new and different. They know something of the labor

situation, which is certainly appalling.

We have now approximately 33,000,000 gainfully employed workers. In our most prosperous year, 1929, there were gainfully employed 36,100,000 workers. Ten years later, this year, 1939, we have at least 10,000,000 unemployed workers. 1937, the most prosperous year of this administration, there were employed 35,000,000, only 1,100,000 less than were employed in 1929. Still in 1937 over 7,000,000 men and women were unwillingly out of work. Available jobs have increased since 1929, but seekers of jobs have increased at a much greater rate.

In 1929 we had a labor force of 37,700,000, with 36,100,000 employed, leaving 1,600,000 out of work. In this year, 1939, our labor forces increase to 43,000,000, but there are jobs for only 33,000,000 workers. At the bottom of the depression, in March 1933, we had a labor force of 40,000,000, but only 27,700,000 jobs. That was the peak of the unemployment, 12,300,000 idle. Had our business activity increased in the same ratio as the demand for jobs, there would have been 5,000,000 more jobs in 1939 than 10 years earlier, but instead of increase of jobs they shrank by 3,000,000 and more. Next year it will be worse, for another half a million boys and girls will arrive at an age where they demand their places in the working world. Does this augur security?

The figures on unemployment, which I have quoted from a recent issue of the United States News, are to me astonishingly convincing proof that we must work toward reorganization of our economic life so that all may find jobs. We cannot expect better conditions to develop out of the present situation without definite effort, through legislation, to direct forces toward breaking down barriers which block the way to opportunity. Every capable young person has a right to expect a chance to earn money and establish a comfortable place in society. It is very evident that there must be some new line of attack

on the battle front of unemployment. We need genuine planning-how the word has been abused!-including not only old-age pensions, shorter hours of labor, public works, C. C. C. camps, but also farm security, which will attract people to agriculture as an occupation, and a revival of world trade, which will provide consumers for what is produced. Those who help to formulate legislation for permanent prosperity will always keep in mind the fact that private industry is dependent upon consumption by well-paid wage earners.

The causes of our economic disaster have been analyzed many times, and I set forth my own ideas recently before the Ways and Means Committee in the hearings on this bill. I shall not here repeat that statement. I am arguing only for tolerance toward and consideration of a remedy which sees to millions of good Americans, yes, grass-root Americans, feasible and just. Our Oregon Legislature memorialized Congress for action on the general-welfare plan. A majority of 34,070 out of a total vote of 333,492 called for that memorial. I, therefore, support their plea that this House give serious consideration to the proposal for an old-age annuity.

We have voted millions and yielded judgment time and again for palliatives. We have followed economists and social workers of many conflicting schools of thought, each group being publicized for the time being as so flawless that wisdom would die with them. Now we might do well to listen to the common man.

Mr. Chairman, the following is a statement I made before the Committee on Ways and Means on the subject of oldage pensions:

STATEMENT OF HON. WALTER M. PIERCE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OREGON

Mr. PIERCE. Mr. Chairman and gentlemen of the committee, have written what I want to say. I know how hard it is to read a document and make people understand, but I don't want to be misquoted, and I would like to read the document through, and if there are questions may they be reserved until I have finished reading?

Mr. Cullen. We are going to grant you that privilege. You want to proceed with your statement without interruption, and then after your statement is completed the members of the committee

after your statement is completed the members of the committee may ask you questions. Is that satisfactory to you?

Mr. Pierce. Yes, Mr. Chairman.

Mr. Cullen. How much time do you want?

Mr. Pierce. Twenty minutes, perhaps.

Mr. Cullen. Proceed.

Mr. Pierce. Mr. Chairman and gentlemen of the committee, on November 8, 1938, the people of Oregon passed under the initiative an act calling for a national convention to propose a constitutional provision for the Townsend national-recovery plan. There were provision for the Townsend national-recovery plan. There were 183,781 votes for that act; contrary, 149,711. The majority for the

act was 34,070.

Pursuant to that act the Oregon Legislature, by unanimous vote, passed a memorial which I presented to the United States House of Representatives on January 30, and copy of which is attached to these remarks. In order that members of this committee may be accurately informed in regard to the desires of the people of Oregon as expressed by popular vote, I quote herewith the initiative act which was passed, and upon which the memorial was based:

"The Legislature of the State of Oregon is hereby authorized and directed to make application to the Congress of the United States."

directed to make application to the Congress of the United States not later than March 1, 1939, for the calling by the Congress, pursuant to the provisions of article V of the Constitution of the United States, of a national convention for proposing an amendment to the said Constitution to provide for the establishment and operation of the philosophy and principles of the Townsend national recovery plan, otherwise known and described as the proposed General Welfare Act of 1987."

posed General Welfare Act of 1937."

The Oregon State Planning Board has recently issued a report called "Oregon Looks Ahead." From press notices issued by the planning board, I quote an extract germane to this discussion:

"The real reason why Oregon is one of the strongholds of the Townsend old-age pension movement may be found in an Oregon State Planning Board report Oregon Looks Ahead, it is pointed out by compilers of the volume. This State has more people over 54 years of age in proportion to its population than any other State in the Union except Maine, New Hampshire, and Vermont. No inferences regarding the Townsend or any other movement are drawn in the report, but it would only be natural for any project of interest to older people to arouse attention here, those who have read the volume point out."

Indicative of the attitude of both old and young in Oregon is the

Indicative of the attitude of both old and young in Oregon is the petition addressed to Congress by Townsend Club No. 1, of Baker, Oreg., which I desire to bring to the attention of this committee by incorporating it in my statement. The facts set forth in this petiincorporating it in my station are incontrovertible:

That great sums have been spent to overcome the depression.
 That the depression continues in spite of the spending pro-

3. That there are ten or twelve millions still unemployed in our country, with people suffering for the necessities of life.
4. That if the spending were discontinued the situation would

worse.

egislation is concerned.

That due to labor-saving machines, many now unemployed

will never again find regular work in industry.

The petition then states that there are 25,000.000 people in the States who are hopefully looking toward the enactment of

United States who are hopefully looking toward the enactment of the Townsend plan.

This is the position of the people who voted at the general election in Oregon for the legislative memorial. My neighbors and friends of over half a century in Oregon are among the voters and petitioners. They say, in effect, "It is now 10 years since the crash; Congress has made no headway toward economic stability; it has offered no remedy, formulated no policy; its vast expenditures have effected no permanent change and established no satisfactory precedents. We offer a plan in which we have confidence. We ask Congress to hear our arguments and give consideration to our plan, which has millions of adherents." This is in accordance with democratic traditions and procedure.

It is a satisfaction to me to know that the Ways and Means Committee of this House is holding extended hearings and will consci-

mittee of this House is holding extended hearings and will consci-entiously undertake to face the problem of legislation for old-age entiously undertake to face the problem of legislation for old-age security with full knowledge of the proposed plans, their basic principles, and the details which may be changed or formulated in the light of this discussion. I wish to make clear to you the very earnest and definite desire of an impressive majority of Oregon citizens and to add comments on the situation and some of the causes of the changed attitude toward Government and the plainly apparent distrust of Congress and State legislatures so far as social legislation is concerned.

THE SOCIAL SECURITY ACT

I was much gratified to have this administration undertake the preparation of a social-security measure. This Nation has been

I was much gratified to have this administration undertake the preparation of a social-security measure. This Nation has been laggard in social-security legislation, possibly because we were utterly unable to realize that our country would soon face the unemployment, poverty, and confusion which long ago drove some European countries to old-age pensions.

Our Social Security Act was too hastily drawn, though thoroughly idealistic. It reflected the Nation's inexperience and unpreparedness, but it for the first time put this Government into proper protective relation toward its people. The stupendous task of getting it into operation appears to me to have been done in a creditable manner. I rejoice in the provisions for aid to the handicapped and for child welfare. I believe in unemployment insurance, but I have come to the conclusion that part of the fabric needs to be rewoven. The Social Security Act, so far as it relates to unemployment, should be amended with the advice of those who have struggled to comply with its provisions and remain solvent in business in order to meet the pay-roll taxes for unemployment insurance. I know that this committee will study very carefully the proposed amendments to the Social Security Act.

No Member of Congress who supported the present act has any right to call the Townsend plan "fantastic" in the light of the actual financial results of the collection of unemployment-insurance.

actual financial results of the collection of unemployment-insurance funds. Certainly it is utterly "fantastic" for a government, on one hand, to collect from its citizens a reserve of \$47,000,000,000 while, on the other, it throws into the effort to bring back prosperity billions of dollars of accumulated debt. Any person who faces that ultimate \$47,000,000,000 reserve accumulation and the method in which it is being handled should be exceedingly humble and certainly reluctant to accuse any other group of offering "fantastic" propositions.

A guiding point which I believe should always be held in mind is A guiding point which I believe should always be held in mind is that the money collected for social security in any of its activities should be returned as quickly as possible to the people and not accumulated in the National Treasury. It should be a speedy collection and distribution process, with the least possible expense for collection and with the quickest and widest possible distribution.

I believe this committee should face the facts as they are, and should determine on a pay-as-you-go policy. It is neither fair nor right to borrow money on the credit of future generations for current, present-day needs which are not emergency but which will

right to borrow money on the credit of future generations for current, present-day needs which are not emergency but which will always be part of our social system. Such needs should be met from present-day income. We should feed and clothe the underprivileged and care for the aged with funds collected from those who are enjoying the bounty of the present day and system. Our Government has collected under title 8 of the Social Security Act and paid into the general fund \$995,207,036, and Congress has already appropriated for the reserve account of the old-age pension fund approximately \$1,125,000,000. Our industries have paid into the Federal funds under the unemployment-insurance levy \$1,499,000,000 in round numbers. This last amount has earned \$30,000,000 in interest charged our Government. This does not appear to me to justify the methods used. Collect what we must collect and pay it out promptly to those for whom it is collected.

The old-age pension provisions of the Social Security Act seem

The old-age pension provisions of the Social Security Act seem to have been proven quite definitely inadequate. If they had been otherwise, the Townsend movement and other movements looking

therwise, the Townsend movement and other movements looking toward real security for the aged would not have gained such momentum. It seems to me to be the reaction against an inadequate Government plan which has caused people to turn elsewhere for the leadership in the matter of caring for the aged.

I do affirm, however, that the very fact of establishment of a cooperative State and National system of monthly payments to the needy and of a contributory pension plan had been beneficial in these trying times.

CAUSES BACK OF THE DEMAND

I shall now briefly mention some of the factors contributing to I shall now briefly mention some of the latest some the bitterness, restlessness, and discontent plainly apparent among our people, and probably creating the state of mind which was expressed in the vote of the Oregon initiative measure, and is shown in the demand made upon Congress to enact into law the proposals which are coming from the people. Only if you think you can remove these causes can you conscientiously disregard the demand for a decent old-age pension.

Do you ask why this sudden necessity for pensions for the aged, why they do not save for old age, why they do not depend upon their children? These questions are easily answered. The margin in today's earnings is too narrow to allow savings for old age. The children are carrying all the burden possible if they provide for themselves and their children. The story is told when we recall that two-thirds of our people actually live below the deadline of comfortable existence.

Formerly the little savings for old age could be lent for 6 or 8 percent interest, providing an income. We all know this is no longer possible. Much of the old-age poverty during the past decade resulted from so-called investments in worthless stocks and decade resulted from so-called investments in worthless stocks and bonds. This hazard has, to some extent, been eliminated by the enactment of the S. E. C. law. People in a little rural county in Oregon lost a half million of savings through manipulations of one utility holding company. It is said that through one conspicuous figure now operating in the utility world "investors" lost two hundred and fifty to three hundred million dollars—more than the entire cost of the T. V. A. program to date and five times the cost of Bonneville to date. (Still these pirates choose when and whether they shall obey the S. E. C. law.) The old farm couple formerly moved to town and lived from farm rentals. Now farm prices are too low and taxes too like to provide a margin for comfortable noved to town and fived from farm rentals. Now farm prices are too low and taxes too high to provide a margin for comfortable living. The props have been knocked from under them. There is just one solution. A pension for old age. The Congress must provide the means and the method.

The Federal Government's policy with relation to middle-age and aged workers has been destructive. This administration is largely responsible for a rapidly growing emphasis on youth. Even largely responsible for a rapidly growing emphasis on youth. Even agencies supported by emergency funds are refusing to employ people over 60, apparently contrary to law, but they pride themselves on the fact that they are adopting civil-service methods. A robust man 60 or 65 years of age cannot be employed as a caretaker in a C. C. camp. The little rural post office which would seem an ideal place for an elderly person cannot be given to the charge of anyone over 66 years of age. The Farm Credit Administration sends out farm appraisers "not over 35." The Farm Security Administration confronts hard-pressed farmers with beardless youth—boys who have never struggled to support anyone or maintained a business, a farm, or a home.

Thus, to inexperienced youth are entrusted decisions which

Thus, to inexperienced youth are entrusted decisions which should be made by experienced, capable men and women. The W. P. A. has thrown off workers over 65, forcing them to take relief or pensions when they could do better jobs than younger men. This tendency has been carried to cruel extremes.

I can understand that the Civil Service must have some age limits because of the necessity of accumulating pension funds, but why our Government must be run by college boys I have not been why our Government must be run by college boys I have not been able to understand. One of these young men who was a "master" and on the way to being a "doctor" rejected a public-works application for a project in my town. He told me that he had learned through a series of graphs that the section was on the road to oblivion and a town of 10,000 would be abandoned. A study of his table showed that taxes had not been paid for 5 years as promptly or as fully as they had previously been paid, therefore, the community was disintegrating, people were leaving it permanently. The truth of the matter was that a change in penalties in the State tax law had taught the farmers it was cheaper to have the county tax law had taught the farmers it was cheaper to have the county carry the taxes than borrow to pay them. Anyone who had ever had responsibility for taxes would have understood this.

We have taught all classes of our population to come to the Gov ernment for subsidies and hand-outs. Everybody is doing it.
Every group numerous enough to form a lobby has been successful
in dipping into the Treasury. This does not apply solely to the
farmers and the unemployed. The railroads are now bawling for
subsidies; the Maritime Board has handed out millions of public subsidies; the Maritime Board has handed out millions of public funds to owners or operators of ships; banks and insurance companies have been bolstered from R. F. C. funds—a hundred million here by airplane, ninety million bestowed there never to be completely repaid. The R. F. C. was really organized to unload on the public the obligations of railroads, insurance companies, and banks—to take care of the "big boys." The home-loan associations have been bailed out at public expense. "Lame ducks" and political hacks have been provided with luxurious living also at public expense. Pullman cars and airplanes are filled with people rushing to Washington for hand-outs. I don't think the aged are the only ones who are looking to the Government. They are only the tail end of the procession.

If this agency had been wholly satisfactory and had applied to those actually in need every cent of its funds not necessary for the most economical administration, it is probable that thousands of people would never have admitted the necessity of a Government guaranty of old-age security. The recent threats to curtail jobs following a cut in requested appropriation have made most of us bitterly resentful of the attitude of officialdom. Does it startle you or frighten you to look upon the W. P. A. picture—October 1937, 1,432,910 workers; October of 1938, 3,125,990?

If we had evolved a permanent public-works policy to take up the slack and to provide for those thrown out of industry, we might not have faced this situation. You and I know that this is not a depression or a recession or just "hard times." We are in a new world, facing a new economic era. We have not now time to

new world, facing a new economic era. We have not now time to dwell upon the causes, but we understand the results. If we had done more than to offer temporary expedients, we might well ask Townsend plan advocates to be patient until the economic situation was righted. W. P. A. and P. W. A. have not yet solved the problem of unemployment, but they are permanently with us.

A few weeks ago—September 6, 1938—the United States News devoted a full page to one of its striking charts showing that there are now 8,000,000 families in the United States facing starvation and 11,000,000 families fighting poverty, making a total of 19,000,000 families below the line of comfortable existence. Allowing 4½ for each family makes a total of 84½ million people, according to the pictogram of the United States News, that are demanding relief either from the starving line or the needy line, practically two-thirds of the population of the United States, and at least two-thirds of the voters. If organized, and voting as a unit, they can get what they want. They can even ruin and wreck the financial structure. Any plan which will end this is worth serious consideration.

The clamor to be on the Government pay roll and to be blan-

keted under the civil service without any real evidence of qualification is an indication of a trend which is dangerous. "Blanketed" is the right word, for here many may sleep forever on the job. There is in our civil-service system practically no requirement for increasing competency in order to be retained or advanced. It is not the merit system which it should be.

vanced. It is not the merit system which it should be.

Many new Government emergency agencies have been administering in a ruthless manner. New faces appear every few weeks because others have been shifted to better Government jobs. These people are practically public pensioners. With the clamor for Government jobs we may face a time when there will not be enough producers and wage earners to support our privileged classes—public employees, delinquents, defectives, young children, the handicapped, youth paid to attend colleges, and, finally and most reasonably, the aged. Our bureaucracy has forced farm foreclosures and evictions. Our bureaucracy is in part responsible for our difficulties. for our difficulties.

for our difficulties.

Now, if we could eliminate these factors, we might brush aside the plea of the aged for security. Since we cannot remove the causes of poverty and unemployment and assure plenty for old age, something must be done, not only for protection of the aged but for the protection of the rest of society. It is probable that never in our history have so many people participated in a movement for any particular legislation. If fallacies are apparent to you, point them out for the benefit of the millions interested. This movement cannot be ignored and should not be ridiculed. You must, by this time, have a pretty clear idea of how the proposed plan would function. That is, apparently, more than the framers of the Social Security Act accomplished before requesting Congress to enact their bill into law. Experience has taught us that all legislation is the result of compromise, so I hope that out of all the panaceas offered this committee will be enabled to make

congress to enact their bill into law. Experience has taught us that all legislation is the result of compromise, so I hope that out of all the panaceas offered this committee will be enabled to make wise recommendations for the amendment of the social-security law and for adequate old-age pensions.

Along with the other causes which I have mentioned, the Townsend-plan movement has made the Nation old-age-pension conscious. I do not expect it to die away. We cannot hedge. We must face the issue. There must be satisfactory legislation. The "emergency" has become the "new era." We must have some clear-cut plan. It is your duty as a committee to find how we can economize without hurting the underprivileged, how we can pay our way, what we can throw overboard, and what new cargo we must take aboard. We can forget the highly privileged, if they will allow us to do so. Let us legislate for the underprivileged. This is a democracy. We must listen to the plea of the people and give their statements fair consideration. The millions look upon this plan as a satisfactory one for the dual purpose of economic recovery and security for the aged. I believe all their Representatives in Congress should have the bill before them reported out from your committee for general discussion.

Mr. DOUGHTON. Mr. Chairman, I yield 2 minutes to

Mr. DOUGHTON. Mr. Chairman, I yield 2 minutes to the gentleman from Ohio [Mr. HUNTER].

Mr. HUNTER. Mr. Chairman, I believe that my position on the Townsend bill, now before this House, is different from that of many of my colleagues, some of whom may regard the vote today as a means of keeping campaign pledges.

When I first came to this House as a Member, 21/2 years ago, it was as one who had not received the endorsement and help of Dr. Townsend and his organization. In my district, the Townsend-endorsed candidate in 1936 was a Republican. It is not going beyond the facts to state that the support given my opponent by Dr. Townsend and his organization was the most powerful independent opposition I had to overcome.

Under these circumstances, no one could have said during my first term that I was a Townsend candidate or that I owed the slightest obligation to the Townsend organization. However, I did come to Washington firmly convinced that it was one of my primary obligations to fight for a Federal old-age pension. My mind was open as to the type of bill that should be passed. I knew only that in Ohio we had experimented with State old-age pension legislation, and I knew from bitter experience that it was woefully inadequate.

I knew that particularly in our industrial centers it is absolutely impossible for most of those past middle age to hope for employment. I knew, from our own experience in bank failures and depression, that no one can assume that old-age may be made secure through savings. I soon learned also that our present social security law fails to protect practically as many as it protects and for this reason does not answer the problem.

My study of old-age pension legislation before Congress convinced me that the Townsend bill, of all the legislation presented and having any chance of passage, most nearly met the universal need. For this reason I became an advocate of this bill, and for this reason I gratefully accepted in the last election campaign support of organizations in my district who

want this bill.

Since this is my position, I feel that I have the right to call upon those who accepted support of the Townsend organizations to make good upon their campaign pledges and vote for this bill.

There are a number of Members who accepted help from these organizations who so far have not taken a definite stand. I want to warn that there can be no fence straddling now. This is not a partisan issue and will not be decided by Democratic or Republican votes.

The issue is whether we, as Members, consider present State old-age pension legislation adequate. It is whether we consider that the Social Security Act covers everyone sufficiently to assure independence in old age. It is whether we accept responsibility for the thousands of men and women past 60 years of age who today have no way to pay rent, buy food, or enjoy the simplest comforts so needed in old age.

I am not worried about the added tax. A tax is intolerable only when it stifles business and demands beyond ability to

pay.

By a distribution of money raised through this tax and by assuring that it will be spent to produce business, there is every right to believe that it will cause increases in employment and business that will more than offset the slight additional payments.

The opportunity given to those past 60 to retire from industry will make room for added thousands of young people

who today can find no jobs.

We need not deceive ourselves by thinking that we are not already paying this tax. Money is found, and through taxes, hidden and otherwise, to support thousands upon thousands of persons on W. P. A., direct relief, and otherwise. The sad part of the situation as it is today is that many of those we are so supporting are young, active, able, and more than anxious to take their rightful place in the business or industrial world.

By opening up new opportunities, by taking from active employment those past 60 years of age, and by assuring a steady flow of business, this legislation will make it possible for these thousands of younger people to find employment. This legislation aims at a newer and saner classification of those who should work and those who have earned retirement. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield such time as he may desire to use to the gentleman from California [Mr.

VOORHIS].

Mr. VOORHIS of California. Mr. Chairman, the American people are confronted with a challenge—the like of which they have not had to meet since the period of the War between the States.

It is required in this hour that the representatives of the people have courage, vision, and judgment.

America's problem can be solved and it can be solved without resort to dictatorship and without suspension of any of the constitutional liberties upon the basis of which our

Nation has grown great. But it will take sacrifice and the most sincere patriotism to accomplish this.

The leading economists are in agreement that the central problem of our day is to bring the flow of buying power into balance with the flow of goods and services. They are also in agreement that idle hoarding of bank deposits and other forms of money is one major cause of the failure of buying power to keep up with production.

All of us know that to keep our Nation at peace it is of the greatest importance for our home market to absorb the great bulk of our production so that we can be as free as possible of the necessity of entering the world struggle for markets, which is one of the major causes of war.

All of us know, too, that the two main outlets for increasing production upon which we used to rely, namely, westward expansion and rapid population growth are things of the past.

If our people are to have work and our farms and industries are to be prosperous, there is only one way in which the necessary demand for their goods and crops can be assured, and that is by doing away with poverty in America and raising the standard of living of our people.

We have thousands of producers who are eager and willing to produce an abundance of goods if only they could find markets to sell them in; and we have millions of needy people who want those goods but have not the money to buy them. So I say again our problem can be solved, and the job of Congress is to provide such improved distribution of buying power and such increased amounts of buying power as to bring our producers and consumers together in the market to the benefit of both.

In large part this problem must be solved by reform of our outworn and unconstitutional method of creating money, so that instead of leaving this vital economic function to the uncertain mercy of 15,000 separate banking institutions we shall bring money into circulation by governmental action in accordance with the demands of our economy and under the absolutely safe control of the principle of maintaining a dollar of stable buying power.

But in addition to that we must take measures to reduce hoarding, to provide a better distribution of buying power, and to reduce the number of job seekers while at the same time not reducing the number of people able to consume their share of our national wealth produced.

If we had a general Federal pension system paid as a matter of right to American citizens 60 years of age and beyond we would not only be providing a national insurance against the insecurity of age but we would also be reducing the necessity of attempted hoarding of income; and we would be creating the one class of people who more than any other deserves to be consumers without at the moment engaging in production.

It is impossible to work out a plan for the solution of America's economic problem—upon the solution of which the preservation of democracy, as we know it, may well depend—without including a general Federal pension system in that solution.

Never in all history has any great forward step been taken by mankind without great and prolonged opposition. Never have such reforms come in the first instance in perfect form or in the form that all could agree upon.

Today we are called upon to vote on a question as simple as this: Is the bill before us to be passed because it represents an earnest effort to establish the great, necessary, and unassailable principle of a national retirement pension system or is it to be defeated because the details of this particular measure are not 100 percent satisfactory to this or that Member?

I have thought long and hard over this question. I decided long ago that I would vote for this or any general pension measure if I could be convinced that its provisions were neither vicious nor dangerous. I decided to do this because of my belief in the fundamental necessity of the principle contained in such legislation.

On this basis I shall vote "aye" on H. R. 6466 which is before us.

There are things about the bill which I do not altogether like, such as the exemption of national banks from the taxes. But the main ones are some of the tax features, and at best the tax features of a bill as far-reaching as this one are not going to be lacking in the requirement of certain sacrifice. They could not be in the nature of the case, because the thing we are struggling to do is too big.

Evidently, however, this bill cannot affect either the Budget or the Nation's credit in any serious way. It cannot break the Treasury, as has been charged, for the total amount paid out is to be determined by the total amount taken in from the taxes levied by the bill.

I should like to explain that I am perfectly free to make up my own mind on this measure. I was opposed both times I ran for Congress by the Townsend organization. I am not bound by any pledges except the general pledge to do the best I could to get the best possible pension bill enacted into law.

In the past I made two main objections to the Townsend program. One was that I thought it was unfair to hold out hope of \$200 a month pensions to people for I felt sure that such pensions could never be passed nor could they be possibly paid on the present level of national income. The other objection was to the transactions tax, which I feared would fall mostly on the poor people and on competitive as opposed to monopoly industries.

Neither of these objections applies to the bill before us. It is not a \$200 measure; it does not have a transactions tax. And may I say here that, in my opinion, this bill is neither as good as its advocates claim it is nor anywhere near as bad as its opponents claim. Indeed, many of the objections raised against it are based on a misconception of what the bill provides and many of the arguments for it are arguments not for this bill but for a bill that might have been before us but is not.

The only sensible way to decide what to do is to analyze carefully the pros and cons of this particular measure—H. R. 6466. In broad outlines the bill is a very simple measure. It provides for gross income taxes of ½ percent on manufacturers, producers, and wholesalers, and 2 percent on other persons and other types of income. If an individual has income of less than \$50 in any month he pays no tax in that month. The revenue from these taxes is to be used first for administrative expense and the balance is to be paid pro rata to all American citizens 60 years of age and beyond who apply for it and agree to retire from active work.

Clearly this is not a \$200 a month pension measure. Neither was H. R. 4199 of the Seventy-fifth Congress, nor H. R. 2 of this Congress. One of the main differences between these bills and H. R. 11 has been that H. R. 11 frankly said it was not a \$200 a month measure. In my humble judgment our people who will receive pensions if this measure passes will be fortunate if they receive \$30 or \$40 a month from it. But they will get that—or whatever they do receive—free and clear, as a matter of right and not as a matter of charity, which certainly is something gained. And the States are, of course, free to add to Federal payments if they choose.

And so Members who do vote for the measure should be careful not to claim they are voting their constituents a large pension; while those who vote against it should be equally careful not to hide behind the \$200 a month bogeyman.

The tax in this bill, I am reliably informed, is the same tax that has worked successfully in the Hawaiian Islands for some years. While I should frankly have preferred other tax provisions, I am convinced that any objections to the taxes are definitely and rather decisively outweighed by the advantages to the Nation of the establishment of the principle of a Federal pension system.

I shall vote for this bill for a very simple reason. I frankly wish I were voting for the general-welfare bill, H. R. 5620, instead. But I shall vote for this bill because I believe it offers me the only chance I shall have at this ses-

sion of Congress to register my vote for a cause and principle which must win out in America very soon.

That principle, of course, is the principle of using a general retirement pension system as a means not only of doing justice to the veterans of our national life but as one important means of bringing about the essential balance between America's power to produce and her power to buy and consume. I believe this type of measure is one of three or four essential parts of the solution of the problem of hoarded savings and idle buying power.

I cannot vote "no" on such a measure.

Mr. DOUGHTON. Mr. Chairman, I yield such time as he may need to the gentleman from California [Mr. TOLAN].

Mr. TOLAN. Mr. Chairman, I am in favor of this bill, H. R. 6466, formerly H. R. 2. Many economists and some of our country's brightest minds are in favor of the principles of this legislation while millions of our people are knocking at the doors of Congress for its enactment.

Supposedly the richest nation in the history of the world, we should be ashamed to admit that nearly all other nations lead us in old-age pensions. True we have the Social Security Act, but it is far from an equitable, uniform old-age pension law. By its provisions the Federal Government undertakes to match the States' grants up to \$15 per month. There is only one State in the Union, California, that matches the \$15 given by the Federal Government.

People in Arkansas eligible under these grants are receiving the insignificant sum of \$8.99 per month; Georgia, \$9.09; Mississippi, \$4.79; New Mexico, \$12.94; North Carolina \$9.51; South Carolina, \$10.66; and Vermont, \$12.60. It cannot be that these elderly persons who paid taxes and helped make this country what it is today, but now in want, can possibly live respectably on such miserable, measly sums of money per month.

This legislation in general terms is what Dr. Townsend has worked and contended for during the past 10 years.

Oh, I know people have laughed at Dr. Townsend, but he has never let up with his great humane idea and today he has millions of followers and is stronger than ever before in this country. Well, they laughed at Lincoln, and some of Lincoln's Cabinet laughed at him, laughed at his old shawl and his great idea when he first suggested taking the chains of slavery from the backs of millions of people. One thing they can never take from Dr. Townsend and that is that his name will go down in American history honored and loved for making his country old-age pension conscious.

making his country old-age pension conscious.

What is this plan? First, to effect and maintain complete recovery in the United States and sustain this prosperity by a sufficient supply of purchasing power; secondly, to create a condition of employment assurance by replacing those over 60 now employed with younger workers who are walking the streets, thousands of them high-school and college graduates; thirdly, to create a retirement fund for each individual who can and does qualify upon reaching the age of 60.

"Where are we going to get the money?" This cry has echoed and reechoed down the ages when any measures for the welfare of the many instead of the few have been proposed. This question was not asked in 1917 and 1918 when we spent in about 17 months nearly \$40,000,000,000. Twenty billions of it for shot and shell, death and destruction. Thousands of American boys are sleeping their eternal sleep beneath the soil of Flanders Field. Nine billion dollars were spent to feed the hungry and starving of Europe. But it is a different story when it is even mentioned that we should take care of the poor and aged of our own country.

I ask you, where does the money come from to pay nearly \$2,000,000,000 a year for direct help, crime, and welfare work in this Nation? Where does the money come from to pay millions and millions every year to paint the lips and cheeks of the women of this country. This remark may not help me with the ladies, but it goes anyway. Where does the money come from to pay our terrible bills for cheating and killing each other? Where do the billions come from for automobiles, airplanes, and injuries and

death that result from our speed mania? When we dare mention anything for father and mother and their old age we are laughed at.

Maybe I am old-fashioned, but I say to Congress that never since man was first created did a son or a daughter ever live to see the day that they regretted being good to father or mother. Never will any nation ever fall for taking adequate care of the aged and the helpless.

Dr. Townsend has, to my mind, one of the most humane and helpful ideas since Lincoln freed the slaves. It is not perfect; what measure of man is perfect? There is hope and love in the Townsend old-age pension plan.

But they tell us it is a crime for Dr. Townsend and his supporters to offer hope to the old folks of this country through an impracticable plan. Who knows today what will work and what will not work?

Is this plan practicable? I claim any plan is practicable which absorbs hundreds of thousands of indigent inmates of poor farms, poorhouses, and other charitable institutions, some supported by the city, county, State, and fraternal organizations. All of these people, at the age of 60, would come within the provisions of this bill removing a huge tax burden.

This plan would take the aged of this country, lonely and destitute, from the county poor farms and county hospitals and place them in their own homes. Do you not think they would be happier with their own cookstove, their own furniture, their own beds, and their own neighbors to talk to?

We can pass unanimously in the House and Senate a monetary plan that would prove useless and impracticable tomorrow. We think we know, but in these fast changing international times we know very little. Not one single individual ever died on account of hope, but rather from a lack of it. Hope is the white light burning in every human heart; the thought that we will be happier tomorrow than today. When that light goes out we are done, for life is such a difficult game and there are so many things over which we have no control—financial troubles, sickness, and death—but always high up in the blue skies, shines the silver star of human hope.

It seems to me that this legislation will lift the hearts and hopes of millions of our people. We need legislation that will be uniform throughout the United States and this bill does just this.

The most terrible words echoing and reechoing throughout the United States today are: "No; there is no work for you, you are too old, and we do not want any man over 40." This is a direct challenge to the Congress of the United States and it must be answered by us if this Nation is to survive.

I respectfully ask that you vote in favor of this bill, H. R. 6466.

Mr. DOUGHTON. Mr. Chairman, I yield 2 minutes to the gentleman from Idaho [Mr. White].

Mr. WHITE of Idaho. Mr. Chairman and members of the Committee, it seems there is little opportunity for the supporters of this legislation to be heard. The time on both sides is under the control of the opponents of the bill, and when they take the floor they refuse to yield for any questions that may bring out the facts. So far it seems to have been a one-sided debate. We have been treated this afternoon to a Huey Long show by the gentleman from Missouri [Mr. Short] with a difference that Huey Long was a humanitarian and had a heart for the common man and was in favor of a

liberal old-age pension.

Mr. DeROUEN. Mr. Chairman, will the gentleman yield?

Mr. WHITE of Idaho. I have only 2 minutes and cannot yield.

Mr. DEROUEN. I think the gentleman ought to yield, inasmuch as he spoke about Huey Long.

Mr. BROOKS. Mr. Chairman, will the gentleman yield?
Mr. WHITE of Idaho. The opponents of this constructive
legislation, as always, when they cannot meet an argument,
attempt to discredit the legislation by ridicule. In considering this legislation let us turn to the Constitution of the

United States, embodying the principles on which this Government was founded.

Mr. BROOKS. Mr. Chairman, will the gentleman yield? Mr. WHITE of Idaho. The preamble states:

We, the people of the United States, in order to form a more perfect union, establish justice, insure domestic tranquillity, provide for the common defense, promote the general welfare, and secure the blessings of liberty to ourselves and our posterity, do ordain and establish this Constitution for the United States of America.

"Insure domestic tranquillity and promote the general welfare." Does the gentleman from Missouri [Mr. Short] ridicule that? Is he opposed to security for old age? Who is more entitled to enjoy general welfare and domestic tranquillity than the men and women who by a lifetime of toil and effort have secured and presented to the succeeding generations all that this country of ours lavishes on its fortunate people?

The opponents of this legislation demand a perfect bill. They are loud in their protestations that the measure may, in its initial form, fail to provide for every class entitled to consideration.

If they are sincere in favoring old-age pension legislation, they will join us in voting for the passage of this bill as an initial step in a great constructive plan to bring about a new order in this country that will provide security for old age, eliminate hoarding, put money in circulation, and give employment to young men and women.

Let us replace the defective social security law that lays an undue burden on creative industry by taxing pay rolls. By passing this measure we will more evenly and justly distribute the expense of raising the money to provide for a national old-age pension which will be paid in full and direct to the beneficiary by the Federal Government, just as our soldiers' pensions are paid, eliminating dollar matching with States and local taxing unit, and insure that every person entitled to a pension will be placed on the roll. Let me remind the Members of the House that old-age pension is a settled policy with our Government. We provide retirement pay for the officers of the Army and the Navy, we pension our war veterans, and the host of Government employees. Are we to be more tender and more considerate with these easy-time Federal employees than we are with the veterans of the farms and factories that have devoted a lifetime of toil and effort to provide the good things we enjoy?

Let us pass this bill that will be the beginning of a great plan to provide for the fathers and mothers of this country now and for us when we have reached the age of retirement. Let us remove the fear of uncertainty and insecurity from the hearts of those facing their declining years; a time that must come to all of us. Let us no longer condemn the great majority of the people of this country to an old age of distress and poverty; let us at this late day carry out the great principles laid down in our Constitution "to insure domestic tranquillity," "promote the general welfare" for all the citizens of our great country that have reached the age of retirement that they may spend their declining years in ease, comfort, and security.

[Here the gavel fell.]

Mr. ALLEN of Louisiana. Mr. Chairman, I ask unanimous consent to proceed for one-half minute.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. ALLEN of Louisiana. Mr. Chairman, I regret very much that the gentleman from Idaho [Mr. White] has just referred very disparagingly to one of the best friends I ever had. I was reared with Huey Long. I spent a great part of my life with him until he died. I loved Huey Long and I honor his memory.

He has passed to his reward. I realize the remarks of men, irrespective of the forum where made, cannot dim the luster of his star nor lessen the love and respect of a grateful people in his beloved Louisiana. His voice is stilled, but his monument may be seen all over the State of Louisiana, and the name of Huey Long is engraven upon the hearts of a great people. As his friend and companion from high-school days to his untimely death, I am proud to stand here in this House and let the world know the deep and abiding friendship and affection which existed between us, and I am indeed sorry that the gentleman from Idaho referred to this serious debate on a most important subject as "a Huey Long show." This reference, Mr. Chairman, is not fair to the proponents of this legislation and neither is it fair to the memory of Huey Long.

It was not a show when he arose in the United States Senate and solemnly proposed his great humanitarian plan embodying a pension for our old people of \$30 per month to come out of the United States Treasury, which principles are embodied in my pending bill. It was not a show when he revitalized and reenergized the State of Louisiana and made of it one of the most progressive States in the Union, nor when he eased the burdens of the poor and brought hope

to aspiring youth.

Mr. Chairman, as his boyhood friend, I cannot be expected to do otherwise, sir, than to resent any man on this floor making any statement against my boyhood friend.

I ask unanimous consent to revise and extend my remarks and to have them follow the remarks of the gentleman from Idaho [Mr. White] this afternoon. [Applause.]

The CHAIRMAN. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. DOUGHTON. Mr. Chairman, I yield 5 minutes to the

gentleman from Oklahoma [Mr. DISNEY].

Mr. DISNEY. Mr. Chairman, in discussing this proposition we must keep in mind that section 19 of the proposed bill repeals titles I, II, and VIII of the Social Security Act and destroys all of the set-up that we have organized under that act. Whether we like that act or not, whether we think it is perfect or not, it is doing plenty of good for the aged, and everyone knows that this bill is not going to pass this afternoon. We are following the widespread belief and demand that this is a measure that needs consideration by a record vote here, but the bill is not going to pass, and we all know it.

Our committees have been criticized for bringing this bill to the House in this form. This was the only way it could be done. If the Ways and Means Committee had made an unfavorable report it could not have been brought to the floor of the House. It is here and we think we have done our duty in so bringing it in. Such criticism is a smoke screen. If you want a record vote then this is the only system to that end. "Gag rule"? Yes. Dr. Townsend and other proponents of this bill not only ask for but demand a "gag rule," so as to shut off all amendments. They say they got a fair hearing before the Ways and Means Committee. They asked to have the bill brought to the floor. It is here. They asked for a "gag rule" and they got it.

Mr. MARCANTONIO. Mr. Chairman, will the gentleman

yield?

Mr. DISNEY. No; I am sorry, I have only a few minutes. Now, in order to keep the record straight, let us see what the goal is. The goal is \$200 a month and as much more as rapidly as possible. This is the language of Dr. Townsend on page 647 of the record of the hearings, where he states:

I don't know whether that has been quoted as something indicating that I was deliberately trying to deceive the old folks or not. I am after that \$200 a month and I am going to have it. I am going to stay after it until I overtake it.

This was shortly after he had admitted that this legislation has no chance to pass this House, and after he had announced that he was going to seek consolation in a constitutional amendment which he has since had introduced.

I quote from a popular newspaper in my district from an article entitled "Kidding the Old Folks." It reads in part as follows:

Pensions are popular; everybody wants them. Taxes are unpopular; nobody wants them. Of course there is not enough money for excessive pensions, and there never will be.

We are catering, if I may use the word in that way, to the wants of the people and not to the needs of the people. The appropriations for the expenses of this Government for 1916, since which time there has been no comparable increase in population, were \$1,034,784,655, and this, the Seventy-sixth Congress, will pass appropriations running somewhere between nine and eleven billions of dollars. Have the needs of the Nation increased to that extent, or are we ministering to the wants instead of the needs of the people?

Secretary of the Treasury Morgenthau, appearing before the Ways and Means Committee on May 27, 1939, suggested that the tax-raising and money-spending committees of the Senate and House should meet as a joint committee on fiscal policy to consider the over-all aspects of the expenditure and revenue program. I have not heard a healthier suggestion since I have been a Member of Congress.

Before the Civil War the Ways and Means Committee acted both as a tax-raising and money-spending committee. Such a plan would be constructive at this hour. The Secretary stated:

By providing for a preliminary legislative consideration of the over-all picture of appropriation and revenue measures it would give Congress a broad perspective of the state of the Government's finances and permit a better ordered coordination between the executive and the legislative branches in this field. This joint committee would in effect be a lens through which all appropriation and revenue measures could be viewed in relationship both to what the Nation needs and to what the Nation can afford.

When the head of our fiscal department thinks along these lines he is on solid ground. Surely some day-let us hope in the near future-some authority should begin considering the comparison of the Nation's needs with what the Nation can afford, with nine consecutive annual deficits running into the picture. We may wonder whether we are meeting what the Nation needs and what the Nation can afford. Are we supplying the needs or the wants of the people? Are these appropriations in great measure going to the wants of the people rather than to their needs? If they are, can the Nation afford them, particularly when we consider that with no great increase in our population since then our Federal Budget in 1916 was \$1,034,784,655, and this year's appropriation will probably run into the staggering figure of between nine and eleven billions of dollars. If the population is substantially the same and the Nation needed only \$1,034,784,655 in 1916, and in 1939 the sum runs to \$10,000,000,000, how can we account for this except upon the theory that we are supplying wants instead of needs?

Issues of Federal securities are now being oversubscribed 10 to 15 times. In the Hoover administration some Government bonds were selling in the eighties. With continuing enormous Federal deficits, how long can we expect the present psychology to continue? How long will our credit last? If we had a psychologic doldrum in the Hoover administration, is it not possible to recur to it in other administrations, especially when we have 10,000,000 people unemployed and when capital is not investing itself in labor-employing

activities?

As a Representative of the State of Oklahoma I should be remiss in my duty to the people of that great State if I did not advise in the Congressional Record, and thus officially, some of the fiscal aspects which would be involved in the passing of the so-called Townsend plan.

It should be remembered that Dr. Townsend himself testified that his goal was \$200 per month for each pensioner—nothing less; and that his plan was for a revision every 5

years-upward.

The records of the Bureau of Internal Revenue show that that Department collected from the citizens of Oklahoma in internal-revenue taxes \$62,661,773.46. This is in addition to State and local taxes, estimated at \$91,358,891 paid by the citizens of the State.

It is estimated that there are substantially 8,000,000 people over 60 years of age in the United States. On the basis of \$200 per month. That would mean an annual cost of \$19,-200,000,000, or per capita cost of \$147.69. If there are as many as 10,000,000 pensioners, the annual cost would be

\$24,000,000,000, or a per capita cost of \$184.62—so much per head for every citizen in the United States.

How would this affect Oklahoma? It would require, in addition to the taxes I have mentioned—Federal, local, and State, amounting to \$154,020,664.46—that \$373,360,320 would be Oklahoma's share of the cost of the Nation's Townsend old-age pension expenses if there are 8,000,000 pensioners; and if there should be 10,000,000 pensioners, the cost would be \$466,719,360 for Oklahoma's share. These estimates are made upon the figures produced at the hearing before the Ways and Means Committee, and are considered to be reliable estimates.

Can Oklahoma-or, for that matter, can any other State-

afford this staggering load?

It has been argued that this bill will not raise \$200 per month and that we need not be terrified at the figures I have suggested. I answer that the goal—the announced goal by the father of the movement—is \$200 per month or more, according to his own testimony before the Ways and Means Committee, on a strictly Federal pension, eliminating a State-Federal matching process as under the present law. Passage of this bill, regardless of what it raises, would be the entering wedge for a Federal pension law with a goal of \$200 a month or more, at which juncture the figures I have presented would apply.

An interesting observation came to me in a letter from a member of the Townsend organization in my district, in

which he states:

I do not know what H. R. 6378 is (here may I interpolate that H. R. 6378 is Dr. Townsend's substitute for H. R. 2—not quoting my correspondent in this parenthesis), but I have always held that if the House would adopt the \$200-a-month plan, it should be kicked into the dust heap of oblivion as the biggest bunch of fools this country ever saw. I do not know what H. R. 2 or H. R. 6378 is, but I earnestly believe that if the House fails to enact a sensible plan to provide for the old people from now on its Members would have forfeited all claims to self-respect even, to say nothing of reelection.

Great organizations interested in the welfare of our country have declared to be against the Townsend plan, being fearful of its visionary and inflationary provision, and fearful that the cost of living would skyrocket and produce a complete disbalance in our economic and fiscal condition. Among them I might mention the American Federation of Labor and the American Farm Bureau, as well as many others.

Surely these organizations have thoroughly considered this plan, else they would not have committed themselves

against it.

The record shows that no economist in the Nation has approved the plan; and, on the other hand, a group of the most widely known and respected economists in the United States have declared it unsound and impracticable. The father of the movement scoffed at the idea of presenting any economist to back his proposal. One economist whom he produced at a former hearing declared that the plan would be inflationary and that the cost of living would go skyward. This economist has been discarded by Dr. Townsend.

These remarks must not be taken to indicate that I am opposed to old-age pensions, such as we can afford. It may be suggested that we should spend less money for other purposes and more for old-age pensions. That argument may be correct. But we must not wreck the credit of our country.

As I read it, the provisions of this bill would react most fearfully against people of moderate incomes and in the low-income brackets, because the cost of living would be so inflated that incomes would be cut down by the additional cost of living. The small merchant would be ruined, according to Dr. Townsend himself in his testimony, and the salaried man would be compelled to spend so much more for his living that his salary would rapidly depreciate, as would other types of income.

If this would aid the laboring man, would not the American Federation of Labor be for it? The effect upon the farmers would be paralytic. Imagine a 2 percent transaction tax upon every plow, every harrow, every movement of every bushel of corn, wheat, oats, and upon every pound of cotton in every stage of processing. Visualize the tremendous increase of

living costs to the farmer under such a system, when a 2 percent transaction tax is added to the cost of all articles produced and manufactured, when in some instances it would not be unreasonable to suppose that as many as 10 to 30 transactions would be involved, each with a 2 percent tax.

We had much better improve the Social Security Act than to launch forth on this inflationary measure. We must remember that this is a superimposed tax, added to all the taxes which now exist, of whatever kind or nature. It is added to the ad valorem taxes, added to the sales taxes, added to the gasoline taxes. In fact, nothing escapes, and the passage of this bill would usher in the most serious inflation that America has ever seen, with its attendant destructive effects upon everyone who has to buy any kind of produced or manufactured article.

Will this produce recovery? Will it produce more business? Did higher taxes ever in the history of the world encourage business? No. I refuse to commit this offense against the American citizen. I still have the welfare of the American taxpayer, the American housewife, the American purchaser of goods at heart. I have never cast a vote against them. I do not propose to do so now.

Mr. DOUGHTON. Mr. Chairman, I yield to the gentleman from Louisiana [Mr. DeRouen].

Mr. DEROUEN. Mr. Chairman, it is my desire at this time to fully analyze and explain the various sections of H. R. 6466 that caused me to vote against its passage.

I will first direct myself to words defining the definitions. In this bill the word "transaction" is broadened to take in everything. As an example, let us take the common practice of our farmers of trading one of their commodities for the commodities of another. Now, if one farmer goes to another farmer and wants to trade six barrels of corn for six barrels of rice, he must first place a valuation on these products and pay a transaction tax. He must not only keep a record of this transaction, but his valuation is subject to review by an investigator, and this investigator could be one who has little or no idea of such transactions and from a wholly different part of the country. If a farm wife went to the store to trade produce for store commodities, she also must keep a set of books and evaluate every transaction and pay a tax upon each and every one. This is not just; do you gentlemen believe that we can rejuvenate our farmers and farm wives and make bookkeepers out of them; I do not.

Now, let us go to the definition of "gainful pursuit." Under this bill the purchasing power of every 9 out of 10 persons will be cut at least 25 percent, and, in other words, it will increase the cost of living of every person at least 25 percent to pay a 2-percent tax. Is it right to tell them that the tax will only be 2 percent and then, in the long run, have it amount to at least 25 percent? The tax proposed under this bill falls the heaviest upon the people least able to pay, persons of moderate means and small incomes. Statistics show that there are 18,000,000 families in this country with incomes less than \$1,500 per year. Is it fair to tax these 18,000,000 families, not 2 percent but eventually 25 percent, to pay an income of at least \$4,800 to 5,000,000 families?

Mr. Chairman, I have always advocated and voted for old-age pensions, but I cannot vote for an old-age pension that is not sound, not just, and not fair to all of our people. This country was founded upon the creed of justice to everyone.

The tax in this bill will have a bad effect upon the standards of living of small-income groups, which form 82 percent of our population. It will sharply lower the already low standard of living that exists as a result of the trying conditions that confront us and which the depression has brought about.

I have always advocated and fought for assistance to mothers in need, for children in need, for the needy blind, and for the physically handicapped. These deserving groups are also part of our humanitarian program. What about them? Under this tax they will be penalized. The purchasing power of the small amount they receive will be sharply reduced, and the amounts they receive are so small

that they cannot stand this diminution in its purchasing

Dr. Townsend admitted in testifying before the Committee on Ways and Means that the passage of H. R. 6466 will eliminate the middleman. He also said that the middleman was "incompetent" and was "an unnecessary appendage to our economic system." Do you know who he refers to when he says "middleman"? Well, I know. He means every little man in this country who has to buy things to sell, every little groceryman, every dry-goods seller; in fact every man who has to purchase the finished article to sell to the consumer.

Do you agree with Dr. Townsend that just because these "littlemen" not "middlemen" cannot qualify on account of lack of wealth that they should be destroyed? Well, I do not. Every man has a right to an honest living. What do you think these businessmen and their employees will say when they realize the significance of the vote of a Member of Congress of this body who represents their district? It must be remembered that we have 1,600,000 retail stores in this country employing over 4,000,000 employees and assuming the average family of 3, that means 12,000,000 people that would be eliminated from gainful employment. And that is only part of our small, moderate, and independent businesses of our country. It is estimated that such businesses employ from 10,000,000 to 12,000,000 people, and again assuming the average family of 3, that would mean from 30,000,000 to 36,000,000 people that would be put out of employment. The passage of this bill would give to goods sent in here by foreign countries an advantage over American products. Certainly any fabricated article imported into the United States would not pay the transaction taxes abroad. The same articles manufactured in America would pay the transactions taxes and that would mean that foreign products would have a tremendous advantage over American products. We are having enough trouble now trying to place our rice and cotton farmers in a profitable class and if they must pay these taxes against tax-free imported goods they cannot survive.

Do the veterans of this country who are receiving a pension for their service to their country, and those veterans who are receiving compensation for service-connected disabilities realize that their purchasing power will be cut 25 percent, or rather, in effect, that this would reduce their pensions or compensation 25 percent?

Now let us go the tax feature and its exemptions.

The big businesses are taxed at a rate of one-half of 1 percent; that is, the manufacturers, wholesalers, and jobbers, whereas the small businesses are taxed 2 percent. Is it fair to tax the small man, he who is least able to stand this tax, more than the big businessman, he who is more able to stand this tax?

Now as to exemptions. Why is it all right to tax State banks and exempt national banks? On one corner you have a State bank, on the other corner you have a national bank. They are both doing the same business in the same legal manner. Is it equitable to tax one and not the other?

Mr. Chairman, I will continue to advocate and work for an equitable old-age pension, but I want to work for one that will give to the needy old age of this country their just desserts without demolishing the entire economic structure of the rest of our country. We as legislators owe as much to one class of people as we do to the other and we cannot destroy one class for the benefit of another.

It is my fervent hope that before long we will and we can bring before this House an equitable bill, and I assure you if this is done my vote will be "yea" and not "nay," as it must be in this instance. [Applause.]
Mr. TREADWAY. Mr. Chairman, I yield 3 minutes to the

gentleman from Wisconsin [Mr. KEEFE].

Mr. KEEFE. Mr. Chairman, I have talked with hundreds and hundreds of Townsend people through my district, although I never was put on the spot and asked to declare myself whether I was for or against it, and I say to you that I have yet to meet the first Townsend person who asked or who expected or who wanted \$200 per month, so you can wipe out that argument about \$200 a month, because so far as I am concerned it falls on deaf ears this afternoon. It

seems to me there are a lot of people here who, when asked the question, Do you favor old-age pensions? say "yes," but when asked the question as to where they are going to get the money to pay the pensions suddenly shut up like a

Here is the first bill that has within it the means for raising the revenue to make the payments provided. We spend billions of dollars here on credit day after day, and yet we will not be able, it seems to me, to answer the question, Are you in favor of old-age pensions and where are you going to get the money to pay them? So far as I am concerned, this bill is not perfect. I would rather vote for some other type of bill. The Legislature of Wisconsin has memorialized the membership of this House to pass this Townsend bill. I have received thousands of letters asking me to vote for the Townsend bill and not one single letter opposing it. I shall vote for this bill for the simple reason that it is a step in the right direction, because I favor old-age pensions financed upon a pay-as-you-go plan, and I am opposed to a continuation of the asinine fraud being perpetuated upon the citizens of this Nation under the guise of social security.

If there is to be an old-age pension, why is not an old-age pension bill here? Why has not the Ways and Means Committee, which has so vigorously condemned this measure, written an old-age pension bill and brought it to this House? They all profess their interest in old-age pensions. They all say, "We are solicitous for the welfare of the aged. We want to see them taken care of." Why is there not a bill here to take care of them? There are many people who are kissing and loving the aged when their votes are required, but they are not presenting a bill to take care of them when it is necessary. [Applause.]

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield 3 minutes to the gentleman from California [Mr. Elliott].

Mr. ELLIOTT. Mr. Chairman, members of the Committee, the principle of bill H. R. 6466 is right. Reemployment of men now out of work, increased buying power, and our aged people will receive direct and immediate benefits. It is the purpose of this bill to make unnecessary those expenditures characterized as unemployment relief. The people of this country have voiced their approval of this legislation, believing sincerely that its enactment will correct the uncertainty of recovery and reform to the end that a greater and permanent prosperity will be built. The aged people that this legislation will primarily benefit are not benefited by the pay-roll tax, Social Security Act. Much the greater majority of them are not wage earners. This Congress should approve an old-age security whereby each State would pay to its aged residents the same amount of money monthly, Those residents prefer to remain in their native State among friends and relatives and not be forced by conditions to migrate to another State where the old-age pension payments are of greater amount. The old-age pension payment in each State should be the same—this bill will do that. The principle is right and I shall support its enactment. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield to the gentleman from Arizona [Mr. MURDOCK] such time as he desires. Mr. MURDOCK of Arizona. Mr. Chairman, I ask unani-

mous consent to extend my own remarks at this point in

the RECORD.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. MURDOCK of Arizona. Mr. Chairman, in the course of debate today Members have explained, or attempted to justify their stand on this measure according to their pledges to Townsendites, or on the grounds of opposition of Townsend forces to their election, or on similar grounds. I do not care to do very much of explaining in that fashion. I do recall that most of the Townsend vote of Arizona was cast against me in the primary and in the general election of 1936, and that by far the larger part of the Townsend vote was cast against me in the primaries of last year. A considerable portion of their vote was cast against me in the general election last year. Had my Republican opponent last October resorted to the usual political trick of promising all things to all men and come out 110 percent for the Townsend plan, I would have had few Townsend votes in the general election of 1938, and yet I have always been friendly to a liberal pro-

vision for our aged citizens.

I have never been willing to try to fool elderly citizens by holding out hope that they are going to get \$200 per month, nor have I ever been willing to promise them that, if elected to Congress, I would vote for any such measure. I remember about the 1st of June 1936 when I announced for Congress, never having been a candidate before for public office, three elderly men, neighbors and acquaintances of mine in this small town came to me and said, "All you need to do is come out for the Townsend plan and your election is assured." I said to them, "You men have known me for 22 years, and you know that I have your best interests at heart, but you know that for me to get the Townsend support I must make promises which my conscience will not permit me to make. I do not want the job badly enough to pay that sort of a price. But I do want you to know that there is not a man in the State of Arizona who would go further or who wants to do more than I do for our elderly citizens. If I am elected to Congress, with or without the Townsend vote, I shall do everything within my power to get adequate, fair, and just legislation for all who have reached the proper age of retire-Those three men went straightway and declared that I was against the Townsend plan.

When the rising vote was taken earlier today in this Chamber on the rule which would bring this bill out for consideration I voted for the rule and thus voted for the consideration of this Townsend measure. In so doing I have kept a promise made to certain Townsend members in Arizona that I would do what I could to bring their bill before the House for consideration and a vote. I am in a sort of dilemma with regard to this bill, for we now have it before us for a vote without a possibility of an amendment. I am not satisfied with this bill, and I think it ought to be amended. I am told that this is the fifth Townsend bill which has been introduced into this lawmaking body. During the last Congress hundreds of my Townsend constituents urged me to support H. R. 4199, and during this session I have been repeatedly urged to support H. R. 2. These two bills were practically identical. Now, I find that at the last minute a new Townsend bill, H. R. 6466, recommended by Dr. Townsend and by his fellow workers in Congress and out, has been substituted for H. R. 2. This present bill is quite different from the former Townsend bill, H. R. 2. I have no means of knowing whether my Townsend friends, who were so anxious that I support H. R. 2, will be equally anxious to have me support H. R. 6466. In spite of this dilemma I propose to cast my vote in favor of this new bill, H. R. 6466, although it is not what I should like to see finally enacted.

Why, then, am I voting for it? Because I believe it embodies some of the principles which I would like to see enacted into law. I believe that we ought to have a payas-you-go plan to finance old-age benefits. I believe that purchasing power in this country must be distributed for the best interests of business generally. I believe that a reasonable degree of monetary inflation is not only permissible but needed. I believe that old-age benefits, adequate in amount, are demanded as a matter of justice and not as a matter of charity.

While I am proud of the baby steps taken by this administration in social security, I do feel that our present social-security laws, especially with reference to the aged, are woefully inadequate, and that such a bill as H. R. 6466, if passed by this body, could be so amended before final enactment as to make its provisions more satisfactory than what we now have. You may not consider it wise for a Member of the House of Representatives to vote for a measure which is not entirely satisfactory to him, with the expectation that it will be improved in another body or in conference before being submitted to the President. However, I have voted for other measures with that very situation confronting me. One of the advantages of a two-house lawmaking body is the possibility and probability of improving a bill in another chamber

after it has been passed by one chamber. Therefore, I think I shall take a chance on this bill, as I have done before.

The well-known story of Frankenstein has frequently been used as an illustration to picture conditions in our machine age. Some thinkers regard man today as a victim of the machine and speak of "the machine as master of the man." In this period of remarkable invention, labor-saving machines have been created intended as servants of humanity. The traditional burdens of labor have been shifted largely from humans and placed upon the sinews of steel embodied in the machines. All of this has enormously increased man's power to produce wealth, but the introduction of the machine age and the factory system is not an unmixed blessing. Along with it has come deepening poverty. It takes no stretch of the imagination, then, to regard man as in the power of his own inventions.

Certainly man is in the power of the machine under our capital st system of society, unless we can, by some legislation as this, extend the benefits of machine production to minister to the wants of man. The proper solution of this problem is a life and death question to millions of our fellow citizens, and I believe that this measure before us, with all its faults, has in it the beginnings of sane, just, and remedial legislation.

Mr. TREADWAY. Mr. Chairman, I yield 2 minutes to

the gentleman from Wisconsin [Mr. Johns].

Mr. JOHNS. Mr. Chairman, we have heard a great deal this afternoon about Mr. Townsend. If I understand correctly, Mr. Townsend is not a Member of this House. The responsibility for what takes place this afternoon rests with the Members of this House. I want to say to you that in the campaign last fall Mr. Townsend never said anything to me. I have never met Mr. Townsend, but I did say to the people in my district that I expected the next House to be Democratic. I expected there would be a number of bills that would be introduced for the aid of the old people. I said that I would study the Townsend plan; that I was sure the Democratic Congress who had a majority, and also a majority in the Ways and Means Committee, would give consideration to the Townsend bill; and if there was any merit in it, they would bring it out. Here it is this afternoon under a "gag" rule where it cannot be amended at all. I am surprised that anybody criticizes it when it cannot be amended.

There are old people waiting today for the money we are going to vote to them either under this plan or some other plan. There are many of them in churches this afternoon, some of them are at home on their knees praying that they will get this money. There are young girls and boys who are traveling the highways and byways today looking for jobs. They might be able to take the places of some of these old people. I am satisfied that if they will stay on their knees and pray long enough—and I am a great believer in prayer—this Congress will do something for them, or some future Congress. That is the way I feel about it. [Applause.]

There has been a great deal said about the provisions of this bill to the effect that it would ruin the country. I can see nothing unusual about a sales tax to be alarmed about. We have sales taxes in effect in many of the States and they have been used in many instances to balance the budget. I also feel that it is something that should come only as a last resort and in my humble opinion it is going to be the only way we are going to be able to balance the Budget in the country. Our debt is so great that it is going to be absolutely necessary for every human being to make a sacrifice in order to see that it is paid. I am in hopes that a sales tax may be avoided because I have never favored it, but there is one thing about the tax proposed in this bill and that is that it will pay the obligation as we go along and we will not have to borrow money to do it. It does not increase the national debt, but it will put into circulation, if adopted, a good many million dollars.

Another thing that interests me a great deal is that it is to be spent for American goods instead of foreign products. It has been said by some Democrats and Republicans that it will ruin the country if adopted. I am frank to say that

after reviewing what this country has gone through during the last 6 years, I am satisfied that if we are able to survive this bill under "gag" rule long enough to get out from under such a rule, then if some of the provisions of this bill are not workable we can then make them so at a later date.

I do not feel that Dr. Townsend should be criticized so severely because he has an idea that somebody else did not happen to think about. Nobody is under any obligation to accept it if they do not want to, and there is no use in abusing him because he happens to have some ideas of his own

regarding old-age pensions.

If this bill is defeated, then we will be asked in a few days to increase the social-security allotments so as to pay some money to old people. The only question in my mind is whether they are going to get it or not. Everyone in the House here knows what has happened to the funds already paid into Social Security and realize that the people will have to be taxed again in order to pay a large amount that is to be paid out. We are now proposing to relieve the tax burden on business but at the same time continuing to increase our spending and borrowing. Anyone knows that if this is continued we are only postponing a certain day of reckoning. I think it is about time that Congress, if it is going to pay anybody anything from now on, make provision in the way of taxes to see that it is going to be taken care of and not postpone the agony until a later date.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield 3 minutes to the gentleman from Pennsylvania [Mr. Van Zandt].

Mr. VAN ZANDT. Mr. Chairman, mankind craves social security beyond all else in this life. Social security is the heart's desire of the human family. Social security is the goal of civilization. Social security is the primary purpose of government.

Since thought first flickered dimly in the mind of man, he has sought to protect and to preserve himself. Down through the ages, the principle of self-preservation gradually grew into something finer as many personal interests were subordinated and submerged in the rights of society. After 20 centuries of Christianity, the ideal of modern government has become social security.

Social security was the real objective that found expression in the first immortal American document—the Declaration of Independence. Thomas Jefferson envisioned social security for all Americans when he set down among certain inalienable rights, "life, liberty, and the pursuit of happiness."

That same shining light guided the founding fathers when they wrote the Constitution of the United States of America. The spirit of social security is embodied in the very preamble of the Constitution. The phrase "social security" had not been coined, of course, but the intent was plain. The primary purpose of this Government, created by the Constitution, is "to promote the general welfare and to secure the blessings of liberty to ourselves and our posterity."

For more than a century and a half we have been striving toward social security in America. Our progress may have been halting at times. Other pressing problems, both foreign and domestic, may have diverted us temporarily. But the inborn desire of mankind always set us back on the road to social security for all of our citizens.

Wider opportunities under our system of government have enabled a fair share of citizens to achieve social security by their own efforts. Rugged individualism always will be admired, but in our complex society experience has demonstrated that we cannot rely upon individual effort alone to produce social security for all and thus promote the general welfare.

This fact has been recognized for some years and social security, in the current sense of the term, has become a fundamental and outstanding problem of the Government. As a consequence, various policies have been adopted to bring our citizens closer to the goal. However, we all realize the steps taken to that end only make a meager beginning toward actual social security.

A few years ago Dr. Francis E. Townsend, of California, came forward with a proposal which is by far the best answer to our hopes and aspirations for social security thus far presented. The Townsend national recovery plan, as recently revised, squares with the spirit and the letter of the Constitution. It provides for the benefit of all our citizens, young and old alike, and thus would strengthen the Government itself.

The Townsend national recovery plan provides a sound method of raising revenue with which to pay more adequate annuities to the senior citizens of the United States. Taxes bear directly or indirectly upon all the people, and since all the people would benefit under the Townsend national recovery plan, it justly provides that all the people should bear the transaction tax to finance the plan. Moreover, the transaction tax is as painless as any tax ever devised.

The latest estimates, which are said to be extremely conservative, place the Nation's business at \$360,000,000,000 annually. Under the Townsend national recovery plan, it is proposed to tax one-third of that amount, or \$120,000,000,000, at the rate of one-half of 1 percent. Two-thirds of the Nation's annual business, or \$240,000,000,000, would be taxed at the rate of 2 percent. The total annual revenue from these taxes would amount to \$5,400,000,000. It is estimated that this would enable the Government to pay a little more than \$56 monthly to the 8,000,000 citizens over 60 years of age.

While that figure would fall far short of the widely discussed figure of \$200 a month, it is far more adequate than the pitiful pittance paid now under the Social Security Act. And the beneficial effects would be just as far reaching.

America owes a debt of gratitude to Dr. Townsend for his services in stimulating national interest in old-age pensions. To Dr. Townsend rightly belongs full credit for the Social Security Act. If it were not for Dr. Townsend, the President never would have conceded the pitiful inadequacy of the Social Security Act. If it were not for Dr. Townsend and his devoted followers, young and old, throughout the country, there would be no thought now in administration circles, much less any prospect of action, to liberalize the Social Security Act.

But the proposed amendments to that act are not liberal, much less adequate. I stand for the principle sought to be served by the Townsend national recovery plan. If we cannot reach the desired end in this manner, we must and will reach it by some other method. The defeat of this measure will not end this issue. On the contrary, it only will serve to intensify it. We will continue to fight until we have achieved honest-to-God social security for every citizen of the United States.

I will cite you a shining example of inadequate social security. It was taken from a preliminary report of the House Ways and Means Committee on the proposed administration amendments to the Social Security Act. That report carried a table showing how changes would benefit a wage earner whose average monthly wage is \$100. It follows:

	Present	Revised		
THE SELECTION OF STREET	monthly	Single	Married	
Years of contributions: 50	\$17. 50 22. 50 32. 50 42. 50 51. 25	\$26, 25 27, 50 30, 00 32, 50 35, 00	\$39.38 41.25 45.00 48.75 52.50	

It would require 40 years for a married man making social-security contributions, under that sort of a set-up, to even approach the benefits that would result immediately under the Townsend national recovery plan. Forty years—40 long years of toil from now until 1979 for a married man to be entitled to benefits of \$52.50 a month, under the administration's amendments.

What of the present generation of elders? What are the unfortunate elder citizens among them to do? They cannot wait until 1979 for benefits of \$52.50 a month. If any of

the present generation of elders survive until that date, they will set records for longevity.

Why not adopt the Townsend plan which would begin immediately to care for the elder citizens and at the same time give the younger generation an opportunity? Now is the time to act.

I want to say a word about these elder citizens who would benefit directly from the operation of the Townsend plan, while the younger generations benefited indirectly. They are the salt of the earth. They are chiefly God-fearing people, who have been the backbone of the Nation in time of peace and in war.

I have attended numerous meetings of the Townsend clubs in my district and I was impressed by the high type of citizens who attended them. They are good neighbors, the kind of people who carried the golden rule in their hearts and who carry out its precepts in everyday life.

These people are not the type to "raid" the Treasury, as some of the opponents of the Townsend bill have insultingly suggested. These same people put over the Liberty Loan drives in 1917–18. They gave their sons in the World War. Now, in the twilight of life, many of these good people are about to lose their homes because they are unable to meet the taxes on them.

Few of these elder citizens have squandered their reserves. Many had their savings swept away by the depression. They face a desperate situation today. Even those who have children can look for little aid from children, who must struggle to provide for themselves and their own children.

A large part of the population in my district are railroad men and coal miners. Some railroaders and some coal miners have been able to work 40 years at their occupations, but the percentage of men who can last 40 years at such hazardous occupations is small, indeed. What are they going to do?

Some ignorant and uninformed persons are inclined to say the Townsend plan would only benefit the elder citizens, and therefore the younger people are not supporting it. Nothing could be further from the truth. Go to a meeting of any Townsend Club in the United States and you will find as many young people and middle-aged people as old people there. Why? Because the younger generations have learned that they would benefit just as much as the senior citizens.

Think of the young men graduating from colleges and finishing high school and no opportunities open to them! Something like 3,500,000 young men find themselves in that position every year. In 1936, according to one reliable authority, 5,500,000 youths between the ages of 16 and 25 were out of school and unemployed and nearly 3,000,000 of them in dire distress or on relief rolls. Is it any wonder that members of the graduating class of a great eastern university a couple of years ago adopted the ironic slogan:

W. P. A., here we come!

Those are the sort of young people and elder people some gentlemen are inclined to ridicule and insult on the floor of this House. Let me tell some of the hearties in this House who have been beating their breasts and boasting of their courage in opposing the Townsend bill that they are not going to be back with us after the elections of 1940. We will meet but we will miss them. And there will be many a dry eye back in their districts when the people send a Member of Congress down here who will truly represent them.

On January 3, I took the oath and became a Member of Congress. I assumed an obligation to truly represent the people of my district. Among the people in my district are between eighteen and twenty thousand members of the Townsend organization, young people as well as old. I feel that I would be remiss in my duty to them if I failed to raise my voice in protest against the ridicule that has been cast upon these good people this afternoon by some of my fellow Members of Congress.

Some of the opponents of this measure seem to be very sure this bill is going to be defeated when we vote tomorrow. Perhaps it will be sent back to the Ways and Means Committee from whence it came without recommendation. But I venture to predict that it will come out of that committee and it will come back to the House backed by a favorable report.

I have had some experience in such matters. Some years ago, I sat in the gallery of this House and listened to the debate on the so-called Economy Act. Some gentlemen were very loud at that time in demanding that most of the economies should be made at the expense of the veterans of the World War and the Spanish-American War. They were very, very sure of their ground, at that time.

Since that day I have seen some of the very same gentlemen just as loud in their demands that the unjust cuts imposed upon the disabled veterans be restored. And some of the gentlemen who were loudest in their demands that the cuts be made in the name of economy, would gladly have voted for the restoration of those benefits if they had been permitted to remain in Congress. Unfortunately, however, the breast-beating advocates of economy at the expense of the veterans had been left at home.

Some years later, I sat in the gallery and listened to gentlemen who beat their breasts and yelled against the so-called soldiers' bonus. They called it a "raid on the Public Treasury." They declared it would wreck the Treasury. Well, the so-called bonus bill became a law and it did not wreck the Treasury of the United States. However, it did wreck the promising public careers of a number of gentlemen who voted against it.

I went all through that long fight for the so-called soldiers' bonus bill. We were confronted with heart-breaking defeats at several junctures. But we never stopped fighting. After each set-back we re-formed our lines and renewed the fight with added vigor and, in the end, we won.

We are going to do exactly the same thing on this Townsend bill. We never will quit until we have won this fight for adequate social security for all citizens of the United States.

Despite all the ridicule that has been heaped upon a certain section of this measure, I have no doubt about the soundness of the bill as a whole. If there are any real defects, they could be corrected later by proper amendments. Therefore, casting doubt on a single section of this bill does not disturb me. If there are any doubts I will resolve them on behalf of the people of my district.

Hence, I rise at this time to inform my colleagues that I am going to support H. R. 6466 and, in doing so, I am confident that I reflect the views of the vast majority of the people in my district. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield to the gentleman from California [Mr. Izac] 2 minutes.

Mr. IZAC. Mr. Chairman, I represent the cradle of Townsendism. Nearly 150 clubs were organized and are still in existence in my congressional district. None of the organization leaders has ever been for me politically, so when I speak here in favor of this bill today I am not thinking of the leaders; I am thinking of those old people, a great number of whom—I call your attention to this fact—have come from your districts. They were not all San Diegans or Californians, but they have come there to make their home and they feel they can live on the pension that this bill provides if Congress would give it to them. Under the Social Security Act, unfortunately, we have 3,070 different kinds of pensions. Under the pending bill uniformity is the thing aimed for, and all people in the United States above the age of 60 will receive the same amount. If it is not very much, I still feel they will be satisfied. We have figured that this proposal will give them \$50, \$60, or \$70 a month.

In 1960, and probably before, there will be 3,500,000 veterans of the World War to whom you will have to pay pensions at the rate of \$60 a month. Think this over. Raise your sights a little, my friends. You are still going to have to pay \$4,000,000,000 or \$5,000,000,000 a year in old-age pensions even if you do not pass this bill. I believe that all of those people who have contributed to the welfare and upbuilding of this country are entitled to similar pensions. Under this bill we pay as we go. The bill may not be perfect, but it is the best we can hope for at this time; and therefore I shall support it, and I sincerely request that you who believe

in more adequate and better pensions for the aged people of the United States support it likewise. [Applause.]

[Here the gavel fell.]

THE GENERAL WELFARE ACT IS DESIRED BY THE PEOPLE OF CALIFORNIA

Mr. IZAC. Mr. Chairman, having been granted permission to extend and revise my remarks I include therein the testimony I gave before the Ways and Means Committee in its hearings on old-age pensions and social security.

(The committee reconvened at 2:30 o'clock, pursuant to recess.) Mr. Cullen. The committee will be in order. The first witness this afternoon is the Honorable En. V. Izac, a Representative in Congress from the State of California.

STATEMENT OF HON. ED. V. IZAC, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. Cullen. Will you state your name to the reporter, Mr. Representative?

Mr. Izac. Ed. V. Izac, Twentieth District, California.

Mr. Cullen. How much time do you want?
Mr. Izac. Just a few minutes.
Mr. Cullen. Would you like to proceed with your statement without interruption?

Mr. Izac. I don't care. I would just as soon be interrupted if the committee so desires. I have no written statement, but I would like to proceed briefly, if I may.

Mr. Cullen. Proceed. Mr. Izac. Mr. Chairman and members of the committee, statistics Mr. IZAC. Mr. Chairman and members of the committee, statistics tell us we are in a period with a decreasing birth rate in this country. It appears from the figures of the economists that we will arrive, about the year 1950, at a birth rate that no more than makes up for the death rate, and that the population from that period on will be practically stable. Also we find, owing, I suppose to medical progress, the science of medicine, that the life proper of the average American has increased over what it made span of the average American has increased over what it used to be. In fact, in this present generation we see the age increased perhaps 10 years over what it was before.

All of this proves one thing to me, and that is that the popula-All of this proves one thing to me, and that is that the population of this country in the future will be composed of a greater number of old people than we have ever known before; that also means that we must take steps at the present time to care for a greater number of old people, since in the present scheme of industrial methods there is no place for the old man in mass-production industries. That being the case, how are we going to take care of a greater number? How are we going to take care of a greater proportion of old people in our population?

I believe there is only one answer, and that is by some kind of a

I believe there is only one answer, and that is by some kind of a pension paid to everyone above a certain age, regardless of his situation in life, regardless of whether or not he has contributed to the retirement fund, and due solely to the fact that we believe everyone has had his share in the upbuilding of this country, and that therefore it is necessary for us to give an annuity to everyone, rather than singling out individuals of any particular industry or walk of life as having contributed perhaps a greater or less amount toward his eventual retirement.

I want to pay my respects to those of you who were here and passed the Social Security Act. I think it is a fine step in the right direction, and I hope we never go back. But I do think there are certain things that should be corrected in that act.

For instance, we have 3,000 different systems under that act

today, just as many systems as there are counties in the United States. I have two counties in my congressional district. Those two counties do not treat their old people in the same way, and the cost of administration is tremendous. I would like to see a system inaugurated in which all of the money that is appropriated for the old folks goes to the old folks rather than having a large amount pay for administration, for investigation, for social workers, and the like.

I was very much in favor of the General Welfare Act when we asked for a hearing last year. I haven't changed my mind on that. I still think it is the best bill we can bring out, and I certainly hope this committee will at least give us an opportunity to vote on it on the floor of Congress.

The present act, as you know, covers too few people. It is not, as I have pointed out, the same in any two counties, and the Public Assistance pamphlet that I have here from the Social Security Board shows that the average payments last year ranged from \$4.74 in Mississippi to \$32.30 in California. I suppose you have heard those figures before, and I am not going to give you a mass of figures in my testimony today.

But I think it is worthy of comment at this time that the old

But I think it is worthy of comment at this time that the old folks of Mississippi are just as much entitled to relief while alive, in their later years, as the people of my State. But even the people of my State are not able to live with any degree of comfort on an average of \$32.30, and that is why I think the General Welfare Act, with its provision for a tax on all of the people on a uniform basis, a uniform tax affecting the whole country and every industry in that country, is perhaps the most equitable provision that could be enacted into law—if it is 2 percent, if it is 3 percent—I don't care what it is, but in that one way, above all other ways that have been suggested, we are using for old-age assistance the money that is received and raised for that particular purpose, none of it going to take care of other matters of governmental import. governmental import.

Now, as we proceed with the functioning of an act, such as the General Welfare Act, in which we raise the money by, let us say, deneral welfare Act, in which we take the hold of the a 2-percent tax, gross-income tax—of course, I know there is some difference of opinion about the transactions tax and the grossincome tax. For the life of me I can't see much difference. appear to me to be practically the same. You tax money where it is. If I don't get any money, I don't have to pay a tax. If there is no money changing hands, there is no tax, but when I get a hundred dollars you tax me for that hundred dollars as I receive it.

It seems to me it is a very equitable tax. always been against the functioning of the net-income tax, because there are so many ways of avoiding payment of the tax, and your committee certainly has come face to face with that proposition committee certainly has come face to face with that proposition in the last few years, and I want to compliment the committee on closing many of the loopholes that have existed for many years. And I dare say in the next few years you are going to be called upon to close some more loopholes that become evident as the

upon to close some more loopholes that become evident as the days go by.

But when you propose a tax of this kind, let us say 2 percent, there is no evading it. As the money comes in, the cash register cannot lie, and the 2 percent taken from that total is the money that goes into the fund for paying annuities to our old folks. It is readily observed that if we have a fund of a certain size and distribute that money among all of the people above a certain age, let us say 60 years, that there may come a time, because of a greater number of old people heave the people above a certain age.

age, let us say ou years, that there may come a time, because of a greater number of old people being taken out of places of employment, they will surrender to the younger generation more jobs than the younger generation can fill. I question that very much, however. In fact, I believe with the advance of technology we will be able to do the work of this Nation with perhaps one-third the workmen, and in that eventuality we will have to come to a lower-

workner, and in that eventuality we will have to come to a lowering of the pension age perhaps much below 60 years.

But I believe that we should and will, if we enact this law, profit by the experience over the years, and when we find that a certain number of our people are needed in industry, all those above the age that is required for industry will be pensioned. Also I would not attempt to say what the payments should be, because that again depends on the number of people that have to be divided into the fund which is raised in order that all may share and share alike.

share and share alike.

I also believe that there never should be a pauper's oath subscribed to by old persons in this country. If a person is in gainful employment, it seem to me that if he wants an old-age annuity paid to him he should be perfectly willing to drop out of gainful employment, and I believe that could be a provision of this act, so that as a pensioner receives his money for doing nothing, in

so that as a pensioner receives his money for doing nothing, in reality he is opening up a job for a younger man.

And I also might point this out: When a man arrives at the age of 60 years, usually his family is raised. The man who needs the employment today, gentlemen, is not the 60-year-old, who should be taken care of by an annuity, but the young man who is trying to raise and educate a family. We are not doing that now; we are spreading a paltry few dollars in relief, some direct, some W. P. A., some under various methods throughout the country, among people who cannot find employment. How much better it would be to give an annuity to all of a certain age and provide work for all those below that age. those below that age.

Now, I have something I would like to draw to your attention, gentlemen, that I do not believe has been touched upon yet in these hearings. This is my first opportunity to come before the committee and I don't know what has transpired in the past; but committee and I don't know what has transpired in the past; but do you realize that at the age of 60 years, at the average age of 60 years, for the war veterans of the World War there will be 3½ millions of us left? And if the same rate of payment of pensions to those of us who are then alive is given as is given now to the Spanish War veterans, \$60 a month, you will have between 2 and 3 billions of dollars just for that one class. Add to that all of your civil-service pensioners add to that the retirement plans of Swift. civil-service pensioners, add to that all of your civil-service pensioners, add to that the retirement plans of Swift & Co., Armour & Co., and all of the big corporations, Standard Oil, and so on, and you will find that you will have billions and billions of dollars paid out in annutites 20 years from now that will make the few hundred millions we are paying out now seem like a drop in the bucket. I tell you this only to have you raise your sights to what we are coming to.

If \$60 is considered sufficient for most of the civil considered suffic

sights to what we are coming to.

If \$60 is considered sufficient for most of the civil service and the veterans and other civil and commercial firm employees, I don't see why we can't stretch it a little and cover the whole population in that way, pensioning all of those arriving at a certain age, say 60 years, or if we can reduce it to less, let us reduce it, and in that way do away with all our boards and commissions, and investigators and considerations and considerations. reduce it, and in that way do away with an our boards and com-missions and investigators and social-service workers. I would like to see the day when the Veterans' Administration or some similar authority may send out the checks directly to all of our old people. All they should have to prove is that they are Amer-ican citizens, eligible because of age, and then have all of the

ican citizens, eligible because of age, and then have all of the money that we raise go to them direct.

I believe that can be done with an administrative cost practically negligible. I understand that the Veterans' Administration cost for administrative purposes today is between 2 and 3 percent. Think of what relief today costs, what it costs the counties, States, and the Government. This will do away with a tremendous burden that the municipalities and political subdivisions are under at the present time.

I believe, gentlemen, that is all I care to say.

Mr. Cullen. May I ask you a question?

Mr. Izac. Yes.

Mr. IZAC. Yes.

Mr. Cullen. I take it you are in favor of H. R. 11 as against H. R. 2?

Mr. Izac. Let me say, Mr. Chairman, that in order to get out of a division among the old-age pension adherents in the House last year I withdrew from all participation in steering activities on either side, and I will not now take sides in this. I will, however, vote for any such measure as the one I have outlined, and I do not vote for any such measure as the one I have outlined, and I do not care whether, in the wisdom of the committee, they see fit to limit this to a certain amount or not, because I believe eventually, regardless of the amount that is raised it is going to be necessary for the committee or the House of Representatives or the Congress to determine whether that is a living wage or not. And if it is not a living wage we might just as well stay where we are at the present time, but if it becomes we will say \$200 a month, as the original plan called for, and the cost of living due to some reasons over which we have no control amounts to \$300 a month, it is readily seen that we are no better off than we are at the present time.

Mr. Cullen. That \$200 a month you say, would undoubtedly increase the cost of living?

Increase the cost of living?

Mr. Izac. Undoubtedly the 2-percent tax will increase the cost of living; and I have yet to find a workman who will not agree on this; that he is perfectly willing to be taxed if he feels everybody else will be taxed likewise especially in a matter of this kind where he is going to have the benefit of that taxation in his later years.

Mr. Cullen. And you also believe in the principles of the Social Security Act as written in our statutes today?

Mr. Izac. Absolutely; I think it is the finest thing that was ever done by our Government in its 150 years, in being concerned with the welfare of the people under this Government.

But I do think there is room for improvement. We call this General Welfare Act, for instance, a recovery measure. We must

General Welfare Act, for instance, a recovery measure. We call this feeral Welfare Act, for instance, a recovery measure. We must not lose sight of that feature, that by putting more money into circulation, it is done to help business.

We saw that last year. We saw that when we appropriated \$2,000,000,000 for the veterans. Its effect was felt, believe me. When those veterans spent that money the wheels of business turned. When you stopped appropriating money here a year and a half ago we almost came to a crisis, but last spring we saw the folly of that policy and we appropriated more money and the a hair ago we almost came to a crisis, but last spring we saw the folly of that policy and we appropriated more money, and the result is we are enjoying a little bit of prosperity in this last 6 months or so, and I believe we are going along better and will continue to so long as Government spending is necessary, if we will meet that deficit which is certainly prevalent today, because business is not taking up the slack.

Mr. Cullen. I was interested in Senator Pepper's statement today when he said today, among other things, that when the Government paid the bonus to our soldiers we were then passing through, after they had collected this money, prosperity, and very nearly had our Budget balanced.

Mr. Izac. Well, I will say this: I agree with the President of the United States. I think we can balance the Budget very readily if we will increase business in this country, because, and you gentlemen know it better than any other Members of the House, when you have a tax that tax is on every dollar that circulates in this country, and it is bound to come back when you increase the national income to \$80,000,000,000, and I believe a measure of this

national income to \$80,000,000,000, and I believe a measure of this kind, where we are putting actual money into circulation every month of the year, is bound to increase business.

Mr. Cullen. Any questions by the committee? Mr. Boehne. Mr. Boehne. I think you have given us a new thought that has not been expressed before with reference to the three and one-half million veterans who will arrive at the age of 60 years soon and who, in all probability, will receive pensions from the Federal Government for their services plus the many other employees of various in all probability, will receive pensions from the rederal Government for their services, plus the many other employees of various departments and of industry. Do you believe that those who are receiving this beneficence should also receive the same amount of pensions as may be payable to others over 60 years of age who were not fortunate or unfortunate enough to have been in the war, or the recipient of a pension in another form? In other words, wouldn't you have the same distinction there as you

Mr. Izac. I believe you would. However, I feel this way; if we will have a pension plan that will adequately take care of our older people, if some of them have a little bit more than the others I am not worried about those few being able to buy more others I am not worried about those few being able to buy more of the luxuries of life. But what I am aiming at is the man and the woman who in their later years haven't anything on which to live. They have no pension from anybody. If we can give them, as we figured last year under the General Welfare Act, \$60 or \$70 per month, I would feel that they were at least being taken care of, that they would have the necessities of life and perhaps some of the luxuries. We will never, in a democracy, have everyone with the same income exactly, but we should see to it that there is a minimum below which we should never go.

Mr. Boehne. You are not necessarily wedded to the enforced spending policy, are you?

Mr. Boehne. You are not necessarily wedded to the enforced spending policy, are you?

Mr. Izac. No; I am not wedded to the enforced spending by anyone. However, I feel this way: If this 2 percent gross income or transactions tax is put into effect and it raises enough money to pay all of those over 60 years of age, say, \$60 a month, I do not question that the people will spend that money and it will get into circulation. I do, however, question if you give them more than they normally consume whether there wouldn't be some hoarding of it unless you made it mandatory that they spend it within a certain length of time. There is that danger, but it is

just like the man who has \$5,000 and he goes out and hires five heads of families at \$1,000 a year. Every one of those five is then able to live. He has money with which to buy food and clothing and shelter for his family. That money is all in circulation. Invariably it is all in circulation. Why? Because it is what it costs to live in this country, and we can determine that cost under an act of this kind; and if it produces too much money, we can lower the age limit so that it takes in more people below a certain age, even if we have to go to 55 years of age or some lower age.

Mr. Boehne. Yes; but using your same example, the man who puts the \$5,000 to work is not going to put it to work unless he has reasonable assurance he will get it back. He makes an investment on which he wants, first, a return, and, in the second place, he wants to invest it in a form where it will not be lost to him.

Mr. Izac. That is correct. I was not considering it from an investment standpoint. I was considering it from the point of view of the advisability of the Nation putting this money to work in that way.

Mr. Boehne. We all have that streak of human nature where we

Mr. Boehne. We all have that streak of human nature where we like to hold on to what we have.

Mr. Izac. That is correct. Now, let us consider the Government of the United States. The Government of the United States is going to do that very thing, but you say, perhaps, they will not get anything out of it. I say they will. I say they will get a feeling of security for the old people that is worth billions and billions of dollars, a feeling of security that every person should have. Why, the comfort that comes from that is sufficient to cure most of the ills of this country. The ordinary hendit or robber is most of the ills of this country. The ordinary bandit or robber is striving for security. If the ordinary citizen knew that at a certain time of his life he was going to be able to retire and have an annuity sufficient for his needs it would make for better citizenship.

Mr. Boehne. You are continuing a bit further than my question. When the Government passes out this money, it must receive it from someone else. There is a little difference there.

Mr. Izac. That is correct, and that is why I am in favor of a tax such as this, which raises the money which we are going to TISE

Mr. Boehne. I ask this question not facetiously at all, but do you

Mr. Boehne. I ask this question not facetiously at all, but do you believe that the transactions tax or the gross-income tax necessarily leaves our old theory of a tax basis, that of ability to pay? Aren't we getting away from that theory by doing that?

Mr. Izac. Let me answer that in this way: If we had a net incometax law that functioned so that every person paid in accordance with his income, I would say you are correct, but under the present set-up we have so many exemptions and so many ways of evading payment of taxes that I am convinced that there is only one sure way to get the money, and that is when the cash register says you have a hundred dollars, you take the tax from that, based on that \$100. on that \$100.

Mr. CROWTHER. Congressman Izac, you said that you were like the President—you were not afraid of our debt. How large a debt do you think we might safely accumulate in this country in the

immediate future?

immediate future?

Mr. Izac. Well, Mr. Crowther, I am not an economist, of course, but I would say that I believe we need never have any fear of the mounting debt as long as the people were patriotic, had some assurance of security in their old age, were absolutely sold on the principles of democracy, and believed in the fundamental American rights as enumerated in the Bill of Rights. I don't think money enters into it. I don't think it is a question of that. The credit of the Nation certainly is the people that make up the Nation, and as long as we have a free, liberty-loving population I shall not worry. I don't think the question of dollars and cents enters into it, because I believe there are lots of other ways of conducting our affairs than by putting enormous quantities of gold down in the ground some place, and so on. I think we have the ability in this country to run our affairs without gold if we have to.

Mr. Crowther, I don't agree.

Mr. Crowther. I don't agree.

Our Treasury is going along now, but we are going to be asked to increase our national debt \$5,000,000.

Mr. Izac. In our political economy, run as run by Italy and Germany, you bet we could. You don't have to have a dollar. It was a received to the province of the could be to the could many, you bet we could. You don't have to have a dollar. I grant you you won't be able to deal with other nations so readily, but here not so long ago we were sending 400 tons of lard to Hamburg every week, out of Baltimore. It cost money in exchange, so Hitler said, "No more lard; we need other things more."

So, they don't have much lard and oil and grease in Germany, but just the same they are getting on. Why? Because there is a system of barter in that country. It is an internal economy. They can tell the rest of the world to go places, and they get along

all right.
Mr. Crowther. Do you advocate that? Mr. Lzac. No; I do not. We are a long way from that. But I merely tell you this to show you you don't have to have gold, except to a limited amount for international purposes, interna-

tional trade.

Mr. Crowther. I am not talking about gold. I am talking about borrowing money and paying the interest on the national debt. It is now \$1,000,000,000 a year.

Mr. Izac. I don't care to try to burden the committee with my theories on that, but the monetary situation is not as I would like

to see it, and I think we are in sad need of monetary reform.

That, of course, would come under a different committee.

Mr. Crowther. That is a pretty extensive subject for study.

Mr. IZAC. Yes, sir.

Mr. Crowther. You quoted the fact of the recurrence of our prosperity with the distribution of the bonus money.

Mr. Izac. Yes, sir. Mr. Crowther. Are you aware that the Chairman of the Federal Reserve Board, Mr. Eccles, laid to the bonus, the recession which

that?

Mr. Izac. I don't know that, and I can't agree with him, if he did, because I saw this money placed in circulation all over the country, especially by my buddles out in California, and I would say it had a tremendous bearing on the prosperity we enjoyed in California for a full year after the payment of these bonus bonds.

bonds.

Of course, don't forget that was not the only money we were spending. You were appropriating here for relief and the like about \$2,000,000,000 in addition to that. It was when you stopped all this spending, all of a sudden. In other words, we ought to retrench gradually. It was because it was done suddenly that we got into difficulties. That, I believe, was the real cause of the recession, and since we started on the P. W. A. program and money was in circulation in all the communities of the United States times got better, and while it is true we still have a great number of people unemployed, in my opinion that is not diet to the fact that we have not done all we could in the not due to the fact that we have not done all we could in the line of public works and so on; it is due to the fact that we don't need so many hands to do the work of the Nation. The machine has made it unnecessary for us to use so many people to do the work. That is to what I attribute the need, really, for a pension of this kind.

Mr. Crowther. Of course, there is a great deal of discussion, pro and con, as to the truth of that statement, as to how far technological displacement of labor has contributed to our unemployment. That is a moot question. Now, you spoke a moment ago about mandatory spending. Have you any idea how to bring that about, administratively? What is your idea about that? What methods could be employed to make certain this money

What methods could be employed to make certain this money will be spent within the 30-day period?

Mr. Izac. As I say, Mr. Crowther, I believe it will be unnecessary to pass any enactment against hoarding, or in favor of mandatory spending, unless this amounts to so much more than is needed by an individual on which to live. But I would rather see it—if there is so much money collected by this tax, I would rather see it go to lowering the age limit at which our people might profit by this annuity, even if we have to go to 55 or 50 years. But eventually, by experience, you are going to have to determine the balance there, how many people are taken off this roster to go on this roster, how much money does this bring in, which permits the payment of a living wage, something more than just the necessities, some of the luxuries for the older people.

just the necessities, some of the luxuries for the older people.

Mr. Crowther. Have you made any statements—I missed the first part of your statement—about how many new jobs this will

Mr. Izac. No; I don't put in any statistics. I let the economists

Mr. Crowther. Have you any idea?
Mr. Izac. I figure roughly 4,000,000 jobs would be opened up immediately by all of the people who would accept this pension.

Mr. Crowther. Let me say this to you: I asked a witness a question referring to that the other day. I find that in the Government service, where there is an existent pension of \$1,200 a year, under civil service, which becomes automatic at the age of 68, that of those eligible to accept that, only 6 percent had accepted willingly, and at 70, when it becomes mandatory, 93 percent of eligibles ask for an Executive order for extension of

cent of eligibles ask for an Executive order for extension of service.

Now, I wonder if in civil, economic life, the attitude is going to be any different on the part of the people who attain the age of 65 or 68 to immediately leave the scene of action. Here is a pension in the Government service. That is here. This other is a phantasy, to a degree, up to now. We don't know whether it will be here or not, or whether it will be \$200 or not. All sorts of amounts are suggested here. You suggest \$60 or \$70. Dr. Townsend and other witnesses claim that would not be beneficial at all because that would not feed the purchasing stream necessary to bring about the activity that will develop the tax. I think at the first hearing in 1936 Dr. Townsend described that. I asked him what he thought about our \$30 pension in the Social Security Act what he thought about our \$30 pension in the Social Security Act which we were discussing at that time, and if I remember correctly he said that just meant a little more beans and bacon, that is

he said that just meant a little more beans and bacon, that is all; added sales of beans and bacon. They wanted enough to buy the products of the heavy industries, pianos, graphophones, radios, automobiles, rugs, carpets, furniture, and everything of that sort.

You say it is only going to \$60 or \$70. That is not going to bring about the result that is painted in roseate colors for us.

Mr. IZAC. On the contrary, Mr. CROWTHER, I believe it will. Very few classes of people in this country get the pay Government employees get. It may seem small to us in Washington because the cost of living is high, but just the same take the people in my district—the people in that district unless they are in a high-class trict—the people in that district unless they are in a high-class metropolitan area, are not getting much more than \$60 a month average. I know they are not out in California and that is considered one of the bright spots so far as living conditions are

concerned.

I really believe you are going to find a great number of people are going to take advantage of this law if it is enacted and I further believe that if Dr. Townsend could be assured that more people would take advantage of this, down maybe to the age of 55 or 50 years, he would see that the same amount of money is placed in circulation and a greater number of people are given some chance to live—will at least gain some chance to have the necessities and luxuries of life.

Mr. Crowther. They won't get many luxuries on \$60 a month.
Mr. Izac. In some sections of the country they will.
Mr. Crowther. I have heard a great deal about California but I don't believe you can buy many luxuries in California on \$60 a

Mr. Izac. I know this, Mr. Crowther: I would like to have \$60 a lot more than \$35, and \$35 is all we are getting out there today, and the average is \$32. If we could get this \$60, I am sure our people would be very much pleased.

However, if your committee wants to report out any bill that is

However, if your committee wants to report out any bill that is any better than anything we have at the present time I will support it. I will support any bill that you bring out that is better. In fact, I can't see any reason why we should not treat our old people to the very best of our ability, and I will go with the committee to the limit. If you think that a mandatory provision of spending is best, I will go along with you on that, but in any case I ask the committee to give us more for our old folks than we have at the present time.

Mr. CROWTHER. I don't say that mandatory spending is best. wanted to get your views as to how to administer it as to what might be done to bring it about. I don't think it is practicable

Mr. Izac. I hate to see any spy system over the American people. Mr. Crowther. Sure. I don't see how you can do it. Mr. Izac. The administrative costs are one of the things I am

complaining about now—the administration costs in the county, in the State, in the Nation as a whole. All this is taken from the one who is entitled to the old-age pensions. That is wrong: I admit it. It gives jobs to a few social workers and a few investigators and boards and things of that kind, but how much better to have that check come, we will say, from the Veterans' Administration in Washington here direct to the old person with no intervening medium, nobody else to use up some of the money that should go to those people who really need it, and who will put it in circulation, I am sure, because they want the good things of life. I don't think you have to make it mandatory.

Mr. McCormack. Suppose the Members here and you constituted a little world. Suppose each one of us made \$25 a week, and suppose you made \$1,000 a month, and you arrived at 60 years of age. Do you think we have the duty of paying you \$200 a month?

Mr. Izac. I didn't say \$200 a month. Mr. McCormack. Well, \$100 a month. Mr. Izac. I say you should be taxed.

Mr. McCormack. When you are making a thousand dollars a month and we are making \$25 a week?

month and we are making \$25 a week?

Mr. Izac. The only way you will ever make this uniform is to give it to everybody, and if I am making a thousand dollars, or, let us say, I have a million dollars accumulated, and my income is that, and I am sitting back doing nothing, and it is just rolling in, still I would say I should be given that \$50 or \$60 or \$70 or \$100, whatever it may be, because if we attempt to differentiate between classes and types of people, it will not work. That is the reason you have to have a million employees in the Federal Government, in the Federal service. in the Federal service.

Mr. McCormack. Well, I guess you have answered my question. Let me ask you this: Of course, whatever plan there is, it will all start out with the proposition that we want to do the best we can, start out with the proposition that we want to do the best we can, not only for the senior citizens, so-called, but for the other citizens. My views go beyond that. I think of the infant, whose parents are unable to give him the minimum needs; I am thinking of the disabled who are unable to take care of themselves. I don't think you will find any person who will disagree that we must do the best we can, but there must be a regard to this fact, that a simple transfer of purchasing power is not going to accomplish the ends you have in mind. If you increase the purchasing power of one group and decrease the purchasing power of other groups, do you think you are going to get the velocity which you have referred to?

Mr. IZAC. I believe by a better circulation of what money there is in this country, what income there is; yes. And furthermore, let me say this about your infant. That infant has a father and mother. They are in the prime of life. If there are any jobs, let us give them to this fellow, not to somebody that is 60 or 70 or 80 years old, because he has to work in order to keep body and soul

years old, because he has to work in order to keep body and soul

together.

Mr. McCormack. You understand that when I referred to infant, I meant one who is dependent upon someone for the necessities of life or who has no father or mother. There are countless numbers of those throughout the country that society must give consideration to and does give consideration to.

Mr. Izac. You have dependent children under the Social Security Act at the present time.

Mr. McCormack. But don't you think we should do as much as

we can beyond the old person? Don't you think we should take care of everyone who requires assistance?

Mr. Izac. I certainly do, and in that connection I introduced last session and again this session another provision to the Social Security Act, taking care of those who are helplessly crippled. We have never done anything for them, and they should be taken care of just the same as the blind, because a blind person can sit there and sell pencils, the helplessly crippled cannot even get out of bed. But I say if you will take the older people and pension them, the younger generation will then have the jobs, and they will provide for their families. Some are not able to do it today because

we know there are at least ten or twelve million of them that are

unemployed.

Mr. McCormack. Let me ask you here from another aspect. Suppose you have a corner store out in your district—you can visualize the man who runs a little corner store, a drug store, a grocery store, or any other kind of a store; by the time the goods get to you that you sell to the public there will be quite a few transaction taxes, will there not?

Mr. Izac. Yes; there could be.

Mr. McCormack. From a dozen to 15 transaction taxes. Mr. Izac. Well, I don't know that there would be that many.

Mr. McCormack. How many would you say at the minimum? Mr. Izac. Well, it depends on the commodity of which you are beaking. Let us take wheat, for instance. There is a good exspeaking. Let us take wheat, for instance. There is a good example, because bread is the staff of life. Wheat is sold to the miller.

Mr. McCormack. Let us take bread. There are over 20 ingredi-

ents that go into bread alone.

Mr. Izac. Well, I don't know how many, but I would say at least

Mr. McCormack. It starts with the farmer, who grows the wheat. He pays a transactions tax. Mr. Izac. Oh, no.

Mr. McCormack. Oh, yes; under the Townsend plan.

Mr. Izac. I see what the gentleman means. In other words, when he gets the money for selling his wheat, he pays a certain tax out that. That is granted.
Mr. McCormack. Well, where does it go from him? It is sold on of that.

the market, is it not?

Mr. Izac. It is sold to the miller.

Mr. McCormack. Then the miller pays a transactions tax.
Mr. Izac. That is correct.

Mr. McCormack. That is true. Where does it go from the miller? Mr. Izac. He sends the flour to the baker.
Mr. McCormack. Well, that is a pretty broad jump, to the baker. What about the transportation from the farmer to the miller, in case the farmer does not do his own transporting?

Mr. Izac. I would say that whoever gets the money is the one who

pays the tax.

Mr. McCormack. There is a transactions tax there; that makes

Mr. Izac. The transactions tax on the transportation is not based on the value of the commodity. It is based on the amount of

Mr. McCormack. True. Then from the miller it certainly doesn't

go to the baker. I don't know much about it, but-

Mr. Izac. I imagine it does go to the baker, in the big cities. Mr. McCormack. What about the brokers. Aren't most of these things sold in some grain exchange?

Mr. Izac. I presume so, Mr. McCormack, Well, we will eliminate that. From the miller

it doesn't usually go to the wholesaler, does it?

Mr. Izac. I believe not. The miller—well, in southern California
I would say it goes from the Globe mills direct to the bakers, the bakery corporations. Yes; I know it does, as a matter of fact. It is delivered in large quantities to the baking corporations from the miller.

Mr. McCormack. Yes; but we are talking about the corner store

now.

Mr. Izac. All right.

Mr. McCormack. There would be a transactions tax on the transportation, wouldn't there?

Mr. Izac. Yes.

Mr. McCormack. Then there would be a transactions tax going to the baker

Mr. Izac. That is right.
Mr. McCormack. You are talking about the large corporation that does its own baking and retailing.
Mr. Izac. I understand that nearly all large bakers now are part

of a large combine.

Mr. McCommack. I can understand that. Up my way it goes to the wholesaler and from him to the jobber and there are several other transactions in it. In any event, as I see it, before it gets to the retail store there are some 8 to 15 transactions. You will agree there are more transactions in the case of a retail store, and the independent, than there would be in the case of a large corporation who is both the menufacturer and the retails. tion who is both the manufacturer and the retailer. Mr. Izac. That is right.

Mr. McCormack. What about the independent, the middleman, or the corner store? Could they stand that competition very long? Mr. Izac. Well, I would say if no other step were taken by Congress to have them all treated alike that there would be a saving to the big corporation that goes to the farmer and buys direct from him, processes the stuff, and presents it to the consumer on the table. sumer on the table.

Mr. McCormack. And the result, unless there is some compensating law to protect the independent, the middleman, and the small store, is that he would be squeezed out.

Mr. Izac. That is correct, sir.

Mr. McCormack. And that would mean at least 2,000,000 small-business men and independent-store men throughout the country would be squeezed out. Mr. Izac. I believe so.

Mr. McCormack. And that would affect from twelve to fifteen million employees throughout the country.

Mr. Izac. People would still pay just as much for bread.

Mr. McCormack. I know, but it is everything. Bread is only an illustration.

Mr. Izac. But the 12,000,000 people that would be thrown out of employment because of the corner grocer shutting down, or the corner druggist, or the corner clothing store, those people are certainly going to find employment somewhere else, unless we de-cide that one baker in each town is sufficient, like perhaps they do in Germany today, and one clothing store and one of each of these endeavors is sufficient, and have a sort of State-owned affair.

these endeavors is sufficient, and have a sort of State-owned affair.

Mr. McCormack. You say they are going to get employment
elsewhere. Can you tell me where? I would like to know.

Mr. Izac. If there are a thousand people trading with a chain
store, and 500 with a retailer alongside of him, I mean a private
individual alongside of the big chain store, if the 500 go over to the
chain store thousand, it is going to take more employees to take
care of the 1,500 than it did the 1,000.

Mr. McCormack. You concede that if the chain store did that it
would employ these people. Do you think it will absorb all the

Mr. McCormack. You concede that if the chain store did that it would employ these people. Do you think it will absorb all the millions displaced as a result of this law?

Mr. Izac. It could very readily. Take the city of Washington, or my city of San Diego. There are too many grocery stores, too many drug stores, too many garages, too many of everything. We can get along with less, and we could get along with one big establishment. lishment run by the State if we believed in totalitarianism. don't

Mr. McCormack. Let us see where that leads us. That leads us to an intense monopoly of all the business activities of the country,

as a result of the passage of this law, doesn't it?

Mr. Izac. Unless there was some compensating law.

Mr. McCormack. I say with no compensating law, as a result of the passage of this law, your middleman is squeezed out and your whole country is in the control of the large corporations. They

have the control of all business.

Mr. Izac. I will say this, the big corporations will reduce the transactions as much as possible to avoid paying the tax.

Mr. McCormack. And that is going to affect the recipients of this

pension. There is going to be less revenue then, isn't there?
Mr. Izac. I believe so.

Mr. McCormack. But in any event, assuming everything you say is true about the middleman being squeezed out, and the employees being absorbed—and I know you won't be offended when I say I can't see it quite that far; there may be some of them absorbed or reemployed—assuming every one of them was, the passage of this law, unless something else is done, would bring about a highly centralized monopoly of business in the country.

Mr. Izac. A little more highly than it is at the present time, I

would say.

Mr. McCormack. It certainly would be to the extent of squeezing out a couple of million small-business men and independents. You don't stand for that, I know you don't. You don't stand for a monopoly of that kind, do you?

Mr. Izac. Absolutely, if it is something for the welfare of the

people, of course.

Mr. McCormack. Now, in the consideration of this bill, having admitted that condition will arise, unless something else happens, what are you prepared to suggest that some committee or Congress should do to prevent that monopoly happening?

Mr. Izac. I would say this: I can see that we could still make this consideration even if we received less money, because if we don't raise

function even if we received less money, because if we don't raise money enough on the 2-percent gross-income tax, or transactions tax, you can still increase it. In Hawaii I understand they increased it for some things and decreased it for other things, and there is nothing hard and fast about it. If it is the kind of commodity such as you have in mind, the large chain-store groceries, we could say, "Well, that type of business pays a higher tax than any could say, "Well, that to

Mr. McCormack. You would suggest punitive taxation to accomplish the purpose?

Mr. Izac. Well, you can call it punitive, if you wish.

Mr. McCormack. It would be punitive.

Mr. Izac. No; it would be an equalizing tax, to equalize the burden of the little fellow, so that the big corporation would have to pay practically the same.

Mr. McCormack. You say equalize the burden. You mean protect the little fellow.

tect the little fellow.

Mr. Izac. Well, it would be equalizing the burden. He will have to pay for many more transaction taxes than the big business, through whose hands these different transactions do not pass.

Mr. McCormack. Wouldn't it also be fair to say that it is to prevent the oppressive results of this tax from destroying the little fellow?

Mr. Izac. Well, if it proved that it would be oppressive to the little fellow and that there was no way that the big fellow could be made to pay the same, then I think we would have to do something, because I certainly am in favor of the little fellow rather

than have monopoly choke the life out of his endeavors.

Mr. McCormack. I realize that. I didn't ask the question on the asumption that you were not. I asked the question so that you would realize with the passage of the bill there are consequences that grow out of it, and two of them are consequences you would fight vigorously against; one, the throwing out of employment of the the officer million men with the consequent reemployment. twelve to fifteen million men, with the consequent reemployment of some, and, furthermore, the further development of monopoly in

its most extreme form.

Mr. Izac. I still think, however, that you could, by proper wording of an act of this kind, make it possible for each commodity

as it reaches the market or reaches the consumer to pay the same number of transaction taxes, and in that way you could make the big corporation pay the same as the little fellow of the country.

Mr. McCormack. Assuming Dr. Townsend testified they should

be squeezed out, they are incompetent, the little fellow, you would not agree with that.

Mr. Izac. Why, no; I think they have their place

Mr. McCormack. I say, assuming he did testify to that, you don't agree with him. You believe the little fellow has a place.

Mr. Izac. Yes; I should like to see the little-business man encouraged rather than discouraged, because that means just that

many more businesses that prevent us from going totalitarian.

Mr. McCormack, And unless some compensating legislation or legislation of other kind is passed in connection with this bill, then the inevitable result is that the small-business man and the independent businessman is bound to be squeezed out.

Mr. IZAC, No; I say it could be right in this very act.

Mr. McCormack. I say, unless there is-

Mr. IZAC. In this act.
Mr. IZAC. In this act.
Mr. McCormack. Unless something is put in this act, or some other legislation is passed, the result of the passage of this act alone, as it now stands, would be the wiping out of the small-business man and the independent?

Mr. Izac. I don't think any of us would agree to that.
Mr. McCormack. But unless something is done to protect him, that would be the inevitable result.

that would be the inevitable result.

Mr. Izac. Doesn't the gentleman believe we could have that kind of arrangement in a tax system? He is expert in taxation.

Mr. McCormack. I am just asking you for your view.

Mr. Izac. I think, though, I am not as qualified to speak as the gentleman is, that your committee could very readily place in this bill a provision whereby there would be no short cut to transactions to avoid payment of these taxes.

Mr. McCormack. But unless there is something done at this time, in view of your admission, and our little colloquy, the monopoly that will develop and the squeezing out of the small-business man and independent businessman, would you want the business man and independent businessman, would you want the bill passed without some protection in there?

Mr. Izac. No; I would want it protected.

Mr. McCormack. Assuming it is not in there, would you vote

for the bill?

Mr. Izac. I would certainly make an effort to see that a provision was put in there, even if I had to offer the amendment myself.
Mr. McCormack. But supposing the amendment were defeated.
Mr. Izac. I would still vote for the bill, because I believe we can make it work.

Mr. Treadway. Congressman, I was considerably interested in your reference to the national debt. You and Dr. Crowther had a little colloquy about it. I understood you to say the matter of the size of that debt is of very little consequence.

Mr. Izac. I think so. Mr. Treadway. You were brought up out in California?

Mr. Izac. I have been there only 17 years.

Mr. Treadway. You didn't move there from New England?

Mr. Izac. No, sir; I moved from Iowa. I was born and raised

Mr. Treadway. Because we of New England never were trained to that idea. Family indebtedness—it made no difference how extravagant anybody was—was an obligation, and went right straight along.

Mr. Izac. Oh, but the indebtedness incurred in this country

Mr. 12AC. On, but the indebtedness incurred in this country was incurred in a way I don't agree with, and certainly not like an individual incurs his indebtedness.

Mr. TREADWAY. But the Nation is just one big family, isn't it?

Mr. IZAC. No; but our monetary system is at fault there. It shouldn't be necessary for us to go to the bankers for the money or the credit which is based on the solidity of the Nation, and we, the necessary the Nation. the people, make the Nation.

Mr. TREADWAY. You are not worried, then, that for 6 or 7 years

Mr. Treadway. You are not worried, then, that for 6 or 7 years now the Budget has been getting more and more out of balance, and our extravagance increasing and the public debt increasing, and taxes as well? That is all right, is it?

Mr. Izac. Well, Mr. Treadway, I would say this: If we adhere to the present system and our national debt mounts and mounts and mounts, eventually there will be something akin to a panic in that our honds and our securities will not have full value.

in that our bonds and our securities will not have full value.

Mr. Treadway. Then you are admitting there is great danger?

Mr. Izac. Oh, unless we have monetary reform, absolutely. I would like to see the Congress of the United States issue its own currency, in the name of the people of this country, rather than have the private bankers do so and I certainly will now condense. have the private bankers do so, and I certainly will never condone the making or breaking of individuals in this country by giving or denying them credit as is the custom to do today through the power given into the hands of a few bankers, when it is the right of the American people themselves, because it is their credit that is being bartered.

Mr. TREADWAY. Is that flat money, printing-press money, you are

recommending?
Mr. Izac. Well, if you call flat money or printing-press money that which is based on the credit of the 130,000,000 people that

make up this Nation, then I will call it with you flat money or mining-press money.

Mr. Treadway. Let us get back to the present monetary system.

I think this is getting rather a long way from the subject of paying old-age pensions, but, assuming that we retain the present monetary system, then have you any worry about the size of the public

Mr. Izac. Oh, I can appreciate that it would go so high eventually that we would all have to be worried, but I don't think the time is anywhere near that we will have to worry until we definitely determine that we can't bring up the national income to somewhere near what it should be, from 75 to 80 billions of dollars. I am convinced in my own mind that if we will bring our national income to that figure, owing to the tax methods you gentlemen have inaugurated, or at least recommended to the Congress, which we have backed up very faithfully, we will be able to balance the Budget and pay off the national debt, because every bit of money that is in circulation under the present tax system is going to pay its share to the retirement of this public debt.

Mr. Treadway. Do I understand that you are saying that by the

Mr. TREADWAY. Do I understand that you are saying that by the adoption of one of these welfare or Townsend bills that the circulation will be such and that taxation will be such so that it will

reduce the public debt?
Mr. Izac. I didn't say that.

Mr. TREADWAY. That was the inference that could be drawn.
Mr. Izac. Well, I will interpret that this way, that if we will increase these payments directly to the old people, there certainly will be more money in circulation.

Mr. Treadway. There is no new money, is there?

Mr. Izac. There will be a better distribution of what money

there is.

And, furthermore, this tax, and the money that is paid into this fund, the raising of this fund from which you pay the older people, the raising of that money by taxation—that money is not going to be used for any other purposes, certainly until it is determined that be used for any other purposes, certainly until it is determined that you have so much money that you can use it for other purposes. In other words, if this gives \$60 a month, we will say, to every old person above a certain age, and then all of a sudden business gets so good that it brings in twice that amount of money, I would be in favor of reducing the age to put more people on the pension rolls until we have all the younger people absorbed in gainful employment, and then if it brings any more money, certainly I see no reason why it should not be used to pay off the public debt.

Mr. Treadway. Just an observation: When I was a comparatively young man—and I don't admit to too many years yet—this idea of caring for the old people was not carried to the extreme it is now. In other words, as a young man I felt some obligation to take care of my parents. That doesn't seem to be fashionable any more. They want the Government to do it.

Mr. Izac. Yes, Mr. Treadway; but supposing there were no children, in those days those folks went to the poor farms. I think we have progressed beyond that stage. I wouldn't want to see us go back to the days of the poor farms. I think this is an age in which we can produce all that the people need. I can't see

age in which we can produce all that the people need. I can't see why we should deny the old people any of these things. I believe we owe it to them. If we can't do it without placing a tremendous burden on the rest of humanity, I would say, "Well, of course, there is a reasonable doubt there," but I believe we can produce all and more than we need.

Mr. Treadway. Just one more observation, but before I make that observation I want to admit that I consider you one of the greatest optimists I have ever heard express views on the possibilities. I congratulate you on your bright outlook for the I congratulate you on your bright outlook for the

future.

I have been a Member of this body for some years. Congressman Crowther referred to a billion dollars of interest. We are paying now about \$1,000,000,000 a year in interest on our indebtedness. That amount of money more than supported the whole Government, when I first came to Congress. 'Isn't that developing the debt in a pretty rapid manner, so that unless we take an optimistic view of it, that there is no obligation to ever meet that debt, it is disheartening to some of us.

Mr. Izac. Well, Mr. Treadway, supposing you take the income that would come into the Treasury of the United States by eliminating the tax-exemption feature of that national debt, wouldn't you be reducing that billion-dellar newment in interest by

you be reducing that billion-dollar payment in interest by

tremendous figure?

Mr. Treadway. Of course, there is a matter of moral obligation there. We have already assumed that indebtedness, and the obligations that it represents are practically tax-exempt. You wouldn't want to have the Government or the Congress go back on its word to the owners of those securities today and tax them now, would you?

Mr. Izac. No; I don't believe we could make them retroactive, but I believe we are making a terrible mistake in continuing that policy, because then we would have from the income of this country enough paid into the Treasury to pay the legitimate expenses, I am sure.

Mr. Treadway. We have dealt in generalities so far. Let us get down to brass tacks. You mentioned here \$60. Which bill do you favor, H. R. 11 or H. R. 2?

you favor, H. R. 11 or H. R. 2?

Mr. Izac. I favored last year the General Welfare Act, and that was when I was on the steering committee, and until there was dissension in the ranks and they formed into two groups. I was with everyone in favor of legislation for old-age pensions. After they had this dissension I refused to be a party to either. This year I am taking no sides, but I am going to support any bill you gentlemen report on the floor. Either of these bills or any bill better than what we have at the present time. I believe in the General Welfare Act, and although both bills have some features of it. I might not be able to agree that both sides know exactly how it, I might not be able to agree that both sides know exactly how the thing is going to work. But I will support them, because I believe either bill is a vast step in the right direction over what we have at the present time.

Mr. TREADWAY. We have had various types of testimony here in the last month. The proponents of the General Welfare Act seem to think that the range of possible payment was from \$30 to \$60 per month. Then we had the advocates of Dr. Townsend's measure, so-called, H. R. 2, and they wanted to prorate the receipts from the tax. What do you think is the limitation?

Mr. Izac. The economists with whom we spoke last year said it would be about sixty or seventy dollars, they figured, under the 2-percent transactions or gross-income tax. That, I believe, would satisfy our people. Whether it would give the recovery features that satisfy our people. Whether it would give the recovery leatures that Dr. Townsend is striving for, I don't know, but I do believe it can be balanced against the number of people above a certain age and the number of people below that age who need jobs. In other words, we have to strike a balance there.

Mr. Treadway. I think you mentioned either form of tax, either the transactions tax of 2 percent or the gross-income tax. Which

would you prefer?

Mr. IZAC. I like the gross-income tax, but I have never been able Mr. Izac. I like the gross-income tax, but I have never been able to find what the difference is. In other words, consider the gross-income tax—if I receive any money I pay on that money; in the transactions tax, it is exactly the same thing.

Mr. Treadway. Never mind that at the moment. I just want to follow up this one thought. Do you think \$60 would satisfy those who are advocating this measure?

Mr. Izac. I helium so.

Mr. Izac. I believe so.
Mr. Treadway. Well, it doesn't satisfy Dr. Townsend.
Mr. Izac. It did last year.
Mr. Treadway. It didn't last Friday.
Mr. Treadway. It didn't last Friday.
Mr. Izac. I haven't talked with the doctor since last year.

Mr. TREADWAY. Two hundred dollars was the minimum.

Mr. Izac. The minimum?
Mr. Treadway. Yes, sir.
Mr. Izac. Well, it was the maximum last year.
Mr. Treadway. Well, of course, it has grown. It is like Topsy—
it just grew up. But he certainly testified to that. If you weren't

Mr. Izac. No; I wasn't here.

Mr. TRADWAY. Dr. Townsend testified that he thought \$200 was the minimum, and it should be increased within a comparatively short period to \$300, and then I asked him what about this \$60 proposal and he said: "I would advise all friends of mine to vote against that bill."

We were trying to see whether there wasn't some place we could meet on this thing, but he definitely repudiated the people that said \$60 was the maximum. That is all given up so far as he is concerned. He said he would advise his friends not to vote for

concerned. He said he would advise his friends not to vote for any such bill as that.

Mr. Izac. Well, Mr. Treadway, last year he told me himself that he asked that that bill be introduced that we know as the General Welfare Act, and economists told him and told us that it would bring between sixty and seventy dollars to the old folks, so they

figured.

Mr. Treadway. What has increased it this year?

Mr. Izac. I don't know. The only thing I can say is that two hundred or three hundred dollars a month, if we had that much money, might better be used to lower the age limit of those who money, might better be used to lower the age limit of those who would profit by this division of annuities; the division of the fund among a greater number of people and eventually to the paying off of the national debt. But I can assure these gentlemen of one thing, and that is if you get two or three hundred dollars a month out of a tax of this kind, unless the economists are dead wrong, it would increase the cost of living so high that maybe the two or three hundred dollars a month would be the same as twenty or thirty dollars a month is now under our present economy.

economy.

Mr. TREADWAY. You admit, then, that the larger taxes, the more collected from the tax, the more it will increase the cost of living? Mr. Izac. Oh, I think so. Two percent will increase it a certain amount; 3 percent will increase it more.

mr. 12ac. Oh, I think so. Two percent will increase it a certain amount; 3 percent will increase it more.

Mr. Treadway. Don't you think, in view of the situation in which this committee finds itself today, with the diversified ideas presented to us, don't you think the advocates of this whole system ought to present a united front here of some kind?

Mr. Izac. No, Mr. Treadway.

Mr. Treadway. You don't?

Mr. Izac. I don't think it is possible.

Mr. Treadway. Well, I am inclined to agree with you.

Mr. Izac. Different minds have different viewpoints.

Mr. Treadway. I was just reading an extract from Dr. Townsend's statement here, made on February 17. I made this remark:

"Mr. Treadway. Now, getting back to this matter of the amount of money involved. It would seem, I think, and some witnesses have testified that your figure of \$200 was rather high. Judging from that testimony now, I take it you think that figure is too low. You say you could go up to \$300?

"Dr. Townsend. It might not be too low to start with, but it inevitably will be too low to maintain a proper standard of living,

inevitably will be too low to maintain a proper standard of living, inevitably will be too low to maintain a proper standard of living, if we concede that our business activity is not static; if we concede it is going to grow with the discoveries of science and the application of those discoveries, certainly we are going to have to raise the standard of living for all classes of people."

That is pretty definite, isn't it?

Mr. Izac. Yes. I will say as far as the people of California are concerned, that those I know are interested in this plan, were satisfied with the General Welfare Act as it appeared last year. I have never been sponsored by any of these organizations, I will say to the members of the committee. Neither the Townsend

organization supported me nor has any other organization ever supported me, so that does not enter into my argument. My arguments are these: The people of California, and I believe the old people of all the United States, feel they should have a better break under present-day conditions. I agree with them, and I am here to give them the very best I can, and I believe the comam facts of give them the very best it can for them, and I am satisfied these hearings are going to result in something definite being done that is going to better the lot of our old people, so I thank the committee for holding these hearings and for giving me an opportunity to appear before it.

Mr. Cullen. We thank you.

Mr. DOUGHTON. Mr. Chairman, I yield 4 minutes to the gentleman from Oklahoma [Mr. Massingale].

Mr. MASSINGALE. Mr. Chairman, I wish simply to announce that I am going to support this measure. I am supporting it because of the fact that I owe an obligation to the old men and women of my district who are in a condition of poverty and misery. There is no hope for them ever to get out of that rut unless Congress takes it upon itself to do something to bring them out of it.

I have seen bills killed in this House before by manipulation. I do not know what the Ways and Means Committee may think of their action in this particular—there is no use in my expressing an opinion—but I fear that in the days to come, when the accounting time shall be, somebody is going to have the idea that the action of that committee was more or less pusillanimous [applause], because that committee has done nothing.

Mr. HOFFMAN. Mr. Chairman, a parliamentary inquiry. The CHAIRMAN. Does the gentleman from Oklahoma yield for a parliamentary inquiry?

Mr. MASSINGALE. No. They have been in session for 5 months.

Mr. HOFFMAN. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it. Mr. HOFFMAN. Mr. Chairman, I ask that the gentleman's words be taken down.

The CHAIRMAN. To what words does the gentleman from Michigan object?

Mr. HOFFMAN. The gentleman used the word "pusillanimous." I would like to know if we have to sit here and hear such criticism made of the Committee on Ways and Means.

The CHAIRMAN. Does the gentleman from Michigan insist upon his point of order?

Mr. HOFFMAN. Yes, Mr. Chairman, I insist on the point of order.

The CHAIRMAN. The gentleman from Oklahoma [Mr. Massingale] will suspend until the words can be taken down.

The Clerk will read the words objected to.

The Clerk read as follows:

When the accounting time shall be, somebody is going to have the idea that the action of that committee was more or less pusillanimous.

The CHAIRMAN. The Committee will rise.

The Committee rose; and the Speaker having resumed the chair, Mr. Smith of Virginia, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill H. R. 6466, certain words used in debate were objected to, which, on request, were taken down and read at the Clerk's desk, and that he reported the same herewith to the House.

The SPEAKER. The Clerk will report the words objected to in the Committee of the Whole House on the state of the Union.

The Clerk read as follows:

When the accounting time shall be, somebody is going to have be idea that the action of that committee was more or less pusillanimous.

The SPEAKER. The Chair cannot find anything objectionable in those words.

The Committee will resume its session.

The Committee resumed consideration of the bill H. R. 6466, with Mr. SMITH of Virginia in the chair.

Mr. MASSINGALE. Mr. Chairman, I further want to state in this connection that while I do not appreciate what has been done, I never meant any reflection on the Ways and

Means Committee. I am sorry that the Ways and Means Committee did not do its duty as I see it. That is the only thing there is to it.

Now, here is the situation that confronts this Congress: We have these old people. We are not addressing ourselves to the Ways and Means Committee. We have these old, destitute people in America. They are in my district by the tens of thousands, and I know the same is true in every other congressional district in the United States. This bill offers an opportunity to break away from the old and established order of money distribution by providing for a monthly pension to the old people in the United States. It will cost a great deal of money, in a sense, to operate the bill, because you cannot pay pensions unless you have the money with which to pay them. The money, though, becomes a sort of revolving fund, and the main thing about it is that it is put into circulation, and the people that contribute to the fund get it back in the way of increases in business, or, rather, they have a chance to get it back that way. As the matter now stands, there is no chance, no opportunity-the door is shut in the face of our millions of old people. No amount of knocking at the door, no appeals that it be opened, will ever fall upon the unwilling ears of those who now have control of the money system of the

I believe that every Member of this Congress realizes that for the last 5 or 6 years, and perhaps for the last 10 years, there has been little of the restful health-giving and healthsustaining sleep for our old people. They are denied the right to work. They are too feeble, most of them, to work; and if there should come an opportunity to a great many of them to get work, they have not the strength to do it. Adversity overtook them and still has them in hand. Instead of peaceful sleep, interspersed with an occasional pleasant dream, it is easy to fancy these old people in the paroxysm of a nightmare. In fact, these last few years have been years of nightmares to the old. The inexorable economic laws under which we live have just simply forced the old people out, and they are down, and begging Congress for some kind of merciful legislation that will enable them to go the balance of the way with their heads erect and with hope in their hearts that they may escape the potter's field when the time comes to die.

I realize that this bill is not what it ought to be, and I am conscious of the fact that it has been loosely drawn, that it has not been perhaps as carefully worded as it should be, but it is a bill that offers an opportunity to escape the clutches that hold our old people down to poverty of the very worst form—that poverty which neither affords sleep, food, comfort, nor hope. This bill, however, like any other bill, when once enacted and its imperfections arise, Congress can clarify, rectify, or amend, until it shall bring to the people in unmistakable language its purposes and its object.

One of the dangers that beset a person who desires to vote to try to better the condition of our old people is that it is too easy to alibi failure to support any kind of a bill. In the debate on this bill, we have heard some say that it is fantastical and full of dangers and pitfalls, and that it will cost the farmer a lot of money, and that it will cost the workingman a lot of money, and that it may not operate with uniformity against every class of business in the country. I grant that that may be true, but the bill is a step in an independent attitude to change things from our present economic condition to a condition where perhaps something better can be done for our old people.

I believe that nearly everybody in America in the abstract favors a uniform old-age pension law, providing an adequate pension each month so that our old people will not be in continued distress but that they may have sufficient money, deprived as they are by the economy of the time from work or a right to work, so that they may have the necessities of life. The Townsend plan may be a fantasy, and the delirium of the people may not be of long duration, for the people want something like this, but we must at the same time remember that the unfortunate condition of our Nation will justify almost any imaginable proposal for the betterment

of those who all of us are free to say need to be protected in a manner better than they are being protected by this great and powerful Government. If there should be anyone who is satisfied with the old order of things and with what we have, of course he has a right to oppose this bill but he ought to be honest about it and he ought to be unequivocal in his statement about it. I have observed Members on both sides of the aisle contend that they cannot afford to support the bill because it is accompanied by what is called a "gag rule" which prevents the bill being changed or amended on the floor of the House and requires that it be voted on as it is written. To me that is not a very good reason to assign for voting against this bill.

Some Members seem to take the position that the Ways and Means Committee should be upheld and that this bill should be killed. I do not think that is a reason for opposing the bill. I do not think the Ways and Means Committee met its obligations in the manner in which it jostled the bill out of that committee, but that does not justify me in voting for the bill or against it. I have the greatest of respect for the Ways and Means Committee, and if that committee feels satisfied with the manner in which they have handled it, that is good so far as I am concerned, because I have to concede to the members of that committee that they did what they thought was best under the circumstances. I do not owe it, and no other Member of this Congress owes it, to the Ways and Means Committee to vote it a shower of roses because of the manner in which they have handled the bill. In casting your vote you are either voting for the interests of the old people or you are voting against their interests,

and why not meet the issue that way?

Much abuse has been heaped upon the head of Dr. Townsend, the originator of the Townsend idea of granting pensions to the old. In my judgment, it does not make any difference how much contempt a man may have for Dr. Townsend, it is not Dr. Townsend that you are voting for if you vote for this bill; it is not Dr. Townsend that you are voting against if you are opposed to this bill. It makes no difference how much of a loon you may think Dr. Townsend to be, how insincere you may regard him, or what you may think of his conduct in appealing for and receiving each year huge sums of money from our unfortunate old, you have to accord him this niche in the hall of outstanding people in America: He is the individual that sold the American people on the idea of pensions for the old people of the country, and you must say of him that he possessed in a remarkable degree a thought of some sort, even though wild and impractical and visionary, that gripped the imagination of our old people in a manner unknown of any other in recent centuries. Dr. Townsend seemed to have caught the idea that the present economic program has failed this Nation and left our old people without jobs, without money, without food, without clothing, and without anything except a fast-fading hope that sometime, through some kind of legislative program, Congress might act favorably in their behalf. This thought of his gripped the Nation with a religious fervor akin to some of the thoughts and ideals expressed by notables who have gone before him in centuries past. Let us accord him that much recognition because it is due him, and let us not use the stiletto to stab our old people in the heart simply because you do not judge Dr. Townsend to be the kind of man he should be or because you believe he may have extracted money from these old people and not used it properly; or because the bill is not worded with as much elegance as some Members of Congress might be able to word it; or because it was accompanied by a so-called gag rule when it came up for consideration,

There have been many prophecies of disaster to the economic set-up if the bill should be adopted and become a part of the law of the land. It is very difficult for me to visualize a worse economic condition than we already have.

There is another alibi that has been offered in the debate on this bill that is wholly inexcusable. Many members of both parties have tried to excuse themselves from a vote in favor of this bill upon the ground that they have incubating in their own minds a feasible, sensible, workable bill for the relief of our old people that will pay in the neighborhood of \$60 per month. This plea comes too late. There has been nothing, so far as the record shows, in the daily lives of these gentlemen who offer these baits why they have not produced them before they began to put in their alibis or excuses for not voting for the bill. True, this bill, according to the way the economists figure it, will not produce any great deal of money—\$35 to \$40 at the most—then why should any Member lie low and keep his mouth shut until the time comes to vote and spring a pension idea which he says that he has developed that will pay our old people twice as much money as this bill probably offers them?

So far as I am concerned, I am willing to forget all of Dr. Townsend's shortcomings, if he has any, and I suspect he has. I am willing to forget and forgive the Ways and Means Committee if they have not done the proper thing in their report of this bill. I am willing to overlook errors in draftsmanship employed by those in writing this bill. I am willing to forget that lack of wisdom and strength that the bill reflects from its wording, and try to fall in the line of endeavoring to do something that will better the condition of the old people of this country.

We should be on the square with our old folks, and every Member here knows that it would not be a difficult matter, once the machinery is set in motion, to make of this bill a real worth-while bill that will materially improve the condition of our old people and enable them to enjoy the few remaining years that they have yet to live. Congress has the power to do this. No other body in America has it. Unless Congress assumes it and has the courage to act, there is no hope for our old people. I am persuaded that my conscience unerringly directs me to vote for this bill, and I am going to do it.

Mr. DOUGHTON. I yield 2 minutes to the gentleman from Washington [Mr. COFFEE].

Mr. COFFEE of Washington. Mr. Chairman, perhaps after 4 hours of heated debate a frenzied statement made in the excitement of controversy can be excused. I hope we will not lose our sense of humor. There are those of us who every 2 years have gone through rather heated campaigns, so when we get on this floor we should have our skins thickened against the jabs that are made by the debaters in the controversy. I am sure the gentleman from Oklahoma [Mr. Massingale] intended nothing personal and no invidious reflections deleterious to the character or integrity of the very fine statesman from the State of Michigan [Mr. Mapes], whom we all honor and respect.

I take the floor briefly, Mr. Chairman, to state that, representing the Sixth Congressional District of the State of Washington, where we have myriads of members of the Townsend clubs actually functioning, I am going to give my vote to this measure, not because I believe it is a measure of perfection, not because I think it is infallible, but because I believe it to be a step in the right direction.

I do not intend to get up here, as do certain other Members of the House on both sides of the aisle, and assume the role about which Shakespeare wrote when he said:

I am Sir Oracle, and when I ope my lips, let no dog bark.

I do not believe any one of us can arrogate to himself those vanities which make him believe he is omniscient on the subject of legislation. Each of us has his own opinion, and each of us comes from a district wherein certain influences are exercised and wherein certain people are moved by what I believe to be laudable impulses. I know that in my district the preponderant sentiment of the people resident there is for the adoption of this bill. Something vital should be done to solve the problems of the elderly of the United States. I am surfeited by the prospect of waiting around here year after year while we spend unlimited sums to provide for ameliorating the condition of the beasts in the fields and the birds in the air and the insects in the ground and for the Army and the Navy and soil erosion and every other thing under God's sun, yet forget the people who comprise the rank and file of the population of the United States. [Applause.]

Mr. Chairman, this bill is before this House for debate and vote as the result of insistent demands made for relief by millions of people in these United States. We have temporized and experimented with heterogeneous panaceas and remedies, yet so far, though we have ascended several rungs of the ladder, we are confronted with poignant misery, widespread poverty, cruel insecurity, and economic injustice in our land. The debate today has dealt with the personality of Dr. F. E. Townsend, sponsor of this measure; has embraced arguments to the effect that the bill would eventuate in financial bankruptcy for our country; has been replete with patronizing references to the mentality of those who subscribe to the principles of the proposed legislation. Violent jeremiads have been hurled even at the mild and conservative Committee on Ways and Means because it made possible a vote on the measure. Amazing reflections have been made upon the elderly members of Townsend Clubs, the assertion being repeatedly uttered, in substantial effect, that these aged folks were witless, gullible, deluded, not altogether rational.

Resort has been had to ridicule and scurrility in reference to the Members who sponsored the measure. It has been charged that the bill is ludicrous, asinine, and filled with meaningless jargon and incomprehensible terminology.

Mr. Chairman, you cannot laugh this movement out of existence. It is here to stay. The American people demand that the sword of Damocles of economic insecurity hanging by a tenuous thread over the heads of the majority of Americans shall be blasted out of existence. The American voter is not dull, nor so thick-witted as to accept kidding, complacently, for long. He is conversant with the wealth of the Nation. Our elderly citizen, sitting in his rickety rocking chair at night beside a rusty stove, resting upon a carpetless floor, reads in the daily papers of the antics of America's socially elite. He is not amused, but grows indignant when he learns of the cavorting of debutantes at "coming out" parties, where champagne flows like water and where doting parents vie with each other in putting on lavish displays so as to impress society with their prosperity. The indigent aged are not reduced to laughter by reading of salaries of \$100,000 or more paid to the executives of countless corporations, while they face the long night of worry, semistarvation and uncertainty as to what the morrow will bring. Our older fellow citizens in pecuniary distress, read of the more than \$15,000,000,000, of gold stored away in the vaults of Kentucky; they read about the \$30,000 sable fur coats of America's wealthy women; they read of the priceless jewels and gaudy baubles with which the wives and sweethearts of America's wealthy are bizarrely caparisoned; these elderly see the photographs of the fabulous country estates of fellow Americans; they note that the banks are crowded to the doors with idle money and credit.

No, Mr. Chairman, these needy persons cannot be made to be content for long. They rebel against the curse of a system which visits upon them wanton misery while reserving to a select few luxuries beyond the dreams of avarice. They demand a decent national old-age pension, not based upon a pauper's oath but as a reward for being veterans in the struggles of life. They are battle-scarred from economic contests and feel that in the richest country on earth the specter of homelessness and poverty should be permanently eradicated from their lives. I subscribe to this feeling.

I fully realize that this measure will not pass. It will not pass because of prejudice; because in many sections of the country the needy are not allowed to vote; because of machine politics; because of innate conservatism; because of unwillingness of many Members to embark on a new course; because of lack of comprehension of the details of the plan.

This bill in sum is a recognition of our obligation to take care of the elderly. It provides merely for payment every month of the proceeds of a gross revenue tax to citizens over 60 years of age. It ordains a compulsory spending on the part of the recipient. It decrees security for the aged, contemporaneous with the opening of new avenues of opportunity for the young and the middle-aged. It is a pension and recovery program. It has avoided many of the objections

hurled against previous Townsend bills. It means that we are force-feeding into the channels of national business the red corpuscles of new purchasing power, the paucity of which has precipitated America into the economic depression of '29 and following. It is a pay-as-you-go plan and requires no army of officials to enforce it.

It is economical in that it anticipates the war veterans of the future. I insist that if you deny the people this Townsend program you must offer a tolerable substitute. You have denounced it, my colleagues, but you have given us no alternative. You propose to tell the people that though they have asked for bread you will not even give them a stone.

America is saturated now with subversive activities; discontent breeds in ground made fertile by poverty and want. Intolerance is fructifying; racial hatreds grow stronger daily; the General Moseleys and the Fritz Kuhns are abroad in the land spewing their hymns of hatred. Why do we have such seemingly unsound manifestations? Because, Mr. Chairman, we have not been willing to face the situation realistically. We have renovated, repaired, patched, spliced, and otherwise sought to adjust nineteenth-century methods and legislation to the requirements of the twentieth-centry streamlined, technological age.

Therefore, Mr. Chairman, I shall cast my vote for this bill, fully cognizant of the fact that it will not solve all our troubles but that it will spread more equitably some of the wealth of America to and among those who need its benefits the most. [Applause.]

From the Fawcett Avenue Townsend Club, No. 10, of Tacoma, comes a message by wire in which the secretary, Mrs. Le Vesta Milton, states that this bill will solve our economic problems and give young and old hope for the future.

J. Hold, secretary, and Mrs. E. H. Lee, president, of the Lake City Townsend Club, of route 1, Tacoma, have wired me, vigorously espousing the bill before the House.

Ethel Peck, secretary, acting for the Des Moines Townsend Club, enthusiastically champions the measure.

L. S. Russell, president, wires me that Townsend Club No. 21, of Tacoma, are praying for the passage of this bill.

Dr. D. H. B. Smith, secretary of the Manitou Townsend Club, No. 24, of Tacoma, militantly endorses H. R. 6466 in a wire just received.

F. B. Springer, president, and Elsie Kettlewell, secretary, wire me that the South Tacoma Townsend Club, No. 8, insistently urges the passage of this measure.

L. F. Ellison, president, and Mrs. Laura Moe, secretary, of Fircrest Townsend Club, No. 19, of Tacoma, ask me to use every effort to support H. R. 6466, now under discussion.

Alice M. Gebbers, president of the Horace Mann Townsend Club, No. 15, of Tacoma, has sent me a lengthy wire signed by scores of members, declaring the militant feeling of that club in support of the instant measure. Likewise the Ruston Townsend Club, of Ruston, wires support of this bill.

These and other wires and messages, Mr. Chairman, are indicative of the tremendous backing for this bill in my congressional district.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield 2 minutes to the gentleman from Colorado [Mr. MARTIN].

Mr. MARTIN of Colorado. Mr. Chairman, I suspect my situation with respect to this proposed legislation is different than that of any other Member of this body. In the first place, although I helped the Townsend bills in every possible way for 4 years in two Congresses, yet in two campaigns they unanimously endorsed my opponents, and I was pilloried from one end of my district to the other as public enemy No. 1 not only of the Townsend plan but of all old people. Then last year they endorsed me for Congress in my district over my protest. [Laughter.] I told them they could not possibly do that in the face of the record they had made for me, but they did it. I accepted their endorsement, and I feel that acceptance places me under a moral obligation to support this legislation, although it is far from the bill they think it is and far from the bill we have had before Congress the past 3 years, and until 5 days ago.

Mr. Chairman, if this bill could have been brought in here under the 5-minute rule for amendment it could have been easily amended in three or four highly important particulars, and made a bill that I could support much more heartily. At least, Members could have had the privilege of voting on the amendments. Now it is take it or leave it.

I am in favor of the principle of this legislation. I have believed for years it carried a basis for adequate, decent, old-age pensions in this country, without unduly burdening industry and commerce. I have insisted to everybody from Dr. Townsend down that they ought to give the legislation thorough consideration and allow it to be amended and made workable, but it has always been just in the position that it is in during this Congress. If a man suggested that it could be amended he was considered an enemy of the whole program, and it is at their demand that the bill is before the House today in a situation that prevents its amendment, no matter how beneficial or how necessary such amendments may be.

Even the sponsor of this new bill does not seem to know what is in it, as shown by him in answer to my statement this afternoon that the bill taxes wages. He said it does not. The House now knows that it does. Now, if the author does not know what is in the bill, who does? I know something because I have analyzed and studied all these bills from the first one.

This is the fifth Townsend bill which has been introduced in the House in the last 5 years. I shall insert here the number and date of the introduction of each bill: H. R. 3977, January 16, 1935; H. R. 7154, April 1, 1935; H. R. 4199, February 2, 1937; H. R. 2, January 3, 1939; and H. R. 6466, May 23, 1939—omitting H. R. 6378, withdrawn as defective.

The chief resemblance which the last bill bears to the first is the age limit of 60 years and the requirement that the pensioner shall expend the pension, a not very material requirement in view of the probable amount of the pension which would be realized by the bill. The attorney for the bill is quoted in the press as having said it would produce about \$60 a month. Dr. Townsend is quoted as putting it at \$50. In my judgment, \$40 would be a very liberal estimate.

I believe, and I base the statement upon a considerable study and knowledge of the several bills, that could this bill be considered free from the prejudice surrounding the name of the Townsend plan, under a rule permitting amendment, it would receive a majority in the House.

The first bill introduced, H. R. 3977, provided a flat \$200 per month pension, to be paid by National and State banks having membership in the Federal Insurance Deposit Corporation, the banks to be reimbursed by the Treasury out of the collection of a tax of 2 percent on the gross value of each business, commercial, or financial transaction in the United States. The pension was payable whether the tax was collected or not.

The pending bill levies a tax of one-half percent on the gross proceeds or gross revenue of producers, manufacturers, wholesalers, and jobbers and 2 percent upon retailers, trades, occupations, or callings not included in the one-half percent category, and on all personal services, and prorates the proceeds among the pensioners. No tax, no pension. This was a great change.

But a greater change is that the bill abandons the transaction tax of all prior bills for the gross proceeds or gross revenue tax.

There is no substantial difference between the gross proceeds or gross revenue tax in the pending bill and the gross income tax in H. R. 11, the Sheppard bill, which the Townsend movement opposed so bitterly in the election last year.

The transaction tax has from the start been the first article of faith in the Townsend plan. Dr. Townsend, the Townsend Weekly, and all Townsend leaders stressed the transaction tax as the very essence of the Townsend plan. It was the Townsend plan. In this bill the taxes are called "privilege taxes," based on gross proceeds.

If this fundamental change in the tax feature is satisfactory to the proponents of the pending bill, I do not see that

the supporters of the Sheppard bill, in which the tax is levied on gross income, have any serious quarrel with it, unless it would be with the reduction from 2 percent to one-half percent on producers, manufacturers, wholesalers, and jobbers, which will reduce the revenue to be derived from those major sources 75 percent. Certainly the opposition to the legislation can have little complaint against this change.

I desire briefly to call attention to three other material changes involved in the several bills which have been introduced in the House from time to time. The first and most important of these changes is with respect to the tax on wages. H. R. 3977, the first bill, exempted all personal services; H. R. 7154, the second bill, taxed all personal services; H. R. 4199, the third bill, exempted all personal services; H. R. 2, the fourth bill, exempted all personal services; H. R. 6466, the fifth bill, taxes all personal services.

On a separate vote this would again go out of this bill.

The second change is with respect to income deduction from pension. H. R. 7154 provided for the deduction of income from the pension. A person having an income of \$2,400 per year would not be eligible for the pension, and his income below \$2,400 per year would be deducted from the pension. In my judgment this was a wise provision.

Under the pending bill every person over 60 years of age is eligible for the pension, without regard to the value of his property or income. Such pensions will reduce the common level received by needy aged people. The limitation ought to be restored.

The third change is national-bank exemption. H. R. 6466, the pending bill, exempts national banks. They are not exempt in the other four bills. The singling out of national banks for exemption calls for very serious consideration. I ask the question, Who did this, and why?

I have no criticism of the making of these material changes, except the one singling out national banks for exemption, but I have a complaint against the fixed rule of the Townsend movement that once a bill is introduced it cannot be considered in the committee or the House for amendment; that it must be passed as is; and that any suggestion of amendment is construed as hostility to the whole plan. Every Member who has been here the past three Congresses will know what I mean. The sponsors exercise the right to change it at will and without notice.

During my study and consideration of these several bills it has been my view that they furnish the basis of a national pension system adequate to support the aged people of the country in decency and comfort, on a scale at least approximating pensions provided for those favored classes in the public service and in many large private industries. No one can contend that the present pension system is adequate or satisfactory.

The Social Security Act does not afford sufficient means for the lower income groups which come within the contributory titles, and there are large groups which do not come within those titles at all and are left to the old-ageassistance provisions of the act. It is my belief that this legislation properly amended would furnish additional revenue to build up a decent and adequate system of old-age pensions in this country, without unduly burdening industry and commerce, and the blame is not altogether on Congress that this work has not been undertaken in real earnest. The objections I have pointed out do not affect the principle of the legislation and are easily remediable by amendment. If the bill passes the House it will go to a body that never legislates under gag rules. The great changes made in this bill and which cannot be amended under the rule might furnish an alibi for voting against the bill, but I have a long-standing prejudice against such

Frankly, I should not like to see the minority outvote the majority on this bill. The Republican Party is entitled to no such break. Many people call the Townsend plan absurd, but it is not half as absurd as the idea being built up in Townsend circles that the Republican Party is its friend, or that the Townsend movement has anything whatever to look

for in the election of a Republican President and a Republican Congress.

All of the old-age benefits being paid to the people of this country, all the unemployment benefits, all the social-security benefits of whatever nature, have been written upon the statute books by a Democratic Congress under a Democratic President. When they get better benefits they will get them from the same source.

Mr. DOUGHTON. Mr. Chairman, I yield 5 minutes to the gentleman from Virginia [Mr. ROBERTSON].

Mr. ROBERTSON. Mr. Chairman, to me there is an element of unreality about the serious consideration being given today to an old-age pension scheme as fantastic as the pending proposal. This is the seventh draft of an old-age pension plan to be sponsored by Dr. Townsend and his followers, and while Dr. Townsend has written a letter to the gentleman from Florida [Mr. HEN-DRICKS], to the effect that this bill is the last word and all who do not accept it without the crossing of a "t" or the dotting of an "i" will not be considered loyal to the cause, Dr. Townsend frankly admitted before our committee that he had serious doubt about the constitutionality of a plan to impose a tax, earmark it for a separate trust fund, and automatically distribute it for the benefit of less than 10 percent of the people. Consequently, Dr. Townsend left our committee definitely under the impression that the purpose of the pending measure was largely to test congressional sentiment and that his real dependence was being placed in a constitutional amendment, the advocacy of which, of course, will enable his organization to carry on for a good many years to come. In view of the current rumors of large sums being collected by the Townsend organization from elderly persons who expect a liberal pension in return for their contribution, the committee requested Dr. Townsend to make to it a frank disclosure of his receipts and disbursements which he declined to do.

For the first time in my experience in the House and for the first time in my recollection of House proceedings, we are called upon to vote upon a measure that, so far as I can ascertain, does not have the approval of a single member of the committee that reported it to the House or a single member of the Rules Committee that gave a rule for its immediate consideration; to vote upon a plan for old-age pensions that has been pending before the House in one form or another for the past 4 years and before the Ways and Means Committee of the Seventy-sixth Congress for the past 3 months, yet there came to its support not a single representative of industry, of labor, of agriculture, or of any other group except members of the Townsend organization and a few Members of the Congress who in their political campaigns of last year promised to support such a pension scheme.

But for the very considerable number of old and needy people in the country for whom we all have the deepest sympathy and who should no longer be misled and deluded as to the practicality of this method of contributing to their welfare and happiness, such proceedings would be the acme of legislative horseplay.

And so it is we find ourselves today faced with the duty and responsibility of making a solemn and detailed explanation of the unsoundness and unworkability of a pension plan which should be self-evident from the mere statement of it. I will not take the time of this House with a discussion of the minor unworkable phases of this Utopian and fantastic scheme such as the proposal to give every person over 60 years of age a pension up to \$200 per month (and ultimately according to Dr. Townsend up to \$300 per month) regardless of their present personal income and regardless of the fact that the 1938 produced income in this country of approximately \$64,000,000,000 divided among approximately 130,-000,000 people would give an average income of less than \$500 per person, with an average income on the farm of considerably less than that. I will not discuss our inability to compel a recipient of a pension to spend it all in the same month in which it is received and only for goods produced in the United States. I will not discuss the millions of tax returns that would be required and the army of enforcement agents, although Dr. J. Frederic Dewhurst, an economist of the Twentieth Century Fund, who testified before our committee regarded that as a major difficulty. He said:

With approximately 10,000,000 enterprises and self-employed persons in the United States there would be about 10,000,000 monthly tax returns or about 120,000,000 annually in addition to about the tax returns or about 120,000,000 annually in addition to about the same number of pension checks. It seems probable that an army of investigators, possibly as many as 200,000 or 300,000 would have to be added to the Federal pay roll in order to check up on the payment of taxes by a multitude of small concerns, and under H. R. 2, on the expenditure of pensions by recipients. * * * A few years ago I attempted to obtain from certain tax experts estimates of what the administration of the Townsend plan, so-called, or Townsend bill, in its form at that time, would cost, and the best estimate I could get was that it would be something between \$500,000,000 and a billion dollars a year really to enforce the bill as it was drawn up at that time.

After some 300,000 Government employees get their \$200 per month and subsistence and travel allowance out of the proposed fund, we may wind up, if the prediction of economists of the affect upon business of so great an increase in the national tax burden be fulfilled, of having more beneficiaries of the Townsend scheme on the Federal pay rolls than we have pensioners.

It is taxes that hurt and give us pause and it is the taxes of the pending bill that I will discuss. However, before leaving the subject of administrative cost and difficulty, I feel I should call attention to the fact that H. R. 6466 that has been substituted for H. R. 2, since Dr. Dewhurst testified, increases rather than diminishes administrative difficulties. Take, for instance, the case of a farm wife who has a dozen eggs for sale. If she sells those eggs to a consumer in a nearby village she must report to the Government and pay a transaction or sales tax of 2 percent of the sales price of the eggs, but if she sells the same eggs to a merchant she would report and pay a sales tax of only one-half of 1 percent. The bookkeeping on the farm to keep these different types of transactions separate, the making of the required reports under heavy penalties, and the remittance at the required time of the sales taxes due the Government would, of course, be simpler than the task of the Treasury sleuth to ascertain when some farmer had reported a onehalf of 1 percent sales tax when he should have reported a 2 percent sales tax.

As previously indicated, not a single witness representing labor, industry, or agriculture appeared in behalf of this bill, but numerous witnesses representing those groups, as well as the general public, appeared in opposition to it. For instance, the American Federation of Labor, speaking through Mr. Matthew Woll, stated its position thus:

I thought I had made that very clear in my original presentation, where we said, of course, we do not believe in any system that would give benefits to all people regardless of need, and the Townsend bill, of course, is predicated entirely upon right and not on the matter of need. There is no question about it, we are opposed to the Townsend bill and the principle underlying it.

In answer to the question-

And any economic system that would take purchasing power from one group, which is spending all the money it earns, and give it to another group, would not likely increase the purchasing power of the public generally, would it?"

Mr. Woll replied:

Nor would it be a sound economic system . . We realize that the wage-earning group, representing the great mass of our consumers, is the one ultimately to bear the burden of taxation, no matter what form it takes.

We have in this honorable body a large number of Members who loudly proclaim that they are the friends of labor. I say to them that no true friend of labor can vote to put a tax of this kind on the backs of those who earn their bread by the sweat of their brow.

We have in this House a very considerable group that loses no opportunity to express its grave concern over the plight of agriculture. Samuel Fraser, speaking for the Florida Citrus Producers' Trade Association, which constitutes 80 percent of the citrus industry of Florida, for the United Fresh Fruit and Vegetable Association, representing most of the fresh fruit and vegetable interests of California and Texas, for the National League of Wholesale Fresh Fruit Distributors and the International Apple Association, representing nearly every apple cooperative in the United States, said of the proposed tax on agriculture:

I think it would be ghastly.

When asked by the gentleman from Massachusetts, Representative McCormack, if he thought any man who represents a farming district would be voting for the best interests of the farmer if he voted for such a tax, Mr. Fraser replied:

No. To my mind, it is like a devastating funnel-shaped cyclone, noting across the land sucking up and destroying everything it touches and leaving ruin in its wake. It would pyramid all the costs on an industry which is in no condition to pay, say 20 percent of the consumers' dollar goes for food. Take the case of apples: In one transaction they might go through five hands, and instead of 2-percent you would have 10-percent tax before it got that the consumer's hands or they may move through more into the consumer's hands, or they may move through more hands but the effect is the same, the tax might reach 20 percent. I cannot see anything but a ghastly flasco if you start a transactions tax.

To the same effect was the testimony of Dr. John Lee Coulter who said:

Our farm population would be hit both ways, by higher prices for that which they had to buy and lower prices for that which they had to buy and lower prices for that which they had to sell. * * Not only would it add the 2 percent at each point where imposed, but it would become part of the cost at that point and then the new 2 percent would be imposed on that in turn, so that it would be cumulative and pyramided.

This would apparently gradually increase costs and in turn prices of commodities. But it would not add to the value or the price of farm products. The prices which the farmers would receive or farm products. The prices which the farmers would receive would not be directly affected and certainly not improved in level, but indirectly would be forced constantly lower and lower. * * * Whereas on the other side, the commodities which farmers must buy would cumulatively be priced higher and higher. So that the disadvantage of the agricultural population would become cumulatively and matter. tively greater and greater.

Any man who votes for a tax of this kind on agriculture is voting to sink, without a trace, not only the fresh-fruit and vegetable industry of this Nation but likewise agriculture in every phase thereof.

Before the days of influencing public opinion by means of the radio, those who knew their way around in politics counted heavily upon the good will of the small retail merchant in the towns and at the crossroads. Dr. David R. Craig, president of the American Retail Federation, speaking for its membership in 25 State-wide associations and 7 national retail trade associations, and likewise speaking for the American National Retail Jewelers Association, the Cooperative Food Distributors of America, Mail Order Association of America, National Association of Chain Drug Stores, National Retail Dry Goods Association, National Retail Furniture Association, and National Shoe Retailers Association-and those several organizations cover the distributors of what we eat and what we wear, the chairs in which we sit and the beds in which we sleep, to say nothing of what my lady wears by way of rings on her fingers and bells on her toes-told our committee that the American Retail Federation "wants to go on record as unanimously opposing the principle of the multiple sales tax as proposed by H. R. 2 and H. R. 11."

The proponents of the bills-

Said he-

claim that it would increase the velocity of the circulation of money and thus increase the rate of general business recovery; that it would increase purchasing power; and that it would increase employment. A realistic analysis, however, shows that none of the expected results can be hoped for, and, in addition, that the method of raising the pension money would produce exactly the opposite

results.

Any scheme to speed up the circulation of money by taxation must take the money from those who spend it slowly, or not at all, and hand it to those who, by law or necessity, must spend it rapidly. In these plans, however, the multiple sales tax takes the money from those who already spend it as fast as they get it. The older people must spend it within the month, but the younger people from whom it would be taken would probably spend it within the week. * * * The Brookings Institution has estimated that even in 1929, almost three families out of four were unable to purchase food for an adequate diet. These groups are the ones on which the multiple sales tax would fall

most heavily. They cannot be accused of hoarding. The velocity of the circulation of money is not likely to be increased by this method.

method.

The same conclusion comes from an analysis of the effect on purchasing power. To take money from those who have hardly enough and transfer it to the same kind of people simply because they are a little older is not a plan for increasing the sum total of purchasing power. Moreover, the impounding of tax receipts during the first 4 months under either the Hendricks or the Sheppard plan would deal an initial blow at purchasing power by taking a substantial portion of it out of circulation immediately.

He and numerous other witnesses whom I will not undertake to quote but whose testimony appears in full in the printed hearings, explain how the pyramiding of the multiple sales tax would put the independent merchant and the small distributor out of business and concentrate the distribution of food and clothing in the hands of a few powerful corporations. Certainly there must be a few friends of the retail merchant left in this body who would not wish to crush him and drive him into bankruptcy by a sales tax of this character.

Much reliance is placed by the proponents of this bill upon their theory that the requirement that the pension be spent the month in which it is received would produce such increased velocity of circulation of currency and such increased demand for goods and services that the national income would rapidly go up to the point where not only would no one complain of taxes but that all who are paying the taxes would clamor for bigger and better pensions in order that the taxpayer might thereby become more prosperous. It has been truly said that no idea is good unless it will work, and not a single economist appeared before our committee and stated that this new get-rich-quick scheme would work. On the contrary, numerous economists of both national and international reputation condemned it as being thoroughly unsound and impractical. It was condemned by Dr. Sumner H. Slichter, of Harvard University, who said the bill would have a deflationary effect. Said he:

But have you considered the curiosity, the oddity of the proposal that transactions will be stimulated by taxing? That is the essential argument behind the bill—people will spend money faster. Why? Because you tax them when they spend it. Does it make sense? Why should people rush into spending money faster if every time they do it they meet a tax?

It was condemned by Dr. Frank D. Graham, of Princeton, who said:

Obviously a tax on transactions is an unlikely method for increasing production and trade. The theory of the proponents of the bill must therefore be that the expenditure by the recipient of pensions, paid out of the proceeds of the tax, will stimulate production and trade more than the tax will retard them. This could be true only if the payers of the tax would have hoarded, that is, failed to spend either for consumption or investment, some part of the funds out of which the pensions are to be paid to persons under contract to disburse them in short order.

* * The payers of the tax are deprived of exactly the same amount of purchasing power as will accrue to the recipients of the pensions and the taxpayers will typically be the generality of citizens who are in the habit of spending their incomes as they receive them. The only exception will be certain wealthy citizens who may refrain from spending, or investing, their resources for more or less lengthy periods. These, however, are the very people who would find it easy to evade the tax, since they do not have to spend on consumption more than a small percentage of their income and can either refuse entirely to disburse the rest or may invest it but once, and thus reduce the rate of turn-over of their investments to zero.

The upshot is likely to be a reduction rather than an increase

The upshot is likely to be a reduction rather than an increase in the velocity of circulation of money and a consequent decline in production and trade. The tax would in any case be highly regressive in that it would fall with the greatest proportionate weight on people without property or savings, rather than on those who have resources under no necessity of being turned over, and therefore incapable of being brought within the scope of a trans-

David Cushman Coyle, writer on economics and a consulting engineer, said of the theory that the proposed sales tax would increase prosperity:

I am unalterably opposed to both the Townsend and the general-welfare plans, because of the kind of taxation proposed in those plans. I believe that these tax plans, being of the nature of sales taxes, would depress business, lower the national income, and overcome any good effects that might flow from the old-age pension itself.

Dr. Paul Haensel, of Northwestern University, an economist of national reputation, said:

As a tax measure the transactions tax is not based on any reasonable or sound principle of taxation. It is all-embracing without discrimination, even more so than the gross-income tax. From the standpoint of the technique of collection, it is simply a mockery and an insult to the average American citizen who is expected to file sworn-to returns every month, even when he has to pay \$1.01 only each time. This is the best way to make the country a nation of wholesale perjurers and chiselers and to create tremendous opposition.

A ten-billion yearly levy on all economic transactions will require a tremendous redistribution of national income, particularly since the proceeds from it will go to a comparatively small group of citizens (old pensioners). Through this tax, which will be paid by the large body of all consumers, the consumption of some people (producers and earners) will be reduced very considerably. What does it mean when pensioners receive \$200 a month? It is asserted that this money will go to the support of somebody else. This is a fundamental mistake. The pensioners will buy food, clothing, shoes, toys for their grandchildren, etc., and this will almost immediately disappear in their consumption. After that is over, to pay the \$200 pensions next month the Government must again take away the necessary funds from the younger working population. If I were the happy pensioner, I would wear a new overcoat every year, but others who contributed to my pension will have to reduce all their purchases to the same amount. Imagine that all pensions would have been paid in goods (at the choice of the pensioners). They would at first have been taken away from the producers, and there would have been that much less left to them and simply a redistribution of the national produce would have taken place. Money exchange does not alter the situation in the least degree; money that the Treasury will pay to the support of old people must be extracted from the rest of the population and nothing is added to the total amount of national income, on which only the whole population is living. There is no revolving fund. What old people will spend on buying commodities will be consumed in the form of raw materials, transportation, factory expenses, labor, etc., which constitute only the aggregate parts of the national income; nothing is added by buying and consuming by the pensioners themselves.

Prof. Paul Studenski, professor of economics at New York University, said:

University, said:

Contrary to the impression given by the authors of these plans, their operation will not result in the creation of any new purchasing power. The plans would involve, in the main, merely a transfer of purchasing power from the producer groups to the aged nonproducing population. The transfer involving, as it does, between seven and nine billion dollars of purchasing power during the first year, or approximately 13 percent of our total national income, is colossal in character. It is difficult to gage the full extent of the repercussions in our economic system which such a huge, immediate, and continuous transfer of income from one group of our population to another would produce.

The proposed taxes on transactions or so-called gross income, despite their misleading low rate of 2 percent, if ever enacted, would prove to be the most burdensome taxes in the history of this country. The 2-percent tax under either plan, applicable as

The proposed taxes on transactions or so-called gross income, despite their misleading low rate of 2 percent, if ever enacted, would prove to be the most burdensome taxes in the history of this country. The 2-percent tax under either plan, applicable as it would be to each successive turn-over in the production of goods, would make up a total burden of between 10 and 25 percent of the cost of the final product. It is obvious that industry will not be able to absorb such a burden and that the general level of prices would rise simultaneously with the imposition of the tax and commensurately with the rise in the cost of production. The rise in prices would be especially marked in the case of those goods which are the results of the efforts of many enterprises each of which handles the goods in a different stage or production, and where, consequently, the tax would be pyramided many times over. * *

The taxes would destroy thousands of small enterprises which handle a product only in a single stage of its production, while sparing large integrated undertakings producing goods from the raw to the finished stage. The taxes would be shifted to the employees in the form of reductions in wages and a speeding up of work, with the result that the wage earners affected would shoulder a double burden, since they would not only be receiving fewer dollars in their wages but each dollar would have a reduced purchasing power. The burdens on the poor, other than the aged themselves, would be crushing. * *

In my opinion, it is doubtful whether our economic system could withstand the severe shock which the imposition of the proposed taxes and the disbursement of the proposed benefits would inflict upon it.

Those excerpts from the testimony of outstanding economists should be sufficient to convince any reasonable man that the economic theory underlying the Townsend plan is absolutely unsound and untenable.

Heretofore I have referred to groups in the House definitely interested in labor, in agriculture, in industry, and the distributors of industry's products. There is another group on my side of the aisle of the House that takes pride in upholding the President. It should be unnecessary for me to remind that group that the President has characterized the Townsend plan as a Utopian scheme and his Secretary of the Treasury expressed opposition to it during the hearings. That leaves us but one other group in the House, the group that is advocating and supporting this bill. I have endeavored to point out my firm conviction that a present jump in Federal taxes of 125 percent if we are to provide a \$50 pension for those 60 years of age or older or 500 percent jump if the pension is to be the Townsend maximum of \$200 per month will result in such economic dislocations it will injure the old as well as the young. But, assuming for the sake of argument, that the plan will help the aged, those who are supporting it have elected to help the members of the Townsend clubs in their districts at the expense of all others in their districts, have elected to aid approximately 8 percent of their constituents at the expense of the remaining 92 percent of their constituents. While that appears to be a strange and unusual choice to be made by one to whom has been delegated under our representative democracy the responsibility of representing all of the people in his district and not just 8 percent of them, far be it for me to impugn the motive of any Member who makes such a choice, since each Member of this House is the keeper of his own conscience. [Applause.]

Mr. TREADWAY. Mr. Chairman, I now yield to the gentleman from Michigan [Mr. MICHENER] such time as he

Mr. MICHENER. Mr. Chairman, I am under no political obligation to vote for this bill, so far as Townsend organization support is concerned. In 1934 Mr. Bert H. Smith, the leading Townsend plan advocate and organizer in my congressional district, was a candidate for Congress against me on the Farm-Labor ticket, and the Townsend plan was the principal plank in his platform. In 1936 and 1938 I also had primary and election Townsend opposition; that is, I had the opposition of the Townsend national headquarters, the State headquarters, and club officials. On October 22, 1938, Mr. L. W. Jeffery, vice president of the Townsend organization, sent a communication to all Townsend clubs in my congressional district, in which he said, in part:

We should not be concerned at this time as to how his opponent stands, whether he is for us or against us. The only issue that should interest the Townsend clubs in the second district is to defeat the incumbent.

The letter then endorsed my opponent.

I am sure, however, that many of the Townsendites with whom I am personally acquainted supported me.

Learning of the above communication, I gave the Townsend clubs in my district a written statement as to my position on the Townsend plan. That statement was, in part, as follows:

(1) If returned to Congress I will do everything within my over to secure a hearing before the Ways and Means Committee

on the Townsend plan.

(2) I will do everything within my power to bring the plan up for consideration in the Congress so that debate may be had and a vote taken and all Members put on record.

(3) I will not promise to vote for the Townsend plan without

amendments

(4) I will give careful consideration to any amendments offered. I will vote for all amendments that I believe will be beneficial, and I shall support any bill resulting from this consideration that I believe will be of benefit to the country, and especially our

I have not changed my position.

Complete hearings before the Committee on Ways and Means have been held. Dr. Townsend's organization was permitted to present any witnesses, make any statements, and file any documentary evidence desired. In fact, the Dcctor stated to the committee and to his followers, through the Townsend Weekly, that he had received eminently fair treatment and that he had no complaint whatever to make.

My second promise was that I would do what I could to bring the plan before the Congress for debate and vote. I had in mind, of course, H. R. 2, which is the Townsend plan as generally accepted. The bill H. R. 6466, which we are now debating, is not the Townsend plan as the Townsendites

throughout the country understand it. This bill is before the Congress under a "gag" rule; that is, we are permitted to talk about the bill for 4 hours, and at the conclusion of that time we are compelled to vote "yes" or "no" on the bill without the benefit of amending it in any particular whatsoever. This is sham and farce consideration, but is brought about because Dr. Townsend wanted it that way. I have consistently opposed such methods when practiced by the New Deal. My constituents, including the Townsend followers, are opposed to any system that permits the "brain trust." the President, Dr. Townsend, or anyone else to write "must" legislation, present it to the Congress, and compel the Congress to vote on it without an opportunity of changing and improving.

However, as stated by the gentleman from Florida, Congressman Hendricks, who introduced H. R. 6466, this method is pursued according to the doctor's instructions. The purpose is to prevent the Congress from having anything to say about the bill other than to approve or disapprove what the doctor demands. This means we are to be Dr. Townsend's "yes" men. Of course, I am opposed to any such autocratic precedure.

Now, understand me, Dr. Townsend asked the Rules Committee for this "gag" rule. He does not want any changes. even though they may be for the better, and even though he admits the bill is not perfect. These demands are reprehensible, and the committee can find no excuse in forcing this kind of a vote simply because the proponents demand it. I am opposed to any political strategy that violates fundamental legislative principles.

In this connection let us not forget that the hearings on the Townsend plan, which finds expression in H. R. 2, covered weeks. The testimony submitted to the committee has been printed and comprises a large volume. The Townsend clubs throughout the country have been advised as to the contents of H. R. 2, and expect a vote on that bill. However, on May 23 this new bill, H. R. 6466, by Dr. Townsend's direction, was introduced by the gentleman from Florida, Representative Hendricks, and the Ways and Means Committee, without any hearing whatever on this new bill, reported it to the House "without recommendation." That report should also have stated "without any consideration." gist of the whole procedure is to give the good doctor his way, let him bring any kind of a bill he sees fit before the House, prevent the House from crossing a "t" or dotting an "i," and then compel the House to vote on the bill the doctor presents. Surely he has had his way and can make no complaint.

I said that H. R. 6466 is not the Townsend plan, and in order that I may be absolutely correct, I quote from the Townsend Weekly, which week after week carries this column:

TOWNSEND PLAN IN CAPSULE FORM

The Townsend plan will do three things:

(1) Retire all citizens over 60 from gainful employment in private

industry and hire them to be Government spending agents.

(2) Levy a Federal tax of 2 percent on all monetary transactions throughout the Nation, collectible monthly.

(3) Prorate this tax revenue among the spending agents with the stipulation it be spent within 30 days of receipt.

The theory behind the plan is this: There are approximately 8,000,000 Americans past 60 who can qualify. It is estimated half of them are employed and will retire under the plan. Their jobs will thus be thrown open to younger workers, reducing unemployment rolls immediately by 4,000,000.

The bill the Townsendites want is H. R. 2, which carries the above provisions. This bill, H. R. 6466, which we are now considering, abandons the straight 2-percent transaction tax—the heart of the Townsend plan—and substitutes in lieu thereof a gross income or sales tax of one-half of 1 percent on the producer, and a like tax of one-half of 1 percent on the manufacturer, jobber, and certain other middlemen. The Townsend 2-percent transaction tax is then applied to all other transactions. It is stated that the one-half of 1 percent under this bill will apply to 30 percent of the taxable transactions in dollars, while the 2 percent will apply to 70 percent of the transactions in dollars. This, of course, will make the amount of money that can possibly be raised under this bill we are considering much less than under H. R. 2.

The advocates of the Townsend plan in my congressional district insist that it is not a pension plan, but that it is a national recovery program. It is called the General Welfare Act. The recipients under the plan are not called pensioners of the Government, but "authorized spending agents" on the part of the Government. The philosophy of the whole plan is that \$200 a month paid to 8,000,000 or more old people and spent monthly will create purchasing power, make more business, put more people to work, and give employment to the unemployed and to the youth. The pamphlet, Townsend organization and which is sold to the followers for 25 cents per copy, on page 14 proclaims:

It has been shown by statisticians that the spending of \$2,000 to \$2,500 annually in commercial production is required to make possible the permanent employment of one worker.

The Townsend plan will pay \$2,400 a year to the old persons. It has been insisted that any sum less than \$200 a month would fail to bring recovery and provide employment. In the above publication it is stated further:

A man on Government dole does not stimulate industry. The Townsend plan is not simply a pension proposal, as many uninformed people think. It is not a dole system. It is a program to increase buying power and a demand and market for the production of all industry in America. The market cannot be created by a dole system of \$15, \$30, or even \$50 a month. But this market can be created by retiring our elders on a normal income of \$200 a month.

No one knows exactly what this bill, H. R. 6466, will pay to the pensioner-pardon me, I mean the spender. Mr. Arthur L. Johnson, who drafted H. R. 4199, the Townsend plan in the last Congress, who came to Washington with and represented the Townsend organization for a long time, and who possibly knows as much about this plan as anyone, in addition to knowing something about taxes, says that after the payment of administrative expenses, the pension to be received by the old people will be "around \$15 a month." Members of Congress have made other guesses. The highest guess I have heard comes from Dr. Townsend himself, who indicates that the bill will possibly pay \$50 a month. There are no official estimates, because the Committee on Ways and Means has not given this bill any consideration. Dr. F. Frederick Dewhurst, of the Twentieth Century Fund, prepared an estimate of the average monthly pension that could be expected under H. R. 2, and that table, which was referred to in debate today by the gentleman from California [Mr. Buck], a member of the Committee on Ways and Means, shows that the average monthly pension under H. R. 2 could be only \$51 a month, allowing nothing for administrative expenses. Now, all concede that the administration of this act would be most expensive, and the \$51 would be reduced materially. If these estimates are accurate, it would seem that there is much justification for Mr. Johnson's opinion that H. R. 6466 would pay around \$15 a month to the pensioner.

I have called attention to the theory of the Townsend plan and the amount to be paid under this bill for the reason that the bill itself, if put into operation, could not possibly furnish the purchasing power Dr. Townsend claims is necessary to assist recovery, take care of unemployment, and the young people. Surely this is not the bill that the Townsend people want.

I have received hundreds of letters and telegrams from Townsend Club members in my district, and without exception these communications demand that I support the Townsend plan "without amendment." Many of them simply refer to H. R. 2. A typical letter comes from Mrs. W. H. Fugazzi, secretary Townsend Club No. 2, Jackson, Mich., in which she says in part:

We do not want you to vote for the Townsend plan if it is amended, as you have stated you might do. We want it as it stands. If this bill is amended, it is no longer the Townsend plan. We want it in its present form without changes.

Now, of course, this letter had reference to H. R. 2, and is typical of all the others received. The bill H. R. 6466 is vitally different from H. R. 2, as I have heretofore pointed out.

The Townsendites in my district espoused the cause under the \$200-a-month banner. They honestly and sincerely believe in the original Townsend plan, and many of them were loathe even to permit a modification of the bill to provide that whatever it yielded should be divided among the pensioners, but "not more than \$200 per month" should be paid. Now, the doctor has stated that \$200 per month is a "wisp of straw," the purpose of which is to keep up interest in the clubs. This statement was made at a meeting of certain Representatives in Congress who were trying to work out some possible plan to help the old people.

Again it is interesting to note that in the recent hearings before the Ways and Means Committee the doctor claimed that H. R. 2 in operation would shortly pay \$200 a month, and that it would pay \$300 a month at the end of 5 years. Of course, this is all inconsistent, but it is what the doctor said.

It is very fortunate for everyone that these hearings have been held and printed, and that this vote will be taken. I say this because there has been but one side of the Townsend plan presented to the people up to this time. Dr. Townsend testified that to date more than \$3,000,000 has been collected by the Townsend organization from our elderly people for propaganda purposes. Emotional and sentimental speakers have been sent about the country to organize clubs and spread the Townsend gospel and collect the Townsend dimes. The Townsend Weekly and the Townsend literature carry the Townsend message day after day, and week after week, to these old people. Of course, in propaganda of this type the reader gets but one side of the question. If a jury in a lawsuit heard but one side of the case, there is no doubt about what the verdict would be, but when both sides of the case are heard, that is a different matter.

Not a single economist, businessman, representative of industry, labor, agriculture, Government, or finance appeared at the hearings in favor of the Townsend plan. Representatives of the Townsend headquarters and the Members of Congress supporting the plan were the only advocates, and none of them attempted to justify it constitutionally.

A reading of the testimony shows that most of the time of these witnesses was devoted to describing the economic condition of the country, especially of our elderly people, and lauding the objectives of any law that might help the old people. It is one thing to deplore conditions; it is another thing to find a remedy.

On the other hand, numerous economists, people familiar with finance, representatives of such a nonpartisan, patriotic group as the Brookings Institution, appeared in opposition to the Townsend theory. Of course, Dr. Townsend condemns all economists and all persons familiar with taxation and finance. He says that these people have been running the country for 150 years and now it is time to let the old folks, under his leadership, run it for a while. Mistakes have been made, but we have a pretty good country after all, and we do not want to do anything that is going to destroy it.

The Townsend clubs, through Townsend literature and speakers, have been led to believe that the only thing standing between them and the \$200-a-month Townsend possibility is the opposition in Congress of "Wall Street," the "international bankers," and "big business." These are the bogymen about whom demagogues prate.

Now, let us consider the facts as we know them and as the printed record of the hearings and this debate show them to be. First, just who is advocating this bill? I have already answered this question so far as the hearings are concerned. There are, however, thousands of conscientious, sincere, earnest, and trusting elderly people throughout the length and the breadth of the land to whom this proposition has been thoroughly sold. These people are acting in good faith; they look upon Dr. Townsend as a Moses who will lead them into green pastures. When I receive letters condemning me severely for not doing just what Dr. Townsend wants at all times, there is no feeling of resentment on my part. There is, however, a feeling of genuine responsibility. I have heard and studied all sides of this perplexing question, and I naturally give consideration to various representatives of groups

of our people who are sufficiently interested to give Congress the benefit of their study, investigation, and conclusionsgroups without selfish interests.

For instance, I call as witness No. 1 William Green, president of the American Federation of Labor, and representing millions of American workingmen, who, alarmed at what the Townsend plan would do to labor, on May 29, 1939, addressed a letter to the Ways and Means Committee, reiterating the position against the Townsend plan taken by the federation at the hearings on H. R. 2. Among other things, Mr. Green says:

We are convinced that to pretend to offer up to a maximum of \$200 a month to all old persons, regardless of need, as is done by H. R. 6466, is both dishonest and undesirable. It is dishonest because no such large sums could be paid to individual annuitants even with the burdensome taxes proposed. The amounts actually paid would be very much under the maximum and would fluctuate from month to month so that no real security would be achieved for those who really need it while others would receive sums entirely

unnecessary in their economy.

It is undesirable because it taxes wages and gross incomes with practically no regard for ability to pay and because it offers tremendous incentive to integration of producing and marketing units at the expense of small independent business. The independent retailer, the consumer, and the wage earner will be the losers under this program. A gross income tax of a flat percent cannot be other

than regressive in effect. It is a thoroughly bad form of taxation.

The incomes of most wage-earning families are too small to The incomes of most wage-earning families are too small to justify this 2-percent income tax designed to furnish pensions for old persons regardless of need. The wage earners spend now nearly every cent of their wages. No increase in national purchasing power can be achieved by taking money from them to give to another part of the population.

The American Federation of Labor believes in enlarged social security for the Nation, but achieved by reasonable methods. It condemns H. R. 2 and even more H. R. 6466 as wholly unreasonable devices and as unable to fulfill the implied extravagant promise of

devices and as unable to fulfill the implied extravagant promise of large pensions on the basis of which they make their appeal.

Surely William Green and the American Federation of Labor do not represent Wall Street or the international bankers.

As witness No. 2 I call Edward A. O'Neal, president of the American Farm Bureau Federation, representing hundreds of thousands of farmers throughout the country, who, coming to the aid of agriculture, in a letter to the committee dated May 29, 1939, said.

It would be fiscal suicide for the Nation to undertake to pay old-age pensions on the scale provided in H. R. 6466.

Transferring wealth from 92,000,000 consumers to 8,000,000 consumers would decrease rather than increase the Nation's purchasing power. Such a transfer of wealth would disrupt our whole eco-

nomic system. It would work particular hardship upon agriculture.

Every time a commodity is sold, every time it is transported commercially, every time a wage or salary payment is made, every time an income payment is received a tax would be levied on the total gross amount of the sale, wage payment, or income payment, with no deduction for losses, expenses, or costs of any kind.

Again I say that the American Farm Bureau Federation is certainly not composed of economic royalists or representatives of the international bankers.

As the next witness I call Fred Brenckman, representative of the National Grange, of which Mr. L. J. Taber, of Ohio, is national master, and which organization has a dues-paying membership of 800,000, who, disturbed as to what might happen if this bill should pass, in a letter to the Ways and Means Committee dated May 29, 1939, protesting against H. R. 6466 and other Townsend bills, said in part:

Every man who has social brains and the heart to feel for the wants of the old, the infirm, and the distressed is naturally willing that everything possible should be done to help these members of the human family. However, there is one point that must be kept firmly in mind. It is this: There can be no such thing as personal firmly in mind. It is this: There can be no such thing as personal or individual security that is not based on national security. Any plan that would wreck the United States Government would surely leave each one of us stranded individually. That the Townsend plan would wreck the Government, if placed in operation, cannot be denied by anyone who will think the matter through and who is willing to look facts in the face. Among other things, it violates that sound principle of legislation which should always be kept in mind, namely, the greatest good for the greatest number. Placing our population at 130,000,000, it would tax 120,000,000 people to the point of extinction to give a low ride to the other 10,000,000 people. point of extinction to give a joy ride to the other 10,000,000 people over 60 years of age.

When a responsible organization like the National Grange feels called upon to fight the Townsend plan because it would

"wreck the Government," in addition to the active opposition of these other groups, surely no Member of Congress is justified in voting for such a doubtful measure without an opportunity to thoroughly consider and amend. Again may I inquire as to whether or not this is Wall Street opposing?

Another witness, on May 29, 1939, L. G. Luhrsen, executive secretary of the Railway Labor Executives Association, addressed a letter to the Ways and Means Committee in which it is stated that the association is "definitely opposed to this bill." The letter further states:

We understand that this bill is to be considered on Wednesday, May 31, and is not subject to amendments. We, therefore, pray that this bill (H. R. 6466) will be defeated since it is discriminatory far-reaching way with respect to the railroads and approximately 1,000,000 railroad employees.

Possibly all do not realize just what organizations are included in the Railway Labor Executives Association. The letterhead furnishes the information and is as follows:

Affiliated organizations: Brotherhood of Locomotive Engineers; Brotherhood of Locomotive Firemen and Engineers; Order of Railway Conductors of America; Switchmen's Union of North America; Order of Railroad Telegraphers; American Train Dispatchers' Association; Railway Employees' Department, A. F. of L.; International Association of Machinists; International Brotherhood of Boilermakers, Iron Ship Builders and Helpers of America; International Brotherhood of Blacksmiths, Drop Forgers, and Helpers; Sheet Metal Workers' International Association; International Brotherhood of Electrical Workers; Brotherhood of Railway Carmen of America; International Brotherhood of Firemen and Oilers; Brotherhood of Railway and Steamship Clerks, Freight Handlers, Express and Station Employees; Brotherhood of Maintenance of Way Employees; Brotherhood of Railway and Steamship Clerks, Freight Handlers, Express and Station Employees; Brotherhood of Maintenance of Way Employees; Brotherhood of Railroad Signalmen of America; National Organization Masters, Mates, and Pilots of America; National Marine Engineers' Beneficial Association; International Longshoremen's Association's Associati way Conductors of America; Switchmen's Union of North America; neers' Beneficial Association; International Longshoremen's Association; Order of Sleeping Car Conductors.

This group includes representatives of the 21 standard railway labor brotherhoods and unions. I have thousands of railroad men as constituents who are members of and thoroughly believe in the integrity of these railroad brotherhoods and unions, and no one familiar with the facts would even suggest that these organizations in any way reflect Wall Street or interests detrimental to the common man and wage earner. They are against the Townsend plan because they believe it would injure them.

If time permitted, I could continue indefinitely repeating testimony from those who are vitally interested and who should know and who agree with these representatives of the farmer, laborer, consumer, and others that the Townsend plan if put into effect would not only demoralize industry but might wreck the Government itself.

The letters from these organizations to which I have just referred are accompanied by analyses upon which the conclusions stated are based. They are too long to here repeat. However, they will be found included in the argument of the gentleman from North Carolina [Mr. Doughton], chairman of the Ways and Means Committee, which will be printed in today's Congressional Record.

Townsend speakers and literature have time and again stated that the Townsend plan will cost nobody anything, that it is self-financing, pays its own way, and therefore cannot be other than beneficial to the country as a whole. They say, "Try it, and if it doesn't work, repeal it." It seems unthinkable that such statements should be made. An overdose of taxation may kill the taxpayer. Repeal would come too late.

Every economist who appeared before the Ways and Means Committee testified that the Townsend plan would cause a rise in prices as a result of the imposition of this pyramiding transaction tax. The amount of the increase would be somewhere between 5 and 25 percent, according to the number of taxable transactions from the beginning to the final sale of the commodity to the consumer. Remember that all these taxes are ultimately paid by the consumer. It does not seem reasonable to me that in these days of stress and unemployment the Congress should be asked to pass a bill that will increase the cost of living by possibly 25 percent, with such slight possibility from a sound standpoint of general benefit to the public. And mark well, the tax is to be levied not according to ability to pay but on the necessities of life, to be taken out of the meager income of those who must eat, have shelter, and clothing.

I have received numerous letters from merchants, especially in the smaller towns and villages, insisting that the Townsend plan would bring money to the community and indirectly help these independent retail dealers. The effect the Townsend plan will have on the small independent dealer will be just the opposite if we are to believe Dr. Townsend. I quote from the hearings at page 622:

Mr. McCormack. All right. I am trying to get your state of mind. When you drive out the middleman and bring the producer and consumer closer together the middleman is closed out, isn't he?

Dr. Townsend. Sometimes; yes.
Mr. McCormack. And the middleman, on the average, is the small and independent businessman. That is true, isn't it

Dr. Townsend. That is right.

Mr. McCormack. And you can't do that without creating another social problem, because that affects millions of people now employed by the middleman.

Dr. Townsend. Let us create all the jobs we possibly can.

Mr. McCormack. In other words, as a result of this bill the middleman will be closed out * * *.

Dr. Townsend. That is going to happen to him anyway under the present competition.

Mr. McCormack. In other words, he faces extinction?

Dr. TOWNSEND. Yes

Mr. McCormack. Don't you think we should try and do something to preserve the man?

Dr. Townsend. No; I don't. I think he is a useless appendage in the profit scheme

Shades of other days! Are we to follow Dr. Townsend, abandon our traditional local dealer, and become bootlickers of centralized trusts and monopolies?

Dr. Townsend later reiterated this same belief in other parts of his testimony. I agree with the doctor that if the Townsend 2-percent transaction plan ever becomes a law, the large chain store and the mail-order house can manufacture its own commodity, sell direct to the consumer, and in this way eliminate all the way from 4 to 10 transactions at 2 percent tax each. It does not require much intellect to conclude with the doctor that this would be the end of the small independent retail dealer. These small independent dealers are the backbone of many communities in the congressional district which I represent, and I shall not knowingly be a party to passing any legislation that is going to put them and their employees out of business, out of employment, and possibly on relief or on W. P. A., unless, perchance, they should be above the age of 60 years and entitled to the Townsend gratuity.

President Roosevelt and Dr. Townsend are in agreement in policy in one particular at least; that is, they both believe in spending other people's money. Under H. R. 6466 these old people are going to get anywhere from \$15 to \$50 a month, yet they are to be penalized if they do not spend it all within 30 days. There might be some reason for requiring this spending in connection with the Townsend \$200-a-month plan, but if the recipients are to get the amount provided for in this bill, then this spending provision is ridiculous. It is just some more window dressing to make believe that this is the Townsend plan as the old folks know it.

Dr. Townsend believes in the principle of enforced spending and has had that principle embodied in this bill. quote from his testimony as shown on page 652 of the

Mr. McCormack. Do you believe in the principle of enforced spending?

Dr. TOWNSEND. For this coming generation; yes. Mr. McCormack. Do you not believe in saving, then?

Dr. TOWNSEND. No.

Here is another example of where the country is asked to spend itself into prosperity. The word "thrift" seems to be foreign to present-day thinking. The country cannot any more spend itself into prosperity than an intoxicated man can drink himself sober, the New Deal and Dr. Townsend to the contrary notwithstanding.

One of the greatest deterrents to recovery is excessive taxation. The chairman of the committee was right when he said that the people of the country are already tax conscious. and that if the Townsend plan ever became effective they would be taxed unconscious. The homeowners, the farmers,

the people who pay rent-in short, all the people who liveare at this moment finding it almost impossible to meet the demands of their Government in tax money. Yet the Townsend theory is to make people prosperous by taking away from them more of their earnings in taxes. We cannot tax ourselves into prosperity any more than we can borrow ourselves out of debt. Yet this is the largest tax bill ever offered to the Congress. If the Townsend \$200-a-month-pension plan were adopted, and 8,000,000 people in the country took the pension, it would add \$19,200,000,000 to the Federal tax roll. If 10,000,000 old people took the pension, it would add \$24,000,000,000 to the tax roll. This would mean \$706,401,271 additional taxes to the State of Michigan, if 8,000,000 took the pension, or \$883,037,460 if 10,000,000 took the pension. Now, as a matter of fact, there are approximately 12,000,000 people in the country above the age of 60, and, if I read human nature aright, most of them would sign up to get back a part of this tax money. Putting it another way, the statisticians and tax experts in the Committee on Ways and Means advise that the Townsend plan would impose an average tax burden upon every man, woman, and child in the United States, in addition to all other taxes now paid, of \$185 per year, or more than one-third of our present per capita income of \$547.

The bills H. R. 4199, H. R. 2, and H. R. 6466 are all clearly unconstitutional. Time prevents a legal argument. However, every Member of Congress recognizes the unconstitutional features. In fact, in explaining the bill, the gentleman from Florida [Mr. HENDRICKS], its sponsor, stated that "it has been made as nearly constitutional as possible." No one favoring the bill has argued its constitutionality. In fact, Dr. Townsend stated before the Ways and Means Committee that he was going to ask for a constitutional amendment. It has been stated here in debate that leaders in the Townsend organization have told Members of Congress that they did not expect or want this bill to pass," because they were going to start agitation next for a constitutional amendment. Insincerity of this type is much to be deplored. A constitutional amendment would require a two-thirds vote of both the House and the Senate. It would then require ratification by three-fourths of the States of the Union, unless submitted by the new method employed when the eighteenth amendment was repealed. If that method were pursued in this case, it might be possible to have action taken by all the States within a year. However, in my judgment, there is no possibility of two-thirds of the House and Senate submitting or the States ratifying a Townsend constitutional amendment. Further, if a constitutional amendment is required—and the leaders of the Townsend movement know this-why do they continue to agitate the people and keep the clubs operating, rather than proceeding to the heart of the thing at once?

When the roll is called today there will not be over 100 votes for the Townsend plan. If we could have a secret vote there would not be 5 votes in the House for the plan. This is bound to be disappointing to the old folks back home, who have been told otherwise. I do not quarrel with the Members of Congress who, without proper information, made promises to vote for this plan. There is no excuse, however, for continuing a course which is wrong after one has the facts.

The old people are at this time receiving some consideration under the Social Security Act. If this bill, H. R. 6466, were enacted into law it would repeal that part of the Social Security Act now benefiting, even though in a small degree, the elderly people of our country. Suit would undoubtedly be brought in court at once to test the constitutionality of this law, and it would take at least a year to reach a conclusion. In the meantime, the social-security features would be repealed, and these old people who are now receiving pension would be out entirely.

The old people back in my district who are watching, waiting, praying, and expecting this Townsend pension do not know as much about this constitutional matter as Dr. Townsend and the Townsend leaders do. Club officers and speakers talk only about the benefits to be derived from the pension. They stimulate the hopes and bolster the beliefs of their adherents. Possibly they do not know the whole truth. However, there is not a Member of the House or a leader in the

Townsend movement, including Dr. Townsend, who has any idea that the Townsend plan could possibly pass this Congress.

This is not true of the old folks back home who are keeping the Townsend fires burning and paying for the propaganda that keeps the movement alive. There are hundreds of members of Townsend Clubs in my district who will be greatly disappointed when the roll is called on this bill. They have been led to believe, and do believe, that this bill will very likely pass this Congress. Some of them have made their plans along this line. Hundreds of them have sent me letters and telegrams within the last 24 hours urging me to vote for the Townsend bill because they believe that one vote might be the deciding factor. None of these telegrams from my district cost less than 50 cents, and it is distressing to receive a telegram from some old person whom I know is getting along with the bare necessities of life in order to follow out the instructions which the clubs received from the Chicago headquarters to wire or write their Congressman

I have talked with many Members of the House about the necessity for greater consideration for our elderly people. The present Social Security Act is entirely inadequate, and I shall vote and work for any legislation that will give proper pension and consideration to our respected senior citizens; but I will not be a party to hoodwinking them, to robbing them of their nickels and dimes, to making them believe that they are just about to get something that every informed person knows they are not going to get. Understand me, I do not condemn all of those who advocate \$200 a month for all our citizens above the age of 60 years, regardless of whether or not these people need the money. If these advocates are sincere, their judgment is entitled to respect. On the other hand, I do condemn anyone who preaches a philosophy to these distressed old people which he himself knows is impossible, not sound, and cannot be put into effect under the Constitution.

I have been in Congress for some time. I have undoubtedly made many mistakes. Some of my votes have probably been wrong, but all of these votes have been the expression of my best judgment with the information at hand at the time the vote was cast. Following this rule, I shall be constrained to vote against this bill, and I feel confident that time will vindicate not only the sincerity and soundness but also the humanity of my vote. For 6 long years many old people have been expecting the pot of gold at the end of the rainbow. It is time they should know the truth. If every Member's vote is dictated by his conscience, they will know the truth.

Mr. TREADWAY. Mr. Chairman, I yield 6 minutes to the gentleman from Massachusetts [Mr. Gifford].

Mr. GIFFORD. Mr. Chairman, in 1935 this Townsend plan was a burning issue. I am sure that the fires have somewhat abated since then. I took the floor for about an hour on January 8, 1936, in opposition to the proposition and invited opposition to my viewpoint regarding it. I have not had to change my mind since. It is still a fallacy. Very few speeches have been made on the floor either for or against the Townsend plan. You would have little difficulty in collecting them. Some of you enthusiastic Townsendites may now be greeted by certain of your friends in this way—"I don't feel like myself today." "Congratulations," you might retort.

Surely some of our friends have not felt right today, and are really on the spot as has been stated. I am not so blind that I cannot see that this vote is for purely political purposes.

It is not because you want the old people to have their day in court; ch, no. We are not deaf, and we have recently heard frequently of the plan of the majority party to put some Members on the spot, especially those Republicans from New England. Put me on the spot as often as you like. I have been for a long time definitely located. I gave this scheme much attention and study when it was first presented. I have been telling my people of the fallacy of the thing, and I really think that the argument I made in 1936 and circulated prevented the snowball from rolling up in my district. Why do you not explain to these people in

your districts the impossibilities of their realization of such an economically fallacious proposition? They have enthusiastic organizers. When 25 members of the Ways and Means Committee listen for some 4 months to testimony and can see nothing to recommend it, I should feel decidedly queer to vote for a measure with such a complete official endorsement.

Also, the Rules Committee seems unanimously against it. Oh, no, the majority merely wishes to embarrass our friends who have flirted with the plan and obligated themselves so that they feel they must conscientiously go through with it, having accepted the endorsement. What an unfortunate position. I asked in 1936, and I now repeat, "Under section 9, would not the stock market be forced to close down?" doubt some of you want it closed down. No civilized nation could proceed without the peoples' market place. Under section 9 many classes of the people would not be able to continue in business. It is suggested that the man who does not need a pension would not take it. Of course, he would do so. I do not subscribe to this doctrine "Pension by right." I want to give a liberal pension to all those who really need one. But think of the W. P. A. neighbor with children to support who, just because I am over 60, must contribute to my support and pleasure in order that I may go to sunny California or bask on the sands of Florida. There is something about this nearly unanimous support from Florida and California that irks me a little. I do not wish my poorer and perhaps less fortunate neighbors to be taxed for my benefit, just because I had reached the age of 60. I fear they would have little affection left for me.

Mr. SHEPPARD. Mr. Chairman, will the gentleman yield? Mr. GIFFORD. Always.

Mr. SHEPPARD. Will the gentleman kindly state to the Members of the House what particular part of the great State of California there is that irks him?

Mr. GIFFORD. Oh, I said we wanted to get this pension that we might lie down in ease under the sunny skies of California. I might like to be lazy like some other people.

Mr. SHEPPARD. That would not irk the gentleman, would it?

Mr. GIFFORD. I do not know that the gentleman grasps the meaning of the word "irk." Just what is the gentleman's understanding of the word "irk"?

Mr. SHEPPARD. I think under the circumstances I do understand it.

Mr. GIFFORD. It would not be irksome to some, but I think it would be to me to live even in California and not be allowed to work. [Laughter.] As long as I can I want to work. I do not want my poorer neighbors to support me. You Democrats asserted that you believed in having taxes paid by those who are able to pay. Under this you wring taxes from people who are not able to pay. This vote is just a political "gag" to get many Members on the spot. Massachusetts will probably be heard from later, by the gentleman from Boston [Mr. McCormack]. He may ridicule the fact that the Republicans promised the Townsendites they would do everything to bring this measure on to the floor for a vote. They were quite honest in this promise. But when that plank was laid before the convention in Massachusetts I immediately left the convention and went off by myself, because I could not possibly agree even to that. [Applause.] How could I agree to bring a matter to the floor and then strongly oppose it? How could the Ways and Means Committee do this thing? I cannot approve of it. I felt it my duty to leave that convention. But the Republicans were sincere in their promise to help bring the matter to a vote and they have done their duty. It is quite possible that I took the wrong attitude in the matter. [Applause.]

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield 3 minutes to the gentleman from Ohio [Mr. Bender].

Mr. BENDER. Mr. Chairman, I am glad to follow my good friend the distinguished gentleman from Massachusetts [Mr. Gifford], who referred to the burning fires of some years ago and said that the fires had burned out, I do not

know anything about that, but I do know the condition that our old people are facing in Ohio. I do know the condition that our people generally find themselves in. That is what concerns me. It is stated by so many people that this bill does not meet the situation. That may be true. This measure is presented to us in a form that we cannot possibly amend. If it goes to the Senate I am sure they will want to make corrections over there.

When an individual says he is for a \$60 a month pension, and at the same time says he cannot vote for this measure he is not being very consistent. The most optimistic view is that this bill will provide a maximum pension of \$57 a

month.

There is nothing inconsistent in a Republican voting for a measure like this, as this measure is not raising expenditures or raising money by placing a burden on the shoulders of this generation and the coming generations by subterfuge. This is a pay-as-you-go proposition. If you vote on every other proposition on a pay-as-you-go basis, I am sure we will have more intelligent voting in this House.

I was a member of a legislative body for 10 years before I came here. So many times members would get up and say, "I am for the idea back of this bill, but this is not the right bill." I am here to vote for any bill that will provide an adequate pension for the aged of our State and country. I am for any bill that will provide decent living conditions

for the aged of the country.

You ladies and gentlemen who are for another bill, bring that bill in tomorrow, and we will vote for it. This is the only bill that we have a chance to vote for today, so I am going to vote for it. I will vote for any reasonable bill that you bring forward, but bring in your bill and let us see what your alternative is. You know, you can easily kill a proposition by laughing at it and ridiculing it. But our old people are not getting any benefits from this Congress by being ridiculed. I am not saying that this is the right bill. This is the only way that has been offered thus far. This is the first opportunity I have had to vote for an old-age pension. I do not care what the name of that proposition is. I do not care under what name you bring it in, but I say we owe it to our constituents to bring out a measure which will give them the relief which they so sorely need.

In the many years before the depression the aged men and women of our Nation were not clamoring for assistance. Industry was not turning away its workers when they reached the age of 45. Sons and daughters who were gainfully employed were taking care of their fathers and mothers. Factories were giving their employees generous pensions when

they reached the age of retirement.

That picture has been completely altered in the Roosevelt era. Our old folks today are set adrift, all too frequently without resources of their own. They are cast off by industry not because of vindictiveness but because industry under the New Deal is striving desperately to keep its own head above water.

The desperate position in which our aged citizens find themselves today is a perfect reflection of our deepening economic crisis. I am convinced that our national predicament will grow steadily worse until we shall change the

entire direction of our Federal policies.

Meanwhile, it is my earnest conviction that this proposal offers hope for a temporary revival of national spending power. I am not certain that the method prescribed by the proposed bill will yield funds sufficient to finance the pension plan. I am not certain that the bill in its present form will operate smoothly in its essential features.

But I am convinced that it is necessary for the people of our country to take care of the old men and women who are the fathers and mothers of our land. We owe them kindliness, not harshness. We owe them reverges not scorp.

not harshness. We owe them reverence, not scorn.

The proponents themselves concede that their program is experimental. If it works the Nation's economic distress may be alleviated. If it fails we shall discover that failure speedily, and we shall not hesitate to correct it. [Applause.]

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield 2 minutes to the gentleman from Ohio [Mr. White].

Mr. WHITE of Ohio. Mr. Chairman, I believe that present pensions fall short of real needs and I favor adequate provisions for the aged and the crippled. However, the consideration of H. R. 6466 today is a snare and a delusion. This proposal is no more like H. R. 2 or the pension ideas that thousands of people have been advocating than the man in the moon.

There have been no hearings on this bill. No amendments are permitted. In this form it is unconstitutional. It is not even presented for serious consideration and adoption. Very obviously the bringing of this bill onto the floor in the present manner is an insincere movement on the part of some of the New Deal bosses in which they make a hollow mockery of the hopes and aspirations of tens of thousands of old people.

It is a slippery piece of business, both false and futile. I will not be a party to this misrepresentation and manipulation. My vote will be cast "No." [Applause.]

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield such time as he may desire to the gentleman from South Dakota [Mr. Munpt].

Mr. MUNDT. Mr. Chairman and my colleagues, I have listened attentively to the entire debate today on this matter of old-age pensions, and after over 4 hours of it, which I have tried to weigh and evaluate to the best of my ability, there are two facts which stand out of the whole situation like skyscrapers on a desert. The first fact which commands special attention, in my opinion, is the un-American "gag" rule under which the New Deal majority of the Rules Committee insisted this bill be considered; and the second fact is that in large part the most important issues involved in this legislation have been the least discussed in the majority of speeches heard here today.

In the first place, let me discuss briefly this "gag" rule barring all constructive amendments and making a hollow mockery out of the business of representative government. Rumors around the halls and in the cloak rooms to the effect that the New Deal high command was asking for a closed rule preventing amendments and corrections of certain obviously hastily written sections of this bill in order that the whole pay-as-you-go pension program could be the more easily killed took on the appearance of fact today when we were denied the privilege to consider this important legislation under an open rule.

I resent the fact that again today, as on several previous occasions in this session of Congress, the New Dealers who dominate the Rules Committee with a top-heavy majority and a partisan purpose have sought to "gag" the House, to deny us the opportunity to exercise our rights as legislators, to insult in this instance the integrity of millions of our aged citizens who are sincerely working for the passage of an honest pension bill, and to attempt to condemn this type of legislation to an early death by denying Representatives elected to legislate even the elemental right to propose amendments or perfecting supplementary clauses to this bill.

I have always held that the whole system of old-age pensions in America is important enough to deserve a full and fair hearing on the floor of the House and I deplore the fact that now when we finally have the matter before us for consideration a few men in high places in the Democratic Party can still deprive us of utilizing these hearings for adding improvements and clarifications to the bill now before us. Unfortunately, therefore, even now when the pay-as-you-go system of old-age pensions has its long-awaited day in court, it is disappointing to witness the court leaders restricting our action to a specified phraseology for the sly purpose, as is known to every man in this House, of dividing the friends of honest pensions and multiplying our enemies.

THE GAGSTERS COMPLICATE THE ISSUE

We are consequently confronted with but a single alternative today—we must vote "yes" for this bill as it is with the hope that if it reaches the Senate, that body, untrammeled

by "gag" rule domination, will insert and add certain needed corrections and amendments which will increase the equity with which this bill would operate, or else we must vote "no" and condemn to defeat for this session not only the hope of a respectable pay-as-you-go pension program but also any hope to free this country from the patent abuses and gross injustices of the present Social Security Act insofar as it pertains to old-age pensions. So our choice is complicated by these "gagsters." It would be bad enough to be confined to voting for or against a bill which the "gagsters" have removed from our customary powers of corrective amendments, but in this case our decision is complicated and the issue confused by the fact that we must choose between this bill as presently drawn and the Social Security Act as presently operating.

Apparently America as a whole desires some type of national old-age pension program. By our vote on this measure each of us is faced with the opportunity of making our influence felt in favor of one type of pension program or the other. Mark you, there is no way for any of you to vote on this bill to express disapproval of old-age pensions as suchthis decision is simply between the present social-security program of old-age benefits, with its eventual trust fund of over \$40,000,000,000, and the bill before us, with its specified tax for pensions to be paid on a pay-as-you-go basis. In this vote you must cast your lot with one pension program or the other or sit with your hand over your mouth. A vote for H. R. 6466 is also a vote to repeal the old-age features of the Social Security Act. A vote against H. R. 6466 is a vote to continue the social-security set-up as is. It has become a matter of take it or leave it with the boys in the saddle cracking the whip, barring amendments, limiting debate, and giving us only this one or the other option as we witness this altogether too realistic preview of what democracy can actually dwindle down to when we permit elements of dictatorial technique to dilute the tonic of selfgovernment.

H. R. 6466 OR A TRIUMVIRATE OF TAMPERINGS

For me it is easy to decide which course I prefer to see America follow. With a present national debt of over \$40,-000,000,000, it impresses me as a fatal rendezvous with bankruptcy itself to continue this country on the program now called for under the Social Security Act as presently operating with its predicted trust fund of \$47,000,000,000.

Not only that, but rumors were started on the floor today of impending changes to be proposed by the Ways and Means Committee which would defer increasing the payroll taxes upon which the trust fund feeds, move up the time for starting the pension payments, and increase the benefits of the act in an Alladin-lamp array of suggestions which represent a triumvirate of tamperings which any schoolboy realizes means an even further unbalancing of our National Budget and a still greater national debt. It is one more example of the New Deal's altruistic axiom of robbing the baby's bank to pay for his father's holiday and I am therefore glad that H. R. 6466 which is before us has the courage and the clear sightedness, whatever else may need amending in the bill, to call for the forthright repeal of the old-age features of the Social Security Act. For me, the matter-of-fact and Nation-serving provisions of sections 18 and 19 of H. R. 6466, repealing as they do the most expensive features of the Social Security Act, make it clear which way I should vote to best serve the interests of both constituents and country in this important decision.

I have given more time and study to the problem of oldage pensions than to any other subject since I have been in Congress. I have attended the committee hearings, read the reports, participated in discussion meetings, and sought information wherever I could find it on this subject. I think I came to this study with an open mind and I know that I came to Congress with no pledge of any kind to any group or individual to either support or oppose any specific type or kind of pension program.

Together with most of you, I am sure, I came here ready to be convinced whether the present Social Security Act or some new type of pension program would best serve both the oldsters of America and the future of our Nation. For that

reason I have done all within my power to help get this legislation out on the floor for what I hoped might be a full and open discussion here in the House and for that reason I am, of course, doubly disappointed that to get the bill out of committee it was necessary to pay the price of submitting to a gag rule which in the mind of the majority party of this body will make it just a jack-in-the-box to pop out in the open for a few hours' discussion and then be crammed back again until another political oracle gets another sign from his messiah that it is time to play politics with pensions again.

TWO PENSION PROGRAMS CONTRASTED

Now, in the time remaining, let me discuss with you the second fact which has impressed me singularly in today's debating-the fact that the biggest issue before us has received the slightest attention. As I see it, colleagues, our decision today is to choose between two different methods of trying to develop a Nation-wide program of the greatest usefulness. Neither name-calling, flights of fancy, nor hot tempers will aid us in this decision. The one method is our present Social Security Act, which I indict on several grounds. In the first place, it threatens our very national solvency itself by virtue of the fact it calls for a stupendous trust fund which thus far, at least, has become more of a slush fund for New Deal extravagances than a fund held in trust for eventual pensioners; in the second place, I indict the present program because while its pay-roll taxes are passed along to all consumers and its burdens are therefore universally shared, it restricts most of its benefits to certain groups and classes employed in large groups and entirely leaves out in the cold about 90 percent of the people of my State, for example, where farming and private employment predominate; in the third place, because of the varying ability of States to engage in dollar matching, it does not give equal treatment to all sections of the country, whereas all sections are equally subjected to the increased living costs which always follow pay-roll taxes.

On the other hand, H. R. 6466, now before us, avoids each of these injustices and weaknesses. It is set up on a payas-you-go basis and will eliminate the specter of what has prophetically been called our "\$40,000,000,000 blight" by making the accumulation of this huge trust fund unnecessary, while its taxes may also be passed along in part to consumers the present bill treats all groups alike in distributing its pensions, and the farmers of my State will fare as well as the laborers of Detroit or Boston in the old-age pensions they receive; and finally, citizens who attain old age in one State will be treated as fairly and as generously as citizens of similar age in every other State as the "accident of geography" will be eliminated from the many hazards which already attack old age.

PAY-AS-YOU-GO VERSUS BORROW-UNTIL-YOU-GO-BROKE

Our decision therefore reduces down to this, inasmuch as it is generally agreed that America is to accept a national responsibility for old-age pensions; should we adopt the proposed program under H. R. 6466—without amendments, due to the congressional censors who have imposed a gag upon us, but with the earnest hope that the Senate will iron out any wrinkles which must necessarily be leveled for efficient operation of the program-with its pay-as-you-go feature and its sound underlying principle of a universal tax for uniform pensions equally available to all or should we continue the old-age provisions of the Social Security Act with its borrow-until-you-go-broke features and its unsound and unfair underlying principle of a specialized tax-passed along to all-for unequal pensions available to some and denied to others, depending upon occupational happen chance and geographical accident?

There is no escaping this decision—each Member who votes on this bill, and I hope it is a recorded aye-and-nay vote, must declare for one program or the other. He either votes to perpetuate the present unsound and insolvent system of favoritism for the few in the matter of pensions or he votes to repudiate it by repealing the old-age features of social security and substituting therefor the principle of a

universal tax for uniform pensions equally available to all. As for me, I shall vote for the latter principle. Unless better parliamentarians than I can yet develop a method for voting for a better pension program than H. R. 6466, I shall vote in favor of this bill at the conclusion of this debate, and I urge you, on both sides of this center aisle, to do likewise. DIVIDENDS VERSUS DECEPTION

In so voting, I am unable to predict the size of the pensions which will result for our aged if this bill passes. The sponsors have fairly enough agreed to divide the net returns of the special tax for old-age pensions among those receiving pensions—we all hope this will be an ample fund. Personally, I neither share the enthusiasm of this bill's most ardent claimants nor do I share the alarm of its gloomiest opponents. Somewhere between these two extremes the history of this bill's experience will be written. As history unfolds and as experience indicates, H. R. 6466 can be amended and altered, modified and corrected to do better the job it is destined to do. Tax rates can be changed, tax bases altered, details of administration revised, exemptions extended, and mistakes corrected without violating its fundamental principles of pay as you go and a universal tax for a uniform

Later Congresses will have to modify and alter and amend as dictates of experience provide, because social legislation of this type has never been perfected at first draft and some day, surely, a wiser and less partisan majority leadership will realize the futility of putting a gag on suggestion

and a censor on perfecting amendments.

Happily, however, if this bill passes, it can neither bankrupt the country nor increase the national debt and in its passage it will add to the new hope it brings to the elderly citizens of this country the added encouragement to all that the stultifying spectre of a \$47,000,000,000 trust fund will be removed from the pathway of progress and pay-as-you-go cash dividends of whatever size the tax provides will take the place of borrow-until-you-go-broke deception as a basis for old-age security in America.

Mr. TREADWAY. Mr. Chairman, I yield such time as he may desire to the gentleman from California [Mr. HINSHAW].

Mr. HINSHAW. Mr. Chairman, I very much regret that our highly esteemed Ways and Means Committee has not seen fit to exercise its collective genius in perfecting the pending bill, H. R. 6466, before sending it to the floor of the House. Everyone, including its sponsors, admit that the bill is not perfect.

Under the circumstances, however, under the gag rule that has been adopted, the bill cannot be amended and must stand or fall as it is. If the bill is recommitted it will go back to an apparently hostile committee, a committee which intends soon to bring forth certain amendments to the Social Security Act in the present belief that

this bill will be defeated.

A previous speaker has stated that no body of labor or capital has asked for this bill. In that connection it must be remembered that employed persons in certain classes come under the Social Security Act, but it must also be remembered that the old folks we are attempting to benefit here cannot be benefited by the pension plan of the Social Security Act. They are either already too old or they are not employed by industry and hence not eligible under the Social Security Act.

Now, Mr. Chairman, while I was opposed in the late election by the Townsend organization, I am pledged to and believe in a fair pay-as-you-go pension plan for the aged, and believe such a plan should be adopted at this session of Congress as a substitute for the present investment-fund

pension plan of the Social Security Act.

I believe, under the circumstances that this bill should be passed over to the body on the other side of the Capitol's dome where its Finance Committee may consider it and perfect it in order that we may have an opportunity to make a proper plan the law of the land. Something constructive must be done and done now for our old people.

Mr. TREADWAY. Mr. Chairman, I yield 2 minutes to the gentleman from Wisconsin [Mr. HAWKS].

Mr. HAWKS. Mr. Chairman, this bill, in my opinion, is a recognition on behalf of the old people back home of the inadequacy of the present Social Security Act. We would not have had a Townsend plan or a Townsend bill or any other old-age pension bill before us today if the Social Security Act originally had not been just a downright political measure.

In the campaign of 1938 I accepted the endorsement of the Townsend group of my district. I did not speak for their plan. / I did nevertheless accept their support, and I would be less than half a man today if I did not support the only piece of pension legislation that has been brought to this

While it is apparent that this bill, H. R. 6466, was hastily thrown together, and a large part of it is inconsistent with sound economics and highly intricate in its administration, the feature of a pay-as-you-go basis for pensions appeals to me greatly. It is my opinion that if we are ever to have a sound and adequate old-age pension we will have to adopt a pay-as-you-go principle and do away with the present ridiculous social-security plan. Under the present Social Security Act the Federal Government has collected taxes from the laboring people and their employers in an amount exceeding \$1,000,000,000, and the only evidence that this money was collected is a big I O U down at the Treasury Department.

It is hard to imagine that anything could be more fantastic than the present act, but because it is a typical piece of New Deal legislation, and, further, because the New Deal still has a very comfortable majority in Congress, we can expect little or nothing during this term of Congress. You new dealers have played terrible politics with the misery of our people, both in pensions and relief. And, thank God, the responsibil-

ity is yours and not ours.

The Ways and Means Committee reported this bill without recommendation after almost 5 months of study on the general principles of social security, and you obtained from the Rules Committee a gag rule which typifies the worst in political maneuvers. I hope that when we have concluded the debate and the voting on this bill that every Member of this great body will have definitely impressed upon him the absolute necessity for adequate, reasonable, and sensible oldage pensions.

Mr. BUCK. Mr. Chairman, will the gentleman yield?

Mr. HAWKS. I yield. Mr. BUCK. The gentleman wants to be fair I know.

Mr. HAWKS. Yes.

Mr. BUCK. The gentleman realizes that after the rather lengthy and strenuous efforts of the Ways and Means Committee they introduced in the House a bill containing rather widespread amendments of the Social Security Act, a bill which liberalizes the provisions of the Social Security Act materially; so this is not the only act of this nature that will be considered.

Mr. HAWKS. I would remind the gentleman from California that I have not seen a draft of the proposed amendment to the Social Security Act.

Mr. BUCK. It is available to the gentleman; it is printed, and if he wants a copy it is available.

Mr. HAWKS. I understand we are going to have debate on that subject, but this bill is before the House today; and I campaigned in 1938 for adequate pensions.

Mr. BUCK. Mr. Chairman, will the gentleman yield

further?

Mr. HAWKS. No; I cannot yield further.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield such time as he may desire to the gentleman from South Dakota [Mr. CASE]. A PAY-AS-YOU-GO BILL

Mr. CASE of South Dakota. Mr. Chairman, the proposed revision of the Social Security Act moves further in the direction of an unbalanced Budget. I am unwilling to be put in the position of defending a move in that direction.

The headlines in today's papers describe that revision bill to which the gentleman has just referred. They read, "Benefits Increased Now; Tax Boosts Postponed." That is the sugar-more out, less in.

The bill before us, H. R. 6466, carrying faults as it does, moves in the opposite direction. It is a pay-as-you-go bill, at least.

And I am reminded that most Republican platforms call for an old-age pension system financed by pay-as-you-go taxes.

The late Ogden Mills, former Secretary of the Treasury, in his book entitled "The Seventeen Million," urged a simple, straightforward old-age pension based on a widely distributed tax without all the red tape, records, and confusion of the present two-headed social-security system. This bill moves in the direction of simplicity and is self-financing. Those who urge waiting for the revision of the Social Security Act must defend its deficit financing and its double book-keeping and the permanent accuracy of the 44,000,000 individual record cards that already have been set up. I am unwilling to accept that foundation for a discussion of what should be done.

The bill before us is not perfect, but it proceeds on a principle that is sounder as a foundation for a system of oldage pensions, the principle of a self-financing, simple annuity system, to which each recipient will, in the course of time, have contributed according to his ability. His entitlement to benefits will not depend on his politics, and the amount will not be based upon somebody's personal opinion of his habits and needs, but all persons will be treated alike.

True, this bill is imperfectly drafted. It has references to section numbers that do not exist. When the transactions tax was dropped for the gross income tax, apparently two sections were inserted and later sections use the wrong numbers in referring to earlier paragraphs. That can be ridiculed as it has been ridiculed here today, but such arguments do not go to the issues involved. Under any normal procedure such things would be corrected by perfecting amendments without an objection.

True, the bill before us has some unfair features—exemption of National banks and not of State banks, exemption for chambers of commerce and not for labor unions, but those are oversights that would be amended normally on the floor if the gag rule had not been applied. It comes with poor grace for those who decreed the gag rule to chide anyone about mistakes of that kind in this bill.

Look to the Social Security Act, which has been on the statutes now for some years and still carries such unfair and unequal treatment, which you are only now proposing to revise in the bill to which reference has been made. That act still seeks to tax officers of some lodges as employees and to count honorary officers of commercial clubs as paid employees. It still excludes large groups of employees from its benefits. It still levies a forced loan against wage earners, promises to repay them with interest some sweet day, and then puts an I O U in the theoretical cash drawer and uses what would have been private purchasing power if left with the workers to finance a political spending program.

True, there is uncertainty as to how much the gross-income tax will yield. I speak of this point with considerable interest. We tried a gross-income tax in South Dakota. The results were disappointing. The day H. R. 6466 was introduced, May 23, I learned that it substituted the gross-income tax for a sales or transportation tax, and wired our present State director of taxation, Mr. J. H. Bottum, for the facts on our experience. Under date of May 24, 1939, his reply letter says:

When the gross-income-tax law was passed in South Dakota, it was estimated that the revenue therefrom would amount to \$9,300,000. The actual yield, however, fell far short of this figure. The last year the law was in operation the collections amounted to \$2,814,000. The following fiscal year an additional \$583,000 was collected. You can see, however, that the total revenue, under this law, was never greater than \$3,300,000.

He points out, however, that only a portion of the tax was ever collected and that the South Dakota law prevented the tax from becoming a part of the purchased article. There is no such restriction in the bill before us. At the same time, it seems probable to me that the tax will not yield what is expected. But I call to your attention this fact—that it will not pay out more than it takes in.

It may be only \$17 as some say; it may be only \$43; it may be \$51, but whatever estimate is correct, that will be the amount paid.

Mr. Chairman, I have not been deluged with letters and telegrams on this bill or on the Townsend plan as a whole. My district has the number of Townsend clubs you could expect where deflation, drought, and depression have buffeted the people with bank failures, crop failures, and New Deal disappointments. But, owing to the fact that I did not make the matter an issue in my campaign, and possibly because it is generally understood that my only pledge is to give careful, unbiased consideration to any question of importance that comes before us, my mail has not been heavy on this subject.

When asked what my course of action would be, I have stated that I would seek and support a movement to get a fair hearing for the bill with open consideration on the floor of this House. Any subject that is as widely discussed as this deserves that. But to call this 4-hour debate under a rule which permits no amendments of the bill a fair hearing is to mock the meaning of plain words.

I do not know who is responsible for the gag rule under which this bill is before us. Last night, one of my friends on the other side of the aisle remarked to me that he thought the President had made a mistake in insisting upon action at this time, that it was probably intended to put the Republicans on the spot, but that it was embarrassing a lot of Democrats. I do not know who insisted on the gag rule, but whatever leadership dictated such a course, I would caution to beware of what Edward Markham once called "The long, long patience of the plundered poor." If the people, finally impatient with rules and parliamentary procedure, rise and strike blindly some day, let your minds recall how you bound their Representatives today.

Some uncalled-for ridicule has been heaped today upon the man whose idea grew into the great Nation-wide surge for old-age pensions, Dr. Francis E. Townsend. I have never personally had the privilege of meeting Dr. Townsend. But he once practiced medicine in a county seat in my district, Belle Fourche, a frontier cattle town in those days. He is remembered there as a kindly gentleman who believed in trying to help folks. A daughter lives today in Hill City, a town not far from my home. Her townspeople speak of her and a brother who visits there with the highest esteem. The name of Townsend needs no eulogy at my hands. He has never posed as a great lawyer or a great economist but he has lived as one who would be a friend to the old folks and a helper of the young folks.

I am reminded, today, of another old man who believed in helping folks to freedom. Some folks called him queer. Probably he could not have written an Emancipation Proclamation. I am sure he could not have phrased an amendment to the Constitution, but, today, children in their young years learn to sing:

John Brown's body lies amouldering in the grave, His soul goes marching on.

And I am not so sure, but that when we who debate technicalities and look for legal language will have been long gone and forgotten, song and story will tell of a man whose body lies moldering in the grave but whose passion to help folks gave this country the real inspiration to do away with poorhouses and do the decent thing for our older citizens.

Mr. TREADWAY. Mr. Chairman, may I inquire how much time I have remaining?

The CHAIRMAN. The gentleman from Massachusetts has 12 minutes remaining.

Mr. TREADWAY. Mr. Chairman, I yield myself 2 minutes.

Mr. Chairman, I differ with my colleague, the gentleman from Massachusetts [Mr. Gifford] in his interpretation of the Massachusetts Republican platform for 1936. I quote verbatim from that platform:

TOWNSEND PLAN

Realizing that there are millions of thinking citizens throughout the Nation who have studied into and believe in the principles of the Townsend national recovery plan as embodied in

the bill bearing the title of the General Welfare Act of 1937 (H. R. 4199), but more popularly known in public discussion as the Townsend national recovery plan, we pledge the entire Re-publican delegation in the Congress to work for a full discussion

at the earliest possible moment.

As there may be many good citizens in the State who do not concur in the economic advisability of the plan for national recovery as advanced by Dr. Townsend, we desire to make it definite that this plank in our platform does not commit the Republic lican Party of Massachusetts to the merits of the plan itself, but does insist that it has earned the right to consideration by the Congress without further delay.

That consideration has certainly been given to the plan of Dr. Townsend and to every other scheme that has been presented to the Ways and Means Committee for old-age The Republican Party has kept its pleage to the voters of Massachusetts.

If time permitted, I would like very much to defend the position taken by the Ways and Means Committee. I realize that we are being criticized, very severely criticized, for

making no report.

Mr. Chairman, as one of the minority willing to assume my share of the discredit which has been cast upon the Ways and Means Committee by reason of the nature of the report on the pending bill, I particularly call attention to the fact that in the committee, 13 of 15 Democratic members a majority of the committee—led the way in reporting the bill without recommendation and without hearings.

It is very easy to explain this situation. For months we have been having hearings on social security, including the former Townsend and general-welfare bills. Three months elapsed from the time Dr. Townsend agreed to submit his proposed amendments before they reached the committee. Then the Townsend advocates, in and out of Congress, asked for an immediate report on the amended bill without recommendation. It was impossible to grant hearings at the late date at which the amended bill was submitted in view of the insistence on speedy action on their part.

It seems to me there are two major factors in the criticisms that can be rightly directed against the Ways and Means Committee. First, yielding to the insistence of the friends of Dr. Townsend. Second, the willingness of the majority to make a report of this nature, in which the Republicans joined, although we did not have committee control nor were we needed to contribute to the report as made by the 13 Democratic members of the committee.

Therefore, let the blame rest where it belongs, on the shoulders of the Democratic majority of the Ways and Means

Committee.

Mr. BUCK. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. I yield.

Mr. BUCK. Did the gentleman say there were 15 Democratic members voted to report the bill out without recommendation?

Mr. TREADWAY. I said that 13 members on the Democratic side voted to report the bill out-a majority of the committee. Two of the Democratic members voted against the motion to report the bill without recommendation.

Mr. BUCK. Did any Republican member vote to report the bill out with recommendation?

Mr. TREADWAY. We did not. That motion was never offered. I am not saying that we did not join in the committee's action.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield myself 1 additional minute.

Mr. BUCK. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. No; I cannot yield further.

Mr. BUCK. Why did not the Republican members show the statesmanship their speakers have been calling for by joining the two of us who voted "no"?

Mr. TREADWAY. I said two members did not vote for the motion. The gentleman from California was one of the two Democratic members voting "no."

Mr. Chairman, I decline to yield further.

Mr. Chairman, in closing may I say that for my part, I have more than carried out my obligations to the friends of the Townsend program.

I therefore feel free to vote on this bill in accordance with the wishes of the majority of my constituents and with my own conscience.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield such time as he may desire to the gentleman from California [Mr. Buck].

Mr. Chairman, in view of the statement Mr. BUCK. recently made that this is the only pension bill or bill protecting the aged that might be considered by the House, I think it is proper to call the attention of all Members to the fact that H. R. 6497, which is the bill that the Ways and Means Committee will report some time next week under an open rule, is now available for distribution and has been introduced by Chairman Doughton. Look it over before you vote tomorrow.

Mr. DOUGHTON. Mr. Chairman, I yield such time as he may desire to the gentleman from Oklahoma [Mr. Johnson].

Mr. JOHNSON of Oklahoma. Mr. Chairman, as one Member of Congress who has pioneered in advocating and fighting for fair and adequate old-age pensions for all of our needy old people, I shall cast my vote against this fantastic, impractical, utopian dream, the so-called Townsend plan.

When I first began advocating adequate pensions for our aged people I was criticized and actually ridiculed by some of those in the district I have the honor to represent who now pose as the only real friends of our old people. Many years ago, at a time when old-age pensions were decidedly unpopular, I introduced one of the first bills ever presented to Congress proposing Federal old-age pensions. That was long before the world ever heard of Dr. Townsend or his fantastic

cure-all plan.

Mr. Chairman, I stand ready to give my active and enthusiastic support to any fair, sane, and reasonable legislation to aid our deserving old people that has any possible chance of ever being enacted into law. No one, not even the proponents of this pending bill, pretend to say that the bill will pass either House of Congress. It is common knowledge that this bill would get mighty few votes here if Members thought there was the remotest possibility of its passage, and fewer still if a secret vote were taken. It is not here for the purpose of securing any possible help to our millions of needy and the deserving old people who have been fooled and deceived into the delusion that it lacks only a few votes in this Congress in order to enact this measure into law.

Advocates of the so-called Townsend bill have repeatedly stated on this floor this afternoon that this bill presents the only opportunity that Members will have of voting to liberalize the present inadequate and entirely unsatisfactory old-age pension law. That is offered as an excuse for voting for this ambiguous monstrosity by some Members who know that the Townsend bill is full of loopholes and meaningless phrase-

ology.

The gentleman from California [Mr. Buck], an able and distinguished member of the Ways and Means Committee, who preceded me, made it plain that an opportunity will be offered all Members of the House to liberalize the present law within a few days, when legislation is presented to this House to amend the Social Security Act. This House has been assured that these proposed amendments will be brought here under an open rule, which means that all Members will be given ample opportunity to offer any amendments they may choose to present.

May I say in this connection that unless the Committee on Ways and Means presents to this House amendments to materially increase and liberalize benefits to our aged citizens I give notice here and now that such amendments will be offered from the floor of this House. [Applause.] That the present law is wholly inadequate and in many respects indefensible is generally conceded. But merely because few, if any, of us are satisfied with the present law is no reason or excuse to vote for this makeshift measure, even though it does have the blessing of Townsend and his organization.

My objection, Mr. Chairman, to the pending Townsend bill is not primarily that the old folks of my district and State have been repeatedly told that they are to receive \$200 per month provided they continue to send their dimes to a

man who admits under oath that he has taken in over \$3,000,000 of their money that they could ill-afford to part with, nor is it because sponsors of this bill now claim that their pyramided sales tax, if enacted, would pay only from \$50 to \$75 per month. Nor is it for the reason that national banks are exempt from the provisions of this bill, while State banks are proposed to be taxed, as indefensible as all this is. The most serious objection is that the sponsors of the measure profess to believe that by imposing a so-called transaction tax scheme, which is only another name for a pyramided sales tax, you can eliminate unemployment and bring back prosperity. You cannot increase the purchasing power of the country by taxing consumption. That will not eliminate underconsumption, but will only redistribute the poverty of the Nation. It would be robbing Peter to pay Paul. You cannot make the W. P. A. worker, the day laborer, the smallsalaried man, or the tenant farmer or farm owner, now struggling to get along, more prosperous by burdening him with consumption taxes; and anyone who claims that this transaction tax will not reduce the purchasing power of the consumers and purchasers simply has not considered the mechanics of the tax. The record shows that every tax expert called before the committee so testified.

As the gentleman from North Carolina, the distinguished chairman of the Ways and Means Committee [Mr. Doughton] has just said:

This bill will not only impose a new tax but the heaviest tax ever levied in the history of this or any other country. It will impose not only a tax—the heaviest in all history—but it would impose a tax without any reference or regard whatever to ability to pay, and pretending, I say, to promote business recovery. It is also claimed that this bill, if enacted into law, would abolish poverty, would banish the poorhouse, eliminate courts and jails. In other words, it would in effect bring the millenium. some of the modest claims of Dr. Townsend. O, Mr. Chairman, this bill if put into operation would break the legs of industry; it would break the back of agriculture; and it would break the neck of labor. That would be the effect of this unsound, impossible, unworkable, chimerical scheme.

The able chairman pointed out that this tax would give "an enormous advantage to large producers who distribute directly to the consumer, as the total tax payable with respect to any commodity varies with the number of hands through which it passes." It would be of enormous benefit to chain stores and monopolies. The gigantic business concern which produced the raw material, processed it into articles for sale, and sold these commodities direct to the consumer would eliminate the independent producer of agricultural products and raw materials; it would put the independent manufacturer and small-business man out of business as rapidly as the transition from a free competitive system to monopoly could be effected. That was admitted by Dr. Townsend before the Ways and Means Committee when questioned by the gentleman from Massachusetts [Mr. McCormack] as is shown by the record of the hearings. Now, few, if any, of these objections can be made to H. R. 11, introduced by the gentleman from California [Mr. SHEPPARD] which proposes to raise funds for these old-age benefits upon ability to pay, exempting the small-salaried man and the little producer. I have steadfastly maintained the position that all taxes should be based upon ability to pay and benefits derived from the distribution of the tax money.

To those who vote for this bill when the roll is called because of political expediency, who are faint-hearted and fearful of threats of defeat by the Townsend organization, permit me to say I have met that threat in the past when the Townsend organization was in its ascendancy. I did not run from the issue then and I shall not do so now nor in the future. I do not consider Dr. Townsend inspired or invincible. You will recall that in 1936 he told us: "Anybody but Roosevelt." He conspired and cooperated with the forces of reaction which sought desperately to repudiate our great President and his program in 1936. I cannot follow blindly a man who keeps such political company. No true friend of President Roosevelt or sincere believer in the principles of the Democratic Party can consistently follow the Republican Dr. Townsend.

Mr. Chairman, when this Townsend monstrosity, this visionary scheme, is overwhelmingly defeated by this House, which all admit will be done, it should clear the atmosphere and permit some real practical and constructive legislation for the benefit of the millions of deserving old people of this country. It is my earnest plea and sincere hope that all those interested in securing worth-while results for the aged, during the present session, get together and present to this Congress a sane, sound pension program, a program that will meet with the approval of both Houses of Congress, a program that actually can and will be enacted into law. Such a program will be a god-send to our needy and suffering old people and I feel confident will meet with the approval of the average citizen and taxpayer.

Mr. DOUGHTON. Mr. Chairman, I yield 8 minutes to the gentleman from Florida [Mr. HENDRICKS].

Mr. HENDRICKS. Mr. Chairman, I am tired from having worked about 8 weeks to bring this bill before the House of Representatives for a vote, but I am happy in the realization that I have kept a promise to my people. There have been many bitter things said in the House this afternoon, and I sincerely hope that whatever regard you may have for anyone else, you will realize no matter what you may have said on this floor I have not taken any offense. I, being a sentimental cuss, would rather have the respect and affection of the Members of this House than have anyone entertain any other feeling toward me.

Mr. Chairman, I thought that all debate on this bill would end today and that we would be on equal terms, but I understand now that both sides have reserved a speaker for tomorrow morning. I first thought I would refuse time this evening, but I think now I shall take it because I have some things to say that I believe some Members may want to

read during the night or in the morning.

There are one or two things I want to answer. As a matter of fact, there are only one or two things that have been said which I think deserve an answer. We spent a great deal of time this afternoon trying to prove that each other was a bit crazy. When someone tells me I am crazy, I am reminded of a statement made by the eminent psychologist, Henry James. He stated: "There is really no sharp line of demarcation between the sane and the insane."

Mr. Chairman, two things were said to which I would like to give a brief answer. One of them was the mention of the Bell investigating committee and the results of that investigation. I do not know what this Congress thinks, but I know what I think, and I believe that the Nation has come to the conclusion that the final result of that investigation was that \$35,000 of the taxpayers' money has been spent and that an old man has been held in contempt of the committee, sentenced to jail, then given a Presidential pardon. I think that is the result of the Bell investigation.

Mr. Chairman, it has been pointed out to us today that every economist who appeared before the committee condemned this plan. I want to challenge any Member of this House to read the testimony of the economists who appeared before this committee and testified on this bill and find where any two of them agreed on a single thing except a general conclusion. They knew nothing about how much the bill will bring in, or what the tax will do, or whether it will improve business. They only came to the conclusion that this is a bad bill. The economists are classed as experts, and let me say something here about experts.

Back in the 1830's some bold spirit predicted that a steamship capable of crossing the Atlantic under its own power could be built. This was a challenge to one Dr. L. A. Lardner, B. A., M. A., LL. B., LL. D. He sat right down and wrote a long article about the rash prediction. You can see it in any library that possesses the Edinburgh Review for 1837. It ran to $25\frac{1}{2}$ close-printed pages. And it proved minutely and in detail by all the laws of physics, mechanics, and thermodynamics that the idea of a ship's crossing the Atlantic under steam was just plain silly.

It was a beautiful essay, and it was printed in ample time to be brought to America in the Sirius, the first ship to cross the Atlantic under steam.

Dr. Lardner was not the only expert that was wrong. Others shook their heads over railroads, declaring that at the terrific speed of 35 miles per hour passengers would be suffocated, and German scientists added that such giddy velocities would put people's insides out of order.

When Col. John Stevens proposed a railroad instead of the Erie Canal he was scornfully laughed at. Those who laughed at him a few years later were to see that canal all

but put out of business by railroads.

"Yes—but!" says the expert who is out to prove you wrong. "That was in the old days. We do not guess now. We know better."

Since when? One of the queer things about the experts is that sometimes they know just enough to be spectacularly wrong. Experts had the man who invented photogra-

phy placed in an insane asylum.

It was the experts who said in 1894 that the horseless carriage was only for the rich and would never come in as common use as the bicycle. It was one of the most distinguished physicists who said in 1903, "The example of the birds does not prove that man can fly." Exactly 2 weeks after he had advised against an attempt to fly two mechanics by the name of Wright sailed off the ground in the first successful airplane flight.

One of the very greatest and most able inventors proved how wrong a great man can be when in 1926 Thomas A. Edison gave it as his considered opinion that talking pictures would never come into general use "because the public will

not support them."

Charles F. Kettering, head of the General Motors research laboratory, a distinguished inventor in his own right, had many rebuffs. In the course of his early search for a hard, quick-drying automobile finish to replace the old varnish process that took 37 days, he was rebuffed by a committee of paint experts who told him with withering scorn that the time might be reduced to 34 days but not less. Nature, they said, fixed the length of drying.

Eventually, Nature was persuaded to do the job in less than an hour but not by the experts. "Any time you want to stop a new thing quickly," says Kettering, "get a bunch of experts together. Just call a conference. They all vote

that you cannot do it."

Mr. Chairman, I want the Members to read the statement that Dr. Townsend asked me to convey to the Members of this House this morning. I understand there will be a motion to recommit. I want to say that any vote cast in favor of a motion to recommit will be considered as a vote against this bill. I ask you to turn to his statement that I read to you this afternoon.

Mr. Chairman, I have this to say to all Members of the

House, whether they be Democrat or Republican:

Some years ago this plan was laughed on the floor and laughed down with 30 votes. There is some indication that it was laughed on the floor this time and also some indication that there will be an attempt to laugh it down but you cannot laugh at the principles involved in the plan, and unless I miss my guess, when the next election rolls around there are many Members of this House who will find it very difficult to laugh it off.

Mr. Chairman, I yield back the balance of my time.

Mr. DOUGHTON. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. SMITH of Virginia, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H. R. 6466) to provide for and promote the general welfare of the United States by supplying to the people a more liberal distribution and increase of purchasing power, retiring certain citizens from gainful employment, improving and stabilizing gainful employment for other citizens, stimulating agricultural and industrial production and general business, and alleviating the hazards and insecurity of old age and unemployment; to provide a method whereby citizens shall contribute to the purchase of and receive a

retirement annuity; to provide for the raising of the necessary revenue to operate a continuing plan therefor; to provide for the appropriation and expenditure of such revenue; to provide for the proper administration of this act; to provide penalties for violation of the act; and for other purposes, pursuant to House Resolution 205, he reported the same back to the House.

HOUR OF MEETING TOMORROW

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock a. m. tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

GOVERNMENT REORGANIZATION PLANS I AND II

Mr. COCHRAN, from the Select Committee on Government Organization, reported the joint resolution (S. J. Res. 138) providing that reorganization plans Nos. I and II shall take effect on July 1, 1939, which was referred to the Committee of the Whole House on the state of the Union and ordered to be printed.

ORDER OF BUSINESS

Mr. COCHRAN. Mr. Speaker, I ask unanimous consent that on tomorrow it may be in order to consider in the House the joint resolution (S. J. Res. 138) providing that reorganization plans Nos. I and II shall take effect on July 1, 1939, which I have just reported from the Select Committee on Government Organization.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

EXTENSION OF REMARKS

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent that all Members of the House may have 5 legislative days within which to extend their own remarks in the Record on the bill under consideration today.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. ROBERTSON. Mr. Speaker, in the Committee of the Whole I was given unanimous consent to revise and extend my remarks. I now ask unanimous consent to include in those remarks some brief excerpts from testimony of sundry witnesses before the Ways and Means Committee.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. DISNEY. Mr. Speaker, I ask unanimous consent to extend my remarks and to include an editorial written about our colleague, the gentleman from Oklahoma [Mr. Ferguson].

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. CARTWRIGHT. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record and to include therein a radio speech I delivered Monday night.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. Johnson of Oklahoma and Mr. Durham asked and were given permission to revise and extend their own remarks in the Record.

Mr. LYNDON B. JOHNSON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein a letter from the Texas Federation of Labor.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. SIROVICH. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record by printing therein a speech I delivered on the floor of the House.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. SMITH of Washington. Mr. Speaker, I ask unanimous consent to extend the remarks which I made today during the debate on the adoption of the rule and to include therein certain telegrams.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. WHITE of Idaho. Mr. Speaker, I ask unanimous consent to extend my remarks and include therein some excerpts from an article on neutrality.

The SPEAKER. Is there objection?

There was no objection.

Mr. DINGELL. Mr. Speaker, I ask unanimous consent to extend the remarks I made this afternoon and include therein a pertinent table.

The SPEAKER. Is there objection?

There was no objection.

Mr. BUCK. Mr. Speaker, I ask unanimous consent to extend my own remarks made this afternoon and to include therein excerpts from hearings before the Ways and Means Committee on social-security amendments.

The SPEAKER. Is there objection?

There was no objection.

DELETION FROM THE RECORD

Mr. MASSINGALE. Mr. Speaker, I ask unanimous consent to be permitted to delete from the Record or have it done any reference I made in the colloquy in my remarks this afternoon concerning the gentleman from Michigan [Mr. Mapes]. I think I got that permission in the committee, but some seem to understand not.

The SPEAKER. Is there objection?

Mr. HOFFMAN. Mr. Speaker, I reserve the right to object. Does the gentleman know whether or not those remarks will be printed in the Townsend Weekly next week and capital made of it?

The SPEAKER. Is there objection?

Mr. HOFFMAN. Mr. Speaker, for the moment I object because I understand the gentleman remarked that he would get the headlines.

Mr. MASSINGALE. The gentleman is just talking about something he does not know anything about.

Mr. HOFFMAN. I am not, and I object.

The SPEAKER. The Chair is under the impression that the gentleman from Oklahoma has obtained unanimous consent to withdraw the remarks.

Mr. MASSINGALE. I thought I obtained it, but in talking with the gentleman from Michigan [Mr. Mapes], he thought I did not.

Mr. MAPES. Mr. Speaker, if I may be permitted to make a statement, the gentleman from Oklahoma [Mr. Massingale] spoke to me about the request, and as far as I am concerned I have no objection. I would be glad to have it granted.

EXTENSION OF REMARKS

Mr. IZAC. Mr. Speaker, I ask unanimous consent to extend my remarks and to include some testimony before the Committee on Ways and Means on old-age pensions.

The SPEAKER. Is there objection?

There was no objection.

Mr. MARTIN of Massachusetts. Mr. Speaker, I ask unanimous consent that my colleague, the gentleman from Pennsylvania [Mr. Ditter] be permitted to extend his remarks by printing an address delivered last Saturday.

The SPEAKER. Is there objection?

There was no objection.

Mr. ANGELL. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record which I made in the Committee and include some excerpts from the Committee on Ways and Means.

The SPEAKER. Is there objection?

There was no objection.

Mr. HAVENNER. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record by including an address made by the Postmaster General at the Golden Gate International Exposition. The SPEAKER. Is there objection?

There was no objection.

Mr. COFFEE of Washington. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record and to include a radio address which I delivered.

The SPEAKER. Is there objection?

There was no objection.

Mr. MOTT. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record, and include in my remarks made today a petition and a letter with reference to pending legislation and also excerpts on the same subject before the Committee on Ways and Means.

The SPEAKER. Is there objection?

There was no objection.

Mr. SCHAFER of Wisconsin. Mr. Speaker, I ask unanimous consent to extend my remarks and include therein some brief extracts from Dr. Townsend's propaganda as well as some testimony of his so-called experts before the committees of Congress.

The SPEAKER. Is there objection?

There was no objection.

Mr. MURRAY. Mr. Speaker, I ask unanimous consent to add a table from the Social Security Board in addition to the remarks I made in the House this afternoon.

The SPEAKER. Is there objection?

There was no objection.

Mr. BREWSTER. Mr. Speaker, I ask unanimous consent to include excerpts from testimony before the committee in my remarks made today.

The SPEAKER. Is there objection?

There was no objection.

Mr. FISH. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

THE LATE SENATOR HUEY P. LONG

Mr. BROOKS. Mr. Speaker, I ask unanimous consent to proceed for 2 minutes,

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. BROOKS. Mr. Speaker, the name of the late Senator Huey P. Long has been brought into this debate by my colleague from the State of Idaho [Mr. White]. Apparently I do not agree with this gentleman in his estimate and appraisal of my late friend Huey Long, and since he is not here to speak for himself I desire to say these few words to sum up, in my opinion, Senator Long's views as to an old-age pension.

Huey Long was one of the most outstanding men who have ever served in the United States Senate. His zeal and work in behalf of the old people of the Nation is well known to everybody, as is the fact that he was one of the first men in public life to ever espouse the cause of an adequate and fair pension to the old people of this country. The program of Senator Long in this respect was not crackpot or unsound. It was well-balanced, businesslike, and deserves emulation.

It now appears that the Townsend bill, being H. R. 6466, is now headed for certain defeat, and since this is the case, speaking as a man who appreciated the outstanding ability and great heart of the late Senator from Louisiana, it is my hope that the Ways and Means Committee of the House of Representatives will not let this session die without bringing in an adequate pension to take care of our old people. It is my hope that this bill will provide a pension which, on the one hand, the United States Government can afford, and, on the other hand, which will adequately and properly support those people who have reached the sunset of life and who need assistance. This pension should be paid entirely by the Federal Government and no one should be required to sign a pauper's oath in order to be entitled to some assistance under our humanitarian plan of taking care of the old people of the United States.

[Here the gavel fell.]

Mr. WHITE of Idaho. Mr. Speaker, I ask unanimous consent to proceed for 2 minutes.

The SPEAKER. Is there objection to the request of the

gentleman from Idaho?

Mr. RAYBURN. Mr. Speaker, reserving the right to object, I will not object to the gentleman from Idaho speaking, but, of course, it is very late and I will object to any other requests to speak this evening.

The SPEAKER. Is there objection to the request of the

gentleman from Idaho?

There was no objection.

Mr. WHITE of Idaho. Mr. Speaker, it is unfortunate that my remarks concerning the late Huey Long were misunderstood. I may state that I was born in the State of Louisiana; and, further, that I was born on the site of the present Capitol of the State of Louisiana.

Mr. Speaker, I am a great admirer of the late Huey Long. I yield to no man from the State of Louisiana in my respect for the Honorable Huey Long; and I suggest that my colleagues from the great State of Louisiana read the Record in the morning to see just what my remarks were about

Huey Long.

I said that Huey Long was one of the greatest humanitarians, that he favored a national old-age pension; and I believe I drew a distinction between Huey Long and the gentleman who spoke and put on a show here this afternoon. If my remarks have been misunderstood and my intention misinterpreted I make this apology, because I regard Huey Long as a great statesman who did a great and lasting service for the people of Louisiana and brought them benefits wrung from the hands of the oppressors—benefits they are enjoying today and will for all time to come. [Applause.]

Mr. Speaker, I yield back the balance of my time.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. Sabath, for 5 days, on account of important business.

To Mr. Barton (at the request of Mr. Martin of Massachusetts), for 1 week, on account of death in family.

To Mr. Gehrmann (at the request of Mr. Hill) on account of serious illness of his daughter in Wisconsin.

To Mr. Darden, for Thursday, June 1, on account of an engagement made 2 months ago, to take part in the launching of the destroyers *Morris* and *Wainwright* at the Norfolk Navy Yard at noon on June 1.

EXTENSION OF REMARKS

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent that the proceedings under which the remarks of the gentleman from Oklahoma [Mr. Massingale], in reference to the gentleman from Michigan [Mr. Mapes], were taken down may be deleted from the Record and that the gentleman from Oklahoma may have the right to revise and extend his own remarks.

Mr. SCHAFER of Wisconsin. Mr. Speaker, reserving the right to object, is this request made with the approval of the gentleman from Michigan [Mr. Mapes] and the gentleman from Oklahoma?

Mr. RAYBURN. Certainly; ctherwise I would not have submitted the request.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES—LAWS ENACTED BY THE FIRST NATIONAL ASSEMBLY OF THE PHILIP-PINES

The SPEAKER laid before the House the following message from the President of the United States which was read, and, together with the accompanying papers, referred to the Committee on Insular Affairs.

To the Congress of the United States:

As required by section 2 (a) (11) of the act of Congress approved March 24, 1934, entitled "An act to provide for the

complete independence of the Philippine Islands, to provide for the adoption of a constitution and a form of government for the Philippine Islands, and for other purposes," I transmit herewith copies of laws enacted by the First National Assembly of the Philippines during its third session, from January 24, 1938, to May 19, 1938; its fourth special session, May 23 and 24, 1938; and its fifth special session, from July 25, 1938, to August 15, 1938.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, May 31, 1939.

SENATE BILLS REFERRED

Bills and a joint resolution of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 485. An act providing for the cancelation of certain charges under section 20 of the River and Harbor Act of March 3, 1899; to the Committee on Rivers and Harbors.

S. 555. An act for the relief of Addison B. Hampel; to the Committee on Claims.

S. 581. An act for the relief of Robert H. Muirhead; to the Committee on Military Affairs.

S. 683. An act for the relief of Fae Banas; to the Committee on Claims.

S. 809. An act for the relief of Jessie M. Durst; to the Committee on Claims.

S. 1031. An act to amend section 243 of the Penal Code of the United States, as amended by the act of June 15, 1935 (49 Stat. 378), relating to the marking of packages containing wild animals and birds and parts thereof; to the Committee on Agriculture.

S. 1047. An act for the relief of Emerson J. French; to the Committee on Military Affairs.

S. 1229. An act for the relief of Ernest Clinton and Frederick P. Deragisch; to the Committee on Claims.

S. 1335. An act relating to the filing of affidavits of prejudice in the District Court for the District of Alaska; to the Committee on the Judiciary.

S. 1409. An act to authorize the conveyance by the United States to the town of Bristol, Maine, of a portion of the Pemaquid Point Lighthouse Reservation, and for other purposes; to the Committee on Merchant Marine and Fisheries.

S. 1414. An act for the relief of Allie Holsomback and Lonnie Taylor; to the Committee on Claims.

S. 1527. An act for the relief of Joseph Lopez Ramos; to the Committee on Claims,

S. 1542. An act to authorize the Director of the Geological Survey, under the general supervision of the Secretary of the Interior, to acquire certain collections for the United States; to the Committee on Mines and Mining.

S. 1722. An act for the relief of Hannis Hoven; to the Committee on Claims.

S. 1806. An act to provide for the construction and equipment of a building for the experiment station of the Bureau of Mines at Rolla, Mo.; to the Committee on Mines and Mining.

S. 1816. An act for the relief of Montie'S. Carlisle; to the Committee on Claims.

S. 2067. An act for the relief of Leslie J. Frane and Charles Frane; to the Committee on Claims.

S. 2114. An act for the relief of Virginia Pearson; to the Committee on Claims.

S. 2307. An act to amend section 3 of the act entitled "An act to authorize the construction of certain bridges and to extend the times for commencing and completing the construction of other bridges over the navigable waters of the United States," approved June 10, 1930, as amended and extended, and for other purposes; to the Committee on Interstate and Foreign Commerce.

S. 2330. An act to authorize cooperation with other American republics in accordance with treaties, resolutions, declarations, and recommendations by all of the 21 American republics at the Inter-American Conference for the Maintenance of Peace; to the Committee on Foreign Affairs.

S. 2454. An act to relieve disbursing officers and certifying officers of the Veterans' Administration from liability for payment where recovery of such payment is waived under existing laws administered by the Veterans' Administration; to the Committee on Expenditures in the Executive Departments.

S. J. Res. 95. Joint resolution to change the name of the Mud Mountain Dam and Reservoir; to the Committee on Flood Control.

ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills and joint resolutions of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 913. An act to prohibit the unauthorized use of the name or insignia of the 4-H clubs, and for other purposes; H.R. 2044. An act for the relief of R. Dove and Laura J.

H. R. 2097. An act for the relief of Homer C. Stroud;

H. R. 2259. An act for the relief of Stanley Mercuri;

H.R. 2345. An act for the relief of R. H. Gray;

H.R. 2878. An act to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes;

H. R. 2926. An act for the relief of Bernard Woodruff;

H. R. 3074. An act for the relief of Edgar Green;

H. R. 3300. An act for the relief of Grace Rouse;

H. R. 3646. An act to authorize certain officers and employees to administer oaths to expense accounts;

H.R. 3897. An act for the relief of Harry L. Smigell;

H. R. 5136. An act to amend the act entitled "An act to provide books for the adult blind," approved March 3, 1931; H. R. 5324. An act to amend certain sections of the Na-

tional Housing Act; H. R. 5485. An act permitting the War Department to transfer old horses and mules to the care of reputable

humane organizations:

H. R. 5601. An act for the relief of John T. Clarkson;

H.R. 5756. An act to amend section 509 of the Merchant Marine Act, 1936, as amended;

H. J. Res. 171. Joint resolution authorizing the President of the United States to accept on behalf of the United States a conveyance of certain lands on Government Island from the city of Alameda, Calif., and for other purposes;

H.J. Res. 189. Joint resolution to define the status of the Under Secretary of Agriculture, and for other purposes; and

H. J. Res. 280. Joint resolution authorizing the payment of salaries of the officers and employees of Congress on the first workday preceding the last day of any month when the last day falls on Sunday or a legal holiday.

BILLS AND JOINT RESOLUTIONS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, bills and joint resolutions of the House of the following titles:

H. R. 913. An act to prohibit the unauthorized use of the name or insignia of the 4-H clubs, and for other purposes;

H. R. 2044. An act for the relief of R. Doye and Laura J. Dove;

H. R. 2097. An act for the relief of Homer C. Stroud;

H. R. 2259. An act for the relief of Stanley Mercuri.

H. R. 2345. An act for the relief of R. H. Gray;

H. R. 2878. An act to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes;

H. R. 2926. An act for the relief of Bernard Woodruff:

H. R. 3074. An act for the relief of Edgar Green:

H. R. 3300. An act for the relief of Grace Rouse;

H. R. 3646. An act to authorize certain officers and employees to administer oaths to expense accounts;

H. R. 3897. An act for the relief of Harry L. Smigell;

H. R. 5136. An act to amend the act entitled "An act to provide books for the adult blind," approved March 3, 1931; H. R. 5324. An act to amend certain sections of the National Housing Act;

H.R. 5485. An act permitting the War Department to transfer old horses and mules to the care of reputable humane organizations;

H. R. 5601. An act for the relief of John T. Clarkson;

H.R. 5756. An act to amend section 509 of the Merchant Marine Act, 1936, as amended;

H. J. Res. 171. Joint resolution authorizing the President of the United States to accept on behalf of the United States a conveyance of certain lands on Government Island from the city of Alameda, Calif., and for other purposes;

H. J. Res. 189. Joint resolution to define the status of the Under Secretary of Agriculture, and for other purposes; and

H. J. Res. 280. Joint resolution authorizing the payment of salaries of the officers and employees of Congress on the first workday preceding the last day of any month when the last day falls on Sunday or a legal holiday.

ADJOURNMENT

Mr. RAYBURN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 18 minutes p. m.) the House, pursuant to its previous order, adjourned until tomorrow, Thursday, June 1, 1939, at 11 o'clock a. m.

COMMITTEE HEARINGS

COMMITTEE ON FOREIGN AFFAIRS

There will be a meeting of the Committee on Foreign Affairs (executive session) in the committee rooms, Capitol, at 10:30 a.m. Thursday, June 1, 1939, for the consideration of House Joint Resolution 306, Neutrality Act of 1939.

COMMITTEE ON THE JUDICIARY

On June 1, 1939, beginning at 10 a.m., there will be a public hearing before the Committee on the Judiciary on the bill (H. R. 6369) to amend the act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplemental thereto; to create a Railroad Reorganization Court, and for other purposes.

There will be a public hearing before Subcommittee No. III of the Committee on the Judiciary on Friday, June 2, 1939, at 10 a. m., on the bill (H. R. 2318) to divorce the business of production, refining, and transporting of petroleum products from that of marketing petroleum products. Room

346, House Office Building.

COMMITTEE ON THE POST OFFICE AND POST ROADS

There will be a meeting of Subcommittee No. II of the Committee on the Post Office and Post Roads Friday, June 2, 1939, at 10 a.m., to consider H. R. 5757, a bill to require that periodicals sent through the mails or introduced into interstate commerce contain the name of the publisher and place of publication.

There will be a meeting of Subcommittee No. II of the Committee on the Post Office and Post Roads on Tuesday, June 6, 1939, at 10 a. m., to consider H. R. 4932, a bill to amend the act of March 3, 1879.

COMMITTEE ON MERCHANT MARINE AND FISHERIES

The Committee on Merchant Marine and Fisheries will hold public hearings in room 219, House Office Building, at 10 a.m., on the bills and dates listed below:

On Tuesday, June 6, 1939, on H. R. 6039, motorboat bill of 1939 (BLAND); and H. R. 6273, outboard racing motorboats (BOYKIN).

On Thursday, June 8, 1939, on H. R. 5837, alien owners and officers of vessels (Kramer); and H. R. 6042, requiring numbers on undocumented vessels (Kramer).

On Tuesday, June 13, 1939, on H. R. 1011, drydock facilities for San Francisco (Welch); H. R. 2870, drydock facilities for Los Angeles (Thomas F. Ford); H. R. 3040, drydock facilities for Los Angeles (Geyer of California); and H. R. 5787, drydock facilities for Seattle, Wash. (Magnuson).

On Thursday, June 15, 1939, on House Joint Resolution 194, investigate conditions pertaining to lascar seamen (Sirovich).

On Friday, June 16, 1939, on H. R. 5611, district commanders bill (U. S. Coast Guard).

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows: 796. A communication from the President of the United

States, transmitting a supplemental estimate of appropriation for the Central Statistical Board for the fiscal year 1940, amounting to \$22,900 (H. Doc. No. 306); to the Committee on Appropriations and ordered to be printed.

797. A letter from the Secretary of the Interior, transmitting the draft of a proposed bill to authorize the sale or lease of certain public lands in Alaska; to the Committee on the Public Lands.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. GRIFFITH: Committee on Naval Affairs. S. 1116. An act to amend section 1860 of the Revised Statutes, as amended (48 U. S. C. 1460), to permit retired officers and enlisted men of the Army, Navy, Marine Corps, and Coast Guard to hold civil office in any Territory of the United States; without amendment (Rept. No. 699). Referred to the Committee of the Whole House on the state of the Union.

Mr. EATON of California: Committee on Naval Affairs. S. 1118. An act to provide for acceptance and cashing of Government pay checks of retired naval personnel and members of the Naval and Marine Corps Reserves by commissary stores and ship's stores ashore, located outside the continental limits of the United States; without amendment (Rept. No. 700). Referred to the Committee of the Whole House on the state of the Union.

Mr. CHURCH: Committee on Naval Affairs. H. R. 5802. A bill granting the retired pay of a chief pharmacist's mate, United States Navy; with amendment (Rept. No. 701). Referred to the Committee of the Whole House on the state of the Union.

Mr. CHANDLER: Committee on the Judiciary. H. R. 5999. A bill to provide for the administration of the United States courts, and for other purposes; with amendment (Rept. No. 702). Referred to the Committee of the Whole House on the state of the Union.

Mr. VINSON of Georgia: Committee on Naval Affairs. Senate Joint Resolution 126. Just resolution to amend the act to authorize alterations and repairs to certain naval vessels, and for other purposes, approved April 20, 1939; without amendment (Rept. No. 703). Referred to the Committee of the Whole House on the state of the Union.

Mr. BARNES: Committee on the Judiciary. H. R. 6505. A bill to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplementary thereto; without amendment (Rept. No. 704). Referred to the House Calendar.

Mr. BLAND: Committee on Merchant Marine and Fisheries. H. R. 4674. A bill to provide for the establishment of a Coast Guard station at or near the city of Monterey, Calif.; without amendment (Rept. No. 707). Referred to the Committee of the Whole House on the state of the Union.

Mr. KELLER: Committee on the Library. House Joint Resolution 286. Joint resolution to provide for the lending to the Virginia Military Institute of the equestrian portrait of Gen. Winfield Scott now stored in the Capitol; without amendment (Rept. No. 708). Referred to the Committee of the Whole House on the state of the Union.

Mr. KLEBERG: Committee on Agriculture. H. R. 4638. A bill authorizing the Secretary of Agriculture to prepare plans for the eradication and control of the pink bollworm, and for other purposes; with amendment (Rept. No. 709). Referred to the Committee of the Whole House on the state of the Union.

Mr. KLEBERG: Committee on Agriculture, H. R. 4637.

A bill to amend section 243 of the Penal Code of the United

States, as amended by the act of June 15, 1935 (49 Stat. 378), relating to the marking of packages containing wild animals and birds and parts thereof; without amendment (Rept. No. 710). Referred to the House Calendar.

Mr. CELLER: Committee on the Judiciary. H. R. 5985. A bill to amend an act entitled "An act to require the registration of certain persons employed by agencies to disseminate propaganda in the United States, and for other purposes," approved June 8, 1938 (Public Law No. 583, 75th Cong., 3d sess.); with amendment (Rept. No. 711). Referred to the Committee of the Whole House on the state of the Union.

Mr. MASSINGALE: Committee on the Judiciary. H. R. 6135. A bill to regulate the times and places of holding court in Oklahoma; without amendment (Rept. No. 712). Referred to the Committee of the Whole House on the state of the Union.

Mr. DOXEY: Committee on Agriculture. H. R. 112. A bill to facilitate control of soil erosion and flood damage on lands within the Ozark and Ouachita National Forests in Arkansas; with amendment (Rept. No. 713). Referred to the Committee of the Whole House on the state of the Union.

Mr. COCHRAN: Select Committee on Government Organization. Senate Joint Resolution 138. Joint resolution providing that reorganization plans Nos, I and II shall take effect on July 1, 1939; with amendment (Rept. No. 714). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII.

Mr. LESINSKI: Committee on Immigration and Naturalization. H. R. 6056. A bill for the relief of Antal or Anthony or Tony Zaicek or Zaiczek; with amendment (Rept. No. 705). Referred to the Committee of the Whole House.

Mr. MACIEJEWSKI: Committee on Immigration and Naturalization. H. R. 5494. A bill for the relief of John Marinis, Nicolaos Elias, Ihoanis or Jean Demetre Votsitsanos, and Michael Votsitsanos; without amendment (Rept. No. 706). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of Rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H. R. 4216) for the relief of Berthel Christopher; Committee on Claims discharged, and referred to the Committee on War Claims.

A bill (H. R. 5115) for the relief of Harry W. Lyle; Committee on Claims discharged, and referred to the Committee on War Claims.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BLAND:

H. R. 6572. A bill to amend the Merchant Marine Act, 1936, as amended, to provide for marine war-risk insurance and reinsurance and for marine risk reinsurance, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. CELLER:

H. R. 6573. A bill to provide for the appointment of a commission to study the Constitution of the United States and report to the Congress upon the desirability or undesirability of amending the same; to the Committee on Rules.

H. R. 6574. A bill to amend the Judicial Code; to the Committee on the Judiciary.

By Mr. ELLIOTT:

H. R. 6575. A bill to authorize and direct the adjustment of land ownership lines within the General Grant National Park, Calif., in order to protect equities established by possession arising in conformity with a certain survey, and for other purposes; to the Committee on the Public Lands.

By Mr. GROSS:

H. R. 6576. A bill authorizing the Secretary of Agriculture, in the interests of the public health and as a relief to the dairy industry of the country, to prepare and cause to be published a series of articles and advertisements promoting the consumption of milk and derivative dairy products; to the Committee on Agriculture.

By Mr. NICHOLS:

H. R. 6577. A bill to provide revenue for the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. STEFAN:

H. R. 6578. A bill granting the consent of Congress to Northern Natural Gas Co., of Delaware, to construct, maintain, and operate a pipe-line bridge across the Missouri River; to the Committee on Interstate and Foreign Commerce.

By Mr. THOMAS of Texas:

H. R. 6579. A bill to provide for the payment of old-age pensions; to the Committee on Ways and Means.

By Mr. VOORHIS of California:

H.R. 6580. A bill to provide for the refinancing of farm debts through the Federal Farm Mortgage Corporation, and for other purposes; to the Committee on Agriculture.

By Mr. WHITE of Idaho:

H.R. 6581. A bill to provide for furnishing to Members of Congress, at cost, newspaper mats of matter appearing in the Congressional Record, and for other purposes; to the Committee on Printing.

By Mr. HOPE:

H. R. 6582. A bill to amend the Federal Crop Insurance Act, as amended, providing for notes and security therefor in the payment of crop insurance premiums; to the Committee on Agriculture.

By Mr. KNUTSON:

H. R. 6583. A bill for the expenditure of funds for cooperation with the public-school board at Walker, Minn., for the construction, extension, equipment, and improvement of public-school facilities to be available to all Indian children of the district; to the Committee on Indian Affairs.

By Mr. MAAS:

H. R. 6584. A bill to extend the benefits of retirement for disability to all officers of the Navy and Marine Corps incapacitated during war as the result of an incident of the service, and for other purposes; to the Committee on Naval Affairs.

By Mr. ELLIOTT:

H. R. 6585. A bill to provide for the disposition of certain records of the United States Government; to the Committee on the Disposition of Executive Papers.

By Mr. SCHWERT:

H. R. 6586. A bill to provide for the necessary medical treatment for the service-connected disabilities of veterans while abroad, and for other purposes; to the Committee on World War Veterans' Legislation.

By Mr. DUNN:

H. R. 6587: A bill to provide a pension of \$50 a month for men and women in the United States and its possessions who have attained the age of 50 years and whose incomes are less than \$1,200 per annum; to the Committee on Appropriations.

By Mr. LUDLOW:

H.R. 6588. A bill to exempt from tax cigarettes distributed to veterans in veterans' hospitals; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BYRNE of New York:

H.R. 6589. A bill for the relief of the Home Insurance Co. of New York; to the Committee on Claims.

By Mr. CHIPERFIELD:

H. R. 6590. A bill granting an increase of pension to Nannie McClellan Chase; to the committee on Invalid Pensions. By Mr. CURTIS:

H. R. 6591. A bill granting a pension to Gail Gordon; to the Committee on Pensions.

By Mr. DEMPSEY:

H.R. 6592. A bill for the relief of Montie S. Carlisle; to the Committee on Claims.

By Mr. DONDERO:

H.R. 6593. A bill for the relief of Karl F. Rindelhardt; to the Committee on Military Affairs.

By Mr. FAY:

H.R. 6594. A bill for the relief of Irving I. Chairman; to the Committee on Immigration and Naturalization.

H.R. 6595. A bill for the relief of James A. Schneider; to the Committee on the Civil Service.

By Mr. GREGORY:

H.R. 6596. A bill for the relief of W.B. Kennedy; to the Committee on Claims.

By Mr. HART:

H. R. 6597. A bill to promote Capt. James A. Healy, United States Army, retired, to the grade of colonel, United States Army, retired, with emoluments, including retired pay of that rank on retired list; to the Committee on Military Affairs.

By Mr. HAVENNER:

H. R. 6598. A bill for the relief of Charles H. Upton; to the Committee on Claims.

By Mr. JOHNSON of Indiana:

H. R. 6599. A bill for the relief of Nicholas Sevaljevick, now known as Nicholas Hornacky; to the Committee on Military Affairs.

By Mr. KEE:

H.R. 6600. A bill for the relief of Kelse H. Nestor; to the Committee on Claims.

By Mr. McARDLE:

H.R. 6601. A bill granting a pension to Martin Lavelle; to the Committee on Invalid Pensions.

By Mr. McCORMACK:

H.R. 6602. A bill for the relief of Sylvester Hodges; to the Committee on Naval Affairs.

H. R. 6603. A bill for the relief of Morris Gersony; to the Committee on Naval Affairs.

H. R. 6604. A bill for the relief of the estate of George B. Gates, deceased; to the Committee on Claims.

By Mr. PIERCE of New York:

H.R. 6605. A bill for the relief of Louis A. Charland; to the Committee on Claims.

By Mr. RANDOLPH:

H. R. 6606. A bill granting a pension to Golda Stump Darr; to the Committee on Pensions.

By Mr. REECE of Tennessee:

H.R. 6607. A bill granting a pension to Vennie Lee Parsons; to the Committee on World War Veterans' Legislation. By Mr. REED of Illinois:

H. R. 6608. A bill for the relief of Earl C. Sanders; to the Committee on Military Affairs.

By Mr. SACKS:

H.R. 6609. A bill for the relief of Emil Huber; to the Committee on Immigration and Naturalization.

By Mr. SCHWERT:

H.R. 6610. A bill to correct the military record of John F. Urmanski; to the Committee on Military Affairs.

By Mr. SMITH of Maine:

H. R. 6611. A bill granting an increase of pension to Cornelia Hunton; to the Committee on Invalid Pensions.

By Mr. SWEENEY:

H. R. 6612. A bill for the relief of Ruth Jane Fleming; to the Committee on Immigration and Naturalization.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3395. By Mr. BARRY: Petition of the Long Island City Merchants' and Property Owners' League, Inc., concerning sugar legislation for 1939 and 1940; to the Committee on Ways and Means.

3396. Also, petition of the American Federation of Labor. urging the passage of certain amendments to the National Labor Relations Act; to the Committee on Labor.

3397. Also, petition of the Book and Magazine Guild, Local 18, United Office and Professional Workers of America, urging additional appropriation for Works Progress Administration; to the Committee on Appropriations.

3398. Also, petition of the United Textile Workers of America, urging Congress to enact the Martin wool-labeling bill (H. R. 944) at this session of Congress; to the Com-

mittee on Interstate and Foreign Commerce.

3399. Also, petition of the New York Joint Council of the United Office and Professional Workers of America, New York City, urging additional appropriation for Works Progress Administration: to the Committee on Appropriations.

3400. Also, petition of the Labor's Non-Partisan League, Washington, D. C., favoring the Casey bill (H. R. 6470);

to the Committee on Appropriations.

3401. Also, petition of the United Federal Workers of America, favoring the passage of the Ramspeck bill (H. R.

960); to the Committee on the Civil Service.

3402. By Mr. CASE of South Dakota: Petition of George Gabe, Ben Catchbear, Luke Eagleman, Sr., John Distribute, and 29 other members of the Standing Rock Sioux Tribe of Indians of North and South Dakota, protesting against the passage of House bill 5409; to the Committee on Indian Affairs.

3403. Also, petition of C. E. Cahoon, D. H. McIntosh, George Green, and 417 other residents of Spearfish, S. Dak., urging consideration of the Townsend bill; to the Com-

mittee on Ways and Means.

3404. Also, petition of Edward Owl King, Douglas Benoist, Washington Little Shield, and 69 other members of the Sioux Tribe of the Cheyenne River Indian Reservation in South Dakota, protesting against the passage of House bill 5409; to the Committee on Indian Affairs.

3405. By Mr. DOWELL: Petition of 300 citizens, members of Townsend Club No. 9, Des Moines, Iowa, and other citizens of the Sixth Congressional District of the State of Iowa, urging active support and influence to bring about the passage of General Welfare Act (H. R. 2), known also as the Townsend national recovery plan bill; to the Committee on

Ways and Means.

3406. Also, petition of 297 voters and citizens of the Sixth Congressional District and State of Iowa, urging active support and influence to bring about the passage of General Welfare Act (H. R. 2), known also as the Townsend national recovery plan bill, and further urging free discussion of this measure and of such amendments as may be offered; to the Committee on Ways and Means.

3407. Also, petition of 1,383 voters and citizens of the Sixth Congressional District and State of Iowa, urging active support and influence to bring about the passage of General Welfare Act (H. R. 2), known also as the Townsend national recovery plan bill, and further urging free discussion of this measure and of such amendments as may be offered; to the Committee on Ways and Means.

3408. By Mr. ENGLEBRIGHT: Senate Joint Resolution No. 9, relative to the baneful effects of a reciprocal-trade agreement between the United States of America and Venezuela;

to the Committee on Foreign Affairs.

3409. Also, Senate Joint Resolution No. 5, relative to shipbuilding facilities on the Pacific coast; to the Committee on

Appropriations.

3410. By Mr. GEARHART: Petition of Joe S. Chin, president, and S. Thomas Liu, secretary, of the Chinese Consolidated Benevolent Association, of Fresno, Calif., and 3,000 others, to end the traffic in war materials for use against Chinese people; to the Committee on Foreign Affairs.

3411. By Mr. GEYER of California: Resolution of the American Radio Telegraphists Association, of San Pedro, Calif., John A. Yurgionas, secretary, favoring the Geyer-Thomas amendment to the Neutrality Act; to the Committee on Foreign Affairs.

3412. Also, resolution of the American Radio Telegraphists Association, of San Pedro, Calif., John A. Yurgionas, secretary, favoring a universal 6-hour workday, time and a half for all time over 6 hours; to the Committee on Labor.

3413. By Mr. HARTER of New York: Petition of the Garden Center Institute of Buffalo, N. Y., protesting against the transfer to the Department of the Interior, conservation measures from the Biological Survey; to the Select Committee on Government Organization.

3414. By Mr. HAVENNER: Petitions of the Grand Council of the Grand Lodge of California, Order of Sons of Italy in America, urging that Congress adopt a joint resolution manifesting a spirit of friendship toward all nations and expressing the desire of the United States to cooperate impartially toward lasting world peace; that Congress request the President to invite England, France, Germany, and Italy to participate in a conference having for its object the settlement of all major disputes, with the United States acting as impartial mediator: that Congress reenact the present neutrality law without change; that Congress investigate the nature and sources of foreign influence and foreign propaganda in the United States calculated to arouse our hatred and suspicion of other nations and to involve us in European quarrels and wars; and that Congress provide the United States with adequate air, naval, and land forces so that we may continue to enjoy security from threats and attacks of any nation; to the Committee on Foreign Affairs.

3415. Also, petition of the Grand Parlor of the Native Sons of the Golden West, California, urging that the following creed, in the interests of national security and peace, be adopted by patriotic bodies: (1) We recognize the right of all sovereign nations to maintain such forms of government as they deem fit to maintain, and that it is a menace to the peace and safety of the United States for our nationals to organize attacks in this country upon the form of governments maintained by other peoples; (2) we assert that our Government ought not, openly or secretly, to give pledges of moral, financial, or physical support to other powers to be relied upon in the event of war or other emergencies, or to lead other powers to believe in advance of the fact, that we will take sides against them; (3) we reaffirm our faith in the Monroe Doctrine as an instrument of national policy: (4) we believe that the United States must be strong to be respected, and that our military and naval plans ought to be fully adequate to defend, at all times, the proper interests of the United States against any power or combination of powers; (5) above all, we believe that the development of the Nation's resources and its abundant blessings (owned by a free people who know the true meaning of human liberty) make the United States unique in world history and that we are, therefore, fully capable of defending ourselves against foreign aggressors while, at the same time, we assert to the world our friendliness and our abhorrence of war; and (6) finally, the United States recognizes clearly that the maintenance of peace, insofar as she is concerned, demands a combination of military strength and a strong national will to peace; to the Committee on Foreign Affairs.

3416. Also, petition of sundry voters of San Francisco, urging that the Seventy-sixth Congress enact the improved General Welfare Act (H. R. 11), thus relieving the suffering of our needy citizens over 60 years of age and providing prosperity for America and security for all at 60; to the Committee on Ways and Means.

3417. By Mr. HINSHAW: Petition of Nona Tubbs. Pasadena, Calif., and 1,708 other citizens of southern California, urging the enactment of the General Welfare Act (H. R. 5620, H. R. 11 amended); to the Committee on Ways and Means.

3418. By Mr. KEE: Resolution of the Bluefield Post, No. 9. of the American Legion, Bluefield, W. Va., urging Congress to oppose the enactment of a bill designated as an act to promote the efficiency of the national defense; to the Committee on Military Affairs.

3419. By Mr. KEOGH: Petition of the Federal Bar Association of New York, New Jersey, and Connecticut, with reference to the Chandler bill (H. R. 4038) to amend section 373 of title 28 of the Code of Laws of the United States. to prescribe certain requirements for the official conduct of United States judges; to the Committee on the Judiciary. 3420. Also, petition of the R. W. Rhodes Metaline Co.,

Inc., Long Island City, N. Y., concerning a revision of the

tax laws; to the Committee on Ways and Means.

3421. Also, petition of the Amalgamated Clothing Workers of America, Local 54, Brooklyn, N. Y., concerning the Arends bill (H. R. 130) the Starnes bill (H. R. 3392), and the Smith bill (H. R. 5138); to the Committee on Immigration and Naturalization.

3422. Also, petition of the National Retail Lumber Dealers Association, Washington, D. C., concerning Federal Housing Administration activities; to the Committee on Banking and Currency.

3423. Also, pettien of Florence C. R. Bushnell, secretary, American Citizens Committee, Brooklyn, N. Y., concerning the modification of the Communications Act of 1934; to the Com-

mittee on Interstate and Foreign Commerce.

3424. By Mr. KINZER: Petitions of 62 citizens of Lancaster County, Pa., favoring the passage of legislation which will stop the great advertising campaign for the sale of alcoholic beverages now going on by press and radio; to the Committee on the Judiciary.

3425. By Mr. McCORMACK: Memorial of the General Court of Massachusetts, memorializing Congress in favor of the continuation of Works Progress Administration projects;

to the Committee on Appropriations.

3426. Also, memorial of the General Court of Massachusetts, memorializing Congress in favor of the passage of the antilynching bill, so called; to the Committee on the Judiciary

3427. Also, petition of the Industrial Insurance Agents Union, Local No. 41, U. O. P. W. A., C. I. O., Gerald J. Connor, president, Boston, Mass., urging continuance of the Works Progress Administration projects; to the Committee on Appropriations.

3428. By Mr. MAHON: Petition of Mrs. Lon M. Davis and other members of the Floydada, Tex., 1922 Study Club, regarding peace legislation and keeping the United States out

of war; to the Committee on Foreign Affairs.

3429. By Mr. MYERS: Petition of 46 Townsend Clubs of Philadelphia, Pa., and vicinity urging the enactment of House bill 2, the Townsend plan; to the Committee on Ways and Means.

3430. By Mr. PFEIFER: Petition of the National Retail Lumber Dealers Association, Washington, D. C., urging support of certain Federal Housing Act amendments; to the Committee on Appropriations.

3431. Also, petition of the American Citizens Committee, Brooklyn, N. Y., urging modification of the Communications Act of 1934; to the Committee on Interstate and Foreign Commerce.

3432. By Mr. RICH: Petition of sundry citizens of Potter County, Pa., favoring the passage of House bill 2 and Senate Resolution 3; to the Committee on Ways and Means.

3433. By Mr. ROMJUE: Petition of representatives of independent retail merchandising and local community life at Kirksville, Mo., urging the passage of House bill 1, the national retail chain-store tax bill; to the Committee on Interstate and Foreign Commerce.

3434. Also, petition of the board of directors of the Farmers Union Live Stock Commission, South St. Joseph, Mo., endorsing the Farmers Union domestic allotment plan in principle, guaranteeing the American market to the American farmer on an equal exchange value as compared to the average of all other industries, using the same basis as employed in industry for such price determination; to the Committee on Agriculture.

3435. By Mr. VAN ZANDT: Petition of Ida Witmer, of Wingate, Centre County, Pa., and 19 others, urging passage of legislation to restrict the advertising campaign for alcoholic beverages on the radio and in the press; to the Committee on Interstate and Foreign Commerce.

3436. Also, petition of the Honorable J. Harry Moser, mayor of the city of Altoona, Pa., on behalf of City Council of Altoona, opposing the construction of the Lake Erie-Ohio

River Canal as an unnecessary expenditure of taxpayers' money; as benefiting only the industrial district of the Mahoning Valley; unnecessarily cause loss of revenue to railroads and result in railroad employees, coal miners, and workers in other industries being likewise affected and added to the unemployed of the country; to the Committee on Interstate and Foreign Commerce.

3437. Also, petition of Ruth C. Wilson, of Glen Richey, Pa., and 19 others, protesting against the advertising campaign in the press and on the radio of advertising alcoholic beverages and urging the passage of legislation to stop same; to the Committee on Interstate and Foreign Commerce.

3438. Also, petition of J. E. Holtzinger, president, and H. King MacFarlane, secretary, of the chamber of commerce, Altoona, Pa., protesting against the construction of a canal from the Ohio River to Lake Erie on the grounds that it will add \$9 in taxes to every family in the United States; that the territory affected by this proposed canal has adequate railroad service which will be harmed unfairly and unjustly by this toll free canal; that such loss of revenue to railroads will call for thousands of employees to leave the railroad service and join the ranks of the unemployed, to be joined by many workers from the coal mines and other industries, while Youngstown, Ohio, is the only city to benefit by this proposed new canal; to the Committee on Ways and Means.

3439. Also, petition of Sarah A. Fisher and 19 others, of Wingate and Howard, Pa., protesting against the advertising campaign for alcoholic beverages being carried in the press and over the radio, and urging that legislation be enacted stopping these campaigns entirely; to the Committee on

Interstate and Foreign Commerce.

3440. Also, petition of Anna B. Rockel, of Altoona, Pa., and 33 others, protesting against the advertising campaigns for alcoholic beverages in the press and on the radio, and urging the passage of legislation that such campaigns be stopped entirely; to the Committee on Interstate and Foreign Commerce.

3441. Also, petition of Mrs. L. B. Fickes, of Altoona, Pa., and 148 others, protesting against the advertising campaigns on the radio and in the press for alcoholic beverages, and urging the enactment of legislation stopping the same entirely; to the Committee on Interstate and Foreign Commerce.

3442. By the SPEAKER: Petition of W. Clare, of San Francisco, Calif., and others, petitioning consideration of their resolution with reference to Works Progress Administration appropriation deficiency; to the Committee on Appropriations.

3443. Also, petition of the United Fishermen's Union of the Pacific, San Francisco, Calif., petitioning consideration of their resolution with reference to House Joint Resolution 266 concerning Works Progress Administration appropriation; to the Committee on Appropriations.

SENATE

THURSDAY, JUNE 1, 1939

(Legislative day of Wednesday, May 31, 1939)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Z@Barney T. Phillips, D. D., offered the following prayer:

O holy and merciful God, our Heavenly Father, who art the refuge of Thy children in every time of need: Hear us as we pray to Thee for guidance in all the experiences and circumstances of the ensuing day. Give us a strong sense of the mystery, wonder, and beauty of life, that, by our intuition, we may lay hold of the invisible world surrounding us and feel Thy constant presence encompassing us. Make us generous in thought, word, and deed; calm in judgment, refined in discernment; serene and gentle in our attitude toward others.

Give wings to our hopes and rest to our fears that, as children of Thy love, we may put away all pretense and meet each other face to face without pride or prejudice. Finally,

grant that, our lives being free from waste, we may be unfretted by rebellion against Thy will, unsoiled by thought of self, purified by love of our fellow man, and ennobled by devotion to our country and the establishment of Thy kingdom here on earth. We ask it in the name of Jesus Christ, Thy Son, our Lord. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Wednesday, May 31, 1939, was dispensed with and the Journal was approved.

CALL OF THE ROLL

Mr. BARKLEY. I suggest the absence of a quorum. The VICE PRESIDENT. The clerk will call the roll. The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Downey	Loage	Sneppard
Andrews	Ellender	Logan	Shipstead
Ashurst	Frazier	Lundeen	Slattery
Austin	George	McCarran	Smathers
Barbour	Gibson	McKellar	Smith
Barkley	Green	McNary	Stewart
Bilbo	Guffey	Maloney	Taft
Bone	Gurney	Mead	Thomas, Okla.
Borah	Hale	Miller	Thomas, Utah
Bulow	Harrison	Murray	Townsend
Byrd	Hatch	Neely	Truman
Byrnes	Hayden	Norris	Tydings
Capper	Herring	Nye	Vandenberg
Caraway	Holman	O'Mahoney	Van Nuys
Chavez	Holt	Pepper	Wagner
Clark, Idaho	Hughes	Pittman	Walsh
Clark, Mo.	Johnson, Calif.	Radcliffe	Wheeler
Connally	Johnson, Colo.	Reed	White
Danaher	King	Reynolds	Wiley
Davis	La Follette	Russell	0.00
Donahey	Lee	Schwellenbach	

Mr. BARKLEY. I announce that the Senator from Virginia [Mr. GLASS] and the Senator from Louisiana [Mr. Over-TON] are detained from the Senate because of illness.

The Senator from North Carolina [Mr. Balley], the Senators from Alabama [Mr. BANKHEAD and Mr. HILL], the Senator from Michigan [Mr. Brown], the Senator from Iowa [Mr. GILLETTE], the Senator from Illinois [Mr. Lucas], the Senator from Indiana [Mr. MINTON], and the Senator from Wyoming [Mr. Schwartz] are detained on important public business.

The Senator from Nebraska [Mr. Burke] is absent on official business for the Committee on the Judiciary.

Mr. AUSTIN. I announce that the Senator from New Hampshire [Mr. Bridges] is necessarily absent because of an

The VICE PRESIDENT. Eighty-two Senators have answered to their names. A quorum is present.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Latta, one of his secretaries.

NOMINATION OF DAVID J. LEWIS

Mr. TYDINGS. Mr. President, I may be absent later in the day when the Senate goes into executive session to act upon the confirmation of nominations which are on the Executive Calendar. On the calendar is the nomination of David J. Lewis, of Maryland, my recent opponent in the senatorial primaries, for appointment to the Railway Mediation Board. I simply wish to make the announcement that, if not present at the time, I have no intention of asking Senators to interpose any protest to the confirmation of the nomination of Mr. Lewis.

PUBLIC LANDS WITHIN THE MATANUSKA VALLEY, ALASKA

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Interior, transmitting a draft of proposed legislation to authorize the lease or sale of certain public lands in Alaska, and for other purposes, which, with the accompanying paper, was referred to the Committee on Public Lands and Surveys.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a letter in the nature of a petition from the East End Improvement Association, of McKeesport, Pa., relative to certain newspaper articles appearing in the McKeesport Daily News pertaining to the P. W. A. project, known as Pa. 1504-D Street and Sewer Improvements in McKeesport, as it affects certain private homes in the vicinity, which, with the accompanying papers, was referred to the Committee on Education and Labor.

Mr. JOHNSON of California. Mr. President, I present for proper disposition two memorials from the Legislature of the State of California, the first relative to the baneful effects of a reciprocal trade agreement between the United States of America and Venezuela, and the second relative to shipbuilding facilities on the Pacific coast. I ask that the memorials be appropriately referred.

The VICE PRESIDENT. The memorials presented by the

Senator from California will be received, printed in the RECORD, and appropriately referred.

To the Committee on Finance:

Senate Joint Resolution 9

Relative to the baneful effects of a reciprocal-trade agreement between the United States of America and Venezuela

Whereas a reciprocal-trade agreement between the United States of America and Venezuela is contemplated and is being considered and hearings have been held before the Committee for Reciprocity Information pursuant to governmental sanction for the purpose of accumulating data and information for the guidance of the committee charged with the drafting of said proposed agreement;

whereas it appears from the data and information collected as a result of hearings held, the principal subject of the proposed reciprocal-trade agreements shall be the importation of crude oil or derivatives manufactured therefrom into the United States of America, produced in the sovereignty of Venezuela and the reduction of already inadequate excise taxes and tariffs thereon; and Whereas there is a great plethora of oil produced in the State of California and other States of the United States of America far beyond demands in either foreign or domestic markets, which is

beyond demands in either foreign or domestic markets, which is causing great distress in the petroleum industry and economic waste to this State and the Nation; that said conditions have stifled initiative, discouraged further discoveries and sterilized investments generally throughout the United States in the petro-

investments generally throughout the United States in the petroleum industry; and

Whereas in the State of California the distress caused by the overproduction of oil is particularly acute and a constant threat to the well-being and soundness of the industry and the people at large, so that any graduation of tariff or tax on the importation of foreign oil would not only aggravate such distress by encouraging additional importations with attending competition to California oil but would be followed by chaos, causing bankruptcy of the industry and those directly or indirectly affected thereby, including the State itself; and

Whereas California in particular is now adversely affected by the present inadequate tariffs and excise taxes enjoyed by importers of foreign oils to the extent that it has suffered a great diminution of markets throughout the United States and practical deprivation of its former great market, the eastern seaboard of the United States of America by reason of the importation of foreign oils uniquely related by similar characteristics to the oil produced in

States of America by reason of the importation of foreign oils uniquely related by similar characteristics to the oil produced in the State of California; and

Whereas by reason of reciprocal-trade agreements and the inclusion of the most-favored-nation clause in said agreements, a reciprocal-trade agreement made with Venezuela subjecting petroleum or its derivatives to graduated tariffs or decreased excise taxes would be applicable and available equally to all other oil producing nations enjoying reciprocal-trade agreements with the United States, thereby permitting the indiscriminate dumping of foreign oil on an already surfeited domestic market of the United States under the same provisions as would be accorded Venezuela under the proposed reciprocal-trade agreement; and

Whereas prudence dictates that our State and National defense be strengthened by the development of domestic resources as a measure of preparedness for war; the dumping of foreign oil on the domestic market would not only discourage and stifle domestic development but would encourage development of oil reserves in foreign countries that would become weapons in inimical hands in times of conflict; and

Whereas any graduation of tariff or decrease in excise tax would not only endanger the billions of dollars invested in California oil fields and the feellities installed to treat handle and market the

not only endanger the billions of dollars invested in California oil fields and the facilities installed to treat, handle, and market the same but labor and the whole economic structure of the State and the Nation itself would be deleteriously affected thereby. and the Nation itself would be deleteriously affected thereby. Any impetus given to the importation of foreign oil not only affects domestic, economic, and social conditions of those actively engaged in the industry but likewise affects the financial and national ability to obtain required money from taxation. Oil produced in foreign countries is uniformly carried in foreign bottoms to the detriment of American shipping, shipbuilding, and American labor otherwise employable in that industry. It affords a stimulus for the employment of cheap foreign labor and an incentive for the building of foreign ships for transportation that become auxiliaries to foreign navies in times of war, creating not only a pronounced

threat to our own Navy and the national defense but an incentive for potential belligerents to establish shippards, fabricate tankers that may become auxiliaries to potentially inimical navies, to the detriment of our own nationals: Now, therefore, be it Resolved by the Senate and Assembly of the State of California jointly, That the Congress of the United States of America be memorialized to enact legislation particularly exempting from, and prohibiting the inclusion of crude oil produced in a foreign country, or any derivative manufactured from crude oil produced in a foreign country, to come within the purview of any treaty or trade agreement between the United States of America and any foreign country, which would in any manner, directly or indirectly, influence or encourage or condone the importation of crude oil produced in a foreign country, or any derivative manufactured from such crude oil, into the United States of America or any territory or dependency thereof; and be it further

Resolved, That the Congress of the United States of America be further memorialized to enact legislation either to increase substantially the current tariff or excise tax on the importation of oil produced in foreign countries and derivatives manufactured therefrom and imported into the United States of America, or any territory or dependency thereof, or to prevent and prohibit entirely and effectivelly. We want of emberge the importation of all produced.

territory or dependency thereof, or to prevent and prohibit entirely and effectually by way of embargo, the importation of oil produced in foreign countries, or derivatives manufactured from oil produced in foreign countries into the United States of America, or any territory or dependency thereof, for any purpose whatsoever; and be

it further

Resolved, That certified copies of this resolution be transmitted by the secretary of state of the State of California to the President of the United States of America; to the Secretary of State of the United States of America, the Secretary of the Senate of the United States of America, the Clerk of the House of Representatives of the United States of America, and each Senator and each Member of the House of Representatives of the United States of America, and to the "committee on reciprocity information," and that they are respectfully urged to accomplish the purpose of this memorial.

To the Committee on Commerce:

Senate Joint Resolution 5

Relative to shipbuiding facilities on the Pacific coast

Whereas the development of a merchant marine is requisite to the furtherance of the commercial prosperity of the Nation; and Whereas provision for an adequate merchant marine fleet is an

Whereas provision for an adequate herchant marine neet is an indispensable part of a program for the national defense; and Whereas the immediate development of a merchant marine fleet commensurate with the defensive and commercial needs of the Nation is a matter of great concern to the people of California;

Whereas the development of a merchant marine fleet capable of serving the needs of the coast area is dependent upon the existence on the Pacific coast of adequate shipbuilding facilities; and

Whereas the Maritime Commission has recently recognized the exigent need for adequate shipbuilding facilities on the Pacific coast and has awarded to a Pacific coast firm a contract for the building of two freighters: Now, therefore, be it

Resolved by the Senate and Assembly of the State of California,

jointly, That the President of the United States be memorialized to include in the Federal Budget for the ensuing year provision for additional and increased development of shipbuilding facilities on

the Pacific coast; and be it further

Resolved, That the Governor of the State of California is hereby requested to transmit a copy of this resolution to the President of the United States and to each Senator and Representative from California in the Congress of the United States.

Mr. LODGE presented a resolution of Local No. 21, National Leather Workers' Association, of Peabody, Mass., in regard to technological unemployment, which was referred to the Committee on Education and Labor.

Mr. CAPPER presented a letter in the nature of a memorial from the Americanization committee of the American Legion, sixth district, signed by Robert W. Hemphill, chairman, Norton, Kans., remonstrating against the enactment of pending legislation to admit refugee children from Germany into the United States, which was referred to the Committee on Immigration.

He also presented a petition, numerously signed, by farmers of Ellis County, Kans., praying for the continuance of a Federal farm program embodying (1) a self-financed program, (2) marketing quota set up in bushels on each farm for its fair share of the domestic consumption, and (3) parity price for domestic consumption and world price for the remainder, which was referred to the Committee on Agriculture and Forestry.

LETTER FROM CANNERY WORKERS' CAMDEN, N. J. UNION, LOCAL NO. 80,

Mr. BARBOUR. Mr. President, I ask unanimous consent to have printed in the RECORD and referred to the Committee

to Audit and Control the Contingent Expenses of the Senate a letter from Cannery Workers' Union, Local No. 80, Camden, N. J., addressed to the Senator from South Carolina [Mr. Byrnes], chairman of the committee.

There being no objection, the letter was referred to the Committee to Audit and Control the Contingent Expenses of the Senate and ordered to be printed in the RECORD, as

Hon. James F. Byrnes, Chairman, Committee to Audit and Control the Contingent Expenses of the Senate, Senate Office Building, Washington, D. C.

DEAR SENATOR BYRNES: Cannery Workers' Union, Local No. 80, at its regular meeting on Friday, May 12, 1939, unanimously passed

at its regular meeting on Friday, May 12, 1959, unanimously passed the following resolution:
"Be it resolved, That the Cannery Workers' Union, Local No. 80, located at 326 Market Street, Camden, N. J., shall go on record in unanimous support of Senate Resolution 126; and
"Therefore urge of you that you give this measure the most careful consideration and support for funds to continue the LaFollette Civil Liberties Committee."

Civil Liberties Committee.

Very respectfully yours,

EDWARD E. THOMPSON, Secretary.

REPORTS OF COMMITTEES

Mr. SHEPPARD, from the Committee on Military Affairs, to which was referred the bill (S. 1667) to provide a rightof-way, reported it with an amendment to the title and submitted a report (No. 525) thereon.

He also, from the same committee, to which was referred the bill (S. 457) to amend the World War Adjusted Compensation Act, reported it without amendment and submitted a report (No. 531) thereon.

Mr. MINTON, from the Committee on Military Affairs, to which was referred the bill (S. 1594) for the relief of Casimer Borowiak, reported it without amendment and submitted a report (No. 526) thereon.

Mr. DOWNEY, from the Committee on Military Affairs. to which was referred the bill (S. 40) for the relief of Thomas Salleng, reported it without amendment and submitted a report (No. 527) thereon.

Mr. GURNEY, from the Committee on Military Affairs, to which was referred the bill (S. 1547) to correct the military record of William T. Dickson, reported it without amendment and submitted a report (No. 528) thereon.

Mr. WHEELER, from the Committee on Interstate Commerce, to which was referred the bill (S. 2047) to divest prize-fight films of their character as subjects of interstate or foreign commerce, and for other purposes, reported it without amendment and submitted a report (No. 530) thereon.

Mr. NEELY, from the Committee on Interstate Commerce, to which was referred the bill (S. 280) to prohibit and to prevent the trade practices known as "compulsory blockbooking" and "blind selling" in the leasing of motion-picture films in interstate and foreign commerce, reported it with-out amendment and submitted a report (No. 532) thereon.

He also, from the Committee on Civil Service, to which was referred the bill (S. 1610) to prevent discrimination against graduates of certain schools, and those acquiring their legal education in law offices, in the making of appointments to Government positions the qualifications for which include legal training or legal experience, reported it without amendment and submitted a report (No. 533)

Mr. PITTMAN, from the Committee on Foreign Relations, to which was referred the joint resolution (S. J. Res. 124) authorizing the President to invite foreign countries to participate in the San Diego-Cabrillo Quadricentennial Celebration to be held in 1942, reported it without amendment and submitted a report (No. 534) thereon.

STUDY OF THE TELEGRAPH INDUSTRY-REPORT OF COMMITTEE ON INTERSTATE COMMERCE

Mr. WHEELER, from the Committee on Interstate Commerce, to which was referred the resolution (S. Res. 95) directing a study of the telegraph industry in the United States (submitted by Mr. WHEELER on March 8, 1939), reported it with amendments and submitted a report (No. 529)

thereon, and, under the rule, the resolution was referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BARBOUR:

S. 2527. A bill for the relief of Mary Nouhan; to the Committee on Immigration.

By Mr. LOGAN:

S. 2528. A bill for the relief of A. A. Demunbrun; and

S. 2529. A bill for the relief of the Bell Grocery Co.; to the Committee on Claims.

By Mr. MILLER:

S. 2530. A bill for the relief of Mr. and Mrs. Frank W. Wilcox, Sr.; and

S. 2531. A bill for the relief of Stanley Falk, Howard Franklin, Mrs. Nathan Falk, and Mrs. Rose Winter; to the Committee on Claims.

By Mr. GIBSON:

S. 2532. A bill for the relief of James Rotkovitch; to the Committee on Military Affairs.

S. 2533. A bill for the relief of Isabelle M. Walsh; to the Committee on Finance.

By Mr. DAVIS:

S. 2534. A bill for the relief of Samuel Young; to the Committee on Finance.

By Mr. NEELY:

S. 2535. A bill granting a pension to Ora Frances Watts; to the Committee on Finance.

By Mr. WHEELER:

S. 2536. A bill granting compensation to Joseph C. Eastland; to the Committee on Claims.

By Mr. SLATTERY:

S. 2537. A bill for the relief of Lester B. McAllister and others; to the Committee on Claims.

By Mr. HATCH:

S. 2538. A bill for the relief of Charles H. Haynes; to the Committee on Claims.

(Mr. Schwellenbach introduced Senate Joint Resolution 143, which was referred to the Committee on Foreign Relations, and appears under a separate heading.)

TREATY OBSERVANCE AND RESTRICTIONS ON EXPORTS

Mr. SCHWELLENBACH. Mr. President, I ask consent to introduce a joint resolution for appropriate reference, and also in connection with the joint resolution I request leave to print a short statement in the RECORD.

The VICE PRESIDENT. Is there objection? The Chair

hears none, and it is so ordered.

The joint resolution (S. J. Res. 143) to provide for retaining in the United States, and denying export therefrom, articles or materials to be used in violation of the sovereignty, independence, or territorial or administrative integrity of any nation, contrary to the treaty engagements of the United States was read twice by its title and referred to the Committee on Foreign Relations.

The statement presented by Mr. Schwellenbach is as follows:

The purpose of my joint resolution is to withdraw us from participation in the assault being made on China's sovereignty and independence, which we are obligated by the nine-power pact or treaty to respect.

Two features of the resolution serve to exempt it from classification as an embargo against any particular nation. It is general in its scope, and the restrictions on exports are premised on our own treaty observance and in conservation of our resources for purposes of national defense.

Precedents for the fundamental features of the resolution are

to be found in existing laws.

The resolution is not an attempt to regulate the conduct of any other nation or people. It is therefore nonwar provocative. I take it, however, that even with rulers running riot in other parts of the world and recklessly tearing treaties asunder, there is still left to us the right to regulate our own conduct.

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This my resolution proposes to do, and to regulate it along lines of treaty observance and world-peace assurance, and on principles of Christianity and morality.

Its adoption would also be a major contribution to the preserva-

tion of the open-door trade policy for the Orient.

INVESTIGATION OF ECONOMIC AND INDUSTRIAL CONDITIONS IN PUERTO RICO

Mr. KING. Mr. President, I submit a concurrent resolution and ask that it be referred to the Committee on Territories and Insular Affairs. The resolution asks for the appointment of a special joint committee to make a complete study and investigation of economic and industrial conditions in Puerto Rico.

There being no objection, the concurrent resolution (S. Con. Res. 18) was read and referred to the Committee on Territories and Insular Affairs, as follows:

Resolved by the Senate (the House of Representatives concurring), That a special joint committee of three Senators, to be appointed by the President of the Senate, and three Members of the House of Representatives, to be appointed by the Speaker of the House of Representatives, is authorized and directed to make a full and complete study and investigation of economic and industrial conditions in Puerto Rico, with a particular view to determining the effect upon Puerto Rico of the Sugar Act of 1937, the Fair Labor Standards Act of 1938, and foreign-trade agreements entered into pursuant to the Reciprocal Trade Agreements Act of 1934. The special joint committee shall select a chairman from among its members, and shall report to the Congress at the earliest practicable time the results of its study gress at the earliest practicable time the results of its study and investigation, together with its recommendations. For the purposes of this resolution the special joint committee,

or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places during the sessions, recesses, and adjourned periods of the Seventy-sixth and succeeding Congresses, to employ such clerical and other assistants, to require by subpena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed \$5,000, shall be paid one-half from the contingent fund of the Senate, and one-half from the contingent fund of the House of Representatives, upon vouchers experienced by the chairman approved by the chairman.

Mr. KING. Mr. President, a day or two ago I called attention to the rather serious economic situation in Puerto Rico. I referred during the course of my remarks to resolutions which had been adopted by a large organization devoted to the amelioration of the economic conditions in the island. I received information to the effect that tens of thousands of persons had been thrown out of employment, in part due to the Federal wage and hour law which was being enforced in Puerto Rico. The economic organization to which I have referred stated that within a short time 300,000 persons in Puerto Rico would be on relief, and that the policies which were now being pursued by the Federal Government were bound to be increasingly disadvantageous to the economic and industrial life of the people.

Since then I have received a concurrent resolution, adopted by the Legislature of Puerto Rico. It was unanimously approved by the Puerto Rican Senate on the 10th of April of this year, and by the House of Representatives on the 14th of April.

The resolution directs attention to the very serious economic condition of the island, and refers to various measures passed by the Federal Government which have proven harmful to Puerto Rico economies.

I have visited Puerto Rico and am reasonably familiar with political and economic conditions of the island. I believe that the resolutions of the economic organization to which I have referred, as well as the resolution which I am now offering for the RECORD, call for some action by the Congress. I have conferred with a number of Senators who are more or less familiar with conditions prevailing in Puerto Rico, and they concur in the proposal that a joint committee of the Senate and the House be appointed and authorized to make a full and complete study and investigation of the economic and industrial conditions of the island.

I ask that the resolution adopted by the Legislature of Puerto Rico be inserted in the RECORD as a part of my remarks. In making this request I do not wish it to be understood that I agree to all the statements contained in the resolution. However, the views of the Legislature of Puerto Rico are entitled to serious and full consideration.

The VICE PRESIDENT. Without objection, it is so or-

The concurrent resolution adopted by the Legislature of Puerto Rico is as follows:

Senate Concurrent Resolution 9

Concurrent resolution to set forth the very acute crisis now experienced by the island of Puerto Rico; to make urgent demands upon the President of the United States of America and the national administration for a remedy for this situation

Whereas the exports of Puerto Rico have fallen from \$114,953,827 in 1937 to \$62,077,178 in 1938, i. e., a decrease of 23.5 percent. In 1938 imports amounted to \$93,314,783, which showed a trade balance against Puerto Rico of \$11,237,605 in the year 1938; Whereas, due to the restrictions resulting from the quotas assigned to Puerto Rico for this year, there can be no new plantings

of sugarcane, the sugar-grinding season will close in May, it being one of the shortest there has ever been in Puerto Rico, and at the close of the grinding season there will be over 200,000 laborers out

of work; Whereas, Whereas, according to reports of the administrator of the P. R. R. A., the number of cases certified for relief reached 222,606

P. K. K. A., the number of cases certified for relief reached 222,606 unemployed in November 1938, a figure which represents, counting their dependents, 1,121,035 persons without means of subsistence; Whereas Puerto Rico has suffered considerable reductions in the export values of its agricultural products during the year 1938 as compared with 1937, reductions which are distributed approximately as follows: Sugar, \$21,240,000; coffee, \$1,059,000; tobacco, \$1,631,000; fruits, \$691,000; needlework, \$9,199,000;

Whereas in accordance with the agreement entered into with Cuba on September 3, 1934, by virtue of which the tariff on canned and fresh pineapples was reduced, the Republic of Cuba bound and fresh pineapples was reduced, the Republic of Cuba bound itself to furnish seeds to Puerto Rico, an obligation which it has refused to perform, thus violating the conditions of said treaty;

Whereas these reductions (with the exception of coffee) have all been due directly to acts, both legislative and administrative, of the National Government, to wit:

(a) Sugar Act of 1937, which in the distribution of quotas allots to Puerto Rico a ratio of only 11.94 percent out of the total estimated consumption of the Nation;

(b) The Wage and Hour Act, which prescribes wages at a rate that the most important of the industries affected cannot withstand;

stand;
(c) Trade agreement with France whereby the duty on bay oil was reduced from 25 percent to 12½ percent, which caused our sales of this oil to the United States to drop from \$29,181 in 1937 to \$17,223 in 1938;

(d) Trade agreement with Cuba, dated September 3, 1934, reducing the duty on cigars from \$3.60 a pound, plus 20 percent ad valorem, to \$2.25 a pound, plus 12½ percent ad valorem, which caused a drop from \$1.453,340 in 1934 to \$42,813 in 1938 in the value of Puerto Rican cigars in the United States;

value of Puerto Rican cigars in the United States;

(e) Trade agreement with the United Kingdom, dated January
1, 1939, reducing the duty on coconuts from \$5 a thousand to \$2.50
a thousand, which reduction is likewise applicable to coconuts
imported from Panama, Colombia, Venezuela, Cuba, and Santo
Domingo, under the most-favored-nation clause in their commercial treaties with the United States, which has resulted in
such a drop in the price of coconuts that it is hardly worth while
to ship them:

to ship them;
(f) Trade agreements with El Salvador, Guatemala, and Canada, dated May 31, 1937; June 15, 1938; and January 1, 1939, reducing the import duty on honey from \$0.03 to \$0.02 a pound, for which reason the sales of honey from Puerto Rico in the United States have dropped from \$75,175 in 1936 to \$47,924 in 1938;

(g) Trade agreement with Switzerland, dated December 15, 1936,

which, on pages 375-410, reads as follows: Handkerchiefs, wholly or in part of machine-made lace; handkerchiefs embroidered (whether with a plain or fancy initial, monogram, or otherwise, and whether or not the embroidery is on a scalloped edge), tamboured, appliqued, or from which threads have been omitted, drawn, punched, or cut, and with threads introduced after weaving drawn, punched, or cut, and with threads introduced after weaving to finish or ornament the openwork, not including one row of straight hemstitching adjoining the hem; any of the foregoing, finished or unfinished, which contain no hand-made lace and which is not embroidered or tamboured in any part by hand: Composed wholly or in chief value of cotton, 2 cents each and 30 percent ad valorem. Composed wholly or in chief value of vegetable fiber other than cotton: If finished and valued at 80 cents or more per dozen, 2 cents each and 30 percent ad valorem; if unhemmed and without any finished edge, and valued at 45 cents or more per dozen, 2 cents each and 30 percent ad valorem.

"The Treasury Department decided that, inasmuch as para-

"The Treasury Department decided that, inasmuch as paragraph 1529 (b) above cited, specifically exempts only handkerchiefs which are not embroidered or tamboured in any part by hand, but does not specifically exempt other hand-made ornaments such as applique, works from which threads have been omitted, etc., hand-

kerchiefs on which such handwork has been done shall be included under the new tariff rate of the treaty."

The above did not favor Switzerland but instead favored China,

which totally invaded the handkerchief market of the United States to the detriment of the handkerchiefs market of Puerto

Rico.

(h) Competition with China, the Philippines, Portugal, Japan, Italy, and Madeira, subject to this tariff under the most-favored-nation clause caused a drop in the value of our sales of needle-work to the United States from \$20,811,000 in 1937 to \$11,612,000 in 1938; this when the wage rates fixed by the National Wage and Hour Act were still to be prescribed;

(i) Trade agreement with Cuba, of September 3, 1934, lowering the tariff on cucumbers, peppers, canned and fresh pineapples, as follows: Cucumbers, from \$0.024 a pound to \$0.012 a pound; peppers, from \$0.02 a pound to \$0.015 a pound; canned pineapples, from \$0.016 a pound to \$0.008 a pound; fresh pineapples, from \$0.016 a pound to \$0.008 a pound; fresh pineapples, from \$0.40 a crate to \$0.20 a crate. These reductions in the tariff on cucumbers and peppers are aggravated by the fact that such reductions are effective from December 1 to the last day of the following February in the case of cucumbers, and from January 1 to April 30 in the case of peppers, and it is between these dates for which the reduction has been granted that Puerto Rico ships these products to the tion has been granted that Puerto Rico ships these products to the

case of peppers, and it is between these dates for which the reduction has been granted that Puerto Rico ships these products to the Continent, when the other producing areas of the Nation have finished selling their crops, thus giving the advantage to Cuba exclusively at the expense of Puerto Rico, while complete protection is afforded to the other producing areas of the continent. As a result, the sale of Puerto Rican cucumbers to the United States has dropped from 2,923,230 pounds in 1935 to 2,562,450 pounds in 1938; and sales of peppers have dropped from 149,845 pounds in 1935 to 78,255 pounds in 1938. Even though this reduction is not of the greatest significance, it is important, however, that a business which, if it enjoyed adequate protection, could increase in importance and perhaps become a leading factor in our sources of wealth, has been brought to a standstill;

(j) As regards fresh pineapples, the agreement with Cuba will practically do away with the cultivation of this fruit in Puerto Rico, considering that Cuban exports of fresh pineapples to the United States have increased from 52.7 percent of the total pineapple imports in 1935 to 55.4 percent in 1936 and 64.6 percent in 1937, while Puerto Rican shipments decreased during the same period from 34.2 percent in 1936 to 28.3 percent in 1937. As a result of competition, furthermore, prices dropped from \$2.66 a case in the New York market in 1935 to \$2.47 a case in 1936, to \$2.24 a case in 1937, and to \$1.94 a case in 1938, and the prices on canned pineapples likewise dropped from \$0.666 a pound in 1935 to \$0.064 a pound in 1936, to \$0.066 a pound in 1938; and the whole situation is now further aggravated by the fact that the canning and packing of pineapples for the market is now made enormously expensive through the application of the Wage and Hour Act. Agreements similar to that made with Cuba in regard to pineapples, made with Honduras, Gaute-

the market is now made enormously expensive through the application of the Wage and Hour Act. Agreements similar to that made with Cuba in regard to pineapples, made with Honduras, Gautemala, Haiti, and Costa Rica, have reduced the duty on fresh pineapples from \$0.50 a crate to \$0.35 a crate, and the agreement with the United Kingdom of England dated January 1, 1939, now also fixes the duty at \$0.35 a crate;

(k) Trade agreement with Cuba (September 3, 1934) and Haiti (June 3, 1935) reducing the duty on rum from \$4 to \$2 a gallon in the case of Cuba and from \$5 to \$2.50 a gallon in the case of Haiti. Through these concessions the expansion of our liquor industry has necessarily been checked, which, with the effective protection previously enjoyed, cculd have developed into a source of income of almost as much consequence as the sugar industry;

(l) Trade agreement of September 3, 1934, with Cuba, making reductions in the duty on unstripped tobacco; agreement of February 1, 1936, with Holland, lowering the duty on cigar wrappers; agreement of January 1, 1939, with the United Kingdom, lowering the duty on cut tobacco; agreement of September 3, 1934, with

the duty on cut tobacco; agreement of September 3, 1934, with Cuba, lowering the duty on fresh tomatoes and grapefruit, all of them to the grave injury of the price of our tobacco, our

of them to the grave injury of the price of our topacco, our tomatoes, and our grapefruit;

(m) Trade agreement of June 15, 1936, with France, lowering the duty on vanilla from \$0.30 a pound to \$0.15 a pound, a reduction which deprives Puerto Rico of the protection offered to this product, the cultivation of which was being promoted for the purpose of creating the vanilla industry, in view of the fact that Puerto Rico needs diversification of agriculture and the development of new industries;

(n) Under the security offered by a protective tariff of \$0.02 a pound, we essayed the promotion of the planting and cultivation of citron as a suitable crop to supplement the coffee crop in the interior citron as a suitable crop to supplement the coffee crop in the interior of the island. It grew well, and the cultivation of this crop acquired ever greater importance; but the Congress of the United States removed the tariff, and now, selling at prices of 3 and 4 cents a pound in the New York market, Italy with great strides displaces Puerto Rican producers, who cannot compete at these prices, for in Italy this product is salted with sea water and lower wages are paid, and, in addition, the Government subsidizes producers;

(o) The exportation of manganese, the only mineral that we mined on a commercial scale, has had to be stopped because Congress took away the tariff protection it previously enjoyed;

Whereas the Department of State now proposes to lower the

Whereas the Department of State now proposes to lower the duty on Cuban sugar from \$0.90 to \$0.75 a hundredweight, according to a notice dated November 30, 1938, and this will be another blow aimed at our economy and affecting our chief agricultural product, inasmuch as the mere announcement of the reduction in the duty

brought the prices down, which forced the Secretary of Agriculture to cut down on his estimate of consumption for the purpose of maintaining prices, which will work fresh injury on us, inasmuch as the market quota originally allotted to us will have to be cut down in proportion;

as the market quota originally allotted to us will have to be cut down in proportion;

Whereas, in making the agreement with Czechoslovakia, Puerto Rican coffee did not receive adequate consideration and was allotted a minimum quota smaller than that of any of the other countries that seil coffee in that market, despite the fact that Czechoslovakian coffee importers are desirous of buying it, and such action has prevented the increased importation of Puerto Rican coffee;

Whereas the application of the provisions of the Sugar Act of 1937 has reduced the income derived from sugar out of all proportion to the needs of the country and has injured the interests of the producers and laborers of Puerto Rico, a situation made worse through the discrimination of which Puerto Rico has been made a victim; for while continental areas have had the benefit of quotas which represented no reduction of their normal crops, while neither Hawaii nor the Philippines have filled the quotas allotted to them, while Cuba is allotted a quota twice as large as that allotted to Puerto Rico, and Puerto Rico has always filled its quota to excess, our island is allotted a grinding quota for 1939 that amounts to a restriction of 21.5 percent on its 1938 production, which totaled 1,077,128 tons, notwithstanding the fact that sugar is the foundation of our economy, the mother industry on which we depend for paying wages to 150,000 of our laborers;

Whereas it will not be allowed during this year 1939 to manufacture sugar in excess of the quota assigned for the continental market and consumption in the island, which will mean a difference of 108,139 tons less sugar manufactured by us this year, and for this reason the erinding season will last 3 months only, and suffi-

market and consumption in the island, which will mean a difference of 108,139 tons less sugar manufactured by us this year, and for this reason the grinding season will last 3 months only, and sufficient cane will remain standing in the fields to meet the requirements of practically the whole of the next grinding season, a circumstance this that will prevent new plantings and will, as a consequence, leave over 130,000 industrial laborers without work and create a state of unemployment after the end of May which will have no parallel in the history of Puerto Rico, while the continental areas, Hawaii, and the Philippines will be able to use all the sugar beet and all the cane there may be in their fields;

Whereas the right of Puerto Rico to promote and develop all the industries for which favorable conditions exist here was arbitrarily violated and restricted when the said Sugar Act of 1937 imposed a fixed permissible quantity of sugar to be refined in Puerto Rico;

Puerto Rico;

Whereas we are being arbitrarily sacrificed through the provisions of the Sugar Act while neither the continental sugar-beet States nor the sugarcane States of Florida and Louisiana have filled their quotas, with the sole exception of Louisiana in the crop year 1935-36, in which year, however, through redistributions made by the national administration, Louisiana was permitted to

sell its excess production; Whereas, the Sugar Act of 1937, which, in defining "liquid sugar," expressly excludes "the sirup of cane juice produced from sugarcane grown in the continental United States," produces the effect of not charging against the quotas of Louisiana and Florida the sirup manufactured in those States, while the sirup produced in Puerto Rico is charged against the quota of this country; and those States are free to turn into sirup any cane in excess of their fixed sugar quotas, while Puerto Rico is denied the right

to do so; Whereas these discriminations against the Puerto Rican sugar industry have no justification and can well be branded inhuman and selfish, if the relative importance of the said industry in the economy of the States of the American Union and in Puerto Rico

and selfish, if the relative importance of the said industry in the economy of the States of the American Union and in Puerto Rico is considered, and one thinks of the number of human beings affected in one case and the other;

Whereas through enactments of the Congress of the United States which have removed the customs duty on many of the products produced in Puerto Rico; through the Sugar Act of 1937, which inhumanly restricts our production of sugar; through the Wage and Hour Act, which increases the cost of production of a great many industrial products to a point where, for purposes of competition, they cannot withstand the wage rates fixed; through the agreements made with various foreign nations, which have affected our sugar, our tobacco, our cucumbers, our peppers, our tomatoes, our fresh and canned pineapples, our citrons, our vanilla, our coffee, our needlework, our manganese, and our grapefruit, the decrease in the value of our exports and the consequent decrease in our purchasing power has been so enormous as to cause a frightful unemployment crisis which is a very serious menace to the peace and the welfare of our country;

Whereas these acts on the part of the Congress of the United States and of the national administration will undoubtedly cause the total ruin of ail our sources of wealth, and they now discourage all the initiative of the businessmen of Puerto Rico and kill all hope of promoting the creation of new industries;

courage all the initiative of the businessmen of Puerto Rico and kill all hope of promoting the creation of new industries;

Whereas the United States of America contracted, with the whole world as a witness, the solemn obligation to govern Puerto Rico democratically and to insure the liberty and happiness of the Puerto Ricans: Now, therefore, be it

Resolved by the Senate of Puerto Rico (the house of representatives converting).

sentatives concurring):

(1) To petition the President of the United States to create as soon as possible, in view of the critical economic condition of the island and the need of a prompt and effective remedy, an

interdepartmental board having sufficient authority to discuss and consider at a round-table conference with a duly accredited representation of the legitimate interests of the island, the present condition of Puerto Rico and its problems and needs, and also to study and agree upon measures leading to their solution, including the modification of the administrative and financial laws and measures that are adversely affecting our economy.

(2) To demand that sufficient power and

(2) To demand that sufficient power and authority be granted of the Legislature of Puerto Rico to create a board to regulate wages and hours in accordance with the possibilities and financial potentiality of the industries and the need of our laborers to enjoy fair wages, both in industries engaged in local busi-

ness and in industries engaged in interstate commerce.
(3) To demand from the national administration and from the Congress of the United States that the sugar quota of Puerto

the Congress of the United States that the sugar quota of Puerto Rico be increased by 125,000 additional tons of sugar.

(4) To request from the Congress of the United States legislation to restore the import duty on those products of Puerto Rico which have been detrimentally affected by the removal of the tariff or import duty previously existing.

(5) That all such provisions of commercial treaties with foreign countries be depounted and appended as cause the ruin of our

eign countries be denounced and amended as cause the ruin of our agriculture and of our sources of wealth, plunging Puerto Rico

eign countries be denounced and amended as cause the ruin of our agriculture and of our sources of wealth, plunging Puerto Rico into a chaotic financial situation, and our laborers, through unemployment, into a condition of unbearable penury and starvation.

(6) That our excess of population, one of our most serious problems, establishes a state of unbalance between production and consumption, it be demanded from the Government of the United States of America that it negotiate for the colonization of large areas of land in Santo Domingo and Venezuela by thirty or forty thousand Puerto Rican families, a step that would contribute toward the decrease of unemployment and would tend to reestablish to a great extent the balance between production in the island and consumption by our population.

(7) That a certified copy of this resolution be sent to the President of the United States of America, the Honorable Franklin Delano Roosevelt; to the Committee on Insular Affairs of the Senate and of the House of Representatives; to the Committee on Territories of the House of Representatives; to the Secretaries of all the various departments of the national administration; to every Senator and Representative in the United States Congress; to all the Commissioners and Delegates of all the possessions and Territories of the United States; and to a great number of the leading newspapers edited on the continent.

We, Enrique González Mena and Antonio Arroyo, secretaries of the Senate and the House of Representatives of Puerto Rico, re-

the Senate and the House of Representatives of Puerto Rico, respectively, do hereby certify:
That the foregoing concurrent resolution was unanimously approved by the Senate and the House of Representatives of Puerto Rico on April 10 and April 14, respectively, 1939.
In witness whereof we have hereunto set our hands and caused to be affixed the seals of the Senate and the House of Representatives of Puerto Rico in our offices at San Juan, P. R., on this the 15th day of April A. D. 1939.

ENRIQUE GONZÁLEZ MENA, Secretary, Senate of Puerto Rico.
Antonio Arroyo.

Secretary, House of Representatives of Puerto Rico.

Approved. [SEAL] [SEAL]

RAFAEL MARTÍNEZ NADAL President, Senate of Puerto Rico.
MIGUEL A. GARCIA MÉNDEZ,
Speaker, House of Representatives of Puerto Rico.

AMENDMENTS TO RIVER AND HARBOR AUTHORIZATION BILL

Mr. WALSH (for himself and Mr. Longe) submitted an amendment intended to be proposed by them to the bill (H. R. 6264) authorizing the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes, which was referred to the Committee on Commerce and ordered to be printed.

Mr. SHEPPARD submitted an amendment intended to be proposed by him to House bill 6264, the river and harbor authorization bill, which was referred to the Committee on Commerce and ordered to be printed.

GOVERNMENT SPENDING AND DEFICITS-ADDRESS BY SENATOR TAFT

[Mr. McNary asked and obtained leave to have printed in the RECORD a radio address delivered by Senator TAFT on the subject of increased Government spending and deficits on Monday, May 22, 1939, which appears in the Appendix.]

ADDRESSES BY SENATOR BYRD AND JOHN D. KEITH AT GETTYSBURG BATTLEFIELD

[Mr. Andrews asked and obtained leave to have printed in the RECORD addresses delivered by Senator Byrd and John D. Keith at the battlefield of Gettysburg on Tuesday, May 30, 1939, which appear in the Appendix.1

ADDRESS BY DR. JOSEPH F. THORNING AT UNITED STATES NAVAL

[Mr. RADCLIFFE asked and obtained leave to have printed in the Record an address delivered on April 30, 1939, at the United States Naval Academy by Dr. Joseph F. Thorning, professor of social science at Mount St. Mary's College, Emmitsburg, Md., which appears in the Appendix.]

SECURITY OF CITIZENSHIP-DECISION OF SUPREME COURT

Mr. THOMAS of Utah. Mr. President, a very few days ago a most interesting opinion was written by Mr. Chief Justice Hughes and adopted as the law of the land by the Supreme Court of the United States.

This decision settles the anxiety of those interested in maintaining a security of citizenship for our people. It is scarcely credible that this country would take lightly the vested birthright of citizenship which I am sure our Constitution, wisely interpreted, grants.

I have always felt so strongly the point of view now adopted by the Court that on two occasions I spoke publicly, once in Washington and once in New York, some months ago, urging that our State and Justice Departments be prevailed upon to appreciate the full significance of citizenship by place of birth as granted as an unwavering right in our Constitution.

Twice I addressed my thoughts in similar planes to the State and the Justice Departments, and found my views in seeming irreconcilable conflict with theirs, at least to the extreme extent to which I expressed my regard for place of birth as a stable and unshakable foundation of United States citizenship.

Anyone who is thoughtful about tendencies of government throughout the world to turn to the citizenship based upon blood idea will see the importance of this decision on American democracy.

Following is a list of those who participated in the case:

Present: The Chief Justice, Associate Justices McReynolds, Butler, Stone, Roberts, Black, Reed, and Frankfurter (Mr. Justice Douglas not then appointed).

Opinion by the Chief Justice announced May 29, 1939.

For Marie Elizabeth Elg, respondent in No. 454 and petitioner in

No. 455, Henry F. Butler.
For Petitioners Perkins and Shaughnessy in No. 454 and Respond-For Petitioners Perkins and Shaughnessy in No. 454 and Respondent Hull in No. 455, Robert H. Jackson, Solicitor General of the United States, with whom there were on the brief Brien McMahon, Assistant Attorney General; William W. Barron, special assistant to the Attorney General; William J. Connor, special attorney; Harold Leventhal, attorney; Genen H. Hackworth, Legal Adviser, and Richard W. Flournoy, assistant to the Legal Adviser, Department of State; Gerard D. Reilly, Solicitor, Department of Labor.

I now ask unanimous consent that this most gratifying decision be inserted in the RECORD.

There being no objection, the decision was ordered to be printed in the RECORD, as follows:

[Supreme Court of the United States. Nos. 454, 455. October term, 1938. 454. Frances Perkins, Secretary of Labor, and Edward J. Shaughnessy, Acting Commissioner of Immigration and Naturalization, petitioners, v. Marie Elizabeth Elg. 455. Marie Elizabeth Elg. petitioner, v. Frances Perkins, Secretary of Labor, and Edward J. Shaughnessy, Acting Commissioner of Immigration and Naturalization, et al. On writs of certiorari to the United States Circuit Court of Appeals for the District of Columbia. May 29, 1939]

Mr. Chief Justice Hughes delivered the opinion of the Court. The question is whether the plaintiff. Marie Elizabeth Elg, who was born in the United States of Swedish parents then naturalized here, has lost her citizenship and is subject to deportation because of her removal during minority to Sweden, it appearing that her parents resumed their citizenship in that country but that she returned here on attaining a majority with intention to remain and to

maintain her citizenship in the United States.

Miss Elg was born in Brocklyn, N. Y., on October 2, 1907. parents, who were natives of Sweden, emigrated to the United States sometime prior to 1906 and her father was naturalized here in that year. In 1911 her mother took her to Sweden where she continued to reside until September 7, 1929. Her father went to Sweden in 1922 and has not since returned to the United States. In November 1934 he made a statement before an American consul in Sweden that he had voluntarily expatriated himself for the reason that he did not desire to retain the status of an American citizen and wished to preserve his allegiance to Sweden.

In 1928, shortly before Miss Elg became 21 years of age, she inquired of an American consul in Sweden about returning to the United States and was informed that if she returned after attain-

ing majority she should seek an American passport. In 1929, within 8 months after attaining majority, she obtained an American passport which was issued on the instructions of the Secretary of State. She then returned to the United States, was admitted as a citizen, and has resided in this country ever since.

In April 1935 Miss Elg was notified by the Department of Labor that she was an alien illegally in the United States and was threatened with deportation. Proceedings to effect her deportation have been postponed from time to time. In July 1936 she applied for an American passport but it was refused by the Secretary of State upon the sole ground that he was without authority to issue it because she was not a citizen of the United States.

Thereupon she began this suit against the Secretary of Labor, the Acting Commissioner of Immigration and Naturalization, and the

Thereupon she began this suit against the Secretary of Labor, the Acting Commissioner of Immigration and Naturalization, and the Secretary of State to obtain (1) a declaratory judgment that she is a citizen of the United States and entitled to all the rights and privileges of citizenship, and (2) an injunction against the Secretary of Labor and the Commissioner of Immigration restraining them from prosecuting proceedings for her deportation, and (3) an injunction against the Secretary of State from refusing to issue to her a passport upon the ground that she is not a citizen.

The defendants moved to dismiss the complaint, asserting that plaintiff was not a citizen of the United States by virtue of the Naturalization Convention and Protocol of 1869 (proclaimed in 1872) between the United States and Sweden (17 Stat. 809) and the Swedish nationality law, and section 2 of the act of Congress of March 2, 1907 (8 U. S. C. 17). The district court overruled the motion as to the Secretary of Labor and the Commissioner of Immigration and entered a decree declaring that the plaintiff is a native citizen of the United States but directing that the complaint dismissed as to the Secretary of State because of his official discretion in the issue of passports. On cross appeals the court of appeals affirmed the decree (99 F. (2d) 408). Certiorari was granted December 5, 1938.

First. On her birth in New York the plaintiff became a citizen of the United States.

First. On her birth in New York the plaintiff became a citizen of the United States (Civil Rights Act of 1866, 14 Stat. 27; four-teenth amendment, sec. 1; United States v. Wong Kim Ark, 169 649). In a comprehensive review of the principles and authorities governing the decision in that case—that a child born here of alien parentage becomes a citizen of the United States—the Court adverted to the "inherent right of every independent nation to determine for itself, and according to its own constitution and laws, what classes of persons shall be entitled to its citizenship" (United States v. Wong Kim Ark, supra, p. 668). As municipal law determines how citizenship may be acquired, it follows that persons may have a dual nationality. And the mere fact that the plaintiff may have acquired Swedish citizenship by virtue of the operation of Swedish law, on the resumption of that citizenship by her parents, does not compel the conclusion that she has lost her own citizenship acquired under our law. citizenship acquired under our law. As at birth she became a citizen of the United States, that citizenship must be deemed to continue unless she has been deprived of it through the operation of a treaty or congressional enactment or by her voluntary action in conformity with applicable legal principles.

Second. It has long been a recognized principle in this country that if a child born here is taken during minority to the country of his parents' origin, where his parents resume their former allegiance, he does not thereby lose his citizenship in the United States, provided that on attaining majority he elects to retain that

States, provided that on attaining majority he elects to retain that citizenship and to return to the United States to assume its duties.² This principle was clearly stated by Attorney General Edwards Pierrepont in his letter of advice to the Secretary of State, Hamilton Fish, in Steinkauler's case (15 Op. Atty. Gen. 15 (1875)). The facts were these: One Steinkauler, a Prussian subject by birth, emigrated to the United States in 1848, was naturalized in 1854, and in the following year had a son who was born in St. Louis. Four years later Steinkauler returned to Germany, taking this child, and became domiciled at Weisbaden, where they continuously resided. When the son reached the age of 20 years the German Government called upon him to report for military duty, and his father then invoked the intervention of 20 years the German Government called upon him to report for military duty, and his father then invoked the intervention of the American Legation on the ground that his son was a native citizen of the United States. To an inquiry by our Minister, the father declined to give an assurance that the son would return to this country within a reasonable time. On reviewing the pertinent points in the case, including the Naturalization Treaty of 1868 with North Germany, the Attorney General reached the following conclusion: lowing conclusion:

"Young Steinkauler is a native-born American citizen. There is no law of the United States under which his father or any other person can deprive him of his birthright. He can return to America at the age of 21, and in due time, if the people elect, he can become President of the United States; but the father, in accordance with the treaty and the laws, has renounced his American citizenship and his American allegiance and has acquired for himself and his son German citizenship and the rights

¹Oppenheim's International Law, vol. I, sec. 308; Mcore, International Law Digest, vol. III, p. 518; Hyde, International Law, vol. I, sec. 372; Flournoy, Dual Nationality and Election, 30 Yale Law Journal, 546; Borchard, Diplomatic Protection of Citizens Abroad,

sec. 253; Van Dyne, Citizenship of the United States, p. 25; Fenwick, International Law, p. 165.

² Hype, op. cit., secs. 374, 375; Borchard, op. cit., sec. 259; Van Dyne, op. cit., pp. 25–31; Moore, Int. Law Dig., vol. III, pp. 532–551.

which it carries, and he must take the burdens as well as the advantages. The son being domiciled with the father and subject advantages. The son being domiciled with the father and subject to him under the law during his minority, and receiving the German protection where he has acquired nationality and declining to give any assurance of ever returning to the United States and claiming his American nationality by residence here, I am of the opinion that he cannot rightly invoke the aid of the Government of the United States to relieve him from military duty in Germany during his minority But I am of opinion that when he reaches the age of 21 years he can then elect whether he will return and take the nationality of his birth with its duties and privileges or retain the nationality acquired by the act of his father. This seems to me to be 'right reason' and I think it is law."

Secretary William M. Evarts, in 1879, in an instruction to our

Secretary William M. Evarts, in 1879, in an instruction to our Minister to Germany with respect to the status of the brothers Boisseliers, who were born in the United States of German par-

entage, said:

entage, said:²

"Their rights rest on the organic law of the United States.

* Their father, it is true, took them to Schleswig when they were quite young, the one 4 and the other 2 years old. They lived there many years, but during all those years they were minors, and during their minority they returned to the United States; and now, when both have attained their majority, they declare for their native allegiance and submit themselves to the jurisdiction of the country where they were born and of which they are native citizens. Under these circumstances this Government cannot recognize any claim to their allegiance or their liability to military service, put forth on the part of Germany, whatever may be the municipal law of Germany under which such claim may be asserted by that Government."

Secretary Evarts gave a similar instruction in 1880 with respect to a native citizen of Danish parentage, who, having been taken abroad at an early age, claimed American citizenship on attaining his majority, saying:

"He lost no time when he attained the age of majority in declar-ing that he claimed the United States as his country and that he considered himself a citizen of the United States. He appears to have adhered to this choice ever since and now declares it to be his intention to return to this country and reside here permanently. His father's political status (whether a citizen of the United States or a Danish subject) has no legal or otherwise material effect on the younger P———s' rights of citizenship."

Secretary Thomas F. Bayard, in answer to an inquiry by the Netherlands Legation whether one born in the United States, of Dutch parents, who during minority had been taken back to the Netherlands by his father, on the latter's resumption of perma-

nent residence there, was an American citizen, answered: *
"But the general view held by this Department is that a naturalized American citizen by abandonment of his allegiance and resiized American citizen by abandonment of his allegiance and residence in this country and a return to the country of his birth, animo manendi, ceases to be a citizen of the United States; and that the minor son of a party described as aforesaid, who was born in the United States during the citizenship there of his father, partakes during his legal infancy of his father's domicile, but upon becoming sui juris has the right to elect his American citizenship, which will be best evidenced by an early return to this country.

"This right so to elect to return to the land of his birth and assume his American citizenship could not, with the acquiescence of this Government, be impaired or interfered with."

In 1906, a memorandum, prepared in the Department of State by its law officer, was sent by the Acting Secretary of State, Robert Bacon, to the German Ambassador as covering "the principles" upon which the Department had acted. In this memorandum it was said." was said:

"Assuming that Alexander Bohn (the father) never became a citizen of the United States, Jacob Bohn (the son) was born of German parents in the United States. According to the Constitution and laws of the United States as interpreted by the courts, a child born to alien parents in the United States is an American citizen, although such child may also be a citizen of the country of

citizen, although such child may also be a citizen of the country of his parents according to the law of that country.

"Although there is no express provision in the law of the United States giving election of citizenship in such cases, this Department has always held in such circumstances that if a child is born of foreign parents in the United States, and is taken during minority to the country of his parents, such child upon arriving of age, or within a reasonable time thereafter, must make election between the citizenship which is his by birth and the citizenship which is his by parentage. In case a person so circumstanced elects American citi-

zenship, he must, unless in extraordinary circumstances, in order to render his election effective, manifest an intention in good faith to return with all convenient speed to the United States and assume the duties of citizenship."

return with all convenient speed to the United States and assume the duties of citizenship."

We have quoted liberally from these rulings—and many others might be cited—in view of the contention now urged by the petitioners in resisting Miss Elg's claim to citizenship. We think that they leave no doubt of the controlling principle long recognized by this Government. That principle, while administratively applied, cannot properly be regarded as a departmental creation independently of the law. It was deemed to be a necessary consequence of the constitutional provision by which persons born within the United States and subject to its jurisdiction become citizens of the United States. To cause a loss of that citizenship in the absence of treaty or statute having that effect, there must be voluntary action and such action cannot be attributed to an infant whose removal to another country is beyond his control and who during minority is incapable of a binding choice.

Petitioners stress the American doctrine relating to expatriation. By the act of July 27, 1868,8 Congress declared that "the right of expatriation is a natural and inherent right of all people." Expatriation is the voluntary renunciation or abandonment of nationality and allegiance. It has no application to the removal from this country of a native citizen during minority. In such a case the voluntary action which is of the essence of the right of expatriation is lacking. That right is fittingly recognized where a child born here, who may be, or may become, subject to a dual nationality, elects on attaining majority citizenship in the country to which he has been removed. But there is no basis for invoking the doctrine of expatriation where a native citizen who is removed to his parents' country of origin during minority returns here on his majority and elects to remain and to maintain his American citizenship. Instead of being inconsistent with the right of expatriation, the principle which permits that election conserves and applies it.

patriation, the principle which permits that election conserves that applies it.

The question then is whether this well-recognized right of election has been destroyed by treaty or statute.

Third. Petitioners invoke our treaty with Sweden of 1869.¹⁰ This treaty was one of a series of naturalization treaties with similar terms, which were negotiated with various countries between 1863 and 1872.¹¹ The relevant portions of the text of the treaty with Sweden, and of the accompanying protocol, are set forth in the margin.¹² The treaty manifestly deals with expatriation and the

 7 See also, Mr. Uhl, Acting Secretary of State to Mr. Rudolph, May 22, 1895, 202 MS. Dom. Let. 293; Moore, Int. Law Dig., vol. III, p. 534. 8 15 Stat. 223.

Van Dyne, op. cit., p. 269; Borchard, op. cit., sec. 315; Hyde,

op. cit., sec. 376.

¹⁰ 17 Stat. 869.
 ¹¹ North German Confederation, 1868, 15 Stat. 615; Bavaria, 1868,
 15 Stat. 661; Baden, 1868, 16 Stat. 731; Württemberg, 1868, 16 Stat.
 735; Hesse, 1868, 16 Stat. 743; Belgium, 1868, 16 Stat. 747; Great Britain, 1870, 16 Stat. 775; Austria-Hungary, 1870, 17 Stat. 833; Denmark, 1872, 17 Stat. 941. See Flournoy and Hudson, Nationality Laws, pp. 661-673; Moore, Int. Law Dig., vol. III, p. 358.
 ¹² The treaty provides:

12 The treaty provides:

"The President of the United States of America and His Majesty the King of Sweden and Norway, led by the wish to regulate the citizenship of those persons who emigrate from the United States of America to Sweden and Norway and their dependencies and territories, and from Sweden and Norway to the United States of America, here weakly of the treat on this without and here for the

territories, and from Sweden and Norway to the United States of America, have resolved to treat on this subject, and have for that purpose appointed plenipotentiaries to conclude a convention,

* * who have agreed to and signed the following articles:

"ARTICLE I. Citizens of the United States of America who have resided in Sweden or Norway for a continuous period of at least 5 years, and during such residence have become and are lawfully recognized as citizens of Sweden or Norway, shall be held by the Government of the United States to be Swedish or Norwegian citizens, and shall be treated as such.

"Beciprocally citizens of Sweden or Norway who have resided in

"Reciprocally, citizens of Sweden or Norway who have resided in the United States of America for a continuous period of at least 5 years, and during such residence have become naturalized citizens of the United States, shall be held by the Government of Sweden and Norway to be American citizens, and shall be treated as such.

"The declaration of an intention to become a citizen of one or the other country has not for either party the effect of citizenship legally acquired.

legally acquired.

"ARTICLE III. If a citizen of the one party, who has become a recognized citizen of the other party, takes up his abode once more in his original country and applies to be restored to his former citizenship, the government of the last-named country is authorized to receive him again as a citizen on such conditions as the said government may think proper."

The protocol containing "the following observations, more exactly defining and explaining the contents" of the convention provides:

"I. Relating to the first article of the Convention.

"It is understood that if a citizen of the United States of America has been discharged from his American citizenship, or, on the other side, if a Swede or a Norwegian has been discharged from his Swedish or Norwegian citizenship, in the manner legally prescribed by the government of his original country, and then in the other

³ Moore, Int. Law. Dig., vol. III, p. 543. ⁴ Moore, Int. Law. Dig., vol. III, p. 544. ⁵ Foreign Relations, 1888, pt. 2, p. 1341. See, also, Mr. Bayard, Secretary of State to Mr. McLane (1888), to Count Sponneck, Danish Minister (1888); Moore, Int. Law Dig., vol III, p. 548; Mr. Olney, Secretary of State, to Mr. Materne, 1896; Moore, Int. Law Dig., vol. III, p. 542; United States ex rel. Schimeca v. Husband (6 F. (2a) 157, 1652) 957, 958)

Foreign Relations, 1906, p. 657. See, also, Compilation of Certain Departmental Circulars relating to citizenship, etc., issued by Department of State, 1925, containing instructions to diplomatic and consular officers under date of November 24, 1923, pp. 118, 121, 122; United States ex rel. Baglivo v. Day (28 F. (2d) 44).

recognition of naturalization by the respective powers. The recital states its purpose; that is, "to regulate the citizenship of those persons who emigrate" to one country from the other. The terms of the treaty are directed to that purpose and are appropriate to the recognition of the status of those who voluntarily take up their

residence for the prescribed period in the country to which they emigrate. Article I of the treaty provides:

"Citizens of the United States of America who have resided in Sweden or Norway for a continuous period of at least 5 years, and during such residence have become and are lawfully recognized as citizens of Sweden or Norway, shall be held by the Government of the United States to be Swedish or Norwegian citizens, and shall be

treated as such.

the United States to be Swedish or Norwegian citizens, and shall be treated as such.

"Reciprocally, citizens of Sweden or Norway who have resided in the United States of America for a continuous period of at least 5 years, and during such residence have become naturalized citizens of the United States, shall be held by the Government of Sweden and Norway to be American citizens, and shall be treated as such.

"The declaration of an intention to become a citizen of one or the other country has not for either party the effect of citizenship legally acquired."

We think that this provision in its direct application clearly implies a voluntary residence and it would thus apply in the instant case to the father of respondent. There is no specific mention of minor children who have obtained citizenship by birth in the country which their parents have left. And if it be assumed that a child born in the United States would be deemed to acquire the Swedish citizenship of his parents through their return to Sweden and resumption of citizenship there, is still nothing is said in the treaty which in such a case would destroy the right of election which appropriately belongs to the child on attaining majority. If the abrogation of that right had been in contemplation, it would naturally have been the subject of a provision suitably explicit. Rights of citizenship are not to be destroyed by an ambiguity. Moreover, the provisions of article III must be read in connection with article I. Article III provides:

"If a citizen of the one party who has become a recognized." provides:

"If a citizen of the one party, who has become a recognized citizen of the other party, takes up his abode once more in his original country and applies to be restored to his former citizenship, the government of the last-named country is authorized to receive him again as a citizen on such conditions as the said

government may think proper."

If the first article could be taken to cover the case of a child through the derivation of citizenship from that of his emigrating parents, article III, by the same token, would be applicable to the case of a child born here and taken to Sweden, who at majority elects to return to the United States and to assume the privileges and obligations of American citizenship. In that event, the Gov-ernment of the United States is expressly authorized to receive one so returning "as a citizen on such conditions as the said Govern-ment may think proper." And if this Government considers that a native citizen taken from the United States by his parents during minority is entitled to retain his American citizenship by electing at majority to return and reside here, there would appear to be nothing in the treaty which would gainsay the authority of the United States to recognize that privilege of election and to receive the returning native upon that basis. Thus, on the facts of the

the returning native upon that basis. Thus, on the facts of the present case, the treaty does not purport to deny to the United States the right to treat respondent as a citizen of the United States, and it necessarily follows that, in the absence of such a denial, the treaty cannot be set up as a ground for refusing to accord to respondent the rights of citizenship in accordance with our Constitution and laws by virtue of her birth in the United States.

Nor do we find anything in the terms of the protocol, accompanying the treaty, which can be taken to override the right of election which respondent would otherwise possess. Article III of the protocol refers to the case of a Swede who has become a naturalized citizen of the United States and later renews his residence in Sweden "without the intent to return to America." And it provides that the intent not to return may be held to exist when the person "so naturalized" resides more than 2 years in Sweden. This person "so naturalized" resides more than 2 years in Sweden. This does not appear to be applicable to respondent, who was born in the United States, but, apart from that, the intent not to return could not properly be attributed to her during minority, and if it were so attributed, the presumption would be rebutted by the

country in a rightful and perfectly valid manner acquires citizenship, then an additional 5 years' residence shall no longer be required; but a person who has in that manner been recognized as a citizen of the other country shall, from the moment thereof, be held and treated as a Swedish or Norwegian citizen, and, reciprocally, as a citizen of the United States.

"III. Relating to the third article of the convention.
"It is further agreed that if a Swede or Norwegian, who has become a naturalized citizen of the United States, renews his residence in Sweden or Norway without the intent to return to America, he shall be held by the Government of the United States to have renounced his American citizenship.
"The intent not to return to America may be held to exist when the person so naturalized resides more than 2 years in Sweden or Norway."

Norway."

13 Compare Secretary Hay to Mr. Harris, Foreign Relations, 1900, p. 13.

election to return to the United States at majority. Compare United States v. Howe (231 Fed. 546, 549 14).

The views we have expressed find support in the construction placed upon the naturalization treaties of 1868 to 1872 15 in the period following their ratification. The first of those treaties was made in 1868 with the North German Confederation 16 and contained provisions similar to those found in the treaty with Sweden. tained provisions similar to those found in the treaty with Sweden. But it was under this German treaty that Steinkauler's case arose in 1875, to which we have already referred, where Attorney General Pierrepont upheld the right of election, saying," "Under the treaty, and in harmony with the American doctrine, it is clear that Steinkauler, the father, abandoned his naturalization in America and became a German subject (his son being yet a minor) and that by virtue of German laws the son acquired German nationality. It is equally clear that the son by birth has American nationality, and hence he has two nationalities, one natural, the other acquired.

* * There is no law of the United States under which his father or any other person can describe him of his birthright." To father or any other person can deprive him of his birthright." To the same effect, as to the right of election, was the ruling of Secretary Evarts in 1879 in his instruction, above quoted, to our Minister to Germany with respect to the brothers Boissellers. There were provisions similar to those in the treaty with Sweden in the naturalization treaty with Denmark of 1872. But Secretary Evarts evidently, did not recard those provisions is inconsistent.

Evarts evidently did not regard those provisions as inconsistent with the claim, which he sustained, of one born here of Danish parentage who was taken abroad by his parents but insisted upon his American citizenship when he arrived at his majority.²⁰ These rulings, following closely upon the negotiation of these naturalization treaties, show beyond question that the treaties were not regarded as abrogating the right of election for which respondent

Later rulings were to the same effect. Thus, in 1890, in dealing with a native American citizen who, upon his own application, had been admitted to Danish citizenship during his minority, and who had not yet come of age, the Secretary of State, while recognizing that "when a citizen of the United States voluntarily becomes naturalized or renaturalized in a foreign country, he is to be regarded as having lost his rights as an American citizen," was careful to make the following qualifications in support of the

was careful to make the following qualineations in support of the right of election at majority, saying:

"As Mr. Andersen has not yet attained his majority, the Department is not prepared to admit that proceedings taken on his behalf in Denmark during his minority would deprive him of his right, upon reaching the age of 21 years, to elect to become an American citizen by immediately returning to this country to resume his allegiance here." "

Petitioners refer to an instruction by Secretary Sherman in

Petitioners refer to an instruction by Secretary Sherman in 1897 ²² in answer to a question as to the effect of a person's return to his native country for a visit on his rights as an American citizen which had been acquired through the naturalization of his father. While Secretary Sherman recognized "the acquisition of Institute of the secretary Sherman recognized". United States citizenship by an alien-born minor through the lawful naturalization of his father under the operation of section 2172, Revised Statutes," the Secretary added the following:

"If such a party having thus become a recognized citizen of the United States, takes up his abode once more in his original country, and applies to be restored to his former citizenship, the government of the last-named country is authorized to receive him again as a citizen, on such conditions as the said government may think proper (treaty of 1869, article III). Or he may, by residence in the country of origin, without intent to return to the United States, be held to have renounced his American citizenship (protocol, May 26, 1869). But this presumption, like all presumptions of intent, may be rebutted by proof. Until a person so circumstanced shall be held to have voluntarily abandoned his American citizenship, or shall have acquired another citizenship upon appli-cation to that end and by due process of law, this Government is entitled to claim his allegiance and constrained to protect him as

entitled to claim his allegiance and constrained to protect him as a citizen so long as he shall be found bona fide entitled thereto." We find nothing in that instruction which is inconsistent with the maintenance of respondent's right of election in the instant case. So far as the instruction in relation to a naturalized minor may be deemed to be pertinent, it confirms rather than opposes respondent's right to be considered an American citizen.

That the Department of State continued to maintain the right of election is further shown by the memorandum of applicable

[&]quot;While the nationality law of Sweden is not to be regarded as controlling unless the treaty makes it so—which we have found is not the case—it may be observed that it is not clear that the law of Sweden would operate so as to preclude recognition that respondent is a citizen of the United States. See the Swedish law of May 7, 1909, art. 8. That, however, is a question of foreign law which we find it unnecessary to attempt to determine.

See note 10. 16 15 Stat. 615. See Terlinden v. Ames, 184 U.S. 270, 283, 284.

^{16 15} Stat. 615. See Tertinden v. Ames, 184 U. S. 270, 283, 284.

17 15 Op. Atty. Gen., 15, 17, 18.

18 Moore, Int. Law Dig., vol. III, p. 543.

19 17 Stat. 941.

20 Moore, Int. Law Dig., vol. III, p. 544.

21 Mr. Wharton, Acting Secretary of State, to Count Sponneck,
Danish Minister (1890); Moore, Int. Law Dig., p. 715.

22 Secretary Sherman to Mr. Grip, Swedish Minister, June 15,
1897; Moore, Int. Law Dig., vol. III, p. 472; 8 MS., Notes to Sweden,
58.

principles which it issued in 1906, above quoted, to the effect that the Department had "always held in such circumstances that if a child is born of foreign parents in the United States, and is taken a child is born of foreign parents in the United States, and is taken during minority to the country of his parents, such child upon arriving of age, or within a reasonable time thereafter, must make election between the citizenship which is his by birth and the citizenship which is his by parentage." **

Fourth. We think that petitioners' contention under section 2 of the act of March 2, 1907, ** is equally untenable. That statutory provision is as follows:

"That any American citizen shall be deemed to have expatriated."

"That any American citizen shall be deemed to have expatriated himself when he has been naturalized in any foreign state in con-formity with its laws, or when he has taken an oath of allegiance

to any foreign state.

When any naturalized citizen shall have resided for 2 years in "When any naturalized citizen shall have resided for 2 years in the foreign state from which he came, or for 5 years in any other foreign state it shall be presumed that he has ceased to be an American citizen, and the place of his general abode shall be deemed his place of residence during said years: Provided, however, That such presumption may be overcome on the presentation of satisfactory evidence to a diplomatic or consular officer of the United States, under such rules and regulations as the Department of State may prescribe: And provided also, That no American citizen shall be allowed to expatriate himself when this country is

Petitioners contend that respondent's acquisition of derivative Swedish citizenship makes her a person who has been "naturalized under Swedish law," and that therefore "she has lost her American citizenship" through the operation of this statute. We are unable to accept that view. We think that the statute was aimed at a voluntary expatriation and we find no evidence in its terms that it was intended to destroy the right of a native citizen, removed from this country during minority, to elect to retain the citizenship acquired by birth and to return here for that purpose. If by virtue of derivation from the citizenship of one's parents a child in that situation can be deemed to have been naturalized under the foreign law, still we think in the absence of any provision to the contrary that such naturalization would not destroy

the right of election.

It should also be noted that the act of 1907 in sections 5 and 6.25 has specific reference to children born without the United States of

has specific reference to children born without the United States of alien parents but says nothing as to the loss of citizenship by minor children born in the United States.

That in the latter case the child was not deemed to have lost his American citizenship by virtue of the terms of the statute but might still with reasonable promptness on attaining majority manifest his election is shown by the views expressed in the instructions issued under date of November 24, 1923, by the Department of State to the American diplomatic and consular officers. These instructions dealt with the questions arising under the Citizenship Act of March 2, 1907, and cases of dual nationality. It was stated that it was deemed desirable "to inform diplomatic and consular officers of the Department's conclusions, for their guidance in handling individual cases." Commenting on dual nationality, the instructions said:

"The term 'dual nationality' needs exact appreciation. It refers

'The term 'dual nationality' needs exact appreciation. to the fact that two states make equal claim to the allegiance of an individual at the same time. Thus, one state may claim his allegiance because of his birth within its territory, and the other because at the time of his birth in foreign territory his parents were its nationals. The laws of the United States purport to clothe persons with American citizenship by virtue of both principles."

And after referring to the fourteenth amendment and the act of February 2, 1855, Revised Statutes, 1993, the instructions continued:

"It thus becomes important to note how far these differing claims of American nationality are fairly operative with respect to

²⁸ Foreign Relations, 1906, p. 657. ²⁴ 34 Stat. 1228; 8 U. S. C. 17. ²⁵ Secs. 5 and 6 of this statute should also be noted as they contain provisions applicable to minor children. They are as

"Sec. 5. That a child born without the United States of alien parents shall be deemed a citizen of the United States by virtue of parents shall be deemed a citizen of the United States by virtue of the naturalization of or resumption of American citizenship by the parent: Provided, That such naturalization or resumption takes place during the minority of such child: And provided further, That the citizenship of such minor child shall begin at the time such minor child begins to reside permanently in the United States. "SEC. 6. That all children born outside the limits of the United States who are citizens thereof in accordance with the provisions of section 1993 of the Revised Statutes of the United States and who continue to reside outside the United States shall, in order to receive the protection of this Government, he required upon reaching

ceive the protection of this Government, be required upon reaching the age of 18 years to record at an American consulate their intention to become residents and remain citizens of the United States and shall be further required to take the oath of allegiance to the United States upon attaining their majority."

20 See note 25.

persons living abroad, whether they were born abroad or were born in the United States of alien parents and taken during minority to reside in the territory of states to which the parents owed allegiance. It is logical that, while the child remains or resides in territory of the foreign state claiming him as a national, the United States should respect its claim to allegiance. The important point to observe is that the doctrine of dual allegiance ceases, in American contemplation, to be fully applicable after the child has reached adult years. Thereafter two states may in fact claim him as a national. Those claims are not, however, regarded as of equal merit, because one of the states may then justly assert that his relationship to itself as a national is, by reason of circumstances that have arisen, inconsistent with, and reasonably superior to, any claim of allegiance asserted by is, by reason of circumstances that have arisen, inconsistent with, and reasonably superior to, any claim of allegiance asserted by any other state. Ordinarily the state in which the individual retains his residence after attaining his majority has the superior claim. The statutory law of the United States affords some guidance but not all that could be desired, because it fails to announce the circumstances when the child who resides abroad within the territory of a state reasonably claiming his allegiance forfeits completely the right to perfect his inchoate right to retain American citizenship. The department must, therefore, be reluctant to declare that particular conduct on the part of a person after reaching adult years in foreign territory produces a forfeiture or something equivalent to expatriation.

"The statute does, however, make a distinction between the bur-

forfeiture or something equivalent to expatriation.

"The statute does, however, make a distinction between the burden imposed upon the person born in the United States of foreign parents and the person born abroad of American parents. With respect to the latter, section 6 of the act of March 2, 1907, lays down the requirement that as a condition to the protection of the United States the individual must, upon reaching the age of 18, record at an American consulate an intention to remain a citizen of the United States, and must also take an oath of allegiance to the United States upon extensing his majority.

upon attaining his majority.

upon attaining his majority.

"The child born of foreign parents in the United States who spends his minority in the foreign country of his parents' nationality is not expressly required by any statute of the United States to make the same election as he approaches or attains his majority. It is, nevertheless, believed that his retention of a right to demand the protection of the United States should, despite the absence of statute, be dependent upon his convincing the Department within a reasonable period after the attaining of his majority of an election to return to the United States, there to assume the duties of citizenship. In the absence of a definite statutory requirement, it is impossible to prescribe a limited period within which such election should be made. On the other hand, it may be asserted negatively that one who has long manifested no indication of a will to make such an election should not receive the protection of the United States save under the express approval of the Department."

It thus appears that as late as 1925, when the Department issued its "compilation" including the circular instruction of November 24, 1923, it was the view of the Department of State that the act of March 2, 1907, had not taken away the right of a native citizen on attaining majority to retain his American citizenship, where he

of March 2, 1907, had not taken away the right of a native citizen on attaining majority to retain his American citizenship, where he was born in the United States of foreign parents. We do not think that it would be a proper construction of the act to hold that while it leaves untouched the right of election on the part of a child born in the United States, in case his parents were foreign nationals at the time of his birth and have never lost their foreign nationality, still the statute should be treated as destroying that right of election if his parents became foreign nationals through naturalization. That would not seem to be a sensible distinction. right of election if his parents became foreign nationals through naturalization. That would not seem to be a sensible distinction. Having regard to the plain purpose of section 2 of the act of 1907, to deal with voluntary expatriation, we are of the opinion that its provisions do not affect the right of election, which would otherwise exist, by reason of a wholly involuntary and merely derivative naturalization in another country during minority. And, on the facts of the instant case, this view apparently obtained when in July 1929, on the instructions of the Secretary of State, the Department issued the passport to respondent as a citizen of the United States.

But although respondent promptly made her election and took up her residence in this country accordingly, and had continued to reside here, she was notified in April 1935 that she was an alien

and was threatened with deportation.

When, precisely, there occurred a change in the departmental attitude is not clear.²⁸ It seems to have resulted in a conflict with attitude is not clear. It seems to have resulted in a conflict with the opinion of the Solicitor of the Department of Labor in the case of Ingrid Therese Tobiassen, and the Secretary of Labor because of that conflict requested the opinion of the Attorney General, which was given on June 16, 1932. It appeared that Miss Tobiassen, aged 20, was born in New York in 1911; that her father, a native of Norway, became a citizen of the United States by naturalization in 1912; that in 1919 Miss Tobiassen was taken by her parents to Norway, where the latter had since resided; that at the age of 18 she returned to the United States and took up her permanent residence in New Jersey. The question arose when she asked for a return permit to visit her parents. The Department of State refused to issue a passport on the ground that Miss Tobiassen had acquired

²⁰ See note 25.

22 Compilations of Certain Departmental Circulars, relating to citizenship, etc., issued by Department of State, 1925, containing instructions to diplomatic and consular officers under date of November 24, 1923, pp. 118, 121, 122.

²⁸ That there had been a change is frankly stated in the communication (a copy of which is annexed to the complaint) addressed by the American consul at Göteborg, Sweden, to the respondent's father under date of October 29, 1935.

²⁹ 36 Op. Atty. Gen., p. 535.

Norwegian nationality and had ceased to be an American citizen. The Attorney General's opinion approved that action.

His opinion quoted the provisions of the treaty with Sweden and

Norway of 1869 to and referred to the Norwegian nationality law of August 8, 1924, and to the provisions of the act of Congress of March 2, 1907. The opinion noted that the claim that Miss Tobias sen had ceased to be an American citizen did "not rest upon the terms of the naturalization treaty with Norway but upon a law of that country, as a result of the renunciation by her father, a native of Norway, of his American citizenship, and the resumption of his Norwegian nationality in pursuance of the terms of that treaty." The law of Norway was deemed to be analogous to our statutes "by virtue of which foreign-born minor children of persons naturalized in the United States are declared to be citizens of this country"; and hence the conclusion that Miss Tobiassen having acquired Norwegian nationality had in consequence ceased to be an American citizen was said to be correct.

citizen was said to be correct.

The opinion does not discuss the right of election of a native citizen of the United States when he becomes of age to retain American citizenship and does not refer to the repeated rulings of the Department of State in recognition of that right, the exercise of which, as we have pointed out, should not be deemed to be inconsistent with either treaty or statute. We are reluctant to disagree with the opinion of the Attorney General, and we are fully conscious of the problems incident to dual nationality and of the departmental desire to limit them, but we are compelled to agree with the Court of Appeals in the instant case that the conclusions of that opinion are not adequately supported and are opposed to the established principles which should govern the disposition of this case.²³

Nor do we think that recent private acts of Congress ²⁵ for the

Nor do we think that recent private acts of Congress ³² for the relief of native citizens who have been the subject of administrative action denying their rights of citizenship, can be regarded as the equivalent of an act of Congress providing that persons in the situation of the respondent here have lost the American citizenship which they acquired at birth and have since duly elected to retain.

No such statute has been enacted.

We conclude that respondent has not lost her citizenship in the

United States and is entitled to all the rights and privileges of that

citizenship.

Fifth. The cross petition of Miss Elg, upon which certiorari was granted in No. 455, is addressed to the part of the decree below which dismissed the bill of complaint as against the Secretary of State. The dismissal was upon the ground that the retary of State. The dismissal was upon the ground that the court would not undertake by mandamus to compel the issuance of a passport or control by means of a declaratory judgment the discretion of the Secretary of State. But the Secretary of State, according to the allegation of the bill of complaint, had refused to issue a passport to Miss Elg "solely on the ground that she had lost her native-born American citizenship." The court below, had lost her native-born American citizenship." The court below, properly recognizing the existence of an actual controversy with the defendants (Aetna Life Ins. Co. v. Haworth, 300 U. S. 227), declared Miss Eig "to be a natural-born citizen of the United States" and we think that the decree should include the Secretary of State as well as the other defendants. The decree in that sense would in no way interfere with the exercise of the Secretary's discretion with respect to the issue of a passport but would simply preclude the denial of a passport on the sole ground that Miss Elg had lost her American citizenship.

The decree will be modified accordingly so as to strike out that

portion which dismisses the bill of complaint as to the Secretary of State, and so as to include him in the declaratory provision of the decree, and as so modified the decree is affirmed.

It is so ordered. Mr. Justice Douglas took no part in the consideration and decision of this case.

AMENDMENT OF SECOND LIBERTY BOND ACT

The Senate resumed the consideration of the bill (H. R. 5748) to amend the Second Liberty Bond Act, as amended.

Mr. HARRISON. Mr. President, yesterday when this bill was made the unfinished business the Senator from Nebraska [Mr. Norris] submitted an amendment, to lie on the table and be printed, and stated that he would offer it to the pending bill today. I merely wish to make a short state-ment with reference to the bill now pending before the Senate.

The bill proposes to amend the Second Liberty Bond Act by striking out the present limitation of \$30,000,000,000 on the amount of bonds which may be outstanding at any one time. The present limitation upon the total amount of public-debt obligations is \$45,000,000,000, and there is a limitation of \$30,000,000,000 on the amount of bonds which may be outstanding at any one time. We propose in this bill, without increasing the limitation on Federal issues above the \$45,000,000,000, to remove the partition that separates the short-term paper from the long-term paper, so that if the Treasury desires, in the interest of better financing, to issue long-term obligations in place of short-term obligations it may do so within the limit of \$45,000,000,000.

The necessity for the bill was stated very succinctly by the Secretary of the Treasury when he appeared before the Finance Committee. I quote from his statement:

The limitation of \$30,000,000,000 on outstanding bonds presents, however, a different problem. The additional amount of bonds which the Treasury can issue under this authority and within this limitation is \$1,697,000,000.

Ordinarily that is quite a large sum, but in Federal parlance it is a relatively small amount when the limit is \$45,000,000,000,000 and the Treasury is within \$1,697,000,000 of the \$30,000,000,000 limitation on bonds.

Taking into consideration our cash requirements between now and June 30, 1940-

Says the Secretary-

the monthly issuance of United States Savings bonds, and the refunding operations which the Treasury will have to conduct within the next 12 months, it seems quite clear that the balance of \$1,697,000,000 will not be sufficient to give the Treasury that latitude required in its financial operations up to June 30, 1940.

In removing the limitation on the issuance of bonds, Congress will place the Treasury in a position where it can better manage the public debt by taking advantage of any favorable condition in the bond market and will relieve the Treasury of the necessity of restricting a large part of its financing operations during the next 12 months to short-term obligations.

These arguments appealed to the Finance Committee. The bill passed the House with very little opposition; and, so far as the Finance Committee is concerned, it was recommended without dissent for passage by the Senate.

Mr. KING. Mr. President, I think the Senator must not include me in the statement that the bill was recommended by the Finance Committee without dissent. I was opposed to the bill.

Mr. HARRISON. I except the dissent of the Senator from Utah.

Mr. VANDENBERG. Mr. President, from the minority side of the Finance Committee I desire to say simply this about the bill:

We listened very attentively to Secretary Morgenthau, who was completely frank about the situation. I quite agree with the able Senator from Mississippi that we have no alternative but to grant this authority. It does not increase the debt limit; but I think we should fully understand precisely what the Secretary warned us is about to happen.

The debt limit will be reached at the end of the next fiscal year. In other words, while this particular measure postpones an increase in the debt limit, it merely postpones the evil day when the debt limit must increase beyond \$45,000,-000,000 unless deficit spending stops. The Secretary will not even guarantee an opinion that we can stay within this debt limit during the next fiscal year, except as we stay within the Budget during the next fiscal year. So the Senate need have no illusions as to the financial situation which is presented by this measure.

At the end of the next fiscal year we shall have exhausted the debt limit. The only time to control a debt is when appropriations are made which contribute to the debt. All in the world I want to say is that the President of the United States was utterly correct on March 10, 1933, when he said:

Too often in recent history liberal governments have been wrecked on rocks of loose fiscal policy. We must avoid this danger.

We are not avoiding it; but it is about time we started to commence to get ready to begin to try.

Mr. BORAH. Mr. President, not being on the committee, I do not understand the purpose of the bill. What is its object? What does it accomplish? Whom does it help?

*Act of July 13, 1937, 50 Stat., pt. 2, p. 1030; act of June 25, 1938 (Private, No. 751, 75th Cong., 3d sess.).

³⁰ Cited as of June 14, 1871, the date of the exchange of ratifications.

³¹ The same may be said of the opinion of the Circuit Court of Appeals of the Ninth Circuit in *United States* v. *Reid*, 73 F. (2d) 153 (certiorari denied upon the ground that the application was not made within the time provided by law, 299 U. S. 544), so far as it is urged by petitioners as applicable to the facts of the instant case. instant case

Mr. VANDENBERG. I think I will let the chairman of the committee answer the question of the Senator from Idaho on the responsibility of the committee. I could make an answer of my own, but I think perhaps the chairman would prefer to answer the question.

Mr. NORRIS. Mr. President, I have an amendment to offer.

Mr. BORAH. Then I withdraw my question until the Senator from Nebraska submits his amendment.

Mr. NORRIS. Mr. President, I offer the amendment which is now on the desk.

The VICE PRESIDENT. The amendment will be stated. The Legislative Clerk proceeded to state the amendment.

Mr. NORRIS. Mr. President, the amendment is rather lengthy, and when I explain it I think probably it will not be necessary for the clerk to read it in full.

The VICE PRESIDENT. Without objection, then, the amendment will be printed in the RECORD. Is there objection? The Chair hears none.

Mr. Norris' amendment was, on page 1, after line 8, to

SEC. 2. The Tennessee Valley Authority Act of 1933, as amended, be, and the same is hereby, amended by striking out sections 15 and 15a of said act and inserting in lieu thereof the following:

"SEC. 15. With the approval of the Secretary of the Treasury the Corporation is authorized to issue bonds not to exceed in the aggregate \$100,000,000 outstanding at any one time, which bonds may be sold by the Corporation to obtain funds for the construction or acquisition of dams with appurtenant facilities, generating plants, transmission lines, rural distribution lines, and other electric utility properties as authorized by this act, including the purchase of electric utility properties of the Tennessee Electric Power Co., and for the purpose of carrying out the provisions of section 12a of this act. Such bonds shall be in such forms and denominations, shall mature within such periods not more than 50 years from the date of their issue, may be redeemable at the option of the Corporation before maturity in such manner as may be stipulated therein, shall bear such rates of interest not exceeding 3½ percent per annum, shall be subject to such terms and conditions, shall be issued in such manner and amounts, and sold at such prices, as may be prescribed by the Corporation with the approval of the Secretary of the Treasury: *Provided*, That such bonds shall not be sold at such prices or on such terms as to afford an investment yield to the such prices or on such terms as to afford an investment yield to the holders in excess of 3½ percent per annum. Such bonds shall be fully and unconditionally guaranteed both as to interest and principal by the United States, and such guaranty shall be expressed on the face thereof, and such bonds shall be lawful investments, and may be accepted as security, for all fiduciary, trust, and public funds, the investment or deposit of which shall be under the authority or control of the United States or any officer or officers thereof. In the event that the Corporation should not pay upon demand when due, the principal of, or interest on, such bonds, the Secretary of the Treasury shall pay to the holder the amount thereof, which is hereby authorized to be appropriated out of any moneys in the Treasury not otherwise appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such bonds. The Secretary of the Treasury, in his discretion, is authorized to Treasury shall succeed to all the rights of the holders of such bonds. The Secretary of the Treasury, in his discretion, is authorized to purchase any bonds issued hereunder, and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such act, as amended, are extended to include any purchases of the Corporation's bonds hereunder. The Secretary of the Treasury may, at any time, sell any of the bonds of the Corporation acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of the United States. With the approval of the Secretary of the Treasury, the Corporation shall have power to purchase such bonds in the open market at any time and at any price. No bonds shall be issued hereunder to provide funds or bonds necessary for the performance of any proposed contract negotiated by the Corporation under the authority of section tract negotiated by the Corporation under the authority of section 12a of this act until the proposed contract shall have been submitted to and approved by the Federal Power Commission. When any such proposed contract shall have been submitted to the said Commission, the matter shall be given precedence and shall be said Commission, the matter shall be given precedence and shall be in every way expedited and the Commission's determination of the matter shall be final. The authority of the Corporation to issue bonds hereunder shall expire January 1, 1941, except that such bonds may be issued at any time after the expiration of said period for refunding purposes or to provide bonds or funds found necessary for the performance of any contract entered into by the Corporation prior to the expiration of said period, under the authority of section 12a of this act."

Mr. NORRIS. Mr. President, to give a chronological history of this amendment, on the 14th day of March a bill

known as Senate bill 1796 was introduced by me to amend two sections of the T. V. A. Act.

On the 15th day of March an identical bill was introduced in the other House by two Members of that body.

On April 15 the Senate passed the bill, which in the meantime had been reported from the Committee on Agriculture and Forestry without amendment. In the House the bill was referred to the Committee on Military Affairs.

On May 4—remembering, now, that the bill was introduced in the House on March 15—a subcommittee of the Military Affairs Committee took up the bill. They finally adjourned until May 10 to have some hearings.

On May 10 the committee had some hearings, and then adjourned for a week, until May 17.

On May 17 they had a few more hearings, and then adjourned until May 19.

On May 19 the committee adjourned until May 24, at which time they heard a witness or two and adjourned.

On May 25, following the meeting of May 24, the committee adjourned again until Friday, June 2, which will be tomorrow.

The bill to which I refer was intended to, and will, I think—there is no dispute about it—in effect legalize a contract made between the T. V. A. and a private power company, the Commonwealth & Southern, whose president is Mr. Willkie. The country generally understood that they had agreed on the price of a subsidiary corporation of the Commonwealth & Southern, the Tennessee Valley Power Co., and one or two other similar corporations. The entire property was sold to the T. V. A., and an agreement for purchase was entered into.

Under the then existing law, the T. V. A. were without authority to issue bonds to purchase property. They were given authority to issue bonds to construct dams on the Tennessee River and its tributaries. The bill that the Senate passed, which is the amendment I am now offering, enlarged that authority, and provided for issuing bonds for the purchase of existing generating systems.

It is necessary, I think, to enact the bill in order to legalize the contract by which this purchase was made. The country generally understood the transaction; and almost universally, so far as I have heard, without a single exception, newspapers and other periodicals that were opposed to the T. V. A. applauded the agreement, because they universally said—and it was true—that in fixing the price on the property the T. V. A. had been very liberal. The purchase would end all further controversy between them and the greatest private power company in the T. V. A. territory.

The arrangement was universally approved, I think, by friend and foe alike of the T. V. A., because it did what the enemies of T. V. A. always said ought to be done, and what I always said ought to be done; that if it became necessary for the T. V. A. to buy a system that was competing with it the parties ought to agree on a price, if possible, and the T. V. A. ought to buy the transmission lines and the generating plants.

That is just what was done in this instance. The T. V. A. took into the contract that was made the different distributing systems in the various municipalities, including the biggest one, Nashville, and the next one, Chattanooga. They were in on the contract; and under it they were to buy the distributing systems in their respective municipalities. The T. V. A. were to buy the transmission lines and the generating plants.

The Senate passed the bill practically unanimously. I do not see any possible objection to the transaction from any standpoint from which we may look at it. The negotiations lasted for practically a year, and the purchase was finally agreed on by the owners of the property and the T. V. A.

Mr. REED. Mr. President, will the Senator yield?

Mr. NORRIS. Yes.

Mr. REED. The only question in my mind is as to the legislative status of the bill passed by the Senate, and how it might be affected by the amendment offered by the Senator from Nebraska to the pending measure.

Mr. NORRIS. That is a very proper question, and I think I can answer it satisfactorily.

Mr. REED. May I state my understanding of the matter? Mr. NORRIS. Yes.

Mr. REED. I have so much respect for the distinguished Senator from Nebraska that I am always reluctant to raise any question about anything he advocates. My understanding of the legislative status is that the bill passed by the Senate has gone into hearings in the House, to which the Senator from Nebraska has referred, and that those hearings are now under way and have not been concluded. From the standpoint of my limited legislative experience, what the Senator from Nebraska proposes is rather novel. The Senate having passed a bill which is now in the other House of Congress, under consideration by a committee which is holding hearings, it is proposed that the Senate shall attach the text of the bill to the measure now under consideration. That would seem to me to produce a rather peculiar legislative situation and might perhaps be regarded by the House of Representatives as a discourtesy to the House.

I have tried to make a statement of my understanding, and I will ask the Senator from Nebraska if my view is

Mr. NORRIS. Partially. I will try to explain the matter fully, and show the necessity of this amendment being approved if the agreement entered into by the T. V. A. is to be carried out.

The hearings which have proceeded in the Committee on Military Affairs of the other House have been delayed from day to day and week to week, after the bill was introduced on the 15th day of last March. A witness will testify for an hour and then the hearing will be adjourned for a week. Once the committee had hearings 2 days in succession. So far as I can ascertain, there has been no objection to the bill of a material nature in the hearings. The Governor of Tennessee appeared and approved the bill, the Governor of Alabama approved it by telegram or letter, as did the Governor of Georgia. A State-wide organization in Tennessee, the Taxpayers' League, I think it is called, which had some objections and wanted to have a tax amendment added, finally agreed, because of the conditions which I shall attempt to explain in a few moments, not to press the amendment.

Mr. REED. Mr. President, may I beg the indulgence of the Senator from Nebraska? I was not discussing the merits of the bill, and nothing that I said went to the merits.

Mr. NORRIS. I understand.

Mr. REED. I was endeavoring to determine what was the legislative situation.

Mr. NORRIS. I am trying to explain that.

Mr. REED. And whether or not this is not an extraordinary procedure.

Mr. NORRIS. I shall come to that very point. I thought that what I stated was proper, because, so far as I can determine, the only people who have said anything in opposition during the investigation, which has been dragging on for months and adjourning from week to week, consisted of a man in Pennsylvania, whose testimony I have not been able to get, who appeared in opposition, and a coal man in southern Alabama, as I recall, who also appeared against it. Practically everyone has been in favor of the bill. The Taxpayers' League, to which I was trying to call the Senator's attention, withdrew the amendment relative to taxation which at first they wanted attached to the bill when they understood the conditions which I shall explain in a few moments, and they approved the bill, and asked for its passage. I do not think anyone concerned is opposed to the passage of the bill except the chairman of the Committee on Military Affairs of the House of Representatives and some of his colleagues.

Mr. President, I shall now state why expedition is necessary. The city of Chattanooga, the third city in size in Tennessee, was a party to the negotiations which proceeded for many months. Prior to the commencement of those negotiations the people of Chattanooga took a vote upon taking

T. V. A. power, and they decided by an overwhelming majority to take T. V. A. power, and they set up a board to negotiate.

The distributing system was owned by the Tennessee Power Co., controlled by the Commonwealth & Southern. So Chattanooga was one of the cities in this contract. It negotiated with the power company to buy the distributing system, but could not make any headway. Finally, after about 3 years, or longer, after the vote had been taken, the city gave up negotiating, and started to build a distributing system, which the election provided could be done.

Contracts were made, and the city has in fact constructed a small part of the distributing system. But it wanted to avoid putting in a second distributing system when the power company already had one there. So the negotiations proceeded, and Chattanooga agreed, as did the city of Nashville, with Mr. Willkie and with the T. V. A., to make this deal, and agreed to take over the distributing system owned by the power company, and not build a competing one. They had gone so far that they could not wait indefinitely. They had had their election. Two or three years had elapsed before they ceased negotiations to buy. Finally they commenced building a system, and a portion of it has been constructed.

The deal made between the municipality on the one side and T. V. A. and the private power company provided for the ending of all the negotiations, the sale to take place on the 20th day of June, this month. It was several months ago when the agreement was made.

Mr. Willkie had several things to do in order to prepare the municipalities where he owned all the distributing systems and all the generating systems, and he has done his part, the T. V. A. have done their part, and the municipalities have done their part. It all awaits action by Congress extending the authority of the T. V. A. to purchase existing generating plants, as well as to build plants. Unless this amendment shall become the law several days before the 20th of June, the deal must fall and Chattanooga will go on with the construction of a competing distribution system.

Mr. Willkie himself appeared before the committee and pleaded with them to report the bill. There is no dissension on the part of the private power companies, because unless this matter is completed by the 20th of June, the negotiation by which this great sale was determined, and all the negotiations agreed to, will have to fall. That is the reason why it is important to attach this amendment to the pending bill.

At the rate the chairman of the Committee on Military Affairs of the House is proceeding, it will not be physically possible to report the bill to the full committee, have the full committee report it to the House, and the House pass it, in time to make good the contract, to which everyone has agreed.

If this amendment shall be attached to the pending bill, the amendment being a measure which the Senate once passed after full debate and discussion, this is what I think will happen: When the bill is messaged over to the House it will be in order there, under their rules, to move to concur in the amendment. I hope that kind of a motion will be made. A roll call will be had. If the House approves the amendment, the matter will be ended. If the House rejects the amendment, then the fight to put it through expeditiously, at least so far as I am concerned, will be ended. I desire to see a vote in the House of Representatives, and I have been importuned by almost numberless Members of the House of Representatives to make this motion, some of them members of the Committee on Military Affairs, where the bill is slumbering sweetly, and will slumber until after the 20th of June.

Mr. REED. Mr. President-

The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from Kansas?

Mr. NORRIS. I yield.

Mr. REED. I merely wanted to say to the Senator that I do not know Mr. Willkie; I have never had any commu-

nication with him, directly or indirectly, and nothing I have said or will say goes to the merits of the bill which passed this body, but it seems to me to be an extraordinary procedure to attach a bill it has already passed as an amendment to another bill.

Mr. NORRIS. It is not extraordinary; similar action is

often taken in both Houses.

I have explained what is happening to the bill in committee. It is going to be held back until the 20th of June has come and gone. Are we to kill the deal which people all over the country thought was one of the grandest things that had ever happened the T. V. A. and its greatest competitor having met after months and months of argument and consultation among their experts, and agreed upon a price?

Mr. REED. Regardless of that, will not the Senator agree that, after all, the procedure now proposed is a direct criticism of the way the House of Representatives is handling

this particular piece of legislation?

Mr. NORRIS. No; it is not criticism of the House of Representatives. It is an attempt to enable the rank and file of the House of Representatives to have a vote, to vote the matter up or down. It is not a thing which has to be done; it is not vital, probably, to the power companies or to the T. V. A.; but it will end this long fight; it will do just what the enemies of T. V. A. have always said we ought to do—take over this property.

The minority of the committee appointed to investigate T. V. A. is opposed to the T. V. A. and always has been. Let me read what even they say in their report about this kind of

a purchase.

Mr. BORAH. Mr. President, there are plenty of precedents

for the proposed action, are there not?

Mr. NORRIS. Oh, yes; many precedents. It is no insult to anyone, and no one will take it as an insult. It has often been done to the Senate by the House of Representatives, and has been done by the Senate in the case of many measures. If I had known anyone would object on that ground, I would have had the precedents run down. Numerous precedents could be presented.

I shall read the language of the minority report. I read it once before in the Senate when the T. V. A. amendment was under consideration, and I endorse fully and completely the part of the minority report which I shall read. It has always been my belief—and I think the T. V. A. has leaned backward in this respect—that if it became necessary and it were decided that the T. V. A. should go into a territory already occupied by a public utility, the utility property proposed to be taken over should be acquired by agreement and purchase, if possible.

I presume there are no more bitter enemies of T. V. A. in existence than those who prepared the minority report of the committee. They have always condemned the T. V. A. I

read the language of the minority report:

We are of the opinion that if and when the Federal Government considers it advisable to establish publicly owned power facilities in localities already served by private companies the Federal Government, in order to avoid duplication of such service, should purchase the properties involved at a fair price determined either by negotiation, arbitration, or condemnation.

The price was agreed on by negotiation. Both sides agreed on it. I think the terms of purchase agreed upon were very liberal. That is the general opinion of the newspapers of the country.

Determined either by negotiation or arbitration or condemnation. In the latter case—

That is, in the case of condemnation-

provision being made to preclude unnecessary delay incident to legal action.

In another place the language of the minority report is as follows:

Primarily, the principal function of the T. V. A. is that of river control, meaning by this navigation and flood control, including, of course, the construction and operation of the dams on the Ten-

nessee River and its tributaries. This is not only the primary purpose under the Constitution and the law, but it should be the primary purpose in fact.

That is just what the measure provides.

Construction already completed, under way, and about to be taken has committed the Government to a system of multipurpose dams. We believe that the Tennessee Valley is well fitted for carrying out such a project of the multipurpose dams as an experiment to be thoroughly tested before being introduced elsewhere.

In the construction of such dams a large amount of power may well be generated. It should not be wasted. It should be sold and the proceeds be used to pay operating expenses, interest, taxes, and other costs, direct and indirect, and in the end there should be a return to the Government of all direct power investment and that part of the investment in dams and reservoirs charged to power. In the operation of the power project, however, it is essential that the production of power be subordinated to the function of navigation and flood control if they are to be effective. In the operation of dams, primarily for navigation and flood control, valuable power may be generated, but we believe that the organization should be so set up that navigation and flood control will have the right-of-way.

That again is what the measure provides. It does not do anything else.

Some objection was made that the amount of bonds authorized, \$100,000,000, is more than the T. V. A. will have to issue in connection with this particular negotiated purchase, and therefore we might as well cut down the amount of bonds. It is true that it will take only \$43,000,000 to carry out the purchase, but the same parties, the Commonwealth & Southern, headed by Mr. Willkie, will commence negotiations at once to sell some similar properties in northern Alabama, with respect to which they are going to negotiate and try to agree upon a price, and also some property in northern Mississippi. So the amount of bonds was fixed at \$100,000,000, which is the exact amount existing law provides for in two different sections; \$50,000,000 in section 15 and \$50,000,000 in section 15 (a). But the bonds to be issued under section 15 (a) would have the same privilege as Panama Canal bonds, and the Secretary of the Treasury did not want that privilege to exist with respect to the new bonds. He did not want any more bonds of the Government issued which contained that privilege. That is the reason the language which made that particular provision was stricken out. Provision for the \$100,000,000 of bonds is contained in sections 15 and 15 (a) of the T. V. A. Act.

Under the second section to which I referred the bonds may be issued for the purpose of buying transmission lines. That could be done now without amending the act. Bonds could be issued for that purpose. The T. V. A. could build dams with the proceeds of bonds which were issued, but there is no express authority, at least, and no other authority unless one would imply authority which does not exist—there is no express authority for the T. V. A. to buy generating plants already existing. So we took those two sections and put them into one section, section 15, as it is now in the pending amendment. So there is no increase in the amount of bonds provided for. However, provision is made for an extension of time in which they may be issued. I think the measure provides that they may be issued up to July 1, 1941.

I wish to refer to another matter. These bonds will not be redeemed by congressional appropriations. They will be redeemed by the sale of power. One of the dams which ought to be acquired and owned by the T. V. A. is Hales bar dam on the Tennessee River proper. The river should be enlarged in order to make it possible to navigate the river between Hales bar and Chattanooga. That is included in the measure. We have made appropriations for the construction of these dams. In the case of the Hales bar dam we would get a big dam and we could improve navigation. Flood control would also be involved. No appropriation in that connection is asked for. The purchase will be made by money received from the sale of these bonds. These bonds will be redeemed by the sale of electric power. The amount of appropriations which will be necessary to carry out the terms of the T. V. A. Act will be decreased by the amount of bonds that are issued.

Mr. KING. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. KING. It is some time since I read the bill, but it is my understanding that the Government of the United States guarantees the bonds.

Mr. NORRIS. The Government guarantees the bonds. It does that under existing law. We do not have to change the law in that respect. The language of the amendment is word for word the language of the existing law. The property involved is Government property. Why should not the Government guarantee the bonds that are issued? T. V. A. belongs to the Federal Government and the Federal Government guarantees its bonds. If we do not amend the law, the law anyway would provide for Government guaranty of the bonds. The language of the amendment does not make a syllable of change in that respect.

I shall be glad, if I can, to answer any other questions any Senators wish to ask. I have gone over the matter as briefly as I can. If there is any matter with respect to which any Senator would like to have information and I am able to give it, I should like to do so. There is nothing to be concealed. There is nothing to be covered up. I do not believe anyone can read the minority report on the bill which was passed by the Senate without being convinced that the measure is just. Its purposes will not be carried out unless the amendment is agreed to and goes to the House of Representatives. The House of Representatives must pass on it. All I ask is that the House be given the privilege of passing on it. If they vote it down, then the contract is ended. It cannot be carried out then.

Mr. President, there is a personal reason why I introduced the bill which I now propose as an amendment to the pending measure and why I favor its enactment into law. I have always been charged, as Senators know, with being interested in this great project simply because of power development. I have denied that charge so often that I am tired of denying it. The charge that all I care for is power probably will be reasserted tomorrow by some enemy of T. V. A. Power, Mr. President, is a secondary or a third consideration with me. The production of power in connection with T. V. A. development is not as important as navigation, or as constitutional as navigation either. Power is not nearly as valuable as flood control. But when these high dams for flood control and navigation are built, as the minority report of the committee said, necessarily a large amount of power is produced. That power should not be wasted. The Congress passed the T. V. A. Act 6 years ago to take care of the power, and this amendment only carries out the intent and the spirit of that act.

Mr. BARKLEY. Mr. President-

The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from Kentucky?

Mr. NORRIS. I yield.

Mr. BARKLEY. I wish to ask the Senator a question. As I understand, negotiations were entered into between the T. V. A. and the private interests in the belief that they had the authority to consummate the contract. After they had made the agreement it turned out that probably the language of the original T. V. A. Act did not authorize the purchase of the facilities, while it did authorize construction; and in order that the contract which has been entered into, which seems to me to be a fair contract both to the Government and private interests, could be consummated, it became necessary to amend the law. I believe the terms of the contract expire on the 20th of June, 3 weeks from now.

Mr. NORRIS. Yes.

Mr. BARKLEY. What will happen if the contract is not authorized?

Mr. NORRIS. Before I answer that question let me say that I think the Senator is slightly in error about the parties believing that they had the authority. There was doubt about it. I concede that some lawyers claim that the authority to buy is properly implied under existing law. I doubted it very much, and there was doubt on the question on the part of the general attorney of the T. V. A., who par-

ticipated in the negotiations and helped draw up the original contract. To save the question of doubt, he put in the contract a proviso—there were several other provisos, some applying to private companies and some applying to the Government—to the effect that the contract is made on the specific understanding that Congress will pass any amendment that may be necessary to give legality to it.

Mr. BARKLEY. Whether or not I was correct in assuming that the parties thought they had the authority, or whether

or not there was dispute about it, is not material.

Mr. NORRIS. No; that is not material.

Mr. BARKLEY. The real point is, What will happen to
the agreement if it is not sanctioned by an act of Congress
within the next 3 weeks?

Mr. NORRIS. It will have to be sanctioned in less than 3 weeks; otherwise the contract will be dead. I do not mean that such a measure should not subsequently be passed; but this particular contract will be dead. As Mr. Willkie said, unless the contract is approved great loss will result, because we are faced with the fact that in Chattanooga plans are ready for the construction of a duplicate system, and we have not been able to reach an agreement by which that construction can be prevented.

Mr. BARKLEY. I wish to ask the Senator about that point. Of course, if the contract should lapse and die on the 20th of June, or at any other time, and the whole thing should become null and void, the T. V. A. still would have authority to go ahead and construct all these facilities?

Mr. NORRIS. Oh, yes.

Mr. BARKLEY. If that were done, of course, two systems would be duplicating each other in the same territory.

Mr. NORRIS. Exactly.

Mr. BARKLEY. Which would very materially affect the value of the securities of the private institution.

Mr. NORRIS. I am very glad the Senator called my at-

tention to that point. I should have forgotten it.

The point the Senator makes is vital. We do not want to do an injustice to a private investor. If the contract falls, the T. V. A. may go ahead under existing law and build transmission lines. Indeed, under existing law, it may issue bonds to buy the same transmission lines. If it does so—and it will have to do so to carry out the act—a duplication of privately owned lines would be necessary to supply Chattanooga, for instance, or any other city that may want power. We want to avoid that result. The private owners want to avoid it. The members of the minority on the committee of investigation called attention to the point that we ought not to duplicate unless we make a fair offer to purchase existing facilities.

Mr. McKELLAR. Mr. President, will the Senator yield? Mr. NORRIS. I yield.

Mr. McKELLAR. Under the existing contract the amount of the purchase price will pay every bondholder in full, will pay every preferred-stock holder in full, and, as I remember the testimony of Mr. Willkie, will pay about 30 percent or more to the common-stock holders.

Mr. NORRIS. Yes.

Mr. McKELLAR. The contract is entirely satisfactory to the common-stock holders.

Mr. NORRIS. It is money in their pockets.

Mr. McKELLAR. And, of course, it is tremendously satisfactory to the bondholders and the preferred-stock holders, because there is no telling what they would receive if rival systems were built.

Mr. NORRIS. Mr. President, before this contract was made the bonds and the preferred stock of the private company were selling on the market away below par. I have not the figures before me. Immediately after the contract was made they went right up to par, because in the sale the bondholders and preferred-stock holders would receive par for their securities. So the contract means everything to them.

Mr. McKELLAR. Under the sale, the preferred-stock holders will receive dollar for dollar.

Mr. NORRIS. Yes.

Mr. McKELLAR. The preferred stock had gone down to less than 40 cents on the dollar.

Mr. REED. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. REED. I wish to say again that I had no thought of entering into a discussion of the merits of T. V. A. I was only addressing my remarks and comments to the legislative situation as between the two Houses of Congress. I am not acquainted with any of the parties. I have no connection with any of them and have no interest in any of them. The procedure seemed to me rather unusual and perhaps extraordinary, legislatively speaking.

Mr. NORRIS. Mr. President, I do not think it is. Of course, the Senator has a right to take that view of the matter if he wishes; but I tell the Senator that unless this measure is passed the contract will fall. There is no physi-

cal possibility of carrying it out.

So far as I know, everybody is in favor of this measure except a few Members of the House who have key positions and who are holding up the legislation and have held it up ever since the 15th of March. The time when the parties must meet and exchange their signatures to the contract and pay the money is fast approaching. Several things must be done before the 20th of June. Let me give the picture.

Mr. REED. May I make one more remark, with the per-

mission of the Senator from Nebraska?

Mr. NORRIS. Yes.

Mr. REED. If the Senate should attach the proposed amendment to the pending bill, would that action change in any way the legal status of any of the questions involved?

As I understand, the Senator from Nebraska is not satisfied with the procedure in the House of Representatives, and he desires to attach to the pending bill as an amendment the bill which the Senate has already passed, so as to persuade, force, induce-or whatever one wishes to call it-the House of Representatives to do something which up to this time under its procedure it has not done. Is not that the only

point with which we are concerned?

Mr. NORRIS. The Senator talks about forcing the House. The purpose is to give the Members of the House an opportunity to vote on the question, which opportunity they are denied under the House procedure. In other words, if we want to kill the contract which has been made, we should fail to pass the amendment. Of course, we could pass it afterward, and there might be a new contract. However, the contract which is pending is vital, because, as Mr. Willkie says, unless the contract goes through, Chattanooga, which consumes about a third of the electricity produced by the Tennessee Power Co., would be lost as a customer. We should then have a competing system in Chattanooga, which Mr. Willkie says would mean ruin to both sides. He said that in so many words.

I do not want to do any discourtesy to the House. The Senate has often done what is proposed. The House has often done it. I repeat, it is not a discourtesy. The purpose is to give the Members of the House an opportunity to vote; and, so far as I am concerned, their vote will settle the question.

Mr. VANDENBERG. Mr. President, will the Senator vield?

Mr. NORRIS. I yield.

Mr. VANDENBERG. Is the pending amendment confined to an authorization for the one contract, or does it go beyond that?

Mr. NORRIS. It goes beyond that.

Mr. VANDENBERG. Is the one contract the extent of the emergency?

Mr. NORRIS. Yes.

Mr. VANDENBERG. Would the Senator object to confining his amendment to the emergency?

Mr. NORRIS. I should not want to do that, because we should have to do the same thing over again.

Mr. McKELLAR. The amendment does not go beyond the present law. It does not provide for any additional bonds.

Mr. VANDENBERG. I understand that.

Mr. NORRIS. Several years ago I tried to have enacted an amendment similar to the one before us. It went out in conference. We had to yield on it. But if this amendment goes through, with the amount of bonds left as it is now in the law at \$100,000,000, the existing tentative contract will be carried out and it will be possible to make a similar contract.

I will say frankly that an attempt will be made to make a similar contract. Negotiations will commence at once between the T. V. A. and Mr. Willkie and several municipal corporations in Alabama and northern Mississippi in order to issue bonds in their cases to carry out the same kind of a deal which has been carried on in this instance if a price can be agreed upon. The danger is that if ever we get into any kind of a squabble which results in delay, the pending contract must be junked. In that event there would be no hope for it.

I should be afraid of any proposed modification of the amendment in the manner suggested. Besides, I am asking the Senate to do nothing but what it has already done. It

has already passed the bill.

Mr. VANDENBERG. I understand that. The only point I was submitting to the Senator was that, it seems to me. that the emergency of the one contract might justify extraordinary procedure; but I am wondering if beyond that one contract we should not be in a better position if we permitted the House of Representatives to have a free opportunity or a freer opportunity to consider the general policy subsequently involved, insamuch as it does not seem to be essential to the point that the Senator himself is stressing to the Senate.

Mr. NORRIS. No; I concede the Senator's point. If we should limit it, however, an amendment would be required which would make it different from the bill which has been passed. If we should change the pending amendment, the bill probably would have to come back to the Senate and be passed over again. The Senate has once passed it in this identical form, and if we change it we are going to meet delay. We could not help it, because, even if the House agreed to it, the measure would have to come back to the Senate for agreement on the part of the Senate.

The idea is to permit—and it ought to be permitted, I think; I have no doubt about that-negotiations of the same kind between the T. V. A. and the private power companies as to properties in northern Alabama, and other similar properties in northern Mississippi. They are in exactly the same condition. All that it is necessary to do is to agree on a price. That is what the parties concerned will try to do, as they have done in the particular instance. If we limit the amendment to one transaction, then we will have to have it all before the Congress again in order to provide necessary authority.

So it would be dangerous to amend the amendment in any respect. Nobody wants an amendment; nobody who is interested, so far as I know, wants any change. Tennessee, Alabama, Georgia, and all others interested, including the bondholders, want no change. I have letters from bondholders and owners of preferred stock saying, "For God's sake, let it go through. If it does not go through, I realize that my stock and my bonds, for which I will get par, will have to be sold on the market, and," as the Senator from Tennessee just said, "I will get less than 40 cents on the dollar."

Mr. BORAH. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.
Mr. BORAH. I was going to say that it seems to me that there is universal support for the proposition-

Mr. NORRIS. I think so.

Mr. BORAH. Save and except for the suggestion which the able Senator from Kansas [Mr. REED] raised, that is as to the propriety of the procedure under the circumstances. Similar procedure has been adopted on numerous occasions, and I do not think there is any impropriety whatever in the procedure. That being true, it seems to me that upon the main principle involved everyone agrees that the amendment should be adopted by the Senate.

Mr. BYRD. Mr. President, may I ask the Senator from Nebraska a question?

Mr. NORRIS. I yield.

Mr. BYRD. Can the Senator inform me as to the total amount of bonds already issued by the Tennessee Valley

Mr. NORRIS. No; I cannot state the figure, but the amount is not very great. I know there have been some bonds issued for the purchase of some other properties, but not to any considerable extent.

Mr. McKELLAR. Mr. President, I think I can answer the question. Three million dollars worth of bonds have been

issued

Mr. BYRD. What is the total capital stock that has been issued and purchased by the Government?

Mr. McKELLAR. There is no stock.

Mr. BYRD. I think the Senator is misinformed. Does he mean that the Tennessee Valley Authority has no capital stock as a corporation?

Mr. NORRIS. No.

Mr. McKELLAR. No stock has been issued. Only \$3,000,000 of bonds of an authorized total of a hundred million have been issued.

Mr. BYRD. I think the Senator from Tennessee is mistaken about that and I will take the liberty tomorrow to insert in the RECORD some figures.

Mr. NORRIS. The Senator from Tennessee is right about

Mr. BYRD. Does the Senator mean that only \$3,000,000 of bonds and stocks have been issued by the Tennessee Valley Authority?

Mr. NORRIS. No stocks have been issued.

Mr. McKELLAR. The T. V. A. has issued no stock and only \$3,000,000 of bonds. What the Tennessee Valley Authority has spent has been appropriated from the Treasury.

Mr. CONNALLY. Mr. President, will the Senator yield there to a question for information?

Mr. McKELLAR. Yes. I have not the floor, but I will be glad to answer any questions I can.

Mr. CONNALLY. I will take the floor as no other Senator seems to want it, which is a precedent in the Senate. I will say.

Mr. McKELLAR. I will be glad to have the Senator ask any question.

Mr. CONNALLY. I merely wish to ask a question, as the Senator has brought up the point. In the purchase of those outstanding utilities how did the T. V. A. pay for them unless it issued stock or bonds or assumed their indebtedness? Did it pay for them out of the Treasury?

Mr. McKELLAR. They have only recently contracted to buy them; they have not as yet bought them. The use of these bonds or a certain number of these bonds will give

them the money with which to buy them.

Mr. CONNALLY. Of course, if they have acquired these properties the properties would be security for the bonds.

Mr. McKELLAR. Absolutely. Mr. CONNALLY. And the bonds will carry, of course, the Government guaranty, as I understand.

Mr. McKELLAR. That is correct.

Mr. CONNALLY. And that would make them good regardless of their security.

Mr. McKELLAR. Certainly.

Mr. CONNALLY. But the general taxpayers of the country, of course, are entitled to have the properties subjected first to the payment of these obligations rather than to take the money out of the Treasury.

Mr. McKELLAR. Naturally. I will say to the Senator that the bonds that are now authorized cannot be used for the purchase of generating plants, and this merely gives them the right to broaden the use of the present authorized bonds.

Mr. BYRD. Mr. President, can the Senator from Tennessee inform me as to the total appropriations for the Tennessee Valley Authority up to date?

Mr. McKELLAR. I cannot say accurately, but it is about \$200,000,000.

Mr. KING. It is more than that.

Mr. McKELLAR. It is about \$200,000,000. Incidentally I may say to the Senator that the income from the four dams now in operation is more than \$5,000,000-about five and a half million dollars-and is constantly increasing. It will be a paying proposition.

Mr. BYRD. Do I understand that these bonds are tax exempt; that they are not subject to taxation of any kind?

Mr. NORRIS. Yes.

Mr. McKELLAR. That is true.

Mr. NORRIS. I will say to the Senator what I said when perhaps he was not in the Chamber, that there is not any change whatever in the nature of the bonds as authorized by existing law and those provided for by the amendment. The amendment is an exact copy of the law.

Mr. BYRD. I was just wondering whether the interest rate should be fixed at a maximum of 31/2 percent when the Government is able to borrow money for far less than

that on tax-exempt securities.

Mr. NORRIS. I do not know what the rate will be, but in my judgment the rate will probably be less than 31/2 percent. That will be subject to negotiation with the Secretary of the Treasury, because I do not suppose the Secretary of the Treasury wants to make a profit out of the transaction.

Mr. BYRD. In view of the fact that the bonds are tax exempt, would not that reduce the interest rate?

Mr. McKELLAR. It would not have any effect because the bonds are going to be sold at the lowest rate possible.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Nebraska.

Mr. CONNALLY. Mr. President, I claim the floor. I ask as to any of these bonds is it provided that they shall be subject to income taxes, to Federal taxation? Are they tax-exempt bonds?

Mr. NORRIS. I think so.

Mr. McKELLAR. They are. Mr. CONNALLY. Both in the bill and in the T. V. A.

Mr. NORRIS. Yes.

Mr. McKELLAR. The pending amendment does not change the law at all.

Mr. CONNALLY. I understand that, but I was going to suggest that a good many Senators are always denouncing tax-exempt bonds and advocating the taxation of them both by the Federal Government and by the State governments.

Mr. NORRIS. If these bonds were subject to taxation, it would be a case of the Government taxing itself.

Mr. CONNALLY. That is true.

Mr. NORRIS. Because the Government in reality owns the properties.

Mr. CONNALLY. Certainly; I am not differentiating between the T. V. A. bonds and ordinary bonds provided for in the amendment; but if Senators really want to tax bonds now tax exempt, this is their opportunity to do so by providing that these bonds shall be subject to State taxation as well as Federal taxation. I do not think anyone wants to do that, but I wanted to call attention to the fact that if the Federal Government is to be sincere with the States, it ought not to issue its own bonds and provide that they shall be tax free and then next month propose to tax all State, county, and municipal bonds.

Mr. NORRIS. If that theory should be adopted, the Government would submit its courthouses, post offices, and all

other property to State taxation.

Mr. CONNALLY. I think I am in agreement with the Senator from Nebraska. I was really merely calling the matter to the attention of other Senators who are concerned about tax-exempt bonds.

Mr. KING. Mr. President, like the Senator from Kansas [Mr. Reed], because of my high regard for the Senator from Nebraska, it is with reluctance that I take the floor to oppose the position which he has taken.

I have been opposed to the T. V. A. from the beginning. I think that it was an invasion of the rights of the States and sought to project the Federal Government into fields of activity which belong exclusively to private endeavor. From the debate this morning it is evident that, by coercion or cajolery or by threats or fear of destruction, private enterprise, which evidently seem to have been prosperous, have been compelled to enter into contracts with the Federal Government.

When this amendment in the form of a bill was under consideration some time ago I expected to address the Senate in opposition to it, and I prepared some memoranda, which I have amplified since the amendment was offered yesterday.

Mr. President, in my opinion, we are going far afield in the activities upon which the Federal Government is embarking. I know that any objection which may be made now will be futile; I know that this amendment will be adopted; but I am unwilling that the Record should fail to show that some Senators gave approval of the measure.

In the first place, I think it is highly improper for the Senate to attempt to regulate the procedure of the House of Representatives. I assume that the Senate would resent the efforts of the House to determine the procedure of the Senate. The House has committees organized according to its rules and in accord with the desires of that great legislative body. The Senate has committees organized under rules which the Senate after due consideration has adopted and promulgated. Under the rules of the Senate, when bills are introduced they are referred to committees which have to do with the subject-matter contained in the respective The same condition exists in the House. We have no right to say to the House, "You shall not further consider a bill, the T. V. A. bill, which we have messaged to you, and which is before one of your committees. We now propose to take it away from that committee and direct its reference to the Committee on Ways and Means of the House." which committee, I assume, will have charge of this bill if it shall pass this body.

I think such a course would be an affront to the House. I do not approve of the policy of attaching riders to legislation, whether important or unimportant, in order to effect some short cut to a legislative goal, and coerce the House or the Senate to adopt policies which perhaps may not be favored.

I recall that at the last session of Congress the Senate committed what I conceive a grave and improper indiscretion. We had under consideration a revenue bill dealing with the District of Columbia. Some persons were so anxious to secure the enactment of what was called the fair-trade practice act, which belonged to another committee, that they attached it as a rider to the District of Columbia appropriation bill. The President of the United States, be it said to his credit, condemned that practice, and regretted that because of the lateness in the session, and the imperative necessity of having the appropriation bill for the District of Columbia become law and so felt constrained to sign the bill though he opposed the course pursued. We are now pursuing the same improper, not to say illegal, course that we pursued upon the occasion to which I have just referred.

Mr. President, I am opposed to this amendment. I am opposed to the policy of the Federal Government going into socialistic activities, into fields which belong to private endeavor, reversing the policy under which our Government has grown from a few small States until we now have a great federation of States, each supposed to be independent within the sphere of its own power and authority under the Constitution and under its own State constitution. But we are on the toboggan slide. We are moving into socialism and departing from the principles upon which this Republic was founded. We shall soon be controlling health, wages, hours, and virtually all the activities that belong to private endeavor, to individuals, and to sovereign States. Individualism is an

anachronism, local self-government is being destroyed, and the powerful hand of the Federal Government is resting heavily upon individuals as well as upon Commonwealths.

Mr. President, I fear that we are committed to policies paternalistic and socialistic, wholly at variance with demoeratic principles and the concepts of the founders of the Republic of the limitations upon the General Government. I think we should place this bill in the category of undemocratic measures. It is directed toward state socialism and advocated, I regret to say, and supported by Democrats and by a considerable number of Republicans. Some persons perceive or expect to perceive a happy union of socialism with the Democratic and Republican Parties, and they assert that both parties bestow their benediction upon policies which are at variance with democratic institutions and our form of government.

I am opposed to the pending amendment and its entire theory. I know that any observation which I make will be futile. The forces for its passage are marshaled, and its passage is a fait accompli. The die has been cast, and the bill with this amendment attached to it will pass, and we will announce to the world that the Federal Government is a powerful national Government and is leading the people into a socialistic system.

When the T. V. A. bill was under consideration in the Senate I believed it would engulf us in an enormous expenditure, ultimately exceeding a billion dollars. It is true that it is claimed by its supporters that the appropriations to date are approximately \$300,000,000, and the commitments do not exceed \$570,000,000, but that is not the end. The goal will not be reached until some time in the future under this policy, when the expenditures for the socialistic schemes now contemplated will approximate or exceed a billion dollars.

Recent events abroad have caused the leaders of our Government to defend vigorously—at least, we have rendered lip service to—democratic principles, and to praise our Constitution, to denounce dictatorships, and all "isms"—fascism, nazism, communism, socialism, and totalitarianism. I am not sure that these denunciations have all been sincere or that there have not been reservations in the minds of some who have animadverted upon the growth of these "isms," so destructive of democracy and individual liberty.

We here in America, I hope, are convinced that that government is best which governs least. I am speaking of the National Government. We have learned from the teachings of history that the concentration of too much power in one person or one organization is dangerous, whether that person be the President of the United States or that organization be the Democratic Party or the Republican Party; that power begets power and, when entrenched, is used as an instrument of oppression. The shocking occurrences abroad reveal the truth of these generalizations. They require no elaboration to establish their validity and veracity.

The framers of our Constitution, recognizing the dangers of centralized power, specifically provided for a government of delegated, limited, and enumerated powers. By virtue of that great document, democracy has been maintained in the United States. But we are forgetting the 10 amendments. We are forgetting that we have a federated republic. We are building a powerful national government which is developing principles and policies hostile to democracy. The States are being devitalized, and many of the representatives of sovereign States come with cap in hand begging from the Federal Government bounties and gratuities and the extension of the authority of the National Government into the States and their political subdivisions.

Mr. BORAH. Mr. President-

The PRESIDING OFFICER (Mr. Schwellenbach in the chair). Does the Senator from Utah yield to the Senator from Idaho?

Mr. KING. I yield.

Mr. BORAH. The condition would not be so bad, perhaps, if the States alone were coming cap in hand to the President of the United States; but practically every embarrassed nation in the world is now doing the same thing, and we are advising and encouraging the different nations to come here to borrow vast sums of money, no part of which we are likely ever to collect, any more than we collected that which we loaned during and after the World War.

Mr. KING. I am not in disagreement with my distinguished friend. I would approve of a policy that would prevent the Treasury of the United States from being invaded by governments from overseas. We have enough burdens now. If we can maintain the credit of our Government unimpaired against the assaults from within we shall be fortunate; and we shall certainly increase the danger of impairing the credit of the country if, as indicated by my friend, we invite other nations by gestures, by words, or by conduct to come to our country asking loans and credits, particularly when they are without security.

Mr. BORAH. Mr. President-

Mr. KING. I yield.

Mr. BORAH. It is not only a question of preserving the integrity of the Treasury, but all of this money must finally be collected from the pockets of the taxpayers. The ten or eleven billion dollars which is now waiting to be paid, and which I take it from the action of the various governments never will be paid, came from the taxpayers. We went out into the country and collected it by selling bonds, and so forth, and the taxpayers must pay it. If the foreign nations do not pay it, our taxpayers must pay it, and that is what is happening now. Our taxpayers are paying that which really should rest upon the shoulders of those who borrowed the money.

Mr. KING. Mr. President, the able Senator has referred to a situation which I regard as a menace to our financial integrity. I wish my friend would submit his views to the Finance Committee, which will meet in a few days to increase the burden of taxation. Of course, even if we should increase the taxes this year to six or seven billion dollars. though a few years ago the total was less than a billion dollars, that amount would not meet the appropriations which this session of Congress will make. Before we adjourn, more than \$10,000,000,000 will have been appropriated, and obligations will have been created which we shall be compelled to pay in the future. They will total at least three or four billion dollars. If we pursue this "rake's progress" planthis primrose path-of course it means that ultimately the Government will then resort to inflation and perhaps repudiate obligations.

Mr. BORAH. Does the Senator assume that the Committee on Finance will take up the question of the foreign debts when we are considering the matter of taxes at this time? Or does the Senator anticipate any action will be taken calling to the attention of these foreign debtors that

these debts have been overlooked by them?

Mr. KING. Mr. President, in reply to the Senator, of course I cannot speak for the committee, but speaking for myself only, I would feel that perhaps the obligation did not rest upon the Committee on Finance to deal with foreign debts except insofar as the consideration of that question might be involved in the consideration of a revenue bill. It seems to me that the Committee on Foreign Relations, of which the Senator from Idaho is a conspicuous member, should take up that question.

Mr. BORAH. It does seem to me that some committee should have something to say about the fact that ten or twelve billion dollars, which belongs to the taxpayers of this country, is being permitted to slip cut of hand and to go unnoticed, to be forgotten, without any effort whatever to collect it from those who owe it. Perhaps this is not the exact time to suggest the question of foreign debts, but in a week or two it might be appropriate.

Mr. KING. Mr. President, there is very much to be said in support of the view taken by the Senator. We have so many domestic problems now with which we are ineffectively grappling that I am rather inclined to believe we will preter-

mit a discussion of the problem which the Senator has just suggested. But certainly the day must come when there will be an adjustment of the obligations due the United States from foreign countries, as there must be an adjustment of obligations of individuals and corporations among themselves.

I might say, in passing, prompted by the remark of the Senator, that the Government of the United States now owes more than \$40,000,000,000, it has outstanding commitments of at least five or six billion more, to say nothing of the increased obligations which will be incurred before we adjourn. The cities and counties and States have obligations amounting to some \$23,000,000,000; corporations have obligations amounting to \$55,000,000,000; individuals have obligations amounting to more than \$60,000,000,000. Our debts added together are greater in amount than the value of the property in the United States. There seems to be no movement whatever upon the part of the Government or upon the part of the people to pursue a policy of thrift and economy, and a determined effort to bring expenditures within income. Cities, counties, States, individuals, and the Government itself are spending, using a common expression, like drunken sailors, and no plan has been devised to reduce expenses, and incorporate policies of retrenchment and reform. On the contrary, we are told we are contracting debts only among ourselves; we are owing only ourselves, and therefore need have but little concern. The view is announced that it is not unsafe or unwise to borrow and spend; that debts are not an evil-particularly if the debts are

Mr. President, I fear that in recent years there has been a trend toward centralization of the Government of the United States toward subverting, if not destroying, the inherent rights of the people and of the States, in the interest of bureaucracy entrenched in a centralized and powerful government.

The Federal Government has been reaching and grasping for power and more power. We have passed acts ostensibly in pursuance of a delegated power, but actually to achieve regulatory authority in fields in which the Federal Government has no power.

Under the taxing power the Federal Government sought to justify a regulation of agriculture, a subject matter over which the Federal Government had and has no control. Only the vigilance of an independent judiciary saved the people and the States from this obnoxious form of control. (United States v. Butler, 297 U. S. 1 (1936), and Richert Rice Mills v. Fontenot, 297 U. S. 10 (1939).)

Under the commerce power the Federal Government sought control over all industry by establishing codes of fair competition. Here again the independent judiciary, so wisely provided by the framers of the Constitution, saved the people from this obnoxious assumption of power by the Federal Government (Schechter Poultry Corp. v. United States, 295 U. S. 495 (1935)).

Other instances, such as the Bituminous Coal Conservation Act of 1935, held unconstitutional in Carter v. Carter Coal Co. (298 U. S. 238 (1936)), may be furnished, but it is unnecessary to dwell at length on the many similar recent enactments, most of which have not been tested in the courts because of jurisdictional difficulties.

Suffice it to say that beginning in 1933 there were many such enactments, representing the views of the then majority that the Federal Government should have more power, that it should invade by one subterfuge or another powers reserved by the Constitution to the people and to the States. Some of these acts are indefensible. They are inconsistent with American ideals. They are a challenge to the democracy which we cherish in America.

One of the most extreme examples of the type of legislation of which I have been speaking is the Tennessee Valley Authority Act. The T. V. A. cannot be reconciled with the American form of government. Socialistic enterprises subsidized by the Federal Government are not consistent with our republican form of government.

Millions of the taxpayers' dollars have been expended in the promotion of this socialistic experiment and Congress would do well to reconsider this whole legislation with a view to rectifying the mistake it made in setting up a Governmentsubsidized bureaucracy as a competitor with investor-owned

Under the guise of navigation and flood control as its constitutional justification, the T. V. A. has invaded fields in which a democratic Federal Government has no legal authority; it has curtailed free enterprise and thrust the Federal Government into an arena which belongs to private endeavor. Ostensibly enacted for flood control and in aid of navigation, but actually designed for the production of electric power, who can deny that this socialistic enterprise subverts the theory of constitutional government?

It was contended, when the T. V. A. was created, that the Federal Government had a great national investment in Wilson Dam and the nitrate plants at Muscle Shoals which could be put to the service of the people. So, to profitably use an investment subsequently appraised by T. V. A. at a valuation of no more than twenty or thirty million dollars, the Federal Government had to spend \$500,000,000 or more to go into private business. Little or no value is now attached to these nitrate plants we have spent so much to

It was also contended that the farmer would profit from utilization of Muscle Shoals for fertilizer manufacturing. The amount of fertilizer the farmer has got out of this socialistic experiment would not begin to fertilize the many acres of land taken off the Federal tax rolls to be inundated in this great experiment.

It was further contended that the Government, through generation and sale of hydroelectric power, could create a 'yardstick" for the measurement of electric power rates of the privately owned public utilities, so that it might be determined if utility rates were fair. But why was Government competition necessary to determine a fair rate charge? It is my understanding that the Federal Power Commission since 1920 had accumulated vast stores of information on the cost of hydroelectric power to privately owned companies, which were licensed under the Federal Water Power Act. The entry of the Federal Government into this business could add but little to the already then existing store of

Enough has been written and said about the break-down of the so-called "yardstick" means of measurement that I need not dwell on the fact that T. V. A. has not been a success so far as establishing a yardstick for measuring the achievements of the private power companies is concerned. We are left with no better measuring stick than the guess of a biased bureaucratic organization.

Testimony of Prof. Edward L. Moreland, before the T. V. A. Investigating Committee, indicated that the T. V. A. has no yardstick at all-that by improper accounting methods T. V. A. has presented an inaccurate and distorted picture of its own capital costs of production.

The thought that a government-operated business could compare favorably with a privately owned and operated business is not in harmony with experience and sound judgment. The experience of the Federal Government with the railroads during the World War was not a happy one, and the same has been true of the adventures of the Government into business. Bureaucracies do not lend themselves to economy, and the T. V. A. is no exception. I am convinced that the T. V. A. is an unnecessary and unwarranted burden on American taxpayers.

Mr. President, we have gone into the business of buying cotton, wheat, and other commodities, and the more legislation that has been enacted to help the farmers and the more the regulation by the Federal Government, the worse off the farmers have become, the greater has been the loss in agriculture, and generally to the business economy of our country. What we want is more individualism and less bureaucracy. We are going toward socialism too fast, and as we are going toward it so we are leaving the trail of disaster behind us.

I should like to call attention to an editorial printed in the Philadelphia Inquirer under date of November 19, 1938. It is a very enlightening editorial, and I ask that it be printed in the Record at this point, as part of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

The editorial is as follows:

T. V. A. AS A TAXPAYERS' BURDEN

The estimate of Edward L. Moreland, dean of the engineering department of the Massachusetts Institute of Technology, that T. V. A.'s power program when completed will produce a deficit of \$10,352,000 a year merits the thoughtful consideration of all American taxpavers.

If the T. V. A. operates at this huge annual deficit when all its

If the T. V. A. operates at this huge annual deficit when all its 11 dams are in working order, the Government will have to make up the loss. But the Government has no money of its own for this purpose. It will be the taxpayers, already heavily burdened, who will be called upon to make good T. V. A.'s red ink.

Dean Moreland's figures presented to the congressional committee investigating T. V. A. naturally are disputed by Government spokesmen. But the engineering expert, defending his estimate, adds that if T. V. A. had to pay all the taxes, interest, and other costs which utility companies must meet, its annual deficit would be, not \$10,352,000, but \$20,999,000.

Whatever the accuracy of these figures, the cost to the taxpayers of the stupendous \$510,000,000 Government power empire springing up in the Tennessee Valley should be accorded more careful analysis than it has had.

It is a fact that T. V. A. has received substantial Government

careful analysis than it has had.

It is a fact that T. V. A. has received substantial Government benefits in the way of lower taxes and other costs which private companies have to pay. But the taxpayers have paid—and are still paying—the bill to bring T. V. A. into existence. If, in addition to all these charges, the taxpayers are to be soaked millions a year to pay for T. V. A.'s operating deficits, where is the gain to the Nation in this vast Federal power plant and its competition with private industry? with private industry?

For when all is said and done, T. V. A. is shaping up not only as another unnecessary burden on American taxpayers but as a gigantic destroyer of private enterprise.

Mr. KING. Representative May, Member of Congress from Kentucky, and as I recall, chairman of the committee before which the T. V. A. is now lodged, stated two or three

Viewed from such a political doctrine (that of Jeffersonian Democrats), the Tennessee Valley Authority and all its works must be judged as a positive destructive force of democracy, a cancerous growth in the heart of the living, breathing body of our political life, a cancer to which the legislative knife quickly must be applied lest its malignant tendrils overwhelm the land.

That is rather a strong statement, but nevertheless it emphasizes the point of view of many Americans in their condemnation of the intrusion of the National Government into the affairs of private life and into business activities.

One of the indefensible provisions of the proposed amendments to the T. V. A. Act is that which removes the last vestige of congressional control over the manner in which the \$100,000,000 T. V. A. bonds may be dispensed.

It has been admitted by Senators supporting the bill that the bonds will be guaranteed by the Government; and yet the T. V. A. seems to be endowed with almost unlimited power. It is an imperium in imperio, a government by itself, not to be touched or controlled by the Federal or State Governments.

It would be legal, under this language, for T. V. A. to build factories, railroads, operate farms, and, indeed, to engage in all forms of private or corporate business.

In view of the record of careless expenditures by the T. V. A.—see United States General Accounting Office annual reports, 1934, 1937-which I have examined, there is little assurance that, unless expenditures by T. V. A. are subjected to the routine scrutiny of the Appropriations Committees of Congress, these bonds may not at any time be issued for the expansion of this inland power empire.

Under the language of the proposed amendments of the T. V. A. the Authority would have a nest egg of \$55,000,000 which it could dispose as it pleases either for construction of new dams beyond appropriations by Congress or expenditure

for duplicating transmission lines and other electric facilities for the purpose of creating a value-depressing pressure on property it eventually intends to purchase at its own price. It is claimed that the T. V. A. has done that in the past; there is no reason to believe that it has changed its policies.

I am reminded now of the statement made by the Senator from Tennessee [Mr. McKellar] a few moments ago, and I speak of it not, however, by way of criticism. He called attention to the fact that the bonds and stocks of some of these private companies had been depressed. Of course they have been depressed. When there is a threat by the Federal Government of paralleling their lines, building power plants, and interfering with their patrons, obviously the market value of the bonds and stocks of those would fall and the owners would suffer losses. If the Senator from Tennessee is engaged in an important enterprise in his own State and the Federal Government sets up an agency to enter into competition with him, it is certain that his property would be depressed in value, and stocks and bonds issued by him and in his enterprise, would be greatly depressed in value.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. KING. I yield.

Mr. McKELLAR. The bonds in question were issued many, many years ago and the preferred stock was issued many years ago, and both bonds and stocks fell below par many, many years ago. Under the proposal made by the Senator from Nebraska the bonds have gone to par or above and the preferred stock has gone to par or above, because both the bonds and the preferred stock will be paid in full. In addition to that, if the measure introduced by the Senator from Nebraska is passed, the common stock owners will receive a price which will be entirely satisfactory to those who own and control the company themselves. Mr. Willkie-I do not know what his official position is-who is in real control of the company which is doing the selling, went before the House committee and testified openly that he was very anxious for the bill to pass.

Mr. KING. It is quite likely that Mr. Willkie is desirous of the passage of the bill before us. The Government has been opposing his company for several years and doubtless it and its stockholders have reached the conclusion that a further contest with a powerful government would be unavailing. Undoubtedly corporations have issued stocks and bonds which have been subjected to wide fluctuations in market prices and losses have been sustained by the owners of securities because of the market conditions. Corporations have met with reverses as have individuals, and securities of corporations have proven to be static or free from wide fluctuations. They rise and fall with business and economic changes. It is a significant fact, though, that where organizations discover the Federal Government authorizing enormous appropriations and commitments their properties-stocks and bonds-are subjected to wide fluctuations in value. And if the Government is a competitor and seeks to acquire plants and going concerns, the stockholders will be, in many instances, quite willing to dispose of the same to the Government. Individuals realize that they are at a disadvantage when in competition with the Government. The Federal Treasury is a factor or force which they feel unable to meet. However, if the Government enters the field of private enterprise and makes enormous appropriations, the day may come, as it has come to other governments, that its credit may be impaired and its bonds fall in value.

Mr. President, all this money appropriated for the T. V. A. could be used without further authorization by Congress, and even contrary to the expressed will of Congress. I am speaking of the \$100,000,000 bond issue authorized by law. For example, had Congress, after lengthy hearings and extensive debate, refused—as it very nearly did—appropriations for the continuation of construction of the Gilbertsville Dam and for beginning of construction of Watts bar dam, under the language of this proposed amendment, T. V. A. could have flouted the will of Congress, issued \$17,000,000 worth

of bonds, as it would have a legal right to do, and then proceed with the construction specifically disapproved by Congress.

The Senator from Texas recently invited attention to the fact that there was no provision for taxation to pay interest on the bonds, and there is no limitation whatever on the Tennessee Valley Authority, which is a law unto itself with respect to the issue of these particular bonds.

No vaild excuse has been offered for the wide latitude thus accorded the Authority in the disposition of the \$100,000,000 war chest. It is true that the pending authorization eliminates a previous bond issue authorization for \$50,000,000 granted by Congress in amendments of August 1936. That authorization extended only to the purpose of T. V. A. construction and did not specifically authorize its use for purchase of existing facilities. However, the justifications upon which were predicted the 1935 \$50,000,000 construction bond authorization have since largely disappeared. Certainly in view of facts since disclosed as to T. V. A. operations by the recent congressional investigation it is highly improbable that Congress would not be so liberal as it was in 1935.

So long as T. V. A. can proceed to build up or buy as it chooses without authorization of Congress it would be pointless for the Appropriations Committee to continue to go through the motions of considering whether or not it shall grant funds to T. V. A. in the annual Budget appropriation. In the event of failure of Congress to meet the financial requests of T. V. A. the Authority can proceed to issue bonds to make up any budgetary deficiency created by an economyminded Congress-if such a Congress should be found.

Surrender by Congress of its power over the purse strings to an independent Federal agency violates every standard of sound public policy. The power of the purse has been the essential weapon of free democracy against the usurpation of the Executive throughout history.

The cash requirements of the Tennessee Electric Power Co. purchase should limit the demand of T. V. A. to the specific amount required to accomplish the only stated purpose for which this bond issue is asked, especially at a time when the national debt has passed the \$40,000,000,000 mark and is rapidly approaching the legal debt ceiling of 45

If in the future it has further requirements of similar nature the Authority may present its requests in due course and, after hearings in the customary manner, Congress can pass upon the merits of its proposals. Any other course means that Congress presents T. V. A. with a blank check of from \$80,000,000 to \$60,000,000 on the Treasury of the United States, to be used in any manner the T. V. A. sees

The opposition to these amendments and to the T. V. A. springs from two wholly separate sources. The first and most important factor is the intrusion upon our body politic of an alien type of Federal agency, based on the strangely foreign conception that the function of government is not only government but that the Federal Government should enter into the business of supplying its citizens with goods and services in competition with and duplication of the goods and services of its own citizens and taxpayers. If the T. V. A. is to be accepted as performing a legitimate function of government, then it is only a matter of how far we want to go along the same road before we arrive at pure socialism.

The second source of opposition to the T. V. A. type of Federal activity is economic. It has been demonstrated time and again that navigation on the Tennessee River would be better off without any T. V. A. than with the sort of alleged "navigation improvement" as the salvation of that region's transportation problems.

As to flood control, it has been amply and repeatedly demonstrated that in cases of big floods the works of T. V. A. are worse than useless, probably aggravating conditions. This despite the fact that the impounded waters of T. V. A. will create a still-water floor covering more area than some of the largest floods in the history of our country. Only by

charging off immense sums to the functions of flood control and navigation-plus freedom from taxation and other Government privileges-has T. V. A. arrived at a capital base upon which it can pretend to earn interest on its power investments. Only by bookkeeping not defensible, in my view, has T. V. A. established "yardstick" rates that have influenced citizen competitors to sell at T. V. A.'s figure.

By means of an improper yardstick it has destroyed the greatest single taxpayer in the State of Tennessee, the private utilities, which pays to State and Federal Governments \$5,000,000 annually. The gain from this victory is announced as a \$4,000,000 annual rate reduction in Tennessee or a net loss to the public of \$1,000,000 annually. This sale, moreover, points the way to a grave danger to the coal and railroad industry in displacement of steam generation of power by rail-hauled coal.

The T. V. A. purchase of the Tennessee Electric Power Co. constitutes probably the greatest single invasion of the legitimate market for coal by subsidized water power ever attempted by the Federal Government. The closing, except for stand-by purposes, of the Tennessee Electric Power Co.'s steam plants means the permanent annual loss of 203,000 tons

T. V. A.'s purchase of its private competitors relieved that agency of an increasingly embarrassing position in which it stood before the public as the destroyer of the savings of small investors. Even more important to T. V. A., the purchase removed costly competition which was already occupying and serving the only market available for the disposal of T. V. A. power.

Elimination of these two impediments to its progress appears only to have created additional problems equally embarrassing.

The new problems-chiefly work displacement in the mining and transportation of coal, and displacement of taxeshave become immediately urgent because of the purchases. Since the creation of T. V. A. these problems have always been in the picture as latent difficulties sure to plague T. V. A. whenever that agency succeeded in acquiring markets for its power either by purchase or by the longer route of duplication and slow strangulation of its competitors.

If T. V. A. today should renounce its deals with the Tennessee Electric Power Co. and other companies the problems of work and tax displacement would only be postponed to such time as its private competitors could be driven out of business under fire of T. V. A.'s subsidized competition.

Purchase of private systems by T. V. A. means large displacement of coal-consuming generating plants. Important segments of the dwindling market of the distressed coal miner are thus forever destroyed. Since 35 percent of all rail tonnage is coal the direct effect on railroad labor is apparent.

Even before T. V. A. had purchased the Tennessee Electric Power Co.'s properties it had announced an ultimate production schedule of 8,160,000,000 kilowatt-hours of "workless power" annually. By this purchase it has included additional generating capacity in five dams totaling 138,000 kilowatt-hours, and it is reasonable to suppose that with this addition T. V. A. will generate close to 10,000,000,000 kilowatt-hours annually of "workless power." This is the equivalent of 7,100,000 working days each year which would have been required to produce the same quantity of power from coal.

Mr. President, Mr. John D. Battle, executive secretary of the National Coal Association, recently made a statement which I ask to have inserted in the Record at this point as part of my remarks, without reading.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the statement may be printed in the RECORD at this point.

The statement is as follows:

The bituminous-coal industry is the largest single employer of labor in the United States today with the exception of the Federal Government and excepting also the railroads. There are more than a million persons, directly and indirectly, employed by the coal in-

dustry, and that means probably not less than 5,000,000 persons who draw their support in some form from the mining of bituminous coal. * * *

Let me remind you also that 45 cents out of every railroad revenue dollar goes directly into the pockets of railroad labor and that at least 60 cents out of every dollar received by the coal producers go indirectly into the miners' pay envelopes. * * *

I approach a discussion with you of the T. V. A. with feelings of sadness rather than anger. The T. V. A. made glowing promises, has spent large sums here in the Tennessee Valley, has made a temporary bonanza for many persons and many local businesses. It is not surprising that it has made many friends and acquired many champions. champions.

But there is going to be a day of reckoning and, I believe, a sad awakening. The capital expenditures for new dams are not going to go on forever. I may say in passing that if Congress heeds the present plans presented by the coal industry the construction of new dams will come to a halt very soon. Navigation may prove to

new dams will come to a halt very soon. Navigation may prove to be a utopian dream.

The effectiveness of T. V. A.'s boasted flood control remains debatable. T. V. A.'s promise of cheap fertilizer for the farmer through large-scale production of superphosphates is still in the twilight zone. What then will remain when T. V. A. stands completed—a great Government-operated, largely laborless, hydroelectric power system distributing electricity at low rate, thanks to the subsidies from the Federal Treasury—and a ruined coal industry, with an army of permanently unemployed coal miners.

The bituminous-coal industry has strongly opposed T. V. A.'s hydroelectric power program from its inception. This opposition rests upon the simple fact that the large increments of electric power that T. V. A. has undertaken to generate and market must inevitably destroy many existing outlets for coal as well as preempt large future markets for coal in the T. V. A. area.

The loss of these outlets for coal and the resulting closing of mines and the permanent large-scale elimination of jobs in the production and transportation of coal is unfortunate and disastrous under any circumstances. It is doubly hard to bear when, as the

under any circumstances. It is doubly hard to bear when, as the case is here, it comes about through Government action with the case is nere, it comes about through Government action with the aid of subsidies out of the Federal Treasury, and when, in reality, coal offers a more economical medium today for the generation of additional increments of electric power in the Tennessee Valley than the T. V. A. substitute, if the cost of the latter were to be computed at its true total.

The extent of this displacement of coal by T. V. A. bydro power The extent of this displacement of coal by T. V. A. hydro power and the resulting loss in jobs and in wages is a matter of very simple arithmetic. The coal equivalent of 1,000,000 kilowatt-hours of electricity is 710 tons. That is the quantity of bituminous coal, at the rate of 1.52 pounds per kilowatt-hour, required to generate that quantity of electricity. T. V. A. reports that it sold 806,000,000 kilowatt-hours of electric energy in the last 6 months of 1938. But that is only a starter. It projects its annual output upon the completion of what it described as its 10-dam system at 8,100,000,000 kilowatt-hours. Simple multiplication of 8,100 by 710 is 5,751,000

kilowatt-hours. Simple multiplication of 8,100 by 710 is 5,751,000 tons of coal prospectively displaced by T. V. A. hydro power.

It has been estimated—and the estimate never challenged—that 1 ton of bituminous coal, by the time it reaches its final destination, represents 1 day's work and wages for one man. At that rate T. V. A.'s complete electric output in terms of coal will destroy 5,751,000 mandays of employment annually.

T. V. A.'s complete electric output in terms of coal will destroy 5,751,000 man-days of employment annually.

At all events, we know for a certainty that the coal tonnage as above stated represents more than \$11,000,000 to the producers, of which 60 percent is labor pay rolls and almost \$13,000,000 in railroad freight revenues, of which 45 percent is labor pay rolls. So what we are dealing with in this situation is a potential direct wage loss of more than \$12,000,000 annually in the mines and on the railroads. The T. V. A. has now passed from the realm of theory into the realm of fact. It is too late now to undo the mischief already done. The immediate question now is simply how far T. V. A. shall be permitted to extend and to expand its hydro power facilities and to what extent its prospective annihilation of coal markets may be checked and limited by appropriate action of the Congress. be checked and limited by appropriate action of the Congres

Mr. KING. The reasons set forth by the coal-industry spokesman appear to be sufficient to justify Congress in insisting that before future purchases are made of private properties by the T. V. A. the Authority shall come before it with specific proposals and present them at committee hearings for formal discussion and appropriate action. If the T. V. A. proposals are of doubtful value to the Authority and to the Federal investment, surely Congress is entitled to know all the facts and have power to disapprove.

The same reasoning presented by the coal industry applies with equal force to the railroad industry.

As a navigation aid T. V. A. is hardly expected to seriously compete with railroads, except perhaps in the transportation of petroleum products. But because of the existence of potential water competition, shippers can demand and receive from the Interstate Commerce Commission a lower rail rate. Thus T. V. A. will cut into the already lean revenues of the railroads, which are the greatest single customer of the coal industry, the electric utilities being second.

The injury to coal's second largest customer, the power companies, must, of course, also damage the railroad industry.

In 1936, \$1,500,000,000 worth of coal was hauled by rail, accounting for 36.9 percent of railroad revenues. In that year private power companies consumed more than 10 percent of the total bituminous coal production.

Equally as serious as the situation confronting the coal industry due to the loss of substantial markets is the effect of these purchases on the taxpayers of the State of Tennessee and of the Federal Government, among whom the coal producers are an important group.

The simple fact is that the Federal taxpayer must now shoulder an additional burden of \$1,200,000 annually, which had previously been the revenue obtained from the Tennessee utility companies involved in purchases by T. V. A. or its municipal or rural subsidiaries. These figures for 1937 were taken from sworn testimony admitted in the Federal court in the so-called Nineteen Company suit. They include taxes of \$653,524; capital-stock tax of \$54,722; 3-percent gross energy tax of \$385,850; social-security taxes of \$78,719; and other taxes of \$31,531. At current Federal interest rates this revenue is sufficient to service annually \$50,000,000 of the T. V. A. debt. Before T. V. A. is permitted to claim honest yardstick rates and "self-liquidating" capacity, at least, this sum should be returned to the Federal Treasury each year. As yet no legislation has been suggested for the relief of the Federal taxpayer in this respect.

The situation confronting the Tennessee taxpayer, however, is much more acute. A study of pending tax losses due to T. V. A. purchases prepared by the Tennessee Taxpayers Association shows that:

Replacement of State taxes heretofore paid by privately owned electric utilities which have passed or are about to pass into public ownership will require \$1,080,000 annually.

Replacement of municipal taxes heretofore paid by privately owned electric utilities upon distribution systems now to be operated by municipalities or quasimunicipal bodies will require \$1,027,348 annually.

Replacements of county and school districts' taxes which have heretofore been paid upon distribution systems now to be operated by public agencies will require \$727,794 annually.

Replacement of both county and municipal taxes heretofore paid by privately owned utilities on land, dams, generating facilities and transmission lines to be owned by the T. V. A. and other public agencies will require \$676,953

Total losses to the State of Tennessee and its political subdivisions, due to actual or pending sales, from tax revenues previously paid by private utilities which now require replacement amount to \$3,512,095 annually.

These figures speak for themselves and demonstrate the injury which the taxpayers of Tennessee will suffer by reason of the T. V. A. policy.

Perhaps the authors of the Tennessee Valley Authority Act little realized the extent to which their creature would expand. Certainly nothing contained in the act provides for this tax dilemma. It is true that T. V. A. must, under the present law, pay 5 percent of the gross proceeds of power, sold from Tennessee dams, and 21/2 percent additional on extraseasonal power produced and sold from Alabama dams with water stored in Tennessee reservoirs. T. V. A. estimates that with the new properties acquired the gross sales of power by T. V. A. will total between \$11,000,000 and \$12,000,000 annually. Assuming that Tennessee should receive the tax "contribution" of 5 percent, plus the small extraseasonal power-sale contribution of 21/2 percent, the total would equal about \$350,000, or one-tenth of the State tax loss involved in the purchase. The total tax contribution of T. V. A., however, must be prorated among the States of Georgia, Alabama, Mississippi, North Carolina, Tennessee, and Kentucky on a proportional scale not yet announced. Moreover, under the present law this contribution is paid directly to the State, leaving no remedy to the counties and municipalities, many of which are facing financial disaster, according to the study of the Tennessee Taxpayers Association. The Tennessee coal mining industry is now to be burdened with the additional costs.

Various suggestions have been presented to remedy this situation. As the Supreme Court recently reversed precedents by a decision which permits States to levy income taxes on salaries of Federal employees, the State of Georgia enacted a law which now stands a fair chance of approval in the Supreme Court. The Georgia law, as I understand its terms, requires that properties of corporations and agencies of the Federal Government-

Engaged in proprietary, as distinguished from governmental activities, shall be subject to ad valorem taxation in this State (except insofar as the Constitution and laws of the United States may prohibit the taxation) at the same rate and in the same manner as the property of private corporations owning property in this State engaged in similar businesses are taxed; and all laws relating to the ad valorem taxation of such private corporations shall apply.

It seems to me that we should in the legislation which we are now considering provide proper guaranties that Tennessee and her political subdivisions and the other States within this great imperial domain shall be recompensed for the loss which they have sustained by the Federal Government becoming a great power organization instead of being restricted to its legitimate functions as a Government.

However, if this law-referring to the Georgia law-is challenged by T. V. A., years may elapse before the litigation is determined by the Supreme Court, and the involved States meanwhile will lose badly in needed revenues.

Mr. President, when the Federal Government embarks upon private business, certainly the law which was enacted by the State of Georgia, treating it as a proprietor and placing it in the same category as individuals, should be respected by the Congress.

When the distinguished member of the Supreme Court, Mr. Justice Black, spoke in this body on March 13, 1928, he used language which I shall now quote. I think it was a sound legislative statement and ought to be a sound judicial statement. I read from the Congressional Record.

When the Government goes into business in competition with a private individual there (at Muscle Shoals) why should not the Government be taxed? Why should it be given an unfair advantage?

Why should the Government, which sells power in Alabama, pay no taxes, although Alabama collects taxes from other industries

engaged in the same business?

Sooner or later it will take away from Alabama the right even Sooner or later it will take away from Alabama the right even to tax them, because if you impose a heavy tax on one and do not impose it on another, sooner or later the heavily taxed industry will fall and go cut of business.

Therefore, we insist upon this principle:
First, because it is fair and right, I insist that no government and no state and no municipality has the right to engage in competition with private business without newtre the semesour.

competition with private business without paying the same amount

of taxes that private business pays.

When I say that, do not understand me to say that I always oppose municipal or Government operation; but I do say that it is not fair, not right, and not just to require a citizen to do business and pay taxes and put up next door to him his own Government which pays no taxes.

The drafters of the original T. V. A. Act anticipated the legal obstacles of a Federal agency submitting to local taxation, by stipulating that T. V. A. should "contribute" a fixed share of its gross income to States in which it operates in lieu of taxes. The same principle can be extended.

Since its program of duplicating private electric facilities was launched in '33 the Tennessee Valley Authority has built thousands of miles of transmission lines and spent millions of dollars in direct duplication of the properties of privately owned utilities. That such a policy is unnecessary and costly is urged as the reason for this legislation by the Senator from Nebraska, the "father of T. V. A.." who now takes the position that T. V. A. must end what he describes as "useless and unnecessary, as well as destructive, competition" (p. 4, S. Rept. No. 189).

There is nothing, however, in the pending bills in the House which would limit the Tennessee Valley Authority from continuing the same tactics of using threatened duplication to bring additional private owners to their knees and to sell out at the Authority's price. In fact, about \$45,000,000 will be required by the Authority to complete the presently contemplated purchase, leaving it with a \$55,000,000 blank check on the Treasury of the United States with which to duplicate or expand without further authorization by the Congress of the United States. Although the "TEPCO" deal involves \$78,600,000, large cities, such as Chattanooga, Nashville, and some 200 incorporated towns and villages and 200 unincorporated towns and villages will purchase distribution facilities for which T. V. A.'s bonds will not be required.

It would seem to be too late, now, for T. V. A. to change its plan to buy out its chief competitor. It might be regarded as bad faith and it would prove no solution to the problems here presented, since T. V. A. would merely continue the process of destruction of TEPCO by duplication. Nevertheless, before congressional approval of this bond issue is granted, it is apparent that there should be incorporated very definite limitations as to the use of this money. The bills should be amended to provide:

(a) That funds authorized shall be used for the purpose for which they are requested, viz, purchase of the TEPCO

properties.

(b) That further duplication or purchase of existing private facilities shall be undertaken by T. V. A. only after

specific authorization by Congress.

(c) That T. V. A. shall contribute its full share of taxes or a just contribution in lieu of taxes to Federal, State, and local Governments on all its income-producing properties; and that in its power sale contracts to public agencies it shall include a mandatory provision requiring such agencies to make full local and State tax payments.

With the permission of the Senate, I will insert in the RECORD a statement on page 4 of Senate Report No. 189,

without reading.

The PRESIDING OFFICER. Without objection, permission is granted.

The matter referred to is as follows:

SEC. 15. In the construction of any future dam, steam plant, or other facility, to be used in whole or in part for the generation or transmission of electric power the Board is hereby authorized and empowered to issue on the credit of the United States and to sell serial bonds not exceeding \$50,000,000 in amount, having a maturity not more than 50 years from the date of issue thereof, and bearing interest not exceeding 3½ percent per annum. Said bonds shall be issued and sold in amounts and prices approved by the Secretary of the Treasury, but all such bonds as may be so issued and sold shall have equal rank. None of said bonds shall be sold below par, and no fee, commission, or compensation whatever shall be paid to any person, firm, or corporation for handling, negotiating the sale, or selling the said bonds. All of such bonds so issued and sold shall have all the rights and privileges accorded by law to Panama Canal bonds, authorized by section 8 of the act of June 28, 1902, chapter 1302, as amended by the act of December 21, 1905 (ch. 3, sec. 1, 34 Stat. 5), as now compiled in section 743 of title 31 of the United States Code. All funds derived from the sale of such bonds shall be paid over to the Corporation.

SEC. 15a. With the approval of the Secretary of the Treasury, the Corporation is authorized to issue bonds not to exceed in the aggregate \$50,000,000 outstanding at any one time, which

SEC. 15a. With the approval of the Secretary of the Treasury, the Corporation is authorized to issue bonds not to exceed in the aggregate \$50,000,000 outstanding at any one time, which bonds may be sold by the Corporation to obtain funds to carry out the provisions of section 7 of this amendatory act. Such bonds shall be in such forms and denominations, shall mature within such periods not more than 50 years from the date of their issue, may be redeemable at the option of the Corporation before maturity in such manner as may be stipulated therein, shall bear such rates of interest not exceeding 3½ percent per annum, shall be subject to such terms and conditions, shall be issued in such manner and amount, and sold at such prices, as may be prescribed by the Corporation, with the approval of the Secretary of the Treasury: Provided, That such bonds shall not be sold at such prices or on such terms as to afford an investment yield to the holders in excess of 3½ percent per annum. Such bonds shall be fully and unconditionally guaranteed both as to interest and principal by the United States, and such guaranty shall be expressed on the face thereof, and such bonds shall be lawful investments, and may be accepted as security for all fiduciary, trust, and public funds, the investment or deposit of which shall be under the authority or control of the United States or any officer or officers thereof. In the event that the Corporation should not pay upon demand, when due, the principal of, or interest on, such bonds, the Secretary of the Treasury shall pay to the holder the amount thereof, which is hereby authorized to be

appropriated out of any moneys in the Treasury not otherwise appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such bonds. The Secretary of the Treasury, in his discretion, is authorized to purchase any bonds issued hereunder, and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such act, as amended, are extended to include any purchases of the Corporation's bonds hereunder. The Secretary of the Treasury may, at any time, sell any of the bonds of the Corporation acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of the bonds of the United States. With the approval of the Secretary of the Treasury, the Corporation shall have power to purchase such bonds in the open market at any time and at any price. No bonds shall be issued hereunder to provide funds or bonds necessary for the performance of any proposed contract negotiated by the Corporation under the authority of section 7 of this amendatory act until the proposed contract shall have been submitted to and approved by the Federal Power Commission. When any such proposed contract shall have been submitted to the said Commission, the matter shall be given preference and shall be in every way expedited and the Commission's determination of the matter shall be final. The authority of the Corporation to issue bonds hereunder shall expire at the end of 5 years from the date when this section as is amended herein becomes law, except that such bonds may be issued at any time after the expiration of said period to provide bonds or funds necessary for the performance of any contract entered into by the Corporation, prior to the expiration of said period, under the authority of section 7 of this amendatory act.

NAVIGATION

Mr. KING. Mr. J. A. Krug, Chief Power Planning Engineer of T. V. A., told the special congressional committee investigating T. V. A. that if the same allocation theory were used as to Gilbertsville as was applied to the other 10 dams there would be a total of \$103,689,000 investment in the dam, and navigation would be charged with \$11,139,000 of investment in facilities useful for navigation plus 32.2 percent of the investment in multiple-use facilities, a total of approximately \$27,000,000 for navigation.

I think it proper, however, to call attention to the study of Army engineers of the Tennessee River and their recommendation that development of the river for navigation purposes should be by 32 low dams, which would cost \$75,000,000 (House Doc. 328, 71st Cong., 2d sess., pp. 98–100). The recommendations of the Army engineers were enacted into law by the Rivers and Harbors Act of 1930. Many of the sites of the low dams have been submerged by the vast power dams built by T. V. A., but the annual report of the Chief of Engineers for the fiscal year 1938 shows that the Federal navigation project for the development of the river below Pickwick Landing Dam includes five low navigation dams. These dams show an estimated cost of \$13,485,000, or less than half the cost which will be allocated to navigation in the construction of the Gilbertsville Dam.

Let me call attention to the size of the proposed lake to be formed by the Gilbertsville Dam. It will be 184 miles long, 7 miles wide at the widest place, and deep enough to accommodate the largest ocean ship. There is ample evidence to demonstrate that such a large lake is too hazardous in rough weather for the safe operation of the low, flat, steel barges now in use on the Ohio and Mississippi, which are but a few feet above the water line when loaded. There could be no chain of continuous navigation between the Tennessee and the Ohio and the Mississippi system, and undoubtedly there would have to be transfers of cargo to special types of cargo boats which experience would sooner or later require.

If there is doubt that navigation on such a large lake is hazardous, a glance at the experiences on Lake Pepin on the upper Mississippi will, I think, suffice to convince Senators that there is at least potential danger.

Lake Pepin is an enlargement of the Mississippi River forming a lake 23 miles in length and from 1 to $2\frac{1}{2}$ miles in width, with depths ranging from 25 to 35 feet. Such a body of water can hardly be called a lake in comparison with the proposed lake at the Gilbertsville Dam. Yet it

has been found necessary to construct three harbors of refuge on Pepin Lake for the protection of traffic.

In rough weather the waves on the lake are so large that all vessels are compelled to seek refuge in harbors. In 1890 one of the greatest river disasters in the history of the country occurred on Lake Pepin when the oceanlike waves overwhelmed the decks of the steamboat Sea Wing, and the vessel was destroyed and nearly 100 human lives were lost. The waves are even dangerous to high-decked packet vessels, and it takes but little imagination to know what the result would be to a barge line of low, flat, steel barges used in river traffic.

It is the opinion of many who are familiar with river navigation that the Gilbertsville Reservoir will not only not help in transportation, but will be an actual barrier to navigation. It is their opinion that the high waves natural in such a large body of water would founder the low freeboard river boats, as have been developed for high efficiency and economy of transportation on the 9-foot channels of the Monongahela, the Ohio, the Mississippi, and Missouri Rivers,

I ask permission to insert in the Record a statement by Capt. Donald T. Wright, editor of the Waterways Journal of St. Louis, the authoritative trade journal of the inland transportation industry.

The PRESIDING OFFICER. Without objection, the statement will be inserted in the RECORD.

The statement is as follows:

Congress, should it study anew the authorization granted for construction of the Gilbertsville Dam, may or may not conclude that it was ill-advised. But the popular view, albeit the practical view of actual river navigators, holds that the T. V. A. officials are too inexperienced in matters of river navigation to grasp the implications that the Gilbertsville Dam carry with it distinctly implications that the Gilbertsville Dam carry with it distinctly threatening to its success. I do not say that the T. V. A. officials are inexperienced in matters of stream flow, flood control, and the water generation of power. But from the first inception of the T. V. A., when I learned the names of its guiding officials, I was skeptical of their ability to solve the navigation problems of the Tennessee River. I then held, and I do now, the highest respect for these men in the field of their lifetime endeavors. But as far as I know to this day their endeavors prior to 1933 had never dealt directly with the practical problems of creating an integrated navigation system for the 36 States that lie wholly or in part within navigation system for the 36 States that lie wholly or in part within the Mississippi Basin.

If the Tennessee Valley Authority, with unprecedented grants of latitude and money, has failed to integrate the Tennessee River into the national, standardized, and connected chain of inland waterways, it poses very gravely the question whether the Authority method for dealing with rivers should in future be extended.

Incidentally, there are three things—navigation, power, and flood control—that simply do not work together in the same system of dams. Nor do two of them, tied together, pull any too steadily in their double harness.

As for triple harness--well, we must leave that to the T. V. A.,

which already has expended some \$200,000,000 to find out.

At first glance high dams for rivers appear to hold marvelous possibilities. T. V. A. officials often wax eloquent in describing

High dams make for few dams.

Thus commerce is not delayed as often for lockage as is the case on rivers like the Ohio, improved by a series of low, frequent dams. High dams create vast lakes.

Thus recreational facilities are provided, and wildlife may be propagated.

High dams, besides creating deep water for navigation, hold back a large head of water useful for the turning of power generators.

High dams, if kept empty—and the word "if" should be emphasized—may be used to hold back excessive rainfalls from flooding the lower valleys.

But high dams create wide and deep lakes. On this score the results for river navigation are unfavorable. Such bodies of water have, in fact, scores of liabilities even after these are deducted from the sum total of their assets. For river-type boats and barges they create the hazard of rough water, long rolling swells, or actual

it make provision for hand operation of the lock. Therefore, be-fore the lock could again be operated after the storm was over, it was first necessary to remove the electric motors and dry them out

was first necessary to remove the electric motors and dry them out as a result of the wind-borne waves that in themselves represented a river navigation problem created by this dam.

Navigation was stopped there for 6 days; and in particular instances one towboat was delayed for 44 hours, and another for 22 hours. These, I gather, were T. V. A. boats, and no commercial navigation was delayed. Incidentally commercial navigation of the Tennessee River, except in certain short stretches, is very rare today above Muscle Shoals. But should such navigation try to develop on the large scale suggested by Mr. Lilienthal in his Knox-ville address of last month, this type of delay may be expected to be very common and, needless to say, very dampening upon its growth. When the waves mentioned were at their worst, their height was estimated at from 8 to 12 feet, and lockmen could not height was estimated at from 8 to 12 feet, and lockmen could not stand on the lock walls.

Mr. KING. Certainly, if three harbors of refuge are necessary to protect river traffic on a small lake only 23 miles, 21/2 miles wide at the widest point, and 35 feet at the deepest point, conditions on the Gilbertsville Lake will be very serious during period of storm. Will it be possible for barges then in the middle of a lake, 7 miles wide at the widest point, to reach harbor refuges, even were such refuges available? Can adequate harbor facilities be provided? As far as I know, however, T. V. A. has made no studies of the effect of wind and wave on river traffic, nor has it included in its cost, to my information, any estimates for harbors of refuge.

Mr. President, I am opposed, as I have indicated, to the amendment now pending, as I was opposed to the original T. V. A. bill. My position today is fortified by the additional reason that the amendment, which is in the form of a bill heretofore passed by the Senate, is pending before a committee of the House of Representatives. I submit that it is an affront to that committee and to the legislative branch at the other end of the Capitol for the Senate to add by way of a rider the amendment which has been offered by my distinguished friend from Nebraska.

ADMINISTRATION OF AGRICULTURAL ADJUSTMENT ACT AND SOIL-CONSERVATION PROGRAM

Mr. HATCH. Mr. President, I regret to take the floor at this particular time to discuss a matter which is not pertinent to the measure pending before the Senate: but there have been going on in the State of New Mexico-and I am satisfied also in other sections of the Union-certain practices in connection with the administration of the Agricultural Adjustment Act and the soil-conservation program, and in recent months I have received so many letters from citizens of my State relating thereto that I feel compelled to lay before the Senate some of the things about which so much complaint is being made and because of which my correspondence is so heavily burdened.

The question is not altogether new. It has not arisen in the past few weeks, but the matters to which I refer have been going on over a long period of time. In my humble judgment, the farmers of my State have received very unfair and very unjust treatment, not altogether at the hands of the Agricultural Department. In fact, I am inclined to the belief that it is not the fault of the Agricultural Department that this particular matter arises, although blame is to be attached to the Department in the administration of the agricultural program.

In 1937, pursuant to laws enacted by Congress supposed to confer certain benefits upon the farmers of the country, the farmers of my State in practically every county where farming is carried on, and in my own county, particularly where they have dry-land farming, tried to follow practices laid down by the Department under the soil-conservation and agricultural adjustment programs.

I say they tried to follow those programs because it was impossible for any person to know exactly what should or should not be done. I make that statement advisedly, because I myself tried to ascertain from different agencies what was expected, and I received many different answers. I am quite sure errors were made by the farmers of my State, probably many errors. Perhaps they did not exactly comply with the program; but knowing the people of my State-who are no different from those in other States—I am convinced that whatever errors may have occurred were in the greater part, the vast, vast majority of instances, honest errors, and that the farmers believed they were complying with the program exactly as intended and exactly as laid down. As a matter of fact I am told that change after change was made in instructions, and no man could be certain as to what practice should be followed.

The matter was complicated. It was more or less difficult to know just what was to be expected, what practices should be termed "soil conservation practices," what crops could be planted, the measurement of lands, and other things that were all more or less new. Nevertheless, the farmers tried to cooperate. They carried on as best they could; and for their 1937 efforts they were paid what they were told they would receive and what they expected to receive, although in many

instances the payments were delayed.

I have not the entire history of the matter; but, as I understand, months later the compliance sheets or records, or whatever they may be called, were sent to the General Accounting Office here in Washington. They finally reached the General Accounting Office, and the bookkeepers and auditors of that office went over the records with a finetooth comb, and in many instances decided that compliance had not occurred here and had not occurred there. When in one instance 160 acres of land, a quarter section, was shown to have been all cropland, the auditors in Washington said, "That is impossible. You cannot have 160 acres of cropland out of a quarter section, and therefore this farmer has falsified his record"; and they ruled that he should refund to the Government the payment for the proportion or part of the 160 acres which the auditors said could not have been cropland, notwithstanding the fact, startling as it may seem, that I can show the auditors in Washington by actual measurement that a quarter section of land sometimes consists of more than 160 acres. I can demonstrate by actual experience that tracts of land which are shown by Government surveys to contain 40 acres very frequently contain more than 40 acres and sometimes less than 40 acres. In the General Accounting Office, however, they say that is not true, and therefore that some farmer has falsified a record.

Mr. President, do not misunderstand me. If there has been any willful wrongdoing anywhere, by big farmer or by little farmer, certainly he should refund to the Government what he has been overpaid because of his willful violations of the prescribed practices. I venture to say, however, that there is not one case out of 100 or more in which there has been any willful violation.

All of this means, Mr. President—and this is what has happened—that after this wise examination and searching of records here in the General Accounting Office, after the auditing and the reauditing over and over again, the auditors decided that they would make no payments whatever for 1938 until they had gone out and checked and rechecked and reviewed and rereviewed and scanned once more, in the field and in the accounting offices, all the records of 1937 in many counties; and in many counties all payments for 1938 were suspended pending the checking and rechecking and investigation and reinvestigation over again.

Mr. President, it may not mean anything to those employed in the General Accounting Office to suspend payments due in 1938 all during that year, and down into 1939, and up to the present day, and still not make them. It may not mean anything to the auditors and checkers of that Office who draw their salaries twice a month. They may not understand that the farmers in my State, in many instances, have incurred obligations on the strength of the payments they expected to receive from the Government, and that they have not been able to meet their obligations because somebody in some office here in Washington suspects that they may have been overpaid in 1937, and therefore the payments for 1938 were held up, and have not been made. Instead of being made for 1938, the auditors now have wisely concluded, in many instances, that refunds should be made by the farmers

for 1937, and they are not going to make the 1938 payments until they collect from the farmers the part which they say is overpayment for 1937. I use the expression "which they say" because in this instance the General Accounting Office, or wherever the fault is, has acted as prosecutor, as judge, and now as collector. The individual farmer has no place to go to assert any defense he may have, and to show that he complied in good faith and with honesty with the program in 1937. There is not a place in the world to which he can go to defend against the accusation and the charge that he was unfair and that he was overpaid. Arbitrarily he is informed today, "You were overpaid so much money in 1937, and therefore in 1938 and 1939 we will take out the payment that was due you in 1938."

I said in the beginning that it was unfair and unjust. I repeat that any system which arbitrarily assesses charges or refunds against individuals, and then collects them without the individuals having any day in court or any place to pre-

sent their defense, is unfair and unjust.

Mr. RUSSELL. Mr. President—
The PRESIDING OFFICER (Mr. TRUMAN in the chair).
Does the Senator from New Mexico yield to the Senator from Georgia?

Mr. HATCH. I yield.

Mr. RUSSELL. As I understand, the local county committees, which determine whether or not the farmer has complied with the farm program, are selected by the farmers. Do not the farmers of whom the Senator speaks have an opportunity to appear before the local committee which they have participated in selecting?

Mr. HATCH. The Senator was not in the Chamber when I began my remarks or he would have understood. It is not a case of the local committee; in fact, I am discussing the payments made in 1937. Those payments were made to the farmers in my State, and I am satisfied there are some such farmers in the Senator's State. For 1937, after the local committee had reviewed the practices, after they had been approved by the local committee following the instructions given, in most instances, by the county agent, after they had been approved by the State committee, then they came to the Department of Agriculture and were approved in Washington and checks were actually issued and sent out. Then the records went over to the General Accounting Office, and the auditors and bookkeepers in the General Accounting Office said the farmers had not complied, that they had made mistakes, that there had been overplantings, that some soil-conservation practice was not in accordance with the "docket," as they called it, or something else, and that therefore the farmers had been overpaid, and the Government claimed refunds.

Mr. RUSSELL. I did not hear the early part of the Senator's remarks. As I now understood, the complaint is against the practice of the General Accounting Office—

Mr. HATCH. It certainly is.

Mr. RUSSELL. In constituting itself as a supercourt to review and overrule the local committee, the State committee, and the Department of Agriculture?

Mr. HATCH. That is exactly correct.

Mr. RUSSELL. I think the Senator's complaint is well founded, and I hope there will be legislation to clear up these cases. A great many of them originated in 1937, and they are destroying the faith of the farmers in the fairness of the Government in dealing with them in the farm program.

Mr. HATCH. I am very glad the Senator from Georgia made the observation that the condition complained of is destroying the faith of the farmer in his Government. I have some letters before me now which bear out exactly what the Senator from Georgia has said, and I may digress at this point and read some excerpts from them.

The letter I hold in my hand is from a man I have known personally for many years. I know him to be a sincere, honest, upright American citizen. He wants very much to serve his Government, and he wanted to cooperate in the farm program, but he came in this class of cases, and to show how

incensed the farmers become, I will read some of the language this man uses:

Hair splitting over turn rows, returning weeks of work to be all done again over some senseless form or a few feet of variance in measuring land, unwilling to take time-honored measurements or the United States U. S. R. S. surveys. One set of officials O. K. on compliance, only to have another set to require valuable crops plowed Office nit-wits that do not know a cotton stalk from a cocklebur sending out myriads of nonsensical, useless compliance forms which are carefully, painstakingly, and honestly observed, only to be sent back for some fancied or imaginable error. A well-established policy of chasing a man off the job just as soon as he learns it, thus nullifying all his work. Buck passing by everybody. No man given power to say "yes" and "no"; gross incompetency rampant; all power taken from our extension director; our county agent chased off the job; our State committee reduced to parrotlike men; our county committee elected by the farmers, who are mere cogs in the wheel of a

merry-go-round.

The Government's promise to pay will no longer buy bread.

Subsidy payments cannot be used as security for bank loans.

Mr. President, there are more pitiful stories than that. Let me read a letter from Bellview, N. Mex., which happens to be in Curry County, the county in which I live:

DEAR SENATOR HATCH: I have received a notice that I was overpaid on my 1937 wheat allotment payment. I complied in every way for this payment and kept 70 acres of wheat out of production. My wheat made \$8 an acre that year, and I therefore lost \$560 for \$263 rayment and now they claim I should have been paid only \$263. I followed the county committee's instructions and they O. K.'d the practices. I will sure appreciate anything you can do about this. It is grossly unfair to the farmer.

I have many other letters of like tenor and purport, but here is an interesting one. This is from a man who lives in Grady, N. Mex., which is also in Curry County. This is the letter and the record sent to this man, of which he complains:

For 1937 you were paid \$279.43. It is indicated that you should have been paid nothing, and have been overpaid \$279.43.

That was the exact amount he received. I presume that man is grateful that no deficiency judgment is asked against him. Can Senators conceive of the Government going back and claiming a refund of every cent originally paid to a man? Yet that happened in Curry County, N. Mex.

A very illuminating letter was written to me from an adjoining county to mine in New Mexico by a lady. I am not sure that I know the lady, I think I do, but I do know something of what the farmers are faced with in the country from which she writes. I know something about the drought, and the grasshoppers, and all the things with which they have to contend. I know they have tried as faithfully as any people can try to comply with the entire agricultural program. This is the letter I received from this lady:

During the fall of each season the Department of Agriculture, through its county agent, calls meetings of farmers in each district to cutline farm program for wheat farmers. They make promises that if we leave out of production certain acreage, follow specified practices on seeding and cultivating land, we will receive so much

practices on seeding and cultivating land, we will receive so much money for cooperation.

In the fall of 1936 I left out acreage and complied with all the practices specified by the Department of Agriculture, according to their officials, especially the county agent. They do not send book or docket so that we can post ourselves on the requirements, so we have to depend on what the county agent tells us is necessary to do.

Now, I am in receipt of letter from the Department of Agriculture, Mr. Royce Banks, acting State executive officer, copy of which is attached. I do not know just what discrepancies I am accused of, but as above stated I complied according to instructions, and if any discrepancy exists, the fault is with the Department of Agriculture in some of its offices and not with the farmer.

I did what I agreed to do, and the Government agreed to pay me

\$452.72, and I do not think that I should be penalized in the sum

\$452.72, and 1 do not think that I should be penalized in the sum of \$248.28 for someone else's error.

If the Department of Agriculture is unable to administrate this program more efficiently than it has been, they will not have many cooperators left in this community. It appears they have almost as many employees as we have farmers, and it does seem they should be able to administrate this program with some degree of satisfaction to the farmers who are trying to cooperate with them.

I have here the copy that was sent to this lady telling her what her discrepancies were, the practices which she failed to observe, and for which the great Government of the United States has held up her 1938 payment until June 1, 1939, without forwarding it, in order that they may collect

from her \$200 which the Government of the United States. through some officer or clerk, says she was overpaid. is the discrepancy of which they say she is guilty? I will read what they say and ask if Senators of the United States assent to this. I see before me some of the brightest and most intelligent minds in the United States of America, and I ask Senators to listen to the notice this lady received, and tell me what she has been guilty of:

DEAR MRS. P.: On the basis of an audit conducted by the Department of Agriculture at the request of the Comptroller General of the United States, it has been determined that the original agricultural conservation program payment made to you for per-

agricultural conservation program payment made to you for per-formance in 1937 was in error.

The investigation disclosed the following discrepancies in the preparation of applications for payment in your county:

(1) Soil-depleting bases were assigned to farms in excess of the

crop land.

(2) Cotton bases were not established on the basis of cotton history but were assigned to persons growing cotton in 1937 regardless of such history.

The first two discrepancies set forth relate to cotton. I know that county very well, and there is some cotton raised in Quay County, N. Mex., but I venture to guess that this lady does not raise cotton. She was raising wheat, as she states in her letter. But the first two discrepancies relate to cotton.

(3) Arbitrary changes were made in bases and yields.

Who made arbitrary changes in bases and yields? What does that mean, I ask the Senator from Georgia?

Mr. RUSSELL. Mr. President, I have always felt the Senator from New Mexico was a friend of mine, but he has propounded a question which I do not think it would be possible for any individual to answer without knowledge of the facts.

Mr. HATCH. Yet this lady was told that because she has done this she must pay back to the Government of the United States some two hundred dollars.

(4) Soil-building practices were not properly classified according to the regulations.

That makes just as much sense to me as the other did.

(5) Two practices carried out on the same acreage were reported as separate acreages.

That has some semblance of reason. I think we might be able to gather some idea from it.

- (6) Certain acreages as reported for payment did not agree with the field supervisor's original report.
- I do not know what great weight should be given to a field supervisor's original report. It implies that he might have made a subsequent report, which perhaps did not agree with the original report. Senators can speculate on what that language means. I do not know.
- (7) The data reported under the 1937 agricultural conservation and cotton price adjustment programs differed when it should have been identical.

I do not know what that means.

And then finally comes this sentence, which makes all that has gone before clear and certain, and this woman can now tell exactly with what she is charged. Senators, somewhere those of us who studied a little law have heard that even a criminal is entitled to know the charge he must meet, So they are going to make it clear and certain that this woman who has violated these practices to such an extent that she is penalized more than \$200 shall know with what she is charged. Therefore the letter says:

One or more of the above discrepancies were found on your application for payment.

Senators may take their choice, as this woman must take her choice, and read the letter from beginning to end and say that somewhere in the list is one or perhaps more things she has not done or which she should have done. When the charges are read she still can only guess as to how she failed to comply.

Thus, Mr. President, is presented a picture which I do not like to contemplate. Citizens of the United States are sent such letters and have amounts charged up against them,

and their payments withheld for a year or 18 months. I have protested for months against such procedure. I learned about it last fall before I returned to my home. I took the matter up with the Secretary of Agriculture. I have taken it up with the western division. I have done so by letter, by telegram, and in person, and yet letters such as that I just read continue to go forward, and the 1938 payments have not been made. Government officials are still holding them up and demanding refunds, with no chance on the part of the—I almost said the defendant—no chance on the part of the farmer to present what defense he might have.

Mr. President, I believed so strongly that the Department was wrong that early in the session I introduced a bill requiring the Secretary of Agriculture to make payments for 1938 and previous years without regard to any audits which had been made, and to make them immediately. I included some other provisions in that bill which perhaps have delayed its passage. So soon as we can obtain a meeting of the Committee on Agriculture and Forestry, I expect to offer an amendment which will strike everything out of that bill except the provision requiring the Secretary of Agriculture to make the payments for 1938 and to do it now.

If there has been wrongdoing, if there has been willful violation of practices in the collection of money which should not have been paid to the farmer, the Government of the United States is able to go into the courts of the land, if necessary, and recover it, where the citizen would have a chance to present some defense. These charges and assessments should not be made here in Washington or in some office where the farmer has no chance to present his side of the story.

Mr. President, it is a simple maxim, one as old as Anglo-Saxon law, that every person is entitled to his day in court. In the present instance not only is the Government dealing with one of its citizens, but the citizen is absolutely helpless. If it were a case between individuals; if someone owed me a certain amount and attempted to deduct from it, or if I made certain claims against him, we could go into court and fight it out and have the issue determined as to who was right and who was wrong. But in a contest between the Government and a citizen no such privilege is accorded to the citizen. He must take what the Government sees fit to give, which throws all the greater responsibility upon the officials of the Government.

I do not know how much money is involved in these overpayments or claims for refunds, but I have a very deep conviction that whatever sum is involved, the Government of the United States can better afford to lose it than to destroy the faith and confidence of any number of our citizens in their Government.

Mr. President, I hope the Department of Agriculture will see fit by some method or in some manner to make these 1938 payments now, and disregard its claims for refund until some tribunal can be established where the farmer may be permitted to show that he did in fact and in truth comply with the program.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Calloway, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 572) to provide for the common defense by acquiring stocks of strategic and critical materials essential to the needs of industry for the manufacture of supplies for the armed forces and the civilian population in time of a national emergency, and to encourage, as far as possible, the further development of strategic and critical materials within the United States for common defense.

AMENDMENT OF SECOND LIBERTY BOND ACT

The Senate resumed the consideration of the bill (H. R. 5748) to amend the Second Liberty Bond Act, as amended. Mr. GEORGE. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. MILLER in the chair). The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Downey	Lee	Schwellenbach
Andrews	Ellender	Lodge	Sheppard
Ashurst	Frazier	Logan	Shipstead
Austin	George	Lundeen	Slattery
Barbour	Gibson	McCarran	Smith
Barkley	Green	McKellar	Stewart
Bilbo	Guffey	McNary	Taft
Bone	Gurney	Maloney	Thomas, Okla.
Borah	Hale	Miller	Thomas, Utah
Bulow	Harrison	Murray	Townsend
Byrd	Hatch	Neely	Truman
Byrnes	Hayden	Norris	Tydings
Capper	Herring	Nye	Vandenberg
Caraway	Holman	O'Mahoney	Wagner
Clark, Idaho	Holt	Pepper	Wheeler
Clark, Mo.	Hughes	Pittman	White
Connally	Johnson, Calif.	Radcliffe	Wiley
Danaher	Johnson, Colo.	Reed	
Davis	King	Reynolds	
Donahey	La Follette	Russell	

The PRESIDING OFFICER. Seventy-seven Senators have answered to their names. A quorum is present.

The question is on agreeing to the amendment proposed

by the Senator from Nebraska [Mr. Norris].

Mr. HARRISON. Mr. President, personally I dislike to oppose the amendment offered by the Senator from Nebraska [Mr. Norris]. I favored the legislation when it was before the Senate some weeks ago, and I would vote for it now if it were before us on its own footing and not as an amendment to the pending bill. I was delighted when those representing the T. V. A. and the power companies in Tennessee reached a reasonable agreement. It goes without saying that since I was for the legislation when it was previously before the Senate, I very much hoped it would pass the House. However, I am still one of the rare specimens who believe in orderly legislation.

The bill now before the Senate was introduced in response to the request of the Secretary of the Treasury to remove the partition between Treasury bonds and Treasury notes within the debt limit of \$45,000,000,000, so that orderly financing in the interest of the Government might be followed. The bill before us has nothing in the world to do with the agreement entered into between the power companies in Tennessee and the T. V. A., or with the legislation which is proposed in the form of an amendment to the pending bill.

What would be the situation if the amendment were added to this bill? There has been no change in the public-debt legislation as originally introduced. It was reported out of the Ways and Means Committee without change. It passed the House without amendment and with little opposition. If the amendment offered by the Senator from Nebraska should be agreed to, the conferees appointed on the part of the Senate and the conferees appointed on the part of the House to consider revenue legislation would then be called upon to consider the T. V. A. amendment in conference, if the amendment should go to conference. Of course, the Senator from Nebraska says that a motion would be made in the House to concur in the amendment. That may be. No doubt the proponents of the amendment would make such a motion. But suppose the motion did not prevail in the House?

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. NORRIS. I will say in answer to that question that, so far as I am concerned, if the motion did not prevail my fight would be ended. If the House had a yea-and-nay vote, and it were messaged back to the Senate that the House had disagreed, I should then be in favor of receding from our amendment. The amendment will never get to conference. I do not see any necessity of its ever going to conference. I want the House to have an opportunity to vote, and I intend to abide by the vote of the House.

Mr. HARRISON. The Senator from Tennessee [Mr. McKellar] nods his head in assent to the sentiments ex-

pressed by the Senator from Nebraska.

Mr. McKELLAR. Mr. President, I feel the same way about it, and so state to the Senate.

Mr. HARRISON. I must follow up my line of thought, even though I am "unhorsed." I never thought the time would come in legislative matters when the Senator from Nebraska would give up so easily. In his long legislative career I have never known him to surrender so quickly.

Mr. NORRIS. Of course, we cannot enact a law without the approval of the House, which would either have to concur in the amendment or reject it. However, the parliamentary tangle is such that the House will not have an opportunity to vote until the time has passed for this particular contract to be approved. If we do not adopt the amendment, the contract will be dead. All I want is to let the House speak; and when the House shall have spoken I know that if the House does not want the legislation we cannot have it, and I will surrender.

Mr. HARRISON. I presume the Senator from Nebraska has reasons which seem sufficient to him for pressing the amendment. Of course, the Senator is adroit, adept, and wise in parliamentary tactics. I was a little surprised when he said that all he wanted was a vote. If the matter is voted down, it may rise again. Of course, I give full faith and credit to what the Senator from Nebraska says.

So far as I am concerned, I would not serve on the conference committee, because I do not know enough about the details of the amendment. If a conference committee were to be appointed to deal with the amendment, the committee ought to come from the membership of the Committee on Agriculture and Forestry in the Senate, which reported the bill, and from the Military Affairs Committee of the House, which handles T. V. A. matters in the House.

Mr. President, I cannot agree to the adoption of the amendment to the pending bill. It has never come before the Finance Committee. We are dealing with a simple bill and not with the complex proposal involved in the amendment. If the amendment should be agreed to, the members of my committee would take umbrage at such action. They would feel-and, I think, justifiably so-that they had not been treated fairly.

I dislike to see this kind of proposed legislation attached to another bill as an amendment. Such measures ought to stand upon their own footing. In the past I have heard many distinguished Senators into whose eyes I now look make that statement upon the floor of the Senate.

I do not care anything about a fight between committees in the House or jealousies between committees in the House. There is great leadership in the House, which has straightened out many tangled situations; and it would seem to me that if this proposal is being smothered in the House Committee on Military Affairs because of the attitude of certain members of that committee, the gentlemen over there who have done so well in the past can untangle the situation and straighten it out so that the House may vote on the measure.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. NORRIS. The Senator has served in both the House and the Senate. Will the Senator tell the Senate what the House could do or how the House could take the bill from the committee within the limit of time in which it must be done? It is impossible. There is no way to discharge the committee in the House within the limited time.

Mr. HARRISON. I know that the Senator from Nebraska is well acquainted with the Speaker of the House [Mr. Bank-HEAD] and the leader of the majority [Mr. RAYBURN] as I am. I know how persuasive they are, how influential they are, and how close they are to other Members. I think the leadership in the House might succeed in having the Military Affairs Committee of the House report the bill so that the House could vote upon it.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. McKELLAR. I will say to my friend from Mississippi that, in my judgment, unless the amendment is adopted there will be no chance for the measure to be passed in time to conform with the preliminary contract which has been made. I appeal to the Senator from Mississippi to allow

the amendment to be agreed to by the Senate, and let it go to conference, where it can take the course which has been outlined by the Senator from Nebraska. I hope my friend will do that.

Mr. HARRISON. I am as fond of the Senator from Tennessee as I am of the Senator from Nebraska. If the Senator from Tennessee were chairman of the Military Affairs Committee of the House, which handled the intricate questions touching the T. V. A., and he differed with some other gentlemen with reference to a piece of legislation, and were conducting hearings, and he saw efforts being made in the other body to take jurisdiction away from him, I cannot conceive in my wildest imagination anyone who would raise more "sand" than would the Senator from Tennessee.

Mr. McKELLAR. Mr. President, if the Senator will allow me to answer that question, I will say to him that many years ago I introduced in the House the first Muscle Shoals bill that ever passed. It was reported by the Military Affairs Committee, of which I was a member at the time. It was defeated in the House. The Senator was in the House, and voted for the measure, which was attached to another bill as an amendment. The Senator voted for it, but, through the activity of some gentlemen who were opposed to it, it was defeated. The Senator from South Carolina [Mr. SMITH] introduced the same measure in the Senate. It was adopted by the Senate and went to conference, became the law, and is the law today.

As a Member of the House at that time who had offered the Muscle Shoals Dam amendment, I was delighted that the Senator from South Carolina offered substantially the same amendment in the Senate and had it adopted. I was even more delighted to see the Smith amendment adopted by both Houses. It was a condition, not a theory, which confronted me then; and it is a condition, not a theory, which confronts us today. Surely, as a Member of the House, I was not hurt because the Senator from South Carolina fathered the proposal in the Senate. This is the only way in which we can save the situation.

Mr. HARRISON. Mr. President, I wish to say only a few words in conclusion, and then I wish to have a vote taken on the amendment.

I have no personal interest in the world in the amendment. Senators who wish to vote for it will vote for it. I shall not serve on the conference committee if it should get that far. The Senator from Nebraska says it will not get that far. He may know what those in charge of legislation in the House are going to do. He may appreciate better than I that everything is fixed, and that the amendment would be carried in the House. However, whatever action the Senate may take on this question will be entirely satisfactory to me. For my part, I will not affront the House by voting to add an amendment dealing with the T. V. A. to a simple bill dealing with the question of removing the partition in public-debt obligations, particularly in view of the fact that the House Military Affairs Committee has now pending before it the Senate bill identical with this amendment.

Mr. CONNALLY. Mr. President, will the Senator yield? Mr. HARRISON. I yield.

Mr. CONNALLY. Is it not true that if the amendment should be adopted and go to the House, a motion to concur in the Senate amendment would be a preferential motion in the House?

Mr. HARRISON. It would. Mr. CONNALLY. All the mover would have to do would be to obtain recognition from the Chair and move to concur, which would be a preferential motion; and it would be possible, probably, to get a vote on the question of concurring. Of course, if the House refused to concur, that would be the last of it.

Mr. HARRISON. The Senator is correct.

Mr. President, that is all I have to say. I ask for the yeas and nays on the pending question.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Nebraska [Mr. Norris], on which the yeas and nays have been demanded.

The yeas and nays were ordered, and the Chief Clerk called the roll.

Mr. SHIPSTEAD (after having voted in the affirmative). I have a pair with the senior Senator from Virginia [Mr. Glass]. I learn that he has not voted. I am informed that if present the Senator from Virginia would vote "nay." Therefore I withdraw my vote.

Mr. AUSTIN. The Senator from California [Mr. Johnson] is paired on this question with the Senator from Rhode Island [Mr. Gerry]. The Senator from California, if present, would vote "yea," and I am advised that the Senator from

Rhode Island would vote "nay."

I announce the following general pairs:

The Senator from New Hampshire [Mr. Tobey] with the Senator from South Carolina [Mr. SMITH].

The Senator from New Hampshire [Mr. BRIDGES] with the Senator from Missouri [Mr. CLARK].

The Senator from Wisconsin [Mr. Wiley] with the Senator from Massachusetts [Mr. Walsh].

All of these Senators are necessarily detained, and I am not advised how any of them would vote, if present.

The Senator from New Hampshire [Mr. BRIDGES] is absent

because of an operation.

Mr. BARKLEY. I announce that the Senator from Virginia [Mr. Glass] is detained from the Senate because of illness. I am advised that if present and voting he would vote "nay."

The Senators from Alabama [Mr. Bankhead and Mr. Hill], the Senator from New York [Mr. Mead], the Senator from Indiana [Mr. Minton], the Senator from Wyoming [Mr. Schwartz], and the Senator from New Jersey [Mr. Smathers] are absent on important public business.

The Senator from Louisiana [Mr. Overton] is detained at

his home by a slight illness.

I am advised that if present and voting those Senators

would vote "yea."

The Senator from Arizona [Mr. Ashurst], the Senator from New Mexico [Mr. Chavez], the Senator from Missouri [Mr. Clark], the Senator from Nevada [Mr. McCarran], and the Senator from Indiana [Mr. Van Nuys] are detained in Government departments on official matters.

The Senator from Florida [Mr. Andrews], the Senator from Iowa [Mr. Herring], and the Senator from South Carolina [Mr. Smith] are attending important committee meet-

ings.

The Senator from North Carolina [Mr. Balley], the Senator from Michigan [Mr. Brown], the Senator from Rhode Island [Mr. Gerry], the Senator from Iowa [Mr. Gillette], and the Senator from Illinois [Mr. Lucas] are absent on important public business.

The Senator from Nebraska [Mr. Burke] is absent on official business for the Committee on the Judiciary.

The Senator from Massachusetts [Mr. Walsh] is attending the exercises at the Naval Academy, and is therefore necessarily detained.

The result was announced—yeas 45, nays 23, as follows:

	YE	AS-45	
Barkley Bilbo Bone Borah Capper Caraway Clark, Idaho Connally Donahey Downey Ellender Frazier	Green Hale Hatch Hayden Holman Holt Hughes Johnson, Colo. La Follette Lee Logan Lundeen	McKellar McNary Maloney Miller Murray Neely Norris Nye O'Mahoney Pepper Pittman Reynolds	Russell Schwellenbach Sheppard Slattery Stewart Thomas, Okla, Thomas, Utah Wagner Wheeler
	NA	YS-23	
Adams Austin Barbour Bulow Byrd Byrnes	Danaher Davis George Gibson Guffey Gurney	Harrison King Lodge Radcliffe Reed Taft	Townsend Truman Tydings Vandenberg White
	NOT V	OTING—28	
Andrews Ashurst Bailey	Bankhead Bridges Brown	Burke Chavez Clark, Mo.	Gerry Gillette Glass

Herring Hill Johnson, Calif.	McCarran Mead Minton	Schwartz Shipstead Smathers Smith	Tobey Van Nuys Walsh Wiley
Lucas	Overton	Smith	Wiley

So the amendment of Mr. Norris was agreed to.

The PRESIDING OFFICER. The bill is still before the Senate and open to further amendment.

Mr. BORAH. Mr. President, I ask the Senator from Mississippi [Mr. Harrison] or the Senator from Michigan [Mr. Vandenberg] to state a little more fully—and I am frank to say it is for the Record—the object of this proposed amendment to the Second Liberty Bond Act. It seems on its face to state a purpose which all of us ought to understand; but what is it intended that the Secretary of the Treasury may do or is going to do under this proposed amendment?

Mr. HARRISON. Mr. President, I will say to the Senator that a year ago, when legislation was enacted fixing the debt limit at \$45,000,000,000, the partition then was \$25,-000,000,000 of long-term paper or bonds and \$20,000,000,000 of short-term paper, Treasury notes, and so forth. In 1938, at the request of the Secretary of the Treasury, we passed legislation which increased the limitation on bonds to \$30,000,000,000, leaving at \$15,000,000,000 the amount of short-term notes, Treasury notes, and so forth, that could be issued and maintaining the debt limit at \$45,000,000,000.

I can best answer the Senator's inquiry by reading the recommendation of the President. In the last paragraph

he says:

I recommend that the Congress take such action as may be necessary to give the Treasury the authority which will enable it to carry out its financing operations during the next fiscal year as may be for the best interest of the Government in line with market conditions at the time of such financing.

And the Secretary of the Treasury stated:

In order that the Treasury may be in a position to take advantage of favorable market conditions and not be forced to confine all of its financing operations to short-term obligations, I strongly urge that a recommendation be made to the Congress that the limitation of \$30,000,000,000 on bonds be eliminated entirely so as to give the Treasury the flexibility it needs for its financing operations during the next fiscal year.

I may say further to the Senator that within the \$30,000,000,000,000 limitation the Treasury now may issue bonds to the extent of only \$1,697,000,000. They may still issue, under the law as it now exists, \$5,043,000,000 of additional public-debt obligations. When the Secretary of the Treasury appeared before the Finance Committee last week, he stated that in the near future he had to refund over \$980,000,000 of Treasury notes, and he wanted to do it by issuing Treasury bonds, contending that it was better for the Government to do so. The Secretary stated that he desired to issue securities best suited at the time to meet the conditions of the market and the needs of the Government.

I may say that the question has arisen in the committee, advanced by the Senator from Michigan [Mr. Brown], who is not here temporarily, and I think by the Senator from Texas [Mr. Connally], that if it is now advocated by the administration that a tax on future Government securities be enacted into law, it is somewhat of an inconsistent policy for the Government at this time to want authority to issue additional bonds, which naturally would be tax exempt. But the answer to the question of the Senator from Idaho is that the Treasury expects soon to have to refinance a considerable amount of short-term paper, and from a Government standpoint it would be advantageous to be able to issue Treasury bonds rather than Treasury notes.

Mr. BORAH. This bill does not increase the debt limit?

Mr. HARRISON. It does not. In that connection, I may say that I have not been at all in sympathy with increasing the national debt over the \$45,000,000,000 limit now in the law. When I was approached on the question, I vigorously expressed my opposition to any increase at this time in the present limitation; but I can see no objection to removing the partition which exists in the present law. If the Treasury authorities, from a financial standpoint, feel they can issue

long-term Government bonds more advantageously to the Government than they can issue short-term paper, I think we ought to give them the authority. That is all this bill does.

Mr. CONNALLY. Mr. President, will the Senator from Idaho yield? I do not wish to interrupt him.

Mr. BORAH. I think that is all I have to say. This bill does not, as I see it, in any way affect the question of tax-exempt securities.

Mr. HARRISON. It does not. I stated what I did merely because the theory was advanced that it was somewhat inconsistent at this time for us to promote the issuance of long-term tax-exempt securities when at the same time we propose to put a tax on future securities. That question is not dealt with in this bill, however.

Mr. BORAH. We have not been very anxious about the taxation of securities so far as the Federal Government is concerned, because twice we have rejected proposals to tax them. It is only when it is a question of taxing State securities which are now exempt that we have manifested great interest in the matter. We have unquestioned power to tax Federal securities, but under the advice of the Treasury we refuse to do so. It is when a doubtful question arises as to taxing State securities that we become deliriously anxious.

Mr. HARRISON. In that connection, I will say to the Senator that, of course, there is a large group of American citizens and a large group of Members of both bodies who believe that when we begin to tax future issues of Federal securities we ought at the same time to tax future issues of securities of States, counties, and so on. In my opinion, the matter should be handled as one proposition. I have been assured by Members of the House that they are going to begin to consider the question at this session, unless the pressure is strong enough to force an adjournment before they can do it.

Mr. BORAH. There is no question now, is there, about the power of the Government to tax Federal securities?

Mr. HARRISON. I do not think so.

Mr. BORAH. I not only do not think so but I know so.
Mr. CONNALLY. They are now being taxed. All of them
pay surtaxes, except the old 3½-percent wartime bonds.

Mr. BORAH. Certainly.

Mr. CONNALLY. Mr. President, in connection with what the Senator from Mississippi said about the reason for the Treasury's action in asking that this authority be granted, let me ask the Senator from Mississippi if it is not true that the position of the Treasury is that while they get cheaper money right now on short-term Treasury notes than on bonds there is such a large volume of the short-term notes, and they accumulate so rapidly, that the Treasury feels that it would be unwise not to refinance them over a longer period and avoid any danger of the money market rapidly enhancing and catching them with this large volume of obligations that they would have to pay. They might then have to issue long-term bonds at a higher interest rate than they would be able to issue them for now.

Mr. VANDENBERG rose.

Mr. CONNALLY. At the present time the money market is quite low; and the Treasury, I think rather wisely, have concluded that since inevitably they are going to have to refinance the short-term paper with long-term issues, they had better do it now, while the market is low, rather than run the danger of the market enhancing.

I yield to the Senator from Michigan.

Mr. VANDENBERG. Mr. President, I think the Senator has now stated the precise reason which moves the Treasury, and I think he has correctly stated it.

Mr. CONNALLY. I think that was the reason which appealed to the Committee on Finance—that for the moment we are getting cheap money through short-term securities, but that that condition is not apt to continue indefinitely; and the Treasury felt that we had better refinance now, while the market is low, and put the obligations in long-term securities, which would not force the Government to a settlement at some critical period.

Let me say to the Senator from Idaho, regarding the taxability of these bonds, that while of course there is nothing in this bill relating to the subject, some members of the Finance Committee thought it was a rather inconsistent policy for the Federal Government to go ahead and issue all these tax-free bonds of its own, and then enact legislation providing, so far as State bonds are concerned, that future issues would be taxable, but all the great mass of Federal indebtedness that has already been accumulated would be exempt. That is what the Senator from Mississippi had in mind. As a matter of fact, there never has been any reason why the Federal Government should not tax the income from its own securities.

Mr. BORAH. Except that we were not willing to do it.

Mr. CONNALLY. Exactly. The Treasury officials do not want to tax these bonds, and they said so in the hearings. I said, "Why not?" They said, "Well, it will cost us more interest. The Government will either have to sell the bonds for less, or we shall have to pay a higher interest rate. Therefore, we do not want to do it now. We are going to do it sometime, but not now."

Mr. BORAH. That is what they said on two different occasions when we had a tax bill before us.

Mr. CONNALLY. Exactly.

So far as I know, the only securities of the Federal Government which are entirely tax-exempt at the present time, if there be any of them still outstanding, are the old 3½ percent bonds which we issued during the World War. They were free of all tax; but, as I now recall, all other Federal securities are subject to surtax.

Mr. NORRIS. Mr. President, if the Senator will yield— The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Nebraska?

Mr. CONNALLY. I yield.

Mr. NORRIS. Let me ask the Senator if it is not true that all the 3½-percent bonds of which the Senator speaks have been paid off.

Mr. CONNALLY. It may be that they have been.

Mr. NORRIS. I am not sure, but that is my impression. Mr. CONNALLY. I am not sure, either. I have not any of them. I wish I had; but I have not any, so I cannot tell the Senator. I rather suspect, however, that all the wartime $3\frac{1}{2}$ -percent bonds have been paid off. Therefore, all the other outstanding bonds are now subject to the surtax, not to the normal tax. In some cases there are exemptions on the interest up to \$5,000 worth of bonds; but they are all subject to some form of surtax, and they are subject, if we want to impose it, to normal tax; but the Treasury has never felt that it is good business to do so.

With regard to the $3\frac{1}{2}$ -percent bonds, I call the attention of the Senate to the fact that when we had up in the House some years ago a constitutional amendment proposing to tax all Federal and State securities, the Treasury statistics showed that the $3\frac{1}{2}$ -percent bonds, entirely tax-free, were selling above par, and that the $4\frac{1}{3}$'s and the $4\frac{1}{3}$'s and the $4\frac{1}{3}$'s, subject only to the surtax, were all away down below par; and therefore the Treasury felt that if future issues were taxed the Government would have to pay a higher rate of interest or the public would not buy them.

Mr. BORAH. Mr. President, it seems to me a great deal of insincerity is manifested in connection with the question of taxing Government securities. We have always had the power—no one ever doubted that, I suppose—to tax the securities of the Federal Government; but we have never been willing to do so, except as to surtaxes, because we thought it would cost the Federal Government more to get the money. Now we are making quite a disturbance over a proposal to prepare to tax State securities and all State instrumentalities, and so forth, when we have been unwilling to tax the securities of that sovereignty which has the power to tax.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. NORRIS. I agree with what the Senator has said; but I think it ought to be stated that one reason why we passed a law which permitted, for instance, \$5,000 in the

hands of any one person to be exempt from all taxation, even the surtax not applying, was with the idea of causing a wider investment and circulation in those bonds among comparatively poor people. We could pass a law, if we taxed the State securities, containing the same exemption, if we desired, if we thought it advisable, and thought it would result in more people of moderate means investing their savings in that way. We could exempt from taxation up to any limit we saw fit, and then tax the balance as we have done.

Mr. BORAH. I am not prepared to challenge the statement of the Senator as to the reason or as to the wisdom of the policy. I am very much in favor of taxing securities, but I am in favor of the Federal Government taxing its securities and of the State government attending to its securities. If that course is followed, no constitutional inhibition will stand in the way of our proceeding to tax these securities. But, while the power to tax goes unused, the power which we do not possess or which it is most doubtful we possess, gives rise to great zeal. If this proposition to tax securities were stripped of its unrealities, we would have little difficulty in doing the wise and just thing.

Mr. AUSTIN. Mr. President, the Senate has a special committee which has studied this subject recently, and, bringing the matter up to date, I wish to say that before that committee representatives of the Government of the United States appeared and admitted, as recently as within 3 months, that the cost to the Government of financing its operations in bonds which are taxed is greater than in the case of bonds which are exempt. So that, as a matter of policy, to say nothing about the principle involved, the Government thus

far is not interested in waiving the immunity.

Mr. CONNALLY. Mr. President, I suggest to the Senator from Vermont, and also to the Senator from Idaho, that back of this theoretical taxation of both Federal and State securities the chief desire is to tax county and State securities. It had its genesis largely in the days of Mr. Mellon-and I speak respectfully of Mr. Mellon, who was a great financier. But when he was Secretary of the Treasury he advanced and advocated, and testified before the committee in favor of, a constitutional amendment making it possible for the Government to tax both Federal and State securities and permitting the States to tax Federal securities. The theory advanced, not openly but all around the lobbies of the Congress, was that industrialists were opposed to leaving State bonds free of taxation because they competed so successfully with railroad and other industrial securities. They said it was driving money out of productive channels and into unproductive channels and was unfair competition; that if we would put a tax on State, municipal, and county bonds there would be a more nearly equal balance.

Mr. Mellon, who cannot be regarded as having been a radical, was the one who was advancing the theory of grabbing the swollen fortunes which were wrapped up in tax-exempt bonds. He was the chief proponent. He appeared before the committee in the House and his testimony is still on record. As I now recall—I may possibly be in error—he said that if we taxed Federal securities there would be an increase of at least 1 percent in taxes each year. He may have said onehalf of 1 percent-I do not desire to be unfair-but, as I recall, he said that according to his view the increase would be 1 percent a year. At any rate, whether it was one-half or 1 percent a year, it can readily be conceived how much that would amount to on any sizable bond issue running over a period of 15 or 20 or 25 years. There is more desire on the part of the Treasury to tax State bonds than to tax Federal bonds because they do not advocate taxing Federal bonds. They are going to do it some time or other in the future, but what they want to do is to tax State, municipal, and county bonds.

Mr. BORAH. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. BORAH. It will be recalled that when the Federal income tax amendment was proposed, it was proposed and urged by many who did not believe in an income tax at all. It was urged because it was thought that if the Supreme

Court should modify its opinion, having rendered a 5-to-4 opinion, we would have the power without constitutional amendment to enact an income tax law. It was believed that if a constitutional amendment were submitted and we depended upon a constitutional amendment, it would never, in all probability, be adopted. I know that as a matter of fact, because I participated in the consideration of the matter at that time.

At the present time there are a great many people who are very anxious about this income tax constitutional amendment, knowing full well that we have the power now, so far as the Federal Government is concerned, to do everything we are talking about doing, but which we have never been willing to do. Twice after an amendment had been attached to a tax bill it was killed in conference, and killed under the direction, as I was informed, of those who are now urging a constitutional amendment. I happened to be the author of both these amendments and was fully informed as to why they were defeated in conference.

Mr. CONNALLY. I thank the Senator. I do not know about the details of that, but I seem to recall that the Senator from Idaho offered and secured the adoption in the Senate of an amendment of that character, but that it went out

of the bill in conference.

Of course the Federal Government has, and has always had, the power to tax its own securities, and it will continue to have that power. It is just a question of whether it wants to do it or whether it does not. My own view is that, in order to tax State securities we will have to have a constitutional amendment. But the Finance Committee has been investigating that subject; it has not as yet reported, but I understand it probably will report that Congress can do it by statute. I do not think it can, but of what value is a Senator's opinion when the Supreme Court may decide he is wrong?

Mr. AUSTIN. I know there will be a minority report if the majority shall report such a bill. The committee certainly would not agree unanimously that we have the constitutional power to tax the securities issued by States and municipalities.

Mr. CONNALLY. I thank the Senator; and along that line I desire to say that the recent decision of the Supreme Court upholding the tax on the salaries of State officers does not foreclose the question with respect to the tax of income from bonds, because in the one case the Court held that an incidental tax on a State official's salary was not a burden on the State, but that cannot be said of a tax on a State's own securities, because there would be at least some degree of burden on the activities of a State, if we taxed its securities.

Mr. BORAH. Neither the decision of the Supreme Court with reference to salaries, nor the decision to which the Senator has referred, seems to me to touch the question of whether or not we have the power to tax State securities.

Mr. CONNALLY. Not at all.

Mr. BORAH. It is still an open question, for Congress.

Mr. CONNALLY. I was speaking of the taxing of State securities.

The PRESIDING OFFICER. The bill is still before the Senate and open to further amendment. If there be no further amendment, the question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill (H. R. 5748) was read the third time and passed.

NECESSITY OF GOVERNMENT AID IN FURNISHING FOOD

Mr. BONE. Mr. President, no one is going to starve in this country, according to many usually well-informed Senators who have spoken from time to time on this floor. So far as I can recall, on every occasion when someone has suggested that reduction in relief expenses is causing or would cause actual starvation in many families throughout the country, the statement has been challenged, and some Senator would rise and say, "Show me an instance where anyone is actually in want of food."

This Government has done a great deal for those whom the President has designated as "ill fed, ill housed, and ill clothed," but the Federal and State Governments are not doing enough when such conditions can exist as do now exist in my own State, which is doing as much as many other States in its expenditures for relief in proportion to population.

Recently I saw in the Spokane (Wash.) Chronicle a statement quoting Dr. A. E. Lien, county physician, as saying:

We have a large number of people unable to work and afflicted with diseases that require adequate food. I feel I am throwing away costly medicine given these people because I know they do not have enough to eat. Today I had to hospitalize a 2-year-old baby sick from insufficient food. It had only bread and water to eat for the past 5 days, and although the father had resided here a year and a half he could get no relief.

Not wanting to rely entirely on the newspaper quotation, although I felt that it was correct, I wrote to Dr. Lien as

I noted a clipping in the Spokane Chronicle in which you were quoted as stating that you had to hospitalize a 2-year-old baby because it was sick from lack of food. This is a most tragic situation.

I would appreciate it if you would give me the particulars about this and any similar cases that you have encountered so that I can present this data to the Governor of the State as well as to the Congress.

Dr. Lien's reply verified the newspaper statement that for a week a 2-year-old baby had had nothing but bread and water to eat. Its parents, according to Dr. Lien, were unable either to obtain relief or to obtain W. P. A. work. The father was classified as employable and therefore not eligible for direct relief, and at the same time the W. P. A. could not employ him because the quota of jobs for the State would not allow it.

I am going to submit Dr. Lien's letter for the RECORD. In passing. I wish to note that in his letter he mentions the case of a young expectant mother who developed a kidney infection due to lack of food and inadequate housing and is now being hospitalized by the county. As Dr. Lien says, it is more expensive to give hospitalization than to provide adequate food for the poor.

I particularly want to call attention to this statement from Dr. Lien's letter:

I have two full-time physician assistants who make most of the visits to the homes of these sick people, and they are reporting to me daily that they are encountering more and more people who have either nothing to eat or just some beans, cornmeal, bread, and water. This is not a fantastic statement, because these doctors time and again make it a special point to look into the kitchen

The county health officer of Spokane County is not criticizing anyone. He is merely giving me the information for which I asked in my letter, and he has the same viewpoint that so many other doctors have and which was recently voiced by Dr. Thomas Parran, Surgeon General, United States Public Health Service, that undernourishment is endangering the health of great numbers of our citizens. I feel sure that inquiries directed to county health officers in other counties in my State would reveal situations similar to that in Spokane County, and that there is nothing exceptional about the needs of the people who live there as compared with the need of those who live in other places in my State and in other States.

I have in my hand a clipping from the Seattle Star of April 27, 1939, showing a picture of a woman in a hospital bed, with the heading, "Example of 'Let 'Em Starve' Policy." I have no official information about this particular case, but the author of the article, Mr. Jack Heise, states that this family was "thrown out of their house and camped beside the road without shelter or food. The relief agencies refused to come to their aid." I want to quote a small portion of this article:

Neighbors brought them a little food and after a time they found shelter in a two-room shack without lights, water, or fuel.

Rain dripped through the roof. They walked four blocks for water. Chips and sticks were gathered by the children, all under 11 years old, to build a little fire in a pit in front of the shack.

Then, from lack of food and exposure, Mrs. Currier was rushed to King County Hospital. Two of the other youngsters are sick and may have to be taken to the hospital right away.

King County Hospital it cost \$4.02 a day to keep Mrs. Currier.

The cost to date is \$12.06 for Mrs. Currier, and it will be another week or so before she is able to leave. If the two children have to be taken to the hospital today, the cost will rise to \$12.06 a day for the Currier family.

They haven't been able to figure out yet that \$4.02 a day in the hospital costs more than \$1 for food.

Not all of our citizens are as meek and willing to suffer as Mr. Currier. I have here a clipping from the Longview News of April 24, headed, "Man uses club on 11 store windows. Ex-W. P. A. worker arrested after noon outbreak. Five firms suffer as Chester Georgia, 27, Woodland, makes bid to get free meals." The explanation of this headline is contained in the statement in the newspaper article by Chester Georgia, the man who committed this crime, that his motive was his need for food and lodging "which he indicated he expects to obtain in prison for some time to come." The article states further:

Georgia told officers that he had been at relief headquarters just before starting his window-smashing tour and had been told that he was not eligible for further direct relief.

Georgia said he came to the county in 1937 from Oklahoma and worked at Castle Rock. Later he went to Woodland.

worked at Castle Rock. Later he went to Woodland.

A check with welfare headquarters revealed that Georgia had been employed on W. P. A. last fall. In December he was dropped when reductions which affected single men went into effect. In January Georgia was hospitalized for pneumonia and after his release obtained some funds from unemployment compensation. He also obtained some direct relief, the last being a small check carly in April. early in April.
On March 17 Myron Mehl, county welfare administrator, said his

records show that Georgia warned him that if he did not get relief help within a few days that he would do something which would get him into the penitentiary.

On his way to jail today Georgia told Chief Mullen, "I guess I'll

get something to eat for quite a while now.'

I am not condoning Mr. Georgia's action, yet I can sympathize with a man who can find no way to eat regularly except to commit some crime that will result in his going to jail. Is the country going to save money by forcing men to go to prison in order to obtain food? Will not the cost be far greater than providing work through such an agency as the W. P. A.?

I know many Members of the Senate doubt that suffering is being caused by the failure of the Congress to appropriate sufficient money. I feel that the time is coming when they will no longer be skeptical. People who are hungry sooner or later make their want of food felt in a definite way.

Is there hope for the jobless and the hungry? Let Senators judge for themselves whether they may have hope when they read this in the Seattle Star of April 26:

The relief troubles in King County approached a new head today as the State social-security board revealed that it has no intentions of changing the welfare budget for May, and that the present policy of not caring for employable jobless will continue. The county's population of employables—so-called because of their physical ability to work, but unable to find jobs—amounts to about 5,000. During April the employables received 20 cents per day for single men and slightly more than 9 cents per day for members of a family with the money coming from a \$38,000 emergency grant by the county. gency grant by the county.

They read further in this story in the Star:

Meanwhile, the jobless themselves are undetermined as to what course of action they should follow. Spokesmen for the group said that the emergency warrants issued for April are practically exhausted, and that no meal tickets are available at the temporary shelter the State has provided at 1181/2 Third Avenue S.

In my hand I hold another page from the Seattle Star, the issue of April 25, which was sent to me by a constituent who did not sign his name. He did not need to. The paper speaks for itself. There is here a picture of a mother, Mrs. Esther Heagy, and her new-born son. I would like to quote a portion of the accompanying article, and let the Members of the Senate draw their own conclusions as to whether this Nation is going to be strengthened by treating mothers and children of America as this mother and child have been treated:

A young mother cuddled her 4-day-old baby in her arms yesterday and cooed to it. For a while the worried frown that has creased her brow was gone. She had thoughts only for her new-born child.

But as soon as the baby was gone, the worried, harrowed look came back to the eyes of Mrs. Esther Heagy, for she has been try-ing to find a way to keep her child in the one-room cabin at 10036

Interlake Avenue, where she and her husband live.

With only \$2.60 a week on relief, they haven't been able to save much toward buying the baby clothes and blankets, although the

husband fixed up a tiny crib.

"Ralph has been so worried," she said of her 18-year-old hus-band. "He wants to work and get nice things for the baby and me, but he just hasn't been able to find a job. I feel more sorry for him than for myself and Gale—that's what I'm calling the baby—because he is so discouraged."

How would Senators like to live on \$2.60 a week? And why should we not? Are we made of any different clay than others? And is it not due only to fortuitous circumstances that we are here instead of being under the necessity of getting along on \$2.60 a week, or perhaps nothing a week?

These isolated instances are supported by statistics which go to show that these heartbreaking conditions are prevalent throughout the country. My own beautiful State is no ex-

ception.

I feel sure that someone is going to raise the question: "Why does not Washington State feed its people?" and leave the implication that my State perhaps is not doing as much as some other States. The fact is that it is doing far more than most States are doing. A chart prepared by the Division of Public Assistance Research of the Social Security Board shows that in 1938 my State was fifth among all States in the amount of money it raised per inhabitant for payment to the aged. The only States which paid more than Washington were Colorado, California, Utah, and Nevada. chart shows that my State is among the leaders in the amount raised per inhabitant for aid to the blind and for aid to dependent children, and is more generous with direct relief than many other States.

The latest report of the Social Security Board, which is for February of this year, shows that in the old-age assistance classification my State has a larger number of recipients per 1,000 estimated population 65 years of age and older than 36 other States and it pays more per month, our average per recipient being \$22.13, than do 39 other States. Certainly \$22.13 is far from enough for aged persons to live on for a month, and yet most States pay less than that and some less

than \$10 a month.

In the program for aid to dependent children the average amount paid per family throughout the United States in February 1939 was \$32.51, and in my State it was \$29.28, and that is more than is paid in 14 other States. My State has more recipients of aid to dependent children per 1,000 of population than 31 other States.

While my State is not at the top of the list in its relief expenditures per case, it is far from the bottom, although it is not a rich State. It appears that Senators from some States can very well rise to say that Washington should provide more money, and I hope we will, although I find that many people in my State, just as in other States, are clamoring for more economy. But when economy means hunger, cold, tattered clothing, undernourished babies, and hopeless degradation, it is a challenge to our civilization.

I ask that Dr. Lien's letter be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

> DEPARTMENT OF HEALTH OF SPOKANE COUNTY, SPOKANE COUNTY COURT HOUSE, Spokane, Wash., May 12, 1939.

HOD HOMER T. BONE

Hon. Homer 1. Bone, United States Senate, Washington, D. C. Dear Senator: I have the honor to acknowledge receipt of your letter dated May 2, 1939, and shall try to give you a picture of the relief situation here as it affects my office.

In the case of the 2-year-old baby about whom you read, it was a fact that the only food this child had had for a week was bread and water. The father had originally come into this county as a transient, but at the time the baby came to my attention the father had lived here about a year and a half. For reasons not determinable by me he was unable to get either relief or work from W. P. A., and in April he and his family came into that group that were completely cut off relief because he was employable. As soon as the baby's condition became known to me I authorized hospitalization for it, because that was the only way in which I could find proper food for

it. However, at the same time others became interested, and since it was a matter of feeding and not actual illness, the child was not actually hospitalized. It is my understanding that this situation, so far as this family is concerned, has been adequately taken care of.

If as this family is concerned, has been adequately taken care of.

I have on my hands now another situation that is almost as bad, namely, a young woman who is about 6 months pregnant, who with her husband and other children had been evicted from their place of residence because of nonpayment of rent. This family had been on relief and were unable to pay rent. About 3 weeks ago the husband was given work on W. P. A. and simultaneously removed from direct relief assistance. The eviction came at the same time. He had not rener assistance. The eviction came at the same time. He had not had enough time on W. P. A. to draw any pay, so he was not paying either food or rent. The result was that his wife, through lack of food and proper housing, became ill with a kidney infection, which added to her burden of pregnancy. I have had her in the Sacred Heart Hospital now for about 2 weeks, with only slow improvement

in her health.

In connection with my work as Spokane County physician, it is my duty to take care of medical, surgical, and hospital relief for all residing in this county, who are unable to pay for the same. This is regardless of whether or not they are on any other kind of relief—W. P. A. or other low-wage-earning jobs. I have two full-time physician assistants who make most of the visits to the homes of these sick people, and they are reporting to me daily that they are encountering more and more people who have either nothing to eat or just some beans, corn meal, bread, and water. This is not a fantastic statement because these doctors time and time again make it a special point to look into the kitchen cupboards. You may not know it but today in this county a single person on direct relief gets \$5 per month for food. For additional members of the family, \$2 per head is added with a total maximum being \$12 per month for food. In my opinion it does not require a great stretch of the imagination to realize that such amounts are entirely inadequate. Such a situation, if continued long, of course can mean only one thing and that is sickness, and it costs a great deal more to care for people who are sick than to feed them prop-

deal more to care for people who are sick than to feed them properly so as to prevent illness.

Another of our serious problems is the lack of adequate amount of milk for the children who come to our attention. On April 24 I had my nutritionist make a survey of the daily needs of those children who are on various forms of relief including W. P. A., and she estimated and reported to me that there was a need of approximately 2,200 quarts of milk per day. This amount of milk is needed in excess of whatever other milk and food relief may already be given. This report was based on the relief rolls as of March 1, 1939.

March 1, 1939.

These conditions as outlined to you have been reported to the Spokane board of county commissioners and to the Spokane County advisory committee as well as Mr. Robert McCann, administrator of the Spokane county welfare department. All of these agencies are very much interested and are trying to relieve the situation as best they can, but adequate funds are simply not available. Since April 24 when I reported on the milk need, Mr. McCann has for the time being, issued orders for additional milk for the amount of \$615 per month. However, this \$615 per month is a mere drop in the bucket when it comes to supplying an adequate amount of milk for the children. I am enclosing a survey made May 8, 1939, by my nutritionist which is a child census pertaining to various types of relief in the county and city of Spokane. You will note the footnote on page 2, Mr. McCann is stating that the fund now available does not cover adequate milk supplies taining to various types of the control of the cont

least \$1,000 per month.

I wish to impress upon you that in presenting these facts, I am I wish to impress upon you that in presenting these facts, I am not in any way attempting to criticize any person or any political group that is responsible for the administration of the public welfare. My only interest is to obtain proper and adequate food supplies for these poor people and I trust you will accept these remarks in the same light.

There is one other matter that has been brought to my attention There is one other matter that has been brought to my attention recently and about which I frankly admit I know little. I have been told that the W. P. A. rolls and money being spent on W. P. A. projects in this county now are only about half of that being spent in Pierce County. If this is true and if it would be possible to lift the W. P. A. money in this county to the level of that said to be spent in Pierce County, our burden would be greatly eased.

I wish to thank you very much for your letter and I hope that my remarks may be of value to you in assisting you in obtaining better care for these people in Spokane County.

I beg to remain,

I beg to remain, Yours very truly,

ARTHUR E. LIEN, M. D., County Physician.

ACQUISITION OF STRATEGIC AND CRITICAL MATERIALS—CONFERENCE REPORT

Mr. THOMAS of Utah submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 572) to provide for the common defense by acquiring stocks of strategic and

critical materials essential to the needs of industry for the manufacture of supplies for the armed forces and the civilian population in time of a national emergency, and to encourage, as far as possible, the further development of strategic and critical materials within the United States for common defense, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows:

of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amend-

In lieu of the matter proposed to be inserted by the House amendment insert the following:

"That the natural resources of the United States in certain strategic and critical materials being deficient or insufficiently developed to supply the industrial, military, and naval needs of the country for common defense, it is the policy of Congress and the purpose and intent of this Act to provide for the acquisition of stocks of these materials and to encourage the development of mines and deposits of these materials within the United States, and thereby decrease and prevent wherever possible a dangerous and

purpose and intent of this Act to provide for the acquisition of stocks of these materials and to encourage the development of mines and deposits of these materials within the United States, and thereby decrease and prevent wherever possible a dangerous and costly dependence of the United States upon foreign nations and costly dependence of the United States upon foreign nations for supplies of these materials in times of national emergency.

"Sec. 2. To effectuate the policy set forth in section 1 hereof the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior, acting jointly through the agency of the Army and Navy Munitions Board, are hereby authorized and directed to determine which materials are strategic and critical under the provisions of this Act and to determine the quality and quantities of such materials which shall be purchased within the amount of the appropriations authorized by this Act. In determining the materials which are strategic and critical and the quality and quantities of same to be purchased the Secretaries of State, Treasury, and Commerce shall each designate representatives to cooperate with the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior in carrying out the provisions of this Act.

"Sec. 3. The Secretary of War and the Secretary of the Navy, when they deem such action appropriate because the domestic production or supply of any of the above materials is insufficient to meet the industrial, military, and naval needs of the country, shall direct the Secretary of the Treasury, through the medium of the Procurement Division of his Department and from the funds authorized by the provisions of this Act, to make purchases of such materials in accordance with specifications prepared by the Procurement Division of the Treasury Department and approved by the Secretary of War and the Secretary of the Navy, and to provide for the storage and maintenance, and, where necessary to prevent deterioration, for the rotation of such materials

on military and naval reservations or in other locations approved by the Secretary of War and the Secretary of the Navy.

"Sec. 4. Materials acquired under this Act except for rotation to prevent deterioration shall be used only upon the order of the President in time of war, or when he shall find that a national emergency exists with respect to national defense as a consequence of the threat of war.

"Sec. 5 Purchases under this Act shall be made in accordance."

"SEC. 5. Purchases under this Act shall be made in accordance with Title III of the Act of March 3, 1933 (47 Stat. 1520), but a reasonable time (not to exceed one year) shall be allowed for production and delivery from domestic sources and in the case of any such material available in the United States but which has not any such material available in the United States but which has not been developed commercially, the Secretary of War and the Secretary of the Navy may, if they find that the production of such material is economically feasible, direct the purchase of such material without requiring the vendor to give bond.

"SEC. 6. For the procurement, transportation, maintenance, rotation, and storage of the materials to be acquired under this Act, there

is hereby authorized to be appropriated the sum of \$100,000,000, out of any money in the Treasury not otherwise appropriated, during the fiscal years June 30, 1939, to and including June 30, 1943, to be expended under the joint direction of the Secretary of War and the Secretary of the Navy.

"SEC. 7. (a) That the Secretary of the Interior, through the Director of the Bureau of Mines and the Director of the Geological Survey, is hereby authorized and directed to make scientific, technologic, and economic investigations concerning the extent amode of occurrence, the development, mining, preparation, treatment, and utilization of ores and other mineral substances found in ment, and utilization of ores and other mineral substances found in the United States or its Territories or insular possessions, which are essential to the common defense or the industrial needs of the United States, and the quantities or grades of which are inadequate from known domestic sources, in order to determine and develop domestic sources of supply, to devise new methods for the treatment and utilization of lower grade reserves, and to develop substitutes for such essential ores and mineral products; to explore and develop, on public lands and on privately owned lands, with the consent of the owner, deposits of such minerals, including core drilling, trenching, test-pitting, shaft sinking, drifting, crosscutting, sampling, and metallurgical investigations and tests as may be

necessary to determine the extent and quality of such deposits, the most suitable methods of mining and beneficiating them, and the cost at which the minerals or metals may be produced.

"(b) For the purposes of carrying out the provisions of this section there is hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated, for each of the fiscal years ending June 30, 1940, 1941, 1942, and 1943, the sum of \$500,000, of which amount \$350,000 shall be appropriated to the Bureau of Mines and \$150,000 to the Geological Survey."

And the House agree to the same.

ELBERT D. THOMAS. ED. C. JOHNSON, H. H. SCHWARTZ, WARREN R. AUSTIN, CHAN GURNEY Managers on the part of the Senate.
A. J. May,
EWING THOMASON,
CHAS. I. FADDIS, CHARLES R. CLASON, THOS. E. MARTIN, Managers on the part of the House.

Mr. THOMAS of Utah. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of the report.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the report.

Mr. THOMAS of Utah obtained the floor.

Mr. ADAMS. Mr. President, will the Senator yield for an inquiry?

Mr. THOMAS of Utah. I yield.

Mr. ADAMS. My recollection is that there was a contest in the Senate over the amount to be authorized for the purchase of strategic materials, and that the Senate voted to fix the amount at \$40,000,000, as against \$100,000,000, the figure that was submitted to it. I ask the Senator what the situation is as presented by the conference report?

Mr. THOMAS of Utah. The Senate committee bill, as the Senator will remember, provided an authorization for the expenditure of \$25,000,000 a year for 4 consecutive years. The total was \$100,000,000. The House bill carried \$100,000,000, but without the provision that the time of expenditure be divided up into 4 different periods, as the Senate bill provided. The House amount was accepted by the conferees, and the measure now provides that during the 4 years \$100,-000,000 may be expended; but it will be spent not within the period of a given year, or 2 years, or 3 years, but whenever the Appropriation Committees shall see fit to allow the amounts which may be requested.

Mr. ADAMS. My recollection is in error, then, that the Senate fixed the amount at \$40,000,000?

Mr. THOMAS of Utah. No; the Senator's recollection is perfectly correct. The Senate fixed the outside amount at \$40,000,000, and provided that \$10,000,000 could be expended in each of the 4 years.

Mr. ADAMS. So the Senate conferees have practically accepted the House plan in its entirety?

Mr. THOMAS of Utah. Practically; yes. There was one change made.

Mr. ADAMS. That is in respect to appropriation.

Mr. THOMAS of Utah. Yes.

Mr. ADAMS. That is, the House provided for the \$100,-000,000 to be available at any time?

Mr. THOMAS of Utah. Yes.

Mr. ADAMS. And the Senate had fixed \$40,000,000, to be available at the rate of \$10,000,000 per annum?

Mr. THOMAS of Utah. That is correct.

Mr. ADAMS. So the Senate did not fare very well in the conference?

Mr. THOMAS of Utah. The Senate did not fare very well in this particular, but in all other particulars the Senate did fare very well.

Mr. GEORGE. Mr. President, will the Senator yield?

Mr. THOMAS of Utah. I yield gladly.

Mr. GEORGE. What did the conferees do with the provision with respect to the reserve officers called back to active duty? Is that item now contained in the measure?

Mr. THOMAS of Utah. I think not.

Mr. GEORGE. I had the impression that it was contained in the measure before us.

Mr. THOMAS of Utah. I think that item comes up in the Army appropriation bill.

Mr. President, I move the adoption of the conference

Mr. McNARY. Mr. President-

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Oregon?

Mr. THOMAS of Utah. I yield.

Mr. McNARY. I was unable to hear the colloquy between the Senator from Colorado [Mr. Adams] and the Senator from Utah [Mr. Thomas]. I recall that when the bill was before the Senate, after considerable debate and study the amount was reduced from \$100,000,000 to \$40,000,000.

Mr. THOMAS of Utah. That is correct.

Mr. McNARY. What was the attitude of the conferees regarding that item?

Mr. THOMAS of Utah. The Senate conferees stood by the

Senate amendment, and lost.

Mr. McNARY. If I correctly interpret the Senator's remarks, the conferees on the part of the Senate tried to follow the instructions of the Senate to have the amount fixed at \$40,000,000, but yielded to the House and agreed to fix the amount at \$100,000,000.

Mr. THOMAS of Utah. That is true.

Mr. McNARY. Then I assume the fight was not a very strengous one.

Mr. THOMAS of Utah. Perhaps I had better leave it to my associates among the conferees on the part of the Senate to answer the question. So far as I was concerned, it was not a strenuous fight.

Mr. McNARY. Really, I am anxious to know about it. The conferees, of course, as the Senator so well knows, must carry out the declaration of the Senate irrespective of their own personal views. I am curious to know if they regarded highly the Senate vote reducing the amount from \$100,000,000 to \$40,000,000.

Mr. THOMAS of Utah. I may say that the conferees regarded their task very seriously; debated the question for a long time; supported the Senate stand, and finally lost.

Mr. McNARY. Mr. President, I may ask what provision is made for the expenditure of the \$100,000,000 over a period of years.

Mr. THOMAS of Utah. The measure, as it stands in the conference report, provides for the authorization of \$100,-000,000. The bill originally presented to the Senate authorized \$100,000,000 to be spent at the rate of \$25,000,000 a year for 4 years. The House bill carried a provision calling for \$100,000,000, but to be spent as the administration recommended and as Congress approved during the 4-year period, in amounts which the Appropriations Committees and the Congress deemed advisable. The Senate committee bill and the House bill carried identical amounts of \$100,000,000 before the Senate bill was amended, but the theories of authorization of appropriation were quite different. The original Senate bill provided for an expenditure of \$25,000,000 in each of the 4 years. So it will be found that there is quite a degree of compromise in the conference report, if one studies that element of difference in the two bills.

Mr. AUSTIN. Mr. President, will the Senator yield?

Mr. THOMAS of Utah. Gladly.

Mr. AUSTIN. Let me say that I sat in that conference for 2 or 3 days, and that I made all the effort I thought was reasonable to retain the limitation of \$40,000,000, although I was ready to yield earlier than we finally did yield on the question of the time in which the \$40,000,000 could be used. It appeared to me from the debate in the conference that the arbitrary restricting the use of the money to four annual periods, at the rate of \$10,000,000 for each period was unwise. So, fairly early in our debate I came to the conclusion that it would be better to adopt the House theory as to the use of the funds, in order that they could be used more flexibly than the Senate had provided. But I adhered as long as I thought was reasonable to do so to the \$40,000,000 limitation.

Mr. TAFT. Mr. President, will the Senator from Utah vield?

Mr. THOMAS of Utah.

Mr. TAFT. Do I understand that the Senator from Vermont thinks that the acceptance of \$100,000,000 instead of \$40,000,000 is made sweeter by the fact that it can all be spent the day after the appropriation is made, instead of having to be spread over 4 years?

Mr. AUSTIN. Mr. President, the question is not quite so simple as that. The reason for changing from annual limitations was the character of the project, the acquisition of stock piles, and the development of the ability to produce in our own country these commodities so that they would no longer be strategic or critical materials in the United States. Presumably one of the chief objects of this legislation is to relieve the United States of dependence upon foreign sources for such materials. And, if there is any value at all in that element of the bill, then the removal of this limitation was quite as important as anything in the bill. One cannot, simply by inference from the amount finally settled upon, come to the conclusion apparently arrived at by the Senator from Ohio.

So far as I was concerned, I stuck by the amendment adopted by the Senate as long as I thought it was still feasible to do so.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. THOMAS of Utah. I yield.

Mr. McNARY. Usually, of course, when a conference is had the Senate gets something out of the conference.

Mr. AUSTIN. Mr. President, as I understand the result of our conference, the Senate got the Senate bill practically as it came to the Senate.

Mr. McNARY. Yes; but not as modified by the vote of the Senate.

Mr. AUSTIN. No. I have not counted up the concessions. Mr. THOMAS of Utah. The bill as it stands now, as reported by the conferees, is virtually and practically the bill as it passed the Senate, with the exception of the amount.

Mr. McNARY. The amount was the heart of the whole measure

Mr. THOMAS of Utah. I disagree entirely with what the Senator from Oregon says. One of the amendments added to the bill by the House of Representatives was discussed here for a whole day and voted down by the Senate. I think that the spirit and theory of the bill passed by the Senate are in many respects quite different from the spirit and theory of the bill passed by the House.

In regard to the amount of money, the Senator, I think, should remember the way in which the amendment was brought into the Senate, the way in which the amendment was adopted, and the statements which were made by the Senator from Utah after the vote was taken, calling attention to the fact that over one-third of the Senators were absent when the amendment was adopted; that the Senator from Utah would not move for a reconsideration, however, in spite of that fact, because the Senator realized that there existed a difference between the Senate bill and the House bill, and that the question would go to conference. Every notice that the Senate should have the Senate did have, and everyone understood that every effort possible would be made for consideration of this matter.

As the Senator from Vermont has said, when it came to the amount the conferees found themselves up against a stone wall.

Mr. McNARY. Before the Senate conferees yielded, did they ask the House conferees to report a disagreement, so that we might vote upon the matter in the Senate?

Mr. THOMAS of Utah. We did not do that.

Mr. McNARY. It is very common practice, and I think a prudent one and proper one, when there is very great disagreement and the House conferees are obstinate, or even stubborn, and will not yield to the pleadings of the Senate conferees, to bring the matter back to the Senate for further consideration. I think that is what the Senate conferees should have done in this case.

I wish the Senator would let the matter go over until we

have an opportunity to look into it.

Mr. THOMAS of Utah. I see no advantage in letting it go over. Of course, as chairman of the conferees, I should have been happy to take the route suggested by the leader on the other side. However, if he had been present in the conference, he would have realized that that which he has now suggested would have been a vain gesture. We probably did the right thing, and what I think the majority of the Senate wanted us to do.

Mr. AUSTIN. Mr. President, I suggest to the Senator from Utah that, from my point of view, being one of the conferees representing the minority, I should very much like to have the request of the leader of the minority acceded to without delay. Let the report go over. I shall make no effort to persuade anyone that we did the best we could. However, I should like to take this apparent criticism with such grace as I may be possessed of. I should prefer to let the matter go over because of the suggestion.

Mr. THOMAS of Utah. Mr. President, I have no objection to having the report go over if the Senator from Oregon

makes the request in that way.

Mr. McNARY. Mr. President, I ask only that it go over for the day.

Mr. THOMAS of Utah. That is perfectly agreeable to me. Mr. BARKLEY. Mr. President, there is no emergency about the adoption of the conference report today. In my judgment, a delay of a day or two will not change the final result. In view of the fact that we are anxious to bring up an appropriation bill and pass it, if possible, and adjourn until Monday, I suggest that the Senator let the matter go over.

The PRESIDING OFFICER. Without objection, the conference report will be temporarily passed over.

APPROPRIATIONS FOR CIVIL FUNCTIONS OF WAR DEPARTMENT

Mr. THOMAS of Oklahoma. Mr. President, I move that the Senate proceed to the consideration of House bill 6260, the War Department civil functions appropriation bill.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 6260) making appropriations for the fiscal year ending June 30, 1940, for civil functions administered by the War Department, and for other purposes, which had been reported from the Committee on Appropriations, with amendments.

Mr. THOMAS of Oklahoma. Mr. President, I ask unanimous consent that the formal reading of the bill be dispensed with and that the bill be read for amendment, the committee amendments to be first considered.

The PRESIDING OFFICER. Without objection, that will be the order.

Mr. THOMAS of Oklahoma. Mr. President, the bill covers numerous items under the jurisdiction of the War Department. It covers the Quartermaster Corps, the Signal Corps, the Bureau of Insular Affairs, the Corps of Engineers, the United States soldiers' homes, and the Panama Canal.

The Senate committee, after consideration of the provisions of the House bill, made two amendments. The first amendment is to the item under the heading "Bureau of Insular Affairs; United States High Commissioner to the Philippine Islands." The Secretary of War asked the Senate committee to recommend that the item for that purpose be increased \$4,470 to take care of four additional employees. That was the only request the Secretary of War submitted; and the Senate committee, of course, acceded to that recommendation, and makes the request that the amendment be agreed to.

The PRESIDING OFFICER. The clerk will state the committee amendments.

The first amendment of the Committee on Appropriations was, under the heading "Bureau of Insular Affairs, United States High Commissioner to the Philippine Islands," on page 5, line 13, before the word "of", to strike out "\$163,130" and insert "\$167,600", so as to read:

For the maintenance of the office of the United States High Commissioner to the Philippine Islands as authorized by subsection 4 of section 7 of the act approved March 24, 1934 (48 Stat. 456), including salaries and wages; rental, furnishings, equipment, maintenance, renovation, and repair of office quarters and living quarters for the High Commissioner; supplies and equipment; purchase and exchange of lawbooks and books of reference, periodicals, and newspapers; traveling expenses, including for persons appointed hereunder within the United States and their families, actual expenses of travel and transportation of household effects from their homes in the United States to the Philippine Islands, and return, utilizing Government vessels whenever practicable; operation, maintenance, and repair of motor vehicles, and all other necessary expenses, \$167,600, of which amount not exceeding \$10,000 shall be available for expenditure in the discretion of the High Commissioner for maintenance of his household and such other purposes as he may deem proper.

The amendment was agreed to.

The next amendment was, under the heading "Corps of Engineers, Rivers and Harbors," on page 7, line 16, after the word "law", to strike out "\$96,000,000" and insert "\$71,000,000", so as to read:

For the preservation and maintenance of existing river and harbor works, and for the prosecution of such projects heretofore authorized as may be most desirable in the interests of commerce and navigation; for survey of northern and northwestern lakes and other boundary and connecting waters as heretofore authorized, including the preparation, correction, printing, and issuing of charts and bulletins and the investigation of lake levels; for prevention of obstructive and injurious deposits within the harbor and adjacent waters of New York City; for expenses of the California Débris Commission in carrying on the work authorized by the act approved March 1, 1893, as amended (33 U. S. C. 661, 678, 683); for removing sunken vessels or craft obstructing or endangering navigation as authorized by law; for operating and maintaining, keeping in repair, and continuing in use without interruption any lock, canal (except the Panama Canal), canalized river, or other public works for the use and benefit of navigation belonging to the United States, including maintenance of the Hennepin Canal in Illinois; for payment annually of tuition fees of not to exceed 50 student officers of the Corps of Engineers at civil technical institutions under the provisions of section 127a of the National Defense Act, as amended (10 U. S. C. 535); for examinations, surveys, and contingencies of rivers and harbors; for printing and binding, newspapers, law books, books of reference, periodicals, and office supplies and equipment required in the Office of the Chief of Engineers to carry out the purposes of this appropriation, including such printing as may be authorized by law, and such surveys as may be printed during a recess of Congress shall be printed, with illustrations, as documents of the next succeeding session of Congress, and for the purchase (not to exceed \$220,708) of motor-propelled passenger-carrying vehicles and motorboats, for official use: Provided, That no part of this appropriation shall be expended for any preliminary examin

Mr. THOMAS of Oklahoma. Mr. President, the next amendment probably will occasion some discussion, although I hope not a lengthy one. This amendment pertains to the amount of money to be appropriated to carry on the work of river and harbor improvements and for flood control.

The House of Representatives sent to us a bill carrying certain sums for river and harbor improvement and for flood control. The Senate committee voted to eliminate \$50,000,000 from these two items, \$25,000,000 from flood control and \$25,000,000 from river and harbor appropriations.

I am advised that the Board of Engineers requested the Bureau of the Budget to approve a very large sum for river and harbor improvements, and a very large sum for flood-control purposes. If I remember correctly, the request was for \$103,000,000 for river and harbor improvements and \$195,000,000 for the purpose of flood control. The Bureau of the Budget did not accede to that request. The Bureau of the Budget cut down to \$30,000,000 the amount allocated for river and harbor improvements, for new construction. In other words, it cut out 70 percent of the amount asked for; and the bill, as reported to the House under the Budget authority, carried only 29 percent of the amount which the Board of Engineers reported it needed and could spend efficiently.

The authorities represented by the Chief of Engineers recommended that \$195,000,000 be appropriated for flood control. The Bureau of the Budget, acting upon that request, reduced the amount to \$110,000,000. In other words, it cut that item approximately 50 percent.

I think there is no other bureau of the Government with respect to which the Bureau of the Budget reduced the appropriation in such large degree. So the estimates going before the Congress were for \$30,000,000, as I remember, for new construction in rivers and harbors and \$110,000,000 for new construction for flood-control purposes. The House saw fit, in its deliberations upon the bill, to raise those two items a total of \$50,000,000, adding \$25,000,000 for river and harbor improvement, making \$55,000,000 in all, and adding \$25,000,000 to flood control, making \$133,000,000 in all. That is the form in which the bill came to the Senate.

The Senate subcommittee held hearings upon the matter; and the full committee, by practically a tie vote—although, of course, there was a majority on the winning side—voted to reduce the amount to the Budget estimate, and cut \$50,000,000 from the bill, \$25,000,000 from river and harbor improvements, reducing that appropriation to \$30,000,000, and \$25,000,000 from flood control, reducing that item to

\$110,000,000.

I was directed by the committee to report the bill as amended to the Senate. However, upon my authority as a Senator and not as chairman of the subcommittee, I am opposed to the reductions made by the Senate committee. To simplify the matter, I ask unanimous consent that the Senate consider these two amendments as one. If we do not, we shall have to vote on three amendments. If we consider them all as one, then the \$50,000,000 item becomes involved—a \$25,000,000 increase for rivers and harbors and a \$25,000,000 increase for flood control. Otherwise we shall have to go to the bill and find out what the particular items are and vote on three amendments.

The PRESIDING OFFICER. Is there objection to the re-

quest of the Senator from Oklahoma?

Mr. ADAMS. Mr. President, I think these amendments should be considered at one time as a matter of discussion. However, I question whether they should all be voted upon at one time, as they present somewhat different issues. One of the amendments has to do with rivers and harbors, one has to do specifically with the Mississippi River, and one has to do with flood control. I hope the Senator will not insist upon his request at this time.

Mr. THOMAS of Oklahoma. Mr. President, if there should be objection, of course I could not insist, because any Member

has the right to demand a separation.

So under the order the first question would come on the amendment to the river and harbor provision. If we disagree to the Senate amendment, our action would have the force and effect of increasing to \$55,000,000 the \$30,000,000 appropriated for new construction.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. TYDINGS. Can the Senator tell us whether or not the proposed appropriation represents all the money that will be used for these purposes? Is there any money in any of the appropriation bills for other departments, appropriated or to be appropriated, which might be used for these purposes?

Mr. THOMAS of Oklahoma. Mr. President, I am advised that to date no other money has been made available for these particular purposes. Of course, when the relief bill comes along, it may be possible for the Congress to earmark some of the relief money for these purposes.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. BARKLEY. Mr. President, will the Senator yield? Mr. THOMAS of Oklahoma. I yield to the Senator from

Kentucky.

Mr. BARKLEY. I had a statement which I intended to make in connection with these three amendments. The Senator from Oklahoma [Mr. Thomas] has explained how this appropriation went into the House and how it came away from the House. The House Appropriations Committee did not include the \$50,000,000 involved here when it reported the bill to the House, but on the floor of the House the \$50,000,000 was added, and it came to the Senate, but the Senate committee has eliminated it.

What the Senator says about the request of the engineers is true. The amount carried in the House bill as it was reported to the House was \$71,000,000, the figure which has

been restored by the Senate committee, in lieu of \$96,000,-000 which the House bill carried as it was finally passed.

Mr. THOMAS of Oklahoma. The \$71,000,000 item includes \$41,000,000 for maintenance and \$30,000,000 for new construction.

Mr. BARKLEY. That is correct; that is the total for rivers and harbors. However, the bill as reported to the House contained \$110,000,000 for flood control and \$37,000,000 for the Mississippi River, instead of \$39,000,000 which

the House finally put in the bill.

I desire to be frank with the Senate about this appropriation. Yesterday in talking with the President about this increase put in the bill on the floor of the House and its elimination by the Senate committee, the President stated that he intended to allocate from relief funds \$50,000,000 for river and harbor and flood-control work. I was not certain that I had authority to quote him and to state that he intended to do that, but today I have communicated with him again, and am authorized by him to state that he intends to allocate \$50,000,000 from relief funds for use on rivers and harbors and flood-control work, just as this \$50,000,000 would be used.

Mr. CLARK of Missouri. Mr. President, will the Senator

yield?

Mr. BARKLEY. I yield.

Mr. CLARK of Missouri. Then, if that be true, if \$50,-000,000 is to be allocated from relief funds, would not that serve exactly the same purpose? And, if we authorize that amount in this bill, we could reduce the relief appropriation by an equivalent sum. Is not that correct?

Mr. BARKLEY. Of course, it is possible that could be done, but the President has asked for a definite amount of money for the relief appropriation, amounting altogether to one billion seven hundred and some odd million dollars. I assume that the Committee on Appropriations of the House, the House itself, the committee of the Senate, and the Senate itself, in voting on that amount as a total, when it is brought in, will not consider whether \$50,000,000 is to be allocated to one purpose or another, and the inclusion of the \$50,000,000 in the bill before the Senate would not necessarily result in the reduction of the relief appropriation by the same amount.

Mr. CLARK of Missouri. It ought to.

Mr. BARKLEY. But it is desirable I will say, from the standpoint of the executive department, that this additional work for rivers and harbors and flood control be provided for in the relief-appropriation bill, and the President is going to allocate it for that purpose. I felt that I ought to make that statement to the Senate, and to say that the President desires it be known by the Senate that that is what he intends to do.

Mr. MILLER. Mr. President-

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from Arkansas?

Mr. BARKLEY. I yield.

Mr. MILLER. As one interested in flood control and river and harbor work, I think the Senate should bear in mind our experience in operating with relief funds. I commend the President for his desire to direct the expenditure of relief funds along useful lines, but I may call the attention of the Senate to the fact that all contracts that are executed or supervised by the Chief of the Army Engineers carry a provision for the utilization of relief labor where such labor is available and may be used.

In 1938 there was an allocation of \$30,000,000 from relief funds for work on the lower Mississippi. We were able to use of that sum \$7,200,000. I may be in error as to a small amount, but that was approximately what we were able to use, for the reason—and if Senators will stop to think, they will realize the validity of the reason—that in the passage of a relief bill we provide that so much of the money must be expended for labor and so much for materials, and we make other restrictions and requirements. That is the only objection I have to the Senate considering reducing this appropriation upon the expectation of receiving \$50,000,000 from relief funds.

It is true that some part of the \$50,000,000 from relief funds could be used, for there are certain projects, for instance, projects involving merely the building of levees, that can very easily use relief money, but on many projects relief money cannot be used because of the requirements.

Mr. CLARK of Missouri. Will the Senator from Kentucky permit me to add a word to what the Senator from Arkansas said as an illustration of what he has said? Of course, when relief funds are turned over to the War Department or to any other department for doing this character of work, the money has to be expended according to relief regulations and relief standards. I happen to have had fall under my observation one case of money being allocated to the War Department for the purpose of doing a lot of clearing in connection with a dam across the Mississippi River near Alton, Ill. A part of that work was on the Missouri side, and the other part was on the Illinois side. The work was precisely of the same character on both sides; there was not any difference in the character of the work on the two sides of the river; but the relief administration arbitrarily set up one wage on the Missouri side of the river and a 35-percent higher wage on the Illinois side of the river, which brought about a labor condition on the Missouri side of the river producing a strike, with the result that they could not expend the relief funds, and the War Department was unable to do the work at all, finally turning the river on the territory to be submerged without even clearing the timber from it at all, simply because the restriction on relief expenditures made it imposible for the War Department to expend the money for the purposes for which it had been allocated.

Mr. MILLER. Mr. President, will the Senator from Kentucky yield to me for the purpose of making a correction in the figure that I gave the Senate awhile ago?

Mr. BARKLEY. Certainly.

Mr. MILLER. I said that \$30,000,000 was allocated in 1938, which is true, to the general flood-control work; and out of that \$30,000,000 the Army was able to spend \$19,000,000. Then twenty-two and a half million dollars was allocated to flood-control work on the Mississippi, and they were only able to expend approximately seven and a half million dollars of the twenty-two and a half million dollars. I merely wanted to place the correct figures in the Record. I thank the Senator from Kentucky.

Mr. BARKLEY. I appreciate what the Senator has said about some of the difficulties probably growing out of the restriction requiring the use of \$7 per month per man on relief labor for materials. Of course, that does not interfere with levee work, because it is nearly all man work, anyway, and most of the flood-control projects, I think, involve mostly man work, although there is some machinery used. I think, however, practically all the flood-control work could be accomplished under the allocation made from relief funds, even subject to the restrictions, but, of course, the relief funds that will be available for next year will be subject to whatever provisions the Congress may see fit to enact with respect to the expenditure of those funds, and that appropriation has yet to be considered. It is now under consideration in the House committee, and will be before the Senate, I assume, in time to be enacted by the 1st of July, when the money will be needed. We ourselves could earmark \$50,000,000 or any other amount for flood-control work, or we could lift whatever restrictions handicap the expenditure of that money growing out of the \$7 per month per man for materials provision. But inasmuch as flood-control work is a very appropriate means of expending money for relief purposes and does employ a fairly large proportion of human beings, it seems to me-and I am sure that is the motive that actuates the President in wanting to do it in that way—that we are justified in leaving the amount in these three items as the committee has reported them, with the understanding, which, of course, will be carried out, that the President will, out of relief funds available, allocate the same amount involved here to be expended for the same purposes.

For that reason I feel constrained to vote in favor of the amendment of the Senate committee to leave these amounts

as they were when the House bill was reported and as the committee of the Senate has reported them.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. MILLER. I have no more interest in these projects than has any other Senator, and I realize the interest the Senator from Kentucky, the Democratic leader, has in the prosecution of flood-control work; but if we appropriate \$110,000,000 this is what will happen: \$20,000,000 of that sum, or approximately \$82,000,000, will be earmarked for flood-control work in the Ohio Valley, and under the bill that was passed in 1938 a great portion of that money will be used for the construction of reservoirs, for the purchase of concrete, and other materials. Approximately \$30,000,000 of that sum will go to levee construction and floodway construction on the Mississippi and lower Mississippi. It is true we can use relief money in the construction of levees, but it will be difficult, if not impossible, to use it in carrying forward the projects authorized in the 1938 general Flood Control Act.

I think it is not at all the part of wisdom to adopt the committee amendment. I will join the Senator from Kentucky or any other person in removing the restrictions from relief money, but I think I can realize just what we should be up against on that matter. If we should undertake to reach down into the relief bill, carrying a billion and a half or more dollars, and earmark \$50,000,000, and apply to its expenditure a different set of rules than that which is applied to the other portion, I am afraid we should encounter difficulties.

Mr. BARKLEY. Mr. President, I desire to say to the Senator that I suppose I am as much interested in flood-control expenditures as is any other Member of the Senate. My home town has voted by over 7 to 1 in an election to issue bonds to enable the city to raise its share of the money to buy rights-of-way and incur other expenses in connection with building a flood wall which would require 5 or 6 years to construct.

Of course there is not enough money carried in this appropriation, even with the extra \$50,000,000, to complete these works. From year to year money has to be appropriated until the works are completed; and I should be the last man to want to handicap the War Department engineers or the Government in any way by letting up or lagging in the construction of these flood-control devices.

I myself do not see, however, how these projects will be materially injured, or their construction will be held up or retarded, by the expenditure of this \$110,000,000, which is a considerable sum above what we have had available this year or in any year since 1936, when we passed the Flood Control Act. Certainly whatever is available out of relief funds will be added to the \$110,000,000, and I think practically all of the extra \$50,000,000 can be expended.

I appreciate the point made by the Senator from Arkansas that it is difficult to set up a standard for the expenditure of part of relief funds and not have the same standard apply to all relief; but with regard to flood-control work a different situation probably exists from that which exists with regard to ordinary work of other kinds, such as schoolhouses and streets and sidewalks and highways and other typical W. P. A. construction work. For that reason I do not believe we should encounter that difficulty if the \$50,000,000 were expended under the authority of the President and taken out of relief funds.

Mr. JOHNSON of California. Mr. President-

Mr. BARKLEY. I yield to the Senator from California.

Mr. JOHNSON of California. Let us get straight, first, just what the amendments are.

On page 7, line 16, \$96,000,000 is stricken out and \$71,000,000 is inserted. That is the appropriation for rivers and harbors. That is a difference of \$25,000,000.

In the appropriation for flood control, \$133,000,000 is stricken out and \$110,000,000 is inserted. That is a difference of \$23,000,000.

Then for flood control on the Mississippi River and tributaries \$39,000,000 is stricken out and \$37,000,000 is inserted, a difference of \$2,000,000.

The total of the three is \$50,000,000.

Mr. BARKLEY. That is correct.

Mr. JOHNSON of California. Understanding that fact, we are now confronted with the situation as presented by the Senator from Kentucky. He very frankly tells us that the President will hereafter allocate this amount to the appropriate purposes. Therefore, there is not any question as to economy, and no question at all is raised by the bill as to an expenditure that would be excessive, because the President says to us, and the Senator from Kentucky very graciously communicates that word, that he would allocate, out of relief funds, the amount that would be used for these particular items. Perhaps that would be all right, but "you can't most always sometimes tell": and we do not know what might arise between the time of allocation and the time of making the appropriation.

So we have before us a \$50,000,000 cut made in the bill by the Senate, the House having passed it. We have the fact, which we know, that ultimately the \$50,000,000 will come to us, and that the \$50,000,000 will be expended in any event. If that be the case, there is no logical argument for postponing the day and putting those who are in need

of flood-control up to an uncertain future.

So I say that every argument made here requires that we should restore the amount provided by the House bill. There would be no question about it otherwise. There ought to be no doubt about our action concerning it.

Mr. BARKLEY. In that connection, I wish merely to say from the standpoint of economy, since the Senator from California has mentioned that subject, that I am not always actuated here, as the Senator knows, purely by the question of economy. I believe in a wise economy, but I do not always agree with some of my friends as to what is economy.

Mr. JOHNSON of California. Does anybody?

Mr. BARKLEY. It frequently depends on whose ox is

Mr. JOHNSON of California. I think so.

Mr. BARKLEY. And there is always some goring going on somewhere. But what I had in mind to say was that I dare say that when the relief bill comes in here, the size of it and the fight over it, if there is to be any fight over it, will not hinge on whether this appropriation is added to this bill and therefore to be taken out of that one or not. When the bill comes in here, whatever the amount is that is recommended by the Committee on Appropriations, and we begin to consider it, in my judgment we are not going to be very meticulous to take out of it the total amount recommended by the committee of \$50,000,000 for rivers and harbors or for flood control that may be carried in this bill if we defeat the committee amendment.

In other words, looking at the matter purely from the standpoint of economy, if we add \$50,000,000 now to the Budget estimate, when the relief bill comes in we shall probably have the same amount in it, regardless of what we do here; so that in all probability we shall have, with the two appropriations, \$50,000,000 more appropriated than we shall have if the recommendation of the committee is adopted, and the President makes his allocation out of the appropria-

tion for relief.

I do not know that that statement appeals to anybody. Mr. JOHNSON of California. I cannot see that it follows at all.

Mr. BARKLEY. The Senator said the question of economy was not involved.

Mr. JOHNSON of California. It is not involved, because the amount is to be allocated by the President, anyway.

Mr. BARKLEY. But the Senator is assuming that if the \$50,000,000 is put in here it will not be put in the relief appropriation.

Mr. JOHNSON of California. That is correct.

Mr. BARKLEY. I say nobody can foresee that, because when we begin to consider the matter of a billion and threequarters dollars or a billion and a half dollars of appropriations, I do not think we are going to adopt an amendment on the floor reducing that amount by \$50,000,000, because we appropriated it in this particular bill.

Mr. JOHNSON of California. It will have to be somewhere in the ultimate bill, because it is to be allocated to

Mr. BARKLEY. Of course. The amount will be carried, I presume, in a lump-sum appropriation, if it is a lump-sum appropriation; or, if it is earmarked for various purposes, it will be available out of the earmarking. But the point I make is that there is no assurance that adding \$50,000,000 to this bill is going to result in the subtraction of \$50,000,000 from the appropriation bill for relief.

Mr. JOHNSON of California. That would be a perfectly legitimate argument if we should stand here and say that we should not appropriate a single dollar, because the whole

amount will be allocated in a relief bill.

Mr. BARKLEY. Nobody is contending that the whole amount will be allocated. All that anybody is contending. and all that the President has said, is that he will allocate \$50,000,000.

Mr. JOHNSON of California. Exactly.

Mr. BARKLEY. But not \$110,000,000 or \$133,000,000.

Mr. JOHNSON of California. And \$50,000,000 is the exact amount that is in question here.

Mr. BARKLEY. That is correct.

Mr. JOHNSON of California. So that if the \$50,000,000 is to be allocated by the President, then no question of economy at all is involved, nor any question of uncertainty, perhaps, except the uncertainty that might arise in the meantime as to other events.

Mr. THOMAS of Oklahoma. Mr. President, at this point I ask that the RECORD show two paragraphs from the testimony of the Chief of Engineers, General Schley.

The PRESIDING OFFICER (Mr. LA FOLLETTE in the chair). Without objection, it is so ordered.

The matter referred to is as follows:

[From p. 107 of House hearings on War Department civil functions appropriation, 1940]

General Schley. We stated in our annual report for this year, which we habitually state, that we could spend economically in carrying forward the new work authorized by Congress in the next fiscal year \$103,000,000 for rivers and harbors and \$195,000,000 for

fiscal year \$103,000,000 for rivers and harbors and \$195,000,000 for flood control. Those are the figures we reported. We make that report because that gives the Budget and gives Congress an idea of how we stand, first, on what Congress has approved and second, on the status of the work as to our ability to carry it forward.

As compared with the \$103,000,000 for rivers and harbors estimated this year the Budget allowed us \$30,000,000, and in the case of flood control, instead of \$195,000,000 they allowed us \$110,000,000. As to the sufficiency of it I am not able to express myself on that; that is a matter for Congress to determine. We could expend the figures we suggested in our annual report. But I may say that reducing the amount from \$103,000,000 to \$30,000,000 is a great reduction. That is a 70-percent reduction. reduction. That is a 70-percent reduction.

Mr. THOMAS of Oklahoma. Mr. President, if the Senate stands by the committee report, the Senate will make available 29 percent of the money requested for river and harbor purposes. If the Senate agrees to the provisions carried by the House bill it will agree to only 53 percent of the request for river and harbor purposes. If the Senate agrees to the provisions of the House bill with regard to the amount for flood control, the Congress will have given only 56 percent of the amount requested by the Board of Engineers. They asked for \$195,000,000, and the bill now carries \$110,000,000. If we grant the request and increase the amount to \$133,-000,000, it will still lack \$62,000,000 of equaling the amount the Board of Engineers want to spend.

Mr. President, the issue resolves itself into this: There is no question about the drain on the Treasury. If we do not put the money in this bill and earmark it, it will come out of the relief bill. So in the end the same amount of money will come from the Federal Treasury for river and harbor improvement purposes, and maintenance purposes, and floodcontrol purposes. The question is, Shall it be the policy of the Senate to earmark this money in accordance with the report of the Board of Army Engineers, so that we shall know

where it is going to be spent, how much on this authorized project and how much on that authorized project; or shall we reduce the amount, and then place this sum of \$50,000,000 in the hands of someone who may spend it without regard to limitations of man-hours and without even being required to spend it on authorized projects or on projects that are now on the program?

Mr. President, the river and harbor improvement program and the flood-control program are congressional programs. The Congress has authorized projects and placed a limitation upon the construction of the projects. We are now attempting to carry forward the construction of those projects, or such of them as the Board of Army Engineers thinks

should have priority.

The hearings contain a list of the projects, which are scattered throughout the United States. They are at those points where the Board thinks the money could be spent to the best advantage. If the Senate thinks that the Senate should have something to say about where this \$50,000,000 should be spent, we can strike it from the bill and then take \$50,000,000 from the relief appropriations and place that in the hands of someone, with restrictions, to be spent at the point where it is desired it should be spent, with restrictions. For my part, I do not agree to that policy.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. BARKLEY. The bill does not say where the \$50,000,000

shall be spent. It is for general flood-control work.

Mr. THOMAS of Oklahoma. Answering the suggestion that the bill does not specify where the money shall be spent, let me say that the practice is definite; it is understood; the bill is predicated upon the hearings, and the hearings contain a break-down of the several projects. If \$110,000,000 for flood control is the limit and \$40,000,000 for rivers and harbors is the limit, we can take the hearings and find out how much money goes to one point and how much to another, not that it is in the bill, but it is understood between the Congress and the Board of Engineers that its report is controlling.

If we increase the amount to \$133,000,000 for flood control and \$55,000,000 for rivers and harbors, we take the other break-down, and in the Senate hearings the break-down is complete, and we will know how much money goes to each

project under either proposal.

All the projects are authorized; they have been carefully considered, and they are set forth in the hearings, indicating the points where the Board of Army Engineers thinks the money would do the best good for river and harbor improve-

ment and for flood control.

Mr. BARKLEY. Of course, Congress can provide in the relief appropriation, if it sees fit to do so, that any money spent for rivers and harbors or flood control should be spent on authorized projects. So Congress could keep control of that matter without leaving it to someone, as the Senator has stated. We could certainly limit the expenditure of the relief money for this purpose to authorized projects, and we could also provide that it should be spent under the control of the Army engineers. There is no trouble about it so far as directing how it shall be spent is concerned, although Congress has never, in its general flood-control policy, designated the particular project on which the money should be spent. It is always a lump-sum appropriation, being left to the President, and, of course, he leaves it largely to the Board of Army Engineers to say where the money shall be spent.

Mr. TRUMAN. Mr. President, will the Senator from Oklahoma yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. TRUMAN. I am a member of the subcommittee of which the Senator of Oklahoma is chairman, and I am of the opinion that the amendment should be rejected and the original appropriation, as it came from the House, should be provided in the manner first recommended in the bill, for the simple reason that these flood-control projects and these harbor-improvement projects and the improvement projects on the Mississippi River are recommended directly by the Army

engineers. The expenditures are made without regard to so much material per man employed, and are made entirely in the interest of flood control and harbor improvement and improvements on the Mississippi River. I am hoping that the Senate will agree to the bill as it came from the House.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. McKELLAR. I merely wanted to make the additional statement that many of these projects are located in cities and towns for their protection. It seems to me that it is merely the difference between tweedledum and tweedledee as to the fund from which the money will come. I think we ought to follow the established practice, and put the provision in the bill just as the House inserted it.

Mr. THOMAS of Oklahoma. Mr. President, Congress has undertaken to handle this matter. We have to date authorized the construction of 370 projects. The War Department has actually started the construction of 143 projects. Congress has authorized an appropriation to the extent of \$669,-000,000 for building the projects. If this bill should be enacted, and carry the larger sum, it would still take two hundred and some million dollars to complete the projects. The Board of Army Engineers was authorized, inferentially, at least, to organize a corps of assistants to complete this program within a reasonable time. At present the Board of Engineers has a corps of some 65,000 working in all States, and in practically all the counties of all the States. If we cut them down to 29 percent of the money they ask, they will have to throw out of employment a great number of this corps of 65,000, or they will be drawing their salaries without rendering any very good service. Even the amount of money asked for by the bill as it passed the House, and as it will be if the Senate disagrees to the Senate committee amendment, will still be about 50 percent less than they can spend. They are qualified to spend the money. The Congress has authorized the projects, they have their surveying done, they are actually at work on many of the projects. and if we cut down the appropriation they will not have adequate money with which to carry on. I hope the Senate will disagree to the three amendments and reinstate, in effect, the \$50,000,000 struck out by the Senate committee.

Mr. ADAMS. Mr. President, the chairman of the subcommittee states the correct result in the committee. The majority of the Committee on Appropriations voted, not on

a tie vote-

Mr. THOMAS of Oklahoma. A practical tie.

Mr. ADAMS. Ten to three; yes.

Mr. THOMAS of Oklahoma. O, Mr. President, I cannot let that statement stand. Since the matter has been mentioned, on the first vote the vote was 10 to 9, with one member of the committee voting a pocketful of proxies in the majority.

Mr. ADAMS. Mr. President, it is not of any concern, though there is some slight inaccuracy in the situation.

The President in his message, which was a special message on flood control, recommended a certain sum. The Budget recommended the same sum. The House Committee on Appropriations recommended the sum which the President recommended, and the Senate Committee on Appropriations is recommending to the Senate the identical sum recommended by the President, by the Budget, and by the great Committee on Appropriations of the House.

As to the flood control item, with which I am more familiar, in 1938, \$30,000,000 was spent on the various projects. In 1939, the current year, \$75,000,000 has been spent, more than double the former appropriation. The Budget increased the appropriation to \$110,000,000. On the floor of the House there was an attempt to increase that by \$23,000,000. So the Senate committee is recommending an increase over the appropriation of \$30,000,000 in 1938 to \$110,000,000, which is certainly a very substantial increase in the flood-control appropriations. The Budget recommended for rivers and harbors \$41,000,000 for maintenance and \$30,000,000 for new projects. That was the amount reported by the House committee and recommended by the Senate committee.

This is not a matter of cutting an appropriation; it is a matter of maintaining a very liberal and a very generous Budget recommendation, supported by the President and the Committee on Appropriations of the House.

I am one of those who are interested in economy.

Mr. JOHNSON of California rose.

Mr. ADAMS. I think there is economy in this measure, with all due respect to my distinguished and much loved friend from California.

The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from California?

Mr. ADAMS. Always.

appropriations.

Mr. JOHNSON of California. I think I can pay the Senator the compliment of saying that he is interested in economy, but he has a very lonesome life here. [Laughter.]

Mr. ADAMS. I am aware of that a part of the time. But I have usually had the company of the Senator from California, which has made my life happy, even if lonesome. [Laughter.]

Mr. President, this is the situation as to the amount of money: From the relief appropriations of various kinds in the past 4 years, \$513,000,000 has been expended for river and harbor and flood-control purposes; \$513,000,000, more than \$100,000,000 a year, has been expended from relief

It is suggested that there is no difference between eliminating \$50,000,000 a year and having the President allocate it from the relief appropriation. I say there is a very great difference between appropriating \$50,000,000 in this bill, to be expended throughout the country mainly on creditable and useful projects, and allocating \$50,000,000 from the relief appropriation, which would not increase the relief expenditures, for we appropriate for relief based upon the number of men and women in need. We appropriate, in substance, so much per month.

The use of the relief labor is then provided for. All the President would do would be to designate certain flood-control projects or certain river and harbor projects upon which this labor would be employed. It would not increase the appropriation an iota. It would simply divert labor which would be paid here to be employed elsewhere. In other words, it is not tweedledum and tweedledee. There

would be a definite saving of the \$50,000,000.

With the permission of the Senate, I wish to have placed in the Record a statement of the Government appropriations which have been made from year to year, beginning with 1873, to show the growth of Government appropriations. Before that is done, I wish to call the attention of the Senate to the fact that in 1873 our total appropriations were \$291,000,000. The appropriations for the Government moved up, and in 1916 amounted to about \$1,114,000,000. We continued to increase the appropriations, and in 1925 the appropriations amounted to \$3,700,000,000. The Seventy-fifth Congress, the second and third sessions—that is, the last Congress—appropriated for a single year—that is, the present fiscal year—\$11,361,815,000, and the appropriations for 1940 will probably exceed that figure by \$2,000,000,000.

Mr. LUNDEEN. Mr. President-

The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from Minnesota?

Mr. ADAMS. I yield.

Mr. LUNDEEN. Did these tremendous increases bring any decrease in the total of unemployment in the country?

Mr. ADAMS. Unfortunately they have not, and I think that is a reflection upon us, and the manner in which we have expended the money. It seems to me that we have nothing to be proud of when we spend \$11,000,000,000 in a fiscal year, and have the unemployment condition which now exists. I think it is time we studied ourselves and our program, and wondered if we were wise, and whether we were on the right track.

NORTH HARBOR OF MINNEAPOLIS

Mr. LUNDEEN. I am particularly interested in the North Harbor project of Minneapolis and Minnesota; in fact, it

is a North Harbor for the Northwest, since Minneapolis is our largest city in the Northwest, and is a part of the great Minneapolis-St. Paul metropolitan area with a population of 1.000.000 people.

This harbor must be constructed because it is needed and necessary for the industry of the Northwest. It will not do to leave appropriations like this out of a bill. It is the duty of the Senate to restore the amount necessary to begin

this great project.

We, in Minneapolis, have latent facilities for a magnificent harbor where the iron ore of our great iron ranges of northern Minnesota floating down the waterways of the Mississippi can meet the coal of the Mississippi and its tributaries brought up the Mississippi waterway, and here we can build and establish a Pittsburgh of the Northwest. There is abundant manganese in the hills of my native State of South Dakota, near enough to Minneapolis, which can be handled by trucks and railways and brought to meet the iron and coal for the manufacture of steel in our great metropolis.

THE NORTH HARBOR MUST BE CONSTRUCTED

Where there is no vision the people perish. We must have vision and initiative and have the courage to meet the problems of today. The North Harbor must be constructed, and we must have a beginning of that project now before Minneapolis is stricken with industrial paralysis and before its business suffers irreparable loss. When business prospers in Minneapolis there will be jobs for labor and workers in these jobs must receive an American standard of living wage.

The relief situation in our home city now is most difficult, as shown in recent articles in our great newspapers, and that situation can be met in part by the construction of this project and related projects.

AN IDEAL HARBOR

The banks of the Mississippi along the harbor were formerly occupied by great sawmills, which have disappeared. No new buildings have gone in there. The ground is admirably situated on both sides of the river, and both sides of the river are paralleled by great railways. Trucking can be had from the railway to the warehouse and from the warehouse to the river, and likewise from the river to the warehouse and from the warehouse and from the warehouse to the railways, without any gravity difficulties, such as the problems of hills and valleys, because this region is level ground and designed by nature for great industries along the mighty Mississippi.

I most certainly hope that the Senate today will write into this measure the appropriations necessary to bring about this happy result.

I thank the able Senator.

Mr. ADAMS. Mr. President, I ask to have the table to which I referred printed in the RECORD at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

The table is as follows:

Total appropriations by sessions of Congress

42d Cong., 2d sess., fiscal year 1873 and prior years	\$330, 546, 360. 16
42 Cong., 3d sess., fiscal year 1874 and prior years.	844, 535, 209. 31
43d Cong., 1st sess., fiscal year 1875 and prior	
years43d Cong., 2d sess., fiscal year 1876 and prior	330, 441, 844. 41
years44th Cong., 1st sess., fiscal year 1877 and prior	322, 013, 148. 57
vears	299, 150, 124. 68
44th Cong., 2d sess., fiscal year 1878 and prior years	291, 220, 477, 49
45th Cong., 1st and 2d sess., fiscal year 1879 and prior years	317, 924, 555, 08
45th Cong., 3d sess., and 46th Cong., 1st sess.,	
fiscal year 1880 and prior years 46th Cong., 2d sess., fiscal year 1881 and prior	338, 865, 031. 29
years46th Cong., 3d sess., fiscal year 1882 and prior	832, 791, 077. 04
years	361, 922, 067. 85
47th Cong., 1st sess., fiscal year 1883 and prior years	423, 827, 293. 92

Total appropriations by sessions of Congress-47th Cong., 2d sess., fiscal year 1884 and prior 48th Cong., 1st sess., fiscal year 1885 and prior 48th Cong., 2d sess., fiscal year 1886 and prior 49th Cong., 1st sess., fiscal year 1887 and prior 49th Cong., 2d sess., fiscal year 1888 and prior 50th Cong., 1st sess., fiscal year 1889 and prior 50th Cong., 2d sess., fiscal year 1890 and prior 51st Cong., 1st sess., fiscal year 1891 and prior 51st Cong., 2d sess., fiscal year 1892 and prior 52d Cong., 1st sess., fiscal year 1893 and prior 52d Cong., 2d sess., fiscal year 1894 and prior 53d Cong., 1st and 2d sess., fiscal year 1895 and 53d Cong., 3d sess., fiscal year 1896 and prior 54th Cong., 1st sess., fiscal year 1897 and prior 54th Cong., 2d sess., and 55th Cong., 1st sess., fiscal year 1898 and prior years_____55th Cong., 2d sess., fiscal year 1899 and prior years_ 55th Cong., 3d sess., fiscal year 1900 and prior 56th Cong., 1st sess., fiscal year 1901 and prior 56th Cong., 2d sess., fiscal year 1902 and prior 57th Cong., 1st sess., fiscal year 1903 and prior 57th Cong., 2d sess., fiscal year 1904 and prior 58th Cong., 1st and 2d sess., fiscal year 1905 and 58th Cong., 3d sess., fiscal year 1906 and prior 59th Cong., 1st sess., fiscal year 1907 and prior 59th Cong., 2d sess., fiscal year 1908 and prior 60th Cong., 1st sess., fiscal year 1909 and prior 60th Cong., 2d sess., fiscal year 1910 and prior years_____61st Cong., 1st and 2d sess., fiscal year 1911 and 61st Cong., 3d sess., fiscal year 1912 and prior 62d Cong., 1st and 2d sess., fiscal year 1913 and prior years______62d Cong., 3d sess., fiscal year 1914 and prior 63d Cong., 1st and 2d sess., fiscal year 1915 and 63d Cong., 3d sess., fiscal year 1916 and prior 64th Cong., 1st sess., fiscal year 1917 and prior vears. 64th Cong., 2d sess., and 65th Cong., 1st sess., fiscal year 1918 and prior years_____65th Cong., 2d sess., fiscal year 1919 and prior 65th Cong., 3d sess., and 66th Cong., 1st sess., fis-cal year 1920 and prior years______66th Cong., 2d sess., fiscal year 1921 and prior 66th Cong., 3d sess., and 67th Cong., 1st sess. (to July 12, 1921), fiscal year 1922 and prior years. 67th Cong., 1st (from July 12, 1921) and 2d sess. (to July 1, 1922), fiscal year 1923 and prior vears 67th Cong., 2d (from July 2, 1922), 3d, and 4th sess., fiscal year 1924 and prior years————68th Cong., 1st sess, fiscal year 1925 and prior 68th Cong., 2d sess., fiscal year 1926 and prior 69th Cong., 1st sess., fiscal year 1927 and prior 69th Cong., 2d sess., fiscal year 1928 and prior 70th Cong., 1st sess., fiscal year 1929 and prior

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1, 021, 349, 990. 63	
1, 098, 602, 065, 64	
1, 122, 471, 919. 12	
1, 114, 490, 704. 09	
1, 628, 411, 644. 81	
8, 881, 940, 243. 79	
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4, 151, 682, 049. 91	
4, 409, 463, 389. 81	
4, 211, 011, 352. 58	
4, 633, 577, 973. 85	1
4, 665, 236, 678, 04	1

71st Cong., 1st and 2d sess., fiscal year 1931 and prior years	5, 071, 711, 693, 56
71st Cong., 3d sess., fiscal year 1932 and prior	5, 178, 524, 967, 95
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years72d Cong., 2d sess., and 73d Cong., 1st sess., fiscal	5, 785, 252, 641. 95
year 1934 and prior years 73d Cong., 2d sess., fiscal year 1935 and prior	7, 692, 447, 339. 17
years1	7, 527, 559, 327. 66
74th Cong., 1st sess., fiscal year 1936 and prior years	9, 579, 757, 330. 31
74th Cong., 2d sess., fiscal year 1937 and prior	
years	10, 336, 399, 272. 65
years75th Cong., 2d and 3d sess., fiscal year 1939 and	9, 356, 174, 982. 92
prior years	11, 361, 815, 653. 84
¹ Does not include appropriations from the receip increment resulting from the reduction in weight under sec. 7 of the Gold Reserve Act of 1934, amo 000,000 for the exchange stabilization fund and payment to the surplus of Federal Reserve bank priations did not affect the Budget or the natio	of the gold dollar unting to \$2,000,- i \$139,299,557 for cs. These appro-

Mr. ADAMS. Mr. President, I am very much in earnest, as the Senate knows, with respect to economy matters. I have sat here on the floor of the Senate, and in connection with measure after measure I have voted for governmental economy. I have voted for appropriations for the construction of battleships; I have voted for appropriations for the Army; I have voted for measures dealing with all manner of preparation for defense. But I say to the Senate that the most vital element of American defense is the American credit, and that credit we are allowing to go unprotected. We have great floating debts which will impair our defensive capacity. Every time the Congress adds unnecessarily to the deficit, to the debt of this country, it is weakening the defensive measures of our land.

Mr. LUNDEEN. Mr. President, will the Senator yield at that point?

Mr. ADAMS. I yield.

that reason are not included.

Mr. LUNDEEN. I wonder how it is, then, that our loans are oversubscribed so abundantly each time, and at a very low rate of interest. I ask for information.

Mr. ADAMS. I shall be very glad to tell the Senator my opinion; I do not say that it is information. Throughout the country there are millions of unemployed men, as the Senator from Minnesota has mentioned. They mean idle factories, or at least factories only partially in operation. The result is that money which, under proper conditions, would be used in manufacturing in other industries, in employing men, is cumulating in the banks and lying there idle. When we put men to work we put money to work. When we put money to work we put men to work. The cumulating of money is a bad system for us. It may have only one good result, that available money may be the means by which we can move forward.

PURCHASE OF DANISH AND DUTCH POSSESSIONS IN AMERICA

Mr. LUNDEEN. If the Senator will permit me further, it has been my intention for some time to address the Senate further on the subject of the purchase of Dutch possessions in North America, and on the purchase of the Danish possessions in North America. I have hesitated to intrude myself into this very interesting and important debate, but with the indulgence of the Senate, I hope to have the opportunity to bring to the attention of the Senators this most important program of national defense, so vital to the defense of our Panama Canal and our entire Atlantic seaboard. It is vital to aircraft and the air services both to Europe and to the Pan American line.

I ask the attention of the American people to the purchase of these possessions, which must not be further delayed.

Mr. ADAMS. Mr. President, I do not want to take more time than I should on this matter. It is a matter, as I said, in which the committee is supporting the Budget. In 1938 in the rivers and harbors bill there was appropriated \$128,-000,000. Of that there was expended only \$67,000,000, leaving a balance of \$61,000,000.

In 1939 there was appropriated \$112,000,000. I do not have available the figures for the expenditures, but I assume that the expenditures were at a corresponding rate, which means that there is available now, in addition to the present appropriation, a sum of \$50,000,000 to \$60,000,000.

Mr. President, every Senator, I believe, has been flooded with telegrams. A propaganda has been inaugurated and telegrams have been sent, mostly under the name of a particular association in Washington. Those telegrams say "Vote to restore the \$50,000,000 cut." They do not explain to Senators why it should be done. Telegrams were sent to my State, and I do not speak from hearsay, because as a result half a dozen or more telegrams have come to me telling me to vote against the cut. They even told me that the cut had caused the elimination of projects in my State.

Those who sent the telegrams were acting without information and endeavoring to put pressure upon the Congress. They did not know the merits of the measure, and they did not care. They are for an appropriation; the bigger the appropriation the better they are suited. As I said, it is a propaganda based upon lack of information. Telegrams have been sent, but those who sent them did not know what the

facts were.

The money proposed to be added will start comparatively few new projects, either flood control or river and harbor projects. In the main, the \$23,000,000 flood-control item and the \$25,000,000 river and harbor item merely mean increased expenditures upon existing projects. The same argument could be made as to why we should appropriate the full amount necessary to complete the projects.

The Army engineers are a very able group. They are fine engineers. They also are aware of the weaknesses of those of us who sit in Congress; and if Senators will examine the distribution of projects throughout the United States, they will find that the Army engineers in their distribution have recognized the desirability of a proper distribution of projects.

Mr. BYRNES. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. BYRNES. Did the Senator in his previous remarks refer to the National Rivers and Harbors Congress?

Mr. ADAMS. Yes.

Mr. BYRNES. Will the Senator permit me to read the telegram?

Mr. ADAMS. If the Senator will.

Mr. BYRNES. I read as follows:

ORVILLE BULLINGTON,

Wichita Falls, Tex.:

Senate Appropriations Committee today cut \$50,000,000 from river and harbor and flood-control appropriation as passed by House. Please wire or phone your Senators immediately to vote to restore House figure. Senate expected to vote Monday. Appreciate your cooperation.

NATIONAL RIVERS AND HARBORS CONGRESS.

WICHITA FALLS, TEX., May 27, 1939.

DEAR SIR: Enclosed I hand you original of telegram which I received requesting me to protest against your cut of \$50,000,000 from the river and harbor and flood-control appropriations. Instead of protesting I desire to approve and endorse your action. Your cut is not big enough.

Individuals and groups relet

Individuals and groups must realize that taxes cannot be reduced without reducing expenditures, and if expenditures are not reduced without reducing expenditures, and if expenditures are not reduced our country is headed for bankruptcy, and that in the very near future. The mountain of debt under which the American people now stagger is impossible of payment, and a great proportion of it will certainly be repudiated outright or by the further devaluation of the dollar. The next generation will in all probability be intelligent enough to refuse payment of the debts which have been foisted upon the country in the name of emergency, without regard to emergencies which must necessarily be faced by future generations.

As a former director of the National Rivers and Harbors Congress I trust that the individuals and groups composing your organization will have guts enough to resist the temptation to raid the Treasury in its present depleted condition.

Very truly yours,

ORVILLE BULLINGTON.

Has the Senator from Colorado received any telegrams from chambers of commerce?

Mr. ADAMS. Yes.

Mr. BYRNES. I notice the United States Chamber of Commerce recently met in Washington and criticized the administration and the Congress for the expenditure of money. I have received letters from the chamber of commerce in Columbia, the capital city of South Carolina, urging me to restore this \$50,000,000, and I understand other chambers of commerce have sent similar letters, and I wondered if, in the Senator's own State, the chambers of commerce have likewise been asking for the restoration in the bill of the \$50,000,000.

Mr. ADAMS. The telegram sent by the National Rivers and Harbors Congress and read by the Senator from South Carolina is identical with the one that was sent throughout my State. There is no individual name signed to it. It is simply signed "National Rivers and Harbors Congress." The sending of such telegrams by the National Rivers and Harbors Congress resulted in telegrams being sent to me. I have projects in my State. It is alleged they will receive additional money if the \$50,000,000 is put back in the bill.

Mr. BYRNES. Mr. President, will the Senator again

yield?

Mr. ADAMS. I yield.

Mr. BYRNES. I just wish to state that the Senator from New Mexico [Mr. HATCH] advises me that the gentleman who addressed the letter to the chairman of the Senate Appropriations Committee, Orville Bullington, is a very staunch and active Republican in the State of Texas.

Mr. HATCH. I ask the Senator from Texas [Mr. Con-

NALLY] whether that is not correct?

Mr. CONNALLY. Mr. Bullington is a very distinguished and outstanding Republican, a very fine gentleman, and a man of considerable means, as well as of brains.

Mr. BYRNES. I should like to say to the Senator from Colorado that I am glad there is one distinguished and outstanding Republican who shares our views with respect to saving some money now and then.

Mr. JOHNSON of California rose.

Mr. ADAMS. Mr. President, I shall be glad to yield to the Senator from California.

Mr. JOHNSON of California. I should like to ask one question. Does the Senator resent the receipt of that telegram, whoever received it?

Mr. BYRNES. On the contrary, I have just said that the chairman of the Senate Appropriations Committee received it. Certainly, so far as the Senator from South Carolina is concerned, he is glad to know that there is one distinguished Republican who is in favor of voting for economy at some time during this session.

Mr. JOHNSON of California. Exactly. There are several—only several, perhaps—but there is only one Democrat in this body who is in favor of economy, and that is the Senator from Colorado [Mr. ADAMS].

Mr. BYRNES. Is the Senator from California for this particular measure of economy, increasing the appropriation by \$50,000,000?

Mr. JOHNSON of California. When the President says to us, "If you take out this \$50,000,000, I will allot it out of the relief bill by-and-by," where is the saving?

Mr. BYRNES. Suppose we take it the other way. If the \$50,000,000 is now appropriated in this bill, will the Senator from California vote to reduce the relief bill by \$50,000,000?

Mr. JOHNSON of California. Not necessarily.

Mr. BYRNES. Then the Senator wants to increase the appropriation in the pending bill by \$50,000,000, but he would

not vote to take \$50,000,000 from the other bill?

Mr. JOHNSON of California. No. I am merely saying that I will not pledge myself to any specific conduct in the future. I do not want to put our people in the position of relying upon an uncertainty in the future. However, the President has charge of the funds. The President will make his allocation. The President will see that the \$50,000,000 is accounted for when it comes to the relief funds; and the President says it will be allotted in the manner I have indicated.

Mr. BYRNES. Mr. President-

The PRESIDING OFFICER. The Senator from Colorado [Mr. Adams] has the floor.

Mr. BYRNES. Mr. President, will the Senator from Colorado yield to me?

Mr. ADAMS. I had yielded to the Senator from California. I now yield to the Senator from South Carolina.

Mr. BYRNES. It will be necessary to include in the relief bill a provision which has heretofore been carried, authorizing the funds to be used for flood control, because it is a Federal project for which there is no sponsor's contribution, and therefore it would not be left entirely to the President to allot the \$50,000,000. The provision heretofore carried in the relief bill will have to be continued.

Mr. JOHNSON of California. I was quoting the Senator from Kentucky [Mr. Barkley], who said that the \$50,000,000, if not allowed in the pending bill, would be allotted by the President out of relief funds.

Mr. BYRNES. That can be done only if the Congress authorizes it to be done. If it is not authorized, it cannot be done.

Mr. JOHNSON of California. The Senator is discussing one of the uncertainties to which I referred. As I said a little while ago, "You can't most always sometimes tell." We might be in a situation in which we would not receive the \$50,000,000 when the occasion came for its allotment; but we rest today upon the promise of the President to allot it. The President promising to allot it, of course he would keep faith and allot it; and therefore there is no economy at all in this matter.

Mr. BYRNES. If the Senator from Colorado will yield-

Mr. ADAMS. I yield.

Mr. BYRNES. If that statement be correct, and we can rely upon the Senator, if we should add \$50,000,000 to the present bill we should simply be providing \$100,000,000 instead of \$50,000,000.

Mr. JOHNSON of California. Not at all. If the \$50,000,000 were taken out of the pending bill, it would be allotted by the President provided we were deprived of it by virtue of the way in which the bill reads. That is all.

Mr. ADAMS. Mr. President, there is a current misunderstanding about the way in which relief bills are framed. Relief bills appropriate a definite sum of money. We do not earmark and we do not allot portions of the relief appropriation. We do provide limitations. We provide that not more than a certain part may be spent on highways, not more than a certain amount may be spent for flood control, and not more than a certain amount may be spent on other activities. However, there has not been a definite allocation; and flood relief and river and harbor improvements have been appropriate activities for the employment of relief labor. I think that is all that would be involved. There would be the privilege of using relief labor on these projects.

Mr. President, it is growing late. I shall not take any further time, except to say to the Senate that flood-control work in the United States has gone forward at a very rapid pace. Enormous sums have been appropriated. River and harbor improvements have gone forward at a tremendous pace. There is no emergency. There is no requirement for the additional money; and knowing the President and the Budget officers, I think Senators are not justified in turning down the President's recommendations, the Budget recommendations, and the recommendations of the Appropriations Committee of the House by adding an unneeded \$50,000,000 at this time of great financial stress.

Mr. THOMAS of Oklahoma. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it. Mr. THOMAS of Oklahoma. Is it not true that the vote

Mr. THOMAS of Oklahoma. Is it not true that the vote will come upon the adoption of the committee amendment, and those who are in favor of the larger sum will vote "nay"?

The PRESIDING OFFICER. The vote will come on the second committee amendment, to be found on page 7. For the information of the Senate, the amendment will again be stated.

The CHIEF CLERK. On page 7, line 16, the committee proposes to strike out "\$96,000,000" and insert "\$71,000,000."

The PRESIDING OFFICER. The question is on agreeing to the committee amendment. [Putting the question.] The noes seem to have it.

Mr. ADAMS. I ask for a division.

On a division, the amendment was rejected.

The PRESIDING OFFICER. The next amendment of the committee will be stated.

The next amendment was, under the subhead "Flood control", on page 8, line 25, after the word "law", to strike out "\$133,000,000" and insert "\$110,000,000", so as to read:

FLOOD CONTROL

Flood control, general: For the construction and maintenance of certain public works on rivers and harbors for flood control, and for other purposes, in accordance with the provisions of the Flood Control Act, approved June 22, 1936, as amended and supplemented, including printing and binding, newspapers, law books, books of reference, periodicals, and office supplies and equipment required in the Office of the Chief of Engineers to carry out the purposes of this appropriation, the purchase (not to exceed \$149,500) of motor-propelled passenger-carrying vehicles and motor-boats for official use, and for preliminary examinations and surveys of flood-control projects authorized by law, \$110,000,000.

The amendment was rejected.

The next amendment was, on page 9, line 23, after the word "use", to strike out "\$39,000,000" and insert "\$37,000,-000", so as to read:

Flood control, Mississippi River and tributaries: For prosecuting work of flood control in accordance with the provisions of the Flood Control Act approved May 15, 1928, as amended (33 U. S. C. 702a), including printing and binding, newspapers, law books, books of reference, periodicals, and office supplies and equipment required in the Office of the Chief of Engineers to carry out the purposes of this appropriation, and for the purchase (not to exceed \$51,400) of motor-propelled passenger-carrying vehicles and motorboats for official use, \$37,000,000.

Mr. ADAMS. Mr. President, in this connection I wish to repeat the statement I previously made on the flood-control item. In 1938, \$30,000,000 was appropriated; in 1939, \$75,000,000 was appropriated; and the committee amendment provides \$110,000,000, a very liberal and adequate appropriation.

I ask for the yeas and nays on this amendment.

Mr. JOHNSON of California. Mr. President— Mr. TAFT. Mr. President, is not this amendment the \$2,000,000 amendment?

Mr. ADAMS. No; that has been rejected.

Mr. JOHNSON of California. That has already been voted upon.

The PRESIDING OFFICER. For the information of the Senate, the pending amendment will be restated.

The CHIEF CLERK. On page 9, line 23, the committee proposes to strike out "\$39,000,000" and to insert "\$37,000,000."

Mr. ADAMS. I thought that amendment had been rejected.

The PRESIDING OFFICER. The amendment had not been disposed of when the Senator from Colorado rose, and therefore the Chair recognized him.

Mr. ADAMS. I thought it had been disposed of.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment on page 9, line 23.

The amendment was rejected.

Mr. ADAMS. Mr. President, there is some confusion. I was told that the amendment which was pending was the \$2,000,000 amendment, which I thought had been disposed of, and I was asking for the yeas and nays on the third amendment, which was the flood-control amendment.

The PRESIDING OFFICER. The present occupant of the chair has endeavored to protect every Senator. The amendments were stated. On the second committee amendment, on page 7, upon which there was doubt, there was a division at the request of the Senator from Colorado. The next amendment was stated, and it was rejected viva voce. The present occupant of the chair desires in every possible way to protect every Senator, but it seems that at the present state of the proceedings it will be necessary for the Senator

to ask unanimous consent for reconsideration, or make a motion.

Mr. ADAMS. Mr. President, I ask unanimous consent for the reconsideration of the vote by which the flood-control

amendment, on page 8, line 25, was rejected.

The PRESIDING OFFICER. Is there objection to the reconsideration of the vote by which the committee amendment on page 8, line 25, was rejected? The Chair hears none, and the vote is reconsidered. The clerk will again state the amendment for the information of the Senate.

The CHIEF CLERK. On page 8, line 25, the committee proposes to strike out "\$133,000,000" and to insert "\$110,000,000."

The PRESIDING OFFICER. The question is on agreeing to the committee amendment on page 8, line 25.

Mr. ADAMS. I ask for the yeas and nays.

The yeas and nays were not ordered.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment on page 8, line 25.

The amendment was rejected.

The PRESIDING OFFICER. That completes the committee amendments. The bill is still before the Senate and open to further amendment.

Mr. THOMAS of Oklahoma. Mr. President, I am authorized by the committee to submit an amendment, which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Oklahoma will be stated.

The CHIEF CLERK. On page 9, at the end of line 13, after the word "law", it is proposed to insert a colon and the following:

Provided further, That funds appropriated herein may be used to execute detailed surveys, prepare plans and specifications, and procure options on land and property necessary for the construction of authorized flood-control projects or for flood-control projects considered for selection in accordance with the provisions of section 4 of the Flood Control Act approved June 28, 1938: Provided further, That the expenditure of funds for completing the necessary surveys and securing options shall not be construed as a commitment of the Government to the construction of any project.

The amendment was agreed to.

Mr. McKELLAR. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated

The CHIEF CLERK. On page 9, line 13, after the word "law", it is proposed to insert:

Provided further, That the conditions of local cooperation for the Memphis, Tenn., flood-control project, authorized by the Flood Control Act approved August 28, 1937, shall be so modified that the cost of providing pumping stations and outlet works for interior drainage shall be borne by the United States, all in accordance with plans to be approved by the Chief of Engineers.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Tennessee.

The amendment was agreed to.

Mr. THOMAS of Oklahoma. Mr. President, on page 5, line 24, we find the title "Rivers and Harbors." I am advised by the Chief of Engineers that the title should not appear on page 5, line 24, but instead should appear on page 6, between lines 2 and 3. That is in order to make the bill conform to the precedents and the bill of last year. I offer that amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Oklahoma.

The amendment was agreed to.

Mr. WHEELER. Mr. President, I send to the desk an amendment, which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 4, between lines 7 and 8, it is proposed to insert the following:

Custer Battlefield National Cemetery, Mont., historical museum: For the erection and maintenance, by the Secretary of War, of a public historical museum within the Custer Battlefield National Cemetery, Mont., \$75,000.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Montana. The amendment was agreed to.

Mr. THOMAS of Oklahoma. Mr. President, on behalf of the senior Senator from Louisiana [Mr. Overton], and in his name, I offer the amendment which I send to the desk, and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 9, line 13, it is proposed to insert the following:

Provided further, That the reservoir and other flood-control works on Bayou Bodeau and Cypress Bayou, La., authorized by the Flood Control Act approved June 28, 1938, shall be constructed in accordance with the revised plans and cost estimates now in the office, Chief of Engineers.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Oklahoma on behalf of the Senator from Louisiana [Mr. Overton].

The amendment was agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

AUTHORITY FOR SIGNING BILLS, ETC., DURING ADJOURNMENT

Mr. BARKLEY. Mr. President, I ask unanimous consent that the Vice President be authorized to sign bills, that committees be authorized to make reports, and that the Secretary of the Senate be authorized to receive messages from the House of Representatives during the adjournment of the Senate.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. LA FOLLETTE in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. PITTMAN, from the Committee on Foreign Relations, reported favorably the nomination of Howard Bucknell, Jr., of Georgia, now a Foreign Service officer of class 3 and a secretary in the Diplomatic Service, to be also a consul general.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nomination of Ross E. P. Benter to be postmaster at Addyston, Ohio.

The PRESIDING OFFICER. The reports will be placed on the Executive Calendar.

If there be no further reports of committees, the clerk will state the nominations on the Executive Calendar.

THE JUDICIARY

The legislative clerk read the nomination of Calvert Magruder to be judge of the United States Circuit Court of Appeals for the First Circuit.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Robert N. Wilkin to be judge of the United States District Court for the Northern District of Ohio.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

NATIONAL MEDIATION BOARD

The legislative clerk read the nomination of David J. Lewis to be a member of the National Mediation Board.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

DEPARTMENT OF THE INTERIOR

The legislative clerk read the nomination of Mrs. Jessie M. Gardner to be register of the land office, Denver, Colo.

July 23, 1939.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

FOREIGN SERVICE OFFICERS

The legislative clerk proceeded to read sundry nominations for promotions of Foreign Service officers.

The PRESIDING OFFICER. Without objection, the nominations of Foreign Service officers are confirmed en bloc.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask that the nomination of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, that order will be made.

That concludes the calendar.

NOTIFICATION TO PRESIDENT

Mr. BARKLEY. I ask unanimous consent that in the case of appointments to the judiciary, the National Mediation Board, and the Department of the Interior the President be notified of the confirmation of the nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADJOURNMENT TO MONDAY

Mr. BARKLEY. As in legislative session, I move that the Senate adjourn until Monday next.

The motion was agreed to; and (at 5 o'clock and 5 minutes p. m.) the Senate adjourned until Monday, June 5, 1939, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate June 1 (legislative day of May 31), 1939

ASSISTANT SECRETARY OF THE TREASURY

Herbert E. Gaston, of New York, to be Assistant Secretary of the Treasury, to fill an existing vacancy.

APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY

TO JUDGE ADVOCATE GENERAL'S DEPARTMENT

Capt. John Amos Hall, Infantry, with rank from August 1, 1935.

Capt. Edward Hamilton Young, Infantry, with rank from August 1, 1935.

PROMOTIONS IN THE REGULAR ARMY

To be colonels

Lt. Col. James Irvin Muir, Infantry, from June 1, 1939.

Lt. Col. John Julius Waterman, Field Artillery, from June 1, 1939.

Lt. Col. Frank Drake, Coast Artillery Corps, from June 1, 1939.

Lt. Col. Daniel Huston Torrey, Adjutant General's Department, from June 1, 1939.

Lt. Col. John Millikin, Cavalry, from June 1, 1939.

To be lieutenant colonels

Maj. Aaron Joseph Becker, Infantry, from June 1, 1939.

Maj. Wilson McKay Spann, Infantry, from June 1, 1939.

Maj. James Vernon Ware, Infantry, from June 1, 1939.

Maj. Robert Washington Brown, Judge Advocate General's Department, from June 1, 1939.

Maj. Charles Lowndes Steel, Infantry, from June 1, 1939.

Maj. Manuel Benigno Navas, Infantry, from June 1, 1939.

Maj. Enrique Manuel Benitez, Coast Artillery Corps, from June 1, 1939.

To be majors

Capt. Arthur Dana Elliot, Ordnance Department, from June 1, 1939.

Capt. Joseph Edward Schillo, Quartermaster Corps, from June 1, 1939.

Capt. John Paul Richter, Air Corps (temporary major, Air Corps), from June 1, 1939.

Capt. Rene Raimond Studler, Ordnance Department, from June 1, 1939.

Capt. Howard Burdette Nurse, Quartermaster Corps, from June 1, 1939.

Capt. John Montgomery Heath, Signal Corps, from June 1, 1939.

Capt. Robert George Howie, Infantry, from June 1, 1939. Capt. Ralph Wiltamuth, Infantry, from June 1, 1939.

MEDICAL CORPS

To be lieutenant colonel

Maj. William LeRoy Thompson, Medical Corps, from July 6, 1939.

To be majors

Capt. Oliver Kunze Niess, Medical Corps, from July 2, 1939. Capt. Carl Milo Rylander, Medical Corps, from July 2, 1939.

Capt. James Patrick Cooney, Medical Corps, from July 17, 1939.

Capt. Harvey Francis Hendrickson, Medical Corps, from July 17, 1939.

Capt. Louis Holmes Ginn, Jr., Medical Corps, from July 17, 1939, subject to examination required by law.

Capt. Seth Gayle, Jr., Medical Corps, from July 17, 1939. Capt. Howard Sterling McConkie, Medical Corps, from

To be captains

First Lt. John Chisholm Fitzpatrick, Medical Corps, from July 1, 1939.

First Lt. Levi Martin Browning, Medical Corps, from July 1939.

First Lt. John William Kemble, Medical Corps, from July 1, 1939.

First Lt. John William Raulston, Medical Corps, from July 1, 1939.

First Lt. William Ferrall Cook, Medical Corps, from July 1, 1939.

First Lt. Conn Lewis Milburn, Jr., Medical Corps, from July 1, 1939.

First Lt. James Thomas McGibony, Medical Corps, from July 1, 1939.

First Lt. Robert Henry Blount, Medical Corps, from July 1, 1939.

First Lt. John Kemp Davis, Medical Corps, from July 1, 1939.

First Lt. Louis Frederick Hubener, Medical Corps, from July 1, 1939. First Lt. Wilbur Carmen Berry, Medical Corps, from July

1, 1939.

First Lt. Karl Herbert Houghton, Medical Corps, from July

1, 1939.

First Lt. Albert Charles Krukowski, Medical Corps, from July 1, 1939.

First Lt. Kenneth Somers, Medical Corps, from July 1, 1939.

First Lt. Edward Sigerfoos, Medical Corps, from July 1, 1939.

First Lt. Horace Craig Gibson, Medical Corps, from July 1, 1939.

First Lt. Frank Rodney Drake, Medical Corps, from July 1, 1939.

First Lt. Jack Segal, Medical Corps, from July 1, 1939.

First, Lt. Harold Augustus Vinson, Medical Corps, from July 1, 1939.

First Lt. Nicholas Fred Atria, Medical Corps, from July 3, 1939.

First Lt. Joseph Wallace Batch, Medical Corps, from July 26, 1939.

DENTAL CORPS

To be major

Capt. Clarence Price Canby, Dental Corps, from July 15, 1939.

To be captain

First Lt. Edmund Harold Van Dervort, Dental Corps, from July 7, 1939.

VETERINARY CORPS To be captains

First Lt. Robert James Brown, Veterinary Corps, from July 15, 1939.

First Lt. Earl Goss Kingdon, Veterinary Corps, from July 20, 1939.

MEDICAL ADMINISTRATIVE CORPS

To be first lieutenants

Second Lt. Harland William Layer, Medical Administrative Corps, from July 2, 1939.

Second Lt. Eugene Gordon Cooper, Medical Administrative Corps, from July 2, 1939.

Second Lt. Arthur Melville Henderson, Medical Administrative Corps, from July 2, 1939.

CHAPLAIN

To be chaplain with the rank of lieutenant colonel Chaplain Ivan Loveridge Bennett (major), United States Army, from July 29, 1939.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 1 (legislative day of May 31), 1939

JUDGE OF THE UNITED STATES CIRCUIT COURT OF APPEALS
Calvert Magruder to be judge of the United States Circuit
Court of Appeals for the First Circuit.

UNITED STATES DISTRICT JUDGE

Robert N. Wilkin to be United States district judge for the northern district of Ohio.

NATIONAL MEDIATION BOARD

David J. Lewis to be a member of the National Mediation Board.

REGISTER OF THE LAND OFFICE

Mrs. Jessie M. Gardiner to be register of the land office at Denver, Colo.

FOREIGN SERVICE OFFICERS

PROMOTIONS EFFECTIVE APRIL 1, 1939

To be Foreign Service officers of class 3

J. Webb Benton Donald R. Heath Dayle C. McDonough Alfred R. Thomson

To be Foreign Service officers of class 4

William E. DeCourcy Harold D. Finley James E. McKenna John J. Muccio Christian T. Steger Leo D. Sturgeon

To be Foreign Service officers of class 5

Russell M. Brooks Winthrop S. Greene Charles W. Lewis, Jr. Austin R. Preston Harry L. Troutman S. Walter Washington

To be Foreign Service officers of class 6

Glenn A. Abbey Franklin B. Atwood Joseph L. Brent Sidney H. Browne J. Holbrook Chapman Landreth M. Harrison Knowlton V. Hicks Cloyce K. Huston Albert W. Scott Miss Frances E. Willis

To be Foreign Service officers of class 7

Ware Adams
George V. Allen
J. Kenly Bacon
Robert Y. Brown
Homer M. Byington, Jr.
Albert E. Clattenburg, Jr.
Robert D. Coe
Albert H. Cousins, Jr.
Henry B. Day
Horace J. Dickinson
Everett F. Drumright
Elbridge Durbrow
Donald D. Edgar

F. Russell Engdahl
John B. Faust
Hugh Corby Fox
Carlos C. Hall
Claude H. Hall, Jr.
Heyward G. Hill
Phil H. Hubbard
Paul C. Hutton
J. Wesley Jones
Stephen E. C. Kendrick
Nathaniel Lancaster, Jr.
John J. Macdonald
Walter P. McConaughy

Robert Newbegin Calvin Hawley Oakes R. Borden Reams Charles S. Reed, 2d Arthur R. Ringwalt Eric C. Wendelin Kenneth J. Yearns

To be Foreign Service officers of class 8

Stephen E. Aguirre
Waldo E. Bailey
Walworth Barbour
Hiram Bingham, Jr.
Bernard C. Connelly
Andrew E. Donovan, 2d
Douglas Flood
Reginald S. Kazanjian
Reginald P. Mitchell
William D. Moreland, Jr.

John Peabody Palmer Troy L. Perkins Frank A. Schuler, Jr. Elvin Seibert Francis L. Spalding John F. Stone William C. Trimble H. Bartlett Wells Milton K. Wells

POSTMASTERS

MISSISSIPPI

Ethel M. Henton, Hickory.

TENNESSEE

Annie R. Newell, Whitehaven.

HOUSE OF REPRESENTATIVES

THURSDAY, JUNE 1, 1939

The House met at 11 o'clock a. m.

The Reverend S. J. Ryder, pastor of St. John's Church, Fort Wayne, Ind., offered the following prayer:

Our Father who art in heaven, who hast given to human destinies the ebb and flow of fortune and adversity, we stand humbly before Thee and ask for Thy divine guidance.

We call upon Thy paternal beneficence to open wide the portals of our souls so that the deep significance of this

session might take root in our minds.

We realize our opportunities of adding a power, austere and grand, to our national life, but we realize that these opportunities must be blessed and beautified by Thy divine wisdom. As Members of an honorable body in our Republic, we have entered a higher realm of love, namely, a love of mankind, a love of justice, and a love of the right. In this higher realm we must make decisions in relation to human wisdom, human needs, and human circumstances, but they must be interpreted in relation to Thy divine will. We wish, therefore, to be reliable units in that glorious line of predecessors and bear aloft the auroral truth that no country can exist with hopes of civilization unless the minds of its political and financial leaders are motivated by Thy divine principles of justice and charity, marked by fortitude, prudence, and moderation.

A plenitude of thought and good will, together with a plenitude of Thy divine assistance, is the blessing we ask. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had passed a bill of the following title in which the concurrence of the House is requested:

S. 2390. An act to amend an act entitled "An act to provide for the complete independence of the Philippine Islands, to provide for the adoption of a constitution and a form of government for the Philippine Islands, and for other purposes."

The message also announced that the Vice President had appointed Mr. Barkley and Mr. Gibson members of the joint select committee on the part of the Senate, as provided for in the act of February 16, 1889, as amended by the act of March 2, 1895, entitled "An act to authorize and provide for

the disposition of useless papers in the executive departments," for the disposition of executive papers in the following departments and agencies:

- 1. Department of Agriculture.
- 2. Department of Commerce.
- 3. Department of the Interior.
- 4. Department of Justice.
- 5. Department of Labor.
- 6. Department of the Navy.
- 7. Department of the Treasury.
- 8. Department of War.
- 9. Post Office Department.
- 10. Federal Housing Administration.
- 11. Northwest Territory Celebration Commission.
- 12. The Panama Canal.
- 13. United States Civil Service Commission.
- 14. United States Tariff Commission.

PERMISSION TO ADDRESS THE HOUSE

Mr. SMITH of Washington. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Washington [Mr. SMITH]?

There was no objection.

THE TOWNSEND PLAN AND DISTRICT OF COLUMBIA REVENUE BILL

Mr. SMITH of Washington. Mr. Speaker, during the discussion on yesterday the time was so limited that no one had an opportunity to discuss in detail the Townsend bill, and particularly the tax features. I have here a real Robert Ripley story. Yesterday there was introduced in the House H. R. 6577, to provide revenue for the District of Columbia, and, as Robert Ripley would say, "Believe it or not," title VI of that bill, on page 104 of the bill, paragraph 1, provides for a tax on the privilege of doing business, a tax based on gross business receipts in the District of Columbia, which is practically the tax formula of the Townsend bill. The only difference is that the rate of tax in the Townsend bill is one-half of 1 percent, and in the District of Columbia revenue bill it is four-tenths of 1 percent, or one-tenth of 1 percent less.

I ask our opposition to laugh that off if they can. In other words, we are about to adopt for the District of Columbia a tax measure which contains practically the same tax formula as is contained in H. R. 6466, the Townsend bill, introduced by the gentleman from Florida [Mr. Hendricks], which we will vote upon in a few moments.

[Here the gavel fell.]

THE TOWNSEND PLAN

Mr. HENDRICKS. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Florida [Mr. Hendricks]?

Mr. RAYBURN. Mr. Speaker, reserving the right to object, and I shall not object to this request, but the debate on the Townsend bill has continued nearly 4 hours. There are 18 minutes remaining. If we allow Members to speak for 1 minute, there will probably be a dozen or twenty requests. We want to get through. I hope no other Member will ask unanimous consent to speak on the Townsend bill because general debate will be continued on this bill in a few minutes.

Mr. RICH. Mr. Speaker, reserving the right to object, I do not understand whether the majority leader is going to object to any more 1-minute speeches. If he is going to object, we will have to start objecting now. I would like to get a minute this morning if I can.

Mr. RAYBURN. On what?

Mr. RICH. To speak on the great national debt that this administration has created.

Mr. RAYBURN. I referred to debate on the Townsend plan and 1-minute requests to speak thereon. That is all I had in mind.

The SPEAKER. Is there objection to the request of the gentleman from Florida [Mr. Hendricks]?

There was no objection.

Mr. HENDRICKS. Mr. Speaker, I am not going to debate the Townsend plan. I simply wish to say that I have always

observed that the affirmative had the opportunity for rebuttal. I understood the debate on this bill would be concluded yesterday by both proponents and opponents. I have discovered, however, that the opponents have reserved a speaker on each side to speak today. We do not have a chance to answer in rebuttal, but I am sure the Members of the House will vote their minds instead of being changed by last-minute remarks which cannot be answered.

[Here the gavel fell.]

Mr. VORYS of Ohio. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Ohio [Mr. Vorys]?

There was no objection.

Mr. VORYS of Ohio. Mr. Speaker, there is so much that is good in this latest Townsend bill that I would like to vote for it, but there is so much that is bad that I have finally decided to vote against it, since the New Deal "gag" rule forbidding amendments gives me no other choice. The bill provides pay-as-you-go pensions and repeals the high taxes and phony reserve fund of social security. That is good. But it taxes too many people too many times, makes too many people eligible for pensions, and the tax is in a form that violates the Constitution, according to recent Supreme Court decisions. That is bad, and cannot be corrected under this un-American "gag" rule. This bill would cost the people of Ohio three hundred millions a year, according to the best estimate I can find. I still favor full hearing and consideration of this bill. We have not had it yet, and never will while the New Deal controls the House.

EXTENSION OF REMARKS

Mr. SATTERFIELD. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein an address delivered by my colleague the gentleman from Virginia [Mr. Darden].

The SPEAKER. Is there objection to the request of the gentleman from Virginia [Mr. Satterfield]?

There was no objection.

THE NATIONAL DEBT

Mr. RICH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. RICH. Mr. Speaker, when I came into this Hall this morning one of the distinguished gentlemen on the majority side said, "I hope you do not make any speeches this morning." He did not want to hear about the national debt or where you are going to get the money in order to carry on for this administration.

I wish to call your attention to the fact that according to the Treasury statement of May 27 you are now \$3,212,000,000 in the red for this year, a dreadful financial position. The appropriations you have made for 1940 already total over \$7,576,000,000, and I herewith give a list of them:

Totals of appropriation bills passed at this session to date

opropriation bins passed for 1940.	
Agriculture Department and Farm Credit	Amount
Administration	\$1, 218, 666, 572.00
District of Columbia	46, 915, 207. 00
Independent offices	1, 668, 218, 340.00
Interior Department	172, 679, 765. 23
Legislative establishment	21, 985, 779, 00
Navy Department	773, 049, 151, 00
Labor Department	30, 747, 780.00
State, Justice, and Commerce Departments	121, 399, 120.00
Treasury and Post Office Departments	1,700,613,054.00
War Department:	
Military activities	508,789,224.00
Civil functions	305, 188, 514.00
First deficiency, 1939	23, 765, 041. 89
Second deficiency, 1939	157, 619, 059, 89
Work relief and relief, 1939	725, 000, 000, 00
Additional work relief and relief, 1939	100, 000, 000, 00
Employees' Compensation CommissionAdditional appropriation, printing, binding,	2, 000, 000. 00
and stationery, Treasury Department	276, 400.00
The state of the s	

Total_____ 7, 576, 915, 608. 01

And you will be asked to appropriate more than \$2,000,-000,000 more, and I list them:

Additional estimates pending for which no bill has been reported Estimated expenditure for-

____ \$1, 762, 490, 000, 00 Work relief and relief, 1940_ War Department, supplemental, 1940_____ Third deficiency, 1939_____ 239, 002, 500.00 3 334 397 12

Total of pending estimates_____

Grand total, appropriations and estimates______ 9, 581, 742, 505. 13
Estimated revenue for 1940______ 5, 669, 000, 000. 00

Estimated deficit for 1940_____ 3, 912, 742, 505.00

So you will be spending over \$9,581,000,000 for 1940. Your receipts for 1940, estimated by the Budget office, will be \$5,669,000,000, so you will be in the red next year over \$3.912.000.000. I ask you in all good faith, where will you get the money? [Applause.]

[Here the gavel fell.]

VOTE ON THE TOWNSEND BILL

Mr. HULL. Mr. Speaker, I ask unanimous consent to address the House for one-half minute.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. HULL. Mr. Speaker, the gentleman from Wisconsin [Mr. Gehrmann] was called home day before yesterday because of the death of his daughter, Mrs. Irving Justice, of Mellen, Wis. The gentleman from Wisconsin, who is a strong supporter of the Townsend bill, hoped to be here to make a speech in its favor and to vote for it.

Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD by including therein a letter from the gentleman from Wisconsin [Mr. GEHRMANN] explaining his

situation.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. HULL. Mr. Speaker, the letter to which I refer is as follows:

HOD. WILLIAM B. BANKHEAD.

Hon. William B. Bankhead,

Speaker, House of Representatives, Washington, D. C.

Dear Mr. Speaker: I would appreciate it very much, if it is permissible, to have the Clerk read or insert in the Record the fact that I was called home by the sudden death of my daughter. I am very much interested in H. R. 6466 and intended to take the floor in favor of it during the debate. Had it been possible for me to be present when the vote was taken, I would have voted "tree" on pressent of the bill

"yes" on passage of the bill. Very truly yours,

B. J. GEHRMANN Tenth Wisconsin District.

THE TOWNSEND PLAN

Mr. SECREST. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. SECREST. Mr. Speaker, I regret that the time for debate on H. R. 6466 has been limited. I also regret that many Members, apparently, have not even read the bill. They oppose it on the ground that it proposes to pay everyone a pension of \$200 per month when the bill actually says no such thing. It merely provides that a certain tax shall be levied and the proceeds divided among the applicants for the pension. The author of the bill stated in his speech to this House yesterday that the initial payment would be \$60 or \$70 per month.

Under the rule we cannot amend this bill, no matter what change we would like to make. Regardless of this, I am supporting this bill because I approve the principle for which it

In my opinion, a national plan of old-age security is inevitable. The duty rests upon Congress to select and approve the best plan available. We enacted the Social Security Act: this was a forward step in social legislation, but does not and cannot meet the needs of millions of our citizens. The farmer who tills his own farm and a man who conducts his own business may find themselves wholly without resources at the age of 60. At the present time only 50 percent of those gainfully employed are covered by the Social Security Act at any one time. While some may be brought within the provisions of the Social Security Act by amendment, there are many millions of people who can never hope to secure old-age assistance under this legislation.

Prior to the enactment of the Social Security Act the socalled Townsend plan was suggested to the American people. Objections were raised to it on the grounds that the \$200 per month was excessive and that adequate provision was not made to finance the plan, thereby necessitating a continuing national deficit to meet the payments of those making claim.

The present Townsend bill meets these fundamental objections. First, by raising the necessary revenue in the act itself; and, second, by providing that no funds shall be paid until they are first collected. There can be no inflation or printing-press money under a pension plan which provides that expenditures shall be limited to the income derived under the bill. The bill provides a plan of taxation, the proceeds to be used solely in financing the old-age security of every citizen of the United States who has attained the age of 60

The plan of having a particular tax for a particular purpose is most desirable and has demonstrated its effectiveness in those States where gasoline-tax revenues have been limited solely for the construction and maintenance of roads. It is also adopted as fundamentally sound in the present Social Security Act, where a specific tax is levied for the sole purpose of old-age security.

The Townsend plan, as embodied in the present bill, will accomplish more desirable ends than all the legislation that has been enacted for many years. In the first place, it will equalize and guarantee justice to every eligible citizen of the United States by assuring them an equal amount of money for their support. This is not done under the Social Security Act, where persons of equal need may receive \$10 in one State and \$30 in another, or where people in the same town within one State may receive twice as much as their neighbor. The Townsend plan, by treating every eligible person the same, will remove all politics from the pension system, which has been made a political football in many States.

Instead of being harmful to the Social Security Act, the Townsend plan will be definitely beneficial. The Social Security Act provides that aid shall be given to dependent children. Because of lack of funds, thousands of such children in Ohio and elsewhere are unable to receive a cent of help. Last year Ohio spent over \$16,000,000 as its share in matching Federal funds for old-age pensions. If a national plan for old-age pensions is adopted, Ohio will have sufficient money to fully provide for every dependent child in the State and still have several million dollars left with which to meet every obligation of her schools, now seriously crippled for lack of funds.

The present bill provides that the money collected shall be equitably distributed to every American citizen over 60 years of age and requires that such citizen give up all gainful employment. At the present time there are several million people over 60 years of age who continue working because the present old-age pension system will not give them sufficient funds for a decent living. No one can predict accurately the amount of money that would be available to each claimant under the Townsend plan, but certainly it will be sufficient to permit these millions to give up their work, thereby opening positions to millions of young people who are now unemployed. Making adequate provision for the elderly people now working and then requiring them to give up their work would do more to promote employment than anything attempted by the Congress. The need for large relief and public works appropriations would rapidly diminish. No elderly person who has a position can be expected to leave it for a \$15 or \$20 per month pension. Pay him an adequate pension and he will be happy to permit some younger man to take his place.

This bill will also make it unnecessary for the Government to collect the present tax for old-age pensions levied under

the Social Security Act, thereby saving much money and inconvenience on the part of employers and employees. It has safeguards to prevent a recipient of the pension from keeping relatives and friends in idleness. It also has a very sane principle which will be welcome to every businessman in the country, because the bill provides that everyone receiving the pension must pay their current bills for food, clothing, and necessities. In addition to the payment of their current bills, 10 percent of the money received must be used for payment of all past debts, thereby benefiting every businessman with a number of debts owing, which, under existing circumstances, he cannot collect.

The so-called Townsend bill is very much misunderstood by great sections of our population, but, regardless of the objections raised to the original plan, the modified plan now before Congress is a sound, sane, and conservative measure. It forbids the hoarding of pension funds by requiring those receiving pensions to put the money into circulation for the stimulation of business. Thus it will increase purchasing power, give security to the aged by retiring them with a reasonable income, open employment to younger citizens, remove injustices and inequalities in the present pension system, repeal the tax burden for pensions under the Social Security Act, and will remove a great tax burden from the shoulders of every State, permitting them to make more effective the other provisions of the Social Security Act. It will also make it unnecessary to build great reserves in a social-security fund, a plan which is viewed with alarm by nearly every businessman and financial institution.

I am convinced that a national system of old-age security is certain to come, and I feel that House bill 6466 as it is now drafted is the most sensible and conservative method now before the American people to accomplish this end. It is good business to spend only that which you collect, because in this way we avoid great debt and printing-press money. Since this bill will prevent ultimate inflation and will contribute a large number of substantial benefits to the welfare of the Nation, I wish to urge every Member of this House to support it.

EXTENSION OF REMARKS

Mr. WOODRUFF of Michigan. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and include therein an editorial from the Washington Post.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. Larrabee asked and was given permission to extend his own remarks in the Record.

Mr. GILLIE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and include therein a Memorial Day address delivered by the gentleman from Indiana [Mr. Springer] at Muncie, on May 30.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

VOTE ON THE TOWNSEND BILL

Mr. POLK. Mr. Speaker, my colleague the gentleman from Ohio, Mr. Ashbrook, is unable to be present. He requested the pair clerk to pair him against the so-called Townsend bill, but no pair could be secured. Therefore, he requests me to announce that if he were present he would vote "nay" on the bill today.

THE TOWNSEND PLAN

Mr. MILLER. Mr. Speaker, I ask unanimous consent to extend my own remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut.

There was no objection.

Mr. MILLER. Mr. Speaker, about an hour from now I will cast my vote against the Townsend bill, now known as H. R. 6466.

I do know that thousands of elderly citizens will be disappointed if and when H. R. 6466 is defeated. They will be disappointed because they have been led to believe that

the Townsend plan is feasible and sound; that if enacted into law our economic troubles would be over. I respect those who honestly believe in the Townsend plan, but I must cast my vote for what I believe to be in the best interest of our country. What good would it do if we provided every citizen over 60 years of age with an annuity of \$50, \$100, \$200, or even \$300, per month for a few months or a year if by so doing we brought chaos, inflation, and ruin to all of our people. That is what I believe would happen if the provisions of H. R. 6466 were enacted into law. My opinion is supported by the testimony of every economist who testified before our Ways and Means Committee. It is supported by such organizations as the A. F. of L., the Grange, the Federal Farm Bureau, and by businessmen, large and small.

If it were possible, I would like to see every person over 60 receive an annuity of \$200 monthly. If it did not mean ruin, I would like to add to the list the widows of the comrades I left buried in France—I would like to add every widow who is in need.

Call it what you will—a transaction tax, a sales tax, or what not—it means that to make this plan effective we would have to tax everyone, rich or poor, on even the necessities of life, from four to fifteen billion dollars per year. It just cannot be done.

Far be it from me to question the sincerity of Dr. Townsend, but this I will say: His hands are not absolutely clean. Do you recall the little story in his newspaper in which an effort was made to mislead his followers by telling them wonderful progress had been made since the last session of Congress, as indicated by the fact that his bill was now No. 2 on the whole list of bills introduced. It seems like poetic justice that H. R. 2 has been discarded and we now have the bill before us known as 6466.

Does it not mean something when we find that after 4 months of hearings there is not a member in either party on the Ways and Means Committee who would move to recommend this bill to the House? We have to take the bill as is; we cannot amend it at all. If we vote to recommit it to committee for perfecting, we are to be listed as against the Townsend plan. This, in spite of the fact that Dr. Townsend testified—

I concede that there will have to be amendments to the bill.

Several advocates of this plan have pointed out that this bill does not provide \$200 a month. However, that is the minimum to be hoped for. That is what Townsend Club members have been led to believe they will receive. What did Dr. Townsend say as to the amount of annuity? I quote:

Two hundred a month will not stay long. We will go on to three hundred; we must inevitably.

Let us lay this dream bill away and devote the rest of the week to considering amendments to the Social Security Act. Let us see what we can do for our senior citizens instead of talking about what we would like to do.

Before I close may I raise one point that may be considered purely sentimental, although I believe it goes even deeper than that. Suppose brass rings and fairies did exist and this plan was made workable, what would we have done? We would have destroyed one of the finest things in our American life, namely, the family spirit. We would take from thousands the joy of caring for their parents; the privilege of making their declining years happy. Oh, I know thousands have little or nothing to share with anyone, but that is a temporary condition. If we keep our heads, we will work out of these unhappy economic conditions. We grew into a great nation by practicing thrift, by having a Government that encouraged thrift. From our thrift came the capital to expand small business into huge industries, employing thousands.

This is still the land of opportunity, and those who will vote "no" on H. R. 6466 have voted to preserve the system that made us great.

EXTENSION OF REMARKS

Mr. JOHNSON of Oklahoma. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD, and in-

clude therein a radio program sponsored by former Congressman Binderup.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. YOUNGDAHL. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. The Chair will count. [After counting.] Two hundred and eighty-one Members are present, a quorum.

THE TOWNSEND PLAN

Mr. DOUGHTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 6466) to provide for and promote the general welfare of the United States by supplying to the people a more liberal distribution and increase of purchasing power, retiring certain citizens from gainful employment, improving and stabilizing gainful employment for other citizens, stimulating agricultural and industrial production and general business, and alleviating the hazards and insecurity of old age and unemployment; to provide a method whereby citizens shall contribute to the purchase of and receive a retirement annuity: to provide for the raising of the necessary revenue to operate a continuing plan therefor; to provide for the appropriation and expenditure of such revenue; to provide for the proper administration of this act; to provide penalties for violation of the act; and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 6466, with Mr. SMITH of Virginia in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. The Chair will state for the information of the Committee that at the conclusion of the session yesterday the gentleman from Massachusetts [Mr. Treadway] had consumed 1 hour and 51 minutes, which leaves him 9 minutes; and the gentleman from North Carolina [Mr. Doughton] had consumed 1 hour and 52½ minutes, which leaves him 7½ minutes.

Mr. TREADWAY. Mr. Chairman, I yield the balance of my time to the gentleman from Illinois [Mr. Dirksen].

Mr. DIRKSEN. Mr. Chairman and my colleagues on the Republican side, particularly, to you with faint hearts and faltering feet let me address a last-minute word before the roll call is sounded.

This bill is, in my judgment, more absurd than has been painted on the floor of this House. Must I remind you that under this bill, if you will examine the definition of the word "persons," the definition of "gross revenues," and the incidence of the tax, that the 76 railroads that are in receivership and are knocking on the door of Congress today for rehabilitation will be taxed on their gross revenues? Must I remind you that the farm bill contains \$725,000,000 of benefits out of the Federal Treasury for farm benefits, but, on the other hand, the Secretary of the Treasury shall reach out and take back a tax from the farmers in the Nation? Must I remind you that every financial house, every commission merchant who does business on less than 2 percent anywhere in this country will be rocked out of business?

They say to me, "Oh, you are concerned with property values, while we are concerned with human values," and I say to them that they are seeking to destroy the very sources of revenue from which the payment under this bill must be made. If it passes this House and is analyzed by the newspapers of the country, oh, what ridicule and invective will be directed against those who have cast a responsible vote in order to see the enactment of a bill of this kind.

In our Republican platform of 1936 we favored direct, adequate pension payment provided from a direct tax widely distributed, but does that commit anybody who is pledged to the Townsend plan to vote for a monstrosity? Ah, no, you of faint heart, it does not.

Now, May 23 is a celebrated day. On that day this bill that is pending was introduced. On that day both houses

of the Illinois Legislature approved a \$40 pension. On that day I had a visitor in my office at exactly 10:30 o'clock. He was a high official of the Townsend organization. We sat down to visit and I pointed out the defects, and, finally, here is what he said, and I made careful note of it before he left my office to make sure the statement would not be distorted.

His first statement was that they did not expect the bill to pass. The second statement was that a constitutional amendment is necessary, and they are basing their plans upon the Senate in the hope that a resolution will be initiated looking to a constitutional amendment. Third, he said to me that the experts have advised the Townsend group that it would take at least 1 year to bring up a satisfactory bill. Everybody knows that the bill that is before us has been drawn up very hastily, full of loopholes, full of ramifications that would destroy this country. Finally, this official of the Townsend national organization said to me—and mark you, everybody in this Chamber—"We do not want this bill to pass."

Now, let any proponent of this legislation stand in his place and ask me who that gentleman was. I shall not disclose his name myself.

Mr. HENDRICKS. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. HENDRICKS. Who said that?

Mr. DIRKSEN. The gentleman was Mr. Jeffery, the vice president of the national Townsend organization. [Applause.]

Mr. HENDRICKS. Mr. Chairman, will the gentleman yield for just one further question?

Mr. DIRKSEN. I cannot yield further.

Mr. SMITH of Washington. Mr. Chairman, will the gentleman yield for just one question?

Mr. DIRKSEN. I stand by that statement, gentlemen; make no mistake about it. I am going to render a service to the aged of America today and to those who are looking to this organization, not for a couple of birds in the bush but for a bird in the hand; I am going to perform them a service by voting against this bill and not hoodwinking them.

It was said a few moments ago by the gentleman from Washington [Mr. Smith] that yesterday there was introduced in the Congress a bill applying to the District of Columbia, to provide for a business privilege tax. Yes, my kind friend, I helped to draw the first business privilege tax in the District of Columbia more than 3 years ago. Go back and examine the bill and see what is in it. Note the refinements we made there, how carefully we had to define the financial dealings, the commissions paid to commission merchants, how we had to straighten out the spread and graduate the tax. Despite all the caution we could exercise, there have been 500 suits pending in the courts of the District of Columbia as a result of the best work that our committee might bring to that job.

Mr. SMITH of Washington. Mr. Chairman, will the gen-

tleman yield for a question?

Mr. DIRKSEN. Compare that, Mr. Chairman, with the thing that is before us today, and you will see that the bill is a hodgepodge, and Mr. Jeffery knew whereof he spoke when he said the experts had advised that it would take at least a year or more in which to perfect the bill. Are you, my friends, going to be in the position of sending this kind of a hybrid bill over to rest in a pigeonhole on the other side of this building? Are you going to stimulate the newspapers and the press of the country to analyze this bill for the first time in 5 years and rake you and everybody else over every editorial column from the Atlantic to the Pacific and cover you with ridicule and abuse? Are you ready for that? I shall share mine on the other side, and I shall go back and make a report to the aged people and say, "I am committed to a pay-as-you-go policy; I am committed to a generous policy, but I am not committed to vote for a hybrid monstrosity under the guise of a tax bill that will ruin the country and do exactly no good for the aged people of the coun-' Once more I say to you-

Mr. SMITH of Washington. Mr. Chairman, will the gentle-

man yield for one question?

Mr. DIRKSEN. Once more I say to you, particularly, my colleagues on this side of the aisle, whose hearts may have been faint, whose feet may have faltered a little, there is something more than pensions in the balance, and that is the economic structure of the United States of America. That is in the balance today. [Applause.] I am not willing to surrender upon that line.

Let me close with this one thought. I think it was Caesar

Cowards die many times before their deaths; The valiant never taste of death but once

There is not a man in public life who has not died politically over and over as crucial and controversial roll calls have been sounded. I experience it today, even as I experienced it on the first controversial vote I ever cast, when I voted against that notorious economy bill in 1933. I find always that when you square away with conscience you can stand upon firm ground and defend your case, and there, I say to you, my fellow Republicans, we must resolve the issue now, and henceforth let that be your guide when the roll is intoned. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield the remainder of my time to the gentleman from Massachusetts [Mr. McCor-

Mr. McCORMACK. Mr. Chairman-

Mr. HENDRICKS. Mr. Chairman, will the gentleman yield for a question?

Mr. McCORMACK. I yield briefly, because I have agreed to yield to the gentleman.

Mr. HENDRICKS. Mr. Chairman, I have a brief letter that I want to read. First, let me say that if Mr. Jeffrey made the statement ascribed to him he will be discharged.

Mr. McCORMACK. I did not yield for that. I yielded for the letter.

Mr. HENDRICKS. I have a letter to read here from Dr. Townsend, and it is as follows:

> TOWNSEND NATIONAL RECOVERY PLAN, INC., Washington, D. C., June 1, 1939.

Hon. Joe Hendricks,

House of Representatives, Washington, D. C.

Dear Mr. Hendricks: The bill H. R. 6466 contains the principles of the Townsend plan. I understand there will be a motion made to recommit the bill.

Regardless of the contents of this motion, the friends of this plan will not be fooled as to its intent. Any vote in favor of the motion will be viewed as an effort to scuttle the Townsend bill and will be so considered by its millions of supporters in this country.

Respectfully,

Dr. FRANCIS E. TOWNSEND.

Mr. McCORMACK. Mr. Chairman, there is no question but what if the pending bill was voted on through a secret ballot it would not probably receive a vote.

It is a straight pension plan under the color that by taxing nine persons to pay one person \$200 a month pension that recovery can be brought back to the country. There is not a Member of this House who in his heart and mind feels that economic recovery will be brought about by any such method as this. The regrettable thing is the number of good, sincere persons to whom "the wish is father to the hope" who are being misled.

These good persons believe that they are going to get \$200 a month no matter how one might argue or apologize to the contrary; that is what they have been promised; that is what they expect; and yet the very proponents of this bill know that it comes nowhere near accomplishing that objective, and all the while good people throughout the country are making their contributions, which they cannot afford, to a cause that cannot succeed, and if successful would result only in economic chaos to all and despair to those who are making their monetary contributions. Dr. Townsend admitted before the Committee on Ways and Means that the Chicago office during the past 5 years had received \$3,000,000 from dues, which did not include contributions used for field operations, which amounts to 40 percent, and which did not also include special collections nor the profits of the Townsend Weekly.

It must be borne in mind that no economist appeared before the Ways and Means Committee in favor of the pending bill.

A number of economists and businessmen, and the American Retail Federation, comprising about 178,000 members, appeared in opposition to it. The American Retail Federation made a survey of its members, and a representative of this association appeared before the committee and testified that the opposition to the bill was unanimous.

Every Member who votes for this bill is voting for the most dangerous type of supersales tax ever proposed. Any opponent of any man who votes for this bill can properly ac-

cuse him of voting for a super sales tax.

The tax proposed under this bill falls the heaviest upon the people least able to pay, persons of moderate and small incomes

The Brookings Institute shows that at the end of 1929, and that was supposed to be a year of prosperity, there were 27,470,000 families in the United States consisting of more than 1 person; that about 6,000,000 families, or more than 21 percent of the total, had incomes less than \$1,000 per year; that about 12,000,000 families, or more than 42 percent of the total, had incomes of less than \$1,500 per year; that nearly 20,000,000 families, or about 71 percent of the total, had incomes less than \$2,500 per year; that in the case of unattached individuals nearly 82 percent had incomes below \$2,000; also, and this is significant, that 84 percent of all the consuming goods sold in the country were bought by families with incomes of \$5,000 less.

Mark you, this was in 1929, not 1939, when income had sharply decreased from the 1929 figures, when so many millions of our persons are directly or indirectly upon relief. The income per family today is much less than it was in

1929.

The passage of this bill will reduce the purchasing power of 9 out of 10 persons at least 25 percent in order to pay the pensions provided herein. In other words, it will increase the cost of living of every person at least 25 percent.

What about the interests of these persons? What are they going to say? What kind of an appeal can any opponent of any man who votes for this measure make to such per-

This bill particularly discriminates against those with large families to support

The pending bill, in addition to providing for a supersales tax—a transaction tax—is also a surtax. It is imposed upon taxes that already exist to pay \$200 a month to 10,000,000 persons and require the raising of at least \$24,000,000,000. Is there any Member of this body who feels that can be done?

The tax will have a bad effect upon the standards of living of small-income groups, which constitute the greater part of our people. It will sharply lower the already low standard of living that exists as a result of the trying conditions that confront us and which the depression has brought about.

The passage of this bill will sharply reduce the effective purchasing power of wages.

I voted for old-age assistance legislation in 1920 when I was a member of the Massachusetts Legislature. I can well claim credit for being one of those pioneers in Massachusetts who fought under the leadership of Wendell Thore of that State, for the passage of such necessary humane legislation.

I also fought for assistance to mothers in need; for children in need; for the needy blind, and for general relief in other directions. These deserving groups are also part of any humanitarian program. They are also a problem that we must solve. What about them? Under this law they will be penalized. The purchasing power of what little they get will be sharply reduced. Why should they not get the benefits of this bill if it will assure prosperity? If the formula of the pending bill is correct, why not make recovery quicker. an expansion of our national economy greater by paying everyone \$200 a month? If paying 10,000,000 persons \$200 a month will assure prosperity and an expansion of national economy, paying 130,000,000 persons \$200 a month will assure greater prosperity, if the economic policies upon which this bill are based are correct. The passage of this bill will result in irreparable harm to agriculture. The farmer will have to pay the transaction tax. In that respect he is a producer-he pays at the source. That being so, and as experience tells us, he will have to absorb the tax of most of his transactions and yet, he is also a consumer. When he buys he pays all of the transaction taxes imposed on the article he purchases. How long do you think he can stand that kind of business?

A vote for this bill will be a vote against the best interests of the farmer. Any opponent of any man who votes for this bill who represents an agricultural district can well claim that he voted to destroy the agricultural activities of this country.

The passage of this bill will destroy business—the small, the moderate, and the independent businesses and businessmen of this country. It will create intense monopoly. It will

increase unemployment.

Dr. Townsend admitted in testifying before the Committee on Ways and Means that the passage of the pending bill will eliminate the middleman. He also said that the middleman "was incompetent" and was "an unnecessary appendage to our economic system." Do you agree with Dr. Townsend? Do you think the average businessman and the worker, the person employed by such businessmen, agree with Dr. Townsend? Do you think that the middleman and the average businessman should be destroyed? Dr. Townsend admits that they will be destroyed if this bill becomes a law.

What do you think these businessmen and their employees will say when they realize the significance of the vote of a Member of this body who represents their district? A powerful argument an opponent could make on any Member on this

and other grounds who might vote for this bill.

Dr. Townsend admitted that the effect of this bill would be to squeeze out the middleman, and a large financial group, in order to avoid the payment of the transaction tax, would buy direct from the producer and sell direct to the consumer. That means intense monopoly in addition to destroying the average business of this country. It must be borne in mind that we have 1.600,000 retail stores in this country alone, employing over 4,000,000 employees, and that is only a part of our small, moderate, and independent businesses of our country. It is estimated that such businesses employ anywhere from ten to twelve millions of persons.

The passage of this bill will give to foreign imports an advantage over American products. Certainly any fabricated article imported into the United States would not pay the transaction taxes abroad. Competitive articles produced or manufactured in the United States would pay the transaction taxes in the United States. That means foreign products have a tremendous advantage over American products.

Our foreign trade would be practically destroyed, if not destroyed; American produced and manufactured goods sold abroad would be subjected to the transaction taxes while in the process of fabrication or manufacture. How could such goods compete in the markets of the world with goods produced or manufactured in other countries which are not subjected to the same type of taxation? Common sense tells us that our foreign trade would be destroyed.

Dr. Townsend first introduced H. R. 2. The pending bill is a repudiation of H. R. 2 and the hope and aspiration of those who have been led to believe that they will receive \$200 a month and at the same time bring about recovery.

Dr. Townsend, in the hearings, said that any Member of Congress whom he had supported who voted for any bill other than H. R. 2 would be doing an act that would result in Dr. Townsend's opposition.

He now says that any Member who advocates H. R. 2 will

receive his opposition. What more evidence of attempted control or ownership of

conscience and vote of a duly elected representative of the people do we want than that?

You must vote for what I say, right or wrong, says Dr. Townsend. I can change my mind, says the good doctor, but no one else can without incurring my displeasure. I have clubs in your district; the members bow to my will; they will accept what I tell them-until they wake up-and through them I put fear into the minds of legislators so that they will bow to my will. That is what Dr. Townsend actually means; but there are other persons living in congressional districts, and I wonder what they are going to say when they find out that their Member of the House, if he does, bowed to such expediency. I wonder what the small and the independent businessman will say when he realizes that a vote was cast to drive him out of business. I wonder what his employees will say when they realize a vote was passed the effect of which would result in their losing their jobs. I wonder what the farmer will say when he realizes the meaning and the effect of this bill.

I wonder if it is realized and appreciated that if this bill becomes a law it will impose a tax that will not only seriously interfere with business and agriculture and all other walks of business activity, decreased purchasing power, but will also seriously affect religious, educational, and charitable institu-

I wonder what the dependent blind, the dependent children—although they have no vote now—dependent mothers, and other general relief cases will say when they see what they receive, the little that they do receive, reduced in pur-

chasing power to 25 percent.

I wonder what the veterans of the country will say who are receiving a pension for their service to our country in case of war, and to those veterans who are receiving compensation for a service-connected condition, when they realize, as they will, that a vote for this bill is a vote to sharply reduce the purchasing power of the pension or compensation that they receive from the Government.

I wonder what all persons employed will say when they realize that a vote for this bill is a vote to sharply increase the cost of living, at least 25 percent, thereby reducing in

purchasing power the wages that they receive.

Yes; I wonder what the very persons who are sincerely but erroneously asking for the passage of this bill will say when they see it later on from a common-sense angle. What they will think and do to the very ones whom they elected to represent them in a constructive and fearless manner and who voted for a bill that would injure the aged, destroy small and independent businessmen, reduce purchasing power, increase unemployment, adversely affect the farmer, and result in chaos.

Every real American opposes dictatorships of all kinds. The passage of this bill would result in an economic dictatorshipthe control of all businesses by a few; the small and independent businessman, employing millions throughout the country, being squeezed out. That would result in economic dictatorship, and we cannot have such a condition existing without government itself being affected.

I respect the views of the persons who are advocating this plan. However, I cannot allow my respect for them to cause me, because of the fear of votes, to do something that I know is wrong, and which I know would be disastrous to the welfare

of our country and to our people.

Until the present administration came into power very little, if anything, was done throughout the country for the aged. The Social Security Act, recommended by President Roosevelt, created a national pattern for relief for the dependent aged, the dependent blind, and dependent children. Today, 48 States and 3 Territories have old-age assistance laws, and the Federal Government is contributing toward the payment of the pensions paid. Whether the Federal Government's contributions should be larger is a question that is open to fair debate. Personally, I feel that the Federal Government could and should make a larger contribution. In over 40 States we have legislation making payments to the needy blind and to the needy dependent children. Prior to the passage of the Social Security Act very few States of the Union made provision for payments for either the aged and blind or for deserving children. Whatever improvements among these three groups should be made, should be done through amendments to the Social Security Act, and through a Federal-State program.

If the present bill passes it would wipe away State responsibility and would completely give to the Federal Government the duty and responsibility of paying all pensions and of making all investigations and all supervision of such a national plan. That means that assistance and supervision would be directed from Washington. That means the creating of a bureaucracy that would be harmful to our country. That means investigators from one section of the country, directed from Washington, going into other sections of the country, into the family life of the aged, and investigating their family life and supervising their family life. That is contrary to every instinct of sound government and to everything which is consistent with the best interests of the individual and in the individual preserving his or her dignity and personality. I do not want the people of Massachusetts to be governed from Washington in such a manner. The only way that that can be stopped is by State participation.

The passage of this bill will not produce the results desired. The promise is held forth of a payment of \$200 a month. The tax provided in the within bill will not produce anywhere near that amount. However, the taxes provided for in this bill, as I have stated before, will result in economic chaos, and a stagnation of business and a decreased national income, and decreased revenues that will temporarily, at least, result in a condition that will probably suspend all payments for relief purposes not only to the aged, not only to the general relief cases, but to the blind and to the dependent children.

For any Member of this body who is considering voting for this bill based upon expediency and looking at it from a long-term angle, and having in mind a year from next fall, the correct vote, in addition to being the sound vote to make, is to vote against the bill.

This bill should be overwhelmingly defeated. [Applause.] The CHAIRMAN. The time of the gentleman from Massachusetts has expired. All time has expired.

Under the rule the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. Smith of Virginia, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H. R. 6466) to provide for and promote the general welfare of the United States by supplying to the people a more liberal distribution and increase of purchasing power, retiring certain citizens from gainful employment, improving and stabilizing gainful employment for other citizens, stimulating agricultural and industrial production and general business, and alleviating the hazards and insecurity of old age and unemployment; to provide a method whereby citizens shall contribute to the purchase of and receive a retirement annuity; to provide for the raising of the necessary revenue to operate a continuing plan therefor; to provide for the appropriation and expenditure of such revenue; to provide for the proper administration of this act; to provide penalties for violation of the act; and for other purposes, pursuant to House Resolution 205, he reported the same back to the House.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill. Mr. TREADWAY. Mr. Speaker, I offer a motion to recommit, which I send to the Clerk's desk.

The SPEAKER. Is the gentleman from Massachusets opposed to the bill?

Mr. TREADWAY.

The SPEAKER. The gentleman qualifies. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. TREADWAY moves to recommit the bill H. R. 6466 to the Committee on Ways and Means, with instructions to that committee to report back to the House after due consideration a bill which, in the judgment of the committee, is constitutional and will provide a just, equitable, and sufficient pension for old people, based upon the new assessment the pay-as-you-go principle.

The SPEAKER. Without objection, the previous question will be considered as ordered on the motion to recommit.

There was no objection.

The SPEAKER. The question is on the motion to recommit.

The motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill. Mr. DOUGHTON. Mr. Speaker, on that I ask for the yeas and navs

The yeas and nays were ordered.

The question was taken; and there were-yeas 97, nays 302, answered "present" 2, not voting 29, as follows:

[Roll No. 851

YEAS-97

Anderson, Calif. Andresen, A. H. Garrett Gartner Keefe Kirwan Schiffler Knutson Schwert Angell Gearhart Geyer, Calif. Grant, Ind. Bender Landis Scrugham Bolles Brewster Buckler, Minn. Leavy LeCompte Seccombe Green Gross Secrest Lemke Lewis, Ohio McDowell Sheppard Smith, Maine Smith, Wash. Burdick Cannon, Fla. Guyer, Kans. Harness Harter, N. Y. Havenner Magnuson Martin, Colo. Carter Cartwright Sutphin Case, S. Dak. Chiperfield Hawks Massingale Sweeney Thorkelson Hendricks Mott Mundt Clason Hill Tolan Van Zandt Hinshaw Coffee, Wash. Murdock, Ariz. Murdock, Utah Holmes Collins Voorhis, Calif. Crowther Houston Murray Wallgren Myers Dowell Welch Eaten, Calif. Hunter O'Brien Wheat White, Idaho Izac Jacobsen O'Connor Ellis Oliver Winter Wolverton, N. J. Peterson, Fla. Pierce, Oreg. Englebright Jeffries Jenks, N. H. Ford, Leland M. Ford, Thomas F. Johns Pittenger Johnson, Ind. Powers

NAYS-302

Allen, Ill. Corbett Gossett McArdie Allen, La Allen, Pa. Costello Graham McCormack McGehee Grant, Ala. Gregory Courtney Cox Andersen, H. Carl McGranery Anderson, Mo Crawford Griffith McKeough Creal Andrews Gwynne McLaughlin Arnold Austin Hall McLean McLeod Crosser Crowe Halleck Rall Culkin Hancock McMillan, John L. Barden Cullen Hare Barnes Barry Cummings Hart Mahon Maloney Mansfield Curtis D'Alesandro Harter, Ohio Hartley Barry Bates, Ky. Bates, Mass. Healey Heinke Mapes Marcantonio Beckworth Delaney Rell Dempsey DeRouen Hennings Marshall Martin, Ill. Blackney Hess Hobbs Bland Dickstein Martin, Iowa Martin, Mass. Bloom Dingell Bochne Dirksen Hook Mason May Merritt Michener Miller Hope Horton Boland Disney Bolton Ditter Boren Bradley, Mich. Dondero Jarman Jarrett Doughton Jenkins, Ohio Mills, Ark. Mills, La. Bradley, Pa. Brooks Douglas Doxey Jensen Brown, Ga Johnson, Ill Drewry Duncan Monkiewicz Johnson, Luther A Johnson, Lyndon Johnson, Okla. Johnson, W. Va. Brown, Ohio Monroney Moser Mouton Bryson Durham Buck Dworshak Eaton N. J. Buckley, N. Y. Bulwinkle Nelson Eberharter Jones, Ohio Nichols Elston Jones, Tex. Norrell Burgin Byrne, N. Y. Byrns, Tenn. Norton Engel Kean Kee Keller O'Day O'Leary Fadais Kennedy, Martin O'Neal Kennedy, Md. Osmers Kennedy, Michael O'Toole Byron Caldwell Fay Fenton Ferguson Fernandez Cannon, Mo. Carlson Keogh Owen Casey, Mass, Chandler Fish Kilday Pace Flaherty Parsons Kinzer Chapman Church Clark Flannagan Flannery Folger Patman Patrick Patton Kitchens Kleberg Kocialkowski Claypool Clevenger Ford, Miss. Kramer Pearson Peterson, Ga. Fulmer Kunkel Cluett Gamble Lambertson Pfeifer Pierce, N. Y. Plumley Cochran Coffee, Nebr. Cole, Md. Gathings Gavagan Gerlach Lanham Larrabee Lea Poage Polk Lesinski Cole, N. Y. Gibbs Gifford Raoaut Lewis, Colo. Colmer Luce Ludlow Connery Gilchrist Ramspeck Randolph Gillie Gore McAndrews Rayburn Cooper

Arends

Barton

Boykin

Celler

Curley Darden

Ashbrook

Reed, Ill. Reed, N. Y. Rees, Kans. Rich Richards Robertson Robinson, Utah Robsion, Ky. Rockefeller Rodgers, Pa. Rogers, Mass. Rogers Okla. Romjue Koutzohn Rutherford Ryan Sacks Sandager Sasscer Satterfield

Schaefer, Ill. Schafer, Wis. Schuetz Shafer, Mich. Shannon Short Simpson Simpson Sirovich Smith, Conn. Smith, Ill. Smith, Ohio Smith, Va. Smith, W. Va. Snyder Somers, N. Y. South Sparkman Spence Steagall Stearns, N. H.

Stefan Sullivan Sumner, Ill. Taber Talle Tarver Taylor, Colo. Taylor, Tenn. Tenerowicz Terry Thill Thomas, N. J. Thomas, Tex. Thomason Tibbott Tinkham Treadway Vincent, Ky. Vincent, Ga. Vorys, Ohio

Wadsworth Walter Warren Weaver West Whelchel White, Ohio Whittington Wigglesworth Williams, Del. Williams, Mo. Wolcott Wolfenden, Pa. Woodruff, Mich. Woodrum, Va. Youngdahl Zimmerman

ANSWERED "PRESENT"-2

Alexander Dunn

NOT VOTING-29

Dies Edmiston Fitzpatrick Gehrmann Griswold Harrington Kelly Kerr

McMillan, Thos. S.Seger McReynolds Shanl Maciejewski Mitchell Rankin Reece, Tenn. Sabath Schulte

Shanley Starnes, Ala Sumners, Tex. Wood

So the bill was rejected.

The Clerk announced the following pairs:

On the vote:

Mr. Wood (for) with Mr. Beam (against).
Mr. Alexander (for) with Mr. Seger (against).
Mr. Gehrmann (for) with Mr. Kelly (against).
Mr. Schulte (for) with Mr. Thomas S. McMillan (against).

General pairs until further notice:

Mr. Rankin with Mr. Barton.
Mr. Fitzpatrick with Mr. Arends.
Mr. Ashbrook with Mr. Griswold.
Mr. Celler with Mr. Reece of Tennessee.
Mr. Starnes of Alabama with Mr. Maciejewski.
Mr. Boykin with Mr. Harrington.
Mr. Shanley with Mr. Edmiston.
Mr. Sumners of Texas with Mr. Sabath.
Mr. Curley with Mr. Mitchell.
Mr. McReynolds with Mr. Kerr.

understand, would have voted "nay."

Mr. ALEXANDER. Mr. Speaker, on account of having been out of town and returning unexpectedly, I was paired with the gentleman from New Jersey, Mr. Seger. I therefore withdraw my vote of "yea" and desire to be recorded as "present." The gentleman from New Jersey, Mr. SEGER, I

Mr. Anderson of California changed his vote from "nay" to "yea."

Mr. PATMAN. Mr. Speaker, the gentleman from Texas, Mr. Dies, is unavoidably detained. If present, he would have

Mr. ROBERTSON. Mr. Speaker, my colleague the gentleman from Virginia, Mr. DARDEN, is unavoidably absent on account of official business. Had he been present, he would have voted "nay."

Mr. McKEOUGH. Mr. Speaker, my colleagues the gentlemen from Illinois, Mr. BEAM and Mr. KELLY, are unavoidably absent on official business. If present, they would have voted "nay."

Mr. MARTIN of Massachusetts. Mr. Speaker, my colleague the gentleman from New York, Mr. Barton, is away on account of a death in his family. If present, he would have voted "nay."

Mr. HOBBS. Mr. Speaker, the distinguished Representative of the First District of Alabama, Hon. Frank Boykin, is at the bedside of his seriously ill mother; therefore was not present at the roll call this morning. Had he been here, he would have voted "nay."

Mr. O'TOOLE. Mr. Speaker, the gentleman from New York, Mr. Curley, is detained by illness. He informs me if present he would have voted "nay."

The result of the vote was announced as above recorded. A motion to reconsider was laid on the table.

COMMITTEE ON LABOR

Mrs. NORTON. Mr. Speaker, I ask unanimous consent that the Committee on Labor may meet this afternoon while the House is in session and also tomorrow afternoon while the House is in session.

The SPEAKER. Is there objection to the request of the gentlewoman from New Jersey [Mrs. Norton]?

There was no objection.

EXTENSION OF REMARKS

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record by inserting a speech made by the Ambassador of Cuba at the dedication of a pavilion at the World's Fair in New York City.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. DICKSTEIN]?

There was no objection.

COMMITTEE ON IMMIGRATION

Mr. DICKSTEIN. Mr. Speaker, by direction of the Committee on Immigration, I ask unanimous consent that the committee may sit this afternoon during the session of the

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. Dickstein]?

There was no objection.

EXTENSION OF REMARKS

Mr. DUNN. Mr. Speaker, I ask unanimous consent to insert in the RECORD a bill which I introduced yesterday.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania [Mr. Dunn]?

There was no objection.

ADDRESS OF THE MOST REVEREND PETER L. IRETON AT ARLINGTON NATIONAL CEMETERY

Mr. KRAMER. Mr. Speaker, I ask unanimous consent to proceed for one-half minute.

The SPEAKER. Is there objection to the request of the gentleman from California [Mr. KRAMER]?

There was no objection.

Mr. KRAMER. Mr. Speaker, on last Sunday Bishop Ireton, of Virginia, delivered an address at the grave of the Unknown Soldier in the Amphitheater at the solemn memorial military field Mass, which was had there for the first

I ask unanimous consent to extend my remarks at this point in the RECORD, and to include therein a letter and the address referred to.

The SPEAKER. Is there objection to the request of the gentleman from California [Mr. KRAMER]?

There was no objection.

The letter referred to follows:

I am pleased to send herewith a copy of Bishop Ireton's sermon, which was delivered at Arlington Cemetery on May 28, as part of the solemn memorial military field Mass, the first of its kind ever to be held in the Amphitheater. The Mass was sponsored by the Knights of Columbus and 42 Catholic societies of the District.

I need not tell you how deeply pleased we were to have you with us last Sunday and what an honor it was to have you in the line of march.

The address of Bishop Ireton referred to follows:

ADDRESS OF HIS EXCELLENCY THE MOST REVEREND PETER L. IRETON, COADJUTOR BISHOP OF RICHMOND

Less than 3 years after the close of the War between the States, a small party from the North visited some of the cemeteries and recent battlefields in the vicinity of Richmond. At a burial and recen't battlefields in the vicinity of Richmond. At a burial ground near Petersburg they were struck by the presence of faded Confederate flags and withered flowers, which met their eye from every soldier's grave; silent testimony to the grief and affection of loving survivors for those who had fought so bravely and had gone. In this northern group was the wife of General Logan, commander in chief of the Grand Army of the Republic. On her return to Washington, her recital of this feature, which more than anything else had impressed itself upon her, caught the heart and the imagination of the general. In consequence, he issued general orders No. 11 under date of May 5, 1868. From that message we select the following:

"We should guard their graves with sacred vigilance. All that the consecrated wealth and faith of the Nation can add to their

adornment and security is but a fitting tribute to the memory of her slain defenders. Let no wanton foot tread rudely on such hallowed ground. Let pleasant paths invite the coming and going of reverent visitors and fond mourners. Let no vandalism of avarice or neglect, no ravages of time testify to the present or the coming generations that we have forgotten as a people the cost of a free and undivided republic."

Today, we obey that order.

We assemble around this altar of sacrifice; we offer what to the Catholic, what in reality is the highest prayer given by God

We assemble around this altar of sacrifice; we offer what to the Catholic, what in reality is the highest prayer given by God to men, to offer, a holy sacrifice, a clean oblation; the renewal, the continuance, the re-presentation of the sacrifice of the God-Man upon the cross, when He laid down His life for friend and for enemy. Mindful of the love that Christ Jesus had for His native land; mindful of His lament over the Jerusalem He loved and which He foreknew would reject Him, we offer to Him our thanksgiving that we have been born into or have been adopted by a free America. In union with Himself, in union with one another, we offer to Him today our gratitude, our loving gratitude, for the souls of these patriots, nearly forty thousand, buried in this hallowed spot—soldiers, sailors, marines, men from every tribe and race. We recall to Christ His own words, "Greater love than this no man hath that a man lay down his own life for his friend." And these men, great or small, officer or private, gave their all, laid down their lives for their country, that its institutions and its liberty be preserved. These with the other tens and tens of thousands buried in a thousand graveyards which dot America or in

down their lives for their country, that its institutions and its liberty be preserved. These with the other tens and tens of thousands buried in a thousand graveyards which dot America or in foreign lands, or who have found the bosom of the ocean their last resting place, died that this Government of free men might persevere; that it might not perish from the earth. The offering was theirs—the reward is theirs.

One hundred and fifty years ago the Constitution of free men in these free States came into being. Amended from time to time, according to the wisdom of her citizenry, according to new conditions and new demands, basically it has remained the charter of the Republic. And oh, if only every citizen of these States, every resident, every emigrant had lived up to that ideal. One hundred and fifty years ago, too, on yonder Georgetown hill across the Potomac, there was founded a college, whose basic principle was and has been, as has all Catholic education, the injunction of Christ, "Render to Caesar the things that are Caesar's, but to God the things that are God's." And oh, too, if every Catholic in these United States had lived up completely to that ideal, yea, more than an ideal, to the demand of the founder of the church, how much deeper would have been Christian influence on the life of the Republic. It was the thought and the pronouncement of Franklin Roosevelt, that religion must be the basis of true democracy. Had these principles of religion, had the principles underlying the Constitution been permitted to find complete lodgment in the soul of every American, we should not be here today; there would be no room, no occasion for a Memorial Day. Of it there were, it would be to memorialize soldiers of peace and not of war. Men do not hate one another naturally. Hate is the outgrowth of avarice, of lust for power, of ambition to rule in the individual or in the group. And hate means forgetfulness of God and of the responsibility of citizenship. War is God's permissive visitation on the sons of men. War

Neither should we be here today if certain teachings which emanate frequently from too many university chairs, which find expression in book after book, in magazine after magazine, were true; teachings that would control the minds of men and sway the

destiny of nations.

If the bodies of the lowly or the mighty crumbled into dust beneath this Arlington sod were all, if these soldiers and sailors had been but cogs in the machinery of a mechanistic universe, if we are but the slaves or creatures of a despot state, the duped and we are but the slaves or creatures of a despot state, the duped and unresisting pawns of absolutism or racism, we would not be here. Two hundred years ago, in a period of rampant unbelief, a great French preacher wrote: "If we wholly perish with the body, what an imposture is this whole system of laws, manners, and usages on which human society is founded. If we wholly perish with the body, these maxims of charity, patience, justice, honor, gratitude, and friendship, which sages have taught and good men practiced, what are they but empty words, possessing no real or binding efficacy?

binding efficacy?
"Why should we heed them if in this life only we have hope? "Why should we heed them if in this life only we have hope? Think not of duty. What can we owe to the dead, to the living, to ourselves, if all are, or will be, nothing. Think not of morality; it is a mere chimera, a bugbear of human invention, if retribution ends with the grave. If we must wholly perish, then is obedience to the law but foolish slavery. Justice is an unwarrantable infringement upon the liberty of man, an imposition, a usurpation. The law of marriage is a vain scruple. Modesty is a prejudice; bonor and probity such stuff as dreams are made of. And incest, murder, parricide, the most heartless cruelties and the blackest crimes, are but the legitimate sport of man's irresponsible nature. Accept the boasted philosophy of unbelievers, accept their maxims, and the whole world falls back into a frightful chaos. The government of states and nations has not longer any cement to uphold them. The human race is no more than an assemblage of reckless barbarians, shameless, remorseless, brutal, denaturalized, with no other law than force, no other check than passion, no other bond than irreligion, no other God than self."

One may read in an ancient Roman graveyard from imperial pagen days the epitaph, "I was not and I became, I was and I am not." What a contrast with the faith indicated here on the temb of the Unknown Soldier: "Here rests in honored glory an American

soldier known but to God."

Yes, our testimony is in the Christian tomb, "He is risen, he is not here." His soul goes marching on. We memorialize the dead because of that belief. A memorial day for a nation of atheists, if such there could be, for a society of the godless is a contradiction in terms. Man is God's creature, His greatest creature, "Thou hast made him a little lower than the angels; Thou hast crowned him with glory and honor and hast set him over the works of Thy hands. Thou hast subjected all things under his feet" (Hebrews, hands. Thou hast subjected all things under his feet" (Hebrews, xi: 2-7). Man's soul made in the image of God is a spiritual substance. He is individualized; he is a person and therefore a center of responsibility, with the obligation to know God, to love God; and only in the pursuit of virtue and in the fulfilling of what he learns to be the will of God can he work out his destiny. Let the radical whose prating would destroy both the earthly happiness of the individual, as well as his immortal soul, fulminate that religion is a delusion, a soporific, an opiate. But the Christian knows that God has created man incorruptible; after the image of His own likeness and with the prophet he proclaims his belief, "I said in my heart God shall judge both the just and the wicked and there shall be the time for the reestablishment of all things."

Therefore are we gathered around this altar of sacrifice in earthly memory of those who have gone before, in anticipation of union

memory of those who have gone before, in anticipation of union through Him who is the resurrection and the life with the souls of we love, in God's eternal kingdom, in man's eternal home

If by divine intervention the general resurrection at this mo-ment might be anticipated for the souls and bodies of these nigh ment might be anticipated for the souls and bodies of these nigh 40,000 whose remains lie here in Arlington. If these bodies could be reanimated to stand at attention upon their graves, what would be their message to us as children of God? What would be their message to their fellow citizens? What would be their message to their fellow soldiers—to all the nations of the world? Their message to each might be, "As you are, so once were we; as we are, so one day you shall be." Remember that thou art dust, and unto dust thou shalt return. But this is not spoken of the soul. Their salute would not be the clenched fist of hatred and revenge in the perpetration of injustice and the will to possess. Their salute would not be the upraised, averted hand of apostrophe and adulation, enthroning some self-constituted leader almost to deification. tion, enthroning some self-constituted leader almost to defication. No; their salute would be the American soldier's salute in mutual respect from equal to equal, no matter the difference in rank. It would be the outstretched open hand of comradeship and fellow-ship in the bond of a common human and eternal destiny.

They would bid us hearken to the counsel of a Washington, a Jefferson, a Monroe. That as our ancestors came from an old land of persecution, of mutual strife among the nations, in search of a new land of freedom and equality, that we should seek to preserve with all our might the dearest of earthly possession. These serried ranks of the risen dead would bid us remember the words from the person of Robert E. Lee when he had declined the comment of the pen of Robert E. Lee when he had declined the command of the armies of the North: "I shall return to my native State, and, save in defense, shall draw my sword no more." They would bid us all remember in their clear light of the eternal day, unaffected by the distracting considerations of time, the law of God, that only in a text way does hill response to hear words.

distracting considerations of time, the law of God, that only in a just war does killing cease to be murder.

God grant that as a result of this year's Memorial Day observance there may be increasingly forced upon the mind of all the conviction that America's first need, the world's first need, is a return to God. Such conversion is not a mass movement; it cannot be effected by country-wide propaganda; it is an individual obligation in face of time, in face of eternity.

Unfortunately America has gone far afield from the path, the straight and narrow path mentioned by Christ as the road that

or the fath, the straight and narrow path mentioned by Christ as the road that leads to life. America through the decades has gone far afield even from the path that the founders of this Nation, with all their faults, pointed out as the road.

Not by continued cult of the human body, instanced in print, in spectacle; not in the disregard of the sanctity of the marriage the and in the multiplicity of the discuss countries.

tie and in the multiplying of the divorce courts; not in the break-down of family life and emancipation of our youth in lawlessness; not in the state or in society setting itself up in the place of the Creator in mercy death and multilation; not in the overlordship of wealth in economic injustice, not in the sacrifice of every spiritual and national consideration in the pursuit of power, can America claim the protection of a beneficent God.

Only in complete surrender to a God of purity, of justice, of mercy, of charity have we the right to hope that the scourge of war now or in the future be averted from us, from our children, from our children's children.

EXTENSION OF REMARKS

Mr. White of Ohio, Mr. VREELAND, and Mr. Lemke asked and were given permission to extend their own remarks in the RECORD.

Mr. SHAFER of Michigan. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the bill just voted on.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HORTON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and include therein a comparative chart of industrial production all over the world.

The SPEAKER. Is there objection to the request of the gentleman from Wyoming?

There was no objection.

VOTE ON THE TOWNSEND BILL

Mr. DIRKSEN. Mr. Speaker, my colleague, the gentleman from Illinois, Mr. Arends, has been unavoidably detained. Had he been present, he would have voted "nay" on the passage of the Townsend bill.

EXTENSION OF REMARKS

Mr. ALEXANDER. Mr. Speaker, I wish to submit two requests: First, I ask unanimous consent to extend my own remarks in the Record in regard to the vote on the Townsend bill, and second, I ask unanimous consent to extend my own remarks in the Record and include therein a radio address I delivered over station WDGY on May 30.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. SIROVICH. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record by printing a speech I delivered on the floor of the House.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

REORGANIZATION PLANS I AND II

Mr. COCHRAN. Mr. Speaker, by direction of the Select Committee on Government Organization, I call up the joint resolution (S. J. Res. 138) providing that reorganization plans numbered I and II shall take effect July 1, 1939.

The Clerk read the joint resolution, as follows:

Resolved, etc., That the provisions of reorganization plan No. I. submitted to the Congress on April 25, 1939, and the provisions of reorganization plan No. II, submitted to the Congress on May 9, 1939, shall take effect on July 1, 1939, notwithstanding the provisions of the Reorganization Act of 1939.

With the following committee amendment:

Page 1, after line 8, insert the following:

"Sec. 2. Nothing in such plans or this joint resolution shall be construed as having the effect of continuing any agency or function beyond the time when it would have terminated without regard to such plans or this joint resolution or of continuing any function beyond the time when the agency in which it was vested would have terminated without regard to such plans or this joint resolution."

Mr. COCHRAN. Mr. Speaker, the purpose of this joint resolution is to set a definite date when reorganization plans Nos. I and II shall go into effect. We seek to simplify the accounting procedure. By setting the date as of July 1, the first day of the fiscal year, a great deal of trouble will be avoided. If this action is not taken, then under plan No. I a hundred separate accounts must be set up on June 26, and changed again on July 1, the start of the fiscal year. Under plan No. II the present accounts would continue until July 8, and in 8 days new accounts would be necessary.

While some of us felt that the amendment adopted unanimously by the committee, now section 2 of the resolution, is absolutely unnecessary, still to make certain that there is nothing in this joint resolution or in one of the Executive orders that would continue a temporary agency or its function beyond the date set by law a provision was added so stating.

There is no disagreement among the members of your select committee on this resolution as amended. Its adoption will conclude reorganization for this session. When we return here in January the plans provided in this resolution will have been in operation for 6 months. The appropriations for the next fiscal year will be transferred along with the various agencies. In many instances the money has already been allocated. It is hard to predict what savings will result, but we all hope that by consolidating functions a neat sum will remain unexpended at the end of the next fiscal year that will revert to the Treasury.

It must be admitted that the Congress so restricted the President that he was unable to go as far as he would have liked in abolishing agencies and functions. As time goes on I am sure the people will realize the wisdom of granting the power to the President to improve the efficiency of the executive branch and they will look forward to the new orders he has promised to submit to the Congress in January. Reorganization is too important to be done overnight, but between now and the first of the year ample time will have passed to enable the President to make sound recommendations; and if plans I and II are successful, which I am sure they will be, then Congress will voice its immediate approval. In transferring the Bureau of the Budget and the Central Statistical Board so that it will be under his control, the President has the tools to do an excellent job on reorganization. The new set-up in the Budget worked out by former Acting Director Daniel Bell, for which we appropriated money in the Treasury appropriation bill, will enable that plan to go into effect July 1. With that investigating unit constantly on the job, and with the aid of the Statistical Board, information of great value should be gathered and placed before the President within the next few months. We now have an organization that will be able to locate overlapping and duplication. Had the Congress taken advantage of the provisions of the Budget and Accounting Act of 1921, that unit could have been in operation all these years; but it remained for Mr. Bell to show the Appropriations Committee its value; and when he did, the necessary funds to carry on were cheerfully granted. The President should set this new organization to work for him immediately after July 1.

Mr. Speaker, as I said before, your committee is in complete agreement, and if no time is desired by other Members, I shall move the previous question.

Mr. Speaker, I move the previous question on the committee amendment and the joint resolution to final passage.

The previous question was ordered.

The committee amendment was agreed to.

The joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

COMMUNICATION FROM THE DEPARTMENT OF STATE-POPE PIUS XI

The SPEAKER. The Chair lays before the House the following communication from the Department of State, addressed to the Clerk of the House, which the Clerk will report.

The Clerk read as follows:

DEPARTMENT OF STATE, Washington, May 26, 1939.

The Honorable South TRIMBLE,

Clerk of the House of Representatives, Washington, D. C. MY DEAR MR. TRIMBLE: With reference to the resolution passed in the House of Representatives upon the death of His Holiness Pope Pius the Eleventh, which was sent to the Department for appropriate transmittal to the Papal Secretary of State, I am enclosing herewith, by direction of the President, a copy of a despatch from the American Ambassador at Rome, forwarding a communication received from the Apostolic Nuncio expressing the appreciation of the Holy See for the message of sympathy in question.

Sincerely yours,

GEORGE T. SUMMERLIN, Chief of Protocol.

(Enclosure: From Rome, May 3, 1939, with letter to the House of Representatives.)

The SPEAKER. The Clerk will read the accompanying paper.

The Clerk read as follows:

DAL VATICANO, April 26, 1939.

The House of Representatives of the United States of America, Washington:

Luigi Cardinal Maglione, Secretary of State to His Holiness, has the honor to acknowledge receipt of the resolution of sorrow passed by the House of Representatives of the United States of America upon the death of His Holiness Pope Pius XI of venerated memory.

His Holiness Pope Pius XII, now gloriously reigning, to whom the resolution was immediately communicated, was deeply moved by this expression of the sorrow and sympathy of the House of

Representatives and by the lofty tribute which they paid to the character and work of the deceased pontiff.

At the gracious command of His Holiness, the Cardinal Secretary of State hereby conveys to the House of Representatives of the United States of America the assurance of His Holiness' grateful appreciation of the signal marks of respect which they have paid to the memory of his illustrious and beloved predecessor.

ACQUISITION OF STRATEGIC AND CRITICAL MATERIALS

Mr. MAY. Mr. Speaker, I call up the conference report on the bill (S. 572) to provide for the common defense by acquiring stocks of strategic and critical materials essential to the needs of industry for the manufacture of supplies for the armed forces and the civilian population in time of a national emergency, and to encourage, as far as possible, the further development of strategic and critical materials within the United States for common defense, and ask unanimous consent that the statement be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 572) to provide for the common defense by acquiring stocks of strategic and critical materials essential to the needs of industry for the manufacture of supplies for the armed forces and the civilian population in time of a national emergency, and to encourage, as far as possible, the further development of strategic and critical materials within the United States for common defense, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows:

of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amend-

ment insert the following:

ment insert the following:

"That the natural resources of the United States in certain strategic and critical materials being deficient or insufficiently developed to supply the industrial, military, and naval needs of the country for common defense, it is the policy of Congress and the purpose and intent of this Act to provide for the acquisition of stocks of these materials and to encourage the development of mines and deposits of these materials within the United States, and thereby decrease and prevent wherever possible a dangerous and costly dependence of the United States upon foreign nations for supplies of these materials in times of national emergency.

"Sec 2. To effectuate the policy set forth in section 1 hereof the

and costly dependence of the United States upon foreign nations for supplies of these materials in times of national emergency.

"Sec. 2. To effectuate the policy set forth in section 1 hereof the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior, acting jointly through the agency of the Army and Navy Munitions Board, are hereby authorized and directed to determine which materials are strategic and critical under the provisions of this Act and to determine the quality and quantities of such materials which shall be purchased within the amount of the appropriations authorized by this Act. In determining the materials which are strategic and critical and the quality and quantities of same to be purchased the Secretaries of State, Treasury, and Commerce shall each designate representatives to cooperate with the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior in carrying out the provisions of this Act.

"Sec. 3. The Secretary of War and the Secretary of the Navy, when they deem such action appropriate because the domestic production or supply of any of the above materials is insufficient to meet the industrial, military, and naval needs of the country, shall direct the Secretary of the Treasury, through the medium of the Procurement Division of his Department and from the funds authorized by the provisions of this Act, to make purchases of such

the Procurement Division of his Department and from the funds authorized by the provisions of this Act, to make purchases of such materials in accordance with specifications prepared by the Procurement Division of the Treasury Department and approved by the Secretary of War and the Secretary of the Navy, and to provide for the storage and maintenance, and, where necessary to prevent deterioration, for the rotation of such materials. To accomplish such rotation, the Secretary of the Treasury, with the approval of the Secretary of War and the Secretary of the Navy, is authorized to replace acquired stocks of any such material subject to deterioration by equivalent quantities of the same material in such manner as he deems will best serve the purposes of this Act. The Secretary of the Treasury is empowered to meet, out of the funds ner as he deems will best serve the purposes of this Act. The Secretary of the Treasury is empowered to meet, out of the funds authorized in this Act, expenses necessary to accomplish such rotation. The Secretary shall include in his annual report to Congress a detailed statement of expenditures made under this section and the method of rotation employed. The materials so purchased shall be stored by the Procurement Division of the Treasury Department on military and naval reservations or in other loca-

tions approved by the Secretary of War and the Secretary of the

"SEC. 4. Materials acquired under this Act, except for rotation to prevent deterioration, shall be used only upon the order of the President in time of war, or when he shall find that a national emergency exists with respect to national defense as a consequence of the threat of war.

"Sec. 5. Purchases under this Act shall be made in accordance with title III of the Act of March 3, 1933 (47 Stat. 1520), but a reasonable time (not to exceed one year) shall be allowed for proreasonable time (not to exceed one year) shall be allowed for production and delivery from domesic sources and in the case of any such material available in the United States but which has not been developed commercially, the Secretary of War and the Secretary of the Navy may, if they find that the production of such material is economically feasible, direct the purchase of such material without requiring the vendor to give bond.

"Sec. 6. For the procurement, transportation, maintenance, rotation, and storage of the materials to be acquired under this Act, there is hereby authorized to be appropriated the sum of \$100.

tion, and storage of the materials to be acquired under this Act, there is hereby authorized to be appropriated the sum of \$100,-000,000, out of any money in the Treasury not otherwise appropriated, during the fiscal years June 30, 1939, to and including June 30, 1943, to be expended under the joint direction of the Secretary of War and the Secretary of the Navy.

"SEC. 7. (a) That the Secretary of the Interior, through the Director of the Bureau of Mines and the Director of the Geological Survey, is hereby authorized and directed to make scientific, technologic, and economic investigations concerning the extent and

nologic, and economic investigations concerning the extent and mode of occurrence, the development, mining, preparation, treatment, and utilization of ores and other mineral substances found mode of occurrence, the development, mining, preparation, treatment, and utilization of ores and other mineral substances found in the United States or its Territories or insular possessions, which are essential to the common defense or the industrial needs of the United States, and the quantities or grades of which are inadequate from known domestic sources, in order to determine and develop domestic sources of supply, to devise new methods for the treatment and utilization of lower grade reserves, and to develop substitutes for such essential ores and mineral products; to explore and develop, on public lands and on privately owned lands, with the consent of the owner, deposits of such minerals, including core drilling, trenching, test-pitting, shaft sinking, drifting, crosscutting, sampling, and metallurgical investigations and tests as may be necessary to determine the extent and quality of such deposits, the most suitable methods of mining and beneficiating them, and the cost at which the minerals or metals may be produced.

"(b) For the purposes of carrying out the provisions of this section there is hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated, for each of the fiscal years ending June 30, 1940, 1941, 1942, and 1943, the sum of \$500,000, of which amount \$350,000 shall be appropriated to the Bureau of Mines and \$150,000 to the Geological Survey."

And the House agree to the same.

A. J. MAY, EWING THOMASON, CHAS. I. FADDIS, CHARLES R. CLASON, THOS. E. MARTIN, Managers on the part of the House. ELBERT D. THOMAS, ED. C. JOHNSON, H. H. SCHWARTZ, WARREN R. AUSTIN, CHAN GURNEY, Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 572) to provide for the common defense by acquiring stocks of strategic and critical materials essential to the needs of industry for the manufacture of supplies for the armed forces and the civilian population in time of a national emergency, and to encourage, as far as possible, the further development of strategic and critical materials within the United States for common defense, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report:

Section 2 of the Senate bill authorized the Secretary of War and the Secretary of the Navy, acting jointly through the agency of the Army and Navy Munitions Board, to determine which ma-terials are strategic and critical and to determine the quality and quantities of such materials to be purchased with sums appro-priated for that purpose. The House amendment adds the name of the Secretary of the Interior to those of the Secretary of War and the Secretary of the Navy. The conference agreement adopts the House provision.

Section 3 of the Senate bill authorized the Secretary of War and the Secretary of the Navy, when they deem such action appropriate "because the domestic supply of any of the above materials is insufficient to meet the industrial, military, and naval needs of the country," to direct the Secretary of the Treasury to make purchases of such materials. The House amendment did not include the quoted language. The conference agreement retains the language of the Senate bill but adds the words "production or" before the word "supply." Section 3 of the Senate bill also required that the Secretary of the

Treasury should include in his annual report a statement of the expenditures made and the methods employed for the rotation of materials which must be rotated to prevent deterioration. The

materials which must be rotated to prevent deterioration. The House amendment did not include any such provision. The conference agreement adopts the Senate provision.

Section 4 of the Senate bill provided that materials acquired under the bill might be used only in time of war, when a national emergency exists with respect to national defense as a consequence of the threat of war, or when the President issues a proclamation that a state of emergency exists arising out of deficiencies in the supplies of such materials. The Senate bill also provided that the President might sell any such materials upon finding that the quantity in possession is too large or not needed to carry out the provisions of the bill. The House amendment provided for use of such materials only in time of war or when a national emergency exists with respect to national defense as a result of the threat of war. The conference agreement adopts the language of the House The conference agreement adopts the language of the House amendment.

Section 5 of the Senate bill provided that purchases under the bill should be made in accordance with the provisions of the Buy American Act of March 3, 1933, and provided for allowing a reasonable time, not to exceed 1 year, for production and delivery from domestic sources. The Senate bill also provided that vendors of materials which have not been developed commercially in the light of the second of the provided by the properties. United States but which are available here might be exempted from the requirement of giving bond. The corresponding provision of the House amendment provided for the making of purchases in accordance with the provisions of the Buy American Act but did not restrict the reasonable time allowable for production and delivery from domestic sources or permit the exemption of vendors from the requirement of giving bond. The conference agreement adopts the language of the Senate bill.

seriement adopts the language of the Senate bill.

Section 6 of the Senate bill authorized the appropriation of \$10.000,000 for each of the fiscal years ending June 30, 1940, 1941, 1942, and 1943, for the purpose of procuring, maintaining, transporting, rotating, and storing materials to be acquired under the bill. The corresponding provisions of the House amendment, which were in section 5 thereof, authorized the appropriation of \$100,000,000 during the period of the fiscal years June 30, 1939, to and including June 30, 1943, to be expended for the same purpose. The House amendment also made available for the same pose. The House amendment also made available for the same purpose all customs duties on any such materials. The conference agreement adopts the provisions of the House amendment with respect to the amount authorized to be appropriated and the time when it may be appropriated but does not make the customs duties considering of activities of activitie duties available for expenditure for the acquisition of additional materials.

Section 6 of the House amendment provided that the agency Section 6 of the House amendment provided that the agency charged with the acquisition of the materials should request the appropriate department or departments to undertake the acquisition of such materials from (1) those nations which are indebted to the United States and would agree to credit the purchase price against the principal of such indebtedness and (2) those nations which would consent to barter such materials for surplus agricultural commodities produced in the United States. There was no corresponding provision in the Senate bill. The conference agreement omits this provision of the House amendment.

Section 7 of the Senate bill authorizes the Secretary of the Interior, through the Director of the Bureau of Mines and the

Section 7 of the Senate bill authorizes the Secretary of the Interior, through the Director of the Bureau of Mines and the Director of the Geological Survey, to make investigations with respect to the development, mining, preparation, treatment, and utilization of domestic mineral resources which are essential to the "industrial needs of the United States for common defense." The House amendment authorized such investigations with respect to mineral resources which are essential to the "national defense or the industrial needs of the United States." The conference agree-ment provides for such investigations with respect to mineral resources which are essential to the "common defense or the indus-trial needs of the United States."

A. J. MAY. EWING THOMASON. CHAS. I. FADDIS. CHARLES R. CLASON. THOS. E. MARTIN.

Mr. MAY. Mr. Speaker, I yield 5 minutes to the gentle-

man from Georgia [Mr. PACE].

Mr. PACE. Mr. Speaker, I cannot sit silent and permit the conference report to be agreed to without expressing my regret and entering my protest against the action of the House conferees in permitting the conferees on the part of the other body to strike from the House bill a paragraph which had practically the unanimous approval of the Members of the House.

This bill proposes an appropriation of \$100,000,000 for the purpose of purchasing strategic war materials. The House bill carried a provision that the agency charged with the purchase of these materials should in their negotiations try to do two things: First, to purchase the materials from those nations which are indebted to the United States and undertake to credit the purchase price against such debts. You, of course, are aware of the fact that the nations which produce these materials now owe us in excess of \$12,000,-000,000. The other provision was to the effect that in their negotiations they should purchase these materials by exchanging for them surplus agricultural commodities.

The purpose on the part of the House committee and on the part of the House, I am sure, in approving these two provisions was to try to do two things, to save the United States Treasury this appropriation of \$100,000,000 at this time when we are in bad need of funds, and to find a market for our excess agricultural commodities.

Of course, I shall not undertake to resist the conference report, but I did feel compelled to take this opportunity to register in this way my protest against the striking of these two provisions from the bill.

Mr. LEWIS of Colorado. Mr. Speaker, will the gentleman yield?

Mr. PACE. Certainly.

Mr. LEWIS of Colorado. What was the objection of the conferees to the feature of the bill which the gentleman has so clearly pointed out and which the House so enthusiastically adopted?

Mr. PACE. Frankly, I have not been able to learn the real objection on the part of the conferees unless it was that they just wanted to make an outright purchase of these materials in cash, assuming that our national debt is not quite large enough.

Mr. MAY. Mr. Speaker, will the gentleman yield?

Mr. PACE. Certainly; I yield to the chairman of the committee.

Mr. MAY. I would like to explain to the gentleman from Georgia and to the membership of the House that in the discussion of the matter about which the gentleman has just spcken in the conference, serious questions were raised by some of the Senators with respect to the treaty obligations of the United States and, particularly, provisions of our treaties relating to the war debts, and it was feared by the Senators, and we were convinced in the end, if we included such a provision, it might lead to complications and probably lead to avoidance of the debts that the debtor nations owe us. For this reason we consented, although unwillingly, to the elimination of the matter from the conference report.

Mr. PACE. With respect to the statement made by the chairman of the committee, of course, it might have been necessary in some way to have modified the terms of some debt agreement, but the gentleman will recall that the status now is that they do not pay us anything and I think a modification to the extent of securing credit for \$100,000,-000 would be worth while, and I regret the conferees were not willing to undertake that task. [Applause.]

[Here the gavel fell.]

Mr. MAY. Mr. Speaker, I move the adoption of the conference report.

The conference report was agreed to. A motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. HARE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD by inserting therein a statement I made before the Commerce Committee of the Senate with reference to the Clarks Hill Dam project.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

MAJOR OVERHAULS FOR CERTAIN NAVAL VESSELS

Mr. VINSON of Georgia. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 6065) to authorize major overhauls for certain naval vessels, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, will the gentleman explain this bill?

Mr. VINSON of Georgia. I will be pleased to explain the bill, but does the gentleman want me to make the explanation before the consent is granted?

Mr. MARTIN of Massachusetts. Which one of the bills is this?

Mr. VINSON of Georgia. This is the bill with reference to reconditioning five battleships.

Mr. MARTIN of Massachusetts. I think the gentleman should give the explanation now.

Mr. VINSON of Georgia. Mr. Speaker, this bill authorizes an expenditure of \$6,660,000 for the purpose of reconditioning five battleships. The character of the modernization or the reconditioning is strictly engineering and is of a somewhat secret nature and the report does not disclose the character of the overhaul or modernization.

Under the law we are permitted to have ships reconditioned at a cost not exceeding each year \$450,000 per ship without any additional authority from the Congress having already been obtained. Whenever the expenditure is over \$450,000 on one vessel it is necessary to come to the Congress and get permission to do so. This expenditure will be made over a period of 18 months, and the cost on each one of these ships is about \$1,200,000. They are the ships Tennessee, California, Colorado, Maryland, and West Virginia.

This is recommended by the Budget and unanimously reported by the Naval Affairs Committee.

Mr. LEWIS of Colorado. Mr. Speaker, will the gentleman vield?

Mr. VINSON of Georgia. I shall be pleased to yield.

Mr. LEWIS of Colorado. Is this one of the bills for which a rule was recently voted by the Rules Committee?

Mr. VINSON of Georgia. The Rules Committee has given a rule for the consideration of this bill, but I am asking unanimous consent to see if we can dispense with taking up the time of the House in the adoption of a rule.

Mr. MARTIN of Massachusetts. And there was no opposition in the Rules Committee?

Mr. VINSON of Georgia. No opposition to the rule and no opposition to the bill in committee.

Mr. MARTIN of Massachusetts. I have no objection, Mr. Speaker.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That for the purpose of effecting major overhauls of the U. S. S. Tennessee, California, Colorado, Maryland, and West Virginia alterations and repairs to such vessels are hereby authorized and expenditures therefor shall not be limited by the provisions of the act approved July 18, 1935 (49 Stat. 482; 5 U. S. C. 468a), but the total cost of such alterations and repairs shall not exceed \$6,660,000 for all five vessels, in addition to \$450,000 per vessel for each period of 18 consecutive months.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

House Resolution 185 was also laid on the table.

WARRANT AND COMMISSIONED WARRANT OFFICERS IN THE MARINE CORPS

Mr. VINSON of Georgia. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (H. R. 6044)

to regulate the number of warrant and commissioned warrant officers of the Marine Corps, which I send to the desk and ask to have read.

The Clerk read the bill, as follows:

Be it enacted, etc., That the number of warrant and commissioned warrant officers in the Marine Corps and their distribution in the warrant and commissioned warrant grades shall be as the President may from time to time deem necessary.

The SPEAKER. Is there objection?

Mr. WADSWORTH. Mr. Speaker, I reserve the right to object. Does this bill increase the number of warrant officers in the Marine Corps?

Mr. VINSON of Georgia. It does not. It permits the President to designate, in accordance with the law in respect to the Navy and in accordance to the law in respect to the Army, the number of warrant officers. As the law is today it is fixed by statute, and this does away with the positiveness of the number of warrant officers. Of course he could probably increase them.

Mr. MAAS. Mr. Speaker, will the gentleman yield?

Mr. VINSON of Georgia. Yes.

Mr. MAAS. All this bill does is to provide the same method for determining the number of warrant officers for the Marine Corps as now obtains for the Navy. It probably will from time to time result in some increases, because of the increased mechanization and therefore the increase, necessarily, of technicians.

Mr. VINSON of Georgia. This bill is submitted to the House by the gentleman from Minnesota [Mr. Maas], the ranking minority member on the committee, and is the unanimous report of the committee. It is a departmental bill. I read from the report:

The number of warrant officers authorized by present law for the Marine Corps is 146, which includes 4 additional numbers who will not be replaced when they leave the active list, leaving the permanent authorized number at 142. Of these, 50 are chief marine gunners and marine gunners, 50 are chief quartermaster clerks and quartermaster clerks, and 42 are chief pay clerks and pay clerks. These numbers were fixed during the World War period, over 20 years ago. Since that time, the marked developments in such specialties as aviation and antiaircraft defense, radio communications, tanks, motor transport, and the like, have emphasized the need of a more adequate warrant personnel in the Marine Corps, comparable to that possessed by the Navy, to occupy positions of responsibility calling for extensive special technical knowledge and training.

knowledge and training.

In the Navy, warrant officers generally are authorized in such numbers as the President may from time to time deem necessary. This provision is sufficiently flexible to make it possible to meet the needs of the Navy in warrant officers at any time without additional legislation, and at the same time permits the Congress to control the actual numbers through annual appropriations. The Marine Corps is a part of the naval service and, under existing law, its commissioned and enlisted strength would be proportionately increased along with any increase of commissioned and enlisted strength of the Navy.

The committee feels that this principle is correct, since the personnel needs of the Marine Corps increase in about the same proportion as those of the Navy, and the proposed bill would put the warrant personnel of the corps on a similar basis.

Mr. WADSWORTH. Mr. Speaker, does this bill make any change in the pay of the warrant officers?

Mr. VINSON of Georgia. It does not. It permits flexibility only. It permits the President to have the same discretion he has today under the law with reference to the Army and the Navy.

Mr. WADSWORTH. Is it the purpose, so far as the gentleman knows, of the Navy Department to continue to advocate that warrant officers shall be a permanent element in the Marine Establishment?

Mr. VINSON of Georgia. Of course, they are part and parcel of it. The warrant officer is just as much a part of it as the sergeant of the Army. He is an officer without being a commissioned officer.

Mr. WADSWORTH. He stands between the noncommissioned officer of the highest grade and a commissioned officer?

Mr. VINSON of Georgia. That is correct. Of course, you have to have them, because you must have a top officer above the enlisted man up to the commissioned officer. In other words, as the gentleman knows, a warrant officer in the Marine Corps and the Navy occupies an identical position to that of the sergeant in the Army as far as the control of companies is concerned and certain character of work.

Mr. WADSWORTH. I cannot quite agree with that last observation

Mr. VINSON of Georgia. This bill is a departmental bill and was presented by Mr. MAAS, the ranking member of the committee.

Mr. WADSWORTH. Mr. Speaker, I withdraw the reservation of objection.

Mr. SCHAFER of Wisconsin. Mr. Speaker, I reserve the right to object. Did I understand the gentleman from Georgia to indicate that the passage of this bill will give the President authority to increase the number of field clerks and quartermasters' clerks and cause an additional drain on an overburdened Treasury?

Mr. VINSON of Georgia. No; there will be no additional drain on an overburdened Treasury at all. It merely permits flexibility in naming the number of warrant officers. It puts the matter in exactly the same category as the Army and the Navy, and the Marine Corps is a branch of the Navy.

Mr. SCHAFER of Wisconsin. This bill comes out of the

committee with a unanimous recommendation?

Mr. VINSON of Georgia. It is a departmental bill, sent to the Speaker, and I referred it to the gentleman from Minnesota [Mr. Maas], who looks after that branch of the committee work, and after a full hearing the committee unanimously recommended that the Maas bill be enacted.

Mr. SCHAFER of Wisconsin. Mr. Speaker, I withdraw my

objection on that statement.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

House Resolution 184 was laid on the table.

PRIVILEGE OF THE HOUSE

Mr. HOFFMAN. Mr. Speaker, I rise to a question of the privilege of the House.

The SPEAKER. The gentleman will state the question of

Mr. HOFFMAN. In connection with that, I have a resolution, which I will send to the desk, which contains a statement of that question of privilege, and time will be saved if the Clerk will read the resolution.

The SPEAKER. The Clerk will read the resolution offered by the gentleman from Michigan.

The Clerk read as follows:

Mr. Hoffman submits the following resolution:

"House Resolution 208

"Whereas on Wednesday, May 31, after the House had resolved itself into the Committee of the Whole House on the state of the Itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 6466, and was in session in the Committee, the gentleman from Oklahoma [Mr. Massingale] was recognized by the Chairman of the Committee of the Whole House on the state of the Union and addressed the House, and, while addressing the House, made a statement, the exact words of which I cannot now recall, and the reports of which are not available to me and which remarks to which reference is now being made weaper without in the Present but which in out. being made were not printed in the Record but which, in substance and effect, intimated that in the future the action of the Ways and Means Committee of the House on the bill which was then under discussion would be regarded as puslllanimous; and "Whereas the word "puslllanimous" is defined by the Funk &

"Whereas the word "pusillanimous" is defined by the Funk & Wagnalls Practical Standard Dictionary as meaning: (1) Lacking strength of mind, courage, or spirit; mean-spirited; cowardly; (2) characterized by weakness of purpose or lack of courage," and the words "cowardly, dastardly, effeminate, faint-hearted, feeble, mean-spirited, recreant, spiritless, timid, timorous, weak," are given as synonyms of the word "pusillanimous"; and "Whereas, as a Member of this House, the Representative of the Fourth District of Michigan made a point of order that the gen-

tleman from Oklahoma [Mr. Massingale] was not in order and demanded that the words so uttered be taken down; and

"Whereas the Committee thereupon rose, the House convened in session, and the Speaker of the House made a ruling upon the point of order so raised, and the gentleman from Oklahoma was permitted to proceed; and thereafter the House again resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the said bill, and the gentleman from Oklahoma [Mr. MASSINGALE] thereafter, in continuing his remarks, made a certain charge involving the integrity of another Member of the House; and House; and

"Whereas the Member from the Fourth Congressional District of Michigan again made the point of order that the gentleman was not proceeding in order and demanded that the words be taken

down; and

down; and
"Whereas the Committee again arose, the House convened, the
words were taken down, reported to the House, and a ruling made
by the Speaker, and the point of order sustained; and
"Whereas thereafter, in the left-hand column of page 6464 of
the RECORD, under date of May 31, 1939, the following now appears:
"'Mr. Massingale. Mr. Speaker, I ask unanimous consent to be
permitted to delete from the RECORD, or have it done, any reference
I made in the colloquy in my remarks this afternoon concerning
the gentleman from Michigan [Mr. Mapes]. I think I got that
permission in the Committee, but some seem to understand not.
"'The Speaker. Is there objection?
"'Mr. HOFFMAN. Mr. Speaker. I reserve the right to object. Does

'Mr. Hoffman. Mr. Speaker, I reserve the right to object. Does the gentleman know whether or not those remarks will be printed in the Townsend Weekly next week and capital made of it?

"The Speaker. Is there objection?

"Mr. HOFFMAN. Mr. Speaker, for the moment I object because I understand the gentleman remarked that he would get the head-

lines.
"'Mr. Massingale. The gentleman is just talking about some-

thing he does not know anything about.
"'Mr. Hoffman. I am not, and I object.

"The Speaker. The Chair is under the impression that the gentleman from Oklahoma has obtained unanimous consent to withdraw the remarks.

"'Mr. Massingale. I thought I obtained it, but in talking with "'Mr. MASSINGALE. I thought I obtained it, but in talking with the gentleman from Michigan [Mr. MAPES], he thought I did not.
"'Mr. MAPES. Mr. Speaker, if I may be permitted to make a statement, the gentleman from Oklahoma [Mr. MASSINGALE] spoke to me about the request, and as far as I am concerned I have no objection. I would be glad to have it granted'; and
"Whereas there also appears in the RECORD of May 31, 1939, in the left-hand column of page 6465, the following:

"'Mr. RAYBURN. Mr. Speaker, I ask unanimous consent that the proceedings under which the remarks of the gentleman from Oklahoma [Mr. Massingale], in reference to the gentleman from Michigan [Mr. Mapes], were taken down may be deleted from the Record and that the gentleman from Oklahoma may have the right to revise and extend his remarks'; and

"Whereas it now appears, from an examination of the Record of "Whereas it now appears, from an examination of the Record of May 31, that the Record nowhere now contains the remarks, nor any portion of the remarks, made by the gentleman from Oklahoma [Mr. Massingale], there having been deleted from the Record not only the reference made in such remarks concerning another Member of the House, but the remarks made by the gentleman from Oklahoma and the point of order and the demand for the taking down of the remarks of the gentleman from Oklahoma when he referred to the action of the Ways and Means Committee of the House; and "Whereas a question involving the integrity of the House itself

"Whereas a question involving the integrity of the House itself and of the Record of the House is now raised and the Record as it stands is not a true transcript of what occurred on the floor of the House; and

"Whereas the RECORD of the House, as now printed, is not a true and correct record of the proceedings of the House, insofar as the

and correct record of the proceedings of the House, insofar as the same relate to the remarks of the gentleman from Oklahoma as to the action of the Ways and Means Committee, as to the making of a point of order thereon, and as to the ruling of the Speaker thereon: Now, therefore, be it "Resolved, That a committee of three be appointed by the Speaker of the House, or, in the discretion of the Speaker, make reference to a standing committee of the House, to ascertain from the reporters of the House and from such other sources as they may deem trustworthy a true and correct record of what did occur, deleting from such record all such matters which the gentleman from Oklahoma, [Mr. MASSINGALE] was given permission to delete from Oklahoma [Mr. Massingale] was given permission to delete, and retaining in the Record all such other transactions and proceedings which occurred on the floor of the House and for the withdrawal of which permission was not given; and thereupon to report its conclusions to the House, together with such recom-mendations as it may deem desirable."

Mr. HOFFMAN. Mr. Speaker, I ask permission to enlarge on my statement, so that I may correctly show the question of privilege.

The SPEAKER. Without objection, the gentleman will be permitted to extend his own remarks.

Mr. HOFFMAN. No, Mr. Speaker. I ask to state it now in addition to the question of privilege which the Clerk has read.

The SPEAKER. The gentleman may state his question of privilege.

Mr. HOFFMAN. Mr. Speaker, the privilege of the House is involved in this respect, that while the gentleman from Oklahoma [Mr. Massingale] obtained permission to withdraw and did withdraw what he had said with reference to another Member of the House, at no time did he obtain permission to withdraw what he said with reference to the committee. At no time did he obtain permission to withdraw the point of order that was made by the Member from Michigan-at no time did he obtain permission to withdraw the demand that his words with reference to the committee be taken down, and the Record as it stands today, as printed this morning, is nowhere a true record of what happened yesterday. If it be true that the RECORD of the House of Representatives is not a true record, is not in accord with the facts, then that is the point I would like to have determined, as to whether the RECORD shall stand or be corrected.

The SPEAKER. The RECORD shows that the gentleman from Oklahoma [Mr. Massingale] did obtain unanimous consent to revise and extend his remarks. Under the general practice of the House that gave to the gentleman from Oklahoma the right to withhold revision of his remarks from the RECORD. The Chair is of the opinion that the other subject matter stated in the resolution of the gentleman from Michigan [Mr. HOFFMAN] probably does raise a question of the privileges of the House.

Is it the desire of the gentleman to have the resolution referred to a committee?

Mr. HOFFMAN. Either to a special committee or to any standing committee, in the discretion of the Speaker.

The SPEAKER. The Chair will state that in the opinion of the Chair the Committee on Rules would have jurisdiction over the resolution.

Is there objection to referring the resolution of the gentleman from Michigan to the Committee on Rules? [After a pause.] The Chair hears none, and it is so ordered.

PERMISSION TO ADDRESS THE HOUSE

Mr. KEOGH. Mr. Speaker, I ask unanimous consent that on next Wednesday, at the conclusion of the legislative matters for the day and any special orders that may have been entered, I may be permitted to address the House for 30 minutes.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

EXENSION OF REMARKS

Mr. SHORT. Mr. Speaker, I ask unanimous consent to extend my own remarks and to include an article from the June issue of Sphere.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. MARTIN J. KENNEDY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and include therein a short editorial from the Washington Evening Star of last night.

The SPEAKER. Without objection, the request of the gentleman is granted.

There was no objection.

The SPEAKER. Under the special order of the House heretofore made the gentleman from Michigan [Mr. Engel] is recognized.

PERMISSION TO ADDRESS THE HOUSE

Mr. ENGEL. Mr. Speaker, I shall not use the time today but ask unanimous consent that the special order granted me today may be transferred to Monday next. I ask unanimous consent to address the House for 30 minutes on Mon-

day next after the disposition of the legislative calendar for the day.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. FITZPATRICK, for continuous leave of absence for an indefinite period, on account of illness.

To Mr. Celler, for an indefinite period, on account of illness.

EXTENSION OF REMARKS

Mr. Coffee of Washington and Mr. Martin of Colorado asked and were given permission to extend their own remarks in the Recfed.

ORDER OF BUSINESS

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes to make an announcement. The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. RAYBURN. Mr. Speaker, I take this time to say a few words about the program for tomorrow. There is only one matter that I know of to come up tomorrow, and that is consideration of a bill creating the office of Under Secretary of Commerce, for the consideration of which unanimous consent was granted the other day.

Mr. MAPES. Mr. Speaker, will the gentleman yield?

Mr. RAYBURN. I yield.

Mr. MAPES. When unanimous consent was granted to give that bill right-of-way without a rule, I understood the gentleman from Texas to say that the members of the committee would be given notice when it would be called up, and that time for general debate would be agreed upon. No one has since spoken to me about bringing the matter up. The minority members of the committee should have been notified.

Mr. RAYBURN. If the gentleman will refresh his memory of what occurred earlier in the week, I think he will recall that I told him that in all probability the bill would come up on Thursday or Friday, and the gentleman from Michigan then requested that it be not called up on Thursday immediately after the vote on the so-called Townsend plan.

Mr. MAPES. There was a rather indefinite discussion such as the gentleman has referred to.

Mr. RAYBURN. I told the gentleman very definitely that I wanted to get the bill up either Thursday or Friday, and he said he would prefer that it were not called up on Thursday. I told him then that it would be called up on Friday.

Mr. MAPES. I have been anticipating that somebody would speak about time for debate and that we would know when to prepare definitely for it. No one has said anything to me about it since the rather indefinite discussion we had the other day.

Mr. RAYBURN. I think the gentleman will remember I told him at that time that whatever time he and the gentleman from California would agree on would be entirely satisfactory to me. That is in the Record.

Mr. MAPES. I appreciate that; still I would like to state

Mr. MAPES. I appreciate that; still I would like to state at this point that I think Members of the majority who expect to call up bills and resolutions might very properly notify the minority Members of such intent without the minority Members having to run around and ask a dozen Members what business is coming up from day to day. That is all I care to say.

Mr. RAYBURN. Just a moment. The gentleman having said that, I desire to make a few remarks myself.

Mr. MAPES. Let me say that that does not apply at all to the majority leader.

Mr. RAYBURN. I may say to the gentleman that I told him on Monday of this week it was the intention to bring the bill up this week on Thursday or Friday. I made that statement to the gentleman from Michigan and told him that whatever time the chairman of the committee and the ranking minority member agreed upon would be eminently satisfactory to me.

Mr. MAPES. Let me say again that my observation had no reference at all to the majority leader; but I also repeat that the chairman of the committee has said not a word to me with reference to bringing it up or about limitation of debate.

Mr. RAYBURN. And I repeat that whatever time the gentleman from Michigan and the gentleman from California agree upon will be satisfactory to me.

EXTENSION OF REMARKS

Mr. WOODRUM of Virginia. Mr. Speaker, I ask unanimous consent to extend my own remarks at two points in the Appendix of the Record by including two short addresses by Gen. Frank T. Hines, Administrator of Veterans' Affairs.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

ADJOURNMENT

Mr. RAYBURN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 12 o'clock and 59 minutes p. m.) the House adjourned until tomorrow, Friday, June 2, 1939, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON FOREIGN AFFAIRS

There will be a meeting of the Committee on Foreign Affairs (executive session) in the committee room, Capitol, at 10 a. m. Friday, June 2, 1939, for the consideration of House Joint Resolution 306, Neutrality Act of 1939.

COMMITTEE ON THE JUDICIARY

There will be a public hearing before Subcommittee No. 3 of the Committee on the Judiciary on Friday, June 2, 1939, at 10 a.m., on the bill (H. R. 2318) to divorce the business of production, refining, and transporting of petroleum products from that of marketing petroleum products. Room 346, House Office Building.

COMMITTEE ON THE POST OFFICE AND POST ROADS

There will be a meeting of Subcommittee No. 2 of the Committee on the Post Office and Post Roads Friday, June 2, 1939, at 10 a. m., to consider H. R. 5757, a bill to require that periodicals sent through the mails or introduced into interstate commerce contain the name of the publisher and place of publication.

There will be a meeting of Subcommittee No. 2 of the Committee on the Post Office and Post Roads on Tuesday, June 6, 1939, at 10 a. m., to consider H. R. 4932, a bill to amend the act of March 3, 1879.

There will be an executive session of the Committee on the Post Office and Post Roads at 10 a.m. on Wednesday, June 7, 1939, for the consideration of H. R. 3835.

COMMITTEE ON IMMIGRATION AND NATURALIZATION

There will be a meeting of the Committee on Immigration and Naturalization at 10:30 a.m. Wednesday, June 7, on H. R. 3029 (STARNES).

COMMITTEE ON MERCHANT MARINE AND FISHERIES

The Committee on Merchant Marine and Fisheries will hold public hearings in room 219, House Office Building, at 10 a.m., on the bills and dates listed below:

On Tuesday, June 6, 1939, on H. R. 6039, motorboat bill of 1939 (Bland); and H. R. 6273, outboard racing motorboats (Boykin).

On Thursday, June 8, 1939, on H. R. 5837, alien owners and officers of vessels (Kramer); and H. R. 6042, requiring numbers on undocumented vessels (Kramer).

On Tuesday, June 13, 1939, on H. R. 1011, drydock facilities for San Francisco (Welch); H. R. 2870, drydock facilities for Los Angeles (Thomas F. Ford); H. R. 3040, drydock facilities for Los Angeles (Geyer of California); and H. R. 5787, drydock facilities for Seattle, Wash. (Magnuson).

On Thursday, June 15, 1939, on House Joint Resolution 194, investigate conditions pertaining to lascar seamen (Sirovich).

On Friday, June 16, 1939, on H. R. 5611, district commanders' bill (U. S. Coast Guard).

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

798. A letter from the Archivist of the United States, transmitting a list of papers consisting of 99 items from the Department of the Treasury to be destroyed or otherwise disposed of; to the Committee on the Disposition of Executive Papers.

799. A letter from the Archivist of the United States, transmitting a list of papers consisting of two items from the War Department to be destroyed or otherwise disposed of; to the Committee on the Disposition of Executive Papers.

800. A letter from the Archivist of the United States, transmitting a list of papers consisting of five items from the Department of Justice to be destroyed or otherwise disposed of; to the Committee on the Disposition of Executive Papers.

801. A letter from the Archivist of the United States, transmitting a list of papers consisting of four items from the clerk of the United States District Court for the Northern District of California to be destroyed or otherwise disposed of; to the Committee on the Disposition of Executive Papers.

802. A letter from the Archivist of the United States, transmitting a list of papers consisting of six items from the office of the United States marshal, Pittsburgh, Pa., to be destroyed or otherwise disposed of; to the Committee on the Disposition of Executive Papers.

803. A letter from the Archivist of the United States, transmitting a list of papers consisting of nine items from the office of the United States marshal for the southern district of Illinois to be destroyed or otherwise disposed of; to the Committee on the Disposition of Executive Papers.

804. A letter from the Archivist of the United States, transmitting a list of motion-picture films consisting of 21 items from the Post Office Department to be destroyed or otherwise disposed of; to the Committee on the Disposition of Executive Papers.

805. A letter from the Archivist of the United States, transmitting a list of papers consisting of 52 items from the Department of the Navy to be destroyed or otherwise disposed of; to the Committee on the Disposition of Executive Papers.

806. A letter from the Archivist of the United States, transmitting a list of papers consisting of 61 items from the Department of the Interior to be destroyed or otherwise disposed of; to the Committee on the Disposition of Executive Papers.

807. A letter from the Archivist of the United States, transmitting a list of papers consisting of 1,688 items from the Department of Agriculture to be destroyed or otherwise disposed of; to the Committee on the Disposition of Executive Papers.

808. A letter from the Archivist of the United States, transmitting a list of motion-picture films consisting of 44 items from the Department of Commerce to be destroyed or otherwise disposed of; to the Committee on the Disposition of Executive Papers.

809. A letter from the Archivist of the United States, transmitting a list of papers consisting of 397 items from the Department of Commerce to be destroyed or otherwise disposed of: to the Committee on the Disposition of Executive Papers.

810. A letter from the Archivist of the United States, transmitting a list of papers, consisting of 108 items from the Department of Labor, to be destroyed or otherwise disposed of; to the Committee on the Disposition of Executive Papers.

811. A letter from the Archivist of the United States, transmitting a list of papers, consisting of three items from the United States Civil Service Commission, to be destroyed or otherwise disposed of; to the Committee on the Disposition of Executive Papers.

812. A letter from the Archivist of the United States, transmitting a list of papers, consisting of 32 items from the United States Tariff Commission, to be destroyed or otherwise disposed of; to the Committee on the Disposition of Executive

813. A letter from the Archivist of the United States, transmitting a list of papers, consisting of four items from the Federal Housing Administration, to be destroyed or otherwise disposed of; to the Committee on the Disposition of Executive Papers.

814. A letter from the Archivist of the United States, transmitting a list of papers, consisting of 26 items from the Panama Canal, to be destroyed or otherwise disposed of; to the Committee on the Disposition of Executive Papers.

815. A letter from the Archivist of the United States, transmitting a list of papers, consisting of one item by the Northwest Territory Celebration Commission, to be destroyed or otherwise disposed of; to the Committee on the Disposition of Executive Papers.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CASE of South Dakota:

H. R. 6613. A bill authorizing construction of water conservation and utilization projects in the Great Plains and arid and semiarid areas of the United States; to the Committee on Irrigation and Reclamation.

By Mr. COCHRAN:

H. R. 6614. A bill to amend the Government Losses in Shipment Act; to the Committee on Expenditures in the Executive Departments.

By Mr. DEMPSEY:

H. R. 6615. A bill to authorize the purchase of certain lands for addition to the Navajo Indian Reservation in New Mexico; to the Committee on Indian Affairs.

By Mr. FLANNAGAN:

H. R. 6616. A bill to provide for the erection of a memorial to Gen. William Campbell; to the Committee on Military Affairs.

By Mr. FRIES:

H.R. 6617. A bill to provide for the safe transportation and delivery of inflammable oils, etc., in the District of Columbia; to the Committee on the District of Columbia.

By Mr. LANHAM:

H. R. 6618. A bill to provide for the registration of trademarks used in commerce, to carry out the provisions of certain international conventions, and for other purposes; to the Committee on Patents.

By Mr. HOFFMAN:

H. Res. 208. Resolution to preserve the integrity of the records of the House and of the House; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ANGELL:

H.R. 6619. A bill for the relief of William Kelley; to the Committee on Military Affairs.

By Mr. BEAM:

H. R. 6620. A bill for the relief of John Evans; to the Committee on Naval Affairs.

By Mr. DISNEY:

H. R. 6621. A bill granting a pension to Almeda A. McCandless; to the Committee on Invalid Pensions.

By Mr. ELSTON:

H.R. 6622. A bill for the relief of Roche, Connell & Laub Construction Co.; to the Committee on Claims.

H. R. 6623. A bill for the relief of the Paragon Paper Co.; to the Committee on Claims.

H.R. 6624. A bill for the relief of William B. Cott; to the Committee on Claims.

By Mr. FAY:

H.R. 6625. A bill for the relief of Mary McCormack; to the Committee on Claims.

By Mr. MARTIN J. KENNEDY:

H.R. 6626. A bill for the relief of Edgar A. Hartman; to the Committee on Naval Affairs.

H. R. 6627. A bill for the relief of John Joseph Mahoney; to the Committee on Naval Affairs.

By Mr. VOORHIS of California:

H. R. 6628. A bill granting an increase of pension to Robert Wornic Denny; to the Committee on Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3444. By Mr. CARTER: Resolution of the Grand Parlor, Native Sons of the Golden West, reaffirming faith in the Monroe Doctrine as an instrument of national policy and urging the United States to recognize that the maintenance of peace, insofar as she is concerned, demands a combination of military strength and a strong national will to peace; to the Committee on Foreign Affairs.

3445. Also, petition of the grand council of the Grand Lodge of California, Order of Sons of Italy in America, urging the cooperation of the United States with all nations for a lasting world peace, strengthening our air, naval, and land forces against any foreign attacks and an investigation of all foreign propaganda calculated to involve us in foreign wars; to the Committee on Foreign Affairs.

3446. By Mr. THOMAS F. FORD: Resolution of the grand council of the Grand Lodge of California, Order of Sons of Italy in America, petitioning Congress to manifest a spirit of friendship toward all nations and cooperate toward a lasting world peace; also petitioning Congress to reenact the present neutrality law without change, and requesting the President of the United States to invite England, France, Germany, and Italy to participate in a conference to settle all major disputes existing among them, the United States to act as impartial mediator; to the Committee on Foreign Affairs.

3447. By Mr. HARTER of New York: Petition of the Buffalo Division of Women's International League for Peace and Freedom, favoring an amendment to the Constitution of the United States requiring a popular referendum before engaging upon overseas war; to the Committee on Foreign Affairs.

3448. By Mr. KEOGH: Petition of William Piehl, Social Service Employees Union, No. 39, New York City, concerning amendments to the National Labor Relations Act; to the Committee on Labor.

3449. By Mr. RICH: Petition of sundry citizens of Kane, Pa., favoring the passage of legislation to curtail advertising of the sale of alcoholic beverages by press and radio; to the Committee on Interstate and Foreign Commerce.

3450. By Mr. SHAFER of Michigan: Petition of 60 citizens of Coldwater, Mich., requesting enactment of House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

3451. Also, petition of 600 citizens of New York, requesting enactment of House bill 5237, providing for 30-year optional retirement; to the Committee on the Civil Service.

3452. By Mr. VAN ZANDT: Petition of R. W. Bailey, president, and Thomas J. Bogle, recording secretary, Townsend Club No. 1, of Rockton, Pa., urging a favorable response to the Townsend bill in order that the aged of the country may be assured comfort and security in their closing years; to the Committee on Ways and Means.

3453. By the SPEAKER: Petition of J. A. McCulloch, of Ogden, Utah, and others, petitioning consideration of their resolution with reference to House bill 2, known as the Townsend bill; to the Committee on Ways and Means.

3454. Also, petition of P. Q. Robison, of Kelseyville, Calif., and others, petitioning consideration of their resolution with reference to House bill 2, known as the Townsend bill; to the Committee on Ways and Means.

HOUSE OF REPRESENTATIVES

FRIDAY, JUNE 2, 1939

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Spirit of Light, in this new dawn, lifting the shadows of darkness, let us hear Thy silent voice; do Thou impart Thy soul-giving strength. Looking to Thee, blessed Lord, may we not fail to realize that in this hurried, restless life Thou art ever ready to give guidance. Like Thy prophet of old, we pray for the riches of wisdom, that high duty and not selfish inclinations may determine our actions. In quiet and calm may we keep the ways of the great truths of life; we pray for pure hearts and contented spirits. Through labor, zeal, and resolute courage may we ever look forward for better things. Be merciful unto us, dear Father; give us our daily bread; feed our hearts, enrich our minds, and forgive us when we are blind to the common treasures of life. In our Saviour's name. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had passed, with amendments, in which the concurrence of the House is requested, bills of the House of the following titles:

H. R. 5748. An act to amend the Second Liberty Bond Act, as amended; and

H. R. 6260. An act making appropriations for the fiscal year ending June 30, 1940, for civil functions administered by the War Department, and for other purposes.

PERMISSION TO ADDRESS THE HOUSE

Mr. MARTIN of Massachusetts. Mr. Speaker, I ask unanimous consent that on June 14, following the legislative program in order for the day, the gentleman from Pennsylvania [Mr. McDowell] may be permitted to address the House for 20 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts [Mr. MARTIN]?

There was no objection.

EXTENSION OF REMARKS

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD and to include therein an address by the gentleman from Kansas [Mr. LAMBERTSON].

The SPEAKER. Is there objection to the request of the gentleman from Indiana [Mr. Luplow]?

There was no objection.

Mr. ROBERTSON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD and to include therein a speech delivered on yesterday by my colleague from Virginia [Mr. DARDEN].

The SPEAKER. Is there objection to the request of the gentleman from Virginia [Mr. ROBERTSON]?

There was no objection.

Mr. Hendricks asked and was given permission to extend his own remarks in the RECORD.

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a letter I received from the Malta irrigation district in Montana.

The SPEAKER. Is there objection to the request of the gentleman from Montana [Mr. O'CONNOR]?

There was no objection.

Mr. SNYDER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an address I gave on the fiftieth anniversary of the Johnstown

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania [Mr. SNYDER]?

There was no objection.

Mr. COCHRAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein a short editorial from the St. Louis Post-Dispatch.

The SPEAKER. Is there objection to the request of the gentleman from Missouri [Mr. Cochran]?

There was no objection.

Mr. Smith of Washington asked and was given permission to extend his own remarks in the RECORD.

Mr. THOMAS of New Jersey. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein an article which appeared in a Washington newspaper.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey [Mr. Thomas]?

There was no objection.

UNITED STATES COTTON EXPORTS AGREEMENTS AND RECIPROCAL-TRADE

Mr. RICH. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania [Mr. RICH]?

There was no objection.

Mr. RICH. Mr. Speaker, I have here an article entitled "Exports of United States Cotton Hit 50-Year Low," dated New York, June 1, as follows:

EXPORTS OF UNITED STATES COTTON HIT 50-YEAR LOW

New York, June 1.—Exports of American cotton during April and the first 3 weeks of May, reported by the Bureau of Agricultural Economics, were the smallest in more than 50 years.

Cotton experts attribute the low export movement partly to the price support derived from Government loans to growers in past seasons. This, they contend, has tended to impair the competitive position of the American fiber in world markets.

April exports of Egyptian cotton increased 48 percent over a year ago, whereas our shipments declined 53 percent. March exports from India were 23 percent greater than the same month last year.

Mr. Speaker, think of it, our exports of United States cotton have hit the lowest point in 50 years. Are the Members satisfied with the reciprocal-trade agreements that have been made, which are primarily responsible for this condition?

If we continue to permit Secretary Hull and the President of the United States to regulate our foreign commerce, then our cotton exports will be wiped out altogether. The power should lie in the Congress of the United States to regulate the American imports and exports, and unless the Congress does take action we are not going to help American farmers generally, and particularly the American cotton grower.

[Here the gavel fell.]

SPECIAL COMMISSION ON OLD-AGE PENSIONS

Mr. ROUTZOHN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Ohio [Mr. ROUTZOHN]?

There was no objection.

Mr. ROUTZOHN. Mr. Speaker, I desire to call the attention of the Members of the House to the fact that I am now introducing a joint resolution calling for the creation of a special commission on old-age pensions which will have for its purpose and function the formulating of a national policy with respect to old-age pensions based upon the two general principles that payments should be made on a pay-as-you-go basis out of current revenues of the Government and should be adequate to provide a comfortable standard of living for the beneficiaries.

In my speech last Wednesday I stated my intention to introduce such a resolution after the anticipated defeat of H. R. 6466, then under consideration.

The salutary reasons for the adoption of this resolution are too numerous and obvious to require reference to all of them.

It cannot be gainsaid that the creation of such a commission will save the old-age pension problem from continuing to be a political football, a bone of contention for party strife, and will save the aged from exploitation.

Its creation will facilitate and expedite the enactment of a sound, constitutional, practical, and comforting old-age pen-

sion policy.

The thought back of this resolution is not new, so I have discovered since last Wednesday. Something similar was proposed by my colleague from New York, Mr. Hamilton Fish, 10 years ago. Had a commission been created then, it is safe to assert that we would have no old-age pension problem today.

My colleague, Mr. Bruce Barton, introduced in the last Congress a similar resolution pertaining to a proposed amend-

ment to the Social Security Act.

Favorable action on his resolution probably would have obviated the experiences of Wednesday and the action Thursday.

Since discovering these similar measures I am convinced that others have had the same idea, all of which indicates that the resolution is worthy of earnest and sincere consideration.

Furthermore, I have been encouraged, advised, and requested to introduce the resolution by certain of my colleagues, as well as by constituents and others, including loyal Townsendites, who were informed of my intentions.

I therefore respectfully request that the committee to which this resolution will be referred give prompt attention and action to it. [Applause.]

DIES COMMITTEE ON UN-AMERICAN ACTIVITIES

Mr. THORKELSON. Mr. Speaker, I ask unanimous consent to extend my own remarks at this point in the Record. The SPEAKER. Is there objection to the request of the gentleman from Montana [Mr. Thorkelson]?

There was no objection.

Mr. THORKELSON. Mr. Speaker, Wednesday, May 31, it was my pleasure to attend a session of the Dies Committee on Un-American Activities, and imagine my surprise when I found it to be a trial instead of an investigation. It was a trial of a patriotic citizen who did not have the benefit of counsel. I regret to make this statement, but the trial was, to say the least, extremely unfair.

General Moseley, with two Distinguished Service citations by Congress, was not permitted to present his evidence. I should say not. That might have exposed some of the higher Communists. He was instead instructed by the chairman to answer questions asked by a young interrogator, Mr. Whitley. As I listened to the testimony, I learned that General Moseley had evidently been "tailed," his mail opened, photographed, and that he had been "dictographed" as well. He had been treated to the same dose as a Member of Congress who had a dictograph placed in his room in the House Building—Evening Star, May 31.

Congress, of course, appropriated money to the Post Office Department to have snoopers open our mail and photograph it. We recently appropriated \$300,000 to the F. B. I., which is evidently used to spy upon us, the people, and install dictographs in our offices, and I presume eventually in our homes. What a smell of the OGPU!

I suggest that the Dies committee investigate these Russian activities, for they are certainly not only un-American but in addition most foul and putrid, and, of course, a realistic and true picture of the Asiatic communism as practiced in those countries that subscribe to it.

Well, the whole procedure was a grand farce. The first day the questioner attempted to smear General Moseley and at the same time whitewash or protect the invisible government and "hoi polloi" in communism. No attempt was made to investigate the Communist. Certainly not. There is no reason for that, because there are too many of them, so they are too easy to find.

In the Evening Star, I note, "Fourteen persons arrested, blackjacks seized in auto strike." What of it? Nothing, except that a few days ago I quoted, in one of my talks before the House, a statement to the effect that the Communists voluntarily came out in support of the C. I. O. The author, Mr. Foster. This strike is going on in Detroit. Let

the committee investigate who is behind that.

Are any of these strikes investigated by the Dies committee for un-American activities? No. Yet the Communist Party, in their own booklets, describe how the United States Government is to be transformed, and this prediction is within their reach if the American people remain in the same comatose condition they have been in for a number of years. The first plan in this great venture was to have the invisible government own and control all real money, and they are now holding \$15,000,000,000 in gold certificates, and, of course, control our Nation's gold wealth. We have make-believe money, and I believe in Rochester, N. Y., if the papers are correct, the merchants are accepting blue and yellow chips for purchases. The Congress has appropriated millions of dollars of the taxpayers' money to have Federal snoopers in various departments open the mail, photograph it, spy on us, by dictographs in our rooms, and treat us like coolies. Of course, nothing I can say will change it because I realize very well that I am only 1 in 130,000,000 people, and that not one of the subsidized press would publish any part or parts of what I may say or write on un-American activities, when it is not to their interests. Let us not forget the Constitution of the United States is our fundamental law, which we swear to preserve, to protect and defend with our very lives. Anyone, no matter who the official may be, who departs from this obligation, is un-American, and those who subscribe to it are patriotic Americans, and do not make a mistake about that.

It is always the minority that begins destruction and, like a small leak in a dam, it gets larger and larger until the whole structure is washed away. This is happening to us today. We are a tolerant people, slow to be aroused, and we have failed to notice the danger from within. This failure is now apparent, and it is for that reason patriotic units are being organized throughout the Nation. organizations are creatures of necessity and represent a definite reaction to Government failure in eradicating subversive activities. No one is to blame for that but the Government itself, because officials therein have sworn to preserve, protect, and defend the people's rights, and when they fail to do so, the people themselves must, in order to preserve the Nation, stand forth in their own defense. If the American liberties and rights are not worth protection, if they are not worth fighting for, they are not worth having, and the people are firmly convinced that there is nothing better than the republican form of government we have always had. These patriotic organizations are not un-American, because they are born as a defense reaction against un-Americanism. They may, of course, become too zealous, and for that reason we find some of them acute patriots, or the zealous type, similar to those who enforced the old "blue laws," and no different from those who enforce religious laws too zealously, as was done during the inquisitions. Be that as it may, they are not inherently wrong, and they are certainly much preferable to the extreme left organization, which has for its only purpose the destruction of our Government, no matter whether it costs lives or

not. So I say we must be fair, give and take on both sides, but above all let us stand today on the Constitution as it was given to us by the founders of our country—persons who were familiar with all sorts of unsound governments because they had lived in the midst of them, a people who, because of personal experiences, drafted an instrument for our protection, for the Nation's security, with a full measure of justice and protection even for the "un-American."

Un-American activities are those in conflict with the Constitution and began with the first unconstitutional law enacted by Congress. From the passing of such laws we now have the present un-American activities which are destroying our Nation today. We need not hunt for un-Americans, for they are here in Washington, if the committee has the slightest desire to find them. I realize, of course, that we are now faced with a different or changed government, in which the power lies entirely with the majority. The Members of the Senate and the House are all elected by this majority, and therefore its representatives, instead of representatives of their States. That is the great stumbling block in the administration of a republican form of government, for there is no direct State representation in Congress.

It is for this reason that I have said that we cannot go on as we are, for all governments must have a responsible regulatory body. This was the constitutional duty of Congress; but having capitulated to the White House crowd, a dictator will not only be born but a semidictator now sits in Washington, whether you believe it or not. Evidence of this is found on every hand, in the investigations of private citizens and in all those activities which I have already mentioned before in this talk. There is one thing left that may disturb this power today: Elect men to Congress who will assume their obligation with full responsibility, as set forth in the people's law and mandate, the Constitution of the United States.

General Moseley knows we have nothing to fear from our own people, but he also realizes that we have everything to fear from the invisible government whose members are disciples of Marxian philosophy. The danger is not entirely to be found in those who control this Government but is, instead, to be found in the method they use in employing subversive elements, or people to destroy and disseminate pernicious propaganda through their own publications. Socialism itself is not particularly dangerous, but socialism becomes destructive when it falls into the hands of vindictive and mercenary people. Let us now see how this works out.

Communism was bred in the byways and alleys of the world. I believe some of the early advocates of this philosophy in the United States lived in New York before they left for Russia to organize the government which is now ruling that nation. In this transformation of government there was no Christian spirit or kindness in their hearts. They killed, killed, and killed—innocent men, women, and children—until by sheer murder they emerged through a lake of blood into power. That is communism. Would we like that in the United States. I can hear 129,000,000 people say "no." After this communistic government gained control in Russia, they began their work, indirectly and directly, as planned by the invisible government—the international invisible government, if you please.

The next step was to sow the seeds of dissension, destroy patriotism, ridicule the patriots by foul and false propaganda, no different from that used today to besmear General Moseley in some of the daily papers. He did not say that he believed in nazi-ism, so called, which is a term that no one can define, not even the Dies committee itself. But the inquisitor, in his persecutory investigation, inferred that General Moseley was not a good American; and at this point I want to say that if General Moseley is not a sincere, patriotic American, there was not one in the room. I want to go a little further than that and say that I have not found anyone in the Army and Navy who is not a sound and stanch patriotic citizen.

Let us now continue analyzing communism. Being centered in Russia it immediately began to spread the poison from its fangs into such nations as tolerated communism. So the Communist invaded China and spread its poison there, to the destruction of the Chinese Empire. And do not forget,

Russia has deprived China of northern Mongolia—a "brotherly" policy of communism. Communism then spread into Spain, fomented and created revolution, and in the process of that killed and destroyed lives without justification or common reason, except to promote its own nefarious practices. These are facts that we must remember when we fiirt with communism.

The same element has worked successfully in France and is keeping the French Government in a boiling condition because of its tolerance to socialism and the proponents of it.

The same thing happened in Austria when thousands of innocent lives were destroyed during the riots and liquidation when communism's own emissary was in power there.

This Communist element is also found in England and the leaders are well entrenched in high places there. We find the same condition in the United States with those in high command in top places directing the subversive activities within the United States. This condition is generally recognized and our people feel apprehensive over the Government's indifference to this menace. The same crowd controlled Germany at one time and promoted a destructive inflation, but they were discovered and kicked out for the general welfare of the German people and the safety and security of the German nation. That is all I am going to say about that, because I will now be called a Nazi by the Communist or the communistic servile press.

How is it possible to discover this breed bent upon destruction of the world for its own mercenary purposes? It is not hard, and if the intelligence service will spend its time investigating along the line I am now proposing it will find more evidence than it will in the mailing envelopes of our private citizens. The intelligence personnel subscribes to an obligation, and they must honor that. The service will not be respected until it protects the Nation and the people from subversive activities.

I shall now propose this, and in the proposal of it, mind you, I follow President Roosevelt's "good neighbor" policy, that he has advocated time and time again—the Golden Rule, "Do unto others as you would they would do unto you." That is the President's policy, and I am for it.

Let us take every organization that is anti-Russian and investigate the members of such organization, particularly to find out why they are anti-Russian. Let us then take the anti-Italians in the United States and find out why they are anti-Italians, and their reason for it. Let us take all the anti-Nazi or anti-German leagues and investigate their pet aversions and hatreds. In other words, let us call on the anti organizations with hatred toward other countries, have them up for investigation, and find out why they hate other countries, why they have gone directly contrary to our President's views, that of the "good neighbor" policy. He preaches the milk of human kindness, but he poisons the minds of our people toward such nations as he does not want to have milk.

The Dies committee may also find the names of a number of societies which will give them, if they so desire, complete and full information about those who should be investigated. I receive letters and information every day. Some of it may be good and some of it bad, but in the investigation of it we will find those with queer philosophies. We as a nation should hold no hatreds in our hearts toward any foreign nation or toward any place; but, by the same token, those nations should not hold hatreds toward us.

I do not believe there is a nation in the world today that despises the United States or hates us, except for the gold that is now stored in our holes and burial grounds in various parts of the United States. This gold, by the way, is not owned by the American Government, and it is not owned by the people of the United States, but it is owned and controlled by the international invisible government, of which we have representatives in the United States. The Dies committee may obtain evidence, at least enough for investigation, if they want to go to bat for the American people.

The second day of the trial was a repetition of the first. General Moseley was asked questions by the inquisitor, Mr. Whitley, concerning letters and episodes which no one could be expected to remember. After having tried to recall, or, I should say, rather, forced to answer by orders of the committee on the threat of contempt, General Moseley was then confronted with letters seized or photographed by the Intelligence Service-I hesitate to designate it thus. This material consisted of his personal letters, speeches, and correspondence of other persons. Paragraphs were selected from various communications-his own and others-and questions were asked by the interrogator, Mr. Whitley, or anyone on the committee-a sort of "free-for-all" to smear General Moseley.

When the general imparted information of value and it was not to the liking of the committee, it was ordered to be stricken from the record. I have seen many trials, but never one like this, in which every effort was made to keep evidence out of the record. To cap the climax, General Moseley's final statement was ordered stricken from the record in toto. This, in my opinion, was a grave error on the part of the committee, which I am sure it will regret some day. Everyone I saw afterward, and with whom I talked, seemed to have the impression that the committee acted under orders, or was not interested in obtaining information with respect to un-American activities. Whether this is true or not remains with the committee, but it leaves a bad impression on those present when the Nation's life and security is at stake. This is particularly true when we are right in the midst of un-American activities, or rather, communistic activities. In this I include socialism, which is the basic foundation of all socalled un-American activities. Communism is behind all the strikes and strife here in this country. The Communists are the ones who will destroy us if we continue to remain asleep.

The Dies committee was appointed by the Speaker, with the request and consent of the Congress of the United States. It follows, therefore, that Congress is responsible for the manner in which the investigation is conducted and also for the result obtained from such investigation. The taxpayers are being charged \$100,000 so that this committee can obtain and discover the truth. Congress is responsible to these people and should, therefore, endeavor to determine the facts. The purpose of the committee is for investigation into the very roots of all un-American activities, and not what the committee thinks we ought to know. The committee has no right to strike any evidence from the record, because all information belongs to Congress and the people. The people in the United States today want the truth in its simple nakedness. This committee conducted a trial of General Moseley instead of an investigation, but the committee did not pronounce the sentence. They tried to prepare cause for punishment of the general, but instead of finding an "un-American" they found a most sincere and loyal citizen and

I regret to hold the viewpoint I do with respect to the activities of the committee, but I am here as a representative of the people of my State, and in the interest of all the people of the United States, but not as a convenience to departments or bureaus in this planned government.

ORDER OF BUSINESS NEXT WEEK

Mr. MARTIN of Massachusetts. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts [Mr. MARTIN]?

There was no objection.

Mr. MARTIN of Massachusetts. Mr. Speaker, may I inquire of the majority leader if he has the program arranged for next week?

Mr. RAYBURN. Yes; as definitely as can be arranged at the present time. On Monday, of course, we will consider bills on the Unanimous Consent Calendar. The so-called Roosevelt library contribution will be on that calendar. If it is objected to, it is my understanding that the Speaker will recognize the gentleman from Illinois to move to suspend the rules and pass the bill. It is also my understanding that the Committee on Labor has reported a revised wage and hour bill, and I believe it is the intention of the Speaker to recognize the gentlewoman from New Jersey on Monday to move to suspend the rules and pass that bill.

Mr. MARTIN of Massachusetts. Has that bill been printed, so the Members may know what it contains?

Mr. RAYBURN. I understand the bill was reported yesterday or today.

On Tuesday, if the Committee on Ways and Means is ready, we shall start general debate on the amendments to the Social Security Act. Of course, Wednesday will be Calendar Wednesday. The remainder of the week we shall continue the consideration of the social-security legislation.

Mr. MARTIN of Massachusetts. Has the gentleman any knowledge of how long general debate will run on the socialsecurity bill?

Mr. RAYBURN. I have not discussed that with the chairman of the Committee on Ways and Means. I always go along with what the gentleman from North Carolina [Mr. DOUGHTON] and the gentleman from Massachusetts [Mr. TREADWAY | agree on.

Mr. MARTIN of Massachusetts. There probably would not be any chance of that bill being voted on on Tuesday? Mr. RAYBURN. Oh, no.

Mr. MARTIN of Massachusetts. General debate would run at least through Tuesday?

Mr. RAYBURN. Yes. I believe quite some time will be taken in the debate.

Mr. TREADWAY. Mr. Speaker, if the gentleman will yield, may I say that the Committee on Ways and Means is still in session this morning, so the chairman is detained at that meeting. Unless the gentleman has seen the gentleman from North Carolina quite recently, I might add that he has called a meeting for this afternoon to see if we cannot complete the consideration and preparation of the social-security bill. The gentleman from North Carolina hopes to present the revised bill before the House adjourns today, I believe, but there is a good deal of work to be done by the committee yet, and whether or not that will be accomplished remains to be seen.

Mr. RAYBURN. Of course, under the unanimous consent that was given, if the committee does not complete its work by the time the House adjourns we can ask unanimous consent that the committee may have until 12 o'clock tonight or tomorrow night to report the bill.

Mr. TREADWAY. I believe it would be advisable that the gentleman ask that permission, or I will request it if the gentleman wishes me to, because the chairman has told us that he would call us in session tomorrow if we could not complete the consideration of the bill at an evening meeting tonight.

Mr. RAYBURN. Let us let it go along until a little later in the day.

EXTENSION OF REMARKS

Mr. LEWIS of Colorado. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD at this point by including a short newspaper article from the New York Herald Tribune describing an amusing incident that occurred in the House of Commons last week.

The SPEAKER. Is there objection to the request of the gentleman from Colorado [Mr. Lewis]?

There was no objection.

Mr. LEWIS of Colorado. The article is as follows:

[From the New York Herald Tribune of May 26, 1939]

BETTER BE DUMB THAN BORING, SPEAKER ADVISES GAGGED M. P.'S—HE RECALLS DISRAELI'S ADVICE THAT THE NEW MEMBERS BE SEEN BUT NOT

London, May 25.—Stern, bewigged Captain the Right Honorable London, May 25.—Stern, bewigged Captain the Right Honorable Edward Algernon FitzRoy, who is Speaker of the House of Commons, but never makes a speech, was confronted today by two M. P.'s who complained that Government leaders and opposition "big guns" had taken up 8 of the 11 hours allotted for the Palestine debate on Monday and Tuesday, thereby robbing many "back benchers" of a chance to air their views.

"Disraell," recalled FitzRoy, "was once asked by a new member whether he would advise him to take part in debates. Disraeli said, 'No; I don't think you ought to do so, because it is much better that the House should wonder why you do not speak than why you do.'

"My advice is much the same. It is much better, when a member resumes his seat after speaking, that the House should have the feeling that he ought to have gone on longer instead of wondering why he did not stop sooner."

POSITION OF UNDER SECRETARY IN THE DEPARTMENT OF COMMERCE

Mr. LEA. Mr. Speaker, in accordance with the consent given by the House, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (S. 2314) to establish the position of Under Secretary in the Department of Commerce; and pending that motion, I ask unanimous consent that general debate be limited to 2 hours, one-half of the time to be controlled by the gentleman from Michigan [Mr. Mapes] and the other half by myself.

The SPEAKER. The gentleman from California moves that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill S. 2314; and pending that motion, asks unanimous consent that general debate on the bill be limited to 2 hours, one-half to be controlled by the gentleman from Michigan [Mr. MAPES] and one-half by himself.

Is there objection to the request?

Mr. CULKIN. Reserving the right to object, Mr. Speaker, may I inquire from the gentleman what this bill covers?

Mr. LEA. The bill proposes the creation of the position of Under Secretary of the Department of Commerce.

The SPEAKER. Is there objection to the request of the gentleman from California [Mr. Lea]?

There was no objection.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill S. 2314, with Mr. Pace in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. LEA. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, the bill before us, S. 2314, provides for establishing the position of Under Secretary in the Department of Commerce. There is a further provision in the bill that on the resignation of one of the two present Assistant Secretaries of the Department of Commerce that position shall in effect become vacated, and no further appointment shall be made to it.

The bill provides that the salary of the Under Secretary of Commerce shall be \$10,000 a year. This is the same salary as is now applicable to similar positions in the four other departments of the Government in which there are Under Secretaries. At the present time the Assistant Secretaries receive a salary of \$9,000 each, so the amount of expense involved by the enactment of this measure will be \$1,000 a year.

The departments now having Under Secretaries are the Departments of State, Treasury, Agriculture, and the Interior. The first of these positions of Under Secretary was established in 1874, the second in 1922, and the other two within the last 5 years.

I call your attention in brief to some of the duties performed by the Department of Commerce under the existing law. The following duties are within the responsibility of the Department of Commerce:

The Lighthouse Service; the Census; the Coast and Geodetic Survey; the duty of preparing and furnishing statistics of foreign and domestic commerce; the inspection of steamships and the enforcement of provisions in connection with that subject; the supervision of the fisheries under the Federal Government; the Alaska fur seal, salmon, and other fisheries; jurisdiction over the merchant vessels of the country, including the enforcement of the laws relating to them; the standards of weights and measures; the gathering of information regarding industries and markets; and fostering manufacturing.

The fundamental and the great purpose, outside of the mere control of the bureaus and the divisions in the Department of Commerce, is in the duty of the Secretary of Commerce in promoting the commerce of the United States and its manufacturing, shipping, fishing, and transportation interests. There is his greatest opportunity for usefulness.

In addition to that fundamental duty and the supervision of these bureaus to which I have referred, the Secretary acts as chairman of a number of bureaus or organizations. He is the Chairman of the Foreign Trade Zone Board and he is General Chairman of the Business Advisory Council of the Department. I refer to this class of duties resting upon the Commerce Department to show the connection of that Department with the business life of the country. The Secretary is a member of the board of directors of the Textile Foundation. He is a member of the Council of National Defense. He is a member of the Federal Board of Vocational Education. He is one of the Directors in the Smithsonian Institution. He is a member of the Migratory Bird Conservation Commission. He is on the Board of the Foreign Service Buildings Commission. He is on the National Munitions Control Board, the Central Statistical Committee, the National Resources Committee, Export and Import Bank of Washington, National Archives Council, Committee on Regulation of the Securities Act, and the Central Housing Com-

You will recognize by reference to these duties that the Secretary of Commerce has a great responsibility in respect to the busines life of the country.

I shall read briefly from a letter of Secretary Hopkins to the committee, which is embodied in the report.

Mr. RICH. Mr. Chairman, will the gentleman yield? Mr. LEA. I yield.

Mr. RICH. What experience has the Secretary, Mr. Hopkins, had to deal with the business life of America? What qualifies him or fits him for a position such as he now holds in the Department?

Mr. LEA. In the early career of Mr. Hopkins we might have conceded that he had little business experience, as business ordinarily goes. He has since had great experience in public affairs and I would say in business affairs, since he has been the head of the W. P. A. But the particular point of this legislation is that we now propose to bring in as Under Secretary a man of broad and successful business experience to assist the Secretary of Commerce. In my judgment if there has been any time in the last 30 years when it was necessary to have business leadership in our Departments it is now.

Mr. RICH. I agree with the gentleman, and I have just one other question.

Mr. LEA. Permit me to say further in that connection that the biggest job, as I conceive it, right now for the United States is to have that quality of business judgment that rises to the dignity and importance of statesmanship to bring together and set to work the idle money and the idle men of this country.

Mr. RICH. I agree with the gentleman about that, and the only thing now is to know whom they are going to select for the position of Under Secretary of Commerce. Will he be a man of experience, a man of ability, a man who has made his way through life or is it going to be some politician or someone who has had no business experience? If it is the latter, then this will simply be creating another political job. It seems to me it is most important that the man who is selected shall have had experience and proven ability to handle the matters we have in mind. They cannot go out and take someone who simply wants a job. They have got to go out and find a man such as I have suggested.

Mr. LEA. I agree with the gentleman in that respect. I am in position to assure you that the gentleman who will be appointed Under Secretary of the Department of Commerce measures us to the requirements specified by the gentleman from Pennsylvania. It is Mr. Noble, who was until recently head of the Civil Aeronautics Authority and who is now temporarily in the Department of Commerce. He is a man of vast business experience and a successful man. I am confident that in ability and in disinterested purpose to serve the

country he really measures up to what the gentleman from Pennsylvania has stated.

Mr. CULKIN. Mr. Chairman, will the gentleman yield? Mr. LEA. I yield to the gentleman from New York.

Mr. CULKIN. If the gentleman will permit me to make an observation, Mr. Noble does completely meet the specifications of the gentleman from Pennsylvania [Mr. Rich]. He is a self-made and a self-educated man, a power in big business, and I think I may say without violating any confidence, a progressive Republican.

Mr. LEA. I appreciate the gentleman's contribution, and I think we have to recognize that this is a time when in a matter of this sort there should be no politics. It is so important to this country to have the service of able, practical men that if we can get the right man from the Republican Party, or anywhere, he should be welcomed.

Mr. CULKIN. And may I say further that, in my judgment, this is the first encouraging step toward appearement of business I have seen.

Mr. LEA. I appreciate that.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield? Mr. LEA. I yield to the gentleman from Montana.

Mr. O'CONNOR. Mr. Chairman, I have no doubt myself about the gentleman whose nomination is contemplated. I think he is eminently fit. However, there is one thing I desire to inquire about and that is this: Unless one of these Assistant Secretaries resigns, then in the passage of this bill we are creating a new office that will cost the Government \$10,000 a year. Is not that correct?

Mr. LEA. That is true; but one of the Assistant Secretaries

has resigned already.

Mr. O'CONNOR. Is there a vacancy there now?

Mr. LEA. Yes.

Mr. O'CONNOR. And it will not be filled until this bill is passed?

Mr. LEA. It will not be filled at all after this appointment is made, nor before. I am authorized to assure the House that is true.

Mr. O'CONNOR. Then, as a matter of fact, it will cost the Government only an additional \$1,000 a year, assuming that statement to be correct.

Mr. LEA. Yes.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. LEA. Mr. Chairman, I yield myself 5 additional minutes.

Mr. BREWSTER. Mr. Chairman, will the gentleman yield? Mr. LEA. Yes.

Mr. BREWSTER. Mr. Chairman, I express my great sympathy for the gentleman's attitude, but as one of the few Members on this side of the House who voted to create the last Under Secretary, I do think that the Record should be clear that our confidence there was terrifically betrayed. I refer to the Under Secretary of the Interior. At the solicitation of the Secretary and the administration, I voted to create that position. A man was appointed who had no qualifications in that regard, and who became simply a political liaison officer here and the Secretary himself was finally obliged forcibly to eject his Under Secretary from the office. I do hope the gentleman is in a position to assure us that that situation is not going to be repeated in connection with Mr. Hopkins, who, of course, is not politically-minded himself, coming, as Mr. Farley has pointed out, without political background or experience.

Mr. LEA. I can assure the gentleman that I am definitely authorized to say what I have said, and unless someone is very much more crooked than I have reason to suspect, I have no doubt that what I have said will occur.

Mr. SMITH of Ohio. Mr. Chairman, will the gentleman yield?

Mr. LEA. Yes.

Mr. SMITH of Ohio. Is the man already selected for this position?

Mr. LEA. He is what is called a dollar-a-year man, just at present in the Commerce Department, but there is no authority to select him for this position at the present time.

Mr. SMITH of Ohio. Is the man created for the position or the position for the man?

Mr. LEA. I would say that this is a case where the man is created for the position, because there is nothing from a financial or a political standpoint that is an inducement for this man's service. I know Mr. Noble, and I sincerely believe he has the ability and a sincere and disinterested purpose to perform a real service for his country.

Mr. SMITH of Ohio. The money that pays for this man's services must be charged to the Federal debt. Does the gentleman think that this is the time to add a single person to the Federal pay roll?

Mr. LEA. I certainly do, if you can get a man whose ability and experience qualifies him to perform a useful service, to help pull us out of this depression. The additional cost of this man's service will be only \$1,000 a year or less than \$3 a day. It is no time to hesitate about \$3 a day if his broad experience in business offers a service of any value.

I was very much pleased to learn of the attitude of Mr. Hopkins to try to encourage business at this time to bring men and jobs together. In the letter which he wrote the committee he used this language:

From another point of view the creation of the position of Under Secretary would be helpful. It is my hope that the Department can do more than it has attempted in the past in the way of formulating and carrying into effect policies that will result in fostering and developing our commerce and industry.

and developing our commerce and industry.

In developing affirmative policies I want the help of the best brains and experience that I can get. The establishment of this under-secretaryship is a step in that direction. That position would obviously carry such responsibility and prestige as to make it attractive to men of caliber and capacity who can really help to do something for industry. An under-secretaryship will make it more practicable to procure men of the desired qualities to take the post.

Since coming to the Department of Commerce I have been impressed with the importance and the difficulty of the problems with which it is faced. Many of these originate abroad and need special attention. We are also familiar with the continuing changes and shifts that are constantly occurring in the domestic field. It is my hope that I can so organize the Department of Commerce that it will play a constructive part in producing a more uniform and higher level of industrial activity.

What we need in the Department is more organization at the top that will utilize and apply for the benefit of industry the good work that is being done by the bureaus. The creation of the office of Under Secretary is only a part of my program in that respect, but it is an important part.

The CHAIRMAN. The time of the gentleman from California has again expired. The gentleman has consumed 15 minutes.

Mr. MAPES. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. Wadsworth].

Mr. WADSWORTH. Mr. Chairman, I rise in opposition to this bill. To state it in one sentence, I believe it is wholly unnecessary. The Government does not require the creation of this office in order to serve the public. In passing let me say that I do not for one moment criticize the gentleman who has been mentioned here, Mr. Noble, whom we have been told, and I think authoritatively, will be appointed as Under Secretary of the Department of Commerce in the event this legislation is enacted.

I know of him by reputation. He is an excellent man. He has made a success in business. It may be of interest to the gentlemen on the other side of the aisle to know that he has made his major success in the manufacture of Life Savers, which I understand are a confection in popular use.

Mr. LEA. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. I yield.

Mr. LEA. Is it not true that that was his initial work, but in subsequent years he has engaged in a wide variety of business?

Mr. WADSWORTH. No doubt he has had wide experience. His initial success was in the Life Saver field. [Laughter.]

Mr. CULKIN. Mr. Chairman, will the gentleman yield? Mr. WADSWORTH. I yield.

Mr. CULKIN. Does not the gentleman believe that the expression "life saver" might be prophetic in this connection? He might save the country.

Mr. WADSWORTH. I stated in my observation a moment ago that the gentlemen on the other side of the aisle might be interested in the knowledge that this gentleman, Mr. Noble, made his initial success with a "life saver." It might very well be, Mr. Chairman, that Mr. Noble can do excellent service in helping to save something. I doubt, however, that it is necessary to make him Under Secretary of Commerce in order to obtain the benefit of his talents. It occurs to me he could be appointed to the position now vacant, of Assistant Secretary, and that he could do just as good work there as he could with the other title.

True, the difference in salary is only \$1,000. That is not a staggering sum, to be sure, but it merely indicates the trend that has been going on here for so long. It strikes me

that it is unnecessary.

If you will read the letter of the Secretary of Commerce you can get some understanding of why this position is wanted.

He says:

Situations constantly arise where it would be very helpful if I could delegate specific tasks to an officer who is known to be second in command.

I had always thought that the Assistant Secretary was second in command. That reasoning does not seem very persuasive.

It happens very often that there is more than one important conference to be attended at the same time, and it would be very helpful if one of my assistants were officially known as the Under Secretary of Commerce.

That is not very persuasive.

There are also occasions when it is necessary for the Secretary to be represented at meetings with foreign officers, where it is desirable that the Secretary's representative shall bear such a title.

The inference from that is that the Assistant Secretary may not wear spats and the Under Secretary may. [Laughter.] That is about the only difference that I can see.

The Secretary goes on:

The conversion of one of the Assistant Secretaryships into an Under Secretaryship will be of very real assistance in these situa-

Now, there is the whole argument. If the House takes it seriously, it will pass this bill and create this position. I am not persuaded.

Mr. TAYLOR of Tennessee. Mr. Chairman, will the gentleman vield?

Mr. WADSWORTH. I yield.

Mr. TAYLOR of Tennessee. It is purely a matter of window dressing, is it not?

Mr. WADSWORTH. That is the only conclusion I can reach from that paragraph, that it is a little window dressing at a cost of \$1,000 a year.

Mr. HINSHAW. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. I yield.

Mr. HINSHAW. From the information the gentleman has concerning the present man who is selected for this post, would he not say that the man himself is excellently qualified for the position of Secretary of Commerce, and perhaps make some comparison in the qualifications as between the Secretary and the proposed Under Secretary?

Mr. WADSWORTH. I think that upon this occasion comparisons would be odious. [Laughter.]

Mr. WOLCOTT. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. I yield.

Mr. WOLCOTT. I might observe that probably the real reason for this legislation is to show the distinction between the intellect of an Assistant Secretary and an Under Secretary. He says:

In developing affirmative policies I want the help of the best brains and experience that I can get. The establishment of this Under Secretaryship is a step in that direction.

Mr. WADSWORTH. I suppose the Secretary argues that he cannot get brains unless he puts a title on him, and that a man of Mr. Noble's achievements could not be expected to bear simply the title of Assistant Secretary. So, therefore we shall create the office of Under Secretary, and in such position Mr. Noble will be infinitely more effective than he would be were he simply Assistant Secretary. Just think of it! He is going to sit in conferences, day after day! How important it is that he be addressed by his colleagues as Mr. Under Secretary.

Mr. MASON. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. I yield.

Mr. MASON. The gentleman has stated that the logic ex-

pressed in the letter of the Secretary was not convincing.

Mr. WADSWORTH. I did not use the word "logic." [Laughter.]

Mr. MASON. Then, that the statement was not convincing to you.

Mr. WADSWORTH. The statement was not convincing to me.

Mr. MASON. Do you think it should be or is convincing to the Nation?

Mr. WADSWORTH. I cannot believe the Nation is so gullible as to be impressed with this argument.

Mr. MASON. Does the gentleman think, then, that the House will be gullible enough to be impressed?

Mr. WADSWORTH. I await the event.

Mr. LEWIS of Colorado. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. I yield.

Mr. LEWIS of Colorado. Under section 2 of the bill it would appear that certain additional duties are conferred upon the Under Secretary in addition to those which an ordinary Assistant Secretary performs. This, it seems to me, is to be read into the letter of the Secretary of Commerce.

Mr. WADSWORTH. Section 2 of the bill reads:

Such Under Secretary shall perform the duties of the Secretary of Commerce in case of the absence or sickness of the Secretary.

Mr. LEWIS of Colorado. That is a clear designation of who is to act under such circumstances.

Mr. WADSWORTH. Yes; but would not the First Assistant perform the same functions?

Mr. LEWIS of Colorado. I am not at all sure that without this bill he would be empowered so to act. This is what the bill places beyond question.

Mr. WADSWORTH. Unless I am very much mistaken, it is the unbroken custom of the departments that the second in command, no matter what his title, performs the duties of the chief of the department during the absence of the chief.

Mr. LEWIS of Colorado. That is a matter of statutory law, of course; but my very clear conclusion from the terms of section 2 is that that is not the case in regard to any of the Assistant Secretaries of Commerce.

Mr. WADSWORTH. I suppose the gentleman will admit that if the situation exists it could be cured.

Mr. LEWIS of Colorado. I think it will be cured by this

Mr. WADSWORTH. By creating a new office?

Mr. LEWIS of Colorado. By designating some one to act, specifically designating some one to act in the absence of the Secretary.

Mr. WADSWORTH. But this bill goes further than that and creates a new office.

Mr. LEWIS of Colorado. Oh, yes; and designates the duties of the office.

Mr. WADSWORTH. Does the gentleman think it worth while to create the office for the reasons given?

Mr. LEWIS of Colorado. I do.

Mr. WADSWORTH. The gentleman and I disagree.

[Here the gavel fell.]

Mr. MAPES. Mr. Chairman, I yield 5 additional minutes to the gentleman from New York.

Mr. WADSWORTH. Mr. Chairman, I shall not need 5 minutes.

Mr. Chairman, I will not contend that this bill is of epochmaking importance. I think we are not going to debate it for 2 hours. In the discussions before the Committee on Interstate Commerce, I ventured some of these observations,

that the thing is at best decorative, it will have no practical effect worthy of the name; and as the gentleman from Tennessee said, it is window dressing. The whole question is, Does the House and the Congress desire to create the office for this sole purpose?

Mr. PLUMLEY. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. I yield.

Mr. PLUMLEY. I want to be correctly informed with respect to the duties and responsibilities of the Under Secretary. Do I understand the gentleman to suggest that in the absence of the Secretary, the Under Secretary would perform the duties of the office insofar as sitting in Cabinet meetings is concerned?

Mr. WADSWORTH. I simply call attention to the second section of the bill;

He shall perform the duties of the Secretary of Commerce in the case of the sickness or absence of the Secretary.

It lies within the power of the President, of course, to invite any officer of the Government to be present at a Cabinet meeting.

Mr. HINSHAW. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. I yield.

Mr. HINSHAW. If the offices of First Assistant Postmaster General, Second Assistant Postmaster General, Third Assistant Postmaster General, and Fourth Assistant Postmaster General were to be changed into the positions of First Under Postmaster General, Second Under Postmaster General, Third Under Postmaster General, and Fourth Under Postmaster General, how far under would the Fourth Under Postmaster General be?

Mr. WADSWORTH. He would be down with the submarines.

Mr. Chairman, I yield back the balance of my time.

Mr. MAPES. Mr. Chairman, I yield such time as he may desire to the gentleman from Vermont [Mr. Plumley].

CAN THIS GOVERNMENT OF, FOR, AND BY THE PEOPLE SURVIVE A "THIRD TERM" OF, BY, AND FOR THE NEW DEAL?

Mr. PLUMLEY. Mr. Chairman, last week was dubbed "National Debt Week." Why not? Is not every week under the New Deal National Debt Week? So is every day and month and year, for that matter, and will be for generations yet to come. The only thing to which my New Deal friends could have taken exception would have been the labeling of the week as "New Deal National Debt Week," and that on the ground that it was partisan politics—otherwise they could not justifiably take any exception to the truth.

Under the New Deal administration and program we are spending \$10,000,000,000 every year. The national debt crossed the \$40,000,000,000 mark last month. We pay out

\$15,000 a minute, or \$21,600,000 a day.

A \$10,000,000-A-DAY DEFICIT

We are running a \$10,000,000-a-day deficit, totaling a \$30,-000,000 a month or a \$3,650,000,000 deficit a year. Think that over. Just try to run your own business on that basis and see where you will be headed.

In 1913 it cost each family \$34 a year to help support the Government, while under the New Deal program it costs each family \$540.

In 1920 the national debt was twenty-four-billion-and-some-odd million, most all of it due to our participation in that great adventure which was to make the world safe for democracy. By 1930 we had paid off some eight billion of that debt, during that period when we all sang the joyful refrain of prosperity. Then came the beginning of the bad days. Before the Republican Party was pushed cut of power the debt had climbed again to twenty-two billion. That was in 1933, when the Democratic New Deal Party came into power, with the promise of its leader that he would promptly bury old man depression—the Roosevelt phrasing—and end all Government deficits by a program of strict economy; all of which promises were speedily repudiated.

DEFICIT FOR 1939 WILL BE FORTY-ONE BILLIONS PLUS

So, beginning with a debt of twenty-two billion at the end of the fiscal year 1933, the national debt has jumped annually,

first by five billion, then by nearly two billion, then by five billion, then by three billion, then by one billion, until at the end of the last fiscal year it had reached \$37,167,487,451. The estimated deficit for 1939 puts the debt at forty-one billion, with an estimate at the close of 1940 of nearly forty-five billion.

THE PUBLIC DEBT HAS DOUBLED

In the 6 years of the New Deal administration, the public debt has doubled. On March 4, 1933, it was \$20,937,000,000; on June 30, 1940, it is expected to amount to \$44,457,845,210. That is the kind of "gambling" which the New Deal has encouraged. The President told his audience of Monday, week ago, that "balancing the Budget today, or even next year, is a pretty difficult, if not impossible job." It is difficult because Mr. Roosevelt has in the past made no effort to effect economies. He and his associates have spent with lavish hand. As a result, the per capita debt of the Nation now is \$305, as compared with \$131 in 1931.

In 1913 Federal taxes consumed 1.9 percent of the national income; last year they took 10.9 percent. Government revenues have swelled during the period in which the national debt has mounted to new heights. In 1934 revenues amounted to \$3,115,554,000; this year they are estimated at \$5,669,000,000. But no matter how much the Government receives, it spends more than it gets. The yearly deficit is added to the total of the national debt and the spending is continued.

But that is not the beginning or the end of the story. Under New Deal leadership in the past few years the Government has assumed a contingent liability on obligations amounting to \$4,416,000,000. These include loans made by the Reconstruction Finance Corporation, Commodity Credit Corporation, Federal Farm Mortgage Corporation, Federal Housing Administration, Home Owners' Loan Corporation, and the United States Housing Authority.

To assume that these agencies will be in a position to defray their obligations in full is to ignore the general record of the Government as a banker. The showing of the past would indicate heavy losses when complete liquidation is achieved.

GROSS TOTAL DEBT AROUND \$50,000,000,000

The Federal debt currently is about \$41,000,000,000. If we are to add the approximate \$5,000,000,000 of contingent liabilities, we have a total of \$46,000,000,000. Using the estimated figures for the 1940 debt total of \$44,457,845,210, the gross total is only slightly under \$50,000,000,000.

Just take time out and ask yourself, "Where are we heading?" By "we" I mean all of us. Those people who are unemployed should be as deeply concerned as the others. Those on relief more so, if anything. This program must be changed or the end for all of us is in sight.

CANDIDATE FOR THIRD TERM

What do I think of the President's speech to the Retail Federation, you ask? I thought it had all the earmarks of a campaign speech. As I listened to it I made up my mind that the President was speaking as one who was a candidate. Certainly no other conclusion can be drawn than that it was the speech of one who did not intend to surrender any of his power or to return to Congress any of the delegated authority he now exercises due to its subservience. I may be wrong, but to me it sounded like a challenge to those, especially of his own party, who would or might seek to deprive him of a third term. He told them and all of us that he, for one, did not intend to repudiate the policies of the New Deal. He said:

You cannot expect this administration to alter the principles and objectives for which we have struggled the last 6 years.

This being interpreted liberally means only one thing, and that, namely, the spending for recovery program of his administration will not be abandoned, but will be pursued with redoubled vigor throughout the remainder of this term and into the next, as a policy which he will undertake to make a definite and a cardinal element of the platform of his party for 1940. It is a definite, positive notice to those in his party who do not agree with his spending policy that he intends

to say what the policy shall be, and they might as well know He intends to have his way, and they are put on notice of that fact. He makes it so plain, that he who runs may read; that in his opinion, at least, he is the only man who can hope for nomination and election by the Democratic Party, whether they like it or not.

He is to be commended for his frankness. The country now knows what it has a right to expect if he be reelected,

namely, a continuation of the New Deal policies.

The astounding feature of his speech was the fiscal philosophy of it, which, if sound—which it is not—makes possible the statement that-

The national debt, instead of being a mere \$40,000,000,000, as at present, might just as well be a hundred or two hundred billion.

PHILOSOPHICAL CLAPTRAP

And, moreover, if his philosophy and line of reasoning is to be followed, the people would still owe the money to themselves and still be paying the interest to themselves. What claptrap!

Incidentally, it may be said that if he be given credit for integrity of thought, one cannot believe he entertains any

such belief.

This is not consistent with what he has said and thought heretofore. I know all about what is said concerning consistency, but what about simple, common honesty? Not to beg the question, when he was a candidate in 1932 he was shocked by the lavish spending of the Hoover administration-a little more than half the amount the Roosevelt administration will spend during the coming year, or so he said, emphatically.

He warned us of the dangers inherent in the "great" volume of spending which was made necessary in 1932, and he promised if he were elected to reduce the National Budget

According to my opinion that was a sound position for him to take. A great many people took him at his word. I ask you what it was worth. Today, or the other evening, he labeled as hypocrites those who express concern at a volume of governmental deficit spending that was unthought of before he was elected.

It just does not make sense. Everybody but the President, perhaps, realizes that the billions of dollars the New Deal has poured into pump-priming efforts have failed to produce the desired results, and another Presidential election is a little more than a year away. From the time of Abraham Lincoln politicians in the driver's seat have clung to the axiom that it is unwise to change horses in the middle of the stream. That being so, it was not surprising to hear the President tell his audience of retailers that "you cannot expect this administration to alter the principles and objectives for which we have struggled for the last 6 years."

FUTURE GENERATIONS WILL PAY-"THROUGH THE NOSE"

He told the Retail Federation that there is no need to worry about future generations paying the interest on the national debt because they would be paying it to themselves. This is in line with some other statements he has made within the last 7 or 8 months. Somebody convinced him that such a statement was "right smart," but it is not.

The truth is, as a majority of the people in this country know, when he propounds that financial theory he supports a doctrine which has been responsible for governmental repudiation and inflation down through the ages. Look at Germany, where the internal debt was repudiated on the theory that it was owed by the Government to the people and

by the people to the Government.

As someone has lately said, what is overlooked is that the whole debt structure of the Nation, private and public, is interwoven, and that if interests on Government debt is going to be permitted to grow on the theory that a government can always collect enough to pay it, there will be little regard given to the sanctity of debt contracts involving the Government, because in the end confiscation will be necessary in order to get enough taxes to pay debt.

By the time future generations are up against the problem of paying the debt incurred today it may not be a case of

paying interest but of repudiating it, as well as the principal, on the ground that the burden is too great to be borne. Outright repudiation, however, does not need to happen. Political governments have in past centuries found it easier to devalue the monetary unit and then the purchasing power of their currency.

The truth is also that millions, yes, billions of dollars, representing wealth dug from the earth and wrested from the sea, brought to public treasuries by the tax gatherers, was and still is being, and if the President carries out his announced intention, will be wasted in an unprofitable expenditure in an attempt to create a prosperity as unreal and as unsubstantial as the dreams of an opium eater.

Someone sent me a clipping from the New York Herald Tribune, I judge, which is apparently a portion of a letter written by one who signs the letter as "Civitas" and writes from Patchogue, N. Y. The clipping reads as follows:

POLICY OF PAUPERIZATION

For 7 long years we have been teaching our people that the Government owes them a living and that the underprivileged are being mulcted by the rich and powerful. They are being encouraged to believe that the man who toils and struggles under the impetus of any of the above-cited stimuli is no better off than the thriftless and improvident, the lazy and profligate. They are being taught, by precept and example, that we are all entitled to "economic security," when all history teaches us that every man must make his own security if he wishes to survive. Thinkers of all ages have always foreseen what would happen and what has happened when any considerable part of the population, whether the idle rich or the idle poor, is sustained by the fruits of the labor and thrift of the rest of the population, or when such part of the population becomes obscessed with the idea that people have a right to look to government and society to guarantee them a living. We have now reached, very definitely, a point where it must be recognized that the Government must do one of two things:

First. It must yield to this false philosophy and the pressure For 7 long years we have been teaching our people that the Gov-

First It must yield to this false philosophy and the pressure which it has engendered and sacrifice all our institutions of freedom for some new system which will reduce us all to a dead level of

impotent hopelessness.

Second. It must actively resist this philosophy at any cost. It must recognize the indisputable fact that any scheme, any political or economic doctrine which embraces the fallacy that we can make everyone rich and that everyone may be indulged in a life of ease and comfort by putting all enterprise and industry and the life-giving power of individual initiative into a strait jacket can only end by

power of individual initiative into a strait jacket can only end by making everyone poor and abjectly miserable.

I believe that it is the duty of our leaders to conduct a wholesome and spirited campaign of education to the end that the people, the hard working and the poorest of us all, will come to an intelligent realization that to adopt the first of the above alternatives will force upon them the worst of all disasters. It would bring the most abject poverty and wretchedness of spirit that the western world has ever known. The property-owning class and the intelligent among our citizenry must, in order to survive, grasp the power of government. citizenry must, in order to survive, grasp the power of government and rebuild our social organism with a ruthless disregard for the weak and the truculent, the incompetent, the thriftless, or the lazy. Yes; even for the merely unfortunate.

The issue, it seems to me, is not a matter of deficit spending, although that in all conscience is demoralizing enough in itself. It may, and if continued will, bankrupt us financially. But you cannot bankrupt a strong, virile people by ruining them financially. The things that are being done with this money is what will bankrupt our people, because it is already corrupting them with the false lure of a fancied, easy security.

What this country and our people need most of all is a return to plain, hard work, self-sacrifice, and a grim determination to be economically independent of any form of charity or social help. With these qualities regained our people would gain a spiritual regeneration, which is the only sound basis of any civilization.

To those of us who think we can see the forest despite the trees, the truth is obvious. It takes unlimited nerve to suggest to the American people that the defense of democracy involves an unreserved and unreasonable endorsement of the program and policies of the New Deal program of the last few years and looking toward the future. way, the way suggested to the Retail Federation, leads to national bankruptcy, repudiation, and inflation, and nowhere

AN INDEFENSIBLE ATTEMPT TO ALIBI

And let me say to you there is something naive in the President's effort to shift responsibility to Congress for the financial plight of the Government. He, and he alone, created the swiftly rising tide of bureaucrats, the colossal appropriations, and the policies of relief, agriculture, T. V. A., and what not else, that have sunk the Federal Government perilously deep in debt and lifted the appropriations so far beyond income as to make balancing the Budget a labor calling for fresh abilities and vision of the first rank. "What are you going to do about it?" exclaims the President in effect to Congress. There may be new dealers in the House and Senate abject enough to take this challenge lying down, but we are confident the great majority resent it bitterly. Must a rubber stamp be jeered at by its own master?

REPUBLICAN OPPOSITION TO NEW DEAL PROGRAM

I want to tell you right here and now that the Republican Party positively has no use for and takes no stock in the suggestion or proposition that any central, one-man brain can, will, or must do the thinking of all the people. It therefore has been, and is, and will continue to be opposed to the continuation of a program, the sole purpose and intent of which is to accomplish this very thing. Under such a system chaos is inevitable. It has opposed and will continue to oppose the crazy, experimental notions and attempts to have a oneman, centralized, bureaucratic government. In this opposition it has attempted to legislate protectively and constructively and to the fullest extent which the people have made it possible for it so to do. The people forced it to be the party of opposition. It has been such, and will continue so to be, and in your interest.

It is also true the Republican Party insists upon economy and efficiency in local, State, and Federal governmental administration—the elimination and avoidance of duplication of public services, a balancing of the Budget, and the protection of the taxpayer.

A CONSTRUCTIVE PROGRAM

I am sick and tired, and so are the majority of the people, of all the talk about the failure of the Republican Party to offer a constructive program. Do you not credit us with enough sense to know that any and all measures we might attempt to initiate now would be defeated by the overwhelming majority with which we have to contend in Congress? Nevertheless, we have, over and over again, outlined a program, and in detail, which, when we get the votes, we will enact. This program involves the balancing of the National Budget; the revision or the repeal of the capital-gains tax and the undistributed-profits tax; the establishment of just relations between capital and labor, insisting upon constitutional guaranties of the rights of person and property, the right of the worker to work, of the owner to possession of his property, and of every man to enjoy in peace the fruits of his labor; opposition to the New Deal's government policy of competition with private business and private savings; favoring a competitive system as against either private or governmental monopoly.

It has stood for State and local control, home rule and local self-government; for a reduction of the amount of taxes, Federal, State, and local, which are responsible for the notorious spread between the prices paid farmers and the prices paid by consumers for their products.

The Republican Party has insisted that food, fuel, clothing, and shelter shall be provided, as shall useful work; but it shall be done economically to encourage individual self-reliance and the return to self-dependence.

Until the people put us in power, the Republican Party proposes to continue, both by opposition and cooperation with those who agree, to undertake to preserve and to rely upon the American system in government, the encouragement of private enterprise and the stimulation of initiative, both of which carry the banner of our priceless liberty. Until you return the Republican Party to power, it will necessarily continue to be, perforce of its minority status, the party of opposition to all the un-American, unconstitutional, ineffective, and extravagant theories with respect to government that have been foisted upon us by the discredited, decrepit, and rapidly disintegrating New Deal.

As a minority party we are ready to support all steps necessary to permit, stimulate, and sustain business revival and business employment. We will work earnestly and unceasingly, as Minority Leader Joseph W. Martin, Jr., has so well said, to-

1. Keep the United States out of war.

2. Move immediately to curb unnecessary, wasteful, and reckless spending.

- 3. Repeal the repressive tax on undistributed corporate earnings, which has proved so harassing and dangerous to business, large and

- small.

 4. Revise the remainder of the Federal tax structure to eliminate or modify provisions retarding business recovery.

 5. Repeal the dangerous discretionary authority which the President now has over the Nation's monetary system.

 6. Amend the National Labor Relations Act by clarifying the mutual obligations of worker and employer and the duties of both toward the public in order to end present paralyzing discord.

 7. Define specifically the area of Government competition with private enterprise so that business may be able to create jobs with some certainty as to the future.

 8. Restore American markets to the American farmer and wage earner and develop new markets for agricultural products.

 9. Adopt immediate legislation to rehabilitate the railroads to make secure the jobs of many hundreds of thousands of workers and the investments of savings banks and life insurance companies.

 10. Create a special committee in Congress to inquire into the effect of the reciprocal-trade agreement policy on American industry and agriculture. and agriculture.
- 11. Clarify Federal rules and regulations so industry and business may know what to expect.

 12. Reject all experimental legislation not clearly helpful in
- promoting recovery, or which would subject agriculture, labor, or industry to compulsory decrees of a Federal bureaucracy.

SHORT MEMORIES

The people have short memories, but they should not, in their own interest, be permitted to forget the steps which have been taken under the philosophy of the New Deal in its impacts upon true American liberalism and fundamental Americanism from which it has departed. They should be constantly reminded of the fact that, and by iteration and reiteration it should be driven home to them that, as others have said, and I repeat, liberty comes alone, and lives alone, where the hard won rights of men are held unalienable, where governments themselves may not infringe, where governments are indeed but the mechanisms to protect and sustain these liberties from encroachment. It was this for which our fathers died; it was this heritage they gave to us. It was not the provisions with regard to interstate commerce or the determination of weights and measures or coinage for which the Constitution was devised—it was the guaranties that men possessed fundamental liberties apart from the state, that they were not the pawns but the masters of the state. It is not because liberty is unworkable, but because we have not worked it conscientiously or have forgotten its true meaning that we often get the notion of the irreconcilable conflict with the machine age.

It must be impressed upon all Americans that it is true as stated that today everywhere individual liberties are being curtailed and destroyed. Democracy and self-government are scrapped. Individuals are once more the pawns of arbitrary rulers, whose policies are determined by nationalistic aims, with war as their ultimate and supreme weapon. Greater and greater rigidities undermine the flexibility and adaptiveness of economic systems. Planned and controlled economies emerge. Tariffs, exchange restrictions, quotas, import prohibitions, barter trade agreements, central tradeclearing arrangements—all the rusty relics of medieval trade regulations, discredited through 500 years of theory and hard experience are dragged out. The doctrines of self-containment and self-sufficiency reenforce the rigidities and restrictions of planning and give rise to new international antagonisms.

DO WE HAVE TO BE TOLD THAT?

Nations are feverishly rearming: new instruments of destruction are being forged from diminishing resources; people whose salvation depends upon mutual cooperation in the peaceful process of reconstruction are staring at each other with growing mistrust and antagonism; international trade languishes; standards of living are falling; great nations are being threatened with economic collapse-and, to sustain economic life, governments are creating purchasing power by exhausting a rapidly vanishing credit.

CANNOT WE BELIEVE OUR EYES?

The question which confronts the American people today is: Having a system which has given history a record of greater security and comfort to a greater number than ever in all human history before; having, without sacrifice of liberty, solved our dangers time and again; having the capacity, the will, and the method to keep solving them, shall we now

surrender to follow paths which can lead only to deadened inspirations and abandoned freedoms?

Can this Government of, for, and by the people survive a third term of, for, and by the New Deal? Let the people answer.

Of course they, the people, will answer. They will not even try it, much less tolerate it.

Our people are made of different stuff. We and they are going to stop deceiving ourselves and being deceived. We know that under a Republican administration the American system has included and will include every social benefit that men have devised; that the American method has already won more for our people than any other system on earth has ever won for its people.

We know that under a Republican administration, with honesty, intelligence, and industry and a vigilant regard for the rights of every man, woman, and child, this country can and will rise into such plenty as to make the New Deal continued depression seem like a trivial bump on the road. It will take time to smooth the road, to get back on the main highway, and to abandon the New Deal detours to a "more abundant life"—God save the mark!—but it can and will be done. Not all the false New Deal prophets on earth can convince the American people that the American way is a bad way or that it cannot succeed. They know it can, and they propose to give it a chance. In it is the real hope of all humanity even now.

That, succinctly stated, is the essence of the Republican platform for Americans. The American people will vote American.

As George H. Davis, retiring president of the Chamber of Commerce of the United States, is quoted as saying a few days ago:

The locked door to recovery is confidence. Reform legislation and a deliberate Government policy of fostering discord and hate are sealing up incentive's coffin.

But, said he:

In this country we are always safe when the people understand the facts. Now they do understand. The signs are everywhere. Like a mighty army marching. The American people are aroused at last, as they realize the dangers to their freedom. Now America is fighting for the preservation of its own life. Victory is in sight!

[Applause.]

Mr. Plumley asked and was given permission to revise and extend his remarks.

Mr. MAPES. Mr. Chairman, I yield 6 minutes to the gentleman from Michigan [Mr. McLeop].

Mr. McLEOD. Mr. Chairman, a few days ago the Federal Communications Commission issued regulations governing the broadcasting of international programs by radio stations in the United States which should alarm Congress, the press, and every person in this country.

These regulations order radio stations to broadcast only international progress of good will. In effect it gives to the Commission the power to tell radio stations what they shall or shall not say over the radio. The Commission uses the term "good will," which signifies that something has to be defined or determined; in other words, censorship of the

radio and censorship of speech.

It has long been apparent that the Commission has sought greater control of the air waves, but such a brazen attempt to say what shall or shall not be broadcast—in effect censorship of radio programs—most certainly was not anticipated.

When the F. C. C. attempts to tell the broadcaster what programs he shall broadcast internationally, it knows that if it can get by with this dictation there is just one short step remaining to the control of standard broadcasts or domestic programs, and when that hurdle is cleared radio is under the domination of bureaucracy and ceases to be free.

Mr. Chairman, a little more than two decades ago this Nation had sufficient belief in democratic principles to engage in a horrible and destructive war to protect and preserve what we believed to be the inalienable rights granted by God to man. Our struggles and battles during the past 150 years present additional proof of our determination to combat any attempt to destroy or change the rights extended to our people by the Constitution and the Bill of Rights.

Fortunately it is not always necessary that we conduct a war to prevent encroachments upon these natural rights. Most of these attempts to verge away from our democratic principles are adjudicated by the Supreme Court. Our forebears in creating this Court realized, as we must realize, that there are bound to be differences of opinion with respect to the various phases of our Constitution. There has been little or no uncertainty, however, regarding certain of the rights granted to us by the Constitution. Among these are religious liberty, freedom of speech and of the press, and others.

These are the natural rights and require limited explanation. We have come to take them as a matter of course. Only when they are in danger of being destroyed do we arise to defend and protect them. Needless to say, there are a few limitations on each of them. Bigamy, for instance, is prohibited, irrespective of religious belief, and freedom of speech and the press does not signify a right to libel.

slander, or indecency.

When the Federal Communications Commission was created by this body it was not intended that censorship was to be part of the Commission's functions. The primary duties of the Commission are to prevent confusion in the air by allocation of wave lengths and to guard against libel or indecency. But here we have a creation of Congress, suddenly turned a Frankenstein, ignoring the will of Congress, and determining just what American radio stations shall or shall not say during international broadcasts. To carry out their purposes, violation of this fascistic principle will warrant revocation of a radio station's license and thereby force it out of business.

Gentlemen, I cannot say to you too strongly that without freedom of opinions, thoughts, and ideas this Nation has no right to entertain any hope for the survival of democratic principles. This regulation is but a small cancer now, but unless it is cut out at the start it will spread like any unattended malignant growth, until finally free speech will be throttled, the press will be a mouthpiece for the few, and radios will blare forth only the ideas of the F. C. C.

Gentlemen, no matter how you view this regulation, you can reach no other conclusion than that this is the most flagrant attempt yet made to stifle and kill the right of free speech. In all the history of our Nation no more audacious or tyrannical step has been taken to destroy a vested right. If not corrected immediately, this regulation can mean the beginning of a Fascist censorship of the press as well as of the radio.

The Supreme Court, speaking through Chief Justice Hughes, has made it clear in a unanimous decision that the scope of Federal regulation over radio relates only to the allocation of facilities. Congress, moreover, in section 326 of the 1934 Federal Communications Act, has specifically prohibited such censorship by the Commission in the following language:

Nothing in this act shall be understood or construed to give the Commission the power of censorship of the radio communications or signals transmitted by any radio station, and no regulation or condition shall be promulgated or fixed by the Commission which shall interfere with the right of free speech by means of radio communication. No person within the jurisdiction of the United States shall utter any obscene, indecent, or profane language by means of radio communication.

The danger of the unadulterated censorship as imposed by the Commission only last week must be apparent to all of you. It is a real threat against the newspaper and the freedom of the individual. It is something abhorrent to every American to whom freedom of speech is a precious heritage.

This action of the Radio Commission is undemocratic control of radio, and we have only to look at some of the countries of the Old World where broadcasting has been converted into the most powerful weapon of dictatorship to fully appreciate the significance of such control.

Heretofore, radio has taken its place with freedom of religion, speech, and the press, but this action completely destroys that freedom and makes it the slave of a bureaucratic government.

Mr. Chairman, the amazing predicament in which we find ourselves today calls for immediate remedial action. The President of the United States, in view of this serious situation, should forthwith demand the resignation of the entire Commission. [Applause.]

Mr. MAPES. Mr. Chairman, I yield 6 minutes to the gentleman from Ohio [Mr. Bender].

NEW HIGH REACHED IN FEDERAL PAY ROLL, EXCEEDING WARTIME MARK

Mr. BENDER. Mr. Chairman, deeper grows the Roosevelt recession. Higher mounts the Federal pay roll. Greater becomes the national debt. Today there are more people working for Uncle Sam—exclusive of the Army, Navy, and relief rolls—than there ever has been in our history.

On January 1, 1939, the civil workers of the executive departments of the Federal Government reached the all-time high mark of 918,861. In wartime, on November 11, 1918, when the armistice terminating the World War was signed, there were only 917,760 Federal civil employees on the Government pay roll.

The staggering size of this figure can be appreciated when we discover that in the typical State of Iowa the last census revealed only 912,835 people employed in all types of enterprise combined. More men and women are working for our Government today than are employed in farming, manufacturing, storekeeping, and mining in one of the greatest States of the Union.

Our pay-roll records are still more staggering. As of December 1938 our almost 1,000,000 Federal employees drew \$142,064,975 per month from the National Treasury. On January 1, 1934, the monthly Federal pay roll was only \$77.838.000.

A comparative listing of civil employees in the executive branch of the Federal Government illustrates the mushroom growth of the public pay roll:

Civil employees

	June 30, 1916	438, 057
ì	Nov. 11, 1918 (wartime peak)	917, 760
	July 31, 1920	691, 116
	Dec. 31, 1922	510, 233
	Feb. 28, 1933 (New Deal begins)	563, 487
	June 30, 1933	572,091
	June 30, 1938	855, 131
	Jan. 1, 1939 (all-time record)	918,861

To those who assert that the tremendous expansion of the national pay roll has been due to the growth of emergency agencies, the figures furnish a conclusive answer. In the course of 6 years the normal departments of the Nation have increased their roster from 542,918 to 749,676.

Department	Dec. 31, 1932	Mar. 1 1939
Post Office War (civil rolls only). Agriculture. Navy (civil rolls only). Treasury. Interior Veterans' Administration General Accounting Office. Reconstruction Finance Corporation Civil Service Commission Federal Communications Commission Federal Power Commission Federal Reserve Board	273, 583 53, 343 26, 371 46, 936 52, 043 14, 483 34, 111 1, 974 1, 948 623 257 55 208	291, 901 97, 052 85, 610 77, 064 68, 559 46, 764 36, 371 4, 730 3, 894 1, 601 619 597 427

Combined with minor changes in the Departments of Commerce, Justice, Labor, and State, the totals are:

For Dec. 31,	1932	542, 918
For Mar. 1.	1939	749, 676

In the 66 new agencies created since 1933, 91,705 Federal workers now labor for the National Government.

Today, with all this amazing expansion, the bureaucracy which has grown up in Washington occupies 107 buildings in the Nation's Capital, with 4 more under construction today.

To be sure, the huge army of Federal employees does not account for the almost incredible increase in our national debt, but it throws some light on the obstacles to its reduction. No man or woman willingly relinquishes a job out of loyalty to the national debt. The vast increase in the number of our employees will be difficult to check. Many experts on administration are convinced that the Federal pay roll is on

a run-away streak, which can be stopped only by a complete change of political leadership.

That change may be close at hand. [Applause.]

Mr. MAPES. Mr. Chairman, I yield 7 minutes to the gentleman from Massachusetts [Mr. Gifford].

Mr. GIFFORD. Mr. Chairman, I thought that probably there would be time for some debate this afternoon, and if the opportunity came I stated I would be willing to use a few moments. However, I do not believe I can get this audience properly interested in 7 minutes. I think this is a real opportunity to say something about the Department of Commerce, and, although we may not very greatly object to an Under Secretary, if it will be helpful, this seems to be a good time to make some comment on the conduct of that Department.

I was greatly interested the other day, after the chamber of commerce met in Washington, to read a comment made by the present Secretary of Commerce, Mr. Hopkins:

After criticizing the chamber meeting, Hopkins added a final taunt by saying: "I do not want to overemphasize the meeting of the chamber of commerce. I do not think the members of the chamber of commerce for a moment represent the views of most businessmen of the country."

That from the head of the Department of Commerce. Yes, from the head of that Department which at the present moment is depended upon to bring about greater confidence to businessmen. How reassuring!

I wish that the chairman of the Committee on Interstate and Foreign Commerce, who favors this position of Under Secretary of Commerce, could have had some inkling of the type of man who will be appointed to fill the position of Secretary if he became ill or was away for any period of time. Is he to be a Corcoran appointee?

Mr. LEA. Will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from California.
Mr. LEA. Did the gentleman not hear the statement I made as to who would receive the appointment?

Mr. GIFFORD. I am sorry. I was not here. I was at a committee meeting.

Mr. LEA. I spoke for some minutes on that subject. The gentleman who will receive the appointment is Mr. Noble, head of the Civil Aeronautics Authority for several months, since its creation and until recently. He is a businessman of wide experience.

Mr. GIFFORD. I feel greatly relieved. I have great confidence in the chairman of the Committee on Interstate and Foreign Commerce, the gentleman from California, and in his ability and judgment. If he thinks this gentleman is satisfactory, I feel reassured, because the present head of the Department of Commerce is not at all satisfactory to me. I think it was the greatest accident, the worst appointment, that under the present condition of government and of business that could possibly have been made. For 6 long years we have known him. For 6 long years he has abused businessmen. He has made use of most dreadful accusations of the businessmen of the country and has indulged in many sarcastic wisecracks. Like his chief, "he welcomes their hatred." Certainly no confidence whatever can be restored by such an appointment. If an Under Secretary will serve to counterbalance that influence, I am very glad to vote for

I have had opportunity recently to talk with many businessmen. There is no pretense at the moment of any return of confidence on their part, nor do they dare to proceed. The Securities and Exchange Commission, after promising cooperation and help for a short time, has also failed utterly to make such advances. The Secretary of Commerce has been ill for some time. We have to excuse that. But from the time promises were made some months ago until the present there has been no fulfillment of any promises from either of those two great branches of our Government. Business is still just as much in the dark, if not more so, than ever before.

The members of the chambers of commerce from the entire country came to Washington and stated their problems. If such taunts are to be heard from the Department of Commerce, we have but little hope. I listened carefully to the President when he addressed the retailers' convention. I usually take those speeches with a great deal of equanimity, but when I listened to that speech I was greatly aroused. He said in substance, "I am one of you. I am also a retailer. I will see that Government money passes over your counters and that you will hear it rattle just so long as it is necessary for the retailers to do business."

Mr. MOTT. Will the gentleman yield?

Mr. GIFFORD. Yes. That is why I am speaking—to arouse some interest.

Mr. MOTT. The gentleman has interested me. The gentleman seems to know a great deal about Mr. Hopkins.

Mr. GIFFORD. I ought to.

Mr. MOTT. In that regard I think the gentleman has an advantage over nearly every Member of the House. If he will look in the Congressional Directory, he will find no biography of Mr. Hopkins. Nobody seems to know what this man was before he came into the Government service. Can the gentleman enlighten the Members of Congress?

Mr. GIFFORD. He was a social worker. We all know that. We ought to know much about him by this time. I have been the ranking minority member of the Committee on Expenditures for the last 6 years, and I have constantly taken the floor to speak in reference to Mr. Hopkins. He has been under examination at various times, and I feel I am somewhat acquainted with his methods. He has a ready tongue. He is often most sarcastic. It is also stated that he loves the races. Probably this new Under Secretary may advise him how to make his bets at the races. He has a many-sided personality. I have often said about personalities that I hope I will never know them too well personally, lest I like them and forget what they have done against the public interest.

[Here the gavel fell.]

Mr. MAPES. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. GIFFORD. Mr. Chairman, as I stated, I take the floor at this time to invite discussion. I know so well by this time how appreciative the Members on the majority side of this House are when a member of the minority will speak their minds for them. They cannot do it themselves and be loyal to the administration. They would like to criticize but they are forced to keep silent. They approach me privately and tell me how fearful they are about the road we are traveling. They are glad indeed to have somebody over here speak the real truth, so that I take this opportunity to speak for them. They know I rather enjoy doing it.

The Committee on Banking and Currency is meeting daily and listening to more and more experimental demands. Over in another branch today they are talking about insured loans to business. Pour out and still pour out the Federal funds and the Federal credit. Every one of us knows where that leads. You so-called Democrats are just as worried, and more worried, than I, because when the roll is called I can say I was not to blame. You will have to take

all the blame.

I said to the students of a large high school last week that we have wonderful confidence in the boys and girls of these days. "You have wonderful schools and are having wonderful training. I can prove to you that the Congress of the United States has remarkable and full confidence in you, because we are piling up a debt of \$50,000,000,000, believing that you are to be willing and competent to pay it." [Applause.]

[Here the gavel fell.]

Mr. MAPES. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. SMITH].

Mr. SMITH of Ohio. Mr. Chairman, I rise in opposition to this addition of personnel to our Federal pay roll. It is a most anomalous thing that Congressmen should stand up here and say we want to create another political job, that of Under Secretary of the Department of Commerce, to help business. The Government or Congress, by destroying our money institution, overtaxation, and every harassment that political ingenuity can conceive, cuts the arms and legs off of business and then says to it, "Now run."

Having, with the sovereign power of political machinery, destroyed business, we now propose by enlarging such power, to revive it. If we really want to cure this depression, let us abolish political jobs, boards, and bureaus, not increase them. You know this is necessary as well as I do. The more we build these bureaus, the more we add to them, the higher will become our tax burden, which is crushing and destroying our industry.

The very idea that this Congress should propose the addition of any personnel to our Federal pay roll when we do not have a penny to pay for the cost! Aye, when we have to borrow the money and mortgage our children and grand-children to meet it. Yet we continue, day in and day out, uninterruptedly, to follow this destructive course.

I wish to say to the Members of the Republican side that I believe it is time, and high time, that we take a definite stand on this spending question. If we are going to stop spending and save our Nation from bankruptcy and ruin we must stop. We must take a stand, stick to it, and be consistent.

A very spurious reason has been advanced here in support of this measure. It has been stated that the man selected to fill this position of Under Secretary of Commerce, should the same be created, is more capable than the present Secretary, that therefore he would be a valuable addition to the Department of Commerce. As though the Under Secretary would be giving orders to the Secretary.

I am certain the folks back home do not want us to create this or any other new political jobs. They want us, above everything else, to put a stop to this spending. They want us to stop adding to the horrible bureaucracy that is eating the lifeblood out of our people and our country.

Mr. TAYLOR of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Ohio. I yield to the gentleman from Tennessee.

Mr. TAYLOR of Tennessee. I had some apprehensions about our public debt and this orgy of spending until I was present at the meeting of the retail merchants a few nights ago and heard the President say that it did not matter how much we owed because we owed it to ourselves, and that it did not matter if posterity did have to pay it, because they would be paying it to themselves. Then I ceased to worry about it. What does the gentleman think about the sanity of that proposition?

Mr. SMITH of Ohio. I do not think there is any sanity to it.

[Here the gavel fell.]

Mr. MAPES. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. Culkin].

Mr. CULKIN. Mr. Chairman, I am going to sound a somewhat different note than some of the distinguished gentlemen on my own side who have spoken on this measure. To my mind, this measure means that the business of the United States, representing an investment of some \$400,000,000,000, will have a friend at court. The distinguished occupant of the White House has from time to time promised appearement of business. He has promised breathing spells to business. But, to my mind, this is the first substantial, concrete step in that direction. The appointment of Edward J. Noble to this post, which has been promised, and the promise corroborated by the distinguished chairman of this committee [Mr. Lee], will bring into this important office a man who knows American business. He is the first appointee of this administration who, to my mind, has a wholehearted belief in the profit motive. Mr. Noble is a self-made man. He worked his way through Yale. He made his mark in the business world. He is a genuine realist, as are all bona fide northern New Yorkers. What America wants today, as the chairman of this committee has said, is a contact man in the Government who speaks the language of business and who understands what is back of business enterprise, what are its desires, and what are its needs. Mr. Noble was a brilliant success in the field of civil aeronautics. He was called to his present post by Mr. Hopkins. Mr. Hopkins, it is true, does

lack business experience. Noble supplies it. Hopkins has the ear of the President. Noble will have the ear of Hopkins. At least, there is a life line for America's business in this situation. I believe this measure means a definite rapprochement, a definite attempt at business appearement. As far as I am concerned, I am going to support the bill, and urge the House to do likewise. [Applause.]

[Here the gavel fell.]

Mr. LEA. Mr. Chairman, I yield myself 2 minutes.

Mr. Chairman, there are just a few matters I should like to call to the attention of the committee to show the practical value of having an Under Secretary in the Department of Commerce.

In the first place, having an Under Secretary makes that Department comparable with other important departments of the Government. In case of the death of the Secretary the Under Secretary would continue until the successor of the Secretary was appointed, and there would be no interruption in the work of the Department. In addition, the Under Secretary would materially strengthen the supervision over the bureaus, divisions, and the employees of the Department. He would have the legal right to represent and to speak for the head of the Department. He would be more distinctly in the position of an executive head and not merely an administrative or ministerial officer.

He would be in a position of rightful, recognized leadership in successful administration of the Department.

In conclusion, I wish to say just a word to our Republican friends. If there is any bill that may come up that deserves the unanimous support of the House, especially of the Members who believe in promoting better business conditions in this country, this bill is the one. I compliment the gentleman from New York who has just spoken on the nonpartisan manner in which he presented this question to the House.

I appreciate that attitude and the country ought to appreciate such an attitude in respect of the important problems now before us. As I said earlier in this discussion, in my judgment, there is no more important problem confronting the American people right now than to put idle men and idle money to work, and this appointment has that as its primary purpose, in addition to the other matters I have mentioned. Its purpose is to provide experienced, able, practical business leadership in attempting to solve one of our most acute problems.

Mr. MAPES. Mr. Chairman, I yield the balance of my time to the gentleman from Michigan [Mr. Crawford].

Mr. CRAWFORD. Mr. Chairman, I shall direct my remarks to one phase of foreign commerce which was referred to in the remarks of the Secretary of Commerce of May 25 before the New York Foreign Trade Week Committee. At that time Secretary Hopkins had considerable to say with reference to our trade with Latin-American countries, and quoting directly from his speech, he said:

We will, in my judgment, have to follow more generally the line taken by some of our more progressive foreign traders and modify our views and point of view as to the way in which we can join hands with our sister republics in seeking a higher economic ground for all of us.

The Secretary also observed:

Nevertheless I believe that as we look into the future we should envisage a policy directed toward encouraging domestic management for the fulfillment of the good-neighbor policy.

The Secretary also further observed:

There can be a type of scramble for world trade which in itself acts as a constant source of irritation and threat to good will among nations.

In looking over his remarks I find he estimates there are some 115,000,000 souls south of the Rio Grande, and he thinks, perhaps, we can stimulate our foreign trade in a manner whereby the workers of America can greatly contribute to an increase in the standard of living of those people as well as the 130,000,000 people in the United States.

Brazil, in South America, has, in recent years, become a great cotton-producing country. Only a few years ago it was exporting something like 2,300 bales of cotton. This year their

exports will probably jump to 1,500,000 bales, or perhaps 2,000,000 bales, provided the scramble for world trade which has been referred to by Secretary Hopkins does not double-cross the Brazilian people and at the same time tend to wreck the good-neighbor relationship between the United States and the Latin-American countries.

As an illustration of our cotton situation as between the United States and Brazil, which has to do with the goodneighbor policy, as well as with some other countries, let me submit these statistics of May 22, 1939.

Evidence continues to accumulate that the holding of most of the supply of American cotton in the Government loan stock for prices above levels competitive with prices of foreign growths is progressively destroying foreign markets for the American staple.

During the month of April British mills took only 73,000 bales of American cotton, compared with 78,000 in the same month last season, but they took 189,000 bales of foreign growths compared with only 110,000 in April last season. Their taking of American cotton constituted only 28 percent of their taking of all cottons in April of this year, compared with 41 percent in April of last year.

During the first 9 months of the current cotton season, from August 1 to April 30, the United States exported only 2,977,000 bales of cotton, compared with 5,066,000 in the same portion of last season, but India exported 2,233,000 bales compared with 1,485,000 bales. British spinners recently appealed to the United States Government for the release of loan cotton.

In this connection, the Commodity Credit Corporation has control of something like 11,500,000 bales of cotton, and the statisticians indicate that by August 1 of this year that stock will probably move up to around 14,000,000 bales.

Now, going back to the recommendations of the Secretary of Commerce, Mr. Hopkins, with reference to the world scramble for trade, it appears that Secretary of Agriculture Wallace is very aggressively promoting a program of subsidizing exports of cotton, and, as I comprehend the situation, that runs directly contrary to what Secretary Hopkins has to say. Certainly, if we start out to subsidize the exports of cotton, that brings us into a head-on collision with Brazil, a cotton-exporting country, which is in no position to subsidize its exports of cotton, and therefore double-crosses or greatly interferes with the recommendations which have been made in this speech within the last few days by Secretary of Commerce Hopkins.

So, in considering this bill it seems to me that perhaps one of the most constructive things Congress can do, if it is within the power of Congress, is not in enacting a piece of legislation of this kind, but in bringing the Secretaries of Commerce and of Agriculture together, so that their views will run consistently, and in that way perhaps we can hold more of the foreign trade we now enjoy than we will otherwise, and perhaps recover some of that which we have lost.

I have just found from the Wednesday, May 31, Daily News Record this interesting advertisement, full page, carried by the Continental Mills, Inc., of Philadelphia, in which they say:

In this day of international pandemonium when our ears are deafened by challenges and counter cries abroad, it is not surprising to find many among us unresponsive to the plea of our own country.

America is still in need. She is still weathering a 10-year-old depression. Millions of her people are still unemployed. Poverty is prevalent aplenty. Our farms and our factories are sparsely utilized. Our natural and scientific resources are meagerly employed. Taxation continues to mount as relief and subsidy multiply. The American standard of living is jeopardized.

Despite the enforced limitation of our productive operations to a subnormal schedule, we are importing more farm produce and more manufactured products than ever before in our history.

The ad sets forth many other strong statements relative to our internal conditions which I shall not quote at this moment.

Now, when conditions are such that advertisements of that type, full-page spread, are carried by the large manufacturing concerns of the country, it certainly deserves the attention of our people to look closely into the workings of these great departments of government, whether it be commerce or agriculture. I shall not support this bill, because I feel that at the present time the Department of Commerce is amply implemented with personnel to do constructive things if they desire to do them. It seems to me that introducing an Under Secretary at this time will tend to further confuse and complicate and interfere with such policies as the Department of Commerce may have.

I sat in the Senate hearings and listened to the recommendations made of Mr. Hopkins, prior to his confirmation by the Senate. I heard the big giants of industry praise his abilities and speak of the great effect they thought would immediately follow his appointment as Secretary of Commerce. Today I sat in the Senate hearings and listened to Jerome Frank tell about what he thinks is necessary in order to stimulate the production of goods and brings about increased employment in this country. Certainly his views have no connection whatsoever with further implementation such as is presented by this bill. So it seems to me that we here on this floor could do a more constructive job if we would bring these departments closer together in the formulation of sound and sane policies than by enacting legislation such as this.

Mr. Chairman, in no way do I wish to minimize the importance of the Department of Commerce. Indeed, it is an important branch of government. The Secretary of Commerce holds a most important position of trust and responsibility. The country could well use the services of someone with a broad understanding and a lot of practical experience in commerce from the simple activities up to the complicated operations of the large mass-producing units. I sincerely regret that in this dark hour of our economic existence we are without a Secretary of wide experience so that he might more ably direct the ship of commerce for our people. But we face the reality of having as head of this great Department a man without practical experience. It is true he has had a vast experience in social work and he, no doubt, is well schooled in the theory and practice of rendering social aid to those who are without employment. But we have our Social Security Board and other branches of government along with the W. P. A. and the P. W. A. and also the C. C. C. We should have at the head of the Commerce Department men of great practical experience—not men who know all the solutions, but men who can find the solutions to our commercial problems. In that manner we could bring back into employment millions of workers who are now dependent upon some kind of Government relief. Placing them back in the group of the employed would make their bread sweeter to They would be a happier group; their lives would be much fuller and their souls would more completely respond to life itself if they could only "make their own way" through their own individual efforts. A man trained in industrial pursuits would no doubt more fully appreciate these truths than one schooled in the theory and practice of rendering social uplift by means of dollars drawn from the Public Treasury. The field of poetry is very good, but it should come after individual accomplishment has shown results in the shop of reality. Individual initiative and self-enterprise put the mind and body of a man in a more receptive mood for the finer things of life.

I am told of an Italian immigrant by the name of Mario Izzo who resided at Aliquippa, Pa., who came to America late in life and quickly learned the fundamental philosophy of America. This Italian immigrant was forced on relief, and I am told that while in that situation was accidentally burned to death and was buried in the potter's field. The story runs along to the effect that after his burial the citizens of Aliquippa began to appreciate the value of the life of this immigrant, raised a fund, had his body exhumed, gave him a church funeral, which was attended by hundreds of people, and today are raising funds for a memorial. While on relief Mario Izzo, acting as a volunteer, swept the streets of the town 6 hours a day and 6 days in a week. He said, "You see they give me money to live. So I keep this town clean like a table. It makes my bread taste sweeter. I feel like a man because I work."

O Mr. Chairman, if our Secretary of Commerce could only grasp the full meaning of the words of this great Italian immigrant. The American democracy has always contended that there was dignity and honor in work and in commercethe satisfaction of a job well done and a product well made. All over this land there are millions of unemployed American citizens begging and praying for a chance to work so that their bread will taste sweet. I grow so weary listening to the talk which is unfriendly to industry: Considering plans which create more hazards for those who would adventure in their efforts to create jobs that men might work. If the Department of Commerce could once more fully comprehend that unless there is industry, and much more than at present, that our standard of living must necessarily drop below what it now is, perhaps it would then lend greater assistance and be more friendly to those engaged in industrial

Mr. LEA. Mr. Chairman, we have no more requests for time on this side, and I ask that the Clerk read.

The CHAIRMAN. The Clerk will read.

The Clerk read the bill, as follows:

Be it enacted, etc., That there is hereby established in the Department of Commerce the position of Under Secretary of Commerce with compensation at the rate of \$10,000 per annum and with appointment thereto by the President, by and with the advice and consent of the Senate.

SEC. 2. Such Under Secretary shall perform the duties of the Secretary of Commerce in the case of absence or sickness of the Secretary, or in the case of the death or resignation of the Secre-

tary until a successor is appointed.

SEC. 3. Whenever a vacancy shall occur in any one of the two positions of Assistant Secretary heretofore established in the Department of Commerce, such vacancy shall not be filled and there shall thereafter be only one position of Assistant Secretary in such

Mr. LEA. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with the recommendation that the bill do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. PACE, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill (S. 2314) to establish the position of Under Secretary in the Department of Commerce, and had directed him to report the same back to the House with the recommendation that it do pass.

Mr. LEA. Mr. Speaker, I move the previous question on the bill to final passage.

The previous question was ordered.

The SPEAKER. The question is on the third reading of the Senate bill.

The bill was ordered to be read a third time and was read the third time.

The SPEAKER. The question is on the passage of the bill. The bill was passed, and a motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. PARSONS. Mr. Speaker, I ask unanimous consent to extend my own remarks.

The SPEAKER. Without objection, it is so ordered. There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. MARTIN J. KENNEDY. Mr. Speaker, I ask unanimous consent that on next Tuesday, after the reading of the Journal and disposition of the legislative business of the day, I may be permitted to address the House for 15 minutes.

The SPEAKER. Without objection, the request is granted. There was no objection.

EXTENSION OF REMARKS

Mr. GREEN. Mr. Speaker, I ask unanimous consent to include in the RECORD a memorial of the Florida Legislature concerning relief.

The SPEAKER. Without objection, it is so ordered. There was no objection.

MEETING OF COMMITTEE ON AGRICULTURE

Mr. COFFEE of Nebraska. Mr. Speaker. I ask unanimous consent that the Committee on Agriculture may be permitted to sit this afternoon during the session of the

The SPEAKER. Without objection, it is so ordered. There was no objection.

WAGE AND HOUR LEGISLATION

Mrs. NORTON. Mr. Speaker, I ask unanimous consent to make an announcement to the House.

The SPEAKER. Without objection, it is so ordered. There was no objection.

Mrs. NORTON. Mr. Speaker, the Committee on Labor met yesterday afternoon for the consideration of certain amendments to the bill on the calendar, H. R. 5435, which we hope to call up under suspension of the rules on Monday. The committee print is now in the document room. If any Members of the House would like to see the amendments we have added to H. R. 5435, the committee print is available at this time.

Mr. RICH. Mr. Speaker, will the gentlewoman yield? Mrs. NORTON. Gladly.

Mr. RICH. Are we supposed to believe, then, that this bill will come up on Monday?

Mrs. NORTON. That is my understanding.

Mr. RICH. And we can expect the House to consider it then?

Mrs. NORTON. Yes.

Mr. MAPES. Mr. Speaker, will the gentlewoman yield? Mrs. NORTON. Gladly.

Mr. MAPES. Just for the information of everyone, I assume the motion will be to pass the bill which is on the calendar, with the committee amendments which the committee has adopted, which will be sent to the desk at the time the motion is made?

Mrs. NORTON. That is our intention.

Mr. DONDERO. Mr. Speaker, will the gentlewoman yield? Mrs. NORTON. I yield. Mr. DONDERO. Does the bill come before the House with

the unanimous approval of the committee?

Mrs. NORTON. I think so; yes.

Mr. RICH. May I ask the gentlewoman another question? Mrs. NORTON. Certainly.

Mr. RICH. Will the bill be subject to amendment on the floor of the House?

Mrs. NORTON. Oh, no. Under suspension of the rules the bill is not subject to amendment.

Mr. RICH. Then the House will have to take it or leave it as the committee reports it?

Mrs. NORTON. I think that is the rule.

Mr. RICH. Is that the proper way to have good, sound legislation?

Mrs. NORTON. I leave that to the gentleman.

EXTENSION OF REMARKS

Mr. CRAWFORD. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks in the RECORD.

The SPEAKER. Without objection, it is so ordered. There was no objection.

PERMISSION TO ADDRESS THE HOUSE

The SPEAKER. Under special order of the House heretofore made, the gentleman from Minnesota [Mr. ALEXANDER] is entitled to recognition for 30 minutes.

Mr. ALEXANDER. Mr. Speaker, I ask unanimous consent to postpone this address until Wednesday of next week, June 7, following the disposition of the legislative program and any special orders heretofore made for that day.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

EXTENSION OF REMARKS

Mr. GEYER of California. Mr. Speaker, I ask unanimous consent to extend my own remarks and to include therein

an article by Jay Franklin in the Evening Star, and also a memorialization to Congress from the Assembly of the State

The SPEAKER. Without objection, it is so ordered. There was no objection.

ADJOURNMENT OVER

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

REPORT FROM THE COMMITTEE ON WAYS AND MEANS

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent that I may have until midnight tomorrow night within which to file a report from the Committee on Ways and Means on the amendments to the Social Security Act.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

EXTENSION OF REMARKS

Mr. SIROVICH. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD by printing therein a letter I sent to the President of the United States.

The SPEAKER. Without objection, it is so ordered. There was no objection.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 2390. An act to amend an act entitled "An act to provide for the complete independence of the Philippine Islands, to provide for the adoption of a constitution and a form of government for the Philippine Islands, and for other purposes"; to the Committee on Insular Affairs.

ADJOURNMENT

Mr. RAYBURN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 1 o'clock and 44 minutes p. m.) the House, pursuant to its previous order, adjourned until Monday, June 5, 1939, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON FOREIGN AFFAIRS

There will be a meeting of the Committee on Foreign Affairs (executive session) in the committee rooms, Capitol, at 10 a. m. Monday, June 5, 1939, for the consideration of House Joint Resolution 306, Neutrality Act of 1939, Representatives of the Department of State will be present.

COMMITTEE ON THE JUDICIARY

There will be a public hearing before Subcommittee No. 3 of the Committee on the Judiciary on Wednesday, June 7, 1939, at 10 a. m., on the bill (H. R. 2318) to divorce the business of production, refining, and transporting of petroleum products from that of marketing petroleum products. Room 346. House Office Building.

COMMITTEE ON THE POST OFFICE AND POST ROADS

There will be a meeting of Subcommittee No. 2 of the Committee on the Post Office and Post Roads on Tuesday, June 6, 1939, at 10 a. m., to consider H. R. 4932, a bill to amend the act of March 3, 1879.

There will be an executive session of the Committee on the Post Office and Post Roads at 10 a.m., on Wednesday, June 7, 1939, for the consideration of H. R. 3835.

COMMITTEE ON IMMIGRATION AND NATURALIZATION

There will be a meeting of the Committee on Immigration and Naturalization at 10:30 a. m. Wednesday, June 7, on H. R. 3029 (STARNES of Alabama).

COMMITTEE ON MERCHANT MARINE AND FISHERIES

The Committee on Merchant Marine and Fisheries will hold public hearings in room 219, House Office Building, at 10 a.m., on the bills and dates listed below:

On Tuesday, June 6, 1939, on H. R. 6039, motorboat bill of 1939 (Bland); and H. R. 6273, outboard racing motorboats

On Tuesday, June 13, 1939, on H. R. 1011, drydock facilities for San Francisco (Welch); H. R. 2870, drydock facilities for Los Angeles (Thomas F. Ford); H. R. 3040, drydock facilities for Los Angeles (Geyer of California); and H. R. 5787, drydock facilities for Seattle, Wash. (Magnuson).

The hearing originally scheduled by the Committee on Merchant Marine and Fisheries for Thursday, June 8, 1939, on H. R. 6042, requiring numbers on undocumented vessels (Kramer), and H. R. 5837, alien owners and officers of vessels (Kramer), has been postponed until Tuesday, June 13, and will come up on the same list as those bills named directly above.

On Thursday, June 15, 1939, on House Joint Resolution 194, investigate conditions pertaining to lascar seamen (Sirovich).

On Friday, June 16, 1939, on H. R. 5611, district commanders' bill (U. S. Coast Guard).

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

816. A letter from the Acting Secretary of the Treasury, transmitting the draft of a proposed bill to amend the act of February 14, 1931, as amended (U. S. C., title 5, sec. 73a); to the Committee on Expenditures in the Executive Departments.

817. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated May 25, 1939, submitting a report, together with accompanying papers and an illustration, on reexamination of New Haven Harbor, Conn., requested by resolution of the Committee on Rivers and Harbors, House of Representatives, adopted May 12, 1938 (H. Doc. No. 307); to the Committee on Rivers and Harbors and ordered to be printed, with an illustration.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. ELLIOTT: Committee on the Public Lands. H. R. 168. A bill to add to the Cleveland National Forest, Calif., certain contiguous lands of the United States which can be most effectively and economically protected and administered as parts of said national forest; without amendment (Rept. No. 715). Referred to the Committee of the Whole House on the state of the Union.

Mr. Derouen: Committee on the Public Lands. H. R. 2548. A bill to include within the Pike National Forest certain lands acquired or in course of acquisition by the United States; with amendment (Rept. No. 716). Referred to the Committee of the Whole House on the state of the Union.

Mr. DEROUEN: Committee on the Public Lands. H. R. 2953. A bill authorizing States owning lands or interests therein acquired from the United States to include the same in certain agreements for the conservation of oil and gas resources; with amendment (Rept. No. 717). Referred to the Committee of the Whole House on the state of the Union.

Mr. Derouen: Committee on the Public Lands. H. R. 3794. A bill to establish the John Muir-Kings Canyon National Park, Calif., to transfer thereto the lands now included in the General Grant National Park, and for other purposes; with amendment (Rept. No. 718). Referred to the Committee of the Whole House on the state of the Union.

Mr. DEROUEN: Committee on the Public Lands. H. R. 5958. A bill to amend the Taylor Grazing Act; without amendment (Rept. No. 719). Referred to the Committee of the Whole House on the state of the Union.

Mr. O'CONNOR: Committee on the Public Lands. S. 26. An act to empower the President of the United States to create new national forest units and make additions to existing national forests in the State of Montana; with amendment (Rept. No. 720). Referred to the Committee of the Whole House on the state of the Union.

Mr. ROGERS of Oklahoma: Committee on Indian Affairs. H. R. 5409. A bill to authorize certain officers of the United States Indian Service to make arrests in certain cases, and for other purposes; with amendment (Rept. No. 721). Referred to the Committee of the Whole House on the state of the Union.

Mr. RANDOLPH: Committee on the District of Columbia. H. R. 5144. A bill to authorize the board of directors of the Columbia Institution for the Deaf to dedicate a portion of Mount Olivet Road NE., and to exchange certain lands with the Secretary of the Interior, to dispose of other lands, and for other purposes; without amendment (Rept. No. 722). Referred to the Committee of the Whole House on the state of the Union.

Mr. RANDOLPH: Committee on the District of Columbia. H. R. 6405. A bill authorizing the sale of certain real estate in the District of Columbia no longer required for public purposes; without amendment (Rept. No. 723). Referred to the Committee of the Whole House on the state of the Union.

Mr. DOXEY: Committee on Agriculture. H. R. 4998. A bill to amend the Packers and Stockyards Act, 1921; without amendment (Rept. No. 724). Referred to the Committee of the Whole House on the state of the Union.

Mr. KLEBERG: Committee on Agriculture. S. 1031. An act to amend section 243 of the Penal Code of the United States, as amended by the act of June 15, 1935 (49 Stat. 378), relating to the marking of packages containing wild animals and birds and parts thereof; without amendment (Rept. No. 725). Referred to the House Calendar.

Mr. DOUGHTON: Committee on Ways and Means. H. R. 6635. A bill to amend the Social Security Act, and for other purposes; without amendment (Rept. No. 728). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. REES of Kansas: Committee on Immigration and Naturalization. H. R. 6409. A bill to record the lawful admission to the United States for permanent residence of Motiejus Buzas and Bernice Buzas, his wife; without amendment (Rept. No. 726). Referred to the Committee of the Whole House.

Mr. LESINSKI: Committee on Immigration and Naturalization. H. R. 6416. A bill for the relief of Joaquim Santos Valente; without amendment (Rept. No. 727). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H. R. 5421) granting a pension to Emma Hellwig; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

A bill (H. R. 6606) granting a pension to Golda Stump Darr; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. SCRUGHAM:

H. R. 6629. A bill for the adjustment of rates and charges at Boulder Dam, for the disposition of revenues derived therefrom, and for other purposes; to the Committee on Irrigation and Reclamation.

By Mr. BRADLEY of Michigan:

H. R. 6630. A bill relating to the rate of duty on certain fox furs imported into the United States; to the Committee on Ways and Means.

By Mr. GREEN:

H. R. 6631. A bill to amend the act entitled "An act granting additional quarantine powers and imposing additional duties upon the Marine Hospital Service," approved February 15, 1893, as amended; to the Committee on Interstate and Foreign Commerce.

By Mr. MAY:

 ${\bf H.\,R.\,6632}$ (by request). A bill to promote the efficiency of the national defense; to the Committee on Military Affairs.

By Mr. THORKELSON:

H. R. 6633. A bill relating to the rate of duty on certain fox furs imported into the United States; to the Committee on Ways and Means.

By Mr. WHITTINGTON:

H. R. 6634. A bill amending previous flood-control acts, and authorizing certain preliminary examinations and surveys for flood control, and for other purposes; to the Committee on Flood Control.

By Mr. DOUGHTON:

H. R. 6635. A bill to amend the Social Security Act, and for other purposes; to the Committee on Ways and Means. By Mr. ROUTZOHN:

H. J. Res. 309. Joint resolution to create a commission to formulate a permanent national policy with respect to the payment of old-age pensions; to the Committee on Rules.

By Mr. WOODRUM of Virginia:

H. J. Res. 310. Joint resolution making an appropriation for the Department of the Interior for the expenses of an expedition to the Antarctic regions; to the Committee on Appropriations.

By Mr. WHITE of Idaho:

H. Res. 209 (by request). Resolution authorizing the Committee on the Public Lands to make a full and complete investigation of the fraudulent issuance of patents to timberlands in the western part of the State of Washington, and for other purposes; to the Committee on Rules.

By Mr. PETERSON of Florida:

H. Res. 210. Resolution for the consideration of H. R. 1674; to the Committee on Rules.

By Mr. BLAND:

H. Res. 211. Resolution for the consideration of S. 50; to the Committee on Rules.

H. Res. 212. Resolution for the consideration of H. R. 1819; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. DARDEN:

H. R. 6636. A bill for the relief of Dr. W. Armistead Gills; to the Committee on Naval Affairs.

By Mr. GUYER of Kansas:

H.R. 6637. A bill for the relief of E. E. Armstrong; to the Committee on Claims.

By Mr. JOHNSON of West Virginia:

H. R. 6638. A bill for the relief of J. W. and Robert W. Gillespie; to the Committee on Claims.

By Mr. KEOGH:

H.R. 6639. A bill for the relief of George F. Kermath; to the Committee on Claims.

By Mr. MURDOCK of Arizona:

H. R. 6640. A bill granting a pension to Serena Slentz; to the Committee on Pensions.

By Mr. NORRELL:

H. R. 6641. A bill for the relief of the Arkansas State Penitentiary; to the Committee on Claims.

By Mr. PLUMLEY:

H.R. 6642. A bill for the relief of Roxie Richardson; to the Committee on Claims.

By Mr. ROBSION of Kentucky:

H. R. 6643. A bill granting a pension to Margaret Moore; to the Committee on Invalid Pensions.

By Mr. SECCOMBE:

H.R. 6644. A bill for the relief of Helen Baylor; to the Committee on Claims.

By Mr. TIBBOTT:

H. R. 6645. A bill granting a pension to Girty A. Adamson; to the Committee on Pensions.

By Mr. WHITE of Idaho:

H.R. 6646. A bill authorizing the appointment of John Ogden Kilgore and Ford Trimble as captains in the Regular Army; to the Committee on Military Affairs.

H. R. 6647 (by request). A bill for the relief of Earl A. Ross, Frank P. Ross, and Lemuel T. Root, Jr.; to the Committee on

Claims.

By Mr. ZIMMERMAN:

H. R. 6648. A bill granting an increase of pension to Francis M. Snider; to the Committee on Invalid Pensions.

H.R. 6649. A bill granting an increase of pension to John Henry Holtzhouser; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3455. By Mr. ANDERSON of California: Assembly Joint Resolution No. 22, relative to memorializing the President and Congress to have the Mammoth Pass Road in California constructed as a national-defense highway; to the Committee on Roads.

3456. By Mr. COFFEE of Washington: Resolution of the Sultan, Wash., local of the Workers' Alliance, Ena Blansett, secretary, pointing out that alien-baiting bills stem from the investigation of the Dies committee; asserting that it has been the policy of America to grant asylum and refuge to the oppressed of other lands since the founding of the Nation, and therefore insisting that the Washington State delegation in Congress oppose the Dempsey bill (H. R. 4806) and the Hobbs bill (H. R. 4768) and in addition thereto some 35 other measures specifically referred to in the resolution; to the Committee on the Judiciary.

3457. Also, resolution of the Cowlitz County Democratic Central Committee, S. H. Goodspeed, secretary, Longview, Wash., urging the Members of Congress to work and vote against the Dempsey bill (H. R. 4860), Hobbs bill (H. R. 5643), and the Smith bill (H. R. 5138), antialien legislation; to the Committee on Immigration and Naturalization.

3458. By Mr. THOMAS F. FORD: Resolution of the Senate and Assembly of the State of California, memorializing the President of the United States to include in the Federal Budget for the ensuing year provision for additional and increased development of the shipbuilding facilities on the Pacific coast; to the Committee on Appropriations.

3459. By Mr. JARRETT: Petition of Mrs. C. F. Kinsell and members of First Baptist Church at Sharpsville, Pa., urging regulation of radio advertising; to the Committee on Interstate and Foreign Commerce.

3460. Also, petition of the Christian Citizenship Class, Sandy Lake, Pa., urging regulation of radio advertising; to the Committee on Interstate and Foreign Commerce.

3461. By Mr. PFEIFER: Petition of the Amalgamated Clothing Workers of America, Brooklyn, N. Y., Local No. 54, concerning the Arends bill (H. R. 130), the Smith bill (H. R. 5138), and the Starnes bill (H. R. 3392); to the Committee on Immigration and Naturalization.

3462. Also, petition of the American Friends of the Chinese People, New York City, urging revision of the present Neutrality Act; to the Committee on Foreign Affairs.

3463. Also, petition of the Cafeteria Employees Union, Local 302, New York City, opposing curtailment of Works Progress Administration adult-education program; to the Committee on Ways and Means.

3464. Also, petition of the State, County, and Municipal Workers of America, New York district, urging the passage of the Casey bill (H. R. 6470); to the Committee on Appropriations.

3465. By Mr. KEOGH: Petition of the State, County, and Municipal Workers of America, New York City, favoring the

passage of the Casey bill (H. R. 6470); to the Committee on Appropriations.

3466. Also, petition of the Edmund Burke American Memorial Committee for the Original Thirteen American Colonies, Prattsville, Ala., concerning House Joint Resolution 307; to the Committee on the Library.

3467. By Mr. SCHIFFLER: Petition of Hon. Charles F. McGlumphy, mayor of Wellsburg, Wellsburg, W. Va., protesting against the construction of Lake Erie to Ohio River Canal; to the Committee on Military Affairs.

3468. By Mr. TINKHAM: Petition of residents of Massachusetts, concerning House bill 5620, with reference to General Welfare Act; to the Committee on Ways and Means.

3469. By Mr. WOLCOTT: Petition of Mrs. Paul R. Miller and 18 other citizens of Van Dyke, Macomb County, Mich., favoring the securing of passage of legislation to stop the advertising campaign for the sale of alcoholic beverages now going on by press and radio; to the Committee on Interstate and Foreign Commerce.

3470. Also, petition of George M. Shepardson, of Port Huron, Mich., and 59 others, urging enactment of the General Welfare Act (H. R. 5620); to the Committee on Ways and Means.

3471. Also, petition of R. E. Smith, of Port Huron, Mich., and 59 others, urging enactment of the General Welfare Act (H. R. 5620); to the Committee on Ways and Means.

3472. Also, petition of D. H. Eagling, of Port Huron, Mich., and 119 others, urging enactment of the General Welfare Act (H. R. 5620); to the Committee on Ways and Means.

3473. Also, petition of J. D. Martz, of Port Huron, Mich., and 59 others, urging enactment of the General Welfare Act (H. R. 5620); to the Committee on Ways and Means.

3474. Also, petition of Edward Wood, of Port Huron, Mich., and 14 others, urging the enactment of the General Welfare Act (H. R. 5620); to the Committee on Ways and Means.

3475. Also, petition of Leslie Kleckler, of St. Clair, Mich., and 27 others, urging the enactment of the General Welfare Act (H. R. 5620); to the Committee on Ways and Means.

3476. By the SPEAKER: Petition of the Civil Liberties Committee of Massachusetts, petitioning consideration of their resolution with reference to the appropriation of \$100,000 for the use of the La Follette committee, so-called; to the Committee on Appropriations.

SENATE

Monday, June 5, 1939

Rev. Dr. Francis Yarnall, vicar, Chapel of the Epiphany, Washington, D. C., offered the following prayer:

Our help is in the name of the Lord, who hath made heaven and earth; blessed be the name of the Lord henceforth, world without end. Lord, hear our prayer and let our cry come unto Thee.

Lord of power and giver of grace and wisdom, we commend to Thee all who are engaged in the government of this our country. Grant to them an undeviating purpose, pure hearts, and unfailing devotion to the cause of righteousness. To Thee, merciful Lord, we commend their work, praying that it may be such as will promote Thy cause in our midst, to the succor of the poor, the relief of the oppressed, the putting down of all social evils, and the redress of all social wrongs. Let all they think or say or do be for Thy glory and the good of Thy people, that, in tranquillity, Thy kingdom may go forward till all the earth be filled with the knowledge of Thy love even as the waters cover the sea. All which we ask through Jesus Christ our Lord. Amen.

THE JOURNAL

On request of Mr. Barkley, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Thursday, June 1, 1939, was dispensed with, and the Journal was approved.

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MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that the President had approved and signed the following acts:

On May 26, 1939:

S. 1579. An act to extend the time during which orders and marketing agreements under the Agricultural Adjustment Act may be applicable to hops; and

S. 1583. An act to amend the act of March 2, 1929 (45 Stat. 1492), entitled "An act to establish load lines for American vessels, and for other purposes."

On May 31, 1939:

S. 1096. An act to amend the Agricultural Marketing Agreement Act of 1937, as amended, to make its provisions applicable to apples produced in the States of Washington, Oregon, and Idaho.

On June 2, 1939:

S. 1369. An act to authorize necessary facilities for the Coast Guard in the interest of national defense and the performance of its maritime police functions; and

S. 1842. An act to authorize the construction of certain vessels for the Coast and Geodetic Survey, Department of Commerce, and for other purposes.

MESSAGE FROM THE HOUSE DURING ADJOURNMENT

Under authority of the order of the 1st instant.

The following message was received by the Secretary from the House of Representatives on June 2, 1939:

That the House had passed without amendment the bill (S. 2314) to establish the position of Under Secretary in the Department of Commerce;

That the House had passed the joint resolution (S. J. Res. 138) providing that reorganization plans numbered I and II shall take effect on July 1, 1939, with an amendment, in which it requested the concurrence of the Senate; and

That the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 6044. An act to regulate the number of warrant and commissioned warrant officers in the Marine Corps; and

H. R. 6065. An act to authorize major overhauls for certain naval vessels, and for other purposes.

REPORT OF THE JUVENILE COURT OF THE DISTRICT

The VICE PRESIDENT laid before the Senate the following message from the President of the United States, which was read and referred to the Committee on the District of Columbia:

To the Congress of the United States:

I transmit herewith for the information of the Congress a communication from the judge of the juvenile court of the District of Columbia, together with a report covering the work of the juvenile court during the fiscal years July 1, 1931, to June 30, 1938.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, June 5, 1939.

[Note.—Report accompanied similar message to the House of Representatives.]

ADJUDICATION OF CLAIMS AGAINST THE UNION OF SOVIET SOCIALIST REPUBLICS

The VICE PRESIDENT laid before the Senate the following message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Foreign Relations:

To the Congress of the United States:

I commend to the favorable consideration of the Congress the enclosed report from the Secretary of State to the end that legislation may be enacted to authorize appropriations to provide for the adjudication by a commissioner of claims of American nationals against the Union of Soviet Socialist Republics.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, June 5, 1939. [Enclosure: Report.]

EFFECTIVE DATE OF REORGANIZATION PLANS NUMBERED I AND II The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the joint resolution (S. J. Res. 138) providing that reorganization plans numbered I and II shall take effect on July 1, 1939, which was, after line 8. to insert:

SEC. 2. Nothing in such plans or this joint resolution shall be construed as having the effect of continuing any agency or function beyond the time when it would have terminated without regard to such plans or this joint resolution or of continuing any function beyond the time when the agency in which it was vested would have terminated without regard to such plans or this joint resolution.

Mr. BYRNES. I move that the Senate concur in the House amendment.

The motion was agreed to.

USE OF PRIVATE VEHICLES FOR OFFICIAL TRAVEL

The VICE PRESIDENT laid before the Senate a letter from the Acting Secretary of the Treasury, transmitting a draft of proposed legislation to amend the provisions of law relating to the use of private vehicles for official travel in order to effect economy and better administration, which, with the accompanying paper, was referred to the Committee on Expenditures in the Executive Departments.

COAL AND ASPHALT DEPOSITS OF CHOCTAW AND CHICKASAW NATIONS, OKLA.

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Interior, transmitting a draft of proposed legislation to authorize the leasing of the undeveloped coal and asphalt deposits of the Choctaw and Chickasaw Nations in Oklahoma, which, with the accompanying paper, was referred to the Committee on Indian Affairs.

CIRCUIT COURT OF APPEALS FOR PATENTS

The VICE PRESIDENT laid before the Senate a letter from the Secretary of Commerce, transmitting a draft of proposed legislation to establish a Circuit Court of Appeals for Patents. which, with the accompanying paper, was referred to the Committee on the Judiciary.

MOTOR VEHICLE INDUSTRY

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the Federal Trade Commission, transmitting, pursuant to law, a report of the Commission on the Motor Vehicle Industry, which, with the acompanying document, was referred to the Committee on Interstate Commerce.

REPORT OF THE THOMAS JEFFERSON MEMORIAL COMMISSION

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the United States Commission for the Erection of a Permanent Memorial to the Memory of Thomas Jefferson, submitting, pursuant to law, a report of progress of the memorial to Thomas Jefferson in the city of Washington, D. C., which, with the acompanying report, was referred to the Committee on the Library.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following joint resolution of the Legislature of California, which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Assembly Joint Resolution 46

Relative to civil-liberties investigation

Whereas a subcommittee of the United States Senate Committee on Education and Labor was authorized to investigate violations of civil rights in California and other Western States; and

Whereas the subcommittee initiated the investigation but was unable to complete it because of a lack of funds; and

Whereas there has been a widespread public demand for the continuance of the investigation as evidenced by action taken by such organizations, as the National Grange, the American Federation of Labor, the Congress of Industrial Organizations, and others urging an appropriation of additional funds for the use of the subcommittee; and

Whereas the Associated Farmers of California, Inc., in a telegram to Senator Hiram Johnson, dated April 4, 1939, inserted in the Congressional Record on that date, demanded an opportunity to be heard before the subcommittee in respect to charges made against it; and

Whereas Senators Schwellenbach and Downey have introduced Senate Resolution 126 in the Seventy-sixth Congress, providing for an appropriation of \$100,000 for use in enabling the subcommittee to continue its investigation; and

Whereas Gov. Culbert L. Olson has already communicated with the chairman of the United States Senate Audit and Control Committee, Senator Byrnes, to support Senate Resolution 126: Now,

therefore, be it

Resolved by the Assembly and the Senate of the State of California, jointly, That this legislature approves of and endorses Senate Resolution 126, now pending in the Seventy-sixth Congress; and be it further

Resolved, That copies of this resolution be sent by the chief clerk of the assembly to the President and Vice President of the United States, to the Speaker of the House of Representatives, to each Senator and to each Member of the House of Representatives from California in the Congress of the United States, and to Senator JAMES BYRNES, chairman of the United States Senate Audit and Control Committee.

The VICE PRESIDENT also laid before the Senate the following memorial of the Legislature of the State of Florida, which was referred to the Committee on Education and

House Memorial 11

Memorial to the Congress of the United States requesting the increase of the wage scale of employees of the Works Progress Administration in the State of Florida

Whereas the wage scale for employees of the Works Progress Administration in the State of Florida is not sufficient to provide such employees and their families with proper and adequate food, hous-

ing, and medical attention; and

Whereas the low wages paid employees of the Works Progress
Administration have the effect of bringing the wages in private
employment down to their level; and

Whereas the Works Progress Administration pays much higher
wages in other States, particularly in the North: Now, therefore,

Resolved by the Legislature of the State of Florida, That the Congress of the United States of America is hereby respectfully petitioned and requested to enact laws providing for an increase in the scale of wages paid to employees of the Works Progress Administration in the State of Florida.

The VICE PRESIDENT also laid before the Senate the following senate resolution of the State of California, which was referred to the Committee on Finance:

Resolution relative to the construction and maintenance of a veterans' general facility and hospital in Humboldt County

Whereas the veterans in the northwestern portion of California and the southern portion of Oregon (Del Norte, Humboldt, Mendocino, Lake, Siskiyou, Trinity, Shasta, and Tehama Counties in California, and Curry and Josephine Counties in Oregon) find it ever-increasingly difficult to obtain hospitalization benefits under the regulations of the Veterans' Administration of the Federal Gov-ernment for the approximately 10,000 ex-service men living in said area; and

Whereas these conditions reflect conditions prevailing generally

throughout the State of California; and

Whereas this territory is of rough, mountainous terrain with inadequate transportation facilities consisting of two primary State highway roads and two railroads, running northerly and southerly near the eastern and western boundaries of the area, and second-ary roads connecting these primary roads traverse the mountainous area between; and

Whereas the present veterans' facilities and hospitals are not

sufficient to carry the existing load; and

Whereas the hospitalization load is steadily increasing and it will be necessary to increase the hospital facilities to satisfactorily extend the benefits of hospitalization to veterans, as provided by law; and
Whereas the increasing number of emergency cases are becoming

Whereas the increasing number of emergency cases are becoming a finatter of serious concern due to the distances to be traveled (300 miles) to the nearest facility, which is far beyond the permitted ambulance range: Now, therefore, be it

Resolved, That the Senate of the State of California hereby respectfully urges the President and Congress of the United States and the United States Veterans' Bureau to take the necessary steps

to assure the construction and maintenance of a veterans' general facility and hospital in Humboldt County in the State of California; and be it further

Resolved, That a copy of this resolution, properly endorsed by the secretary of the senate, be forwarded to the President of the United States, Vice President of the United States, Speaker of the House of Representatives, each Member of the Senate and House of Representatives from the State of California, and to the Veterans' Bureau, Washington, D. C.

The VICE PRESIDENT also laid before the Senate the following concurrent resolution of the Legislature of New York, which was referred to the Committee on Immigration:

Whereas the admission of aliens to the United States and the deportation thereof are matters entirely under Federal control and not subject to modification by the State of New York; and

Whereas the Federal Government assumes no responsibility for aliens who become public charges unless the incapacity develops within 5 years after entry into the United States and then only if the disability is due to causes which existed prior to landing, and then only to the extent of endeavoring to deport the alien; and

then only to the extent of endeavoring to deport the alien; and Whereas notwithstanding earnest efforts by the United States to exclude persons likely to become public charges, many aliens have to be supported by the State of New York; and Whereas often aliens cannot or should not be returned to the country from which they came; and Whereas a grievous burden is therefore placed upon the individual States which is particularly heavy in New York State because of the importance of New York City as a port of entry and the fact that aliens tend to settle near the port at which they disembarked; and

Whereas in the institutions for the mentally sick maintained by whereas in the institutions for the mentally sick maintained by the State of New York there are 14,500 citizens of other countries supported by the taxpayers of New York State at a daily cost of approximately \$1.12, which sum does not include the interest on the huge investment in hospitals, charges for depreciation, nor other demonstrable expenditures, all of which can be shown to amount to an additional dollar per day; and

Whereas the expenditure for the maintenance of aliens in New York State heavistly is a research the support of the support of the state of the support of the sup

York State hospitals is in excess of the sum of \$11,000,000 annually: Therefore be it

Resolved (if the assembly concurs), That the people of the State of New York, represented in senate and assembly, hereby petition the Congress of the United States to recognize the responsibility of the Federal Government for hospitalization of the alien insane and defective and to take appropriate action to this end; and be it further Resolved, That the Congress of the United States be urged to give serious consideration to the advisability of authorizing depor-

tation of aliens who may become public charges even though such aliens shall have been in the United States for more than 5 years;

and be it further

Resolved, That copies of this resolution be transmitted to the President of the United States, and to the Secretary of the Senate and to the Clerk of the House of Representatives, and to each Member of Congress, and to each United States Senator from the State of New York.

The VICE PRESIDENT also laid before the Senate the following joint resolution of the Legislature of California, which was referred to the Committee on Interstate Commerce:

Assembly Joint Resolution 13

Relative to memorializing Congress to enact legislation limiting the number of cars in trains

Whereas there are a number of bills pending in the Congress of the United States which propose to limit the number of cars that may be used in any one train; and

Whereas the need for legislation of this character has long been recognized by patrons and by people familiar with the operation and management of trains; and

Whereas the elimination of trains of excessive length would tend to meet the needs of present day shippers for faster and more frequent service; return to the carrier by rail much of the business now going to their competitors; and promote a greater degree of safety to patrons, employees, and the general public through a relative increase of air-brake efficiency and the elimination of excessive slack action; and

Whereas many States proposed to, and some have, enacted legislation limiting the number of cars which may be included in

any one train; and
Whereas the Federal courts have indicated that power to enact
such legislation, designed for the safety and comfort of passengers,
such legislation, designed for the safety and comfort of passengers,
such legislation, designed for the safety and comfort of passengers,

such legislation, designed for the safety and comfort of passengers, employees, and persons working on trains, is vested exclusively in the Congress of the United States, thereby giving new force to the need for Federal action in this matter: Now, therefore, be it Resolved by the Assembly and the Senate of the State of California, jointly. That the President and the Congress of the United States are hereby respectfully urged to enact legislation limiting the number of cars which may be used in any one train; and be it further.

Resolved, That the secretary of state of the State of California is hereby requested to transmit copies of this resolution to the President of the United States, to the President of the Senate and to the Speaker of the House of Representatives, and to each Senator and Member of the House of Representatives from California in the Congress of the United States, and that such Senators and Members from California are hereby respectfully urged to support such legislation. such legislation.

The VICE PRESIDENT also laid before the Senate a resolution adopted by the Council of the City of Columbus, Ohio, favoring the appropriation of sufficient funds to prevent lay-offs in the Works Progress Administration, which was referred to the Committee on Appropriations.

He also laid before the Senate a resolution of the Civil Liberties Committee of Massachusetts, favoring the appropriation of \$100,000 for the use of the so-called Civil Liberties Subcommittee of the Committee on Education and Labor, investigating violations of civil liberties, which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

He also laid before the Senate a resolution adopted by a mass meeting of various organizations of women of St. Louis, Mo., and vicinity, held in the Young Women's Christian Association, favoring the enactment of the so-called Wagner national health bill, which was referred to the Committee on Education and Labor.

He also laid before the Senate a petition of sundry citizens of the State of California, praying for the enactment of the so-called Wagner-Van Nuys-Capper antilynching bill, and also praying for a prompt investigation of recent lynchings by the Federal Bureau of Investigation, which was referred to the Committee on the Judiciary.

He also laid before the Senate a resolution of the twentyfirst annual convention of the Michigan Federation of Post Office Clerks, meeting at St. Joseph, Mich., favoring the prompt enactment of House bill 5479, granting annual and sick leave to substitute employees of the Postal Service. which was referred to the Committee on Post Offices and Post Roads.

Mr. CAPPER presented a petition of sundry citizens of Burlington, Lebo, and Waverly, Kans., praying for the repeal of the Agricultural Adjustment Act of 1938, and opposing any farm program based on the limitation of production and providing for compulsory control, which was referred to the Committee on Agriculture and Forestry.

He also presented a letter in the nature of a petition from members of Sunflower Camp, No. 1163, Royal Neighbors of America, Burrton, Kans., praying for the enactment of legislation to exempt fraternal societies from the tax provisions of the Social Security Act, which was referred to the Committee on Finance.

He also presented a resolution of the Fourth District of the American Legion, at Junction City, Kans., protesting against the enactment of pending legislation to admit refugee children from Germany into the United States, which was referred to the Committee on Immigration.

Mr. HOLT presented a resolution adopted by the City Council, Wellsburg, W. Va., protesting against the construction of a canal from Beaver, Pa., to Lake Erie, which was referred to

the Committee on Commerce.

He also presented a resolution of the International Brotherhood of Pulp, Sulphite, and Paper Mill Workers, Local No. 164, of Parkersburg, W. Va., opposing any changes in the National Labor Relations Act, which was referred to the Committee on Education and Labor.

He also presented a request of the Tree of Life Congregation in Morgantown, W. Va., asking that the State Department register protest to the proper British authorities for the purpose of safeguarding the integrity of the Balfour declaration and the interest of the Jewish National Home, in accordance with the terms of the Palestine mandate, which was referred to the Committee on Foreign Relations.

Mr. PEPPER presented a resolution of the City Commission of Jacksonville, Fla., favoring the prompt appropriation of funds for the Works Progress Administration so as to reemploy workers recently laid off, which was referred to the Committee on Appropriations.

He also presented a resolution of the Florida Citrus Growers, Inc., favoring the appropriation of funds to repay Florida citrus growers for losses suffered by them in the Mediterranean fruitfly operations, which was referred to the Committee on Claims.

Mr. PEPPER also presented the following resolution of the House of Representatives of the State of Florida, which was ordered to lie on the table:

House Resolution 69

Whereas Herman L. Edwards has served as reading clerk in the house of representatives during the 1933, 1935, 1937, and 1939 sessions of the Florida Legislature; and
Whereas his services have been most capable and efficient and

entirely satisfactory to the members of the house of representatives of these four sessions of the legislature, and he is considered by the members of this, the 1939 session of the house of representatives, to have extraordinary ability for a reading clerk's position;

Whereas it is possible and probable that there will soon be a vacancy in the reading clerk's position in either the United States or the United States House of Representatives: Now, there-

fore, be it
Resolved by the House of Representatives of the State of Florida, That the house of representatives hereby respectfully recommends to the Honorable Claude Pepper and Hon Charles O. Andrews, United States Senators from Florida, and the Honorable MILLARD CALDWELL, Hon. Lex Green, Hon. Joe Hendricks, the Honorable J. Hardin Peterson, and the Honorable Pat Cannon, United States Congressmen from Florida, Reading Clerk Herman L. Edwards for consideration by them to appointment as reading clerk in the National Congress when a vacancy occurs; be it further

Resolved, That copy of this resolution be forwarded to the Florida delegation in the National Congress.

NEUTRALITY-LETTER FROM FREDERICK LUTZ

Mr. DAVIS. Mr. President, I ask unanimous consent to have printed in the RECORD and referred to the Committee on Foreign Relations a letter from Frederick Lutz, executive secretary, Philadelphia committee, American League for Peace and Democracy, relative to neutrality legislation.

The VICE PRESIDENT. Is there objection?

There being no objection, the letter was referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, as follows:

> AMERICAN LEAGUE FOR PEACE AND DEMOCRACY, PHILADELPHIA COMMITTEE 1011 Chestnut Street, May 24, 1939.

Washington, D. C.

DEAR SENATOR DAVIS: The Southwark Branch of the Philadelphia

DEAR SENATOR DAVIS: The Southwark Branch of the Philadelphia Chapter of the American League for Peace and Democracy at a mass meeting held on May 11 at Stanton Hall, Fourth and Snyder, attendance 500, passed the following resolution:

"Be it resolved, That we urge our representatives in Washington to assist in shaping the foreign policy of the United States Government in such a way that our Nation shall distinguish between the aggressor and victim nations, shall refuse to aid the aggressor nations, and shall aid the victim nations. We believe the Thomas amendment will help in effecting such a policy, and we therefore urge our representatives to vote favorably on this amendment."

Respectfully submitted Respectfully submitted.

FREDERICK LUTZ. Executive Secretary.

REPORT OF THE COMMITTEE ON APPROPRIATIONS DURING ADJOURNMENT

Under authority of the order of the 1st instant,

Mr. OVERTON, on June 3, 1939, from the Committee on Appropriations, to which was referred the bill (H. R. 5610) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1940, and for other purposes, reported it with amendments and submitted a report (No. 535) thereon.

REPORTS OF COMMITTEE ON THE JUDICIARY

Mr. LOGAN, from the Committee on the Judiciary, to which was referred the bill (S. 1114) to extend the jurisdiction of the United States District Court, Territory of Hawaii, over the Midway Islands, Wake Island, Johnston Island, Sand Island, Kingman Reef, Kure Island, Baker Island, Howland Island, Jarvis Island, Canton Island, Enderbury Island, and for other purposes, reported it with amendments and submitted a report (No. 536) thereon.

Mr. KING, from the Committee on the Judiciary, to which was referred the bill (H. R. 162) to make effective in the District Court for the Territory of Hawaii rules promulgated by the Supreme Court of the United States governing pleading, practice, and procedure in the district courts of the United States, reported it without amendment and submitted a report (No. 537) thereon.

BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BARKLEY:

S. 2539. A bill to amend section 1223 of the Revised Statutes of the United States; to the Committee on Foreign Relations.

By Mr. McNARY:

S. 2540. A bill authorizing the appointment of Stephen C. M. Appleby as a colonel, United States Army; to the Committee on Military Affairs.

By Mr. DAVIS:

S. 2541. A bill granting the consent of Congress to the Dauphin County, Pa., Authority to construct, maintain, and operate a highway bridge across the Susquehanna River at or near the city of Harrisburg, Pa.; to the Committee on Commerce.

By Mr. BILBO:

S. 2542. A bill for the relief of the receiver of the Commercial National Bank of Washington, Washington, D. C.; to the Committee on Claims.

By Mr. NEELY:

S. 2543. A bill to provide benefits for persons who served as members of selective draft boards during the World War; to the Committee on Military Affairs.

S. 2544. A bill authorizing a preliminary examination and survey of the West Fork River and its tributaries, West Virginia, with a view to determining the advisability of constructing a system of multiple-use reservoirs; to the Committee on Commerce.

(Mr. King introduced Senate bill 2545, which was referred to the Committee on Appropriations and appears under a separate heading.)

By Mr. HOLMAN (for himself and Mr. McNary):

S. 2546. A bill to amend the Merchant Marine Act, 1936, as amended, to provide for extending aid to producers of lumber and manufactured timber products; to the Committee on

By Mr. MURRAY:

S. 2547. A bill to impose additional duties upon the United States Public Health Service in connection with the investigation, treatment, and control of tuberculosis; to the Committee on Finance.

By Mr. KING:

S. 2548. A bill to amend an act entitled "An act to provide that all cabs for hire in the District of Columbia be compelled to carry insurance for the protection of passengers, and for other purposes," approved June 29, 1938; to the Committee on the District of Columbia.

(Mr. Wheeler introduced Senate bill 2549, which was referred to the Committee on Agriculture and Forestry, and appears under a separate heading.)

By Mr. HILL:

S. J. Res. 144. Joint resolution to provide for the printing of the speeches and writings of Edmund Burke, as a Senate document; to the Committee on the Library.

By Mr. ANDREWS (for himself and Mr. Longe):

S. J. Res. 145. Joint resolution proposing an amendment to the Constitution of the United States relating to old-age assistance; to the Committee on the Judiciary.

By Mr. LOGAN:

S. J. Res. 146 (by request). Joint resolution to authorize an appropriation to aid in defraying the expenses of the observance of the one hundred and sixty-second anniversary of the adoption of the United States flag, the one hundred and sixty-third anniversary of the Declaration of Independence, and the one hundred and fiftieth anniversary of the Constitution of our Republic, during the National Youth Americanization Week, July 3 to 9, 1939, inclusive, by the youth, officials, and citizens of Washington, nearby Maryland and Virginia, and for other purposes; to the Committee on the Library.

By Mr. WHEELER:

S. J. Res. 147. Joint resolution proposing an amendment to the Constitution of the United States relating to nominations of candidates for President and Vice President; to the Committee on the Judiciary.

ESTABLISHMENT OF CONGRESSIONAL AGENCY ON APPROPRIATIONS Mr. KING. Mr. President, a short time ago when I delivered an address I referred to the fact that I believed there

ought to be created an agency to study appropriations and to aid the Senate in determining whether appropriations submitted by the Bureau of the Budget or by the executive departments were proper. I stated that I was preparing a bill, which I would offer, dealing with that subject. I now introduce such a bill and ask that it may be referred to the Committee on Appropriations, but I desire it to be read for the information of the Senate.

The VICE PRESIDENT. Without objection, the clerk

will read, as requested.

The bill (S. 2545) to establish a Congressional Agency on Appropriations, and for other purposes, was read the first time by its title, the second time at length, and referred to the Committee on Appropriations, as follows:

Be it enacted, etc., That there is hereby established in the legislative branch of the Government an agency of the Congress, to be known as the Congressional Agency on Appropriations (hereinafter referred to as the "Agency"). At the head of the Agency there shall be a director, who shall receive a salary at the rate of \$6,500 a year. The Director shall be appointed, without regard to political affiliations and solely on the ground of fitness to perform the duties of the office, by the President of the Senate and the Speaker of the House of Representatives, jointly; and he may be removed by them for inefficiency, neglect of duty, or malfeasance in office.

SEC. 2. (a) It shall be the duty of the Director to study and investigate the expenditures, and proposed expenditures, of the various agencies of the Government, with a view to recommending to the Congress the reduction or elimination of such expenditures where such reduction or elimination is feasible.

(b) The Director shall present to the Committee on Appropriations of the House of Representatives and the Committee on Appropriations of the Senate, or to subcommittees thereof, and upon propriations of the Senate, or to subcommittees thereof, and upon request shall present to other Members of the Congress, all reasonable grounds for the reduction or elimination of any item of expenditure by an agency of the Government. In any case in which the Director deems any such reduction or elimination of expenditures to be feasible, it shall be his duty to present the arguments for such reduction or elimination without regard to whether he

for such reduction or elimination without regard to whether he deems such reduction or elimination desirable.

(c) The Director, and any of his duly authorized employees, shall have access to any of the offices, records, and other property of any agency of the Government; and it shall be the duty of all officers and employees of any such agency to cooperate with the Director and his employees in order to facilitate the performance of their duties. If the Director, or any of his employees, discloses, except insofar as may be necessary in the performance of his official duties, any information which is obtained from the records of any agency or from any officer or employee thereof, and which is not permitted to be disclosed by the officers or employees of such agency, he shall be subject to a like penalty as if he were an officer or employee of such agency.

to be disclosed by the officers or employees of such agency, he shall be subject to a like penalty as if he were an officer or employee of such agency.

(d) When used in this section, the term "agency" means any executive department, independent establishment or board, independent commission or authority, corporation owned or controlled by the United States, board, bureau, division, service, office, commission, authority, or administration in the executive branch of the Government, and any independent Federal agency exercising quasijudicial or quasi-legislative powers.

Sec. 3. (a) The Director shall, subject to the approval of the President of the Senate and the Speaker of the House of Representatives, employ and fix the compensation of such clerical and other employees, and purchase such office equipment, books, stationery, and other supplies as may be necessary for the proper performance of the duties of the Agency and as may be appropriated for by the Congress. All employees of the Agency shall be selected without regard to political affiliations and solely on the ground of fitness to perform the duties for which they are employed.

(b) The Agency shall have the same privilege of free transmission of official mail matter as the executive departments.

(c) The Director is authorized to delegate to any of the employees of the Agency any of the rights, powers, and duties conferred upon him by this act.

Sec. 4. There are hereby authorized to be appropriated such sums as may be necessary for carrying out the functions of the Agency. The express of the Agency shall be paid from sums appropriated.

SEC. 4. There are hereby authorized to be appropriated such sums as may be necessary for carrying out the functions of the Agency. The expenses of the Agency shall be paid, from sums appropriated therefor, one-half by the Secretary of the Senate and one-half by the Clerk of the House of Representatives, upon vouchers approved by the Director.

ADJUSTMENT OF DEBT STRUCTURE OF THE FARMER

Mr. WHEELER. Mr. President, at the request of the National Farmers Union I am today introducing a bill to adjust Federal farm debts. I request that the bill may be printed in the RECORD and appropriately referred. I also ask unanimous consent to have printed in the RECORD a statement which I have issued in connection with this bill.

The VICE PRESIDENT. Without objection, it is so ordered.

The bill (S. 2549) to enable the Secretary of Agriculture more effectively to assist in the voluntary adjustment of indebtedness between farm debtors and their creditors; to provide for the transfer of certain mortgages and foreclosed farm property from the Federal land banks to the Federal Farm Mortgage Corporation, and the refinancing thereof; and for other purposes, was read twice by its title, referred to the Committee on Agriculture and Forestry, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That this act may be cited as the "Farm Debt Adjustment Act of 1939."

TITLE I. ADJUSTMENT OF PRODUCTION CREDIT LOANS

SECTION 1. (a) The Secretary of Agriculture (hereinafter referred to as the Secretary) is authorized and directed to appoint in each county in which he finds that there is need for debt adjustments under this title, or for repurchase or refinancing proceedings under titles II or III of this act, a County Farm Debt Adjustment Committee (hereinafter referred to as the Committee) composed of three

(b) Each member of the Committee shall be allowed compensation at the rate of not to exceed \$3 per day while engaged in the performance of duties under this act. In addition the members of the Committee shall be allowed such amounts as the Secretary may prescribe for necessary traveling and subsistence expenses.

(c) Two members of the Committee shall constitute a quorum.

The Secretary shall precribe rules governing the procedure of the Committee, furnish forms and equipment necessary for the performance of their duties, and authorize and provide for the compensation of such clerical assistance as he deems may be required by any Committee.

SEC. 2. The Committee shall be authorized to assist in the volun-

tary adjustment of indebtedness between farm debtors and their creditors. Services furnished by the Committee shall be without charge to the debtor or creditor. Except in cases provided for in section 3, such adjustments need not be reviewed or approved by the

tion 3, such adjustments need not be reviewed or approved by the Secretary.

SEC. 3. Whenever the Government is a creditor of any debtor for whom debt-adjustment proceedings may be brought before any Committee by reason of any loan or loans made pursuant to the acts set forth in section 4, and the Committee shall find that an adjustment should be made of the debt of the Government, the Committee shall submit to the Secretary its recommendation as to the basis upon which such debt shall be adjusted. If the Secretary shall approve such recommendation, he shall be authorized to consent to the adjustment of the indebtedness of the Government upon terms and conditions as he shall deem appropriate and necessary to protect the interests of the Government and the rehabilitation of the the interests of the Government and the rehabilitation of the debtor.

the interests of the Government and the rehabilitation of the debtor.

SEC. 4. The provisions of this title shall apply to any loan or loans pursuant to the acts of July 1, 1918 (40 Stat. 635), March 3, 1921 (41 Stat. 1347), March 20, 1922 (42 Stat. 467), April 26, 1924 (43 Stat. 110), February 25, 1927 (44 Stat. 1245), February 28, 1927 (44 Stat. 1251), February 25, 1929 (45 Stat. 1245), February 28, 1927 (44 Stat. 1251), February 25, 1929 (45 Stat. 1306), as amended May 17, 1929 (46 Stat. 3), March 3, 1930 (46 Stat. 78, 79), April 24, 1930 (46 Stat. 254), December 20, 1930 (46 Stat. 1032), February 14, 1931 (46 Stat. 1160), February 23, 1931 (46 Stat. 1276), January 22, 1932 (47 Stat. 15), February 4, 1933 (47 Stat. 795), February 23, 1934 (48 Stat. 354), March 10, 1934 (48 Stat. 402), June 19, 1934 (48 Stat. 1021, 1055), February 20, 1935 (49 Stat. 28), March 21, 1935 (49 Stat. 49, 50), April 8, 1935 (49 Stat. 115), June 22, 1936 (49 Stat. 1608), January 29, 1937 (50 Stat. 5), February 9, 1937 (50 Stat. 10, 11), July 22, 1937 (50 Stat. 522), June 29, 1937 (50 Stat. 352), February 4, 1938 (52 Stat. 26), March 3, 1938 (52 Stat. 83), June 21, 1938 (52 Stat. 809).

SEC. 5. No member of the Committee shall participate in the consideration of any adjustment, repurchase, or refinancing proceedings under this act in which such member or any person related to such member within the third degree of consanguinity or affinity has any property interest, direct or indirect, or in which they or either of them have had such interest within 1 year prior to the date of certification. In the event that any such proceedings are instituted the Secretary shall designate an alternate member of the Committee to serve in the place of such member with respect to such proceedings.

TITLE II—REPURCHASE OF FORECLOSED FARM PROPERTY

TITLE II-REPURCHASE OF FORECLOSED FARM PROPERTY

SEC. 21. (a) Any farmer whose mortgage has been foreclosed and acquired under such foreclosure by any Federal land bank or by the Federal Farm Mortgage Corporation, who deems that he has been aggrieved by the refusal of such bank or Corporation to permit him to repurchase the foreclosed property, shall be entitled to file an application, appealing from such action with the Secretary of Agriculture. Such application shall be filed with the Farm Debt Adjustment Committee of the county in which the farm is control and consequenced by such proceeds. Debt Adjustment Committee of the county in which the farm is located, shall be in such form and accompanied by such records and data covering the farm and its crop yields as the Secretary may prescribe, and shall include a covenant by the applicant that, upon approval of the application, and in consideration of the benefits made available to him pursuant to this title, he will comply with all of the conditions hereinafter set forth.

(b) If the Farm Debt Adjustment Committee finds that the application has been filed in good faith, that the foreclosure of the applicant's mortgage was occasioned by causes beyond his control, and that the applicant, by reason of his character, ability, and experience, is likely successfully to carry out the undertakings

required of him under the provisions of this title, it shall so certify

to the Secretary

SEC. 22. (a) Upon receiving a favorable certification by the Farm Debt Adjustment Committee, in accordance with section 21, the Secretary shall make such further investigations as he deems necessary, and for such purpose may utilize any officers or employees of the Department of Agriculture or the Farm Credit Administration. If, on the basis of such investigations, the Secretary shall find that the foreclosure of the applicant's mortgage was occasioned by causes beyond the applicant's control and that the certification of the beyond the applicant's control and that the certification of the Farm Debt Adjustment Committee with respect to the qualifications of the applicant are justified, and that the foreclosed property has not already been disposed of by the Federal land bank or the Federal Farm Mortgage Corporation, he shall give notice of such finding to the Governor of the Farm Credit Administration and to

finding to the Governor of the Farm Credit Administration and to the applicant.

(b) If the foreclosed property is held by the Federal Farm Mortgage Corporation, the applicant shall be entitled to a lease and purchase contract, in accordance with the provisions of section 23, immediately upon receiving notice of approval from the Secretary. If the foreclosed property is held by a Federal land bank, the Governor of the Farm Credit Administration shall notify such bank of the findings of the Secretary of Agriculture, and the bank shall thereupon convey such property to the Federal Farm such bank of the indings of the Secretary of Agriculture, and the bank shall thereupon convey such property to the Federal Farm Mortgage Corporation in exchange for cash or for bonds issued or held by the Corporation, at a price to be agreed upon by the Governor and the land bank as representing the value of the property. Upon such assignment, the Federal Farm Mortgage Corporation shall enter into a lease and purchase contract with the

poration shall enter into a lease and purchase contract with the applicant pursuant to section 23.

SEC 23. (a) The lease and purchase contract, to be entered into with the approved applicant by the Federal Farm Mortgage Corporation in accordance with the provisions of section 22, shall—

(1) Be for a period of 5 years at a rental agreed upon between the parties thereto, which shall, so far as practicable, be in accordance with the rental arrangements prevailing in the locality. Such

rental may be either on a cash basis or for a share of the crop.

(2) Be in such form and contain such covenants as the Secretary shall prescribe to assure the payment of the agreed rental, to assure that the farm will be maintained in repair, and waste and exhaustion of the farm prevented, and that such proper farm management practices as the Secretary shall prescribe will be carried out.

(3) Provide that the tenant shall pay taxes and assessments on the farm to the proper taxing authorities, and unless otherwise provided by the Secretary, insure and pay for insurance on farm

buildings

(4) Provide that, upon the borrower's assigning, selling, subleasing, or otherwise disposing of the lease, or upon default in the performance of, or upon any failure to comply with, any covenant or condition contained in the lease, or upon involuntary transfer or sale thereof, the Secretary may terminate the lease, in which event the option to purchase contained therein shall forthwith be of no further force and effect.

(b) If the tenant shall comply with all of the terms and conditions of his lease and shall, at least 90 days prior to the expiration thereof, give notice of the exercise of the option to purchase therein contained, the Corporation shall, as of the date of termination of the lease, convey the property to the tenant at a price to be deterthe lease, convey the property to the tenant at a price to be determined by the Secretary on the basis of the productive value of the farm, as revealed during the lease period, so adjusted as to reflect the long-term level of agricultural prices and yields. The tenant shall be entitled to credit on such purchase price for all rental payments made by him in excess of such amount as will compensate the Corporation for interest on the purchase price during the period of the lease at the rate currently prevailing for loans made by the Federal land bank of the district in which the farm is located, and for any expenditures made by the Corporation for current repairs or maintenance; and in determining the productive value of the farm as the basis for such purchase price there shall be excluded any increases in productive value resulting from expenditures by the tenant. The tenant shall deliver to the Corporation a first mortgage or deed of trust to secure the payment of the purchase price so determined. Such mortgage or deed of trust shall:

(1) Provide for the payment of the purchase price within an agreed period of not more than 40 years from the date of the conveyance.

conveyance.

(2) Provide for the payment of interest on the unpaid balance of the purchase price at the rate of interest then prevailing for loans being made by the Federal land bank of the district in which the farm is located.

(3) Provide for the payment of such purchase price, together with interest thereon, in installments in accordance with amorti-

- zation schedules prescribed by the Secretary.

 (4) Be in such form and contain such covenants as the Secretary shall prescribe to secure the payment of the purchase price, together with interest thereon, to protect the security, and to assure that the farm will be maintained in repair, waste, and exhaustion of the farm prevented, and that such proper farm-man-agement practices as the Secretary shall prescribe will be carried
- (5) Provide that the purchaser shall pay taxes and assessments of the farm to the proper taxing authorities, unless otherwise provided for by the Secretary, and insure and pay for insurance on farm buildings.
 (6) Provide that, upon the purchaser's assigning, selling, or otherwise transferring the farm, or any interest therein, without

the consent of the Secretary, or upon default in the performance of, or upon any failure to comply with, any covenant or condition contained in such instruments, or upon involuntary transfer or sale, the Secretary may declare the amount unpaid immediately due and payable, or may rescind the conveyance, in which event any principal payments theretofore made by the purchaser, less the amount of any damages to the mortgaged property occasioned by

amount of any damages to the mortgaged property occasioned by his fault, shall be refunded to the purchaser.

(c) No provision of section 75, as amended, or of chapters XI, XII, and XIII of the act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898 (U. S. C., 1934 ed., title 11, sec. 203; Supp. IV, 1938, title 11, sec. 203, and chs. XI, XII, and XIII), shall in any way affect, apply to, or extend or impair obligations incurred pursuant to this section.

to this section.

TITLE III-REFINANCING OF DELINQUENT MORTGAGES

SEC. 31. (a) Any farmer, indebted to any Federal land bank or the Federal Farm Mortgage Corporation, under the provisions of the Federal Farm Loan Act or the Emergency Farm Mortgage Act of 1933, as amended, against whom foreclosure proceedings have been instituted, or who has been in default on his indebtedness for not less than 3 years prior to the effective date of this act, and who can satisfactorily establish that his default occurred by reason of the mortgage indebtedness being in excess of the productive

son of the mortgage indebtedness being in excess of the productive value of the mortgaged farm, may apply to the Secretary of Agriculture for a refinancing of his mortgage indebtedness, in accordance with the provisions of this title.

(b) The application for mortgage debt refinancing shall be filed with the Farm Debt Adjustment Committee of the county in which the farm is located, shall be in such form and accompanied by such records and data covering the farm and its crop yields as the Secretary may prescribe, and shall include a covenant by the applicant that, upon the approval of the application, and in consideracant that, upon the approval of the application, and in considera-tion of the refinancing benefits made available to him pursuant to this title, he will comply with all of the conditions hereinafter set

forth.

(c) If the Farm Debt Adjustment Committee finds that the appli-(c) If the Farm Debt Adjustment Committee finds that the application has been filed in good faith, and that the default of the applicant was in fact due to the mortgage indebtedness being in excess of the productive value of the mortgaged farm, and that the applicant, by reason of his character, ability, and experience, is likely successfully to carry out the undertakings required of him under the provisions of this title, it shall so certify to the Secretary.

(d) No mortgagor shall be entitled to refinancing under this title unless certification as required by this section has been made by the committee.

(d) No nortgagor shall be entitled to refinancing under this title unless certification as required by this section has been made by the committee.

SEC. 32. (a) Upon receiving a favorable certification from the Farm Debt Adjustment Committee, in accordance with section 31, the Secretary shall make such further investigations as he deems necessary, and for such purpose may utilize any officers or employees of the Department of Agriculture or the Farm Credit Administration. If, after such investigations, the Secretary shall find that the default of the applicant resulted from the mortgage indebtedness being in excess of the productive value of the mortgaged farm, and that the certifications of the Farm Debt Adjustment Committee with respect to the qualifications and good faith of the applicant are justified, he shall give notice of such finding to the Governor of the Farm Credit Administration and to the mortgagor.

(b) In the case of a mortgage debt owing to the Federal Farm Mortgage Corporation, the mortgagor shall become entitled to the refinancing benefits of this title immediately upon receiving notice from the Secretary of the approval of his application. In the case of a mortgage debt owing to any Federal land bank, the mortgagor shall be entitled to such refinancing benefits upon the assignment of his mortgage by the Federal land bank to the Federal Farm Mortgage Corporation.

of his mortgage by the Federal land bank to the Federal Farm Mortgage Corporation. The Governor of the Farm Credit Administration, upon being notified of the finding of the Secretary that a mortgage debt owing to a Federal land bank is entitled to refinancing, shall give notice of such finding to the bank, which shall thereupon withdraw the mortgage from the farm-loan registrar of its district and assign the mortgage to the Federal Farm Mortgage Corporation for administration and refinancing. Such mortgage shall be assigned to the Federal Farm Mortgage Corporation in exchange for cash or bonds issued or held by the Coporation, at a price to be agreed upon by the Governor and the land bank as representing the value of the mortgaged property.

SEC. 33. Upon becoming entitled to refinancing of his mortgage, pursuant to the provisions of section 32, the mortgagor shall forthwith convey to the Federal Farm Mortgage Corporation full title with convey to the Federal Farm Mortgage Corporation full tittle to the mortgaged property. Such conveyance shall constitute a waiver by the mortgagor of all rights of redemption under the mortgage and a release and satisfaction by the Federal Farm Mortgage Corporation of the mortgage debt. Upon receiving such conveyance, the Federal Farm Mortgage Corporation shall enter into a lease and purchase contract with the mortgagor pusuant to section 34.

to section 34.

SEC. 34. (a) The lease and purchase contract, to be entered into with the approved applicant by the Federal Farm Mortgage Corporation in accordance with the provisions of section 33, shall:

(1) Be for a period of 5 years at a rental agreed upon between the parties thereto, which shall, so far as practicable, be in accordance with the rental arrangements prevailing in the locality. Such rental may be either on a cash basis or for a share of the crop.

(2) Be in such form and contain such covenants as the Secretary shall prescribe to assure the payment of the agreed rental, to assure that the farm will be maintained in repair and waste and exhaus-

tion of the farm prevented, and that such proper farm-management

practices as the Secretary shall prescribe will be carried out.

(3) Provide that the tenant shall pay taxes and assessments on the farm to the proper taxing authorities and, unless otherwise provided for by the Secretary, insure and pay for insurance on farm buildings.

(4) Provide that, upon the borrower's assigning, selling, subleasing, or otherwise disposing of the lease, or upon default in the performance of or upon any failure to comply with any covenant or condition contained in the lease, or upon involuntary transfer or sale thereof, the Secretary may terminate the lease, in which event the option to purchase contained therein shall forthwith be of no further force and effect.

(b) If the tenant shall comply with all of the terms and conditions of his lease and shall, at least 90 days prior to the expiration thereof, give notice of the exercise of the option to purchase therein contained, the Corporation shall, as of the date of termination of the lease, convey the property to the tenant at a price to be determined. mined by the Secretary on the basis of the productive value of the farm, as revealed during the lease period, so adjusted as to reflect the long-term level of agricultural prices and yields. The tenant shall be entitled to credit on such purchase price for all rental payments made by him in excess of such amount as will compensate the Corporation for interest on the purchase price during the period of the lease at the rate currently prevailing for loans made by the Federal land bank of the district in which the farm is located, and recerai land bank of the district in which the farm is located, and for any expenditures made by the Corporation or the land bank for current repairs or maintenance; and, in determining the productive value of the farm as the basis for such purchase price, there shall be excluded any increases in productive value resulting from expenditures by the tenant. The tenant shall deliver to the Corporation a first mortgage or deed of trust to secure the payment of the purchase price so determined. Such mortgage or deed of trust shall—

(1) Provide for the payment of the purchase price within an agreed period of not more than 40 years from the date of the conveyance.

(2) Provide for the payment of interest on the unpaid balance of the purchase price at the rate of interest then prevailing for loans being made by the Federal land bank of the district in which the farm is located.

(3) Provide for the payment of such purchase price, together

with interest thereon, in installments in accordance with amortization schedules prescribed by the Secretary.

(4) Be in such form and contain such covenants as the Secretary (4) Be in such form and contain such covenants as the Secretary shall prescribe to secure the payment of the purchase price, together with interest thereon, to protect the security, and to assure that the farm will be maintained in repair, waste and exhaustion of the farm prevented, and that such proper farm management practices as the Secretary shall prescribe will be carried out.

(5) Provide that the purchaser shall pay taxes and assessments of the farm to the proper taxing authorities, and, unless otherwise provided for by the Secretary, insure and pay for insurance on farm buildings.

farm buildings.

(6) Provide that, upon the purchaser's assigning, selling, or otherwise transferring the farm, or any interest therein, without the consent of the Secretary, or upon default in the performance of, or upon any failure to comply with, any covenant or condition contained in such instruments, or upon involuntary transfer or sale, the Secretary may declare the amount unpaid immediately due and the Secretary may declare the amount unpaid immediately due and payable, or may rescind the conveyance, in which even any principal

payable, or may rescind the conveyance, in which even any principal payments theretofore made by the purchaser, less the amount of any damages to the mortgaged property occasioned by his fault, shall be refunded to the purchaser.

(c) No provision of section 75, as amended, or of chapters XI, XII, and XIII of the act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898 (U. S. C., 1934 ed., title 11, sec. 203; Supp. IV, 1938, title 11, sec. 203, and chs. XI, XII, and XIII), shall in any way affect, apply to, or extend or impair obligations incurred pursuant to this section.

TITLE IV-GENERAL PROVISIONS

SEC. 41. There is hereby authorized to be appropriated for the fiscal year ending June 30, 1940, and for each fiscal year thereafter, such sums as may be necessary to carry out the purposes of this act. SEC. 42. (a) The Secretary may provide for the payment of any obligation or indebtedness under titles II or III of this act under a system of variable payments under which a surplus above the required payment will be collected in periods of above-normal production or prices and employed to reduce payments below the required payment in periods of subnormal production or prices. (b) If the Secretary finds that any farm, otherwise eligible for repurchase or refinancing under the provisions of title II or title III, is not of a size sufficient to constitute an efficient farm-management unit and to enable a diligent farm family to carry on success-

ment unit and to enable a diligent farm family to carry on succes ment unit and to enable a diligent farm family to carry on successful farming of a type which the Secretary deems can be successfully carried on in the locality in which the farm is situated, he shall be authorized, on behalf of the Federal Farm Mortgage Corporation, to purchase such additional land as is required to make the farm an efficient farm-management unit, and to include such additional land in the lease and purchase contract entered into pursuant to section 23 of title II and section 34 of title III of this act.

SEC. 43. Whoever makes any material representation, knowing it to be false, for the purpose of influencing in any way the action of any Farm Debt Adjustment Committee or any officer or employee

of the Department of Agriculture or the Farm Credit Administra-tion, upon any application, lease, contract of purchase, or any change or extension of any of the same, shall be punished by a fine of not more than \$5,000 or by imprisonment for not more than 2 years, or both.

years, or both.

SEC. 44. No Federal officers, attorney, or employee shall, directly or indirectly, be the beneficiary of or receive any fee, commission, gift, or other consideration for or in connection with any transaction or business under this act other than such salary, fee, or other compensation as he may receive as such officer, attorney, or employee. No member of a county committee established under section 1 shall knowingly make or join in any certification prohibited by section 5. Any person violating any provision of this section shall, upon conviction thereof, be punished by a fine of not more than \$1,000 or imprisonment for not more than 1 year, or both.

The statement presented by Mr. Wheeler is as follows:

This bill is designed to meet a pressing problem, namely, keeping deserving farmers upon the farm.

While there are many grave problems that face this Nation, both nationally and internationally, none go to the very root of our economic troubles more than that of adjusting the debt structure economic troubles more than that of adjusting the debt structure—and particularly the debt structure of the farmer, who, because of the long-continued low price of agricultural products, cannot meet his fixed obligations, and as a result thereof are losing their farms. Regardless of whatever may be said, the farmer is the backbone of this country. It is he that produces the foodstuffs and clothing. It is his purchasing power that makes it possible to open up the shop and the factory and put men to work.

If he is forced to leave the farm and forced into the city, he adds to the unemployed and to the relief load.

The bill provides that in the event of Federal land-bank fore-closure, the Federal Farm Mortgage Corporation would pay the Federal land bank. When this is done the farmer will be given 5 years during which he will occupy his farm without fear of eviction and under a landlord-tenant relationship. During the 5 years the economy of the particular farm would be studied and then, based on this information, there would be a reappraisement by a county committee, whose findings and conclusions would be subject to review and change by the Secretary of Agriculture.

The bill likewise provides a means to scale down the farmers' production loans to a point within his ability to pay them.

I shall seek early consideration of this legislation and will press

for its enactment during this Congress.

REDUCTION OF GOVERNMENTAL EXPENDITURES

Mr. KING. Mr. President, a few days ago I introduced Senate Joint Resolution 135, to reduce expenditures of the Government. I asked that it lie upon the table in order that I might consult with the appropriate committees before asking its reference. I have done so, and I now ask that the joint resolution be referred to the Committee on Appropriations. I sincerely hope they will take cognizance of the joint resolution and reduce the expenditures of the Government by appropriate recommendations.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the joint resolution will be referred to the Committee on Appropriations.

HOUSE BILLS REFERRED DURING ADJOURNMENT

The following bills were referred to the Committee on Naval Affairs:

H.R. 6044. An act to regulate the number of warrant and commissioned warrant officers in the Marine Corps; and

H. R. 6065. An act to authorize major overhauls for certain naval vessels, and for other purposes.

AMENDMENT TO RIVER AND HARBOR AUTHORIZATION BILL—ALAMO-GORDO DAM AND RESERVOIR, PECOS RIVER, N. MEX.

Mr. HATCH (for himself and Mr. Chavez) submitted an amendment intended to be proposed by them to the bill (H. R. 6264) authorizing the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes, which was referred to the Committee on Commerce and ordered to be printed.

PROHIBITION OF PURCHASE OF MATERIALS NOT OF DOMESTIC ORIGIN-AMENDMENTS

Mr. BONE submitted amendments intended to be proposed by him to the bill (S. 1720) prohibiting the use of funds, granted or lent by the United States, for the purchase of materials which are not of domestic origin, and for other purposes, which were referred to the Committee on Interstate Commerce and ordered to be printed.

LAWS AND TREATIES RELATING TO INDIAN AFFAIRS

Mr. THOMAS of Oklahoma submitted the following resolution (S. Res. 141), which was referred to the Committee on Printing:

Resolved, That the manuscript of the laws, agreements, Executive orders, proclamations, etc., relating to Indian Affairs, prepared under Senate Resolution No. 60, Seventy-fifth Congress, first session, to be known as Laws and Treaties Relating to Indian Affairs, volume 5, be printed as a Senate document and that 50 additional copies of each be printed for the use of the Indian Office and Indian agencies, 30 additional copies of each for the use of the Senate Committee on Indian Affairs, 30 additional copies of each for the use of the House Committee on Indian Affairs, and 30 additional copies of each for use of the compilers.

LAWS AND TREATIES RELATING TO THE FIVE CIVILIZED TRIBES

Mr. THOMAS of Oklahoma submitted the following resolution (S. Res. 142), which was referred to the Committee on Printing:

Resolved, That the manuscript of the laws, agreements, Executive orders, proclamations, etc., relating to the Five Civilized Tribes, Oklahoma, passed and proclaimed from 1890 to 1938, inclusive, to be known as Laws Relating to the Five Civilized Tribes in Oklahoma, 1890 to 1938, prepared under Senate Resolution No. 60, Seventy-fifth Congress, first session, be printed as a Senate document and that 50 additional copies of each be printed for the use of the Indian Office and Indian agencies, 30 additional copies of each for the use of the Senate Committee on Indian Affairs, 30 additional copies of each for use of the House Committee on Indian Affairs, and 30 additional copies of each for use of the compilers.

BISHOPS' PROGRAM OF SOCIAL RECONSTRUCTION (S. DOC. NO. 79)

Mr. LA FOLLETTE. Mr. President, 20 years ago there was issued a declaration of the administrative committee of the National Catholic War Council, signed by four bishops of the Catholic Church, which ultimately came to be known as the Bishops' Program of Social Reconstruction. It has been reissued with an introduction by the Most Reverend Edward Mooney, archbishop of Detroit and chairman of the administrative board of the National Catholic Welfare Conference. The remarkable thing about this statement, Mr. President, is that, although it was looked upon by many conservatives as a radical document at the time of its issuance, all but one of the objectives enunciated in the program have been wholly or partially enacted into law.

I ask unanimous consent that the statement may be

printed as a Senate document.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

SOME ASPECTS OF THE RELIEF SITUATION (S. DOC. NO. 80)

Mr. DAVIS. Mr. President, the American Association of Social Workers has recently issued a report on some aspects of the relief situation in representative areas in the United States that deserves and will repay widespread reading. I believe there will be quite a general desire that it be made available for study, and, therefore, I am asking unanimous consent that it be printed as a Senate document.

The VICE PRESIDENT. Without objection, it is so ordered.

SENATOR LEE'S ORATION AT FUNERAL OF WILL ROGERS

[Mr. Lee asked and obtained leave to have printed in the Record the oration delivered by him at Claremore, Okla., on August 22, 1935, at the funeral of Will Rogers, which appears in the Appendix.]

DRAFTING WEALTH IN TIME OF WAR-ADDRESS BY SENATOR GURNEY

[Mr. Austin asked and obtained leave to have printed in the Record a radio address on the so-called Lee bill for drafting wealth in time of war, delivered by Senator Gurney on Sunday, June 4, 1939, which appears in the Appendix.]

COMMITTEE ON FOREIGN POLICY—ADDRESS BY REPRESENTATIVE CORBETT, OF PENNSYLVANIA

[Mr. Davis asked and obtained leave to have printed in the Record a radio address delivered by Representative Corbett, of Pennsylvania, relative to a proposal advanced by him for the creation of a joint congressional commission to advise and consult with the President on all important matters of foreign policy, which appears in the Appendix.]

CIVIL LIBERTIES IN THE CITIES—ADDRESS BY THE ATTORNEY GENERAL

[Mr. La Follette asked and obtained leave to have printed in the Record an address on the subject Civil Liberties and the Cities, delivered by Hon. Frank Murphy, Attorney General of the United States, before the joint meeting of the United States Conference of Mayors and the National Institute of Municipal Law Officers, in New York City on May 15, 1939, which appears in the Appendix.]

WATER POWER IN NEBRASKA-ARTICLE BY V. T. BOUGHTON

[Mr. Norris asked and obtained leave to have printed in the Record two articles by V. T. Boughton on the subject of water power in Nebraska, published in the Engineering News-Record, which appears in the Appendix.]

PROGRAM OF ADOLPH A. BERLE—EDITORIAL FROM MILWAUKEE JOURNAL

[Mr. WILEY asked and obtained leave to have printed in the Record an editorial entitled "Berle Outlines a Revolution," published in the Milwaukee Journal, which appears in the Appendix.]

SETTLEMENT OF AMERICAN NEGROES IN AFRICA

[Mr. Bileo asked and obtained leave to have printed in the Record an editorial from the Record-Bulletin, of Prosser, Wash., of the issue of May 18, 1939, entitled "The Only Answer," which appears in the Appendix.]

THIRD PRESIDENTIAL TERM-ADDRESS BY JAY FRANKLIN

[Mr. Guffey asked and obtained leave to have printed in the RECORD a radio address delivered by Jay Franklin on May 31, 1939, on the subject of a third Presidential term, which appears in the Appendix.]

ACQUISITION OF STRATEGIC AND CRITICAL MATERIALS—CONFERENCE REPORT

Mr. THOMAS of Utah. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of the conference report on Senate bill 572.

The VICE PRESIDENT. Is there objection?

There being no objection, the Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 572) to provide for the common defense by acquiring stocks of strategic and critical materials essential to the needs of industry for the manufacture of supplies for the armed forces and the civilian population in time of a national emergency, and to encourage, as far as possible, the further development of strategic and critical materials within the United States for common defense.

The VICE PRESIDENT. The report was read on Thursday. The question is on agreeing to the report.

Mr. AUSTIN. Mr. President, the Senator from Connecticut [Mr. Danaher] is interested in this report. I have sent for him. There has been no quorum call today, and I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Donahey	Johnson, Calif.	Reed
Andrews	Downey	Johnson, Colo.	Reynolds
Ashurst	Ellender	King	Russell
Austin	Frazier	La Follette	Schwellenbach
Bailey	George	Lee	Sheppard
Bankhead	Gerry	Lodge	Slattery
Barkley	Gibson	Logan	Smathers
Bilbo	Gillette	Lundeen	Stewart
Bone	Green	McCarran	Thomas, Okla,
Borah	Guffey	McKellar	Thomas, Utah
Bulow	Gurney	McNary	Tobey
Byrnes	Hale	Maloney	Townsend
Capper	Harrison	Murray	Truman
Caraway	Hatch	Neely	Van Nuvs
Chavez	Havden	Norris	Wagner
Clark, Idaho	Herring	Nye	Walsh
Clark, Mo.	Hill	O'Mahoney	Wheeler
Connally	Holman	Overton	White
Danaher	Holt	Pepper	Wiley
Davis	Hughes	Pittman	

Mr. LEE. I announce that the Senator from Virginia [Mr. GLASS] is detained from the Senate because of illness.

The Senator from Arkansas [Mr. MILLER], the Senator from New York [Mr. MEAD], and the Senator from South Carolina [Mr. Smith] are absent because of illness in their

The Senator from Michigan [Mr. Brown], the Senator from Nebraska [Mr. Burke], the Senator from Virginia [Mr. BYRD], the Senator from Illinois [Mr. Lucas], the Senator from Indiana [Mr. MINTON], the Senators from Maryland [Mr. RADCLIFFE and Mr. Typings], and the Senator from Wyoming [Mr. Schwartz] are detained on important public business.

Mr. AUSTIN. The Senator from New Hampshire [Mr. Bridges] is absent because of an operation.

The VICE PRESIDENT. Seventy-nine Senators have answered to their names. A quorum is present. The question is on agreeing to the conference report.

Mr. DANAHER. Mr. President, I object to the conference report and wish to be heard on it. May I inquire whether the Senator from Utah has explained the report? Has an explanation of it been offered?

Mr. THOMAS of Utah. Mr. President, an explanation of the conference report appears on page 6503 of the Congres-SIONAL RECORD. There was some discussion on Thursday in regard to the conference report, and a request was made that it be allowed to go over until today.

Mr. DANAHER. I thank the Senator. I had the opportunity of reading, and did read, the RECORD on that point. I understand that the conferees have restored the sum of \$100,000,000 by way of authorization.

Mr. THOMAS of Utah. That is correct.

Mr. DANAHER. The Senate passed the bill with an authorization of \$40,000,000.

Mr. THOMAS of Utah. That is correct.

Mr. DANAHER. Has there come to the Senator's notice an article which appeared in the Washington Post of Sunday, June 4, charging in terms not only that the President did not sponsor this particular measure but, in addition, that it was being pushed by and was a bill representing American manganese interests, which were seeking subsidies by way of use of Government funds to develop mines in this country?

Mr. THOMAS of Utah. Mr. President, I read that article yesterday, and I was interested in some of the deductions made.

The writer of the article was, of course, unfamiliar with the 3 years' hearings which have been going on in regard to the bill. He evidently knew nothing about the governmental reports on the bill. He has merely a superficial knowledge about the purposes of the bill. He evidently has no knowledge at all about the dual way in which the bill will operate.

So far as the President is concerned, of course our committee received no communication from the President of the United States with regard to the bill; but it received communications from every one of the executive departments interested in the bill. So far as the bill is concerned, it is not, as the Senator has suggested, in any sense a bill brought into existence to accomplish any purpose except a really patriotic one.

Mr. DANAHER. The Senator has stated that the writer. of the article was misinformed in certain particulars. Will the Senator state whether or not the plan to encourage the further development of mines and certain mineral deposits in this country, under the assumed intention of acquiring stocks of strategic materials, is in fact representative of the demands of the mining interests?

Mr. THOMAS of Utah. Of course no one knows what are the demands of the mining interests, but, coming as I do from a mining State, and not having been able in the course of 3 years, to arouse any interest in this bill, so far as my mining constituents are concerned, I believe I can say with all truthfulness that there was no mining lobby in connection with it.

As the Senator knows, several bills have been introduced in the Congress for the purpose of bringing about the use of one particular strategic metal, namely, manganese. There may be some justification for the statement that persons interested in manganese might be concerned in the enactment of the pending bill and in the development of their industry, which may be sponsored under the proposed law. But, as the Senator knows, if the United States can produce its own manganese, it will bring about something extremely advantageous to the industrial, the strategic, and the military welfare of our country, and anxiety on the part of anyone who imagines that any group has been able to accomplish something different than would have been accomplished under the ordinary processes of government is certainly not well founded.

Mr. DANAHER. I thank the Senator. I move that the conference report be rejected, and that the conferees be instructed to adhere to the bill as it passed the Senate, which called for an appropriation of \$40,000,000. I wish to be heard briefly in support of the motion.

Mr. LA FOLLETTE. A point of order, Mr. President.

The VICE PRESIDENT. Let the Chair state the parliamentary situation for the benefit of the Senator from Connecticut. The parliamentary situation with reference to the report is that if the Senate does not like the report the Senate can vote it down. The motion the Senator makes is not in order at the present moment. Whether the Senate wants to adopt the report or reject it, the question is on agreeing to the conference report.

Mr. DANAHER. Pursuant to the statement of the Vice President with reference to the parliamentary situation, I shall address myself merely to the motion of the Senator in charge of the bill, that the report be accepted. I ask that it be rejected.

Mr. President, at the time the bill was before the Senate there was discussion on the floor in reference to the language which appears in the first section of the bill, which would authorize an appropriation to encourage the further development of mines and deposits of certain materials in the United States. So far as the announced purpose of the bill is concerned, that it is to provide for acquiring stocks of strategic and critical materials essential to our national needs, no one can quarrel with that, I am sure. Pursuant to that announcement, the Senator from South Carolina [Mr. BYRNES] moved that the authorization be limited to \$40,-000,000. The Senate at that time approved the amendment offered from the floor by the Senator from South Carolina.

We now find that, with that language in the bill, a group of authorities in the War and Navy Departments apparently is to be given carte blanche to undertake to encourage the further development of mines by the use of Government subsidies, and with that thought in mind the House of Representatives, passing the authorization of \$100,000,000 in the first place, finds itself at odds with us, or we find ourselves at odds with them.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. DANAHER. I yield.

Mr. CONNALLY. Did the Senator say that the conference report contains matter which is in neither bill?

Mr. DANAHER. I understand that the conference report contains matter which was in each bill, the bill from the House and the bill from the Senate.

Mr. CONNALLY. In both bills.
Mr. DANAHER. In both bills. When we are undertaking in this fashion to accept a bill which has been brought in by the conferees in contravention of the vote we previously took, I believe we are asked to authorize the expenditure of Government money for uses not contemplated in the announced purpose of the bill. I believe that the conference report should be rejected.

The VICE PRESIDENT. The question is on agreeing to the conference report.

The conference report was agreed to.

ORDER TO DISPENSE WITH CALL OF THE CALENDAR

The VICE PRESIDENT. The consideration of measures on the calendar under rule VIII is now in order.

Mr. BARKLEY. I ask unanimous consent that the calling of the calendar be dispensed with.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

DISTRICT OF COLUMBIA APPROPRIATIONS

Mr. OVERTON. Mr. President, I move that the Senate proceed to the consideration of House bill 5610, the District of Columbia appropriation bill.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 5610) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1940, and for other purposes, which had been reported from the Committee on Appropriations with amendments.

Mr. OVERTON. Mr. President, I ask that the formal reading of the bill be dispensed with, that the bill be read for amendment, and that committee amendments be first considered.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. OVERTON. Mr. President, I wish to make a short statement in respect to the bill. As passed by the House, the bill contained a total appropriation of \$46,915,207. To that amount there has been added by the Senate \$2,257,778, the amount of the bill as reported to the Senate being \$49,172,985.

The amount of the regular and supplemental estimates for 1940 was \$48,015,860. The amount of the appropriations for 1939 was \$48,266,052.

The bill as reported to the Senate exceeds the estimates for 1940 by \$1,157,125. It exceeds the appropriation for 1939 by \$806.933.

The total appropriation in the bill as passed by the House is under the appropriation made for 1939 by \$1,450,875.

Mr. President, the principal increases relate to the few items I will present to the Senate in a general way. One of the first items to which I desire to call the attention of the Senate is an increase for the department of inspections, the sum of \$37,820. The principal item in this increase relates to the electrical inspection division, for which an increase is made in the sum of \$30,140. The committee found that the electrical inspections in the District had been very sadly neglected, it appearing that the division is about 50 percent behind, and there will be required not only the addition of a few permanent employees but some temporary employees also will be needed for a period of 3 years in order that the inspections may be made current.

The House of Representatives provided that the public playgrounds should be merged under the Board of Education; in other words, that the Board of Education should have complete jurisdiction not only of the community centers and the public-school playgrounds, but also of the public playgrounds of the District. The Senate committee considered that that was inadvisable and, therefore, retained the jurisdiction of the public playgrounds in the public playgrounds department, and the appropriations recommended therefor correspond with the appropriations made in the 1939 appropriation bill.

In reference to schools, the total increase is \$1,049,697. One of the principal items is the provision for additional teachers for the Banneker Junior High School and the Phelps Vocational School, amounting to \$43,380. The Banneker Junior High School is about to be completed. It will be finished by the 1st of September, in time to open classes in that high-school building when the schools resume sessions in the fall. The House failed to provide for any teaching staff for that high school, and, therefore, it was necessary for us to make provision in order that there might be a proper staff of teachers for the Banneker High School.

The committee added \$25,000 to the appropriation for fuel, gas, electric light, and power for the schools, the House providing an appropriation of \$300,000. That was the amount of the appropriation made last year, but it had to be supplemented in a deficiency appropriation, and the Senate felt that, rather than have the school children run the hazard of not having the school buildings properly warmed during the winter period and properly lighted, it would be best to add

the \$25,000 which the record indicates would be the proper amount.

The Senate committee also struck out a provision contained in the House bill to the effect that the appropriation should be so proportioned and distributed over the next fiscal year, and so administered, that the total amount to be utilized during the fiscal year would not exceed the appropriation of \$300,000 made by the House. The committee felt that considerable difficulties would be encountered were we to charge the school authorities with such an approtionment of that appropriation.

The committee made an investigation of the school buildings in the District. It found that there are quite a number of them, something over 40, according to my recollection, which are over 40 years of age. They are obsolete and archaic, and wholly unfit for the purposes of instruction and education.

The committee came to the conclusion that now was the proper time to begin a program of reconstruction of these old school buildings. The Congress several years ago provided for a program of reconstruction of these school buildings but nothing has been done about it up to the present time. The Senate committee came to the conclusion that the proper thing to do was to provide a program of replacement and of consolidation, and not to authorize any construction unless both of those factors were included. Therefore, it made provision for the construction of the Ketchum School eight-room addition, which will not only take care of the needs of the present Ketchum School but will also replace the Van Buren School and the Van Buren Annex. It also provided for three 24-room buildings and one 16-room building to replace existing schools and to consolidate three schools in one.

The House inserted a provision in the bill in reference to the Fire Department to the effect that any vacancies occurring during the next fiscal year should not be filled. The Senate committee came to the conclusion that that was not a wise provision, because if it became the law then if the chief of the Fire Department should resign, or should die, or for any reason be unable to fill the office, there would be no chief of the Fire Department. If an epidemic were to occur, or if for any cause there should be a large number of removals from the personnel of the Fire Department, the places could not be filled, and the Fire Department force would be seriously crippled.

The Senate committee, after careful consideration, increased the appropriation for general relief in the sum of \$600,000, providing that not to exceed \$300,000 should be used for unemployed employables. The record shows that there are approximately 9,000 unemployed employables in the District of Columbia—people who have been certified for W. P. A. rolls but are unable to get upon the rolls on account of inadequate appropriations for that purpose. Only a negligible sum has been used to provide for any of the unemployed employables in the District of Columbia. Therefore, the Senate committee came to the conclusion that we should make a modest appropriation with respect to that class of unfortunates and to provide that not to exceed \$300,000 should be devoted to that purpose.

The items I have mentioned represent the main items of increase made by the Senate Appropriations Committee.

I ask that the committee amendments be now acted upon by the Senate.

The PRESIDING OFFICER (Mr. La Follette in the chair). The committee amendments will be stated in order. The first amendment of the Committee on Appropriations was, on page 2, line 4, after the word "addition", to strike out "\$5,000,000" and insert "\$7,750,000", so as to read:

Be it enacted, etc., That in order to defray the expenses of the District of Columbia for the fiscal year ending June 30, 1940, any revenue (not including the proportionate share of the United States in any revenue arising as the result of the expenditure of appropriations made for the fiscal year 1924 and prior fiscal years) now required by law to be credited to the District of Columbia and the United States in the same proportion that each contributed to the activity or source from whence such revenue was

derived shall be credited wholly to the District of Columbia, and, in addition, \$7,750,000 is appropriated, out of any money in the Treasury not otherwise appropriated, to be advanced July 1, 1939, and all of the remainder out of the combined revenues of the District of Columbia, namely.

The amendment was agreed to.

The next amendment was, under the heading "General expenses", page 3, line 20, after the word "services", to strike out "\$56,600" and insert "\$56,960", so as to read:

Purchasing division: For personal services, \$56,960.

The amendment was agreed to.

The next amendment was, on page 3, at the beginning of line 23, to strike out "\$240,240" and insert "\$278,060", so as

Department of inspections: For personal services, \$278,060, including two members of plumbing board at \$150 each and two members, board of examiners, steam engineers, at \$150 each, the inspector of boilers to serve without additional compensation.

The amendment was agreed to.

The next amendment was, under the heading "Care of the District buildings", on page 4, line 13, after the word "hour", to strike out "\$134,240" and insert "\$135,140", so as to read:

For personal services, including temporary labor, and service of cleaners as necessary at not to exceed 48 cents per hour, \$135.140: Provided, That no other appropriation made in this act shall be available for the employment of additional assistant engineers or watchmen for the care of the District buildings.

The amendment was agreed to.

The next amendment was, under the heading "Assessor's office", on page 4, after line 20, to insert:

For office equipment, supplies, and labor-saving office devices, to be immediately available, \$28,640.

The amendment was agreed to.

The next amendment was, under the heading "Collector's office", on page 5, line 4, after the word "services", to strike out "\$55,740" and insert "\$57,360", so as to read:

For personal services, \$57,360, of which \$2,600 shall be immediately available.

The amendment was agreed to.

The next amendment was, under the heading "Auditor's office", on page 5, line 7, after the word "services", to strike out "\$157,800" and insert "\$158,400", so as to read:

AUDITOR'S OFFICE

For personal services, \$158,400, of which not exceeding \$500 shall be immediately available; and the compensation of the present incumbent of the position of disbursing officer of the District of Columbia shall be exclusive of his compensation as United States property and disbursing officer for the National Guard of the District of Columbia.

The amendment was agreed to.

The next amendment was, under the heading "Municipal architect's office", on page 1, line 20, after the numerals "\$2,000,000", to insert "and appropriations specifically made in this act for the preparation of plans and specifications shall be deducted from any allowances authorized under this paragraph", so as to read:

All apportionments of appropriations for the use of the municipal architect in payment of personal services employed on construction work provided for by said appropriations shall be based on an amount not exceeding 3 percent of a total of not more than \$2,000,000 of appropriations made for such construction projects and not exceeding 234 percent of a total of the appropriations in excess of \$2,000,000, and appropriations specifically made in this act for the preparation of plans and specifications shall be deducted from any allowances authorized under this paragraph.

The amendment was agreed to.

The next amendment was, under the heading "Public Utilities Commission", on page 8, at the beginning of line 6, to strike out "\$1,200" and insert "\$1,500", so as to read:

For incidental and all other general necessary expenses authorized by law, including the purchase of newspapers, \$1,500.

The amendment was agreed to.

The next amendment was, under the heading "Zoning Commission", on page 9, line 3, after the numerals "1938", to strike out "\$10,760" and insert "\$12,200", so as to read:

For salaries and expenses necessary for the administration of the act entitled "An act providing for the zoning of the District of

Columbia and the regulation of the location, height, bulk, and uses of buildings and other structures and of the uses of land in the District of Columbia, and for other purposes", approved June 20, 1938,

The amendment was agreed to.

The next amendment was, on page 9, at the beginning of line 8, to strike out "\$22,320" and insert "\$22,820"; and in line 9, after the word "of", to strike out "\$3,000" and insert "\$3,200", so as to read:

Commission on Mental Health, District of Columbia: For compensation of members of the Commission on Mental Health of the District of Columbia, and other personal services, including payment of witness fees and mileage, \$22,820: Provided, That the salary of the executive secretary shall be at the rate of \$3,200 per

The amendment was agreed to.

The next amendment was, under the heading "Recorder of deeds" on page 10, line 20, after the word "services", to strike out "\$112,280" and insert "\$112,920", so as to read:

For personal services, \$112,920.

The amendment was agreed to.

The next amendment was, on page 14, after line 2, to strike out:

For the use of the Senate and House Committees on the District of Columbia, acting jointly or separately as the chairmen of the two committees may decide, to pay for technical counsel and for bill drafting, statistical, and other assistance in connection with bill drafting, statistical, and other assistance in connection with legislation for the revision of the organization of the District of Columbia and for extra services performed in the making of sundry investigations and examinations and the drafting of proposals for the revision of the organization of the District of Columbia, to be expended without reference to the Classification Act of 1923, as amended, and the provisions of section 3709 of the of 1923, as amended, and the provisions of section 3709 of the Revised Statutes of the United States (41 U. S. C. 5), \$12,500, to be immediately available.

The amendment was agreed to.

The next amendment was, under the heading "Central garage", on page 14, line 19, after the word "services", to strike out "\$62,320" and insert "\$62,560"; at the beginning of line 20, to strike out "purchase (including exchange) of passenger-carrying automobiles, \$12,000; and for purchase (including exchange) of three passenger-carrying automobiles for the executive office, \$5,400; and"; on line 24, after the words "in all", strike out "\$80,620" and insert "\$63,460"; and on page 15, line 3, after the word "automobile", to strike out "\$10,296" and insert "\$10,824", so as to read:

For maintenance, care, repair, and operation of passenger-carrying automobiles owned by the District of Columbia, including personal services, \$62,560; for purchase of one passenger-carrying automobile for the auditor's office, \$900; in all, \$63,460.

For allowances for furnishing privately owned motor vehicles in the performance of official duties at a rate of not to exceed \$264 per year for each automobile, \$10,824: Provided, That allowances under this appropriation shall be made only to persons whose duties require full-time field service.

The amendment was agreed to.

The next amendment was, under the heading "Free Public Library", on page 19, line 4, after the numerals "\$20,000", to insert "Provided, That not to exceed 50 percent of this appropriation shall be expended for materials and work to be performed at the reformatory at Lorton, Va.", so as to read:

For binding, including necessary personal services, \$20.000: Provided, That not to exceed 50 percent of this appropriation shall be expended for materials and work to be performed at the reformatory at Lorton, Va.

Mr. McCARRAN. Mr. President, I understand the Senate is now considering the committee amendments.

The PRESIDING OFFICER. That is correct. Unanimous consent was obtained for that purpose.

Mr. McCARRAN. If the amendment under consideration is adopted at this time, would it require unanimous consent hereafter to attack it?

The PRESIDING OFFICER. It would.

Mr. McCARRAN. I ask that the amendment for the time being be passed over.

Mr. OVERTON. Mr. President, a parliamentary inquiry. The PRESIDING OFFICER. The Senator will state it.

Mr. OVERTON. My attention was diverted for the moment. May I ask what amendment is being considered?

The PRESIDING OFFICER. The amendment will be restated for the information of the Senate.

The CHIEF CLERK. On page 19, line 4, after "\$200,000", it is proposed to insert a colon and the following:

Provided, That not to exceed 50 percent of this appropriation shall be expended for materials and work to be performed at the reformatory at Lorton, Va.

Mr. McCARRAN. I respectfully suggest to the Senator having the bill in charge that this amendment go over until all the other amendments have been acted upon, because I propose to oppose it.

Mr. OVERTON. I have no objection.

The PRESIDING OFFICER. Without objection, the amendment on page 19, line 4, will be passed over.

The clerk will state the next committee amendment.

The next amendment was, under the heading "Sewers", on page 19, line 22, after the word "services", to strike out "\$181,260" and insert "including one chief engineering inspector at \$2,600 per annum, to be appointed without reference to civil-service requirements, \$183,860", so as to read:

For personal services, including one chief engineering inspector at \$2,600 per annum, to be appointed without reference to civil-service requirements, \$183,860.

The amendment was agreed to.

The next amendment was, on page 20, line 15, after the word "exceed", to strike out "\$15,512" and insert "\$16,710", so as

For construction of sewers and receiving basins, including the maintenance of non-passenger-carrying motor vehicles used in this work, and the replacement of one motortruck at not to exceed \$975 and two hydraulic diggers mounted on tractors at not to exceed \$2,500 each; and including not to exceed \$16,710 for the construction of a shop building at the sewer division yard, \$275,000.

The amendment was agreed to.

The next amendment was, under the heading "Collection and disposal of refuse", on page 21, line 23, after the word "expenses", to strike out "\$433,130" and insert "\$442,000", so as to read:

For dust prevention, sweeping and cleaning streets, avenues, alleys, and suburban streets, under the immediate direction of the Commissioners, including services and purchase and maintenance of equipment, rent of storage rooms; maintenance and repair of garages; maintenance and repair of non-passenger-carrying motor-propelled vehicles necessary in cleaning streets, purchase and exchange of motor-propelled street-cleaning equipment, not to exceed \$29,400, and necessary incidental expenses, \$442,000.

The amendment was agreed to.

The next amendment was, on page 22, line 6, after the word "expenses", to strike out "896,000" and insert "\$904,500", so

To enable the Commissioners to carry out the provisions of existing law governing the collection and disposal of garbage, dead animals, night soil, and miscellaneous refuse and ashes in the District of Columbia, including inspection; fencing of public and private property designated by the Commissioners as public dumps; including not to exceed \$47,000 for the purchase and exchange of non-passenger-carrying motor vehicles; and incidental expenses, \$905,500: Provided, That this appropriation shall not be available for collecting ashes or miscellaneous refuse from hotels and places of business or from apartment houses of four or more apartments. of business or from apartment houses of four or more apartments in which the landlord furnishes heat to tenants.

The amendment was agreed to.

The next amendment was, on page 22, after line 10, to insert:

PUBLIC PLAYGROUNDS

personal services, \$133,260: Provided, That employments hereunder, except directors who shall be employed for 12 months, shall be distributed as to duration in accordance with correspond-

snail be distributed as to duration in accordance with corresponding employments provided for in the District of Columbia Appropriation Act for the fiscal year 1924.

For general maintenance, including labor, repairs, and improvements, equipment, supplies, medals, trophies, awards, and incidental and contingent expenses of playgrounds, \$40,800.

For temporary services, including superintendence, supplies, repairs, maintenance, and expenses necessary in the operation of swimming or bathing pools, \$11,300.

For improvement of various municipal playgrounds and recreation centers, including erection of shelter houses, \$25,000, of which

not exceeding \$1,000 shall be immediately available for the preparation of architectural and landscaping plans.

The amendment was agreed to.

The next amendment was, under the heading "Public schools", on page 25, line 2, after the word "superintendents", to strike out "\$687,100" and insert "\$697,783", so as to

PUBLIC SCHOOLS

For personal services of administrative and supervisory officers in accordance with the act fixing and regulating the salaries of teachers, school officers, and other employees of the Board of Education of the District of Columbia, approved June 4, 1924 (43 Stat. 367–375), including salaries of presidents of teachers colleges in the salary schedule for first assistant superintendents, \$697,783.

The amendment was agreed to.

The next amendment was, on page 25, line 3, after the word "employees", to strike out "\$186,500" and insert "\$192,-400", so as to read:

For personal services of clerks and other employees, \$192,400.

The amendment was agreed to.

The next amendment was, on page 25, line 18, after the word "west", to strike out "\$7,170,140" and insert "\$7,237,920", and in line 24, after the word "further", to strike out "That the average of the salaries paid librarians in the public schools shall not exceed the average of the salaries paid employees performing the same grade of work in the free public library" and insert "That the Board of Education is hereby authorized to appoint a teacher, class 2-A, for instruction in automobile driving at the Abbott Vocational School at a beginning salary of \$2,000", so as to read:

For personal services of teachers and librarians in accordance with the act approved June 4, 1924 (43 Stat. 367-375), including for teachers colleges assistant professors in salary class 11, and professors in salary class 12, and including \$12,200 for health and physical education teachers to supervise play in schools of the central area bounded by North Capitol Street on the east, Florida Avenue on the north, the Mall on the south, and Twelfth Street on the west, \$7,237,920: Provided, That teaching vacancies that occur during the fiscal year 1940 wherever found may be filled by the assignment of teachers of special subjects and teachers not now assigned to classroom instruction, and such teachers are hereby made eligible for such assignment without further examination: Provided further, That the Board of Education is hereby authorized to appoint a teacher, class 2-A, for instruction in automobile driving at the Abbott Vocational School at a beginning salary of \$2,000.

The amendment was agreed to.

The next amendment was, under the heading "Night schools", on page 26, line 18, after the word "instruction", to strike out "and teachers and janitors of night schools may also be teachers and janitors of day schools, "\$102,180" and insert "\$104,664", so as to read:

For teachers and janitors of night schools, including teachers of industrial, commercial, and trade instruction, \$104,664.

The amendment was agreed to.

The next amendment was, on page 26, line 24, after the word "instruction", to strike out "\$3,000" and insert "\$4,000", so as to read:

For contingent and other necessary expenses, including equipment and purchase of all necessary articles and supplies for classes in industrial, commercial, and trade instruction, \$4,000.

The amendment was agreed to.

The next amendment was, under the heading "Community Center Department", on page 27, line 23, after the word "activities", to strike out "directors, supervisors, and other playground personnel, at rates of pay to be fixed by the Board of Education without reference to the Classification Act of 1923, as amended", and on page 28, line 3, after the word "fixtures", to strike out "\$255,320" and insert "\$102,000", so as to read:

For personal services of the director, general secretaries, and community secretaries in accordance with the act approved June 4, 1924 (43 Stat. 369, 370); clerks and part-time employees, including janitors on account of meetings of parent-teacher associations and other activities, and contingent expenses, equipment, supplies, and lighting fixtures, \$102,000.

The amendment was agreed to.

The next amendment was, on page 28, line 10, after "\$25,000", to insert "to be immediately available", so as to

For the maintenance and contingent expenses of keeping open during the summer months the public-school playgrounds; for special and temporary services, directors, assistants, and janitor service during the summer vacation, and, in the larger yards, daily after school hours during the school term, \$25,000, to be immediately

The amendment was agreed to.

The next amendment was, on page 28, line 13, after "\$7,000", insert "Provided, That such playgrounds shall be kept open for play purposes in accordance with the schedule maintained for playgrounds under the jurisdiction of the playground department," so as to read:

For the purchase, installation, and maintenance of equipment for schoolyards for the purpose of play of pupils, \$7,000: Provided, That such playgrounds shall be kept open for play purposes in ac-cordance with the schedule maintained for playgrounds under the jurisdiction of the playground department.

The amendment was agreed to.

The next amendment was, under the heading "Care of buildings and grounds", on page 28, line 20, after the word "building", to strike out "\$968,725" and insert "\$970,875", so as to read:

For personal services, including care of portable buildings at a rate not to exceed \$96 per annum for the care of each building, \$970,875.

The amendment was agreed to.

The next amendment was, under the heading "Miscellaneous", on page 28, line 23, after the word "pupils", to strike out "\$7,500" and insert "\$7,750", so as to read:

For the maintenance of schools for tubercular and crippled pupils, \$7,750.

The amendment was agreed to.

The next amendment was, on page 29, line 1, after the word "pupils", to strike out "\$20,000" and insert "\$23,200", so as to read:

For transportation for pupils attending schools for tubercular pupils, sight-conservation pupils, and crippled pupils, \$23,200: Provided, That expenditures for streetcar and bus fares from this fund shall not be subject to the general limitations on the use of streetcar and bus fares covered by this act.

The amendment was agreed to.

The next amendment was, on page 29, line 8, after the word "therewith", to strike out "\$70,000" and insert \$70,400", so as

For purchase and repair of furniture, tools, machinery, material, and books, and apparatus to be used in connection with instruction in manual and vocational training, and incidental expenses connected therewith, \$70,400, to be immediately available.

The amendment was agreed to.

The next amendment was, on page 29, line 10, after the word "power", to strike out "\$300,000: Provided, That this appropriation shall be so apportioned and distributed over the fiscal year ending June 30, 1940, and shall be so administered, during such fiscal year, as to constitute the total amount that will be utilized during such fiscal year for such purposes" and insert "\$325,000", so as to read:

For fuel, gas, and electric light and power, \$325,000.

The amendment was agreed to.

The next amendment was, on page 30, line 7, after the word "School", to strike out "\$2,000" and insert "\$2,076"; in line 8, after the word "School", to strike out "\$3,500" and insert "\$3,824"; and in line 9, after the word "School", to strike out "\$3,500; in all, \$9,000" and insert "\$9,300; in all, \$15,200", so as to read:

For the purchase of furniture and equipment to replace worn-out furniture and equipment at Central High School, \$2,076; McKinley High School, \$3,824; and Armstrong High School, \$9,300; in all, \$15,200.

The amendment was agreed to.

The next amendment was, on page 30, line 16, after "\$87", to insert "Provided, That the new school building built to replace the Lenox Vocational School shall, when occupied, be known as the John A. Chamberlain Vocational School", so as to read:

For completely furnishing and equipping buildings and additions to buildings, as follows: Eastern High School; Deal Junior High School; Anacostia Junior-Senior High School Stadium; Banneker Junior High School; Noyes School, second floor; Rudolph School; Woodrow Wilson Stadium; \$87,000: Provided, That the new school building built to replace the Lenox Vocational School shall, when occupied, be known as the John A. Chamberlain Vocational School.

The amendment was agreed to.

The next amendment was, on page 30, line 22, after the word "services", to strike out "\$190,000" and insert "\$200,-000", so as to read:

For textbooks and other educational books and supplies as authorized by the act of January 31, 1930 (46 Stat. 62), including not to exceed \$7,000 for personal services, \$200,000, to be immediately

The amendment was agreed to.

The next amendment was, on page 31, line 6, after the word "same", to strike out "\$16,975" and insert "\$17,875", so as to read:

For purchase of apparatus, fixtures, specimens, technical books, and for extending the equipment and for the maintenance of laboratories of the department of physics, chemistry, biology, and general science in the several high and junior high schools, vocational schools, and teachers' colleges, and for the installation of the same, \$17,875, to be immediately available.

The amendment was agreed to.

The next amendment was, on page 31, line 18, after the word "facilities", to strike out "and not to exceed \$35,000 for the replacement of ceilings, \$460,000" and insert "\$510,000", and in line 25, after the word "Columbia", to insert "Provided further, That this appropriation shall be available for performing work of repairs and improvements to other municipal buildings, subject to reimbursement covering the cost of such work", so as to read:

For repairs and improvements to school buildings and grounds, including maintenance of motortrucks, and not to exceed \$975 for the replacement of one 1½-ton truck, not to exceed \$40,000 for replacement of boilers, not to exceed \$12,000 for replacement of the heating plant at the Gage School, not to exceed \$3,000 for replacement of insanitary drinking fountains, not to exceed \$7,000 for replacement of insanitary toilet facilities, \$510,000, of which amount \$100,000 shall be immediately available: Provided, That work performed for repairs and improvements under appropriations contained in this act shall be by contract or otherwise, as may be determined by the Commissioners to be most advantageous to the District of Columbia: Provided further, That this appropriation shall be available for performing work of repairs and improvements to other municipal buildings, subject to reimbursement covering to other municipal buildings, subject to reimbursement covering the cost of such work.

The amendment was agreed to.

The next amendment was, on page 32, after line 3, to strike

For improvement of various municipal playgrounds and recreations centers, including erection of shelter houses, \$25,000, of which not exceeding \$1,000 shall be immediately available for the preparation of architectural and landscaping plans.

The amendment was agreed to.

The next amendment was, under the heading "Buildings and grounds", on page 34, line 14, after the word "Northwest", to strike out "\$450,000" and insert "\$525,000, and the limit of cost of said building is increased to \$1,425,000", so as to read:

For completing the construction of a new senior high school on a site already owned by the District of Columbia at Fifth and Sheridan Streets NW.. \$525,000, and the limit of cost of said building is increased to \$1,425,000.

The amendment was agreed to.

The next amendment was, on page 35, after line 2, to insert:

For the construction of an eight-room addition to the Ketcham School, including assembly hall-gymnasium, and the necessary remodeling of the present building, to replace the Van Buren School and the Van Buren Annex, \$229,000.

The amendment was agreed to.

The next amendment was, on page 35, after line 6, to strike out "For the preparation of plans and specifications, including employment of personal services by contract or otherwise, for a new building in which to house the Abbott Vocational School, to be located as determined by the Commissioners, on land owned by the District of Columbia and designated as parcel 84/196, \$20,000" and insert "For the preparation of plans and specifications, including employment of personal services by contract or otherwise, for a new building in which to house the Abbott Vocational School, to be located as determined by the Commissioners of the District of Columbia and the National Capital Park and Planning Commission in Brentwood Park, \$20,000."

The amendment was agreed to.

The next amendment was, on page 35, after line 18, to insert:

For the preparation of plans and specifications, including employment of personal services by contract or otherwise, for a new building in which to house the Wilson Teachers College, to be located as determined by the Commissioners, on land owned by the District of Columbia and designated as parcel 84/196, \$30,000.

The amendment was agreed to.

The next amendment was, at the top of page 36, to insert:

For the preparation of plans and specifications for a 24-room building, including assembly hall-gymnasium, to replace the Peabody, Hilton, and Carbery Schools, \$9,400.

The amendment was agreed to.

The next amendment was, on page 36, after line 4, to insert:

For the preparation of plans and specifications for a 24-room building, including assembly hall-gymnasium, to replace the Cranch, Tyler, and Van Ness Schools, \$9,400.

The amendment was agreed to.

The next amendment was, on page 36, after line 8, to insert:

For the preparation of plans and specifications for a 24-room building, including assembly hall-gymnasium, to replace the Corcoran, Grant, and Weightman buildings, \$9,400.

The amendment was agreed to.

The next amendment was, on page 36, after line 12, to insert:

For the preparation of plans and specifications for a 16-room building, including assembly hall-gymnasium, to replace the Twining and Morse Schools, \$7,350.

The amendment was agreed to.

The next amendment was, on page 36, line 19, after the words "In all", to strike out "\$1,339,000" and insert "\$1,-708,550", so as to read:

In all, \$1,708,550, to be immediately available and to be disbursed and accounted for as "Buildings and ground, public schools", and for that purpose shall constitute one fund and remain available until expended: *Provided*, That no part of this appropriation shall be used for or on account of any school building not herein specified.

The amendment was agreed to.

The next amendment was, on page 37, after line 12, to insert:

For the purchase of a site for elementary school purposes in the vicinity of Eleventh and G Streets SE. for the replacement of the Cranch, Tyler, and Van Ness Schools.

The amendment was agreed to.

The next amendment was, on page 37, after line 16, to insert:

For the purchase of a site for elementary school purposes in the vicinity of New Jersey Avenue and P Street NW. for the replacement of the Morse and Twining Schools.

The amendment was agreed to.

The next amendment was, on page 37, after line 19, to insert:

For the purchase of additional land at the Peabody School to provide sufficient land for the construction of a 24-room extensible building and for physical education purposes, to replace the Peabody, Hilton, and Carbery Schools.

The amendment was agreed to.

The next amendment was, at the top of page 38, to insert:

For the purchase of a site in the vicinity of Washington Circle for the construction of a 24-room elementary school building to replace the Corcoran, Grant, and Weightman Schools.

The amendment was agreed to.

The next amendment was, on page 38, line 5, after the words "In all", to strike out "\$205,000" and insert "\$695,000, to be disbursed and accounted for as 'Purchase of school buildings and playground sites, public schools', and for that purpose shall constitute one fund and remain available until expended: *Provided*, That no part of this appropriation shall be used for or on account of any site not herein specified", so as to read:

In all, \$695,000, to be disbursed and accounted for as "Purchase of school buildings and playground sites, public schools", and for that purpose shall constitute one fund and remain available until expended: *Provided*, That no part of this appropriation shall be used for or on account of any site not herein specified.

The amendment was agreed to.

The next amendment was, under the heading "Metropolitan Police", subhead "Salaries", on page 40, line 11, after the word "sergeant", to strike out "\$2,943,945" and insert "\$2,984,320", so as to read:

For the pay and allowances of officers and members of the Metropolitan Police force, in accordance with the act entitled "An act to fix the salaries of the Metropolitan Police force, the United States Park Police force, and the Fire Department of the District of Columbia" (43 Stat. 174–175), as amended by the act of July 1, 1930 (46 Stat. 839–841), including one captain, who shall be property clerk, and the present acting sergeant in charge of police automobiles, who shall have the rank and pay of a sergeant, \$2,934,320.

The amendment was agreed to.

The next amendment was, under the heading "Miscellaneous", on page 42, line 9, after the word "another", to strike out "\$47,600" and insert "\$49,475", so as to read:

Uniforms: For furnishing uniforms and other official equipment prescribed by department regulations as necessary and requisite in the performance of duty to officers and members of the Metropolitan Police, including cleaning, alteration, and repair of articles transferred from one individual to another, \$49,475.

The amendment was agreed to.

The next amendment was, under the heading "Fire Department", subhead "Salaries", on page 43, line 4, after "(46 Stat. 839-841)", to strike out "\$2,150,000" and insert "\$2,206,-000", and in line 5, after the word "Provided", to strike out "that vacancies occurring under this appropriation shall not be filled; and the Commissioners, in submitting their estimates for the fiscal year ending June 30, 1941, shall provide for the reduction in the number of existing fire department stations and a reduction in the number of fire department personnel" and insert "that the Commissioners of the District of Columbia are hereby directed to cause a survey to be made for the purpose of determining what consolidations of present fire department stations can be effected and as a result thereof what, if any, economies may be made in the cost of operating the Fire Department and what additional amount would be needed for new construction, a report of such survey to be made and submitted to Congress by January 1, 1940", so as to read:

For the pay of officers and members of the Fire Department, in accordance with the act entitled "An act to fix the salaries of officers and members of the Metropolitan Police force, the United States Park Police force, and the fire department of the District of Columbia" (43 Stat. 175), as amended by the act of July 1, 1930 (46 Stat. 839-841), \$2,206,000: Provided, That the Commissioners of the District of Columbia are hereby directed to cause a survey to be made for the purpose of determining what consolidations of present Fire Department stations can be effected and as a result thereof what, if any, economies may be made in the cost of operating the Fire Department, and what additional amount would be needed for new construction, a report of such survey to be made and submitted to Congress by January 1, 1940.

The amendment was agreed to.

The next amendment was, under the heading "Miscellaneous", on page 44, line 3, after the word "another", to strike out "\$21,500" and insert "\$22,000", so as to read:

Uniforms: For furnishing uniforms and other official equipment prescribed by department regulations as necessary and requisite in the performance of duty to officers and members of the Fire Department, including cleaning, alteration, and repair of articles transferred from one individual to another, \$22,000.

The amendment was agreed to.

The next amendment was, on page 44, line 9, after the word "tools", to strike out "\$35,000" and insert "\$40,000", so as to read:

For repairs to apparatus, motor vehicles, and other motor-driven apparatus, fireboat, and for new apparatus, new motor vehicles, new appliances, employment of mechanics, helpers, and laborers in the Fire Department repair shop, and for the purchase of necessary supplies, materials, equipment, and tools, \$40,000: Provided, That the Commissioners are authorized, in their discretion, to build or construct, in whole or in part, fire-fighting apparatus in the Fire Department repair shop.

The amendment was agreed to.

The next amendment was, on page 44, line 14, after the word "fuel", to strike out "\$20,000" and insert "\$23,500", so as to read:

For fuel, \$23,500.

The amendment was agreed to.

The next amendment was, on page 44, line 19, after the word "clinic", to strike out "\$22,500" and insert "\$23,250", so as to read:

For contingent expenses, furniture, fixtures, oil, blacksmithing, gas and electric lighting, flags and halyards, medals of award, and other necessary items, including \$750 for the purchase of an electrocardiograph machine for the police and fire clinic, \$23,250.

The amendment was agreed to.

The next amendment was, under the heading "Health Department", on page 45, line 2, after the word "services", to insert "including the salary of the health officer at not to exceed \$7,500 per annum and the salary of the assistant health officer at not to exceed \$6,500 per annum, and", so as to read:

Salaries: For personal services, including the salary of the health officer at not to exceed \$7,500 per annum and the salary of the assistant health officer at not to exceed \$6,500 per annum, and, etc.

Mr. LA FOLLETTE. Mr. President, I should like to ask the chairman of the subcommittee, in charge of the bill, what reasons, if any, the subcommittee or the full committee which adopted the amendment had for cutting the salary of the public health officer of the District of Columbia.

Mr. OVERTON. In answer to the inquiry of the Senator from Wisconsin, I will state that the facts in connection with this amendment are that the amendment was not considered in the subcomittee. The amendment had been proposed by the senior Senator from Virginia [Mr. Glass], proposing that the salary of the health officer be reduced by \$1,000, and that the salary of his assistant be reduced by \$1,000. Unfortunately, the senior Senator from Virginia was not present at the time the subcommittee marked up the bill, and we concluded to wait until he should appear before the full committee. When the full committee met the senior Senator from Virginia was still unable to be present. The amendment was proposed, and a majority of the full committee agreed to the amendment.

I will say to the Senator from Wisconsin that back of the amendment is, first, the statement that the predecessor of the present health officer received a salary of \$7,500. I have not been able to check upon the salary which had been previously paid, and, therefore, I do not know that that statement is correct; but the senior Senator from Virginia advises me that the present health officer is being paid more than his predecessor.

As the Senator from Wisconsin knows, under the administration of the present health officer there was considerable trouble with reference to Gallinger Hospital. Happily, all that trouble has been ended by an agreement which was entered into between the Commissioners and the health officer and the two universities. Under the new agreement matters are proceeding very nicely at Gallinger Hospital, and there is no more friction; but as a result of all this the suggestion was made that the salary be reduced.

In addition, let me say to the Senator that the senior Senator from Virginia also offered an amendment, which probably will be reoffered upon the floor in perhaps another form, that in addition to a reduction of the salary of the health officer and his assistant there should be a reduction

in the salaries of the resident full-time physicians at Gallinger Hospital. The Senator probably will recall that at the last session Congress concluded to provide in the District of Columbia appropriation bill for five full-time resident physicians at salaries of \$5,600 each. The senior Senator from Virginia has made a rather thorough investigation, and has come to the conclusion that the salaries paid resident physicians in comparable hospitals are in the neighborhood of \$2,600 per annum; and therefore he has made the suggestion that either immediately, or at sometime during the coming fiscal year, the salaries of the full-time resident physicians also should be reduced. That matter was brought to the attention of the full committee, but no action was taken upon the amendment.

I have given the Senator from Wisconsin my understanding of the whole situation.

Mr. LA FOLLETTE. Mr. President, I thank the Senator for his explanation.

I wish to say at the outset that it has never been my privilege to serve on the Appropriations Committee or on the District of Columbia subcommittee, and so my knowledge of these matters is not as full as it should be. However, without attempting in any way to pass judgment upon the controversy which arose between the head of the Health Department in the District of Columbia and the deans of the medical schools, it seems to me this is a strange way to resolve any such controversy. If Dr. Ruhland—and I do not admit ithas been guilty of some error of judgment, or if he has been engaged in any sort of reprehensible conduct, the way to thresh out the matter would be to take proper proceedings for his removal. However, it seems to me to be entirely erroneous and ill-judged procedure for an appropriations committee of the Senate, upon the statement of any one Member, no matter how distinguished, that he felt some disciplinary action should be taken to follow such a course. It denies the person who is affected an opportunity to thresh out the issues which are involved in the situation. Furthermore, Mr. President, it is a well-known fact that Congress, which must bear a large share of the responsibility for the management and operation of this large community, can take no pride in the health statistics of the District of Columbia

Mr. OVERTON. Mr. President, will the Senator yield? The PRESIDING OFFICER (Mr. Johnson of Colorado in the chair). Does the Senator from Wisconsin yield to the Senator from Louisiana?

Mr. LA FOLLETTE. I yield.

Mr. OVERTON. The Senator states that no action should be taken toward the reduction of the salary of the health officer without giving him an opportunity to be heard upon the issue involved. In justice to the senior Senator from Virginia, I wish to say that the senior Senator from Virginia appeared before the subcommittee at the time Dr. Ruhland, the present health officer, appeared, and he interrogated Dr. Ruhland at length with reference to the controversy which had arisen between the two universities and the full-time resident physicians and Dr. Ruhland. Therefore, Dr. Ruhland had an opportunity to make a statement in reference thereto. Also, the senior Senator from Virginia called Dr. Ruhland's attention to a written statement which Dr. Ruhland had made which perhaps showed an unethical attitude on the part of the health officer toward the visiting staff of physicians. I mention that to show that Dr. Ruhland was given an opportunity to be heard on that issue.

Mr. LA FOLLETTE. Mr. President, be that as it may, the fact remains that the subcommittee which heard the testimony was not sufficiently impressed to initiate on its own motion the disciplinary action which has been taken by the full committee with regard to Dr. Ruhland and his assistant.

As I have already stated, I am not prepared, because I have not had an opportunity to read the testimony, to pass judgment on this controversy; but I think that the Senate itself should not confirm the procedure proposed by the committee of taking disciplinary action against an officer by reducing his salary and at the same time permit him to remain in

office, because some members of the Appropriations Committee did not approve of what the officer has done in a certain matter.

Gallinger Hospital, Mr. President, has been a starved institution. I venture the assertion that there is not a city of comparable size to Washington in the United States whose municipal hospital has such meager facilities and receives as little money; and yet here in the District of Columbia, which, in my opinion—and it has always been my view—should be a model community, the step which is taken in this case is, first, to reduce the salary of a public-health officer and his assistant; and, secondly, to reduce the salaries of doctors who are on duty in Gallinger Hospital. I protest such action, and I trust that the committee amendment will be rejected.

Mr. McKELLAR. Mr. President, I do not know anything about the controversy in connection with Gallinger Hospital, and I have not read the testimony; but on request of the Senator from Virginia [Mr. Glass], chairman of the committee, the language which appears in the committee amendment was inserted. The Senator from Virginia is ill and was not able to be present when the committee met and reported the bill. He will be on the conference committee, and, it seems to me, the amendment might well be taken to conference, where the matter can be threshed out.

In this connection I have been asked by the Senator from Virginia to offer an amendment on page 49—and I shall offer it later—concerning the other physicians at Gallinger Hospital. I think there would be no harm done by the Senate adopting the amendment now pending and also the amendment that I shall offer a little later, at the request of the Senator from Virginia, and let them go to conference, where all the testimony and all the facts will be available, and let the conferees work out the matter in conference.

I do not think the amendment reflects seriously on anybody. We have sometimes raised our own salaries; I do not recall that we ever reduced them; but there can be no reason why salaries may not be reduced. I think we owe it to the chairman of the committee, who has taken an active part in the matter and is familiar with all the facts, to adopt the amendment and let it go to conference.

Mr. LA FOLLETTE. Mr. President, a final word. There is no claim here, as I understand it, that this action was taken primarily on the basis of economy. This action was taken after the subcommittee had fully heard the testimony and taken no action as the result of that testimony. Then the bill went before the full committee, and the distinguished chairman of the full committee offered this amendment, and it was inserted in the bill. Everyone knows that if it goes to conference the action there will be a star-chamber proceeding, and Dr. Ruhland will have no opportunity to be present.

Mr. McKELLAR. Mr. President, will the Senator yield? Mr. LA FOLLETTE. I yield.

Mr. McKELLAR. Dr. Ruhland, as I understand, has already appeared, and his testimony will be before the conferees for the conferees to pass upon it. I do not think a conference is a "star-chamber proceeding"; it is never conducted in that way. The testimony of Dr. Ruhland will be before the conferees.

Mr. LA FOLLETTE. The proceedings of conference committees of which the Senator has been a member may have been different from those of conference committees of which the Senator from Wisconsin has been a member.

Mr. McKELLAR. I will not be a member of the conference committee in this case.

Mr. LA FOLLETTE. But we know that in relation to all the other items in the bill this one will be of minor consideration, and whatever the conference committee agrees upon will be brought back to the Senate, where it must be voted up or down without amendment.

Mr. President, if Dr. Ruhland is guilty of any act for which he should be condemned, if he has made any serious mistakes, it seems to me that this is not the way in which to try the case. I sincerely hope, I reiterate, that the Senate will reject this amendment. Mr. McKELLAR. Mr. President, I hope the Senate will uphold the amendment and let it go to conference, where it may be worked out.

The PRESIDING OFFICER. The question is on agreeing to the amendment reported by the committee on page 45, beginning line 2. [Putting the question.] By the sound the ayes appear to have it.

Mr. LA FOLLETTE. I ask for a division.

Mr. HUGHES. Mr. President, I have not heard the amendment read. I do not understand what it is.

Mr. LA FOLLETTE. I suggest the absence of a quorum. The PRESIDING OFFICER. The clerk will call the roll. The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Donahey	Johnson, Calif.	Reed
Andrews	Downey	Johnson, Colo.	Reynolds
Ashurst	Ellender	King	Russell
Austin	Frazier	La Follette	Schwellenbach
Bailey	George	Lee	Sheppard
Bankhead	Gerry	Lodge	Slattery
Barkley	Gibson	Logan	Smathers .
Bilbo	Gillette	Lundeen	Stewart
Bone	Green	McCarran	Thomas, Okla,
Borah	Guffey	McKellar	Thomas, Utah
Bulow	Gurney	McNary	Tobey
Byrnes	Hale	Maloney	Townsend
Capper	Harrison	Murray	Truman
Caraway	Hatch	Neely	Van Nuvs
Chavez	Hayden	Norris	Wagner
Clark, Idaho	Herring	Nye	Walsh
Clark, Mo.	Hill	O'Mahoney	Wheeler
Connally	Holman	Overton	White
Danaher	Holt	Pepper	Wiley
Davis	Hughes	Pittman	100000000000000000000000000000000000000

The PRESIDING OFFICER. Seventy-nine Senators have answered to the roll call. There is a quorum present.

Mr. LA FOLLETTE. Mr. President, for the benefit of Senators who came in as a result of the quorum call, I should like briefly to repeat what I have already said concerning this amendment. It is a committee amendment to be found on page 45 of the bill, and proposes to cut the salaries of the health officers and his assistant \$1,000 each per annum.

The amendment grows out of a controversy which took place between Dr. Ruhland and two of the medical schools in the District of Columbia with regard to Gallinger Hospital. At the outset I stated that I have had no opportunity to read the testimony. I have had no opportunity to study the controversy, or to come to any conclusions about it. However, it was stated by the genial chairman of the subcommittee, in charge of the bill, that this matter was heard by the subcommittee, that the subcommittee took no action upon it, and that only when the matter reached the full committee was this amendment proposed and adopted by the full committee.

Mr. President, it is not claimed that this is a move in the direction of economy. It is frankly admitted that the amendment is proposed as a means of disiplinary action against the present health officer of the District of Columbia and his assistant. In all justice, I do not believe this is the appropriate way in which to discipline any person. Either Dr. Ruhland is competent to hold his position or he is not. If he is not competent, he should be removed. If he is competent, he should not be disciplined for some discretionary action which did not meet the approval of members of the Committee on Appropriations of the United States Senate.

The Senator from Louisiana has further frankly admitted that the Gallinger Hospital controversy has now been settled to the satisfaction of all the parties concerned, including the deans of the two local medical schools, Dr. Ruhland, and every other person who was a party to the controversy. The matter having been settled, nevertheless it is still proposed that Dr. Ruhland shall be disciplined by having his salary cut \$1,000 per year, and that the salary of his assistant shall be cut the same amount. In all fairness, I do not think the Senate should approve such action in the premises.

Mr. OVERTON. Mr. President, in the absence of the senior Senator from Virginia [Mr. Glass], I wish to reiterate the position he has taken in reference to this matter.

First, it is his contention that Dr. Ruhland is receiving a salary in excess of the salary of his predecessor. Therefore,

the logical deduction from that statement is that, in the opinion of the senior Senator from Virginia, Dr. Ruhland is receiving a salary in excess of the salary which his office

should properly command.

I stated that the reason why the subcommittee took no action on the amendment proposed by the senior Senator from Virginia was that he was absent at the time we were marking up the bill. We expected that he would be present at the full committee meeting, and that he could then present the whole subject to the full committee; but, as I have said, unfortunately he could not be present at the full committee meeting.

The Senator from Wisconsin takes the position that this amendment is intended as the imposition of a penalty upon Dr. Ruhland. I do not know that it is exactly susceptible of

that construction.

Mr. LA FOLLETTE. Mr. President, will the Senator yield? Mr. OVERTON. I shall be very glad to yield to the Senator from Wisconsin.

Mr. LA FOLLETTE. The Senator from Louisiana, in his very frank and complete statement in response to my first inquiry as to the justification for the amendment and my request that he should state what it grew out of, listed primarily the controversy at Gallinger Hospital as the reason for the amendment.

Mr. OVERTON. That is correct.

Mr. LA FOLLETTE. On what other theory, then, can the amendment be justified excepting that it is a post facto disciplinary action? I cannot understand what else could be behind it.

Mr. OVERTON. That is very true. Still, I do not think the conclusion is inescapable that the purpose of the amendment is to inflict a penalty upon Dr. Ruhland. The conclusion is that by reason of his alleged maladministration of affairs at Gallinger Hospital he did not show that he was such a competent official as to entitle him to compensation over and above that of his predecessor.

Let me explain the matter for just a moment and then I will yield to the Senator.

In the Appropriation Act for the fiscal year 1939 it was provided that there should be five resident physicians at Gallinger Hospital. The position taken by the senior Senator from Virginia is that, taking advantage of that provision. and contrary to the statute of Congress, the health officer placed those five resident physicians in a position of authority over the visiting staff; that the visiting staff had exercised authority with reference to various departments of Gallinger Hospital from the beginning, and that Dr. Ruhland disregarded the law and placed those physicians in the ascendency over the visiting staff; and he considered that that was not a proper course of action under the statute.

Mr. LA FOLLETTE. Mr. President, will the Senator yield?

Mr. OVERTON. I shall be very glad to yield.

Mr. LA FOLLETTE. Has the Senator from Louisiana, as chairman of the subcommittee, come to the conclusion, as a lawyer, that Dr. Ruhland had violated the law?

Mr. OVERTON. Let me state the answer of Dr. Ruhland. He said that he undertook to have these new appointees classified under the civil-service regulations, and that under the civil-service regulations they had to be classified, in order to get the \$5,600 salary, in such a classification as to give them, as I understand, the authority which they did exercise.

Mr. LA FOLLETTE. Does the Senator think there was any such flagrant violation of law that Dr. Ruhland's salary should be cut a thousand dollars a year and his assistant's salary cut a similar amount?

Mr. OVERTON. The Senator from Wisconsin has asked me a direct question and I will give him a very direct answer. I have the highest regard for Dr. Ruhland. I have been thrown in very slight contact with him. The most I have seen of him has been in his appearance before the committee. However, I have received reports from physicians in the city of Washington to the effect that he is a very conscientious official; that he is on the job at all times, and is very deserving. I am giving the Senator the position taken by the full committee and the proponents of the amendment. The Senator asked me for my personal opinion, and I am very glad to give it to him.

Mr. LA FOLLETTE. I appreciate the Senator's frank

statement.

Mr. OVERTON. There is just one other contention I wish to answer on behalf of the senior Senator from Virginia. He gave Dr. Ruhland every opportunity to answer in respect to the charges which he made against him, and let me quote briefly from the record of the hearings before the Senate subcommittee.

Mr. McKELLAR. From what page is the Senator about to read?

Mr. OVERTON. This is from page 69 of the Senate committee hearings:

Senator GLASS. Doctor, to show you that I am not mistaken in the Senator Glass. Doctor, to show you that I am not mistaken in the statement I made, I have here before me the order you issued on June 30, 1938, in which you, in my view of the matter, are guilty of totally unethical procedure to reduce these positions, the visiting staff, practically to inferiors, and in item 15 you say:

"Since the teaching affiliation exists by agreement between the Department of Health and the hospitals at the Georgetown and George Washington Universities' Medical Schools, the representatives from each school may sit with the committee to confer on educational matters of joint interests. Such representatives shall not, by virtue of this assignment, be entitled to vote."

In other words, despite the fact that the visiting staff for 10 years had given its services free of charge, which it has been estimated

and given its services free of charge, which it has been estimated before the committee, if paid for, would cost some \$300,000 or \$400,000, and they would be subject to these new youngsters who were brought down here at \$5,600 a year.

Dr. Ruhland. Senator, that language is taken, if I mistake not,

from the rules of the medical department of the New York City

There is further testimony along the same line, which it is unnecessary for me to read. I am merely reading this in order to show the Senator from Wisconsin that the senior Senator from Virginia did put Dr. Ruhland on notice and did interrogate him in reference to what he considered bad management on the part of Dr. Ruhland as health officer.

The PRESIDING OFFICER. The question is on agreeing to

the amendment of the committee on page 45, line 2.

Mr. LA FOLLETTE. I ask for a division. On a division, the amendment was rejected.

The PRESIDING OFFICER. The clerk will state the next committee amendment.

The next amendment was, on page 45, line 7, after the words "(41 U. S. C. 5)", to strike out "\$223,290" and insert "\$237,030", so as to read:

Including not to exceed \$6,000 for contract investigational servwithout reference to section 3709 of the Revised Statutes (41 U.S. C. 5), \$237,030.

Mr. OVERTON. Mr. President, as a result of the rejection of the amendment on line 2 of this paragraph, there should be an amendment to the amendment on line 8, so as to change the total from "\$237,030" to "\$239,030." Therefore, I move to amend the amendment of the committee so as to make the amount "\$239,030."

The amendment to the amendment was agreed to.

The amendment, as amended, was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment of the committee.

The next amendment was, under the heading "Health Department", on page 47, line 3, to strike out "\$149,620" and insert "\$169,720", so as to read:

Nursing service: For maintaining a nursing service, including personal services, uniforms, supplies, and contingent expenses, \$169,720: Provided, That the Commissioners may accept such volunteer services as they deem expedient in connection with the maintenance of the nursing service herein authorized: Provided further, That this shall not be construed to authorize the expenditure or payment of any money on account of any such volunteer

The amendment was agreed to.

The next amendment was, under the heading "Gallinger Municipal Hospital", page 49, line 18, after the word "including", to strike out "one chief medical director at \$7,500 per annum, and"; and on line 22, to strike out "\$606,840" and insert "\$599,340", so as to read:

Gallinger Municipal Hospital: For personal services, including two associate medical officers at \$3,200 per annum each, to be appointed without reference to civil-service requirements, and including not to exceed \$2,000 for temporary labor, \$599,340, of which \$26,760 shall be available for out-patient relief of the poor, including medical and surgical supplies, artificial limbs, and pay of physicians: *Provided*, That no part of this appropriation shall be available for the care of persons, except in emergency cases, where the person has been a resident of the District of Columbia for less than 1 year at the time of amplication for admission. than 1 year at the time of application for admission.

The amendment was agreed to.

The next amendment was, on page 51, line 3, after the word "Hospital", to insert "including not to exceed \$15,000 for dispensary cases to be paid for at existing rates", so as to

Children's Hospital, including not to exceed \$15,000 for dispensary cases to be paid for at existing rates, \$80,000.

The amendment was agreed to.

The next amendment was, under the heading "Courts", page 52, line 3, to strike out "\$98,190" and insert "\$101,960"; on line 9, to strike out "\$3,000" and to insert "\$3,700", so as to read:

COURTS

JUVENILE COURT

Salaries: For personal services, \$101,960. Miscellaneous: For compensation of jurors, \$1,500.

For stationery, books of reference, periodicals, typewriters and repairs thereto, preservation of records, telephone service, traveling expenses, meals of juors and prisoners, furniture, fixtures, and equipment, and other incidental expenses not otherwise provided

The disbursing officer of the District of Columbia is authorized to advance to the chief probation officer of the juvenile court upon requisition previously approved by the judge of the juvenile court and the auditor of the District of Columbia, sums of money not to exceed \$50 at any one time, to be expended for transportation and traveling expenses to secure the return of absconding probationers, and to be accounted for monthly on itemized vouchers to the accounting officer of the District of Columbia.

The amendment was agreed to.

The next amendment was, under the heading "Board of Public Welfare", page 54, line 7, to strike out "\$114,410" and insert "\$169,350", as to read:

PUBLIC WELFARE

BOARD OF PUBLIC WELFARE

For personal services, including the assistant director of public ror personal services, including the assistant director of public welfare, who shall also be coordinator of child welfare services, and including not to exceed \$7,250 for contract investigational services, without reference to section 3709 of the Revised Statutes (41 U S. C. 5), \$169,350.

The amendment was agreed to.

The next amendment was, under the heading "Division of Child Welfare", page 54, line 12, after the word "expenses", to strike out "\$3,500" and insert "\$5,500"; and on page 55, line 3, to strike out "\$283,660" and insert "\$310,000", so as to read:

DIVISION OF CHILD WELFARE

Administration: For administrative expenses, including placing and visiting children, city directory, purchase of books of reference and periodicals not exceeding \$50, and all office and sundry expenses, \$5,500, and no part of the money herein appropriated shall be used for the purpose of visiting any ward of the Board of Public Welfare placed outside the District of Columbia and the States of Virginia and Maryland; and a ward placed outside said District and the States of Virginia and Maryland shall be visited not less than once a year by a voluntary agent or correspondent of said Board, and that said Board shall have power, upon proper showing, in its discretion, to discharge from the guardianship any child committed to its care. For board and care of all children committed to the guardianship of said Board by the courts of the District, and for temporary care of children pending investigation or while being transferred from place to place, with authority to pay not more than \$2,500 each to institutions under sectarian control and not more than \$400 for burial of children dying while under charge of the Board, \$310,000.

The amendment was agreed to.

The next amendment was, under the heading "General administration, Workhouse and Reformatory, District of Columbia", on page 56, line 20, to strike out "\$509,900" and insert "\$513,140", so as to read:

GENERAL ADMINISTRATION, WORKHOUSE AND REFORMATORY, DISTRICT OF COLUMBIA

For personal services, \$513,140.

The amendment was agreed to.

The next amendment was, under the heading "National Training School for Girls", page 60, line 3, to strike out "\$40,000" and insert \$38,200"; on line 4 to strike out "\$23,860" and insert "\$20,840"; and after line 7 to strike out:

and insert "\$20,840"; and after line 7 to strike out:

For the acquisition by the Commissioners of the District of Columbia of approximately 100 acres of land in Prince Georges County, Md., as a site for the National Training School for Girls, \$10,000: Provided, That the title to said property shall be taken directly to and in the name of the United States; and in case a satisfactory price cannot be agreed upon for the purchase of said land, the Attorney General of the United States, at the request of the Commissioners of the District of Columbia, shall institute condemnation proceedings to acquire such land as may be selected in accordance with the laws of the State of Maryland, and expenses of procuring evidences of title or of condemnation, or both, shall be paid out of the appropriation made for the purchase of said land.

For the preparation of plans and specifications for buildings to replace the existing National Training School for Girls on a site to be acquired for such purpose in Prince Georges County, Md., \$10,000.

\$10,000.

So as to read:

NATIONAL TRAINING SCHOOL FOR GIRLS

National Training School for Girls: For personal services; groceries, provisions, light, fuel, clothing, shoes; forage and farm supplies; medicine and medical service (including not to exceed \$2,000 for medical care and not to exceed \$600 for dental care); transportation; maintenance of non-passenger-carrying vehicles; equipment, fixtures, books, magazines, and other educational supplies; recreational equipment and supplies, including rental of motion-picture films; stationery; postage; repairs; and other necessary items, including expenses incident to securing suitable homes for paroled or discharged girls, \$38,200, of which sum not to exceed \$20,840 may be expended for personal services: Provided, That the total cost of maintaining inmates in said school, including all administrative expenses, shall not exceed an average per capita of \$500 per annum.

The amendment was agreed to.

The next amendment was, under the heading "Industrial Home School for Colored Children", page 61, line 23, to strike out "\$39,440" and insert "\$42,545"; on line 24, to strike out "\$39,940" and insert "\$43,045"; on page 62, line 5, to strike out "\$28,000" and insert "\$30,000"; and on line 7, to strike out "\$3,000" and insert "\$3,500", so as to read:

INDUSTRIAL HOME SCHOOL FOR COLORED CHILDREN

Salaries: For personal services, \$42,545; temporary labor, \$500; in all, \$43,045.

For maintenance, including purchase and maintenance of farm implements, horses, wagons, and harness, maintenance of non-passenger-carrying motor vehicles, not to exceed \$2,250 for manualtraining equipment and materials, \$30,000.

For repairs and improvements to buildings and grounds, \$3,500.

The amendments were agreed to.

The next amendment was, under the heading "Home for Aged and Infirm", page 62, line 17, to strike out '\$65,560" and insert "\$70,040"; on line 18, to strike out "\$68,560" and insert "\$72,040"; and on line 23, to strike out "\$75,550" and insert '\$78,550", so as to read:

HOME FOR AGED AND INFIRM

Salaries: For personal services, \$70,040; temporary labor, \$2,000; in all, \$72,040.

For provisions, fuel, forage, harness and vehicles and repairs to same, ice, shoes, clothing, dry goods, tailoring, drugs and medical supplies, furniture and bedding, kitchen utensils, and other necessary items, and maintenance of non-passenger-carrying motor vehicles, \$78,550.

The amendments were agreed to.

The next amendment was, under the heading "Public assistance", page 63, line 16, after the name "District of Columbia", to strike out "\$900,000, and not to exceed $8\frac{1}{2}$ percent of this appropriation and of Federal grants reimbursed under this appropriation shall be expended for personal services, including the employment of one general superintendent of public assistance services at \$5,600 per annum, and one assistant superintendent of such services at \$4,600 per annum, to be appointed without reference to civil-service requirements" and insert "including the employment of one general superintendent of public assistance services at

\$5,600 per annum, one assistant superintendent of such services at \$4,600 per annum, and one stenographer-typist (secretary) at \$2,000 per annum, to be appointed without reference to civil-service requirements, and other personal services, \$1,500,000, of which not to exceed \$300,000 shall be available for relief to the unemployed employables"; on page 64, line 6, to strike out "\$20,000" and insert "\$30,000"; on line 7, to strike out "\$4,020" and insert "\$5,300"; on line 16, after the word "appropriation", to strike out "Provided further, That not more than \$48 per month shall be paid therefrom to any one family"; on page 65, line 3, after the word "purposes", to strike out "and no more than \$48 per month shall be paid therefrom to any one family"; on line 12, after the word "expenses", to strike out "and no more than \$48 per month shall be paid to any one family, \$597,000" and insert "\$625,000"; on line 19, after "(49 Stat. 744)", to strike out "and no more than \$48 per month shall be paid to any one family, \$36,250" and insert "\$40,000"; and after line 20, to insert a new paragraph, as follows:

Not to exceed \$48 per month in the aggregate shall be paid to any one family of five or less persons from appropriations contained in this act under the caption "Public assistance", and not to exceed \$6 per month for each beneficiary in excess of such

So as to read:

PUBLIC ASSISTANCE

For the purpose of affording relief to residents of the District of Columbia who are unemployed or otherwise in distress because of the existing emergency, to be expended by the Board of Public Welfare of the District of Columbia by employment and direct relief, in the discretion of the Board of Commissioners and under rules and regulations to be prescribed by the Board and without regard to the provisions of any other law, payable from the revenues of the District of Columbia, including the employment of one general superintendent of public assistance services at \$5,600 per annum, one assistant superintendent of such services at \$4,600 per general superintendent of public assistance services at \$5,600 per annum, one assistant superintendent of such services at \$4,600 per annum, and one stenographer-typist (secretary) at \$2,000 per annum, to be appointed without reference to civil-service requirements, and other personal services, \$1,500,000, of which not to exceed \$300,000 shall be available for relief to the unemployed employables, and not to exceed \$30,000 may be expended for the distribution of surplus commodities, including \$5,300 for personal services: Provided, That all auditing, disbursing, and accounting for funds administered through the Public Assistance Division of the Board of Public Welfare, including all employees engaged in such work and records relating thereto, shall be under the supervision and control of the auditor of the District of Columbia: Provided, That no part of this appropriation shall be expended in such a manner as to require a deficiency to supplement such appropriation.

Home care for dependent children: To carry out the purposes of the act entitled "An act to provide home care for dependent children in the District of Columbia," approved June 22, 1926 (44 Stat. 758-760), including not to exceed \$13,060 for personal services in the District of Columbia, \$163,000: Provided, That this appropriation shall be so apportioned and distributed by the Commissioners over the fiscal year ending June 30, 1940, and shall be so administered during such fiscal year, as to constitute the total amount that will be utilized during such fiscal year for such purposes, and no more than \$400 shall be paid for burial of children dying while beneficiarles under said act.

Assistance against old-age want: To carry out the provisions of

dren dying while beneficiaries under said act.

Assistance against old-age want: To carry out the provisions of the act entitled "An act to amend the Code of Laws for the District of Columbia in relation to providing assistance against old-age want," approved August 24, 1935 (49 Stat. 747), including not to exceed \$57,265 for personal services and other necessary expenses, \$625,000.

Pensions for needy blind persons: To carry out the provisions of the act entitled "An act to provide aid for needy blind persons of the District of Columbia and authorizing appropriations therefor," approved August 24, 1935 (49 Stat. 744), \$40,000. Not to exceed \$48 per month in the aggregate shall be paid to any

one family or five or less persons from appropriations contained in this act under the caption "Public assistance", and not to exceed \$6 per month for each beneficiary in excess of such number.

The amendment was agreed to.

The next amendment was, on page 66, beginning with line 1, to insert a new paragraph, as follows:

SPONSOR'S CONTRIBUTIONS TO WORKS PROGRESS ADMINISTRATION

For amount required by the District of Columbia as sponsor's For amount required by the District of Columbia as sponsor's contributions toward Works Progress Administration nonconstruction projects for free lunches for necessitous school children, sewing, household service, housekeeping aides, adult education, nursery schools, and recreation, including the purchase of food, supplies, materials, streetcar and bus fares, rent, equipment, rental of equipment, personal services, and other necessary expenses, \$177,500, together with not to exceed \$12,000 of the unexpended balance of the appropriation for the same purposes for the fiscal year 1939 contained in the Second Deficiency Appropriation Act, fiscal year

The amendment was agreed to.

The next amendment was, under the heading "Transportation of nonresident and indigent persons", page 69, line 7, after the word "families", to strike out "\$15,000 and insert "\$20,000", and on line 8 to strike out "\$5,660" and insert "\$7,100", so as to read:

TRANSPORTATION OF NONRESIDENT AND INDIGENT PERSONS

For transportation of indigent nonresident persons to their legal residence or to the home of a relative or relatives, including maintenance pending transportation, and transportation of other indigent persons, including indigent veterans of the World War and their families, \$20,000, of which amount not to exceed \$7,100, shall be available for personal services.

The amendment was agreed to.

The next amendment was, under the heading "Militia," page 70, line 22, after the name "National Guard", to insert "not to exceed \$3,500 for additional pay of bandsmen while in camp, at rates to be approved by the commanding general"; on page 71, line 1, to strike out "\$15,480; in all, \$48,880" and to insert "\$18,980; in all, \$52,380"; and after line 7, on page 71, to strike out:

Not to exceed \$150,000 of the unexpended balance of the appropriation of \$500,000 contained in the District of Columbia Appropriation Act for the fiscal year 1939 for beginning the construction in square 533 of the first unit of an extensible building for the in square 533 of the first unit of an extensible building for the government of the District of Columbia is hereby reappropriated and made immediately available for the acquisition by the Commissioners of said District, by purchase, condemnation, or otherwise of a site in southwest Washington for an armory for the National Guard of the District of Columbia, including not to exceed \$25,000 for the preparation of plans and specifications for such armory.

So as to read:

MILITIA

For the following, to be expended under the authority and direc-

For the following, to be expended under the authority and direction of the commanding general, who is hereby authorized and empowered to make necessary contracts and leases, namely:

For personal services, \$27,600, including compensation to the commanding general at the rate of \$3,600 per annum; temporary labor, \$5,300; for expenses of camps, including hire of horses for officers required to be mounted, and for the payment of commutation of subsistence for enlisted men who may be detailed to guard or move the United States property at home stations on days immediately preceding and immediately following the annual encampments; damages to private property incident to encampment; reimbursement to the United States for loss of property for which the District of Columbia may be held responsible; cleaning and repairing uniforms, arms, and equipment; instruction, purchase, and mainuniforms, arms, and equipment; instruction, purchase, and maintenance of athletic, gymnastic, and recreational equipment at armory or field encampments, not to exceed \$500; practice marches, armory or held encampments, not to exceed soot; practice marches, drills, and parades; rent of armories, drill halls, and storehouses; fuel, light, heat, care, and repair of armories, offices, and storehouses; machinery and dock, including dredging alongside of dock; construction of buildings for storage and other purposes at target range; telephone service; printing, stationery, and postage; horses and mules for mounted organizations; maintenance and operation of passenger and non-passenger-carrying motor vehicles; streeters of passenger and non-passenger-carrying motor vehicles; streetcar fares (not to exceed \$200) necessarily used in the transaction of official business; not exceeding \$400 for traveling expenses, including attendance at meetings or conventions of associations pertaining to the National Guard; not to exceed \$3,500 for additional pay of bandsmen while in camp, at rates to be approved by the Commanding General; and for general incidental expenses of the service, \$18,980; in all, \$52,380; Provided, That so much of the act of March 1, 1889 (25 Stat. 773), as amended by the act of February 18, 1909 (35 Stat. 629), as provides and fixes the rates of extra compensation to members of the regularly enlisted bands of the Militia of the District of Columbia, is hereby repealed.

The amendment was agreed to.

The next amendment was, under the heading "National Capital Parks", and the subhead "General expenses, public parks", page 73, line 16, to strike out "\$388,500" and insert "\$409,333", so as to read:

NATIONAL CAPITAL PARKS

SALARIES, PUBLIC PARKS, DISTRICT OF COLUMBIA For personal services, \$353,590.

GENERAL EXPENSES, PUBLIC PARKS

General expenses: For general expenses in connection with the maintenance, care, improvement, furnishing of heat, light, and power of public parks, grounds, fountains and reservations, propagating gardens and greenhouses under the jurisdiction of the National Park Service, including the tourists' camp on its present site in East Potomac Park, and including personal services of seasonal or intermittent employees at per diem rates of pay approved by the Secretary of the Interior, not exceeding current rates of pay for similar employment in the District of Columbia; placing and maintaining portions of the parks in condition for outdoor sports and for expenses incident to the conducting of band concerts in the parks; the hire of draft animals with or without drivers at local rates approved by said Secretary; the purchase and maintenance of draft animals, harness, and wagons; contingent expenses; city directories: communication service: carfare: traveling expenses. nance of draft animals, harness, and wagons; contingent expenses; city directories; communication service; carfare; traveling expenses; professional, scientific, technical, and law books; periodicals and reference books, blank books and forms; photographs; dictionaries and maps; leather and rubber articles for the protection of employees and property; the maintenance, repair, exchange, and operation of not to exceed two motor-propelled passenger-carrying vehicles and all necessary bicycles, motorcycles, and self-propelled machinery; the purchase, maintenance, and repair of equipment and fixtures, etc., \$409.333: Provided, That not to exceed \$10,000 of the amount herein appropriated may be expended for the erection of minor auxiliary structures. of minor auxiliary structures.

The amendment was agreed to.

The next amendment was, under the heading "Park Police", page 74, line 4, to strike out "\$9,400" and insert "\$10,250", so as to read:

PARK POLICE

Salaries: For pay and allowances of the United States Park Police force, in accordance with the act approved May 27, 1924, as amended, \$175,470.

For uniforming and equipping the United States Park Police force, including the purchase, issue, operation, maintenance, repair, exchange, and storage of revolvers, bicycles, and motor-propelled passenger-carrying vehicles, uniforms, ammunition, and radio equipment and the rental of teletype service \$10,250.

The amendment was agreed to.

The next amendment was, under the heading "National Capital Park and Planning Commission", page 74, line 22, to strike out "\$40,530" and insert "\$41,230", so as to read:

NATIONAL CAPITAL PARK AND PLANNING COMMISSION

For reimbursement to the United States in compliance with section 4 of the act approved May 29, 1930 (46 Stat. 482), as amended, \$500,000.

For each and every purpose, except the acquisition of land, requisite for and incident to the work of the National Capital Park and Planning Commission as authorized by the act entitled "An act providing for a comprehensive development of the park and playground system of the National Capital", approved June 6, 1924 (40 U. S. C. 71), as amended, including personal services in the District of Co-Jumbia, maintenance, operation, and repair of motor-propelled passenger-carrying vehicles, not to exceed \$1,000 for printing and binding, not to exceed \$500 for traveling expenses and carfare of employees of the Commission, and not to exceed \$300 for professional scientific, technical, and reference books, and periodicals, \$41,230.

The amendment was agreed to.

The next amendment was, under the heading "National Zoological Park", page 75, line 15, to strike out "\$235,420" and insert "\$237,060", so as to read:

NATIONAL ZOOLOGICAL PARK

For roads, walks, bridges, water supply, sewerage, and drainage; grading, planting, and otherwise improving the grounds, erecting and repairing buildings and enclosures; care, subsistence, purchase. and transportation of animals; necessary employees; traveling and incidental expenses not otherwise provided for, including not to exceed \$2,000 for travel and field expenses in the United States and foreign countries for the procurement of live specimens and for the care, subsistence, and transportation of specimens obtained in the care, subsistence, and transportation of specimens obtained in the course of such travel; maintenance and operation of one motor-propelled passenger-carrying vehicle required for official purposes; for the purchase, issue, operation, maintenance, repair, and exchange of bicycles and non-passenger-carrying motor vehicles, revolvers, and ammunition; not exceeding \$2,500 for purchasing and supplying uniforms to Park Police, keepers, and assistant keepers; not exceeding \$100 for the purchase of necessary books and periodicals, \$237,060, no part of which sum shall be available for architect's fees or compensation.

The amendment was agreed to.

The next amendment was, under the heading "Department of vehicles and traffic", on page 76, line 3, after the word "hire", to strike out "\$177,420" and insert "\$175,820"; in line 10, after the words "operation of", to strike out "the present"; in line 18, after the word "controls", to strike out "\$136,250" and insert "\$165,250"; in line 19, after the word "than", to strike out "\$25,000" and insert "\$50,000"; in line 21, after the word "and", to strike out "\$1,000" and insert "\$5,000"; and in line 22, after the word "signs", to strike

out the colon and the following: "Provided, That no part of this or any other appropriation contained in this act shall be expended for building, installing, and maintaining streetcar loading platforms and lights of any description employed to distinguish same", so as to read:

DEPARTMENT OF VEHICLES AND TRAFFIC

For personal services, including \$6,000 for temporary clerk hire, \$175.820.

\$175,820.

For purchase, installation, and modification of electric traffic lights, signals, and controls, markers, painting white lines, labor, maintenance of non-passenger-carrying motor vehicles, purchase (including exchange) of a 1-ton truck at not to exceed \$870, printing and binding, postage, telephone service, heating, electricity, repairs to equipment of inspection stations, continuation of the operation of parking meters on the streets of the District of Columbia, including maintenance and repair, not to exceed \$7,500 for such expenses as the Commissioners, in their discretion, may deem necessary in connection with traffic safety education, and such other expenses as may be necessary in the judgment of the Commissioners, including not to exceed \$32,000 for the operation and maintenance of electric traffic lights, signals, and controls, \$165,250, of which not less than \$50,000 shall be expended for the purchase, installation, and modification of electric traffic-light signals and \$5,000 shall be available for directional signs.

and spaces, instantion, and modification of electric traincingnt signals and \$5,000 shall be available for directional signs.

The Commissioners of the District of Columbia are authorized and directed to designate, reserve, and properly mark appropriate and sufficient parking spaces on the streets adjacent to all public buildings in such District for the use of Members of Congress engaged on public business.

For the purchase of motor-vehicle identification number plates,

Mr. McKELLAR. Mr. President, I have no objection to this amendment, but at this point I wish to make a suggestion to the traffic officer of the city of Washington, and to the Commissioners, as well.

There have been erected recently some half dozen or a dozen—I do not know exactly how many—small iron posts in the middle of Pennsylvania Avenue and in the middle of Constitution Avenue. They impede traffic very greatly, and I can hardly imagine a device more likely to bring about serious automobile accidents on two of the main thoroughfares of Washington than these posts which have been erected.

My purpose is not to offer an amendment of any kind, but I merely hope that the city authorities, and especially the Director of Traffic, will remove those unsightly improper, unnecessary, and dangerous obstructions to public traffic. It seems to me that the use of lights would be infinitely preferable to the use of so many of these iron posts, which are almost an open invitation to accident.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee beginning on page 76, line 3.

The amendment was agreed to.

The next amendment was, under the head of "Police traffic control", page 77, line 13, after the word "highways", to strike out "\$518,885" and insert "\$526,010", so as to read:

POLICE TRAFFIC CONTROL

For expenses necessarily involved in the police control, regulation, and administration of traffic upon the highways, \$526,010, which amount shall be transferred to the appropriation contained in this act for pay and allowances of officers and members of the Metropoli-

The amendment was agreed to.

The next amendment was, under the heading "Street improvements", on page 81, line 4, after the numerals "\$560,000", to insert a proviso, so as read:

For grading, paving, repaving, surfacing, and otherwise improving streets, avenues, and roads, including curbing and gutters, drainage structures, retaining walls, the replacement and relocation of sewers, water mains, and fire-alarm boxes and police-patrol boxes and replacement of curb-line trees, when necessary, as Federal-aid highway projects under section 1-b of the Federal Aid Highway Act of 1938 (Public, No. 584, 75th Cong.), \$560,000: Provided, That in connection with the highway-planning survey, involving surveys, plans, engineering, and economic investigations of projects for future construction in the District of Columbia, as provided for hunder section 10 of the Federal Aid Highway Act of 1922, this fined under section 10 of the Federal Aid Highway Act of 1938, this fund shall be available to the extent authorized in said section for the employment of engineering or other professional services by contract or otherwise, and without reference to section 3709 of the Revised Statutes (41 U. S. C. 5), the Classification Act of 1923, as amended, and civil-service requirements, and for engineering and incidental expenses;

The amendment was agreed to.

The next amendment was, on page 83, line 25, after the word "highway", to insert "and parkway", so as to read:

For the preparation of a report for additional highway and parkway facilities in the vicinity of, into and through Rock Creek Park, Rock Creek and Potomac connecting parkway and National Zo-ological Park, \$10,000, said report to include such preliminary plans, surveys, and estimates as may be necessary and to be prepared jointly by the National Capitol Park Service and the Commissioners of the District of Columbia in cooperation with the National Capitol Park and Planning Commission, and including employment of engineering and other professional services by contract or otherwise, without reference to section 3709 of the Revised Statutes (41 U. S. C. 5), or the Classification Act of 1923, as amended, or the civil-service requirements, and including engineering and incidental expenses:

The amendment was agreed to.

The next amendment was, on page 84, line 16, after the word "highway", to insert "parkway or by-pass road including a combination thereof", so as to read:

For the preparation of a report by the Commissioners of the District of Columbia in cooperation with such other agencies as may be deemed advisable, for a through highway, parkway, or by-pass road including a combination thereof in the District of Columbia to connect with the main routes north and south of adjoining States, \$5,000, said report to include preliminary surveys and estimates for all necessary bridges, grade-separation structures, and highway improvements, and including employment of engineering and other professional services by contract or otherwise, without reference to section 3709 of the Revised Statutes (41 U. S. C. 5), or the Classification Act of 1923, as amended, or the civil-service requirements, and including engineering and incidental expenses. incidental expenses.

The amendment was agreed to.

The next amendment was, under the heading "Water service—Washington aqueduct", on page 91, line 3, to strike out "\$467,350" and insert "\$478,700", and after line 10, to insert:

Nothing herein shall be construed as affecting the superintendence and control of the Secretary of War over the Washington aqueduct, its rights, appurtenances, and fixtures connected with the same and over appropriations and expenditures therefor as now provided by law.

So as to read:

WATER SERVICE

The following sums are appropriated wholly out of the revenues of the Water Department for expenses of the Washington aqueduct and its appurtenances and for expenses for Water Department, namely:

WASHINGTON AQUEDUCT

For operation, including salaries of all necessary employees, main-For operation, including salaries of all necessary employees, maintenance and repair of Washington aqueducts and their accessories, including Dalecarlia, Georgetown, McMillan Park, first and second high service reservoirs, Washington aqueduct tunnel, the filtration plants, the pumping plants, and the plant for the preliminary treatment of the water supply, ordinary repairs, grading, opening ditches, and other maintenance of Conduit Road, purchase installation, and maintenance of water meters on Federal services; purchase, care, repair, and operation of vehicles, including the purchase and exchange of one passenger-carrying motor vehicle at a cost not and exchange of one passenger-carrying motor vehicle at a cost not to exceed \$650; purchase and repair of rubber boots and protective apparel; printing and binding; and for each and every purpose connected therewith, \$478,700.

For replacement of the filter strainer system at Dalecarlia; motor-

reation of blow-off gate on the Dalecarlia conduit; installation of ventilating air-intake screens for the Dalecarlia hydroelectric station; procurement of portable electric pumping equipment for the city water tunnel; and for each and every purpose connected therewith, \$63,000.

Nothing herein shall be construed as affecting the superintendence and control of the Secretary of War over the Washington aqueduct, its rights, appurtenances, and fixtures connected with the same, and over appropriations and expenditures therefor as now provided by law.

The amendment was agreed to.

The next amendment was, under the heading "Water service—Water Department", on page 91, line 18, after the word "services", to strike out "\$210,160" and insert "\$214,480", so as to read:

WATER DEPARTMENT

For revenue and inspection and distribution branches: For personal services, \$214,480.

The amendment was agreed to.

The next amendment was, on page 92, line 11, after the word "maintenance", to strike out "\$348,220" and insert "\$357,220", so as to read:

For the maintenance of the Water Department distribution system, including pumping stations and machinery, water mains,

valves, fire and public hydrants, and all buildings and accessories, and motortrucks, and motor vehicles such as are now owned, and the replacement by purchase and exchange of the following motor-propelled vehicles: Two trucks at not to exceed \$600 each: 1 truck at not to exceed \$1,000; 2 trucks at not to exceed \$3,000 each; and 1 spe to exceed \$1,000; 2 trucks at not to exceed \$3,000 each; and 1 special truck at not to exceed \$4,000; and 1 passenger-carrying automobile at not to exceed \$650; purchase of fuel, oils, waste, and other materials, and the employment of all labor necessary for the proper execution of this work; and for contingent expenses, including books, blanks, stationery, printing, and binding, not to exceed \$3,300; postage, purchase of technical reference books and periodicals not to exceed \$275, and other necessary items; in all for maintenance, \$357,220, of which not exceeding \$5,000 shall be available for operation of pumps at Bryant Street pumping station upon interruption of service from Dalecarlia pumping station.

The amendment was agreed to.

The next amendment was, on page 93, line 16, after the numerals "\$200,000", to insert "to continue available until June 30, 1941", so as to read:

For the construction of approximately 6,200 linear feet of 48-inch trunk-line water main, including control cables, from the Bryant Street pumping station to the first high service reservoir in the grounds of the United States Soldiers' Home, \$200,000, to continue available until June 30, 1941.

The amendment was agreed to.

The next amendment was, on page 98, line 24, after the words "not exceed", to strike out "\$50,000" and insert '\$51,180", so as to read:

SEC. 7. Appropriations contained in this act shall be used to pay increases in the salaries of officers and employees by reason of the reallocation of the position of any officer or employee by the Civil Service Commission, and administrative promotions within the several grades: Provided, That the total reallocation increases under such appropriations shall not exceed \$35,000 and administrative promotions shall not exceed \$51,180: Provided further, That such reallocation increases and administrative promotions shall be subject to the approval of the Commissioners of the District of Columbia.

The amendment was agreed to.
The PRESIDING OFFICER. That completes the com-

mittee amendments, with the exception of one passed over.
Mr. McKELLAR. Mr. President, at the request of the senior Senator from Virginia [Mr. GLASS], chairman of the Committee on Appropriations, I offer an amendment which send to the desk and ask to have stated.

Mr. OVERTON. Mr. President, I should like to offer several amendments which have been authorized by the com-

The PRESIDING OFFICER. The amendment presented by the Senator from Tennessee will be stated.

The CHIEF CLERK. On page 49, line 21, after the word "requirements", it is proposed to insert "and excepting the chief resident physician and alienist in charge of the psychopathic department the compensation of the chief resident physicians after April 30, 1940, shall not exceed \$2,600 per annum each."

Mr. McNARY. Mr. President, is that in keeping with the amendment which was just defeated a few moments ago?

Mr. McKELLAR. It is.

Mr. McNARY. I want no action taken upon that amendment.

Mr. McKELLAR. I should like the Senate to vote on it. The proposed amendment was sent to me by the senior Senator from Virginia, and I have offered it in his behalf and would like the Senate to pass on it.

Mr. McNARY. I thought we had disposed of that matter. Mr. McKELLAR. No, Mr. President. The proposed amendment is, however, in line with the other. I am perfectly willing that the Senate should vote on it.

Mr. McNARY. I know nothing about it, but I want to protect the interests of the Senator from Wisconsin, who led the successful fight against the other unjust amendment. I do not care to ask for a quorum call now. I can send for the Senator from Wisconsin if the Senator from Tennessee has other amendments to offer which can be considered meanwhile. I must have the Senator from Wisconsin here when the amendment in question is considered. Has the Senator any other amendments to offer?

The PRESIDING OFFICER (Mr. PEPPER in the chair). The Chair is informed that an amendment on page 19 was passed over and is still pending.

Mr. McCARRAN. Mr. President, when the committee amendments were under consideration I asked that the amendment on page 19 be passed over until the other committee amendments had been acted upon, and it was so ordered.

Mr. McKELLAR. Mr. President, I understand that the Senator from Oregon is willing that the Senate vote on the amendment I have just offered on behalf of the Senator from Virginia.

Mr. McNARY. Conditionally. Mr. McKELLAR. Very well.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Tennessee on behalf of the Senator from Virginia [Mr. Glass].

The amendment was rejected.

Mr. McKELLAR. Mr. President, I move that the vote by which the committee amendment on page 49, line 22, was agreed to be reconsidered, so that I may offer an amendment to the committee amendment.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Tennessee.

The motion was agreed to.

Mr. McKELLAR. On behalf of the senior Senator from Virginia [Mr. Glass] I offer an amendment to the committee amendment, which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 49, line 22, it is proposed to strike out "\$606,840" and to insert in lieu thereof "\$596,840."

Mr. OVERTON. Mr. President, that amendment has to do with the amendment upon which the Senate has just acted.

The PRESIDING OFFICER. The question is on agreeing to the amendment to the committee amendment on page 49, line 22.

The amendment to the amendment was rejected.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment on page 49, line 22.

The amendment was agreed to.

Mr. OVERTON. Mr. President, I ask that the vote by which the committee amendment on page 7, line 20, was agreed to be reconsidered.

The PRESIDING OFFICER. Without objection, the vote by which the amendment was agreed to is reconsidered.

Mr. OVERTON. I send to the desk an amendment to the committee amendment authorized by the committee, which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 7, line 23, after the amendment heretofore agreed to, it is proposed to insert the following:

Provided, That reimbursements may be made to this fund from appropriations contained in this act for services rendered other activities of the District government, without reference to fiscal-year limitations on such appropriations.

The PRESIDING OFFICER. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. OVERTON. Mr. President, by authority of the committee I send to the desk another amendment, which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 19, line 20, before the period, it is proposed to insert the following:

and the Commissioners are authorized to enter into contract or contracts for the construction of such first unit at a total cost, including improvement of grounds and all necessary furniture and equipment, not to exceed \$1,118,000: Provided, That not to exceed \$40,000 of the said sum of \$350,000, together with the unexpended balance of the appropriation of \$60,000 contained in such act for the preparation of plans and specifications for a library building to be constructed on square 491, which is continued available for the same purpose in the fiscal year 1940, shall be immediately available for the preparation of plans and specifications, and for the employment of professional and other services without reference to the Classification Act of 1923, as amended,

section 3709 of the Revised Statutes, and civil-service requirements, and for other necessary expenses, and the Procurement Division of the Treasury Department is authorized and directed to render such services in planning as the Commissioners may deem necessary, subject to reimbursement for such services.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. OVERTON. By virtue of authority of the committee, I send to the desk another amendment, which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 71, after line 19, it is proposed to insert the following:

For beginning construction of an armory for the Militia of the District of Columbia on all or any of squares 1121, 1122, 1128, 1129, 1135, 1135, and 1136, as may be determined by the Commissioners of said District, \$350,000, together with an additional sum of not to exceed \$150,000, which is hereby reappropriated from the unexpended balance of the appropriation of \$500,000 contained in the District of Columbia Appropriation Act for the fiscal year 1939 for beginning the construction in square 533 of the first unit of an extensible building for the government of the District of Columbia, and the Commissioners are authorized to enter into contract or contracts for the construction of such armory at a total cost, exclusive of furniture and equipment, not to exceed \$2,750,000: Provided, That not to exceed \$60,000 shall be immediately available for the preparation of plans and specifications, in consultation with the commanding general of the District of Columbia Militia, and for the employment of professional and other services without reference to the Classification Act of 1923, as amended, section 3709 of the Revised Statutes, and civil-service requirements, and for other necessary expenses, and the Procurement Division of the Treasury Department is authorized and directed to render such services in planning as the Commissioners may deem necessary, subject to reimbursement for such services.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The committee amendment on page 19, line 4, was previously passed over. The amendment will be stated.

The CHIEF CLERK. On page 19, line 4, after "\$20,000", it is proposed to insert:

Provided, That not to exceed 50 percent of this appropriation shall be expended for materials and work to be performed at the Reformatory at Lorton, Va.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Mr. McCARRAN. Mr. President, I hope the Senate will not agree to this amendment. Today we have in the District of Columbia and surrounding country free labor which is ready, anxious, and willing to go to work in the printing and binding trades, and capable of being so employed. If the amendment is adopted it means that 50 percent of this money will be used in a penal institution, and thus deprive free labor of the opportunity of employment within the District at the very time when we are carrying a heavy burden for relief within the District, at the very time when labor is seeking employment everywhere in this country, and especially in the District of Columbia.

I hope the Senate will not adopt the amendment.

Mr. McNARY. Mr. President, I join with the Senator from Nevada in expressing the hope that the amendment will be rejected for the reasons specified by the Senator.

Mr. OVERTON. Mr. President, I hope the Senate will agree to the amendment. Last year the District of Columbia appropriation bill contained a provision that 50 percent of this bookbinding appropriation should go to the Lorton Reformatory. The Lorton Reformatory has expended over \$6,000 in obtaining bookbinding equipment to do this work. Men have been put to work there, and they have done very good work. Mr. Huff, of the Lorton Reformatory, brought before the committee samples of bookbinding that was done there, and the work appeared to have been very well done indeed.

Furthermore, the work is improving. This fund does not go altogether to labor, as I understand. The 50 percent that is allocated to the library is for work done in the library de-

partment, and is not let out except occasionally under contract.

I think it is good policy to employ in useful work the prisoners at the Lorton Reformatory. Their work does not come in competition with free labor. The product of this bookbinding is not put out on the public market. The books that are rebound are not sold commercially. The work is done for the benefit of the District of Columbia.

In view of the fact that under the authorization of Congress last year over \$6,000 has been spent in equipment which would practically have to be thrown away, and in view of the fact that the work in question is about as useful a noncompetitive work as these prisoners could be engaged in, I hope that the provision will be retained by the Senate.

Mr. McCarran. Mr. President, the able argument made by the Senator in charge of the bill might be made with reference to work that is done in any penal institution in the country. It has been the policy of the Congress and the policy of every State to see to it that prison labor does not put out a product in competition with free labor. Certainly in the District of Columbia where people from all over the world congregate, and where labor looks for the greatest opportunity to exercise its right to live by toil, we should not set the example here in the Nation's Capital of putting a penal institution in competition with free labor.

It cannot be denied that we have free labor here willing, anxious, capable, and desirous of going to work. The work in question is work that they can do, work that they want to do, work that is being done in free institutions throughout

the country.

Mr. HAYDEN. Mr. President, will the Senator yield?

Mr. McCARRAN. I yield.

Mr. HAYDEN. I am afraid the Senator did not correctly state the rule with respect to the employment of convict labor in the States, at least not as I understand it. The rule generally is that convicts may not compete with free labor by engaging in an industry which also is carried on by private capital. But convicts make automobile tags. The metal automobile tags could be made by free labor. The convicts in the various penitentiaries make a public article that the State disposes of. Automobile tags are not manufactured and sold privately.

It is my understanding and the understanding of the committee that all the books that are to be repaired at Lorton are books which belong to the District of Columbia, many of them textbooks which are provided free to the children.

They become worn out, and they are repaired and again issued. It may be in the interest of the school-book trust to see that the books are not reconditioned and given back to the children, so that more new books must be bought, but if it is proper at all to repair a school book after one child has used it and let another child have it free of cost, it seems to me that is public business and not private business. The same thing is true of any other bookbinding which is done. It is done solely for the District of Columbia, and not in competition with private enterprises. If we operated a book bindery at Lorton which advertised for bids and took the business away from private book binderies in the District of Columbia, then I should say the Senator's argument would be entirely logical, but the facts do not justify the statement that there is competition with free labor, because the work might not otherwise be done at all.

Mr. McCARRAN. Mr. President, I take the position that anything that deprives free labor of an opportunity to work should not be encouraged at Government expense. That is exactly what we are doing. We are encouraging convict labor and using public moneys to pay for convict labor, depriving those who are willing to work and who are without

employment of an opportunity to work.

Mr. HAYDEN. A committee headed by former Senator Hawes, of Missouri, conducted a very careful investigation of the whole question of the employment of convict labor throughout the United States. A rule was formulated. It was found that in some States convict labor was being used to make articles which were otherwise made by private enterprise, such as brooms, jute bags, and articles of that sort, in

connection with which business was taken away from private enterprises. The committee laid down a rule at that time—and I think it is a sound rule—that no convict labor should be employed in any activity of that kind; but when the material used is wholly the property of a State, and when converted to a higher purpose by labor is again used by the State, a very different situation prevails. As I understand, that is the situation in the District of Columbia. I think the rule in the District of Columbia is no different from that in many States of the Union.

Mr. OVERTON. Mr. President, will the Senator yield?

Mr. HAYDEN. I yield.

Mr. OVERTON. The statement made by the Senator from Arizona is in accord with the testimony of Mr. Huff, who is in charge of the Lorton Reformatory. He says:

We operate exclusively under the State-use system. No private purchaser can enter the picture at all.

Bookbinding is not all that is done at the reformatory. The inmates make brick, they do laundry work, and there are a clothing factory, a knitting mill, and a shoe shop.

Mr. McCARRAN. Mr. President, will the Senator yield?

Mr. OVERTON. I yield.

Mr. McCARRAN. The laundry work, of course, is done for the institution?

Mr. OVERTON. Yes.

Mr. McCARRAN. And the bricks are undoubtedly used in the institution.

Mr. OVERTON. They are used by the Federal Government and the District of Columbia government, but they are made for Government purposes.

Mr. McCARRAN. I would oppose such activities just as I oppose what is done in the present instance because I do not think it should be done.

Mr. OVERTON. What would the Senator have the inmates do? Would he have them remain idle?

Mr. McCarran. Not necessarily. I have no objection to the production of such articles as go into the institution and are utilized by the institution. There are two lines of competition—one is competition of commodities and the other is competition of labor. In this instance it is competition of labor because convict labor is being used against free labor which is unemployed and ready to go to work; and if the free labor is not employed it must be put on the relief roll, whereas the convict labor is taken care of and sustained by the Government itself.

Mr. DAVIS. Mr. President, will the Senator yield?

Mr. McCARRAN. I yield.

Mr. DAVIS. As I understand, others will go on the relief rolls if this work is taken away from them.

Mr. McCARRAN. That is correct.

The PRESIDING OFFICER. The question is on agreeing to the amendment on page 19, line 4. [Putting the question.] The noes seem to have it.

Mr. OVERTON. I ask for a division.

On a division, the amendment was rejected.

The PRESIDING OFFICER. The bill is still before the Senate and open to further amendment. If there be no further amendment, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill (H. R. 5610) was read the third time and passed.

MESSAGE FROM THE HOUSE—ENROLLED BILL SIGNED

A message from the House of Representatives, by Mr. Calloway, one of its reading clerks, announced that the Speaker had affixed his signature to the enrolled bill (S. 2314) to establish the position of Under Secretary in the Department of Commerce, and it was signed by the President pro tempore.

AMENDMENT OF HOUSING ACT OF 1937

Mr. ELLENDER. Mr. President, I move that the Senate proceed to the consideration of Senate bill 591, known as the amendment to the Housing Act of 1937.

The PRESIDING OFFICER. The clerk will state the bill by title.

The CHIEF CLERK. A bill (S. 591) to amend the United States Housing Act of 1937, and for other purposes.

Mr. BARKLEY and Mr. McNARY addressed the Chair. The PRESIDING OFFICER. The Senator from Kentucky.

Mr. BARKLEY. Mr. President, the bill is to be made the unfinished business with the understanding that it will not be considered today, but will go over until tomorrow. Because of the absence of a number of Senators who are interested in the measure, it is only the purpose to make it the unfinished business, but not to take it up today.

Mr. McNARY. Mr. President, that answers my inquiry. The able Senator from Ohio [Mr. Taft] has been called out of the city and will not return until tomorrow. He is a member of the committee and is interested in the bill. He wishes to make a few observations, and I desire that he have an opportunity to do so. Therefore, with the assurance that the bill will not be taken up today, I have no objection to making it the unfinished business.

Mr. ELLENDER. Mr. President, that is agreeable to me, provided I may have the floor tomorrow.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Louisiana.

The motion was agreed to; and the Senate proceeded to consider the bill (S. 591) to amend the United States Housing Act of 1937, and for other purposes, which had been reported from the Committee on Education and Labor with an amendment.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. Pepper in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF A COMMITTEE DURING ADJOURNMENT

Under authority of the order of the 1st instant.

Mr. SHEPPARD, on June 2, 1939, from the Committee on Military Affairs, reported favorably the nominations of sundry officers for appointment, by transfer or promotion, in the Regular Army.

He also, on June 2, 1939, from the same committee, reported favorably the nominations of sundry officers for appointment, by transfer, to temporary rank in the Air Corps in the Regular Army, under the provisions of law.

EXECUTIVE REPORTS OF A COMMITTEE

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters, which were ordered to be placed on the Executive Calendar.

GRADUATES OF UNITED STATES MILITARY ACADEMY

Mr. SHEPPARD. Mr. President, I am authorized by the Senate Military Affairs Committee to report favorably the nominations to be second lieutenants in the Regular Army of those cadets of the United States Military Academy scheduled for graduation on June 12, 1939, the nominations having been received today. In order that the commissions may be prepared for presentation on June 12, I ask unanimous consent for the present consideration of the nominations.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas?

Mr. KING. Mr. President, is this procedure in accordance with existing law?

Mr. SHEPPARD. It is the usual procedure.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc.

Mr. SHEPPARD. I ask that the President be notified of the confirmation of these nominations.

The PRESIDING OFFICER. Without objection, the President will be notified.

Mr. SHEPPARD. I also ask that the printing of the names of the cadets be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will state the nominations on the calendar.

DIPLOMATIC AND FOREIGN SERVICE

The legislative clerk read the nomination of Howard Bucknell, Jr., to be consul general of the United States.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

POSTMASTER

The legislative clerk read the nomination of Ross E. P. Benter to be postmaster at Addyston, Ohio.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

IN THE ARMY

The legislative clerk proceeded to read sundry nominations in the Army.

Mr. SHEPPARD. I ask that the Army nominations be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the Army nominations are confirmed en bloc.

RECESS

Mr. BARKLEY. As in legislative session, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 1 o'clock and 55 minutes p. m.) the Senate took a recess until tomorrow, Tuesday, June 6, 1939, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate June 5, 1939
AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY

Claude G. Bowers, of New York, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Chile.

ENVOYS EXTRAORDINARY AND MINISTERS PLENIPOTENTIARY

Edwin C. Wilson, of Florida, now a Foreign Service officer of class 1 and Counselor of Embassy at Paris, France, to be Envoy Extraordinary and Minister Plenipotentiary of the United States of America to Uruguay.

Douglas Jenkins, of South Carolina, now a Foreign Service officer of class 1 and Consul General at London, England, to be Envoy Extraordinary and Minister Plenipotentiary of the United States of America to Bolivia.

UNITED STATES MARITIME COMMISSIONER

Max O'Rell Truitt, of Missouri, to be a member of the United States Maritime Commission for the term of 6 years from September 26, 1938, to which office he was reappointed during the last recess of the Senate.

COLLECTOR OF CUSTOMS

Martin R. Bradley, of Hermansville, Mich., to be collector of customs for customs collection district No. 38, with head-quarters at Detroit, Mich. Reappointment.

REGISTER OF THE LAND OFFICE

Leo F. Sanchez, of New Mexico, to be register of the land office at Santa Fe, N. Mex. Reappointment.

COAST GUARD OF THE UNITED STATES

Capt. Leon Claude Covell to be Assistant Commandant in the Coast Guard of the United States, for a term of 4 years, to rank as such from May 24, 1939.

APPOINTMENT IN THE REGULAR ARMY

TO BE ASSISTANT TO THE CHIEF OF ENGINEERS, WITH THE RANK OF BRIGADIER GENERAL, FOR A PERIOD OF 4 YEARS FROM DATE OF ACCEPTANCE

Col. Thomas Matthews Robins, Corps of Engineers, vice Brig. Gen. Max C. Tyler, Assistant to the Chief of Engineers, to be relieved and appointed president of the Mississippi River Commission.

APPOINTMENTS IN THE REGULAR ARMY

The following-named cadets, United States Military Academy, who are scheduled for graduation on June 12, 1939:

TO BE SECOND LIEUTENANTS WITH RANK FROM JUNE 12, 1939

Corps of Engineers

- 1. Stanley Walter Dziuban.
- 2. Andrew Jackson Goodpaster, Jr.
- 3. Delmer Joseph Rogers.
- 5. John Spoor Samuel.
- 6. Richard Duncan Wolfe.
- 7. Wilmot Ruet McCutchen.
- 8. Edmund Kirby-Smith.
- 10. Harvey Reed Fraser.
- 11. Albert Edgar McCollam.
- 12. Walter Woodrow Farmer.
- 13. Jay Phelps Dawley.
- 14. Montgomery Lee Webster. 15. Roscoe Campbell Crawford, Jr.
- 16. Charles Marsden Duke.
- 17. Harry Nathan Brandon.
- 18. Woodrow William Wilson.
- 19. John William Medusky.
- 20. David Mason Matheson.
- 23. Robert Riis Ploger.
- 24. James Donald Richardson.
- 27. Walter Lloyd Winegar.
- 28. Nicholas Paraska.
- 29. Walter Johnson Wells.
- 30. Riel Stanton Crandall.
- 31. William Thomas Bradley.
- 32. Mahlon Wilkins Caffee.
- 33. Henry Crandall Newcomer.
- 34. Joseph George Perry.
- 35. Sidney Taylor Martin.
- 36. Robert Harriman Curtin.
- 38. Edward John Gallagher.

Signal Corps

- 47. John Alexander Chechila.
- 49. Robert William Studer.
- 56. Wayne Laverne O'Hern.
- 60. Hugh Albert Griffith, Jr.
- 66. Ralph LeMoine Lowther.
- 68. Milton Abraham Laitman. 69. George Edmund Howard, Jr.
- 70. Edward Harry Kurth.71. Burrell Washington Helton.
- 72. Robert Penn Haffa.
- 76. Walter Charles Dolle.
- 80. John Arthur McDavid.
- 88. John Godfrey Urban.
- 90. Allen Forrest Herzberg.
- 106. Robert Merwyn Wray.
- 123. Paul Richard Okerbloom.
- 126. John Putnam Scroggs.
- 154. James Barclay Knapp.
- 196. John Gordon Johnson.
- 203. Philip Melchers Breitenbucher.
- 205. George Edward Pickett.
- 214. Robert Cochrane Twyman.
- 219. Richard Steele Morrison.
- 244. John Brereton Bestic.
- 246. Charles Urban Brombach.
- 252. Hall Cain.
- 259. Wilbur Winston Bailey. 271. George Mercer Higginson.
- 284. William Mulford Van Harlingen, Jr.
- 323. Leonard Neil Palmer.

Cavalry

- 26. George Yount Jumper. 78. Adam Kirk Breckenridge.
- 85. Edward McCleave Dannemiller.
- 92. Jasper Jackson Wilson.

- 109. Charles Russell Bowers.
- 114. John William Dobson.
- 118. Haskett Lynch Conner, Jr.
- 155. Frederic William Boye, Jr.
- 180. David Badger Goodwin.
- 189. William Whitehead West, 3d.
- 210. John Boiler Maxwell, 2d.
- 223. William Graham Dean.
- 226. Thomas Bernard Whitehouse.
- 237. Phillip Buford Davidson, Jr.
- 243. Robert Charlwood Richardson, 3d.
- 245. Marshall Wallach.
- 250. William Ames Garnett.
- 254. Donald Max Simpson.
- 272. Jack Gordon Merrell.
- 278. Robert Watson Crandall.
- 281. Victor Leroy Johnson, Jr.
- 287. Thomas Bennett Bartel.
- 293. John Keith Boles, Jr.
- 297. William Lee McDowell, Jr.
- 301. Lyle Everett Peterson.
- 302. Arthur Wright Allen, Jr.
- 303. Howard Vincent Cooperider.
- 304. John Porter Tomhave.
- 305. William Charles Jones.
- 319. Michael Shannon Davison.
- 322. William LeRoy Turner.
- 330. Robert David Hunter.
- 333. Robert Royce Gideon, Jr.
- 343. Benjamin Mart Bailey, Jr.
- 345. James LeRoy Rogers.
- 360. Edward MacDonald Serrem.
- 372. Matthew Whalen.
- 378. Richard Von Wyck Negley, Jr.
- 380. Willam Henderson Patterson, Jr.
- 387. John Christian Habecker.
- 397. William Walter Nichols.
- 407. Robert Emmet McMahon.
- 419. Clifford Lore Miller, 2d.
- 429. James Elmer Mather. 432. Vincent Laurence Boylan.
- 436. Edgar William Schroeder.
- 442. Levin Lane Lee.
- 451. Lindsay Coates Herkness, Jr.
- 452. James Deimel Green.
- 453. Charles John Parsons, Jr.
- 454. William Herbert Hale, Jr.
- 455. John Joseph Kelly.
- 456. Arthur Tilman Williams, 3d.

Field Artillery

- 21. James Lewis Cantrell.
- 39. Walter Evans Brinker.
- 45. Thomas Johnathan Jackson Christian, Jr.
- 46. Robert Francis Cassidy.
- 51. James Lawton Collins. Jr.
- 52. Ladislaus Casimir Maslowski. 53. John Wilson Carpenter, 3d.
- 55. Harmon Lampley, Jr.
- 57. Wilbur Eugene Showalter. 58. Joseph Harold Frost.
- 59. Edward Boyd Leever. 61. Robert Hyde Camp.
- 62. Daniel Joseph Minahan, Jr.
- 64. Robert Mabry Williams.
- 73. Raymond Walter Allen, Jr.
- 82. George Peterson Winton, Jr.
- 83. Joseph Richardson Reeves. 84. John Ray.
- 86. Albert Fenton Rollins.
- 93. Henry Riggs Sullivan, Jr.
- 94. Thomas James Webster.
- 98. Harry McNeil Myers.
- 99. Carroll William Dietz.

- 100. John Dalton Byrne.
- 101. Charles Henry Hillhouse.
- 102. Henry Clay Walker, 3d.
- 103. Harold Mortimer Crawford.
- 105. Roger Edwards Phelan.
- 110. Clarence Edward Seipel, Jr.
- 111. Kenneth Charles Griffiths.
- 113. Vernon Gustavus Gilbert.
- 116. Livingston Nelson Taylor, Jr.
- 120. James Clarence Evans.
- 130. Joel Furman Thomason.
- 131. James McMenamin Shepherd.
- 137. Sterling Russell Johnson.
- 138. Ulrich Georg Gibbons.
- 139. Edwin John Latoszewski.
- 140. Barton George Lane, Jr.
- 141. Hugh Wright Caldwell.
- 142. Arthur Wayne Reed.
- 143. Christopher Charles Coyne.
- 147. Theodore Norman Hunsbedt.
- 148. William RoBards Buster.
- 149. Keith Maughan Hull.
- 151. Edward Millar Geary.
- 153. Frank Wallace Iseman, Jr.
- 158. Donald Chessman Beere.
- 160. Ralph John Hanchin.
- 167. Benoid Earl Glawe.
- 170. Albert Ray Brownfield, Jr.
- 172. Carl Herbert Wohlfeil.
- 174. Stanley Clippinger Scott.
- 177. Shepler Ward FitzGerald, Jr.
- 179. William Clark George.
- 183. Robert Roy Little.
- 185. Hulen Dee Wendorf.
- 187. James Frederick Roberts.
- 188. Richard Turner Bowie.
- 191. Roger Merrill Lilly.
- 194. Paul Barton Cozine, Jr.
- 197. Edwin Lowrey Hoopes, Jr.
- 198. Claude Lee Shepard, Jr.
- 199. James Sykes Billups, Jr. 200. Robert John Hill, Jr.
- 202. John Edgar Beier.
- 211. Edgar Jarvis Jordan.
- 218. Clark Wilson Mayne.
- 225. Warner Winston Croxton, Jr.
- 228. Elwood Paul Donohue.
- 230. Philip William Long.
- 231. Walter Thomas Kerwin, Jr.
- 236. Richard Gordon Lycan.
- 238. George Wallace Roger Zethren.
- 240. Ernest Beverly Maxwell.
- 241. Strother Banks Hardwick.
- 242. Vester Melvin Shultz.
- 249. John William Watt, Jr.
- 251. Thomas Mull Crawford.

Coast Artillery Corps

- 25. James Lloyd McBride, Jr.
- 37. John Henry Davis, Jr.
- 41. Norman James McGowan.
- 42. Charles Edward White.
- 43. John Joseph Pavick.
- 48. Josephus Alan Bowman.
- 50. Robert Banjamin Miller.
- 67. John Joseph Wald.
- 74. Belmont Stuart Evans, Jr.
- 75. Walter MacRae Vann.
- 77. Philip Martin Royce.
- 79. Roland Wallace Boughton, Jr.
- 81. John Robert Schrader, Jr.
- 87. Charles Crenshaw Pulliam.
- 89. Rufus Hardy Holloway. 95. Donald Roy Boss.
- 104. Philip Henry Lehr.
- 107. William Albert Hinternhoff.

- 108. Andrew John Kinney.
- 115. Charles James Long, 3d.
- 122. Frederick Henry Foerster, Jr.
- 125. Richard deForest Cleverly.
- 127. Kenneth Leon Yarnall.
- 129. David Young Nanney.
- 132. Raymond Anthony Janowski.
- 133. David Kenneth White.
- 136. Elbert Owen Meals.
- 144. Michael John Krisman.
- 145. Martin George Megica.
- 146. Charles David Thomas Lennhoff.
- 152. Richard Daniel Curtin.
- 162. John Campbell Bane. 163. Francis Kosier Newcomer, Jr.
- 165. Laird Woodruff Hendricks.
- 168. William Herbert Price, Jr.
- 175. Robert Evans Greer.
- 176. Ralph Edward Jordan.
- 181. John George Pickard.
- 182. Philip Randall Seaver.
- 192. Albert Leslie Evans, Jr.
- 195. William Jay Henry.
- 208. Galen Pickering Eaton.
- 212. William Dean Chadwick, Jr.
- 213. James Max Cochran.
- 215. Seth Foster Hudgins.
- 220. Samuel Alton Madison.
- 222. Charles James Hackett.
- 224. Heinz Weisemann.
- 229. Lincoln A. Simon.
- 232. James Richard Gifford.
- 239. Donald Richard Snoke.
- 261. Carl Lentz. 2d.
- 266. Oliver Ellsworth Wood.
- 269. Harry Thomas Smith.
- 274. Salvatore Joseph Mancuso.
- 275. Joel Terry Walker.
- 277. Raymond Joseph Belardi.
- 279. John Willis Walker. 282. William Thomas Smith.
- 289. Harry de Metropolis.
- 290. Stephen Charles Farris.
- 291. Charles Langley Patrick Medinnis.
- 294. Tilden Perkins Wright.
- 308. Lionel Burke DeVille.
- 309. Robert Sewall Chester.
- 316. Lee Manning Kirby.
- 317. Geoffrey Lavell. 327. Thomas Walker Davis, 3d.
- 337. John Olav Herstad.
- 338. James David Garcia.
- 346. Malcolm Frank Gilchrist, Jr.
- 353. Prentiss Davis Wynne, Jr.
- 355. Herbert Raymond Odom.
- 358. Donald Kuldell Nickerson.
- 367. James Joseph Kelly, Jr.
- 374. William Holloman Barnett.
- 382. Joseph Theodore Kingsley, Jr.
- 396. John McMillan Banks.
- 408. James Anderson Roosa.
- 414. William Jackson Fling.
- 424. John Patrick Aiden Kelly. 427. John Peter Mial.

- 4. Louis Albert Kunzig, Jr.
- 9. Charles Elting Coates, Jr.
- 22. Norman Farrell.
- 40. John Ernest Linwood Huse.
- 44. Lawrence LeRoy Beckedorff. 54. Julian Johnson Ewell.
- 63. Chandler George Lewis.
- 65. James Irvin Muir, Jr. 91. Thomas James Bartley Shanley.
- 96. Joseph Lawrence Dickman.

- 97. Paul Joseph Long.
- 112. Charles McNeal Mount, Jr.
- 117. Arthur Whitney Bollard. 119. Eugene Allen Romig.
- 121. Leonard Kaplan.
- 124. Orin Henry Rigley, Jr.
- 128. Jack Kummer Norris.
- 134. James Howard Keller.
- 150. Charles David Kepple.
- 156. Albert Leroy Robinette.
- 159. Cecil Cerel McFarland.
- 161. Paul Vernon Tuttle, Jr.
- 164. Raymond Bradner Marlin.
- 166. John Watt.
- 169. Joseph Irving Coffey.
- 171. Robert Carver Sears.
- 173. Frank Thomas Holt.
- 184. Burnham Lucius Batson.
- 190. Carl Davis McFerren.
- 193. John Seymour Brearley.
- 201. Benton Raymond Duckworth, 2d.
- 204. William Secor Clark.
- 207. Warren Chester Chapman.
- 209. Darwin Kingsley Oliver.
- 216. George Thaddeus Breitling. 217. Frank Joseph Kobes, Jr.
- 221. William Joseph Boyle.
- 227. Daniel Farrington Tatum.
- 233. Maurice Myron Miller.
- 234. Joseph Alexander McChristian.
- 235. Eugene Albert Trahan. 247. Casper Clough, Jr.
- 248. Welborn Griffin Dolvin.
- 253. Wiley Burge Wisdom, Jr.
- 255. Walter Martin Higgins, Jr.
- 256. Daniel Andrew Nolan, Jr.
- 257. Elliott Vandevanter, Jr.
- 258. Harry William Osborn Kinnard, Jr. 260. Frank Thomas Mildren.
- 262. Charles Henry Bowman.
- 263. James Louis LaPrade.
- 264. Edward Traywick McConnell.
- 265. William Milligan Herron.
- 267. Arthur Dean Poinier.
- 268. Donald Burnell Newman.
- 270. Robert Henry Schellman.
- 273. Christopher Joseph Heffernan, Jr.
- 276. Robert Moorhouse Coleman.
- 280. William Stein Boyd.
- 283. Patrick David Mulcahy.
- 285. Howard Bertolet St. Clair.
- 286. Donald Busby Miller.
- 288. Alfred Virgil Walton.
- 292. Percy DeWitt McCarley, Jr.
- 295. Matt Combes Cavendish Bristol, Jr.
- 296. Robert George Cole.
- 298. Ray Joseph Will.
- 299. Rudyard Kipling Grimes.
- 300. Robert John Rogers.
- 306. Matthew Comerford Smith.
- 307. John Shotwell Wintermute, Jr.
- 310. Estel Burkhead Culbreth, Jr.
- 311. Edwin Joseph Ostberg. 312. Perry Milo Hoisington, 2d.
- 313. Karl Frederick Ockershauser, Jr.
- 314. Oliver Burtis Taylor.
- 315. Walter Charles Wickboldt.
- 318. Leon Robert Vance, Jr.
- 320. William James McConnell.
- 321. Salvatore Edward Manzo. 324. Fidelis David Newcomb.
- 325. Elmore George Brown.
- 326. Melvin Verner Engstrom. 328. Clarence Riley Bess.
- 329. William Kemp Martin.

- 332. Edward Paul Smith.
- 334. William Joseph McCaffrey.
- 335. Carl Walter Hollstein.
- 336. Donald Franklin Hull.
- 339. John Neary Davis.
- 340. John Osburn Dickerson.
- 341. Samuel Goodhue Kail.
- 342. Ernest Patricio Lasché.
- 344. William Carter Stone, Jr.
- 347. John William Jaycox.
- 348. Walter James Alsop.
- 349. Robert Beirne Spragins.
- 350. Bernard George Teeters.
- 351. Robert Clarence Whipple.
- 352. DeWitt Nalley Hall.
- 354. William Henry Stubbs.
- 356. Raymond Thompson Petersen.
- 359. Ellsworth Reily Jacoby.
- 361. Robert Chapman Williams, Jr.
- 362. Charles George Fredericks.
- 363. Walter Herbert Grant.
- 364. Stanley Robert Larsen.
- 365. James Barclay Carvey.
- 366. Victor Fredrick Crowell.
- 368. William Calvin Banning. 369. William Montgomery Preston.
- 370. Lester Leland Lampert, Jr.
- 371. Frank Goodwin Forrest.
- 373. Shields Warren, Jr.
- 375. John Bodine McConville.
- 376. James Thomas Lowe Schwenk.
- 377. Ned Woods Glenn.
- 379. Richard Moushegian.
- 381. James Vincent Reardon.
- 383. Charles Bradford Smith.
- 384. Matthew Leon Legler.
- 385. Jacob Kopf Rippert.
- 386. Edward Elliot Rager.
- 388. Herbert Henry Eichlin, Jr.
- 389. Charles Wesley Florance, Jr. 390. Robert William Page, Jr.
- 391. Kenneth Lansing Scott.
- 392. Frank Campbell Sellars.
- 393. Elmer Earl Rager.
- 394. Wiley Lee Dixon, Jr.
- 395. John Eric Olson.
- 398. Clyde Terry Sutton, Jr.
- 399. Charles Wilmarth Kouns.
- 400. Homer Griswold Barber.
- 401. John Carlos Edwards.
- 402. Robert Allen Matter.
- 403. Earle Livingstone Lerette.
- 404. Harold MacVane Brown.
- 405. Paul Tucker Clifford.
- 406. John Tyler Davis.
- 409. Robert Pennell. 410. Harry Lawrason Murray, Jr.
- 411. John Louis McCoy.
- 412. Willard Barber Atwell, Jr.
- 413. Loren Chester Grieves, Jr. 415. Charles Manly Walton, Jr.
- 416. Edward Randall Ford. 417. Ernest Frederick Brockman.
- 418. Allen Woodrow Ginder.
- 420. George Thomas Coleman.
- 421. Joseph Everett Reynolds.
- 422. George Richard Harrison, Jr.
- 423. Newton Elder James. 425. Carl August Buechner, Jr.
- 426. Edwin Peter Schmid.
- 428. James Law McCrorey, Jr.
- 430. Lewis Wilson Stocking. 431. Matthew James McKeever, Jr.
- 433. William Robison Reilly. 434. Jack Reeson Looney.

- 435. Edward Smith Hamilton.
- 437. Benjamin Franklin Avery, 2d.
- 438. James Oren McCray.
- 439. Kenneth Wilson Collins.
- 440. Benjamin Charles Chapla.
- 441. Josiah Scott Kurtz.
- 443. Harry Watson McClellan.
- 444. James Walter Wilson.
- 445. David Samuel Dillard.
- 446. Joseph Adams Hill. 2d.
- 447. Vladimir P. Yaletchko.
- 448. Milton Bernard Adams.
- 449. John Henry Meyer.
- 450. Constant August Troiano.

APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY

TO JUDGE ADVOCATE GENERAL'S DEPARTMENT

Capt. Wilbur Kincaid Noel, Cavalry, with rank from August 1, 1935.

TO CHEMICAL WARFARE SERVICE

Capt. Louis Edward Roemer, Infantry, with rank from August 1, 1935.

Capt. Edgar Daniel Stark, Infantry, with rank from June 14, 1937.

First Lt. Robert Walter Breaks, Infantry, with rank from June 12, 1939, effective June 12, 1939.

First Lt. Bruce von Gerichten Scott, Air Corps, with rank from June 13, 1936.

Second Lt. Laverne Arthur Parks, Infantry, with rank from July 1, 1938.

(Note.—Second Lt. Robert Walter Breaks, Infantry, nominated to the Senate on April 3, 1939, and confirmed by that body on April 8, 1939, for promotion to the grade of first lieutenant of Infantry on June 12, 1939. (See p. 21 on nomination of Apr. 3, 1939.)

PROMOTIONS IN THE NAVY

MARINE CORPS

Lt. Col. Raymond R. Wright to be a colonel in the Marine Corps from the 1st day of June 1939.

Lt. Col. Pedro A. del Valle to be a colonel in the Marine Corps from the 1st day of June 1939.

Maj. John M. Tildsley to be a lieutenant colonel in the Marine Corps from the 29th day of June 1938.

Maj. Dudley S. Brown to be a lieutenant colonel in the Marine Corps from the 1st day of June 1939.

Maj. Robert H. Pepper to be a lieutenant colonel in the Marine Corps from the 1st day of June 1939.

The following-named captains to be majors in the Marine Corps from the 1st day of June 1939:

John E. Curry Merlin F. Schneider Richard M. Cutts George F. Good, Jr.

First Lt. William K. Enright to be a captain in the Marine Corps from the 1st day of September 1938.

First Lt. Harvey C. Tschirgi to be a captain in the Marine Corps from the 1st day of September 1938.

First Lt. Marion A. Fawcett to be a captain in the Marine Corps from the 5th day of September 1938.

First Lt. Robert O. Bisson to be a captain in the Marine Corps from the 1st day of October 1938.

The following-named second lieutenants to be first lieutenants in the Marine Corps from the 4th day of June 1939:

Paul R. Tyler
Jean W. Moreau
George B. Bell
Andrew B. Galatian, Jr.
Frederick R. Dowsett
Richard W. Wallace
Wilfrid H. Stiles
John H. Masters
William K. Davenport, Jr.

Robert B. Moore

Donald C. Merker
Harrison Brent, Jr.
James W. Ferguson
Louis B. Robertshaw
William D. Roberson
Ralph Haas

Ralph Haas Ben F. Prewitt Maynard M. Nohrden Ted E. Pulos

POSTMASTERS

ALABAMA

Sidney B. Hooper to be postmaster at Albertville, Ala., in place of S. B. Hooper. Incumbent's commission expired January 22, 1939.

Velma P. Mickam to be postmaster at Bridgeport, Ala., in place of V. P. Mickam. Incumbent's commission expired March 19, 1939.

James B. White, Jr., to be postmaster at Centerville, Ala., in place of J. B. White, Jr. Incumbent's commission expired January 22, 1939.

Nora M. Wallace to be postmaster at Clayton, Ala., in place of N. M. Wallace. Incumbent's commission expired January 23, 1939.

Edmon R. Todd to be postmaster at Courtland, Ala., in place of E. R. Todd. Incumbent's commission expired January 22, 1939.

Mary L. Malone to be postmaster at Dothan, Ala., in place of M. L. Malone. Incumbent's commission expired January 23, 1939.

Floyd L. Avery to be postmaster at Fort Payne, Ala., in place of J. B. Davidson, deceased.

Leila P. Adair to be postmaster at Geneva, Ala., in place of L. P. Adair. Incumbent's commission expired January 22, 1939.

Daisy Buice to be postmaster at Good Water, Ala., in place of Daisy Buice. Incumbent's commission expired January 23, 1939.

Lelia C. Williamson to be postmaster at Gurley, Ala., in place of L. C. Williamson. Incumbent's commission expired January 22, 1939.

George W. Burkart to be postmaster at Hanceville, Ala., in place of G. W. Burkart. Incumbent's commission expired January 22, 1939.

Mary F. Ward to be postmaster at Hartford, Ala., in place of M. F. Ward. Incumbent's commission expired January 22, 1939.

Tom Dorroh to be postmaster at Kennedy, Ala., in place of Tom Dorroh. Incumbent's commission expired January 22, 1939.

Walter A. Blount to be postmaster at Slocomb, Ala., in place of W. A. Blount. Incumbent's commission expired January 22, 1939.

James Donald Merchant to be postmaster at Thorsby, Ala., in place of J. D. Merchant. Incumbent's commission expired January 24, 1939.

Paul E. Bradford to be postmaster at Trussville, Ala. Office became Presidential July 1, 1938.

Edgar A. Tatum to be postmaster at Valley Head, Ala., in place of E. A. Tatum. Incumbent's commission expired March 8, 1939.

Richard T. McGraw to be postmaster at Vincent, Ala., in place of R. T. McGraw. Incumbent's commission expired February 18, 1939.

Alma Cardwell to be postmaster at Vredenburgh, Ala., in place of Alma Cardwell. Incumbent's commission expired March 8, 1939.

ARIZONA

Sparlin B. Boner to be postmaster at Seligman, Ariz., in place of S. B. Boner. Incumbent's commission expired January 16, 1939.

Woodie A. Gatlin to be postmaster at Patagonia, Ariz., in place of W. A. Gatlin. Incumbent's commission expired January 16, 1939.

William D. Boardman to be postmaster at Payson, Ariz., in place of W. D. Boardman. Incumbent's commission expired January 22, 1939.

Joseph M. Balsz to be postmaster at Yuma, Ariz., in place of J. M. Balsz. Incumbent's commission expired January 16, 1939.

ARKANSAS

Ruel L. Sain to be postmaster at Holly Grove, Ark., in place of J. B. Lambert, removed.

Alonzo E. Nelson to be postmaster at Judsonia, Ark., in place of A. E. Nelson. Incumbent's commission expired January 15, 1939.

Richard S. Remy to be postmaster at Mulberry, Ark., in place of R. S. Remy. Incumbent's commission expired Janu-

ary 15, 1939.

Lillian V. Spikes to be postmaster at Rogers, Ark., in place

of W. L. Patterson, resigned.

Lewis B. Mason to be postmaster at Swifton, Ark., in place of L. B. Mason. Incumbent's commission expired January 15, 1939.

Albert Judson Pryor to be postmaster at Texarkana, Ark., in place of A. J. Pryor. Incumbent's commission expired March 12, 1939.

CALIFORNIA

Margaret Bernice Fleming to be postmaster at Alleghany, Calif., in place of R. P. Hawkins, deceased.

Raymond E. Ware to be postmaster at Fort Bragg, Calif., in place of R. E. Ware. Incumbent's commission expired February 20, 1939.

Richard S. Gregory to be postmaster at Fullerton, Calif., in place of R. S. Gregory. Incumbent's commission expired February 9, 1939.

Magdalena Seawell to be postmaster at Healdsburg, Calif., in place of Magdalena Seawell. Incumbent's commission expired June 8, 1938.

Arthur N. Renshaw to be postmaster at Hilmar, Calif., in

place of L. J. Renshaw, deceased.

William F. Pritchard to be postmaster at Ivanhoe, Calif. Office became Presidential July 1, 1938.

Miles E. Goble to be postmaster at Kingsburg, Calif., in place of W. C. Rothermel, removed.

Asa E. Bishop to be postmaster at Mendocino, Calif., in place of A. E. Bishop. Incumbent's commission expired February 9, 1939.

James E. Byrne to be postmaster at Oroville, Calif., in place of J. E. Byrne. Incumbent's commission expired February 9,

1939.

Ruth O. Evans to be postmaster at Randsburg, Calif., in place of E. B. Knowlton, deceased.

June E. James to be postmaster at Robbins, Calif. Office

became Presidential July 1, 1938.

Donald M. Stewart to be postmaster at San Diego, Calif., in place of D. M. Stewart. Incumbent's commission expired March 19, 1939.

Charles B. Pearson to be postmaster at Stockton, Calif., in place of C. B. Pearson. Incumbent's commission expired February 9, 1939.

Olive L. Edman to be postmaster at Stratford, Calif. Office became Presidential July 1, 1938.

John J. Madigan to be postmaster at Vallejo, Calif., in place of J. J. Madigan. Incumbent's commission expired March 8, 1939.

Nathan Levy to be postmaster at Visalia, Calif., in place of Nathan Levy. Incumbent's commission expired February 9, 1939.

COLORADO

Darius Allen to be postmaster at Colorado Springs, Colo., in place of Darius Allen. Incumbent's commission expired May 9, 1939.

Olive R. Ross to be postmaster at Deertrail, Colo., in place of O. R. Ross. Incumbent's commission expired January 21, 1939.

Roy Maxwell to be postmaster at Fort Collins, Colo., in place of Roy Maxwell. Incumbent's commission expires June 18, 1939.

Louise H. Lawson to be postmaster at Grover, Colo., in place of R. R. Lawson, resigned.

Floyd F. Hensler to be postmaster at Ordway, Colo., in place of F. F. Hensler. Incumbent's commission expired January 21, 1939.

Carl E. Raney to be postmaster at Walsh, Colo., in place of C. E. Raney. Incumbent's commission expired January 21, 1939.

Carl H. Davis to be postmaster at Wiley, Colo., in place of C. H. Davis. Incumbent's commission expired January 21, 1939.

CONNECTICUT

George T. Manion to be postmaster at Avon, Conn., in place of G. T. Manion. Incumbent's commission expired January 17, 1939.

Harry L. Lyman to be postmaster at New Preston, Conn., in place of H. L. Lyman. Incumbent's commission expired January 23, 1939.

William M. Logan to be postmaster at West Cheshire, Conn., in place of W. M. Logan. Incumbent's commission expired March 19, 1939.

FLORIDA

William L. Hoag to be postmaster at Davenport, Fla., in place of W. L. Hoag. Incumbent's commission expired April 2, 1938.

Walter B. Walters to be postmaster at Fort Myers, Fla., in place of W. B. Walters. Incumbent's commission expired January 17, 1939.

Charles W. Peters to be postmaster at Fort Pierce, Fla., in place of C. W. Peters. Incumbent's commission expired January 17, 1939.

George W. Shelton to be postmaster at Lake Alfred, Fla., in place of G. W. Shelton. Incumbent's commission expired January 17, 1939.

James D. Beggs to be postmaster at Orlando, Fla., in place of J. D. Beggs. Incumbent's commission expired February 20, 1939.

Major M. Stevenson to be postmaster at Pinellas Park, Fla. Office became Presidential July 1, 1938.

Albert W. Kelso to be postmaster at Winter Haven, Fla., in place of A. W. Kelso. Incumbent's commission expired May 21, 1939.

GEORGIA

Leonidas F. Livingston to be postmaster at Atlanta, Ga., in place of L. F. Livingston. Incumbent's commission expired June 1, 1939.

Brandon H. Rampley to be postmaster at Carnesville, Ga., in place of A. C. Little, deceased.

Pierce E. Cody to be postmaster at Collins, Ga., in place of P. E. Cody. Incumbent's commission expired February 1, 1938.

Norma W. Hawes to be postmaster at Elberton, Ga., in place of N. W. Hawes. Incumbent's commission expired January 22, 1939.

Jessie T. Freeman to be postmaster at Greenville, Ga., in place of J. T. Freeman. Incumbent's commission expired February 19, 1939.

Lorena B. Tucker to be postmaster at Ocilla, Ga., in place of Mrs. L. R. Tucker. Incumbent's commission expired January 22, 1939.

Clyde S. Young to be postmaster at Rebecca, Ga., in place of C. S. Young. Incumbent's commission expired January 22, 1939.

Gertie B. Gibbs to be postmaster at Ty Ty, Ga., in place of G. B. Gibbs. Incumbent's commission expired January 22, 1939.

Tilden A. Adkins to be postmaster at Vienna, Ga., in place of T. A. Adkins. Incumbent's commission expired January 30, 1933.

IDAHO

William O. Putnam, Jr., to be postmaster at Arco, Idaho, in place of W. O. Putnam, Jr. Incumbent's commission expired May 3, 1938.

Charles E. Bales to be postmaster at Caldwell, Idaho, in place of C. E. Bales. Incumbent's commission expired January 16, 1939.

Louella R. Hollenbeck to be postmaster at Fruitland, Idaho, in place of L. R. Hollenbeck. Incumbent's commission expired February 9, 1939.

Horten H. Tate to be postmaster at Glenns Ferry, Idaho, in place of H. H. Tate. Incumbent's commission expired May 3, 1938.

Arthur T. Combs to be postmaster at Kellogg, Idaho, in place of A. T. Combs. Incumbent's commission expired January 16, 1939.

Joseph D. Sullivan to be postmaster at Mountain Home, Idaho, in place of O. E. Norell. Incumbent's commission expired December 18, 1934.

Charles O. McKay to be postmaster at Richfield, Idaho, in place of J. T. McMahon, removed.

Thomas R. Miller to be postmaster at Ririe, Idaho. Office became Presidential July 1, 1938.

George P. Smith to be postmaster at Wendell, Idaho., in place of G. P. Smith. Incumbent's commission expired May 16, 1938.

ILLINOIS

Anthony J. Lagod to be postmaster at Blue Island, Ill., in place of J. F. Smith. Incumbent's commission expired June 1, 1936.

Frank W. Clark to be postmaster at Brimfield, Ill., in place of R. N. Bragg. Incumbent's commission expired March 17, 1936.

Claude H. Rendleman to be postmaster at Cobden, Ill., in place of C. H. Rendleman. Incumbent's commission expired January 16, 1939.

Louis J. Albrecht to be postmaster at Dolton, Ill., in place of L. J. Albrecht. Incumbent's commission expired January 16, 1939.

Glenn M. Poorman to be postmaster at Humboldt, Ill. Office became Presidential July 1, 1938.

Floyd E. Keller to be postmaster at Jonesboro, Ill., in place of F. E. Keller. Incumbent's commission expired March 18, 1939.

Clair T. Carney to be postmaster at Marengo, Ill., in place of R. W. Metcalf, removed.

Fred D. Hatter to be postmaster at Millstadt, Ill., in place of F. D. Hatter. Incumbent's commission expired January 16, 1939.

Leslie J. Smith to be postmaster at Mount Auburn, Ill., in place of L. J. Smith. Incumbent's commission expired January 16, 1939.

Wales S. Stamper to be postmaster at Olympia Fields, Ill. Office became Presidential July 1, 1938.

Earl McVicker to be postmaster at Oswego, Ill., in place of W. B. Lamb, removed.

West M. Rourke to be postmaster at Springfield, Ill., in place of W. M. Rourke. Incumbent's commission expired February 7, 1939.

Scott W. Hershey to be postmaster at Taylorville, Ill., in place of S. W. Hershey. Incumbent's commission expired March 18, 1939.

Aaron McLain Akin to be postmaster at Thompsonville, Ill., in place of A. M. Akin. Incumbent's commission expired March 18, 1939.

INDIANA

Ralph D. Barry to be postmaster at Crandall, Ind., in place of R. D. Barry. Incumbent's commission expired January 18, 1939.

John A. Donohue to be postmaster at Elwood, Ind., in place of J. A. Donohue. Incumbent's commission expired January 18, 1939.

Curtis Bennett to be postmaster at English, Ind., in place of Curtis Bennett. Incumbent's commission expired February 18, 1939.

Dorothy V. Prall to be postmaster at Henryville, Ind., in place of D. V. Prall. Incumbent's commission expired January 18, 1939.

Adolph Seidensticker to be postmaster at Indianapolis, Ind., in place of Adolph Seidensticker. Incumbent's commission expired May 3, 1938.

Thomas W. Hall to be postmaster at Medora, Ind., in place of T. W. Hall. Incumbent's commission expired February 18, 1939.

Joseph E. Herbst to be postmaster at Milan, Ind., in place of W. H. Warn, Jr., resigned,

IOWA

Thomas B. O'Donnell to be postmaster at Anthon, Iowa, in place of T. B. O'Donnell. Incumbent's commission expired March 14, 1938.

Henry S. King to be postmaster at Ashton, Iowa., in place of H. S. King. Incumbent's commission expired March 20, 1939.

Walter G. Lane to be postmaster at Baxter, Iowa, in place of W. G. Lane. Incumbent's commission expired June 18, 1938.

Zoe P. Way to be postmaster at Bussey, Iowa, in place of Z. P. Way. Incumbent's commission expired May 2, 1938.

Frank B. Baldwin to be postmaster at Cedar Rapids, Iowa, in place of F. B. Baldwin. Incumbent's commission expired January 18, 1939.

Lester A. Falcon to be postmaster at Central City, Iowa, in place of L. A. Falcon. Incumbent's commission expired January 18, 1939.

Anna M. Stephenson to be postmaster at Deep River, Iowa, in place of A. M. Stephenson. Incumbent's commission expired January 18, 1939.

Myrtle E. Smith to be postmaster at Edgewood, Iowa, in place of M. E. Smith. Incumbent's commission expired June 18, 1938.

Gordon J. Mosby to be postmaster at Elgin, Iowa, in place of G. J. Mosby. Incumbent's commission expired May 17, 1938.

Harry L. Conway to be postmaster at Elma, Iowa, in place of H. L. Conway. Incumbent's commission expired January 18, 1939.

Sadie J. Callahan to be postmaster at Epworth, Iowa, in place of S. J. Callahan. Incumbent's commission expired February 18, 1939.

Julius J. Chekal to be postmaster at Fort Atkinson, Iowa, in place of J. J. Chekal. Incumbent's commission expired February 15, 1938.

Harry R. Merchant to be postmaster at Garrison, Iowa, in place of H. R. Merchant. Incumbent's commission expired March 14, 1938.

Eva L. Ochs to be postmaster at Garwin, Iowa, in place of E. L. Ochs. Incumbent's commission expired February 9, 1939.

Harry W. Kelly to be postmaster at Grandmound, Iowa, in place of H. W. Kelly. Incumbent's commission expired January 18, 1939.

Howard Colon to be postmaster at Hamburg, Iowa, in place of Howard Colon. Incumbent's commission expired January 18, 1939.

John Moeller to be postmaster at Ireton, Iowa, in place of John Moeller. Incumbent's commission expired June 18, 1938.

Thomas H. Thompson to be postmaster at Kanawha, Iowa, in place of T. H. Thompson. Incumbent's commission expired January 18, 1939.

George A. Norelius to be postmaster at Kiron, Iowa, in place of G. A. Norelius. Incumbent's commission expired January 18, 1939.

Daniel P. O'Connor to be postmaster at Lawler, Iowa, in place of D. P. O'Connor. Incumbent's commission expired June 6, 1938.

John E. McHugh to be postmaster at Lisbon, Iowa, in place of J. E. McHugh. Incumbent's commission expired January 18, 1939.

James B. Gilroy to be postmaster at Lost Nation, Iowa, in place of J. B. Gilroy. Incumbent's commission expired February 9, 1939.

Frank G. Huebsch to be postmaster at McGregor, Iowa, in place of F. G. Huebsch. Incumbent's commission expired June 18, 1938.

Mattie M. Bridges to be postmaster at Moville, Iowa, in place of M. M. Bridges. Incumbent's commission expired January 18, 1939.

James B. Bellamy to be postmaster at Nashua, Iowa, in place of J. B. Bellamy. Incumbent's commission expired May 17, 1938.

Ray O. Bass to be postmaster at Ogden, Iowa, in place of R. O. Bass. Incumbent's commission expired June 6, 1938.

James G. Casey to be postmaster at Osage, Iowa, in place of J. G. Casey. Incumbent's commission expired June 18, 1938.

Simon H. Wareham to be postmaster at Peterson, Iowa, in place of S. H. Wareham. Incumbent's commission expired February 15, 1938.

Frank M. Halbach to be postmaster at Primghar, Iowa, in place of F. M. Halbach. Incumbent's commission expired February 15, 1938.

Ruth M. Emmett to be postmaster at Reinbeck, Iowa, in place of T. J. Emmett, resigned.

Charles E. Horning to be postmaster at Richland, Iowa, in place of C. E. Horning. Incumbent's commission expired May 17, 1938.

Andrew L. Anderson to be postmaster at Ringsted, Iowa, in place of A. L. Anderson. Incumbent's commission expired January 18, 1939.

Nellie F. Hyde to be postmaster at Rowan, Iowa. Office became Presidential July 1, 1938.

Charles E. Miller to be postmaster at St. Ansgar, Iowa, in place of C. E. Miller. Incumbent's commission expired June 18, 1938.

Peter C. Hollander to be postmaster at Schleswig, Iowa, in place of P. C. Hollander. Incumbent's commission expired January 18, 1939.

Leroy S. Gambs to be postmaster at Smithland, Iowa, in place of L. S. Gambs. Incumbent's commission expired June 18, 1938.

John Ray Dickinson to be postmaster at Soldier, Iowa, in place of J. R. Dickinson. Incumbent's commission expired April 2, 1938.

Jonathan F. White to be postmaster at South English, Iowa. Office became Presidential July 1, 1938.

Vane E. Herbert to be postmaster at Storm Lake, Iowa, in place of V. E. Herbert. Incumbent's commission expired May 31, 1938.

Ida E. Larson to be postmaster at Swea City, Iowa, in place of I. E. Larson. Incumbent's commission expired January 18, 1939.

Glen P. Weatherhead to be postmaster at Tabor, Iowa, in place of G. P. Weatherhead. Incumbent's commission expired January 18, 1939.

Richard P. Tank to be postmaster at Walcott, Iowa, in place of R. P. Tank. Incumbent's commission expired January 18, 1939.

Jack G. Chapman to be postmaster at Washta, Iowa, in place of J. G. Chapman. Incumbent's commission expired January 18, 1939.

Myrtle Ruth Lash to be postmaster at What Cheer, Iowa, in place of M. R. Lash. Incumbent's commission expired May 31, 1938.

William Hoker to be postmaster at Wheatland, Iowa, in place of William Hoker. Incumbent's commission expired January 18, 1939.

Ernest Reitz to be postmaster at Wyoming, Iowa, in place of Ernest Reitz. Incumbent's commission expired January 18, 1939.

KANSAS

Philip W. Heath to be postmaster at Abilene, Kans., in place of P. W. Heath. Incumbent's commission expired February 25, 1939.

Etta Le Ford to be postmaster at Argonia, Kans., in place of Etta Le Ford. Incumbent's commission expired February 25, 1939.

Albert H. Gillis to be postmaster at Kansas City, Kans., in place of A. H. Gillis. Incumbent's commission expired March 23, 1939.

Walter R. Dysart to be postmaster at Parker, Kans., in place of W. R. Dysart. Incumbent's commission expired February 15, 1939.

Nell M. Bowles to be postmaster at Walnut, Kans., in place of C. P. Briley, removed.

KENTUCKY

George W. Abbott to be postmaster at Bedford, Ky., in place of G. W. Abbott. Incumbent's commission expired February 18, 1939.

Clifford O. Ducker to be postmaster at Butler, Ky., in place of C. O. Ducker. Incumbent's commission expired March 19, 1939.

Ressie H. Miller to be postmaster at Cloverport, Ky., in place of R. H. Miller. Incumbent's commission expired February 18, 1939.

Leslie L. Patton to be postmaster at Horse Cave, Ky., in place of L. L. Patton. Incumbent's commission expired February 18, 1939.

Jack B. Hubbard, Jr., to be postmaster at Munfordville, Ky., in place of J. B. Hubbard, Jr. Incumbent's commission expired February 18, 1939.

LOUISIANA

Ruby M. Ivey to be postmaster at Benton, La., in place of R. M. Ivey. Incumbent's commission expired February 22, 1938.

Curry M. Elliott to be postmaster at Bunkie, La., in place of W. P. Bridenthal. Incumbent's commission expired June 18, 1938.

Stephen Bellard to be postmaster at Church Point, La., in place of Moise Bellard, deceased.

Theophilus Lemoine to be postmaster at Cottonport, La., in place of Theophilus Lemoine. Incumbent's commission expired June 14, 1938.

Aaron D. Williams to be postmaster at Gibsland, La., in place of M. L. Tatum. Incumbent's commission expired February 1, 1934.

Auburtin H. Barre to be postmaster at Mooringsport, La., in place of A. H. Barre. Incumbent's commission expired June 6, 1938.

Ada K. Allums to be postmaster at Plain Dealing, La., in place of A. K. Allums. Incumbent's commission expired February 22, 1938.

MAINE

Ivy L. Babbidge to be postmaster at Darkharbor, Maine, in place of D. H. Smith, resigned.

Adelard J. Dumais to be postmaster at Livermore Falls, Maine, in place of A. J. Dumais. Incumbent's commission expired May 17, 1938.

William E. Baker to be postmaster at Lubec, Maine, in place of W. E. Baker. Incumbent's commission expired April 25, 1938.

Alfred Boivin to be postmaster at Mexico, Maine, in place of Alfred Boivin. Incumbent's commission expired January 17, 1939.

Bernard A. Davis to be postmaster at Norridgewock, Maine, in place of B. A. Davis. Incumbent's commission expired January 17, 1939.

Carl C. Virgin to be postmaster at Ridlonville, Maine, in place of W. H. Carver, removed.

Ernest A. Atwood to be postmaster at Seal Harbor, Maine, in place of E. A. Atwood. Incumbent's commission expired January 17, 1939.

George G. Plumpton to be postmaster at South Eliot, Maine. Office became Presidential July 1, 1938.

Henry S. Stone to be postmaster at West Paris, Maine, in place of H. S. Stone. Incumbent's commission expired January 17, 1939.

MARYLAND

James J. Ohler to be postmaster at Glenarm, Md., in place of J. J. Ohler. Incumbent's commission expired February 18, 1939.

A. Emmons Warnick to be postmaster at Grantsville, Md., in place of A. E. Warnick. Incumbent's commission expired January 17, 1939.

Sarah Ann G. Phillips to be postmaster at Randallstown, Md., in place of S. G. Phillips. Incumbent's commission expired January 17, 1939.

MASSACHUSETTS

Mary E. Brady to be postmaster at Agawam, Mass., in place of M. A. Barden. Incumbent's commission expired June 6, 1938.

Frederick J. Wangler to be postmaster at Beverly Farms, Mass., in place of F. J. Wangler. Incumbent's commission expired January 18, 1939.

William E. Hallahan to be postmaster at Charlemont, Mass., in place of W. E. Hallahan. Incumbent's commission expired January 23, 1939.

Charles L. Jepson to be postmaster at Cheshire, Mass., in place of C. L. Jepson. Incumbent's commission expired January 18, 1939.

Charles J. Dacey to be postmaster at Conway, Mass., in place of C. J. Dacey. Incumbent's commission expired January 23, 1939.

Merritt C. Skilton to be postmaster at East Northfield, Mass., in place of M. C. Skilton. Incumbent's commission expired February 8, 1939.

Ella M. Harrington to be postmaster at Jefferson, Mass., in place of E. M. Harrington. Incumbent's commission expired January 18, 1939.

Agnes M. Butler to be postmaster at Millville, Mass., in place of A. M. Butler. Incumbent's commission expired January 18, 1939.

Douglas H. Knowlton to be postmaster at South Hamilton, Mass., in place of D. H. Knowlton. Incumbent's commission expired February 8, 1939.

Thomas J. Ashe to be postmaster at Springfield, Mass., in place of T. J. Ashe. Incumbent's commission expired January 21, 1939.

MICHIGAN

John H. Robson, Jr., to be postmaster at Ovid, Mich., in place of H. L. Vaughan. Incumbent's commission expired April 27, 1936.

MINNESOTA

Bernard A. Gorman to be postmaster at Goodhue, Minn., in place of B. A. Gorman. Incumbent's commission expired May 12, 1938.

Carl K. Peterson to be postmaster at Grand Meadow, Minn., in place of A. E. Torgrimson, removed.

MISSISSIPPI

Thomas A. Chapman to be postmaster at Friar Point, Miss., in place of T. A. Chapman. Incumbent's commission expired April 4, 1938.

Martha B. Gray to be postmaster at Robinsonville, Miss. Office became Presidential July 1, 1938.

Edgar L. Dear to be postmaster at Sledge, Miss., in place of E. L. Dear. Incumbent's commission expired January 18, 1939.

James C. Lamkin to be postmaster at Yazoo City, Miss., in place of J. C. Lamkin. Incumbent's commission expired April 25, 1938.

MISSOURI

June C. Lankford to be postmaster at Adrian, Mo., in place of L. F. Hughes. Incumbent's commission expired May 30, 1938.

Reece G. Allen to be postmaster at Benton, Mo., in place of R. G. Allen. Incumbent's commission expired February 20, 1939.

George F. Breen to be postmaster at Brookfield, Mo., in place of T. A. Breen, deceased.

Roy V. Coffman to be postmaster at Flat River, Mo., in place of R. V. Coffman. Incumbent's commission expired May 9, 1938.

Jessie M. Baker to be postmaster at New Cambria, Mo., in place of R. L. Jones. Incumbent's commission expired December 18, 1933.

Bernice E. Wesner to be postmaster at Sugar Creek, Mo., in place of Virgil Smee. Incumbent's commission expired January 9, 1936.

MONTANA

Helen Irene Manning to be postmaster at Hysham, Mont., in place of G. H. Hidding, removed.

Nels P. Miller to be postmaster at Medicine Lake, Mont., in place of L. Z. Francis. Incumbent's commission expired May 24, 1938.

NEBRASKA

Naomi G. Fackler to be postmaster at Burwell, Nebr., in place of N. G. Fackler. Incumbent's commission expires June 18, 1939.

Herman G. Mattson to be postmaster at Kearney, Nebr., in place of H. G. Mattson. Incumbent's commission expired January 29, 1939.

NEVADA

Milo W. Craig to be postmaster at Montello, Nev., in place of M. W. Craig. Incumbent's commission expired January 18, 1939.

Charles A. Leach to be postmaster at Wells, Nev., in place of H. C. Franklin, resigned.

NEW HAMPSHIRE

Martin A. Lynch to be postmaster at Alton Bay, N. H., in place of M. A. Lynch. Incumbent's commission expired January 16, 1939.

Harry Frank Smith to be postmaster at Center Harbor, N. H., in place of H. F. Smith. Incumbent's commission expired February 8, 1939.

Gordon A. Russell to be postmaster at North Weare, N. H., in place of G. A. Russell. Incumbent's commission expired January 16, 1939.

Harold A. Aher to be postmaster at West Lebanon, N. H., in place of H. A. Aher. Incumbent's commission expired January 16, 1939.

NEW JERSEY

Ananette L. Kroh to be postmaster at Brielle, N. J. Office became Presidential July 1, 1938.

Mary Alice Mahony to be postmaster at Haworth, N. J., in place of C. A. Cowan. Incumbent's commission expired April 12, 1936.

Margaret Dualsky to be postmaster at Montvale, N. J., in place of M. B. Vanderpoel. Incumbent's commission expired February 14, 1935.

James H. Norman to be postmaster at Newfoundland, N. J., in place of W. J. Reynolds, removed.

Whilmena A. Harvey to be postmaster at Oakhurst, N. J., in place of W. A. Harvey. Incumbent's commission expired January 28, 1939.

Eleanor H. White to be postmaster at Plainsboro, N. J., in place of E. H. White. Incumbent's commission expired March 7, 1938.

NEW MEXICO

Herman E. Kelt to be postmaster at Carrizozo, N. Mex., in place of H. E. Kelt. Incumbent's commission expired February 12, 1939.

Thomas M. Rivera to be postmaster at Hanover, N. Mex. Office became Presidential July 1, 1938.

Theodore Raff to be postmaster at Los Lunas, N. Mex., in place of Theodore Raff. Incumbent's commission expired February 12, 1939.

NEW YORK

George D. Burgess to be postmaster at Barker, N. Y., in place of G. D. Burgess. Incumbent's commission expired January 21, 1939.

Mabel L. Cleveland to be postmaster at Bloomville, N. Y., in place of M. L. Cleveland. Incumbent's commission expired January 22, 1939.

Nicholas J. O'Prey to be postmaster at Buchanan, N. Y., in place of N. J. O'Prey. Incumbent's commission expired January 28, 1939.

George C. Gumaer to be postmaster at Cato, N. Y., in place of G. C. Gumaer. Incumbent's commission expired January 22, 1939.

Elizabeth Zoeller to be postmaster at Centerport, N. Y. Office became Presidential July 1, 1938.

Henry N. Prentice to be postmaster at Chenango Forks, N. Y., in place of H. N. Prentice. Incumbent's commission expired January 22, 1939.

William J. Porr to be postmaster at Cochecton, N. Y., in place of W. J. Porr. Incumbent's commission expired January 28, 1939.

Fred A. Wagner to be postmaster at Delevan, N. Y., in place of F. A. Wagner. Incumbent's commission expired

January 28, 1939.

Bert W. Wood to be postmaster at Dexter, N. Y., in place of B. W. Wood. Incumbent's commission expired January 28, 1939,

Peter J. Carpenter to be postmaster at Dobbs Ferry, N. Y., in place of P. J. Carpenter. Incumbent's commission expired February 12, 1939.

William L. Koch to be postmaster at Dunkirk, N. Y., in place of W. L. Koch. Incumbent's commission expired January 28, 1939.

Pauline L. Eschrich to be postmaster at East Norwich, N. Y. Office became Presidential July 1, 1938.

Stephen V. Woods to be postmaster at East Randolph, N. Y. in place of S. V. Woods. Incumbent's commission expired January 24, 1939.

Michael J. Spillane to be postmaster at East Syracuse, N. Y., in place of M. J. Spillane. Incumbent's commission expired January 21, 1939.

Arthur H. Flint to be postmaster at Eden, N. Y., in place of A. H. Flint. Incumbent's commission expired January 29, 1939.

Clarence F. Dilcher to be postmaster at Elba, N. Y., in place of C. F. Dilcher. Incumbent's commission expired February 12, 1939.

Francis D. Van Arman to be postmaster at Ellenburg Depot, N. Y., in place of F. D. Van Arman. Incumbent's commission expired June 18, 1938.

Michael J. O'Connor to be postmaster at Ellicottville, N. Y., in place of M. J. O'Connor. Incumbent's commission expired January 24, 1939.

Euphemia M. Fitter to be postmaster at Far Rockaway, N. Y., in place of E. M. Fitter. Incumbent's commission expired January 22, 1939.

Louis Grenier to be postmaster at Faust, N. Y., in place of Louis Grenier. Incumbent's commission expired March 22,

James P. Barton to be postmaster at Firthcliffe, N. Y., in place of Nellie MacMorran. Incumbent's commission expired May 10, 1936.

Joseph A. Mara to be postmaster at Floral Park, N. Y., in place of J. A. Mara. Incumbent's commission expired January 29, 1939.

Joseph A. Doyle to be postmaster at Flushing, N. Y., in place of J. A. Doyle. Incumbent's commission expired January 22, 1939.

Erma S. Finch to be postmaster at Franklin, N. Y., in place of E. S. Finch. Incumbent's commission expired January 22, 1939.

William J. Hartnett to be postmaster at Fulton, N. Y., in place of W. J. Hartnett. Incumbent's commission expired March 18, 1939.

Edward F. Higgins to be postmaster at Great Neck, N. Y. in place of E. F. Higgins. Incumbent's commission expired February 18, 1939.

Clifford W. Sampson to be postmaster at Harpursville, N. Y., in place of C. W. Sampson. Incumbent's commission expired January 22, 1939.

Hugh C. O'Neill to be postmaster at Holcomb, N. Y., in place of H. C. O'Neill. Incumbent's commission expired June 18, 1938.

McIntyre Fraser to be postmaster at Johnstown, N. Y., in place of McIntyre Fraser. Incumbent's commission expired March 14, 1939.

Leon B. Wright to be postmaster at Lyndonville, N. Y., in place of L. B. Wright. Incumbent's commission expired January 22, 1939.

Clarence H. Root to be postmaster at Mannsville, N. Y., in place of C. H. Root. Incumbent's commission expired January 24, 1939.

Charles L. Kelley to be postmaster at Marathon, N. Y., in place of C. L. Kelley. Incumbent's commission expired January 22, 1939.

John G. Funch to be postmaster at Merrick, N. Y., in place of J. G. Funch. Incumbent's commission expired January 22, 1939.

Julia C. McManus to be postmaster at Montrose, N. Y., in place of J. J. Scherer, Jr., removed.

Bernard Daley to be postmaster at Mount Kisco, N. Y., in place of Bernard Daley. Incumbent's commission expired January 24, 1939.

Eugene S. Fiske to be postmaster at Mount Vernon, N. Y., in place of E. S. Fiske. Incumbent's commission expired January 24, 1939.

Mark M. Rice to be postmaster at Natural Bridge, N. Y., in place of M. M. Rice. Incumbent's commission expired January 24, 1939.

James V. Camely to be postmaster at New Hamburg, N. Y., in place of W. C. Edgar. Incumbent's commission expired April 29, 1936.

Wilfred D. Cheney to be postmaster at Newton Falls, N. Y., in place of W. D. Cheney. Incumbent's commission expired January 21, 1939.

William E. Merrill to be postmaster at Nichols, N. Y., in place of W. E. Merrill. Incumbent's commission expired January 22, 1939.

Jacob Fiddle to be postmaster at Parksville, N. Y., in place of Jacob Fiddle. Incumbent's commission expired January

Arthur F. Hawkins to be postmaster at Patchogue, N. Y., in place of A. F. Hawkins. Incumbent's commission expired May 22, 1938.

James Herbert Hutchinson to be postmaster at Pittsford, N. Y., in place of J. H. Hutchinson. Incumbent's commission expired January 22, 1939.

James J. Moroney to be postmaster at Pleasantville, N. Y., in place of J. J. Moroney. Incumbent's commission expired February 18, 1939.

Frank J. Leedings to be postmaster at Ravena, N. Y., in place of F. J. Leedings. Incumbent's commission expired February 12, 1939.

William J. Hunt to be postmaster at Rochester, N. Y., in place of W. J. Hunt. Incumbent's commission expired January 22, 1939.

Alice E. Colburn to be postmaster at Rose, N. Y. Office became Presidential July 1, 1937.

William Winne to be postmaster at Selkirk, N. Y., in place of William Winne. Incumbent's commission expired February 12, 1939.

Francis T. Nichols to be postmaster at Smithtown Branch, N. Y., in place of F. J. A. Marlborough, removed.

Franklin L. Sweet to be postmaster at Smyrna, N. Y., in place of F. L. Sweet. Incumbent's commission expired January 22, 1939.

Jacob M. Garlock to be postmaster at Sodus Point, N. Y. Office became Presidential July 1, 1938.

Carrie B. Baldwin to be postmaster at South Otselic, N. Y., in place of C. B. Baldwin. Incumbent's commission expired January 22, 1939.

John Lester Kincaid to be postmaster at Spencerport, N. Y., in place of J. L. Kincaid. Incumbent's commission expired January 22, 1939. Edmund H. Lawler to be postmaster at Spring Valley,

N. Y., in place of E. H. Lawler. Incumbent's commission expired January 21, 1939.

Mahlon M. Bomstad to be postmaster at Springwater. N. Y., in place of M. M. Bomstad. Incumbent's commission expired January 22, 1939.

Julia H. Roche to be postmaster at Unionville, N. Y., in place of J. H. Roche. Incumbent's commission expired June 15, 1938.

Raymond J. Buckley to be postmaster at Valley Stream, N. Y., in place of R. J. Buckley. Incumbent's commission expired June 18, 1938.

Catherine M. Mills to be postmaster at Wantagh, N. Y., in place of T. F. Clancy, deceased.

Napoleon Ponessa to be postmaster at West Haverstraw, N. Y., in place of Napoleon Ponessa. Incumbent's commission expired February 12, 1939.

James W. Hodge to be postmaster at Wingdale, N. Y., in place of J. W. Hodge. Incumbent's commission expired January 22, 1939.

George F. Powers, Jr., to be postmaster at Wyoming, N. Y., in place of J. E. Murphy, deceased.

NORTH CAROLINA

Laucy E. Johnson to be postmaster at Angier, N. C., in place of L. E. Johnson. Incumbent's commission expired January 16, 1939.

Jackson S. Collie to be postmaster at Bailey, N. C., in place of M. T. Eatman, removed.

Jesse T. Morgan to be postmaster at Benson, N. C., in place of J. T. Morgan. Incumbent's commission expired January 16, 1939.

Pat D. Gray to be postmaster at Cary, N. C., in place of P. D. Gray. Incumbent's commission expired January 16, 1939.

Estelle I. Baldwin to be postmaster at Chadbourn, N. C., in place of E. I. Baldwin. Incumbent's commission expired January 16, 1939.

Russell A. Crowell to be postmaster at Enka, N. C., in place of R. A. Crowell. Incumbent's commission expired January 16, 1939.

George Carroll Sales to be postmaster at Fletcher, N. C., in place of G. C. Sales. Incumbent's commission expired February 20, 1939.

Marvin T. George to be postmaster at Four Oaks, N. C., in place of M. T. George. Incumbent's commission expired January 16, 1939.

Thomas W. Porter to be postmaster at Franklin, N. C., in place of T. W. Porter. Incumbent's commission expired January 16, 1939.

Ernest W. Ewbank to be postmaster at Hendersonville, N. C., in place of E. W. Ewbank. Incumbent's commission expired March 19, 1939.

Wayne A. Mitchell to be postmaster at Kinston, N. C., in place of W. A. Mitchell. Incumbent's commission expired February 20, 1939.

Euna B. McBride to be postmaster at Marshville, N. C., in place of E. B. McBride. Incumbent's commission expired January 16, 1939.

Gillam Craig to be postmaster at Monroe, N. C., in place of Gillam Craig. Incumbent's commission expired January 16, 1939.

Raymond R. Eagle to be postmaster at New Bern, N. C., in place of R. R. Eagle. Incumbent's commission expired March 19, 1939.

Robert N. Stansill to be postmaster at Rockingham, N. C., in place of R. N. Stansill. Incumbent's commission expired January 16, 1939.

Elias Carr Speight to be postmaster at Rocky Mount, N. C., in place of E. C. Speight. Incumbent's commission expired March 12, 1939.

William J. Butler to be postmaster at St. Pauls, N. C., in place of W. J. Butler. Incumbent's commission expired January 16, 1939.

P. Frank Buchan to be postmaster at Southern Pines, N. C., in place of P. F. Buchan. Incumbent's commission expired January 16, 1939.

John A. Davis to be postmaster at Waxhaw, N. C., in place of J. A. Davis. Incumbent's commission expired January 16, 1939.

William Bryan Booe to be postmaster at Winston-Salem, N. C., in place of P. A. Bennett, resigned.

NORTH DAKOTA

Eugene H. Mattingly to be postmaster at Jamestown, N. Dak., in place of E. H. Mattingly. Incumbent's commission expired May 9, 1938.

Oral L. Noble to be postmaster at Jud, N. Dak., in place of H. E. Brady, removed. Nellie Dougherty to be postmaster at Minot, N. Dak., in place of Nellie Dougherty. Incumbent's commission expired March 7, 1939.

OHIO

Kathryn Schott to be postmaster at Brewster, Ohio, in place of E. E. Schott, deceased.

Duward B. Snyder to be postmaster at Grand Rapids, Ohio, in place of D. B. Snyder. Incumbent's commission expired May 29, 1938.

J. Lendall Williams to be postmaster at Greenville, Ohio, in place of J. L. Williams. Incumbent's commission expired January 17, 1939.

Edna L. Merkle to be postmaster at Hartville, Ohio, in place of H. B. Merkle, deceased.

Roy Newlin to be postmaster at Middletown, Ohio, in place of F. B. Pauly, resigned.

John J. Cawley to be postmaster at Painesville, Ohio, in place of J. J. Cawley. Incumbent's commission expired February 21, 1939.

OKLAHOMA

Earl A. Brown to be postmaster at Ardmore, Okla., in place of E. A. Brown. Incumbent's commission expired February 18, 1939.

Wade H. LaBoon to be postmaster at Chickasha, Okla., in place of W. H. LaBoon. Incumbent's commission expired February 21, 1939.

Frank N. Jones to be postmaster at Garber, Okla., in place of G. G. Smith, resigned.

Maud L. Vaughan to be postmaster at Supply, Okla., in place of M. L. Vaughan. Incumbent's commission expired June 13, 1938.

Bruce G. Carter to be postmaster at Wewoka, Okla., in place of W. L. Thurston, resigned.

OREGON

Victor Eckley to be postmaster at La Grande, Oreg., in place of Victor Eckley. Incumbent's commission expired January 18, 1939.

Anna G. Wolford to be postmaster at Sprague River, Oreg. Office became Presidential July 1, 1938.

PENNSYLVANIA

Arthur Rabb to be postmaster at Bloomsburg, Pa., in place of Arthur Rabb. Incumbent's commission expired June 18, 1938.

Joseph W. Manon to be postmaster at Charleroi, Pa., in place of J. W. Manon. Incumbent's commission expired February 9, 1939.

Charles G. Melcher to be postmaster at Conneautville, Pa., in place of J. H. Gibson. Incumbent's commission expired January 9, 1935.

Laura M. Clark to be postmaster at Connellsville, Pa., in place of W. S. Behanna. Incumbent's commission expired January 13, 1936.

Velma G. Livengood to be postmaster at Delmont, Pa., in place of C. R. Earnest, removed.

Warren Hoffman to be postmaster at Denver, Pa., in place of M. S. Bard, resigned.

Henry C. Schultz to be postmaster at Easton, Pa., in place of H. C. Schultz. Incumbent's commission expired February 21, 1939.

Clara B. Dunmire to be postmaster at Foxburg, Pa., in place of C. B. Dunmire. Incumbent's commission expired June 6, 1938.

Claude O. Meckley to be postmaster at Hanover, Pa., in place of C. O. Meckley. Incumbent's commission expired February 9, 1939.

Clarence R. Baker to be postmaster at Hollsopple, Pa., in place of C. R. Baker. Incumbent's commission expired June 9, 1938.

Marjorie L. Samson to be postmaster at Lake Ariel, Pa., in place of M. L. Samson. Incumbent's commission expired June 6, 1938.

John P. Doherty to be postmaster at Latrobe, Pa., in place of J. P. Doherty. Incumbent's commission expired February 25, 1939.

Paul Q. Barclay to be postmaster at Punxsutawney, Pa., in place of P. Q. Barclay. Incumbent's commission expired June 6, 1938.

James W. Wagaman to be postmaster at Quincy, Pa., in place of J. L. Gates, resigned.

Laura M. Gilpatrick to be postmaster at Seward, Pa. Office became Presidential July 1, 1936.

W. DeLancey Rinehardt to be postmaster at York, Pa., in place of W. D. Rinehardt. Incumbent's commission expired February 21, 1939.

RHODE ISLAND

Frank L. Giard to be postmaster at Pawtucket, R. I., in place of F. L. Giard. Incumbent's commission expired January 21, 1939.

SOUTH CAROLINA

Ralph E. McCaskill to be postmaster at Bethune, S. C., in place of J. T. Copeland, removed.

John H. Crawford to be postmaster at Chester, S. C., in place of S. C. Carter, resigned.

Eric C. Goza to be postmaster at Columbia, S. C., in place of E. C. Goza. Incumbent's commission expired January 21, 1939.

Delle J. Laffitte to be postmaster at Cope, S. C., in place of W. M. Ritter, removed.

Thurman W. Boyd to be postmaster at Loris, S. C., in place of W. J. Hughes, removed.

Sue Scott to be postmaster at Pelzer, S. C., in place of H. D. Stansell, retired.

Jack D. Boyd to be postmaster at Ridgeway, S. C., in place of S. C. Starnes. Incumbent's commission expired June 10, 1936.

Helen DuPre Moseley to be postmaster at Spartanburg, S. C., in place of H. D. Moseley. Incumbent's commission expired March 8, 1939.

SOUTH DAKOTA

Harry A. Beavers to be postmaster at Jefferson, S. Dak., in place of Aglae Bosse, deceased.

Clare Leamy to be postmaster at Letcher, S. Dak., in place of Regina Trinen, removed.

James R. Crowe to be postmaster at Yankton, S. Dak., in place of J. R. Crowe. Incumbent's commission expired March 12, 1939.

TENNESSEE

James R. King to be postmaster at Clarksville, Tenn., in place of J. R. King. Incumbent's commission expired January 16, 1939.

Albert D. Ward to be postmaster at Decatur, Tenn., in place of A. D. Ward. Incumbent's commission expired January 16, 1939.

Thomas G. Hughes to be postmaster at Jackson, Tenn., in place of T. G. Hughes. Incumbent's commission expired June 8, 1938.

William F. Earthman to be postmaster at Murfreesboro, Tenn., in place of J. C. Elrod, deceased.

TEXAS

Ogden Johnson to be postmaster at Beaumont, Tex., in place of Ogden Johnson. Incumbent's commission expired January 25, 1939.

Philip P. Wise to be postmaster at Bonham, Tex., in place of P. P. Wise. Incumbent's commission expired June 12, 1938.

Anna V. Smith to be postmaster at College Station, Tex., in place of A. V. Smith. Incumbent's commission expired January 25, 1939.

Raymond Ross to be postmaster at Del Rio, Tex., in place of Raymond Ross. Incumbent's commission expired April 6, 1939.

Sue B. Mullins to be postmaster at Grapevine, Tex., in place of S. B. Mullins. Incumbent's commission expired January 25, 1939.

James G. Ponder to be postmaster at Happy, Tex., in place of J. G. Ponder. Incumbent's commission expired January 25, 1939.

Burris C. Jackson to be postmaster at Hillsboro, Tex., in place of B. C. Jackson. Incumbent's commission expired January 25, 1939.

Carl E. Range to be postmaster at Irving, Tex., in place of R. S. Lively, removed.

George F. Sheppard to be postmaster at Italy, Tex., in place of G. F. Sheppard. Incumbent's commission expired February 12, 1939.

Alice W. Dotson to be postmaster at Jewett, Tex., in place of A. W. Dotson. Incumbent's commission expired January 25, 1939.

John T. Holmes to be postmaster at Joaquin, Tex., in place of J. T. Holmes. Incumbent's commission expired January 25, 1939.

William P. Dowling to be postmaster at Kirbyville, Tex., in place of W. P. Dowling. Incumbent's commission expired January 25, 1939.

Charlotte M. Boyle to be postmaster at La Porte, Tex., in place of C. M. Boyle. Incumbent's commission expired June 18, 1938.

Carl A. Shipp to be postmaster at Liberty Hill, Tex., in place of C. A. Shipp. Incumbent's commission expired January 25, 1939.

William H. Bruns to be postmaster at Louise, Tex., in place of W. H. Bruns. Incumbent's commission expired January 25, 1939.

Amos H. Howard to be postmaster at Lubbock, Tex., in place of A. H. Howard. Incumbent's commission expired April 6, 1939.

Ben C. McElroy to be postmaster at Marshall, Tex., in place of B. C. McElroy. Incumbent's commission expired February 12, 1939.

Fay F. Spragins to be postmaster at Martindale, Tex., in place of F. F. Spragins. Incumbent's commission expired January 25, 1939.

Lou A. Wright to be postmaster at Milford, Tex., in place of L. A. Wright. Incumbent's commission expired January 25, 1939.

Louis O. Muenzler to be postmaster at New Ulm, Tex., in place of L. O. Muenzler. Incumbent's commission expired January 25, 1939.

Mardie J. Bennett to be postmaster at Normangee, Tex., in place of M. J. Bennett. Incumbent's commission expired January 25, 1939.

William T. Henderson to be postmaster at Odessa, Tex., in place of W. T. Henderson. Incumbent's commission expired January 25, 1939.

Lloyd O. Waldron to be postmaster at Panhandle, Tex., in place of L. O. Waldron. Incumbent's commission expired January 25, 1939.

Thomas W. Russell to be postmaster at Paris, Tex., in place of T. W. Russell. Incumbent's commission expired January 25, 1939.

Rufus L. Hybarger to be postmaster at Pineland, Tex., in place of R. L. Hybarger. Incumbent's commission expired January 25, 1939.

William G. Carlisle to be postmaster at Plano, Tex., in place of W. G. Carlisle. Incumbent's commission expired January 25, 1939.

Ray S. Wait to be postmaster at Port Isabel, Tex., in place of R. S. Wait. Incumbent's commission expired January 25, 1939.

Lino Perez to be postmaster at Rio Grande City, Tex., in place of Lino Perez. Incumbent's commission expired January 25, 1939.

Grady Norris to be postmaster at Roscoe, Tex., in place of J. E. McClain. Incumbent's commission expired June 18, 1938.

Ida Bowers to be postmaster at Tenaha, Tex., in place of Ida Bowers. Incumbent's commission expired January 25, 1939.

Samuel M. Gupton to be postmaster at West Columbia, Tex., in place of S. M. Gupton. Incumbent's commission expired 25, 1939. Della Duncan to be postmaster at Wylie, Tex., in place of Della Duncan. Incumbent's commission expired January 25, 1939.

UTAH

Brigham Willard Young to be postmaster at Draper, Utah. Office became Presidential July 1, 1938.

VERMONT

Mary E. Malone to be postmaster at Manchester, Vt., in place of Frank Regan, deceased.

VIRGINIA

Mabel C. Crockett to be postmaster at Bishop, Va. Office became Presidential July 1, 1938.

Bessie M. Guy to be postmaster at Catlett, Va. Office became Presidential July 1, 1938.

Cornelia L. Patton to be postmaster at Clinchco, Va., in place of C. L. Patton. Incumbent's commission expired January 18, 1939.

D. Irvine Persinger to be postmaster at Eagle Rock, Va., in place of D. I. Persinger. Incumbent's commission expired January 18, 1939.

Edgar McCarty Wiley to be postmaster at Fairfax, Va.,

in place of L. M. Coyner, resigned.

Edward M. Blake to be postmaster at Kilmarnock, Va., in place of E. M. Blake. Incumbent's commission expired January 18, 1939.

John H. Cave to be postmaster at Lynchburg, Va., in place of J. H. Cave. Incumbent's commission expired January 18, 1939.

Robert W. Shultice to be postmaster at Norfolk, Va., in place of R. W. Shultice. Incumbent's commission expired May 16, 1938.

George Leonard Elmore to be postmaster at Petersburg, Va., in place of A. W. Gray, deceased.

WASHINGTON

Walter V. Cowderoy to be postmaster at Blaine, Wash., in place of W. V. Cowderoy. Incumbent's commission expired June 6, 1938.

Harry E. Robbins to be postmaster at Coulee Dam, Wash., in place of H. E. Robbins. Incumbent's commission expired January 16, 1939.

Morgan J. McNair to be postmaster at Farmington, Wash., in place of M. J. McNair. Incumbent's commission expired January 16, 1939.

John Lotto to be postmaster at Renton, Wash., in place of D. B. McGovern, removed.

Elizabeth DeLong to be postmaster at Silverdale, Wash., in place of G. L. Gordon, removed.

Fanny I. Jennings to be postmaster at Spangle, Wash., in place of F. I. Jennings. Incumbent's commission expired April 30, 1938.

Rufus B. Kager to be postmaster at Sultan, Wash., in place of R. B. Kager. Incumbent's commission expired June 6,

Cecilia Allen to be postmaster at Zillah, Wash., in place of Cecilia Allen. Incumbent's commission expired January 16,

WEST VIRGINIA

Harry W. Coplin to be postmaster at Elizabeth, W. Va., in place of E. C. Andrick, removed.

Arthur G. Martin to be postmaster at Fairmont, W. Va., in place of A. G. Martin. Incumbent's commission expired January 28, 1939.

Clarence C. Francisco to be postmaster at Iaeger, W. Va., in place of C. C. Francisco. Incumbent's commission expired June 6, 1938.

Lucille Jividen to be postmaster at Leon, W. Va. Office became Presidential July 1, 1938.

Effle L. Hedrick to be postmaster at Mabscott, W. Va., in place of E. L. Hedrick. Incumbent's commission expired February 12, 1939.

Herbert H. Crumrine to be postmaster at Middlebourne, W. Va., in place of H. H. Crumrine. Incumbent's commission expired January 29, 1939.

Anna M. Stephenson to be postmaster at Parkersburg, W. Va., in place A. M. Stephenson. Incumbent's commission expired January 30, 1938.

George Leonard Smith to be postmaster at Petersburg, W. Va., in place of G. L. Smith. Incumbent's commission expired January 29, 1939.

Lyman G. Emerson to be postmaster at Reedsville, W. Va., in place of L. G. Emerson. Incumbent's commission expired January 29, 1939.

Dayton L. O'Dell to be postmaster at Quinwood, W. Va., in place of E. R. Christian, removed.

John Kenna Kerwood to be postmaster at Ripley, W. Va., in place J. K. Kerwood. Incumbent's commission expired January 31, 1938.

William C. Bishop to be postmaster at Scarbro, W. Va., in place of W. C. Bishop. Incumbent's commission expired June 8, 1938.

William B. Snyder to be postmaster at Shepherdstown, W. Va., in place of M. S. R. Moler, resigned.

Joseph C. Archer to be postmaster at Sistersville, W. Va., in place of J. C. Archer. Incumbent's commission expired January 29, 1939.

Charles B. McCray to be postmaster at Webster Springs, W. Va., in place of C. B. McCray. Incumbent's commission expired January 29, 1939.

WISCONSIN

Raymond J. Dufeck to be postmaster at Denmark, Wis., in place of Raymond Dufeck. Incumbent's commission expired June 8, 1938.

Anna Loftus to be postmaster at De Soto, Wis., in place of Anna Loftus. Incumbent's commission expired June 7, 1938.

Harry F. Kelley to be postmaster at Manitowoc, Wis., in place of H. F. Kelley. Incumbent's commission expired January 18, 1939.

Martin J. Bachhuber to be postmaster at Mayville, Wis., in place of M. J. Bachhuber. Incumbent's commission expired May 30, 1938.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 5, 1939
DIPLOMATIC AND FOREIGN SERVICE

Howard Bucknell, Jr., to be a consul general of the United States of America.

APPOINTMENTS IN THE REGULAR ARMY

TO BE SECOND LIEUTENANTS, WITH RANK FROM JUNE 12, 1939

(Note.—The list of cadets of the United States Military Academy, who are scheduled for graduation on June 12, 1939, were today nominated to be second lieutenants, with rank from June 12, 1939, and were confirmed by the Senate. For a list of the names of persons confirmed under this title, see the end of the Senate proceedings for today under the caption "Nominations.")

Appointments to Temporary Rank in the Air Corps, Regular Army

George Edward Lovell, Jr., to be colonel, Air Corps.
Benjamin Franklin Giles to be lieutenant colonel, Air Corps.
Edward Crews Black to be lieutenant colonel, Air Corps.
Lawrence Joseph Carr to be major, Air Corps.
Harry Clark Wisehart to be major, Air Corps.
John Ferral McBlain to be major, Air Corps.

APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY Capt. Auguste Rhu Taylor to Judge Advocate General's Department.

Maj. Edwin Douglass McCoy to Quartermaster Corps.
First Lt. Carmon Ambrose Rogers to Quartermaster Corps.
Second Lt. James John Cosgrove to Quartermaster Corps.
Capt. John Amos Hall to Judge Advocate General's Department.

Capt. Edward Hamilton Young to Judge Advocate General's Department.

PROMOTIONS IN THE REGULAR ARMY

James Irvin Muir to be colonel, Infantry.
John Julius Waterman to be colonel, Field Artillery.
Frank Drake to be colonel, Coast Artillery Corps.
Daniel Huston Torrey to be colonel, Adjutant General's Department.

John Millikin to be colonel, Cavalry.

Aaron Joseph Becker to be lieutenant colonel, Infantry.
Wilson McKay Spann to be lieutenant colonel, Infantry.
James Vernon Ware to be lieutenant colonel, Infantry.
Robert Washington Brown to be lieutenant colonel, Judge
Advocate General's Department.

Charles Lowndes Steel to be lieutenant colonel, Infantry.
Manuel Benigno Navas to be lieutenant colonel, Infantry.
Enrique Manuel Benitez to be lieutenant colonel, Coast
Artillery Corps.

Arthur Dana Elliot to be major, Ordnance Department.
Joseph Edward Schillo to be major, Quartermaster Corps.
John Paul Richter to be major, Air Corps (temporary major, Air Corps).

Rene Raimond Studler to be major, Ordnance Department. Howard Burdette Nurse to be major, Quartermaster Corps. John Montgemery Heath to be major, Signal Corps. Robert George Howie to be major, Infantry. Ralph Wiltamuth to be major, Infantry. Clarence Price Canby to be major, Dental Corps. Edmund Harold Van Dervort to be captain, Dental Corps. Robert James Brown to be captain, Veterinary Corps. Earl Goss Kingdon to be captain, Veterinary Corps.

Harland William Layer to be first lieutenant, Medical Administrative Corps.

Eugene Gordon Cooper to be first lieutenant, Medical Administrative Corps.

Arthur Melville Henderson to be first lieutenant, Medical Administrative Corps.

Chaplain Ivan Loveridge Bennett to be chaplain with the rank of lieutenant colonel.

MEDICAL CORPS

To be lieutenant colonel

William LeRoy Thompson

To be majors

Oliver Kunze Niess Carl Milo Rylander James Patrick Cooney Harvey Francis Hendrickson

Louis Holmes Ginn, Jr. Seth Gayle, Jr. Howard Sterling McConkie

To be captains

John Chisholm Fitzpatrick
Levi Martin Browning
John William Kemble
John William Raulston
William Ferrall Cook
Conn Lewis Milburn, Jr.
James Thomas McGibony
Robert Henry Blount
John Kemp Davis
Louis Frederick Hubener
Wilbur Carmen Berry

Karl Herbert Houghton Albert Charles Krukowski Kenneth Somers Edward Sigerfoos Horace Craig Gibson Frank Rodney Drake Jack Segal Harold Augustus Vinson Nicholas Fred Atria Joseph Wallace Batch

POSTMASTER

OHIO

Ross E. P. Benter, Addyston.

HOUSE OF REPRESENTATIVES

Monday, June 5, 1939

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Almighty God, our most merciful Father, without whom nothing is pure and nothing is enduring, we praise Thee that Thou carest for us; Thy mercies are so manifold. In our need we ask for a ray of hope and into life's sky Thou dost flash love's unfading bow of promise. Thou dost bless us with

loving friendships in whose hearts truth is truth and love is love. We pray Thee that we may be pure-hearted and clean-handed, and then we shall learn that the world is full of wonder, full of love, and full of God, and by these we are related to the precious gifts of life. Springing out of genuine sincerity, may the spirit of brotherhood prevail here from hour to hour. May the rich blessings of an all-wise, loving Father be upon our distinguished Speaker and the Congress. Help us all, dear Lord, to appreciate and preserve the trust and the dignity which have been reposed in us, and Thine shall be the praise. Through Christ our Saviour. Amen.

The Journal of the proceedings of Friday, June 2, 1939, was read and approved.

MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills and a joint resolution of the House of the following titles:

On May 31, 1939:

H. R. 199. An act to amend section 10 (b), (c), and (d) of the act of June 26, 1884, as amended (U. S. C., 1934 edition, title 46, sec. 599), relative to the allotment of wages by seamen; H. R. 1301. An act for the relief of John J. Trimble;

H.R. 1782. An act to amend section 4335 of the Revised Statutes of the United States relative to change of masters of vessels:

H.R. 1786. An act to amend section 4325 of the Revised Statutes of the United States, as amended, relative to renewal of licenses of vessels;

H. R. 2067. An act for the relief of the Atlas Powder Co.;

H.R. 3221. An act to authorize the Secretary of War to provide for the sale of aviation supplies and services to aircraft operated by foreign military and air attachés accredited to the United States, and for other purposes;

H. R. 3965. An act for the relief of Charles H. Parr;

H. R. 4131. An act for the relief of Melvin Gerard Alvey; H. R. 4997. An act giving the consent and approval of Congress to the Rio Grande compact signed at Santa Fe, N. Mex., on March 18, 1938;

H. R. 5076. An act to authorize further relief to water users on United States reclamation projects and on Indian reclamation projects; and

H. R. 5447. An act authorizing the President to invite the States of the Union and foreign countries to participate in the International Petroleum Exposition at Tulsa, Okla., to be held May 18 to May 25, 1940.

On June 2, 1939:

H.R. 1784. An act to amend section 4498 of the Revised Statutes of the United States, as amended, relative to the renewal of licenses of vessels;

H. R. 2878. An act to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes;

H. R. 2987. An act providing for the transfusion of blood by members and former members of the Military Establishment and by employees of the United States Government;

H. R. 3131. An act to authorize the Secretary of War to convey certain lands owned by the United States for other lands needed in connection with the expansion of West Point Military reservation, N. Y., and for other purposes;

H. R. 5501. An act authorizing the Secretary of Commerce to convey a certain tract of land to the State of Oregon for use as a public park and recreational site; and

H. J. Res. 280. Joint resolution authorizing the payment of salaries of the officers and employees of Congress on the first workday preceding the last day of any month when the last day falls on Sunday or a legal holiday.

On June 3, 1939:

H. R. 2097. An act for the relief of Homer C. Stroud:

H. R. 2926. An act for the relief of Bernard Woodruff;

H. R. 3897. An act for the relief of Harry L. Smigell;

H. R. 5324. An act to amend certain sections of the National Housing Act; and

H. R. 5485. An act permitting the War Department to transfer old horses and mules to the care of reputable humane organizations.

PERMISSION TO ADDRESS THE HOUSE

Mr. KEOGH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. KEOGH]?

There was no objection.

Mr. KEOGH. Mr. Speaker and Members of the House, on Saturday, June 3, Georgetown University held its sesquicentennial convocation and its award of honors. It was indeed appropriate, therefore, that this great educational institution, upon the occasion of its one hundred and fiftieth anniversary, should honor another body founded at the same time. To receive the award, the university selected our beloved Speaker and conferred upon him the honorary degree of doctor of [Applause.]

In his reply Speaker BANKHEAD said in part:

No government for a great people can hope to survive purely upon political ideology. There must be coupled with it cultural and spiritual and professional ideals and practices to stabilize the morale of the people, to govern their personal conduct by systems of sound moral ethics, and to teach them materialistic values are but a portion of the patrimony of a sound and enduring civilization. Speaking as a representative of the legislative branch of our Government, I invoke with unrestrained confidence your further cooperation in sustaining in full strength and substance the essence of our democratic institutions which make men free—free to speak their hopest convictions, free to worship their God in such fashion

their honest convictions, free to worship their food in such fashion as conscience and conviction may choose without coercion or restraint from any temporal power; free to acquire and bequeath; free to set up our own altars and hearthstones without let or hindrance; free to order our own lives without punitive menace from any quarter; and free to cherish every noble memory that occasions like this inspire this inspire.

The Georgetown University has grown side by side with the Congress of the United States and was the first Catholic college founded in the United States.

The high light of the sesquicentennial ceremonies, along with the signal honor bestowed upon our worthy Speaker, was the receipt of a letter from Pope Pius XII in his own handwriting addressed to the president of the university, in which he paid high tribute to the university and its founder, John Carroll, first bishop of the Catholic hierarchy in the United States. The text of the letter of the Pope is as follows:

Georgetown University is commemorating during these days, beloved son, the 150 years that have passed since its foundation, and we cannot but share deeply your great joy, while we congratulate you on the splendid results achieved during these 15 decades. When in the year 1789 John Carroll, first bishop of the Catholic hierarchy in the United States, built his college on the heights of Georgetown he erected a monument significant and worthy of the galous for severing prelate and of the great genuine worthy of the zealous, far-seeing prelate, and of the ardent, genuine patriot. That college became, as he tells in his letters, the object dearest to his heart. For he saw clearly, as did likewise his great contemporary the first President of the nascent Republic, that the life and prosperity of his beloved country would depend in very large measure on the cultural and religious training of its youth. Nor could he contribute more effectively to safeguarding and strengthening the foundations of the state than by forging, as he did in Georgetown College, the beginnings of that magnificent chain of Catholic schools and colleges and universities, where the future citizen is taught the eternal truth, that only he can serve his country best who serves his God first.

For in vain would that man claim the tribute of patriotism who For in vain would that man claim the tribute of patriotism who should labor to subvert religion and morality, those great pillars of human happiness, those firmest props of the duties of men and citizens. By act of Congress, signed March 1, 1815, by President James Madison, the state gave public testimony to its gratitude by raising Georgetown College to the full stature of a university; and on March 30, 1833, our predecessor of happy memory, Pope Gregory XVI, crowned the masterly work of Carroll by granting to the faculties of philosophy and theology the power of conferring degrees in those supreme sciences. With every good reason, therefore, beloved son, does Georgetown University recall with profound sentiments of gratitude to Almighty God 150 years of honorable service to God and country. Through the sacrifices and unstinting labors of these who have gone before you—and to whom we and you pay the homage of grateful memory—a single unit with a small group of students has grown steadily and strongly into the attractive university city with its six faculties and more than 3,000 students. During a century and a half members of the Society of Jesus uninterruptedly have devoted their learning and their lives to the enlightenment and character formation of the young men entrusted to their care.

During a century and a half these students, leaving the walls of their alma mater, have added Christian dignity and honor and right thinking to the family life, to the business and highest proright thinking to the family life, to the business and highest professional circles of their country. We rejoice with you in the consoling memories of these 150 years, and we offer our prayer of thanksgiving to God, the giver of every good gift. The destinies of Georgetown University under God are now in your hands. May he guide you and strengthen you so that the cherished hopes of the great Archbishop Carroll may each year be realized with everincreasing fullness to the glory of God and to the spiritual grandeur of your country. As a token of our paternal interest and of our desire to encourage the all-important work of Catholic education that you are so ably carrying on, to you, beloved son, to the directions of the control of the control of the control of the direction that you are so ably carrying on, to you, beloved son, to the directions of the control of th that you are so ably carrying on, to you, beloved son, to the directors of Georgetown College, to the professors and students, and to all those present and united with you in your sesquicentennial celebrations we impart the apostolic blessing.

Given at Rome from St. Peter's, on the 21st day of May, A. D.

1939, the first of our pontificate.

(Signed) Prus PP. XII.

The convocation opened with the reading of the congressional charter of the university, granted in 1815. The Very Reverend Arthur O'Leary, S. J., the president, aptly described the growth and aims of the university. He said:

Georgetown has been builded step by step with the self-sacrificing hands and devoted hearts of a long line of men, who have given their time and their talents and their very lives to the training of the hearts and minds and bodies of youth. We take pride in our past and we feel that the rich tradition of practical service to our Nation during all these years gives us every reason for great courage and high hope that the future may continue and even expand our sphere of usefulness. The past is a glowing lamp that will guide us upward and onward toward the goal of perfect service.

In view of the importance of this event, I think it fitting that we today acknowledge our sincere gratitude and deep appreciation to Georgetown University for its recognition of the character and service of our distinguished Speaker. The further honors he will wear, we can be certain, with increasing modesty and greater service to his country and to this body. [Applause.]

[Here the gavel fell.]

PERMISSION TO ADDRESS THE HOUSE

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent that this afternoon at the conclusion of the address by the gentleman from Michigan [Mr. Engel], under special order heretofore entered, I may be permitted to address the House for 12 minutes to present a request of the Press Gallery.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

UNVEILING OF STATUE OF WILL ROGERS

Mr. DISNEY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute to make an announcement.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma [Mr. DISNEY]?

There was no objection.

Mr. DISNEY. Mr. Speaker, tomorrow afternoon at 2 o'clock in the rotunda of the Capitol there will be unveiled a statue to Oklahoma's illustrious son, Will Rogers, to be placed in Memorial Hall. The Oklahoma delegation is pleased to invite the friends of Will Rogers and the Members of the House to attend this ceremony.

PROPOSED AMENDMENT TO WAGE AND HOUR BILL

Mr. COX. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Georgia [Mr. Cox]?

There was no objection.

Mr. COX. Mr. Speaker, we have reached the point when this House should reclaim the right to legislate upon its own responsibility. [Applause.] The defeat of the motion to suspend the rules and pass the labor bill which is expected to come up this morning would be a step in this direction.

The doors of the Committee on Rules are still open ready to receive any Member of this House who will ask for an open rule for the consideration of that bill.

Mr. RANKIN. Will the gentleman yield?

Mr. COX. I yield to the gentleman from Mississippi. Mr. RANKIN. Does the gentleman mean that we should

vote down the motion for a second to the bill?

Mr. COX. That is what I hope the House will do.

Mr. RANKIN. As I understand the parliamentary situation, it is this: When a Member rises and moves to suspend the rules and pass this bill, then a second will be demanded. If a second is not granted by unanimous consent, then the House is forced to vote upon it. If the second is voted down, then the chairman of the committee will have to go to the Rules Committee and get a rule to bring that bill before the House?

[Here the gavel fell.]

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute in order to complete this

The SPEAKER. Is there objection to the request of the gentleman from Mississippi [Mr. RANKIN]?

There was no objection.

Mr. RANKIN. Will the gentleman answer that question? Mr. COX. I may say to the gentleman, speaking for myself, that I oppose taking up so important a question as is proposed by the pending bill just referred to on a motion to suspend the rules. No request has been made of the Rules Committee for a rule covering consideration of this important measure. That committee stands ready, I am sure, to grant an open rule for the consideration of that bill.

Mr. RANKIN. That is what I want to know. If the request for a second is voted down, will the Rules Committee bring in an open rule and give the House the right to pass

upon the bill?

Mr. COX. I can only say it is my belief, and I believe I speak advisedly, that the Rules Committee will upon application of any Member of the House, preferably a member of the Committee on Labor, grant an open rule for the consideration of the measure.

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. MAPES. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an article appearing in yesterday's papers by Mark Sullivan.

The SPEAKER. Is there objection to the request of the gentleman from Michigan [Mr. MAPES]?

There was no objection.

GEN. GEORGE VAN HORN MOSELEY

Mr. SECCOMBE. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. SECCOMBE. Mr. Speaker, the press of Saturday carried the statement that Gen. George Van Horn Moseley, former Chief of Staff of the United States Army, had stated before the Dies committee that the President had sold the country down the river. One of my colleagues claims that he should be court-martialed for his statement. I claim he should be given a Congressional Medal of Honor. In that same spirit, General Moseley claimed that the White House should conduct a house cleaning of its own, and that President Roosevelt could in a few minutes' time rid the administration of the Communists by discharging them from the Government jobs.

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. RAYBURN. Mr. Speaker, I have heard made by new Members and old ones very unfortunate and very unfair statements about a President of the United States, but I have never heard a more unfortunate, unfair, or cruel statement reechoed on the floor of the House of Representatives. I am utterly amazed that the gentleman would repeat the statements of as irresponsible a man as General Moseley is, judging from the testimony he gave before the Dies committee as well as his general attitude. [Applause.]

EXTENSION OF REMARKS

Mr. FULMER. Mr. Speaker. I ask unanimous consent to extend my own remarks in the RECORD and to include therein a brief editorial.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

AVIATION CADETS IN THE NAVAL AND MARINE CORPS RESERVES

Mr. VINSON of Georgia. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 5765) to authorize commissioning aviation cadets in the Naval and Marine Corps Reserves upon completion of training, and for other purposes, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 1, line 4, after "1939"", insert "and shall take effect on July 1, 1939."

Page 5, line 23, strike out "Speaker of the House of Representatives" and insert "Congress."

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

Mr. MAPES. Reserving the right to object, Mr. Speaker, I understand the amendments of the Senate have been considered by the Committee on Naval Affairs of the House and unanimously agreed to by them, but I believe the chairman should explain these amendments for the RECORD.

Mr. VINSON of Georgia. I have consulted with the ranking minority member, and there is no disagreement from his

viewpoint with reference to these amendments.

Mr. MAPES. Will the gentleman state just what the amendments are?

Mr. VINSON of Georgia. When the bill passed the House it was referred to as the Naval Reserve Act of 1939. The Senate amended the bill to make it effective on July 1, 1939. The House provided that a report should be presented to the Speaker of the House of Representatives. The Senate changed it so that the report would be submitted to the Congress. These are the only two amendments.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The Senate amendments were concurred in. A motion to reconsider was laid on the table.

JEFFERSON DAVIS-A JUDICIAL ESTIMATE

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include therein some extracts from an address delivered by Bishop Charles B. Galloway, of my State.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. RANKIN. Mr. Speaker, last Saturday, June 3, was the anniversary of the birth of Jefferson Davis, the great White Chieftain of the Confederacy, one of the greatest men this Nation has ever produced. [Applause.]

He has been maligned, abused, and misrepresented more than any other man who has ever served in public life in

No man ever paid him a higher tribute, or a more deserved tribute than that delivered by Bishop Charles B. Galloway, of the Southern Methodist Church of my own State. I shall insert in the RECORD as a part of my remarks Bishop Galloway's address in order that the American people may. at this late date, know the truth about this great man who has now been dead these 50 years. A greater patriot, an abler statesman, a braver soldier, or a more consecrated Christian this Nation has not seen. [Applause.]

The matter referred to follows:

ADDRESS OF BISHOP CHARLES B. GALLOWAY AT THE UNIVERSITY OF MIS-SISSIPPI ON THE ONE HUNDREDTH ANNIVERSARY OF THE BIRTH OF

With unaffected distrust of my ability to meet the demands of such a great hour as this, I rejoice to be again on the beautiful campus of my alma mater and have the opportunity of bringing a campus of my alma mater and have the opportunity of bringing a message to the young men of my country. And as this commencement day chances to be the one hundredth anniversary of the birth of Jefferson Davis, the most illustrious citizen whose name ever adorned and enriched the annals of Mississippi, I have had the temerity to select his Life and Times as the theme of this hour's discussion. To paint, with skillful hand, the full-length portrait of that majestic man, or adequately portray the qualities that gave him greatness and the virtues that make him immortal, I cannot; but, with you, I can reverently sit at his feet and listen to a story him greatness and the virtues that make him immortal, I cannot, but, with you, I can reverently sit at his feet and listen to a story that will stir within us many a noble aspiration and cause us to seek more diligently the old paths of manly honor and high endeavor. My purpose is not to indulge in extravagant or indiscriminate eulogy but, if possible, give a judicial estimate of a great man who was the most commanding figure in a fierce and eventful settimed exists. It shell be alike proposed from intrascenting connational crisis. It shall be alike removed from unreasoning censure and unreasonable praise. We need not deify Mr. Davis, or disproportionately exalt the pedestal on which the Genius of Hisdisproportionately exact the petestant of which the centar of the tory will surely place him, in order to show adequate appreciation of his noble character and splendid genius. On the other hand, the use of bitter invective and lurid superlatives about this man of destiny may evidence literary ingenuity and partisan malignity, but can never any more command the respect of patriotic, thoughtful students of our national history.

The days of malignant vituperation are gone, and the time of judicial interpretation has come. It is not necessary now to "measure all facts by considerations of latitude and longitude." The character and life work of Jefferson Davis were never so diligently and dispassionately studied as today. War passions have sufficiently cooled, and war clouds have so floated from our necessary to the most adapt and sentimental national. tional skies that even the most ardent and sentimental national-ist can study the man and his times in a clear, white light. A citizen whose moral and religious ideals were the most exalted, and whose daily conduct was sought to be modeled after the Man of Galilee, and whose life has in it as little to explain or apologize for, as any leader in American politics, can never be caricatured as a monster or condemned as a traitor, and have anybody really believe it.

The unanswered question in England for 240 years was, "Shall Cromwell have a statue?" It required nearly 2½ centuries for public opinion to reach a just estimate of the most colossal figure in English history. The great lord protector died at Whitehall and was laid to rest, with royal honors, in Westminster Abbey. But when the monarchy was restored, and Charles II ascended the but when the monarchy was restored, and charles it ascended throne, his body was disinterred, gibbetted at Tyburn Hill and buried under the gallows, the head being placed on Westminster Hall. Now, a magnificent statue of the great Oliver stands opposite where his head was exposed to the jeers of every passerby—England's sane and final estimate of the mightiest man who ever England's sane and final estimate of the mightlest man who ever led her legions to victory or guided the course of her civil history. In the new world, events move faster, popular passion cools quicker, and calm judgment more speedily reascends its sacred throne. After 40 years since the Civil War, the Nation's estimate of Jefferson Davis—the Oliver Cromwell of our constitutional crisis—has almost entirely changed, and points to the not far-off day when no place in our Federal capital will be too conspicuous for his heroic statue. Mr. Davis can no more be understood by reading the heated columns of the political newspapers and hisday when no place in our receival capital will be too conspicuous for his heroic statue. Mr. Davis can no more be understood by reading the heated columns of the political newspapers and historical writers of the days immediately succeeding the Civil War than Oliver Cromwell could be judicially interpreted by the obsequious literature of the reign of Charles II.

Mr. Davis had his limitations and was not without his measure of human faults and frallities; but he also had extraordinary gifts and radiant virtues and a brilliant genius that rank him among the mightiest men of the centuries. He made mistakes, because he the mignuest men of the centuries. He made mistakes, because his was mortal, and he excited antagonisms because his convictions were stronger than his tactful graces; but no one who knew him, and no dispassionate student of his history, ever doubted the sincerity of his great soul or the absolute integrity of his imperial purpose. Let us, on his anniversary day, learn some patriotic lessons from the life history of this greatest Mississippian, replight our faith to the unalterable principles of constitutional liberty to which he to the unalterable principles of constitutional liberty to which he was passionately devoted, and renew our fealty to the flag of our reunited country, which he never ceased to love.

I have read of a peculiar notion entertained by the ancient Norsemen. They supposed that, beside the soul of the dead, a ghost survived, haunting for awhile the scenes of his earthly labors. Though at first vivid and lifelike, it slowly waned and faded, until at length it vanished, leaving behind no trace or memory of its spectral presence. I am glad that the ghosts of old sectional issues are vanishing and soon will cease to haunt and mock the fears of the most anxious and nervous of American patriots. It is a grateful fact, in which all rejoice, that this Nation is more united in heart and number to the property in the history. and purpose today than ever in its history.

While I would not needlessly stir the embers of settled strife or reopen the grave of buried issues or, by a word, revive the bitter memories of a stormy past, it is due the truth of history that the fundamental principles for which our fathers contended should be often reiterated, in order that the purpose which inspired them

may be correctly estimated and the purity of their motives be abundantly vindicated.

If the condition of affairs in 1860 be thoroughly understood, and one has a clear and accurate knowledge of the nature and character of the Federal Government, together with the rights of the acter of the Federal Government, together with the rights of the States under the Constitution, we need not fear the judgments that may be formed and the conclusions that will be reached. But unfortunately for the truth of history, up to recent years, we have been "confronted by dogmas which are substituted for principles, by preconceived opinions which are claimed to be historical verities, and by sentimentality which closes the avenues of the mind against logic and demonstration."

But hefore studying the lessons of a great cause a great loader.

But before studying the lessons of a great cause, a great leader, and a great era, I call attention to a rather singular historic fact. The most illogical and unreasoning sentiment—which yet lingers, but is fast fading—a sentiment universal in the North and more or less entertained in the South—is that which has persistently discrimitated against Mr. Davis, helding, him to indictive security.

but is fast fading—a sentiment universal in the North and more or less entertained in the South—is that which has persistently discriminated against Mr. Davis, holding him to vindictive account for the ever-to-be-lamented war and all its terrible consequences, while others have been acquitted of blame, and many applauded as patriots and heroes. Upon his weary shoulders have been piled the sins of the South, and he has been execrated as the arch traitor of American politics. Those who thus judge have taken counsel of their prejudices, and evidence an almost criminal ignorance of the facts of history. Was Mr. Davis more a sinner than Robert E. Lee and Stonewall Jackson, that he should be condemned and they so universally praised? Did he follow any flag for which they did not draw their swords? Did he advocate any doctrine to which they did not subscribe, and write their names in blood? Did he avow allegiance to any government to which they did not pledge life and sacred honor? And yet, in some sections of our country, he has been gibbetted, and they have been applauded.

I know there is a certain glamour that gathers about a military hero which commands admiration and calls for extravagant laudation. One who braves the shout of battle and wins the chaplet of victory, is unconsciously invested with a halo more brilliant than the crown of any civilian, however marvelous his gifts or magnificent his achievements or immortal the results of his public labors. People will applaud the returning conqueror while they forget the founder of an empire or the author of a nation's constitution. By virtue of his exalted position, first as the trusted political leader of a great party, and then as the President of a storm-cradled nation, Mr. Davis invited antagonisms and could not escape the sharpest criticism. Having to deal with the rivalries of political leaders, the jealousies of military aspirants, the bitterness of the disappointed, the selfishness of the discontented, and indeed all classes, in every department of the civ held accountable for everything, from the failure to capture Washington after the first battle of Manassas, to the unsuccessful return of the peace commission and the surrender of Lee's tattered legions at Appomattox.

As this discussion will be more the study of an epochal man and his times rether then the restrict of the study of the study

his times, rather than the recital of personal history, I shall not repeat in detail the well-known facts of an eventful career. The son of a gallant Revolutionary soldier, and with the finest strain of Weish blood flowing in his generous veins, Jeferson Davis was born in the State of Kentucky. In infancy he was brought by his father to Mississippi, and here his entire life was spent. At the county school he was prepared for Transylvania College, from which, at the age of 16, he passed to the United States Military Academy at West Point. In that institution he was distinguished as a state of the country as a student and a gentleman, and in due time was graduated with high honor.

Jefferson Davis began life well. He had a clean boyhood, with no tendency to vice or immorality. That was the universal testimony of neighbors, teachers, and fellow students. He grew up a stranger to deceit and a lover of the truth. He formed no evil habits that he had to correct, and forged upon himself no chains that he had to break. His nature was as transparent as the light that shone about him; his heart was as open as the soft skies that

that shone about him; his heart was as open as the soft skies that bent in benediction over his country home; and his temper as sweet and cheery as the limpid stream that made music in its flow through the neighboring fields and forests.

Graduating from West Point in 1828, he was commissioned a second lieutenant in the Regular Army, and spent 7 laborious years in the military service, chiefly in the middle Northwest, and had some conspicuous part in the Black Hawk War. In 1835 Lieutenant had been the Beauler Army market the bearens. some conspicuous part in the Black Hawk War. In 1835 Lieutenant Davis resigned from the Regular Army, married the charming daughter of Gen. Zachary Taylor, and settled on his Mississippi plantation, to follow the luxurious, literary life of a cultured southern gentleman. But the untimely death, in a few short months, of his fair young bride, crushed his radiant hopes and disappointed all his life plans. After 7 years, spent mostly in agricultural pursuits, and in literary study, especially the study of political philosophy and constitutional history, he entered public life, and almost immediately rose to trusted and conspicuous leadership.

In 1844 Mr. Davis was elected to Congress, and over the resident.

In 1844 Mr. Davis was elected to Congress, and ever thereafter, up to the fall of the Confederate Government, was in some distinguished capacity or other connected with the public service of his country. When he entered the Halls of Congress, the Oregon question, the reannexation of Texas, and the revision of the tariff were the stormy issues that divided the Nation into two hostile

camps. The scholarly young Representative from Mississippi soon appeared in the lists, and by his thorough mastery of the questions involved attracted national attention. The venerable ex-President, John Quincy Adams, the "old man eloquent," at that time a Member of the House, was greatly impressed with his extraordinary ability and predicted his brilliant parliamentary career. Referring to his first set speech in Congress, a recent biographer, makes this just and suggestive observation: "He manifests here, in his early efforts as a legislator some of the larger views of national life and efforts as a legislator, some of the larger views of national life and development which have been so persistently ignored by those who have chronicled his career."

In that first great speech, which had all the marks and carried all the credentials of the profoundest statesmanship, Mr. Davis made this broad declaration from the principle of which he never receded: "The extent of our Union has never been to me the cause of apprehension; its cohesion can only be disturbed by violation of the compact which cements it."

Believing as he did in the righteousness of the conflict with Mexico, Mr. Davis earnestly advocated the most liberal supply of means and men to prosecute the war, and announced himself as ready, should his services be needed, to take his place in the tented field. In June 1846 a regiment of Mississippi volunteers was organfield. In June 1886 a regiment of Mississippi volunteers was objected at Vicksburg, and Jefferson Davis was elected its colonel. He accordingly resigned his seat in Congress, hastened to join his regiment, which he overtook at New Orleans, and reported for duty to General Taylor on the Mexican border. At Monterey and Buena Vista, crucial positions of the war, his command rendered containing the containing th Vista, crucial positions of the war, his command fendered conspicuously heroic service. Our American knighthood was in fairest flower that day, especially on the plains of Buena Vista, when Colonel Davis, against overwhelming numbers, snatched victory from almost certain defeat, and won immortal fame for himself and his gallant Mississippi rifles. By a brilliant tactical movement he broke the strength of the Mexican army and sent General Santa Anna southward with only half the force of the day before. Though a coverely wounded he remained in his saddle refusing to quit the Anna southward with only half the force of the day before. Though severely wounded he remained in his saddle, refusing to quit the field until the day of glorious triumph was complete. General Zachary Taylor, commander in chief of the American forces, paid this eloquent tribute to the soldierly courage and genius of the distinguished Mississippian: "Napoleon never had a marshal who behaved more superbly than did Colonel Davis today."

Returning from Mexico, having won the highest honors of war, Colonel Davis and the brave remnant of his magnificent regiment, were everywhere welcomed with boundless enthusiasm. He was tendered the position of brigadier general of volunteers by President Polk, but declined, on constitutional grounds, holding that such appointment inhered only in the State.

Within 2 months after his return from Mexico, crowned with

Within 2 months after his return from Mexico, crowned with immortal honor, Mr. Davis was appointed by the Governor to rep-resent Mississippi in the United States Senate, a vacancy having immortal honor, Mr. Davis was appointed by the Governor to represent Mississippi in the United States Senate, a vacancy having occurred by the death of Senator Spaight. When the legislature met he was elected unanimously for the remainder of the unexpired term, all party lines having disappeared in a universal desire to honor the brilliant young colonel of the Mississippi Rifles. That was a position most congenial to his tastes and ambitions, and there his superb abilities shone with a splendor rarely equaled in the parliamentary history of America. He was an ideal Senator, dignified, self-mastered, serious, dispassionate, always bent on the great things that concerned the welfare of the Nation. He was never flippant—never toyed with trifles—and never trifled with the destiny of his people. His was the skill and strength to bend the mighty bow of Ulysses.

When Jefferson Davis entered the United States Senate the glory of that upper Chamber was at its height. Possibly never at one time had so many illustrious men sat in the highest council of the Nation. There were giants in those days. There sat John C. Calhoun, of South Carolina; Daniel Webster, of Massachusetts; Henry Clay, of Kentucky; Thomas H. Benton, of Missouri; Lewis Cass, of Michigan; Salmon P. Chase, of Ohio; Stephen A. Douglass, of Illinois, and other men of lesser fame. In that company of giants Jefferson Davis, of Mississippi, at once took rank among the greatest, "eloquent among the most eloquent in debate," and worthy to be the premier at any council table of American statesmen. The historian Prescott pronounced him "the most accomplished" Member of the body.

One who spoke by the authority of large experience with the

ber of the body.

One who spoke by the authority of large experience with the upper Chamber thus correctly characterized our brilliant and accomplished young Senator: "It is but simple justice to say that in ripe scholarship, wide and accurate information on all subjects coming scholarship, wide and accurate information on all subjects coming before the body, native ability, readiness as a debater, true honor, and stainless character, Jefferson Davis stood in the very first rank, and did as much to influence legislation and leave his mark on the Senate and the country as any other who served in his day."

Senator Henry Wilson, of Massachusetts, afterward spoke of him as "the clear-headed, practical, dominating Davis."

That which preeminently signalized the public character and parliamentary career of Jefferson Davis was his sincere, unwavering devotion to the doctrine of State sovereignty, and all the practical

devotion to the doctrine of State sovereignty, and all the practical questions that flowed therefrom. He held with unrelaxing grasp to the fundamental fact that the Union was composed of separate, independent, sovereign States, and that all Federal power was delegated, specifically limited, and clearly defined. The titanic struggles of the option within the control of the contro gles of his entire public life were over this one vital issue, with all that it logically involved for the weal or woe of his beloved ccuntry. The Articles of Confederation declared, in express terms, that "each State retains its sovereignty, freedom, and independence, and every power, jurisdiction, and right, which is not by this Confederation expressly delegated to the United States in Congress assembled," and that principle was transferred intact to the Constitution itself. And as one function of sovereignty was the right to withdraw from a compact, if occasion demanded, he planted himself squarely upon that doctrine, and never wavered in its able and fearless advocacy—a doctrine, by the way, that was never questioned by any jurist or statesman for 40 years after the Constitution was adopted.

Having read and reread, with great diligence and no less delight, the whole history of the fierce controversies that culminated in the War between the States, including the ablest speeches of our profoundest statesmen on both sides, and with all my genuine pride in a restored Union, I am bound to say that the southern position was never shaken, and that the overwhelming weight of argument was on the side of John C. Calhoun and Jefferson Davis, And further, it was by surrendering the constitutional argument and resorting to what was denominated "the higher law" of political conduct and conscience that the North found apology or depart for its attitude toward the inglicenshe with a few the southern. fense for its attitude toward the inalienable rights of the Southern

In order that you may appreciate the grounds of my confident assertion, I quote a few paragraphs from what seems to me an absolutely unanswerable argument by John C. Calhoun, the greatest logician and profoundest political philosopher in the Nation: "In that character they formed the old confederation, and when it was proposed to supersede the Articles of the Confederation by the present Constitution, they met in convention as States, acted and voted as States, and the Constitution, when formed, was submitted for ratification to the people of the several States. It was ratified for ratification to the people of the several States. It was submitted by them as States, each State for itself; each, by its ratification, binding its own citizens; the parts thus separately binding them selves, and not the whole, the parts; and it is declared in the pre-amble of the Constitution to be ordained by the people of the United States, and in the article of ratification, when ratified, to be binding between the States so ratifying. The conclusion is inevitable that the Constitution is the work of the people of the States, considered as separate and independent political communi-ties; that they are its authors—their power created it, their voice clothed it with authority; that the Government formed is in reality their agent; and that the Union, of which the Constitution is the bond, is a Union of States and not of individuals."

And it is an interesting and suggestive fact that the latest historians and writers on constitutional government sustain the funda-

mental contention of southern statesmen.

The Honorable Henry Cabot Lodge, the accomplished scholar and distinguished Senator of Massachusetts, in his Life of Daniel Webster, makes this candid statement: "When the Constitution was adopted by the votes of the States at Philadelphia and accepted by votes of States in popular conventions, it was safe to say there was not a man in the country, from Washington to Hamilton on the one side, to George Clinton and George Mason on the other, who regarded the new system as anything but an experiment entered upon by the States, and from which each and every State had the right to peacefully withdraw—a right that was very likely to be exercised."

And in a recent illuminating address, the Honorable Charles Francis Adams, abundantly and absolutely vindicates the contention of Mr. Davis and other southern leaders, in this noble ut-terance: "To which side did the weight of argument incline dur-ing the great debate which culminated in our Civil War? The ing the great debate which culminated in our Civil War? The answer necessarily turns on the abstract right of what we term a sovereign State to secede from the Union at such time and for such cause as may seem to that State proper and sufficient. The issue is settled; irrevocably and for all time decided; it was settled 40 years ago, and the settlement since reached has been the result not of reason based on historical evidence, but of events and of force." And Mr. Adams further added: "The principles enunciated by South Carolina on the 20th of December, 1860, were enunciated by the Kentucky resolutions, November 16, 1798."

The position of Jefferson Davis, though by his enemies often denied and persistently obscured, was this—that while consistently and unanswerably defending the right of a State to secede, he never urged it as a policy, and deplored it as a possible necessity. Or to use the language of the resolution adopted by the States Rights Convention of Mississippi in June 1851, drawn by his own hand, "Secession was the last alternative, the final remedy, and should not be resorted to under existing circumstances."

It may be interesting in this connection to inquire when the exer-

It may be interesting in this connection to inquire when the exercise of a State's right to secede had its first and most threatening assertion. Alexander H. Stevens affirms that the right of a State assertion. Alexander H. Stevens amrms that the light of a standard to withdraw from the Union was never denied or questioned by any to withdraw from the Union was never denied or questioned by any of character and standing "until to withdraw from the Union was never denied or questioned by any jurist, publicist, or statesman of character and standing "until Kent's Commentaries appeared in 1826, nearly 40 years after the Government had gone into operation." And it is historic truth to state that the first threat to exercise this right, universally recognized in the early days of the Republic, was not heard in the South; "it first sprang up in the North." Not only so, but from 1795 to 1815, and again in 1845, there was an influential party in New England who favored and threatened the formation of a northern confederacy. Roger Griswold, a Representative in Congress from the State of Connecticut in 1804, declared that he was in favor of the New England States forming a republic by themin favor of the New England States forming a republic by themselves and seceding from the Union. Joseph Story, when in Congress, afterward a Justice of the Supreme Court and commentation on the Constitution, said: "It was a prevalent opinion then in Massachusetts * * * of a separation of the Eastern States from the Union."

In a famous speech delivered by Josiah Quincy, in Congress, January 14, 1811, against the admission of Louisiana into the Union as a State, these sentiments were defiantly uttered: "I am compelled to declare it as my deliberate opinion that if this bill passes, the bonds of this Union are virtually dissolved; that the States which compose it are free from their moral obliga-tions, and that, as it will be the right of all, so it will be the duty of some, to prepare definitely for a separation, amicably, if they can, violently if they must." It must not be forgotten that these are not the words of Jefferson Davis. When he defended the doctrine of a State's right to sever its relation with the Union, he was denounced as a conspirator against the life of the Nation.

On December 15, 1814, the Hartford Convention assembled,

composed of delegates from all the New England States, to protest against the war then in progress between the United States and England. They had suffered immense loss by the destruction of their commerce and fisheries, and rather than endure more for the Nation's account, they preferred to withdraw from the Union. The report, adopted unanimously by the convention, contains this language: "In case of deliberate, dangerous, and palpable infraclanguage: In case of deliberate, dangerous, and paparie limitations of the Constitution, affecting the sovereignty of a State, and the liberties of the people, it is not only the right, but the duty of such a State to interpose its authority for their protection, in the manner best calculated to secure that end. When emergencies occur, which are either beyond the reach of judicial tribunals, or too pressing to admit of the delay incident to their forms, States which here are common unnits must be their own judges and which have no common umpire, must be their own judges and

execute their own decisions.'

While that threat was never carried into execution—the treaty of Ghent having been signed in the meantime—there is the solemn assertion on the part of these New England delegates of their sovereign right to withdraw from the Union if occasion seemed to demand. I make no comment upon the fact that while New England was meditating withdrawal from the Federal compact Gen. Andrew Jackson and his heroic legions in the battle at New Orleans were shedding their blood for the honor of our national flag. But I venshedding their blood for the honor of our national fiag. But I venture to ask this question, Is there anything in the lapse of a few years to make the utterances of Roger Griswold and Rufus King and Joseph Story and Josiah Quincy and the Hartford Convention less disloyal than the calm, philosophic reasoning of John C. Calhoun and Jefferson Davis? And yet no one ever hears of New England as "the hot bed of secession" and her political leaders as conspirators against the life of the Nation. No fair-minded student of history can acquit Josiah Quincy and find fault with Jefferson Davis.

The Legislature of Massachusetts in 1809 declared the embargo law "not legally binding on the citizens of the State." Now, in New England that was simply the assertion of inalienable rights. If in South Carolina, it would have been, and was, denounced as the vilest nullification.

the vilest nullification.

Now I come to the conditions and questions that immediately preceded, if they did not precipitate, the dismemberment of the Union. Slavery, which existed in all but 1 of the States when the Union was formed, and in 15 of them when the war began, was the occasion but not the cause of the lamented conflict. But as Mr. Davis well said, "In the later controversies * * * its effect in operating as a lever upon the passions, prejudices, or sympathies of mankind was so potent that it has been spread like a thick cloud over the whole horizon of historic truth."

The right or wrong of slavery we need not discuss, or attempt to determine who was most responsible therefor. The institution is dead beyond the possibility of resurrection, and the whole Nation is glad. The later geographical limitations of slavery in the United States were determined not by conscience but by climate. It was climate at the North and the cotton gin in the South that regulated the distribution of slave labor. I have scant the conscience the sensitive to own central property. respect for a conscience too sensitive to own certain property because it is immoral, but without compunction will sell the same because it is immoral, but without compunction will seil the same to another at full market value. Had the slave holders of the North manumitted their slaves, and not sold them because their labor ceased to be profitable, there would have been more regard for their subsequent abolition zeal. It is a matter of pride with us that no Southern Colony or State ever had a vessel engaged in the slave trade. And several of the Southern States were the first to pass stringent laws against the importation of African slaves.

to pass stringent laws against the importation of African slaves. But apart from the ethical question involved, as we now see it, slave property was recognized by the Constitution and existed in every State but one when the Union was formed. And a clear mandate of the Constitution required slaves to be delivered up to their owners when escaping into another State. Congress passed laws to enforce the same, and their constitutionality was restricted by the Supreme Court in the forces. Dred Scott deal sustained by the Supreme Court in the famous Dred Scott deci-

sustained by the Supreme Court in the famous Dred Scott decision. Daniel Webster, too great to be provincial, and too broad to be a narrow partisan, in a noble speech at Capon Springs, Va., in 1851, made this emphatic declaration:

"I have not hesitated to say, and I repeat, that if the Northern States refuse, willfully and deliberately, to carry into effect that part of the Constitution which respects the restoration of fugitive slaves, and Congress provide no remedy, the South would no longer be bound to observe the compact. A bargain cannot be broken on one side and still bind the other side. I say to you, centlemen in Virginia as I said on the shores of Lake Frie and broken on one side and still bind the other side. I say to you, gentlemen in Virginia, as I said on the shores of Lake Erie and in the city of Boston, as I may say again, that you of the South have as much right to receive your fugitive slaves as the North has to any of its rights and privileges of navigation and commerce."

And yet Charles Sumner, speaking for a great party growing in strength and dominance, with the rising sun of every day, said

the North could not and would not obey the law. Wm. H. Seward declared that there was "a higher law" than the Constitution which would be the rule of their political conduct.

Now the insistence of Mr. Davis and his compatriots was that the Constitution and laws should be obeyed: that the individual, sovereign States must regulate their own domestic affairs without Federal interference, and that their property, of whatever kind, must be respected and protected. They resisted any invasion of the State's right to control its own internal affairs as a violation of the secred Federal compact. Over that one fundamental questions of the sacred Federal compact. Over that one fundamental question an "irrepressible conflict" was waged for many stormy years. The advocates of State sovereignty were charged with disloyalty to the Union, while the Federalists were denounced as enemies of the

Constitution and usurpers of the rights of the States.

And, by the way, our present day political discussions are eloquently vindicating the patriotic jealousy of Mr. Davis for the rights of the States. The most significant fact of these strenuous times is the solemn warnings, in endless iteration and from both political parties, against the ominous encroachments of Federal authority. More and more the Nation is seeing that Jefferson Davis authority. was not an alarmist or an academical theorist, but a practical, sagacious, far-seeing statesman, when he contended so persistently for the rights and unconstrained functions of each member of the

Federal Union.

Sectional agitation and alienation continued, with slight inter-ruption and increasing violence, for many weary years. Every lover of the Union deplored it, and every patriotic American sought some common ground on which all could stand, and the rights of each be preserved. But with every congressional debate and political convention and Supreme Court decision, this animosity was kindled into fiercer flame. On both sides the bitterness was intense. Political differences ripened into personal hates and hosintense. Political differences ripened into personal nates and noise tillities. Encounters between Congressmen over sectional issues were a daily dread in Washington. One Senator said: "I believe every man in both Houses is armed with a revolver." Fourteen of the Northern States passed so-called personal liberty laws, designed to nullify the Constitution, and encourage the people to disregard the Dred-Scott decision of the Supreme Court. State officers were the Dred-Scott decision of the Supreme Court. State officers were prohibited from assisting in the arrest of fugitive slaves, while State's attorneys were required to defend them, and provision made for paying the fugitive's expenses out of the State treasury. Charles Sumner openly declared that the North would not obey the fugitive-slave laws. William H. Seward, it was said, contributed money to John Brown which was used for pillage and murder. John Brown's midnight raid on Harpers Ferry was applauded to the echo throughout the North. And when the old assassin was executed, according to law, bells were tolled in many places, cannon were fired, and prayers offered for him as if he were the saintliest of martyrs. By fervid orators he was placed on the same canonized roll with Paul and Silas.

On the other hand the South was equally intolerant and aflame

same canonized roll with Paul and Silas.

On the other hand the South was equally intolerant and aflame with intense excitement. Commercial conventions in Charleston, Montgomery, Memphis, and elsewhere adopted retaliatory measures against the aggressions of the North. Southerners declared that nonintercourse in business was "the one prescription for northern fanaticism and political villainy." Southern parents were condemned for patronizing northern colleges, and urged to enlarge and equip their own institutions and to use only southern textbooks. "If our schools are not good enough," they said, "let them be improved by a more hearty support; if this is not enough, let them patronize the universities of Europe rather than aid and abet in any way the bitter enemies of the Southland."

And as further evidence that northern leaders had determined no longer to uphold the Constitution and give to the South what

no longer to uphold the Constitution and give to the South what she considered her rights and equality in the Union, we have only to reread the extreme and inflamed utterances of their chief men. to reread the extreme and inflamed utterances of their chief men. What could the Nation hope for when men in authority declared that the Constitution under which we lived is no longer of binding force, and that there is a "higher law" for the guidance of a citizens conduct and conscience? William H. Seward, the acknowledged head of the Republican Party, and the author of that doctrine, uttered these words: "There is a higher law than the Constitution which regulates our authority over the domain. Slavery must be abolished, and we must do it."

Horace Greely a most potential voice in the councils of his party, did not hesitate to say: "I have no doubt but the free and slave States ought to be separated—the Union is not worth supporting

States ought to be separated—the Union is not worth supporting in connection with the South."

William Lloyd Garrison, at first derided as a fanatic, but afterward followed as the voice of an apostle, thus advocated the cause of disunion: "The Union is a lie. The American Union is an imposture, a covenant with death and an agreement with hell. We are for its overthrow. Up with the flag of disunion, that we may have a free and glorious republic of our own."

have a free and glorious republic of our own."

Wendell Phillips, the most eloquent orator in New England, and whose leadership was commanding, fed the flames of sectional animosity with speeches such as this: "There is merit in the Republican Party. It is this: It is the first sectional party ever organized in this country—it is not national; it is sectional. It is the North against the South. The first crack in the iceberg is visible; you will yet hear it go with a crack through the center."

The New York Tribune, for many years the acknowledged and most influential organ of Republican opinion in the United States, thus bade the South a respectful adieu: "The time is fast approaching when the cry will become too overpowering to resist. Rather than tolerate national slavery as it now exists, let the Union be dissolved at once."

With such utterances and the applauding echoes of a party flushed with political victory ringing in their ears, the South had little occasion to hope for aggressions to cease and conditions to improve. But through all the years this storm was fiercely rag-ing, the cool, sagacious Jefferson Davis never lost the clearness of his vision or allowed himself to be swept from his political moorings. He fought with all his superb skill and herculean strength for the rights of the States and warned his opponents that continued Federal invasion might drive them from the Union, but at the same time he reiterated his undying love for the whole country and its organic law, and prayed that the day of disunion would rever deeps would never dawn.

would never dawn.

In an eloquent speech delivered at Portland, Maine, in 1858, Mr. Davis strikingly demonstrated the fact that State pride and devotion to State integrity strengthened rather than weakened our attachment to the Federal Union; that the larger love we have for our national flag is fed by the passionate devotion we manifest in the welfare of an individual State. He said: "No one more than myself recognizes the binding force of the allegiance which the citizen owes to the State of his citizenship, but the State being a party to our compact, a member of the Union, fealty to the Federal Constitution is not in opposition to but flows from the allegiance due to one of the United States. Washington was not less a Virginian when he commanded at Boston, nor did Gates and Green weaken the bonds which bound them to their several States by their campaigns in the South. In proportion as a citizen loves his own State will he strive to honor her by preserving her name and her fame free from the tarnish of having failed to observe her obligations and to fulfill her duties to her sister States. Do not our whole people—interior and seaboard, North, South, East, and West—alike feel proud of the Yankee sailor, who has borne our flag as far as the ocean bears its foam, and caused the name and character of the United States to be known and respected where there is wealth enough to woo commerce and intelligence to honor merit? So long as we preserve and appreciate the achievements of Jefferson and Adams of Franklin and Medison of Hemilton of Hemister, and of In an eloquent speech delivered at Portland, Maine, in 1858, Mr. enough to woo commerce and intelligence to honor merit? So long as we preserve and appreciate the achievements of Jefferson and Adams, of Franklin and Madison, of Hamilton, of Hancock, and of Rutledge—men who labored for the whole country and lived for mankind—we cannot sink to the petty strife which saps the foundations and destroys the political fabric our fathers erected and bequeathed as an inheritance to our posterity forever."

And a few weeks thereafter, when on a visit to Boston, addressing a great audience in Faneuil Hall, and speaking not only for himself but for the entire South as well, he uttered sentiments as broadly and loyally national as were ever spoken by Thomas Jefferson or sung in the battle hymns of the Republic. "As we have shared in the tolls," said he. "so we have gloried in the triumphs of our coun-

the toils," said he, "so we have gloried in the triumphs of our country. In our hearts, as in our history, are mingled the names of Concord, and Camden, and Saratoga, and Lexington, and Plattsburg, and Chippewa, and Erie, and Moultrie, and New Orleans, and Yorktown, and Bunker Hill. Grouped all together they form a record of the triumps of our cause a manufactor of the common description. of the triumps of our cause, a monument of the common glory of our Union. What southern man would wish it less by one of the northern names of which it is composed? Or where is he workern on the obelisk that rises from the ground made sacred by the blood of Warren, would feel his patriot's pride suppressed by

the blood of Warren, would feel his patriot's pride suppressed by local jealousy?"

As late as December 20, 1860, after the Presidential election and when events were hastening to a crisis, on the floor of the United States Senate, Mr. Davis reannounced his passionate love for the Union and pathetically plead for a spirit of conciliation that would make unnecessary the withdrawal of the South from their national fraternity. He said: "The Union is dear to me as a union of fraternal States. It would lose its value if I had to regard it as a union held together by physical force. I would be happy to of fraternal States. It would lose its value if I had to regard it as a union held together by physical force. I would be happy to know that every State now felt that fraternity which made this Union possible, and, if that evidence could go out, if evidence satisfactory to the people of the South could be given that that feeling existed in the hearts of the northern people, you might burn your statute books and we would cling to the Union still."

Instead of conspiring to disrupt the Union, as has been charged, Mr. Davis loved this great Republic with passionate arder and sealed that devotion with his richest blood. He served his country with a conscientious fidelity that knew no flagging. He went out at last in obedience to what he felt was imperative necessity, and the going almost broke his great heart. So reluctant was he to

the going almost broke his great heart. So reluctant was he to sever relations with the Union that some more ardent friends became impatient with his hesitation and almost suspected his loy-alty. Despairing of any fair and final adjustment of issues that had agitated the Nation for more than a half century, and believing that the election of Mr. Lincoln would embolden his party to great aggressions upon the constitutional rights of the Southern States, he at length, with many a heartache, yielded to the inevitable and joined his people in the establishment of a separate civil gov-

ernment.

On January 20, in a letter to his special friend ex-President Franklin Pierce, he thus expressed the grief of his patriotic heart: "I have often and sadly turned my thoughts to you during the troubulous times through which we have been passing, and now I come to the hard task of announcing to you that the hour is at hand which closes my connection with the United States, for the independence and union of which my father bled, and in the service of which I have sought to emulate the example he set for my guidance." my guidance.

As Mr. Blaine justly said of L. Q. C. Lamar, so will history say of Jefferson Davis: "He stood firmly by his State in accordance with the political creed in which he was reared; but looked back with tender regret to the Union whose destiny he had wished to

share, and under the protection of whose broader nationality he had hoped to live and die."

consistent was his entire public career, and so con-And so consistent was his entire public career, and so conspicuous the unstained purity of his motives, that when nearing the close of his eventful life, he could challenge the world and triumphantly say: "The history of my public life bears evidence that I did all in my power to prevent the war; that I did nothing to precipitate collision; that I did not seek the post of Chief Executive, but advised my friends that I preferred not to fill it."

Long after Yancey and Rhett and Toombs and others had thrown hesitancy to the winds Mr. Davis still wrought with all his great ability and influence to preserve the Union. He favored and earnestly advocated the "Crittenden Resolutions" on condition that the Republican Members accept them. Had they not stubbornly re-

Republican Members accept them. Had they not stubbornly refused—and they did it on the advice of Mr. Lincoln—war would have nused—and they did it on the advice of Mr. Lincoln—war would have been averted and the dissolution of the Union prevented or postponed. All the undoubted facts go to prove that Jefferson Davis, at the peril of sacrificing the confidence of his people, exhausted all resources consistent with sacred honor and the rights of the States

to stay the fatal d'smemberment of the Union.

Jefferson Davis' farewell to the United States Senate, in which he had so long towered as a commanding figure and where he had rendered his country such distinguished service, was one of the most dramatic and memorable scenes in the life of that historic Chamber. Mississippi, by solemn ordinance and in the exercise of her sovereign right, had severed her relation with the Union, and he, as her repre-sentative, must make official announcement of the fact, surrender his high commission, and return home to await the further orders of his devoted people. It was a supreme—a fateful hour—in our country's history. The hush of death fell upon the Chamber when Jefferson Davis arose. The trusted leader and authoritative voice of the South was about to speak, and an anxious Nation was eager to hear. Every Senator was in his seat, Members of the House stood in every available place, and the galleries were thronged with those whose faces expressed the alternating hopes and fears of their patriotic

hearts. The fate of a nation seemed to hang upon that awful hour.

Pale, sad of countenance, weak in body from patriotic grief and loss of sleep, evidently under the strain of sacred, suppressed emotion, and yet with the calmness of fixed determination and settled conviction, the majestic Senator of Mississippi stood, hesitant for morphylating and the strain of th conviction, the majestic Senator of Mississippi stood, hesitant for a moment, in painful silence. The natural melancholy in his face had a deeper tinge "as if the shadow of his country's sorrow had been cast upon it." His good wife, who witnessed the fateful scene, and felt the oppressive burden that almost crushed the brave heart of her great husband, said that "Had he been bending over his bleeding father, needlessly slain by his countrymen, he could not have been more pathetic and inconsolable." At first there were a slight transcript in the recent husband had been considered by there was a slight tremor in his speech, but as he proceeded his voice recovered its full, flutelike tones, and rang through the Chamber with its old-time clearness and confident strength. But Chamber with its old-time clearness and confident strength. But there was in it no note of defiance, and he spoke no word of bitterness or reproach. He was listened to in profound silence. Hearts were too sad for words and hands too heavy for applause. Many eyes, unused to weeping, were dimmed with tears. And when he closed with these solemn words, there was a sense of unutterable sorrow in the entire assembly: "Mr. President and Senators, having made the announcement which the occasion seemed to me to require, it only remains for me to bid you a final adieu." Senators moved softly out of the Chamber, as though they were turning away from a new-made grave in which were laid their dearest hopes. Mrs. Davis says that the night after this memorable day brought no sleep to his evelids, and all through laid their dearest hopes. Mrs. Davis says that the night after this memorable day brought no sleep to his eyelids, and all through its restless hours she could hear the oft-reiterated prayer: "May

its restless hours she could hear the oft-reiterated prayer: "May God have us in His holy keeping, and grant that before it is too late peaceful councils may prevail."

In this open, manly, but painful way, the Southern States withdrew, with never a suggestion of conspiracy against anything or anybody. The men of the South wore no disguises, held no secret councils, concealed no plans, concocted no sinister schemes, organized no conclaves, and adopted no dark-lantern methods. They spoke out their honest convictions, made their pathetic pleas for justice, and openly announced their final, lamented purpose if all efforts at a peacful adjustment should fail. And at length, whether wisely or unwisely, feeling that nothing else would avail, they determined to take the final step and fling defiance to the face of what they considered an aggressive, overbearing, tyrannous majority. As Alexander H. Stephens admirably and correctly says, the real object of those who resorted to secession "was not to overthrow the Government of the United States, but to perpetuate the principles upon which it was founded. The object in quitting the Union

ples upon which it was founded. The object in quitting the Union was not to destroy but to save the principles of the Constitution." And it is a significant fact, that the historic instrument, in almost its exact language, became the organic law of the Confederate Government. The Southern States withdrew from the Union for the very reason that induced them at first to enter into it; that is, for their own better protection and security.

their own better protection and security.

Secession was not a war measure; it was intended to be a peace Secession was not a war measure; it was intended to be a peace measure. It was a deeply regretted effort on the part of the South to flee from continued strife, feeling that "peace with two governments was better than a union of discordant States." Hence Greely himself said: "If the Cotton States shall decide that they can do better out of the Union than in it, we insist on letting them go in peace." And, while fearing the direful possibility, the Southern States seceded without the slightest preparation for war. As Dr. J. L. M. Curry said: "Not a gun, not an establishment for their manufacture or repair, nor a soldier, nor a vessel had been provided as preparation for war, offensive or defensive. On the contrary, they desired to live in peace and friendship with their late confederates and took all the necessary steps to secure that desired result. There was no appeal to the arbitrament of arms nor any provocation to war. They desired and earnestly sought to make a fair and equitable settlement of common interests and disputed questions." And the very first act of the Confederate Government was to appoint commissioners to Washington to make terms of peace and establish relations of amity between the sections.

sections.

Some days after his farewell to the Senate Mr. Davis returned to his home in Mississippi to await results and render any service to which his country might call him. He did not, however, desire the leadership of the Confederacy that was in process of organization. But the people who knew his pre-eminent abilities and trusted his leadership declined to release him. By a unanimous and enthusiastic vote he was elected to the Presidency of the and enthusiastic vote he was elected to the Presidency of the young republic, and felt compelled to accept responsibilities from which he hoped to escape. It was the thought of his countrymen, voiced by the eloquent William L. Yancey, that "the man and the hour have met." He could well say, therefore, in his inaugural address, delivered a few days after, that "It is joyous in the midst of perilous times to look around upon a people united in heart, when one purpose of high resolve animates and actuates the whole; when the sacrifices to be made are not weighed in the balance against honor and right and liberty and equality." His address was conservative and dispassionate, but strong and resolute, not unequal to the luminous and lofty utterance of Thomas Jefferson. If others failed to measure the awful import of that epochal hour, not so the serious and far-seeing man about to assume high office, who was at once an educated and trained soldier sume high office, who was at once an educated and trained soldier

sume high office, who was at once an educated and trained soldier and a great statesman of long experience and extraordinary genius. To rehearse in detail the well-known story of carnage and struggle is not within the purpose of this discussion. Nor is it necessary to consider at length the many and perplexing problems which signalized the administration of the young Nation's first and only President. It is sufficient to say that he conducted the affairs of the stormy government with consummate wisdom, meeting the sternest responsibilities, awed by no reverses, discouraged by no disaster, and cherishing an unshaken faith that a cause could not fail which was "sanctified by its justice and sustained by a virtuous people." Even after Richmond was evacuated and the sun of Appomattox was about to go down amid blood and tears, a final appeal was issued in which he said: "Let us not despair, my countrymen, but meet the foe with fresh defiance and with unconquered and unconquerable hearts."

despair, my countrymen, but meet the foe with fresh defiance and with unconquered and unconquerable hearts."

Mr. Davis was a great President. In administering the affairs of the Confederate Government he displayed remarkable constructive and executive genius. Considering the resources at his command, all the southern ports blockaded and without the recognition of any foreign nation, with no opportunity to sell cotton abroad and import supplies in return, having to rely entirely upon the fields and strong arms of the homeland, and constantly menaced by one of the greatest armies of the world, it was remarkable that the young nation could have survived a few months, instead of 4 memorable years. And much of that wonderful hisstead of 4 memorable years. And much of that wonderful history is due to its Chief Executive. In answer to one who sought General Lee's estimate of Mr. Davis as the head of the government, he thus replied: "If my opinion is worth anything, you can always say that few people could have done better than Mr. Davis. I know of none that could have done as well."

And on the other side hereb criticism is giving way to generous

ment, he thus replied: "If my opinion is worth anything, you can always say that few people could have done better than Mr. Davis. I know of none that could have done as well."

And on the other side harsh criticism is giving way to generous and discriminating judgment. The Honorable Charles Francis Adams in a recent review of the latest Life of Jefferson Davis, which has issued from the press, pays fitting tribute to the extraordinary ability displayed by the Confederacy's great President: "No fatal mistake," says he, "either of administration or strategy, was made which can fairly be laid to his account. * * * He did the best that was possible with the means that he had at command. Merely the opposing forces were too many and too strong for him. Of his austerity, earnestness, and fidelity it seems to me there can be no more question than can be entertained of his capacity."

Mr. Davis has been charged with cruelty to prisoners, and on his shoulders have been laid the so-called "horrors of Andersonville," a charge as utterly baseless as it is despicably mean. No more humane or gentle spirit ever walked this earth than Jefferson Davis. As a matter of fact, there was no deliberate purpose on either side to maltreat prisoners of war or fail to make proper provision for their care. The sufferings endured were only the exigencies of the awful days when great armies were in the death struggle for mastery. All that humanity could suggest and the meager resources of the South could provide were freely given for the brave men captured in battle. Mr. Davis said they were given exactly the same rations "in quantity and quality as those served out to our gallant soldiers in the field, which has been found sufficient to support them in their arducus campaigns." On the contrary, goaded doubtless by false reports from the South, the Contrary, goaded doubtless by false reports from the South, "than there were Confederate prisoners in the North, 4,000 more Confederates than Federal died in prison." If those figures are correct

cartel agreed upon for the exchange of prisoners. And General

Grant boldly assumed the responsibility for such refusal in these words: "It is hard on our men in southern prisons not to exchange them, but it is humanity to those left in the ranks to fight our battles. If we commence a system of exchanges which liberates all prisoners taken, we will have to fight on until the whole South is exterminated. If we hold those caught they amount to no more than dead men. At this particular time to release all rebel prisoners North would insure Sherman's defeat and compromise our own safety here."

our own safety here."

If any unfortunate prisoner was not comfortably provided for, it was not because the South would be cruel to a brother but on account of her exhausted source of supply. During the last year of the war General Lee had meat only twice a week, and his usual dinner was "a head of cabbage boiled in salt water, sweetpotates, and a pone of corn bread." If the peerless commander in chief of the Confederate armies was reduced to such scanty fare, the Government could not well provide very liberally for the gallant men in the ranks or behind prison doors.

Now, with this very imperfect sketch of a most remarkable career I shall briefly refer to some of the qualities that made this heroic history a sublime possibility.

history a sublime possibility.

He was an accomplished orator and a magnificent debater.
Having always complete mastery of himself and of the subject in hand, he became a veritable master of assemblies. He met Sargent S. Prentiss in debate, that inspired wizard of persuasive and powereful speech, and his friends had no occasion to regret the conreful speech, and his friends had no occasion to regret the contest. Stephen A. Douglass found in him the mightest champion with whom he ever shivered a lance. During an exciting discussion in 1850, Henry Clay turned to the Mississippi Senator and announced his purpose, at some future day, to debate with him a certain great question. "Now is the moment," was the prompt reply of the brilliant southern leader, whose intrepid courage and diligent student habits kept him fully armed for the issues of any hour.

"He was an archer regal Who laid the mighty low, But his arrows were fledged by the eagle And sought not a fallen foe."

One of Mr. Davis' biographers, well acquainted with his parliamentary career, who knew his mastery in debate and his superb power as a statesman and an orator, and who witnessed his brilliant gladiatorial combat in the Senate with Stephen A. Douglass,

liant gladiatorial combat in the Senate with Stephen A. Douglass, gives this discriminating estimate of the great Mississippian:

"In nearly all of Mr. Davis' speeches is recognized the pervasion of intellect, which is preserved even in his most impassioned passages. He goes to the very foundations of jurisprudence, illustrates by historical example, and throws upon his subject the full radiance of that light which is shed by diligent inquiry into the abstract truths of political and moral science. Strength, animation, energy without vehemence, classical elegance, and a luminous simplicity are features in Davis' oratory which rendered him one of the most finished, logical, and effective of contemporary parliamentary speakers. * * * He had less of the characteristics of Mirabeau than of that higher type of eloquence, of which Cicero, Burke, and George Canning were representatives, and which is pervaded by passion, subordinated to the severer tribunal of intellect."

intellect."

His sensitiveness to personal and official honor, and his exceeding conscientiousness in the discharge of public duties were among the chief characteristics of this serious and stainless man. "Great politicians," said Voltaire, "ought always to deceive the people." But such was not the sacred creed of Jefferson Davis, who held that public men should invariably and scrupulously be honest with the people, having no confidences from which they are excluded and no policies in which they were not invited to share. Free from conscious sophistry and the very soul of candor, he never sought to conceal or obscure, but to make the truth so luminous that he who ran could read. His own eloquent characterization of President Franklin Pierce might be fittingly applied to Jefferson Davis himself: "If treachery had come near him it would have stood abashed in the presence of his truth, his manliness, and his confiding simplicity."

In official life he knew no word but duty. When in Congress a

In official life he knew no word but duty. When in Congress a ver and harbor bill was pending on one occasion, and seeing that combinations had been formed to secure certain local, trivial appropriations, he opposed the measure with characteristic vigor. In the course of the debate he was asked if he did not favor appropriations for Mississippi, in response to which he retorted sharply and concluded: "I feel, sir, that I am incapable of sectional distinctions upon such a subject. I abhor and reject all interested combinations."

binations.'

He was the very soul of chivalry. No plumed knight of the Middle Ages ever had higher regard for the virtue of woman or the integrity of man or the sacredness of a cause. Sensitive to wrong, cherishing above measure his stainless honor, he never in the least betrayed it nor allowed another to impugn it. Had he remained in the military service I doubt not that he would have been on the tented field what Sir Henry Havelock became to the chivalry of England.

His was a proud but a noble and affectionate nature. Some have thought him a cold, austere, severe man, lacking in the gentler elements and sympathies of a generous soul. But nothing could be further from the fact. His affections were most ardent, his friendships partook of the pathetic, and the tenderness of his heart often dimmed his eyes with tears. And he was at all times most approachable. No citizen was so poor, no soldier so humble,

no man so obscure, as not to have ready access to his presence and sympathetic attention.

Mr. Davis was a statesman, with neither taste nor ability for mere political manipulation. He relied upon high argument, and not political management, to achieve the great ends for which his party stood, and for which this young republic was called into being. It was impossible for him to resort to questionable methods. being. It was impossible for him to resort to questionable includes and demagogical appeal in order to win elections and carry out

and demagogical appeal in order to win elections and carry out party or governmental policies.

He was a profound, philosophical statesman, with a thoroughly trained intellect and an exalted sense of moral responsibility. In his logical processes he quite resembled the illustrious John C. Calhoun, whose genius he greatly admired and with whose political creed he was in substantial accord. And when Mr. Calhoun passed away, amid the lamentations of the whole Nation, the great party he had led with such consummate skill turned instinctively to Jefferson Davis as incomparably the ablest exponent of the basic party he had led with such consummate skill turned instinctively to Jefferson Davis as incomparably the ablest exponent of the basic principles for which they fearlessly stood. His superb and commanding leadership vindicated their generous confidence and vastly enlarged the strength and measure of his national influence.

As Secretary of War in the Cabinet of Franklin Pierce, and by common consent he was the premier in that body of statesmen; it is no disparagement of others to say that no abler or more accomplished Secretary ever sat at the council table of an American President.

President.

Providence designed him for leadership and amply endowed him Providence designed him for leadership and amply endowed him with gifts to meet its repeated exigencies and imperial responsibilities. And in every position to which he was summoned the results of his labors and the splendor of his achievements gave eloquent attention to the prescience of his statesmanship and the grandeur of his character. The verdict of history will be, notwithstanding the fall of the Confederate Government, that he was prescribed by the man for a crisis. His genius was most respendent. preeminently the man for a crisis. His genius was most resplend-ent when the clouds were darkest and the tension was greatest and the danger was nearest. When passion swayed the hour, he was in most perfect command of his highest powers and seemed to exer-cise the coolest judgment. He was cautious without timidity, intrepid without rashness, courteous with condescension, pious without pretense.

And no public man ever had more loyal support and a more enthusiastic following. The Tenth Legion of Caesar and the Old Guard of Napoleon never followed their leaders with more perfect assurance or thrilling ardor than did the friends of the superb chieftain whose one hundredth anniversary we celebrate today.

"Courage that could dare and do, Steadfast faith and honesty, Were the only craft he knew And his sole diplomacy."

Mr. Davis was a devout believer in the fundamental verities of our Christian faith, and sought to make them the inspiring rule of his daily life. He was acquainted with the scriptures from a child, and knew the place and power of prayer. His unshaken faith gave him sublime courage for duty, a serene fortitude in calamity, softened the rigor of the cruel prison, and made radiant the evening skies of life's long stormy day. His intimate friend, the eloquent Senator Benjamin H. Hill, of Georgia, paid this heart tribute to the beauty and consistency of his Christian character: "I know Jefferson Davis as I know few men. I have been near him in his public duties. I have seen him by his private fireside; I have witnessed his humble Christian devotions, and I challenge the judgment of history when I say no people were ever led through the fiery struggle for liberty by a nobler, truer patriot, while the carnage of war and the trials of public life never revealed a purer and more beautiful Christian character."

When after their capture his friend, the Honorable John H. Mr. Davis was a devout believer in the fundamental verities of

vealed a purer and more beautiful Christian character."

When after their capture his friend, the Honorable John H. Reagan, the postmaster general of the Confederacy, was separated from him to be sent to a northern prison, while he remained at Fortress Monroe, Mr. Davis said: "My old friend read frequently the twenty-sixth Psalm; it has often given me the surest consolation." While enduring in agony and chains his imprisonment at Fortress Monroe, a cruelty that will ever be a blot upon our country's fair fame, he wrote thus cheerfully to his anxious and devoted wife: "Tarry there the Lord's leisure, be strong and He will comfort thy heart. Every day, twice or oftener, I repeat the prayer of St. Chrysostom." Again, from the dungeon he wrote to a friend: "Separated from my friends of this world, my Heavenly Father has drawn nearer to me."

And when his 2 pitlless years of imprisonment were ended, broken

And when his 2 pitiless years of imprisonment were ended, broken in health but unbroken in spirit, and when the short court proceedings were concluded in Richmond, which restored him to liberty and the bosom of his family, and a party of friends hotel foined Mrs. Davis at the hotel, the venerable chief of the lost cause turned to his old pastor and said: "Mr. Minnegarde, you have been with me in my sufferings and comforted and strengthened me with your prayers; is it not right that we now once more should kneel together and return thanks?"

After his release, in shattered health and poverty, his fortune hav-After his release, in shattered health and poverty, his fortune having gone with the cause he served and for which he suffered, but rich in the affectionate devotion of the people, who vied with each other in doing him honor, he returned to his beloved Mississippi and here spent the remnant of his heroic years. Out of fire and tempest and baptism of blood he came with an unfaltering purpose and an unclouded sky. There is something strangely beautiful in the old age of a great and good man. No sun sweeping through the opening gates of the morning has ever the radiant glory of his calm setting. Beautiful and bouyant as is the springtime, it fades before the color

and splendor of the autumn. And so there is a sweet serenity and chastened beauty about the evening of a cheerful, well-spent life that far exceeds the brightness and bloom of its fair young morning. The last days of Jefferson Davis were peaceful and beautiful. They were spent in dignified retirement, cultivating the sweet companionship of books, enjoying the association of friends, and in writing a masterly exposition of the great principles of government that had been the creed of his political faith and the ground of his people's hopes. This was his last will and testament to those "who have glorified a fallen cause by the simple manhood of their lives, the patient endurance of suffering and the heroism of death."

the patient endurance of suffering, and the heroism of death."

Though never an indifferent observer of passing events, he wisely took no part in public affairs and rarely ever appeared on public occasions. When occasionally one of the numerous invitations with which he was overwhelmed was accepted, it was to speak words of encouragement and hope to his people, urging them, with stout hearts and strong hands, to labor for the largest good

of our reunited country.

In a notable address before the Legislature of Mississippi in In a notable address before the Legislature of Mississippi in 1884, when in age and feebleness extreme, standing in the old hall where in the days of his splendid prime he swayed enraptured audiences as with the wand of a mighty magician, he thus spoke to the people who had ever held the highest place in his affectionate heart: "Reared on the soil of Mississippi, the ambition of my boyhood was to do something which would redound to the honor and welfare of the State. The weight of many years admonishes me that my day of actual services has passed, yet the desire remains undiminished to see the people of Mississippi prosperous and happy, and her fame not unlike the past, but gradually growing wider and brighter as the years roll away. * * Fate decreed that we should be unsuccessful in the effort to maintain and resume the grants made to the Federal Government. Our people have accepted the decree; it therefore behooves them to promote the general welfare to the Union, to show to the world that hereafter, as heretofore, the patriotism of our people is not measured by lines of latitude and longitude, but is as broad as the obligations they have assumed and embraces the whole of our ocean-broad domain."

And now, young men of our reunited country, sons of heroic sires, proud of the flag that floats over us, and jealous of its increasing and unfading glory, glad that there is a star on it that answers to the name of Mississippi, I commend to your emulation the words of solemn counsel and patriotic encouragement with which Mr. Davis concluded his masterly and monumental work, The Rise and Fall of the Confederate Government: "In asserting the right of secession it has not been my wish to incite to its exercise. I recognize the fact that the war showed it to be im-

the right of secession it has not been my wish to incite to its exercise. I recognize the fact that the war showed it to be impracticable, but this did not prove that it was wrong, and now, that it may not be again attempted, and the Union may promote the general welfare, it is needful that the truth, the whole truth, should be known, so that crimination and recrimination may for a very exercise and then on the basis of fragraphy and faithful record

should be known, so that crimination and recrimination may forever cease, and then, on the basis of fraternity and faithful regard for the rights of the States, there may be written on the arch of the Union, 'Esto Perpetua.'"

By the sacred political convictions which had inspired his every public and patriotic service, he consistently lived to the end, and went down to his grave without laying any sacrifice of repentence upon the altar of his conscience or his country. Without compromise or modification, and with never a suggestion of contrition or concession, he died in the accepted faith of his fathers. And for that fearless and unshaken fidelity to his honest conception of truth and duty the South will continue to adore him, the world will never cease to admire him, and with a wreath of unfading glory the genius of history will not fail to crown him. For the future he had no fear. In the last public paper that emanated from his pen, representing himself and his countrymen, he calmly reiterated his unfaltering faith in these words: "We do not fear the verdict of posterity on the purity of our motives or the sincerity of our belief, which our sacrifices and our career sufficiently attested."

attested."

Had he ever recanted or even receded, had he ever apostatized or even compromised, had he shown in any way that his often reiterated doctrines were not the undying convictions of his sincere soul, had he ever plead for pardon on the ground that he had misconceived the truth and misguided his people—the South would have spurned him, the North would have execrated him, and the verdict of history would have deservedly and eternally condemned him. But, in the calm consciousness of having done what sacred duty and the cause of constitutional liberty seemed to demand, to the end of his days he walked with a steady step that knew no variableness or shadow of turning. The banner under which he fought went down in blood and tears but was never furled by his hands. hands.

And for us to be honestly and absolutely loyal to the whole country and our glorious flag, we need not and will not forget or cease to venerate the exalted character and splendid virtues and unsullied patriotism of Jefferson Davis and his compeers.

"Time cannot teach forgetfulness When grief's full heart is fed by fame."

When grief's full heart is fed by fame."

Over the portico of the Pantheon in Paris are these words in large letters, "To great men, the grateful Fatherland." Fellow Mississippians, I cannot repress the painful regret that it is not the proud privilege of Mississippi to be "the grateful fatherland" of the greatest Mississippian, and to keep holy watch and ward over the sacred dust of her most illustrious son. He was great to those who knew him best—those who were nearest to him in intimate, confidential companionship, and he will grow greater

with the growing years. Caleb Cushing, in introducing him to a vast audience in Faneuil Hall, said he was "eloquent among the most eloquent in debate, wise amongst the wisest in council, and brave among the bravest in battle." Senator Reagon, of Texas, the Postmaster General of the Confederate Government, said, "He was a man of great labor, of great learning, of great integrity, of great purity." The great-hearted and marvelously eloquent Senator, Benjamin H. Hill, of Georgia, said: "I declare to you that he was the most honest, the truest, gentlest, bravest, tenderest, manliest man I ever knew."

Greatest of Mississippians, the leader of our armies, the defender

Greatest of Mississippians, the leader of our armies, the defender of our liberties, the expounder of our political creeds, the authoritative voice of our hopes and fears, the sufferer for our sins, if sins they were, and the willing martyr to our sacred cause, we shall ever speak his name with reverence and cherish with patriotic pride the story of his matchless deeds. He died without citizenship here, but he has become a fellow citizen with the heroes of the skies.

Marvelous, many-sided, masterful man, his virtues will grow brighter and his name be writ larger with each passing century. Soldier, hero, statesman, gentleman, American—a prince of Christian chivalry, the uncrowned chief of an invisible republic of loving and loyal hearts—when another hundred years have passed, no intelligent review will fell to press him and no particitic heard will intelligent voice will fall to praise him, and no patriotic hand will refuse to place a laurel wreath upon his radiant brow.

"Nothing need cover his high fame but heaven, No pyramid set off his memories But the eternal substance of his greatness. To which I leave him."

RESIGNATION FROM COMMITTEES

The SPEAKER laid before the House the following resignation from committees:

WASHINGTON, D. C., June 1, 1939.

Hon. WILLIAM B. BANKHEAD,

Speaker of the House of Representatives,

United States Congress, Washington, D. C.

DEAR MR. SPEAKER: In view of my election to an exclusive committee, I hereby tender my resignation from the following committees: Claims, Public Lands, Revision of Laws, and Territories. Yours sincerely,

CLYDE T. ELLIS

The SPEAKER. Without objection, the resignation will be accepted.

There was no objection.

EXTENSION OF REMARKS

Mr. CELLER. Mr. Speaker, I ask unanimous consent to extend my own remarks in two respects: First, on the subject of Chile and good will to South America; and second, to incorporate a statement made by my secretary, Seymour Guthman, before the B'nai B'rith, on religious tolerance.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. COLMER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. COLMER. Mr. Speaker, last week we heard a great deal about a gag rule on the so-called Townsend bill, mostly from those who favored the Townsend bill. I opposed that rule in the committee and opposed it on the floor because I do not believe in that kind of a gag rule. Yet today we are called upon to have another gag rule on the proposed amendments to the wage and hour law. This House voted that proposition down on a previous occasion, yet it is back here today in practically the same form.

Mr. RANKIN. Mr. Speaker, will the gentleman yield? Mr. COLMER. I am sorry; I have only a minute.

This House has a right to legislate today on this proposal just as it had a right to legislate the other day upon the Townsend bill. I hope the House will see that that is done when it is given that opportunity today.

There is no justification either in expediency or justice for legislation as important as this legislation is to be considered by this House under the suspension route with 20 minutes to the side for debate and no opportunity for amendments. This is the most obnoxious form of gag rule. I am opposed to that manner of legislating.

Will anyone take the floor to argue in behalf of such gag procedure? I do not think they will. This House is a legislative body. Will the House say by its vote today that it is not willing to trust itself? Will anyone answer the question why the Labor Committee should not come before the Rules Committee and ask for a rule on this important legislation, which is the ordinary procedure in similar cases? Is the committee afraid of an open rule that would give the House an opportunity to fully discuss and amend the law if it saw I am not saying that I oppose these amendments. Neither am I prepared to say that there are not some other amendments that would be justifiable. It simply resolves itself down to a question of whether the Labor Committee is going to legislate or whether the House is going to legislate. And in this connection, let me say that I have taken it upon myself to poll a majority of the members of the Rules Committee and have their assurances that if the chairman of the Labor Committee will apply for a rule an open rule will be granted. The membership of this House has the opportunity to answer these questions when the vote is taken in a few minutes on the question of ordering a second to the motion to suspend the rules. If you vote this second down the responsibility is then upon the Labor Committee to apply before the Rules Committee and seek such a rule. [Applause.]

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. LEWIS of Colorado. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein a citation delivered by the dean of the School of Law of the University of Colorado on the occasion of the awarding of an honorary degree to our colleague, the Honorable EDWARD T. TAYLOR.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

Mr. IGLESIAS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a resolution of the Legislature of Puerto Rico.

The SPEAKER. Is there objection to the request of the gentleman from Puerto Rico?

There was no objection.

DESIGNATION OF AMERICA AS A NATIONAL HYMN

Mr. HILL. Mr. Speaker, I have today introduced a resolution to designate America a national hymn, and I ask unanimous consent to extend my own remarks in the RECORD at this point.

There was no objection.

Mr. HILL. Mr. Speaker, as many of you will remember, on March 3, 1931, our immortal national anthem, The Star-Spangled Banner, was recognized by statute. This was, indeed, a fitting tribute to Francis Scott Key's musical picture of the inspiration of our flag to the defenders of Fort McHenry during the War of 1812.

Mr. Speaker, today I have introduced a resolution to designate our other outstanding national song, America, as our national hymn. Since it has been recognized unofficially for so many years and since it will live forever in the hearts of the American people, I think we should give it official recognition.

Students of our national ballads tell us that on a dismal February in 1832 the young student who later became the Reverend Samuel Francis Smith, was poring over some German music books. One melody attracted him because of its simple and natural movement, and glancing at the footnote, he noticed that the words were patriotic. Reverend Smith says he was "instantly inspired to write a patriotic hymn," and after a half hour's labor he completed the words which we now sing.

Smith did not know at the time the music was the same as that used by the British in God Save the King. He did not, in fact, purpose to write a national hymn, but weeks later sent his effort to Lowell Mason, a noted composer, organist, and choirmaster, who recognized it immediately as especially fitted for childish voices and children's choirs. On the following July 4 (1832), Mason directed a choir of children's voices in singing America. Soon it became sung in numerous schools, picnics, and at patriotic and semipatriotic gatherings, and was translated into Latin, Italian, German, and Swedish. On October 21, 1892, the day then celebrated as Columbus Day, the Governor of Massachusetts recommended that America be sung in all the schools of the State at an hour when all would be singing it together.

There are many references in history to this immortal hymn of our beloved land. In telling of the Rough Riders President Roosevelt told of when at an improvised open-air hospital, after the fight of Las Guasimas, in Cuba, men were suffering from painful wounds and morale was low. Suddenly Edward Marshall, a war correspondent who, nevertheless was so badly wounded that he was not expected to live, heard a soldier begin "My country, 'tis of thee." As Marshall and others joined in, the morale of the wounded, which had nearly ebbed, was restored and thoughts of returning to their homes and loved ones gave many of the injured the strength they needed to withstand death.

Scholars disagree as to the origin of the melody. Kling maintains that the English royal hymn was taken from the national Swiss hymn, written to celebrate the victory of the ancient Republic of Geneva over the troops of the Duke of Savoy in about 1602. Handtmann attempts to prove the melody of the English hymn was taken from a Silesian pilgrim song. In the early eighteenth century Lully worked it into a French patriotic song for the glorification of Louis XIV. The French claim is also supported by the testimony of three nuns of the convent of St. Cyr, who refer to it as a song used in that convent during the seventeenth century. The English version was written by Henry Carey, who also composed Sally in Our Alley. Carey introduced it as God Save Great George, Our King, in 1793 at a dinner party celebrating the capture of Porto Bello.

Other nations still have adopted the music in various centuries. In 1760 a Bavarian lutist arranged the melody for his instrument; in 1766 it appeared in the song book of the Holland Free Masons; in 1790 Harries published words to be sung in honor of the Danish King.

But whatever the origin of the music, the words are unmistakably American. That it has inspired Americans on many occasions is a matter of record. One author records that it was sung by the American soldiers while fighting the British, who sang the same tune to the words "God Save the King."

In an editorial entitled "America" by my good friend R. E. Gay, editor of the Prosser (Wash.) Record-Bulletin, Gay well states the position we should take when he says:

The tune America is dignified, patriotic, and inspiring and is sufficiently simple that anyone who can carry a tune can sing it. The criticism has been placed that this same tune is used in God Save the King, the British national anthem, and therefore it God Save the King, the British national anthem, and therefore it will not do for Americans. But to us this is an added charm. It bears evidence of the Anglo-Saxon origin of this Nation and the kinship of these two peoples—a relationship of which no one need be ashamed and of which many of us are proud.

America is big enough to have two national anthems and we would like to see Congressman KNUTE HILL sponsor a bill giving America the recognition which it deserves by placing it on an equal footing with The Star-Spangled Banner.

EXTENSION OF REMARKS

Mr. Allen of Pennsylvania asked and was given permission to revise and extend his own remarks in the RECORD.

Mr. RUTHERFORD. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein an article by John C. LeClair on neutrality

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. WHITE of Ohio. Mr. Speaker, I ask unanimous consent to print in the RECORD an article by the gentleman from New York [Mr. BARTON], appearing in the June issue of Readers Digest.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

WORKERS ALLIANCE OF AMERICA

Mr. LELAND M. FORD. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD at this point and to include therein four letters, one addressed to me by the International Labor Defense League and my reply thereto; one from the Workers Alliance by Mr. Benjamin and my reply thereto.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

The letters referred to follow:

Workers Alliance of America, National Headquarters, Washington, D. C., May 3, 1939.

Hon. Leland M. Ford,

House Office Building, Washington, D. C.

Dear Mr. Ford: My attention has been called to your remarks about the Workers Alliance of America and the California Workers Alliance, as they appear in volume 84, of the Congressional Record of May 1, 1939.

of May 1, 1939.

A reading of these remarks must certainly convince any informed person either that you are badly misinformed or that you are maliciously exploiting your congressional immunity in order to engage in slander, misrepresentation, and criminal libel.

Regardless of the reason for your remarks, it is my duty as an officer of the Workers Alliance of America to not only formally protest but to state categorically that your wild charges and intemperate inferences about the Workers Alliance are absolutely false and misleading. and misleading.

You state that you believe the officials of the Workers Alliance to be interested only in the hypothetical amount which they could collect as dues and initiation fees. The fact that officials of the Workers Alliance have continuously and consistently served the interests of the unemployed for many years, although the income of the organization never equaled even 1 percent of the sum you mention, should convince all fair-minded men that your belief is without any besigning all fair-minded men that your belief is without any basis in fact.

Perhaps you cannot understand such devotion to a humane cause. But the world knows that hundreds of our officers and members have given their time, their energy, and even jeopardized their freedom and their lives without a single penny of compensation or at a bare subsistence wage, in order to help improve conditions for the victims of involuntary unemployment.

You charge that we engage in strong-arm tactics, that we are taking the law into our own hands, rioting, breaking the peace, violating the law, and preaching destruction of the American form of government.

The only evidence you produce to support these serious charges are clippings from unfriendly newspapers in which six of our members are reported as having "visited the Bel-Air home of Dr. Jesse Randolph Kellems * * leader of the economy bloc in the legislature." It is this self-admitted leader of the bloc which is opposing the relief appropriation recommended by the Governor of California who describes such visits by his constituents as a resort

to strong-arm tactics.

Since when has it become unlawful for people to call upon their elected officials? Since when and by whom has it been proclaimed that urging support for the recommendations of the Governor of a great State, who was elected by an overwhelming majority because of his liberalism, constitutes "preaching destruction of the American form of government"?

Third. You gratuitously inject the issue of communism. This is, of course, no new tactic. But you choose in that connection to make the false statement about "Lasser's and Benjamin's admission, with reference to their communistic activities." Neither Lasser nor Benjamin made any admissions that they were, as suggested by you, presently engaged in communistic activities. On the contrary, they insisted, and were able to prove, that all their activities concern only their official duties, which are in accordance with the program and democratic will of the membership of the Workers Alliance of America. Alliance of America.

Alliance of America.

In the light of the foregoing, I think it obvious that you and those associated with you are merely resorting to rather questionable subterfuge in an effort to becloud the real issue. You and your associates of the so-called economy bloc insist on reducing relief appropriations, regardless of the suffering this will cause among the people who are unemployed through no fault of their own. Perhaps you believe that this will be in the public welfare in the long run. If you do believe this, why not argue your case on that basis? Why resort to slander and prejudice?

Our organization believes that the way of President Roosevelt and the way of Governor Olson is the American way of treating with the needs of the majority of the American people.

You evidently believe that the way of Herbert Hoover and the way of former Governor Merriam is the better way. Well, the American people have tried both your way and the way of the New Deal. If you had the courage of your convictions, you would frankly and

If you had the courage of your convictions, you would frankly and honestly state that you want the people to return to the way of Herbert Hoover; and if this is what they would choose to support, you would be justified in protesting that yours is the more American way

Since you are willing to take your stand before the people on the real issue, it is you and your associates who stand convicted of trying by slander and misrepresentation to impose a policy which is in conflict with the needs and will of the American people. It is you, therefore, who are un-American. And it is of you and your associates rather than of those to whom

And it is of you and your associates rather than of those to whom you refer that we may say in your words:

"One cannot count, however, upon fair practice or a code of ethics from this reactionary group because their reactionary ethics is to accomplish their ends, regardless of what means they use."

Let me assure you, in conclusion, that the Workers Alliance of America has no fear of any fair investigation of its program, nor of the activities of its officers and members. Such invertigation can

the activities of its officers and members. Such investigation can only prove that the Workers Alliance, together with all liberal and progressive forces in our Nation, are working by every legitimate, democratic means to prevent a return to the economic policies of Hoover, which bring in their trail political repression and social disorder

Very truly yours,

HERBERT BENJAMIN, General Secretary-Treasurer.

CONGRESS OF THE UNITED STATES, HOUSE OF REPRESENTATIVES. Washington, D. C., June 5, 1939.

Mr. HERBERT BENJAMIN.

Mr. Herbert Benjamin,
General Secretary-Treasurer, Workers Alliance of America,
930 M Street NW., Washington, D. C.

My Dear Mr. Benjamin: This will acknowledge receipt of your letter of May 3, in which you refer to remarks made by me about the Workers Alliance. In the second paragraph of your letter I note you state I might be misinformed or that I was maliciously exploiting my congressional immunity in order to engage in slander, misrepresentation, and criminal libel.

In my opinion, your letter conforms to the usual practice of the

exploiting my congressional immunity in order to engage in slander, misrepresentation, and criminal libel.

In my opinion, your letter conforms to the usual practice of the Workers Alliance to mislead and cover up. You might give that letter to somebody who did not know the Workers Alliance or who had not had any experience, but I know your group, as I had experience with them for 3½ years in Los Angeles County. I know the things they do and I know how they work, so you cannot put over the ideas on me that you tried to put over in your letter. If you were in close contact with your Workers Alliance group in California they would so inform you, because after they threatened me in Los Angeles County; they were thoroughly whipped and finally realized it; and my prediction is that you are going to be thoroughly whipped in the United States from one end to the other.

In the fourth paragraph of your letter you would insinuate that you do not collect initiation fees and dues. I know that in Los Angeles County your own people told us that they collected initiation fees and dues from the paupers of Los Angeles County. While they did not use the term "pauper," that is exactly what they were doing, because the people in question who were being talked about were the unemployable indigents. Therefore that was the ground for my opinion that the Workers Alliance had become the parasite of the poor, and, as I told Zucas, the representative that you sent

for my opinion that the Workers Alliance had become the parasite of the poor, and, as I told Zucas, the representative that you sent out from New York City, "it was the Workers Alliance that was taking the babies' milk away from the pauper." I can understand devotion to a humane cause, but of the thousands of Workers Alliance that appeared before me as an officer of Los Angeles County my opinion is that they are the biggest bunch of racketeers that ever got together in one group.

With reference to Communists, Larue McCormick, a registered Communist in that county, was one of the leaders. The testimony of Lasser before the recent congressional committee, in my opinion, tells exactly what he is and in my further opinion the testimony

tells exactly what he is, and in my further opinion the testimony exposes your friends as a communistic group.

Your group howled to heaven about their constitutional right to

Your group howled to heaven about their constitutional right to free speech, free movement, and freedom in this country. Then the same group who howled for these things for themselves attempted to deny legislators or governmental officials the right to exercise their own free judgment. The best proof of this is in my own case, when the Workers Alliance group threatened that I would never leave the building if I did not change my vote. That same group stormed my office and attempted to keep me from going out of the building. They wanted to know, before I started to go out, what my answer would be. However, I did pass through them, and a day or two following, when they attempted to interfere with the board members of the Los Angeles County Board of Supervisors in the performance of their duties, I was compelled to call the sheriff's office to throw them out.

You say the only evidence I produced to show that your outfit

office to throw them out.

You say the only evidence I produced to show that your outfit engaged in "strong-arm tactics," "took the law into their own hands," "rioting, breaking the peace, violating the law, and preaching destruction of the American form of government," was from clippings from unfriendly newspapers. From my past experience it appears to me that you draw your usual Workers Alliance conclusion, which conclusions, in my opinion, are, 9 times out of 10, wrong. I was quoting from my own experience with your outfit, wherein they were so un-American that they refused to abide by the American form of government and were actually going to take over the government in Los Angeles County if they could.

You ask, "Since when has it become unlawful to call on elected officials?" To my knowledge, it never has been unlawful to call on efficials? To my knowledge, it never has been unlawful to call on officials in an orderly manner; but my contact with the Workers Alliance has been that they usually come in menacing groups; they never request anything, but they demand everything; and along with their demands go their threats, either of a sit-down strike or of property or personal injury. I do not get this out of any newspaper, but I know these facts from my own personal experience with your representatives in Los Angeles County; and my opinion is there is not room for this type of lawbreaker in the United States.

You refer to "subterfuge" of the "economy bloc." If you mean that group of American officials who are not afraid to tell you fellows where to get off, and who cannot be intimidated by racketeers, but tell them that, so far as they are concerned, their racket is at an end and that the taxpayer is going to be given consideration against any group of racketeers, you will always find me lined up against any unlawful group, because I will never vote one cent of public money to carry on a program of sit-down strikes, agitating, or rioting in mobs before Government officials.

Very truly yours,

L. M. FORD, M. C.

INTERNATIONAL LABOR DEFENSE, SOUTHERN CALIFORNIA DISTRICT, Los Angeles, Calif., June 5, 1939.

Congressmen Leland M. Ford,
House of Representatives, Washington, D. C.
Honorable Sir: Our organization wishes to go on record as opposing H. R. 5138, an omnibus bill introduced by Congressman SMITH of Virginia.

Analysis of this bill reveals that it contains a criminal syndicalism law, provisions for the registration and fingerprinting of aliens, and the provision of concentration camps for undeported aliens.

We ask that you vote against this bill, which is unparalleled in

We ask that you vote against this bill, which is unparalleled in its viclousness.

We also oppose H. R. 5643, the Hobbs concentration camp bill which, to quote from Congressman Celler's speech, "is in variance with the American tradition of due process of law."

We further ask that you vote against the group of antialien bills Nos. H. R. 1650, S. 407, S. 408, S. 409, S. 410, S. 411, respectively, all of which would hamper and oppress not only aliens but the entire labor and progressive movement.

The entire group of bills referred to above are of a Fascist nature and have no place in a Government founded on the principles of liberty and democracy.

Very truly yours,

LARUE MCCORMICK,

LARUE MCCORMICK Executive Secretary, International Labor Defense, Southern California District.

CONGRESS OF THE UNITED STATES. HOUSE OF REPRESENTATIVES, Washington, D. C., June 2, 1939.

Miss Larue McCormick, Executive Secretary, International Labor Defense, Southern California District, 127 South Broadway, Room 318, Los

DEAR MADAM: This will acknowledge receipt of your letter dated April 20, 1939. I would have answered this letter sooner but have had a serious illness that kept me away from the office. Upon my return I found it.

I note that your organization is opposing, and asks me to oppose, H. R. 5138, H. R. 5643, H. R. 1650, S. 407, S. 408, S. 409, S. 410, and

H. R. 5138 is a bill to make unlawful attempts to overthrow the Government of the United States; to require the licensing of civilian military organizations; to make unlawful attempts to interfere with the discipline of the Army and Navy; to require registration and fingerprinting of aliens; to enlarge the jurisdiction of the United States Circuit Court of Appeals in certain cases; and for

H. R. 5643 is the Hobbs concentration camp bill. H. R. 1650 is the bill to deny United States citizenship to persons who believe in any form of government for the United States contrary to that now existing in the United States.

S. 407 is a bill to reduce immigration, to authorize the exclusion of any alien whose entry into the United States is inimical to the

of any arien whose entry into the United States is infinited to the public interest, to prohibit the separation of families through the entry of aliens leaving dependents abroad, and for other purposes.

S. 408 is a bill to provide for the national defense by the registration of aliens in the United States. S. 409, to protect American labor and stimulate the employment of American citizens on American in the S. 410 to provide for the dependance of elless methods. ican jobs. S. 410, to provide for the deportation of aliens subsisting on relief under certain circumstances, and S. 411, to provide for the deportation of aliens inimical to the public interest.

I could see where you personally, and probably your organization, International Labor Defense, inasmuch as you are one of its officers, would oppose these bills, as you are Communist, being one of the few Communists that openly register as one and run for office under the Communist banner, as you did in the last November elec-

tion.

I do not want to appear to be discourteous to you in consideration of your request, but inasmuch as you apparently believe in the communistic principles and I do not believe in any of the communistic principles, nor do I believe in the Fascist principles, nor the Nazi principles, nor the Socialist principles, my belief is exactly opposite to yours. I therefore must tell you very frankly and very freely that I would be for every one of those bills and advocate their passage to protect that thing which apparently you do not care as much about as I do, that is, Americanism.

Every single one of the bills you ask me to oppose stands for and will protect that Americanism, and so far as I am concerned, I propose to protect it and stand for it to the last ditch and I can assure you that when you ask me to oppose bills of this nature, due to our opposite political philosophies I can never support any such request.

Very truly yours,

L. M. Ford.

L. M. FORD.

EXTENSION OF REMARKS

Mr. CRAWFORD. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD by including a very brief editorial from the Denver Post.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. JOHNSON of Indiana. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an address delivered by my colleague the gentleman from Indiana [Mr. HARNESS] over the National Broadcasting System.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

RIVER AND HARBOR APPROPRIATIONS

Mr. PIERCE of Oregon. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. PIERCE of Oregon. Mr. Speaker, I find much misapprehension in my State as to our method of appropriating money for flood control and river and harbor improvements. I wrote a letter to our colleague, the chairman of the Rivers and Harbors Committee, and asked him to state the law and the practice, which he has done in a letter addressed to me.

Mr. Speaker, I ask unanimous consent that this letter may

be printed as a part of my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

The letter referred to follows:

COMMITTEE ON RIVERS AND HARBORS, HOUSE OF REPRESENTATIVES, UNITED STATES, Washington, D. C., May 25, 1939.

Hon. Walter M. Pierce,

House of Representatives, Washington, D. C.

MY DEAR GOVERNOR: Replying to your letter of May 24, inquiring as to the method by which the money is allocated at the present time for navigation and flood-control improvements, I beg to say time for navigation and flood-control improvements, I beg to say that under the provisions of the Budget and Accounting Act, 1921, the President is required to transmit to Congress on the first day of each regular session, the Budget, which shall set forth in detail, among other things, estimates of the expenditures and appropriations necessary in his judgment for the support of the Government for the ensuing fiscal year.

There was created under this act the Bureau of the Budget, to which Bureau all departments of the Government submit their estimates. I am advised by the Chief of Engineers that estimates for new work and maintenance on projects heretofore adopted for payigation and flood-control improvements are submitted in Occ.

for new work and maintenance on projects heretofore adopted for navigation and flood-control improvements are submitted in October of each year, and that hearings are usually held by the Bureau on them in November. When the Budget reaches Congress it carries lump-sum estimates for new work and maintenance on navigation work, and separate estimates for Fort Peck Dam and Bonneville Dam. The estimates for flood-control work are divided as follows: Mississippi River and tributaries; emergency work on tributaries of Mississippi River; Sacramento River, Calif.; and projects in act of 1936 and amendments thereto.

Hearings are held on these estimates by the Appropriations Committees of the two Houses during which the United States engineers submit statements showing how proposed lump-sum appropriations

mittees of the two houses during which the United States engineers submit statements showing how proposed lump-sum appropriations will be allocated. The engineers, however, under the law, are not required to follow these statements in making allocations. The wording of the provision in the War Department Civil Appropriations Act is as follows: "For the preservation and maintenance of existing river and harbor works, and for the prosecution of such projects heretofore authorized as may be most desirable in the interest of commerce and navigation * * *."

interest of commerce and navigation * * *."

I might add that the engineers do follow pretty closely the statements furnished the Committees on Appropriation in making

allotments; also, that when our committee had jurisdiction over appropriations we found it advisable to allow them considerable leeway in making allotments so that they could maintain a fund for emergency work, such as that caused to important works by

storms.

Trusting that this explanation is satisfactory, and with kind regards, I am, Very sincerely,

J. J. MANSFIELD, Chairman. WHEN A-TRAVELING YOU GO, VISIT OREGON, THE AIR-CONDITIONED VACATION LAND

Mr. ANGELL. Mr. Speaker, I ask unanimous consent to speak for 1 minute and to include in my remarks a message from the Governor of Oregon.

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The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. ANGELL. Mr. Speaker, summer is upon us, and it is hoped that before a great while the Congress will have completed its business so we may go home. I have taken the liberty of sending to each of you, my colleagues, a little booklet entitled "Drive Oregon Highways," which will give you a glimpse of what Oregon has to offer to the vacationist. I trust you will peruse it and come to Oregon soon and enjoy our hospitality.

Many of you, no doubt, will be vacationing sometime this summer or fall. When a-traveling you go, come to Oregon, the air-conditioned vacation land, on the most western rim of continental United States, out where the West begins. I am sure that you will visit the superb Golden Gate International Exposition now in progress in San Francisco. If you do, you will want to go or return by the Pacific Northwest. There you will find hundreds of miles of fine, smooth, hardsurfaced highways leading through virgin forests, along rugged seashores, and by mountain streams and beautiful lakes. These lakes and streams are stocked with game fish which will test your abilities as fishermen. You may try your luck in the sport of kings with rod and line, matching skill with the Royal Chinook salmon or steelhead trout, or you may enjoy alpine climbing or skiing on the many snow-clad peaks in our rugged mountain ranges.

The Oregon Trail Highway, leading through the Columbia Gorge to the sea will be of special interest. The Columbia River, the second largest river in the United States and the only one in our Nation that cuts its way through two mountain ranges to find an outlet in the sea, was followed by Lewis and Clark in 1804 in their memorable journey of exploration. You will want to retrace their footsteps.

The Coast Highway for 300 miles leads along the Pacific shoreline, jutting back inland here and there to avoid impassable crags and cliffs, then passing along sheer precipices overhanging the sea with the white-capped surf pounding the rock ledges below. The road leads through tunnels in places too precipitous to conquer otherwise. The rivers are spanned by five modern bridges-models of graceful bridge architecture. Along the highway are many towns and beach resorts with sandy bathing beaches where surf bathing may be enjoyed.

In eastern Oregon extensive wheat fields, irrigated areas with diversified farming, and on the uplands, stock farms with great herds of sheep and cattle will demand your attention. In the Hood River Valley, the Willamette Valley, and in southern Oregon will be found extensive commercial orchards of apples, pears, peaches, cherries, and small fruits and berries. In the Willamette Valley and on the coast extensive dairy farms also abound. You will also find flax, hops, and numerous other products of the field in this diversified agricultural State

Oregon is an ideal retreat for the vacationist who desires to leave the beaten pathways and lose himself in the deep woods or by the side of a mountain lake or the rugged seashore and commune with nature. Our far-famed Oregon caves, with miles of beautiful, weird underground caverns; Crater Lake, nestling in the pit of an extinct volcano 6,000 feet up on the top of a mountain range, with deep blue water 2,000 feet or more deep, stocked with trout; and Timberline Lodge perched on the side of majestic Mount Hood, up under the stars, where summer snow and forests meet, will all intrigue you. The immense virgin forests of cedar, pine, fir, hemlock, and redwood will cause you to linger and enjoy the beauties of the woodland. The awe-inspiring redwoods, the oldest living things on earth, are there for your inspection and admiration. Some of these giants of the forests were growing when Christ was born in the manger. Wildlife abounds on every hand. You will see in their native habitat the vanishing antelope, Nature's swiftest creatures, the majestic elk, and the graceful deer.

Two hundred thousand automobiles from other States and countries, bringing 600,000 visitors, came to Oregon last year. Many thousand more came by air, water, rail, and bus line. You will find the latchstring on the outside and a welcome from all of us who reside on the Pacific shores. Our Governor, Hon. Charles A. Sprague, recently extended a welcome to you all, and I desire to include it as a part of my remarks. Governor Sprague said:

WELCOME TO VACATIONISTS

It gives me pleasure to extend a personal invitation to vacationists throughout the United States to come to Oregon this summer and see at first hand the Nation's biggest and newest vacation

land.

Oregon is better prepared than ever before this year to make your stay a truly memorable event. Our network of paved highways is at a high point of efficiency to enable you to find the exact kind of recreation you like best.

The Oregon Coast Highway skirts 300 miles of rugged coast line and beautiful beaches, or you may prefer to explore the high Cascades, literally crowded with lakes and swift running and well stocked fishing streams. East of the mountains the highways lead you to the dude ranches, pine forests, and still more mountains.

mountains.

I think you will enjoy Crater Lake National Park or the sports on Mount Hood. New Timberline Lodge on Mount Hood is the center for a vacation unexcelled in its infinite variety. You can golf or ski in mid-July on Mount Hood.

But Oregon has something else to offer the vacationist. Its scenery, resorts, fishing, hunting, and beaches would be less attractive were they not accompanied by Oregon's friendliness and sincere desire to make your stay a memorable one.

Again I invite you to Oregon, because I know you will like our State and will be leath to leave it.

AMENDMENT OF THE TENNESSEE VALLEY AUTHORITY ACT

Mr. MAY. Mr. Speaker, I ask unanimous consent that I may address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. MAY. Mr. Speaker, my purpose in asking for this time at this moment is to advise the House that in another body a rather unprecedented proceeding relative to proposed amendments to the Tennessee Valley Authority Act has been had.

The House Military Affairs Committee has been holding hearings every hour it was possible to do so on an identical amendment, which was passed a few weeks ago by the Senate.

We are ready to go into executive session for consideration of amendments to the bill, and it is my view that the House of Representatives ought not to take any action upon any of these proceedings until the committee has had an opportunity to present its reasons and arguments as to why its bill should be considered.

[Here the gavel fell.]

Mr. FISH. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. FISH. Mr. Speaker, I have asked this time for the purpose of inquiring of the gentleman from Kentucky [Mr. May] when his committee proposes to bring before the House legislation to take the profits out of war?

Mr. MAY. Mr. Speaker, I would say in answer to the gentleman from New York that I enjoyed very much last night the joint debate between him and some distinguished Senators on the subject of taking the profits out of war. My committee during the last Congress considered for weeks in open hearings the question of taking the profits out of war, and reported what we believed then and what I believe now to be a perfect bill for that purpose. It was not a bill, however, to disrupt and destroy private industry in this country, and there is no bill before the committee at this time.

The SPEAKER. The time of the gentleman has expired. Mr. THOMASON. Mr. Speaker, I ask unanimous consent to proceed for 1 minute in order to ask a question of the gentleman from Kentucky [Mr. MAY].

The SPEAKER. Is there objection?

There was no objection.

Mr. THOMASON. Mr. Speaker, will the gentleman from Kentucky kindly tell us when he will report out the T. V. A. bill?

Mr. MAY. Mr. Speaker, if we report out a bill on the T. V. A., we will do it either today, tomorrow, or next day.

The committee has adjourned until 3 o'clock for the purpose of enabling members to be on the floor of the House during the call of the Consent Calendar today. We meet again with the last witness on the witness stand for slight additional cross-examination, and as soon as we can get it settled in the minds of the committee, which is giving careful consideration to the bill, it will be reported.

Mr. THOMASON. Mr. Speaker, I agree with the chairman of my committee that if we are going to report out this bill and are going to do it promptly, then I should prefer that procedure to the one followed in the Senate, but I undertake to say that the action taken in the Senate is not without precedent, especially in view of the fact that this is an emergency and must be acted on by June 20 if it is of any value.

Therefore, in view of the long delay and the hearings that have dragged along for 6 or 8 weeks, I think we ought to immediately report out the bill. All parties affected by the contract involved are agreed. There is no need to rehash the entire history of T. V. A. If this bill is not reported out tomorrow, then we ought to take up the Senate amendment.

Mr. MAY. Mr. Speaker, In answer to the gentleman from Texas I must say he is entirely wrong in stating there has been any delay because the general committee and the subcommittee have, since the bill was introduced about 6 weeks ago, held 32 meetings, and furthermore there is no occasion for speed as suggested by the gentleman from Texas.

There is much talk about a supposed emergency on account of a date fixed in the contract for its closing. Both parties to the contract-T. V. A. and Commonwealth & Southernhave said they want the agreement carried out, and both competent to make the agreement can surely agree to an extension, but the whole trouble is that some people do not want the House committee to bring the facts to the attention of the House-and that I am determined to do. That is all I have to say.

THE CONSENT CALENDAR

The SPEAKER. Today is Consent Calendar day, and the Clerk will call the first bill on the Consent Calendar.

LOUISIANA-VICKSBURG BRIDGE COMMISSION

The Clerk called the bill (H. R. 3224) creating the Louisiana-Vicksburg Bridge Commission; defining the authority, power, and duties of said commission; and authorizing said commission and its successors and assigns to purchase, maintain, and operate a bridge across the Mississippi River at or near Delta Point, La., and Vicksburg, Miss.

The SPEAKER. Is there objection?

Mr. MILLS of Louisiana. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice?

The SPEAKER. Is there objection?

There was no objection.

UNIFORM RULE FOR NATURALIZATION OF ALIENS

The Clerk called the bill (H. R. 5030) to amend section 4 of the act of June 29, 1906, entitled "An act to establish a Bureau of Immigration and Naturalization and to provide for a uniform rule for the naturalization of aliens throughout the United States."

The SPEAKER. Is there objection?

Mr. JENKINS of Ohio. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection?

There was no objection.

QUAPAW INDIANS, OKLAHOMA

The Clerk called the bill (H. R. 3796) to extend the period of restrictions on lands of the Quapaw Indians, Oklahoma, and for other purposes.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That all existing restrictions, tax limitations, and exemptions affecting lands of the Quapaw Indians in Oklahoma be, and the same are hereby, extended for a further period of 25 years from the date on which such restrictions, limitations, and exemptions would otherwise expire: Provided, however, That nothing herein contained shall be construed as preventing the Secretry of the Interior, in his discretion, from removing such restrictions, in whole or in part, upon application of any adult Indian

owner of any such lands, on any interest therein, whenever the Secretary of the Interior finds it to be advantageous to the Indian owner to do so.

SEC. 2. That all lands owned in whole or in part by restricted Quapaw Indians, including those tracts in which there may be undivided interests acquired by others, may be leased for business, mining, or other purposes in accordance with such rules and regulations as the Secretary of the Interior may prescribe, and not otherwise: Provided, however, That no lease, modifications, or assignment thereof shall be made over the written protest of adult Indians owning a majority interest therein.

With the following committee amendment:

Page 2, line 3, strike out lines 3, 4, and 5 and insert in lieu thereof "That said restricted tracts of land or any part thereof."

The committee amendment was agreed to; and the bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

SAN CARLOS APACHE INDIANS

The Clerk called the bill (S. 18) authorizing payment to the San Carlos Apache Indians for the lands ceded by them in the agreement of February 25, 1896, ratified by the act of June 10, 1896, and reopening such lands to mineral entry.

The SPEAKER pro tempore (Mr. WARREN). Is there objection?

Mr. COCHRAN. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection? There was no objection.

WAPATO SCHOOL DISTRICT, WASHINGTON

The Clerk called the bill (H. R. 3824) to provide funds for cooperation with Wapato School District, No. 54, Yakima County, Wash., for extension of public-school buildings to be available for Indian children of the Yakima Reservation.

The SPEAKER pro tempore. Is there objection?

Mr. COSTELLO. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection? There was no objection.

AMENDING SUBSECTION (H) OF SECTION 344 OF THE AGRICULTURAL ADJUSTMENT ACT OF 1938, AS AMENDED

The Clerk called the next bill, H. R. 5911, to amend subsection (h) of section 344 of the Agricultural Adjustment Act of 1938, as amended.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

CLOSER AND MORE EFFECTIVE RELATIONSHIP BETWEEN AMERICAN REPUBLICS

The Clerk called the next bill, H. R. 5835, to authorize the President to render closer and more effective the relationship between the American Republics.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That in order to render closer and more effective the relationship between the American Republics, the President of the United States is hereby authorized, subject to such appropriations as are made available for the purpose, to utilize the services of the departments, agencies, and independent establishments of the Government in carrying out the reciprocal undertakings and cooperative purposes enunciated in the treaties, resolutions, declarations, and recommendations signed by all of the 21 American Republics at the Inter-American Conference for the Maintenance of Peace, held at Buenos Aires, Argentina, in 1936, and at tenance of Peace, held at Buenos Aires, Argentina, in 1936, and at the Eighth International Conference of American States held at Lima, Peru, in 1938.

With the following committee amendment:

On page 2, after line 4, insert the following:

"SEC. 2. The President is authorized to create such advisory committees as in his judgment may be of assistance in carrying out the undertakings of this Government under the treaties, resolutions, declarations, and recommendations referred to, but no committee or member thereof shall be allowed any salary or other compensation for services: Provided, however, That they may, within the limits of appropriations made available therefor by the Congress, which appropriations are hereby authorized, be paid their actual

transportation expenses and not to exceed \$10 per diem in lieu of subsistence and other expenses while away from their homes in attendance upon meetings under instructions from the Secretary of

Mr. WOLCOTT. Mr. Speaker, I offer an amendment to the committee amendment, that the spelling of the word "appropriations", in line 13, on page 2, may be corrected.

The Clerk read as follows:

Amendment to the amendment offered by Mr. Wolcorr: Page 2, line 13, strike out "appripriations" and insert "appropriations."

The amendment to the committee amendment was agreed to.

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

WESTERN OR OLD SETTLER CHEROKEES

The Clerk called the next bill, H. R. 4498, for the relief of the Western or Old Settler Cherokees, and for other purposes.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. COCHRAN, Mr. WOLCOTT, and Mr. COSTELLO objected.

PAYMENT OF EXPENSES TO CERTAIN INDIANS ON THE QUINAIELT RESERVATION, STATE OF WASHINGTON

The Clerk called the next bill, H. R. 2654, authorizing the payment of necessary expenses incurred by certain Indians allotted on the Quinaielt Reservation, State of Washington.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. LEAVY. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

PORTRAIT OF FORMER PRESIDENT HOOVER

The Clerk called the next business, House Joint Resolution 208, authorizing the Joint Committee on the Library to procure an oil portrait of former President Herbert Hoover.

There being no objection, the Clerk read the House joint resolution, as follows:

Resolved, etc., That the Joint Committee on the Library is hereby authorized to procure an oil portrait of former President Herbert Hoover, for the White House, to be painted by American artists, at a cost not to exceed \$2,500. The committee shall have the advice of the Commission of Fine Arts in accordance with the act of Congress approved May 17, 1910.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PAPAGO INDIAN RESERVATION IN ARIZONA

The Clerk called the next bill, H. R. 5758, to add certain lands to the Papago Indian Reservation in Arizona.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There was no objection.

Mr. COSTELLO. Mr. Speaker, I ask unanimous consent to substitute Senate bill 2149 for the House bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That the Secretary of the Interior is hereby authorized to purchase for the use and benefit of the Papago Indians with any funds heretofore or hereafter appropriated pursuant to authority contained in section 5 of the act of June 18, 1934 to authority contained in section 5 of the act of June 18, 1934 (48 Stat. 984), notwithstanding any general limitation in acts making such appropriations against the use of the appropriated funds for the acquisition of lands outside of Indian reservations in Arizona, all privately owned lands, water rights, and improvements within the south half of section 9, township 14 south, range 11 east, Gila and Salt River base and meridian, containing 320 acres, more or less, in the State of Arizona, at the appraised value of \$5.570

SEC. 2. Title to the lands shall be taken in the name of the United States in trust for the Papago Tribe, and the lands, when purchased, shall become a part of the Papago Indian Reservation.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill, H. R. 5758, was laid on the table.

ACQUISITION OF ADDITIONAL LAND FOR MILITARY PURPOSES

The Clerk called the next bill, H. R. 5735, to authorize the acquisition of additional land for military purposes.

The SPEAKER pro tempore. Is there objection?

Mr. STEFAN, Mr. CURTIS, Mr. WOLCOTT, and Mr. HEINKE objected.

CREDIT CERTAIN INDIAN TRIBES WITH EXPENDITURES FROM TRIBAL FUNDS ON INDIAN IRRIGATION WORK

The Clerk called the next bill, H. R. 2777, to credit certain Indian tribes with sums heretofore expended from tribal funds on Indian irrigation works.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. COCHRAN. Mr. Speaker, I object. Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

Mr. O'CONNOR. Mr. Speaker, I reserve the right to object to the passing of this bill over without prejudice.

Mr. COCHRAN. I have already objected to the consideration of the bill.

The SPEAKER pro tempore. The gentleman from Missouri [Mr. Cochran] objected and the bill, therefore, goes

Mr. COCHRAN. I objected because this bill takes about \$4,000,000 out of the taxpayers' pockets.

Mr. O'CONNOR. But the money belongs to the Indians. Mr. COCHRAN. It is here also despite the recommendations of officials of the Government, including the Bureau of the Budget.

Mr. WHITE of Idaho. Will the gentleman allow the bill to go over without prejudice?

Mr. COCHRAN. I am willing to let it go over, but why let bills like this remain on the Consent Calendar?

Mr. O'CONNOR. Mr. Speaker, I object to the bill going over without prejudice. I wish to make a statement. I do not think the gentleman from Missouri is informed on this subject. Justification for this is to be found in the act of May 18, 1916, wherein it is provided that tribal funds heretofore expended to reimburse the United States in part for irrigation construction costs on the Blackfeet, Flathead, and Fort Peck Indian Reservations in Montana should be placed to the credit of the tribes and be available for such expenditures for tribal benefit as Congress may direct.

This money does not go to the Indians, it goes into the United States Treasury subject to disposition by Congress; and the United States has already got another lien upon their lands. It is unjust not to pass this bill in behalf of these Indians who expend this money. The money in the first place was expended without their consent.

Mr. COCHRAN. If you pass this bill, you now put your left hand in the Treasury, then after you pass it, you will be ready to put your right hand in and take the cash.

Mr. O'CONNOR. That is not true, because nearly every one has both hands in the Treasury all the time; why not give an Indian a chance?

Mr. COCHRAN. If the gentleman will not agree that this bill may go over without prejudice. I will object to the bill.

Mr. O'CONNOR. I withdraw my objection to the bill's going over without prejudice.

Mr. COCHRAN. My objections to this legislation is based upon the last two paragraphs of the report signed by the Acting Secretary of the Interior, reading as follows:

While I favor the enactment of legislation of this nature I wish to call your attention to the act of June 22, 1936 (49 Stat. 1803), by the terms of which the Secretary of the Interior is authorized and directed to make investigations of all Indian irrigation projects and to make adjustments of irrigation charges subject to approval by Congress. Investigations are now being made under that act, and as the reports come in they will be submitted to Congress. These reports will include a complete accounting of tribal moneys

expended on irrigation projects, and it would probably be advisable to await the completion of these investigations before authorizing

reimbursement of specific amounts to the various tribes.

The Acting Director of the Bureau of the Budget advised under date of February 18 that a draft of a proposed bill similar to H. R. 2777, prepared by this Department for submission to Congress, would not be in accord with the program of the President.

Sincerely yours,

HARRY SLATTERY Acting Secretary of the Interior.

Why not follow the suggestions of the Department and wait until the investigation referred to is completed? That seems the wise thing to do because it is evident if this bill passes others will follow.

The gentleman from Montana [Mr. O'CONNOR], I know, has been most active in connection with legislation beneficial to the Indians and while his whole thoughts seem to be for the Indians some of us must think of the Treasury and taxpayers. I am not going to let this legislation pass by unanimous consent but propose to follow the recommendations of the Department of the Interior and Bureau of the Budget.

The SPEAKER pro tempore. The gentleman from Missouri has already objected.

TO INCREASE THE PUNISHMENT FOR ESPIONAGE

The Clerk called the next bill, H. R. 6075, to increase the punishment for espionage.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 1 of title I of the act entitled "An act to punish acts of interference with the foreign relations, the neutrality, and the foreign commerce of the United States, to

the neutrality, and the foreign commerce of the United States, to punish esplonage, and better to enforce the criminal laws of the United States, and for other purposes," approved June 15, 1917 (40 Stat. 217, U. S. C., title 50, sec. 31), be, and it is hereby, amended to read as follows:
"Section 1. That (a) whoever, for the purpose of obtaining information respecting the national defense with intent or reason to believe that the information to be obtained is to be used to the injury of the United States, or to the advantage of any foreign nation, goes upon, enters, files over, or otherwise obtains information. injury of the United States, or to the advantage of any foreign nation, goes upon, enters, flies over, or otherwise obtains information concerning any vessel, aircraft, work of defense, navy yard, naval station, submarine base, coaling station, fort, battery, torpedo station, dockyard, canal, railroad, arsenal, camp, factory, mine, telegraph, telephone, wireless, or signal station, building, office, or other place connected with the national defense, owned or constructed, or in progress of construction by the United States or under the control of the United States, or of any of its officers or agents, or within the exclusive jurisdiction of the United States, or any place in which any vessel, aircraft, arms, munitions, or other materials or instruments for use in time of war are being made, prepared, repaired, or stored, under any contract or agreemade, prepared, repaired, or stored, under any contract or agreement with the United States, or with any person on behalf of the United States, or otherwise on behalf of the United States, or any prohibited place within the meaning of section 6 of this title; or (b) whoever for the purpose aforesaid, and with like intent or reason to believe, copies, takes, makes, or obtains, or attempts, or induces or aids another to copy, take, make, or obtain, any sketch, photograph, photographic negative, blueprint, plan, map, model, induces or aids another to copy, take, make, or obtain, any sketch, photograph, photographic negative, blueprint, plan, map, model, instrument, appliance, document, writing, or note of anything connected with the national defense; or (c) whoever, for the purpose aforesaid, receives or obtains or agrees or attempts or induces or aids another to receive or obtain from any person, or from any source whatever, any document, writing, code book, signal book, sketch, photograph, photographic negative, blueprint, plan, map, model, instrument, appliance, or note, of anything connected with the national defense, knowing or having reason to believe, at the time he receives or obtains, or agrees or attempts or induces or aids another to receive or obtain it, that it has been or will be obtained, taken, made, or disposed of by any person contrary to the provisions of this title; or (d) whoever, lawfully or unlawfully, having possession of, access to, control over, or being intrusted with any document, writing, code book, signal book, sketch, photograph, photographic negative, blueprint, plan, map, model, instrument, appliance, or note relating to the national defense, willfully communicates or transmits or attempts to communicate or transmit the same to any person not entitled to receive it, or willfully retains the same and fails to deliver it on demand to the officer or employee of the United States entitled to receive it; or (e) whoever, being intrusted with or having lawful possession or control of employee of the United States entitled to receive it; or (e) whoever, being intrusted with or having lawful possession or control of any document, writing, code book, signal book, sketch, photograph, photographic negative, blueprint, plan, map, model, note, or information, relating to the national defense, through gross negligence permits the same to be removed from its proper place of custody or delivered to anyone in violation of his trust, or to be lost, stolen, abstracted, or destroyed, shall be punished by a fine of not more than \$10,000, or by imprisonment for not more than 10 years, or both." or both.

Mr. McCORMACK. Mr. Speaker, I offer an amendment. The Clerk read as follows:

Amendment offered by Mr. McCormack: On page 4, after line 5, insert a new section, as follows:

"SEC. 2. Whoever knowingly or willfully advocates the overthrow of government by force and violence shall be punished by a fine of not more than \$5,000, or by imprisonment for not more than 5 years, or both."

Mr. McCORMACK. Mr. Speaker, the amendment which I have offered is a very important one. It was a recommendation of the special committee of which I was chairman 5 years ago, when we investigated communism, nazi-ism, and fascism, of which committee my distinguished friend from Tennessee [Mr. Taylor], who is sitting in front of me, was also a member. It is necessary legislation which should be upon our statute books.

Under present Federal law upon the statute books the only thing of this nature made a crime is where two or more persons conspire to overthrow the Government by force and violence; and the conspiracy statute is for all practical purposes a dead-letter law, because, first, not only must a conspiracy be established, but an overt act in furtherance of the conspiracy must be established and proved.

The amendment which I have offered is very carefully drafted, one that protects thoroughly the interests of everyone, and yet at the same time it is an amendment which everyone should gladly support. It provides that "whoever knowingly or willfully"—I impose the stiffest burden of proof possible upon the Government; it should be so—"whoever knowingly or willfully advocates the overthrow of government by force and violence" shall be guilty of a crime.

Mr. WALTER. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. WALTER. Is not the language of this amendment identical with the language of a bill that 2 years ago passed

the House by unanimous consent?

Mr. McCORMACK. Two years ago the Committee on the Judiciary reported a bill—that is, the Congress before the last Congress, the Seventy-fourth Congress—and that bill, whether it passed the House or not, was reported out by the Committee on the Judiciary. It is my recollection the bill was not acted on in the House. This is one of the major recommendations made by the special committee of which I was chairman. The other was the Registration of Alien Propaganda Act, which passed the House last year by unanimous consent.

Mr. HOBBS. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. HOBBS. To which one of the classes the gentleman named did he intend to charge the distinguished gentleman from Tennessee with belonging?

Mr. McCORMACK. My friend from Tennessee?

Mr. HOBBS. Yes.

Mr. McCORMACK. He belongs where you and I belong, on the side of American institutions and Government.

Mr. TAYLOR of Tennessee. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. TAYLOR of Tennessee. The gentleman has quoted me correctly; that is exactly where I stand. I am for the amendment.

Mr. McCORMACK. That is where the gentleman has always stood.

Mr. Speaker, this is a fair amendment, it is a reasonable amendment, it is a necessary amendment; and no one should object to its adoption.

[Here the gavel fell.]

The SPEAKER pro tempore. The question is on the amendment offered by the gentleman from Massachusetts.

The question was taken; and on a division (demanded by Mr. Marcantonio) there were—yeas 142, nays 4.

Mr. MARCANTONIO. Mr. Speaker, I object to the vote on the ground there is not a quorum present, and make the point of order that a quorum is not present. The SPEAKER pro tempore. The Chair will count. [After counting.] One hundred and ninety-one Members are present, not a quorum.

Mr. RANKIN. Mr. Speaker, a parliamentary inquiry.
The SPEAKER pro tempore. The gentleman will state it.
Mr. RANKIN. Mr. Speaker, may the amendment be read again?

The SPEAKER pro tempore. Under present procedure that cannot be done.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll. The question was taken; and there were—yeas 357, nays 17, not voting 56, as follows:

[Roll No. 86] YEAS-357

Alexander Allen, Ill. Delaney Houston O'Neal Dempsey Hull Owen Pace Allen, La. Allen, Pa. DeRouen Dickstein Hunter Parsons Izac Anderson, H. Carl Dingell Anderson, Calif. Dirksen Anderson, Mo. Disney Andresen, A. H. Donder Jacobsen Patrick Patton Dirksen Jarman Pearson Peterson, Fla. Jarrett Jenkins, Ohio Andrews Doughton Jensen Peterson, Ga. Johns Johnson, Ill Angell Dowell Pfeifer Doxey Arends Pittenger Arnold Drewry Johnson, Ind. Pluml Johnson, Luther A. Poage Plumley Duncan Ashbrook Johnson, Lyndon Polk Johnson, Okla. Powe Johnson, W. Va. Ram Austin Dunn Dworshak Eaton, Calif. Powers Barden Ramspeck Randolph Jones, Ohio Jones, Tex. Eaton, N. J. Barnes Barry Barton Eberharter Rankin Edmiston Kean Rayburn Kee Bates, Ky. Bates, Mass. Elliott Reed, Ill. Reed, N. Y. Ellis Keefe Kennedy, Martin Rees Kennedy, Michael Rich Elston Beam Rees, Kans. Beckworth Blackney Engel Englebright Keogh Richards Bland Evans Kerr Risk Bloom Fenton Kilday Robertson Robsion, Ky. Rockefeller Boehne Ferguson Kinzer Kitchens Kocialkowski Boland Fernandez Bolles Fish Rodgers, Pa. Flannagan Kramer Boren Rogers, Mass. Flannery Ford, Leland M. Ford, Miss. Kunkel Rogers, Okla. Routzohn Boykin Lambertson Landis Bradley, Mich. Rutherford Brewster Brooks Fries Lanham Brown, Ga. Buckler, Minn. Bulwinkle Fulmer Larrabee Sacks Lea Leavy LeCompte Gamble Sandager Garrett Sasscer Satterfield Burch Gartner Burgin Byrne, N. Y. Byrns, Tenn. Lesinski Lewis, Colo. Lewis, Ohio Schaefer, Ill. Schafer, Wis. Schiffler Gathings Gavagan Gearhart Luce Gehrmann Byron Schuetz Caldwell Schulte Gerlach Cannon, Fla. Cannon, Mo. McAndrews Scrugham Gillie McCormack Seccombe Secrest Carlson Carter Gore Gossett McDowell McGehee Shafer, Mich. Cartwright Casey, Mass. Graham Grant, Ala. Grant, Ind. McGranery McKeough Shannon Chandler McLeod Sheppard McMillan, John L Chapman Short Simpson Smith, Conn. Smith, Maine Smith, Ohio Smith, Va. Smith, W. Va. Chiperfield Gregory Maas Church Clark Griffith Mahon Maloney Griswold Clason Claypool Mansfield Gross Guyer, Kans. Mapes Martin, Colo. Clevenger Gwynne Hall Martin, Ill. Martin, Iowa Snyder Halleck Cochran Somers, N. Y. Coffee, Nebr. Cole, Md. Cole, N. Y. Mason Massingale Hancock South Hare Sparkman Spence Harness May Merritt Harrington Hart Collins Springer Starnes, Ala. Steagall Colmer Michener Harter, N. Y. Harter, Ohio Miller Mills, Ark. Connery Stearns, N. H. Stefan Cooper Corbett Mills, La. Monkiewicz Hartley Hawks Sullivan Monroney Sumner, Ill. Sutphin Courtney Healey Cox Crawford Heinke Moser Hendricks Sweeney Mott Mouton Hennings Talle Tarver Crowe Hess Mundt. Crowther Culkin Hill Murdock, Ariz. Hinshaw Murray Nichols Norrell Taylor, Tenn. Tenerowicz Hobbs Cullen Cummings Hoffman Terry Thill Thomas, N. J. Thomas, Tex. Thomason Curtis Holmes Norton O'Brien D'Alesandro Hook O'Leary Darden Hope Darrow Horton Oliver

Treadway Waiter Wigglesworth Youngdam Van Zandt Warren Williams, Del. Zimmerman Vincent, Ky. Weaver Williams, Mo. Vinson, Ga. Welch Winter Woorhis, Calif. West Wolcott	Thorkelson	Vorys, Ohio	Wheat	Wolfenden, Pa.
	Tibbott	Vreeland	Whelchel	Wolverton, N. J
	Tinkham	Wadsworth	White, Ohio	Woodruff, Mich
	Tolan	Wallgren	Whittington	Woodrum, Va.
	Vincent, Ky.	Weaver	Williams, Mo.	Youngdahl
	Vinson, Ga.	Welch	Winter	Zimmerman

NAVS-17

Burdick Celler	Lemke Magnuson	O'Day Pierce, Oreg.	Smith, Wash. White, Idaho
Coffee, Wash.	Marcantonio	Robinson, Utah	
Geyer, Calif.	Murdock, Utah	Sirovich	
Keller	O'Connor	Smith, Ill.	

NOT VOTING-56

Bell	Douglas	Kennedy, Md.	Nelson
Bender	Durham	Kirwan	Osmers
Bolton	Faddis	Kleberg	O'Toole
Bradley, Pa.	Fav	Knutson	Patman
Brown, Ohio	Fitzpatrick	McArdle	Pierce, N. Y.
Bryson	Flaherty	McLaughlin	Rabaut
Buck	Folger	McLean	Reece, Tenn.
Buckley, N. Y.	Ford. Thomas F.	McMillan, Thos. S.	Romjue
Case, S. Dak.	Gifford	McReynolds	Sabath
Cooley	Gilchrist	Maciejewski	Schwert
Crosser	Havenner	Marshall	Seger
Curley	Jeffries	Martin, Mass.	Sumners, Tex.
Dies	Jenks, N. H.	Mitchell	Taylor, Colo.
Ditter	Kelly	Myers	Wood

So the amendment was agreed to. The Clerk announced the following pairs: General pairs until further notice:

Mr. Thomas S. McMillan with Mr. Martin of Massachusetts.

Mr. Thomas S. McMillan with Mr. Martin of Massachu Mr. Kleberg with Mr. Douglas.
Mr. Rabaut with Mr. Bolton.
Mr. Nelson with Mr. Knutson.
Mr. Cooley with Mr. Seger.
Mr. McReynolds with Mr. Gifford.
Mr. Collins with Mr. Reece of Tennessee.
Mr. Dies with Mr. McLean.
Mr. Kelly with Mr. Gilchrist.
Mr. Romjue with Mr. Gilchrist.
Mr. Romjue with Mr. Osmers.
Mr. Buck with Mr. Osmers.
Mr. Taylor of Colorado with Mr. Marshall.
Mr. Sumners of Texas with Mr. Brown of Ohio.
Mr. Bell with Mr. Jeffries.
Mr. Wood with Mr. Bender.
Mr. Patman with Mr. Bradley of Pennsylvania.
Mr. Fay with Mr. Folger.
Mr. McLaughlin with Mr. O'Toole.
Mr. Myers with Mr. Bryson.
Mr. Faddis with Mr. Kennedy of Maryland.
Mr. Curley with Mr. Durham.
Mr. Thomas F. Ford with Mr. Buckley of New York.
Mr. Flaherty with Mr. Havenner.
The doors were opened.

The doors were opened.

The result of the vote was announced as above recorded.

The bill was ordered to be engrossed and read a third time. was read the third time, and passed, and a motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. CANNON of Missouri. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include a speech made by the Postmaster General of the United States on the fiftieth anniversary of the Missouri Military Academy.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. THORKELSON. Mr. Speaker, I ask unanimous consent to extend my own remarks at this point in the RECORD and to include information which I think the Congress ought

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Montana [Mr. Thorkelson]? There was no objection.

Mr. THORKELSON. Mr. Speaker, "Court-martial General Moseley" has been featured in the press of the invisible government and in its broadcasts. Why? To destroy his character and to spread confusion among the people. The invisible government lies in its papers and in its broadcasts, and it produces lying moving pictures of conditions that have never existed. Why is this done? To spread propaganda among

the people so that they will sit patiently and wait for their own destruction.

I realize that money is power, but no one can tell me that 120,000,000 real, patriotic American citizens have capitulated to the crowd in Chicago, New York City, and Washington. I know the boys out West, and if those unacquainted with them will read history it will be found that they can do their own cleaning when the proper time comes.

Hearings on un-American activities should not be held under a battery of moving-picture cameras or innumerable flashlights, for un-Americanism is not a show and should not be featured by Hollywood nit-wits. Un-Americanism or communism is an evil blight which is destroying our Nation, and those who are now engaged in it should be charged with

Who in the Federal Government gave out the information that General Moseley was to be court-martialed? Nothing was said by the same papers when the President declared the Justices of the Supreme Court suffered from senile degeneration before he dressed the Court in pink and red. His own supporters did not criticize him when he called his followers tweedledums and tweedledees when they stumbled toward sanity. Discipline and respect for law should begin at the head of the Nation, for he is the one to set an example as the commander in chief.

Of course, no one is going to court martial General Moseley for being a good, honest, patriotic officer. Such blunder would lift the scarlet cloak of the New Deal and expose the most criminal attempt to convert our country into a proletarian communistic despotism. I say, therefore, let them go to it. There will be hundreds and hundreds that will turn the heat on the Communist so that he will be driven from our shores.

Mr. Speaker, I now inform the Members of Congress that completion of a plan to convert the United States into a proletarian democracy and totalitarian state is nearly consummated. Information is now in the hands of two intelligence sources of the Federal Government, but the spoilers are not quite ready. It is necessary that all avenues to communication be closed, and there are bills drawn for that purpose. In addition to restrictions on communication, the socialistic planning board has drawn Wagner's National Health Act and the Binderup-Voorhis Monetary Control Act. The Chain-Store Tax Act will help to create confusion. When these laws are enacted they will seal the life of the Republic, for after that the people will have to fight to regain control. The only profession left free will be those who have drawn the laws, and they will have nothing to do except to view the wreck of the Republic.

The safest course for those who are involved in this subversive plan is not to follow their customary procedure to prevent disclosure, for others have the same plans and will expose them. I may also state that that income-tax squeeze will not affect the holders of these plans, for patriotism is all they have left, and that cannot be taxed, but will eventually clean the Nation of communism and those who adhere to it. To protect the innocent and dupes of the invisible government, I suggest that those implicated-apostles of "pink," "red," and "scarlet" activities—report to the President of the United States immediately, so that he may see that the law is faithfully obeyed with the power he has under his control. I further suggest that they report all Fascists and Nazis to the President and the Dies committee, for I and others have already reported the "pink," "red," and "scarlet" gentry, This I have done in order to help the President to carry out the law as set forth in the Constitution of the United States.

I also request all newspapers that are not controlled by the invisible government to print these remarks on their front pages so that the people may be informed of the facts. Much is said in daily papers about the Fascist and Nazi activities, but no mention is made of the Socialist or Communist activities. For personal information and to clear up the situation, I will pay the daily papers \$2 for every Fascist and Nazi and for each of their publications that they can prove and present, if the same papers will pay me \$1 for every Communist and communistic paper that I can present. This should be a good deal even for a Shylock, for I am paying 2 to 1 and will deposit \$100 any time the papers accept my challenge. I am engaging in this commercialism in order to prove that the newspapers either lie or do not know what they are talking about. The people are tired of reading, hearing, and seeing the Socialist and Communist shout "Nazi" and "Fascist" to distract attention from themselves, for there is not one newspaper that can tell me intelligently what Nazi activities are, for the simple reason that Germany is a Socialist, totalitarian state.

I dare the same papers to come out for return to constitutional government, return to States' rights, restoration of rights to the people and business, for liquidation of all planning organizations that are nothing but patterns taken from communistic socialism, liquidation of all committees and organizations that are now operating subversively to transform our republican government into a communistic state. Let the papers come out and violently oppose extension of emergency and monetary power to the President and the Secretary of the Treasury. Let the papers come out for gold-secured currency and investments and an embargo on all gold, so that it cannot be removed from the Treasury of the United States and shipped back to Europe; for repeal of all the trade pacts and international planning, which began with the League of Nations. Let the papers come out in full support of farmers and all national industries. If the papers will do this, they will be loyal to the United States of America and to the people and not mouthpieces for the invisible government.

A campaign should be instigated by the same papers to repeal all unconstitutional laws, which are not based upon the Constitution but instead tolerated by erroneous opinions of the Supreme Court. Constitutionality of laws should never be determined upon decisions by courts or individuals but upon the Constitution itself.

I shall now try to prove who writes some of the legislation that is introduced in Congress, and here is evidence No. 1.

It was my intention to add this evidence, but objection was raised to its inclusion.

EXTENSION OF REMARKS

Mr. HAWKS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include a radio address I gave last night.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin [Mr. HAWKS]?

There was no objection.

Mr. ANGELL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein a memorial from the Legislature of the State of Oregon.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oregon [Mr. ANGELL]?

There was no objection.

Mr. HOUSTON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein two speeches recently made in Kansas by the Postmaster General of the United States.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kansas [Mr. HOUSTON]?

There was no objection.

Mr. MARTIN J. KENNEDY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein a resolution adopted and published in the Bulletin concerning Senator Wagner.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York [Mr. MARTIN J. KENNEDY]?

There was no objection.

Mr. RANDOLPH. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein certain short excerpts.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from West Virginia [Mr. RANDOLPH]? There was no objection.

Mr. Ludlow asked and was given permission to extend his own remarks in the Record.

Mr. SCHIFFLER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include an address made by me on May 30.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from West Virginia [Mr. Schiffler]? There was no objection.

CONSENT CALENDAR

The SPEAKER pro tempore. The Clerk will report the next bill on the Consent Calendar.

CONFISCATION OF FIREARMS

The Clerk called the next bill, S. 189, to provide for the confiscation of firearms in possession of persons convicted of felony and disposition thereof.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That at the time any person is convicted of a felony in any court of the United States, firearms and ammunition found in his possession or under his control at the time of his arrest may be confiscated and disposed of in accordance with the order of the court before which such person was tried. The court may direct the delivery of such firearms or ammunition to the law-enforcement agency which apprehended such person, for its use or for any other disposition in its discretion.

With the following committee amendment:

Strike out all of lines 3 to 7, inclusive, and insert the following: "That when any person is convicted in any court of the United States of any of the crimes of murder, manslaughter, felonious assault, rape, killing or assaulting a Federal officer, robbery, burglary, bank robbery, killing or kidnaping in committing bank robbery or in avoiding or attempting to avoid apprehension for the commission of bank robbery or in freeing one's self or attempting to free one's self from arrest or confinement for bank robbery, transporting or causing to be transported a kidnaped person in interstate or foreign commerce, transporting or causing to be transported a stolen motor vehicle in interstate or foreign commerce, or any felony perpetrated in whole or in part by the use of firearms, or an attempt to commit any of the foregoing crimes, the court in its judgment of conviction may, in addition to the penalty or penalties prescribed by law for the punishment of such crime or crimes, order the confiscation and disposal of firearms and ammunition found in the possession or under the immediate control of such person at the time of his arrest."

The committee amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ESTABLISHMENT AND MAINTENANCE OF THE FRANKLIN D. ROOSEVELT LIBRARY

The Clerk called the joint resolution (H. J. Res. 268) to provide for the establishment and maintenance of the Franklin D. Roosevelt Library, and for other purposes.

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent that this joint resolution may be passed over without prejudice

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan [Mr. Wolcott]?

Mr. KELLER. Will the gentleman withhold his objection? Mr. WOLCOTT. I am asking unanimous consent that the joint resolution may be passed over without prejudice.

Mr. KELLER. I would like to discuss that with the gentleman. If that request is made, I shall object. I shall later ask consideration of the joint resolution under suspension of the rules.

Mr. WOLCOTT. I may say to the gentleman I understood he was going to do that and that is one of the reasons for asking that this bill go over without prejudice.

Mr. KELLER. If there is objection, I shall do that, of

Mr. WOLCOTT. There would have been an objection.

Mr. KELLER. Then, I shall move to suspend the rules and pass the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan [Mr. Wolcottl?

Mr. KELLER. Mr. Speaker, I object.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. WOLCOTT, Mr. BOLLES, and Mr. CHURCH objected.

AUTHORIZING RETURN TO WILLIAMSBURG LODGE, NO. 6, A. F. AND A. M., OF VIRGINIA, OF ORIGINAL MANUSCRIPT

The Clerk called the joint resolution (H. J. Res. 183) authorizing the Librarian of Congress to return to Williamsburg Lodge, No. 6, Ancient Free and Accepted Masons, of Virginia, the original manuscript of the record of the proceedings of

There being no objection, the Clerk read the House joint resolution, as follows:

Resolved, etc., That the Librarian of Congress is hereby authorized and directed to return to Williamsburg Lodge, No. 6, Ancient Free and Accepted Masons, of Virginia, the original manuscript of the record of the proceedings of said lodge, which is contained in one bound volume now in the manuscript division of the Library of Congress, marked "Virginia, Williamsburg Masonic Lodge, Minute Book, 1773–1779, L. C.," and which manuscript was taken from the files of said lodge during the Civil War by some party or parties

The House joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CITY OF KETCHIKAN, ALASKA

The Clerk called the next bill, H. R. 2413, for the protection of the water supply of the city of Ketchikan, Alaska.

There being no objection, the Clerk read the bill, as follows:

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the two tracts of public lands within the areas hereinafter described, situated in the Territory of Alaska, are hereby reserved from all forms of location, entry, or appropriation, whether under the mineral or nonmineral land laws of the United States, and set aside as municipal water-supply reserves for the use and benefit of the people of the city of Ketchikan, a municipal corporation of the Territory of Alaska, as follows, to wit: (a) Starting at the east end of the Ketchikan Public Utilities Dam, situated at lower end of the lower Ketchikan Lake, and extending thence in a northewsterly direction, following the divide to the summit of Minerva Mountain; thence in a northerly direction along the divide to the summit of Diana Mountain; thence following the high divide around the Ketchikan Lakes and Granite Basin over the summits of Dude Mountain and John Mountain; and thence in a southerly direction along the divide to the summit of Sylvis Mountain to the summit of Deer Mountain; thence in a westerly direction along the small divide to Ketchikan Creek at a point approximately 4,800 feet below the dam; thence along Ketchikan Creek to the dam, the place of beginning; said area being the drainage area of Ketchikan Lakes and Granite Basin above the Ketchikan Public Utilities Dam at lower end of Carlanna Lake, and extending thence along the small divide in a northerly direction to the summit of Juno Mountain; thence along the same divide in a southeasterly direction along the small divide to the eastern side line of United States Survey 1229, of E. A. Heath, approximately 2,850 feet from the northeast corner of said survey; thence along said side line to the northeast corner; thence in a westerly direction along the northern boundary line to the northwest corner of said survey; thence in a northerly direction along the Ketchikan city water supply.

SEC, 2. The public lands heretofore described and reserved for

SEC. 2. The public lands heretofore described and reserved for SEC. 2. The public lands heretofore described and reserved for municipal water-supply purposes, not a part of the Tongass National Forest, shall be administered by the Secretary of the Interior, and those within the Tongass National Forest shall be administered by the Secretary of Agriculture, for the purpose of storing, conserving, and protecting from pollution the said water supply, and preserving, improving, and increasing the timber growth on said lands, to more fully accomplish such purposes; and to that end said municipality shall have the right, subject to the approval of the Secretary of the Interior and the Secretary of Agriculture, to the use of any and all parts of the lands reserved for the storage and conveying of water and construction and maintenance thereon of all improvements for such purposes.

SEC. 3. The Secretary of the Interior and the Secretary of Agrisec. 3. The Secretary of the Interior and the Secretary of Agri-culture are hereby authorized to prescribe and enforce such regula-tions as may be found necessary to carry out the purpose of said act, including the right to forbid persons other than those authorized by them and the municipal authorities of said municipal corpora-tion from entering or otherwise trespassing upon these lands, and any violation of this act or of regulations issued thereunder shall be punishable as is provided for in section 5050, Compiled Laws of

Alaska, 1933.

SEC. 4. Nothing herein contained shall affect any valid right or claim to any part of said lands heretofore acquired under any law of the United States.

With the following committee amendments:

Page 3, line 19, after the word "purposes", strike out the period and insert a colon in lieu thereof, and after the colon the following: "Provided, That the merchantable timber on the land to be

used by the said municipality which is under the jurisdiction of the Secretary of the Interior may be sold by the said Secretary under rules and regulations to be prescribed by him: And provided jurther, That the right to the use by the city of Ketchikan of the lands reserved by this act shall terminate upon the aban depresent of the use by such municipality in georgeone with the doment of the use by such municipality in accordance with the terms of this act, and upon a finding of such nonuser or abandonment, for a period of 2 years, by the head of the department having jurisdiction over the land involved, whereupon the reservation created by this act shall terminate to the extent of such lands involved."

Page 4, line 14, after the word "be", insert "a misdemeanor and shall be."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MENOMINEE INDIAN CHILDREN

The Clerk called the next bill, H. R. 4497, to prescribe rules for the enrollment of Menominee Indian children born to enrolled parents, and for other purposes.

There being no objection, the Clerk read the bill, as fol-

lows:

Be it enacted, etc., That regardless of the act of June 15, 1934 (48 Stat. L. 965), upon receipt of proper birth certificates the names of unenrolled living Menominee Indian children born prior to that date of an enrolled parent or parents residing on the reservation at the time of their birth, and the names of children born thereafter otherwise qualified under section 4 of said act but irrespective of the derivation of their Menominee blood, shall be automatically placed upon the official roll approved on December 27, 1935; and such children shall be entitled to participate in any tribal payments made between the time of their birth and enrollment.

Sec. 2. The Secretary of the Interior is hereby authorized and directed on or before June 30, 1940, to investigate and determine the correct degree of Menominee Indian blood of every person whose name appears on the basic official roll as originally approved December 27, 1935. The determination made by the Secretary of the Interior shall be final and conclusive for enrollment purposes under the act of June 15, 1934, and any changes necessary to conform to such determination shall be made in the appropriate column of

the act of June 15, 1934, and any changes necessary to conform to such determination shall be made in the appropriate column of

With the following committee amendments:

Page 2, line 4, strike out "1940" and insert in lieu thereof "1941." Page 2, line 10, after "1934", insert "as modified herein."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. COCHRAN. Mr. Speaker, I ask unanimous consent to extend in the RECORD the remarks I made this morning and to include two paragraphs from a report.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri?

There was no objection.

CONSENT CALENDAR

TONGUE INDIAN RESERVATION, MONT.

The Clerk called the next bill, H. R. 5506, to authorize the Secretary of the Interior to contract with the State Water Conservation Board of Montana and the Tongue River Water Users' Association for participation in the costs and benefits of the Tongue River Storage Reservoir project for the benefit of lands on the Tongue River Indian Reservation, Mont.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. HORTON. Reserving the right to object, Mr. Speaker, may I ask the gentleman from Montana just what this bill tries to do?

Mr. O'CONNOR. I may say to the gentleman that this bill was introduced at the request of the Department of the Interior. The bill authorizes the Secretary of the Interior to purchase water to irrigate lands on the Tongue River Indian Reservation. The water is to be purchased on contract from the State Water Conservation Board of Montana and the Tongue River Water Users' Association.

Let me say that ordinarily, under the law, Indians have a prior right to the use of the water upon Indian reservations, but in the Tongue River Reservation this is an exception. The only means by which these Indians may have water to irrigate their lands is by impounding the water in accordance with a scheme that has been developed by the Water Conservation Board of the State of Montana.

May I say to the gentleman from Wyoming that this does not affect his people in Wyoming at all. This simply impounds the water in Montana of the Tongue River, to the end that these Indians will have some water with which they may raise crops. If they cannot secure the water in this fashion they cannot secure it at all.

Mr. HORTON. In other words, they will be satisfied, then, to have their supplemental water supplied from water that is already impounded or is to be impounded?

Mr. O'CONNOR. That is right.

Mr. HORTON. And they will not thereafter come back here with a request for additional stream flow?

Mr. O'CONNOR. The gentleman is correct.

Mr. RICH. Reserving the right to object, Mr. Speaker, will it be necessary for the Interior Department to purchase this water from the State of Montana?

Mr. O'CONNOR. A Water Users' Association dam has already been constructed there.

Mr. RICH. Who owns and controls it?

Mr. O'CONNOR. The State.

Mr. RICH. Then, the gentleman wants the Federal Government to buy water from his State in order to take care of his own people?

Mr. O'CONNOR. The gentleman understands there has already been expended \$1,200,000 on this project, less \$360,-750.

Mr. RICH. Who spent that money?

Mr. O'CONNOR. The United States Government and the State of Montana. It is a P. W. A. project. The dam has practically all been built. What we want now is authority to enter into this contract with the Secretary of the Interior through the water conservation board to furnish the water to these Indian lands. The cost will be repaid in the course of 37 years at the rate of \$9,750 per year. Further, the Government has a lien upon the land, so the Government is assured of getting this money back.

Mr. RICH. Then the contract is between the Interior Department and the State of Montana; and the Government will not have to pay any additional money into the State, but the State, in turn, will collect the money from the users of the water and return that money to the Federal Govern-

ment?

Mr. O'CONNOR. That is correct.

Mr. RICH. Are you sure we are going to get the money? Mr. O'CONNOR. Of course you are going to get the money. You have the best land in the world as security for the repay-

ment of this money as well as the promise of the Indians. Mr. RICH. Yes; but people interested in such lands are always after something.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. KEAN. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

Mr. O'CONNOR. I object, Mr. Speaker.

The SPEAKER pro tempore. Objection is heard.

Is there objection to the present consideration of the bill? Mr. KEAN. I object, Mr. Speaker.

SAN CARLOS AND FLATHEAD INDIAN PROJECTS

The Clerk called the joint resolution (H. J. Res. 264) to approve the action of the Secretary of the Interior deferring the collection of certain irrigation construction charges against lands under the San Carlos and Flathead Indian irrigation projects.

Mr. BATES of Massachusetts. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

Mr. O'CONNOR. Reserving the right to object, Mr. Speaker, I believe if the gentleman understood what this bill is about he would not object to it. The Government has already suspended payments for the white people in this area. Certainly we want to give the Indians the same rights with respect to irrigation projects that the white man has, and that is all that this bill does.

The Secretary of the Interior has already deferred these payments, and this bill is simply for the purpose of approving what the Secretary has done.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts [Mr. Bates] that the bill be passed over without prejudice?

There was no objection.

LIMITING AUTHORITY OF CIRCUIT JUDGES TO HOLD DISTRICT COURTS AND OF DISTRICT JUDGES TO SIT IN CIRCUIT COURTS OF APPEALS

The Clerk called the next bill, H. R. 2566, to limit the authority of circuit judges to hold district courts and of district judges to sit in circuit courts of appeals.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the first paragraph of section 18 of the Judicial Code, as amended (U. S. C., title 28, sec. 22), is hereby amended to read as follows:

"The Chief Justice of the United States, or the circuit justice of any judicial circuit, or the senior circuit judge thereof, may, if the public interest requires, designate and assign any circuit judge of a judicial circuit to hold a district court within such circuit, when requested to do so by, or with the consent of, the senior district judge for such district."

SEC. 2. Section 120 of the Judicial Code (U. S. C., title 28, sec. 216) is hereby amended to read as follows:

"SEC. 120. The Chief Justice and the Associate Justices of the Supreme Court assigned to each circuit shall be competent to sit as judges of the circuit court of appeals within their respective circuits. The several district judges within each circuit shall also be competent to sit as judges of the circuit court of appeals, but only in the event that by reason of the disability or disqualification of one or more circuit judges, or a vacancy or vacancies in the office or offices of one or more circuit judges for such circuit, the full court at any time cannot be composed otherwise. In such event, such district judge or judges shall sit in the court according to such order or provision among the district judges as either by general or par-ticular assignment shall be designated by the court. In case the Chief Justice or an Associate Justice of the Supreme Court shall attend at any session of the circuit court of appeals, he shall preside. In the absence of such Chief Justice, or Associate Justice, the circuit judges in attendance upon the court shall preside in the order of the seniority of their respective commissions. No judge before whom a cause or question may have been tried or heard in a district court shall sit on the trial or hearing of such cause or question in the circuit court of appeals."

Mr. CELLER. Mr. Speaker, I move to strike out the last word, and I ask unanimous consent to proceed out of order for

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. CELLER. Mr. Speaker, when we considered the bill increasing penalties on espionage bill a few moments ago, on which there was a roll call on an amendment offered by the gentleman from Massachusetts [Mr. McCormack], we tagged onto that bill, which was a rather inconsequential measure, a very important amendment making it a crime for anyone willfully or knowingly to advocate the overthrow by force or violence of the Government.

Without commenting on the merits of that amendment, I want to say that that kind of legislating is a very serious matter and should not be adhered to, and there should be no repetition of the procedure, if I may caution the Members, because the Judiciary Committee of the House is considering a bill of that character at this very moment. Our committee works carefully, deliberately, and, we hope, with wisdom. We may act too slowly for some impetuous, impatient Members. We recently passed, for example, the Dempsey bill, which referred to the same subject matter. Now we pass in broader terms this amendment to the Walter bill, and the amendment creates nothing but confusion, and I do hope that the Members will not amend on the floor without hearings, without deliberation general bills on the Consent Calendar, especially where the amendment is as far reaching as the McCormack amendment. This amendment is broader than it seems. It contains no judicial definitions. It leaves to a judge unlimited power to determine what is meant by "overthrow of the Government." Surely careful legislating would require at least some deliberation and inquiry as to the import and meaning and implications involved in the amendment.

Mr. WALTER. Mr. Speaker, will the gentleman yield? Mr. CELLER. I yield.

Mr. WALTER. Does not the gentleman feel that the adoption of this amendment might obviate the necessity of

further considering similar legislation?

Mr. CELLER. I think it would. For example, the so-called important Smith bill, which the Judiciary Committee has been wrestling with for months, might be imperiled, if I may use that term advisedly, by the passage of the so-called McCormack amendment. Our committee votes on the Smith bill tomorrow. So I simply sound this word of caution to the Members.

Mr. MURDOCK of Utah. Mr. Speaker, will the gentleman vield?

Mr. CELLER. I yield.

Mr. MURDOCK of Utah. Was not the amendment adopted by the House an improper amendment to the bill to which it was attached?

Mr. CELLER. Unquestionably so.

Mr. MURDOCK of Utah. And could have been stricken

out on a point of order as not being germane.

Mr. CELLER. Unquestionably so, but there seems to be a sort of hysteria sweeping the country, as well as the House, with respect to bills of this character and we are carried off our feet, in a way, and vote for these bills or for these amendments, without much ado, in a sort of fit of pseudo patriotism. I do hope the Members will exercise better judgment in the future.

Mr. WOLCOTT. Mr. Speaker, will the gentleman yield?

Mr. CELLER. I yield to the gentleman from Michigan. Mr. WOLCOTT. I may say to the gentleman that we have great respect for the Committee on the Judiciary and for its ability to report out very worth-while legislation. I think the vote today penalizing the advocacy of overthrow of the Government by force was occasioned by the impatience of this House with the Judiciary Committee in not reporting out some legislation. We have been studying this question of subversive influences and activities for over a year and a half without doing anything about it, and for one I was pleased today at an opportunity to put this House on record as being against subversive influences and against any attempt to overthrow the Government by force.

Mr. CELLER. I know the gentleman wants to be fair; he is somewhat unfair showing impatience with our committee. The Judiciary Committee has been laboring incessantly on these bills. We reported only a short time ago the so-called Hobbs bill, which was passed. I objected to it, but it was passed. We are working on the Smith bill, and there are a score of other bills that we have been deliberating upon. You cannot roll these bills out like out of a gristmill.

The SPEAKER pro tempore. The Clerk will report the committee amendments.

The Clerk read as follows:

On page 2, line 6, after the word "judges", insert the words "and retired judges"; and in line 13, strike out the word "district."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

NATURALIZATION OF ALIEN SPOUSES

The Clerk called the bill (H. R. 5401) to provide for the naturalization of certain alien spouses of citizens of the United States, and to validate the naturalization of certain persons.

The SPEAKER pro tempore. Is there objection? Mr. JENKINS of Ohio. Mr. Speaker, I reserve the right to object. If no one is here to explain the bill, I ask unanimous consent that it be passed over without prejudice.

The SPEAKER pro tempore. Is there objection?

Mr. SPARKMAN. Mr. Speaker, I reserve the right to object. I call the gentleman's attention to the fact that this bill is identical with one that passed this House 2 years ago. It has for its purpose simply the clarifying of a condition in existing law. Two circuit courts of appeals and the district court of the District of Columbia have given different interpretations to the so-called Cable law. All of the other courts

have ruled the other way and this clarifies the situation resulting from the ruling of those two circuit courts and one district

Mr. JENKINS of Ohio. Yes: I know. The Cable Act was a wonderful piece of legislation and has met the approval of everyone who knows much about it. I refer especially to the departments and students of immigration. As I read the report, you seek to do certain things. If I remember correctly, at one time we allowed a bill to be passed granting privileges to certain aliens in this country if they had been here 6 years. That 6 years was a stop-gap requiring a man to be here upon the theory that if he had been here for 6 years and had no trouble he might be a pretty good sort of man. In this bill you seek to change that 6 years to 1 year, and make other changes. Why not let this go over until the next call of the calendar and give us a chance to go over the matter and perhaps we can agree upon it.

Mr. SPARKMAN. I would like to say this. This does not change any 6 years to 1 year. This simply puts into effect what the Cable Act was intended to do, and clarifies the confusion that has arisen by reason of the decision of the two

circuit courts of appeals.

Mr. JENKINS of Ohio. But it does another thing. There was always a difference in the early days of the immigration restriction laws between concessions to male and concessions to females. More restrictions were placed against a man who was coming in, because it was maintained that a lot of girls in this country married these counts, or "no-accounts," and we always put more restrictions against the man than we did against the woman. In this law they allowed them 6 years' residence, and now you are putting that down to 1 year, and the next thing you know we will put these noaccount fellows an the same basis as our fine American girls. Let us put it over until the next call of the calendar.

Mr. SPARKMAN. If the gentleman insists, I shall not

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio that the bill go over without prejudice?

AMENDING HAWAIIAN ORGANIC ACT

The Clerk called the bill (H. R. 161) to amend section 73 of the Hawaiian Organic Act, approved April 30, 1900, as amended.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 73 of the Hawaiian Organic Act, as amended, be, and the same is hereby, further amended by adding at the end of paragraph (i) of said section 73 the following: ": Provided, however, That any such lot not taken or taken and forfeited, or any lot or part thereof surrendered with the consent of the Commissioner, may, instead of being disposed of as hereinabove provided, be disposed of for cash and forthwith patented to any citizen of the United States, possessing the qualifications of a homesteader as now provided by law, applying therefor and who has qualified for and received a loan under the provisions of the Bankhead-Jones Farm Tenant Act, approved July 22, 1937, for the acquisition of a farm: And provided further, That any patent issued upon any such sale shall contain the same restrictive provisions as are now contained in a patent issued after compliance with a as are now contained in a patent issued after compliance with a right of purchase lease, cash freehold agreement, or special homestead agreements."

SEC. 2. This act shall be in force and effect from and after its passage.

Mr. KING. Mr. Speaker, I offer the following amendment, which I send to the desk and ask to have read.

The Clerk read as follows:

Amendment offered by Mr. King: Page 2, after the figures "1937", insert "(U. S. C., 1934 ed., Supp. IV, title 7, ch. 33)."

The SPEAKER pro tempore. The question is on agreeing to the amendment offered by the Delegate from Hawaii.

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

AMENDING ACTS OF JUNE 30, 1834, AND JUNE 22, 1874, RELATING TO PURCHASE OF GOODS FROM INDIANS

The Clerk called the next bill, S. 2154, to modify the provisions of section 10 of the act of June 30, 1834, and section 10 of the act of June 22, 1874, relating to the Indians.

There being no objection, the Clerk read the Senate bill, as follows:

Be it enacted, etc., That anything contained in section 10 of the act of June 30, 1834 (4 Stat. 738), or in section 10 of the act of June 22, 1874 (18 Stat. 177), now sections 68 and 87, respectively, title 25, United States Code, to the contrary notwithstanding, employees of the United States Government, including those in the Indian Service, may, under such rules and regulations as the Secretary of the Interior shall prescribe, be permitted to purchase from any Indian or Indian organization any arts and crafts or any from any Indian or Indian organization any arts and crafts or any other product, service, or commodity produced, rendered, owned, controlled, or furnished by any Indian or Indian organization: Provided, That nothing contained in the acts of Congress above referred to shall be construed as preventing Indian employees of the United States Government, of whatever degree of Indian blood, during their term of employment or otherwise, from obtaining or receiving any benefit or benefits made available to the Indians generally or to the members of any particular tribe, under any act of Congress, nor to prevent such employees having Indian blood from being members of or receiving benefits by reason of their membership in Indian tribes, corporations, or cooperative associations organized by the Indians, when authorized by the Secretary of the Interior under appropriate regulations to be promulgated by him.

With the following committee amendments:

Page 1, line 3, strike out "10" and insert "14"; page 2, line 3, after the word "organization", insert "Provided, however, That no employee of the United States Government shall be permitted to make any such purchases for the purpose of engaging, directly or indirectly, in the commercial selling, reselling, trading, or bartering of said purchases by the said employee: Provided further."

The amendments were agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

The title was amended so as to read: "An act to modify the provisions of section 14 of the act of June 30, 1834, and section 10 of the act of June 22, 1874, relating to the Indians."

FEDERAL AID TO STATE OR TERRITORIAL HOMES FOR SUPPORT OF DISABLED SOLDIERS AND SAILORS

The Clerk called the next bill, H. R. 4647, to increase the amount of Federal aid to State or Territorial homes for the support of disabled soldiers and sailors of the United States. There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the act entitled "An act to provide aid to State or Territorial homes for the support of disabled soldiers and sailors of the United States," approved August 27, 1888, as amended (U. S. C., 1934 ed., title 24, sec. 134), is amended by striking out in the first paragraph thereof "\$120 per annum" and inserting in lieu thereof "\$1 per diem."

With the following committee amendment:

Page 1, line 8, after the word "thereof", strike out "\$1 per diem" and insert "\$240 per annum."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

NATIONAL FLAGS FOR BURIAL OF HONORABLY DISCHARGED FORMER SERVICE MEN AND WOMEN

The Clerk called the next bill, H. R. 2310, to provide national flags for the burial of honorably discharged former service men and women.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That paragraph 1, Veterans Regulations No. 9 (a), as amended (U. S. C., 1934 edition, title 38, ch. 12, appendix), be amended to read as follows:

"1. Where an honorably discharged veteran of any war, or a person honorably discharged from the United States Army, Navy, Marine Corps, or Coast Guard after serving at least one enlistment or for disability incurred in line of duty, dies after discharge, a flag to drape the casket shall be furnished in all cases; such flag to be given to the next of kin after burial of the veteran.": to be given to the next of kin after burial of the veteran.":

Provided, That this amendment shall become effective on the date of enactment hereof.

With the following committee amendments:

Page 1, line 3, after the word "paragraph", strike out the figure "1" and insert "I";

Page 1, line 6, strike out the figure "1" and insert "I."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. ROBSION of Kentucky. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. ROBSION of Kentucky. Mr. Speaker, the Regular Veterans' Association, through their national adjutant, has submitted a brief statement concerning this bill.

I ask unanimous consent to extend my own remarks and include this brief statement at this point.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The statement is as follows:

I am J. E. Nieman, national adjutant and educational director, Regular Veterans' Association, with national headquarters at 1115 Fifteenth Street NW., Washington, D. C. Our membership, gentlemen, is those persons who have served their Nation and flag, be it war, peaceful invasions, floods, national emergencies, earthquakes, or what ere may befall. Our oldest member is 102, our youngest

This association has striven for enactment of a bill which would give, by law, an American flag for the casket of Regulars that would then go to their nearest of kin. We have felt keenly this would then go to their nearest of kin. We have felt keenly this pointed discrimination between men who have served during a time of war and those who have served and sacrificed in a time other than war. It is not a matter of food for empty stomachs, a roof for unprotected heads, or clothing for naked backs, but this flag—our Stars and Stripes—is the symbol of the greatest country in the world, the United States of America, and denial thereof on the casket of one group who has served the colors and presentation to another group is hard to take.

Permit me to state that there is not a mother in this Nation whose son served in the Regular Establishment who would not secure ease from her pain at the death of her son if she could hide her face in the beautiful glory of our flag; there is not a widow of a Regular but would mingle her tears with the stars and stripes on that flag as she secured solace that her man had served that

a Regular but would mingle her tears with the stars and stripes on that flag as she secured solace that her man had served that flag honestly, fearlessly, and with complete freedom of mind; and there is not the son or daughter of a Regular in this Nation, gentlemen, but would look many times at the flag that covered their dead father's mortal remains and feel their heart swell that daddy, their daddy, gentlemen, had been a soldier or sailor in the service of the United States of America.

It is apropos to mention just why the Regular Veterans' Association feels so keenly about this denial of the flag to our casket. Reasons are many, some readily apparent, some obtruse, some sentimental:

sentimental:

sentimental:

1. Service personnel are the lowest paid of all Government employees—by far the lowest, receiving a pay, all allowances considered, that is far under one-half the pay of other Government employees on comparative jobs, and of civilian pursuits of like nature.

2. They have for several years now, been denied the reenlistment allowance, an allowance which has been rightly considered a part of their pay for many years. We are grateful that this Congress has seen fit to overwhelmingly vote that the allowance be resumed.

3. If these men are disabled in line of duty, and approximately 3,000 were added to the pension rolls last year, they are pensioned at a rate that is nothing short of a national disgrace being less than one-half that our war veterans receive for like disabilities.

4. If killed in line of duty, and well over 1,000 dependents of line-of-duty deceased Regulars are added to the rolls yearly, the pensions for such dependents are actually as low as but 33½ percent of comparative rates for dependents of line-of-duty deceased war veterans.

veterans

5. The disabled Regular is even denied preference to the W. P. A.

employment.
6. He is denied enrollment in C. C. C. unless within the age limit and passing physical examination, which is rather rigid.

7. He is even denied relief if drawing a small pension.

8. Bills have been introduced into this Congress which will take

every vestige of civil-service preference away from all Regulars whether disabled or not.

9. Ad infinitum.

9. Ad infinitum.

It is noted in the report of the Veterans' Administration on the bill S. 947, Seventy-fifth Congress, that the cost of these flags is estimated at \$7 for each flag and that the first year cost would be approximately \$82,800. It is noted that the Veterans' Administration suggests that the War and Navy Departments could probably provide a more comprehensive report on the cost.

For the information of this committee, R. V. A. has contacted several manufacturers of comparable flags with a low quotation (5,000 lots) of \$2.75 (wool bunting 5 by 9½) and a high quotation of \$3.25 (wool bunting 5 by 9½). Basing the number of deaths on the Veterans' Administration report last year, approximately 12,000, the first year cost of flags would be but \$33,000 (low quotation above) and \$39,000 (high quotation above).

It is noted that the cost of storm flags is stated by the Secretary of War (S. 947, 75th Cong.) as \$5.47 each. R. V. A. quotations were secured yesterday, April 13. It is assumed that the price of flags

has been reduced measurably over the last year. Total cost at the Secretary of War quotation would be but \$65,640 for 12,000 flags, and as indicated above, the cost of such flags is certain to have been reduced in the last year as quotations R. V. A. secured are from reputable manufacturing firms and in 5,000 lots only. It follows that a further reduced price would be secured in greater orders. R. V. A. is firmly convinced, gentlemen, that if this bill be enacted into law it will be a noticeable service morale builder, for Regulars feel that this discrimination is criterion of the lack of consideration heretofore given Regulars and that elimination of it

Regulars feel that this discrimination is criterion of the lack of consideration heretofore given Regulars and that elimination of it is the forerunner to a complete consideration of the problems confronting the man behind the gun.

In closing, Mr. Chairman, I wish to advise that I have been authorized to state that the Regular Veterans' Woman's Association unites with the R. V. A. in our plea for removal of this cloud of discrimination from the service and sacrifices of our Regulars.

I have also been authorized by Carl Gardner, editor, Our Army (magazine), 11 Park Place, New York, N. Y., and by H. C. Blackerby, editor, Navy News (magazine), California Theater Building, San Diego, Calif., to state to this committee their full approval of the bill, and that they strongly urge favorable consideration thereof.

OLD COURTHOUSE BUILDING, PORTLAND, OREG.

The Clerk called the next bill on the Consent Calendar, H. R. 6017, to authorize the disposal of the Portland, Oreg., old courthouse building.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There was no objection.

Mr. COSTELLO. Mr. Speaker, I ask unanimous consent to substitute a similar Senate bill, S. 2404.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That the proviso reading as follows: "Provided, That the present Federal building and site at Morrison, Fifth, Yamhill, and Sixth Streets shall not be sold for an amount less than \$1,750,000," limiting the paragraph making an appropriation for a courthouse, etc., at Portland, Oreg., in the act entitled "An act making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1929, and for other purposes," approved March 5, 1928 (Public, No. 93, 70th Cong.; 45 Stat. 181), shall not apply to any contract providing for the demolition of said building which does not involve a sale of the land upon which the building is located. which the building is located.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on

A House bill (H. R. 6017) was laid on the table.

OLD POST-OFFICE BUILDING AND SITE, AKRON, OHIO

The Clerk called the next bill, H. R. 6021, to repeal the minimum-price limitation on sale of the Akron, Ohio, old post-office building and site.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the following parts of acts regulating sale of the Akron, Ohio, old post-office building and site are hereby

repealed:

(a) The proviso limiting the last sentence of section 13 of the act entitled "An act to increase the limit of cost of certain public buildings * * *," approved March 4, 1913 (Public, No. 432, 62d Cong.; 37 Stat. 882), reading as follows: "Provided, That said building and site shall not be sold for any sum less than \$100,000";

(b) The last clause of the act entitled "An act to authorize the sale of the Government property acquired for a post-office site in Akron, Ohio," approved May 13, 1930 (Public, No. 206, 71st Cong.; 46 Stat. 274), reading as follows: "and to sell the remainder of the site upon the terms and conditions provided in the act of Congress approved March 4, 1913, authorizing the sale of the above old post-office property in Akron, Ohio."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

NATURALIZATION PRIVILEGES TO ALIEN VETERANS OF THE WORLD WAR

The Clerk called the next bill, H. R. 5402, to admit to the United States, and to extend naturalization privileges to, alien veterans of the World War.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. LEWIS of Colorado. Mr. Speaker, reserving the right to object

Mr. JENKINS of Ohio. Mr. Speaker, reserving the right to object, I would like to ask what this bill does. Does it give the same privilege to alien veterans or does it restrict it to any certain groups?

Mr. SPARKMAN. It is veterans who fought in the American Army. It simply extends the old law that was on the statute books.

Mr. JENKINS of Ohio. Some of those veterans have not yet qualified?

Mr. SPARKMAN. That is correct.

Mr. JENKINS of Ohio. And this is simply to keep the door open?

Mr. SPARKMAN. That is correct.

Mr. JENKINS of Ohio. I am very much in favor of it.

Mr. SPARKMAN. I thank the gentleman.

Mr. VAN ZANDT. Mr. Speaker, reserving the right to object, the major veterans' organizations supported this measure in '26 and support the amendment now.

Mr. SPARKMAN. Yes. It is in keeping with the mandate of the various veterans' conventions.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read as follows:

Be it enacted, etc., That (a) as used in this act, the term "alien veterans" means an individual, a member of the military or naval forces of the United States at any time after April 5, 1917, and before November 12, 1918, who is now an alien not ineligible to citizenship but does not include (1) any individual at any time during such period or thereafter separated from such forces under other than honorable conditions, (2) any conscientious objector who performed no military duty whatever or refused to wear the uniform, or (3) any alien at any time during such period or thereafter discharged from the military or naval forces on account of his alienage. of his alienage.

(b) Terms defined in the Immigration Act of 1924 shall, when used in this act, have the meaning assigned to such terms in that

act.

SEC. 2. An alien veteran shall for the purposes of the Immigra tion Act of 1924 be considered as a nonquota immigrant, but shall be subject to all the other provisions of that act and of the immigration laws, except that—

(a) He shall not be subject to the head tax imposed by section 2 of the Immigration Act of 1917;

2 of the Immigration Act of 1917;

(b) He shall not be required to pay any fee under section 2 or section 7 of the Immigration Act of 1924;

(c) If otherwise admissible, he shall not be excluded under section 3 of the Immigration Act of 1917 unless excluded under the provisions of that section relating to—

(1) Persons afflicted with a loathsome or dangerous contagious disease, except tuberculosis in any form;

(2) Polygamy;

(3) Prostitutes, procurers, or other like immoral persons;(4) Contract laborers;

(5) Persons previously deported; and (6) Persons convicted of crime.

SEC. 3. The unmarried child under 21 years of age, the wife, or the husband, of an alien veteran shall, for the purposes of the Immigration Act of 1924, be considered as a nonquota immigrant when accompanying or following within 6 months to join him, but shall be subject to all the other provisions of that act and of the immigration laws. the immigration laws.

SEC. 4. The foregoing provisions of this act shall not apply to any alien unless the immigration visa is issued to him before the expiration of 2 years after the enactment of this act.

SEC. 5. An alien veteran admitted to the United States under this act shall not be subject to deportation on the ground that

he has become a public charge.

SEC. 6. Nothing in the immigration laws shall be construed as subjecting any person to a fine for bringing to a port of the United States an alien veteran who is admissible under the terms of this act, even though such alien would be subject to exclusion if this act had not been enacted.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMENDING ACT OF MARCH 2, 1929

The Clerk called the next bill, H. R. 3215, to amend the act of March 2, 1929 (45 Stat. 536).

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 1 (a) (1) of the act of March 2, 1929, entitled "An act to supplement the naturalization laws, and for other purposes" (45 Stat., ch. 536, p. 1512), which now reads "(1) Entered the United States prior to June 3, 1921", is hereby amended, effective as of the date this act is enacted, so as to read as follows: "(1) Entered the United States prior to July 1, 1924."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

1939 RETINION OF CONFEDERATE VETERANS AT TRINIDAD, COLO.

The Clerk called the next bill, H. R. 3945, to authorize the use of War Department equipment for the Confederate Veterans' 1939 Reunion at Trinidad, Colo., August 22, 23, 24, and 25, 1939,

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of War be, and he is hereby, authorized to lend, at his discretion, to the reunion committee of the United Confederate Veterans, for use at the National Confederate Veterans' Reunion, to be held at Trinidad, Colo., August 22, 23, 24, and 25, 1939, 2 hospital ward tents, with all pegs, poles, and equipment necessary for their erection; 1 storage tent complete with all equipment; 1 large wall tent complete with all equipment; 6 small wall tents complete with all equipment; 10 pyramidal tents complete with all equipment; 50 four-teen-quart G. I. buckets; 2,000 blankets, olive drab, wool; 1,000 cots, iron; 1,000 comforters; 1,000 cotton-felted pillows complete with cotton pillowcases; 2,000 cotton bedsheets: Provided, That no expense shall be caused the United States Government by the delivery and return of said property; the same to be delivered from the nearest quartermaster depot at such time prior to the holding of said reunion as may be agreed upon by the Secretary of War and the Confederate Reunion Committee: Provided further, That the Secretary of War, before delivery of such property, shall take from said reunion committee of the United Confederate Veterans a good and sufficient bond for the safe return of said revents in good early and condition and the whole without erate Veterans a good and sufficient bond for the safe return of said property in good order and condition, and the whole without expense to the United States.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CONVEYANCE OF CERTAIN PROPERTY TO CITY OF EL CAMPO, TEX. The Clerk called the next bill, H. R. 5037, to convey certain

property to the city of El Campo, Tex. The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There was no objection.

Mr. LANHAM. Mr. Speaker, I ask unanimous consent that a Senate bill (S. 1982) may be substituted for the House bill. The SPEAKER pro tempore. Is there objection to the

request of the gentleman from Texas?

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to convey to the city of El Campo, Tex., all the right, title, and interest of the United States in a strip of land on the west side of the present post-office site 50 feet wide and 200 feet long between Railroad Avenue and First Street. Such conveyance shall be subject to the express condition that the land be used for street purposes.

Mr. COSTELLO. Mr. Speaker, I offer an amendment. The Clerk read as follows:

Amendment offered by Mr. Costello: Page 1, line 9, after the word "purposes", change the period to a colon and insert "Provided, That in the event the land in question ceases to be used for street purposes all the right, title, and interest hereby authorized to be conveyed to the city of El Campo shall revert to the United States: Provided further, That any changes in the post-office site required to be made in connection with the use of the land for street purposes shall be made to the satisfaction of the Secretary of the Treasury and without expense to the United

Mr. LANHAM. Mr. Speaker, I rise in opposition to the

Mr. Speaker, this is a recommendation which was made by the Department in its report to the committee upon this bill to the effect that a revocable license should be granted for street purposes rather than a conveyance. The committee considered this matter very carefully. All of the land involved in the entire site was donated by the city of El Campo to the Government without any compensation whatever.

The Post Office Department reported that the paving of this street and granting land for that purpose would in no way interfere with the postal service but would make for greater accessibility to the post office in providing for a paved street on each side. The provision is contained in the bill that such conveyance shall be subject to the express condition that the land be used for street purposes, which, in

essence, is equivalent to the amendment offered by the gentleman from California.

The land, I repeat, was conveyed without cost to the Government, and this is simply a reconveyance of a small part of it in order that all of the streets around the post office may be paved. The bill contains the limitation that the conveyance shall prescribe that it must be used for street purposes. In my opinion, after a full hearing before the committee, the amendment should not be adopted. It is rather quibbling about something of no consequence.

Mr. MANSFIELD. Mr. Speaker, will the gentleman yield? Mr. LANHAM. Mr. Speaker, I yield to my colleague from Texas in whose district the city of El Campo is located.

Mr. MANSFIELD. Mr. Speaker, the property, as stated by the gentleman from Texas [Mr. LANHAM], was given to the Federal Government by the city of El Campo-given by deed of gift to the Post Office Department. It was a lot 200 feet square. This is more land than the Department needs. By cutting 50 feet off of the back side and making a street of it will provide concrete streets entirely around the post-office building whereas now there is a street on only three sides of the building. It will be to the benefit of the Post Office Department more than it will to the city of El Campo or anvone else.

Mr. COSTELLO. Mr. Speaker, will the gentleman yield? Mr. LANHAM. I yield.

Mr. COSTELLO. The adoption of this amendment would not seriously affect the bill in any way. As I understand it, the only effect of the amendment would be that in the event the city should not desire to use this land in the future for street purposes then it would definitely revert to the Federal Government for what use they might want to put it to; in other words, should they want to change the location of the street there, which is unlikely, or should they want to redesign the post office, to enlarge it and close the street, the title would automatically revert to the Federal Government.

Mr. LANHAM. I understand that this is a new post-office building and that the other side of the proposed street is occupied by a park.

Further, with reference to use for street purposes, it seems to me protection of the Federal Government is adequately provided in the last sentence of the bill, which states:

Such conveyance shall be subject to the express condition that the land be used for street purposes

The conveyance can be worded in such way that the purpose of the gentleman's amendment will be carried out without adding the amendment to the bill.

Mr. COSTELLO. That may be true. My amendment simply makes it possible that if this area is not used for street purposes it shall revert to the Federal Government. [Here the gavel fell.]

The SPEAKER pro tempore. The question is on the amendment offered by the gentleman from California.

The amendment was rejected.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A House bill (H. R. 5037) was laid on the table.

SISSETON INDIAN RESERVATION, N. AND S. DAK.

The Clerk called the next bill, H. R. 5451, to authorize the consolidation of the lands on the Sisseton Indian Reservation, N. Dak. and S. Dak., and for other purposes

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Interior be, and he is hereby, authorized in his discretion to acquire, by gift, purchase, is hereby, authorized in his discretion to acquire, by gift, purchase, or exchange, any interest in Indian or non-Indian lands, water rights or surface rights to lands, together with improvements thereon, within the boundary of the Sisseton Indian Reservation, North and South Dakota. Title to any land so acquired shall be taken in the name of the United States of America in trust for the Sisseton and Wahpeton Bands of Sioux Indians. For the purpose of making the purchases herein authorized, the Secretary of the Interior is hereby sutherized to use environments. pose of making the purchases herein authorized, the Secretary of the Interior is hereby authorized to use any available funds here-tofore or hereafter appropriated pursuant to the authority con-tained in section 5 of the act of June 18, 1934 (48 Stat. L. 984). Sec. 2. That the lands acquired under authority contained in section 1 of this act shall not be allotted in severalty but shall be

available for assignment to Indians of the Sisseton Reservation for their use and occupancy: Provided, That an Indian owning trust or restricted lands or interests in lands lying within the boundary of the Sisseton Indian Reservation shall not be eligible to receive an assignment within the consolidated area unless he or she relinquishes by sale or otherwise to the United States of America in trust for the Sisseton and Wahpeton Bands of Sioux Indians all his or her trust or restricted lands or interests in such lands. Any Indian who relinquishes such lands or interests in lands without compensation shall be entitled to an assignment within the consolidated area of lands or grazing privileges of approximately the same value as the lands or interests in lands relin quished.

SEC. 3. That with the consent of the Sisseton and Wahpeton Tribe, the Secretary of the Interior is hereby authorized to sell any lands on the Sisseton Reservation outside of areas purchased and otherwise consolidated for Indian use, now owned by the tribe, or hereafter acquired under authority contained in section 2 of this act, not needed for Indian or administrative use, and to use the funds received from such sale or sales in acquiring additional lands

as authorized by section 1 hereof.

SEC. 4. That the Secretary of the Interior is hereby authorized to prescribe all rules and regulations necessary to carry out the purposes of this act.

With the following committee amendments:

On page 2, line 24, after the word "any", insert the word "tribal."

On page 3, line 5, at the end of section 3, add a new section, as follows:

"Sec. 4. At any time within 5 years after an assignment is made to an Indian, as provided in section 2 herein, the said Indian may demand and receive from the Secretary of the Interior a purchase contract for said land, or any portion thereof, of not less than 40 acres. The price specified in said purchase contract shall be the value of the said land, as arrived at for the purpose of carrying out the provisions of sections 1 and 2 herein, and the said Indian shall be credited on his purchase contract for the value of any land or improvements relinquished or conveyed by him, in order to carry out section 1, and the balance of the purchase contract shall be paid in annual installments over a period of not to exceed 40 years, without interest: Provided, however, That the said Indian may pay the balance of his purchase price contract in a lesser period of time, if he so desires: Provided, however, That no mortperiod of time, if he so desires: Provided, however, That no mortgage, pledge, deed of trust, or other evidences of indebtedness shall be valid against a purchase contract issued pursuant hereto, and no sale or conveyances of the said purchase contract or any right thereunder made to a non-Indian shall be valid. Upon full payment of the purchase price provided in any contract for purchase, the Secretary of the Interior shall, and is hereby authorized to, execute and deliver to the owner of said contract, an absolute fee title to said land: Provided, however, That if any holder of a purchase contract shall default in his annual installments for a period of 3 years, the Secretary of the Interior may at his election and upon the giving of a 6 months' notice to the owner of said contract, in the manner provided for the service of process in a contract, in the manner provided for the service of process in a United States district court, declare the said purchase contract forfeited and all right, title, and interest to said purchase contract, the land or improvements thereon, shall revert the same as if no purchase contract had been issued: Provided, however, That no otherwise qualified Indian shall be denied the right to become an assignee under section 2 hereof by having defaulted on a purchase contract. If the owner of a purchase contract shall die, the said contract and all rights thereunder shall descend to his heirs-at-law or may be devised by will: *Provided, however*, That no devise, or conveyance by will to a non-Indian shall be valid."

On page 4, line 21, strike out "Sec. 4" and insert in lieu thereof "Sec. 5."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMENDMENT TO CANAL ZONE RETIREMENT LAW

The Clerk called the next bill, H. R. 1819, to amend section 92, title 2, of the Canal Zone Code and for other purposes. The SPEAKER pro tempore. Is there objection to the

present consideration of the bill?

Mr. RAMSPECK. Mr. Speaker, reserving the right to object, I would like to call the attention of the Members of the House to the fact that this bill proposes to renew a policy of extension in regard to retirement that the Congress decided was unwise in 1933. In addition to that it proposes to permit retirement for the first time at the very low age of 58, which would entail considerable additional cost to the Treasury of the United States, notwithstanding the conclusion reached in the majority report to the effect this law would not cost anything. Further, it puts the Government in the business of selling annuities in competition with life insurance companies to persons not in the Government service.

Mr. Speaker, for the above reasons, I object to the consideration of the bill at this time.

Mr. BLAND. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD immediately following the remarks just made by the gentleman from Georgia [Mr. RAMSPECK].

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Virginia [Mr. BLAND]?

There was no objection.

Mr. BLAND. Mr. Speaker, pursuant to leave given me to extend my remarks on the bill, H. R. 1819, to which objection has just been made, and referring to the statement contained in the minority report of Representative RAMSPECK to the effect that employees within the United States receive only \$30 for each year of service while the Canal employees receive \$37.50, it should be said that while this statement is true yet Canal employees have a 5-percent deduction from their pay while employees within the United States have only 31/2 percent deducted.

For purposes of comparing Canal Zone retirement with that in the United States, let us take the cases of machinists on the Canal Zone and in a navy yard in the United States since the same proportion will hold true in all employments.

Zone machinists' deduction 5 percent. They pay \$141.54 annually and receive \$1,500 retirement annually.

United States navy yard machinists' deduction 31/2 percent.

They pay \$76.88 annually and receive \$1,200 retirement annually.

Therefore, if retirement payments were made in proportion to amounts paid into the retirement fund, the Canal Zone man would receive \$2,209.30 annually and the navy-yard man \$1,200.

Canal Zone employees are making no complaint, however, regarding the above comparison but do feel that they should be permitted to retire at an age earlier than employees in continental United States after long service in the Tropics. away from home, relatives, and friends, under onerous, enervating, monotonous conditions all of which take their toll.

An additional and very pertinent fact is that employees from the Canal Zone have lived, on an average, but 2 years and 8 months after retirement which is far short of life expectancy of similar employees in the United States.

That provision in the bill which permits a surviving beneficiary of an employee to pay up to \$10,000 into the Canal Zone retirement fund to purchase additional annuity is approved by the Canal and Panama Railroad officials and the Secretary of War.

The Secretary states such payments would tend to "encourage thrift and would entail no additional expense on the Government."

In this connection it is pointed out that the bill provides, in case such a sum is paid into the retirement fund, that in case of the death of the annuitant no part of the fund shall be returned which is valid proof that there is no intent to saddle the Government with large sums upon which it would be obliged to pay interest.

It is further pointed out that if such an amount may be deposited, it will probably protect a surviving beneficiary from the wiles of vendors of worthless lands or worthless

Government officials, including the Secretary of War, state this bill will not entail additional cost to the Government except for administration and in this connection it is a known fact that the administration referred to will be absorbed by the present force so that additional employees will not be necessary.

The bill should pass as reported by the committee without amendments.

ADDITION OF TRACT OF LAND TO THE SHENANDOAH NATIONAL PARK, VA.

The Clerk called the next bill, S. 509, to add certain lands of the Front Royal Quartermaster Depot Military Reservation, Va., to the Shenandoah National Park, and for other purposes. There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the following-described lands of the Front Royal Quartermaster Depot Military Reservation, Va., are

hereby made a part of the Shenandoah National Park, subject to all hereby made a part of the Shenandoan National Park, subject to all laws and regulations applicable thereto: Beginning at concrete monument numbered 10 in the boundary line of the Front Royal Remount Depot, and running thence along said boundary line, north 70 degrees 00 minutes west 3,465.0 feet to monument numbered 11, thence north 40 degrees 30 minutes west 1,881.0 feet to monument numbered 12, thence north 2 degrees 00 minutes west 792.0 feet to monument numbered 13, thence north 78 degrees 00 minutes west 693.0 feet to monument numbered 14, thence south 1 degree 30 minutes west 379.5 feet to monument numbered 15. Inductes west 693.0 feet to monument numbered 15, thence south 61 degrees 15 minutes west 2,244.0 feet to monument numbered 16, thence south 16 degrees 00 minutes east 2,640.0 feet to monument numbered 17, thence south 61 degrees 15 minutes west 3,333.0 feet to monument numbered 18, thence south 16 degrees 15 minutes to monument numbered 17, thence south 61 degrees 15 minutes west 3,333.0 feet to monument numbered 18, thence south 15 degrees 00 minutes east 646.8 feet to monument numbered 19, thence south 63 degrees 00 minutes west 627.0 feet to monument numbered 20, thence south 15 degrees 00 minutes west 1,254.0 feet to monument numbered 21, thence south 48 degrees 00 minutes east 3,267.0 feet to monument numbered 22, thence north 34 degrees 00 minutes east 297.0 feet to monument numbered 23, thence north 25 degrees 00 minutes west 1,551.0 feet to monument numbered 24, thence north 67 degrees 00 minutes east 1,716.0 feet to monument numbered 25, thence north 58 degrees 00 minutes east 2,862.75 feet to monument numbered 26, thence north 79 degrees 00 minutes east 2,377.15 feet to monument numbered 27, thence south 28 degrees 30 minutes west 338.25 feet to monument numbered 28 (offset 4 feet west), thence south 30 degrees 00 minutes west 462.0 feet to monument numbered 29 (offset 14 feet east), thence south 40 degrees 00 minutes west 396.0 feet to monument numbered 30 (offset 9.0 feet east), thence south 54 degrees 00 minutes west 132.0 feet to monument numbered 32, thence south 62 degrees 00 minutes west 297.0 feet to monument numbered 32, thence south 62 degrees 00 minutes west 297.0 feet to monument numbered 33 (offset 3.0 feet southeast), thence south 41 degrees 00 minutes west 462.0 feet to monument numbered 34 (offset 5.0 feet south), thence south 53 degrees 00 minutes west 264.0 feet to monument numbered 34 (offset 5.0 feet south), thence south 50 degrees 00 minutes west 264.0 feet to monument numbered 34 (offset 5.0 feet south), thence south 53 degrees 00 minutes west 264.0 feet to monument numbered 34 (offset 5.0 feet south), thence south 80 degrees 00 minutes west 264.0 feet to monument numbered 34 (offset 5.0 feet south), thence south 53 degrees 00 minutes west 264.0 feet to monument numbered 34 (offset 5.0 feet south), thence south 53 degrees 00 minutes west 264.0 feet to monument numbered 38 (offset 5.0 feet so 00 minutes west 462.0 feet to monument numbered 34 (offset 5.0 feet south), thence south 53 degrees 00 minutes west 264.0 feet to monument numbered 35 (offset 4 feet south), thence south 80 degrees 00 minutes west 165.0 feet to monument numbered 36 (offset 8.0 feet south), thence north 85 degrees 00 minutes west 396.0 feet to monument numbered 37 (offset 9.0 feet north), south 40 degrees 00 minutes west 354.75 feet to monument numbered 38, thence south 27 degrees 00 minutes east 1,023.0 feet to monument numbered 39, thence north 73 degrees 30 minutes east, 1,518.0 feet to monument numbered 40, thence north 52 degrees 00 minutes east 330.0 feet to monument numbered 41, thence along a proposed boundary line north 19 degrees 51 minutes east 1,684.5 feet to point A.1, thence north 52 degrees 20 minutes east 1,107.0 feet to point A.2, thence north 39 degrees 26 minutes east 1,175.6 feet to a point A.3, thence north 26 degrees 11 minutes east 1,978.0 feet to concrete monument numbered 10, the point of beginning, it being the intent of this act to add to the Shenandoah National Park all that portion of the Front Royal Quartermaster Depot Military Reservation lying of the Front Royal Quartermaster Depot Military Reservation lying west of a line between monuments numbered 41 and 10, as described by the last four courses of the above description. scribed contains an area $977\,\%$ acres, more or less. The tract as de-

The bill was ordered to be read a third time, was read a third time, and passed, and a motion to reconsider was laid on the table.

AUTHORIZING SECRETARY OF THE INTERIOR TO DISPOSE OF RECREATIONAL DEMONSTRATION PROJECTS

The Clerk called the next bill, H. R. 3959, to authorize the Secretary of the Interior to dispose of recreational demonstration projects, and for other purposes.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Interior (hereinafter Be it enacted, etc., That the Secretary of the Interior (hereinafter referred to as the Secretary), is authorized to convey or lease to the States or to the political subdivisions thereof, without consideration, any or all of the recreational demonstration projects transferred to him from the Resettlement Administration under the provisions of Executive Order No. 7496, dated November 14, 1936, or any parts of such projects, when in his judgment such grantees or lessees are adequately prepared to administer, operate, and maintain such project areas for public park, recreational, and conservation purposes: Provided, That the lands comprised within any such project which is contiguous to an area administered by the Naporoject which is contiguous to an area administered by the Naporoject which is contiguous to an area administered by the Naporoject which is contiguous to an area administered by the Naporoject which is contiguous to an area administered by the Naporoject which is contiguous to an area administered by the Naporoject which is contiguous to an area administered by the Naporoject when the Naporoject which is contiguous to an area administered by the Naporoject which is contiguous to an area administered by the Naporoject which is contiguous to an area administered by the Naporoject which is contiguous to an area administered by the Naporoject which is contiguous to an area administered by the Naporoject which is contiguous to an area administered by the Naporoject which is contiguous to an area administered by the Naporoject which is contiguous to an area administered by the Naporoject which is contiguous to an area administered by the Naporoject which is contiguous to an area administered by the Naporoject which is contiguous to an area administered by the Naporoject which is contiguous to an area administered by the Naporoject which is contiguous to an area administered by the Naporoject which is contiguous to an area administered by the Naporoject which is contiguous to a area administered by the Nap project which is contiguous to an area administered by the National Park Service may, upon the recommendation of the Secretary, be added to and made a part of such area by the President of the United States by Executive proclamation, and thereafter such added lands shall be subject to all laws, rules, and regulations applicable to such areas.

SEC. 2. The Secretary is authorized to execute on behalf of the United States all necessary deeds and leases to effect the purposes of this act. Every such deed or lease shall contain the express condition that the grantee or lessee shall use the property exclusively for public park, recreational, and conservation purposes, and may contain such other conditions not inconsistent therewith as may be agreed upon by the Secretary and the grantee or lessee: Provided, That the title and right to possession of any lands so conveyed or leased, together with the improvements thereon, shall revert to the United States upon a finding by the Secretary that the grantee or lessee has not complied with such conditions during a period of more than 3 years, which finding shall be final and conclusive. With the following committee amendments:

Page 1, line 7, after the word "projects", insert "and lands and

improvements comprised within such projects."

Page 2, line 6, strike out the word "administerd" and insert "administered."

"administered."

Page 2, line 25, after the word "conclusive", insert "and such lands and improvements thereon, upon such reversion to the United States, shall be considered as surplus real property and shall be disposed of in accordance with the act of August 27, 1935 (49)

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ESTABLISHMENT OF CHALMETTE HISTORICAL PARK, LA.

The Clerk called the next bill, H. R. 4742, to provide for the establishment of the Chalmette National Historical Park in the State of Louisiana, and for other purposes

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the lands in Federal ownership located in Chalmette, La., in sections 10 and 21, township 13 south, range 12 east, St. Helena meridian, on which there has been erected a monument pursuant to the provisions of the act of Congress approved March 4, 1907 (34 Stat. 1411), as amended by the act of June 2, 1930 (46 Stat. 489), to the memory of the soldiers who fell in the Battle of New Orleans in the War of 1812, including the national cemetery at Chalmette, La., are hereby designated as the Chalmette National Historical Park.

national cemetery at Chalmette, La., are hereby designated as the Chalmette National Historical Park.

SEC. 2. That upon the vesting of title in the United States to such additional lands as may be designated by the Secretary of the Interior as necessary and desirable for the purposes of the Chalmette National Historical Park, such lands shall become a part of the said park and shall be subject to all laws, rules, and regulations appicable thereto: *Provided, however*, That the total area included within the said park and any enlargement thereof shall not exceed 1,000 acres.

SEC. 3. That the Secretary of the Interior is authorized, in his discretion, to acquire in behalf of the United States, through donations or by purchase at prices deemed by him reasonable, or by condemnation in accordance with the act of August 1, 1888 (25) Stat. 357), lands, buildings, structures, and other property, or interests therein, located within the boundaries of the Chalmette National Park as fixed and determined hereunder, the title to such property and interests to be satisfactory to the Secretary of the Interior, and to accept donations of funds for the acquisition and maintenance thereof: Provided, That payment for such property or interests shall be made salely from departed funds.

maintenance thereof: Providea, That payment for such property of interests shall be made solely from donated funds.

SEC. 4. The administration, protection, and development of the aforesaid national historical park shall be exercised under the direction of the Secretary of the Interior by the National Park Service, subject to the provisions of the act of August 25, 1916, entitled "An act to establish a National Park Service, and for other purposes."

SEC. 5. All acts or parts of acts inconsistent with the provisions of this extreme hereby repealed to the extent of such inconsistency.

of this act are hereby repealed to the extent of such inconsistency.

With the following committee amendment:

Page 2, line 11, after the word "exceed", strike out "one thousand" and insert "five hundred."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. FERNANDEZ. Mr. Speaker, I ask unanimous consent to insert in the RECORD at this point the statement I made before the committee in reference to this bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Louisiana [Mr. Fernandez]?

There was no objection.

The statement referred to follows:

Mr. Chairman and gentlemen of the committee, this bill would designate certain lands located in Chalmette, La., as the Chalmette National Historical Park. This area includes the land on which the National Historical Park. This area includes the land on which the Chalmette National Monument is located and which was erected by congressional authorization 1907 to the memory of the soldiers who fell during the Battle of New Orleans in the War of 1812. This area also includes the national cemetery at Chalmette, La., which is now under jurisdiction of the War Department.

As pointed out by the Secretary of the Interior in his letter to your committee April 6, 1939, the administrative jurisdiction and control of the land wherean the monument was excepted were transferred.

of the land whereon the monument was erected were transferred from War Department to the Interior Department by Executive orders of June 10 and July 28, 1933.

The Legislature of Louisiana during the session of 1938 enacted a law (act 163) to authorize and direct the State Parks Commission of Louisiana—

(a) To purchase lands forming part of the battlefield site of the Battle of New Orleans and on which line of defenses of Gen. Andrew

Jackson on St. Bernard Parish were located for the defense of New Orleans in January 1815, and such adjacent area as may be needed for the purpose of establishing a national military park to commemorate the victory of the Battle of New Orleans.

(b) To meet the requirements of the National Park Service of the United States Department of the National Park

United States Department of the Interior; and
(c) To transfer such lands to said National Park Service to make

an appropriation to carry out the purposes of this act and to repeal all laws or parts of law in conflict herewith.

The legislature appropriated \$300,000 to the State Parks Commission of Louisiana for the purpose of carrying out provisions of the act and authorized the State auditor to issue warrant therefor, and authorized the auditor to honor said warrants so issued for the purchase price of lands.

The act also provided that for the purpose of arriving at a fair price for the land to be purchased an appraisal committee was created comprising the Governor, Lieutenant Governor, and Speaker of the House of Representatives, and the Members of the State Parks Commission, and a greater price shall not be paid than the findings and appraisals of a majority of the said members of the

indings and appraisals of a majority of the said memoers of the appraisal committee.

I might say, Mr. Chairman, that this legislation was designed to meet the views expressed by President Rocsevelt when he vetoed my bill 2 years ago, and I am happy to note that Mr. Secretary Ickes heartily approves this bill. This is gratifying to the indomitable and persistent advocates of a national memorial on the plains of Chalmette.

Chalmette.

I wish to call the attention of the committee to the second last paragraph of the letter of the Secretary of the Interior, whereby he recommends amendment that the park be limited to 500 acres instead of 1,000 acres.

AUTHORIZING SECRETARY OF THE INTERIOR TO CONVEY CERTAIN PROPERTY TO WASHINGTON COUNTY, UTAH

The Clerk called the next bill, H. R. 2184, to authorize the Secretary of the Interior to convey certain property to Washington County, Utah, and for other purposes.

Mr. MURDOCK of Utah. Mr. Speaker, I ask unanimous consent that this bill may go over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Utah [Mr. MURDOCK]?

There was no objection.

TRANSFER OF UNITED STATES EMPLOYMENT SERVICE RECORDS, FILES, AND PROPERTY

The Clerk called the next bill, H. R. 4108, to provide for the transfer of United States Employment Service records, files, and property in local offices to the States.

There being no objection, the Clerk read the bill, as follows:

There being no objection, the Cierk read the bill, as Ioliows:

Be it enacted, etc., That for the purpose of assisting the State
employment services established and maintained in accordance with
the terms of the act of June 6, 1933, entitled "An act to provide for
the establishment of a National Employment System and for cooperation with the States in the promotion of such system, and for
other purposes," as amended (48 Stat. 113; 49 Stat. 216), the Secretary of Labor is hereby authorized without payment of compensation to transfer and assign to the States in which it is located all
property, including records, files, and office equipment, used by the
United States Employment Service in its administrative and local
employment offices in the respective States, except the records, files. employment offices in the respective States, except the records, files, and property used in the Veterans' Service and in the Farm Placement Service maintained under the said act, as soon as such States establish and maintain systems of public employment offices, in accordance with the terms of sections 4, 5, and 8 of the said act and the regulations promulgated thereunder.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

RECOGNITION OF SERVICES RENDERED BY CIVILIAN OFFICERS AND EMPLOYEES IN CONSTRUCTION OF PANAMA CANAL

The Clerk called the next bill, S. 50, to provide for recognizing the services rendered by civilian officers and employees in the construction and establishment of the Panama Canal and the Canal Zone.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, in recognition of their distinguished service in the construction, maintenance, operation, sanitation, and government of the Panama Canal and the Canal Zone, the thanks of Congress are hereby extended to the civil, electrical, designing, of Congress are hereby extended to the civil, electrical, designing, mechanical, and municipal engineers, administrators, medical and surgical officers, scientists, lawyers, marine, dredging, operating, fiscal, and construction experts, and other persons, who rendered such service, but were not included in the recognition and benefits extended by the act of Congress approved March 4, 1915 (38 Stat.

1190).

SEC. 2. In further recognition of the exceptional character and conditions of such service, article 2 of chapter 6 of title 2 of the Canal Zone Code, as amended, is amended by adding at the end of such article the following:

"108. Minimum annuity for employees serving in connection with the construction of the Panama Canal: Any officer or employee of the Panama Canal or the Panama Railroad Co. who served 3 or more years on the Isthmus of Panama in connection with the construction of the Panama Canal during the period from May 4, 1904, to March 31, 1914, both dates inclusive, and who has been, prior to the date of enactment of this section, or may be, on or after such date, retired from active duty under the provisions of this article, shall be paid an annuity in an amount not less than 2 percent of the average annual basic salary, pay, or compensation received by such officer or employee during any 5 consecutive years of allowable foreign tropical service rendered on the Isthmus of Panama, multiplied by the total number of years of such service not exceeding 30. This section shall not operate to reduce the annuity allowable to any such officer or employee, or otherwise deprive him of any benefits allowable, under this article or any other retirement act under which he has been or may be retired. Annuity allowable under this section to any officer or employee shall not become effective until such officer or employee reaches the combecome effective until such officer or employee reaches the com-pulsory retirement age prescribed in section 92 of this article, or is retired on account of disability under section 94 of this article, or is retired under section 93 after 30 years' service on the Isthmus. In the cases of officers and employees who, prior to the date of enactment of this section, have been retired and have attained the compulsory retirement age, or have been retired on account of disability under section 94 of this article, or have been retired under section 93 after 30 years service on the Isthmus, the increased annuities allowable under this section shall commence on the first day of the calendar month next following the month during which this section is enacted.'

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PEMAQUID POINT LIGHTHOUSE RESERVATION

The Clerk called the next bill, H. R. 4184, to authorize the conveyance by the United States to the town of Bristol, Maine, of a portion of the Pemaguid Point Lighthouse Reservation, and for other purposes.

The SPEAKER pro tempore. Is there objection to the

present consideration of the bill?

There was no objection.

Mr. COSTELLO. Mr. Speaker, I ask unanimous consent that the bill S. 1409 be substituted for the House bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California [Mr. Costello]? Mr. WOLCOTT. Mr. Speaker, reserving the right to object, does the Senate bill include the amendments recommended by the House committee?

The SPEAKER pro tempore. The Chair understands it

Mr. WOLCOTT. The Senate bill does contain the amendments which the House committee recommended?

Mr. COSTELLO. The Senate bill is identical with the House bill with the proposed amendments, with the exception of one or two changes in the citation of certain statutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California [Mr. Costello]? There being no objection, the Clerk read the Senate bill, as follows:

Be it enacted, etc., That, subject to the conditions hereinafter specified, the Secretary of the Treasury is authorized to convey at any time within 3 years of the effective date of this act to the any time within 3 years of the effective date of this act to the town of Bristol, Maine, for public-park purposes all the right, title, and interest of the United States in and to that portion of the Pemaquid Point Lighthouse Reservation, Lincoln County, Maine, which is not required to be retained for lighthouse purposes subject to the payment of a purchase price to be determined by the Treasury Department: Provided, That the total purchase price shall not be less than 50 percent of the appraised value of the land and buildings thereon, except the light tower, and the Secretary of the Treasury may enter into a long-term contract for the payment of the purchase price in such installments as he deems fair and reasonable and may furthermore waive any requirement for interest charges on deferred payments: Provided further, That the proceeds of the sale shall be deposited in the Treasury as miscellaneous receipts. The Secretary of the Treasury shall describe by metes and bounds in the deed of conveyance the exact portion

by metes and bounds in the deed of conveyance the exact portion of such reservation transferred.

SEC. 2. Such conveyance shall contain the express condition that if the town of Bristol shall at any time cease to use the property as a park for public recreation, or shall alienate or attempt to alienate such property, or shall fail to perform any contract entered into with the United States for the purchase of the property, title thereto shall revert to the United States for the use of the Lighthouse Service, Commerce Department, or other agencies of the United States, or for disposal under the act of August 27, 1935 (49 Stat. 885; U. S. C., title 40, sec. 304a), or under the act of August 26, 1935 (42 Stat. 800; U. S. C., title 40, sec. 345).

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A House bill (H. R. 4184) was laid on the table.

AMENDMENT OF BANKRUPTCY ACT

The Clerk called the next bill, H. R. 6505, to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplementary thereto.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 83a of chapter IX an act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, as amended, be, and it is hereby, amended by inserting immediately after the first paragraph of said section 83a the following: "Wherever the petition seeks to effect a plan for the composition of obligations represented by securities, or evidences in any form of rights to paysented by securities, or evidences in any form of rights to payment, issued by the petitioner to defray the cost of local improvements and payable out of the proceeds of special assessments or special taxes levied by the petitioner, it shall be sufficient if the petitioner aver that the property liable for the payment of such securities, principal, and interest, is not of sufficient value to pay same, and that the accrued interest on such securities is past due same, and that the accrued interest on such securities is past due and in default; and the list of creditors to be filed with such petition need contain only the known claimants of rights based on those securities evidencing the obligations sought to be composed under this chapter, and such list shall include separately the names and addresses of those creditors who have accepted the plan of composition. A list of the record owners or holders of title, legal or equitable, to any real estate involved in the proceeding, shall also be filed with the petition, and such record owners or holders of title shall be notified in the manner provided in this section for creditors and be entitled to hearing by the court in this section for creditors and be entitled to hearing by the court upon reasonable application therefor."

SEC. 2. The provisions of this act shall be deemed to be additional and cumulative and not in diminution of any of the powers

conferred by the act hereby amended.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

NAVAL COMMISSARY PRIVILEGES

The Clerk called the next bill, S. 499, to amend the act entitled "An act making appropriations for the naval service for the fiscal year ending June 30, 1910, and for other purposes," approved March 3, 1909, as amended, so as to extend commissary privileges to civilian officers and employees of the United States at naval stations beyond the continental limits of the United States or in Alaska.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That such part of the act of March 3, 1909 (ch. 255, 35 Stat. 768; U. S. C., title 34, sec. 533), as amended by the act of April 14, 1937 (50 Stat. 63), which provides—
"That hereafter such stores as the Secretary of the Navy may designate may be procured and sold to officers and enlisted men of the Navy, Marine Corps, and Coast Guard; to the widows of such officers and enlisted men; to civilian employees of the Navy Department and to officers of the Foreign Service of the United States as payal stations beyond the continental limits of the United States as naval stations beyond the continental limits of the United States and in Alaska, under such regulations as the Secretary of the Navy may prescribe."

is further amended to read as follows:

"That hereafter such stores as the Secretary of the Navy may designate may be procured and sold to officers and enlisted men of the Navy, Marine Corps, and Coast Guard; to the widows of such officers and enlisted men; and to civilian officers and employees of the United States at naval stations and post exchanges beyond the continuated limits of the United States are navel stations. continental limits of the United States or in Alaska, under such regulations as the Secretary of the Navy may prescribe."

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

UNITED STATES NAVAL ACADEMY

The Clerk called the next bill, S. 588, to provide for an additional midshipman at the United States Naval Academy, and for other purposes.

There being no objection, the Clerk read the bill as follows:

Be it enacted, etc., That there shall be at the United States Naval Academy one midshipman to be selected from among the sons of civilians residing in the Canal Zone and the sons of civilian employees of the United States Government and the Panama Railroad Co. residing in the Republic of Panama, whose appointment shall be made by the Secretary of the Navy on the recommendation of the Governor of the Panama Canal.

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The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

NAVAL COMMISSARY PRIVILEGES

Mr. WOLCOTT. Mr. Speaker, a parliamentary inquiry. The SPEAKER pro tempore. The gentleman will state it.

Mr. WOLCOTT. Mr. Speaker, with respect to Calendar No. 211, the bill S. 499, which the House has just passed by unanimous consent, I have noticed that the title of the bill has reference only to the civilian officers and employees of the United States at naval stations whereas the body of the bill includes officers of the Foreign Service of the United States. In the opinion of the Chair, is it necessary to amend the title to include officers of the Foreign Service?

The SPEAKER pro tempore. The Chair may state to the gentleman that is not within the discretion of the Chair.

Mr. VINSON of Georgia. May I say to the gentleman that, of course, there is no objection to doing so, but it is not necessary that the title be changed because the title is broad enough to include what the body of the bill authorizes.

Mr. WOLCOTT. There may be some question about it in the mind of the Comptroller General or some other offi-

cer having to do with the operation of this bill.

Mr. VINSON of Georgia. I do not believe there will be any question in the mind of the Comptroller General about it because this bill was prepared by the office of the Judge Advocate General and, of course, they prepared it in a form they considered technically and legally correct. I am perfectly satisfied with it, I may say to the gentleman.

Mr. WOLCOTT. If the gentleman is satisfied with it, it

is satisfactory to me.

UNITED STATES NAVAL ACADEMY LAUNDRY

The Clerk called the next bill, H. R. 6320, to establish the status of funds and employees of the United States Naval Academy laundry.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That all funds collected from the operation of the laundry at the United States Naval Academy for the benefit of Naval Academy activities and personnel, including midshipmen, are appropriated for the operation of the laundry and shall hereafter be accounted for as public moneys. SEC. 2. All employees of such laundry, whether heretofore paid

from appropriated moneys or from receipts of the laundry, shall hereafter be deemed to be Government employees entitled to all benefits and subject to all restrictions arising under the laws of the United States applicable to employees of their grade and class.

With the following committee amendment:

Page 1, line 6, strike out "operation of the laundry" and insert "purpose of providing and maintaining the necessary laundry service."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

COAST GUARD STATION AT MONTEREY, CALIF.

The Clerk called the next bill, H. R. 4674, to provide for the establishment of a Coast Guard station at or near the city of Monterey, Calif.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized to establish a Coast Guard station on the Pacific coast at or in the vicinity of the city of Monterey, Calif., in such locality as the Commandant of the Coast Guard may

The bill was ordered to be engrossed and read the third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

COLLECTIONS FOR OVERTIME IMMIGRATION SERVICES

The Clerk called the next bill, H. R. 5403, to provide for the deposit of certain collections for overtime immigration services to the credit of the appropriation chargeable with the payment for such services, and for other purposes.

The SPEAKER pro tempore. Is there objection to the

present consideration of the bill?

Mr. JENKINS of Ohio. Reserving the right to object, Mr. Speaker, I see that this bill has been reported out by the distinguished member of the committee, Mr. Mason. No doubt he has a reason for the faith that is within him and can explain the bill.

Mr. MASON. Mr. Speaker, I may say in explanation of the bill that it has been approved by the Director of the Budget, Mr. Bell, and was recommended by the Secretary of Labor, and seeks to make the handling of funds collected for overtime employment in the Immigration Service uniform with the handling of similar funds in the Bureau of Customs. This is simply a means of conveying the funds into the Treasury and earmarking them for the particular purpose for which they were collected.

Mr. JENKINS of Ohio. My principal interest in the matter is that I am the author of the bill that established the financial set-up for the Immigration Service, and I was wondering whether the bill had anything to do with changing the time of the stay of any immigrants?

Mr. MASON. No; this has nothing to do with anything but the deposit of certain collections for overtime immigration services, for which the commander of the vessel must pay, in the Treasury and earmarking them, as has been done when similar collections were made for the Bureau of Customs.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as

Be it enacted, etc., That hereafter moneys collected as extra com-pensation for overtime service of inspectors and employees of the emmigration Service pursuant to the act of March 2, 1931 (46 Stat. 1467), shall be deposited in the Treasury of the United States to the credit of the appropriation for the payment of salaries, field personnel of the Immigration and Naturalization Service, and the appropriation so credited shall be available for the payment of such compensation.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PORTRAIT OF GEN. WINFIELD SCOTT

The Clerk called the joint resolution (H. J. Res. 286) to provide for the lending to the Virginia Military Institute of the equestrian portrait of Gen. Winfield Scott now stored in the Capitol.

There being no objection, the Clerk read the joint resolution, as follows:

Resolved, etc., That the Architect of the Capitol is authorized and directed to permit the Virginia Military Institute to remove from the Capitol the equestrian portrait of Gen. Winfield Scott, to transport such portrait to Lexington, Va., and to have custody of such portrait until such time as the Architect of the Capitol shall request its return to the Capitol. The United States shall be subject to no expense by reason of the enactment of this joint resolution.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PINK BOLLWORM

The Clerk called the next bill, H. R. 4638, authorizing the Secretary of Agriculture to prepare plans for the eradication and control of the pink bollworm, and for other purposes.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of Agriculture, with such assistance of the Secretary of State as may be mutually agreed upon by and between the Secretaries of Agriculture and State, is authorized and directed to carry on discussions with the heads of responsible agencies and responsible officials of the Government of Mexico and with such various States of the United States as he may deem necessary for the purpose of preparing plans looking toward the eradication and control of the pink bollworm affecting cotton within the United States and Mexico.

SEC. 2. That plans developed pursuant to these discussions shall be submitted to the President of the Senate and the Speaker of the House of Representatives by the Secretary of Agriculture on or before January 10, 1940, together with a statement of the procedures that would be required to put the proposed plans into effect, and with such recommendations as in his judgment would be to the best interest of the agriculture of the United States and the continued production of cotton therein and in Mexico

Sec. 3. That expenses incurred by agents of the United States in carrying out the discussions herein authorized shall be paid from

regular appropriations made to the department of the Government of the United States by which the agent incurring them is employed.

With the following committee amendment:

Page 2, beginning in line 3, strike out all of section 2 and insert in lieu thereof the following:

"Sec. 2. That plans developed pursuant to these discussions shall be submitted by the Secretary of Agriculture, on or before January 10, 1940, to the President of the United States, who shall transmit to the Congress such recommendations with respect thereto as he may deem advisable.'

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time. was read the third time, and passed, and a motion to reconsider was laid on the table.

MARKING OF PACKAGES CONTAINING WILD ANIMALS AND BIRDS AND PARTS THEREOF

The Clerk called the next bill, H. R. 4637, to amend section 243 of the Penal Code of the United States, as amended by the act of June 15, 1935 (49 Stat. 378), relating to the marking of packages containing wild animals and birds and parts thereof.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 243 of the act of March 4, 1909.

Be it enacted, etc., That section 243 of the act of March 4, 1909, entitled "An act to codify, revise, and amend the penal laws of the United States," as amended by section 201 of the act of June 15, 1935 (49 Stat. 378), is hereby amended so as to read as follows:
"Scc. 243. All packages or containers in which wild animals or birds, or the dead bodies or parts thereof (except furs, hides, or skins of such animals, for which provision is hereinafter made), or the dead bodies are shipped transported except furs. or the eggs of such birds are shipped, transported, carried, brought, or conveyed by any means whatever from one State, Territory, or the District of Columbia to, into, or through another State, Territory, or the District of Columbia, or to a foreign country, shall be plainly and clearly marked, labeled, or tagged on the outside thereof with the names and addresses of the shipper and consignee and with the names to the country of the country that the country th an accurate statement showing by number and kind the contents thereof: Provided, That packages or containers in which migratory birds included in any convention to which the United States is a party, or the dead bodies or parts thereof or eggs of such birds, are shipped, transported, carried, brought, or conveyed, as faoresaid, shall be marked, labeled, or tagged as prescribed in any such convention or law or regulation thereunder.

"All packages or containers in which the furs, hides, or skins of

wild animals are shipped, transported, carried, brought, or conveyed, by any means whatever from one State, Territory, or the District of Columbia to, into, or through another State, Territory, or the District of Columbia, or to a foreign country, shall be plainly and clearly marked, labeled, or tagged on the outside thereof with the names and addresses of the shipper and consignee."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

REGISTRATION OF AGENTS OF FOREIGN PRINCIPALS

The Clerk called the next bill, H. R. 5988, to amend an act entitled "An act to require the registration of certain persons employed by agencies to disseminate propaganda in the United States, and for other purposes," approved June 8, 1938 (Public Law No. 583, 75th Cong., 3d sess.).

Mr. LEWIS of Colorado. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

UNITED STATES COURTS IN OKLAHOMA

The Clerk called the next bill, H. R. 6135, to regulate the times and places of holding court in Oklahoma.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 101 of the Judicial Code, as amended (U. S. C., title 28, sec. 182; U. S. C., Supp. IV, title 28, sec. 182; and 46 U. S. Stat. 829, ch. 714) be, and it is hereby, amended to read as follows:

SEC. 101. The State of Oklahoma is divided into three judicial "Sec. 101. The State of Oklahoma is divided into three judicial districts, to be known as the northern, the eastern, and the western districts of Oklahoma. The territory embraced on January 1, 1925, in the counties of Craig, Creek, Delaware, Mayes, Nowata, Osage, Ottawa, Pawnee, Rogers, Tulsa, and Washington, as they existed on said date, shall constitute the northern district of Oklahoma. Terms of the United States District Court for the Northern District of Oklahoma shall be held at Tulsa on the first Monday in January, at Vinita on the first Monday in March, at Pawhuska on the first Monday in May, at Miami on the first Monday in November, and at Bartlesville on the first Monday in June in each year: Provided, That a district judge of said district or, in absence of such district judge, a circuit judge assigned to hold court in said district may postpone or adjourn to a day certain or subject to call any of said terms by order made in chambers at other place designated as aforesaid for holding court in said

district.

any other place designated as aloresald for holding court in said district.

"The eastern district of Oklahoma shall include the territory embraced on the 1st day of January 1925, in the counties of Adair, Atoka, Bryan, Cherokee, Choctaw, Coal, Carter, Garvin, Grady, Haskell, Hughes, Johnston, Jefferson, Latimer, Le Flore, Love, McClain, Muskogee, McIntosh, McCurtain, Murray, Marshall, Okfuskee, Okmulgee, Pittsburg, Pushmataha, Pontotoc, Seminole, Stephens, Sequoyah, and Wagoner. Terms of the district court of the eastern district shall be held at Muskogee on the first Monday in January, at Ada on the first Monday in March, at Okmulgee on the third Monday in April, at Hugo on the third Monday in May, at McAlester on the third Monday in March, at Ardmore on the first Monday in October, at Chickasha on the first Monday in November, at Poteau on the second Monday in December, at Pauls Valley on the third Monday in November, and at Durant on the second Monday in June: Provided, That a district judge of said district or, in absence of such district judge, a circuit judge assigned to hold court in said district may postpone or adjourn to a day certain or subject to call any of said terms by order made in chambers at any other place designated as aforesaid for holding court in said district.

or adjourn to a day certain or subject to call any of said terms by order made in chambers at any other place designated as aforesaid for holding court in said district.

"The western district of Oklahoma shall include the territory embraced on the 1st day of January 1925, in the counties of Alfalfa, Beaver, Beckham, Blaine, Caddo, Canadian, Cimarron, Cleveland, Comanche, Cotton, Custer, Dewey, Ellis, Garfield, Grant, Greer, Harmon, Harper, Jackson, Kay, Kingfisher, Kiowa, Lincoln, Logan, Major, Noble, Oklahoma, Payne, Pottawatomie, Roger Mills, Texas, Tillman, Washita, Woods, and Woodward. The terms of the district court for the western district shall be held at Oklahoma City on the first Monday in January, at Enid on the first Monday in March, at Guthrie on the first Monday in May, at Mangum on the first Monday in September, at Lawton on the first Monday in October, at Woodward on the first Monday in November, at Ponca City on the first Monday in December or at such time as a district judge of such district may deem advisable, and at Shawnee on the first Monday in October: Provided, That a district judge of said district or, in absence of such district judge, a circuit judge assigned to hold court in said district may postpone or adjourn to a day certain or subject to call any of said terms by order made in chambers at any other place designated as aforesaid for holding court in said district: And provided further, That suitable rooms and accommodations for holding court at Pawhuska, in the northern district, and at Durant, Hugo, Poteau, and Pauls Valley in the eastern district, are furnished without expense to the United States: And provided further, That suitable rooms and accommodations for holding court at Shawnee in the western district are furnished without expense to the United States with reference expense to the United States until, subject to the recommenda-tion of the Attorney General of the United States with reference to providing such rooms and accommodations for holding court at

Shawnee, a public building shall have been erected or other Federal space provided for court purposes in said city.

"The clerk of the district court for the northern district shall keep his office at Tulsa; the clerk of the district court for the eastern district shall keep his office at Muskogee and shall maintain an office in charge of a deputy at Ardmore; the clerk for the western district shall keep his office at Oklahoma City and shall maintain an office in charge of a deputy at Guthrie."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

OZARK AND OUACHITA NATIONAL FORESTS IN ARKANSAS

The Clerk called the next bill, H. R. 112, to facilitate control of soil erosion and flood damage on lands within the Ozark and Ouachita National Forests in Arkansas.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of Agriculture, with the approval of the National Forest Reservation Commission, established by section 4 of the act of March 1, 1911 (U.S. C., title 16, sec. 513), is hereby authorized to acquire by purchase any lands, within the boundaries of the Ozark and Cuachita National Forests, in the State of Arkansas, which, in his judgment, should become the property of the United States in order that they may be so managed with other lands of the United States as to minimize soil erosion and flood damage, and to pay for said lands, from the receipts from the sale of natural resources or occupancy of public land within said forest, not to exceed one-half of which receipts are hereby authorized to be appropriated for that purpose until said lands have been acquired.

With the following committee amendments:

Page 1, line 6, after the word "lands", insert a comma and the ords "or interests therein,".

Page 2, line 1, after the word "lands", insert a comma and the words "or interests therein,".

Page 2, line 2, after the word "resources", add the following: ", other than mineral,".

Page 2, line 2, strike out the words "said forests" and insert in lieu thereof the following language: "the Ozark National Forest and that part of the Ouachita National Forest situated in the State of Arkansas,".

State of Arkansas,".

Page 2, line 5, change the period to a semicolon and add the following language: "Provided, That any appropriated amounts which are unexpended and unobligated at the close of the fiscal year for which appropriated shall be transferred to the national-forest receipts of that fiscal year and amounts so transferred and such parts of the entire receipts of any fiscal year as are not appropriated shall be disposed of in like manner as other nationalforest receipts."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMENDMENT OF ACT ESTABLISHING BUREAU OF IMMIGRATION AND NATURALIZATION

Mr. DELANEY. Mr. Speaker, I ask unanimous consent to return to Calendar No. 92, the bill (H. R. 5030) to amend section 4 of the act of June 29, 1906, entitled "An act to establish a Bureau of Immigration and Naturalization and to provide for a uniform rule for the naturalization of aliens throughout the United States."

Mr. JENKINS of Ohio. Mr. Speaker, earlier in the day was constrained to object to the consideration of this bill, but the gentleman from New York and I have agreed on an amendment, and if that agreement still holds, I am willing to withdraw my reservation of objection.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 4 of the act of June 29, 1906, entitled "An act to establish a Bureau of Immigration and Naturalization and to provide for a uniform rule for the naturalization of aliens throughout the United States," is hereby amended by adding thereto a subdivision to read as follows:

"Fifteenth subdivision. Any person over 21 years of age with respect to whose United States citizenship doubt may exist may petition in writing any United States citizenship doubt may exist may petition in writing any United States district court of the district within which he resides to determine his citizenship. Upon satisfactory proof to such court that such person is a citizen of the United States, the court may render an order to that effect, and such person shall be granted a special certificate of citizenship, specifying that the determination of the status of the person specifying that the determination of the status of the person named therein was made for the purpose of quieting doubts as to the status of such person as a citizen of the United States. The judicial determination of such person's citizenship hereunder shall not be deemed to be an admission that the person to whom it was granted was not previously a citizen of the United States. Such applicant shall pay to the clerk of court the fee specified by section 13 of this act for making, filing, and docketing such petition and for the issuance of the special certificate of citizenship if granted. Such proceeding shall be subject to all of the procedural provisions of this act, including those of the fourteenth subdivision of this section and of sections 9 and 11 of this act."

Mr. JENKINS of Ohio. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Jenkins of Ohio: On page 1, line 10, after the word "may", insert "after due notice in writing to the Secretary of Labor"; and on page 2, in line 2, after the word "proof", add the following: "Produced in open court", and strike out the words "to such" in line 2, page 2, and the word "court" in line 3, on page 2.

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CALL OF THE HOUSE

Mr. WARREN. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. The Chair will count. [After counting.] One hundred and sixty-three Members present, not a quorum.

Mr. COSTELLO. Mr. Speaker, I move a call of the House. The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 871

Brown, Ohio Buckley, N. Y. Case, S. Dak. Curley DeRouen Dies Bell Bender Boland Boykin Cluett Ditter

Douglas Durham Elston Faddis

Fay Fitzpatrick Jenks, N. H. Martin, Mass. Schiffler Schwert Kelly Kleberg Mitchell Murdock, Ariz Flaherty Seger Shafer, Mich. Knutson McArdle Myers Nelson Folger Gavagan Sullivan Sumners, Tex. Gifford McLean Osmers Pierce, N. Y. Reece, Tenn. Gross McMillan, Thos. S. Wood Hennings McReynolds Romjue Hope Jeffries Maciejewski Marshall Sabath

The SPEAKER. On this roll call 376 Members have answered to their names, a quorum.

Mrs. NORTON. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

AMENDMENT TO WAGE-HOUR ACT

Mr. RAYBURN. Mr. Speaker, I intend to prefer a unanimous-consent request, and I want everyone to understand it. I ask unanimous consent to proceed for 2 minutes.

The SPEAKER. The gentleman from Texas asks unanimous consent to proceed for 2 minutes. Is there objection?

Mr. AUGUST H. ANDRESEN. Mr. Speaker, I reserve the right to object, to ask unanimous consent to address the House for 2 minutes after the gentleman from Texas has

The SPEAKER. The Chair can put only one request at a time.

Mr. AUGUST H. ANDRESEN. Mr. Speaker, I withdraw my request.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. COX. Mr. Speaker, I reserve the right to object, and wish to make a reservation claiming the right to make one observation about the statement the gentleman from Texas expects to make.

Mr. RAYBURN. I shall yield to the gentleman from Georgia.

Mr. COX. Now?

Mr. RAYBURN. I should like, first, to proceed and let the gentleman know what my request is to be.

The SPEAKER. Is there objection to the request of the gentleman from Texas that he proceed for 2 minutes?

There was no objection.

Mr. RAYBURN. Mr. Speaker, in a few minutes the chairman of the Committee on Labor will move to suspend the rules and pass a bill amending the Fair Labor Standards Act, with an amendment, and I think it only fair to the House, inasmuch as that amendment was agreed on only this morning, that the House, before it is voted on as to whether or not we shall proceed with the bill, should know what the amendment is. The criticism was made in the newspapers this morning that this bill in its present form takes away some of the exemptions that so-called farm people enjoy under the act. The amendment that will be proposed has been carefully drawn and states specifically that any and all exemptions now in the act are preserved, notwithstanding the passage of the bill that will be proposed.

I yield to the gentleman from Georgia. Mr. COX. Mr. Speaker, I have examined the amendment that will be offered. It is purely negative in form and amounts to nothing. It is a decoy purely and ought to fool no Member of this House.

Mr. RAYBURN. Mr. Speaker, of course, I do not agree that the Committee on Labor would put this out as a decoy only.

Mr. COX. That is what it is, Mr. Speaker.

Mr. RAYBURN. This amendment is offered to meet an objection that was made to this bill by the so-called farm

Mr. AUGUST H. ANDRESEN. Mr. Speaker, will the gentleman yield?

Mr. RAYBURN. Yes.

Mr. AUGUST H. ANDRESEN. Mr. Speaker, I have examined the proposed amendment and I find that it does contain some of the provisions to which the gentleman has referred with reference to exemptions but it binds all of agriculture

to the rules and regulations now already laid down by the Administrator, which they are trying to get rid of in the area-of-production provisions of the bill.

Mr. RAYBURN. I have asked for this time, Mr. Speaker, so that I might make a statement in order that people would understand what is coming up. If this bill is debated, if consideration of it is not voted down, then these matters can be

Mr. AUGUST H. ANDRESEN. We have no opportunity to amend the bill on the floor, and that is what we object to.

Mr. CRAWFORD. Mr. Speaker, will the gentleman yield? The SPEAKER. The time of the gentleman from Texas

Mrs. NORTON. Mr. Speaker, I move to suspend the rules and pass the bill H. R. 5435, as amended, which I send to the Clerk's desk and ask to have read.

The Clerk read as follows:

Be it enacted, etc., That section 5 of the Fair Labor Standards Act of 1938 is amended by adding at the end thereof the following: "(e) No industry committee appointed under subsection (a) of this section shall have any power to recommend the minimum rate or rates of wages to be paid under section 6 to any employees in Puerto Rico or in the Virgin Islands. Notwithstanding any other provision of this act, the Administrator may appoint a special inprovision of this act, the Administrator may appoint a special industry committee to recommend the minimum rate or rates of wages to be paid under section 6 to all employees in Puerto Rico or the Virgin Islands, or in Puerto Rico and the Virgin Islands, engaged in commerce or in the production of goods for commerce, or the Administrator may appoint separate industry committees to recommend the minimum rate or rates of wages to be paid under section 6 to employees therein engaged in commerce or in the production of goods for commerce in particular industries. An industry committee appointed under this subsection shall be composed of residents of such island or islands where the employees with respect to whom such committee was appointed are employed and residents of the United States outside of Puerto Rico and the Virgin Islands. In determining the minimum rate or rates of wages to be paid, and in determining classifications, such industry committees and the Administrator shall be subject to the provisions of section 8 and no such committee shall recommend, nor shall the Administrator approve, a minimum wage rate which will give the Administrator approve, a minimum wage rate which will give any industry in Puerto Rico or in the Virgin Islands a competitive

any industry in Puerto Rico or in the Virgin Islands a competitive advantage over any industry in the United States outside of Puerto Rico and the Virgin Islands."

(b) No wage orders issued by the Administrator prior to the enactment of this act pursuant to section 8 of the Fair Labor Standards Act of 1938 shall after such enactment be applicable with respect to any employees engaged in commerce or in the production of goods for commerce in Puerto Rico or the Virgin Islands.

SEC. 2. Section 6 of the Fair Labor Standards Act of 1928 to

Islands.

SEC. 2. Section 6 of the Fair Labor Standards Act of 1938 is amended by adding at the end thereof the following:

"(c) The provisions of paragraphs (1), (2), and (3) of subsection (a) of this section shall be superseded in the case of any employee in Puerto Rico or the Virgin Islands engaged in commerce or in the production of goods for commerce only for so long as and insofar as such employee is covered by a wage order issued by the Administrator pursuant to the recommendations of a special industry committee appointed pursuant to section 5 (e)."

SEC. 3. Section 7 (c) of the Fair Labor Standards Act of 1938 is amended to read as follows:

"(c) No employer shall be deemed to have violated subsection

(a) by employer snall be deemed to have violated subsection specified in such subsection without paying the compensation for overtime employment prescribed therein if such employee is so employed in connection with the—

"(1) making of dairy products (except ice-cream mix, ice cream, malted milk, and process cheese), including, among other things, the cooling, pasteurizing, printing, or packing thereof;
"(2) compressing or storing of cotton;
"(3) processing of sugar beets, sugar-beet molasses, sugarcane, or maple sap into sugar, molasses, or sirup, but not the refining of sugar. of sugar;

"(4) extracting (but not fermenting or refining) oils, juices, or sirups from domestic fruits, vegetables, nuts, or seeds;

"(5) preparing, cleaning, grading, packing, drying, refrigerating, freezing, preserving, peeling, shelling, storing, or canning fresh or dried fruits and vegetables;
"(6) preparing, cleaning, grading, packing, roasting, crushing, shelling, or storing nuts, shelled or unshelled;

"(7) preparing, curing, grading, or bagging raw grease wool, mohair, or rabbit fur;
"(8) handling, grading, loading, slaughtering, or dressing live-

"(9) handling, storing, grading, slaughtering, refrigerating, pick-

ing, dressing, or packing poultry;
"(10) handling, storing, grading, candling, freezing, drying, or

packing of eggs;
"(11) hatching, handling, or boxing chicks, poults, ducklings, goslings, or wild fowl;

"(12) handling, grading, cleaning, polishing, hand-picking, hulling, delinting, fumigating, drying, packing, or storing of whole seeds, beans, peas, or grains;

"(13) handling, drying, baling, grinding, decorticating, or packing hops, fiber crops, or forage crops;

"(14) preparing honey;

"(15) handling, grading, or packing nursery or horticultural story;

stock; or "(16) t "(16) the felling of trees, logging, or operations incidental to the felling of trees or logging performed prior to, and including, delivery of the logs to a mill for sawing, making pulp, or other processing;

processing; and if such employee receives compensation for employment in excess of 60 hours in any workweek at a rate not less than one and one-half times the regular rate at which he is employed. In the case of an employer engaged in any of the operations specified in paragraphs (1) to (16), inclusive, of this subsection, the provisions of subsection (a), during a period or periods of not more than 14 workweeks in the aggregate in any calendar year, shall not apply to his employees in any place of employment where he is so engaged."

SEC. 4. (a) The heading of section 11 of the Fair Labor Standards

engaged."
SEC. 4. (a) The heading of section 11 of the Fair Labor Standards
Act of 1938 is amended by inserting at the end thereof the following: "; Rules and regulations."
(b) Section 11 of such act is amended by adding at the end

(b) Section 11 of such act is amended by adding at the end thereof the following:

"(d) The Administrator shall have power to make, issue, amend, and rescind such regulations and orders as are necessary or appropriate to carry out any of the provisions of this act. Without limiting the generality of the foregoing, such regulations and orders may define terms used in this act, make special provision with respect to, including the restriction of, home work subject to this act to the extent necessary to safeguard the minimum standards provided in this act or in any regulation or order issued pursuant thereto. in this act or in any regulation or order issued pursuant thereto, and make special provision for voluntary constant wage plans consistent with the purposes of section 7. The regulations and orders of the Administrator shall be published in the Federal Register and shall be effective upon publication or at such later date as the Administrator shall direct.

"(a) No provision of this sect imposing any liability or dispute the section of t

the Administrator shall direct.

"(e) No provision of this act imposing any liability or disability shall apply to any act done or omitted in good faith in conformity with any regulation or order of the Administrator, notwithstanding that such regulation or order may, after such act or omission, be amended or rescinded or be determined by judicial authority to be invalid for any reason."

SEC. 5. (a) Section 13 (a) of the Fair Labor Standards Act of 1938 is amended by striking out all of clause (1) and inserting in lieu thereof the following: "(1) any employee employed in a bona fide executive, administrative, professional, or local retailing capacity, or in the capacity of outside salesman, or any employee employed at a guaranteed monthly salary of \$200 or more; or."

or in the capacity of outside salesman, or any employee employed at a guaranteed monthly salary of \$200 or more; or."

(b) Section 13 (a) of such act is further amended by striking out clause (10) and inserting in lieu thereof the following: "(10) any employee employed in the ginning of cotton; or (11) any switchboard operator, during any calendar year, employed in a public telephone exchange which at all times during the preceding calendar year had less than 500 stations; or (12) any employee employed in the cleaning, packing, grading, or preparing (but not canning or processing) fresh fruits and vegetables in their raw or natural state when such operations are performed within the general recognized production section or area where such commodities are provided and are normally or usually prepared for market: Provided, howproduction section or area where such commodities are produced and are normally or usually prepared for market: Provided, however, That this exemption shall not apply in consumer markets to which such fresh fruits and vegetables have been sent for distribution or consumption; or (13) any employee employed in handling, typing, drying, stripping, grading, redrying, fermenting, stemming, or packing, when those operations are performed prior to storage, and storing leaf tobacco."

SEC. 6. Section 13 (b) of the Fair Labor Standards Act of 1938 is amended by inserting before the period at the end thereof the fol-

SEC. 6. Section 13 (b) of the Fair Labor Standards Act of 1938 is amended by inserting before the period at the end thereof the following: "; or (3) any employee of an employer subject to the provisions of part I of the Railway Labor Act; or (4) during the harvesting period for any fresh fruit or fresh vegetable, any employee of an employer who is engaged in canning such fresh fruit or fresh vegetable, and who is not engaged during such period in canning any agricultural commodity except fresh fruits or fresh vegetables or in recanning any agricultural commodity or product thereof, or during any other period in canning any agricultural commodity or recanning any agricultural commodity or product thereof."

thereof."

SEC. 7. (a) The heading of section 14 of the Fair Labor Standards
Act of 1938 is amended by inserting at the end thereof the following: "; home work in rural areas."

(b) Section 14 of such act is amended (1) by inserting "(a)"
after "Sec. 14"; (2) by striking out "learners, of apprentices, and of
messengers employed exclusively in delivering letters and messages",
and inserting in lieu thereof "learners and of apprentices"; and
(3) by adding at the end thereof a new sentence as follows: "The
Administrator may by regulation or order provide for the employ-(3) by adding at the end thereof a new sentence as follows: "The Administrator may by regulation or order provide for the employment of telegraph messengers engaged primarily in the delivery of letters and messages at such wages (but not less than 25 cents per hour) lower than the minimum wage applicable under section 6 as will prevent curtailment of opportunities for such employment with a public telegraph carrier."

(c) Section 14 of such act is further amended by adding at the end thereof the following:

"(b) The Administrator shall promulgate regulations permitting the employment in rural areas of employees in the home at such wages lower than the minimum wage applicable under section 6 as will prevent curtailment of opportunities for employment. No such regulation shall be promulgated with respect to any employees (1) if, in the opinion of the Administrator, the application of section 6 to such employees does not have the effect of curtailing the opportunities of such employees for employment; (2) if the promulgation of such regulation would, in the opinion of the Administrator, have the effect of curtailing employment in the factories or industrial establishments, if any, in which similar work is performed; or (3) if the promulgation of such regulation would, in the opinion of the Administrator, give the employer or employers of such employees a substantial competitive advantage."

Sec. 8. Section 15 (a) (1) of the Fair Labor Standards Act of 1938 "(b) The Administrator shall promulgate regulations permitting

substantial competitive advantage."

Sec. 8. Section 15 (a) (1) of the Fair Labor Standards Act of 1938 is amended by striking out the first semicolon therein and inserting in lieu thereof a comma and the following: "or issued to carry out any provision of section 6 or section 7, except that no provision of this act shall impose any liability upon any person for violating any of the provisions of this section if such person, in a proceeding brought to impose such liability, establishes by a preponderance of the evidence that at the time he acquired a property interest in the goods transported, offered for transportation, shipped, delivered, or sold, or sold with knowledge that shipment or delivery or sale thereof in commerce was intended, he had no knowledge or reason to believe that such goods were produced in violation of any of the provisions of section 6 or section 7, or in violation of any regulation or order of the Administrator issued under section 14, or issued to carry out any provision of section 6 or section 7; and".

Sec. 9. Section 15 (a) (2) of the Fair Labor Standards Act of 1938 is hereby amended to read as follows:

"(2) to violate any of the provisions of section 6 or section 7, or

"(2) to violate any of the provisions of section 6 or section 7, or any of the provisions of any regulation or order of the Administrator issued under section 14, or any of the provisions contained, pursuant to section 8 (f), in any order of the Administrator issued under section 8, or any of the provisions of any regulation or order of the Administrator issued to carry out any provision of section 6 or section 7." section 7;"

SEC. 10. The first sentence of section 16 (b) of the Fair Labor SEC. 10. The first sentence of section 16 (b) of the Fair Labor Standards Act of 1938 is amended to read as follows: "Any employer who violates any provision of section 6 or section 7, or any provision prescribing minimum wages contained in any regulation or order of the administrator issued under section 14, shall be liable to the employee or employees affected in the amount of their unpaid minimum compensation, or their unpaid minimum overtime compensation, as the case may be, and in an additional equal amount as liquidated damages."

Sec. 10. The first sentence of section 16 (b) of the Fair Standards Act of 1938 is amended to read a follows: "Any employee with the section 15 (including the heading thereof) of the Fair

SEC. 11. Section 17 (including the heading thereof) of the Fair Labor Standards Act of 1938 is hereby amended to read as follows:

"INJUNCTION PROCEEDINGS

"SEC. 17. The district courts of the United States, including the District Court of the United States for the District of Columbia, and the United States courts of the Territories and possessions, shall and the United States courts of the Territories and possessions, shall have jurisdiction, for cause shown, and subject to the provisions of section 17 (relating to notice to opposite party) of the act entitled 'An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes,' approved October 15, 1914, as amended (U. S. C., 1934 ed., title 28, sec. 381), to restrain violations of section 15. Any such action may be brought in the district wherein the defendant is found or is an inhabitant or transacts business, and process in such cases may be served in any other district of which the defendant is an inhabitant or wherever the defendant may be found. No costs shall be assessed wherever the defendant may be found. No costs shall be assessed against the administratior in any proceeding under this act."

SEC. 12. The Fair Labor Standards Act of 1938 is amended by

adding at the end thereof the following:

"PROHIBITION AGAINST INTERSTATE TRANSPORTATION OF CONVICT-MADE GOODS

"Sec. 20. In order to protect the minimum wage and maximum hours standards prescribed in sections 6 and 7, it shall be unlawful for any person knowingly to transport or cause to be transported, in any manner or by any means whatsoever, or aid or assist in obtaining transportation for or in transporting any goods, wares, and merchandise manufactured, produced, or mined wholly or in part by convicts or prisoners (except convicts or prisoners on parole or probation), or in any penal or reformatory institution, from one State, Territory, Puerto Rico, Virgin Islands, or District of the United States, or place noncontiguous but subject to the jurisdiction thereof, or from any foreign country, into any State, Territory, Puerto Rico, Virgin Islands, or District of the United States, or place noncontiguous but subject to the jurisdiction thereof. Nothing herein shall apply to commodities manufactured in Federal penal and correctional institutions for use by the Federal Governpenal and correctional institutions for use by the Federal Government. Any person who violates the provisions of this section shall be subject to the penalties provided by section 16 (a). The provisions of this section shall not be deemed to repeal or supersede any other act relating to the transportation or sale of goods made by convicts or prisoners."

SEC. 13. Any exemption in effect on June 15, 1939, under section 7 (c) or 13 (a) (10) of the Fair Labor Standards Act of 1938, or under any regulation issued thereunder, shall, notwithstanding the amendments made by this act continue in effect to the same extent as if this act had not been enacted.

The SPEAKER. Is a second demanded?

Mr. WELCH. Mr. Speaker, I demand a second.

Mrs. NORTON. Mr. Speaker, I ask unanimous consent that a second may be considered as ordered.

The SPEAKER. Is there objection to the request of the gentlewoman from New Jersey?

Mr. AUGUST H. ANDRESEN. Mr. Speaker, I object.

The SPEAKER. The Chair appoints as tellers the gentlewoman from New Jersey, Mrs. Norton, and the gentleman from California, Mr. WELCH.

The House divided; and the tellers reported there wereayes, 110, noes 167.

So the House refused to order a second.

FRANKLIN D. ROOSEVELT LIBRARY

Mr. KELLER. Mr. Speaker, I move to suspend the rules and pass the resolution (S. J. Res. 118) to provide for the establishment and maintenance of the Franklin D. Roosevelt Library, and for other purposes.

The Clerk read the Senate joint resolution, as follows:

Resolved, etc.

TITLE I-DEFINITIONS

Section 1. As used in this joint resolution—

(a) The term "donor" means Franklin D. Roosevelt.

(b) The term "historical material" includes books, correspondence, papers, pamphlets, works of art, models, pictures, photographs, plats, maps, and other similar material.

(c) The term "Board" means the Trustees of the Franklin D.

Roosevelt Library.

TITLE II-FRANKLIN D. ROOSEVELT LIBRARY

SEC. 201. The Archivist of the United States is authorized to accept for and in the name of the United States from the donor, or accept for and in the name of the United States from the donor, or from such person or persons as shall be empowered to act for the donor, title to a tract of land consisting of an area of 12 acres, more or less, of the Hyde Park estate of the donor and his family, located on the New York-Albany Post Road, in the town of Hyde Park, Dutchess County, State of New York; such area to be selected and carved out of the said estate by the donor and to be utilized as a site for the Franklin D. Roosevelt Library provided for in this title.

SEC. 202. The Archivist is authorized to permit the Franklin D.

significant for the Frankim D. Roosevelt Library provided for the this title.

Sec. 202. The Archivist is authorized to permit the Franklin D. Roosevelt Library, Inc., a New York corporation organized for that purpose, to construct on the area referred to in section 201 of this title a building, or buildings, to be designated as the Franklin D. Roosevelt Library, and to landscape the grounds within the said area. Such project shall be carried out in accordance with plans and specifications approved by the Archivist. The Secretary of the Treasury is authorized to permit the facilities and personnel of the Procurement Division of the Treasury Department to be utilized in the preparation of plans for and in the construction and equipping of the project: Provided, That the Franklin D. Roosevelt Library, Inc., shall enter into an arrangement satisfactory to the Secretary of the Treasury to reimburse the said Procurement Division for the costs and expenses incurred for such purposes, as determined by the Secretary of the Treasury.

Sec. 203. Upon the completion of the project authorized in section 202 of this title, the Archivist shall accept for the Franklin D. Roosevelt Library, as a gift from the donor, such collection of historical material as shall be donated by the donor. The Archivist may also acquire for the said Library from other sources, by gift, purchase, or loan, historical books related to and other historical material contemporary with and related to the historical material acquired from the donor. The historical material acquired from the donor. The historical material acquired under this section shall be permanently housed in the Franklin D. Roosevelt Library: Provided, That the Archivist may temporarily remove any of such material from the said library when he deems it to be necessary: And provided further, That the Archivist may dispose of any duplicate printed material in the said library when he provided for in subsection (d) of section 205 of this title, to be held, administered, and expended in istered, and expended in accordance with the provisions of that

subsection.

SEC. 204. The faith of the United States is pledged that, upon the construction of the Franklin D. Roosevelt Library and the acquisition from the donor of the collection of historical material in accordance with the terms of this title, the United States will provide such funds as may be necessary for the upkeep of the said library and the administrative expenses and costs of operation thereof, including the preservation and care of historical material acquired under this title, so that the said library shall be at all times properly maintained

acquired under this title, so that the said library shall be at all times properly maintained.

SEC. 205. (a) A Board to be known as the Trustees of the Frank-lin D. Roosevelt Library is hereby established. The Archivist and the Secretary of the Treasury shall be ex officio members, and the Archivist shall be chairman of the Board. There shall also be five members of the Board appointed by the President for life, but the President may remove any such member for cause. Vacancies on

the Board shall be filled by the President. Membership on the Board shall not be deemed to be an office within the meaning of the Constitution and statutes of the United States.

(b) No compensation shall be paid to the members of the Board for their services as such members, but they shall be allowed their necessary expenses incurred in the discharge of their duties under this title. The certificate of the chairman of the Board shall be

this title. The certificate of the chairman of the Board shall be sufficient evidence that the expenses are properly allowable.

(c) The Board is hereby authorized to accept and receive gifts and bequests of personal property and to hold and administer the same as trust funds for the benefit of the Franklin D. Roosevelt Library. The moneys or securities composing trust funds given or bequeathed to the Board shall be receipted for by the Secretary of the Treasury, who shall invest, reinvest, and retain investments as the Board may from time to time determine: Provided, however, That the Board is not authorized to engage in any business nor to exercise any voting privilege which may be incidental to securities in such trust funds, nor shall the Secretary of the Treasury make any investments for the account of the Board which could not lawfully be made by a trust company in the District of Columbia, except that he may make any investment directly authorized by the instrument of gift under which the funds to be invested are derived, and may retain any investments accepted by the Board.

(d) The income from any trust funds held by the Board, as and when collected, shall be deposited with the Treasurer of the United States who shall enter it in a special account to the credit of the

when collected, shall be deposited with the Treasurer of the United States who shall enter it in a special account to the credit of the Franklin D. Roosevelt Library and subject to disbursement by the Archivist, except where otherwise restricted by the instrument of gift, in the purchase of equipment for the Franklin D. Roosevelt Library; in the preparation and publication of guides, inventories, calendars, and textual reproduction of material in the said Library; and in the purchase, under section 203 of this title, of historical material for the said Library. The Treasurer of the United States is hereby authorized to honor the requisitions of the Archivist made in such manner and in accordance with such regulations as the Treasurer may from time to time prescribe. The Archivist may make sales of any publications authorized by this section at a price which will cover their cost and 10 percent added, and all moneys received from such sales shall be paid into, administered, and expended as a part of the special account herein provided for and expended as a part of the special account herein provided for.

(e) Unless otherwise restricted by the instrument of gift, the

(e) Unless otherwise restricted by the instrument of gift, the Board, by resolution duly adopted, may authorize the Archivist to use the principal of any gift or bequest made to it for any of the purposes mentioned in subsection (d) hereof.

(f) The Board shall have all the usual powers of a trustee in respect to all funds administered by it, but the members of the Board shall not be personally liable, except for misfeasance. In the administration of such trust funds the actions of the Board, including any payments made or authorized to be made by it from such funds, shall not be subject to review or attack except in an action brought in the United States District Court for the District of Columbia, which is hereby given jurisdiction of such suits, for the purpose of enforcing the provision of any trust accepted by the Board.

SEC. 206. The Director of the National Park Service shall be re-

SEC. 206. The Director of the National Park Service shall be responsible for the care, maintenance, and protection of the buildings and grounds of the Franklin D. Roosevelt Library in the same manner and to the same extent as he is responsible for The National Archives Building in the District of Columbia. Except as provided in the preceding sentence, the immediate custody and control of the Franklin D. Roosevelt Library, and such other buildings, grounds, and equipment as may from time to time become a part thereof, and their contents shall be vested in the Archivist of the United States, and he is authorized to appoint and prescribe the duties of such officers and employees, including clerical assistance for the Board, as may be necessary for the execution of the functions vested in him by this title.

SEC. 207. The Archivist shall prescribe regulations governing the arrangement, custody, protection, and use of the historical material 206. The Director of the National Park Service shall be re

arrangement, custody, protection, and use of the historical material acquired under this title; and, subject to such regulations, such material shall be available to the public free of charge: Provided, That the Archivist is authorized to charge and collect, under regulations prescribed by him, a fee not in excess of 25 cents per person for the providers of sufficience of sufficience of the providers of sufficience of suff lations prescribed by him, a fee not in excess of 25 cents per person for the privilege of visiting and viewing the exhibit rooms or museum portion of the said Library; and any funds so derived shall be paid by the Archivist into the special account provided for in subsection (d) of section 205 of this title, to be held, administered, and expended under the provisions of that subsection.

SEC. 208. The Archivist shall make to the Congress, at the beginning of each regular session, a report for the preceding fiscal year as to the Franklin D. Roosevelt Library. Such report shall include a detailed statement of all accessions, all dispositions of historical material, and all receipts and expenditures on account of the said

material, and all receipts and expenditures on account of the said Library.

Sec. 209. The costs incurred by the Archivist in carrying out the duties placed upon him by this title, including the expenses of the members of the Board and the costs of the Board's necessary clerical assistance, shall be paid out of the appropriations for The National Archives Establishment as other costs and expenses of The National Archives Establishment are paid; and such sums as may be necessary for such purposes are hereby authorized to be appropriated.

TITLE III-FRANKLIN D. ROOSEVELT RESIDENCE

Sec. 301. The head of any executive department, pursuant to agreement between him and the donor, may accept for and in the name of the United States from the donor, or from such person or persons as shall be empowered to act for the donor, title to any part

or parts of the said Hyde Park estate of the donor and his family which shall be donated to the United States for use in connection with any designated function of the Government administered in such department. The title to any such property may be accepted under this section notwithstanding that it may be subject to the life estate of the donor or of any other person or persons now living: Provided, That during the continuance of any life estate reserved therein no expense to the United States in connection with the ordinary maintenance of the property so acquired shall be incurred: Provided further, That the acceptance hereunder by the United States of the title to property in which any life estate is reserved shall not during the existence of such life estate exempt the property, except to the extent provided in section 304 of this title, from shall not during the existence of such the estate exempt the property, except to the extent provided in section 304 of this title, from taxation by the town of Hyde Park, Dutchess County, or the State of New York as other real property in the said town, county, or State is taxed under the applicable laws relating to taxation of

State is taxed under the applicable laws relating to taxation or real property.

SEC. 302. Upon the expiration of all life estates reserved in any property acquired under this title for use in connection with a designated function of the Government, or, if no life estate is reserved, immediately upon the acceptance of title thereto, the head of the department administering the said function shall assume jurisdiction and control over the property so acquired and administer it for the purpose designated, subject to the applicable provisions of law.

SEC. 303. Notwithstanding any other provisions of law, the head

SEC. 303. Notwithstanding any other provisions of law, the head of any department exercising jurisdiction and control over any property acquired under this title shall be authorized to charge and property acquired under this title shall be authorized to charge and collect, under regulations prescribed by him, a fee not in excess of 25 cents per person for the privilege of visiting and viewing the said property, and any funds thus derived shall be deposited in the Treasury of the United States to the credit of a special fund, and shall be available, when appropriated by the Congress, for expenditure in the upkeep, maintenance, protection, and preservation of any property acquired under this title.

SEC. 304. The right is reserved in the Congress to take such action and to make such changes, modifications, alterations, and improvements in connection with and upon any property acquired under

ments in connection with and upon any property acquired under this title, during or after the expiration of any life estate reserved therein, as the Congress shall deem proper and necessary to protect and preserve the same; but neither the improvements so made nor any increase in the value of the property by reason thereof shall be subject to taxation during the existence of any life estate reserved in the property.

in the property.

The SPEAKER. Is a second demanded?

Mr. TREADWAY. Mr. Speaker, I demand a second.

Mr. KELLER. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER. Is there objection? Mr. BOLLES. Mr. Speaker, I object.

The SPEAKER. The Chair appoints as tellers the gentleman from Massachusetts, Mr. TREADWAY, and the gentleman from Illinois, Mr. Keller, to act as tellers.

The House divided; and the tellers reported there wereayes 133 and noes 114.

So a second was ordered.

The SPEAKER. The gentleman from Illinois [Mr. Kel-LER] is recognized for 20 minutes, and the gentleman from Massachusetts [Mr. Treadway] is recognized for 20 minutes.

Mr. KELLER. Mr. Speaker, it is difficult to understand the vote that has just been taken and it would still be more difficult if I believed everyone here had understood what they were voting on.

This is a bill that permits the President of the United States to give 12 acres of ground, more or less, from his estate at Hyde Park, N. Y., which when surveyed shows about 19 acres instead of 12; the donation of a building, to be built by subscription, without expense to the Government; the donation by the President of all of his private papers, gifts of one kind or another, as stipulated in the resolution, without any expense to this country at all.

The maintenance of the library is to be carried on by a very small admission fee. It will not be any expense to the country except for one thing, and I want to make this clear to you. There is one thing that we will have to bear the expense of, and that is the cataloging of between seven and eight million papers and documents. In other words, when we originally formed a plan for and built our Archives, there should have been some provision made at that time to take over the papers of the Presidents of the United States. If that had been done we would have had a better understanding of the size of the building to be built. If that had been done from the beginning of our Government we would not be buying back some of the papers that have become historically exceedingly valuable during the years.

This offer of President Roosevelt to give the people all his official documents, maps, letters, both public and private, is the first instance in which all of the papers of a President of the United States, during his entire incumbency in office, have been offered to the Government as a gift. It ought always to have been so, because if it had been recognized as the duty of the President of the United States to turn over his papers as public property, which they really are, we would have been afforded an invaluable record, one which would have made a complete and entire record of our governmental action from the beginning to the present time. To secure and keep inviolate all documents is the entire idea of having archives at all.

Mr. MAPES. Mr. Speaker, will the gentleman yield?

Mr. KELLER. Yes; I yield. Mr. MAPES. The gentleman expressed some surprise at the vote and said he thought it was based upon lack of information in regard to the legislation. Let me ask the gentleman whether the Committee on the Library held any hearings on this bill so that Members could obtain any information in regard to it.

Mr. KELLER. Oh, yes, we did; and we printed a report,

No. 612.

Mr. MAPES. Were the hearings printed?

Mr. KELLER. Not the hearings, but a report was printed. The hearings are available. We have not deemed it necessary to print the hearings, for the report gives the whole thing and the report is done intelligently and done well.

Mr. MAPES. My understanding was that there were no hearings before the Committee on the Library on this bill.

Mr. KELLER. Yes; hearings were held.

Mr. MAPES. But not printed.

Mr. KELLER. The hearings were not printed.

To continue, let me point out that this land is given as a gift, with a right-of-way down to the railroad and down to the river and is under a management that will never bother the United States at all. This library will be a great source for research, covering a tremendously important historic period, and is a gift that we would be foolish not to accept. If we fail to accept this gift, we shall find ourselves in the hereafter paying large prices for some of these records. Had Mr. Hoover and Mr. Coolidge and Mr. Harding given their papers this way, it would have made an invaluable record for historical research in the hereafter. It is a matter of hope that, following Mr. Roosevelt's lead, in the hereafter all Presidents will see the necessity and duty of following this course of action and contribute their papers to the people of this country.

Mr. SIROVICH. Mr. Speaker, will the gentleman yield?

Mr. KELLER. I yield.

Mr. SIROVICH. Is it not a matter of historical fact that the widows of some of our Presidents in the past, finding themselves impoverished, have sold the Presidential papers to the Government through Congress for thousands of dollars? The President has offered everything at his disposal to the people of the United States.

Mr. KELLER. That is quite true. I may add in this connection that many of the papers of Abraham Lincoln were destroyed outright by men who did not know anything about what they were doing. Their existence today would be invaluable in helping us to understand the problems of his administration.

Mr. SCHAFER of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. KELLER. I will yield for a question.

Mr. SCHAFER of Wisconsin. The gentleman made the statement that it was in the interest of the Nation to have the papers of all the Presidents in The Archives.

Mr. KELLER. Yes.

Mr. SCHAFER of Wisconsin. Then, only the economic royalists would be able to take advantage of those papers, because there would be archives scattered all over the country, some in New York, some in Texas, some in Ohio, some in California. Why not provide for their keeping in The Archives Building in the Nation's Capital? Why not keep them all here?

Mr. KELLER. All right; that is a fair question. One reason they are not placed in The Archives here is because this building was built so small that it is not in a position to take these papers.

We are planning at the present time, as you know, or as many of you know at least, a very greatly extended building just for the storage of papers which the present Archives Building is not sufficient to accommodate.

Mr. MOTT. Mr. Speaker, will the gentleman yield for a

Mr. KELLER. I yield for a question.

Mr. MOTT. If I understood the gentleman correctly, he stated a moment ago that if this bill were passed it would not cost the Government any money?

Mr. KELLER. That is right, outside of the cataloging

of the papers.

Mr. MOTT. I call the gentleman's attention to section 204, on page 4, of the bill and ask him if the provisions of that section bear out his statement.

Mr. KELLER. I am talking by the book. I know what I am saying. To what page did the gentleman refer?

Mr. MOTT. Page 4, section 204. I will read it to the gentleman:

SEC. 204. The faith of the United States is pledged that, upon the construction of the Franklin D. Roosevelt Library and the acquisition from the donor of the collection of historical material in accordance with the terms of this title, the United States will provide such funds as may be necessary for the upkeep of the said library and the administrative expenses and costs of operation thereof, including the preservation and care of historical material acquired under this title, so that the said library shall be at all times properly maintained.

Mr. KELLER. When that question came up, my office called the President's office. The President authorized me to say that a careful estimate had been made of the necessary cost for that and that it would be provided for, as I said before, by a small admission fee at the library itself. Therefore there will be no costs, administrative, operative, or otherwise. There is, however, always the necessity of guarding against unforeseeable contingencies.

Mr. ANDERSON of Missouri. Will the gentleman yield? Who is the father of this bill?

Mr. KELLER. I am, and proud of it.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Speaker, I yield myself 3 minutes. Mr. Speaker, I hesitate to speak on this measure. I realize I will be accused of being partisan and ungracious toward what might be regarded as a worth-while donation from the President of the United States. However, as a member of the Library Committee, I feel compelled to take the floor just briefly.

On April 20 the Senate passed Joint Resolution 118 by unanimous consent, page 4543 of the Congressional Record, No report of the Library Committee was ever made to the Senate. Not a word was spoken on the floor of the Senate about the bill.

The first I knew about it was 2 or 3 weeks ago, when, in a committee meeting, the chairman showed the late Representative Lord and myself some papers and stated it was a report from the Senate on this bill. He asked for its confirmation. We both told him we were opposed to it. He said the committee had already accepted it. My memory may not be long, but it is long enough to remember that there never was any meeting, so far as I know, of the Library Committee to take up this question.

We told him further we were opposed to the measure, and the next thing I knew it was here on the floor last week, having appeared at that time on the Consent Calendar. Those are the circumstances in connection with the reporting of this bill. If it is such a meritorious measure why has it been sealed up in the Library Committee?

Mr. Speaker, may I add one word further? The gentleman stated there was a hearing on the bill and that the hearing file is available. I have asked for it and I have never been able to obtain it, nor have I ever seen it. It is not in print. There is no evidence whatever that the terms of the bill will be carried out. For instance, the gentleman

from Illinois was asked a moment ago, in reference to the upkeep of the building. He says we could get all the information in the report. Let me call attention to section 4 of the report, page 2, whereby the United States agrees to pay in the future such funds as may be necessary for the upkeep of said library. Yet he says there will be no expense because there will be an admission charge to go into a building 5 miles up the Hudson River from Poughkeepsie. This is certainly not a proper or suitable place to establish a branch Archives Building.

We have an Archives Building in this city that cost the Government \$12,000,000. If the President of the United States or any other noted citizen wants to make a contribution to the archives, why should not those documents be put either in the Congressional Library or in the United States Archives Building which was built for that purpose? [Applause,]

[Here the gavel fell.]

Mr. TREADWAY. Mr. Speaker, I yield myself 1 additional minute.

Mr. SHORT. Will the gentleman yield for two brief questions?

Mr. TREADWAY. Very briefly.

Mr. SHORT. On page 2, section 202, the Archivist is authorized to construct a building or buildings. The number of buildings to be constructed is not stated to the Members of the House, nor is there any estimate given as to what the total cost will be.

Mr. TREADWAY. There is not only no estimate of the total cost, there is no recognition of where we are going to get the money. There is no recognition of what it is going to cost to keep up the building when it is completed and built on an isolated road that very shortly will be almost abandoned. The Albany Post Road will be out of the picture shortly except for trucks and local traffic.

Mr. SHORT. That alone is sufficient reason for defeating this measure. I want also to call the attention of the membership of the House to section 304, on page 10, at the conclusion of the bill, where it is stated:

The right is reserved in the Congress to take such action and to The right is reserved in the Congress to take such action and to make such changes, modifications, alterations, and improvements in connection with and upon any property acquired under this title, during or after the expiration of any life estate reserved therein, as the Congress shall deem proper and necessary to protect and preserve the same; but neither the improvements so made nor any increase in the value of the property by reason thereof shall be subject to tayetion during the avistence of sam life estate reserved. subject to taxation during the existence of any life estate reserved in the property.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Speaker, I yield myself 1 additional minute, but I would like to use part of it.

Mr. SHORT. Briefly stated, section 304 provides that the donor shall give this library or part of the estate to the United States Government, providing the United States Government gives back to the donor a life estate in it, and he is not to be taxed upon any improvements that are made. In other words, the United States Government will have to pay the taxes and pay for the upkeep of this library as long as there is any

Mr. TREADWAY. Mr. Speaker, this whole proposition is contrary to the established policy of this country relating to Federal monuments to living men. I hope that precedent will be continued.

Mr. SCHAFER of Wisconsin. Will the gentleman yield?

Mr. TREADWAY. I yield to the gentleman from Wis-

Mr. SCHAFER of Wisconsin. Will not the Roosevelt national debt be a perpetual and everlasting monument to our New Deal President?

Mr. TREADWAY. That monument will certainly be a sufficient burden to unborn generations.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. Fish].

Mr. FISH. Mr. Speaker, I am inclined to the belief that my constituents would be in favor of this proposed Franklin D. Roosevelt Library in my congressional district to be donated

by private subscriptions and maintained by the Government. I want to go on record, however, as opposed to the proposition, not on partisan grounds but because I believe it would be a very serious matter for the Congress of the United States to place its stamp of approval upon this legislation and set up a precedent under which in the future all the papers of the various Presidents would be scattered around the country. It is almost the unwritten law, it has become the tradition of our country, that the public documents, the letters and private and public papers of the Chief Executives of the Nation, whether the Presidents be Republicans or Democrats, shall be housed in the Congressional Library. Practically all these papers from the very beginning of our country, from Washington's administration down, are now housed in the Congressional Library, with very few exceptions, including the two Adamses and Hayes. In no case has the Congress of the United States by its consent or its approval offered any encouragement or certified that these papers which historically belong to the people and ought to be in the Congressional Library should be scattered around the country, whether it be in my congressional district, where I would like to see a public building as a gift, or in someone else's congressional district.

The students and the historians who go to the source material have a right to be able to reach this source material as they have in the past in the Library of Congress in order to write American history, and not be forced to wander around through the different congressional districts of the United States.

I say to you this is not a partisan matter; it is an American issue. It is a question of principle and upholding and maintaining the traditions of our country. If we by this bill encourage any change in this tradition, we are rendering a disservice to our country and to the future historians of our Nation.

Mr. THOMAS F. FORD. Mr. Speaker, will the gentleman vield?

Mr. FISH. I yield to the gentleman from California.

Mr. THOMAS F. FORD. Does the gentleman know that the Huntington Library in Los Angeles is visited by scholars from all over the world, and that this proposed library would probably also be a Mecca for scholars?

Mr. FISH. The Huntington Library, which I have visited, is a very large and fine library, but there are no Presidential papers there of consequence. I have just stated to the House, and I state again, that this is not a partisan matter, because I believe you Democrats are just as good Americans as the Republicans. [Applause.] This is an American issue. If you are going to vote on partisanship alone and say you do not care, that you are Democrats and that is all there is to it, and that Franklin Roosevelt is a Democratic President, then you are helping to create an unfortunate precedent by approving this exception to the practice of virtually every American President down to this day.

Mr. SIROVICH. Mr. Speaker, will the gentleman yield? Mr. FISH. I yield to the gentleman from New York.

Mr. SIROVICH. Does the gentleman consider it a partisan act on the part of the Democratic side of the House when we voted to accept the Mellon Art Gallery and gave our consent unanimously?

Mr. FISH. I am glad the gentleman asked that question. Mr. Mellon put up all the money. Those objects of art and paintings do not belong and never did belong to the Government. They have nothing to do with the Government, and came as a gift from Mr. Mellon, a patron and benefactor of art, to the American people and were accepted by Congress.

Mr. SIROVICH. Who maintains them?

Mr. FISH. We were very glad to get them, but they have nothing to do with the executive branch of the Government.

Mr. SIROVICH. Who maintains them?

Mr. FISH. We were very glad to have them right here in Washington, and I assume the Congress will appropriate sufficient funds to maintain them.

Mr. SIROVICH. Who owns the land?

Mr. SHORT. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield to the gentleman from Missouri.

Mr. SHORT. Furthermore, the National Gallery of Art does not bear Mr. Mellon's name nor is it located upon his own estate that shall not be subject to taxation as long as any of his kith or kin maintain a life interest in it.

Mr. SIROVICH. But the Government of the United States gave the land and maintains the gallery, spending \$100,000

every year to maintain it.

Mr. FISH. The gift of famous paintings by Mr. Mellon was purely a personal matter. The papers of President Roosevelt rightly belong in the Congressional Library with the papers of other Presidents and open to the public free of charge. I hope this will not be a partisan issue. [Applause.]

[Here the gavel fell.]

Mr. TREADWAY. Mr. Speaker, I yield 2 minutes to the gentleman from Wisconsin [Mr. Bolles].

Mr. BOLLES. Mr. Speaker, I am not in favor of erecting an apotheosis to a living man, whether it be on the Hudson River or on the Potomac. We built here in the city of Washington a great hall of archives. Over the long years since I came to Washington as a newspaperman we have been discussing from time to time the preservation of these archives, these things that came down to us and became a part of the patriotic history of the United States. If there is any location in the world where these papers ought to be collected, not in museums nor in private institutions erected to the memory of a living President or anyone else, it is here in this Capital of the United States, to which from time to time all the people of this country come. [Applause.] This is the center and the attraction.

I said long years ago when I was a member of the McKinley National Memorial Association that the erection of a great monument to McKinley in the city of Canton, Ohio, was an error; that it should be erected in the Capital of the United States, where he served, and from which he went forth to die by the hand of an assassin. I say to you that a monument here would have been better. There is no place for these archives, no place for these great papers, however great they may be-I do not discuss that-except in the city of Washington, D. C., where they can be preserved forever. All our famous documents-the Declaration of Independence, the Constitution of the United States, all those things we hold most dear-are over here in the Congressional Library, and they should remain here. [Applause.]

We have an old tradition in these United States that memorials and shrines erected as pilgrimage places shall not come until the historical character has passed from the living scene. While this hall of archives or historical place on the bank of the Hudson may be indicated as a place for the preservation of the documents of the executive department and personally by the President over the period of the term of his service, it in reality will be taken by the public as a monument to him during his life. I object to that, Mr. Speaker, not because the President is who he is, but because of this tradition. We do not even engrave the faces of living people on postage stamps. We have here in Washington a place for these documents and all of the great documents of the Presidents of the United States with the exception of a very few-the Adamses and President Hayes. They are preserved here among us. The papers of President Hayes were given to a small library and museum erected by himself, in his hometown, at his own expense and provided by the expense of his family for preservation, and he did not call upon nor have his heirs ask the Congress of the United States to make any appropriation, no matter how small, for its preservation.

I am impressed with the desire of the President that these documents of his, which in many ways are his personal property, may be kept intact, and it also can be done. If he so desires to do this, let him as a memorial both to himself and for the information of posterity erect this building, fit it out and present it to the United States.

Even then, Mr. Speaker, I believe the proper place for such documents over so peculiarly interesting a period of our history, should be kept in the Congressional Library or the Hall of Archives. I am willing to vote for that amount of an appropriation which would preserve these documents here in Washington but not to give them sepulture on the banks of the Hudson.

Mr. TREADWAY. Mr. Speaker, I yield 4 minutes to the gentleman from Michigan [Mr. Wolcott.]

Mr. WOLCOTT. Mr. Speaker, this bill was on the Consent Calendar, and we made its consideration, under suspension of the rules, possible because we are seriously opposed to the bill. I am seriously opposed to the bill for several reasons, and I hope no one will charge me with opposing it on partisanship grounds.

I think, undoubtedly, there are in Mr. Roosevelt's files a great many very important state papers which might be valuable to posterity. I think those papers should be put with the other great state papers of all the other Presidents of the United States here in the Library of Congress and in The Archives Building.

Mr. MOTT. Mr. Speaker, will the gentleman yield?

Mr. WOLCOTT. If the gentleman will pardon me, I would like to follow through with this statement, and then, if I have time, I will be pleased to yield.

There is no estimate of the cost of maintenance. The Archivist is authorized to appoint clerks, officers, and employees. Surely, the place must be policed and there must be janitors and there will be other expense.

Perhaps the question which transcends all others in this bill is that there are certain provisions which are objectionable because they are unconstitutional. Payments will be made by the Treasury out of a fund created by the charging of admissions. Under this bill the same unconstitutional provision is found as was called to the attention of the House within the last week in connection with another most important bill in which a special fund was created and by which we sought to authorize the Treasury of the United States to make payments without specific appropriations by Congress. The Constitution specifically provides that no money shall be drawn from the Treasury except as a consequence of appropriations made by law, and the provision in this bill which would seek to establish a separate fund where these collections should be placed and authorize the Secretary of the Treasury to recognize requisitions by the Archivist or whatever authority is set up here to administer this, is clearly not within the Constitution.

This is supposed to be, or the inference is held out that this is, a branch of The Archives here in Washington. Let me call attention to the fact that no admission is charged to The Archives Building; nothing is charged for admission to the Congressional Library, where, surely, state papers of equal importance are housed; no fee is paid to see the great papers that have been called to your attention here, such as the Constitution of the United States and the Declaration of Independence. One of the most interesting exhibits in the Congressional Library is the genesis of the Declaration of Independence itself in the handwriting of Thomas Jefferson. We do not have to pay anything to go over to the Library or down to The Archives and see those great documents in the handwriting of those great men. Now, why should we have to charge 25 cents, after paying transportation to Hyde Park, to see the papers which have come into existence during the last few years.

This is not in keeping with our policy, and it is not constitutional. It is establishing a precedent which is going to harass us very much in the future. [Applause.]

[Here the gavel fell.]

Mr. KELLER. Mr. Speaker, I yield 3 minutes to the gentleman from California [Mr. VOORHIS].

Mr. VOORHIS of California. Mr. Speaker, I am sure I would be the last person in the House to object to opposition on the part of the people on the other side of the aisle to a measure that had substance to it with which they did not agree; but it seems to me that opposition to this measure is carrying the matter of opposing the President of the United States to a rather ridiculous extreme.

Here is a case where it is proposed that his privately collected papers, collected at great personal expense over a long period of time, shall be made available to the people of the United States. Here is a proposition where there is to be created a place where these papers can all be available for all time to come, and I find it very difficult to understand why partisan politics should be carried to such an extreme as to oppose this. It seems to me, on the contrary, that there are times when such partisan matters should be overlooked and when the House, in the consideration of a generous gesture, ought itself to act generously in connection with it.

Mr. MOTT. Mr. Speaker, will the gentleman yield?

Mr. VOORHIS of California. I yield.

Mr. MOTT. Does the gentleman see anything partisan in the contention that great state papers of this kind ought to be housed in the Congressional Library or in The Archives Building, instead of on the Hyde Park estate? What does the gentleman see partisan about that?

Mr. VOORHIS of California. It seems to me the proposition that is before us is a very good proposition, that these papers are of a sort that go together very well, that they are along certain particular lines, and that one has to rather look for a chance to be against it. That is all I mean.

Mr. MOTT. Why not move the Jefferson Library now housed in the Congressional Library down to Monticello?

Mr. VOORHIS of California. I do not know that I would object to that; that may be a good idea. All I am saying is, it appears to me that this is a generous act on the part of the President of the United States and it seems to me it should be received in like fashion by the House.

Mr. HOFFMAN. Mr. Speaker, will the gentleman yield

for just one question?

Mr. VOORHIS of California. All right.

Mr. HOFFMAN. We are all aware of the fact that there will be hundreds of thousands of school children that will never get to Hyde Park or any other outlying place, and does not the gentleman think that it would be better to have these papers down here for those children to see?

Mr. VOORHIS of California. No; I am not at all sure it would be better. In any case when a man is making an outright gift I believe he should have something to say about where it is to be placed. [Applause.]

[Here the gavel fell.]

Mr. KELLER. Mr. Speaker, I yield 1 minute to the gentleman from Arizona [Mr. MURDOCK].

Mr. MURDOCK of Arizona. Mr. Speaker, as a student of history, I have observed that certain keymen in the several critical periods of our history have exerted a great influence, which influence has not been discovered for 50 or 100 years afterward. George Washington was such a man, Abraham Lincoln was such a man, and Franklin D. Roosevelt is such a man. I am convinced that many years from now the students of American history will turn back to see what influences were at work. I wish to accept the President's offer of his estate and his private papers for the Nation during these years. I propose now by my vote to lay all cards on the table so that we may be able to see what forces were at work in this very critical period of the Nation's history.

Students of history have often remarked on the difficulty of assessing properly the part played by a great man in the history of his country and of the world while he yet lives. Historians cannot write adequately of their own times. Thucydides is perhaps the only famous historian who could write without bias and with proper appreciation of the momentous period through which he lived. The reason that no person can analyze and understand his own times is because of his lack of perspective. To attempt to do so is like trying to read a huge billboard by walking close to it and under it. For that reason no man's niche in history can be properly marked until years after his death.

Although we must wait, it seems, until after a man has been dead 50 or a hundred years to assess him properly and his influence upon the development of his country, the work of the historian is usually difficult at so late a date because of lack of material, personal facts, and documentary evidence which meanwhile have become scattered and much of it lost. How difficult it has been for a loving country to round up the precious belongings of George Washington

after his estate and personal belongings had passed to other hands. How very valuable the personal papers of James Madison, properly known as the Father of the Constitution, became to his countrymen after his death, and how very fortunate it was that it was possible to acquire from his widow the notes on the great convention of 1787. These were of incalculable value and, if scattered or destroyed, could never have been duplicated. The world would have been the loser.

I was told a story recently by a descendant of a friend of Abraham Lincoln that a small boy, with an admirable motive to help his mother in straightened circumstances, clipped the name of Abraham Lincoln from 13 of Lincoln's original letters and sold the signatures for 10 cents each, thus providing his mother, as he supposed, a vitally needed sum of \$1.30. Of course, the child did not know what he was really doing. Therefore, I favor this bill, not mildly, but with intense enthusiasm, that we may accept as a gift for the Nation important papers and materials of Franklin D. Rocsevelt which later historians will undoubtedly find of inestimable value.

Why do I think this is likely to be the case? It is because I believe that today is one of the critical periods of American history. This truly is one of those "times that try men's souls." America has had numerous such critical times. The brief period that marked the birth of American independence was such a time. The half dozen years during which the Constitution was in the making was such a critical period. Those years of which Harriet Beecher Stowe sang in The Battle Hymn of the Republic was such a time. Likewise the period beginning on March 4, 1933, is such a time.

The doctrines of American liberty and equality have been of slow growth. Thomas Jefferson drew the blue prints for them in the Declaration of Independence. Washington, Madison, and Hamilton helped to materialize them in the Constitution of the United States. Jefferson, later as President, helped to bring about political democracy, based on liberty and equality, with the turn of the century 14 decades ago. Andrew Jackson elevated the common man and contributed his part toward social democracy about a century ago; Abraham Lincoln wrested power from a landed aristocracy and brought freedom to the enslaved in the name of a broader liberty and equality. Unless I am greatly mistaken, Franklin D. Roosevelt will, in the proper lapse of time, take his place along with these immortals as a great exponent of industrial democracy looking toward a new phase of liberty and equality.

No wonder Franklin D. Roosevelt fondly harks back to Andrew Jackson. The battle which these two men have fought is the same, differing only slightly in phases. Andrew Jackson was the champion of the common man, and Franklin D. Roosevelt is today the champion of the common man. Just as Andrew Jackson sought to bring about political and social equality, so does this Roosevelt, pushing beyond the other Roosevelt, seek now to bring about social and political equality, adding to it industrial, economic equality. We are too close to this beginning trend to understand it fully.

The present occupant of the White House is as great a humanitarian as was Lincoln, with this difference: 'That Roosevelt's sympathies extend to all the underprivileged or the oppressed and are not centered or emphasized by race or color. On the whole, America had a glorious half century of history prior to March 1933, characterized by an era of business. There is much in that half century of which we may justly be proud. However, many of the rights of man were lightly held and scarcely considered by the economic overlords who controlled our Government, dictated our laws, and operated our economic system. With the beginning of the New Deal, a new era was struggling to be born. No one can yet see what is being born, but of this we may be sure: America will never be the same again as before 1929.

Whatever the future holds for our country, Franklin D. Roosevelt will loom larger and larger with every passing year as a shaper of that destiny which is to be ours. Surely we will want to know everything that man thought and wrote and said, and for that reason we must preserve every bit of

his history-making life. This is my reason for casting a vote for this bill.

The SPEAKER. The time of the gentleman from Arizona has expired.

Mr. TREADWAY. Mr. Speaker, I yield the remainder of my time to the gentleman from Massachusetts [Mr. Luce].

Mr. LUCE. Mr. Speaker, for 16 years I had the honor of being a member of the Committee on the Library. In all that time I do not recall a partisan question being raised. Surely the gentleman from California [Mr. Voorhis] cannot point his finger to me as taking the floor in this matter by reason of any partisan influence or for any partisan purpose. In the course of time that I was chairman of the Committee on the Library, I was saved from what threatened to be a most embarrassing situation, brought about by the proposal to erect a memorial to Theodore Roosevelt at the south end of the axis of which the White House is at the north, near the site now to be occupied by the Jefferson Memorial. Mrs. Theodore Roosevelt, Theodore Roosevelt at that time being dead, disapproved the proposal upon the ground that not enough time had elapsed since the death of her husband for a proper estimate to be made of the place he was to occupy in history. Mark you, I was a Republican, confronted by the proposal to honor a man who in his day was as equally beloved and equally disliked as the present President of the United States. Had I been compelled to face that situation, if I kept up with the tradition of the committee, it would have been necessary for me to vote against that proposal, as it seems to me that Democrats today, regardless of the fact that they are Democrats, might well vote against this proposal. There is no partisanship in the idea that the papers of Presidents of the Nation should be kept in their proper surroundings, that they should be housed in the Library of Congress, the great building to which we have recently added one still more spacious, with room enough for the books and papers, with opportunity for their proper handling and exhibition. Mind you, that Library began because Thomas Jefferson gave his library to the Nation. He might well have had in mind the fact that these documents are chiefly of interest and importance to students of history. They should be made readily accessible to students of history.

Mr. HOOK. Mr. Speaker, will the gentleman yield?

Mr. LUCE. I have only a few minutes. I regret I cannot yield. To place them in a remote spot, difficult of access, not frequently visited by the public, would prove a great inconvenience for students and an injury to the value of the collection itself. It would be in every way a bad precedent to establish while the man in whose honor it is created is living, and it would be unfortunate to establish it where it cannot be of use to students and where it would in the course of the years be almost forgotten. [Applause.]

The SPEAKER. The time of the gentleman from Massachusetts has expired.

Mr. KELLER. Mr. Speaker, I yield the remainder of my time to the gentleman from Texas [Mr. RAYBURN]. [Applause.]

Mr. RAYBURN. Mr. Speaker, after that generous reception from those on my left, I regret very much to be compelled to say some things that I feel ought to be said. I must refer particularly to my good friend from Massachusetts [Mr. Luce] and my very good friend from Massachusetts [Mr. TREADWAY], longer in friendship than Mr. Luce, because we came into the House together. I am sorry they said there is no partisanship in this. One gentleman on the Republican side said something about selling memoirs. I was a Member of the House when Mr. Coolidge sold his writings at a dollar a word and I was powerful glad he could. I read them with a great deal of interest. I was a Member of Congress during the Harding administration when charges and countercharges were flying all around the Capitol and throughout the Nation, but during none of that time did I ever utter a word that would reflect upon the personal character of the President of the United States or upon the personal character of a man who had been President of the United States. The gentleman from Massachusetts [Mr. Luce] endeavored to compare this proposal with

the proposal to which he referred in connection with Theodore Roosevelt. That was to build a memorial in the city of Washington to Theodore Roosevelt. This is to accept a donation of land at Hyde Park and the whole estate, as I understand it, is to pass to this foundation and all of the buildings erected there will be erected not by Federal funds but by contributions of the people who like Mr. Roosevelt.

These are not public papers. They are the private property of Franklin D. Roosevelt, as papers of this sort have been the private property of every President of the United States. He could sell them, of course, for a fancy sum. They would be scattered to the four winds and no student who visited any one part of the United States would ever have an opportunity to see them.

The gentleman from Massachusetts [Mr. TREADWAY] said the Senate unanimously passed this bill. Nobody expected, when this proposal was made, that it would not pass the House of Representatives unanimously either. [Applause.]

I am sorry. I like you gentlemen. Many of you are friends of a quarter of a century. I really think, my friend from Massachusetts [Mr. TREADWAY], that this is a sorry spectacle; that is, in my opinion. If this offer had been made by Mr. Harding, Mr. Coolidge, or Mr. Hoover, no one would have heard my voice raised. I would have accepted it. They are being offered by a man generous enough to place them at the disposal of the American people, when he could have sold them for thousands upon thousands of dollars, let me repeat. Just because he happens to be Franklin D. Roosevelt that some of you do not like, especially his own Congressman from his own district, I do not believe if I were you gentlemen I would follow them off. I would act, as a Republican, like I would have acted had this been presented during a Republican administration. I would accept this generous offer. I would not let my partisanship go so far in a matter like this.

Franklin D. Roosevelt will be perpetuated in name whether these buildings are erected or not. It matters not whether you love his policies or hate them; it matters not whether you love Mr. Roosevelt or hate him; I dislike very much to hear this roll call and see you gentlemen on that side of the aisle do the thing that I fear you are going to do. It just does not come up quite to what I felt I could expect of you. I hope you do not do it. There is time enough left when the roll is called or when it is not, for you to do what I believe and what I especially hope you will do on this occasion. [Applause and laughter.]

[Here the gavel fell.]

The SPEAKER. The question is, Shall the rules be suspended and the resolution passed.

The question was taken; and on a division there were ayes 161 and noes 131.

Mr. KELLER. Mr. Speaker, I ask for the yeas and nays. The yeas and nays were ordered.

The question was taken; and there were-yeas 229, nays 139, not voting 62, as follows:

[Roll No. 88] YEAS-229

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Allen, La. Allen, Pa. Anderson, Mo. Arnoid Ashbrook Barden Barnes Bates, Ky. Beam Beckworth	Byrns, Tenn. Byron Caldwell Cannon, Fla. Cannon, Mo. Cartwright Casey, Mass. Celler Chandler Chapman	Crosser Crowe Cullen D'Alesandro Delaney Dempsey DeRouen Dickstein Dingell Disney	Fries Fulmer Garrett Gathings Gehrmann Gibbs Gore Gossett Grant, Ala. Green
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Hunter	McGranery	Pearson	Somers, N. Y.
Izac	McKeough	Peterson, Fla.	South
Jacobsen	McLaughlin	Peterson, Ga.	Sparkman
Jarman	McMillan, John L.		Spence
Johnson, Luther A	.Magnuson	Pierce, Oreg.	Starnes, Ala.
Johnson, Lyndon		Poage	Steagall
Johnson, Okla.	Maloney	Polk	Sutphin
Johnson, W. Va.	Marcantonio	Ramspeck	Sweeney
Jones, Tex.	Martin, Colo.	Randolph	Tarver
Kee	Martin Ill.	Rankin	Tenerowicz
Keller	Massingale	Rayburn	Terry
Kennedy, Martin	May	Richards	Thomas, Tex.
Kennedy, Md.	Merritt	Robertson	Thomason
Kennedy, Michael	Miller	Robinson, Utah	Tolan
Keogh	Mills, Ark.	Rogers, Mass.	Vincent, Ky.
Kerr	Mills, La.	Rogers, Okla.	Vinson, Ga.
Kilday	Monroney	Ryan	Voorhis, Calif.
Kirwan	Moser	Sacks	Wallgren
Kitchens	Mouton	Sasscer	Walter
Kocialkowski	Murdock, Ariz.	Satterfield	Warren
Kramer	Murdock, Utah	Schaefer, Ill.	Weaver
Kunkel	Nichols	Schuetz	Welch
Lanham	Norrell	Schulte	West
Larrabee	Norton	Scrugham	Whelchel
Lea	O'Connor	Secrest	White, Idaho
Leavy	O'Day	Shanley	Whittington
Lemke	O'Leary	Shannon	Williams, Mo.
Lesinski	O'Neal	Sheppard	Wolverton, N. J.
Lewis, Colo.	Owen	Sirovich	Woodrum, Va.
Ludlow	Pace	Smith, Conn.	Zimmerman
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Alexander	Eaton, N. J.	Johnson, Ind.	Sandager
Allen, Ill.	Elston	Jones, Ohio	Schafer, Wis.
Andersen, H. Carl	Engel	Kean	Schiffler
Anderson, Calif.	Englebright	Keefe	Seccombe
Andresen, A. H.	Fenton	Kinzer	Shafer, Mich.
Andrews	Fish	Lambertson	Short
Angell	Ford, Leland M.	Landis	Simpson
Arends	Gamble	LeCompte	Smith, Maine
Austin	Gartner	Lewis, Ohio	Smith, Ohio
Ball	Gerlach	Luce	Springer
Bates, Mass.	Gilchrist	McDowell	Stefan
Bender	Gillie	McLeod	Sumner, Ill.
Blackney	Graham	Maas	Taber
Bolles	Grant, Ind.	Mapes	Talle
Bradley, Mich.	Griswold	Martin, Iowa	Taylor, Tenn.
Brewster	Gross	Mason	Thill
Carlson	Guyer, Kans.	Michener	Thomas, N. J.
Carter	Gwynne	Monkiewicz	Thorkelson
Chiperfield	Halleck	Mott	Tibbott
Church	Hancock	Mundt	Tinkham
Clason	Harness	Murray	Treadway
Clevenger	Harter, N. Y.	O'Brien	Van Zandt
Cluett	Hawks	Oliver	Vorys, Ohio
Cole, N. Y.	Heinke	Pittenger	Vreeland
Corbett	Hess	Plumley	Wadsworth
Crawford	Hinshaw	Powers	Wheat
Crowther	Hoffman	Reed, Ill.	White, Ohio
Culkin	Holmes	Reed, N. Y.	Wigglesworth
Curtis	Hope	Rees, Kans.	Williams, Del.
Darrow	Horton	Risk	Winter
Dirksen	Jarrett	Robsion, Ky.	Wolcott
Dondero	Jenkins, Ohio	Rockefeller	Wolfenden, Pa.
Dowell	Jensen	Rodgers, Pa.	Woodruff, Mich.
Dworshak	Johns	Routzohn	Youngdahl

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Knutson McArdle McLean McMillan, Thos. S McReynolds Maclejewski Mansfield Marshall Martin, Mass. Mitchell Myers Nelson Osmers O'Toole Patman	Rabaut Recce, Tenn. Rich Schomjue Sabath Schwert Seger Smith, III. Smith, Wash. Stearns, N. H. Sullivan Sumners, Tex. Taylor, Colo. Wood
	Knutson McArdle McLean McMillan, Thos. S McReynolds Maclejewski Mansfield Marshall Martin, Mass. Mitchell Myers Nelson Osmers O'Toole

Rutherford

Johnson, Ill.

So, two-thirds not having voted in favor thereof, the motion to suspend the rules and pass the bill was rejected.

The Clerk announced the following additional pairs: On this vote:

Mr. Darden and Mr. Sullivan (for) with Mr. Ditter (against). Mr. Nelson and Mr. Romjue (for) with Mr. Knutson (against). Mr. Gavagan and Mr. Boland (for) with Mr. Marshall (against). Mr. Sabath and Mr. Barry (for) with Mr. Gifford (against).

Until further notice:

Eaton, Calif.

- Mr. Thomas S. McMillan with Mr. Martin of Massachusetts. Mr. Kleberg with Mr. Douglas. Mr. Rabaut with Mr. Bolton, Mr. Burch with Mr. Seger.

- Mr. Mansfield with Mr. Recce of Tennessee.
 Mr. Hennings with Mr. McLean.
 Mr. Cummings with Mr. Case of South Dakota.
 Mr. Smith of Illinois with Mr. Osmers.
 Mr. Geyer of California with Mr. Jenks of New Hampshire.
 Mr. Fitzpatrick with Mr. Pierce of New York.
 Mr. Sumners of Texas with Mr. Brown of Ohio.
 Mr. Boren with Mr. Berries.
 Mr. Evans with Mr. Barton.
 Mr. Kelly with Mr. Gearhart.
 Mr. Schwert with Mr. Hartley.
 Mr. McArdle with Mr. Stearns of New Hampshire.
 Mr. Patman with Mr. Rich.
 Mr. McReynolds with Mr. Faddis.
 Mr. Buckley of New York with Mr. Mitchell.
 Mr. Myers with Mr. Fay.
 Mr. Maclejewski with Mr. Folger.
 Mr. Wood with Mr. Taylor of Colorado.

TENNESSEE ELECTRIC POWER CO.

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill H. R. 5748, with Senate amendments, and agree to the Senate amendments.

Mr. EDMISTON. Reserving the right to object, Mr. Speaker, is this the T. V. A. bill?

Mr. DOUGHTON. Yes.

Mr. EDMISTON. Mr. Speaker, I object.

EXTENSION OF REMARKS

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on two different subjects and to include in one extension two letters regarding the work of the National Youth Administration, and in the other a very brief editorial from a California newspaper about the work of the W. P. A.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

AMENDMENT OF SOCIAL SECURITY ACT

Mr. CLARK, from the Committee on Rules, submitted the following resolution (Rept. No. 747), which was referred to the House Calendar and ordered printed.

House Resolution 214

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 6635, a bill to amend the Social Security Act, and for other purposes, and all points of order against said bill are hereby waived. That after general debate which shall be confined to the bill and continue not to exceed 8 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recompassage without intervening motion except one motion to recommit, with or without instructions.

AMENDMENT OF RAILROAD UNEMPLOYMENT INSURANCE ACT

The SPEAKER. The Chair recognizes the gentleman from Ohio [Mr. CROSSER].

Mr. CROSSER. Mr. Speaker, I move to suspend the rules and pass the bill (H. R. 5474) to amend the Railroad Unemployment Insurance Act, approved June 25, 1938, with committee amendments.

Mr. MAY. Mr. Speaker, will the gentleman yield to permit me to submit a unanimous-consent request?

The SPEAKER. The Chair is advised that this bill will not be contested.

Mr. MAPES. Mr. Speaker, so far as I know there is no objection on the part of the minority members of the Committee on Interstate and Foreign Commerce to this bill and I think it could be brought up by unanimous consent.

The SPEAKER. The Chair thinks that would be a more expeditious way to dispose of the bill.

Mr. SCHAFER of Wisconsin. Let us find out what the bill is before we decide which way to handle it.

The SPEAKER. The gentleman from Wisconsin will have ample opportunity to find out the nature of the bill.

The Clerk will read the bill as amended.

The Clerk read as follows:

Be it enacted, etc., That the second paragraph of subsection (d) of section 1 of the Railroad Unemployment Insurance Act, approved June 25, 1938 (52 Stat. 1094), is hereby amended by inserting "(e)" at the beginning thereof, and by changing the period at the end thereof to a colon and adding the following: "Provided further, That an individual not a citizen or resident of the United States shall not be deemed to be in the service of an employer when rendering service outside the United States to an employer who is required under the laws applicable in the place where the service is rendered to employ therein, in whole or in part, citizens or residents thereof."

Sec. 2. Subsection (e) of section 1 of said act is bereby amended.

SEC. 2. Subsection (e) of section 1 of said act is hereby amended by striking out "(e)" at the beginning thereof and substituting "(f)" therefor.

Sec. 3. Subsection (f) of section 1 of said act is hereby stricken out.

SEC. 4. Subsection (h) of section 1 of said act is hereby amended

SEC. 4. Subsection (n) of section 1 of said act is hereby amended to read as follows:

"(h) The term 'half-month' means such period of any 15 consecutive days as the Board may by regulation prescribe."

SEC. 5. Subsection (i) of section 1 of said act is hereby amended by striking out the comma following the word "money."

SEC. 6. Subsection (k) of section 1 of said act is hereby amended to read as follows:

to read as follows:

(k) Subject to the provisions of section 4 of this act, a day of "(a) Subject to the provisions of section 4 of this act, a day of unemployment, with respect to any employee, means a calendar day on which he is able to work and is available for work and with respect to which (i) no remuneration is payable to him, and (ii) he has, in accordance with such regulations as the Board may prescribe, registered at an employment office: Provided, however, That, with respect to any employee whose normal work shift includes a part of each of two consecutive calendar days, the term 'calendar day,' as heretofore used in this subsection, shall mean such equivalent period of 24 hours as the Board may by regulation

such equivalent period of 24 hours as the Board may by regulation prescribe.

prescribe."

SEC. 7. The first paragraph of subsection (a) of section 2 of said act is hereby amended to read as follows:

"SEC. 2. (a) A qualified employee shall be paid benefits for each day of unemployment in excess of 7 during any half-month which begins after June 30, 1939."

SEC. 3. Subsection (d) of section 2 of said act is hereby stricken

SEC. 9. Subsections (e), (f), and (g) of section 2 of said act are hereby amended by striking out the designations "(e)," "(f)," and "(g)" and substituting therefor "(d)," "(e)," and "(f)," respectively; and said subsection (g) is further amended by striking

spectively; and said subsection (g) is further amended by striking out from the last sentence thereof the words "subsections (a) and", and substituting therefor the word "subsection."

SEC. 10. Subsection (b) of section 3 of said act is hereby amended by striking out the words "15 consecutive days of unemployment, or 2 half-months", by inserting in place thereof the words "one half-month", and by striking out the words "each of."

SEC. 11. Section 4 of said act is hereby amended to read as

follows:

"Sec. 4. (a) There shall not be considered as a day of unemployment, with respect to any employee—

"(i) any of the 30 days beginning with the day with respect to which the Board finds that he left work voluntarily without good cause:

"(ii) any of the 30 days beginning with the day with respect to which the Board finds that he failed, without good cause, to accept suitable work available on such day and offered to him;

cept suitable work available on such day and offered to him;

"(iii) subject to the provisions of subsection (b) of this section, any day with respect to which the Board finds that his unemployment was due to a stoppage of work because of a strike in the establishment, premises, or enterprise at which he was last employed, and the Board finds that such strike was commenced in violation of the provisions of the Railway Labor Act or in violation of the established rules and practices of a bona fide labor organization of which he was a member;

"(iv) any of the 75 days hegipping with the first day of any

"(iv) any of the 75 days beginning with the first day of any half-month with respect to which the Board finds that he knowingly made or aided in making or caused to be made any false or fraudulent statement or claim for the purpose of causing benefits

to be paid; "(v) any day in any period with respect to which the Board finds that he is receiving, has received, or has a right to receive compensation or other wages in lieu of notice, annuity payments or pensions under the Railroad Retirement Act of 1935 or the Railroad Retirement Act of 1937, or old-age benefits under title II of the Social Security Act, or payments for similar purposes under any other act of Congress; or he is receiving or has received unemployment benefits under an unemployment-compensation law of any State or of the United States other than this act;

"(vi) any day in any half-month with respect to which the Board finds that, pursuant to a contract of employment providing for the determination of his compensation, wholly or partially, on a mileage basis, he earned at least the equivalent of eight times the schedule daily rate of compensation for the service in which he was last employed during that half-month.

"(b) The disqualification provided in section 4 (a) (iii) of this act shall not apply if the Board finds that—

"(1) the employee is not participating in or financing or directly interested in the strike which causes the stoppage of work: Provided, That payment of regular union dues shall not be construed any day in any period with respect to which the Board finds

to constitute financing a strike or direct interest in a strike within the meaning of this and the following paragraphs; and

"(ii) he does not belong to a grade or class of workers of which, immediately before the commencement of the stoppage, there were members employed in the establishment, premises, or enterprise at which the stoppage occurs, any of whom are participating in or financing or directly interested in the dispute: Provided, That if separate types of work are commonly conducted in separate departments of a single enterprise, each such department shall, for the purposes of this subsection, be deemed to be a separate establishment, enterprise, or other premises.

"(c) No work shall be deemed suitable for the purposes of section 4 (a) (ii) of this act, and benefits shall not be denied under this act to any otherwise qualified employee for refusing to accept work if—

work if-

work ii—

"(i) the position offered is vacant due directly to a strike, lockout, or other labor dispute;

"(ii) the remuneration, hours, or other conditions of work offered
are substantially less favorable to the employee than those prevailing for similar work in the locality, or the rate of remuneration
is less than the union wage rate, if any, for similar work in the

"(iii) as a condition of being employed he would be required to join a company union or to resign from or refrain from joining any bona fide labor organization;

"(iv) acceptance of the work would require him to engage in activities in violation of law or which, by reason of their being in violation of reasonable requirements of the constitution, bylaws, or similar regulations of a bona fide labor organization of which he is a member, would subject him to expulsion from such labor organi-

"(v) acceptance of the work would subject him to loss of sub-stantial seniority rights under any collective bargaining agreement

stantial seniority rights under any collective bargaining agreement between a railway labor organization, organized in accordance with the provisions of the Railway Labor Act, and any other employer.

"(d) In determining, within the limitations of section 4 (c) of this act, whether or not any work is suitable for an employee for the purposes of section 4 (a) (ii) of this act, the Board shall consider, in addition to such other factors as it deems relevant, (i) the current practices recognized by management and labor with respect to such work; (ii) the degree of risk involved to such employee's health, safety, and morals; (iii) his physical fitness and prior training; (iv) his experience and prior earnings; (v) his length of unemployment and prospects for securing work in his customary prior training; (iv) his experience and prior earnings; (v) his length of unemployment and prospects for securing work in his customary occupation; and (vi) the distance of the available work from his residence and from his most recent work.

"(e) For the purposes of section 4 (a) (i) of this act, no voluntary leaving of work shall be deemed to have been without good cause if the Board finds that such work would not have been suitable for the purposes of section 4 (a) (ii) of this act."

SEC. 12. Section 6 of said act is hereby amended to read as follows:

follows:

"Sec. 6. Employers shall file with the Board, in such manner and at such times as the Board by regulations may prescribe, returns under oath of monthly compensation of employees, and, if the Board shall so require, shall distribute to employees annual statements of compensation prepared by the Board: Provided, That no returns shall be required of employers which would duplicate information contained in similar returns required under any other act of Congress administered by the Board. Any such return shall be conclusive as to the amount of compensation earned by an employee during the period covered by the return, and the fact that no return was made of the compensation claimed to be earned by an employee during a particular period shall be taken as conclusive that no compensation was earned by such employee during that period, unless the error in the amount of compensation returned in the one case, or failure to make return of the compensation in the other case, is called to the attention of the Board within 18 months after the date on which the last return covering any portion of the calendar year which includes such period is required to have been made." "SEC. 6. Employers shall file with the Board, in such manner and

SEC. 13. Subsection (a) of section 10 of said act is hereby amended by striking out "2 (g)" and substituting "2 (f)" therefor.

SEC. 14. The second paragraph of subsection (b) of section 11 of said act is hereby amended by striking out the comma after the words "of administering this act" and by striking out the words "including personal services in the District of" and substituting therefor a period and the words "Such advance shall be repaid from the fund at."

SEC. 15. Subsection (c) of section 11 of said act is hereby amended by striking out the period after the words "administering this act" and by striking out the words "Such advance shall be repaid from

and by striking out the words "Such advance shall be repaid from the fund at" and substituting therefor a comma and the words "including personal services in the District of."

SEC. 16. Subsection (g) of section 12 of said act is hereby amended by inserting after the word "eligible" a comma and the words "with respect to unemployment after June 30, 1939," and by striking out the words "after June 30, 1939."

SEC. 17. Subsection (d) of section 13 of said act is hereby amended by striking out the word "unemployment-compensation" before the word "account" in the first paragraph of said section, and substituting therefor the words "unemployment insurance", and by striking out the word "compensation" before the word "account" in the second paragraph of said section and substituting therefor the word "insurance."

SEC. 18. Subsection (c) of section 303 of the Social Security Act

SEC. 18. Subsection (c) of section 303 of the Social Security Act as added by subsection (g) of section 13 of said Railroad Unem-

ployment Insurance Act is hereby amended by striking out the word "employment" and substituting therefor the word "unemployment.

SEC. 19. Section 15 of said act is hereby amended to read as follows:

'SEC. 15. The restrictions in the second sentence of section 3 (b) and in section 4 (a) (v) of this act, insofar as they involve the receipt of unemployment benefits under an unemployment compensation law of any State, shall not be applicable to any day of unemployment which occurs after June 15, 1939, but before July 1, 1939.

SEC. 20. Subsection (n) of section 1 of said act is hereby amended

SEC. 20. Subsection (n) of section 1 of said act is hereby amended to read as follows:

"(n) The term 'benefit year,' with respect to any employee, means the 12-months period which begins with the first day of the first half-month containing days of unemployment for which benefits are payable to him, and thereafter the 12-months period which begins with the first day of the first half-month, after the termination of his last preceding benefit year, containing days of unemployment for which benefits are payable to him."

SEC. 21. Section 2 of said act is hereby further amended by adding thereto the following subsections:

"(g) Benefits accrued to an individual but not yet paid at death.

"(g) Benefits accrued to an individual but not yet paid at death shall, upon certification by the Board, be paid, without necessity of filling further claims therefor, to the same individual or individual to whom any death benefit that may be payable under the provisions of section 5 of the Railroad Retirement Act of 1937 or any accrued annuities under section 3 (f) of the Railroad Retirement Act of 1937 are paid; and in the event that no death benefit or accrued annuity is so paid, such benefits accrued under this act shall be paid as though this subsection had not been enacted."

Sec. 22. The provisions of the Railroad Unemployment Insurance Act, as herein amended, shall be in full force and effect notwithstrodien the anactment of the Internal Research

standing the enactment of the Internal Revenue Code.

The SPEAKER. Is a second demanded?

Mr. MAPES. Mr. Speaker, I demand a second.

Mr. CROSSER. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The SPEAKER. The gentleman from Ohio [Mr. CROSSER]

is recognized for 20 minutes.

Mr. CROSSER. Mr. Speaker, the bill, H. R. 5475, which was introduced by me and is now before the House for consideration, proposes a number of amendments to the railroad unemployment insurance law passed in 1938. The amendments were suggested by the Railroad Retirement Board, which is the agency required by law to administer the railroad unemployment insurance law. Practically all of the proposed amendments are for the purpose of making formal corrections in the text of the unemployment insurance law. Those which are not, strictly speaking, corrections in form are proposed amendments looking to a more efficient administration of the act.

The chairman of the Railroad Retirement Board, Mr. Latimer, appeared before the Interstate Commerce Committe of the House and explained in detail all of the proposed amendments. The bill was approved by the committee without a dissenting vote, and there was practically no objection to any of the proposed amendments, except the one which proposed to remove the Territories of Hawaii and Alaska from the provisions of the railroad unemployment insurance law. The committee struck out that provision of the bill, so that Hawaii and Alaska continue exactly as was provided under the terms of the railroad unemployment insurance law passed in 1938.

I wish to say to the Members of the House that, in my opinion, all of the amendments proposed are highly desirable and will make for a more satisfactory administration of the law. I trust that the bill now before the House, H. R. 5475, may be passed by the unanimous vote of the House.

I now ask for a vote on the bill.

The SPEAKER. Does the gentleman from Michigan desire any time?

Mr. MAPES. Mr. Speaker, all I desire to say is that this bill comes from the Committee on Interstate and Foreign Commerce with unanimous report. The amendments have been recommended by the Railroad Employment Board. The gentleman from Ohio has explained them. As far as I know, there are no requests for time on this side.

Mr. SCHAFER of Wisconsin. Will the gentleman yield? Mr. MAPES. I yield to the gentleman from Wisconsin.

Mr. SCHAFER of Wisconsin. Have the legislative representatives of the recognized railroad labor organizations indicated their approval of this bill before your committee?

Mr. MAPES. My understanding is they have, although I have no recollection of their appearance before the committee. My recollection is, however, that the chairman of the board said that they approved these amendments. ask the gentleman from Ohio, Am I correct in that statement?

Mr. CROSSER. That is right.

Mr. FISH. Will the gentleman yield?

Mr. MAPES. I yield to the gentleman from New York. Mr. FISH. I would like to find out definitely what the

Big Four Brotherhoods have recommended.

Mr. CROSSER. They are for this bill.

Mr. FISH. Did they appear before the committee?

Mr. CROSSER. No. Mr. Latimer said he had talked with them, and they were all satisfied.

Mr. FISH. I think they are one of the most conservative, intelligent, loyal, and dependable labor groups in America.

Mr. CROSSER. The fact of the matter is they approved it—the short-line railroads and the others all approved it.

Mr. FISH. The gentleman knows of no opposition from the Big Four Brotherhoods and the other railroad employee organizations?

Mr. CROSSER. I do not know of any opposition from anywhere to this bill.

Mr. FISH. I think it should be unanimously passed, then, as it has the approval of the railroad employees, who deserve and are entitled to these benefits, and of the railroad companies.

Mr. ROBSION of Kentucky. Will the gentleman yield? Mr. MAPES. I will yield to the gentleman from Kentucky.

Mr. ROBSION of Kentucky. Did any opposition to this

bill come from any source?

Mr. MAPES. I can only repeat the answer of the gentleman from Ohio. I know of no opposition from any source whatever.

Mr. ROBSION of Kentucky. Either railroad brotherhoods or from the railroads themselves?

Mr. MAPES. That is right. These amendments, as I understand it, have been approved by both parties.

Mr. ROBSION of Kentucky. It simply helps to effectuate the purposes of Congress in reference to this matter?

Mr. MAPES. Yes.

The SPEAKER. The question is on suspending the rules and passing the bill.

So (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

EXTENSION OF REMARKS

Mr. KELLER. Mr. Speaker, I ask unanimous consent to revise and extend my remarks on Senate Joint Resolution 118.

The SPEAKER. Is there objection to the request of the gentleman from Illinois [Mr. Keller]?

There was no objection.

COMMITTEE ON MILITARY AFFAIRS

Mr. MAY. Mr. Speaker, I ask unanimous consent that the Committee on Military Affairs may be permitted to sit during the session of the House tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky [Mr. May]?

There was no objection.

AMENDMENT TO UNITED STATES MINING LAWS

Mr. DEMPSEY. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 5132) to amend the United States mining laws applicable to the area known as the watershed of the headwaters of the Bonita River in the Lincoln National Forest within the State of New Mexico.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from New Mexico [Mr. Dempsey]?

Mr. SCHAFER of Wisconsin. Mr. Speaker, reserving the right to object, so that we may get a little information about this bill

Mr. DEMPSEY. Mr. Speaker, this is a small area in Lincoln County, N. Mex., where they have a large reservoir which supplies water to seven towns. This provides that if you take out a mining permit you must do mining and not raise goats or sheep, which would pollute the waters that come into these towns. That is all this is.

Mr. SCHAFER of Wisconsin. This bill carries a unanimous report from the committee?

Mr. DEMPSEY. Yes.
The SPEAKER. Is there objection to the request of the gentleman from New Mexico [Mr. Dempsey]?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That hereafter mining locations made under the United States mining laws upon lands within the watershed of the headwaters of the Bonito River in the Lincoln National Forest within the State of New Mexico, specifically described as those certain pieces or parcels of land situate, lying, and being in the county of Lincoln, State of New Mexico, described as follows:

The east half east half section 12, east half east half section 13, reduced the life of the section 14.

The east half east half section 12, east half east half section 13, and east half northeast quarter of section 24, township 10 south, range 10 east, New Mexico principal meridian; southeast quarter section 25, southwest quarter section 26, south half section 27, southeast quarter and the south half southwest quarter section 28, southeast quarter section 31, and all of sections 32, 33, 34, 35, and 36, township 9 south, range 11 east, New Mexico principal meridian; all of sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 20, 21, 22, 23, 27, 28, and 29; north half section 19, north half and the southwest quarter section 24, northwest quarter section 26, north half portheast quarter section 22, north half north north half and the southwest quarter section 24, northwest quarter section 26, north half northeast quarter section 32, north half north half section 33, township 10 south, range 11 east, New Mexico principal meridian; southwest quarter section 25, south half of fractional section 36, all of fractional section 35, and all of section 36, township 9 south, range 12 east, New Mexico principal meridian; all of section 1, all of fractional section 2, all of fractional section 11, all of section 12, all of section 13, all of fractional section 14, north half of fractional section 23, and the north half section 24 township 10 south range 12 east, New Mexico principal section 24, township 10 south, range 12 east, New Mexico principal meridian; having an area of approximately 39.376 square miles, shall confer on the locator the right to occupy and use only so much of the surface of the land covered by the location as may be reasonably necessary to carry on prospecting and mining, including the taking of mineral deposits and timber required by or in the mining operations, and no permit shall be required or charge made for such use or occupancy: Provided, however, That the cutting and removal of timber, except where clearing is necessary in connection with mining operations or to provide space for buildings or structures used in connection with mining operations, shall be conducted in accordance with the rules for timber cutting on adjoining national-forest land, and no use of the surface of the the resources therefrom not reasonably required for carclaim or rying on mining and prospecting shall be allowed except under the national-forest rules and regulations, nor shall the locator prevent or obstruct other occupancy of the surface or use of surface resources under authority of national-forest regulations, or permits issued thereunder, if such occupancy or use is not in conflict with mineral development.

SEC. 2. That hereafter all patents issued under the United States mining laws affecting lands within the watershed of headwaters of the Lincoln National Forest in the State onito River in New Mexico shall convey title to the mineral deposits within the claim, together with the right to cut and remove so much of the mature timber therefrom as may be needed in extracting and removing the mineral deposits, if the timber is cut under sound principles of forest management as defined by the national-forest states all title in or to the surface of the lands and products thereof, and no use of the surface of the claim or the resources therefrom not reasonably required for carrying on mining or prospecting shall be allowed except under the rules and regulations

of the Department of Agriculture.

SEC. 3. That valid mining claims within the watershed of the headwaters of the Bonito River in the Lincoln National Forest, within the State of New Mexico, as above described, existing on the date of the enactment of this act, and thereafter maintained in compliance with the law under which they were initiated and the laws of the State of New Mexico, may be perfected under this act, or under the laws under which they were initiated, as the claimant may desire. claimant may desire.

The bill was ordered to be engrossed and read a third time. was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. DEMPSEY. Mr. Speaker, I ask unanimous consent that the proceedings whereby the bill H. R. 5132 was passed be vacated, and that the bill S. 1879 be substituted for the House bill.

The SPEAKER. Without objection, the proceedings whereby the House bill was passed will be vacated.

There was no objection.

The SPEAKER. The Clerk will report the title of the Senate bill.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from New Mexico [Mr. Dempsey] for consideration of the Senate bill?

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That hereafter mining locations made under the United States mining laws upon lands within the watershed of the headwaters of the Bonito River in the Lincoln National Forest within the State of New Mexico, specifically described as those certain pieces or parcels of land situate, lying, and being in the county of Lincoln, State of New Mexico, described as follows:

The cost helf eact helf section 12 east half section 13

the county of Lincoln, State of New Mexico, described as follows:

The east half east half section 12, east half east half section 13, east half northeast quarter section 24, township 10 south, range 10 east, New Mexico principal meridian; southeast quarter section 25, southwest quarter section 26, south half section 27, southeast quarter and south half southwest quarter section 28, southeast quarter section 31, and all of sections 32, 33, 34, 35, and 36, township 9 south, range 11 east, New Mexico principal meridian; all of sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 20, 21, 22, 23, 27, 28, and 29, north half section 19, north half and southwest quarter section 24, northwest quarter section 26, north half northeast quarter section 32, and north half north half section 33, township 10 south, range 11 east, New Mexico principal southwest quarter section 24, northwest quarter section 20, north half northeast quarter section 32, and north half north half section 33, township 10 south, range 11 east, New Mexico principal meridian; southwest quarter section 25, south half of fractional section 26, all of fractional section 35, and all of section 36, township 9 south, range 12 east, New Mexico principal meridian; all of section 1, all of fractional section 2, all of fractional section 11, all of section 12 ell of section 12, all of section 12 ell of section 12 ell of section 13 ell of section 12 ell of section 13 ell of section 12 ell of section 13 ell of section 14 ell of section 14 ell of section 15 ell of section all of section 1, all of fractional section 2, all of fractional section 11, all of section 12, all of section 13, all of fractional section 14, north half of fractional section 23, and north half section 24, township 10 south, range 12 east, New Mexico principal meridian; having an area of approximately thirty-nine and three hundred and seventy-six one-thousandths square miles, shall confer on the locator the right to occupy and use only so much of the surface of the land covered by the location as may be reasonably necessary to carry on prospecting and mining, including the taking of mineral deposits and timber required by or in the mining operamineral deposits and timber required by or in the mining operations, and no permit shall be required or charge made for such use or occupancy: Provided, however, That the cutting and removal of timber, except where clearing is necessary in connection with mining operations or to provide space for buildings or structures used in connection with mining operations, shall be conducted in accordance with the rules for timber cutting on adjoining national-forest land, and no use of the surface of the claim or the resources therefrom not reasonably required for carrying on mining and prospecting shall be allowed except under the national-forest rules and regulations, nor shall the locator prevent or obstruct other occupancy of the surface or use of surface resources under authority of national-forest regulations, or permits issued thereunder, if such occupancy or use is not in conflict with mineral development. conflict with mineral development.

SEC. 2. That hereafter all patents issued under the United States mining laws affecting lands within the watershed of headwaters of the Bonito River in the Lincoln Forest, in the State of New Mexico, shall convey title to the mineral deposits within the claim, together with the right to cut and remove so much of the mature timber therefrom as may be needed in extracting and removing the mineral deposits, if the timber is removed in accordance with the rules for timber cutting on adjoining national-forest land, but each patent shall reserve to the United States all title in or to the surface of the lands and products thereof, and no use of the surface of the claim or the resources therefrom not reasonably required for carrying on mining or prospecting shall be allowed except under the rules and regulations of the Department of

Agriculture.

SEC. 3. That valid mining claims within the watershed of the headwaters of the Bonito River in the Lincoln National Forest, within the State of New Mexico, as above described, existing on the date of the enactment of this act and thereafter maintained in compliance with the law under which they were initiated and the laws of the State of New Mexico, may be perfected under this act or under the laws under which they were initiated, as the claimant may desire.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. DARDEN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an address made by my colleague from Virginia [Mr. ROBERTSON 1.

The SPEAKER. Is there objection to the request of the gentleman from Virginia [Mr. DARDEN]?

There was no objection.

Mr. LEWIS of Colorado. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to

include therein certain quotations from the Rules of the House and a couple of resolutions. I also ask that I may be permitted to place this extension in the RECORD immediately after the remarks of the gentleman from Indiana [Mr. Luntow1.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

SOCIAL SECURITY ACT AMENDMENTS OF 1939

Mr. JARMAN. Mr. Speaker, from the Committee on Printing I report an original privileged resolution (H. Rept. No. 748) and ask for its immediate consideration.

The Clerk read the resolution as follows:

House Resolution 213

Resolved, That 5,000 additional copies of House Report No. 723, current session, entitled "Social Security Act Amendments of 1939" be printed for the use of the House document room.

The resolution was agreed to.

A motion to reconsider was laid on the table.

THE TOWNSEND BILL

Mr. HARRINGTON. Mr. Speaker, I ask unanimous consent to extend my own remarks at this point in the RECORD. The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. HARRINGTON. Mr. Speaker, last week when the so-called Townsend bill was brought up for a vote in the House I was unavoidably detained on a trip to Iowa on official business. In fairness to the people of my district I think that my position on this controversial question should be made known.

Let me say that although I was opposed by the Townsend national organization in the last election, I have sponsored and supported old-age pension legislation ever since I first became a member of the Iowa State Senate. It follows, therefore, that my sympathies have always been with the old people enlisted in the Townsend movement. Accordingly, I have consistently favored giving this plan a fair hearing and have several times signed petitions and written letters to get the bill out of committee and onto the floor of the House for discussion and debate so that its merits or demerits could be properly assayed and ascertained.

As originally conceived and commonly accepted, up until a few days ago, the Townsend plan was essentially a transactions-tax idea, the success of which depended upon the accelerated velocity of money. At the last minute, however, drastic changes were made by the author and sponsor, so that the bill that came before the House was not the original Townsend bill but an entirely different bill, which, apparently, shifted the burden of financing the plan to the shoulders of the poor people of the country. As I see it, the final version of the bill was a "share the wealth" plan, with most of the sharing to be done by the folks who had little or nothing to share.

Careful analysis shows that the new Townsend bill, in addition to a confusing supersales tax, called for a gross-income tax to be imposed upon every person in the United States receiving more than \$50 in any one month. The rate is the same on the income of the W. P. A. worker as on the income of the millionaire—2 percent. I do not believe that the poor people of the Ninth District of Iowa could afford to pay such a tax.

I find, too, that the revised Townsend plan would be extremely burdensome to agriculture. In the case of corn, a tax would be levied on the total wages of farm hands employed in producing the corn; the farmer would pay a tax on the total sales value of the corn or hogs sold to the commission firm; the middleman would pay a tax on the total sales value of the hogs when sold to the packing house; the packing house, in turn, would pay a tax on the total sales value of the processed product, and likewise the wholesaler, then the local jobber, and then the retailer. Each time the product passed through a merchandising or distribution process, another tax would be compounded, until by the time the product reached the consumer the tax would probably exceed the original price received by the farmer. All these cumulative taxes eventually would have to be passed on to the consumer or back to the farmer in lower prices for the corn he produced.

It appears, too, that under this bill great monopolies would be encouraged and built up and that the "little-business man" would be driven out of business because he is not efficient enough and financially able to compete with the trusts. The little-business men of my State are already on the verge of bankruptcy and ruin as a result of the unfair competition of the Wall Street chains and monopolies.

I could go on and enumerate various other classes of citizens that would be penalized or put out of business by this plan, such as real-estate men, State bankers, and stock brokers, but the bill as finally drawn is so full of loopholes and such a monstrosity that time does not permit, nor do I think such a detailed explanation is necessary to the thinking people of my district.

As I see it, purchasing power is not increased by the new bill; it is merely passed around. The W. P. A. worker, the laborer, and the farmer is required to divide up his meager earnings so that everyone over 60 may retire and live in luxury, regardless of the need of that person over 60.

Figures on the cost of operating this plan, as presented at the Ways and Means Committee hearing, show that the cost to the people of Iowa would have been between four hundred and five hundred million dollars a year. Where is this money coming from? As the citizens of Iowa already have great difficulty in meeting the Federal Government's annual assessment of \$25,000,000 a year, it is quite evident that the half billion dollar a year burden would have been unbearable.

As my friend, the gentleman from Texas [Mr. Patman] has stated, this is not a tax to be paid by the rich or by those who have a net income over and above their expenses. It is to be paid by the poorest people on the barest necessities of life, as well as by the rich on the luxuries and at the same rate, the same tax on bread as on diamonds. In short, this plan means that every man, woman, and child in the United States would have to pay annually an average of a \$200 tax on his food, clothing, and other necessities and comforts of life in order to support the program.

Mr. Speaker, these are some of the reasons why I could not and would not have voted for this latest version of the Townsend bill had I been present for the roll call on last Thursday.

EXTENSION OF REMARKS

Mr. ELLIS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and include therein a statement by W. C. McClure, of Arkansas, before the Senate Interstate Commerce Committee.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

FAIR LABOR STANDARDS ACT

Mr. DARROW. Mr. Speaker, I ask unanimous consent to extend at this point in the Record the remarks I intended to make this afternoon if the bill H. R. 5435 had been brought up under suspension.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. DARROW. Mr. Speaker, I regret that it has been seen fit by administration forces in Congress to bring the Norton bill to amend the Fair Labor Standards Act before the House for consideration and action under suspension of the rules, and thereby denying to us the privilege of offering amendments to the bill which are vital and necessary and which, I am convinced, are so meritorious that the relief desired would readily be approved.

On May 11, last, I submitted to the House arguments as to the necessity of according relief to wholesaling and distributing establishments, so that they might be permitted to operate under the 44-hour workweek instead of being compelled to reduce their hours to 42 for the coming year and to 40 hours thereafter. For this purpose I introduced the bill H. R. 4631 on March 1, 1939, the text of which is as follows:

Be it enacted, etc., That section 7 of the Fair Labor Standards Act of 1938 is amended by inserting at the end thereof the following new subsection:

"(e) No employer shall be deemed to have violated subsection (a) by employing any employee for a workweek in excess of that specified in such subsection without paying the compensation for overtime employment prescribed therein if such employee is so employed in an establishment the principal portion of the business of which is wholesaling or distributing, and if such employee receives compensation for employment in excess of 44 hours in any workweek at a rate not less than one and one-half times the regular rate at which he is employed."

Prior to my service in Congress I was for many years engaged in business as a wholesaler and retailer, and believe I have an intimate knowledge of the service which is expected to be rendered by the wholesaling and distributing establishments. In recent years the demands for "service" have steadily increased, due to the economic condition of the retailer and the natural competition for trade.

Since I first brought this matter to the attention of Congress I have been hearing from every section of the country—North, South, East, and West, expressing approval of these efforts for relief, and urging favorable action if such businesses were to be permitted to survive, and render service which cannot be avoided. While every wholesaler and retailer is vitally affected, some of the most appealing representations have been made to me by small wholesalers, many of whom have been in operation for many years, during which period they have consistently taken care of their organization, and today find themselves confronted with a situation they do not know how to handle. Their expenses of business are continually increasing, and their limited profits are fast disappearing.

The main purpose of the Fair Labor Standards Act is to insure greater opportunities for employment, and to raise the standard of employment conditions. So far as the whole-saling and distributing businesses are concerned employment opportunities cannot be increased. To handle such business it is necessary to have a force of trained men—employees who know this business, who are familiar with the requirements of their customers, and the facilities of the concern by whom they are employed. In many such establishments employees are actually engaged in work for a limited number of hours for which they are paid, but must be held available in order to meet a service which is to be expected.

Working conditions among this class of employees have always been good. Generally these employees all receive above the minimum wage, and are paid for sick leave and vacation. One of my correspondents cites the facts they give their employees 2 weeks vacation with pay; seven holidays a year with pay, and one week sick leave with pay, which totals 4 weeks in a year with pay. I find such a condition exists in the entire industry, and that the employees are fully satisfied and pleased with these conditions.

After such liberal consideration has been accorded the employee, what may be expected to happen when workweek hours are reduced to 42 or 40? Surely, it is not to be expected that with the increased cost of doing business that the number of employees will be increased, but it is likely that the concessions to employees in the way of vacations and sick leave will either be eliminated or at least reduced.

In my former presentation of this matter in the House on May 11 I covered the requirements of the wholesaler and distributor more fully, At this time, therefore, I shall only summarize some points which, in my opinion, should be decisive.

First. Wholesalers and distributors are distinctly service institutions.

Second. They must always be ready to meet the requirements of the retailer, which in many cases are for emergencies—particularly in food and drugs.

Third. Their employees should not be subject to the same restrictions as those engaged in manufacturing, and so forth, due to the different character of such business.

Fourth. Practically all retailers (on whom they depend for business) are not subject to the provisions of this act, as they are engaged in intrastate business, and most of them remain open over 50 hours a week.

Fifth. Saturday cannot be eliminated as a workday.

Sixth. Thousands of items carried requires employees with thorough knowledge of use, location, and so forth, of merchandise. Part-time employees impracticable.

Seventh. Overtime payments would make profitable oper-

ation a real problem, if not an impossibility.

Eighth. Their labor conditions are on a high plane. Scale of pay has been high. Their employees are satisfied.

Ninth. There has been little fluctuation of employment. Practically all positions are permanent.

Tenth. No labor-saving machinery is involved.

With the conditions under which this bill is being considered here today, it is impossible to offer the provisions of my bill, H. R. 4631, as an amendment. However, before this Norton bill can be finally enacted it must be acted upon by the Senate, and I hope that that body may be convinced with the urgency and need of this relief, and incorporate such a provision in the bill.

EXTENSION OF REMARKS

Mr. MAPES. Mr. Speaker, I ask unanimous consent to revise the remarks I made in reply particularly to the question asked by the gentleman from Kentucky relative to the railroad unemployment-insurance bill which has just been passed. The railroad retirement legislation was based on an agreement between the railroad executives and the brotherhoods, and not the insurance legislation. However, the fact that both organizations agree to the bill just passed is

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. JOHNSON of Oklahoma. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a letter addressed to me by Mr. Fahey, of the Home Owners' Loan Corporation.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

EMBARGO ON SALE OF MUNITIONS AND MATERIALS OF WAR TO JAPAN

Mr. COFFEE of Washington. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and to include therein brief excerpts from letters received from citizens.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. COFFEE of Washington. Mr. Speaker, there is tremendous sentiment in this country in behalf of the imposition of an embargo upon the sale of munitions and materials of war to Japan. To that end I introduced a bill in this Congress, H. R. 5432, designed to accomplish the objectives sought by so many citizens of America. The favorable response to this bill has been widespread and most encouraging. Some 200,000 citizens of the Pacific coast alone have signed petitions urging the enactment of such legislation. Whatever justification may be offered in extenuation or defense of aggression by dictator powers in Europe because of the Treaty of Versailles and geographical readjustments, certainly no logical argument can be advanced as a support for the activity of Nippon in subjugating China. The history of the island empire since the Sino-Japanese war of 1894-95 has been one of continuous and wanton aggression. I appreciate that the Japanese people are crowded in congested areas; that only about one-fortieth of the land is tillable; that increases in population are rapid, but no conditions at home can persuade the occidental mind to endorse the bombing of defenseless cities, the assault and rapine, the brutality and excruciating cruelty which have characterized the most recent Japanese aggressions in China. The fall of Nanking filled the world with horror, but the cold-blooded and ruthless war of invasion whereby noble people have had their lands invaded by force has shocked the world. Let us not be a party to this aggression. Let us refuse longer to participate in it. Let us deny to the Japanese arms, equipment, and financial help and thus discourage her aggressions. Without our high-grade oil, automobile equipment, and scrap metal, alone, Japan would be unable to pursue her war beyond a couple of months.

Because I believe that expressions from citizens of all walks of life would be of great interest to the American people, I am including select excerpts from thousands of letters received by me from men and women of all political viewpoints and of every walk of life in the Congressional Record. I append hereto a few examples of such quotations:

CHARLOTTESVILLE, VA.

It is with great pleasure that I note your resolution for an embargo on war supplies from the United States to Japan.

That, it seems to me, strikes right at the root of the evil. If we can cut out the war profit, many who now are desirous of war would at once lose their interest; and keeping the United States out of war would be an easier proposition.

Mrs. C. A. Graves,

Office of the Librarian.

St. Petersburg, Fla.

After being in Washington and attending the Senate Foreign
Relations Committee hearings I am convinced that we, as a Nation, are committing a legal and moral wrong in supplying war materials for use in the destruction of China.

I therefore urge that Congress devise, at the earliest possible

moment, means to extricate our country from this moral default

in which we now stand.

B. LOUISE WOODFORD, State Director, Florida Chain of Missionary Assemblies.

I wish to express my strong approval of the objective of your resolution for an embargo on war supplies from the United States to Japan. Our stocks of some of these supplies are low and are needed for our future interest and protection. LANGLEY FIELD, VA.

Mrs. C. W. CARLMARK.

CONYERS. GA

I speak not only for myself but for an interested group in this city. They commend you for your resolution relating to an embargo on war supplies from us to Japan. May it be passed is our desire, for we feel that only with definite action along this line can a peace be brought about.

SALLY T. GLEATON.

OMAHA, NEBR. We appreciate your resolution re embargo on war supplies from the United States to Japan, and write to give you every encouragement in this regard.

CHAS. A. MUSSELMAN, State Secretary, Young Men's Christian Association.

MONTROSE, COLO The writer has this day written to Hon. Sor, Broom, acting chairman of the Foreign Affairs Committee of the House, strongly supporting the objectives of your resolution whereby an end will be put to the shipment of munitions, raw materials, and other supplies and credits from the United States to Japan.

The writer feels that great injustice and inhumanity are being forced on the great nation of China, and that the United States

should not be a party to such acts.

R. P. ROBERTS, President, the Western Furniture Co.

DURHAM, N. C. May I assure you of the interest and support which your resolution has here, and may I urge you to do everything in your power to make it become a law.

HENRY I. KOHN.

DURHAM, N. C.

I am impressed by the humanitarian principles underlying the resolution proposed by you for an embargo on war supplies from the United States to Japan and by the far-reaching effects implicit in a resolution of this sort.

It is therefore my wish to declare myself as heartily in favor of your efforts in this direction and to urge your continued support of these objectives.

MINNEAPOLIS. MINN.

We should like to assure you of our veary hearty support of your resolution for an embargo on war materials to Japan. This, it seems to us, is the only way to show that we refuse to continue to play an indispensible part in the destruction of friendly

Mr. and Mrs. F. G. WALLACE.

Durham, N. C. I am heartily in accord with your resolution to place an embargo on all war supplies shipped from the United States to Japan.

I sincerely hope you will continue fighting until this resolution

D W BROWN

CHICAGO, ILL

I wish to express my strong support of the proposed resolution for an embargo on war supplies from the United States to Japan.

M. J. REGIER.

Am strongly in favor of an embargo on all war supplies from United States to Japan.

J. F. CULBERTSON

ST. PETERSBURG, FLA We heartily approve of the objectives of the proposed resolution for an embargo on war supplies from the United States to Japan and wish to thank you for your help in bringing about a sounder foreign policy.

RUTH E. LAUFFER.

SAN FRANCISCO.

I trust that Congress will take all reasonable measures to prevent this country from rendering any help to Japan and that encourage-ment will be given the Chinese people in their struggle for their

ROY H. PARKINSON, M. D.

LOS ANGELES, CALIF

Many of the students who were in my classes a few years ago are among the leaders of China today. They looked then and still look to this country for friendship. If we were acting the part of a real friend and not permitting the sale of war material to Japan, I think we could look, before long, to a rehabilitated China ready to stand with America for all that is best in culture and progress. On the other hand, to aid Japan, as we have been doing, means tragedy for us all. Surely we do not want to have any part in the wanton murder of defenseless people.

Miss Myeth Bartell.

Miss Myrth Bartell,

I am heartily in favor of this measure, and I want to assure you that it would have the support of the vast majority of the citizens of the Middle West. May I urge you to throw your whole weight into the effort to get action in this direction now. I am convinced that it is not only the decent thing to do for the sake of China, but that it is a true peace measure.

HOWARD SCHOMER.

CINCINNATI OHIO.

I am deeply interested in the resolution proposed by you for an embargo on war supplies from the United States to Japan.

We should, long ago, have ceased supplying an aggressor nation with the means of carrying on an unjust and cruel war.

We should at once cease the shipment of any and all war supplies to Japan.

plies to Japan. MARIE GRENTZENBERY.

BURWOOD, LONG ISLAND

Your splendid resolution for an embargo on war supplies to Japan seems to me most constructive, and I endorse it.

Mrs. Walter Jenning.

PEORIA. ILL.

All those who love humanity will sincerely hope that you will not cease in your efforts until you have carried through this project to a successful conclusion.

HARRY B PASTOR.

CAMBRIDGE, MASS.

The resolution you have proposed for an embargo on shipment of materials useful in war to Japan receives my wholehearted

support.

No one, not even the most convinced isolationist, can believe that the sweep of Fascist methods across the world does not gravely endanger the liberty and institutions we of America hold most dear.

Mrs. MARION EXTER.

BROOKLYN, N. Y.

It is disgraceful to think that we have been sending to Japan nost of the supplies their murderous army has been using. You It is disgraceful to think that we have been sending to Japan most of the supplies their murderous army has been using. You cannot go too far. These aggressive nations are not as tough as they would like the rest of us to believe they are. They assault and murder only defenseless nations and defenseless people. When some power possessing strength calls upon them to account they always lie down and quit like the yellow dogs they are. It will not be necessary for us to fight. Neither will Japan attempt to fight us—not as long as we are prepared.

BENJAMIN T. HOCK

BENJAMIN T. HOCK. Attorney at Law. AMES, IOWA.

This letter is to request support for the resolution proposed by Congressman Coffee for an embargo on war supplies from the United States to Japan.

R. HOWARD PORTER Iowa State College of Agriculture and Mechanic Arts.

SAN PEDRO CALTE

I wish to express my wholehearted approval of your present resolution to stop the flow of war supplies to Japan and my urgent request that the Committee on Foreign Affairs give this resolution

request that the committee on Foreign Anairs give this resolution their hearty and favorable support.

We do have a very great responsibility in this Japanese war on helpless China. We have furnished them with more than half of their supplies and continue to buy Japan's goods that she might purchase our bombing planes, gasoline, oil, etc., without which she could not have carried on this cruel and senseless war, which is retirate both patients. is ruining both nations.

LENA CATHERINE SHEPARD,

An Educator.

NEW YORK, N. Y I hope that you and those associated with you in your committee will report favorably on this Coffee resolution and facilitate action

WARD G. FOSTER,
President, The Foster & Reynolds Co.

JAMESTOWN, N. Y.

Earnestly urge your support of your legislation which will stop shipment of war materials from United States to Japan. Am convinced that present unholy partnership with ruthless aggressor should be ended immediately.

CAMBRIDGE, MASS. May I offer my strong support of the resolution proposed by you for an embargo on war supplies from the United States to Japan?

I have yet to meet a single citizen who is not heartly in favor of such a policy.

C. FAYETTE TAYLOR,
Massachusetts Institute of Technology.

NEW HAVEN, CONN.

I am heartily in accord with your resolution for an embargo on war supplies from the United States to Japan, and I trust that it will have the approval of Congress.

We surely ought to stop supplying Japan with the means of wholesale murder in China and we ought to withhold anything which will build up Japan's war power, making it necessary for us to expend more on defense preparations.

FREDERICK C. WILLIAMS.

CHICAGO, I.L.

Your proposed resolution for an embargo on war supplies from this country to Japan seems to me to be in the best tradition of the American people.

More power to you!

LOUISE STRONG HAMMOND

EAST PEORIA, ILL.

East Peoria, Ill.

We strongly support the aims of your resolution and urge the committee to act favorably on it.

It has been a source of sorrow and chagrin to us to know that instead of being neutral in this undeclared war of the aggressor nation, Japan, on China, the United States has been actually making possible that war by our shipments of supplies to Japan.

How much longer will we stand by and see aggressor nations, strengthened by our resources, ravish victim nations with whom our public opinion sympathizes? It is in our power to curb aggressors and save ultimately ourselves from chaos and ruin, if we wake up and act as the democracy we profess to be. and act as the democracy we profess to be.

Mr. and Mrs. Josef Konecny.

ROSEVILLE, ILL.

I heartily approve of the resolution proposed for an embargo on war supplies from the United States to Japan.

LORA S. BUGBEY.

COLUMBUS, OHIO Furthermore, by helping Japan in this fashion, we gave her the strength to do the things against which we protested and concerning which the administration wrote letters. That, I think, makes us

ludicrous. Still more, by helping Japan we have played into the hands of Hitler and Mussolini and actually helped to foster the war which the administration claims it wants to prevent.

Rev. FENTON O. FISH.

Durham, N. C.

I wish to register herewith my approval of the objectives of your resolution for an embargo on war supplies from the United States to Japan.

It is my sincere conviction that to permit greedy individuals to continue the shipment of such supplies is to aid and abet Japan's acts of lawless aggression in China.

J. WESLEY INGE.

May I thus add my voice to the chorus of approval and encouragement that must be greeting your efforts to get an embargo imposed on war supplies from the United States to Japan?

We cannot, of course, nor should we wish to, set ourselves up as moral guardians of the rest of the world. But surely it is our duty to our own moral ideals to keep ourselves clear of participating in aggression and the world by supplying the aggressors with war materials, goods, or credits.

CLARISSA RINAKER.

NEW YORK, N. Y.

May I congratulate you on your resolution for an embargo on war supplies to Japan? I have been talking with all sorts and conditions of men in this neighborhood and in New York City, and I have not found out one who is not heartily in favor of this step. Believe me, the American people are tired of being Japan's silent partner, and are determined to put a stop to it.

M. T. THINCHESTER.

VINELAND, N. J.

I think that your resolution regarding the embargo on war supplies to Japan is a very good move. It will surely curtail the Japanese aggression in China, and remove a source of trouble. I wish to say that I want to support the idea in every way I

GWENDOLYN B. WINSER

PHILADELPHIA, PA

I am strongly in favor of your resolution for an embargo on war supplies from the United States to Japan. Such legislation is long overdue. We are guilty in aiding Japan in her attempt to dominate the Pacific Ocean and the Far East. We must act on the President's peace policy, of quarantining the agressor nations, and your resolution will be an important step in the direction. I hope your resolution will be enacted.

WALTER LOWENFELS

I am in hearty accord with your resolution proposing an embargo on war supplies from our country to Japan and trust that you will be most vigorous in promoting it. The utter senselessness of our procedure thus far is all but exasperating to the citizen who has any regard for the rights of other democratic peoples and who is at all concerned about the future international and trade relations of our own country. If exterminating the Chinese would do us any good, I could see some little excuse for it, though even under such circumstances I could not approve; but the fact is that such extermination is detrimental to us curselves. Surely we should not be aiding our own enemies, as so far we have been doing. own enemies, as so far we have been doing.

ELLA M. HANAWALT.

I strongly support the aims of the resolution proposed by you for an embargo on war supplies from the United States to Japan. MARIN PARK, President's Office.

Iowa City, Iowa.

It is with pleasure that I learn of your resolution which proposes to force our merchants to limit their provisions for Japanese needs in their conquest of China. Having spent much time in both China and Japan, I realize the motive actuating the Japanese, and I see what will be the probable effect of our embargo on the Japanese. They will go through a period of bluffing and threatening, but later quiet down and respect us for our good sense.

Andrew H. Woods, M. D.,

Director, the Psychogothic Hospital

Director, the Psychopathic Hospital.

WINTER PARK, FLA.

I heartily support you in your proposed resolution for an embargo on war supplies from the United States to Japan.

MARGARET S. ROGERS.

Houses.

Your resolution, having to do with an embargo on war supplies to Japan, now being considered by the Foreign Affairs Committee of the House, is, in my opinion, most valuable, and everything should be done to expedite its enactment into law. It strikes me as rather ridiculous to quibble about the passage of a neutrality act when we are already acting as an active ally of Japan through supplying war material.

FREDERIC A. ADAMS.

CINCINNATI OHIO.

I most strongly urge you to use your influence in support of the Coffee resolution for embargo on war supplies to Japan.

M. S. TINNE.

I am one of the many who hope your resolution to embargo war supplies to Japan will be passed by Congress. We need the friendship of those awakened 400,000,000 Chinese and they need ours. Japan's shipping is her bloodstream. That is at our mercy in all the Atlantic and our side of the Pacific. Why should we act as if we were afraid of Japan?

H. B. GRAYBILL

LONG BRANCH, N. J.

I strongly support the objectives of your resolution for an embargo on war supplies from the United States to Japan. As sponsor of an international-relations club in a New Jersey college and leader of a community discussion of university women, I find a large number of people desirious of legislation such as proposed in your resolution.

ELIZABETH NORRIS.

FLUSHING, LONG ISLAND.

Your resolution to put an embargo on war supplies to Japan by our country meets with my family's wholehearted approval. The objectives your resolution attempts to reach will do much to bring about an early conclusion to the war in the East—a conclusion which can be of remarkable significance to the victim,

J. A. GREULICH.

MARNE, MICH.

I want to tell you how greatly I appreciate your proposed resolution for an embargo on war supplies to Japan. That is one of the things nearest to the hearts of most of us with a particle of human sympathy and a sense of justice. Your name will always stand out in my mind whenever I hear it as the kind of a Congressman who really stands for something worth while.

MABEL HACKETT.

Tenafly, N. J.

I am writing you to say that I strongly support the objectives of
the resolution proposed by you for an embargo on war supplies
from the United States to Japan. I speak with personal knowledge of China and the events that have taken place there in the last few months,

OKLAHOMA CITY, OKLA.

I hear that you have framed a resolution which is now being considered by the Foreign Affairs Committee of the House which would have the effect of establishing an embargo on war supplies which go from the United States to Japan.

It seems to me that such an act is long overdue. Majority sentiment in our country is with China, chiefly because Japan is obviously the aggressor in this undeclared war. Why should we continue to sell supplies to Japan, thus heaping injustice upon injustice to China?

injustice to China?

WILLIAM WARD DAVIS,
Associate Minister, First Presbyterian Church.

Our family earnestly hope for the passage of your resolution for an embargo on war supplies from the United States to Japan.

We long to have this disgrace removed.

SARAH BUTLER.

This is to signify my protest to shipping war materials to Japan. As Christians it is our duty to save humanity at any cost, not to make money at human cost

Mrs. BERT TOTH.

The voters of our house urge you to strongly support the objectives of the resolution which you have proposed for an embargo on war supplies from the United States to Japan.

GERTRUDE KELLOGG.

ROCHESTER, WIS

I urge speedy action on resolution proposed by Congressman Coffee for embargo on war supplies to Japan.

W. W. WILLARD.

MINNEAPOLIS, MINN. I have just learned that you have introduced a resolution for the cutting off of war supplies, munitions, and raw materials for same to Japan for use in China. Congratulations! I am one of the large number of citizens who for many months have been drumming at the doors of Congress for the passage of such a measure. I trust it will be recommended out of committee at once and passed by both

PAUL G. HAYES.

JEFFERSON, TEX. We wish to express our hearty approval of the objectives of your resolution for an embargo on war supplies from the United States to Japan.

Mrs. L. A. HAYWOOD.

BIRMINGHAM, ALA

I read with gratification regarding the resolution you have presented in behalf of an embargo on war supplies to Japan. I trust this resolution will pass. Hundreds of Americans will rejoice to be through with supplying these materials by which Japan kills innocent people in China. In the cause of right and justice I hope you will be successful in getting this bill passed. JULITTE MATHE.

PHILADELPHIA, PA

I am writing to express the hope that favorable consideration will be given to the resolution proposed by you asking for embargo on war supplies from this country to Japan.

M. P. McCouch.

ST. PAUL, MINN.

The resolution proposed by you for an embargo on war supplies from United States to Japan would, I am sure, do much to stop the cruel and unwarranted aggression of Japan on China. ELIZABETH G. WRIGHT.

NEW YORK, N. Y. Do not relax your commendable efforts to put through a resolution Do not relax your commendable efforts to put through a resolution to place an embargo on war supplies from the United States to Japan. I am glad to see that there are one or two Representatives left who make some pretense of representing the people and dare to buck the lobbies that are so interested in the continued sale of armaments to the aggressor nations. We should blush every time we send bandages to China to cover wounds made by American shrapnel. Please do not be discouraged if your bill is defeated this time, for if you publicize it sufficiently popular sentiment—see Gallup poll—will certainly rally and cause its eventual passage.

N. S. SALEE.

CAMBRIDGE, MASS.

I am strongly in favor of your resolution for an embargo on war upplies to Japan. It is time that our influence in the world supplies to Japan. should count for something positive.

M. E. HOCKING.

CLEVELAND HEIGHTS, OHIO.

This letter is written with the purpose of urging you to act in the proposed legislation that would prohibit the sale of munitions and war supplies to Japan and other aggressor nations. Surely war is bad enough, but to have American youth slaughtered by arms and guns of American manufacture would be just too much.

CAROL MCLANE BURNHAM.

OBERLIN, OHIO.

Having heard of your resolution for an embargo on war supplies from the United States to Japan, I wish to express my warm appreciation of the efforts which you are making. A long-time friendship with both Japanese and Chinese and considerable time spent in both countries leads me to believe that we are showing ourselves direct friends of Japan as well as of China in every step that we can take to bring to an end the present aggressive policies of Japan.

FLORENCE M. FITCH, Professor of Biblical Literature.

BROOKLYN, N. Y. As a minister who is vitally concerned with the issues of international justice and world peace, I want to record my approval of the resolution which you have introduced into the House and which is now before the Foreign Affairs Committee. I heartily endorse the objectives which your resolution embodies and trust that it will meet with the approval not only of the committee but also of the House of Representatives.

ARTHUR M. CRAWFORD. Assistant Minister, Plymouth Church of the Pilgrims.

MINNEAPOLIS, MINN.

I wish to express to you my own appreciation, as well as that of a large group here with whom I am associated, for your efforts to curb United States war trade with Japan. Success and the best of good lively to your best of good luck to you.

O. I. HERTSGAARD

AUBURNDALE, MASS.

As a voter in the State of Massachusetts, I desire to urge you to press for the passage of your resolution for an embargo on war supplies from the United States of America to Japan. Why should our Government permit its citizens to share in Japanese aggression in China for the sake of monetary returns? FRANK J. WOODWARD.

May I take this opportunity to let you know that I strongly support the objectives of the resolution proposed by you for an embargo on war supplies from the United States to Japan. As a former resident of Shanghai, I feel very strongly that this is a move in the right direction, and I very much hope that it will receive in Congress the support it deserves.

HENRY H. WELLES.

PHILADELPHIA, PA We heartily support the objectives contained in the resolution proposed by you for an embargo on war supplies from the United States to Japan.

W. H. PROUD, F. C. GRIGGS, J. S. STUBB.

FREEHOLD, N. J.

Congratulations on introducing the resolution to stop shipping all war materials to Japan. Will you keep at it until it is passed

WILLIAM LOUIS SAHLER,
Pastor, the Reformed Church in America.

EXTENSION OF REMARKS

Mr. THORKELSON. Mr. Speaker, I renew a request I made this afternoon to extend my remarks at that point in the RECORD and to include therein a rough draft of a bill drafted by a gentleman by the name of Mr. Altman, also a draft of the bill H. R. 4931, and remarks from the Com-monwealth Congress in New York City.

Mr. RAYBURN. Reserving the right to object. Mr. Speaker, and I shall object, I believe it would be very unfortunate if we began printing bills in the RECORD. gentleman can extend his remarks and make any kind of an explanation of a bill he may desire, but printing bills in the RECORD is a practice I have never heard of.

Mr. THORKELSON. The reason I wish to put this in the RECORD is that it contains information I think the House ought to know.

Mr. RAYBURN. The gentleman can introduce the bill and make whatever explanations he wishes. I may say to the gentleman it has never been the custom to have bills printed in the RECORD in this manner.

The SPEAKER. Is there objection to the request of the gentleman from Montana?

Mr. RAYBURN. I object to that part of the request, Mr. Speaker.

The SPEAKER. Objection is heard.

Mr. BOLLES. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD as of this date.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

VLTO MESSAGE FROM THE PRESIDENT OF THE UNITED STATES-EXPORTATION OF TOBACCO SEED AND PLANTS

The SPEAKER laid before the House the following veto message from the President of the United States:

To the House of Representatives:

I return herewith without my approval H. R. 2378, entitled "An act to prohibit the exportation of tobacco seed and plants, except for experimental purposes."

This bill declares it to be unlawful to export any tobacco seed and/or live tobacco plants from the United States or any territory subject to the jurisdiction thereof unless such exportation is in pursuance of a written permit granted by the Secretary of Agriculture after proof satisfactory to him that such seeds or plants are to be used for experimental purposes only.

I understand that this measure was adopted without hearings, without debate, and without record vote in either the House of Representatives or in the Senate. There may not, therefore, have come to the attention of the Members of the Congress various considerations which raise doubt as to the practicability of the bill and the wisdom of the policy embodied therein. Some of these considerations are presented below. I believe that they should be carefully weighed by the Congress before a final decision is reached on this bill.

1. In view of the nature of the crop, it would appear to be virtually impossible to effect sufficient control over the production and handling of tobacco seed to assure against the export of the small quantities of seed required. The imposition of a ban on export would be likely to stimulate the creation of an unwelcome bootleg activity.

In this connection it may be pointed out that the physical volume of tobacco seed sufficient to plant a large area is small; for example, it is estimated that 1,000,000 tobacco seeds weigh only 3 ounces.

Furthermore, the bill as drafted itself would make it possible for the seeds to be produced elsewhere. Small quantities of seeds exported for bona fide experimental purposes, as contemplated by H. R. 2378, could produce in a very few years

enough seed to sustain a large commercial production of tobacco.

2. Although considerable quantities of American tobacco seed may be used for the commercial production of tobacco in foreign countries, such production is not necessarily dependent upon the continuation of this source of seed. In view of conclusively established principles of genetics, it appears that the periodic importation of American seed has been continued only as a matter of convenience, and that by adopting adequate safeguards to prevent cross fertilization, the seed could be produced in foreign countries. For this reason it is not believed that a prohibition of the exportation of seed, as contemplated in H. R. 2378, could have any material effect upon the production of American types of tobacco in foreign countries and, consequently, on the competition encountered by American tobacco from foreign tobacco of similar types in world markets.

3. The bill would constitute an undesirable precedent. American agriculture has benefited materially through the introduction of seeds and plants from foreign countries, to a large extent through the facilities of the Department of Agriculture. This particular legislation, while perhaps not of great importance in itself, might serve as a precedent for later, more comprehensive legislation restricting exports of seeds and plant materials from the United States which, in the long run, might lead to retaliatory action on the part of foreign countries, restricting the possibility of securing new

seeds and plant materials from abroad.

FRANKLIN D. ROOSEVELT.

JUNE 5, 1939.

The SPEAKER. The objections of the President will be spread at large upon the Journal of the House.

Mr. JONES of Texas. Mr. Speaker, I move that the message, with the accompanying bill, be referred to the Committee on Agriculture and ordered printed.

The motion was agreed to.

THE JUVENILE COURT OF THE DISTRICT OF COLUMBIA

The SPEAKER laid before the House the following further message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on the District of Columbia, and ordered to be printed:

To the Congress of the United States:

I transmit herewith for the information of the Congress a communication from the judge of the juvenile court of the District of Columbia, together with a report covering the work of the juvenile court during the fiscal years July 1, 1931, to June 30, 1938.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, June 5, 1939.

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES—COMMISSIONER OF CLAIMS OF AMERICAN NATIONALS AGAINST THE UNION OF SOVIET SOCIALIST REPUBLICS

The SPEAKER laid before the House the following additional message from the President of the United States. which was read, and, with the accompanying papers, referred to the Committee on Foreign Affairs:

To the Congress of the United States:

I commend to the favorable consideration of the Congress the enclosed report from the Secretary of State to the end that legislation may be enacted to authorize appropriations to provide for the adjudication by a commissioner of claims of American nationals against the Union of Soviet Socialist Republics.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, June 5, 1939.

The SPEAKER. Under special order of the House heretofore made, the gentleman from South Carolina [Mr. HARE] is recognized for 30 minutes.

THE HIGH-PROTECTIVE TARIFF POLICY AND THE RECIPROCAL-TRADE POLICY IN THEIR RELATION TO AGRICULTURE AND OUR FOREIGN PROGRAM

Mr. HARE. Mr. Speaker-

Mr. THORKELSON. Mr. Speaker, will the gentleman yield?

Mr. HARE. I yield to the gentleman.

Mr. THORKELSON. Mr. Speaker, I would like to ask unanimous consent to extend my own remarks in the Record that have already been delivered and leave the rest of the matter out.

Mr. DICKSTEIN. Mr. Speaker, reserving the right to object, will those remarks appear in the Appendix or on the front page at the opening of the session of the House? There has been a sort of procedure here by which extensions of remarks appear on the front page.

The SPEAKER. The request of the gentleman is to extend his own remarks in the RECORD, and under the rules they will go in the Appendix of the RECORD.

Is there objection to the request of the gentleman from Montana?

There was no objection.

Mr. HARE. Mr. Speaker, it is an easy matter to criticize another's conduct. Anybody can do it. It does not require a great amount of ability. The same is true of groups as well as individuals. A person who criticizes or finds fault with your conduct, plans, policies, or programs, and offers no constructive suggestions by which such conduct, plans, or programs may be improved can hardly be classed among those who are sympathetic.

When the recent agricultural appropriation bill was up for consideration some very caustic and drastic criticisms were made of our reciprocal-trade policy and its relationship to agriculture and our farm program, but I did not hear any of the critics offer a definite or concrete plan that might operate as an improvement upon either, unless it was the suggestion that we return to the high protective tariff plan of 1930.

I have listened with some interest as well as amusement to a number of speeches by Members of the House recently who have been very pronounced in their criticism of our reciprocal-trade policy and its effect on agriculture. Their remarks indicate they would have the country believe that the reduction of high tariffs following our trade agreements resulted in a loss of markets and pronounced reduction in our foreign trade, suggesting that the reciprocal-trade policy should be discontinued and we should return to the hightariff policy of 1930. The most pronounced criticism is that the trade agreements have resulted in a decrease of exports and furnished increased markets in our country for imports, saying that foreign producers are now flooding our markets in competition with the products of our farms, emphasizing the idea that a high protective tariff policy is of greater value to the average farmer than the operations of our reciprocal-trade agreements.

This is not an elementary problem, nor is it a new one. And I shall not attempt to analyze the two theories in any great detail, but will try to show the practical effects of the operation of the two policies in order that the farmer may be able to decide for himself which contributes most to his injury, or his benefit.

To see whether there is any real justification for these criticisims, it may be well to note some of the basic facts relative to the decline in our foreign trade in recent years and decide whether the reduction can be attributed to our reciprocal-trade policy or to the high protective tariff policy which preceded it. And to make the matter clear, it may be advisable first to review some of our political history for the past decade. We all remember in the election of 1928 the Republican Party carried a number of States where the people had never subscribed to the theory that high protective tariffs were of any material value to agriculture. However, it appears the President of the United States at that time felt by the people's action they were endorsing such a theory, and in the early spring of 1929 called a special session of Congress, as he stated, primarily for the purpose of enacting legislation for the benefit of agriculture. The party leaders proceeded at once to draft a law providing for a substantial increase in tariff rates not only on farm crops but manufactured products as well. The new law was approved and went into effect June 14, 1930, and naturally we would want to know what effect, if any, it had on our foreign trade. According to figures issued by the Department of Agriculture in 1938, the value of our agricultural exports, from 1929 to 1932, inclusive, the last 4 years of Republican rule, were as follows:

1929	\$1, 495, 823, 000
1930	1, 038, 018, 000
1931	752, 132, 000
1932	589, 650, 000

The value of agricultural imports for these years were:

1929	\$1,899,521,000
1930	1, 161, 592, 000
1931	833, 890, 000
1932	613, 737, 000

In 1932 a Democratic President, Franklin D. Roosevelt, was elected and the Democratic Party displaced the Republican Party, our new President being inaugurated March 4, 1933. It is only fair, therefore, that we submit data showing our foreign trade the 4 years following in order that the figures may be comparable to the 4 preceding years.

The same report from the Department of Agriculture shows the value of our agricultural exports from 1933 to 1936 were as follows:

1933	\$787, 343, 000
1934	668, 713, 000
1935	677, 303, 000
1936 (preliminary)	732, 826, 000

The value of agricultural imports were:

1933	\$838, 952, 000
1934	933, 774, 000
1935	1, 141, 191, 000
1936	1, 538, 327, 000

It will be observed that the value of exports declined precipitately from 1929 to 1932, particularly the 3 years, 1930, 1931, and 1932, following the passage of what is known as the Smoot-Hawley Tariff Act. Imports decreased very much in proportion. Foreign countries say this decline in trade was due to the high tariff act, because it made it impossible for them to sell in the United States and, consequently, they were not able to buy-hence, a reduction in both exports and imports. It will be observed further, when the Democratic Party came into power, foreign trade began to increase both in exports and imports, the increase in both the first 2 years being very much in proportion. During the next 2 years imports increased more in proportion than exports. However, I have a feeling that some of the critics will not be able to obtain very much comfort from these figures in case they subscribe to the philosophy of the gentleman from Massachusetts [Mr. TREADWAY], in his critical speech of March 23 when referring to agricultural imports said: "This shows without a doubt that our imports are based upon our prosperity at home." He is quite correct, and instead of the slight increase in imports being an argument against our trade-agreement policy such increase is an index of improved conditions in our own country as a result of such a policy. That is, the slight increase in the value of imports during these 2 years over the value of exports indicate that we had greater increased prosperity at home than people abroad.

However, it should be observed that the value of exports or imports is not always a true index of the foreign-trade situation, for the quantity or volume of both may remain the same and the value show a decrease or an increase, or there may be a decrease in volume with a decided increase in value, and vice versa. It would be interesting, therefore, if we had the time to analyze and interpret the relationship between the

value of our agricultural exports and imports and their volume or quantity. I will not be able to do this at any great detail but will submit figures showing the average annual production of cotton in the United States for 5-year periods from 1910 to 1936, together with the average annual exports, the percent of exports compared with production, and the average price during the various 5-year periods:

Average annual production of cotton in United States	
for 5-year period, 1910 to 1914, inclusivebales	
Average annual exports for same perioddo	9, 319, 000
Bales left for domestic consumptiondo	4, 935, 000
Average annual percent of exports compared with pro-	
duction	65
Average price per pound received by producers_cents_	10.76
Average annual production for 5-year period 1915 to	
1919, inclusivebales Average annual exports for same perioddo	11, 466, 000
Average annual exports for same perioddo	5, 704, 000
Bales left for domestic consumption do	5, 762, 000
Average annual percent of exports compared with pro-	7.5 3 7.05 (3.00)
Average annual percent of exports compared with productionpercent Average price received by producers, per poundcents	50
Average price received by producers, per pound_cents	50 24. 76
Average annual production for 5-year period 1921	
Average annual production for 5-year period 1921 to 1925, inclusivebalesAverage annual exports for same perioddo	11, 515, 000
Average annual exports for same perioddo	6, 755, 000
Bales left for domestic consumptiondo	7, 760, 000
Average annual percent of exports compared with	
Average annual percent of exports compared with productionpercent	58 23. 36
Average price per pound received by producerscents	23.36
Average annual production for 5-year period 1926	
	14, 834, 000
to 1930, inclusivebales Average annual exports for same perioddo	8 348 000
Bales left for domestic consumptiondo	6, 486, 000
Average annual percent of exports compared with	0, 200, 000
productionpercent_	57
Average price received by producerscents_	57 14.88
Average annual production for 5-veer period 1022	11.00
Average annual production for 5-year period 1932	11, 746, 000
to 1936, inclusivebales Average annual exports for same perioddo	6, 770, 000
Bales left for domestic consumptiondo	4, 976, 000
Average annual percent of exports compared with	2,010,000
Average annual percent of exports compared with productionpercent	58
Average price regained per pound by producers cents	10.50
Average price received per pound by producerscents	10.00

It will be observed from the above figures that while the average annual exports of cotton decreased nearly 40 percent in volume from the 5-year period 1910-14 to the 5-year period 1915-19, the average annual value increased approximately 40 percent, and it will be observed further that while the average annual volume of exports for the 5-year period, 1921-25, was practically the same as that compared with the 5-year period 1932-36, the average annual value thereof decreased approximately 60 percent. That is, where the average annual exports for the period 1932-36 decreased only about 15,000 bales as compared with the 5-year period 1921-25, the average annual value decreased from approximately \$877,000,000 to about \$355,000,000. We see, therefore, that the value of business may not be an index as to the volume of business done. However, the value may be a fair index as to the financial or economic status of the people in the importing country. In other words, two countries may continue to exchange their products in approximately the same volume but this would not be an index as to the financial condition of either, although the exchange value of the commodities may reflect in a large measure the purchasing power in either or both, but the purchasing power may not be entirely due to the volume of business done by either or both. On the contrary, the purchasing power may, in a measure, be determined by other matters. Nevertheless, the purchasing power of the people of any country will in a measure be determined by the price as well as volume of things they have to sell. Instead of the price being determined by the volume or quantity of things sold it is generally determined by the purchasing power of the people to whom they sell, and the two 5-year periods, 1921-25, and 1932-36 well illustrate these statements, particularly with the cotton farmer, for it will be observed in the first 5-year period noted the annual average production was 11,515,000 bales and the average price to the producer 23.36 cents per pound, whereas the average annual production for the latter 5-year period, 1932-36, we had 11,746,000 bales, a difference of only about 230,000

bales, the average price per pound received by producers was only $10\frac{1}{2}$ cents and, as we have already stated, the average annual exports of cotton for the two 5-year periods was practically the same. Therefore, it cannot be said that the 60-percent reduction in the purchasing power of the cotton farmer during the last 5-year period can be attributed to a lack of export markets, and we must look for other reasons for this enormous decrease in purchasing power.

Mr. H. CARL ANDERSEN. Mr. Speaker, will the gentleman yield at this point?

Mr. HARE. I yield.

Mr. H. CARL ANDERSEN. Just why did the gentleman leave out the year 1920 and the year 1931 in preparing his chart? Was there any specific reason for doing that? The gentleman will notice that the year 1920 is not included and neither is the year 1931.

Mr. HARE. There was no particular reason for that. Apparently it was to get 5-year periods to run out with 1936, the last year for which we had figures available. The report I referred to at the outset was issued by the Department of Agriculture for 1938 and gave figures only as late as 1936; that is, I do not have the figures for 1937 and 1938.

Mr. SCHAFER of Wisconsin. What years were those for?

Mr. HARE. 1921 and 1925.

Mr. SCHAFER of Wisconsin. How does that average price compare with the average price for the last 5 years?

Mr. HARE. The average price for the last 5 years was 101/2 cents per pound.

Mr. SCHAFER of Wisconsin. And for the other years it was how much?

Mr. HARE. Twenty-three and thirty-six hundredths cents per pound for 1921 to 1925, inclusive.

Mr. SCHAFER of Wisconsin. So, under a Republican administration you had an average price of 23 cents per pound, while during the first 5 years of the New Deal we had less than half of that.

Mr. HARE. Price per pound?

Mr. SCHAFER of Wisconsin. Yes.

Mr. HARE. That is correct.

Mr. SCHAFER of Wisconsin. So that the Republican administration takes care of our cotton agriculture producing group better than the New Deal has taken care of them.

Mr. HARE. If the gentleman will follow me a little further I think I will be able to disabuse his mind of that idea. I was referring to the 5-year period 1921-25, and that was before the passage of the last tariff act, and the farmers had not yet begun to pay the excessive prices for the things they were called upon to buy, and consequently had not had their purchasing power taken away from them until the 1931-36 period, when they had no money with which to buy cotton or other goods. That is, for lack of purchasing power, there was little demand for cotton goods, and prices consequently dropped or decreased.

Mr. SCHAFER of Wisconsin. The gentleman is talking about the tariff and putting the blame on the Republican Party, but would it not have been fair to make amendments to that tariff in 1931 and 1932? The Democrats then had control of the House and the Speaker, the gentleman from Texas, and a working majority in the Senate, and for several years your party never introduced a bill or passed a line or syllable of a bill to reduce one tariff rate, not even one-half of 1 percent on aluminum pants buttons, although we had a whole lot of talk about Andy Mellon and the aluminum monopoly receiving tariff benefits.

Mr. HARE. If the gentleman is trying to set up an alibi for the 1930 act, let me say that two wrongs do not make a right. There may be some reason for failing to act in 1933, and I shall refer to that later and show that instead of passing a tariff law in 1933 a reciprocal-trade law was enacted in 1934, so that revenue tariffs may be made on a fair and scientific basis.

Mr. SCHAFER of Wisconsin. I mean in 1931 you had both Houses. You also had the Speaker, and under the Constitution tariff legislation must originate in the House.

Mr. HARE. No; we did not have the Senate in 1931, nor did we have the President of the United States.

Mr. SCHAFER of Wisconsin. You did not need to.

Mr. HARE. The gentleman knows better than that. He knows a good deal about the tariff. He was here when the law was enacted. He well remembers when President Hoover called the Congress into extra session to enact a tariff law for agriculture, and he knows now what effect that law had upon agriculture, industry, and labor in this country.

Mr. SCHAFER of Wisconsin. If the gentleman will look at the hearings he will find that nearly every Democratic leader in the House and Senate talked for a high protective tariff on the products of their States. In the Senate Senator Harrison wanted a tariff on cotton, Walsh on copper, and Barkley for coal, and all along the line the southern fellows from Florida were for a high tariff to protect their vegetable market from foreign competition.

Mr. HARE. I did not yield to the gentleman for a speech, but I know and the gentleman from Wisconsin knows the

Democrats did not pass the last tariff act.

Mr. SCHAFER of Wisconsin. The gentleman comes from a cotton State. He is a gentleman who is a very diligent, able, and efficient legislator. The country is indeed fortunate that he is back in the House again. He is a real Jeffersonian Democrat.

Mr. HARE. I appreciate the gentleman's complimentary references and I am willing to admit the accuracy of the last sentence.

Mr. SCHAFER of Wisconsin. Will the gentleman put into the Record the amount of the export market for the past 10 or 12 years to show how the cotton export market has decreased while the South American export cotton market has increased?

Mr. HARE. I will show that the export of cotton for the last 5-year period ending in 1936 was practically the same as the two previous 5-year periods in proportion to production, and I will show that all of this cry and hullabaloo about the reciprocal-trade policy reducing the market for raw cotton is all bosh. Certainly there has been a reduction in cotton exports but the reduction cannot be charged to reciprocal-trade agreements.

Mr. SCHAFER of Wisconsin. Will the gentleman advocate a tariff on cotton to keep the cheaply produced Brazilian cotton from coming into this country? The gentleman from South Carolina [Mr. Fulmer] indicated the time is not far distant when the cotton producers of the South will need tariff protection.

Mr. HARE. Well, "Sufficient unto the day is the evil thereof." If that condition is reached, I shall be glad to talk with the gentleman further about it, but I do not think we have reached that point yet. It is not the Brazilian raw cotton entering this country that hurts. It is the purchase of Brazilian raw cotton by foreign manufacturers in preference to American cotton with the idea of boycotting American products as a protest against our excessively high tariff rates, and it is in this way the American cotton farmer is getting it in the neck.

Mr. MURRAY. Mr. Speaker, will the gentleman yield?

Mr. HARE. Yes.

Mr. MURRAY. I represent the dirt farmer. They always think that everybody is doing them dirt, and that is the reason they call themselves dirt farmers. I do not agree with the gentleman on this basis, that he is trying to make believe that one party does better for the farmers than the other. My contention is that neither party does what is right by the farmer.

Mr. HARE. I am trying to present the facts in such a way the farmer himself will be able to decide which party contributes most to his benefit.

Mr. Speaker, going back to where I left off:

If a thorough investigation were made the difference between the farmers' net income for the latter 5-year period compared with the former 5-year period can be attributed to the increased cost of those things purchased and used in connection with his farming operations. If this is found to

be true, it may be that the cotton farmers' income can be increased easier by decreasing his costs of production.

This seems to be the theory on which Congress acted in making provision for reciprocal-trade agreements and the theory on which our able and most efficient Secretary of State acted in formulating these agreements with foreign countries. He is trying to maintain a fair price for the things we have to sell and reduce the price of those we have to buy.

But let us examine the figures a little further and see whether we have lost the foreign market as much as some would have us believe. In the 5-year period 1921 to 1925 we observe that the average annual exports was 58 percent of the average annual production. During the next 5-year period 1926 to 1930 the average annual exports was 57 percent, and in the 5-year period 1932 to 1936 the average annual exports was 58 percent of the average annual production. In other words, the average annual exports of cotton for the three 5-year periods named as compared with production has remained practically the same. That is, our exports have not decreased any faster than our production, and the demand in foreign markets has not decreased any faster than the demand in our domestic markets.

Some will say that this will not hold true for the past 2 years. That may be true, but neither will it hold true for any other 2 years. The efficiency or failure of a theory or policy cannot be judged by comparing one year with some other one year. To get the trend you must take into consideration a period of years. As "one swallow does not make a summer," so one observation does not prove or disprove a policy or theory. At any rate, the volume of our cotton exports have remained proportionately the same for the past three 5-year periods, even though there is a marked reduction in value during the latter. But, as we have intimated, the decrease in value may be due to the decrease in purchasing power and the decrease in purchasing power may be due to increased cost because of the excessively high tariffs; that is, the cost of things farmers and others have had to buy have been out of proportion to the price of things they have had to sell, whether it be labor, products of their brain, or their crops. It is proper, therefore, to study or make some observations of the provisions and operations of the last tariff law, particularly as they refer or apply to agriculture.

The first thing to attract attention is that while there was about 4 percent increase in the tariff rate on farm crops in the 1930 act as compared with the preceding act of 1922, there was an increase of a little more than 5 percent in the rates on manufactured products; that is, the tariff on manufactured products was 25 percent more than on farm crops, the effect of which was that every time a farmer received \$1 more for what he sold by reason of the tariff he is charged \$1.25 more for what he buys. The farmer was, therefore, the loser of 25 cents on every such transaction.

A hasty review of some of the provisions of this act may assist in reaching a proper conclusion as to what effect the operation of the law may have had in the decrease of purchasing power of the farmer and other consumers, which, in turn, decreased the price of things they had to sell because of the decreased demand for farm crops and the products of labor.

We cannot undertake to call attention to the thousands of items provided for in the 434 pages of that law, but will undertake to refer to only a few of them, giving especial attention to those in which the farmer may be interested. This law provides a tariff or duty of 60 cents on every dollar's worth of cups, saucers, plates, and so forth; 65 cents on every dollar's worth of fruit jars, tumblers, lamp chimneys, and so forth; 40 to 70 cents on every dollar's worth of paint; 35 cents on every dollar's worth of castor oil; 75 cents on every dollar's worth of cologne; \$1 on a \$5 crosscut saw; \$3.50 on a \$10 pair of wagon harness; 70 cents on a \$2 safety razor; \$6.70 on a \$6 shotgun; \$14 on a \$40 saddle; \$11.25 on a \$20 suit of clothes; \$9.50 on a \$10 clock; and \$6 on a \$20 bicycle. Let a farmer boy buy a \$4 coat with a rabbitskin collar attached, and if he is picking cotton to pay for it it will take him 3 days

to earn enough to pay the \$2.50 tariff duty, making the coat cost \$6.50. If he wants to buy a bicycle it will take him an entire week earning \$1 a day clear money to get enough to pay the duty on it. If he desires to buy a single-barrel breechloading shotgun it will take him 2½ weeks to earn the \$15.50 to pay the tariff on it; that is, it will take 4 weeks, or one-twelfth of a year, for this boy to earn money enough to pay the tariff duty on these three articles—coat, bicycle, shotgun.

To be a little more specific, I have listed a number of articles the average farmer is likely to purchase in the run of a year and have computed or estimated the tariff or duty provided for on each article. It will furnish some idea as to about how much he is paying annually for himself and family in the way of tariff duties.

The second of th	Tariff
2 bottles ink	\$0.04
Paint, valued at \$5	3.50
5,000 bricks	6.25
5,000 bricks2 boxes shoeblacking, valued at 15 cents each	.10
Cups, saucers, etc., valued at \$5	1.80
Plows (points) valued at \$20	4.00
Flavoring extracts, value 40 cents	.10
\$3 worth of vernish	1.50
Fruit jars, tumblers, lamp chimneys, etc., valued at \$6	3.90
Fruit jars, tumblers, lamp chimneys, etc., valued at \$6 1 12-inch square looking glass, value \$2	1.00
Nails to the amount of \$10	3, 50
Nails to the amount of \$10Aluminum pans, boilers, plates, etc., valued at \$8	4.80
1 \$5 crosscut saw	1.00
2 pair wagon harness, valued at \$10 each	7.00
2 horse collars at \$5 each	3.50
3 hoes valued at \$1 each	. 90
1 shovel, 1 pitchfork, 1 garden rake, value \$1 each	.90
2 pairs shoes for each member of family of 5, value \$5	
per pair	10.00
2 dolls, value \$1 each	1.80
2 hats (for wife or daughter), \$4 each	2,00
2 wool shirts, valued not more than \$2 each	2.00
1 suit clothes weighing 2½ pounds, value \$20	11.25
2 blankets containing any wool, weighing 3 pounds, value	10000000
\$3.75 each	4.80
1 bicycle, value \$20	6.00
1 saddle, value \$20	
1 shotgun, valued at \$30	
1 safety razor, valued at \$2	70
1 safety razor, valued at \$2 1 pocket knife, valued at \$1	.50
1 30-cent tube of tooth paste	. 22
1 50-cent bottle of cologne	. 37
1 bedspread, value \$8	1.35
5 bed sheets, value 50 cents each	1.12
1 \$20 winter coat for wife or daughter	10.00
Hats, caps, or hoods for children carry a tariff duty ranging	12/2/20/20/20
from 23 cents to \$2.30 each (estimated tariff for year)	2.00
\$1 worth of lace or trimming	. 90
5 pairs hose, valued at 50 cents per pair	2, 25
10 pairs socks, value 25 cents per pair	2. 25
5 window curtains, value \$1 per pair1 dozen handkerchiefs, valued at 70 cents	4. 50
1 dozen handkerchiefs, valued at 70 cents	- 64
2 corsets, valued at \$2 each	1.50
2 pairs men's gloves	
1 phonograph or graphophone	3 00
1 fountain pen, value \$3	1 26
A 1-gallon jug or thermos bottle	60
2 pounds of starch	. 05
10 pounds of horseshoes	.10
A \$1 umbrella	. 60
1 50-cent air rifle	. 25
1 \$2 photograph autograph or post-card album	60
\$2 worth of fishing tackle	1.10
1 \$2 cotton blanket	70
1 rattan or reed rocking chair, valued at \$4	2.40
I rattan or reed rocking chair, valued at \$4 Wooden or straw window blinds, value \$5	2.50
1,000 pounds of fence wire	5.00

Of course, this may not represent exactly what the average farmer will pay in the way of tariff duties each year, but it will give him a good idea as to what goes with his income and why his purchasing power is no more than it is. On the contrary, this may represent only a small percent of the things the farmer buys annually. I know many things are not included in this list, and I think it is safe to say that the average tariff duty paid by the general run of farmers will range from \$100 to \$1,000 per annum, depending on the amount of his purchases. The same will apply to the laborer or anyone else.

The speeches made by high protectionists during the last few weeks in an effort to make the farmer believe that his success, prosperity, and happiness depend upon a high protective tariff is not a new thing; it has been going on for years.

Mr. MURRAY. Will the gentleman yield right there? Mr. HARE. I yield.

Mr. MURRAY. As long as 25 percent of our exports are agricultural products, and as long as 50 percent of our imports are agricultural products, does not the gentleman feel that agriculture is getting the short end of the deal?

Mr. HARE. I am trying to show that agriculture has had the short end of the deal for 20 years, and if the gentleman will give me time I will prove it.

Mr. Speaker, again going back to where I left off, let me say that if this were the first time such representations were made, it would be logical and proper to give them the reasonable and natural weight they would ordinarily be entitled to, but they have been made so often and refuted by subsequent experiences they have lost some of their force. We go back to the passage of the 1922 tariff law and find Mr. Fordney, one of the authors of the bill, saying:

My friends, as far as rates are concerned, this is purely an agricultural bill.

This was a very emphatic statement showing that the tariff bill under consideration at that time was for the benefit of agriculture, but in less than 2 years following we find Representatives coming from the same section of the country declaring that the tariff was of little value and that it was not effective, saying that the condition of agriculture was going from bad to worse all the time, and these same men were demanding the passage of a bill that would "make the tariff effective."

In the light of such evidence we are forced to conclude that the framers of the 1922 Tariff Act were mistaken in their contentions in that it would operate in the interest of agriculture. It did not, for a few years later that friend of the farmer, the lamented gentleman from Iowa, Mr. Haugen, in discussing a bill he proposed at that time for farm relief, pointed out that about the time the law was passed corn was selling for 50 cents per bushel and a wagon could be bought for \$50 and a binder for \$110, saying that "generally 100 bushels of corn would buy a wagon and 200 bushels buy a binder."

The SPEAKER pro tempore. The time of the gentleman from South Carolina [Mr. Hare] has expired.

Mr. MURRAY. Mr. Speaker, I ask that the gentleman be allowed to proceed for 5 additional minutes. We have consumed a great deal of his time by interruptions.

The SPEAKER pro tempore (Mr. SPARKMAN). Is that agreeable to the gentleman from Michigan [Mr. ENGEL]? Mr. ENGEL. It is, Mr. Speaker.

The SPEAKER pro tempore. Without objection, it is so ordered.

Mr. HARE. I appreciate this courtesy very much.

Mr. Speaker, resuming at the point where I was interrupted, he pointed out further that at that time corn was still selling for 50 cents per bushel, but wagons were selling around \$135 and binders around \$235, saying, "It now requires around 200 bushels of corn to pay for a wagon and from 400 to 500 bushels to pay for a binder. The same is true in purchasing other implements and clothing and most of the things the farmer has to buy." The point he was making was to the effect that the high protective tariff had increased the price of wagons, binders, and other things the farmer had to buy, but had had no effect whatever on the price of corn, although there was at the time a tariff of 15 cents per bushel on corn.

It will be recalled further when the 1930 tariff bill was up for consideration its author in the House, Mr. Hawley, spoke at length, outlining in considerable detail the benefits to be derived from the operation of the proposed law for agriculture. We note specifically where he illustrated his argument by referring to what he described as a 230-acre typical southern Ohio farm, saying that under the act such a farmer would receive on an average of \$1,206 per annum, and that this

would represent the benefits he would receive from the operation of the law. He proceeded further to show that the expenditures he would have to make in the way of tariff duties would amount to approximately \$182 per annum, claiming that this average farm would obtain an average annual net benefit of a little more than \$1,000. He gave another illustration of a general farm in Iowa where he made calculations, and showed that such a farm would get a benefit of \$1,669 annually and pay duties on articles purchased for the use of farm and household the sum of \$171, making a net benefit to such a farm of a little more than \$1,500 per annum. I refer to these simply to illustrate how positive and pronounced the proponents of a high protective tariff were during the discussion of the Tariff Act of 1930 so that the people might be able to properly evaluate the arguments they are now making against the reciprocal-trade policy and in favor of a return to the high tariff rates of former days.

If the Ohio and Iowa farmers referred to by the author of the bill should today read the glowing arguments made in support of the highest tariff bill of record and then take stock of the results that followed, they would find little consolation in the arguments now being made against our reciprocal-trade agreements and in favor of higher tariffs. On the other hand, if they would take time to read the prophetic speech made about the same time by the Honorable John N. Garner, then a Member of the House and now Vice President of the United States, they would recognize him as a man of political wisdom and prophecy and would have every reason to become his political disciples and join hands with those who believe that if he were promoted and given an opportunity he would aid agriculture, labor, and industry by giving them a sane interpretation and a safe solution of their existing problems.

We will not attempt to quote at length from Mr. Garner, but immediately following the passage of the conference report he said in part as follows:

Mr. Speaker, the Hawley-Smoot tariff bill, carrying the highest rates ever written into an American tariff law, has become a law despite the protests of virtually all farm organizations and warnings of many large manufacturers who predict that the new rates will practically destroy foreign markets for many American products.

To my mind-

He said-

this tariff bill violates every precept of common sense, justice, and sound economics. Under the guise of protecting the products of agriculture, the Republican majority in both Houses has inflicted upon the country industrial rates that are indefensible; rates that can only serve to add to the burden the farmers and consumers have carried for years; rates that will tend to reduce and in fact eliminate, the foreign markets for many of our products, both industrial and agricultural.

The speaker could not have pictured or described the results to follow the passage of that act more accurately than if he had waited 5 years following its passage and then observed in every detail the effects upon agriculture and industry. But we call attention to another prophetic statement of the now Vice President, when he said:

The administration leaders have proceeded upon the assumption that there has been no change; and that the old panaceas can still be applied; that foreign consumers must come to America for their raw materials and raw merchandise. In my opinion, their blindness in this respect can have only one effect—reduction of our exports, which have provided employment for millions of American workers; reduction of the trade balance, which is responsible in no small degree for the great national prosperity following the World War; and place American agriculture and industry upon a basis whereby expansion and employment will be limited to the demands of the domestic markets.

No prophecy of any man of any time in history has been fulfilled with greater accuracy than those predicted in 1930 by the now Vice President of the United States, for certainly there has been a reduction of exports and the unemployment of millions of people have followed; certainly there has been a reduction of the trade balance which has interfered seriously with our former great national prosperity; and cer-

tainly both agriculture and industry are now looking to our domestic markets for the consumption of our raw materials as well as our finished products. All the speaker said at that time would follow the passage of the high protective tariff act has come to pass. But the tragedy of the situation is that some of the men who took part in the passage of the law which paralyzed practically every economic activity of this country now have the audacity to come before Congress, after a new and scientific trade policy has been established, and attempt to convince the American people that the reopening of the channels of trade for agriculture and industry with foreign markets is to go back to the tariff policy of 1930, 1931, and 1932.

But let us analyze some of the recent criticisms of our reciprocal-trade policy and see if there is any virtue in them. In the address of the gentleman from Massachusetts [Mr. Treadway] on March 23 he undertook to show the injurious effects of the reciprocal-trade agreements on agriculture as contrasted with what he referred to as benefits derived from the high protective tariff. He spoke at length in an effort to show that the reciprocal-trade agreements had had two effects on agriculture. One was they had destroyed our foreign markets and the other that we had lost our home markets, saying rather emphatically:

The American farmer has seen his foreign market disappear and his home market drasticaly surrendered to the foreign producer.

It would have been very interesting if the critic had submitted figures at this point in his speech showing to what extent our exports and imports increased following the inauguration of our reciprocal-trade policy as compared with the decrease immediately following the passage of the last tariff act.

In his effort to justify the passage of that act he stated:

Another proof that the Tariff Act of 1930 had nothing to do with the 1929 depression is that our imports of items on the free list fell off in exactly the same percentage as our imports of items on which the tariff was collected. This shows without a doubt that our imports are based upon our prosperity at home.

This is a confession you would hardly expect from a high tariff advocate, for he says that following this tariff act, "Our imports of items on the free list fell off in exactly the same percentage as our imports of items on which the tariff was collected," thereby admitting that the high tariff failed to do what they said it would do, because he states emphatically, "Items on the free list fell off in exactly the same percentage as items on which the tariff was collected," showing conclusively that the tariff had been of no benefit whatever to agriculture.

To verify this conclusion, he proceeds in the next sentence and virtually admits that the tariff law referred to had not been of any benefit to agriculture when he said, "This shows without a doubt that our imports are based upon our prosperity at home," not as a consequence of "high tariffs," but on account of "prosperity at home." This is exactly in harmony with the theory on which the reciprocal agreements are based. They are designed primarily for the purpose of increasing prosperity at home. Again we quote from the very able gentleman from Massachusetts [Mr. Treadway]. He says:

If the act of 1930 is blamed for our decline in foreign trade from 1929 to 1932, then to be fair, trade-treaty proponents must also give it credit for the rising in our foreign trade from 1932 until the time the trade-treaty program came into effect.

In other words, he admits in one sentence that the high Tariff Act of 1930 was responsible for the decline, and then insists that by the same operation the same tariff act should be credited for the increase in exports during 1933-34. His logic reminds me of the poet who said:

He wiggled in and he wobbled out, And left the people still in doubt Whether the snake that made the track Was crossing the road or coming back. He loses sight of the fact that following the enormous decline in foreign trade in 1930, 1931, and 1932 there was an election in this country, where the people repudiated the high protective tariff policy, elected a new President, and put a new political party in power, and every reasonably well-advised person will say that the increase in foreign trade that followed in 1933 and 1934 was inspired by the confidence the people of this country and of the world placed in the actions taken by the new President and the new Democratic Congress. It is absurd on its face to admit that the Tariff Act of 1930 was responsible for the decline in foreign trade for 3 years and then say its operation should be credited with the increased foreign trade that followed for the next 2 years.

The speaker then undertakes to give the Tariff Act of 1930 credit for all of the revival in foreign trade following the defeat of the Republican Party in 1932 when he declared:

Also, it must be given credit for the increase in trade from 1932 to date with countries with which we do not have trade treaties. As a matter of fact, there is every reason to believe that our trade with treaty countries would have increased to a large extent even without the treaties, as was the case before the treaties were entered into.

The principle upon which this statement is based cannot stand, because if the Tariff Act of 1930 is admitted to be responsible for the loss of our foreign trade for the 3 years following, we cannot imagine how it is possible for the same forces or influences to react and then become responsible for the increased foreign trade immediately following the elections of 1932 and the establishment of our reciprocal-trade policy. As a matter of fact, our exports to countries with which we do not have trade treaties have not increased in proportion as exports to those with which we have such agreements. In support of this statement I quote from an address of Edgar W. Smith, vice president, General Motors Overseas Corporation, in New York, March 10, 1939, when he says:

Since 1934 our exports to countries with which we have trade agreements have increased year by year more rapidly than our exports to countries with which we do not have agreements. In 1937 exports of American agricultural products to countries with which we had trade agreements were 42 percent greater than

In 1937 exports of American agricultural products to countries with which we had trade agreements were 42 percent greater than they were in 1935, when only one trade agreement was in effect, while exports of farm products to non-trade-agreement countries were 4 percent less than in 1935. In the 12 months ended June 20, 1938, our exports of farm products to trade-agreement countries increased in value \$81,000,000, or more than 39 percent, over the value for the preceding 12 months, while exports of these products to non-trade-agreement countries in the same period increased only a little more than 14 percent.

It is practically impossible to secure exact data for each and every item of export and import, but the monthly index figures for exports and imports as indicated by the 1938 Supplement of the Department of Commerce on Current Business show the total value of exports decreased 58 percent comparing 1930 with 1933, with a 20 percent increase comparing 1936 with 1938, whereas the figures for imports show a 57 percent decrease in the first comparison and 17 percent increase in the second.

However, in the quantity or volume of exports the index figures show a decrease of 37 percent, comparing 1930 with 1933, and a decrease of 30 percent in imports, whereas the volume of exports following the establishment of our reciprocal-trade policy increased 22 percent, comparing the year 1936 with 1938, although the volume of imports, with a corresponding comparison, show a decrease of 20 percent. In other words, there was a decided decrease in our business with foreign nations for the 3 years following the passage of the 1930 Tariff Act, whereas there has been an appreciable increase in business with foreign nations during the 3 years following the establishment of our reciprocal-trade policy in 1935.

There is no doubt but what the 1930 act was the straw that broke the camel's back of our economic structure, although we had been riding for a fall since the passage of the Fordney-McCumber Act in 1922, when industry and party leaders insisted that by the enactment of that law industry would be able to aid agriculture by paying higher prices for raw materials; labor would receive higher wages, which, in turn, would pay the farmer better prices for his farm crops and food products. The program sounded reasonable and both agriculture and labor relied upon the promises. But the usual thing happened. Instead of passing some of the profits resulting from high prices on to agriculture and labor, new and highly improved machinery and equipment were installed, old machinery speeded up, and the stretch-out system inaugurated. Increasing unemployment with decreasing purchasing power followed until 1930, when the Republican Party announced by its action there would be another decided increase over the then existing tariff rates. Foreign governments immediately retal ated by increasing their rates accordingly, with the result that channels of trade were closed and business generally collapsed.

The hum of machinery was no longer heard, labor was unemployed, and agriculture paralyzed. Everything was at a standstill, and to prevent continued stagnation in business it was necessary to remove the cause in an orderly and scientific manner so that the channels of business may be reopened, and agriculture and labor given another opportunity for life. Congress, therefore, provided for the inauguration of our reciprocal-trade program, the wisdom of which is being justified and approved as the program is enlarged from time to time. It is true, some of us thought our party made a mistake and was subject to criticism in 1933 when it failed to proceed at once to repeal or reduce the excessive tariff rates then prevailing, but we are now convinced that Congress pursued the better course and acted more wisely by providing for reciprocal-trade agreements which will effect the same results in a more scientific manner and obviate retaliations and boycotting by other

If any of the critics have shown where the reciprocal-trade pelicy and the trade agreements have operated to the injury of the farmer as much as the high protective tariffs I have not seen or heard it. Or if they can show definitely and conclusively where the average farmer has lost more by the operation of the reciprocal-trade agreements than he has by the operation of the high protective tariff I, for one, will be willing to change my mind and vote to abandon the policy. Otherwise, I think it is high time for the high protectionists to quit trying to fool the farmer. [Applause.]

GOVERNMENT EXPENDITURES

The SPEAKER pro tempore. Under special order heretofore made, the gentleman from Michigan [Mr. ENGEL] is recognized for 30 minutes.

Mr. ENGEL. Mr. Speaker, the President of the United States in his speeches and messages has tried to convince himself and the Nation that we have nothing to fear from a large public debt. In his message of January 4, in expressing this idea to the Nation at large, he used the following language:

Many people-

He said-

have the idea that as a nation we are overburdened with debt and are spending more than we can afford. That is not so. Despite our Federal Government expenditures, the entire debt of our national economic system, public and private together, is no larger today than it was in 1929, and the interest is far less than it was in 1929.

Mr. Speaker, with this statement in mind, I want to examine the debt structure as it is today and as it was in 1929. Let us see whether or not the statement of the President that the National, State, and private indebtedness is no larger today than it was in 1929 gives a true picture of conditions as they exist today. Let us eliminate the camouflage and look at the financial structure as it stands today and as it stood then.

I ask unanimous consent to place into the RECORD table I, compiled by myself from the figures taken from the Department of Commerce.

TABLE I .- Long-term private indebtedness 1 [In billions of dollars]

	1912	1922	1929 2	1930	1934	1935	1936	1937
Total	31. 3	51. 2	85. 0	84. 5	74.3	72. 5	71.5	70. 3
Railway	10. 7 5. 3 4. 5 3. 8	11. 9 8. 4 6. 8 8. 9		13. 4 14. 0 10. 8 9. 1	13. 4 13. 6 8. 8 7. 8	13. 2 13. 8 8. 4 7. 5	13. 3 13. 8 8. 0 7. 3	13. 1 13. 9 7. 8 7. 1
Nonfarm mortgage, 1- to 4-family homes Other urban ³ real-estate debt				22. 3 14. 9	18.1	17. 6 12. 8	17.4 11.7	17.3
Total urban	7.0	15. 2		37. 2	30.8	29.6	29. 1	28. 5
Public debt: United States debt State and local			16. 0 15. 6	16. 6 15. 8	27. 9 18. 8	29. 6 19. 0	33. 7 19. 2	36. 7 19. 2
Total public debt			31.6	32. 4	46.7	48.6	52. 9	55. 9
Total long-term private and pub- lic debt			116.6	116. 9	121.0	121.4	124. 4	126, 2

Excludes financial and Government corporations largely duplicated.
 Estimated unofficially by Department of Commerce. No official Department of Commerce estimates available.
 Includes apartment homes larger than 4-family, hotels, office buildings

Taken from table 339, Domestic Commerce Series No. 96.

This table covers the long-term private indebtedness and the public indebtedness.

These Department of Commerce figures give the longterm private, national, State, and local public indebtedness for 1930 and 1937, as follows:

The one to open the st convision	1930	1937
Long-term private indebtedness National debt State and local public debt	\$84, 500, 000, 000 16, 600, 000, 000 15, 800, 000, 000	\$70, 300, 000, 000 36, 700, 000, 000 19, 200, 000, 000
Total	116, 900, 000, 000	126, 200, 000, 000

Thus we find that the long-term private debt plus the national, State, and local public debt was \$9,300,000,000 larger in 1937 than in 1930. The Department of Commerce has no official estimate of the short-term private debt nor of the long-term private debt of 1929. It estimates unofficially the long-term private debt for that year at \$85,000,000,000. However, the national debt of that year was \$16,000,000,000, and the State and local public debt was \$15,600,000,000. The public debt was \$800,000,000 smaller in 1929 than in 1930, while the private long-term debt was \$500,000,000 larger. So the 1930 figures would be approximately the same as the 1929 figures. This shows an increase of \$23,500,000,000 in 1937 over 1930 in our public indebtedness, and a decrease of \$14,200,000,000 in our long-term private indebtedness, or a net increase in the national, State, and local and in long-term private debt of \$9,300,000,000 in 1937 over 1930.

It is rather interesting to note that of the \$14,200,000,000 decrease in the long-term private indebtedness, the total industrial loans or debts were decreased \$3,000,000,000, farm mortgages were decreased \$2,000,000,000, nonfarm mortgages on one- to four-family homes \$5,000,000,000, and other urban real-estate mortgages on apartment houses, hotels, and so forth were decreased \$3,700,000,000.

These decreases were not brought about by payment. The vast majority of this debt reduction was brought about through foreclosures of real-estate mortgages on one- to four-family homes, large apartment houses on which bonds had been floated all over the country, and other real property.

I am inserting at this point in the RECORD a table compiled by myself, giving the total number of Federal landbank loans foreclosed since the organization of the Federal land bank in 1917, and also giving the number of Federal land-bank loans and Commissioner's loans foreclosed from March 1, 1933, to March 31, 1939.

Federal land-bank mortgages and Land Bank Commissioner mortgages foreclosed on from 1917 to Mar. 31, 1939

	Number	Amount
Federal land bank mortgages foreclosed on from Mar. 1, 1933, to Mar. 31, 1939. Land Bank Commissioner loans foreclosed on from Mar. 1, 1933, to Mar. 31, 1939.	44, 010 12, 543	\$137, 839, 989 24, 585, 529
Total foreclosed on from Mar. 1, 1933, to Mar. 31, 1939	56, 553	162, 425, 518
Federal land bank foreclosures pending on Mar. 31, 1939 Land Bank Commissioner foreclosures pending on Mar. 31, 1939	5, 210 4, 040	19, 878, 884 9, 351, 309
Total foreclosures pending on Mar. 31, 1939	9, 250 65, 803 38, 951	29, 230, 193 191, 656, 711 142, 135, 459

It will be seen from this table that we foreclosed or started foreclosure proceedings on 65,803 loans, amounting to \$191,656,711 from March 1, 1933, to March 31, 1939, as against 38,951 loans foreclosed on, amounting to \$142,135,-459 from the organization of the Federal land bank in 1917 to March 1, 1933. In other words, the number of loans upon which we foreclosed or started forclosure from March 1. 1933, to March 13, 1939-a period of 6 years-is almost double the number of loans we foreclosed on from the organization of the Federal land bank in 1917 to March 1. 1933. The amount foreclosed on in the last 6 years is approximately \$50,000,000 higher than the total amount foreclosed on from 1917 to March 1, 1933. The fact that I wanted to point out is that when the 9,250 pending cases are completed, there will have been wiped out by foreclosure since March 1, 1933, nearly \$200,000,000 of debt is this one

I have before me figures as of November 30, 1938, on the Home Owners' Loan Corporation. The Home Owners' Loan Corporation up to November 30, 1938, has foreclosed or had in the process of foreclosing 165,139 homes, of which 15,850 were withdrawn, leaving a net number of homes which they expect to acquire at 149,289. They are now managing 87,421 homes, representing an original loan of \$478,350,000, or an average of \$5,600 per loan. If we apply this average amount for loans foreclosed to the total amount which they expect to acquire, we find that they will have foreclosed on these 149,289 homes upon which a total loan was made of nearly \$336,000,000.

It is interesting further to note that the total number of loans made were 1,018,000 and the total amount of the loans was \$3,093,000,000. Fourteen and seven-tenths percent of the number of loans are foreclosed or in the process of foreclosure, representing 35 percent of the total sum loaned. Of the properties disposed of, the Home Owners' Loan Corporation took a loss on an average of \$657 per loan foreclosed on

I have no desire to criticize the Federal land bank nor the Home Owners' Loan Corporation. It is only fair to say that these loans are the poorest loans they had. I believe it is safe to say that the \$10,700,000,000 farm and urban mortgage debt by which the private indebtedness was reduced was to a large extent wiped out by foreclosure as is illustrated by the Home Owners' Loan Corporation. So in summarizing, we find that the greater portion of the reduction in the long-term private indebtedness from 1930 to 1937 was not by payment, but by foreclosures, compromises with creditors, and methods other than payment. We find that when these foreclosures are completed over \$1,000,-000,000 of private debt will have been wiped out since March 1933 on H. O. L. C. loans and Federal land-bank loans alone. This does not include, of course, the amount involved in foreclosures of mortgages on home and farms owned by individuals, banks, life-insurance companies, loan associations, and other corporations.

The President, however, in his figures includes the short-term private indebtedness. I ask unanimous consent to include in the Record table II, compiled by myself.

Table II.—Total public and private indebtedness of the United States during the years 1929 and 1937, including Federal, State, and local public indebtedness and long- and short-term private indebtedness

TO THE REST OF THE REAL PROPERTY.	1929	1937
Total	\$250, 000, 000, 000	\$250, 000, 000, 000
Tax-exempt securities representing debts of government bodies Corporation bonded debt Mortgage, farm and urban. Short-term debts receivable at banks and non-	32, 000, 000, 000 47, 000, 000, 000 40, 000, 000, 000	53, 000, 000, 000 50, 000, 000, 000 35, 000, 000, 000
financial corporations. Commercial bank debts in the form of deposits including \$4,000,000,000 of interbank debts	53, 000, 000, 000	30, 000, 000, 000
for 1929 and \$6,000,000,000 for 1937 Life-insurance companies owing policyholders_ Mutual savings banks owing depositors	47, 000, 000, 000 12, 000, 000, 000 9, 000, 000, 000	46, 000, 000, 000 20, 000, 000, 000 10, 000, 000, 000
Building and loan associations owing share- holders	5, 000, 000, 000	4, 000, 000, 000
Miscellaneous	245, 000, 000, 000 5, 000, 000, 000	248, 000, 000, 000 2, 000, 000, 000
Total	250, 000, 000, 000	250, 000, 000, 000

Taken from the book entitled "Debts and Recovery, 1929 to 1937. The Twentieth Century Fund," as determined by special committee of the Twentieth Century Fund on debt adjustment.

I am including table No. 2, which was compiled by me from the report of the committee on the twentieth century fund on debt adjustment published in 1938, and just a short time off the press. The twentieth-century fund gives the total Federal, State, and local public indebtedness, plus the long- and short-term private indebtedness for 1929 in excess of \$250,000,000,000—it does not say how much in excess, so we must accept the figures as given—and for 1937 at approximately \$250,000,000,000. I have been unable so far to find any 1938 figures. However, there is no doubt but what both the public and private indebtedness for 1938 will exceed that of 1937.

It is interesting to note in this table that tax-exempt securities, representing debts on Government bonds, increased \$21,000,000,000 during that period-representing a total of \$53,000,000,000 in 1937—corporation bonded indebtedness increased \$3,000,000,000, the amount owing policyholders on life-insurance policies increased \$8,000,000,000, and the amount mutual savings banks owe depositors \$1,000,000,000. During the same period mortgages-farm and urban-according to this table, were decreased \$5,000,000,000, shortterm debts receivable at banks and nonfinancial corporations reduced \$23,000,000,000, and commercial bank debts in the form of deposits, including \$4,000,000,000 of interbank debts, were decreased \$1,000,000,000. According to the twentiethcentury fund. Federal Reserve member banks' losses on loans and investments from 1929 to 1937 were \$4,406,000,000, chief life-insurance company losses were \$1,145,000,000, and mutual savings banks in New York were more than \$400,000,000, the three items representing a total loss from 1929 to 1937 of \$5,951,000,000.

Again, the farm and urban mortgage debt was reduced in the main by foreclosure. Short-term debts receivable at banks and nonfinancial corporations were reduced in large part by the failure of such banks to lend money and in the wiping out of loans made by the selling of collateral securities.

A study of the situation shows that much of the short-term indebtedness was wiped out in the depression through selling of collateral held by banks on stocks, reloans, and through foreclosures in both real-estate mortgages and collateral security instead of payment.

It further shows the need for sound financing in order to bring back business. Whatever can be said, there certainly is nothing for the President to boast about a condition such as this

Before I proceed further I want to point out that both the principal and interest of the 1929 public and private debt was paid out of an income produced of \$81,000,000,000. The principal and interest of the 1938 public and private debt was paid out of an income produced of less than \$62,000,000,000. The gross appropriations of Congress made in 1938 for the fiscal year 1939 were more than \$11,361,815,654, or nearly 20 percent of the national income produced for that year.

At the end of 1937 our national debt was \$36,700,000,000. The Treasury report of May 18, 1939, gives the same national debt as \$40,229,352,286, not including guaranteed loans made by Government corporations. Now the President tells us it will reach \$44,457,845,210 by June 30, 1940. We find that our National, State, local public, plus our private indebtedness was in 1937 in excess of \$250,000,000,000. When we add to this \$250,000,000,000 approximately an \$8,000,000,000 increase in our national debt, plus the increase in our State and local public debt, much of which was induced by Federal legislation, plus the increase in our private debt, we will find that our National, State, and local, plus our private debt will by June 30, 1940, amount to somewhere between two hundred and seventy-five and three hundred billion dollars. This means that our national debt will equal 34 percent, our National, State, and local public debt 48 percent, and our National, State, local, and private debt will exceed 200 percent of the assessed valuation of every piece of real and personal property placed on the assessment rolls by the local assessing officers in the 48 States. The assessed valuation of the 48 States in 1936 was approximately \$134,000,-000,000. And in the face of these facts, the President and the Secretary of the Treasury tell us smilingly that we have nothing to fear; that we are not "overburdened with debt" and that we are not "spending more than we can afford."

I want to call attention to the item classified as "shortterm debts receivable at banks and nonfinancial corporations." While the corporation's bonded debt usually represents buildings, permanent capital, and so forth, the shortterm debts which business owes to banks, as represented by this item, represent loans made to business to supply its working capital, or short-term loans made with which to buy raw materials, which loans are usually paid back when the finished product is sold. For instance, a furniture factory may buy lumber and give its note for 60 or 90 days. The note is taken to the bank and discounted and it is then paid out of furniture sold. The manufacturer sells to the retailer on a short-term note. The retailer sells the furniture to the customer and with the money received from the customer, he pays his note. He may take the customer's note for the purchase price of the furniture, discount it at the bank, and pay the bank. The customer may pay his note out of his earnings. In other words, this short-term money may turn over four to six times a year. It is this class of capital which we have needed so badly to keep our factories and business places going.

I think the most interesting part of the chart is the following: The two items classified as tax-exempt securities representing debts of Government bodies and the short-term debt receivable at banks and nonfinancial institutions aggregated \$85,000,000,000 in 1929 and \$83,000,000,000 in 1937. The interesting fact, however, is that while in 1929, \$32,000,-000,000 of this money was invested in tax-exempt securities and \$53,000,000,000,000 in short-term debts receivable at banks and nonfinancial institutions, in 1937, \$53,000,000,000,000 was invested in tax-exempt securities and only \$30,000,000,000 in short-term debts receivable at banks. In other words, \$23,-000,000,000 of this capital which was used in 1929 to finance business undoubtedly went to tax-exempt securities. This is more forceful in view of the fact that other items remained the same or varied very little.

Capital and especially short-term capital is the blood stream of business and industry. This decrease of \$23,000,-000,000 in short-term loans would have turned over from four to six times a year and would have furnished business and industry with from seventy-five to one hundred and twenty-five billions of dollars annually in short-term loans. The lack of this capital has been the cause of the pernicious financial anemia from which business and industry has been suffering. The restoration of this working capital is the only cure I know for the disease.

The President recognized the condition but offered no cure in his message of January 4 when he said, "We suffer from a great unemployment of capital." I am here trying to point out one of the reasons why we are suffering from an unemployment of capital.

Thus, the share of the burden of public debt that business bears does not lie only in its share of the interest and principal which it must pay through taxation, but the real damage is done by the flight of capital from business to tax-exempt securities as shown herein. A spending and borrowing program is not only a burden on industry and business in that industry and business must bear its share of the interest and principal payments of the debt, in addition to paying dividends or interest on its own working capital, but public debt diverts capital from the blood stream of industry and business into the Federal Treasury, and is the principal cause of this pernicious financial anemia from which we have been suffering. Only by stopping this spending and borrowing program can we force private capital back into the blood stream of industry and business and bring about a permanent recovery.

A discussion of the question of public and private debt would not be complete without discussing the question as to where the burden of that debt falls. I would divide debt-public and private-into two classes. Into the first class I would place bonds issued by the Government, whether national, State, or municipal, as direct obligations where the money borrowed is used in nonproductive enterprise, such as highways, streets, parks, buildings, and so forth. While money spent in this way provides temporary employment and may for a time speed up production, in the final analysis the interest, principal, and cost of maintenance will have to be raised by taxation, as the investment in itself is nonproductive. Money spent in nonproductive enterprise is a handicap eventually to recovery in times of depression and tends to bring about a depression in times of prosperity.

Into the second class I would place bonds issued, whether private or public, for the purpose of investing the money in what I call productive enterprise. In this class of bonds the interest and ultimately the principal is paid out of production or out of newly created wealth.

ILLUSTRATIONS

First. A public utility, whether owned privately or publicly, issues its bonds. The money is spent building a power dam. The dam produces electricity. The electricity is sold to the consumer. With the money realized from its sale, the company pays the interest and ultimately the principal of the bond issue.

Second. A farmer borrows money from the Federal land bank or from private sources with which to purchase a farm. He grows crops, thereby producing new wealth. He sells the crops and with the money realized from the production of this new wealth he pays the interest and ultimately the principal of the mortgage.

Third. A home owner borrows money from the Home Owners' Loan Corporation, Federal Housing Administration, or from private sources with which to build, buy, or finance a home. He works in a factory. His wages are paid out of the wealth he has produced. With those wages he pays the interest and ultimately the principal on the loan.

The above are a few illustrations of what I mean by productive enterprise. The interest and ultimately the principal of this class of investment are paid out of production and not by taxation. Instead of being a handicap to recovery in times of depression, they help to bring about recovery. Instead of retarding production or being a hindrance to business in times of prosperity, they accelerate permanent production and help maintain prosperity.

The National, State, and local public interest-bearing debt referred to herein is almost as a whole spent either for operating costs or if it has been granted to States in public buildings, lots, and so forth, represents nonproductive enterprise. The interest and ultimately the principal payment of this debt must be paid through taxation. The business of the Nation well knows that it must pay out of industrial production not only the interest and ultimately the principal of this huge private debt but it must also pay out of production and by taxation the interest and ultimately the principal of this tremendous National, State, and local debt.

Business knows that to exist it must pass this burden ultimately on to the consumer or take it out of profits which, at the present time, do not exist as a rule. It is this tremendous burden, together with the flight of capital to tax-exempt securities, which retards production and makes it so

difficult to bring about recovery.

May I point out, in closing, just two other facts? First, that in 1938 the income produced was not quite \$62,000,-000,000, while the total tax levied—National, State, and local—during the fiscal year ending June 30, 1938, was \$14,653,-000,000, according to Bradstreet's Review. This is nearly \$2,000,000,000 more than all the income produced by all the factories in the United States and nearly three times the income produced by all the farms in the United States during 1938. It equals 23.6 percent of the income produced by the entire Nation. This tremendous tax was paid by a country that is financially sick, out of an income produced of less than \$62,000,000,000.

I do not have the total tax paid in 1929, the year to which the President refers. However, I do know that the Federal Government, not including State and local taxes, took out of a sick country and sick business in various taxes, fees, and so forth, classified as receipts during 1938, \$6,241,661,227, or an amount that equaled more than 10 percent of the income produced in the entire country, as against \$4,033,250,225 taken in during the fiscal year ending June 30, 1929, and taken out of an income produced of \$81,000,000,000 in 1929, the most

prosperous year in the history of our Nation.

May I conclude with the following two quotations—one by Andrew Jackson, the patron saint of the Democratic Party, and so often quoted by President Roosevelt—which reads as follows:

I am one of those who do not believe that a national debt is a national blessing, but rather a curse to a republic. (Taken from The Life of Andrew Jackson, by J. S. Bassett, p. 346.)

The second quotation is a statement from a speech which was made by President Roosevelt in 1932, and reads as follows:

It is futile to expect any important economy from an administration which is committed to the idea that we ought to center control of everything in Washington as rapidly as possible. I am as certain as any mortal man can be of anything in the future that from the moment we set our hands openly and frankly and courageously to this problem, we shall have reached the end of our long, hard, downward road and shall have started on the upward trail. Join me and let's go.

[Applause.]

Mr. Speaker, I ask unanimous consent to extend my remarks and include therein three tables compiled by myself.

The SPEAKER pro tempore. Without objection, it is so

ordered.

There was no objection.

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Indiana [Mr. Ludlow] is recognized for 12 minutes.

CENTENARY OF THE PRESS GALLERY

Mr. LUDLOW. Mr. Speaker, the current year is the one hundredth anniversary of the establishment of the Press Gallery of Congress. This institution, famous in journalistic circles and known throughout the civilized world, dates back to January 1839, when the Senate Committee on the Contingent Fund brought in a report, which the Senate adopted, recommending that "the front seats in the eastern gallery be set aside for reporters."

From a mere handful of male correspondents in 1839, representing a few scattering newspapers on the eastern seaboard, the Press Gallery has grown until it now has a membership of 513, of whom 38 are women. The newspapers represented are located in over 300 cities of America and in quite a number of foreign countries. Representatives of journals in all of the leading capitals of the world are included in the membership of the Press Gallery. A casual observer, hearing the telegraph instruments click in the House and Senate press sections, would hardly imagine that on an average newsday between 50,000 and 60,000 words are telegraphed from the United States Capitol to publications all over the world, and that on extra special oc-

casions the telegraph file mounts to 150,000 or more words a day.

The centenary of the Press Gallery brings before the mind's eye in ghostly array the figures of many great men who in the far-away yesteryear not only recorded the doings of Congress with distinction and brillancy but who, in many instances, served as the advisers and counsellors of statesmen, such journalists as Henry Watterson, Horace Greeley, Murat Halstead, and Whitelaw Reid. [Applause.] members of the Press Gallery, after an interim, came back to Washington as members of the United States Senate-Medill McCormick of Illinois and Arthur Capper of Kansas. It fell to my lot to be the only correspondent who went directly from the Press Gallery to a seat in Congress. [Applause.] Robert J. Wynne graduated from the gallery to the office of consul general at London and later was Postmaster General. Walter Eli Clark left the gallery to become Governor of Alaska. Many members of the gallery have gone into consular and diplomatic positions and have made their mark in the Foreign Service of our country. Some of the mightiest men in the world of journalism and politics have been identified with the Press Gallery, such men as Watterson and Greeley, for instance. To the best of my recollection Mark Twain was never a member of the Press Gallery, but he used to come down and hobnob with us frequently and, being a man of many idiosyncrasies, he always dazzled us by appearing in a suit of creamy white, even though it might be in the dead of winter with a blizzard raging outside.

About the turn of the century, when I joined the gallery, there were two occasions when the gentlemen of the press and the Members of Congress dressed up in their killing best, each vying with each other for dazzling sartorial effects. Those occasions were the opening and closing days of Congress. The most outstanding members of the Press Gallery, the tycoons of our profession, never thought of appearing on one of those extraordinary days without being arrayed in silk hat and Prince Albert. Some of us who belonged to the common and garden variety of correspondents could not sport such clothes, but we beheld with awe and admiration our leaders who were dressed in a manner so pleasing to the eye. In what is now a part of the House restaurant downstairs, there was a long bar with sawdust and brass rail where, on those stellar days, certain journalists and statesmen acquired the spirit and aplomb that facilitated their efforts to uphold the dignity of the American Nation. [Laughter.]

For well on to three-quarters of a century there were no women members of the Press Gallery, and the males of the species bitterly resented the oncoming drive of women to secure press-gallery privileges. This no doubt was due to a hunch that having women around would be a restraining influence on speech and conduct. Besides, there was a sort of feeling among the journalistic elders that woman's place is over a tub and not over a typewriter. Mrs. Isabel Worrall Ball, a very estimable lady with a strong mind, was the first woman to edge her way into the Press Gallery, and for a time she was greeted with about the same warm hospitality and cheeriness with which a victim of smallpox would be hailed. Gradually the prejudice against women wore off, however, and with their coming, cussing became more restrained and fewer hairy chests were exposed to view on hot days. [Laughter.]

For 28 years continuously, beginning in 1901, I was a member of the corps of Washington correspondents, and I shall always regard my service as president of the National Press Club as one of the greatest honors that ever came to me, or that could ever come to anyone, for that matter. The sweetest recollections of my life are centered in the Press Gallery upstairs, which was the scene of my daily labors. From that point of vantage and from the similar gallery in the Senate I watched the world go around, happier, I confess, as a moulder of public opinion and as a chronicler of history than I can ever hope to be again. I had many rich experiences as a member of the Press Gallery, and as long as life lasts I shall bear with me fond and endearing memories of many

noble characters among the correspondents with whom I had the privilege of being associated as a writer who have preceded me into the unknown land. [Applause.] March 4, 1929, after spending 28 years in the Press Gallery, years of excitement and glamour, covering a momentous period in the history of America and of the world, I moved downstairs to a seat in the House, where I have been permitted to enjoy the fine friendships of my congressional colleagues during the last 10 years. While I appreciate the great honor of these splendid companionships and associations, nevertheless, having been raised in the arms of the press, to the press I expect to return, and a few more controversial votes such as we cast on June 1 probably will accelerate my return. [Applause and laughter.]

All of this is preliminary to saying that a very dear friend of mine and former colleague of the Press Gallery, Maj. Paul J. McGahan, Washington correspondent of the Philadelphia Inquirer, has written a brief history of the Press Gallery which is of absorbing interest. Major McGahan was a member of the standing committee, the committee that rules the Press Gallery, during the Seventy-fourth, Seventy-fifth, and Seventy-sixth Congresses, and was admirably qualified to accomplish the task to which he addressed himself. On behalf of the members of the Press Gallery, I ask unanimous consent to extend my remarks in the RECORD by including this document prepared by Major McGahan. [Applause.]

MEMORANDUM CONCERNING THE ESTABLISHMENT OF THE RULES GOV-ERNING THE PRESS GALLERIES OF THE CONGRESS AND SOME HISTORI-CAL DATA CONCERNING THE STANDING COMMITTEE OF CORRESPONDENTS, PREPARED FROM SOURCE RECORDS BY PAUL J. McGahan, PHILADELPHIA INQUIRER, AND MEMBER OF THE STANDING COMMITTEE FOR THE SEVENTY-FOURTH, SEVENTY-FIFTH, AND SEVENTY-SIXTH

In the early days of the Congress, newspaper coverage was relatively incomplete, but as far back as 100 years ago, in the Twenty-fifth Congress in 1838, the Senate adopted rules granting floor privileges

Congress in 1638, the Senate adopted rules granting hoof privileges to representatives of the local newspapers in Washington.

Late in 1838 six out-of-town scribes petitioned for like privileges and, in January 1839, the Senate Committee on the Contingent Fund submitted a report recommending that the "front Seats in the eastern gallery be set aside for reporters."

James Gordon Bennett the elder, who had been a Washington

correspondent for the New York Enquirer in 1827, as Bennett of the New York Herald, came to Washington in 1839 and remained until the termination of the Twenty-fifth Congress.

In 1841 Bennett engaged in a strenuous controversy with Senator Southard, the President pro tempore, who had denied Herald reporters the use of the Senate facilities. This controversy waged for several years, the so-called "letter writers," as correspondents were then known, being alternately aided and rebuffed.

In 1848 and in 1850 additional reporters and editors were granted

floor privileges.

The records show that on March 24, 1856, in the first session of the Thirty-fourth Congress, Senator John P. Hale, of New Hampshire, offered a resolution, which was adopted, which directed the Sergeant at Arms "to exclude all persons, except reporters, from the seats appropriated in the Senate gallery for the use of the reporters."

On February 11, 1858 (35th Cong., 1st sess.), a move to take care of reporters other than for the Congressional Globe was started. Then came the move to the new Chamber of the Senate—the

present quarters.

The Senate Journal shows that a report from Mr. Davis from the committee appointed on the 23d of December previous to make arrangements was adopted on motion of Mr. Crittenden on January 4, 1859. In part it provided that:

"The center portion of the north gallery, being that within the rails, is reserved for such reporters of the press as may be admitted thereto by authority of the Senate, except the front desk, which is set apart for the reporters of the Senate."

which is set apart for the reporters of the Senate."

Meanwhile a Senate committee had been considering the Press Gallery situation since February 10, 1858. The resolution offered in the Senate on January 10, 1859, proposed keeping the front seats of the gallery for the reporters of the Globe. It was resolved, as adopted on January 11, 1859, "that the other seats in the reporters' gallery be numbered as directed by the Presiding Officer of the Senate, who, at the commencement of each Congress, may assign one seat to each newspaper in the city of Washington, and to such daily newspapers elsewhere as may apply therefor; but if any such newspapers have more than one reporter, they may alternate, occupying only the one seat assigned to such newspaper. "Seats in the reporters' gallery, however, shall not be assigned

"Seats in the reporters' gallery, however, shall not be assigned to any person unless the Presiding Officer shall be satisfied that such person is a bona fide reporter of the particular paper, by whose editor or editors he shall be certified to be so employed. "Resolved, That the Presiding Officer is authorized to make, from time to time, such further regulations in regard hereto as may be deemed proper by him."

In the course of the discussions on these various proposals looking to the establishment of a press gallery, particularly in the immediate preceding years to 1859, that perhaps a Senate committee should be placed in charge instead of leaving the burden to the

Presiding Officer of the Senate.

It is also history that the Senate on several occasions proceeded to the consideration of resolutions seeking the denial of gallery privileges to certain newspaper correspondents. It was on one of these occasions that James Gordon Bennet waxed eloquent and vitriolic and enlisted the support of Henry Clay.

The records of the second session of the Thirty-ninth Congress for December 5 and 6, 1866, show that the Senate considered a proposal to afford accommodations to a press association representative on the floor of the Senate, but no action then resulted.

On March 12, 1873 (special session, 43d Cong.), Mr. Anthony of-

fered the following resolution, which was agreed to:
"Resolved, That it shall be the duty of the Committee on Rules to make and enforce all rules and regulations respecting the reporters' gallery of the Senate and the occupation thereof, and such committee is directed to take such action from time to time as will confine the occupation of said gallery to bona fide reporters for daily newspapers, taking not to exceed one seat to each paper; and said committee shall have power to provide seat or seats on the floor for the Associated Press reporters and to regulate the occupation of the same.'

Mr. Anthony the next day moved to seek to prevent the issuance of more tickets to the Press Gallery than there were seats. "The object of the resolution is to protect the reporters in their gallery," he said in offering the suggestion, which went to the Rules Committee.

The Press Gallery then accommodated between 30 and 40. Washington Star of March 25, 1873, reported that 20 additional seats were to be added, "but the Committee on Rules, now having charge of the gallery, are determined that none but legitimate newspapermen employed by papers and having authority to repre-sent them shall be admitted to the gallery."

By this time it had become a custom to list the names of accredited members of the Press Galleries in the Congressional

Directory

From the splendid records relating to the history of the press in the Congress, compiled by James D. Preston, long the superin-tendent of the Senate Press Gallery, it is learned that on November 5, 1877, the Washington correspondents selected a committee to confer with Speaker Randall relative to the assignment of seats in the House reporters' gallery.

in the House reporters' gallery.

The Washington Star of Friday, April 4, 1879, reports that the correspondents met at the New York Times office "to adopt rules which had been prepared by the executive committee regulating admission to the reporters' galleries of the House and the Senate. They were adopted, are very stringent, and will have a tendency of keeping the galleries for their legitimate uses instead of being overrun by dead beats and lobbyists. The old executive committee of last year was reelected, consisting of Mr. George W. Adams, Gen. H. V. Boynton, E. B. Wight, L. Q. Washington, and William C. McBride."

By 1884 it was noted in an article that the most approach is the control of the cont

By 1884 it was noted in an article that the rules had been further strengthened by excluding from gallery membership those who were engaged in employment in the Government offices and Departments.

The first appearance of printed rules governing the Press Galleries came with the first session of the Fittieth Congress in December 1887. It was this action, approved by the Senate Rules Committee, then headed by Senator N. W. Aldrich, of Rhode Island, and John G. Carlisle, then the Speaker of the House, that establishments. lished the official status of the standing committee of correspondents. The then standing committee consisted of Gen. H. V. Boynton, William C. McBride, E. B. Wright, F. A. G. Handy, and John M. The rules read as follows:

"(1) Persons desiring admission to the Press Gallery shall make application for tickets to the Committee on Rules of the Sanate, stating in writing for what paper or papers they are employed to report, and also stating that they are not engaged in the prosecution of claims pending before the Congress or the departments, and will not become so engaged while allowed admission to the gallery and that they are not in any sense the agents or representatives of persons or corporations having legislation before Congress, and will not become either while retaining their places in the gallery. Visiting journalists who may be allowed temporary admission to the gallery must conform to the restrictions of this

"(2) The application required by rule 1 shall be authenticated in a manner that shall be satisfactory to the standing committee of correspondents who shall see that the occupation of the gallery is confined to bona fide correspondents of reputable standing in their business

"(3) Clerks engaged in the executive departments of the Government, or persons engaged in other occupations whose chief support is not derived from newspaper correspondence, are not entitled to admission.

(4) Members of the families of correspondents are not entitled to admission.

"(5) The gallery subject to the supervision and control of the Committee on Rules, shall be under the direction of the standing committee of correspondents."

The Congressional Directory for the second session of the Fifty-first Congress in 1891 showed a change to rule 36 in the House,

and the inclusion of this rule in the language of the original rules

governing the Press Galleries.

This new promulgation was signed by Speaker Thomas B. Reed, and had the approval of the Senate Rules Committee, with Senator

Aldrich as chairman. In the current issue of the Congressional Directory the following rules governing the Press Galleries, which are the development and strengthening of these rules worked out more than a half a century ago, are the governing force over the Press Gallery mem-

"RULES GOVERNING PRESS GALLERIES

"1. Persons desiring admission to the Press Galleries of Congress "1. Persons desiring admission to the Press Galleries of Congress shall make application to the Speaker, as required by rule XXXV of the House of Representatives, and to the Committee on Rules of the Senate, as required by rule IV for the regulation of the Senate Wing of the Capitol; and shall state in writing the names of all newspapers or publications or news associations by which they are employed, and what other occupation or employment they were been affected when they shall further declare that they are not may have, if any; and they shall further declare that they are not engaged in the prosecution of claims pending before Congress or the departments, and will not become so engaged while allowed admission to the galleries; that they are not employed in any legislative or executive department of the Government, or by any foreign government or any representative thereof; and that they are not employed, directly or indirectly, by any stock exchange, board of trade, or other organization, or member thereof, or brokerage house, or broker, engaged in the buying and selling of any security or commodity or by any person or corporation having legislation before Congress, and will not become so engaged while retaining membership in the galleries. Holders of visitor's cards who may be allowed temporary admission to the galleries must conform to the restrictions of this rule.

"2. The applications required by the above rule shall be authenticated in a manner that shall be satisfactory to the standing committee of correspondents who shall see that the occupation of the galleries is confined to bona-fide correspondents of reputable standing in their business, who represent daily newspapers or newspaper associations requiring telegraphic service; and it shall be the duty of the standing committee at their discretion, to report violation of the privileges of the galleries to the Speaker, or to the Senate Committee on Rules, and pending action thereon the offending

Committee on Rules, and pending action thereon the offending correspondent may be suspended.

"3. Persons engaged in other occupations whose chief attention is not given to newspaper correspondence or to newspaper associations requiring telegraphic service shall not be entitled to admission to the Press Galleries; and the press list in the Congressional Directory shall be a list only of persons whose chief attention is given to telegraphic correspondence for daily newspapers or newspaper associations requiring telegraphic service.

"4. Members of the families of correspondents are not entitled to the privileges of the galleries.

to the privileges of the galleries.
"5. The Press Galleries shall be under the control of the standing committee of correspondents, subject to the approval and supervision of the Speaker of the House of Representatives and the Senate Committee on Rules.

"Approved.

"WILLIAM B. BANKHEAD "Speaker of the House of Representatives."
"Approved by the Committee on Rules of the Senate."

In order to obtain admission to the congressional Press Galleries it is necessary for each applicant to submit an application blank, together with his letter of credential from the responsible editor of his or her newspaper, in order that the standing committee may conduct the necessary inquiry.

This membership application form is as follows:

"Congress of the United States,
"Washington, D. C., _____, 19—.
"Gentlemen: I desire admission to the Press Galleries of the Congress as a daily telegraphic correspondent for the ______, a newspaper, printed _____ times a week at _____ in the State of

newspaper, printed — times a week at — in the State or —, during the — Congress.

"I am not engaged in the prosecution of any claim pending before the Congress or any department; I am not employed in any legislative or executive department of the Government, or by any foreign government or any representative thereof; I am not employed, directly or indirectly, by any stock exchange, board of trade, or other organization or member thereof, or brokerage house, or broker engaged in the buying and selling of any security or commodity, or by any person or corporation having legislation before proker engaged in the buying and selling of any security or commodity, or by any person or corporation having legislation before the Congress; and I will not become engaged in any of these capacities while retaining membership in the galleries.

"My chief attention is given to, and my principal earned income is obtained from, daily telegraphic correspondence for the daily newspaper or newspapers in whose behalf this application is made.

"Other occupation or employment, if any (including publicity work)."

"To the Senate Committee on Rules, and the Speaker of the House of Representatives: office Name -. Office telephone -. Resi-

"REGULATIONS GOVERNING THE PRESS GALLERIES

"1. Members of the Press Galleries of Congress who accept employment as publicity agents shall immediately notify the stand-LXXXIV-420

ing committee of such employment and by whom employed; and both names shall be posted in the Press Galleries and forwarded in writing to the Speaker of the House and the Rules Committee of the Senate.

"2. The standing committee of correspondents may issue tempo-

rary visitors' cards of admission to the Press Galleries, which shall rary visitors' cards of admission to the Press Galleries, which shall be limited to members of the editorial and reporting staffs of daily newspapers or newspaper associations, duly accredited, to owners and publishers directly connected with the editorial management of their newspapers, to cartoonists, and to magazine writers; but such cards shall not entitle to admission on 'special card days.'

"3. On 'special card days' in either House, the superintendent of the Press Gallery shall reserve the gallery seats and spaces for the exclusive use of persons holding regular gallery cards. On such days in the House the door leading to the gallery on the west side

days in the House the door leading to the gallery on the west side

shall be closed.

"4. Application for admission to the Press Galleries shall be made upon blanks provided by the standing committee of correspond-

"Per order:

"STANDING COMMITTEE OF CORRESPONDENTS."

In the intervening years down to 1939, there have been some modifications in the nature of strengthening clauses to these rules, and also changes due to the fact that the specific rules of both the House and Senate which control, had been given new numbers in the changes made in their rules by each of these

As was pointed out earlier in this memorandum, both branches of the Congress, the House and the Senate, have moved through the years to perfect arrangements whereby the daily press of the Nation should have facilities for reporting the proceedings. In the face of the inherent difficulties of a joint committee representing each body, the Standing Committee of Correspondents came into joint official recognition as the group to have the direction of the gallery and to sit in judgment on the qualification of applicants.

direction of the gallery and to sit in judgment on the qualification of applicants.

The House of Representatives handled the situation of providing facilities for the newspaper men, practically from the outset of the life of Congress. The records indicate that the newsmen were granted certain floor privileges at the discretion of the Speaker of the House. The Congressional Globe for February 17, 1846, reports that the reporters by a resolution were ordered to be furnished with one copy each of printed papers, documents, and bills, "as are laid on the desks of Members."

When the House of Representatives was preparing to move into the "new quarters" now occupied by that body, Mr. Warren, for a special committee in the first session of the Thirty-fifth Congress on December 14, 1857, moved the following report, which was adopted:

was adopted:

was adopted:

"For the Official Reporters of the House, a convenient desk immediately under the Clerk's desk, is provided; and for the accommodation of the reporters of the public press, there is ample room in the gallery immediately over the Speaker's chair, and east of the railing. The committee recommends that this part of the gallery, the room immediately behind it, in the third story be set apart for their use, and provided with desks and conveniences for taking and writing out their notes. The telegraphic wires should also be introduced into this room, so as to permit the transmission of intelligence direct from the reporters to the distant press. By this means the report of an hour's speech might be completely set up in New York within 15 minutes after delivery." delivery

delivery."

The Congressional Globe for December 16, 1857, reports a spirited debate over a resolution directing a study of the number of new employees needed in the enlarged congressional quarters, in which an amendment which was accepted directed the same committee to also report what facilities could be afforded "reporters not already provided for." It was explained that more than 50 news writers were seeking credentials to report congressional proceedings.

The Congressional Globe reporting House proceedings for Decem-

The Congressional Globe, reporting House proceedings for December 23, 1857, showed that the select committee headed by Mr. Faulkner submitted a four-point report and two rules, one of which, No. 17, dealt with those having floor privileges.

The report, which was adopted by the House, included the

following:

"1. Resolved, That the Speaker assign portions of the galleries for the use of the press, for foreign ministers, and for a ladies' gallery.

"2. Resolved, That the south lobby and the east and west lobbies south of the principal staircases be reserved for the use of Members and persons admitted to the floor of the Hall.

"3. Resolved, That the superintendent cause the reporters' gallery to be properly fitted up with desks and seats and conveniences for writing and taking notes.

"4. Resolved, That the telegraph and reporters' room be reserved for the use of the telegraphic companies and reporters.

"Rule 18. Stenographers and reporters, other than the Official "Rule 18. Stenographers and reporters, other than the Official Reporters of the House, wishing to take down the debates may be admitted by the Speaker to the reporters' gallery over the Speaker's chair, but not on the floor of the House; but no person shall be allowed the privileges of said gallery under the character of stenographer or reporter without a written permission of the Speaker, specifying the part of the said gallery assigned to him; nor shall said stenographer or reporter be admitted to said gallery unless he shall state in writing for what paper or papers he is employed to report; nor shall he be admitted, or, if admitted, be suffered to retain his seat if he shall be, or become, an agent to prosecute any claim pending before Congress, and the Speaker shall give his written permission with this condition."

The then Speaker of the House was the Honorable James L. Orr,

of South Carolina. In the second session of the Forty-sixth Congress, Mr. Black burn, of Kentucky, from the Committee on Rules, reported the fol-lowing revision of the rules, which was adopted: "Rule 36, paragraph 2.

"Stenographers and reporters, other than the Official Reporters of the House wishing to take down debates and proceedings may be admitted by the Speaker to the reporters' gallery over the Speaker's chair under such regulations as he may from time to time pre-scribe; and he may assign two seats on the floor to Associated Press reporters and regulate the occupation of the same."

The Washington Star for Tuesday, March 9, 1880, contained the

following item:

"The new House rules as interpreted by Doorkeeper Field greatly restricts the facilities hitherto extended to the press and limits the field of operations of the press to the corridors, which for the most

part are occupied with telegraph instruments, peanut stands, tramps, pie women, and lobbyists."

During the tenure of Speaker of the House J. Warren Keifer, of Ohio, in the Forty-seventh Congress, there were numerous conflicts over the invasion of the Press Gallery by outsiders and persons to whom cards had been issued who were not newspapermen. It was during this period that the enlarging corps of Washington correspondents set up their own representative committee, which proposed even more stringent qualification rules. The application of these rules applied first to the Senate Press Gallery, and soon after John G. Carlisle became Speaker of the House were approved by him. Subsequently, as noted elsewhere in this memorandum, the "Rules governing the Press Gallery" received their initial joint endorsement at the hands of both branches of the Congress, and the standing committee of correspondents came officially into existence.

In the early days there were few correspondents. Down through the years the number of daily newspapers requiring correspondents in Washington has increased tremendously. The major portion of

this increase began about 1912.

At the present time there are 513 accredited members of the congressional Press Galleries, almost 50 having been here approximately a quarter of a century. The number of newspapers represented now aggregates 315.

The Congress has always been alive to the necessity of providing facilities for this vast working force. But the actual "gal-lery" accommodations in both the Senate and the House have lery" accommodations in both the Senate and the House have long since passed the point where the number of seats available is adequate. It has become necessary for the standing committee to restrict on important occasions, such as a Presidential appearance at a joint session, the number of persons actually admitted to the gallery space, allotting one seat to each newspaper, and two or three each to the press associations which serve many hundred newspapers.

In the matter of work space for each of the galleries, much has been done by both branches of the Congress. The inability, however, to obtain additional room space on the House side, has

however, to obtain additional room space on the House side, has resulted in a compact jamming together of facilities there, which from the work-load point, make the situation a distressing one.

The Senate several years ago authorized and made extensive and substantial extensions to the outside Press Gallery facilities, which make working conditions there much more favorable than those existing on the House side. But here, too, there is no lost space, and no room can be spared for facilities, which numerous working correspondents have requested.

working correspondents have requested.

The record of the control by the Standing Committee of Correspondents over admissions to the Press Galleries, and the conduct of members is an enviable one. There is an appeal from a decision of the committee to the Speaker of the House and to the Rules Committee of the Senate. Such appeals have been taken, but there are few if any instances where the ruling of the standing committee has been overturned.

It is not without significance that the two major political parties, the Republican in 1904, and the Democratic in 1912 national organizations, have for many years now, turned over to the Standing Committee of Correspondents on the occasion of the great national conventions to pick President and Vice Presidential nominees, the complete control over the press stands, including the distribution of press credentials to the newspapers of the country, and the arrangements of press facilities at the convention halls. convention halls.

As the activities of the Federal Government have enlarged the

As the activities of the Federal Government have enlarged the list of accredited members of the Press Galleries, as it appears in the Congressional Directory, has served the important purpose of making readily available to all officials a listing of accredited and responsible newspaper writers in Washington.

Here, too, the standing committee of correspondents, due to the status that it has attained through the years, performs an extremely useful service. There are many newspaper writers in Washington who are not members of the Press Galleries. There are many reasons for this. The standing committee has been prompt to move to expunge from its listings individuals who have broached the proprieties.

It is also a fact worthy of consideration that the five members of

It is also a fact worthy of consideration that the five members of the standing committee, elected to serve in that capacity for the duration of a Congress of the United States, are chosen at large from the entire body of accredited members of the Press Galleries. The post is esteemed as one of journalistic honor and distinction,

and many noted Washington correspondents have served on the committee

It might be pointed out that the present committee for the Seventy-sixth Congress was elected from a field of 10 candidates, and that more than 300 Washington correspondents cast their votes

The Press Galleries are distinctly a daily press institution. It has obviously been the congressional thought that they should be so continued and maintained. To inject any other element into the situation involving them would hamper and disturb what has become an efficient and sure-moving operation.

Mr. JOHNSON of Oklahoma. Mr. Speaker, will the gentleman yield?

Mr. LUDLOW. I yield.

Mr. JOHNSON of Oklahoma. May I state that the distinguished gentleman from Indiana is making a most interesting and informative address, as he always does. May I add that I am sure that it is a source of much satisfaction to the gentleman from Indiana that the House Press Gallery is crowded with the gentlemen of the press.

Mr. LUDLOW. I thank the gentleman. I am also very much gratified to observe that I have a very select audience

facing me. [Applause.]

Mr. JOHNSON of Oklahoma. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. JOHNSON of Oklahoma. Mr. Speaker, I have asked the indulgence of the House at this late hour to join my colleague from Indiana in expressing my own very deep appreciation for the gentlemen of the press. It has been my good fortune to meet many of the fellows in the Press Gallery. and I have found them to be high-class, honorable gentlemen. It has been my experience that one can talk to the average reporter freely, frankly, and fully at all times "on" or "off" the record, and that they are honorable and dependable under any and all circumstances. [Applause.]

Now, just a word with reference to the gentleman from Indiana who has just addressed the House. I have served with the gentleman from Indiana for several years and have also visited his home city of Indianapolis on many occasions. I was delighted to learn that he is loved and really appreciated by his home folk, who know him best. May I add that until I had served with him on the Appropriations Committee, I did not fully appreciate his unusual ability and untiring and unselfish efforts to serve his people.

May I add that I am certain I express the sentiment of every Member of this House when I say that, irrespective of party affiliations, no man on either side of this aisle enjoys a greater respect of his colleagues than does the able gentleman from Indiana. [Applause.]

It is my sincere hope that he remains at his post of duty as chairman of a powerful and important subcommittee on appropriations for many years to come. America needs more men of the high caliber and sincerity of purpose of the gentleman from Indiana in public service. [Applause.]

Mr. LUDLOW. I want, from the fullness of my heart, to express my thanks to my friend from Oklahoma. [Applause.]

[Here the gavel fell.]

Mr. LEWIS of Colorado. Mr. Speaker, supplementing the interesting remarks by the gentleman from Indiana [Mr. LUDLOW | concerning the evolution of the Press Galleries in the Congress for newspaper reporters and correspondents. it may be worth while to recall to the House the action recently recommended by your Committee on Rules and approved by the House, to provide facilities and accommodations for those other disseminators of prompt information to the public concerning the debates and proceedings of the House. I refer to the radio reporters who employ, not accounts printed in newspapers but oral news bulletins broadcast by wireless through the ether.

AGITATION FOR PROVISION OF FACILITIES FOR RADIO REPORTERS

With the invention and rapid development of radio, which was not even dreamed of until long after the time when the Press Galleries were fully established—and with the ever-

increasing dissemination of oral news bulletins through the ether, there has arisen a demand for the furnishing of facilities for the prompt gathering of news of the debates and other proceedings in the Congress by reporters who broadcast such news by wireless. Full hearings, earlier this present session, were had by the Committees on Rules of the House and of the Senate on the application by certain "radio reporters" to have extended to them facilities and accommodations similar to those long since provided for reporters and correspondents for daily newspapers.

Rule XXXV of the Rules of the House of Representatives, first adopted in 1857, had been amended from time to time as occasion demanded, including February 18, 1909; April 5, 1911; January 18, 1916; and December 13, 1916. Until its most recent amendment, it read, in full, as follows:

1. The appointment and removal, for cause, of the official reporters of the House, including stenographers of committees, and the manner of the execution of their duties shall be vested in the

2. Such portion of the gallery over the Speaker's chair as may be necessary to accommodate representatives of the press wish-ing to report debates and proceedings shall be set aside for their use, and reputable reporters and correspondents shall be admitted use, and reputable reporters and correspondents shall be admitted thereto under such regulations as the Speaker may from time to time prescribe; and the supervision of such gallery, including the designation of its employees, shall be vested in the standing committee of correspondents, subject to the direction and control of the Speaker; and the Speaker may assign one seat on the floor to Associated Press reporters, one to the Sun Press Association, one to the United Press Association, one to the National News Association, one to the New York Herald Syndicate, and regulate the occupation of the same. And the Speaker may admit to the floor, under such of the same. And the Speaker may admit to the floor, under such regulations as he may prescribe, one additional representative of each press association.

Because of the present crowded condition of the Press Gallery in the House and certain other considerations, it was decided by the Committee on Rules of the House that it would not be practicable to provide accommodations for radio reporters in the present Press Gallery immediately over the Speaker's chair. Therefore it seemed necessary to provide space elsewhere in the galleries of the House for the accommodation of reporters for this new form of news dissemination. Furthermore, it seemed desirable to have radio reporters organize a self-governing committee, similar to the standing committee of correspondents for newspapers, who should be responsible for the control of admissions to this gallery for radio reporters and the conduct of persons admitted thereto, subject always to the direction and control of the Speaker. After investigation by the Rules Committee and consultation with the Speaker and the Architect of the Capitol, it was determined that a limited number of seats could be provided for radio reporters in the south gallery of the hall of the House, to the east of the press section; and other facilities in the adjacent east corridor on the gallery floor, between the two public elevators.

ACCOMMODATIONS IN HOUSE GALLERY FOR RADIO REPORTERS, AUTHORIZED BY HOUSE RESOLUTION 169, ADOPTED APRIL 20, 1939

Accordingly, House Resolution 169, introduced by Mr. DEMPSEY, of New Mexico, was reported by the Committee on Rules, and, on April 20, 1939, was adopted unanimously by the House. This resolution is as follows:

Resolved, That rule XXXV of the Rules of the House of Representatives is amended by the addition of the following, which shall

become paragraph 3:

"3. Such portion of the gallery of the House of Representatives as may be necessary to accommodate reporters of news to be disseminated by radio, wireless, and similar means of transmission, wishing to report debates and proceedings, shall be set aside for their use, and reputable reporters thus engaged shall be admitted thereto under such regulations as the Speaker may from time to time prescribe; and the supervision of such gallery, including the designation of its employees, shall be vested in the standing com-mittee of radio reporters, subject to the direction and control of the Speaker."

THE SENATE, BY SENATE RESOLUTION 117, ADOPTED APRIL 25, 1939, AUTHORIZED ITS COMMITTEE ON RULES TO MAKE REGULATIONS EXTENDING THE USE OF REPORTERS' GALLERIES OF THE SENATE TO RADIO REPORTERS

As appears from the Congressional Record, the Committee on Rules of the Senate also considered recently the application of certain radio reporters to be admitted to the reporters' galleries of the Senate.

Paragraph 2 of rule XXXIV of the Standing Rules of the Senate, until its recent amendment, provided as follows:

2. It shall be the duty of the Committee on Rules to make all rules and regulations respecting such parts of the Capitol, its passages, and galleries, including the restaurant and Senate Office Building, as are or may be set apart for the use of the Senate and officer. They shall, at the opening of each session of Congress, make such regulations respecting the reporters' gallery of the Senate and will confine its occupation to bona fide reporters for daily newspapers essigning but to exceed our session in the confine its occupation. papers, assigning not to exceed one seat to each paper.

Senator Gillette, of Iowa, on April 6, 1939, introduced Senate Resolution 117, which, after consideration by the Committee on Rules, was reported on behalf of that committee by Senator NEELY, of West Virginia, accompanied by Report No. 317. In this report was embodied an interesting memorandum by Mr. Paul J. McGahan, Washington correspondent for the Philadelphia Inquirer and a member of the standing committee of correspondents for the Seventy-fourth, Seventyfifth, and Seventy-sixth Congresses. In this memorandum Mr. McGahan told the little-known story of the evolution of the press galleries, of the self-governing body of newspaper men known as the standing committee of correspondents and of the rigid rules formulated and enforced by that committee concerning admissions to the Press Galleries and the conduct of members thereof:

After debate, the Senate, on April 25, 1939, adopted Senate Resolution 117, which is as follows:

Resolved, That paragraph 2 of rule XXXIV of the Standing Rules of the Senate be amended by striking out the last sentence of said paragraph 2 and substituting in lieu thereof the following: "They paragraph 2 and substituting in lieu thereof the following: "They shall make such regulations respecting the reporters' galleries of the Senate, together with the adjoining rooms and facilities, as will confine their occupancy and use to bona fide reporters for daily newspapers, to bona fide reporters of news or press associations requiring telegraph service to their membership, and to bona fide reporters for daily news dissemination through radio, wire, wireless, and similar media of transmission. These regulations shall so provide for the use of such space and facilities as fairly to distribute their use to all such media of news dissemination." their use to all such media of news dissemination."

It thus appears that the Senate, as well as the House, has recently taken steps to provide for the accommodation of radio reporters' facilities similar to those long since provided for newspaper reporters and correspondents.

EXTENSION OF REMARKS

Mr. ELSTON. Mr. Speaker, I ask unanimous consent to extend my own remarks and include a Memorial Day address by Senator TAFT.

The SPEAKER pro tempore. Without objection it is so ordered.

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. FAY (at the request of MICHAEL J. KENNEDY), indefinitely, on account of illness.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 2314. An act to establish the position of Under Secretary in the Department of Commerce.

ADJOURNMENT

Mr. JOHNSON of Oklahoma. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 42 minutes p. m.) the House adjourned until tomorrow, Tuesday, June 6, 1939, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON FOREIGN AFFAIRS

There will be a meeting of the Committee on Foreign Affairs (executive session) in the committee rooms, Capitol, at 10 a. m. Tuesday, June 6, 1939, for the consideration of House Joint Resolution 306, Neutrality Act of 1939.

COMMITTEE ON THE JUDICIARY

There will be a public hearing before Subcommittee No. 3 of the Committee on the Judiciary on Wednesday, June 7, 1939, at 10 a. m., on the bill (H. R. 2318) to divorce the business of production, refining, and transporting of petroleum products from that of marketing petroleum products. Room 346. House Office Building.

COMMITTEE ON THE POST OFFICE AND POST ROADS

There will be a meeting of Subcommittee No. 2 of the Committee on the Post Office and Post Roads on Tuesday, June 6, 1939, at 10 a. m., to consider H. R. 4932, a bill to amend the act of March 3, 1879.

There will be an executive session of the Committee on the Post Office and Post Roads at 10 a. m., on Wednesday, June 7, 1939, for the consideration of H. R. 3835.

COMMITTEE ON IMMIGRATION AND NATURALIZATION

There will be a meeting of the Committee on Immigration and Naturalization at 10:30 a.m. Wednesday, June 7, on H. R. 3029 (STARNES of Alabama).

COMMITTEE ON MERCHANT MARINE AND FISHERIES

The Committee on Merchant Marine and Fisheries will hold public hearings in room 219, House Office Building, at 10 a.m., on the bills and dates listed below:

On Tuesday, June 6, 1939, on H. R. 6039, motorboat bill of 1939 (BLAND); and H. R. 6273, outboard racing motorboats (ROYKIN)

On Tuesday, June 13, 1939, on H. R. 1011, drydock facilities for San Francisco (Welch); H. R. 2870, drydock facilities for Los Angeles (Thomas F. Ford); H. R. 3040, drydock facilities for Los Angeles (Geyer of California); and H. R. 5787, drydock facilities for Seattle, Wash. (Magnuson).

The hearing originally scheduled by the Committee on Merchant Marine and Fisheries for Thursday, June 8, 1939, on H. R. 6042, requiring numbers on undocumented vessels (Kramer), and H. R. 5837, alien owners and officers of vessels (Kramer), has been postponed until Tuesday, June 13, and will come up on the same list as those bills named directly above.

On Thursday, June 15, 1939, on House Joint Resolution 194, investigate conditions pertaining to lascar seamen (Siro-

On Friday, June 16, 1939, on H. R. 5611, district commanders' bill (U. S. Coast Guard).

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

818. A communication from the President of the United States, transmitting a supplemental estimate of appropriation in the amount of \$17,500 and a draft of a proposed provision to amend the existing appropriation for the Employees' Compensation Commission (H. Doc. No. 309); to the Committee on Appropriations and ordered to be printed.

819. A letter from the Attorney General of the United States, transmitting a recommendation for legislation to abolish the present fee system under which referees in bankruptcy are now compensated; to the Committee on the Judiciary.

820. A letter from the Secretary of Commerce, transmitting proposed legislation looking to the establishment of a circuit court of appeals for patents; to the Committee on the Judiciary.

821. A letter from the Secretary of the Interior, transmitting the draft of a proposed bill to authorize the leasing of the undeveloped segregated coal and asphalt deposits of the Choctaw and Chickasaw Indian Nations in Oklahoma; to the Committee on Indian Affairs.

822. A letter from the Chairman of the Federal Trade Commission, transmitting a report, including its conclusions, on an investigation made by the Commission pursuant to Public Resolution No. 87, Seventy-fifth Congress, approved July 13, 1938, on the motor-vehicle industry (H. Doc. No. 468); to the Committee on Interstate and Foreign Commerce and ordered to be printed, with illustrations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII.

Mr. MAY: Committee on Military Affairs. S. 840. An act to amend and clarify the provisions of the act of June 15, 1936 (49 Stat. 1507), and for other purposes; without amendment (Rept. No. 729). Referred to the Committee of the Whole House on the state of the Union.

Mr. MAY: Committee on Military Affairs. S. 1181. An act to provide for the status of warrant officers and of enlisted men of the Regular Army who serve as commissioned officers; without amendment (Rept. No. 730). Referred to the Committee of the Whole House on the state of the Union.

Mr. MAY: Committee on Military Affairs. S. 2163. An act to authorize an appropriation to meet such expenses as the President, in his discretion, may deem necessary to enable the United States to cooperate with the Republic of Panama in completing the construction of a national highway between Chorrera and Rio Hato, Republic of Panama, for defense purposes; without amendment (Rept. No. 731). Referred to the Committee of the Whole House on the state of the Union.

Mr. MAY: Committee on Military Affairs. S. 2222. An act to provide for a Deputy Chief of Staff, and for other purposes; without amendment (Rept. No. 732). Referred to the Committee of the Whole House on the state of the Union.

Mr. Derouen: Committee on the Public Lands. H. R. 3409. A bill to amend the act of June 15, 1936 (49 Stat. 1516), authorizing the extension of the boundaries of the Hot Springs National Park, in the State of Arkansas, and for other purposes; with amendment (Rept. No. 733). Referred to the Committee of the Whole House on the state of the Union.

Mr. WALTER: Committee on the Judiciary. H. R. 6037. A bill to amend section 194 of an act entitled "An act to codify, revise, and amend the penal laws of the United States," approved March 4, 1909 (35 Stat. L. 1088); without amendment (Rept. No. 734). Referred to the House Calendar.

Mr. MAY: Committee on Military Affairs. H. R. 6070. A bill to amend section 5 of the act of April 3, 1939 (Public, No. 18, 76th Cong.); without amendment (Rept. No. 735). Referred to the Committee of the Whole House on the state of the Union.

Mr. MAY: Committee on Military Affairs. H. R. 6225. A bill to authorize appropriation for the construction of a medical school building at Carlisle Barracks, Pa.; without amendment (Rept. No. 736). Referred to the Committee of the Whole House on the state of the Union.

Mr. HILL: Committee on the Public Lands. H. R. 2752. A bill to include within the Kaniksu National Forest certain lands owned or in course of acquisition by the United States; with amendment (Rept. No. 737). Referred to the Committee of the Whole House on the state of the Union.

Mr. ALLEN of Pennsylvania: Committee on Foreign Affairs. H. J. Res. 294. Joint resolution providing for the presentation by the President of the United States of a certain monument to the people of Greece; with amendment (Rept. No. 738). Referred to the Committee of the Whole House on the state of the Union.

Mr. RAMSPECK: Committee on the Civil Service. H. R. 2178. A bill to amend sections 6 and 7 of the act entitled "An act for the retirement of employees of the Alaska Railroad, Territory of Alaska, who are citizens of the United States," approved June 29, 1936; with amendment (Rept. No. 739). Referred to the Committee of the Whole House on the state of the Union.

Mr. RAMSPECK: Committee on the Civil Service. H. R. 2642. A bill to amend the act entitled "An act for the retirement of employees of the Alaska Railroad, Territory of Alaska, who are citizens of the United States," approved June 29, 1936, and for other purposes; without amendment (Rept. No. 740). Referred to the Committee of the Whole House on the state of the Union.

Mr. RAMSPECK: Committee on the Civil Service. H. R. 4190. A bill to permit classification of certain unclassified employees of the United States by noncompetitive examinations; without amendment (Rept. No. 741). Referred to the Committee of the Whole House on the state of the Union.

Mr. RAMSPECK: Committee on the Civil Service. H. R. 5784. A bill to provide for the conservation and transfer of accumulated sick leave and vacation time due classified civil-service employees who succeed to the position of postmaster, and for other purposes; with amendment (Rept. No. 742). Referred to the Committee of the Whole House on the state of the Union.

Mr. RAMSPECK: Committee on the Civil Service. S. 1582. An act to authorize the President to bestow a Meritorious Service Medal upon civil-service officers and employees of the United States, and for other purposes; without amendment (Rept. No. 743). Referred to the Committee of the Whole House on the state of the Union.

Mr. KELLER. Committee on the Library. H. J. Res. 283. Joint resolution to establish the Major General William Jenkins Worth Memorial Commission to formulate plans for the construction of a permanent memorial to the memory of Maj. Gen. William Jenkins Worth; without amendment (Rept. No. 744). Referred to the Committee of the Whole House on the state of the Union.

Mr. CARTWRIGHT: Committee on Roads. S. 1109. An act to amend the act entitled "An act to aid the several States in making, or for having made, certain toll bridges on the system of Federal-aid highways free bridges, and for other purposes," by providing that funds available under such act may be used to match regular and secondary Federal-aid road funds; with amendment (Rept. No. 745). Referred to the Committee of the Whole House on the state of the Union.

Mr. HILL: Committee on the Public Lands. H. R. 5747. A bill to authorize the addition of certain lands to the Wenatchee National Forest; without amendment (Rept. No. 746). Referred to the Committee of the Whole House on the state of the Union.

Mr. CLARK: Committee on Rules. H. Res. 214. A resolution providing for the consideration of H. R. 6635, a bill to amend the Social Security Act, and for other purposes; without amendment (Rept. No. 747). Referred to the House Calendar.

Mr. HILL: Committee on Indian Affairs. H. R. 2390. A bill conferring jurisdiction upon the United States Court of Claims to hear, examine, adjudicate, and render final judgment on any and all claims which the Yakima Indian Tribes may have against the United States, and for other purposes; with amendment (Rept. No. 749). Referred to the Committee of the Whole House on the state of the Union.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Pensions was discharged from the consideration of the bill (H. R. 6645) granting a pension to Girty A. Adamson, and the same was referred to the Committee on Invalid Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. MAY:

H. R. 6650. A bill to amend section 1223 of the Revised Statutes of the United States; to the Committee on Military Affairs.

By Mr. MURDOCK of Utah:

H.R. 6651 (by request). A bill providing retirement pay for the judges of the police court of the District of Columbia, the municipal court of the District of Columbia, and the juvenile court of the District of Columbia; to the Committee on the District of Columbia. By Mr. BOREN:

H. R. 6652. A bill to aid consumers by setting up standards of quality based on performance as a guide in the purchase of consumer goods; to the Committee on Interstate and Foreign Commerce.

By Mr. BROWN of Georgia:

H. R. 6653. A bill to authorize a survey for a national parkway from the Augusta, Ga., terminus of the Oglethorpe National Trail and Parkway Survey to the Blue Ridge Parkway at Tennessee Bald, N. C., and for an extension of the Blue Ridge Parkway to the vicinity of Stone Mountain and Atlanta, Ga.; to the Committee on the Public Lands.

By Mr. DEROUEN:

H.R. 6654: A bill to amend the Agricultural Adjustment Act of 1938, as amended, for the purpose of regulating interstate and foreign commerce in rice and providing for the orderly marketing of rice at fair prices in interstate and foreign commerce; to the Committee on Agriculture.

H. R. 6655 (by request). A bill to add certain lands to the Rocky Mountain National Park in the State of Colorado, and for other purposes; to the Committee on the Public Lands.

H. R. 6656 (by request). A bill to provide for the leasing, development, and production under the act of February 25, 1920 (41 Stat. 437), as amended, of deposits of coal, phosphate, sodium, potassium, oil, oil shale, or gas in lands owned by the United States which are under the jurisdiction of the War or Navy Departments, and for other purposes; to the Committee on the Public Lands.

H.R. 6657 (by request). A bill to amend the act of August 24, 1912 (37 Stat. 460), as amended, with regard to the limitation of cost upon the construction of buildings in national parks; to the Committee on the Public Lands.

H.R. 6658 (by request). A bill to authorize the lease or sale of certain public lands in Alaska, and for other purposes; to the Committee on the Public Lands.

H. R. 6659 (by request). A bill to authorize the creation of land regions and regional land offices, and for other purposes; to the Committee on the Public Lands.

By Mr. JOHNS:

H. R. 6660. A bill to amend the Internal Revenue Code with respect to the tax on employers of eight or more, and for other purposes; to the Committee on Ways and Means.

By Mr. KOCIALKOWSKI:

H. R. 6661. A bill to amend an act entitled "An act to provide for the complete independence of the Philippine Islands, to provide for the adoption of a constitution and a form of government for the Philippine Islands, and for other purposes"; to the Committee on Insular Affairs.

By Mr. KUNKEL:

H. R. 6662. A bill granting the consent of Congress to the Dauphin County, Pa., Authority to construct, maintain, and operate a highway bridge across the Susquehanna River at or near the city of Harrisburg, Pa.; to the Committee on Interstate and Foreign Commerce.

By Mr. MAAS:

H. R. 6663. A bill to increase the Federal contribution to States for old-age assistance by amending section 3 of the Social Security Act, approved August 14, 1935, and for other purposes; to the Committee on Ways and Means.

By Mr. MALONEY:

H.R. 6664. A bill to admit the American-owned barges *Prari* and *Palpa* to American registry and to permit their use in coastwise trade; to the Committee on Merchant Marine and Fisheries.

By Mr. PATMAN:

H.R. 6665. A bill to encourage agriculture, industry, and commerce by providing a better use of the banking facilities of the United States, and for other purposes; to the Committee on Banking and Currency.

By Mr. SCRUGHAM:

H. R. 6666. A bill for the adjustment of rates and charges at Boulder Dam, for the disposition of revenues derived therefrom, and for other purposes; to the Committee on Irrigation and Reclamation. By Mr. WALTER:

H. R. 6667. A bill to limit the operation of sections 109 and 113 of the Criminal Code and section 190 of the Revised Statutes of the United States with respect to counsel in certain cases; to the Committee on the Judiciary.

By Mr. WEAVER:

H. R. 6668. A bill to grant to the State of North Carolina a right-of-way for the Blue Ridge Parkway across the Cherokee Indian Reservation in North Carolina, to provide for the payment of just compensation for said right-of-way, and for other purposes; to the Committee on the Public Lands.

By Mr. VOORHIS of California:

H. R. 6669. A bill to provide for certain Presidential appointments to the United States Military Academy and the United States Naval Academy; to the Committee on Military Affairs.

By Mr. HARNESS:

H.R. 6670. A bill to provide for a survey of certain portions of the Mississinewa River in the State of Indiana from Matters Park to Conners Mill in Grant County, with a view to developing proper flood controls; to the Committee on Flood Control.

By Mr. CARTWRIGHT:

H.R. 6671. A bill to amend the Agricultural Adjustment Act of 1938, as amended, for the purpose of regulating interstate and foreign commerce in cotton, providing for the orderly marketing of cotton at fair prices in interstate and foreign commerce, insuring to cotton producers a parity income from cotton based upon parity price or cost of production, whichever is higher, and for other purposes; to the Committee on Agriculture.

By Mr. MAHON:

H.R. 6672. A bill to amend the act entitled "An act to create a new division of the District Court of the United States for the Northern District of Texas," approved May 26, 1928 (45 Stat. 747); to the Committee on the Judiciary. By Mr. HILL:

H. J. Res. 311. Joint resolution to designate the composition known as America as the national hymn of the United States of America; to the Committee on the Judiciary.

By Mr. ANGELL:

H. J. Res. 312. Joint resolution proposing an amendment to the Constitution of the United States, relating to the terms of office of the President and the Vice President; to the Committee on Election of President, Vice President, and Representatives in Congress.

By Mr. PIERCE of Oregon:

H. J. Res. 313. Joint resolution proposing an amendment to the Constitution of the United States relating to nominations of candidates for President and Vice President; to the Committee on Election of President, Vice President, and Representatives in Congress.

By Mr. VOORHIS of California:

H. Con. Res. 27 (by request). Concurrent resolution calling a world convention of the Nonmilitary Federation of Nations; to the Committee on Foreign Affairs.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Florida, memorializing the President and the Congress of the United States to consider their House Memorial No. 11, with reference to the Works Progress Administration scale of wages paid; to the Committee on Appropriations.

Also, memorial of the Legislature of the State of Florida, memorializing the President and the Congress of the United States to consider their House Resolution No. 69, with reference to position as reading clerk in the National Congress; to the Committee on Accounts.

Also, memorial of the Legislature of the State of California, memorializing the President and the Congress of the United States to consider their Assembly Joint Resolution

No. 46, with reference to civil-liberties investigation; to the Committee on Appropriations.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ASHBROOK:

H. R. 6673. A bill granting an increase of pension to Jennett Hutchinson; to the Committee on Invalid Pensions.

By Mr. BOYKIN:

H.R. 6674. A bill granting a pension to Helen Moore Bristol; to the Committee on Invalid Pensions.

By Mr. BREWSTER:

H. R. 6675. A bill granting a pension to James D. Shelters; to the Committee on Invalid Pensions.

By Mr. BROWN of Ohio:

H.R. 6676. A bill granting an increase of pension to Amanda Jane Worrell; to the Committee on Invalid Pensions.

H. R. 6677. A bill granting an increase of pension to Elizabeth Pidgeon; to the Committee on Invalid Pensions.

By Mr. CANNON of Missouri:

H. R. 6678. A bill to authorize Leonhard Stejneger, of the United States National Museum, to accept certain decoration from the Norwegian Government; to the Committee on Foreign Affairs.

By Mr. GOSSETT:

H. R. 6679. A bill granting a pension to Lawrence Farrell Harris; to the Committee on Invalid Pensions.

By Mr. LESINSKI:

H. R. 6680. A bill for the relief of Laszlo Kardos, Magdolna Kardos, and Gaby Kardos; to the Committee on Immigration and Naturalization.

By Mr. McGRANERY:

H. R. 6681. A bill granting a pension to Capt. Victor Gondos, Jr.; to the Committee on Invalid Pensions.

By Mr. SCHIFFLER:

H. R. 6682. A bill granting a pension to Charles Rufus Koon; to the Committee on Invalid Pensions.

H. R. 6683. A bill granting a pension to Hattie Jane Koon; to the Committee on Invalid Pensions.

By Mr. SCHUETZ:

H. R. 6684. A bill for the relief of Elizabeth Flaherty; to the Committee on World War Veterans' Legislation.

By Mr. TAYLOR of Tennessee:

H. R. 6685. A bill for the relief of John Oscar Brown; to the Committee on Military Affairs.

H.R. 6686. A bill for the relief of T. Jack Neal; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3477. By Mr. ANGELL: Petition of the Senate and House of Representatives of the State of Oregon, memorializing Congress to enact legislation to solve the national railroad problem; to the Committee on Interstate and Foreign Commerce.

3478. By Mr. ASHBROOK: Petition of Sam White, of Newark, Ohio, and 237 others, endorsing the General Welfare Act (H. R. 5620); to the Committee on Ways and Means.

3479. By Mr. CARTER: Petition signed by Mrs. B. H. Horton, Nona M. Monsch, and 48 other residents, of Alameda County, Calif., urging the restriction of immigration from foreign countries for at least 5 years on account of having 12,000,000 to 14,000,000 unemployed in our country at this time; to the Committee on Immigration and Naturalization.

3480. By Mr. COFFEE of Washington: Resolution of the Methodist Federation for Social Service, at its national biennial conference at Kansas City, Mo., May 9-11, 1939, Harry F. Ward, secretary, requesting Congress to place an immediate embargo upon the shipment of war supplies and the granting of loans and credits to Japan; to the Committee on Foreign Affairs.

3481. Also, resolution of the United Hotel and Restaurant Workers, L. I. Union No. 432, of Chicago, Ill., Wayne Adamson, secretary, pointing out that there is widespread unemployment, that the American Federation of Labor, Congress of Industrial Organizations, and the railroad brotherhoods have petitioned Congress for the appropriation of adequate funds to provide relief for the needy, and therefore urging the passage of the Coffee bill (H. R. 266), providing for the emergency appropriation of an additional fund of \$50,000,000 to reemploy those discharged from the Works Progress Administration rolls; to the Committee on Appropriations.

3482. By Mr. CONNERY: Petition of sundry citizens of the Seventh Massachusetts District, urging that the Congress enact the General Welfare Act (H. R. 11); to the Com-

mittee on Ways and Means.

3483. Also, resolutions of the General Court of Massachusetts, memorializing Congress in favor of the passage of the antilynching bill; to the Committee on the Judiciary.

3484. Also, resolution of the General Court of Massachusetts, memorializing Congress in favor of the continuation of Works Progress Administration projects; to the Committee on Ways and Means.

3485. By Mr. CURLEY: Resolution of Local 43, United Federal Workers of America, Brooklyn Army Base, endorsing House bill 960 and urging its enactment at an early date; to the Committee on the Civil Service.

3486. Also, resolution of New York City Federation of Women's Clubs, Inc., endorsing the Schwartz-Martin bill, to require the accurate labeling of all wool products; to the Committee on Interstate and Foreign Commerce.

3487. By Mr. EATON of California: Petition signed by sundry voters in the Eighteenth Congressional District asking for the enactment of the General Welfare Act; to the Committee on Ways and Means.

3488. By Mr. FLAHERTY: Memorial of the General Court of Massachusetts, favoring the continuation of Works Progress Administration projects; to the Committee on Appropriations.

3489. Also, memorial of the General Court of Massachusetts, urging the passage of the antilynching bill; to the

Committee on the Judiciary.

3490. By Mr. GIFFORD: Petition of Mary R. Budd, of New Bedford, Mass., and others, petitioning the enactment of the General Welfare Act; to the Committee on Ways and Means.

3491. Also, petition of Ella M. Gammons, of Middleboro, Mass., and others, petitioning the enactment of the General Welfare Act; to the Committee on Ways and Means.

3492. By Mr. KEOGH: Petition of the American Photo-Engravers Association, Chicago, Ill., concerning the Social Security Act; to the Committee on Ways and Means.

3493. Also, petition of the American Friends of the Chinese People, New York City, concerning the Neutrality Act; to the Committee on Foreign Affairs.

3494. Also, petition of the Brotherhood of Railroad Trainmen, Grand Lodge, Cleveland, Ohio, concerning Senate Resolution 126; to the Committee on Labor.

3495. Also, petition of the Chamber of Commerce of the State of New York, concerning the Federal debt; to the Committee on Appropriations.

3496. Also, memorial of the senate, Legislature of the State of New York, concerning insane aliens; to the Committee on Immigration and Naturalization.

3497. Also, petition of Whitman, Requardt & Smith, Albany, N. Y., favoring the Starnes bill (H. R. 4576); to the Committee on Appropriations.

3498. Also, petition of the Albany Electrical Contractors Association, Inc., favoring the Starnes bill (H. R. 4576); to the Committee on Appropriations.

3499. Also, petition of the New York City Federation of Women's Clubs, Inc., concerning the Martin wool-labeling

Women's Clubs, Inc., concerning the Martin wool-labeling bill (H. R. 944); to the Committee on Interstate and Foreign Commerce.

3500. Also, petition of the American Farm Bureau Federation, the National Grange, the National Cooperative Milk Producers' Federation, the National Cooperative Council,

the Agriculture Producers' Labor Committee, concerning the Norton bill (H. R. 5435); to the Committee on Labor.

3501. Also, petition of the Grand Lodge, Brotherhood of Railroad Trainmen, Cleveland, Ohio, concerning the Lea bill (H. R. 4862) and the Wheeler bill (S. 2009); to the Committee on Interstate and Foreign Commerce.

3502. By Mr. KINZER: Petition of sundry citizens of Lancaster County, Pa., favoring the passage of legislation which will stop the great advertising campaign for the sale of alcoholic beverages now going on by press and radio; to the Committee on the Judiciary.

3503. By Mr. PFEIFER: Petition of the American Photo-Engravers' Association, Chicago, Ill., favoring certain changes in the present Social Security Act; to the Committee on

Ways and Means.

3504. Also, petition of the Senate of the State of New York, Albany, N. Y., concerning the hospitalization and deportation of certain aliens; to the Committee on Immigration and Naturalization.

3505. Also, petition of the New York City Federation of Women's Clubs, Inc., New York City, urging support of the Martin wool-labeling bill (H. R. 944); to the Committee on Interstate and Foreign Commerce.

3506. Also, petition of Whitman, Requardt & Smith, engineers, Albany, N. Y., favoring additional appropriation for the Works Progress Administration, House bill 4576; to the Committee on Ways and Means.

3507. Also, petition of the Grand Lodge, Brotherhood of Railroad Trainmen, Cleveland, Ohio, favoring the adoption of Senate bill 1970 and Senate Resolution 126; to the Committee on Labor.

3508. Also, petition of the Albany Electrical Contractors Association, Inc., Albany, N. Y., urging support of the Starnes bill (H. R. 4576); to the Committee on Appropriations.

3509. Also, petition of the Department of Agriculture and Markets, Albany, N. Y., Holton V. Noyes, commissioner, urging consideration of Senator Bailey's bill (S. 2212); to the Committee on Agriculture.

3510. By Mr. POAGE: Petition of Norman S. White and 150 other citizens of Riesel, Tex., expressing the wish that the United States should avoid all foreign entanglements; that legislation should be passed to take the profit out of war; to prohibit foreign loans, and that other steps be taken to save this Nation and its people from being drawn into any foreign war; to the Committee on Foreign Affairs.

3511. By Mr. SCHIFFLER: Petition of A. Prager, president, and Harry Tukesbrey, secretary, Workers' Alliance of America, Wheeling, W. Va., urging enactment of House bill 6470, cited as the Work and Recovery Act; to the Committee on Appropriations.

3512. By the SPEAKER: Petition of Local 79, United Federal Workers of America, Charleston, W. Va., urging consideration of their resolution with reference to an amendment to House bill 960 to include the Works Progress Administration; to the Committee on the Civil Service.

3513. Also, petition of Ethel Krug, San Francisco, Calif., urging consideration of her petition with reference to Works Progress Administration appropriation; to the Committee on Appropriations.

3514. Also, petition of the city of Columbus, Ohio, urging consideration of their resolution with reference to Works Progress Administration appropriation; to the Committee on Appropriations.

SENATE

TUESDAY, JUNE 6, 1939

(Legislative day of Monday, June 5, 1939)

The Chaplain, Rev. Z^QBarney T. Phillips, D. D., offered the following prayer:

O Thou whose wondrous name is Love, subdue the sanctities of our worship with such reverence toward Thee that our voice of prayer and praise, yea, even the deeper silence out of which this voice is born, may thrill in us with ecstasy

and spiritual delight as we are taken to that border line where for a moment the inquiring intellect is hushed, the urgent will held captive, and only heavenly emotion is awake. Inspired by this reverence learned at Thy feet, O God, open our eyes to the dignity of Thy humblest child and change our outlook on a needy world, that pity may give place to a new and high resolve to secure for our brethren everywhere the glowing opportunities to which, as sons of God, they are entitled. Give to each one of us the courage, the superb daring which does its God-appointed task and leaves with Thee the consequences. Help us to remember that the only security worth coveting in this world is the security of the man who is ever ready and willing to endure and to risk everything in order that love may reign in the hearts of men through Jesus Christ our Lord. Amen.

THE JOURNAL

On request of Mr. Barkley, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Monday, June 5, 1939, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Latta, one of his secretaries.

UNVEILING OF WILL ROGERS STATUE

Mr. THOMAS of Oklahoma. Mr. President, the State of Oklahoma has prepared a statue of the late Will Rogers for presentation to the Government. The ceremonies in connection with the unveiling and presentation of the statue will take place in the rotunda of the Capitol today, beginning at 3 p. m. The statue will be presented to the Government by the Governor of Oklahoma, Hon. Leon C. Phillips; and the statue will be received on behalf of the Government by Hon. ALBEN W. BARKLEY, United States Senator from Kentucky.

On behalf of the Oklahoma Will Rogers Memorial Commission. I extend to the Members of the Senate an invitation to attend the ceremonies.

THE WILL ROGERS MEMORIAL COMMISSION

Mr. LEE. Mr. President, I ask unanimous consent to have printed in the RECORD a letter from Hon. Jesse H. Jones to Dr. Bizzell, president of the University of Oklahoma. Today there will be unveiled the monument to Will Rogers. letter tells of a living monument that is being established by the Will Rogers Memorial Commission.

The VICE PRESIDENT. Is there objection?

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE WILL ROGERS MEMORIAL COMMISSION,

New York, N. Y., May 22, 1939.

Dear Dr. Bizzell: I beg to hand you herewith:

(1) A check drawn on the Marine Midland Trust Co. of New York, in amount of \$76,620.67, payable to the University of Oklahoma

(2) A duly executed contract between the Will Rogers Memorial (2) A duly executed contract between the Will Rogers Memorial Commission and the University of Oklahoma. The contract is signed by you as president of the University of Oklahoma, and by Owen D. Young, vice president of the Will Rogers Memorial Commission. It has been approved by myself as treasurer of the Will Rogers Memorial Commission, and by Gen. Roy Hoffman, chairman of the Will Rogers Memorial Commission of the State of Oklahoma.

The contract sets out in general terms the purpose for which the money is to be used, though in its preparation effort was made to give the regents such latitude in the administration of the fund as may be necessary in meeting changing conditions. This check, together with \$25,000 heretofore given to the Murrow Indian Orphan Home at Muskogee by direction of the Will Rogers Memorial Commission of Oklahoma, and \$23,379.33 for use in connection with the Will Rogers Memorial Museum at Claremore, makes a total of \$125,000 to Oklahoma, of the funds contributed by hundreds of the transfer of the trans

makes a total of \$125,000 to Oklahoma, of the funds contributed by hundreds of thousands of people throughout the country for the purpose of creating a lasting memorial to Will Rogers; \$125,000 is being intrusted to the University of California for administration, and \$60,000 to the University of Texas.

The purpose of the commission is to create living memorials to Will Rogers in perpetuity. State universities were chosen as the most appropriate agencies to administer the funds because they are non-sectarian, representative of all the people, and will endure. The Universities of Oklahoma, Texas, and California were selected because Will was closely identified with these States.

Monuments and memorials are usually erected to men who distinguish themselves as statesmen or soldiers. Few are erected Monuments and memorials are usually erected to men who distinguish themselves as statesmen or soldiers. Few are erected to private citizens, but actually Will Rogers could hardly be regarded a private citizen. He belonged to the world by acclamation, and there probably has never been as spontaneous a demand to honor a passing citizen as was true immediately following the accident that took Will Rogers from us. The world was saddened when the news of that accident was flashed from Point Barrow. We miss Will Rogers as we miss no other man. He gave us a bit of homely philosophy every day, a prod to remind us that we should not take things too seriously. I wish we had him with us today to give us those daily bits of philosophy; we need them. His was a mission ordained from on high, and the world is better because of what he gave us.

I have said that our purpose in establishing this fund is to create a living memorial to Will Rogers in perpetuity. I appreciate that "in perpetuity" means a very long time. We believe the world will be better if we can perpetuate his life and spirit. We have not had another such character as Will Rogers. Wherever he went he was immediately recognized, and crowds would gather about him in admiration and affection. All loved him. He gave something of himself—good cheer—to all with whom he came in contact. He could make all the world laugh and forget its troubles.

forget its troubles.

forget its troubles.

Will Rogers had an extraordinary knowledge of human nature, a wholesome sense of humor for all humanity, and a common-sense wisdom that went to the heart of a problem. He was as ruggedly simple and unaffected in manner as he was at heart, yet he was as much at ease with Presidents or Kings as with the humblest citizen. Will Rogers was a peace-loving man, and has been widely quoted as saying that he never met a man he did not like. He was one of the great philosophers of our generation.

It has been a labor of love to have had the privilege of assisting in establishing this memorial to Will Rogers, and it is fitting in every way that the University of Oklahoma should administer an important part of it. I would like to see the fund augmented by further gifts from people interested in helping underprivileged boys and girls to prepare themselves for life without depending upon charity.

Sincerely yours.

Sincerely yours,

JESSE H. JONES, Treasurer, Will Rogers Memorial Commission.

Hon. WILLIAM BIZZELL,
President, the University of Oklahoma, Norman, Okla.

TRUST ON CERTAIN INDIAN LANDS, CROW TRIBE, MONTANA

The VICE PRESIDENT laid before the Senate a letter from the Acting Secretary of the Interior, transmitting a draft of proposed legislation to reimpose the trust on certain lands allotted to Indians of the Crow Tribe, Montana, which, with the accompanying paper, was referred to the Committee on Indian Affairs.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a petition of the employees of the Robinson-Morris Engraving Co. of the United States, praying for the enactment of legislation to amend the Social Security Act so as to include all employers of two or more men and to provide unemployment benefits to all workers unemployed, which was referred to the Committee on Finance.

Mr. CAPPER presented a letter in the nature of a memorial from Harmonson-Redd Post, No. 63, the American Legion, of Norton, Kans., remonstrating against the enactment of pending legislation to admit refugee children from Germany into the United States, which was referred to the Committee on Immigration.

Mr. TYDINGS presented a petition of employees of the Baltimore News Post Engraving Co., praying for the enactment of legislation to amend the Social Security Act so as to include all employers of two or more men and to provide unemployment benefits to all workers unemployed, which was referred to the Committee on Finance.

Mr. WALSH presented a resolution adopted at the annual meeting of the Civil Liberties Committee of Massachusetts. favoring the appropriation of \$100,000 to enable the subcommittee of the Committee on Education and Labor to continue the investigation of violations of civil liberties, etc., which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

He also presented petitions of sundry citizens of the State of Massachusetts, praying for the taking of such action as will keep the United States free from foreign entanglements and out of war, which were referred to the Committee on Foreign Relations.

He also presented a petition of sundry citizens of the State of Massachusetts, praying for intercession by the Government of the United States to avert the effectuation of the British White Paper in regard to the Palestine Mandate, which was referred to the Committee on Foreign Relations.

He also presented a resolution of the board of aldermen of the city of Medford, Mass., favoring the enactment of Senate bill 2386, providing that alien veterans be declared to be citizens of the United States in certain instances, which was referred to the Committee on Immigration.

TRIBUTE TO THE LATE REAR ADMIRAL MARK L. BRISTOL

Mr. BARBOUR. Mr. President. I ask unanimous consent to have inserted in the RECORD and appropriately referred a resolution on the death of Rear Admiral Mark L. Bristol, United States Navy, adopted by the State House of Assembly of New Jersey and concurred in by the Senate May 15, 1939.

There being no objection, the resolution was referred to the Committee on Naval Affairs, and ordered to be printed in the RECORD, as follows:

Whereas Rear Admiral Mark L. Bristol, United States Navy, who died after a short illness Saturday in the Naval Hospital at Washington, D. C., was a distinguished son of New Jersey, having been born at Glassboro, in Gloucester County, and having received his early schooling there; and

Whereas he served his country loyally for nearly 50 years in the United States Navy, facing action in two wars and culminating his career as commander of our Asiatic Fleet; and

Whereas Admiral Bristol achieved his greatest victories in peace and friendship as American High Commissioner to Turkey in the difficult years following the World War: Therefore be it

Resolved by the Senate and General Assembly of the State of New Jersey, That we express our regret at the passing of this notable citizen of our State; and be it further

Resolved, That a copy of this resolution, signed by the president of the senate and the speaker of the house, and attested by the secretary of the senate and the clerk of the house, respectively, be forwarded to his bereaved family.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Calloway, one of its reading clerks, announced that the House had passed without amendment the following bills:

S. 50. An act to provide for recognizing the services rendered by civilian officers and employees in the construction and establishment of the Panama Canal and the Canal Zone;

S. 499. An act to amend the act entitled "An act making appropriations for the naval service for the fiscal year ending June 30, 1910, and for other purposes," approved March 3, 1909, as amended, so as to extend commissary privileges to civilian officers and employees of the United States at naval stations beyond the continental limits of the United States or in Alaska:

S. 509. An act to add certain lands to the Front Royal Quartermaster Depot Miltiary Reservation, Va., to the Shenandoah National Park, and for other purposes:

S. 588. An act to provide for an additional midshipman at the United States Naval Avademy, and for other purposes;

S. 1409. An act to authorize the conveyance by the United States to the town of Bristol, Maine, of a portion of the Pemaquid Point Lighthouse Reservation, and for other purposes

S. 1879. An act to amend the United States mining laws applicable to the area known as the watershed of the headwaters of the Bonito River in the Lincoln National Forest within the State of New Mexico;

S. 1982. An act to convey certain property to the city of El Campo, Tex.;

S. 2149. An act to add certain lands to the Papago Indian Reservation in Arizona; and

S. 2404. An act to authorize the disposal of the Portland,

Oreg., old courthouse building.

The message also announced that the House had passed the bill (S. 189) to provide for the confiscation of firearms in possession of persons convicted of felony and disposition thereof, with an amendment, in which it requested the concurrence of the Senate.

The message further announced that the House had passed the bill (S. 2154) to modify the provisions of section 10 of the

act of June 30, 1834, and section 10 of the act of June 22, 1874, relating to the Indians, with amendments, in which it requested the concurrence of the Senate.

The message also announced that the House had agreed to the amendments of the Senate to the bill (H. R. 5765) to authorize commissioning aviation cadets in the Naval and Marine Corps Reserves upon completion of training, and for other purposes.

The message further announced that the House had passed the following bills and joint resolutions, in which it re-

quested the concurrence of the Senate:

H. R. 112. An act to facilitate control of soil erosion and flood damage on lands within the Ozark and Ouachita National Forests in Arkansas;

H.R. 161. An act to amend section 73 of the Hawaiian Organic Act, approved April 30, 1900, as amended;

H. R. 2310. An act to provide national flags for the burial of honorably discharged former service men and women;

H.R. 2413. An act for the protection of the water supply

of the city of Ketchikan, Alaska;

H.R. 2566. An act to limit the authority of circuit judges to hold district courts and of district judges to sit in circuit courts of appeals:

H.R. 3215. An act to amend the act of March 2, 1929 (45 Stat. 536);

H.R. 3796. An act to extend the period of restrictions on lands of the Quapaw Indians, Oklahoma, and for other pur-

H. R. 3945. An act to authorize the use of War Department equipment for the Confederate Veterans' 1939 Reunion at Trinidad, Colo., August 22, 23, 24, and 25, 1939;

H.R. 3959. An act to authorize the Secretary of the Interior to dispose of recreational demonstration projects, and for other purposes:

H.R. 4108. An act to provide for the transfer of United States Employment Service records, files, and property in local offices to the States:

H.R. 4497. An act to prescribe rules for the enrollment of Menominee Indian children born to enrolled parents, and for other purposes:

H. R. 4637. An act to amend section 243 of the Penal Code of the United States, as amended by the act of June 15, 1935 (49 Stat. 378), relating to the marking of packages containing wild animals and birds and parts thereof:

H. R. 4638. An act authorizing the Secretary of Agriculture to prepare plans for the eradication and control of the pink bollworm, and for other purposes;

H. R. 4647. An act to increase the amount of Federal aid to State or Territorial homes for the support of disabled soldiers and sailors of the United States:

H. R. 4674. An act to provide for the establishment of a Coast Guard station at or near the city of Monterey, Calif .;

H. R. 4742. An act to provide for the establishment of the Chalmette National Historical Park, in the State of Louisiana, and for other purposes;

H. R. 5030. An act to amend section 4 of the act of June 29, 1906, entitled "An act to establish a Bureau of Immigration and Naturalization and to provide for a uniform rule for the naturalization of aliens throughout the United

H. R. 5402. An act to admit to the United States and to extend naturalization privileges to alien veterans of the World War;

H. R. 5403. An act to provide for the deposit of certain collections for overtime immigration services to the credit of the appropriation chargeable with the payment for such services, and for other purposes;

H. R. 5451. An act to authorize the consolidation of the lands on the Sisseton Indian Reservation, N. Dak. and S. Dak., and for other purposes;

H. R. 5474. An act to amend the Railroad Unemployment Insurance Act, approved June 25, 1938;

H. R. 5835. An act to authorize the President to render closer and more effective the relationship between the American Republics;

H. R. 6021. An act to repeal the minimum-price limitation on sale of the Akron, Ohio, old post-office building and site;

H.R. 6075. An act to increase the punishment for espionage;

H. R. 6135. An act to regulate the times and places of holding court in Oklahoma;

H. R. 6320. An act to establish the status of funds and employees of the United States Naval Academy laundry;

H.R. 6505. An act to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplementary thereto;

H. J. Res. 183. Joint resolution authorizing the Librarian of Congress to return to Williamsburg Lodge, No. 6, Ancient Free and Accepted Masons, of Virginia, the original manuscript of the record of the proceedings of said lodge;

H. J. Res. 208. Joint resolution authorizing the Joint Committee on the Library to procure an oil portrait of former President Herbert Hoover; and

H. J. Res. 286. Joint resolution to provide for the lending to the Virginia Military Institute of the equestrian portrait of Gen. Winfield Scott now stored in the Capitol.

ENROLLED BILL SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled bill (S. 572) to provide for the common defense by acquiring stocks of strategic and critical materials essential to the needs of industry for the manufacture of supplies for the armed forces and the civilian population in time of a national emergency, and to encourage, as far as possible, the further development of strategic and critical materials within the United States for common defense, and it was signed by the Vice President.

REPORTS OF COMMITTEES

Mr. HATCH, from the Committee on Agriculture and Forestry, to which was referred the bill (S. 478) to provide for more expeditious payment of amounts due to farmers under agricultural programs, reported it with an amendment.

Mr. BARKLEY, from the Committee on the Library, to which was referred the joint resolution (S. J. Res. 61) establishing the Ladies of the Grand Army of the Republic National Shrine Commission to formulate plans for the construction of a permanent memorial building to the memory of the veterans of the Civil War, reported it without amendment.

Mr. SHEPPARD, from the Committee on Military Affairs, to which was referred the bill (S. 681) for the relief of Col. Ernest Graves, reported it with an amendment to the title and submitted a report (No. 538) thereon.

He also, from the same committee, to which was referred the bill (S. 576) for the relief of Harry Hume Ainsworth, reported it with an amendment and submitted a report (No. 540) thereon.

Mr. HOLMAN, from the Committee on Military Affairs, to which was referred the bill (S. 666) for the relief of Roy Chandler, reported it without amendment and submitted a report (No. 541) thereon.

Mr. ANDREWS, from the Committee on Immigration, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 796. A bill for the relief of Mato, Miljenko, Bozo, and Augustin Cibilic, or Zibilich (Rept. No. 542);

S. 1534. A bill for the relief of Moukbil Kemal Tash (Rept. No. 543); and

S. 1954. A bill for the relief of Joannes Josephus Citron (Rept. No. 544).

Mr. STEWART, from the Committee on Immigration, to which was referred the bill (S. 1538) for the relief of Konstantinos Dionysiou Antiohos (or Gus Pappas), reported it without amendment and submitted a report (No. 545) thereon

Mr. MALONEY, from the Committee on Immigration, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 1224. A bill for the relief of Eugene Kramer (Rept. No. 546);

S. 1654. A bill for the relief of Mrs. Pacios Pijnan (Rept. No. 547);

S. 1815. A bill for the relief of Evelyn Mary Locke (Rept. No. 548);

S. 1911. A bill for the relief of Daumit Tannaus Saleah (Dave Thomas) (Rept. No. 549);

S. 1327. A bill to extend further time for naturalization to alien veterans of the World War under the act approved May 25, 1932 (47 Stat. 165), to extend the same privileges to certain veterans of countries allied with the United States during the World War, and for other purposes (Rept. No. 550); and

H.R. 805. A bill to extend further time for naturalization to alien veterans of the World War under the act approved May 25, 1932 (47 Stat. 165), to extend the same privileges to certain veterans of countries allied with the United States during the World War, and for other purposes (Rept. No. 550).

Mr. SCHWELLENBACH, from the Committee on Immigration, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 546. A bill to dispense with particular allegations as to renunciation of allegiance in petitions for naturalization and in the oath of renunciation of foreign allegiance, by omitting the name of "the prince, potentate, state, or sovereignty" of which the petitioner for naturalization is a subject or citizen (Rept. No. 551);

S. 1533. A bill for the relief of Kurt G. Stern (Rept. No. 552); and

H. R. 2200. A bill to dispense with particular allegations as to renunciation of allegiance in petitions for naturalization and in the oath of renunciation of foreign allegiance by omitting the name of "the prince, potentate, state, or sovereignty" of which the petitioner for naturalization is a subject or citizen (Rept. No. 551).

Mr. SCHWELLENBACH also, from the Committee on Immigration, to which was referred the bill (S. 1384) for the relief of Egon Karl Freiherr von Mauchenheim and Margarete von Mauchenheim, reported it with an amendment and submitted a report (No. 553) thereon.

Mr. BYRNES, from the Committee on Banking and Currency, to which was referred the bill (S. 1318) relating to the exclusion of certain deposits in determining the assessment base of banks insured by the Federal Deposit Insurance Corporation, reported it with an amendment and submitted a report (No. 554) thereon.

Mr. McNARY, from the Committee on Agriculture and Forestry, to which was referred the bill (S. 231) to authorize the acquisition of forest lands adjacent to and over which highways, roads, or trails are constructed or to be constructed wholly or partially with Federal funds in order to preserve or restore their natural beauty, and for other purposes, reported it with an amendment and submitted a report (No. 555) thereon.

INVESTIGATION OF ADMINISTRATION OF J. ROSS EAKIN AS SUPERIN-TENDENT OF GREAT SMOKY MOUNTAINS NATIONAL PARK

Mr. ADAMS, from the Committee on Public Lands and Surveys, to which was referred the resolution (S. Res. 131) to investigate the administration of J. Ross Eakin as Superintendent of the Great Smoky Mountains National Park (submitted by Mr. McKellar on May 16, 1939), reported it with amendments and submitted a report (No. 539) thereon, and, under the rule, the resolution was referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

ENROLLED BILL PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on June 5, 1939, that committee presented to the President of the United States the enrolled bill (S. 2314) to establish the position of Under Secretary in the Department of Commerce.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

Mr. BAILEY, from the Committee on Commerce, reported favorably the following nominations:

Edward J. Noble, of Connecticut, to be Under Secretary

Capt. Leon Claude Covell to be Assistant Commandant in the Coast Guard of the United States for a term of 4 years, to rank as such from May 24, 1939; and

Max O'Rell Truitt, of Missouri, to be a member of the United States Maritime Commission for the term of 6 years from September 26, 1938, to which office he was reappointed during the last recess of the Senate.

The VICE PRESIDENT. The reports will be placed on the Executive Calendar.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. ASHURST:

S. 2550 (by request). A bill to amend the Bankruptcy Act so as to change the compensation of referees in bankruptcy from a fee to a salary basis and to regulate their appointment; to the Committee on the Judiciary.

By Mr. GEORGE (for himself and Mr. Russell):

S. 2551. A bill to authorize the coinage of 50-cent pieces in commemoration of the two hundredth anniversary of the establishment of the Bethesda Orphanage for Boys; to the Committee on Banking and Currency.

By Mr. BARBOUR:

S. 2552. A bill for the relief of the Jersey Central Power & Light Co.; to the Committee on Claims.

S. 2553. A bill granting a pension to Helen Beverly Bristol; to the Committee on Pensions.

By Mr. SCHWELLENBACH:

S. 2554. A bill to amend sections 6 and 7 of the act entitled "An act for the retirement of employees of the Alaska Railroad, Territory of Alaska, who are citizens of the United States," approved June 29, 1936; and

S. 2555. A bill to amend the act entitled "An act for the retirement of employees of the Alaska Railroad, Territory of Alaska, who are citizens of the United States," approved June 29, 1936, and for other purposes; to the Committee on Civil Service.

By Mr. CLARK of Idaho:

S. 2556. A bill for the relief of Parley Rigby; to the Committee on Post Offices and Post Roads.

By Mr. CONNALLY:

S. 2557. A bill to amend the act entitled "An act to create a new division of the District Court of the United States for the Northern District of Texas," approved May 26, 1928 (45 Stat. 747); to the Committee on the Judiciary.

By Mr. BONE:

S. 2558. A bill to amend the Agricultural Marketing Agreement Act of 1937, as amended; to the Committee on Agriculture and Forestry.

By Mr. SHEPPARD:

S. 2559. A bill for the retirement of Army officers on account of age in grade; to the Committee on Military Affairs. S. 2560. A bill for the relief of Marjorie Buchek; and

S. 2561. A bill for the relief of Ina Jones; to the Committee

S. 2562 (by request). A bill to facilitate certain construction work for the Army, and for other purposes; to the Committee on Military Affairs.

By Mr. HERRING:

S. 2563. A bill granting the consent of Congress to the Iowa State Highway Commission to construct, maintain, and operate a free highway bridge across the Des Moines River at or near Levy, Iowa; and

S. 2564. A bill granting the consent of Congress to the Iowa State Highway Commission to construct, maintain, and operate a free highway bridge across the Des Moines River at or near Red Rock, Iowa; to the Committee on Commerce.

By Mr. McNARY:

S. J. Res. 148. Joint resolution authorizing the Maritime Commission to release surety bonds limiting the use of certain vessels; to the Committee on Commerce.

HOUSE BILLS AND JOINT RESOLUTIONS REFERRED

The following bills and joint resolutions were severally read twice by their titles and referred, or ordered to be placed on the calendar, as indicated below:

H.R. 112. An act to facilitate control of soil erosion and flood damage on lands within the Ozark and Ouachita National Forests in Arkansas;

H. R. 4637. An act to amend section 243 of the Penal Code of the United States, as amended by the act of June 15, 1935 (49 Stat. 378), relating to the marking of packages containing wild animals and birds and parts thereof; and

H. R. 4638. An act authorizing the Secretary of Agriculture to prepare plans for the eradication and control of the pink bollworm, and for other purposes; to the Committee on Agriculture and Forestry.

H.R. 161. An act to amend section 73 of the Hawaiian Organic Act, approved April 30, 1900, as amended; and

H. R. 2413. An act for the protection of the water supply of the city of Ketchikan, Alaska; to the Committee on Territories and Insular Affairs.

H.R. 2310. An act to provide national flags for the burial of honorably discharged former service men and women; and

H. R. 3945. An act to authorize the use of War Department equipment for the Confederate Veterans' 1939 Reunion at Trinidad, Colo., August 22, 23, 24, and 25, 1939; to the Committee on Military Affairs.

H. R. 2566. An act to limit the authority of circuit judges to hold district courts and of district judges to sit in circuit courts of appeals;

H.R. 6075. An act to increase the punishment for espionage:

H.R. 6135. An act to regulate the times and places of holding court in Oklahoma; and

H. R. 6505. An act to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplementary thereto; to the Committee on the Judiciary.

H. R. 3215. An act to amend the act of March 2, 1929 (45 Stat. 536);

H. R. 5030. An act to amend section 4 of the act of June 29, 1906, entitled "An act to establish a Bureau of Immigration and Naturalization and to provide for a uniform rule for the naturalization of aliens throughout the United States":

H.R. 5402. An act to admit to the United States, and to extend naturalization privileges to, alien veterans of the World War; and

H. R. 5403. An act to provide for the deposit of certain collections for overtime immigration services to the credit of the appropriation chargeable with the payment for such services, and for other purposes; to the Committee on Immigration.

H. R. 3796. An act to extend the period of restrictions on lands of the Quapaw Indians, Oklahoma, and for other purposes:

H. R. 4497. An act to prescribe rules for the enrollment of Menominee Indian children born to enrolled parents, and for other purposes; and

H. R. 5451. An act to authorize the consolidation of the lands on the Sisseton Indian Reservation, N. Dak. and S. Dak., and for other purposes; to the Committee on Indian Affairs.

H. R. 3959. An act to authorize the Secretary of the Interior to dispose of recreational demonstration projects, and for other purposes; and

H. R. 4742. An act to provide for the establishment of the Chalmette National Historical Park in the State of Louisiana, and for other purposes; to the Committee on Public Lands

H. R. 4108. An act to provide for the transfer of United States Employment Service records, files, and property in local offices to the States: to the Committee on Education and Labor.

H. R. 4647. An act to increase the amount of Federal aid to State or Territorial homes for the support of disabled soldiers and sailors of the United States; to the Committee

H.R. 4674. An act to provide for the establishment of a Coast Guard station at or near the city of Monterey, Calif.; to the Committee on Commerce.

H. R. 5835. An act to authorize the President to render closer and more effective the relationship between the American republics: to the Committee on Foreign Relations.

H. R. 6021. An act to repeal the minimum-price limitation on sale of the Akron, Ohio, old post-office building and site; to the Committee on Public Buildings and Grounds.

H. R. 6320. An act to establish the status of funds and employees of the United States Naval Academy laundry; to the Committee on Naval Affairs.

H. R. 5474. An act to amend the Railroad Unemployment Insurance Act, approved June 25, 1938; to the Calendar.

H. J. Res. 183. Joint resolution authorizing the Librarian of Congress to return to Williamsburg Lodge, No. 6, Ancient Free and Accepted Masons, of Virginia, the original manuscript of the record of the proceedings of said lodge;

H. J. Res. 208. Joint resolution authorizing the Joint Committee on the Library to procure an oil portrait of former President Herbert Hoover; and

H. J. Res. 286. Joint resolution to provide for the lending to the Virginia Military Institute of the equestrian portrait of Gen. Winfield Scott now stored in the Capitol; to the Committee on the Library.

HOUSING ACT OF 1937-AMENDMENT

Mr. TAFT submitted amendments intended to be proposed by him to the committee amendment to the bill (S. 591) to amend the United States Housing Act of 1937, and for other purposes, which were ordered to lie on the table and to be printed.

Mr. WAGNER. Mr. President, I submit an amendment intended to be proposed by me to the bill (S. 591) to amend the United States Housing Act of 1937, and for other purposes, which I ask may lie on the table, be printed, and be printed in the RECORD.

I also ask unanimous consent to have printed in the RECORD a communication addressed to the Secretary of Agriculture by the Administrator of the United States Housing Authority, and the Secretary's reply thereto.

The VICE PRESIDENT. Without objection, it is so ordered.

The amendment submitted by Mr. WAGNER is as follows:

Amendment intended to be proposed by Mr. Wagner to the bill (S. 591) to amend the United States Housing Act of 1937, and for other purposes:

On page 6, line 4, to insert a new section, as follows:

"SEC. 8. The United States Housing Act of 1937, as amended, is

hereby amended—

"(a) By inserting immediately following the enacting clause the words 'Title I.'

"(b) By adding at the end of said act a new title, as follows:

" 'TITLE II-RURAL HOUSING

"'SEC. 201. The Authority is hereby authorized and directed to develop and undertake a comprehensive program to assist public housing agencies in the development and administration of projects for farm families of low income in rural areas. Such assistance may be extended under loan, annual contributions, and capital-grant be extended under loan, annual contributions, and capital-grain contracts permitting (subject to such limitations and conditions as the Authority may prescribe) public housing agencies to make long-term leases or purchase agreements or otherwise to rent or sell rural housing to farmers. With respect to those States which do not now provide for public housing agencies embracing rural areas, the Authority shall give aid and information requested by such States concerning the creation of public agencies which would be eligible and would qualify for financial assistance from the Authority for the development and administration of projects for farm families of low income in rural areas.

"SEC. 202. In the development of a comprehensive program for rural housing for farm families of low income, the Authority and the Department of Agriculture are authorized to work in coopera-tion with each other, and the Secretary of Agriculture is authorized to utilize such employees and facilities of the Department of Agriculture as may assist in the development of such a program. The Authority may reimburse the Secretary of Agriculture for the salaries and expenses of such employees and facilities as are utilized by the Secretary for any of the purposes of this title.

"Sec. 203. All of the provisions of title I of this act, insofar as applicable, shall apply to this title."

The correspondence presented by Mr. Wagner is as follows:

JUNE 5, 1939.

My Dear Secretary Wallace: For some time the United States Housing Authority has been giving serious consideration to the extension of its program more largely to small communities and rural areas. We have never subscribed to the principle that slum conditions and the ill-housed are phenomena existing only in urban areas. Surveys of housing conditions in rural areas, particularly among farm groups and migratory workers, have conclusively demonstrated that many such families of low income are compelled to live under unsafe and insanitary housing conditions which are injurious to the health, safety, and morals of the Nation. These families are part of the responsibility the U.S. H. A. was created to meet.

created to meet.

From the very beginning of our program the U. S. H. A. has taken an active interest in the extension of its program to small communities and rural areas. We have already made substantial progress in carrying the U. S. H. A. program to small communities. For example, loan contracts have been approved for cities like Frankfort, Ky., with a population of about 10,000; Sarasota, Fla., with a population of 8,000; and Mount Hope, W. Va., with a population of 2,300. However, the extension of our program to strictly rural areas and isolated farm groups has presented a number of special problems requiring special and extensive consideration. Very few States had enacted housing laws permitting the creation of public agencies which embraced rural areas. The U. S. H. A. of public agencies which embraced rural areas. The U.S. H. A. has consistently encouraged the enactment of such State legislation which would enable public agencies to undertake rural housing programs. Of the 38 States which have enacted public-housing legislation, 17 now provide for the creation of State or county housing authorities which are empowered to function in rural areas.

Realizing that the problem of rural housing is very closely related to the entire farm economy, we have sought the advice and guidance of the Department of Agriculture in the consideration of a program of rural housing. As you know, my representatives and yours have consulted on this matter as an interdepartmental committee with a view to ascertaining what action should be taken at this time to facilitate the development of a housing program for farm families of low incomes. This committee has recommended that the United States Housing Act of 1937 be amended to add a new title dealing with the subject of rural housing. This amendment (a copy of which is attached) would direct the undertaking and development of a comprehensive program for the assistance of public-housing agencies in the development of rural housing of public-housing agencies in the development of rural housing for farm families of low income and would authorize the U.S. H. A. and the Department of Agriculture to work in cooperation in the development of this housing program. The provisions of title I of the act would be made applicable to the proposed rural housing program.

I have very carefully considered the recommendations of this committee and wholeheartedly endorse the proposed amendment. Under this amendment I feel that it will be possible for the U.S. H. A., with the cooperation of and advice of the Department of Agriculture, to make further detailed studies and to formulate the plans which will assure that U. S. H. A. assisted housing can be provided very substantially in rural areas.

I am interested in learning your views regarding this proposed amendment and hope that you will feel free to transmit them

Faithfully yours.

NATHAN STRAUS, Administrator.

The honorable the SECRETARY OF AGRICULTURE.

JUNE 6, 1939.

MY DEAR MR. STRAUS: I have you letter inquiring as to my views regarding the problem of providing decent housing for farm families of low income. I am fully in agreement with you regarding the seriousness of this problem and the urgent need for action to relieve the plight of the ill-housed farmer. Too often people assume that all farmers are living under conditions conducive to good health and well-being. Actually many low-income farm families are living under the problem. are living under the most deplorable and unhealthful conditions, are living under the most deplorable and unhealthful condutions, and no private or Government program has yet been able to reach the lowest-income farm families living under these conditions. While various agencies in the Department of Agriculture have been engaged in the program of improving housing conditions in rural areas, these agencies are not able to serve the lowest-income farm groups living under the worst housing conditions.

It is for these reasons that I would welcome the extension of the U.S. H. A. program to the rural-housing field. I am glad that you

appreciate the very close relationship between the entire farm economy and the problem of rehousing the low-income farmer. In my judgment, the proposed program of rural housing can only be effectively carried out through cooperation between your agency and the Department of Agriculture. The whole problem of housing in rural areas is one which requires special treatment because the sources, amounts, and stability of farm income present such different problems from those involved in an urban housing program. The cooperation of the Department of Agriculture and the U.S. H. A. would make it possible to bring to this problem the housing experience of your agency and the agricultural experience of this Department. of this Department

I have been following very closely the work of our interdepartmental committee on rural housing. In my opinion, the proposed amendment to the United States Housing Act is highly desirable. Under it a comprehensive program could be developed and undertaken to assist public-housing agencies in the development of housing projects for families of low income in rural areas. I hope that this amendment is adopted so that we may commence an attack upon the much-neglected problem of the ill-housed farm family.

farm family.

Very sincerely yours,

H. A. WALLACE Secretary of Agriculture.

Hon. NATHAN STRAUS Administrator, United States Housing Authority, Washington, D. C.

THE UNITED STATES COAST GUARD ACADEMY

Mr. WALSH. Mr. President, I ask unanimous consent to have printed as a Senate document, with illustrations, a compilation of facts and information pertaining to the United States Coast Guard Academy showing the history, entrance regulations, course of instruction, and service after graduation.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

MEMORIAL DAY ADDRESS BY SENATOR DAVIS

[Mr. Davis asked and obtained leave to have printed in the Recorp a Memorial Day address delivered by himself at Shippensburg, Pa., which appears in the Appendix.]

ADDRESS BY ADMIRAL WILLIAM D. LEAHY AT THE NAVAL ACADEMY

[Mr. Walsh asked and obtained leave to have printed in the RECORD an address delivered by Admiral William D. Leahy, United States Navy, Chief of Naval Operations, to the graduating class of 1939 of the United States Naval Academy at Annapolis, Md., June 1, 1939, which appears in the Appendix.]

THE JOHNSTOWN FLOOD-ADDRESS BY HON. J. HAMPTON MOORE

[Mr. Davis asked and obtained leave to have printed in the RECORD a description of the Johnstown flood by J. Hampton Moore, former Representative and mayor of Philadelphia, which appears in the Appendix.]

OUR AMERICAN HERITAGE-ADDRESS BY H. W. PRENTIS, JR.

[Mr. Davis asked and obtained leave to have printed in the RECORD an address on the subject of Our American Heritage, delivered by H. W. Prentis, Jr., on May 4, 1939, before the twenty-seventh annual meeting of the Chamber of Commerce of the United States, which appears in the Appendix.]

FREIGHT RATES-STATEMENT BY FORMER GOV. BIBB GRAVES

[Mr. Hill asked and obtained leave to have printed in the RECORD the statement made by former Gov. Bibb Graves, of Alabama, before the Interstate Commerce Commission on Thursday, June 1, 1939, relative to freight rates, which appears in the Appendix.]

MEMORIAL DAY ADDRESS BY JOSEPH H. HIMES

[Mr. Byrn asked and obtained leave to have printed in the RECORD a Memorial Day address delivered at New Oxford, Pa., by Mr. Joseph H. Himes, of Washington, D. C., which appears in the Appendix.]

TARIFF PROTECTION-EDITORIAL FROM DES MOINES (IOWA)

[Mr. Hill asked and obtained leave to have printed in the RECORD an editorial from the Des Moines (Iowa) Register of the issue of May 26, 1939, entitled "Whom Protection Doesn't Protect," which appears in the Appendix.]

IDLE MONEY AND MEN-EDITORIAL FROM NEW YORK TIMES

[Mr. Tobey asked and obtained leave to have printed in the RECORD an editorial from the New York Times of Friday, June 2, 1939, entitled "Idle Money and Men," which appears in the Appendix.]

AMENDMENT OF NATIONAL HOUSING ACT OF 1937

The Senate resumed the consideration of the bill (S. 591) to amend the United States Housing Act of 1937, and for other purposes

The VICE PRESIDENT. The question is on the amend-

ment reported by the committee.

answered to their names:

Danaher

Mr. VANDENBERG. I suggest the absence of a quorum. The VICE PRESIDENT. The clerk will call the roll, The Chief Clerk called the roll, and the following Senators

Adams Davis Johnson, Colo. Donahey Andrews King Schwellenbach La Follette Lee Lodge Logan Ashurst Austin Downey Ellender Sheppard Slattery Bailey Bankhead Frazier Smathers George Stewart Barbour Gerry Gibson Lucas Taft Barkley Lundeen Thomas, Okla. Bilbo Gillette McCarran Thomas, Utah Tobey McKellar Green Townsend Truman McNary Borah Guffey Bulow Gurney Maloney Murray Burke Hale Tydings Harrison Hatch Neely Norris Vandenberg Van Nuys Byrd Byrnes Capper Caraway Hayden Herring Nye O'Mahoney Wagner Walsh Chavez Clark, Idaho Clark, Mo. Pepper Pittman Hill Wheeler Holman Radcliffe Holt Wilev Hughes Johnson, Calif. Connally Reed

I announce that the Senator from Arkansas Mr. LEE. [Mr. MILLER], the Senator from New York [Mr. MEAD], and the Senator from South Carolina [Mr. Smith] are detained from the Senate because of illness in their families.

Reynolds

The Senator from Louisiana [Mr. Overton] is absent because of a slight illness.

The Senator from Michigan [Mr. Brown], the Senator from Virginia [Mr. GLASS], the Senator from Indiana [Mr. MINTON], and the Senator from Wyoming [Mr. SCHWARTZ] are detained on important public business.

Mr. AUSTIN. I announce that the Senator from New Hampshire [Mr. Bridges] is absent because of an operation.

The VICE PRESIDENT. Eighty-six Senators have answered to their names. A quorum is present.

The Chair thinks he had better state that the pending bill has been reported by the committee with one amendment in the nature of a substitute. Under the precedents set by the Senate that amendment will be considered as an original bill, and any amendment to that is subject to an amendment without being in the third degree.

Mr. TYDINGS obtained the floor.

Mr. BARBOUR, Mr. DAVIS, and other Senators addressed the Chair.

Mr. TYDINGS. Mr. President, I wish to address myself to the pending bill and the amendment, but I am glad to yield temporarily to other Senators for routine matters.

Mr. ELLENDER. Mr. President, a parliamentary inquiry. The VICE PRESIDENT. The Senator will state it.

Mr. ELLENDER. When the Senate took a recess last evening I think the Record will show that I had the floor.

The VICE PRESIDENT. The Chair wants to state, once and for all, that the right of recognition by the Chair cannot be taken away; it makes no difference who had the floor, although, if there was a moral obligation or a gentlemen's understanding, undoubtedly the Chair would keep it. The Chair did not observe that the Senator from Louisiana had the floor or that he desired the floor.

Mr. ELLENDER. I have been standing here ever since the roll was called.

The VICE PRESIDENT. The Chair has at present recognized the Senator from Maryland, whether his position is correct or is not correct.

Mr. TYDINGS. Mr. President, may I ask the Senator from Louisiana if he can give me an idea as to about how long he desires to hold the floor?

Mr. ELLENDER. Not in excess of 15 or 20 minutes; of course, depending on questions that may be asked.

Mr. TYDINGS. Let me say to the Senator that I should like to give way, and have him speak first, except for the fact that I have made about 20 appointments this morning to see people in my office, and I have other appointments beginning at 1:30. I want to speak on this matter; and in view of the situation, I have indicated I cannot well defer what I should like to say.

(At this point Mr. Tydings yielded to several Senators to present routine matters, which appear under the appropriate headings elsewhere in today's Record.)

Mr. TYDINGS. Mr. President, on March 8 last I made a number of observations concerning the conduct of the United States Housing Authority in administering the Slum Clearance Act. Since that time I have had numerous conferences with representatives of the Authority, and have asked them many questions, and have tried to study in great detail the report which they have issued covering the first activities of that agency.

I do not think what I am going to say today will have the slightest effect; I do not believe many Senators will bother to look into the facts; I do not believe they will be swayed by the facts; but I do believe the day will come, at some time in the future, when what I am saying today will be generally debated by both sides of this body.

The slum-clearance program is an appealing program, because it has a splendid name. Who is not in favor of slum clearance? Everybody in America is in favor of it. What is the plan by which slum clearance is to be effectuated? It is my belief that not many Members of the Congress know what the plan is, even those who have served on the committee, because, from reading the law, it is impossible to tell what the plan is. The law gives the Administrator certain general powers, but how he is employing those powers very few Senators know, because it is impossible to know unless one digs into the figures, and supplements his researches by a great many questions.

Let me briefly try to outline the plan; but before I do so I desire to make one general observation, that the United States Housing Administrator is now making contracts in the name of the United States Government with the cities and towns of America to eliminate slums, and to build, in place of the slum houses, modern apartment dwellings. The theory of the law is that 10 percent of the tentative cost of the program is to be put up by the municipality. The other 90 percent is to be loaned to the municipality by the United States Housing Authority; and the theory, of course, is that the city will repay to the United States Housing Authority the 90 percent of the cost of the project which in the first instance the Authority lends to the city. That is what every Senator and, perhaps, every Member of the House thinks is going on; but that is not what is going on. The Federal Government is giving to the cities of America the 90 percent; indeed, I shall prove, by facts and figures, that the Federal Government is giving to the cities of America 100 percent of the cost of each one of these projects, and that the cities of America are not paying back to the Federal Treasury a thin dime as a part of the cost of the slum-clearance

How can I substantiate that statement? Briefly, I shall substantiate it by an illustration. First of all, when the city wants to build a million-dollar housing program, it theoretically puts up and actually puts up, in one way or another, \$100,000. The Federal Government then puts up \$900,000 in the form of a so-called loan; and the \$900,000, plus the \$100,000, make the million dollars with which the project is to be constructed. But at the same time that the United States Housing Authority lends this money to the cities of America—namely, \$900,000 in the illustration I am using—it makes a contract with the city wherein it agrees to give to the city each year for 60 years a rent subsidy of a certain amount; and in every case the amount of money which the

United States Housing Authority agrees to pay the city annually as a subsidy is sufficient to enable the city to give back to the United States Housing Authority and thus to liquidate its proportionate part of the loan for that year, and the city has sufficient left over to liquidate the 10 percent which it originally put up.

Do I make that clear? The United States Housing Authority agrees in formal contracts, under the powers given it in the law, to give to the cities of America each year for 60 years a definite sum of money. That annual subsidy is sufficient to pay off the entire loan of 90 percent which the city owes the Federal Government, and the city has sufficient left over out of the annual subsidy to pay off the 10 percent which the city first put up. In other words, in the end Baltimore, San Francisco, New York, Havre de Grace, or whatever the town may be, gets from the Treasury of the United States the whole 100 percent of the slum-clearance cost.

Mr. SCHWELLENBACH. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield to the Senator from Washington.

Mr. SCHWELLENBACH. I wish to make an inquiry for information. My understanding is that there is some requirement in the act that the subsidy will in effect be passed along to the tenants by a reduction in the rent. Is there not something of that kind in the act?

Mr. TYDINGS. Yes.

Mr. SCHWELLENBACH. Will not the effect of that be to nullify the argument of the Senator?

Mr. TYDINGS. No; because the tenant's rent does not come to the United States Treasury. I am dealing now with who pays for the slum-clearance project, in whole or in part; and I have proved, by the statement I have made, that the Federal Government is providing 100 percent of the cost.

Mr. SCHWELLENBACH. My understanding of the Senator's argument is that he is contending that the cities will take the subsidy and use it for the purpose of making their repayments to the Federal Government.

Mr. TYDINGS. That is correct.

Mr. SCHWELLENBACH. But if the law requires that the subsidy money shall be used for the purpose of a reduction in rents, how is that possible?

Mr. TYDINGS. It is easily possible for this reason: The city does not have to charge the tenant anything at all for capital outlay, because all of that money has been furnished. If I give the Senator an office building which costs \$1,000,000, so that he has not one penny invested in it, he does not have to figure as a part of the rents he charges, whatever they may be, the liquidation of the capital outlay necessary to erect the building.

While the tenants may pay lower rents, as the matter stands the office building has not cost the Senator from Washington a penny; and, as the matter stands, it has not cost any of the cities of America a penny to build these slumclearance projects, because the United States agrees to give the cities every year a sum of money sufficient to pay back the 90 percent of the original cost which the Government advanced in the form of a loan at the start of the building of the project, plus another sum sufficient to liquidate the 10 percent which the city was supposed to put up in the first instance. That is the plain truth, and nobody in the Housing Authority and nobody out of the Housing Authority can deny it.

We are building these slum-clearance projects entirely out of the Federal Treasury. The only contribution which the cities of America make is in the form of the remission, in whole or in part, of the taxes which the tenants of the houses would have to pay if they were privately owned. That is all there is to this whole program. It is not slum-clearance at all; it is state socialism. We are now getting ready to build homes for over a million families, paid for entirely out of the Treasury of the United States, without a dime being contributed by any locality in which one of the projects is being erected.

One may go around and look at the homes. They are very fine; they are very impressive; and, without knowing the mechanics of how they are constructed, one is apt to say,

"Is it not a splendid thing? What a great country this is, to provide homes like that for those who now do not have such fine homes." But, Mr. President, these homes are being built entirely by the Government of the United States; and it took me almost a month, in face-to-face conferences, when I kept sticking to the facts, to get this admission from the representatives of the United States Housing Authority. They used the argument that the Senator from Washington has used: "But do not the tenants get low rents?" I said, "Of course they get low rents. If the city gets the building for nothing, it does not have to include in the rents of the tenants any part of the liquidation of the original capital."

Finally they said, "Senator, that is true." I said, "Why did you not tell me that a month ago?" I propounded to them over 300 written questions in order to elicit these facts, and I have never seen a more evasive agency in its reluctance to tell the real mechanics of this plan as I have found to be the case with the United States Housing Authority.

Then when I spoke on March 18-and I am not on the committee-and presented the same figures I am presenting now, the Senator from New York [Mr. WAGNER], who is very much interested in this program, took the floor and stated that my figures were wrong, that if I would look into the United States Housing Authority's annual report I would

find that I had not drawn the right conclusion.

I could not answer that suggestion then because I had not seen the report. I immediately tried to get a copy of the report, but there were only two copies of it, and one was in the Government Printing Office. It took me 6 weeks to force out of the Government Printing Office a copy of that report so that I could read it. When I got the report, lo, I found it was the same as the original report from which I had quoted, with the single exception that the sum of \$27,000,000 of the original outlay for the 140 apartment houses had been removed from the cost because that was the sum needed to demolish the old buildings, and they said that ought not to be figured as a part of the cost of the project in their calculation. Otherwise, the same figures which I had found in the preliminary report were contained in the summary in the annual report.

Mr. DOWNEY. Mr. President-

The PRESIDING OFFICER (Mr. WAGNER in the chair). Does the Senator from Maryland yield to the Senator from California?

Mr. TYDINGS. I yield. Mr. DOWNEY. Will not the Senator advise me as to the source, particularly as to whether it is borrowed money or money raised by taxation, from which will be secured the

funds for financing these operations?

Mr. TYDINGS. Mr. President, I intend to present an illustration which I have worked out showing what happens to a million-dollar project. This is how the United States Housing Authority operates: Let us take a slum-clearance project which costs a million dollars entire. The law requires that the city wherein the project is located must put up 10 percent of the cost. Ten percent of a million dollars is \$100,000, which the city must advance toward the cost of the The other 90 percent, or \$900,000, is loaned by the United States Housing Authority to the city.

The city is supposed to pay off the \$900,000 in 60 years, and the United States Housing Authority requires the city to make an annual payment of 3.6133 percent of the amount loaned over a 60-year period. But the United States Housing Authority gives to the city an annual subsidy of 3.5 percent of the total cost of the project. If we take 3.6133 percent of \$900,000, the amount the United States Housing Authority loans to the city, we find it aggregates \$32,519.70. That would be the amount of annual payment required of the city to repay the interest and principal of the \$900,000 loan originally made to the city by the United States Housing

Authority.

If, however, we take 3.5 percent of a million dollars, we find the figure to be \$35,000 a year, and that is the amount of the annual subsidy which the United States Housing Authority gives the city. Consequently, when the city borrows the \$900,000 it agrees, by contract, to pay the United States

Housing Authority \$32,519.70 a year, but the United States Housing Authority agrees to give to the city in an annual subsidy \$35,000 a year. Thus we see that the United States Housing Authority, which is the National Government, pays to the city each year in subsidy more than the city is required to pay to the United States Housing Authority to pay off its loan. Have I made that clear? Does that answer the Senator's question?

Mr. DOWNEY. Not entirely. What I wanted was information as to the original source of the money. From what allocation of the Government does the money come?

Mr. TYDINGS. I am glad the Senator asked that ques-

Mr. CONNALLY. Mr. President, before the Senator goes to that point, may I ask him a question?

Mr. TYDINGS. Certainly. Mr. CONNALLY. Of course, the subsidy does not go directly to the city, except that it goes through the city, but it really goes to the tenants, does it not?

Mr. TYDINGS. No.

Mr. CONNALLY. It does not?

Mr. TYDINGS. No; as I shall show. That is what one will be told, but all the city is interested in is how much it is getting a year, and how much it has to pay a year. If the city gets the building, as it does, without putting up a single dollar of the cost of construction, as I have proved by these figures, it obviously can charge the tenants just enough in the way of rent to keep the building in repair, and insure it, and operate it, because the money to liquidate the milliondollar cost of the building comes each year from the Federal Government. Therefore, there is no doubt in the world that the rents are lower. If I should give any man here a building for nothing, in fixing the rental he would not have to charge as part of the rent an amount sufficient to amortize the cost of the building over a period of years. But the truth is that the Federal Government is paying every single cent of the cost of every one of these buildings in every city and town in the country over a 60-year period.

I yield for any question from any Senator who disputes that statement, because that is the nubbin of the whole

argument.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. ELLENDER. Who pays back the 10 percent that is borrowed by the Authority from local sources?

Mr. TYDINGS. The Government of the United States, because the Government of the United States, in a milliondollar transaction, pays to the city \$35,000 a year, 31/2 percent of a million. The city is obligated to pay to the United States Government 3.6133 percent of \$900,000, which is \$32,519.70. Therefore, the Federal Government pays to the city a little more than \$2,000 a year more than the city is required to pay to the Federal Government to liquidate its loan, and that is sufficient, over a 60-year period, to liquidate the 10 percent which the city was supposed to put up in the first instance.

Mr. ELLENDER. As a matter of fact, the act specifically provides that 10 percent of the cost of a project must be provided by the local authority from local investors. In

other words, the cash must be actually put up.

Mr. TYDINGS. That is correct. Mr. ELLENDER. It is borrowed by the local authority.

Mr. TYDINGS. That is correct.

Mr. ELLENDER. And paid back by the local authority.

Mr. TYDINGS. That is correct.

Mr. ELLENDER. After the 10-percent contribution is put up in cash by the local authority from funds obtained locally, then the contract is signed and the U.S. H. A. agrees to loan 90 percent of the cost of the project.

Mr. TYDINGS. The Senator has stated the facts correctly, but I submit he draws a false conclusion from those facts. Of course, at the start the city puts up the \$100,000, in the case I have suggested, but the law provides that the United States Housing Authority may enter into a contract with the city to pay a subsidy each year for a period of 60 years, and the subsidy, as I have proved by their own figures, is enough not only to liquidate the 90 percent of the loan of

the Federal Government to the city in the first instance but the 10 percent which the city advanced at the time the building was under construction.

Mr. ELLENDER. What about the amount which the city itself donates through a remission of taxes? As I understand, the cities contribute a sum averaging about 50 percent of the amount the Federal Government contributes in the form of annual subsidies. The cities contribute said sum, although the law requires only that they put up not less than 20 percent of the sum contributed by the Federal Government.

Mr. TYDINGS. First of all, in the illustration I have taken, and to which I am sticking merely because it is a simple illustration, the city in the end gets the building for nothing. The city has not a dollar invested in it. At the end of the 60-year period the building comes to the city for nothing. Its entire cost is paid by the Federal Government over a 60-year period, at a percentage which will return to the city 100 percent of the cost of the building. Therefore the city does not have to charge, as a part of its yearly rental, any figure for interest or amortization of cost of the building. Having to charge only sufficient to pay for services, repairs, insurance, and the like, obviously it can take about half the rent off, because the city, having no investment in the building itself, is concerned only with obtaining sufficient rental to liquidate its annual expenses. Is that plain?

Mr. ELLENDER. No. Your conclusions are reached by assuming a false premise.

Mr. LOGAN. Mr. President, will the Senator from Mary-

Mr. TYDINGS. Let me finish with the Senator from Louisiana; then I will be delighted to yield to the Senator from Kentucky.

Mr. ELLENDER. There is something else the Senator from Maryland overlooked, namely, the savings on interest. The money is loaned to the local housing authority at a rate fixed in the statute, which is one-half percent in excess of the Federal going rate of interest. Money has been borrowed by the Housing Authority at 1% percent and afterward loaned to local authorities at 3 percent and in some instances 31/4 percent. The U.S. H. A. has shown a profit on the bonds so far issued, and if all bonds authorized under the 1937 act and those herein authorized were sold under like terms, a profit of \$20,000,000 per year would be made on the transaction, thereby reducing the subsidy payments from a total of \$73,000,000 to \$53,000,000, all of which I propose to further discuss on my own time.

Mr. TYDINGS. Has the Senator finished? Mr. ELLENDER. I apologize to the Senator.

Mr. TYDINGS. The Senator is accurate in saying that the Federal Housing Authority is borrowing money from the Federal Treasury at a lower rate than it is lending it to the city. That is true; and on that particular transaction the Government makes a profit on the interest. But the Senator must not lose sight of the fact that what I have said about the cost of the building is true; and, before coming to the question of interest, I wanted to ascertain whether or not the Senator wished to take issue with me concerning the figures I have presented to the Senate. If he has finished with that matter—and he has not disproved any statement I have made-I will debate with him next the question of interest, for that is the next subject on my memorandum.

Mr. ELLENDER. Mr. President, I think the question of interest rates must be considered in connection with the argument which the Senator is now making. The Senator contends that the entire project will be paid for by the Federal Government. The Senator from Maryland bases his argument on what? On the fact that the amount of money that the Federal Treasury advances each year to the Housing Authority for subsidies will be sufficient to service the entire cost of the project. The subsidy payments on all projects now under contract and those to be built under this bill will be \$73,000,000, and the savings on the interest will amount to \$20,000,000. The question I should like to have answered by the Senator from Maryland is, Will \$53,000,000 be sufficient to pay all the interest and the principal of this entire debt over a period of 60 years?

Mr. TYDINGS. Let me ask the Senator a question, and then we will have struck an issue. Will the Senator concede that, if the United States Housing Authority pays the same rate to borrow money that it charges the cities on the money it lends to them, my original proposition is an accurate one?

Mr. ELLENDER. If the service charge-

Mr. TYDINGS. No, Mr. President-

Mr. ELLENDER. If 31/2 percent would service the interest charge and the principal on all the loans, I will answer the Senator's question in the affirmative. But what about the savings on interest charges of \$20,000,000 per year, which would reduce the subsidies from seventy-three to fifty-three million dollars?

Mr. TYDINGS. Very well. Then we have made some headway. We are now down to the interest. The Senator from Louisiana has stated that if the United States Housing Authority paid the same rate of interest to get money from the Federal Treasury that it charges the localities when it makes the loans, there would be no profit on the interest, and therefore the observation which I have made would be correct, namely, that over a period of 60 years all the money which goes into every one of these slum-clearance projects would eventually come out of the United States Treasury.

Mr. ELLENDER. That is, provided the 31/2 percent is sufficient to amortize the entire amount of money borrowed. But, I repeat, how can it, when a profit of \$20,000,000 is made, thereby reducing subsidy payments to the sum of \$53,000,000?

Mr. TYDINGS. In other words, if the United States Housing Authority pays as much to borrow the money as it charges to lend the money, my observation is correct. The Senator says that because the United States Housing Authority gets its money for 1% percent and lends it at 31/2 percent, it makes a profit of the difference between 3½ percent which it receives for the loan of its money and 1% percent which it pays to borrow the money. The Senator is correct about that. I think that is about 21/8 percent. That is the profit on the interest so long as that situation prevails. But, even so, it would be only a mere pittance when compared with the \$1,600,000,000 which eventually will be loaned, and it would be only a mere pittance of the annual subsidy under contracts which the Federal Government makes with the cities of America.

I asked Mr. Straus particularly about this interest:

For how long a period have you made these loans from the United States Government Treasury?

Mr. Straus said:

They are short-term loans. They are 5-year loans. And I think in one case a 10-year loan.

In other words, he has agreed to pay the Treasury the entire loan in a period of 5 or 10 years, and then he would have to refinance. He said:

Of course, Senator Typings, the interest rate is low today, but if the interest rate should go up in the future then the saving would immediately be translated into a loss.

And I said:

These contracts are for 60 years, are they not?

Mr. Straus answered:

Yes; we lend for 60 years, but we are borrowing on a 10-year basis and a 5-year basis, and consequently when the time comes to refinance these loans we have made from the Treasury it may be that we will have to pay 3 percent or 31/4 percent.

That is the situation as it exists today only. But even that would not alter the basic picture I have presented. Does the Senator from Louisiana know that with the exception of the profit and interest that over a period of 60 years every dollar of this money is coming out of the Treasury of the United States?

Mr. ELLENDER. I repeat, if the 31/2 percent-

Mr. TYDINGS. Oh, if!

Mr. ELLENDER. If the 31/2 percent will service-Mr. TYDINGS. Let us leave out the "if."

Mr. ELLENDER. Will service that amount of money, why, of course, the Senator is correct. But, I repeat, what about the profit in interest that inures to the United States

Mr. TYDINGS. Then I have made some headway. Aside from the temporary profit on interest, which is only a small profit in proportion to the annual outlay, the cities of America are not putting up a single dime toward the construction of a single slum-clearance project. The Federal Government has made contracts in which it agrees to pay to every city in America every year an annual sum sufficient not only to liquidate the 90 percent which the city has borrowed from the United States Housing Authority but additional sums sufficient to pay the city back the 10 percent which the law requires the city to put up in the first instance. In effect these houses are being built all over America for private families out of the Treasury of the United States Government.

Senators, think of this. When Congress authorized \$800,000,000 for slum clearance, at the same time it authorized the United States Housing Authority to commit the Congress by formal contract to appropriate every year for 60 years to the cities of America a sum sufficient to permit those cities to pay off those loans 100 percent.

Mr. LOGAN. Mr. President-

The PRESIDING OFFICER (Mr. O'MAHONEY in the chair). Does the Senator from Maryland yield to the Senator from Kentucky?

Mr. TYDINGS. I yield.

Mr. LOGAN. I have not heard all of the very interesting argument of the Senator, but I should like to ask whether Congress can authorize any agency of government to bind the Government to make an annual appropriation for the next 60 years to take care of any subsidies.

Mr. TYDINGS. The Senator from Kentucky has asked a very interesting question. I shall not attempt to answer it. but I shall attempt to present some facts which may allow the Senator to draw his own conclusions.

Mr. LOGAN. I thank the Senator.

Mr. TYDINGS. When we passed the Slum Clearance Act Senators were busy on other matters. Most Senators did not have any chance to read the bill or to study it. I had not had any chance to do so. But I became interested in it. I am in favor of slum clearance, and I did not want again to be in opposition. I assumed that the plan proposed was a pretty good plan. The Senator from Massachusetts [Mr. WALSH], the Senator from New York [Mr. WAGNER], and several other Senators were on the committee. I rose on the floor of the Senate and asked several questions. I turned to one provision in the bill, as the RECORD will show, and I said, "Let me understand this provision. The provision authorizes the United States Housing Administrator to make contracts with the cities of America under which for a period of 60 years in the future they will be given an annual subsidy." Sixty years is a long time. The measure at that time contained the language "up to 60 years," and if Senators will examine the debate I think-I am simply quoting from memory-the Senator from New York and the Senator from Massachusetts both said, "We do not intend to make contracts for longer than 20 years." I said, "Then why was the provision as to 60 years put in the bill?" They said, "That is the way it is done in other measures. This is a new venture, and we think perhaps we ought to have that provision in the bill." I said, "You are not proposing to use this subsidy provision, are you, to give to the cities 100 percent of the cost of these projects?" They said, "Well, no; that is not our intention."

Mr. President, I think I am the Senator who offered the amendment providing that the city must put up at least 10 percent of the original cost of the project. I said, "If cities feel they do not have to put up anything in a time of unemployment, their representatives will wear out the railroads running to Washington in order to get work for their com-LXXXIV--421

munities and to cut down their relief load and their tax bill, and the practice will become so general that this program will get out of hand; it will not be wise, and I am afraid that in time it will defeat the very fine purpose which is in mind, namely, to stimulate a slum-clearance program project in which the cities would be sufficiently interested at least to put up 10 percent." Over the protests of the authors of the bill, the Senate wrote that provision in the measure.

Mr. President, we thought then that no subsidy contract would be made sufficient to repay the cities the 10 percent they would advance. We thought that would be for all time the city's contribution. The other part they would have to pay back to the Federal Government. But now we find that the cities are to be given each year not only sufficient money to repay the Government the 90 percent which we authorized the United States Housing Authority to lend to the cities, but they are to be given each year in addition a sum which will repay them the 10 percent they were to put up.

So in the end, outside of the temporary interest profit to which the Senator from Louisiana [Mr. Ellender] has referred, the Federal Government is building houses in the cities of America with a 100-percent charge on the Treasury of the United States. I do not believe that is good business. I think the local communities, the States, and the cities are shirking their share of the responsibility. I think the citizens of the cities are shirking their share of the responsibility. The program is not being closely scrutinized because eventually all the money is coming from Washington to pay for it. It is my thought in speaking today not to tear down the slum-clearance program but to create some sentiment in this body, in the committee, and in the country so that some of the mechanics of the act can be rewritten before we are committed to another billion-dollar outlay.

Keep in mind, Senators, the fact that eventually, if the bill is enacted, in round numbers there will be \$1,600,000,000 in two or three authorizations, and the United States Housing Authority will bind the Congress to appropriate annually 31/2 percent of that sum, which will be given to the cities as a subsidy, and which the cities will give back to the United States Housing Authority to liquidate the loans which the cities have made. Therefore, there is involved not only \$800,000,000, but $3\frac{1}{2}$ percent every year for 60 years on the entire sum without the cities making any real contribution whatever.

In the city of Baltimore some splendid slum-clearance houses are being built, much better than the average house in Baltimore. They cost more per family unit than does the average house in Baltimore.

Mr. WAGNER. Mr. President, will the Senator yield? The PRESIDING OFFICER (Mr. O'MAHONEY in the chair). Does the Senator from Maryland yield to the Senator from New York?

Mr. TYDINGS. Let me finish, and then I will yield to the Senator.

I am delighted: I only wish we could build every man in America a house that would have in it everything in the world that his heart could wish for. If our system of business would stand for it, I should love to see such a result. However, I have a feeling-I may be wrong about it-that within 4 or 5 years the whole program will be rearranged, and it will be rearranged because of some of the things I am pointing out. I am pointing them out at this time not to defeat slum clearance, not to say that it is not a problem. not to say that we ought not to contribute to its solution. but so that in the end slum clearance will not bring down on itself the opprobrium which I fear will be brought on it unless there is a clear comprehension of the mechanics of the operation, and of what we can do in order to improve the act and make it more workable.

I now yield to the Senator from New York.

Mr. WAGNER. Mr. President, I have been trying to ascertain just what the Senator's attitude is on slum-clearance legislation. Is the Senator opposed to any contribution by the Federal Government toward the rent so that the person who had previously been dedicated to a life of misery in the slums may be able to live in a place with fresh air and sanitation, thus bringing about a better health condition and reducing crime? Does the Senator take the position that the problem is no concern of the Federal Government, and that we ought not to make any contribution in the way of a subsidy toward bringing about the elimination of slums? Or is the Senator opposed to the accommodations which are being constructed as being too expensive?

I am trying to ascertain the Senator's attitude, because he says we are indulging in socialism. Does the Senator say we ought not to make any contribution toward the rent which the slum dweller, because of his very low income, is unable to pay for a more decent dwelling? I am trying to find out the Senator's attitude. Does the Senator think we should leave the question entirely to the local authorities, without any aid from the Federal Government? Does he think the problem is no concern of the Federal Government?

Mr. TYDINGS. I shall try to answer the Senator's question. He makes a very reasonable request. I fear he has drawn such a conclusion. Perhaps he was warranted in it. However, I had no intention of conveying such an idea. First, I do not say that there is no slum problem, or that we should not do something about it, or that the Federal Government has no part in the program. I shall answer the Senator's questions, as nearly as I can recall them, in my own way.

First of all, Mr. President, one of the things upon which I look with much concern is the constant disposition of communities to let Washington do it all. This country is 33 times the size of Great Britain. It is 16 times the size of France. It is 14 times the size of Germany. When we legislate for the United States, in effect we legislate for 48 nations; indeed, we legislate for a continent. If our country were of the same size as some European countries, many of the solutions adopted abroad could be engrafted on our own civilization without injury. However, our country is not of the same size as European countries. Furthermore, the people of Great Britain are Britons; the people of Germany are Germans; the people of France are French. Our people are a polyglot mixture of all races, all nationalities, and all creeds.

We have done pretty well. I have a feeling that one reason why we have done pretty well—although it has been carried to extremes in the past—is that we have tried to foster a sort of community interest in our States and cities. I know that today there are cities, counties, and, indeed, States, whose financial condition is so impaired that we cannot expect them to carry on as they would in normal times. However, the fact that such exceptions exist here and there is no reason for our relieving all the communities of America of what I consider their responsibility. If they themselves are unable to meet the problem, we should step in and assist them. That is one thing. However, it is another thing to have them put up a small proportion to start the project, and then say to them that they will get it all back in 60 years, and in reality will not have contributed a single cent.

I will say to the Senator from New York that, in my humble judgment, a larger proportion of the cost ought to be borne by the States or the cities. The condition of a man's home. and the circumstances in which he lives, constitute one of the greatest problems of any government. Primarily it is a local problem, but if the local communities cannot deal with itand many of them cannot-we should meet them half way. However, we ought not to go 100 percent of the way. I have been trying to drive home that thought in my various discussions of the question. In my desire to call to the attention of this body the apparent defects in the law, perhaps I have been too much of a partisan to make my own position clear. I have talked with Mr. Straus about the matter. I have talked with Mr. Keyserling about it. Always they confront me with the answer, "Well, this was tried in such and such a country." I have told those two gentlemen-and I now tell the Senate-that, in my humble judgment, one reason why we have escaped the intolerance, dictatorships, force, coercion, bloodshed, and war which have marked the history of Europe is that we have managed to set up a system of government under which the political thought of the people of the country cannot be regimented. We have different groups in which conditions are different, and Federal beneficence of a kindly and progressive nature produces the maximum of civilization and real human progress.

Let me say to the Senator from New York that I am thinking of asking the mayor of Havre de Grace—a town of 4,500 inhabitants, where I was born and reared—to come to Washington and obtain some slum-clearance money, because I can tell the mayor that it will not cost the city anything. I can say to him, "It is true that if you have a \$200,000 project you will have to put up \$20,000 of the cost of it, but the Federal Government will make an agreement with you, Mayor Pennington, to give you back each year for 60 years a sum of money sufficient not only to pay off your loan to the Federal Government but to pay off the \$20,000 you put up, and it is a good proposition for you."

Mr. NORRIS. Mr. President, will the Senator yield?
Mr. TYDINGS. I yield to the Senator from Nebraska

Mr. TYDINGS. I yield to the Senator from Nebraska.

Mr. NORRIS. I am very much impressed by the Senator's remarks. In the Senate, and, I presume, also in the House, individual Members have so much to look after in the way of legislation, and our Government has become so complex in carrying out the various things in which we are all interested, that we must necessarily follow other Members in a great many things. I am very much interested in the slum-clearance program. I am deeply sympathetic toward it. I wish to see it carried out in good faith. I have had nothing to do with framing slum-clearance legislation. I have had to depend on other Senators, and follow them.

The Senator has made an impression on me in respect to the 10 percent which the cities originally put up. He says the cities receive all of it back. Like the Senator, I am very much impressed with the idea that such an arrangement is not quite fair. I agree that the communities ought to be financially interested to some extent; and it seems to me that if they were required to put up 10 percent, with no opportunity of getting it back, it would increase their interest in the projects, and save the Government the expenditure of a great amount of money.

I am wondering whether the Senator, who has given the subject a great deal of thought, could not offer an amendment—and a very simple amendment, it seems to me, would meet the situation—that would prohibit the Government paying any of that 10 percent? That, at least, would get us somewhere, and I think, from the information I derive from the Senator's remarks, would greatly improve conditions. Would not that be true?

Mr. TYDINGS. That would be a good thing.

Mr. NORRIS. Could not that be done by a very simple amendment?

Mr. TYDINGS. Let me answer the question of the Senator from New York, which I think will also answer the question of the Senator from Nebraska. For my part, I would rather make an annual appropriation to the cities and towns with no string tied to it, just as we do for roads; give them so much a year toward rehousing the underhoused of this country; make it an annual appropriation, if that be deemed wise; but I do not like to have to borrow a billion dollars on a 60-year proposition, because that would mean that the Government of the United States would be charged every year with a definite sum of money. I would rather give the entire \$800,000,000 to the cities, under proper restrictions, and say, "If you will do so and so you can come and get a part of this sum for slum clearance in your particular city after the experts have demonstrated that the living conditions are way below a standard that might be called humanly decent." I think that the genesis of the wrong from the governmental standpoint is that for a period of 60 years in the future we are allowing the Federal administrator to commit us to appropriations the amount of which we do

It is true, let me say to the Senator from Nebraska, that even if we should get the 10 percent back from the cities the rent charged the occupants of the houses would have to be a little higher than it would be if we gave the cities the whole hundred percent, because, obviously, the cities would probably add as part of the rent charge to the lowest rental rate a sufficient amount to liquidate their 10-percent outlay over a period of 60 years, unless they have beneficent administrations that want to perform a generous and humane act.

Mr. ELLENDER. Mr. President, will the Senator yield? Mr. TYDINGS. I yield now to the Senator from Louisiana.

Mr. ELLENDER. Is it not a fact that the 10 percent that is not loaned by the United States Housing Authority is actually raised in cash by the local housing authority?

Mr. TYDINGS. That is true.
Mr. ELLENDER. Is it not a fact that the money is raised by the local authority, from local sources, and repaid by the

Mr. TYDINGS. I cannot quite agree with that statement because in the city of Baltimore, in my own State, I know what the Senator suggests is not true there. The housing authority is appointed by the mayor of each of the cities, and obviously it pretty well charts its course in accordance with the city administration's wishes. The local housing authorities hold office for a limited period of time, and they have control of the rent. Therefore, subject always to the supervision of the United States Housing Authority, which wants to keep the rents down, in most instances it is perfectly possible for the local authority to charge a sufficient amount to repay the 10 percent. I do not say that is being done now, but, whether it is done or whether it is not done, the point is that the city that puts up a hundred thousand dollars gets the hundred thousand dollars back from the United States Housing Authority.

Mr. ELLENDER. How can it? How does it do it when the Senator just admitted that under the law the \$100,000 is paid over to the local authority and that \$100,000 must be paid by the city itself, by the city government, and not by the housing authority?

Mr. TYDINGS. That is true; but let me take the Senator's argument. Of course, the United States Housing Authority.

Mr. ELLENDER. Mr. President-

Mr. TYDINGS. Just a moment. The United States Housing Authority is an agency of the cities; there can be no doubt about that; it is the child and not the parent. Even though the subsidy is paid to the United States Housing Authority, it is in reality paid to the city, because it is paid to the agent of the principal.

If the Senator means to argue that at the present time the hundred thousand dollars from the United States Housing Authority is not going back in the Treasury, neither he nor I can answer that, because none of these projects are built as yet; and it is going to take 60 years for the hundred thousand dollars to be paid back to the city; and neither the Senator knows nor do I know what is going to happen to the hundred thousand dollars as it is paid back in 60 little installments over a period of years.

That does not alter the fact that a hundred percent of the cost of the project comes out of the Federal Government. If the Federal Government gives an annual subsidy which over 60 years aggregates the principal and interest of the whole \$100,000—and I have proved here by figures that it does-my contention is that the Federal Government is putting up, through these annual subsidies, 100 percent of the cost of the project. No one can take the figures and dispute them. I am quoting the figures given to me by Mr. Keyserling, who is deputy administrator and general counsel of the United States Housing Authority. He came to my office and after an hour's conversation during which I had in mind the view the Senator has expressed—and Mr. Keyserling said the same thing-I said, "Mr. Keyserling, on the basis of your figures, in the end will not the Federal Treasury give to the local community a sum of money over 60 years which will be 100 percent of the original cost of the project?" He said, "Senator, if you put it in that way, al-

though that is not the intention and is not the way we look at it, your remark is a true remark."

Mr. TAFT. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. TAFT. I do not know of any provision by which the city pays anything to the local housing authorities except in the way of a remission of taxes.

Mr. TYDINGS. That is all.

Mr. TAFT. There is no agreement on the part of the city to pay interest and establish a sinking fund in respect to the 10 percent.

Mr. TYDINGS. That is true, and I was coming to that.

Mr. ELLENDER. Mr. President-

Mr. TYDINGS. Just a moment. If the Senator will take the annual report of the United States Housing Authority and look at the fcotnotes and the statement of what the cities have put up, he will find that the State and local contributions are in the form of waived taxes and are not in the form of actual money. The municipalities do not have to put up a penny actually, but they agree not to charge taxes to the tenants in the houses equivalent to the 10 percent over a period of years what the 100 percent cost will be. The Federal Government puts up the entire cost of building the plant.

The thought I want to leave with Senators before I conclude is that there are in this country houses without toilets and having only the old-style primitive arrangements of 40 or 50 or more years ago. They have toilets detached from the houses, which are often very unsanitary in places where people are crowded together. There are houses in this Nation without running water, and those living in the houses frequently have to rely for their water supply on contaminated wells. There are houses in America without sufficient light. There are families living in crowded conditions which constitute a menace to every healthy man who walks in the neighborhood. It is not the essence of the plan which we are considering, except, perhaps, in some respects to correct those conditions. When the housing authorities go to a row of houses which have been occupied for a long while and which have fallen into a state of semi or complete disrepair, they do not inquire whether they have running water, or whether they have electric lights, or whether they have toilet facilities per se. They say, "This is a blighted area, and therefore we are going to tear these houses down and erect in their stead modern apartment houses." That is a beautiful idea, but let me show where it leads.

Mr. ELLENDER. Mr. President-

Mr. TYDINGS. Let me finish this thought, then I will yield. According to the President of the United States and other authorities, 8,000,000 families are poorly housed in this country. If we multiply the estimated average cost per home of \$5,534, including the demolition of the buildings which are to be replaced, by 8,000,000, we find that it will take a capital outlay of \$44,272,000,000 to complete the rehousing of those who are now living below the American standard. On the basis of the 31/2-percent annual subsidy now being used as a yardstick on the 140 approved projects now under construction, the annual subsidy required from the Treasury to complete this program would amount to \$1,549,520,000 for a period of 60 years; and, of course, 60 times that amount is \$92,971,200,000. That would be the total cost of the annual subsidies over a 60-year period.

Mr. WAGNER. Mr. President, will the Senator yield at that point?

Mr. TYDINGS. Let me finish this thought, and then I will yield to the Senator.

If we are going eventually to be charged with approximately a billion dollars a year in subsidies, I should much rather appropriate that sum of money, with no repayment strings attached to it, to match similar sums put up by communities that want to improve the living conditions of those in the communities, and call it a day. It is not primarily our business to manage homes in Nebraska or Maryland or South Dakota or Oregon. It is our business to assist the States; but, Senators, we are getting into the home-building business in our own right. The guise of calling it local is a

very thin one; and I am hopeful that I may arouse here sentiment for a new approach to this problem which will confine the activities of the Federal Government to making annual appropriations similar to those made for our road program—under proper supervision and proper safeguards, of course—to communities which desire to match to some appreciable degree the sums which we annually appropriate, and call it a day. But when the Federal Government starts to make with municipalities contracts extending over a 60-year period, wherein it agrees to give the municipalities certain sums of money annually, and the municipalities agree to give the Federal Government certain sums of money annually, and each sum wipes out the other, the transactions are simply bookkeeping transactions and bring about a change in our governmental system without any beneficial effect.

I should like to see surveys made in Baltimore, Cincinnati, New York, and elsewhere in which an American standard of living would be the yardstick, and have houses condemned not instantly but over a period of years. The bad ones ought to be razed immediately. The Federal Government ought to appropriate annually a sum of money to be matched by the municipality or the State to take care of that situation. But our program is to do it all, without any commensurate local responsibility and, in my judgment, too often without a yardstick of American standards.

That is the thought I am trying to make plain. It is my thought that far less than \$5,000 per family unit can be employed in a rehabilitation program. The money will go farther and we shall be able to help more families that re-

quire help than under the present program.

I desire now to read one short paragraph, and then I will yield to the Senator from New York. I wish to read from a recent radio address by Mr. Nathan Straus, the Federal Housing Administrator, because it illustrates what I have just been saying. I quote what Mr. Straus said as showing the need for a slum-clearance program:

Not enough new homes are now being built, and those that are built are rented or sold at prices far above the means of most of the people. Four out of five of the new homes built in the last 10 years in the cities and towns of this country were built to rent for more than \$40 per month, or to sell at a price which constitutes an equivalent rental. Thus, four out of five new homes building are within the reach of only one family out of five.

I do not know whether or not that is so, but I am going to assume that it is so. Mr. Straus says that for 10 years the homes we have been building are those which are being occupied by the economic middle class or the economic upper class. The homes are not being built for the great economic subthird of the population. Therefore, this program is de-

signed, Mr. Straus says, to take care of that need.

I went to the Federal Housing Authority—that is another branch of the building activities of the Government-and I said, "What is the average cost of the property which you have insured in this country during the past year?" Federal Housing Authority locked up its figures, and said that the average cost of the houses it had insured-that is, houses that were being built or repaired by private capitalwas \$5,384 per home. Bear in mind that Mr. Straus says that the homes being insured under the Federal Housing Authority are homes for the upper economic level, and not the lower; and yet the cost of the average slum-clearance project is \$130 more than the average cost of the homes built under the F. H. A. No one can make me believe-I may be dense about it-that that is the best we can do with the limited amount of money we have with which to eliminate the slums of the country. I believe that a lower-priced unit can be worked out. Heaven knows that if we could give the occupants of these buildings 10 rooms to a family, with baths and furnaces and other conveniences, I should be delighted; but we have not enough money to do that. The projects will cost \$44,000,000,000 at the present average price; they will cost a huge amount in annual subsidy; and we shall still have the problem. The question is, Do we want to fix the yardstick more definitely, so as to provide for the great class of underhoused people who are living in unhealthful surroundings, and make the money go as far as possible, while raising the whole undertaking to a higher level?

There is no limitation worthy of the name on these projects. I think we did provide some sort of a limitation. I will ask the Senator from New York about that. I think it was a thousand dollars a room, or something like that.

Mr. WAGNER. Yes.

And that figure has not been approached in the construction. To my way of thinking, however, when the \$1,000 limitation was put on, I considered it as an average of the whole thing, including the cost of demolishing the old building.

Mr. ELLENDER. The only thing left out is the cost of

demolishing the old buildings.

Mr. TYDINGS. But the debate on the floor of the Senate, in my judgment, although it was not specifically brought out, was to the effect that the completed family unit replacing the slum would be built at not a greater cost than \$1,000 per unit; and it is being done in many cases at \$6,000 per family unit, at \$6,300 per family unit, at \$5,800 per family unit, at \$5,500 per family unit. In Baltimore alone some of the family units in apartment houses are estimated to cost more than \$6,000 each; and I will make the assertion that the average home owned by a Baltimorean today does not cost \$6,000, if we take the city as a whole. We have a city of homes, where 60 percent of our population, even in the depression, own their own homes, and where apartment houses are very few, and where the "little white steps" of individual home owners, as people say, sprinkle the whole city. Over 60 percent of the people living in those homes own their own homes.

If that be true, and if some of the slum-clearance projects are costing more than \$5,000, \$5,500, \$6,000 per family unit, then it is my opinion that we are not devoting this money to the purposes for which it was originally conceived, namely, to help persons of this class to have reasonable comforts and reasonably healthy conveniences. Instead, we are pouring out the money in a grandiose scheme which in the end, I am afraid, will give the whole program a black eye.

I now yield to the Senator from New York.

Mr. WAGNER. Mr. President, I desire to call the Senator's attention to the figures he quoted a moment ago. I think he stated that the F. H. A. cost per dwelling was lower than that of the United States Housing Authority.

Mr. TYDINGS. I did.

Mr. WAGNER. I have the exact figures here. The average unit cost—and this includes the land and nondwelling facilities—is \$4,507 under the U.S. H. A. and \$5,530 under the F. H. A.

Mr. TYDINGS. How many units does the average include?

Mr. WAGNER. It is the family unit.

Mr. TYDINGS. How many units are embraced in the average? How many projects are embraced in the average?

Mr. WAGNER. This is the country-wide average.

Mr. WAGNER. This is the country-wide average.
Mr. TYDINGS. I got the same figures the Senator is reading; and while I will not be positive, because I have not looked at them for 3 or 4 weeks, my understanding is that those figures are for 14 projects only. Mr. Keyserling came to my office; and, mind you, the figures are only estimates. Those projects are not yet completed. That is only what the authorities think the cost is going to be.

Mr. WAGNER. As a matter of fact, as the contracts have been signed, the actual cost is even lower than the estimates.

Mr. TYDINGS. It is true in some of the cases that the contracts were lower than the estimates; but anybody who has ever built a house knows that even when one signs a contract he cannot safely assume that the contract price is all the house is going to cost him. There are extras. There are overruns. The United States Housing Authority allows 5 percent for overruns. There are always changes and things which come up which add to the cost of the building. I think the Senator will be well advised if he will consider those figures only as, we will say, the best estimates available at this moment, and I shall be very much

astounded if the final figures are not greatly in excess of the

Mr. WAGNER. Since the Senator sympathizes with this program of trying to bring better homes to the slum dwellers, I wanted to ask him if his program is to appropriate a large sum each year and give it to the localities on a matching hasis?

Mr. TYDINGS. I would not want the Senator to misunderstand me to indicate that I believe that they should have to put up half, but we ought to work out a formula, based on research, of what we consider a fair amount for the locality to contribute. It might be a State a part and the Federal Government a part, or a city a part and the State none, but we ought to work out a formula, as we do for roads. Every year we would make the annual appropriations, and there would be no repayment of the Federal Government's part. Let me say to the Senator that, in effect, the cities are not paying us back.

Mr. WAGNER. I do not agree at all with the Senator's

analogy. I think it is a very unfair analogy.

Mr. TYDINGS. The analogy which I used I got from Mr. Keyserling himself. I said, "Mr. Keyserling, how much does the Federal Government give to the cities in a rent subsidy, or whatever you want to call it, each year? What is the percentage?" He named the figure. "How much does the city repay to the Federal Government each year in annual payment?" He stated an amount. "Now, Mr. Keyserling, as a matter of fact, does not the Federal Government give to the city each year a sum of money equivalent to what the city gives to the Federal Government in liquidation of its loan?" "Oh," he said, "Senator, the truth is that we give them this money so as to force the rents down."

I said, "Of course, you do; and I agree to that. The city having no part of the cost of the project because of these annual subsidies over a 60-year period, they can afford to charge lower rents. I am not quarreling with that. But what I want to know is, How much do you pay them a year,

and how much do they pay you a year?"

The figures which I read-and I could not have gotten them in any other way-were given to me by Mr. Keyserling. They show that 3.6133 percent is the annual payment required of the city, and that 3.5 percent is the amount of the annual subsidy. I do not care whether or not it forces down the rent, or what it does-

Mr. WAGNER. I do care.

Mr. TYDINGS. I mean for the sake of the argument; the point is that the Federal Government gives to the city every year practically the same sum of money the city gives back to the Federal Government.

Mr. WAGNER. I think that is not an accurate statement of the facts. That money actually goes to the tenants to reduce their rents-

Mr. TYDINGS. I agree with that. Mr. WAGNER. Then, why does the Senator constantly say it is the city which is receiving the contribution? The Federal Government is making the contribution to help the unfortunate person who, because of his low income, is unable to pay a rent which would make the enterprise profitable for private industry. So the city and the Federal Government together say, "We will make a contribution so that he may be able to live in this particular home and enjoy sanitation

Mr. TYDINGS. I agree to all that. Suppose the Federal Government did not give any subsidy to the city. And suppose the city did not make any payment annually to the Federal Government. We would have the same situation we have in handing them over the money and taking it again.

Mr. WAGNER. I will tell the Senator what would happen; the slum dweller would continue to dwell in the slums. That is what would happen.

Mr. TYDINGS. I do not agree with that at all.

Mr. WAGNER. The only effect of the Senator's program would be that the slum dweller would remain in the slums. I am trying to bring him out of the slums.

Mr. TYDINGS. This illustrates one of the troubles with the era in which we are living. If a man rises to talk any facts, if he makes a point and if he proves his point, how is he met? "Oh, the poor will starve, people will die in these dark buildings," and a wave of emotionalism sweeps aside every vestige of common sense and reason, and bad legislation is put on the statute books.

Mr. WAGNER. Will the Senator yield right there?

Mr. TYDINGS. I am talking facts.

Mr. WAGNER. So am I.

Mr. TYDINGS. I am just as anxious to help the underprivileged of this country as is the Senator, but I do not concede that this bill is going to do it.

Mr. WAGNER. It is doing it. This is what the Senator asked me, and my answer was accurate; the Senator said, "Suppose the Federal Government makes no contribution toward the reduction of these rents, and the city makes no contribution in the form of a subsidy toward the reduction of the rents."

Mr. TYDINGS. I did not ask the Senator that.

Mr. WAGNER. Oh, yes.

Mr. TYDINGS. No; I did not say a thing about the payment of rent. What I asked the Senator was merely this: If the Federal Government makes no annual contribution to the local housing authority-

Mr. WAGNER. Is the Senator now speaking of subsidies?

Mr. TYDINGS. Oh-

Mr. WAGNER. Do not get impatient.

Mr. TYDINGS. Very well; let us cool down.

Mr. WAGNER. Be calm. [Laughter in the galleries.] The PRESIDING OFFICER (Mr. HATCH in the chair). If the Senator will suspend, the Chair feels it necessary to admonish the occupants of the galleries that no manifestation of any kind is permitted, under the rules of the Senate, no loud talking, or anything of that kind. The Senator from Maryland has the floor. The Chair will also ask Senators to observe the rules of the Senate. Senators must address the Chair and obtain permission of the Senator speaking before he may be interrupted.

Mr. TYDINGS. Mr. President, what I attempted to say to the Senator from New York was that if the local housing authority makes no annual payment to the Federal Housing Authority, and if the Federal Housing Authority makes no annual payment to the local housing authority, we would be in the same position as if one gave the money to the other and the other gave the money back again. That was all I

said. Is that accurate?

Mr. WAGNER. That is accurate; but let me-

Mr. TYDINGS. That is all I said. Mr. WAGNER. But—

Mr. TYDINGS. And the Senator says I am accurate.

Mr. WAGNER. Will the Senator yield? Mr. TYDINGS. I yield for a question.

Mr. WAGNER. The answer is subject to this modification: The determination of the subsidy is something quite different from the determination of the interest to be paid upon the loan made for the construction of the project. The subsidy depends upon the difference between the rent which the occupant can afford to pay and that which has been paid in order to meet all the fixed and maintenance charges. That subsidy is apt to be a variable amount, and in some cases it may amount to less than the 31/2 percent of which the Senator is speaking. Besides, under the contracts there are periods of time when there is a reexamination into the amount of rents that are paid, and into the economic situation, to determine whether the occupant is in a position to pay a higher rent, or whether there is any further need for subsidies at all. So that there may come a time during this 60-year period upon which he has relied-as it has come in the other countries whose experience we are following—when the subsidy will be reduced to a very small sum. I know the Senator is not easy to be persuaded upon that point, but if he will examine the experience of Sweden and the experience of England, he will find that already there have been some variations in the subsidies, and a reduction because of the improved economic

Mr. TYDINGS. Has the Senator studied conditions in Sweden, and Great Britain, and other countries?

Mr. WAGNER. Yes; I was over there. Mr. TYDINGS. So have I studied them. I have been doing nothing for 2 months but read about these other

Mr. WAGNER. I went over there.

Mr. TYDINGS. I know the Senator was over there for a week.

Mr. WAGNER. No; I was there longer than that.

Mr. TYDINGS. How long was the Senator there?

Mr. WAGNER. I was there 3 weeks.
Mr. TYDINGS. And in 3 weeks the Senator studied the German and the Swedish and the British systems for caring for the housing situation. Mr. President, I say that is commendable, and I take my hat off to the Senator.

Mr. WAGNER. Very well; whether I know them or not is another question. The point is that while the amortization and interest upon the loan made is a fixed sum which must be met each year, the subsidy is apt to be a variable sum, depending upon the economic situation, and that it may be reduced to such a figure that the Federal Government will not be called upon to make the contribution which it is now making

Mr. TYDINGS. Mr. President. I wish to be courteous to the Senator, but it seems to me he is making a speech, and not asking me anything.

The PRESIDING OFFICER. The Senator from Maryland has the floor.

Mr. TYDINGS. Notwithstanding everything that may be said, the Federal Treasury is putting up all the money to build all the apartment houses under all the slum-clearance programs now under way in the United States; the cities are not putting up 10 percent of the cash, but are simply agreeing to waive a certain amount of the taxes over a period of 60 years; the Federal Treasury is being committed by the United States Housing Authority to make an annual contribution, under formal contracts entered into with the cities, to pay a sum each year sufficient to enable the local housing authorities to give back to the National Housing Authority enough to liquidate the entire cost of the projects.

The program is one of state socialism; it is not slum clearance. The Federal Government has gone into the business of building private homes all over the land out of the Treasury of the United States, without any contribution from the local authorities worthy of the name.

There is a regular foot race on the part of all the mayors in America to get this money, because they can get the cost of an entire project put up by the Federal Government, and their 10 percent is figured in terms of taxes to be waived in the future, and not in real money. They furthermore know that the Federal Government agrees by another contract that when they get this money it will give them sufficient money each year to permit them to repay the so-called loan over a 60-year period. The whole thing is a general program; there is nothing specific in the law; and under that general program we are permitting Mr. Straus to commit Congress to make annual appropriations for 60 years in the future.

Mr. WAGNER. Mr. President-

Mr. TYDINGS. I yield to the Senator from Oregon [Mr. HOLMAN], because he has asked me to yield. Then I will yield to the Senator from New York.

Mr. HOLMAN. Mr. President, I am in agreement with the Senator from Maryland. I will go further, if he will permit me to take a minute or two. I believe that relief, charity, slum clearance, the entire question of public relief is a local and an emergency question. I believe the National Government should only step in and help the local government when the situation has gotten away from the local government. I believe that the greater the degree of local administration of relief in all its branches, the better it will be policed, the less waste there will be in it, and the more efficient it will become.

The State of Oregon has not asked for a single dollar for slum clearance, nor do I expect it to ask for a single dollar. We have no slums in Oregon. We have no tenements. We have zoning systems in our cities. The matter of slums is within our control, and slums exist only in those communities which have let the situation get out of their control.

I will name 19 of the 48 States which are not included in the list of States in which appropriations for slum clear-

ances have been made.

Mr. TYDINGS. Mr. President, will the Senator withhold that and do it at the end of my remarks? I should be very glad to have the Senator do it now, but I am obliged to leave

I wish to thank the Senator from Oregon because he has brought to mind something I had overlooked but intended to

comment on briefly.

Mr. President, when riding on trains out of Washington in any direction-north, west, south, or east-Senators will find the same condition with respect to houses in the country that exists in slums in the cities. They will see houses withcut toilets, houses without electric lights, houses without any running water at all, houses which are rickety and needing paint and repairs, but is there a dollar provided in this program to rehabilitate people living in houses of that sort? Not one dollar is provided for that purpose. The great agricultural sections of the United States contain many people who are poorly housed, who live in old, dilapidated, and insecure buildings; but there is nothing in this program for them; not a penny is provided in it for them. Yet the agriculturists of the country will be obliged to contribute by way of taxes to pay their proportionate share for what is filtered into the large municipalities.

The other day, in riding from Baltimore to Washington, I and another man began to count the occupied houses along the way which looked to be far below the American standard of housing. We counted 20 such houses in a very short distance.

When this program was originally presented to the Senate there was practically no debate on it. There was some little discussion of it, but no far-reaching debate. As a matter of fact, the provisions of the original measure were general. It provided that the United States Housing Authority might do thus and so. There was no amount stated in the subsidy provision. That is how the 60-year provision got into the bill. If it had not been for the discussion of the measure indulged in by some of us when it was first brought up on the floor of the Senate, the 10-percent provision would not have been written into the law. The Senator had his own reasons, but I do not believe the author of the bill, the Senator from New York, wanted the 10-percent provision written into the bill. He wanted the Federal Government to put up the whole 100 percent, and now the Government is doing it anyway. The 10 percent is interpreted merely as remission of taxes not as 10 percent of the cost of building the building, which was the intention of the Congress. It was intended by Congress that the municipality should put up 10 percent of the cost of building these houses, but, instead of that, the municipalities are not putting up a penny. They simply agree that they will waive certain taxes on these houses in the future, and that is a violation of the 10-percent clause of the act of Congress.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. WAGNER. One of us is confused. The tax exemption refers, as I understand-and I am quite clear about it to the contributions made by the localities in the form of subsidies. But so far as the actual construction costs are concerned, the municipalities must put up the 10 percent, and they do.

Mr. TYDINGS. In cold cash? Mr. WAGNER. No, no. The tax exemption is something that relates only to subsidies.

Mr. TYDINGS. The municipality puts up the 10 percent in cash, does it?

Mr. WAGNER. For construction.

Mr. TYDINGS. The young man sitting by the Senator from New York states that to be the fact? He is from the Housing Authority.

Mr. WAGNER. I did not ask the young man. Mr. TYDINGS. I do not reflect upon him, but I want to pin down the responsibility for this.

Mr. WAGNER. Cannot the Senator take my word for it? Mr. TYDINGS. No; because Mr. Keyserling himself in my office told me that they were taking this 10 percent in the form of a waiver of taxes. Someone is wrong about it.

Mr. WAGNER. Then, it is not in compliance with the

Mr. ELLENDER. Mr. President, will the Senator yield? Mr. TYDINGS. I will yield in a moment. I may be thoroughly wrong in the statement I have made. I am going to make a public request of the Senator from New York. I ask him to write to the United States Housing Authority and find out if in all cases the 10 percent is being put up in cash as Congress intended it to be put up, or whether it is put up in the form of tax exemptions, and let us have the facts before the Senate. I may be wrong, and if I am I shall be very glad to retract what I have said. But I state only what the Deputy Administrator told me was the case, namely, that the municipalities do not put up a single dime; that they contribute by way of taxes.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. ELLENDER. Is it not a fact that the law provides that the city shall help to reduce the rent by putting up 20 percent, either in cash or by way of tax remissions?

Mr. TYDINGS. Why, of course.

Mr. ELLENDER. That relates to the subsidy. The 10 percent has to be put up in cash.

Mr. TYDINGS. Very well; we will clean that up when we find out about it.

Mr. WAGNER. The Senator does not have to. The law so provides.

Mr. TYDINGS. I have read the law quite carefully, and if the law is being followed in the sense we thought it was going to be followed when it was passed I am being very badly fooled. If anyone will turn back to the debate and the information that came out when the Senator from Massachusetts [Mr. Walsh] and the Senator from New York [Mr. WAGNER] were discussing the matter, and look at the questions, he will find that the workings of the law are greatly at variance from what it was thought they would be at the time the measure was enacted.

Mr. President, I hope someone will offer an amendment to cut down the amount of this appropriation, because I do not believe the plan is a good one; it certainly is not the best plan. I think there should be a study made of this question and the law rewritten before we spend or commit the Government to spend \$800,000,000 more to build houses under this

Do Senators know that we have enacted legislation under which the United States Housing Administrator can say how much Congress will have to appropriate next year under formal contracts in the form of annual subsidies? It is not a question of what we say we will appropriate. We have given authority to the United States Housing Authority to say for a period of 60 years in the future what we will give the municipalities annually by way of current appropriation, which in itself is a bad system. I hope we will confine this program to providing people with bathrooms and running water and electric lights and some ventilation, particularly in the congested areas, and not go running over the country building apartment houses which cost \$5,500 a unit in many cases and in others cost over \$6,000 a unit.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. WAGNER. Where are those apartments?

Mr. TYDINGS. Let me see the United States Housing Authority's annual report.

Mr. WAGNER. The apartments are not completed as yet.

Mr. TYDINGS. Let me see the annual report and I will show the Senator where they are.

Mr. WAGNER. Where are the apartments to which the Senator refers? Are they finished? Is the Senator talking about finished projects?

Mr. TYDINGS. Just a minute. The Senator asked me a question. Now let us have the facts.

Mr. WAGNER. Here is the report.

Mr. TYDINGS. I hold in my hand the Annual Report of the United States Housing Authority. I suppose they know what they are saying. All I can go by is to read the report and assume that it is reasonably, if not completely, accurate. Let us see what happens in New York, for example. Here is a project in New York City.

Mr. WAGNER. What is the project?

Mr. TYDINGS. "Cost of new housing per dwelling unit, \$6,330."

Mr. WAGNER. What project is it? Mr. TYDINGS. I cannot tell the Senator. It is contained in the report. The cost is \$6,330. I show the item to the Senator from New York.

Mr. WAGNER. That is the total.

Mr. TYDINGS. Certainly it is the total. "Cost per dwelling unit."

Mr. WAGNER. "Net construction cost, \$4,148." Mr. TYDINGS. Let me explain it.

Mr. WAGNER. That is what the law provides. Do not confuse the situation.

Mr. CONNALLY. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator will state it. Mr. CONNALLY. Under the rules of the Senate, Senators are supposed to speak audibly so the others of us can hear what is said. We cannot hear the little tête-à-tête.

Mr. TYDINGS. I will state it again.

Mr. CONNALLY. I shall be glad to hear a public statement made of the private conversation.

Mr. TYDINGS. When I said some of these projects cost \$6,000 a family unit the Senator from New York asked me to name them. I procured a copy of the report from the young man sitting next to him and called off one project in New York State the cost of which per unit is \$6,330. That amount appears under the title "Cost of new housing per dwelling unit."

This is the report of the Housing Authority itself. Therefore, I think the cost per dwelling unit of more than \$6,000 on some projects has been pretty well authenticated.

Mr. WAGNER. Mr. President, will the Senator yield? Mr. TYDINGS. The Senator says, "Let us look at the net construction cost." When we take a family out of a tumbledown building and put them in another, we must look at the cost of doing it. In order to break down the cost the Housing Authority has items which it calls "equipment," "architects and overhead," "dwelling facility" charges, and "nondwelling facility" charges. The point I make is that it costs \$6,330 per family unit to destroy the slum house and put another in its place. Am I wrong?

Mr. WAGNER. No; the Senator is correct.

Mr. TYDINGS. That is all I wanted to know. Mr. WAGNER. Including all the cost of clearing the slums. When the Senator from Virginia [Mr. Byrd] offered his amendment limiting the cost to \$4,000 per unit, he excluded the cost of the land, because he recognized that in many of the areas the slum property has very high value, and it would be unfair to put a limitation of \$4,000 upon the construction cost, including the cost of the land.

Mr. TYDINGS. Let me say to the Senator-

Mr. WAGNER. As the Senator made the statement, it sounded as though there were a clear violation of the law in the figures which he stated. The figure is \$4,100, exclusive of the cost of the land. Is not that correct?

Mr. TYDINGS. I will say to the Senator-

Mr. WAGNER. Is my statement correct?
Mr. TYDINGS. Let me go through the whole list, and then there will be no argument about what I said or did not

say. The first column is headed "Land." The land for this \$6,330 apartment costs \$823 a family. That means \$5,507 for the dwelling if we eliminate the land. I have marked the items in ink

What is the next item? It is "Nondwelling facilities." How much do they cost? They cost \$893. "Nondwelling facilities" are grading, paving, and things around the building, which have been eliminated.

The next item is the net construction cost, \$4,148.

The next item is "Equipment, architects, and overhead," \$466 per family unit.

The next item is "Dwelling facilities." The total is \$4,614. At the time the Byrd amendment was offered on the floor of the Senate it was the intention of the Senator who offered it, as it was of the Senator from Maryland, who spoke in favor of it, and I believe of the Senate, that the outside cost per dwelling unit should be not more than \$1,000 a room. However, the Housing Authority gets away from that requirement by putting the architects in a separate class and saying that that item will not be figured as a part of the cost per room. They get away from the requirement by putting the equipment which goes into the building, the ice box and the electric-light fixtures, into "Nondwelling facilities." They confine the \$1,000 per room to the sheer, naked construction of the building itself.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. WAGNER. I know the Senator does not want to be unfair

Mr. TYDINGS. No; I do not.

Mr. WAGNER. Let me read the amendment as the Senator from Virginia [Mr. Byrn] offered it on the floor. It was on the basis of that amendment that the debate took place.

Mr. TYDINGS. Read it.
Mr. WAGNER. The amendment says:

No contract for any loan, annual contribution, or capital grant made pursuant to this act shall be entered into by the Authority with respect to any project hereafter initiated costing more than \$4,000 per family unit, or more than \$1,000 per room, excluding land, demolition, and nondwelling facilities.

That is the amendment as it was offered by the Senator from Virginia, because he recognized the difficulties in connection with the value of land in slum areas. The language I have read is in the statute itself.

Mr. TYDINGS. That is true; but the point I make is that in order to hold down the construction costs "architects and overhead" and other items have been eliminated to break down the naked construction costs, when such items are really part of the cost of the unit.

Mr. WAGNER. I wonder why the Senator made the statement that he was sure that when the matter was under consideration on the floor of the Senate the intention of the Senate was to include the very items which are excluded in the law and which were excluded in the amendment offered by the Senator from Virginia.

Mr. TYDINGS. Mr. President, the Senator will have an opportunity to reply in his own time. All I wish to say is that before I was interrupted I made the statement that the cost per family unit was \$6,330 in one New York apartment house which is being built under the slum-clearance program. I do not care whether part of the cost is land, architects, or what not. The outside cost is \$6,330; and I believe we could take \$6,330 and do a better job than is being done in New York City. I do not think it is necessary to spend that much to remodel a slum building. I think it could be remodeled and provided with modern improvements for half that sum. The tenants would be just as well satisfied, and the money would go twice as far, and would take care of others who will have to pay their proportionate part of the taxes while they live in quarters which are vastly inferior to those now being built.

I believe the whole program needs a yardstick. In view of the haphazard way in which the program is being carried out, I think the appropriation of another \$800,000,000 would

be a waste of money. At least 10 or 15 projects in the summary cost more than \$6,000 per family unit in slum clearance. while more than half of the homes in Baltimore cost less than \$5,000 per family unit. I do not think it is fair to the workingman who is trying to buy his own home to erect houses superior to his own, exempt the occupants of those homes from the payment of part of the taxes which he has to pay, and furnish rent subsidies from the Federal Treasury, to which he must contribute in Federal taxes so that the Government may have the money to carry on the program.

I believe the day is coming in the next 2 or 3 years when the whole program will be taken apart on the floor of the Senate. Whether I am right or wrong about it, I do not believe we ought to go further at this time with an appropriation of \$800,000,000 until the whole program has been revamped and made more practical and more workable, and until the local communities bear a larger share of the cost than they are now bearing.

As I have said, my own idea is to give people the minimum comforts of life, such as running water, bathrooms, electric lights, and so forth. I do not think it is necessary to go into communities and raze a great many buildings, destroying them completely. I believe they could be rehabilitated at one-third or one-half the cost of new construction, and the money could be made to go twice as far. The rents would be lower than they would be in the case of new projects, and the whole program would be more humane.

Having uttered this protest, if we are unable to obtain a reduction, I wish to be recorded as against the bill, not because I feel that there is no slum-clearance question but because the solution offered is not a worthy one with which to meet the problem.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

Mr. ELLENDER obtained the floor.

Mr. WAGNER. Mr. President, will the Senator yield? The PRESIDING OFFICER. Does the Senator from Loui-

siana vield to the Senator from New York?

Mr. ELLENDER. I yield for a question. Mr. WAGNER. The Senator from Maryland has just referred to the interest of the worker in this program. Before the Senator from Louisiana begins I should like to have read a letter which I have just received from Mr. William Green, president of the American Federation of Labor.

The PRESIDING OFFICER. Does the Senator from Louisiana yield for that purpose?

Mr. ELLENDER. I do.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield for a question.

Mr. TYDINGS. Does the Senator from New York know whether or not Mr. Green has read in detail the report of the United States Housing Authority?

Mr. WAGNER. I cannot tell the Senator whether he has or not, but Mr. Green is one of our distinguished labor leaders. Mr. TYDINGS. I know all that. I like Mr. Green.

Mr. WAGNER. I do not think he would comment upon any legislation unless he was thoroughly familiar with it and with the workings of the particular agency.

Mr. TYDINGS. If the Senator from Louisiana will yield for a moment, I shall then leave the Chamber. My own opinion is that Mr. Green, like every other person, is thoroughly in favor of a slum-clearance program, and that his letter is an endorsement of a slum-clearance program. While I do not mean to say that Mr. Green is not somewhat familiar with the problem, I doubt if he has had the time, busy man as he is, to go into all the tables which the Senator from New York and I have been reading.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield to the Senator from New York. Mr. WAGNER. I suggest to the Senator from Maryland that he remain in the Chamber long enough to hear the letter

The PRESIDING OFFICER. Without objection, the letter will be read.

The Chief Clerk read as follows:

AMERICAN FEDERATION OF LABOR, Washington, D. C., June 6, 1939.

Hon. Robert F. Wagner,

The Senate Office Building, Washington, D. C.

Dear Senator Wagner: In response to innumerable requests from

DEAR SENATOR WAGNER: In response to innumerable requests from national and international unions, central labor unions, and local unions affiliated with the American Federation of Labor in all parts of the country, I should like to bring to your attention the acute and pressing need for the expansion of the low-rent housing and slum-clearance program designed to rid our communities of slums and to bring decent, well-built housing within the reach of families whose incomes now compel them to live in slums.

The Wagner-Steagall Act of 1937 had the unanimous support of the American Federation of Labor and the widespread backing of all representative groups. The program thus far developed under this act has fully met the expectations of its supporters as thoroughly sound, well administered, and extremely economical program. However, labor realizes today, more than ever before, that the extremely small scale to which this program has been limited will make it impossible to even begin to satisfy the rapidly rising

the extremely small scale to which this program has been limited will make it impossible to even begin to satisfy the rapidly rising need for low-rent housing to accommodate low-income families whose needs can never be filled by private enterprise alone.

The American Federation of Labor, at its annual convention held in Houston, Tex., in October 1938, went unanimously on record in favor of enlarging the authorization for construction loans and for annual contributions under the U. S. H. A. in order to insure the

expansion of this program.

The amendments to the United States Housing Act sponsored by you and embodied in the Senate bill 591 are designed to accomplish this purpose. The adoption of these amendments providing for the increased authorization of construction loans and for the additional \$45,000,000 in annual contributions will make it possible to rehouse under this program nearly 500,000 families living in unsafe, insanitary, and unfit dwellings. This means that the expanded U. S. H. A. program will benefit nearly 1,700,000 persons. With increased authorization, the U. S. H. A. program will provide 2 full years' work to 330,000 building mechanics and laborers at the site of construction. It will proportionately increase the employment, the purchasing power, and the business activity in the industries which must service this construction with materials and equipment and which are most in need of stimulation at this time

On behalf of 5,000,000 members of the American Federation of Labor, their families and friends, and on behalf of 1,000,000 building-trades mechanics and laborers who are still unemployed, I want to convey to you this plea for the prompt enactment of S. 591, so that the continuity and expansion of the program could be assured, providing a means to meet our most insistent national need on this economical and self-liquidating basis.

Sincerely yours,

WM. GREEN President, American Federation of Labor.

Mr. WAGNER. Mr. President, before the Senator from Louisiana proceeds, will he yield to me in order that I may raise the question of a quorum? I think it would be well to have a larger attendance of Senators present to listen to the Senator's remarks.

Mr. ELLENDER. Very well.

Mr. WAGNER. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll. The Chief Clerk called the roll, and the following Senators

answered to their names:

Adams	Davis	Johnson, Colo.	Russell	
Andrews	Donahey	King	Schwellenbach	
Ashurst	Downey	La Follette	Sheppard	
Austin	Ellender	Lee	Slattery	
Bailey	Frazier	Lodge	Smathers	
Bankhead	George	Logan	Stewart	
Barbour	Gerry	Lucas	Taft	
Barkley	Gibson	Lundeen	Thomas, Okla,	
Bilbo	Gillette	McCarran	Thomas, Utah	
Bone	Green	McKellar	Tobey	
Borah	Guffey	McNary	Townsend	
Bulow	Gurney	Maloney	Truman	
Burke	Hale	Murray	Tydings	
Byrd	Harrison	Neelv	Vandenberg	
Byrnes	Hatch	Norris	Van Nuys	
Capper	Hayden	Nye	Wagner	
Caraway	Herring	O'Mahoney	Walsh	
Chavez	Hill	Pepper	Wheeler	
Clark, Idaho	Holman	Pittman	White	
Clark, Mo.	Holt	Radcliffe	Wiley	
Connally	Hughes	Reed		
Danaher	Johnson, Calif.	Reynolds		
Darrenter	bonnioun, Cam.	reclarate		

The PRESIDING OFFICER. Eighty-six Senators having answered to their names, a quorum is present.

Mr. ELLENDER. Mr. President, because the Senator from Maryland [Mr. Typings] saw fit to attack the pending bill, I am going to reverse the order in which I first intended to address myself to the Senate. I am going first to attempt to answer some of the arguments made by him, and then I propose to explain the bill.

I do not want to accuse the Senator from Maryland of misrepresentation; but I do say that the statements made by him do not jibe with the provisions of the act which was

passed by the Senate in 1937.

The Senator states that the 10 percent which the local authority must raise is in fact not put up by that authority; that if it is, it is paid back by the Federal Government. That is absolutely incorrect. It is a clear misconception of the law.

The law specifically provides that the United States Housing Authority located in Washington will lend 90 percent of the cost of a project. The other 10 percent must be put up by the local authority; and unless and until the 10 percent is put up by the local authority no contract for housing will be made.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield for a question.

Mr. TAFT. Does not the Senator realize that the 10 percent is not necessarily put up by the city? The local housing authority is authorized to issue and sell bonds in order to raise the 10 percent; and before the 10 percent of bonds is sold the housing authorities require some definite commitment from responsible banks or bankers that they will buy the 10 percent of bonds. The reason they are going to buy the 10 percent of bonds is that the amendment to the Federal Housing Act provides that the Federal subsidy payments shall be security for the payment of the interest on the 10 percent of bonds.

Mr. ELLENDER. Section 9 of the act specifically provides as follows:

The Authority may make loans to public-housing agencies to assist the development, acquisition, or administration of low-renthousing or slum-clearance projects by such agencies. Where capital grants are made pursuant to section 11 the total amount of such loans outstanding on any one project and in which the Authority participates shall not exceed the development or acquisition cost of such project less all such capital grants, but in no event shall said loans exceed 90 percent of such cost.

That is the amount which the U.S. H. A. here in Washington agrees to lend. Before the contract is entered into, it is necessary that the people locally interested shall lend 10 percent to the local authority.

Mr. TAFT. But, referring to the expression, "where capital grants are made," the U.S. H. A. has not pursued the theory of making any capital grants. It has pursued the alternative theory of providing subsidies; and under the amendment to section 10 it is provided that-

Payments under annual contribution contracts shall be pledged as security for any loans obtained by a public housing agency

And the 10 percent is obtained through loans in that way. Mr. ELLENDER. Mr. President, in the following section of the act, section 10, provisions are made whereby local authorities are obligated to reduce the rents to such a figure that the person with a low income may have a suitable place to live at a reasonable sum per month.

Under the law, the Federal Government, in effect, subsidizes the lessees to the extent of about one-third of the amount that would be usually charged if the building were privately owned. The municipality, in effect, subsidizes the lessee for a sum not less than 20 percent of the annual contributions, which average about 16% percent of the entire rental charge. So the amount of subsidies for rentals advanced by the Federal Government in cash and contributed by the local authorities, either in cash or by tax exemption or tax remission, aggregates 50 percent of the entire amount of the rent.

Mr. TAFT. I think the Senator will find, however, that there are no cases in which the local authorities—the cities have put up any cash. They have in some cases provided land; they have in some cases provided tax exemption; but the 10 percent of the cost of construction to which the Senator is referring is money which the local authority is going

to borrow from the public. It is going to be a second lien behind the Government's 90 percent; but the 10 percent is going to be secured on the Government's subsidy payments. Not only that, but the subsidy payments are going to pay the interest and sinking fund on the 10 percent of bonds, just as was stated by the Senator from Maryland [Mr. Typings]

Mr. ELLENDER. Mr. President, in all events the purpose of the subsidies is to make it possible for these slum dwellers to obtain living facilities at a price commensurate with their ability to pay. Subsidizing these projects by the Federal Government to the amount of about 3½ percent of the entire cost of the project, plus the tax remission that is made by the local authorities or the cash furnished, makes it possible to cut the normal rent in half. In other words, if the slum dwellers were to try to obtain the same facilities from private individuals, they would have to pay at least double what they would pay under the present plan.

Mr. KING. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. KING. From an examination of the testimony, as well as many publications critical of the organization, it seems to me that a considerable number of those who are to inhabit the buildings after they shall have been constructed will not be slum dwellers; they will be persons who perhaps have not lived in the slums, and they will be persons whose income is greatly in excess of that which was contemplated when the act was passed.

Mr. ELLENDER. That would be a direct violation of the law. I am not familiar with the periodicals or statements to which the Senator has referred, but it may be that the statements were with reference to the first project which was started under the P. W. A. In that case there was a grant; in fact, the Federal Government put up the entire amount, and based the rentals on 55 percent of the cost. In those cases, as well as in cases under the old Resettlement Administration, some homes were built at a cost far in excess of the amount the Government should have paid. But let us not compare that with what is presently being done under the U.S. H. A.

Mr. KING. Mr. President, will the Senator again yield? I apologize, and I will not ask him to yield if he prefers not to do so.

Mr. ELLENDER. I am perfectly willing to yield for any question, and I will gladly answer if I can.

Mr. KING. My recollection is that the \$134,000,000 expended by the P. W. A. has been charged off as a complete loss, or substantially a loss.

Mr. ELLENDER. I should not make that statement unless I had the facts; and the truth of the matter is that the buildings which were put up by the Government under the P. W. A. are all being rented, and they are paying out.

Mr. KING. Then the information which I have received, and which is contained in part in periodicals, may be in error.

Mr. ELLENDER. Whoever wrote the story did not have the facts at hand.

Mr. KING. One other question: My understanding is that the Government was to erect buildings so cheaply that those who occupied them would be able to pay a reasonable rent. As I understand the Senator, he is contending that in addition to building very cheap houses for the occupants, the Government is further to subsidize the enterprise by paying a part of the rent.

Mr. ELLENDER. As a matter of fact, the Government is not putting up the buildings. Local authorities, created under State laws, borrow the money and enter into contracts to build projects upon certain conditions and stipulations made to them by the U. S. H. A. here in Washington.

Mr. KING. The Government guarantees the bonds.

Mr. ELLENDER. That is correct.

Mr. KING. So, after all, the Government is putting up the money.

Mr. ELLENDER. The Government guarantees the bonds; it is making its credit available but the money is to be repaid

to the purchasers of the bonds out of rentals to be collected from the occupants of the buildings.

Another question was raised by the Senator from Maryland and that is with respect to the cost of these housing units.

I desire to read, for the benefit of the Senator, from a statement of the actual per unit cost on about 50 projects. This is not guesswork; these figures are based upon contracts which have been entered into for the building of certain projects, contracts which have been bonded for faithful performance, and where the cost cannot be in excess of the agreed amounts.

First let us take Daytona Beach, Fla. The total contract price for the project, the over-all cost, which includes the cost of the land, the cost of the house, plumbing, heating, and electrical installation, including the cost of the dwelling equipment, such as gas stoves, electric refrigerators, and things of that kind the entire cost per unit, is \$2,865.

Jacksonville, Fla., \$4,272.

Miami, Fla., \$4,230.

Remember, under the law, in cities of less than 500,000 inhabitants the limitation is \$4,000 per dwelling unit, exclusive of the cost of the land. In many of the projects I am citing the land, building, and all facilities which I have indicated, cost less than the minimum provided for in the law.

St. Petersburg, Fla., \$3,740 per unit.

Tampa, Fla., \$3,732.

Augusta, Ga., \$4,048. Another in Augusta, \$4,167.

Columbus, Ga., \$3,236.

Kokomo, Ind., \$4,020.

Louisville, Ky., \$4,872. Another in Louisville, \$4,831. New Orleans, \$5,163. Another in New Orleans, \$4,849. Annapolis, Md., \$4,135.

Omaha, Nebr., \$4,582.

In Buffalo, in the State of New York, the cost is \$4,670. Syracuse, \$5,326.

Utica, \$4,535.

The average cost for the 50 projects referred to in the statement was \$4,731. I will not read the entire statement at this time. I will submit it for the Record sometime later. Ample evidence was produced at the hearings to show that the average unit cost of the various projects built or in process of building throughout the country, and on which contracts have been entered into, amounts to \$4,507.

Mr. BYRD. Mr. President-

The PRESIDING OFFICER (Mr. SMATHERS in the chair). Does the Senator from Louisiana yield to the Senator from Virginia?

Mr. ELLENDER. I yield for a question.

Mr. BYRD. Does the figure the Senator has given include the cost of the land and the cost of demolishing the old buildings?

Mr. ELLENDER. The only item left out of the cost is the item of demolishing the old buildings, and that amounts to about 7 percent of the entire cost, as I recall.

Mr. BYRD. There is a limitation of \$1,000 a room, or \$4,000 a unit. The Senator now says the average cost is \$4,700 a unit.

Mr. ELLENDER. That is exclusive of the land, which, by the way, was provided for in the amendment offered by the Senator, as I recall. The limitation of \$4,000 in cities of under 500,000 inhabitants, and of \$5,000 in cities above 500,000 inhabitants, was exclusive of the cost of the land.

Mr. BYRD. What is the average number of rooms?
Mr. ELLENDER. From 4 to 6 rooms. The way the number of rooms is figured depends upon the size of them.

Mr. BYRD. Would it not be more accurate to give the number of rooms, because the Senator has taken an average of some three-room units, some four-room units, and some five-room? The Senator says the average of all of them is \$4,700, not including the cost of demolishing the old buildings. That would make it more than \$1,000 a room.

Mr. ELLENDER. I have here a statement of the average cost in cities of under 500,000 inhabitants. The cost per room

is \$828, and in cities over 500,000 inhabitants the average cost is \$940.

Mr. BYRD. What does the Senator include as a room? Does he include the living room, or the kitchen, or the bathroom? How does he figure the rooms?

Mr. ELLENDER. The bathroom, depending on its size, may be counted as half a room. A kitchen, depending on its size, may be classed as a third of a room, or three-quarters of a room.

Mr. BYRD. Who does the classifying?

Mr. ELLENDER. The local authority and the United States Housing Authority, when the contract is entered into.

Mr. BYRD. They can class them about as they please, then. In other words, if they are to determine by the size of the room as to whether it shall be classed as a full room or not, then it is left to them virtually to say whether the limitation of \$1,000 a room shall be effective or not.

Mr. ELLENDER. But it is figured on an average basis. In building one's own home that may cost \$50,000, let us say, the living room may cost \$6,000 and the kitchen may cost \$500,

and----

Mr. BYRD. As I understand the Senator, he admits that on an average the cost is \$4,700 per unit.

Mr. ELLENDER. That is on these 50 projects included in the statement I read from awhile ago.

Mr. BYRD. These are data the Senator has presented to the Senate, and his figure does not include the cost of demolishing the buildings.

Mr. ELLENDER. No.

Mr. BYRD. Is the Senator aware of the fact that the average cost to a private citizen who builds his own home in one of the cities of this country is only \$3,800? In other words, these slum-clearance projects are costing \$1,000 more per family unit than the average home in the average city, and far more than the average in the country districts?

Mr. ELLENDER. Where did the Senator obtain his infor-

Mr. BYRD. I got it from the Bureau of the Census.

Mr. ELLENDER. It is my understanding that in the Bureau of the Census figures the only costs which are included are the costs of the dwellings, and the totals do not include the cost of the land.

Mr. BYRD. The Senator is not correct about that. Furthermore, the Senator has not included the total cost in his own figures, because he has omitted the cost of demolishing the old buildings.

Mr. ELLENDER. That amounts to about 7 percent of the over-all cost of the project. If a project costs \$3,000, the demolishing cost would be \$210.

Mr. BYRD. The fact remains that slum clearance in this country is costing more than the average home built by the average citizen for his own home.

Mr. ELLENDER. I doubt the correctness of that statement.

Mr. WAGNER. Mr. President, will the Senator from Louisiana yield?

Mr. ELLENDER. I yield to the Senator from New York. Mr. WAGNER. An analysis made of the figures of the F. H. A., together with the figures of the U. S. H. A., shows that the cost of the unit dwelling constructed under United States Housing Administration, although in some cases the houses are constructed in congested areas where the cost is pretty high, is a thousand dollars less than the average cost under F. H. A.

Mr. BYRD. The Senator from New York must also bear in mind that the slum-clearance projects are constructed in unit dwellings, and I am comparing them with the average cost of an individual unit. How many families, on an average, would be in these projects? In other words, it is a continuous dwelling, is it not?

Mr. ELLENDER. How many persons are housed?

Mr. BYRD. No; how many family units are there in one project?

Mr. ELLENDER. I would not be able to answer that question specifically. I will be glad to obtain the information for the benefit of the Senate.

Mr. BYRD. The cost should be substantially less, with the houses constructed in that form, than in the case of an individual house, which is not adjacent, usually, to another dwelling.

Mr. ELLENDER. It does cost less. The figures show that the cost, as the Senator from New York has just stated, is in the neighborhood of a thousand dollars less per family unit.

Mr. BYRD. The Senator from New York has given figures of the United States Housing Administration. I will tomorrow present figures of the United States Department of Commerce and the Bureau of the Census, to show that these slum clearances are costing more than the cost of the average citizen's house.

Mr. ELLENDER. Will the figures show the over-all cost, including street facilities?

Mr. BYRD. When I present them I will state exactly what they include, for the benefit of the Senate.

Mr. ELLENDER. And do they include the cost of playgrounds, the cost of the land, the cost of nondwelling facilities, architect's fees, cost of dwelling equipment, cost of the building itself? Those are items which I should like to have included in any statement the Senator may present, so as to have a fair comparison.

Mr. BYRD. I shall endeavor to make it just as clear as the Senator from Louisiana is making his explanation of the cost of the units.

Mr. KING. Mr. President-

The PRESIDING OFFICER (Mr. SMATHERS in the chair). Does the Senator from Louisiana yield to the Senator from Utah?

Mr. ELLENDER. I yield.

Mr. KING. I have had occasion to examine some of the houses that have been constructed with F. H. A. loans. They are usually individual houses with little plots of ground. Obviously we would presume that they would cost more than the slum-clearance houses or houses which are built in situations where several houses are conjoined, but I am not sure as to the cost.

Mr. ELLENDER. Houses built on individual plots of ground do cost more. Houses built under F. H. A. loans are built by individual home owners. They borrow the money from local banks under certain conditions.

Mr. KING. I understand.

Mr. ELLENDER. And the banks guarantee repayment of the amount borrowed. The conditions confronting those home builders are entirely different from those faced by the persons proposed to be reached by the pending bill. The bill proposes to take care of a different class of people. Here we have people who cannot finance homes, who are unable to do so. They are obliged to rent houses.

Mr. KING. I understood it was contended by the Senator from New York [Mr. WAGNER] and the Senator from Louisiana [Mr. Ellender]—I may be in error in assuming that that was their interpretation—that houses which were built under the guaranties of the F. H. A. cost more than those constructed otherwise.

Mr. ELLENDER. The per unit cost under United States Housing ranges from \$800 to \$1,000 less. That is my understanding.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. TAFT. Is it not true that the F. H. A. average figures include all houses up to \$20,000 houses? If so, it seems to me the comparison between the different costs would hardly be useful in this controversy.

Mr. ELLENDER. I believe the F. H. A. provides a limitation as to the amount to be spent for an individual home.

Mr. TAFT. The limitation is \$20,000?

Mr. ELLENDER. Yes; \$20,000. In those cases, of course, all classes of houses that are built under F. H. A. loans are necessarily taken into consideration.

Mr. WAGNER. Mr. President, will the Senator yield? Mr. ELLENDER. I yield.

IIr. WAGNER. We also considered the locality in which the houses are to be constructed; that in some localities houses can be constructed at a lower cost than in others.

The Senator from Ohio [Mr. Taft] himself recognized that fact when early in the session he introduced and secured the passage of a measure—and properly so, and I was delighted to vote for the bill—by which a certain district outside of Cincinnati was included in the metropolitan area of that city. The bill provided for the inclusion in such metropolitan area a housing project in order that the projects there may come within that provision of the act which provides for a higher cost per unit rather than the lower cost provided in the act. The Senator from Ohio himself recognized that under the then limitations of the act the slum-clearance project could not have been constructed.

Mr. ELLENDER. Mr. President, the purpose of the pending bill is to provide authority for the issuance of more bonds in order to keep on with the work that was started under the original Housing Act. It will be recalled that under the original Housing Act it was provided that the Housing Authority would have the right to sell \$800,000,000 of bonds in order to carry out slum clearance. The amount of money provided in the act for subsidizing rents was fixed at \$28,000,000. The bill originally provided for \$35,000,000. Because of this reduction the Housing Authority was able to contract for but \$650,000,000, thereby leaving a sum of \$150,000,000 still available. The pending bill provides for a sufficient amount in subsidies so that contracts may be entered for said balance.

The law provides that the Government may be obligated to subsidize low-rent projects in a sum equal to the going Federal rate of interest plus 1 percent. That amount of subsidy figures in the neighborhood of $3\frac{1}{2}$ percent of the entire cost of the project.

Mr. BYRD. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. BYRD. The previous authorization was \$800,000,000, was it not?

Mr. ELLENDER. Yes.

Mr. BYRD. Another \$800,000,000 is now being asked for.

Mr. ELLENDER. Yes.

Mr. BYRD. How many families does the Senator think the total authorizations of \$1,600,000,000 would cover?

Mr. ELLENDER. According to estimates, 402,000 families. Mr. BYRD. How many families does the Senator think occupy buildings which would be classified as slums?

Mr. ELLENDER. I do not know. I do not think anyone knows the number of persons living in slums. I know of no investigation made to ascertain the number.

Mr. BYRD. What is the estimate of the cost to carry the program to its logical conclusion and eliminate all the slums?

Mr. ELLENDER. I believe that question was propounded to Mr. Straus by the Senator from Ohio [Mr. Taft], and Mr. Straus could not give an answer. It was impossible for him to give an answer because, since the present law was enacted, there has been a gradual decrease in the per unit cost. If this decrease in per unit cost continues it may be that the subsidies—in fact I do not think, I know that the subsidies will be materially decreased. It is estimated that under the present contracts as made between the United States Housing Authority and the local authorities that the average cost to the Government per family is about \$115. There is not included, however, the slum-clearance cost of demolition. That amounts to about, as I said awhile ago, 3 percent of the entire cost.

Mr. BYRD. I thought the Senator said 7 percent.

Mr. ELLENDER. Seven percent of the entire cost; yes.

Mr. BYRD. My recollection is that when Mayor La-Guardia came before the committee he said that the cost to New York City alone would be approximately \$15,000,-000,000 to eliminate slums. Am I correct in that?

Mr. ELLENDER. I am not familiar with the statement made by Mr. LaGuardia. I doubt that it will require such a sum if only the low-income group is provided for.

I ask that the table to which I have referred, giving the costs of new housing for 48 projects, be printed at this point in the RECORD.

There being no objection, the table was ordered to be printed in the Record, as follows:

Estimated over-all cost of new housing for 48 U.S. Housing Authority aided projects for which main construction awards have been approved

	figure 2	Estimated over-all cost of new housing 1		
Location	Project No.	Total	Per unit	
Florida:				
Daytona Beach	Florida-7-1	\$478, 517	\$2,865	
Jacksonville	Florida-1-1	982, 458 1, 459, 412 905, 023	4, 272	
Miami	Florida-5-1 Florida-2-1	1, 409, 412	4, 230	
St. Petersburg Tampa	Florida-3-1	1, 306, 350	3, 740	
Georgia:	Fiorida-5-1	1, 300, 300	3, 732	
Augusta	Georgia-1-1	676, 065	4,048	
Augusta	Georgia-1-2	700, 015	4, 167	
Columbus	Georgia-4-2	931, 992	3, 236	
Indiana:				
Kokomo	Indiana-7-1	707, 551	4,020	
Vincennes	Indiana-2-1	292, 085	3, 519	
Kentucky: Louisville	Kentucky-1-1	3, 829, 118	4,872	
Do	Kentucky-1-2	3, 903, 462	4, 831	
Louisiana:			1,001	
New Orleans	Louisiana-1-1	5, 008, 294	5, 163	
Do	Louisiana-1-2	3, 505, 781	4, 849 4, 135	
Maryland: Annapolis Nebraska: Omaha	Maryland-1-1	5, 008, 294 3, 505, 781 446, 533 2, 391, 940	4, 135	
New Jersey:	Nebraska-1-1	2, 391, 940	4, 582	
Elizabeth	New Jersey-3-1	2 022 545	4, 781	
Newark	New Jersey-2-2	1, 185, 222	5, 022	
North Bergen	New Jersey-4-1	2, 022, 545 1, 185, 222 914, 326	5, 316	
New York:	Section Control of the Control of th	A commence		
Buffalo	New York-2-1	3, 516, 381	5, 264	
Do	New York-2-2 New York-2-3	807, 905	4, 670 5, 120	
New York	New York-5-1	3, 952, 490 12, 125, 119	4, 694	
Do	New York-5-2	14, 870, 532	4, 704	
Syracuse	New York-1-1	3, 611, 155	5, 326	
Utica	New York-6-1	966,000	4, 535	
Yonkers	New York-3-1	2, 889, 701	5, 235	
Ohio: Cleveland	Ohio 9 1	0 101 507	F 407	
Columbus	Ohio-3-1	3, 181, 597 1, 812, 384	5, 467 4, 254	
Dayton		941, 278	4, 706	
Toledo	Ohio-6-1	1, 939, 055	5,050	
Youngstown	Ohio-2-1	3, 005, 333	4, 863	
Pennsylvania: Allentown		1 200 000	2722	
AllentownPhiladelphia	Pennsylvania-4-1. Pennsylvania-2-1.	1, 595, 582	4, 955 5, 928	
South Carolina: Charleston	South Carolina-	3, 171, 567 696, 043	4, 972	
	1-1.	.000,010	2,012	
Tennessee:	7.774 A			
Chattanooga	Tennessee-4-1	2, 196, 790	4, 420	
Knoxville	Tennessee-3-2 Tennessee-1-1	1, 435, 846 2, 195, 519	4, 487	
Texas:	1 ennessee-1-1		4, 593	
Austin	Texas-1-1	333, 116	3, 873	
Do	Texas-1-2	220, 367	3, 673	
Do	Texas-1-3	143, 871	3, 597	
Corpus Christi	Texas-8-1	484, 348	3, 615 4, 296	
Fort Worth	Texas-4-1	333, 116 220, 367 143, 871 484, 348 1, 082, 698 952, 014	4, 296 3, 808	
West Virginia:	10305-1-4	802, 014	0,808	
Charleston	West Virginia-1-2.	871, 828	5, 128	
Huntington	West Virginia-4-1.	380, 790	4,760	
Do	West Virginia-4-2.	613, 494	4, 511	
Do	West Virginia-4-3.	1, 288, 398	4, 537	
Over-all cost of new housing			-	
for 48 U. S. Housing Au-		Simon and the same of	V-15/200	
thority aided projects	With the Control of t	102, 927, 890	2 4, 7314	

¹ All amounts are based on estimates at the time the main construction awards were approved.
² Average.

Department of the Interior, U. S. Housing Authority, Research and Statistics Division, Statistics Section, June 6, 1939.

LOAN OF PORTRAIT OF GEN. WINFIELD SCOTT TO VIRGINIA MILITARY INSTITUTE

Mr. BARKLEY. Mr. President, from the Committee on the Library I report back favorably, without amendment, House Joint Resolution 286, and ask unanimous consent for its present consideration.

There being no objection, the joint resolution (H. J. Res. 286) to provide for the lending to the Virginia Military Institute of the equestrian portrait of Gen. Winfield Scott now stored in the Capitol was considered, ordered to a third reading, read the third time, and passed, as follows:

Resolved, etc., That the Architect of the Capitol is authorized and directed to permit the Virginia Military Institute to remove from the Capitol the equestrian portrait of Gen. Winfield Scott, to transport such portrait to Lexington, Va., and to have custody

of such portrait until such time as the Architect of the Capitol shall request its return to the Capitol. The United States shall be subject to no expense by reason of the enactment of this joint resolution.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. SMATHERS in the chair), as in executive session, laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate

proceedings.)

UNVEILING OF WILL ROGERS STATUE-RECESS

Mr. BARKLEY. Mr. President, several Members of the Senate have suggested the propriety of taking a recess in order that the Senate may attend the ceremonies in connection with the unveiling of the statue to Will Rogers in the rotunda of the Capitol. It is evident that many Senators are already there. Under the circumstances, I feel that it would be proper to take a recess at this time until tomorrow, if the Senator from Louisiana, in charge of the bill, is willing to yield for that purpose.

Mr. ELLENDER. I shall be glad to yield if I may have the

floor tomorrow.

Mr. BARKLEY. I ask unanimous consent that the Senate now stand in recess until tomorrow at 12 o'clock noon, and that on tomorrow the Senator from Louisiana [Mr. Ellender], in charge of the bill, shall be recognized to continue his address.

The PRESIDING OFFICER. Without objection, it is so

ordered.

Thereupon (at 2 o'clock and 50 minutes p. m.) the Senate took a recess until tomorrow, Wednesday, June 7, 1939, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate, June 6 (legislative day of June 5), 1939

Under Secretary of Commerce

Edward J. Noble, of Connecticut, to be Under Secretary of Commerce.

GOVERNOR OF PUERTO RICO

Admiral William D. Leahy, of the District of Columbia, to be Governor of Puerto Rico, vice Hon. Blanton Winship, resigned.

FEDERAL EMERGENCY ADMINISTRATION OF PUBLIC WORKS

Harry A. Wortham, of Kentucky, to be regional director, region 3, Federal Emergency Administration of Public Works.

United States Public Health Service

The following-named passed assistant surgeons to be surgeons in the United States Public Health Service, to rank as such from the dates set opposite their names:

Hiram J. Bush, July 9, 1939. Samuel J. Hall, June 25, 1939. Edgar W. Norris, June 23, 1939. Richard B. Holt, June 21, 1939.

PROMOTIONS IN THE NAVY

The following-named lieutenant commanders to be commanders in the Navy, to rank from the date stated opposite their names:

John J. Bartholdi, July 1, 1938. Stanley M. Haight, July 1, 1938. Arthur Gavin, August 1, 1938. William C. Vose, October 1, 1938.

The following-named lieutenant commanders to be commanders in the Navy, to rank from the 13th day of February 1939:

Bayard H. Colyear John B. Griggs, Jr. James D. Lowry, Jr. Marshall R. Greer

The following-named lieutenant commanders to be commanders in the Navy, to rank from the 1st day of June 1939:

Robert M. Smith, Jr. James L. Holloway, Jr. Ralph E. Jennings The following-named lieutenants to be lieutenant commanders in the Navy, to rank from the 1st day of February 1939:

Clifford A. Fines

Joseph H. Garvin

Lt. Virginius R. Roane to be a lieutenant commander in the Navy, to rank from the 13th day of February 1939.

The following-named lieutenants (junior grade) to be lieutenants in the Navy, to rank from the date stated opposite their names:

Richard R. Hay, February 13, 1939.

Archie D. Fraser, May 1, 1939.

The following-named ensigns to be lieutenants (junior grade) in the Navy, to rank from the 4th day of June 1939:

Joseph E. Rice Joseph H. Barker, Jr. Joseph A. Crook Otto F. Kolb, Jr. Alexander K. Tyree Frank G. Springer Edmund J. Hoffman Fred G. Bennett Johns H. Janney John M. Alford Walter V. Combs, Jr. Charles R. Eisenbach Arthur L. Gustafson John J. Daub, Jr. Ovid McM. Butler John D. Hewitt, 3d. Willard E. Neve William T. Groner Harry B. Stark Philip E. Shetenhelm James L. Semmes Robert L. Neyman David S. Brown Robert A. Bonin Archibald E. Teall

William Blenman Frank M. Robinson Richard R. Bradley, Jr. Warfield C. Bennett, Jr. James R. Hansen John N. Boland John V. Noel, Jr. Frank G. Law Paul E. Summers Gilven M. Slonim William A. Ellis Joseph B. Icenhower Ed R. King James B. Rutter, Jr. David S. Seaman, Jr. John H. Carmichael Phillip G. Wild, Jr. William H. Shea, Jr. Walter W. Boyd Edwin L. Kyte Jasper N. McDonald John J. Kircher Ray S. Thompson, Jr. Ralph R. Humes

Surg. Gilbert H. Larson to be a medical inspector in the Navy, with the rank of commander, to rank from the 23d day of June 1938.

The following-named paymasters to be pay inspectors in the Navy, with the rank of commander, to rank from the 23d day of June 1938:

Alfred B. Clark Arthur G. King

Civil Engineer Ralph Whitman to be a civil engineer in the Navy, with the rank of rear admiral, to rank from the 22d day of March 1939.

The following-named commanders to be commanders in the Navy, to rank from the date stated opposite their names, to correct the date of rank as previously nominated and confirmed:

Adolph O. Gieselmann, June 23, 1938. David H. Clark, June 23, 1938. Jeffrey C. Metzel, June 23, 1938. Edmund J. Kidder, July 1, 1938. Edward D. Walbridge, July 1, 1938. Smith D. A. Cobb, July 1, 1938. John W. Rogers, July 1, 1938. Lloyd E. Clifford, July 1, 1938. Robert L. Mitten, July 1, 1938. Robert R. Ferguson, July 1, 1938. Allan P. Flagg, July 1, 1938. Vaughn Bailey, July 1, 1938. Herbert R. Sobel, July 1, 1938. Harold A. Turner, July 1, 1938. Paul E. Kuter, July 1, 1938. Harry J. Hansen, July 1, 1938. Newcomb L. Damon, July 1, 1938. Clyde Lovelace, July 1, 1938. Edmund D. Duckett, July 1, 1938. Harold F. Fultz, July 1, 1938. Benjamin W. Cloud, July 1, 1938.

Mallery K. Aiken, July 1, 1938. Clyde C. Laws, July 1, 1938. Learned L. Dean, July 1, 1938. Merwin W. Arps, July 1, 1938. Marion C. Erwin, July 1, 1938. Lester M. Harvey, July 1, 1938. John F. Warris, July 1, 1938. Henry T. Stanley, July 1, 1938. Harold J. Brow, July 1, 1938. Charles A. Nicholson, 2d, August 1, 1938. Ralph S. Barnaby, August 1, 1938. Rossmore D. Lyon, August 1, 1938. David Rittenhouse, August 1, 1938. Harry R. Hayes, August 1, 1938. Cyril T. Simard, August 1, 1938. Thomas A. Gray, August 1, 1938. Byron J. Connell, August 1, 1938. Andrew Crinkley, August 1, 1938. George L. Compo, August 1, 1938. Orie H. Small, August 1, 1938. Elmer B. Robinson, August 1, 1938. Arthur L. Karns, August 1, 1938. Ratcliffe C. Welles, August 1, 1938. James M. Connally, August 1, 1938. Arthur E. Bartlett, August 1, 1938. Alfred J. Byrholdt, August 1, 1938. Charles A. Goebel, August 1, 1938. Edward H. Smith, August 1, 1938. Henry C. Flannagan, August 1, 1938. John P. Dix, August 1, 1938. James D. Barner, August 1, 1938. Allen D. Brown, September 1, 1938. John W. Roper, September 8, 1938. James B. Sykes, November 1, 1938. Cuthbert A. Griffiths, November 2, 1938. Ernest H. von Heimburg, November 24, 1938. John O. Huse, December 1, 1938. Gerald L. Schetky, January 26, 1939. Charles E. Coney, February 1, 1939. John J. Patterson, 3d, February 13, 1939. The following-named lieutenant commanders to be lieu-

tenant commanders in the Navy, to rank from the date stated opposite their names, to correct the date of rank as previously nominated and confirmed:

Walter C. Holt, June 23, 1938. Louis N. Miller, June 23, 1938. Daniel N. Cone, Jr., June 24, 1938. Donald E. Wilcox, June 28, 1938. Clyde W. Smith, July 1, 1938. Rodger W. Simpson, July 1, 1938. John R. Johannesen, July 1, 1938. Marshall M. Dana, July 1, 1938. Kenneth P. Hartman, July 1, 1938. Kenneth D. Ringle, July 1, 1938. Stanley Leith, July 1, 1938. William D. Wright, Jr., July 1, 1938. Homer Ambrose, July 1, 1938. Ralph W. D. Woods, July 1, 1938. William A. Graham, July 1, 1938. Robert S. Hatcher, July 1, 1938. Edward W. Clexton, July 1, 1938. Irving T. Duke, July 1, 1938. Truman J. Hedding, July 1, 1938. Chester C. Wood, July 1, 1938. Edward L. Woodyard, July 1, 1938. Clarence E. Ekstrom, July 1, 1938. Rufus E. Rose, July 1, 1938. Orville F. Gregor, July 1, 1938. Lee R. Herring, July 1, 1938. Charles W. Wilkins, July 1, 1938. Eugene C. Rook, July 1, 1938. Robert L. Campbell, Jr., July 1, 1938. George C. Towner, July 1, 1938. William A. Hickey, July 1, 1938. Thomas U. Sisson, July 1, 1938. Ralph E. Wilson, July 1, 1938.

Merle A. Sawyer, July 1, 1938. Leo A. Bachman, July 1, 1938.

The following-named surgeons to be surgeons in the Navy, with the rank of lieutenant commander, to rank from the 1st day of July 1938, to correct the date of rank as previously nominated and confirmed:

Charles F. Flower Glenn S. Campbell Harold V. Packard Herman M. Maveety Leon D. Carson Charles R. Wilcox Gerald W. Smith French R. Moore Joseph W. Kimbrough Raymond W. Hege Thomas M. Arrasmith, Jr. Walter F. James Arthur W. Loy Theophilus F. Weinert Albert T. Walker

The following-named dental surgeons to be dental surgeons in the Navy, with the rank of lieutenant commander, to rank from the 1st day of July 1938, to correct the date of rank as previously nominated and confirmed:

Herman P. Riebe Ralph W. Malone Eric B. Hoag Frank K. Sullivan Rae D. Pitton Arthur Siegel Clifford T. Logan Hector J. A. MacInnis Alvin F. Miller Alfred Dinsmore James L. Purcell Edward H. Delaney

Fred G. Leith to be a lieutenant (junior grade) in the Navy, to rank from the 8th day of May 1939, in accordance with a provision contained in an act of Congress approved May 8,

The following-named lieutenant commanders to be commanders, to rank from the 1st day of July 1938:

William E. G. Erskine William S. Holloway

HOUSE OF REPRESENTATIVES

TUESDAY, JUNE 6, 1939

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our Father in Heaven, we give Thee thanks for the blessed gift of life. With us may our great purpose be to live wisely, labor industriously, and at the last hand it back to God without the sense of shame. We beseech Thee to keep us in harmony with Thy plans. In this yearning world we pray for a sense of incompleteness. Help us to stress the unrealized, and thus grow in knowledge and in wisdom. Fill up the open spaces in our characters with those fine aspirations and loves that will never die out. Blessed Father, let the sweet harmonies of peace, good will, and Christian fraternity bless our entire country and rest like a divine benediction everywhere. In our dear Redeemer's name. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had passed, with amendments, in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 5610. An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1940, and for other

The message also announced that the Senate agrees to the amendment of the House to a joint resolution of the Senate of the following title:

S. J. Res. 138. Joint resolution providing that reorganization plans Nos. I and II shall take effect on July 1, 1939.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 572) entitled "An act to provide for the common defense by acquiring stocks of strategic and critical materials essential to the needs of industry for the manufacture of supplies for the armed forces and the civilian population in time of a national emergency, and to encourage, as far as possible, the further development of strategic and critical materials within the United States for common defense."

INCREASING THE PENALTY FOR ESPIONAGE

Mr. McLAUGHLIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. McLAUGHLIN. Mr. Speaker, the Congressional Record of yesterday, June 5, page 6606, roll call No. 86, indicates that I did not vote. My reason for not voting was that it was necessary for me to be absent temporarily from the Chamber in attendance at the Supreme Court for the purpose of moving the admission of a member of the Omaha, Nebr., bar to practice before the Supreme Court.

The bill under consideration—H. R. 6075—was one to increase the penalty for espionage, reported out by the Committee on the Judiciary. In the deliberations of the committee I favored the bill. Had I been present, I would have voted "yea."

THE PRIVATE CALENDAR

Mr. COOPER. Mr. Speaker, I ask unanimous consent to dispense with the calling of the Private Calendar today.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

EXTENSION OF REMARKS

Mr. ENGEL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein a letter written to me by Mr. Edgar T. Brown, president of the United Government Employees.

The SPEAKER. Is there objection to the request of the

gentleman from Michigan?

There was no objection.

Mr. FLANNAGAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record in support of H. R. 6616, a bill introduced to erect a suitable monument at Abingdon, Va., in memory of Gen. William Campbell and his Virginia comrades in the Battle of Kings Mountain.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. FERGUSON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein a proposed amendment to the Social Security Act and a short table showing the results of the amendment.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent to extend my own remarks on two different subjects and to include in one a letter from the president of the World War Combat Veterans Association and in the other a short patriotic statement by one of my own constituents.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. McDOWELL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein a resolution adopted by the United Electrical Radio and Machine Workers of America on the question of the reorganization of the railroads.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection. .

THE LATE HONORABLE HENRY U. JOHNSON

Mr. SPRINGER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute to announce the death of a former Member of the House.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. SPRINGER. Mr. Speaker, it is with deep regret that I rise to report the death of the Honorable Henry U. Johnson, of Richmond, Ind., who represented the Sixth Congressional District of Indiana in the House of Representatives during the Fifty-second, Fifty-third, Fifty-fourth, and Fifty-fifth Congresses. His death occurred on Sunday, the 4th day of June 1939.

Henry U. Johnson was an outstanding citizen of Indiana; his attainments were great. He was a learned man and his life was devoted to study. The service he rendered in the National House of Representatives was distinguished, dignified, and outstanding. He was a man of sound and mature judgment and he analyzed the problems confronting him quickly and keenly; he was an orator of great ability. These qualities made him a worthy antagonist in every public forum.

The greater period of his active life was spent by him in the practice of his chosen profession—the law. He had but few peers as a general practitioner of his profession. As an advocate he presented his premises with clarity and irresistible force, and as a trial lawyer, in which wit and a profound knowledge of the law are essential, he was a marked leader in his State.

Throughout his long and useful life he evidenced a keen interest in every worth-while community development. While he attained the ripe age of 88 years, his deep interest in every worthy civic enterprise did not wane. He kept abreast of his time; and but a very short period of time before his death he participated actively in the trial of an important case in his local court. His activities in life continued to the very end.

Mr. Speaker, in the life of our distinguished colleague of former years, whose devotion to duty was his watchword, whose deep interest in all public questions did not dim with the lapse of years, whose unfaltering energy ever buoyed him up to meet the exigencies of life, we can truly say of him, "This was a man!"

While we say farewell to him, his works will inspire us throughout the years to come.

ANNOUNCING DEATH OF FORMER MEMBERS

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. RANKIN. Mr. Speaker, I want again to call the attention of the House to one practice that ought to be followed by all means, and that is the practice followed by the gentleman from Indiana of announcing the death of a former Member of this House, and always to give the date of the death.

I had a good deal of experience in helping secure data for the last large Biographical Congressional Directory, published in 1927. We found that there were really hundreds of men, some of the finest men who have ever been Members of Congress, the dates of whose deaths could not be ascertained.

It takes but a moment; and I hope from now on every Member of the House who hears of the death of a former Member of Congress will take time to announce the death to the House or get someone else to do so and give the date of the former Member's passing, in order that it may be kept for the record in the years to come.

[Here the gavel fell.]

DISTRIBUTION OF SURPLUS WHEAT, COTTON, AND DAIRY PRODUCTS Mr. FISH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. FISH. Mr. Speaker, a few days before my lamented colleague from New York, Hon. Bert Lord, departed this life he had prepared for introduction a bill authorizing the distribution of surplus wheat, cotton, and dairy products through

the American National Red Cross and other organizations designated by it to needy and distressed people.

This bill, the purpose of which was so near the heart of my colleague, Mr. Lord, I am introducing today, as I feel that he would want me to do. It demonstrates his humanitarianism in a practical way as hardly anything else could do; and with the subject on his mind and heart and almost his last earthly thought, nothing could render him greater honor nor be a more fitting memorial to him than the enactment of this bill upon the recommendation of the Committee on Agriculture, of which he was an honored and valuable member.

The bill would accomplish the twofold purpose of relieving the poor and needy and the reduction of surplus food and cotton.

[Here the gavel fell.]

REPUBLICAN BUBBLE IS BADLY PUNCTURED

Mr. SABATH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. SABATH. Mr. Speaker, a few moments ago the gentleman from Indiana announced the death of a former Republican Member of this House. I do not rise for a like purpose, but to announce the death of the false hopes and inspirations of the Republican Party.

Yesterday elections were held in many Illinois counties and in the city of Chicago, and notwithstanding the ridiculous prophecies of the Republican leaders of Chicago in foolishly heralding a Republican victory by at least 80,000, I wish to impart to them the sad news that the Democrats carried Chicago by a majority of 3 to 1, and a majority of $2\frac{1}{2}$ to 1 in Cook County. When all returns are compiled, the actual majority may reach 400,000. [Applause.]

Mr. Speaker, as the Republicans claimed this election was a forerunner of the 1940 election—and I believe it is—I am satisfied that they will attain the same victories that they did in 1932, 1934, and 1936—yes, even in 1938, because I find that the people are just as strong now for Democracy and for President Roosevelt as they were in those former years. [Applause.]

[Here the gavel fell.]

RESULTS OF ELECTIONS IN ILLINOIS

Mr. ARENDS. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Illinois [Mr. Arends]?

There was no objection.

Mr. ARENDS. Mr. Speaker, following what the gentleman from Illinois has just said, may I state that in my district in yesterday's election we supplanted three Democratic judges with three Republicans. Down-State we picked up approximately 15 such offices. That should answer my colleague's statement as to what will happen in 1940 in Illinois.

Mr. CLARK. Mr. Speaker, I call up House Resolution 214 and ask for its immediate consideration.

Mr. PIERCE of Oregon. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Does the gentleman from North Carolina [Mr. CLARK] yield for that purpose?

Mr. CLARK. I yield to the gentleman from Oregon.

The SPEAKER. Is there objection to the request of the gentleman from Oregon [Mr. Pierce]?

There was no objection.

GOVERNMENT REORGANIZATION

Mr. PIERCE of Oregon. Mr. Speaker, I noticed in connection with the reorganization of our governmental affairs a short time ago that the Farm Credit Administration was going to be put under the Secretary of Agriculture. We who represent agricultural districts, in which there are many foreclosures, rejoiced. I notice, however, that a few days ago the former Governor of the Farm Credit Administration

came to the National Capital and now, lo and behold, we do not know where the Farm Credit Administration is going to be placed, nor have we any hope of its regeneration.

I received a letter containing a few lines of poetry which illustrate the sadness of farm foreclosures, as well as the need for old-age assistance. It is so beautifully expressed, and so true to life, thousands in similar situation will appreciate it.

It reads as follows:

GASTON, OREG., April 21, 1939.

Hon. Walter M. Pierce, Washington, D. C.

DEAR CONGRESSMAN: Just to think about, we send poetry:

Yes; Ed and I homesteaded This land when we were young; Still somehow we clung. Though none thought we'd hang to the claim,

We cleared it and we tilled it, Set out every tree; In each square foot of soil there is A lot of Ed and me.

Work was work those early days, With many stock to feed; But Ed and I, we managed; Folks do, when there is need.

Then of a sudden, strangely, Prices began to slide; The depression was upon us, But nowhere could we hide.

All alone, we must manage This humble valley ranch; Our youth plowed in each furrow, Fruiting on each branch.

Mortgaged foreclosed "get out"! They say Justice is cold and blind, But we can't quit and move away; We'd leave our hearts behind.

Sincerely yours,

Mr. and Mrs. E. E. MORGAN.

Mr. PIERCE of Oregon. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks in the Record and to include therein a letter.

The SPEAKER. Is there objection to the request of the gentleman from Oregon [Mr. Pierce]?

There was no objection.

Mr. BENDER. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Does the gentleman from North Carolina [Mr. Clark] yield?

Mr. CLARK. Mr. Speaker, I yield.

The SPEAKER. Is there objection to the request of the gentleman from Ohio [Mr. Bender]?

There was no objection.

W. P. A. APPROPRIATIONS

Mr. BENDER. Mr. Speaker, in my home State of Ohio there are many people being laid off W. P. A. at this time. This has been going on for about a month, and there seems to me to be no logical excuse for this procedure. I believe there is sufficient money available to take care of all those on W. P. A. Somebody is playing politics with W. P. A.

Mr. Speaker, the administration certainly owes it to this Congress to give us a report as to the status of its finances at this time. We deserve to know exactly what the situation is. We followed the majority leadership in the matter of giving necessary appropriations to W. P. A., but Colonel Harrington has not given us any information from that time until the present to indicate that he needs additional money. If he does need it, we ought to be told about it, and we ought to provide for that need.

[Here the gavel fell.]

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent to proceed for 1 minute to answer the gentleman who just spoke.

Mr. CLARK. Mr. Speaker, I cannot yield any more.

The SPEAKER. The gentleman from North Carolina [Mr. CLARK] refuses to yield.

Mr. CLARK. Mr. Speaker, I call up House Resolution 214.

The Clerk read as follows:

House Resolution 214

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 6635, a bill to amend the Social Security Act, and for other purposes, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and continue not to exceed 8 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

Mr. CLARK. Mr. Speaker, I yield 30 minutes to the gentleman from Tennessee [Mr. Taylor].

Mr. Speaker, I yield at this time 10 minutes to the gentleman from Illinois [Mr. Sabath].

Mr. SABATH. Mr. Speaker, House Resolution 214 is for consideration of the bill H. R. 6635, to amend the Social Security Act, and for other purposes, and provides 8 hours' general debate. It is an open rule, which will give all Members the opportunity to offer amendments and obtain a vote on any and all amendments that may be offered in good faith by any Member.

The chairman of the Ways and Means Committee [Mr. Doughton], and other members of that committee, will explain the bill in detail, so I will content myself with mentioning that it extends and liberalizes benefits to widows, children, and dependent parents, and takes effect in 1940 instead of in 1942. The old-age insurance tax has been frozen at 1 percent upon workers as well as upon employers until 1942, which represents a 33-percent reduction. In the 3 years, 1940, 1941, and 1942, approximately \$825,000,000 will thus be saved the employers and employees. Other savings provided for will bring the total savings to approximately \$1,710,000,-000. It will also be seen that old-age insurance will be increased from \$30 to \$40 a month. The report of the committee, which I have before me, explains the many benefits under this act, and I hope that the chairman or some member of the Ways and Means Committee will place part of that report in the RECORD in order that the country may realize the great deal of time and study they have given the subject and the excellent recommendations they have brought forth.

I myself experienced a great deal of satisfaction and pleasure in having this bill before the House today. Over 30 years ago I introduced the first resolution to inquire into the possibilities of old-age insurance and advocated such insurance and legislation similar to that now provided in the Social Security Act. When we passed the first Social Security Act I said on the floor of the House that it was only a beginning, but a step in the right direction. I was mainly interested then in the principle, not the details. It is a principle I have advocated for many, many years.

Personally I cannot understand why 8 hours' general debate was requested. It is beyond me how anyone here with the interest of the people at heart can oppose any of the provisions of this bill.

Mr. Speaker, it was known that the Ways and Means Committee was nearly ready to submit its report on this legislation, and as far as I was personally concerned I felt it decidedly out of place to bring the so-called Townsend bill to the floor of the House. That bill had no chance of passing in the first place; neither was it feasible nor possible of operation. Without charging that its proponents and supporters have ulterior motives, which I do not want to imply, it does seem to me that such legislation is built on dreams and impossible to work out. I venture to say that many of the Members who voted for it did so not from conviction but because of political expediency. It should be remembered, Mr. Speaker, that many of us Democrats advocated and worked for social security, old-age and unemployment insurance, long before Dr. Townsend was ever heard of. And let us not forget that it was under the aggressive leadership of President Roosevelt that the present Social Security Act became a law.

To get back to the bill before us, I feel that every Member who voted against the Townsend bill should demonstrate by his vote today that he is sincere in trying to better the condition of the Nation's needy. I do believe that if nothing had been accomplished by the administration other than this legislation, the President and the Democratic House would be entitled to the everlasting thanks and gratitude of the American people. [Applause.]

I hope that, notwithstanding the misleading statements that have been made and probably will continue to be made from time to time, the American people will appreciate this legislation as a step in the right direction.

I believe that nearly all the Members on both sides of the aisle are for this legislation and for this rule, and for that reason I am not going to take up the 10 minutes given me. I will conclude in the hope not only that all the time provided for debate will not be needed, but that not even half of the time will be taken up, as we have many important measures pending in which the House and the country are very interested.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield, of course. I never can refuse to yield to the gentleman.

Mr. RICH. The gentleman says this is a step in the right direction, in changing the Social Security Act. Does not the gentleman believe you would have taken a greater step in the right direction had you given more time to the drafting of this act in its beginning? Then you would not have to make a lot of changes now. You are not even going far enough now to make it right. You ought to go a good bit further than you have gone at the present time.

Mr. SABATH. I am surprised, though also pleased, with the gentleman's question and suggestion. It does seem, though, that the gentleman today is at variance with his usual position. The gentleman suggests that we go much further than we are going in this bill. I agree that we should. But I recall quite vividly the gentleman's oft-repeated question, "Where will the money come from?" and I now ask that question of him. [Laughter and applause.]

I might inform the gentleman that originally we had hoped to make this bill a broader one, but the tremendous opposition from the Republican side kept us from giving the people all the relief we had hoped and expected to give them. However, we are doing it gradually, surely, positively, and in an orderly manner so as to not put a great additional strain on the Treasury or the taxpayers of the country.

The gentleman must be familiar with the cry of certain well-organized groups to the effect that taxes are stifling business. They want tax reductions. Of course they do. And I can take one very loud mouthpiece of those vested interests, the Chicago Tribune, and read to you headlines from some of its recent editions, which just do not support the editorials appearing in the same issue. Here is one headline:

Four hundred companies' net earnings 82 percent higher.

That appeared in the finance and commerce section of the June 2 issue. It reports that the aggregate net income of these companies for the 3 months ending with March was \$251,500,000, against \$137,900,000 a year earlier. Another heading is:

June interest, dividends put at \$579,119,000.

The edition of May 23 reports:

Commonwealth & Southern made \$13,750,981—Eastern Air Lines increases income—\$233,125 in the first quarter compares with earnings of \$98,822 year before.

The May 20 edition reports:

Store sales in week 22 percent above year ago—May 1 supply of used autos shows upturn—Output of autos mounts against seasonal trend.

Mr. Speaker, all of these newspaper reports, mind you, are in a newspaper whose editorials are continually crying against the administration and this Congress.

Mr. ANDERSON of Missouri. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield.

Mr. ANDERSON of Missouri. The gentleman from Illinois is making a very fine speech. The gentleman discussed the Townsend plan. Will the gentleman state how he stands on the Townsend plan?

Mr. SABATH. I have been opposed to it. It cannot be adopted, except in a form that could never be carried out. The finances of the Nation will not permit it. As I stated before, long before Dr. Townsend was ever heard of, the President and the Democratic Members realized the necessity of doing something for the aged of the country. We started the social-security program and we are going to follow it through without the aid of Dr. Townsend or any others impractical enough not to face hard realities and realize that such plans as the one he advances is absurd.

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield? Mr. SABATH. I yield.

Mr. O'CONNOR. I should like to ask this of the distinguished gentleman from Pennsylvania: Since he says this bill does not go far enough, how much further would he want it to go and how much money would he want us to spend?

Mr. RICH. The gentleman is asking me a question and I am sure the gentleman from Illinois will be pleased to hear me answer it. I will say, first, that the gentleman from Illinois is the first man I have heard on that side of the House get up and say, "Where are you going to get the money?" I congratulate the gentleman because I believe he is seeing the light. I believe if the gentleman will keep on he will realize that this program you have established cannot go any further because it is wrecking the Nation. I congratulate the gentleman. I think he is on the right track. I hope the gentleman can secure the aid and assistance of the Speaker, the majority leader, and the majority of the Members on that side of the House. I hope you will finish the job. The gentleman is the first man on that side who has started to want to know where you are going to get the money. [Applause.]

Mr. SABATH. I thank the gentleman. He is always very kind to me personally, and I appreciate it; but I could not resist asking that question, because the gentleman feels we are not going far enough. We are increasing the benefits and reducing the taxes. That certainly should satisfy the gentleman, who is always inquiring as to where the money is coming from. This bill in itself makes a reduction of \$1,710,-000,000. In addition to that it should be recognized that the continued improvement of business, with higher profits, means increased revenue to the Government, and I am not a bit alarmed—nor should he be—as to where the money will come from. Further proof of what I say will be found in the following short article from the Chicago Times. I urge the gentleman from Pennsylvania and all those who charge that business is being retarded by the New Deal to read and study it:

MORE NEW DEAL "RUIN"

Lammot du Pont, president of the du Pont Co., recently addressed an open letter to employees and stockholders of his company attacking the New Deal, accusing it of producing "fear and a perpetuation of our difficulties." Government expenses and taxation were strongly assailed as holding back business and reemploy-

Mr. du Pont ought to know something about how taxation and the fear therefrom holds back business. In 1932 the du Pont Co. paid less than a million dollars in Federal taxes. In 1937 the company paid more than eleven millions in Federal taxes. And look at the earning record of the company:

1929	\$78, 171, 730
1930	55, 962, 009
1931	53, 190, 059
1932	26, 234, 778
1933	38, 895, 330
1934	46, 701, 465
1935	62, 335, 410
1936	89, 884, 449
1937	88, 031, 943
1938	50, 190, 827

Those are net earnings after all taxes, including, in 1937, the atter an taxes, including, in 1937, the hated undivided surplus tax. And yet the du Pont Co. netted \$62,000,000 more in 1937 than in 1932. It earned—net, mind you—eleven millions more in 1937 than in that grand and glorious boom year of 1929.

If "big business" wonders why nobody loves it, there is a lesson in the du Pont statement in the face of the du Pont earning

record. It is so obvious that the disorders of the capitalistic system are so much deeper and more fundamental than taxation and Government spending that the public is disgusted when "captains of industry" persist in ignoring the plain facts in order to slam the New Deal.

Mr. Speaker, one of my colleagues from Illinois a few moments ago stated that in his district three Republican judges were elected. That is true. We in Chicago are taking the judiciary out of politics. We nominated some Republican judges. If we had not nominated some Republican judges on the Democratic ticket our majority would have been still larger because people resented the fact that we had done so. Our Democratic majority will be close to 400,000 in the city of Chicago, and this will overcome the effect of any little election in some of the country towns down-State. [Applause.]

The SPEAKER pro tempore (Mr. Coffee of Nebraska). The time of the gentleman from Illinois has expired.

Mr. TAYLOR of Tennessee. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, it is not my intention to consume a great deal of time in a discussion of this rule and the measure which it makes in order.

The bill, consisting of over 100 pages, is so complex and complicated that it would take the sapience of the proverbial Philadelphia lawyer and a great deal of actuarial knowledge to interpret its provisions.

There is one provision of the bill, however, with which I am more or less familiar by experience, and that is the section of the bill which relates to old-age assistance. When we had this measure before us on April 17, 1935, I took occasion to discuss the merits of that bill at that time. This was the original Social Security Act and on that occasion I made some predictions as to old-age assistance which have been verified by time. I said on that occasion:

According to the terms of this bill, the Government agrees to give According to the terms of this bill, the Government agrees to give those over 65 years of age a pension in such amount as may be matched up to \$15 per month by the State in which such persons reside. Therefore only persons in those States that are financially able to meet this condition will be benefited by this legislation as now proposed. During the course of this debate it has been repeatedly asserted by representatives of what some are disposed to refer to as "backward" States that a large number of States are so beset with financial difficulties that it will be impossible for them to qualify for the benefits of this legislation. What a spectacle it would be, Mr. Chairman, for the Government to be taking care of the aged and helpless in one State while the same class of citizens were denied these benefits in another State, even an adjoining State. these benefits in another State, even an adjoining State.

I made this prediction when we had this bill under consideration in 1935 and what I said then has come true. There is never a day that I do not receive from one to a dozen appeals from old people in Tennessee who are endeavoring to get on the old-age pension roll, pleading with me to assist them in obtaining these benefits. Of course, under the law, this act is administered by State authorities and I do not happen to enjoy a great deal of influence with the State administration in Tennessee, and therefore I am unable to render much assistance to them, although I do attempt to do so whenever an appeal is made.

Mr. RANKIN. Mr. Speaker, will the gentleman yield? Mr. TAYLOR of Tennessee. I yield to the gentleman from

Mr. RANKIN. What amount does an old person get under the present set-up in Tennessee?

Mr. TAYLOR of Tennessee. The average amount paid to the aged in Tennessee, as of February of this year, is \$13.23.

Mr. RANKIN. Then this bill will not help them?

Mr. TAYLOR of Tennessee. This bill will be of no benefit whatever to the State of Tennessee unless we adopt an amendment which I expect to propose. In the gentleman's State of Mississippi the average pension paid is \$7.06 and it goes down as low as \$6.11 in the State of Arkansas. So the States that have not the financial resources to meet the contribution made by the Government are actually in the position of contributing to the States that have sufficient resources to meet this old-age assistance obligation.

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield for a question?

Mr. TAYLOR of Tennessee. I yield to the gentleman.

Mr. O'CONNOR. As I understand it, this bill raises the payment by the United States Government from \$15 to \$20.

Mr. TAYLOR of Tennessee. That is correct.

Mr. O'CONNOR. Where the payment is matched by the several States?

Mr. TAYLOR of Tennessee. Yes.

Mr. O'CONNOR. For instance, in my own State our contribution from the Federal Government amounts to only \$10, because we can only contribute approximately \$10 from the State and the counties.

[Here the gavel fell.]

Mr. TAYLOR of Tennessee. Mr. Speaker, I yield myself 5 additional minutes.

Mr. O'CONNOR. And I cannot see where this bill, as it is now written, will in anywise help us in Montana, because we cannot raise the amount in Montana necessary to match the \$20 provided in this bill.

Mr. TAYLOR of Tennessee. I recognize that difficulty and at the proper time I expect to offer an amendment to meet it.

Mr. O'CONNOR. What will be the gentleman's amendment?

Mr. TAYLOR of Tennessee. I shall propose an amendment providing that the Government shall contribute fiveeighths of the \$40 which is provided for in this bill, which will leave the State contribution at \$15 and make the Federal contribution \$25.

Mr. O'CONNOR. Why do we not have a flat contribution by the Federal Government from Washington regardless of what the State can put up?

Mr. TAYLOR of Tennessee. In my judgment we will never have a satisfactory old-age pension law until the pension is paid direct from Washington.

Mr. O'CONNOR. That is right.

Mr. TAYLOR of Tennessee. Because these States that are impoverished cannot meet the requirements of this bill.

Mr. ROBSION of Kentucky. Mr. Speaker, will the gentleman vield?

Mr. TAYLOR of Tennessee. I yield to the gentleman from Kentucky.

Mr. ROBSION of Kentucky. I may say that in the State of Kentucky the average pension paid under the Social Security Act is less than \$9, and many old people get as low as \$6 or even as low as \$4, and in Kentucky the director of old-age assistance has advised me and others recently that around 90,000 people have applied for old-age assistance, and they have allowed only about 45,000, while admitting there are thousands and thousands of persons qualified who cannot get any pension because no provision has been made for the payment of such pensions.

Mr. TAYLOR of Tennessee. I concede that what the gentleman says is true, because the same situation prevails in

Mr. ROBSION of Kentucky. In 1935, when the Social Security Act was passed, I offered as an amendment a straight payment by the Federal Government to all needy old people. and the gentleman from Tennessee now speaking actively supported my amendment.

Mr. TAYLOR of Tennessee. The gentleman has an accurate memory. In Tennessee, in February, we had 21,946 people on old-age pension rolls, and I am reliably advised that in that month we had as many or more who had been pronounced eligible for old-age assistance who could not be placed on the rolls on account of insufficiency of funds.

Mr. LEAVY. Mr. Speaker, will the gentleman yield?

Mr. TAYLOR of Tennessee. Yes.

Mr. LEAVY. The gentleman is evidently reading from a tabulation furnished him by the Social Security Board as to payments, and I am wondering if that tabulation discloses any State in the Union except California that is actually matching \$15 a month at the present time?

Mr. TAYLOR of Tennessee. California is paying an average of \$32.47, Colorado is paying an average of \$29.07, and a number of States are paying \$25 or more-Massachusetts, New York, I think Ohio, and at least a dozen other States.

Mr. LEAVY. But aside from this bill no other State is able yet to match dollar for dollar the \$15?

Mr. TAYLOR of Tennessee. That is the reason the Government ought to grant a subsidy to the States to take care of this situation.

Mr. PACE. Mr. Speaker, will the gentleman yield?

Mr. TAYLOR of Tennessee. Yes.

Mr. PACE. With only one State now matching the \$15, what was the idea of the committee in reporting \$20, when only one State in the Union can really pay \$15?

Mr. TAYLOR of Tennessee. It appears to be a delusion

and a snare.

Mr. PACE. So it is working somewhat under the philosophy of the Biblical phrase that "To him that hath shall be given and from him that hath not shall be taken away."

Mr. TAYLOR of Tennessee. Yes; and as I pointed out to the gentleman from Georgia, his State is contributing to the other States because you have not been financially able to meet the provision requiring equal contribution.

Mr. HENDRICKS. Mr. Speaker, will the gentleman yield?

Mr. TAYLOR of Tennessee. Yes.

Mr. HENDRICKS. Will the gentleman support an amendment making this outright grant by the Federal Government?

Mr. TAYLOR of Tennessee. Yes. I said a moment ago that I do not think we will ever have a satisfactory old-age pension law until it is paid by the Government. [Applause.]

Mr. CLARK. Mr. Speaker, I yield 10 minutes to the gentleman from Mississippi [Mr. Colmer].

Mr. COLMER. Mr. Speaker, I am very much interested in the statement just made by my distinguished colleague on the Rules Committee, the gentleman from Tennessee [Mr. TAYLOR]. I did not know that he had any such proposition in mind, but I am glad to know that he has, because I know we are going to get some much-needed support from that side of the House.

When this social-security bill was first considered, I appeared before the Committee on Ways and Means and pointed out that these so-called less wealthy States could not match this pension dollar for dollar. When that bill was considered on the floor of the House I offered an amendment that would have required the Federal Government to put up four-fifths of the money. That amendment was defeated and consequently the legislation that we now have was enacted. After 4 years of that legislation we have seen that the very fact that I pointed out to the committee and pointed out on the floor of the House has come true, namely, that these States cannot meet this money dollar for dollar. It is fine for California, it is fine for Massachusetts, but it is mighty bad for Arkansas, New Mexico, and Mississippi, and Georgia, and these other States that cannot match the \$15.

Mr. DEMPSEY. Mr. Speaker, will the gentleman yield?

Mr. COLMER. Yes.

Mr. DEMPSEY. Is it not true that under the present proposed bill the people who are suffering most by reason of the fact that the States cannot match dollar for dollar are going to be in the identical same position if the legislation becomes a law.

Mr. COLMER. The gentleman is entirely correct. This bill does not help the needy of his State one dollar.

Mr. DEMPSEY. In other words the people who need help most are to receive no benefits by it.

Mr. COLMER. Quite so. Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. COLMER. Yes.

Mr. RANKIN. Not only will this not benefit the old people in those States, what are called the poor States, but the poor States off which the other States have grown rich are agricultural States where the social-security part of this bill and the social-security part of the original bill left the farmers out of it entirely.

Mr. COLMER. Quite so.

Mr. RANKIN. So the only thing the people in the farming States get is the privilege of paying the bill?

Mr. COLMER. I thank my colleague for his contribu-tion. When this bill is considered under the 5-minute rule—

and we have an open rule on this bill and will have an opportunity to legislate, as we did not have the other day—I will offer an amendment on page 3, line 9, to strike out "one-half" and insert "four-fifths"; on page 4, line 6, strike out "one-half" and insert "four-fifths"; and in line 15, strike out the word "forty" and insert the words "twenty-five."

That would do simply this: That would say that for every dollar that the States put up the Federal Government would match it by \$4 up to the \$20 limitation of the Federal Government. In other words, it would not cost the Federal Government one cent more as far as those States that are able to match it are concerned; but it would benefit the aged needy of the less wealthy States by increasing their present pittance by \$4 for every dollar their State now contributes. The need of the aged in New Mexico is just as great as it is in California or Massachusetts.

Mr. VOORHIS of California. Mr. Speaker, will the gentleman yield?

Mr. COLMER. I yield.

Mr. VOORHIS of California. Since I come from California I would like to say that I would be glad to support the gentleman's amendments.

Mr. COLMER. I appreciate the gentleman's statement. He is always fair and broad-minded.

Mr. LEAVY. Mr. Speaker, will the gentleman yield?

Mr. COLMER. In just a moment. Not only that but let me call the attention of the gentleman from California to the fact that if my amendment is adopted the aged people of his State, which now matches the full \$15 that the Federal Government puts up, will get \$5 more per capita than they are now getting. In other words, they would get \$20 for the \$15 contributed where they are now getting \$15 from the Federal Government.

I now yield to the gentleman from Washington.

Mr. LEAVY. Under the gentleman's plan, as I understand it, if a State matched fully the \$20, the maximum pension would be \$25 per month.

Mr. COLMER. Oh, no, not at all. The maximum pension would be \$40, as it is now written in the bill, where the State puts up \$20.

Mr. LEAVY. But in order to get \$20 from the Federal Treasury a State would only be required to put up \$5?

Mr. COLMER. That is correct.

Mr. LEAVY. And that would make a \$25 pension?

Mr. COLMER. Quite so.

Mr. O'CONNOR. Will the gentleman yield?

Mr. COLMER. I yield.

Mr. O'CONNOR. In my State of Montana where the State and counties put up \$10, under the gentleman's amendment, how much pension would go to my qualified people in Montana, assuming that they continue to put up the amount of money they are now advancing, namely, approximately \$10?

Mr. COLMER. If they put up \$10 they would get a maximum of \$20 from the Federal Government. That would make a \$30 pension.

Mr. O'CONNOR. That is, under your proposed amendment?

Mr. COLMER. Under my proposed amendment; yes.

Now, let me say that we had before this House the other day a utopian scheme that would give people as much as \$200 a month; \$400 for an aged couple. This House, by an overwhelming vote, turned down that proposition, as was expected. Aged pensions are something new in our governmental scheme. I think it is cruel to attempt to lead these old people to believe that a \$200 or \$300 pension is an attainable goal. But I say to you that this question of pensions for the aged is one of the most pertinent questions, one of the most pressing questions that confronts this country today. I want to say to you further, you people from Massachusetts and California, if you think you are getting something out of this and the other States are not, let me remind you that if this thing continues you are going to

have the same proposition in pensions for the aged that you now have in the W. P. A. and these other relief agencies.

You are going to have the aged and needy from those States that cannot match this proposition coming to your State to live with you, and you are going to have to take care of them. That is what is being done in the W. P. A. That is what is being done in the other relief agencies. We ask by this amendment that you treat the aged needy of these so-called less wealthy States not as well as they are treated in Massachusetts and California and some of the other States, but to give them a break; give them an opportunity to get something. They should in justice all receive the same treatment. In my own State of Mississippi it would require more money than all of the money that is now collected for general revenue purposes in the State of Mississippi, to match the proposition of \$20 with \$20. It is therefore apparent that it is impractical and not feasible for them to match it on an equal basis.

I want you to think seriously about this proposition, which I am advocating. It is something this House ought to consider and correct.

[Here the gavel fell.]

Mr. CLARK. Mr. Speaker, I yield the gentleman 1 additional minute.

Mr. COLMER. Mr. Speaker, I would like to call attention, in conclusion, to the fact that the Senate committee on relief and unemployment recognized the justice of this cause which I am advocating, in its report No. 2, part 1, submitted by Senator Byrnes on January 4, 1939, wherein it is stated:

In certain States this grant is so inadequate as to be of little value. It is recommended that the contribution of the United States for public assistance to the aged, the blind, and dependent children be 50 percent of the amount paid, but that in those States where the average per capita income is less than the average per capita income of the United States, the Federal contribution be increased in proportion to such differences, and that a provision of the grant should be the guaranty of certain minimum payments, as follows: To the aged, \$15; to the blind, \$15; to the dependent children, \$20.

For the benefit of the membership and for their consideration between now and the time that we vote on the bill, I want to quote the amendment again, as follows:

Amendment: On page 3, line 9, strike out "one-half" and insert "four-fifths"; and in line 15 strike out the figure "40" and insert the figure "25"; and on page 4, line 6, strike out "one-half" and insert "one-fifth."

This report recommends a minimum to the aged of \$15, to the blind \$15, and to dependent children \$20 as the Federal Government's contribution.

The President's Board recognized this principle in its report to the President which the President sent to this Congress with this statement:

The Board believes it is essential to change the present system of uniform percentage grants to a system whereby the percentage of the total cost in each State made through a Federal grant would vary in accordance with the relative economic capacity of that State.

Mr. Speaker, the following table graphically describes the unjust discrepancies in the amount received under the present set-up which this amendment would tend to equalize:

Region and State	Number of recipients	Amount of obligations incurred for payments to recipients	Average per recipient
Total.	1, 641, 151	\$31, 173, 700	\$19.00
Region I: Connecticut Maine. Massachusetts New Hampshire. Rhode Island. Vermont. Region II: New York Region III:	15, 122	402, 252	26. 60
	12, 182	253, 560	20. 81
	73, 212	2, 058, 656	28. 12
	3, 856	88, 336	22. 91
	6, 296	118, 283	18. 79
	5, 273	76, 177	14. 45
	108, 644	2, 615, 043	24. 07
Delawre	2, 581	27, 901	10. 81
	26, 971	514, 883	19. 09
	88, 958	1, 891, 833	21. 27

Region and State	Number of recipients	Amount of obligations incurred for payments to recipients	Average per recipient
Region IV			
District of Columbia	3, 241	\$81,898	\$25, 27
Maryland	17, 205	301, 282	17. 51
North Carolina	31, 193	288, 806	9, 26
Virginia	4,770	39, 848	8. 35
West Virginia	17, 925	246, 711	13. 76
Region V:		500 million (1000)	
Kentucky	43, 128	380, 003	8. 81
Michigan	68, 889	1, 192, 436	17. 31
Region VI:		The state of the s	229/44/20
Illinois	123, 078	2, 252, 393	18. 30
Indiana	49, 139	805, 562	16. 39
Wisconsin	42, 482	867, 860	20, 43
Region VII:			
Alabama	15, 599	149, 803	9. 60
Florida	31, 908	444, 025	13. 92
Georgia	35, 176	310, 654	8. 83
Mississippi	17, 996	121, 381	6. 74
South Carolina	22, 306	160, 371	7. 19
Tennessee	22, 599	299, 040	13. 23
Region VIII:	40.000	000 774	19. 82
	49, 879	988, 714	20. 25
Minnesota Nebraska	64, 462	1, 305, 075	15, 47
NebraskaNorth Dakota	26, 631	411, 883	17, 20
South Dakota	7, 720 16, 010	132, 782 321, 339	20, 07
Region IX:	10,010	021, 000	20.07
Arkansas	17, 731	74, 832	4, 22
Kansas	21, 172	396, 818	18, 74
Missouri	73, 142	1, 329, 955	18, 18
Oklahoma	64, 949	987, 382	15, 20
Region X:			
Louisiana	27, 082	273, 122	10.08
New Mexico	3, 763	41, 816	11.11
Texas	113, 342	1, 566, 540	13.82
Region XI:	100000000000000000000000000000000000000		
Arizona	6, 598	171, 510	25. 99
Colorado	37, 417	1, 081, 663	28. 91
Idaho	8, 741	188, 286	21.54
Montana	12, 415	253, 430	20. 41
Utah	13, 281	270, 098	20.34
Wyoming	2, 940	63, 345	21. 55
Region XII:			00.00
California	123, 734	4, 008, 326	32. 39
Nevada	2,053	54, 438	26, 52
Oregon	18, 603	395, 890	21, 28
Washington	36, 946	816, 705	22. 11
Territories:	1 0/5	29, 546	27.32
Alaska	1,045		12. 58
Hawaii	1,766	22, 208	12, 58

In conclusion, Mr. Speaker, let me say that I have given much thought and consideration to this subject. I was never more convinced of anything in my life than I am of the injustice of this set-up. Pensions for the aged needy will eventually be recognized as a national problem. We are not going that far here. We are merely asking for a little better treatment for those aged needy people who live in the less densely populated areas of the country. This is by no means as far as I would like to see the Congress go, but this is as far as I have any assurance or the right to feel that the Congress will go at this time. And so far as I am concerned, I would prefer to get something tangible like this than to render lip service to these poor aged people, as has been such a popular pastime with so many of our public people, and especially candidates for office. [Applause.]

[Here the gavel fell.]

Mr. TAYLOR of Tennessee. Mr. Speaker, I yield 10 minutes to the gentleman from New York [Mr. Fish].

Mr. FISH. Mr. Speaker, the gentleman from Illinois [Mr. SABATH] a few moments ago announced a famous New Deal victory in the city of Chicago. Like many others of these famous New Deal victories, however, if you analyze them you will find they are not victories at all. I am informed that in the city of Chicago a list of sitting judges were nominated, Republicans and Democrats alike. There were some 20 sitting judges, 7 of whom were Republicans. They were nominated and endorsed and ran on the Democratic ticket, and were supported by the Chicago Tribune, a Republican newspaper, and by hundreds of thousands of Republicans. If this be the type of New Deal victory you are depending upon to get back in 1940, it seems to me you will have to have a better basis and more effective propaganda work than that.

We Republicans are highly gratified that the Ways and Means Committee have finally come to the conclusion that the Republicans were right 2 or 3 years ago when we advocated the abandonment of the \$47,000,000,000 reserve fund. We also are highly gratified that you have taken the Republican position which we proposed by way of a motion to recommit, to raise the pensions for needy aged, which you put in the bill from \$15 to \$20; so I congratulate you upon your Republican point of view, and I imagine you will have a pretty good bill after a while, a bill that will be satisfactory to the wage earners of the country. Recently you introduced and brought into the House the so-called Townsend plan under a gag rule that made it utterly impossible for the Members to amend the bill or to consider it in any way except to adopt or to reject it.

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield.

Mr. O'CONNOR. Is it not a fact that the gentleman from New York is a member of the Committee on Rules?

Mr. FISH. I am, unfortunately, a member of the minority of the Rules Committee. I objected strenuously to the gag rule, but was outvoted.

Mr. O'CONNOR. Is it not a further fact that it lies within the discretion of the Committee on Rules to report any kind of rule, an open or a closed rule? That is correct, is it not?

Mr. FISH. Certainly; but I have just told the gentleman that I did all I could by voting against a closed rule.

Mr. O'CONNOR. Did the gentleman make any attempt to have reported an open rule?

Mr. FISH. Oh, yes. I advocated an open rule, and urged an open rule. I have always opposed gag rules.

Mr. HENDRICKS. Mr. Speaker, will the gentleman yield for a question?

Mr. FISH. I yield.

Mr. HENDRICKS. Did I understand the gentleman to say that the Republicans would offer a motion to recommit this bill and bring it back with a \$20 contribution by the Federal Government?

Mr. FISH. No; the gentleman misunderstood my statement. I stated that a number of years ago when the social-security bill was under consideration in the House the Republicans offered a motion to recommit for \$20, which was defeated. Now, however, the Democratic Ways and Means Committee have adopted the old Republican motion; and, step by step, they are improving and perfecting the bill until some of these days we shall have a sound and workable bill. In view of the fact, however, that this whole question of old-age pensions was not discussed or debated except as to the actual text of the Townsend bill, the opportunity now arises for every Member of the House to express his or her views as to what an adequate old-age pension should be, or what the adequate old-age pension provision should be in this bill.

Listening to what has been said, you must come to the conclusion that certain States of the Union are practically insolvent or virtually bankrupt. When, therefore, we adopt even this \$20 provision, it does no good in certain States, for they cannot afford to take advantage of it. It is a political hoax. You are not fooling the Townsendites, nor are you fooling the aged needy in the country. When the Congress of the United States raises this limit to \$20 it does no good except in the State of California and one or two others. It certainly amounts to political trickery and a contemptible action as far as the needy aged are concerned.

We assume that we are legislating in good faith and desire to provide adequate old-age pensions. We Members of the House of Representatives have the power to legislate here today. We should consider all angles of the question. I am willing to accept two or three different amendments any one of which would be preferable to the present bill. I am willing to follow the gentleman from Tennessee [Mr. Taylor], who advocated that the Federal Government pay five-eighths of the pension and that the States pay three-eighths. The purpose of his amendment is to encourage the States to do everything in their power to put up their three-eighths in order to get the five-eighths from the Federal Government.

In this way the needy aged will not be discriminated against in the poorer States of the Union. Whether those States happen to be Democratic States or not, it is a matter of sound common sense, justice, and fair dealing. I am willing to go even further; I am willing to support an amendment, or maybe to offer an amendment to get the will of the House on a flat pension of \$10 to the needy aged in every State of the Union without discrimination, limiting it to the needy or qualifying it so that, for instance, it will not be paid to those who have more than \$1,000 in real or personal property.

Mr. COLMER. Will the gentleman yield?

Mr. FISH. I yield to the gentleman from Mississippi.

Mr. COLMER. I am interested in the gentleman's statement, although I am not sure I heard all of it. I understood that the gentleman favored the principle of giving the so-called poorer States an opportunity to pay a better pension by having the Federal Government pay better than on a 50-percent basis. I want to congratulate the gentleman upon his stand and I hope he may be supported.

Mr. FISH. I think the House has a right at this time under an open rule to work its will. It has this opportunity now. It cannot hide behind a gag rule if it wants to do something for the aged and needy of this country. The Ways and Means Committee has been very fair. It has raised the ante \$5, but that does not mean this money will reach the aged in many States of the Union. I am not criticizing the Ways and Means Committee. We have the power here to amend and we cannot now hide behind a gag rule as was done when the Townsend bill was being considered.

Mr. DISNEY. Will the gentleman yield?

Mr. FISH. I yield to the gentleman from Oklahoma.

Mr. DISNEY. The gentleman spoke about the gentleman from Tennessee [Mr. Taylor] who advocates the payment of five-eighths by the Federal Government and three-eighths by the States. As an ultimate conclusion, why not say one-eighth by the States and seven-eighths by the Federal Government?

Mr. FISH. I think his proposition is fair and equitable. We are trying to be reasonable. If we follow the gentleman's suggestion, why not pay it all?

Mr. DISNEY. That is my next question.

Mr. FISH. I believe the States should pay a substantial part. I am willing, however, to provide a minimum flat pension of \$10 to the needy aged, with some restrictions as to the definition of need.

[Here the gavel fell.]

Mr. TAYLOR of Tennessee. Mr. Speaker, I yield the gentleman 5 additional minutes.

Mr. DISNEY. Either proposition involves the final drifting to a Federal payment without State participation.

Mr. FISH. I am opposed to that. I think the States should pay something.

Mr. DISNEY. When you go further than a 50-50 proposition, are you not getting ready for ensuing concessions along that line?

Mr. FISH. I do not agree with that logic at all. We opened the gate on a 50-50 basis. When we did that we hoped it would work, and we thought the States would be able to contribute their 50 percent. The fact is the States have not been and are not able to contribute the 50 percent; therefore, we are willing to grant a further concession as an encouragement to those States in order that the needy of those States may be able to get the same treatment as the needy in other States. That is the purpose of any reasonable amendment along these lines, and it seems to me it is sound and logical, but we should not go the entire way by paying seven-eighths or nine-tenths or the whole thing.

Mr. DISNEY. Just one other question. Is it not an invitation to the States not to participate when we start stepping up?

Mr. FISH. No. It would be just the reverse. If we stepped it up to five-eighths and say to the States that they will have to put in three-eighths, that is an encouragement, because they get more than they put up. Any sensible businessman

or any sensible State would like to do that if it can do so within its finances.

Mr. DISNEY. Does not the gentleman think the States have a right to decide how much they will put in?

Mr. FISH. I do; yes. I thoroughly agree with that. I do not believe in putting a limitation upon the States. If they want to put up a hundred dollars, that is their right. If California wants to vote a hundred-dollar pension, that is its right to do so. We should not dictate to the States what they should put up. As far as the three-eighths is concerned, they have to put up three-eighths in order to get five-eighths. There will be lots of other amendments offered. I am only speaking on the principle. Some people think we ought to put up two-thirds as opposed to one-third. As far as I am concerned, either one of those is satisfactory.

Mr. Speaker, I would like to have a vote on another proposition, and I am going to offer it simply to get the will of the House. I refer to a flat minimum pension of \$10 to be paid to the needy, with a limitation of \$1,000 in personal and real property. I would like to have a vote on that. Then we can proceed to legislate along these lines. I am also in favor of lifting the \$20 pension to \$25. I have been in favor of the \$25 pension for years. Again I want to congratulate the Ways and Means Committee on going to \$20, but I am perfectly willing and ready to vote a \$25 pension into this Social Security Act.

Mr. BUCK. Will the gentleman yield?

Mr. FISH. I yield to the gentleman from California.

Mr. BUCK. If that plan is adopted, how soon will it be until \$200 is offered as a flat pension for the entire United

States, a proposal which we just voted down?

Mr. FISH. I think the matter of reasons

Mr. FISH. I think the matter of reasonableness enters into the picture there. We voted down the Townsend plan, and we voted against it because we did not believe in \$200 a month, nor did we believe in the financial set-up. Many of us believe if you can give \$20 you can give \$25, which is certainly a reasonable proposition. According to the committee, it costs between \$5,000,000 and \$10,000,000 more to raise it from \$20 to \$25. That is all it costs. We appropriate \$100,000,000 for a battleship without even discussing the proposition, yet we are afraid to appropriate \$5,000,000 or \$10,000,000 for the aged and needy of this country.

Mr. O'CONNOR. Will the gentleman yield?

Mr. FISH. I yield to the gentleman from Montana.

Mr. O'CONNOR. What benefit would a poor State or the people of a poor State get out of the gentleman's proposal if you increase the \$15 to \$25 when those States cannot now match the \$15?

Mr. FISH. That is a perfectly proper question. That is why I propose to offer an amendment to pay a flat pension to all needy over 65 years of age with certain restrictions, so that it will be shown they are needy and not the welfare needy, of \$10 a month.

Mr. O'CONNOR. Do not make it less than \$20 a month. You cannot ask people to live on \$10 a month.

Mr. FISH. I am not asking them to live on \$10 a month. I am going by what the country can afford to do and what I think is the fair, humane, and just thing to do at the present time. [Applause.]

Mr. O'CONNOR. Then make it \$20.

[Here the gavel fell.]

Mr. CLARK. Mr. Speaker, I yield 1 minute to the gentleman from California [Mr. Voorhis].

Mr. VOORHIS of California. Mr. Speaker, it is not my purpose to discuss the social-security proposition at this time. I hope I shall have a few minutes to do that in the course of the debate. At this time I wish to answer the gentleman from Ohio [Mr. Bender], who complained this morning that people were being laid off by the W. P. A. in his State. He blamed the administration for these lay-offs. But it ought not to be necessary to point out to any intelligent human being that the reason these people are being laid off is that the appropriation was in an amount sufficiently small that everybody knew it

was going to be necessary to lay off some 200,000 people at the beginning of each month.

I merely wish to say that, in my opinion, the thing that would do more, perhaps, to restore real confidence to this country than anything else would be for this Congress to determine that every family that is totally unemployed would have an opportunity to have one person at work. Of course, consideration of matters such as the social-security program is evidently related to that. The better we can do in the matter of real old-age pensions the less necessity there will be for other types of legislation such as W. P. A. It is all connected together. [Applause.]

[Here the gavel fell.]

Mr. CLARK. Mr. Speaker, I yield the remainder of my time to the gentleman from New York [Mr. MARTIN J. KENNEDY].

Mr. MARTIN J. KENNEDY. Mr. Speaker, I ask unanimous consent to proceed out of order.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

THE THIRD-TERM MYTH

Mr. MARTIN J. KENNEDY. Mr. Speaker, the American, by nature, is adventurous. Especially is this so as he seeks the life-giving waters of democracy. For greater freedom, he fears not experiment. To promote liberty, he abandons ancient vehicles impotent against the obstructions of a modernized social savagery.

The early Americans did not hesitate to forsake old loyalties, customs, and the homes of their fathers, for they held that the loyalty to themselves involved in freedom was their first loyalty. That their sons should live as free men was of greater consequence than that their fathers had died in the trappings of the king.

When the stagnation from which they fled crept across the seas, they fled no further, but tried a new policy—revolution—and dissolved all political ties to the past.

Traditions were gossamer when confronted by facts. "The king could do no wrong"—that was not only shibboleth but law. There came another lawmaker—the Continental Congress—and its first law was the Declaration of Independence, which not only decreed freedom as the law of the land but indicted the king as a public enemy, listing his crimes against God and mankind.

Kings then and kings now form a sharp contrast. The experiment of freedom achieved in 1776 has so well worked that the successor of the king who was outlawed is now a more than welcome guest to our shores, for he, too, subscribes to a democracy with a willing heart.

Our colonial forebears were not traditionalists or they would not have fought the king. We are not traditionalists, or we would not welcome George VI. As the founding fathers were realistic, they would expect us to be. Traditions that denied them development, they ignored; and as their adventurous descendants, so should we.

Today we are confronted with tradition, born of a myth. Were it true tradition, but an impediment to our growth, as a practical people, we would assign it no value. The so-called third term tradition has not the weight of tradition. It has been ascribed to Washington, but his own words dispel the myth that Washington believed a Presidential third term unpatriotic.

Even today our school children are taught, among other legendary stories about the Father of his Country, that it was he, who, through patriotic reasons, laid down the rule that two terms were sufficient for any person to serve as Chief Executive of the United States. He did not want to accept a second term, but foreign affairs were in such a state that he did. In his Farewell Address on September 17, 1796, Washington recalled the circumstances, and he went on to say:

Not unconscious, in the outset, of the inferiority of my qualifications, experience in my own eyes, perhaps still more in the eyes of others, has strengthened the motives to diffidence of my-

self; and every day the increasing weight of years admonishes me more and more, that the shade of retirement is as necessary to me as it will be welcome. Satisfied that if any circumstances have given peculiar value to my services, they were temporary. I have the consolation to believe, that while choice and prudence invite me to quit the political scene, patriotism does not forbid it.

Washington wanted to retire from political life to the retreat of his Virginia estate. Domestic conditions were tranquil and there was no necessity, he held, for him to again accept election to the presidency.

There has also been some confused thinking as to Jeffer-son's attitude on a third term.

The historian McMaster, who wrote that Washington went back to private life solely because he was tired of the Presidency, and because the state of the country did not demand a further sacrifice of his comfort, also discovered a personal letter Jefferson wrote to his friend, Colonel Taylor, of Virginia, from Washington, and dated January 6, 1805.

My opinion originally was-

Wrote Jefferson-

that the President of the United States should have been elected for 7 years and be forever ineligible afterward. I have since become sensible that 7 years is too long to be irremovable, and that there should be a peaceable way of withdrawing a man in midway who is doing wrong. The service for 8 years with a power to remove at the end of the first 4 comes nearly to principle as corrected by experience. And it is in adherence to that that I determine to withdraw at the end of my second term.

Then he added this qualification:

There is, however, but one circumstance, which could engage by acquiesce in another [a third] election, to wit, such a division about my successor as might bring in a monarchist.

So Mr. Jefferson, in order to prevent the election of a person committed to views or principles which Jefferson believed prejudicial to the interests of the country, would have stood for a third consecutive term.

That important qualification, Professor McMaster noted, was never included in any of Mr. Jefferson's public utterances. But after waiting more than a year without replying to the invitation of the Legislature of Vermont, and followed by addresses from the Legislatures of Georgia, Maryland, Rhode Island, New York, Pennsylvania, New Jersey, and North Carolina urging Mr. Jefferson to become a candidate for a third successive term, Mr. Jefferson replied as follows:

That I should lay down my charge at a proper period is as much a duty as to have borne it faithfully. If some termination to the services of the Chief Magistrate be not fixed by the Constitution, or supplied by practice, his office, nominally for years, will in fact become for life; and historians show how easily that degenerates into an inheritance. Believing that a representative government responsible at short periods of election is that which produces the greatest sum of happiness to mankind, I feel it a duty to do no act which shall essentially impair that principle; and I should unwillingly be the first person, who, disregarding the sound precedent set by an illustrious predecessor, would furnish the first example of prolongation beyond the second term of office.

Jefferson's biographer, Nock, said that Jefferson at the closing of his second term wrote an importunate correspondent—

You suppose I am "in the prime of life for rule." I am sensible I am not and before I am so far declined as to become insensible of it, I think it right to put it out of my own power.

By means of the congressional caucus, Jefferson passed the Presidency on to Madison, Jefferson's Secretary of State, and then, after Madison served two terms, Jefferson and Madison together gave the Presidency to Monroe, Madison's Secretary of State. That caucus system was not crushed until 1824.

That Washington could have been elected to a third term, but would not have it, is best proof that our early citizens did not oppose a third term. Washington's reasons for not running a third time were purely personal and did not beget a national policy.

The Constitutional Convention did not adopt any bars to a third term. The far-seeing sages who contrived the Constitution thought the time might come and the man might come when such a bar would impede the progress of the

The third-term phase of our political life did not appear again until 1880 when Grant went to a Republican convention with 302 votes. Other considerations made him unavailable as a candidate.

Mr. Coolidge, by his silence in 1927, created probably the greatest furor in American politics-until the present. Editorial pens and typewriters, somber and facetious expressions in the Senate, further perplexed the average citizen.

One of the most learned men who ever sat in the Senate was the late Senator Fess, of Ohio, a former educator. In debate on the La Follette resolution on February 9, 1928, Senator Fess pointed out that the Constitutional Convention was unable to agree on the tenure of the President.

When the question arose in reference to the Chief Executive-

He continued-

the convention originally proposed a term of 7 years, with ineligibility for reelection. When a vote was called upon that proposal Washington was included in the list of those who voted against it. Although he did not make any comment at the time, later on, as is well understood, Washington had a conversation with Jefferson on the matter, and they did not agree. Also Washington wrote a reply to General Lafayette, who specifically addressed a letter to Washington on the subject of ineligibility to reelection. In the reply of General Washington he took a decided position against the Jeffersonian view. So it was decided not to limit tenure. The Constitutional Convention did fix a short term, but kept open the question of tenure, so that if experience might count for anything it could be utilized in the administration of the Government.

Further in his discourse, Senator Fess said:

Custom thus far has limited the tenure of the Executive to two terms. That may have the force of law, but there is no constitutional inhibition against extending the term of the Executive beyond the second term. There is no inhibition whatever, as every student of constitutional law must recognize. Neither is there any inhibition in regard to the Members of this body or the Members of the House of Representatives.

I admit that the precedent (of a second term) was set by Washington. I admit that he was not elected to a third term; but I will not admit that he believed that a third term was vicious or that he ever thought it was unpatriotic, or that he thought it would not be a wise course.

There was not any doubt of his intention to retire at the end of the first term, even though he might have changed his views about retiring before the term was over. He stated to Madison that he wanted an address prepared suitable to his retirement. Madison put it into form. In that address I find these words, which are constantly quoted by the proponents of this resolution as being words of Washington:

"May I be allowed further to add as a consideration far more important than an early example for rotation in office of so high and delicate a nature may equally accord with the republican spirit of our Constitution and the ideas of liberty and safety entertained by the people."

Rotation in office! That is stated as being in accord with our

views of democratic government.

Mr. President, that statement was written by Madison. That statement was not in the President's Farewell Address when the finally delivered it to the American people. This particular item of Madison's draft was never accepted by President Washington.

On the next day, February 10, 1928, Mr. Speaker and ladies and gentlemen, the RECORD shows Senator Wesley L. Jones, of Washington, another stanch Republican, saying to the

The passage of the resolution, in my judgment, amounts to nothing more than the declaration of 49 or more Senators that in their judgment the people of the country are not competent to select their President. I cannot subscribe to any such doctrine. I shall vote against the resolution and await with interest the vote of Senators whose party slogan a few years ago was "Let the people rule." Nor can I subscribe to the declaration in the resolution that leaving the selection of their President to the American people would be "unwise, unpatriotic, and fraught with peril to our free institutions." Such a reflection as the upon the American people is wholly unwarranted and unjustified.

This same thought was expressed by Senator Shortridge, of California, and he was even more satirical when he asserted:

This resolution might well be debated by members of some kindergarten school in some remote village, but the Senate of the United States is not the place for its consideration. However, the Senator from Wisconsin, seeing the pillars of the Republic trembling and the "wide arch of the ranged empire" collapsing, and fearing that Plymouth Rock may be taken up and thrown into

the sea, introduces this moth-eaten resolution.

I wonder what would have been said in the Roman Senate when Hannibal was within a few miles from Rome, out there on the Appian Way, if some senator in his toga had risen and introduced a resolution that no general of the Roman Army should be appointed or reelected a third time—if it had been suggested that Fabius be dismissed. As Senators familiar with history know, if a Roman senator had made such a proposition in the Roman Senate he would have been hurled from the Tarpeian Rock; he would have been regarded as another Catiline.

But Mr. Coolidge, who had made his famous "I do not choose to run" statement 6 months before, was as firm in his determination as was Washington. Had he consented. I believe that this country would have been better off today. But we had Mr. Hoover and the collapse of our financial structures, miserable human derelicts roaming the country in search of food and work, soldiers who risked life in the World War burned out of pitiful shelters here in the Capital, and a condition bordering on revolution.

In the history of the Congress there have been many impractical emanations from parliamentary thought, but none yet has been so illogical as to disqualify a man from the Presidency because he has served two terms as President. So that Congress, in its career, at all its sessions, has subscribed to my thesis that the third-term tradition has neither authenticity nor political value, for this myth, without reason or responsibility, has never been translated into law.

For more than a century tradition forbade many things we have today. The election of Senators by the people violated tradition; so did the collection of Federal income taxes; women's suffrage was another. We have changed the dates for sessions of Congress and the inauguration of the President and Vice President. We have changed the gold content of our dollar, and the Supreme Court has followed public sentiment in its decisions since these troubled times visited us.

We are a nation of realists. We are not mythomaniacs. Nor are we even traditionalists, unless it is that we adopt

tradition when it meets the purposes of the day.

Surely the present generation has not allowed freedom to bog down under the weight of inapplicable tradition.

Long years of mental and physical strife have formulated our political freedom, but a depression came and left us free to starve. Violence had to be done to alleged vested rights so that we would have a nation of free live men instead of free dead men. The freedom won at Valley Forge was to be carried on to life and not to death; to homes and not to slums; to all and not a few. So a President, pledged to serve the country by permeating our economics with the freedom inherited by all, was inaugurated.

President Roosevelt recognized that if we depended on traditional economics that our ancestors would have died in vain, for America would have perished just when the World War had established our leadership in the world. He preached a new philosophy of Government obligation-that while it impinged on personal prerogatives, which had developed to the point of danger to the Republic, in the long run not only saved the economically weak but the too economically strong from destruction.

Roosevelt was a practical visionary in this, but at the same time could look back and get comfort from the founding fathers and their successor patriots, who wanted men not only free politically but free from want. He proclaimed an economic emancipation. This was not at first welcome to those apparently damaged by the readjustment, but now they are seeing its wisdom even from a subjective point of view.

Roosevelt philosophy banished the poorhouses that they had thought traditional. It vitiated the fear of want in old age and hard times, yet casual philosophers had subscribed to the accepted inevitability of "the poor we have always with The major concern now presented is whether the country shall or shall not chart its economic course in the direction set by the New Deal. That decision rests with the people and their relations with President Roosevelt. He has not indicated any desire to retire; he has not declared his work done; he has not grown dispirited under the cares of office. And I do not know whether or not he would accept a renomination. The convention should, however, ignore the third-term taboo, for even though it has historical basis it would be of paramount consequence that we know whether the country wants a continuance of the New Deal as developed by President Roosevelt.

Rather than to subscribe to an historical myth it is far more important to the permanent welfare of our country that the best available candidate be chosen. That should and will be done.

[Here the gavel fell.]

Mr. CLARK. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

Mr. DOUGHTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 6635) to amend the Social Security Act, and for other

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 6635, with Mr. WARREN in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. The gentleman from North Carolina [Mr. Doughton] is recognized for 1 hour.

Mr. DOUGHTON. Mr. Chairman, H. R. 6635, now before the Committee for discussion and consideration, is the result of the work of the Committee on Ways and Means, which began the 1st of February last. That committee conducted hearings for about 50 days, during which approximately 2,500 pages of testimony were taken. The committee was then in executive session for something like 6 weeks, giving diligent and painstaking thought and consideration to the very important matter it had under consideration.

The report on the bill contains about 120 pages and is a full and detailed explanation of the bill. Much of the bill, I may say, is technical and somewhat complicated and difficult to understand. I, therefore, would suggest to Members who are anxious to know what the bill contains that they read very carefully the report of the committee, which gives a fuller and more complete explanation of the bill than either I or any member of the committee, for lack of time, would be able to give during the debate. I am sure that if any Member who may be uncertain as to what is contained in the bill will give careful study to the report he will be able

to get information on the subject.

The bill has the unanimous support, I believe, of the Committee on Ways and Means. It is true that the minority filed supplemental views, but as far as I know they have no criticism of or have made no objection to what is contained in the majority report. The majority and minority members of the committee sat together in studying this bill. This is the first bill of this magnitude and importance, and of such controversial a nature, to be free from any evidence whatever, the least trace, of partisanship, as far as our deliberations were concerned during the consideration and preparation of the bill in executive session. However, I regret that their fine record is spoiled by what is contained in the supplemental report, which is rather full of political implications and suggestions. I may say with all due respect that while I appreciate the fine cooperation and assistance given by the minority members of the committee, who are entitled to credit along with the other members for the work of our committee, yet I have noticed that our Republican friends have a patent on two things. One is criticism and the other is boasting. As far as I am concerned, I have no desire or disposition to infringe on that patent. They are welcome to it. They say something about what they told us when the bill was up before, and about their record, but they do

not call attention to the fact that during the long years of the incumbency of the minority party, when social-security legislation was needed just as badly as it was in 1935, not a step was taken, not a thing was done, not a move was made as far as a Nation-wide effort on the part of the Federal Government to deal with this question was concerned.

If they are so infallible and so perfect of judgment, if their conversion is genuine and sincere, if it is a real regeneration and not just a reformation, if it is an act of the heart and not of the head, why on earth did they not do something about it when they were in power. This is, indeed, a strange thing to me, and it does seem that with their splendid record on this bill they should not have spoiled it in their supplemental

The first definite step toward enacting into law a comprehensive national social security program was begun by the transmission of a Presidential message to the Congress on June 8, 1934. In that message President Roosevelt said:

Our task of reconstruction does not require the creation of new and strange values. It is rather the finding of the way once more to known, but to some degree forgotten, ideals and values. If the means and details are in some instances new, the objectives are as permanent as human nature.

Among our objectives I place the security of the men, women, and children of the Nation first.

And later, in transmitting the report of the Committee on Economic Security and in urging its adoption by the Congress, the President said.

The establishment of sound means toward a greater future economic security of the American people is dictated by a prudent consideration of the hazards involved in our national life. No one can guarantee this country against the dangers of future depressions, but we can reduce those dangers. We can eliminate many of the factors that cause economic depressions, and we can provide the means of mitigating their results. This plan for economic se-curity is at once a measure of prevention and a method of allevia-

We pay now for the dreadful consequences of economic insecurity—and dearly. This plan presents a more equitable and infinitely less expensive means of meeting these costs. We cannot to neglect the plain duty before us. I strongly recommend action to attain the objectives sought in this report.

With the benefit of the report of the Committee on Economic Security and the splendid cooperation of the advisory committees, the Congress, in August of 1935, enacted into law our existing social-security program. Until that time, no effort had been made on a comprehensive national scale to provide relief for distress, destitution, and unemployment among all of our citizens, and want among our aged until these hazards were actually upon us in full measure. Theretofore we had waited until the grip of depression or other national crisis had so weakened our resources that to then make a reasonable provision for these hazards, that were created or greatly intensified by such a crisis, was either impossible or likely to seriously disrupt our economic structure.

By the social-security plan we are doing on a national scale what the prudent individual attempts to do for himself: that is, to utilize and equalize the fruits of labor by laying up a portion thereof for relief during unemployment and destitution in old age. The adoption of this plan was an enormous step and not one to be taken hurriedly and without the advice of experts and the well-considered forethought of persons trained and qualified in the fields of economics and social science. We did the best we could with all of the resources at hand, but no one considered the program perfect, no more than the first steam engine, the first automobile, the first airplane, or the first radio was thought to be perfect.

The important thing-the point upon which we all have reason to be proud—is that the first step, the difficult step, was taken and the plan is now in full operation. Our faith has been eminently justified by works rather than words, and our hopes have ripened into realities. Let us look at some of the concrete accomplishments of this program. More than 27,500,000 workers are protected by unemployment insurance laws in all of the States; some 44,000,000 workers have oldage insurance accounts and are laying up amounts, which are matched by their employers, to provide for a decent and

respectable old age free from want; more than 2,500,000 of those now in need—the aged, the blind, and children in broken homes—are receiving aid from combined Federal-State funds; and public-health and child-welfare measures have been provided and strengthened throughout the length and breadth of our land.

Before Congress undertook national consideration of this problem only one State had succeeded in passing an unemployment compensation law. Today, in line with the terms of our national act, all of the States in the Union, together with the District of Columbia, Alaska, and Hawaii, have such laws.

During the past 4 years more real progress has been made in bridging the gaps of unemployment among our workers than in all of our past history. Although the benefits are just beginning to be effective, approximately \$600,000,000 has already been paid to temporarily unemployed persons. This money has not only provided the workers and their families with daily necessities, but in doing so it has accomplished a double purpose by helping to turn the wheels of local and national industry by helping to maintain consuming power at something like a normal level.

The majority of our workers need no longer fear the dire distress and want for bare necessities that formerly accompanied unemployment, particularly in our industrial centers. While the benefits are less than full pay, and thereby put no premium on idleness, they do spread earnings and conserve savings and, above all, provide for the necessities of a decent existence. In addition, unemployment insurance operates in conjunction with public employment services in every State, and one of its major objectives is to find jobs for workers temporarily unemployed.

While losing a job is a serious matter, and is an event that may occur several times, it generally has a temporary aspect. The impending hazard of destitution in old age, which hangs like the sword of Damocles over the heads of a large percentage of our people in our highly industrialized society, is far more final. It is an easy enough thing to say that everyone should lay aside enough to sustain him in old age, but experience has proved that even the best intentions of thrift are defeated by the vicissitudes and circumstances that attend our daily lives. We know that whatever intentions or efforts there may be regarding modest comfort during the final years, few achieve this goal. Of our citizens over 65, 2 out of 3 are dependent upon others for support.

To many of the youth or middle-aged this two-to-one gamble carries no effective threat. Our old-age insurance system, however, enables them to build up a retirement income as a right based on their own work and wages. We are thus fostering savings and furnishing a strong incentive to thrift in providing for our citizens a systematic program under which they may lay by a sufficiency during their earning years to provide for their wants when they are no longer able to earn. A large percentage of those gainfully employed in our country already have accounts under this plan, and upon retirement at the age of 65 or later the vast majority of these will be entitled to monthly benefits which will continue for the rest of their lives.

In addition, the Federal Government is providing about one-half of the cost of public assistance to almost 2,000,000 old people who lack means of support. These are the persons who are already old and during whose youth there was no social-security program providing for insurance against want in their old age. Theirs is an immediate need and is being met.

Under this plan more than \$620,000,000 has been made available by Federal grants and aids to the States for the maintenance of the program of public assistance. Of this amount, \$553,000,000 was for old-age assistance; over \$16,000,000 was for aid to the blind; and \$72,000,000 was for aid to dependent children. These figures coupled with the \$600,000,000 which has been paid in unemployment insurance, make a total of more than \$1,200,000,000 in benefits that have been paid under this program by the Federal Government

alone. With respect to the grants for public assistance, these amounts have on the whole been matched by State funds. Amounts paid under the old-age insurance are so far relatively small, as monthly payments have not yet become effective.

These are, in brief outline, some of the concrete achievements of our social-security program. I know, however, of no reliable yardstick with which to measure what is undoubtedly the greatest benefit of all. I refer to the peace of mind, the contentment, and satisfaction which is created in the minds of our citizens by the realization of the security which this program makes possible. I refer also to the intangible but nevertheless valuable asset in the attitude of citizens toward their Government. The American people believe that government can and should, insofar as its resources will permit, provide for the security and well-being of all the people by the establishment of a program under which they can contribute to their own welfare and at the same time to the welfare of their fellow citizens.

Although we know that this program is not perfect and, because of administrative difficulties, is not as inclusive as it might possibly be, the plan does contain the broadest program for social security ever undertaken by any government.

The present bill aims to strengthen and extend the principles and objectives of the Social Security Act. The foundations of a permanent program have been laid and your committee deems it wise to build upon the present structure.

Old-age insurance, unemployment compensation, and public assistance are now accepted as permanent in our fabric of social reforms.

The present bill is designed to widen the scope and to improve the administration of these programs without altering their essential features.

I shall but briefly summarize some of the principal features of the bill.

First, I desire to call attention to the matter of taxes.

The old-age insurance tax has been frozen at 1 percent on both employee and on employer for the years 1940, 1941, and 1942, instead of $1\frac{1}{2}$ percent applicable for said years under existing law. This change will save employers and workers about \$275,000,000 in 1940, or a total of approximately \$825,000,000 for the 3-year period.

Another change of material benefit to business is that of limiting the unemployment insurance tax to the first \$3,000 of salaries paid, rather than the entire amount of salaries paid. This change will save employers approximately \$65,000,000 annually. A further \$15,000,000 saving is made for refunds and abatements to employers who paid their 1936, 1937, and 1938 unemployment compensation contributions too late to the States to receive the 90-percent credit allowed under the existing law.

Other savings to business are carried in the pending bill by a provision under which States may reduce the rate of their unemployment compensation tax when their reserve fund has become one and one-half times the highest contributions, or benefit payments, during any 1 year out of the preceeding 10. Under this provision, it is estimated that all except about five States will be able to meet the requirement and the minimum standards provided, during 1940, and if they should reduce their rates from 2.7 to 2 percent an additional savings of from two hundred to two hundred and fifty million dollars will be brought about.

Thus the savings above mentioned through 1940 may aggregate some \$580,000,000. In addition such savings for the ensuing 2 years may amount to approximately \$1,130,000,000, or a total savings of \$1,710,000,000.

I shall now briefly touch upon the benefit side of the picture.

OLD-AGE INSURANCE BENEFITS

Old-age insurance benefits have been liberalized, benefits provided for aged wives, and for widows and children. The number of aged persons in our population is steadily growing. The extent of this growth is best illustrated by com-

paring the estimated 8,200,000 persons over 65 years of age at the present time to the number in 1900 when there were only 3,080,000 and with the 6,634,000 in 1930.

As a result of our study of the problem of old-age insurance we are agreed that the present system should be revised in order to bring the structure of benefits more closely to the basic needs of our people now and in the future.

However, we cannot too strongly emphasize that with the limited funds available for this type of insurance protection, thrift and individual effort must continue to be the chief reliance for future security.

Under existing law old-age insurance benefits do not begin until 1942, and for a considerable number of years thereafter the benefit payments would remain small, and in many cases would have to be supplemented by outright grant of old-age assistance.

Our committee believes it is essential that the contributory basis of old-age insurance should be strengthened, not weakened, and therefore has provided that benefit payments begin as of January 1, 1940, instead of 1942. This change coupled with larger monthly payments in the earlier years will lessen what misapprehension some might have as to the financial operation of the plan.

The basic problem confronting the committee was how to provide more adequate and effective benefits, particularly in the early years of operation, without unduly increasing the future costs.

We, therefore, have provided for carrying into effect the suggestion and recommendation of the Social Security Advisory Council, which was created by the Senate and whose personnel, was to a large degree, selected by the senior Senator from Michigan [Mr. Vandenberg] in cooperation with the other members of the Senate subcommittee and the Social Security Board.

Their recommendation, which our committee followed was, first, to substitute additional monthly benefits to wives and children, widows, and orphans in lieu of the present 31/2 percent lump sum payable to the estates of deceased workers. We, however, enlarged upon their recommendation by providing for dependent parents, and certain payments in lieu of burial expenses.

We likewise agreed to their suggestion and recommendation to increase the amount of benefit payments in the earlier years to both single and married persons, but the benefits of single persons with high earning retiring years hence are reduced somewhat. However, this does not mean that unmarried persons who contribute for many years will receive less protection than they could purchase from a private insurance company. They still receive more protection than they could purchase with the same amount of contributions.

Tables 1 and 2, on pages 8 and 10 of the committee report, give a comparison of benefit payments under existing law and under the provisions of the pending bill, which I ask permission to insert in my remarks at this point.

Table 1.—Comparison of benefit payments under present Federal old-age insurance plan and under revised plan on the basis of the intermediate retirement rate estimates

Calendar year	Present title II	Revised plan	Additional expenditure
1940	\$46,000,000 42,000,000 92,000,000 150,000,000 221,000,000 221,000,000 605,000,000 501,000,000 725,000,000 725,000,000 727,000,000 71,000,000 71,000,000 71,000,000	\$88, 000, 000 211, 000, 000 350, 000, 000 508, 000, 000 508, 000, 000 598, 000, 000 113, 000, 000 997, 000, 000 1, 265, 970, 000 1, 289, 000, 000 1, 523, 000, 090 1, 621, 000, 000 1, 719, 000, 000	\$42, 000, 000 169, 000, 000 268, 000, 000 377, 000, 000 423, 000, 000 452, 000, 000 560, 000, 000 555, 000, 000 5643, 000, 000 5643, 000, 000 5643, 000, 000
Total 1940-54, inclusive	1, 338, 000, 000 8, 499, 000, 000	1, 843, 000, 000	6, 315, 000, 000

TABLE 2.—Illustrative monthly old-age insurance benefits under present plan and under revised plan

The Address South	Present	Revised plan		Present	Revised plan	
	plan	Single	Married ²	plan	Single	Married ²
	Average 1	nonthly v	rage of \$50	Average n	onthly w	rage of \$100
Years of coverage: 3	(3) \$15. 00 17. 50 22. 50 27. 50 32. 50	\$20, 60 21, 00 22, 00 24, 00 26, 00 28, 00	\$30. 90 31. 50 33. 00 36. 00 39. 00 40. 00	(3) \$17. 50 22. 50 32. 50 42. 50 51. 25	\$25. 75 26. 25 27. 50 30. 00 32. 50 35. 00	\$38. 63 39. 38 41. 25 45. 00 48. 75 52. 50
Acces to a series	Averagen	nonthly w	age of \$150	Average monthly wage of \$2		
Years of coverage: 3	(3) \$20.00 27.50 42.50 53.75 61.25	\$30. 90 31, 50 33. 00 36. 00 39. 00 42. 00	\$46. 35 47. 25 49. 50 54. 00 58. 50 63. 00	(3) \$25,00 37,50 56,25 68,75 81,25	\$41, 20 42, 00 44, 00 48, 00 52, 00 56, 00	\$61, 89 63, 00 66, 00 72, 00 78, 00 84, 00

It is assumed, with respect to the revised plan, that an individual earns at least \$200 in each year of coverage in order to be eligible to receive the 1-percent increment.
 If this were not the case, the benefit would be somewhat lower.
 Benefits for a married couple without children where wife is eligible for a supple-

Benefits not paid until after 5 years of coverage.

The present law provides for only two general types of benefits, namely (1) monthly old-age benefits to qualified individuals, and (2) lump-sum payments to nonqualified individuals and upon death.

The present law is therefore limited in scope in that it does not provide current monthly benefits to the surviving wife of an aged annuitant nor to the surviving widow with dependent children. This bill provides for paying survivor benefits, and I direct your attention to table 3 of the report on page 12, which I shall insert at this point.

TABLE 3 .- Illustrative monthly survivor benefits 1

	1 child or parent 65 or over	Widow, 65 or over	Widow and 1 child	1 child or parent 65 or over	Widow, 65 or over	Widow and 1 child
		e monthly leceased, \$5		Averag	e monthly eccased, \$10	wage of
Years of coverage: 3	\$10.30 10.50 11.00 12.00 13.00 14.00	\$15. 45 15. 75 16. 50 18. 00 19. 50 21. 00	\$25, 75 26, 25 27, 50 30, 00 32, 50 35, 00	\$12.88 13.13 13.75 15.00 16.25 17.50	\$19. 31 19. 69 20. 63 22. 50 24. 38 26. 25	\$32, 19 32, 81 34, 38 37, 50 40, 63 43, 75
		e monthly eceased, \$13			e monthly eceased, \$2	
Years of coverage: 3	\$15, 45 15, 75 16, 50 18, 00 19, 50 21, 00	\$23. 18 23. 63 24. 75 27. 00 29. 25 31. 50	\$38, 63 39, 38 41, 25 45, 00 48, 75 52, 50	\$20.60 21.00 22.00 24.00 26.00 28.00	\$30.90 31.50 33.00 36.00 39.00 42.00	\$51, 50 52, 50 55, 00 60, 00 65, 00 70, 00

 $^{\rm i}$ It is assumed that an individual earns at least \$200 in each year of coverage. If this were not the case, the benefit would be somewhat lower.

The net effect of these changes in benefit payments is that the annual cost in the early years will be greater, the annual cost in the later years less, although the average annual cost over the next 40 years will be about the same as under the present law.

The pending bill extends old-age insurance coverage to approximately 1,100,000 additional workers by removing the exemption of maritime employees, wages earned after 65, and covering employees of certain Federal instrumentalities such as national banks and State banks which are members of the Federal Reserve System.

On the other hand, in order to eliminate the nuisance of inconsequential tax payments, the bill excludes certain services performed for fraternal benefit societies and other non-profit institutions, such as college students working their way through college by working for fraternities, and persons receiving nominal sums of not over \$45 per quarter.

Additional coverage amendments are proposed in the pending bill dealing with agricultural labor, State employment, family employment, employees of foreign governments, and others.

The present act excludes agricultural labor, domestics, and casual labor. None of this class are brought under the terms of the act, as the committee was unanimous that it would be practically an administrative impossibility. I repeat, the pending bill continues the exemption of agricultural labor but defines the term so as to clarify its meaning and to extend the same to certain services not now exempt under the present definition of agricultural labor.

The pending bill contains certain amendments which affect the financial framework of the old-age insurance system, especially with reference to the old-age reserve account, concerning which you and the country have heard much in the past several months. Much misinformation as to the handling and investment of the funds of this account has been given, and the amendments proposed in the pending bill are made in spite of and not because of such misinformation. If anyone still entertains any doubt as to the stability and safety of these funds, or the manner in which they have been invested, I suggest they read the remarks of the gentleman from California [Mr. Buck] in the Congressional Record of April 6, beginning on page 3933, and especially note the quotations contained therein from Secretary Mellon's annual reports of 1925 and 1926 relative to his handling and investment of the funds in the adjusted-service certificate fund account in the same manner as Secretary Morgenthau has handled and invested the old-age reserve account.

The bill changes the old-age reserve account to a trust fund, with the Secretary of the Treasury, the Secretary of Labor, and the Chairman of the Social Security Board, all ex officio, acting as a board of trustees. Instead of requiring that such funds shall be invested so as to yield 3 percent, as provided under the present law, the pending bill provides that they shall be invested so as to earn interest at the current average rate of interest as is done in the case of the unemployment trust fund, which at the present time is 2½ percent. Instead of the mythical \$47,000,000,000 reserve of which we have heard so much, it will probably never exceed eight to ten billion dollars, and will conform to the recommendation of the Secretary of the Treasury of not more than three times the highest prospective annual benefits in the ensuing 5 years.

UNEMPLOYMENT COMPENSATION

The recommendations of the committee relative to unemployment compensation deal with certain changes which in no way alter the fundamental Federal-State pattern now set in the Federal law. I have previously briefly referred to the change made in the tax provisions with respect to taxing only the first \$3,000 of salary, and the reduction of tax rate dependent upon reserves and benefit payments meeting certain minimum standards.

Other provisions of the pending bill clarify existing law as to coverage and administration. It is not surprising that there has been some criticism voiced in the past about the administration of the unemployment compensation laws by the States, when it is considered that at the time of the enactment of the Social Security Act in 1935 there was but one State which had an unemployment compensation law. Today all 48 States and Alaska, Hawaii, and the District of Columbia have such laws. More than 27,500,000 workers are covered by these laws and about 3,800,000 temporarily unemployed workers have received benefits amounting to nearly \$400,000,000 during the year 1938, and about \$145,000,000 during the first 4 months of 1939. To set up and place these systems into operation was a task that challenged the

of administrators, and, while delay in passing on claims of applicants necessarily occurred, it is gratifying to note that the latest figures available for 1939 show that practically all States are now currently disposing of all claims received.

AID TO DEPENDENT CHILDREN

The bill provides additional aid to dependent children by increasing the Federal grant to States on a 50-50 matching basis instead of only a one-third Federal grant as provided under existing law. The Federal Government likewise increases its grant for administration from one-third to one-half

VOCATIONAL REHABILITATION

Your committee endorses the splendid work which has been carried on by the States in rehabilitating men and women so they could provide the comforts and necessities of life for themselves rather than be the objects of charity. In view of what has been accomplished with the funds available, your committee has recommended an additional Federal grant of \$1,000,000 annually, which I am confident will pay in social dividends many times over that sum.

Mr. TERRY. Mr. Chairman, will the gentleman yield for a question?

Mr. DOUGHTON. Yes.

Mr. TERRY. Did the committee give consideration to a new section of the bill covering totally incapacitated persons? Mr. COOPER. Mr. Chairman, will the gentleman yield to me?

Mr. DOUGHTON. Yes.

Mr. COOPER. I suppose the gentleman from Arkansas has reference to totally and permanently disabled cases.

Mr. TERRY. Yes.

Mr. COOPER. I am sure the gentleman from North Carolina [Mr. Doughton], the chairman of the committee, will recall that the Social Security Board brought this matter to the attention of the committee but did not recommend immediate action; therefore, the committee thought further study was necessary, in view of the cost and administrative problems involved.

Mr. DOUGHTON. Mr. Chairman, I have related some of the accomplishments of the present social-security law and indicated some of the changes made by the present bill. I am confident that our committee has done the very best work that it possibly could under most difficult and trying conditions. As I have before stated, of course, what we have done up to date is not perfect, but the foundation is well laid. It is a well-thought-out and wrought-out plan, and by continuous study and amending the law as experience demonstrates its imperfections I am sure that we will build a superstructure for social security that will not only be a relief and of benefit to those for whom it is intended but it will be the pride of the Nation, a lamp to the feet and a light to the path of other nations so far as social-security legislation is concerned. [Applause.]

Mr. TREADWAY. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. Hoffman].

Mr. HOFFMAN. Mr. Chairman, I ask unanimous consent to speak out of order.

The CHAIRMAN (Mr. MILLS of Arkansas). Is there objection to the request of the gentleman from Michigan?

There was no objection.

THE RIGHT TO WORK

Mr. HOFFMAN. Mr. Chairman, we all know that the Workers Alliance has a delegation here. They want us to appropriate \$2,250,000,000 to provide jobs. Undoubtedly there is merit in the proposition that a man ought to be permitted to work. At the same time that those delegations are here we have in Washington at least three projects, the art project, the Jefferson Memorial, and the big bridge across the river over on Pennsylvania Avenue SE. We have more than 100 private building projects, all of which, if permitted to be carried on, would employ hundreds of men; and we have men on strike, picketing and preventing men working unless the contractors are willing to pay 80 cents per hour for unskilled labor, 90 cents for semiskilled labor, and \$13 a day for a

7-hour day for skilled labor. Something is radically wrong when all over the country men and women who want to work for 50 cents an hour or less cannot find jobs and here in Washington men are not permitted to work at 70 cents an hour for unskilled labor.

It is more than passing strange that this Congress should be asked to appropriate this \$2,250,000,000 to provide jobs when right here in Washington there are jobs and men cannot work at them. There is something wrong somewhere. There is something decidedly wrong when in the State of Michigan during the past week some 70,000 men were prevented from working at jobs where wages and hours of work and working conditions were entirely satisfactory, and the only fly in the ointment was that those men did not join an affiliate of the C. I. O.

What is the sense of appropriating money to put men to work when there is in this country some organization that can say to 70,000 men in one city, "You shall not work until you have joined a particular organization." What is the sense to it?

The Committee on Labor of this House is now conducting hearings on the Wagner law, which is being used by the C. I. O., with the assistance of the National Labor Relations Board, to keep men who want to work out of their jobs. There is no question about it. I think it was in yesterday's paper I noticed an article that in the clothing industry there will soon be a combination between employer and employee to the effect that no garments are to go on the market to be sold by retail merchants unless they bear a certain label.

Within the past 2 weeks we had a demonstration—and it was a demonstration; we cannot get away from that fact—where all of the miners in the soft-coal industry, or at least a vast majority of them, were forced, whether they wanted or not, to join the United Mine Workers in order to get a job. We have the fact that down at Harlan, Ky., the Federal Government is feeding the men who are on strike and who will not work because the men who want to give them jobs—because the operators who are willing to pay them to work—will not sign a contract which provides that every man who works must belong to a particular organization.

I have not been able to get a copy of the decision that the Supreme Court rendered yesterday in which it was held that the freedom of speech was denied to those who wanted to hold certain meetings in Jersey City in New Jersey. I assume that that decision is correct under the Constitution; and if it is correct, and if it be true that the C. I. O. has—as the Court held in the case where the Communists wanted to distribute their literature in Oregon—the right to use the streets and parks to distribute its literature, then the question which I have in mind is this: Are the employers, those who have the jobs, those who have the money to pay men who are willing to work and who want to work and who need work, are those employers to be permitted to tell prospective employees, at least, that they need not join that particular organization in order to hold a job?

Putting it a little differently: Does this rule work both ways; or is it true that only members of a certain organization can have the benefit of free speech and a free press?

The papers tell us that our Attorney General, the one-time Governor of Michigan, who suspended for a period of more than 30 days the operation of the laws in Michigan and who defied court orders, who was a law unto himself, is now going about the country and sending men down to Harlan, Ky., to see that men should have their civil liberties protected. But nowhere in any paper that I have been able to find has there been any declaration on the part of the Attorney General, or anyone else connected with this administration, that the employer may say anything about the advisability of his employees joining or not joining any organization; and nowhere has the Attorney General of the United States, the man who is in charge of the enforcement of the law, or any other administrative officer charged with the enforcement of the law, said that a man who wants to work shall have the right to work.

And the Wagner law and the decisions of the Labor Board make it an unfair labor practice for an employer to advance any argument whatsoever to his employees suggesting that their interests can be best served by not joining a labor organization or by joining a particular labor organization.

Where is the right of free speech and a free press guaranteed to the employer? Nowhere but in the Constitution, and it is denied to him by the National Labor Relations Act and

the practice of the Labor Board.

Mr. DOUGHTON. Mr. Chairman, I regret to do so, but the rule provides that the debate must be confined to the bill. The gentleman is speaking out of order.

Mr. HOFFMAN. But I obtained permission to speak out of order.

Mr. DOUGHTON. I beg the gentleman's pardon.

Mr. HOFFMAN. It is all right. In any event, I am talking in a way on the bill, because the bill, as I understand it, is devised to bring aid to a certain group of our citizens. And I am speaking about another group which is deprived of its constitutional rights by a law which we passed and by a board which is spending funds appropriated by us.

The matter that I have been speaking about is where this Congress has appropriated money to aid those who lack jobs, those who are in need, and the thought that comes to some of us is whether or not if we appropriate this moneyand I am not speaking against the bill or the amendment to the bill—but whether, if we do appropriate this money, it is going to fall into the hands of those who use it to advance their own purposes. For example, if I am correctly advised, and I think I am, down here this morning at the hearing before the committee investigating W. P. A. a man named Charles H. White, who was a member of the Communist Party until 1936, who was a member of the Workers Alliance, who at the present time is a member of Federal Project Workers Local 20940, who was once a member of Workers Alliance Staff Local of the Federal arts project, testified that he was sent to Russia along with a group to get instructions over there on how and what to do here in America; that over there he was instructed in a school, that he was to organize a new republic in the South among the Negroes, that he was given instruction in sharpshooting, machine gunnery, horsemanship, building of barricades in the streets, the destruction of tanks, methods of street fighting-and this, mind you, on a trip where he was recommended for instruction by Herbert Benjamin, the head of the Workers Alliance.

Mr. GREEN. Mr. Chairman, will the gentleman yield? Mr. HOFFMAN. I yield.

Mr. GREEN. Did the gentleman say he was to instruct the young Republicans when he came back?

Mr. HOFFMAN. The young what?

Mr. GREEN. The young Republicans. Was not that what the gentleman said?

Mr. HOFFMAN. I do not know of any young Republican who would listen to any such instruction.

Mr. GREEN. I misunderstood the gentleman. I thought he stated this man was to instruct the young Republicans.

Mr. HOFFMAN. I said he was to establish a new republic amongst the Negroes, create a Negro organization in the South, he was going to establish a new political state among the Negroes in the South. That was the point, and that was a part of his instructions.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield 2 additional minutes to the gentleman from Michigan [Mr. Hoffman].

Mr. HOFFMAN. He belonged to the same outfit that pulled those sit-down strikes on us in Michigan. He belonged to that same organization—he has seen the error of his ways, he said—he belonged to the same organization which attempts to nullify the efforts which we make here. We can appropriate all the money we wish to create jobs, to create work, and then these men come along and prevent men working in your district in the mine, on the farm, in the factory, or in the mill. Throughout the country are

millions of men willing to work at the average wages being paid. What do these men do? They come along and by force-and I do not mean maybe. I mean by force-prevent men who want to work from working; deprive them of their civil liberties, and the Attorney General does nothing about

The result is that when we have the jobs the men cannot work at them. How much longer are we going to stand for it? In my humble judgment what this House should do is to make the Labor Committee get busy on amendments to the Wagner law, reaffirm our rights, and see to it that once more the civil liberties are returned to the people. And I mean to the people as a whole, to every individual citizen. I do not mean civil liberty only for the members of the C. I. O., for the Communists, for the labor racketeer. But I mean the civil liberty of the worker should be returned to him; that he should be permitted to work; that the employer should be permitted to hire and to pay the man who wants to work and that the man who wants to work should not be required to join any organization. The employer should not be required to hire only those who belong to a particular organization.

Unless we do that, a part of our liberty is gone and it is only a question of time until the practice will be extended to include all and the revolution which so many have predicted will be with us. [Applause.]

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield 15 minutes to the gentleman from Maine [Mr. OLIVER.]

Mr. OLIVER. Mr. Chairman, I ask unanimous consent to proceed out of order.

The CHAIRMAN. The Chair cannot recognize the gentleman to submit such a request. The rule adopted by the House provides that debate must be confined to the bill.

Mr. OLIVER. I would remind the Chairman that the gentleman who occupied the chair a while ago allowed the preceding speaker to speak out of order.

The CHAIRMAN. Under the rule, that cannot be done. Mr. TREADWAY. Mr. Chairman, I yield myself 15 minutes.

SOCIAL-SECURITY BILL

Mr. TREADWAY. Mr. Chairman, as the opening speaker for the Republican minority, let me say that in the consideration of the bill over the last several months we have endeavored to do all we could to help perfect the existing Social Security Act.

We have joined with the Democratic members of the committee, in a nonpartisan way, to make such amendments in the law as would make it more liberal and more sound.

Admittedly the job that has been done is not perfect.

There are a number of features of the bill with which I for one do not agree, and, of course, it is doubtful if any man or group of men could write a bill which would be satisfactory to everyone.

The position of the Republican members of the Ways and Means Committee with respect to this bill is set forth in our report which accompanies that of the full committee.

In the opening paragraph of the statement of our views we sav:

This statement is submitted not in opposition to the pending bill

but supplemental to the committee report.

While the bill in no sense represents a complete or satisfactory solution of the problem of social security, it at least makes certain improvements in the present law—some of which we have ourselves heretofore suggestedwhich we believe justify us in supporting it despite its defects.

THE \$47,000,000,000 RESERVE

We of the Republican minority are particularly proud of the part we have played in bringing about the abolition of the proposed mythical reserve fund of \$47,000,000,000 and the substitution of a modified pay-as-you-go policy with respect to old-age insurance.

We have criticized from the very beginning this reserve fund hoax, under which wage earners and employers were

being taxed an excessive amount on the theory that a \$47,000,-000,000 reserve was being built up to pay retirement pensions in future years.

Of course, we all know that the money which is being raised by pay-roll taxes does not actually go into the trust fund.

Appropriations are made to the fund by Congress, it is true, but the Secretary of the Treasury takes the cash and uses it for current expenditures, and all that goes into the fund is the Government's IOU.

The Republican Party made an issue of this procedure in the 1936 campaign, but the people did not seem to be able to understand the devious ways of high finance.

We kept hammering away, nevertheless.

In January 1937 a minority group which had been appointed to study the question of old-age insurance in behalf of the Republicans in both branches, made a report in which it recommended the abolition of the \$47,000,000,000 reserve fund and the substitution of a pay-as-you-go policy with a small contingent reserve.

At the same time a reduction of the proposed schedule of pay-roll taxes was suggested, which, of course, was a natural corollary of the pay-as-you-go policy.

Those serving on this committee of Republicans were Congressmen REED of New York, and JENKINS of Ohio, and Senators Vandenberg, of Michigan, and Townsend, of Delaware.

Senator Vandenberg was able to secure a hearing on the Republican proposal by the Senate Finance Committee, and as a result of that hearing an agreement was reached between the Finance Committee and the Social Security Board for the appointment of an advisory committee on social security, to be composed of outstanding businessmen, labor leaders, and experts in the field of social security.

That committee made its report in December of last year, and one of its principal recommendations was the abolition of the colossal \$47,000,000,000 reserve fund and the substitution of a pay-as-you-go policy.

All during the hearings our friends on the Democratic side did their best to defend the \$47,000,000,000 reserve.

They, of course, did not want to admit that a mistake had been made or that the public was being fooled as to what was actually in the fund.

Mr. BUCK. Mr. Chairman, will the gentleman yield? Mr. TREADWAY. I yield.

Mr. BUCK. Mr. Chairman, the gentleman knows that I was one of the Democratic Members who took exception to the remarks made by some of the Republican Members, not the gentleman speaking, with reference to calling the security-reserve fund "I O U's of the Government." They are the same type of securities that are held by all the other trust funds the Government administers. I am sure the gentleman will agree with me in that. I think none of the Democratic Members ever admitted what the gentleman from Massachusetts called a mythical \$47,000,000,000 reserve, because we know there was no such reserve and never would be

Mr. TREADWAY. I may add to the gentleman's remarks that the reason that there was such a reserve started was the fact that the Secretary of the Treasury wanted to take the cash for governmental expenditures. The money did not go into the trust fund at all, and that is what we objected to. You stated you were laying a foundation for a \$47,000,000,000 trust fund, but there was no indication of its being put into effect although the law so provided. I am not saying that the money was used in an unlawful manner, but nevertheless it is a fact that unless the law is changed at this time there will be supposedly a paper accumulation of \$47,000,000,000 in the course of years which will not actually exist; therefore the taxpayers of the country will be called upon to pay additional taxes when the obligations become due in the future. That is all I care to say about that at this time.

Mr. McCORMACK. Will the gentleman yield? Mr. TREADWAY. I cannot help but yield to my delightful friend from the State of Massachusetts.

Mr. McCORMACK. Thank you.

Will the gentleman admit that special obligation bonds were issued with reference to the retirement fund and with reference to other special funds?

Mr. TREADWAY. Oh, it is not limited to this fund. I am

criticizing this fund right now.

Mr. McCORMACK. The late Secretary Mellon recommended the issuance of 4-percent special obligations for the retirement fund, and properly so.

Mr. TREADWAY. Is the gentleman asking a question?
Mr. McCORMACK. They will get a certain rate of interest. The Government bonds cannot be purchased in the open market bearing that rate of interest. The only way you can guarantee it is by the issuance of special obligations. What we did in this case was to follow the recommendations of a very able former Secretary of the Treasury, whom I respected and whose memory I admire. [Applause.] He was a great American and I admire him and respect his memory. I refer to the late Secretary of the Treasury, Andrew W. Mellon.

Mr. TREADWAY. The gentleman from Massachusetts is undoubtedly speaking accurately in general terms, but this social-security fund, to which I am referring and which I am now criticizing, was not in existence during the time that Mr. Mellon held the office of Secretary of the Treasury. The social-security fund never was thought of at that time. Therefore, I maintain that the gentleman from Massachusetts [Mr. McCormack] should not connect Mr. Mellon's memory up with anything that had to do with a fund which he never heard of in his life. He may know about it now, but he did not know about it during his lifetime. It may be that Mr. Mellon knows what is transpiring here today. If he does, he certainly will repudiate the fact there was any connection between anything he did as Secretary of the Treasury and the social-security fund of the year 1939.

Mr. McCORMACK. I am sure there is no Member on the floor of the House now who for a moment interpreted anything I said as connecting Mr. Mellon with this particular fund.

Mr. TREADWAY. Well, I did.

Mr. McCORMACK. Certainly the gentleman from Massachusetts [Mr. Treadway] is the only one who would place any such interpretation on what I said. What I did say was that the precedent for the issuance of special obligations was recommended to the Congress in the case of the retirement fund for Federal employees by the late Secretary of the Treasury Mellon.

Mr. CARLSON. Will the gentleman yield?

Mr. TREADWAY. I yield to the gentleman from Kansas. Mr. CARLSON. I would like to make the comment that defense has been made of these special obligations. It is interesting to note that the Ways and Means Committee is recommending to the Congress that the Board of Trustees purchase regular outstanding obligations of our Government at the current rate of interest. If the Treasury finds that it is not in the public interest to purchase regular bonds, special obligations may be issued.

Mr. TREADWAY. I thank the gentleman for his contribution. Several men have occupied the position of office of Secretary of the Treasury since the gentleman to whom the gentleman from Massachusetts referred. I want to get down to what the present Secretary of the Treasury, the Honorable Henry Morgenthau, Jr., has done in this connection. I may say very definitely to my friend from Massachusetts that certainly the present Secretary of the Treasury knew about this fund to which we are referring at the present time. Here is the story:

When it came time for the Secretary of the Treasury to appear before the committee to explain the Treasury's position on the financing of the retirement provisions, he left his Democratic supporters on the committee high and dry by coming out flat-footedly for the abolition of the \$47,000.-000,000 reserve and the substitution of a pay-as-you-go policy with a reserve of not to exceed three times annual benefits being paid out.

That is the recommendation of Mr. Morgenthau. It is "right up the alley," if you wish to so refer to it, with the attitude that the Republican minority on the committee have taken from the very first in connection with their criticism of the \$47,000,000,000 fund.

Mr. MAY. Will the gentleman yield?

Mr. TREADWAY. I yield to the gentleman from Kentucky.

Mr. MAY. As a matter of information to one who does not know very much about it, what is the proportion of the reserve fund under existing law compared with the amount of payments that have actually been made?

Mr. TREADWAY. I am not sure and I stand to be corrected, because there are others who know more about the details of the measure than I do. I do not think the proportion is designated under the present law. There is a rate set and the accumulation is figured to reach in about 30 or 40 years the enormous sum of \$47,000,000,000.

Mr. REED of New York. Will the gentleman yield?

Mr. TREADWAY. I yield to the gentleman from New York.

Mr. REED of New York. I may say there has been collected up to date under the old-age annuity system over a billion dollars. There have been paid certain death claims running to a total of something like \$25,000,000.

Mr. TREADWAY. There was no direct proportion, however. The reserve under the present law just grows and

Mr. REED of New York. No.

Mr. TREADWAY. I was correct in making that statement. Mr. MAY. According to that statement, then, the present set-up would be about 14 to 1. I understood the gentleman to say the Treasury now recommends 3 to 1.

Mr. TREADWAY. Yes. Three to one is the proposed recommendation.

In Mr. Morgenthau's statement before the committee he completely reversed his testimony of 4 years ago when he insisted that the full reserve be built up. He explained his changed attitude by saying, at page 2112 of the hearings,

The argument for a large reserve does not have the validity which 4 years ago it seemed to possess.

That was a very frank and fair comment of the Secretary of the Treasury and one for which we are glad to commend him, in that he recognized that the attitude of the Department 4 years ago should not be carried out under existing conditions.

By his testimony before the committee, he admitted the soundness of the major Republican criticism of the law. Therefore, I repeat, that we of the minority are proud of the part we have played in bringing about this wholesome change in policy.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield myself 15 additional minutes.

TAX SAVINGS AS A RESULT OF ADOPTION OF PAY-AS-YOU-GO PRINCIPLE Now, just a word about the so-called tax savings which will result from this change.

The Democratic majority are endeavoring to make capital out of the so-called saving by reason of not increasing taxes. How business can save anything it has not already paid

is a question.

It would be better to say that the proposed change makes possible the avoidance of an immediate increase in the pay-

The New Deal might, by the same process, take credit for the billions of dollars it is saving business by not increasing taxes to the extent necessary to balance the Budget.

I do not mean to belittle the importance of the freezing of the pay-roll taxes at the present rate for 3 more years.

On the contrary, I strongly favor it; but it is just a correction of a Democratic mistake.

The present pay-roll taxes are excessive.

Under a strict pay-as-you-go policy they would not even need to be 1 percent as they are at present.

There is absolutely no justification for collecting from business concern and from the wage earners of the country more pay-roll taxes than are necessary to support the system on a sound basis.

These pay-roll taxes directly reduce the consuming power of the workers of the country and they increase the cost of goods and services because they are a burden on production and distribution.

I am in hopes that some day some substitute form of taxation can be worked out, because in many respects the payroll tax is one of the worst forms of taxation yet devised.

It amounts to a gross income tax on the wages of the lowest-paid workers.

It puts a direct penalty on the giving of employment and not only discourages the creation of new jobs but encourages the abolition of existing jobs to avoid the taxes imposed.

Business concerns must pay their share of the tax whether they make a cent of profit or not.

A concern might conceivably lose a million dollars and still have to pay a million dollar pay-roll tax.

To the small merchant the pay-roll tax may be the difference between profit and loss at the end of the year.

In any program of business appeasement the reduction or abolition of the pay-roll tax ought to stand at the head of

Business concerns may complain about the corporation income tax, but they only have to pay that tax if they have

The pay-roll tax may be a tax on a loss.

The individual only has to pay an income tax if he earns over \$1,000 if single and \$2,500 if married, and there are other deductions besides, but the pay-roll tax is imposed on every cent the worker earns up to \$3,000 a year.

The person who finds an acceptable substitute for the payroll tax should have a monument erected to his memory.

UNEMPLOYMENT TAX

The proposed plan of enabling the States to reduce their unemployment insurance pay-roll tax in cases where adequate reserves have been built up should also be heartening to business. The credit for the nucleus of this plan must go to Governor Saltonstall, of Massachusetts, and the unemployment compensation authorities of that State, including Mr. Arthur Rotch, chairman of the State advisory council. It was first suggested in a letter to the gentleman from Massachusetts [Mr. MARTIN] from Governor Saltonstall dated April 7. This letter was turned over to me for a suggestion as to how best to lay the plan before Congress, and the suggestion I made was followed. I did not personally offer the plan in committee because I did not want to jeopardize its adoption by having it come from the Republican side.

Under the plan originally proposed, there was no suggestion of benefit standards which would have to be met as a condition precedent to reducing the State tax. These benefit standards were insisted upon by the Social Security Board, and in their present form they are opposed by many of the State unemployment authorities. Some fear that they may deny relief to States which can otherwise qualify by reason

of having the required reserves.

There can be no question but what some form of tax relief is necessary, since many States have been continuing to build up their reserves even after making heavy payments of benefits during the present depressed state of business. As business improves, tax receipts will be even greater and the need for unemployment compensation will decline, thus further adding to the present large reserves, which now exceed over a billion dollars. A flat reduction of the tax is opposed by the Social Security Board on the ground that it would be insufficient in many instances; hence the only solution is some plan such as that sponsored by Governor Saltonstall, under which the tax rate can be adjusted to meet the needs in each State. Under the plan, regardless of the rate fixed by the State, employers will continue to get the full 90-percent credit against the Federal unemployment tax of 3 percent.

OLD-AGE PENSIONS

Next, as to old-age pensions. When the original socialsecurity bill was before the House in 1935, I moved to amend the bill by increasing the Federal contribution for old-age pensions from \$15 a month per person to \$20 a month per person, thus making possible a pension of \$40 per month instead of \$30.

That motion was voted down by a vote of 146 ayes to 254 noes, the vote being along party lines, with the Republicans voting "aye" and the Democrats "no."

Now, 4 years later, we have the Ways and Means Committee coming in with a recommendation along that very line.

The Democratic mills grind slowly; but eventually they come around to our point of view.

They are about to do the same thing on the tax question, with respect to which a bill will shortly be presented to the House.

On the question of old-age pensions, there can be no question but what the amounts now being paid in most States are far from adequate.

Unfortunately most of the States are not yet taking full advantage of the Federal Government's offer to make a contribution up to \$15 on a 50-50 matching basis.

The average pension being paid throughout the country is only a little over \$19.

In my State the average happens to be a little over \$28. which means that some are getting more than that amount and some less.

The effect of the amendment will not be to increase anyone's pension automatically.

It simply holds out an offer on the part of the Government to pay one-half of the pension fixed by the State up to a maximum of \$40.

At the present time Massachusetts and a number of other States are paying pensions in individual cases in excess of \$30 but they have to stand the entire cost insofar as the pension exceeds that amount.

Under the amendment proposed, the Federal Government will match 50-50 on amounts between \$30 and \$40, the same as it is now matching 50-50 on amounts up to \$30.

Doubtless proposals will be made here for the Federal Government to pay two-thirds instead of one-half, or to pay some flat sum without requiring any matching by the States.

Both these proposals are in the direction of straight-out Federal pensions on which we had a rather decisive vote here the other day.

If we start paying two-thirds it will be only a matter of time until we are requested to make the contribution threefourths, and the next step after that will be paying it all.

If we do not have State responsibility the States will be putting everybody on the roll regardless of need.

If we adopt the amendment proposed by the bill, a reasonably adequate pension can be provided if the States meet the Federal Government half way.

The responsibility is theirs to see that adequate pensions are provided.

Some will say the States cannot afford to pay increased amounts and that therefore the Federal Government should assume the burden.

But can the Federal Government afford it either?

Are the States any worse off than the Federal Government when it comes to being able to afford things?

By the end of the next fiscal year we will have piled up an accumulated deficit of twenty-seven billions, and we have been running several billions in the red each year with no

So do not let us hear anything in this debate about the Federal Government being better able to pay old-age pensions than the States.

The proposal to pay a flat sum to the States regardless of any matching is aimed at transferring the cost of old-age pensions in the South to the Northern States.

We might as well face that issue frankly and meet it head

In the Washington Post this morning there appeared an editorial on the question of increased Federal grants for oldage pensions.

Reference was made to the announced intention of a certain Member of the other body to propose that the Federal contribution be increased to two-thirds in the so-called poorer States.

The Post editorial indicated that this was simply a backdoor entrance to a Federal pension system, and I agree.

I read the concluding paragraph of that editorial:

When the House begins debate on the proposed amendments to the Social Security Act today it must be alive to the very real danger of ushering in Townsendism through the back door.

AID TO DEPENDENT CHILDREN

The committee has increased the Federal contribution for aid to dependent children from a one-third matching basis to a 50-50 matching basis, the same as now prevails with respect to old-age assistance and pensions for the blind.

There has been a widespread demand for this change, which should prove of considerable benefit to the States by permitting them to extend their services to dependent children by taking care of more cases and by paying increased benefits to those now on the rolls.

OTHER CHANGES

I shall not at this time go into other matters covered by the bill.

The liberalized provisions relating to old-age retirement have been explained in detail and will be further referred to as the debate progresses.

I shall not take the time to go into the complicated details of these provisions, nor into some of the other matters which I have not touched upon.

Instead, I shall ask permission to insert at the conclusion of my remarks the minority report on the bill, which sets forth our comment on these provisions.

CONCLUSION

In closing, I want to utter a word or two of caution.

The pending bill goes a long way further toward a system of Government paternalism than the present law.

Its objectives are strictly humanitarian, and of the highest purpose, but we must proceed slowly or else we will be thrust fully into a socialized state.

Under Government paternalism, the people surrender their liberty for what they believe is security.

Under the old-age insurance provisions of the bill the people are being forced into a system of paternalism, regardless of their individual wishes in the matter.

I am not here today arguing against social security. On the contrary, I want to say that I am for all the security we can afford.

My remarks are simply intended as a word of warning to watch our step as we proceed in the direction of what we believe to be more liberalized social security.

If we proceed too fast the whole system may collapse of its own weight, and we may find that instead of more security we have none at all.

This bill proposes the first amendments that have been made to the Social Security Act as passed in 1935.

It puts the Federal Government more and more into the position of godfather to the people.

If other amendments are made in later years, as undoubtedly they will be, we will reach the point of absolute Government paternalism.

While I intend to vote for the bill now before the House, which in many respects improves the present law, I dread to anticipate what it may lead to in future years.

We are told that despite the fact that the bill proposes to increase benefits and to pay pensions to wives, widows, dependent children, and parents of workers, it will cost no more in the long run than the present limited system.

This is because lump-sum payments are done away with in the case of workers dying before reaching the retirement age and because benefits to single persons are reduced insofar as future years are concerned.

However, this Congress cannot legislate for or control future Congresses. We know that benefits under the act will not be reduced, but further extended. We know that this will increase the cost still further. But we do not know whether future Congresses will levy the taxes necessary to maintain the system without taxing the people generally for its support. We are not even sure that the scheduled increase of pay-roll taxes in 1943 will be allowed to go into effect. At that time the rate will jump to 2 percent each on employers and employees instead of the present 1-percent rate, which the bill continues for 3 more years.

There is a question how much the workers are going to be willing to contribute out of their wages for old-age security or how much they can afford to contribute. There is also a question how much business can stand in the way of increased taxes for social security. Even at the present 1-percent rate the pay-roll taxes amount to \$500,000,000 annually. At 2 percent the yield will be around a billion annually, and at 3 percent the yield will be around one and one-half billions in addition to all other taxes.

We are continually urging reemployment, but at the same time we are putting increased burdens on employers for giving employment. If we keep on adding burdens to business, the time is not far distant when the Government will have to take over all business, industry, and commerce if it is to be carried on at all. Then the Government will indeed become the Great White Father. So I repeat, let us proceed slowly in liberalizing the Social Security Act lest in pursuing security we lose it altogether, and with it the liberties of the people. [Applause.]

The minority views referred to by me are as follows:

SUPPLEMENTAL VIEWS OF THE REPUBLICAN MINORITY

This statement is submitted, not in opposition to the pending bill but supplemental to the committee report.

While the bill in no sense represents a complete or satisfactory solution of the problem of social security, it at least makes certain improvements in the present law (some of which we have ourselves heretofore suggested) which we believe justify us in supporting it despite its defects.

ELIMINATION OF \$47,000,000,000 RESERVE

We particularly commend the abandonment of the staggering and illusory \$47,000,000,000 reserve fund for old-age insurance, which we have criticized from the very beginning as being unnecessary, misleading, and dangerous. The substitution of a pay-as-you-go system, with a moderate contingent reserve, as provided by the bill, is in line with what the Republican minority has always advocated. It is in accord with the Republican platform of 1936, and with the recommendations made in January 1937, by the minority group which was named by the Republicans of both branches of Congress to study the question of social security, composed of Senators Vannenbeer and Townsend and Congressmen Reed of Senators Vannenbeer and Townsend and Congressmen Reed of Senators Vannenbeer and the social Security Board of the Advisory Council on Social Security, which in December 1938 submitted a report suggesting many of the changes made by the pending bill, including the establishment of the pay-as-you-go policy. Those serving on the Advisory Council included outstanding businessmen, labor leaders, and experts in the field of social problems.

Republicans in both branches may deservedly be proud of the

Republicans in both branches may deservedly be proud of the part they have played in calling to the attention of the country the dangers and burdens inherent in the present reserve structure, and in bringing about the changes proposed. The action taken by the committee is an acknowledgment of the soundness of the major Republican criticism of the existing law.

While an attempt is made under the bill to assure the workers of the country that the money they contribute through pay-roll taxes will be kept in a separate trust fund, the fact is that the amended provisions governing the investment of the reserve make little change in the present provisions. The Secretary of the Treasury, as managing trustee of the fund, will still be able to use the payas managing trustee of the fund, will still be able to use the payroll tax contributions for current governmental purposes simply by continuing to place in the fund special bonds—that is, Government I O U's—as is now being done. Although the Secretary is required to first attempt to buy outstanding obligations for investment of the reserve fund, this provision is negatived by the further provision that he need not do so if in his opinion the public interest requires that he issue the special bonds (I O U's). Probably at no time will the-Secretary ever deem it expedient to buy bonds in the open market, which means that the present practice of issuing I O U's to the fund and using the trust money for general governmental purposes will be continued unabated. The only redeeming feature is that with the abandonment of the \$47,000. eral governmental purposes will be continued unabated. The only redeeming feature is that with the abandonment of the \$47,000,000,000 reserve, and the substitution of a contingent reserve of not to exceed three times the highest annual benefit payments during

the succeeding 5 years, there will not be as much money as otherwise for the Treasury to make use of for current extravagances.

ELIMINATION OF CONTEMPLATED INCREASE IN PAY-ROLL TAX UNDER TITLE VIII

As a consequence of the abandonment of the \$47,000,000,000 reserve fund, a 3-year delay in the scheduled increase in the oldage insurance pay-roll tax has been made possible. Under existing law, the tax under title VIII would automatically increase next year to 1½ percent each on employers and employees, instead of 1 percent on each as at present. Under the pending bill, the 1-percent rate will be continued for 3 more years, thus eliminating the immediate threat of higher pay-roll taxes.

There is no question but what the present schedule of pay-roll taxes is excessive, and that these taxes constitute a powerful deterrent to business recovery. They put a direct penalty on employment and reduce the purchasing power of millions upon millions of employed persons. We heartily approve the reduction proposed by the bill, which will result in considerable relief to business and at the same time permit employed persons to retain for their own purposes a larger portion of their pay envelopes. The postponement of the scheduled increase in the pay-roll tax was one of the principal recommendations made in January 1937 by the Republican group to which we have previously referred. It, of course, was an essential feature of the pay-as-you-go policy advocated by was an essential feature of the pay-as-you-go policy advocated by the Republican members of both branches.

It is estimated that as a result of the postponement of the tax increase there will be a saving to employers and employees of \$275,-000,000 annually, or a total of \$825,000,000 over the 3-year period 1940-42. This amount will go into the channels of trade instead of into the Treasury to be squandered by the present administration.

UNEMPLOYMENT-INSURANCE TAX RELIEF

No less important to business are the tax savings made possible by the changes proposed in the unemployment-insurance title. Under the established policy of providing unemployment insurance under State laws, with a uniform rate of tax, despite varying conditions of unemployment, reserve funds have been built up in many States to needlessly large amounts. We feel that there is no justification for continuing to extract from business more unemployment taxes than are necessary to meet current outlays in each State and maintain a reasonable reserve. It is essential that some plan be put into effect which will result in adjusting revenues to benefits and prevent the piling up of even greater reserves as business conditions improve and receipts from the tax increase.

At the instance of Governor Saltonstall and the Massachusetts unemployment-compensation authorities, the committee has adopted a plan whereby those States which have ample reserves may reduce their unemployment tax below the 2.7-percent level now prevailing. This plan is explained in detail in the report of the full committee. No less important to business are the tax savings made possible

committee.

committee.

According to information given the committee, all but nine States are now in a position to meet the requirement as to reserves. However, there is fear on the part of many of the State unemployment-compensation officials that the standards set up as a condition precedent to reducing the State tax are such as to nullify the possibility of any reduction under the plan. Due to the fact that the proposal was not discussed during the public hearings, and that the specific language of the plan has only been available for examination by the State authorities since May 24, it is possible that some adjustments will have to be made if the hoped-for tax reduction is to be realized. These standards were insisted upon by the Social Security Board as a condition to its approval of the plan.

It is estimated that this provision may result in a saving to business of \$250,000,000 annually in those States which now have the required reserves. State action will, of course, be required to put the plan into operation.

In addition, there will be a further saving of \$65,000,000 annually because of the limitation of the tax base under title IX to the first \$3,000 of each employee's annual earnings, as is now provided under title VIII.

A still further saving will result from the adoption of the Carlera empendment aliminating the socialed 90 percent penalty in

A still further saving will result from the adoption of the Carlson amendment eliminating the so-called 90-percent penalty in cases where the taxpayer failed to pay his State unemployment tax for 1936, 1937, or 1938 in time to get the benefit of the credit against the Federal tax. This will relieve business from unjust and excessive penalties amounting to perhaps \$15,000,000.

We strongly favor the foregoing changes, which do not appear to jeopardize the payment of unemployment benefits or involve any reduction in the amount thereof

reduction in the amount thereof.

OLD-AGE PENSIONS

Under existing law, pensions to needy persons over 65 are provided under the laws of the several States, the States themselves having full control in fixing the amount thereof, with the Federal Government reimbursing the States for one-half the total sum expended. It is provided, however, that in no case shall the Federal contribution exceed \$15 per month per person. In other words, the Federal Government matches the State funds paid out for oldage pensions on a 50-50 basis, and makes no contribution unless there is a like contribution by the State. If a State pays an individual \$15 per month, the Federal Government contributes \$7.50 of the total. If it pays him \$30 per month, the Federal contribution is \$15. If it pays \$40, the Federal Government contributes the first \$15 and the State the balance.

When the original Social Security Act was under consideration in 1935 the Republican minority offered a motion to increase the Federal contribution to a maximum of \$20, which, with a like contribution by the State, would have provided a pension of \$40 per month. The motion was defeated, due to the opposition of the Democratic majority.

The committee, by its action in incorporating such an amendment in the pending bill, has agreed that the change we then proposed is desirable.

Our purpose in offering the original motion was that we considered a pension of \$30 per month to be inadequate. Unfortunately, the States have not provided anything approaching even this amount on the average, despite the willingness of the Federal Government to contribute one-half the total. As of March 15, 1939, according to figures submitted by the Social Security Board, the average pension being paid throughout the country was only \$19.51. The average payment by States ranged from a low of \$6.11 in Arkansas to a high of \$32.47 in California. The following table gives the figures for each State:

Average old-age pensions being paid, February 1939, by States with plans approved by the Social Security Board

[Data corrected to Mar. 15, 1939]

Total	610
	_ \$19.
Region I:	
Connecticut	_ 24.
Maine	
Massachusetts.	
New Hampshire	00.
Rhode Island	_ 10.
Vermont	_ 14.
Region II:	
New York	_ 24.
Region III:	
Delaware	10.
New Jersey	19.
Pennsylvania	_ 21.
Region IV:	
District of Columbia	25.
Maryland	_ 17.
North Carolina	
Virginia	9.
West Virginia	
Region V:	10.
Kentucky	8.
Michigan	10
Michigan	
Ohio	22.
Region VI:	
Illinois	18.
Indiana	
Wisconsin	20.
Region VII:	
Alabama	9.
Florida	13.
Georgia	8.
Mississippi	7.
South Carolina	7.
Tennessee	
Region VIII:	10.
Iowa	19.
Minnesota	
Nebraska	
North Dakota	
South Dakota	19.
Region IX:	
Arkansas	
Kansas	19.
Missouri	18.
Oklahoma	_ 19.
Region X:	10.
Louisiana	11.
LouisianaNew Mexico	
Louisiana New Mexico Texas Region XI	_ 13.
Louisiana New Mexico Texas Region XI	_ 13.
Louisiana New Mexico Texas Region XI: Arizona	13.
Louisiana New Mexico Texas Region XI: Arizona Colorado	13. 26. 29.
Louisiana New Mexico Texas Region XI: Arizona Colorado Idaho	26. 29. 21.
Louisiana New Mexico Texas Region XI: Arizona Colorado Idaho Montana	13. 26. 29. 21. 20.
Louisiana New Mexico Texas Region XI: Arizona Colorado Idaho Montana Utah	13. 26. 29. 21. 20.
New Mexico Texas Region XI: Arizona Colorado Idaho Montana Utah Wyoming	13. 26. 29. 21. 20.
Louisiana New Mexico Texas Region XI: Arizona Colorado Idaho Montana Utah Wyoming Region XII:	- 13. - 26. - 29. - 21. - 20. - 20. - 21.
Louisiana New Mexico Texas Region XI: Arizona Colorado Idaho Montana Utah Wyoming	13. 26. 29. 21. 20. 21. 20. 21. 23.
Louisiana New Mexico Texas Region XI: Arizona Colorado Idaho Montana Utah Wyoming Region XII: California	- 13. - 26. 29. - 21. - 20. - 20. - 21. - 32.
Louisiana New Mexico Texas Region XI: Arizona Colorado Idaho Montana Utah Wyoming Region XII: California Nevada	- 13. - 26. - 29. - 21. - 20. - 21. - 32. - 26.
Louisiana New Mexico Texas Region XI: Arizona Colorado Idaho Montana Utah Wyoming Region XII: California Nevada Oregon	- 13. - 26. 29. 21. 20. 20. 21. 22. 21. 22. 21.
Louisiana New Mexico Texas Region XI: Arizona Colorado Idaho Montana Utah Wyoming Region XII: California Nevada Oregon Washington	- 13. - 26. 29. 21. 20. 20. 21. 22. 21. 22. 21.
Louisiana New Mexico Texas Region XI: Arizona Colorado Idaho Montana Utah Wyoming Region XII: California Nevada Oregon	13. 26. 29. 21. 20. 20. 21. 32. 26. 21. 22.

Of course, until the States take action to increase the amount of their old-age pension payments, no benefit to elderly persons will result from the more liberal Federal contribution which the bill

provides. However, we hope that this evidence of a willingness on the part of the Federal Government to do its share in bringing about an increase in old-age pensions will give rise to action by the States along this line. The responsibility is now theirs to see that more adequate pensions are provided.

OLD-AGE RETIREMENT PROVISIONS

Under existing law, provision is made for a Federal system of old-age retirement annuities, under which employed persons (with certain exceptions) are to be paid retirement benefits upon reaching the age of 65. A pay-roll tax, to which we have previously referred, is imposed on such employed persons and their employers for the purpose of financing this retirement scheme. To qualify for retirement benefits, workers must have reached the age of 65 and have contributed to the system for at least 5 years, The first benefits are scheduled to be paid under existing law on January 1, 1942. The present schedule of benefit payments ranges from a minimum of \$10 per month to a maximum of \$85, based on the worker's total earnings during the years he has been covered under the system. In the case of workers dying before reaching the retirement age, their estates are now paid a lump sum equal to 3½ tirement age, their estates are now paid a lump sum equal to 3½ percent of the total wages earned while the worker was covered, this amount being deemed to be a return of his own contributions under the pay-roll tax. The present law makes no distinction as between married and single workers in the amount of benefits paid. No survivor benefits are provided for except the lump-sum payment

above referred to.

Under the bill, it is proposed to revise the present old-age retirement provisions by increasing the benefits in certain directions and decreasing them in other directions, without making any net change in the total cost over the years. We call particular attention to these changes so that it may be fully understood just what is proposed.

The new benefits provided by the bill include the payment of monthly pensions to widows of deceased workers where there are dependent children or where the widow herself is over 65 years of age, and to dependent parents over 65 where there is no widow of the deceased worker and no dependent child.

The bill also proposes to make a distinction between married and single workers by providing a supplemental pension to workers whose wives are over 65.

The details of these proposed new benefits are set forth in the

The details of these proposed new benefits are set forth in the report of the full committee.

Insofar as the workers themselves are concerned, the bill proposes

report of the full committee.

Insofar as the workers themselves are concerned, the bill proposes to reduce the eligibility requirement from 5 to 3 years coverage under the system, and to commence the payment of benefits in 1940 instead of 1942. This change has been advocated by the Republican minority for several years. In fact, the report made by the minority group in January 1937, to which we have already called attention, proposed that payments begin on January 1, 1939.

The pending bill also revises the schedule of benefits for retired workers by increasing the amounts payable to all those retiring in the next few years, and reducing the amounts payable in future years to single persons and married men whose wives are under 65. Under existing law, the formula for computing benefits is as follows: One-half of 1 percent of the first \$3,000 of total wages earned since the system has been in effect, plus one-twelfth of 1 percent of the halance. Since only the first \$3,000 of each employee's annual wage is taxed, only the first \$3,000 of the annual wage is counted in computing benefits.

Under the pending bill, it is proposed to base benefits not on the total earnings of the employee during his working span but upon the average monthly wage earned during that period. The new formula provided under the bill is as follows: Forty percent of the first \$50 of the average monthly wage, plus 10 percent of the balance, the total thus obtained to be increased 1 percent for each year in which the worker earned \$200 or more since he has been under the system. In other words, if the average monthly wage was \$100, and the worker had been under the system for 20 years, his pension would be computed by taking 40 percent of the first \$50 (or \$20), plus 10 percent of the remaining \$50 (or \$51), making a total of \$25, plus an additional 20 percent for the 20 years covered under the system (\$5), or a grand total of \$30. Following is a comparative table showing present and proposed benefits to retired workers:

Present and proposed schedules of retirement benefits for employed

	Present	Proposed schedule		
	law (no distinction between married and single persons)	Single persons and married men with wives under 65	Married men with wives 65 and over	
A verage monthly wage of \$50: 3 years coverage. 5 years coverage. 10 years coverage. 20 years coverage. 30 years coverage. 40 years coverage.	None \$15,00 17,50 22,50 27,50 32,50	\$20, 60 21, 00 22, 00 24, 00 26, 00 28, 00	\$30. 90 31. 50 33. 00 33. 00 39. 00 40. 00	

Present and proposed schedules of retirement benefits for employed persons—Continued

	Present law (no distinction between married and single persons)	Proposed schedule	
		Single persons and married men with wives under 65	Married men with wives 65 and over
Average monthly wage of \$100:			
3 years coverage	None	\$25.75	\$38, 63
5 years coverage	\$17, 50	26, 25	39, 38
10 years coverage.		27, 50	41, 25
20 years coverage	32, 50	30, 00	45, 00
30 years coverage		32, 50	48, 75
40 years coverage	51. 25	35.00	52, 50
Average monthly wage of \$150:	01. 20	00.00	02, 00
3 years coverage	None	30, 90	46, 35
5 year's coverage		31, 50	47, 25
10 years coverage	27, 50	33, 00	49, 50
20 years coverage.		36, 00	54, 00
30 years coverage	53. 75	39, 00	58, 50
40 years coverage.		42,00	63, 00
Average monthly wage of \$250:		20.00	90.00
3 years coverage	None	41, 20	61, 80
5 years coverage	25, 00	42,00	63, 00
10 years coverage	37, 50	44,00	66, 00
20 years coverage		48.00	72,00
30 years coverage	68, 75	52,00	78, 00
40 years coverage	81, 25	56,00	84.00

From the foregoing table, it will be observed that the single person and the married man whose wife is under the age of 65 received less under the proposed plan than under the present system in the following instances:

(a) Such worker with an average wage of \$50 monthly where he has been under the system 30 years or more.

(b) Such worker with an average wage of \$100 or over per month where he has been under the system 20 years or more.

In the case of the \$50 per month worker, the reduction is much smaller than in the case of the worker earning up to \$250.

It has been estimated that about 40 percent of the persons now 21 years of age will not live to reach age 65 so as to qualify for monthly benefits. Under the proposed plan, these workers will contribute their pay-roll tax money into the system without building up any vested interest therein, such as they have under the existing law. At the present time, in the case of workers dying before reaching the retirement age, their estates would be entitled to lump-sum payments (representing a return of such contributions) as follows:

Lump-sum payments under existing law, which are abandoned

Lump-sum payments under existing law, which are abandoned under proposed plan

** 100°	Average monthly wage					
Years of coverage after 1937	\$50	\$100	\$150	\$200	\$250	
10	\$210 420 630 840	\$420 840 1, 260 1, 680	\$630 1, 260 1, 890 2, 520	\$840 1, 680 2, 520 3, 360	\$1,050 2,100 3,150 4,200	

These lump-sum payments will be abandoned under the proposed plan, and all that the estate of the worker will receive, provided he leaves no one behind entitled to monthly benefits, will be six times the monthly benefit he would be entitled to receive upon retirement. Such sum will be only a fraction, in many instances, of the amount of the present lump-sum payment. The virtual confiscation of the sums paid into the system by workers dying before reaching the age of 65 is for the purpose of paying a part of the cost of the increased benefits to others

The justification for this confiscation, in the eyes of the Social The justification for this confiscation, in the eyes of the Social Security Board, is the new concept of what the worker is purchasing under the old-age insurance system. At present he is deemed to be buying an annuity at age 65, with a guaranteed return of principal in case of his death before reaching that age. But under the proposed plan he is merely deemed to be insuring himself against the hazards of old age in case he reaches the retirement age. Whether the workers of the country will be satisfied with this new concept remains to be seen. It puts the Government in the position of changing the terms of a contract after it has been entered into.

In the absence of such confiscation of the pay-roll-tax contribution of workers dying before reaching the retirement age and in the absence of the contemplated reduction in the retirement henefits of

absence of the contemplated reduction in the retirement benefits of workers retiring some years in the future, it would, of course, be necessary to increase the present pay-roll taxes substantially above the present schedule of rates in order to provide the proposed new and increased benefits to others.

In making these comments we do not wish to be understood as opposing the liberalization of the present old-age insurance provisions, which we believe to be commendable. However, we do question

the fairness of providing these increased benefits at the expense

of single persons and married men whose wives are under 65.

Many of those interested in the problem of social security are of the opinion that the existing system should not be extended or liberalized until it has been in effect for a longer period. Especially is there need for study into the ultimate costs involved. Care must be taken that unforeseen future liabilities of great magnitude are not being placed upon the taxpayers of the country by reason of providing benefits not contemplated by the original law. Investigation should also be made into the possibility of finding some means other than the present pay-roll tax to finance the old-age insurance system. It is in many respects one of the worst forms of taxation ever devised.

BROADENING OF EXEMPTIONS FROM PAY-ROLL TAXES

We wish to endorse the broadening of the exemptions from the pay-roll tax as provided under the bill, particularly as regards agricultural employment and nominal salaries paid to officers of lodges, fraternities, chambers of commerce, and so on. These exemptions are more fully explained in the report of the full committee.

PROPOSED INCLUSION OF RELIGIOUS, CHARITABLE, AND EDUCATIONAL ORGANIZATIONS UNDER SOCIAL SECURITY ACT

The Social Security Board recommended the inclusion under the act of employees of religious, charitable, educational, and scientific institutions which, under existing law, are specifically exempted from coverage.

Due to the expressed desire of these institutions not to be covered under the act, we unanimously voted to continue the present exemption accorded to them. We believe that churches, charities, educational institutions, and other groups included in the present exemption should have the right to say whether or not they wish to be included under the Federal social-security system and we oppose any effort on the part of the Government to change their status in disregard of their wishes in the matter.

AID TO DEPENDENT CHILDREN

Under the bill it is proposed to increase the Federal grants to the Under the bill it is proposed to increase the Federal grants to the States for aid to dependent children from the present one-third matching basis to a 50-50 matching basis, such as already provided under the provisions relating to grants for old-age pensions and aid to the blind. We heartly endorse this change and sincerely hope that the increased funds which will be made available to the States for this worthy purpose will be used in liberalizing present benefits and in extending aid to those now denied assistance by reason of lack of funds, rather than to relieve the States of any part of their present expenditures for such assistance. part of their present expenditures for such assistance.

VOCATIONAL REHABILITATION

We of the Republican minority strongly urged that provision be made under the bill for increased appropriations for vocational made under the bill for increased appropriations for vocational rehabilitation, to supplement the present program of grants to the States for this great humanitarian activity, which has already retrained 120,000 crippled persons who are now gainfully employed. The relatively small amount which the Government is expending for this purpose is paying rich dividends. Not only is there a saving by reason of not having to maintain these cripples at public expense but when they are restored to gainful employment they become taxpaying citizens. become taxpaying citizens.

ALLEN T. TREADWAY. FRANK CROWTHER. HAROLD KNUTSON. DANIEL A. REED. ROY O. WOODRUFF. THOMAS A. JENKINS. DONALD H. MCLEAN. BERTRAND W. GEARHART. FRANK CARLSON. BENJAMIN JARRETT.

Mr. DOUGHTON. Mr. Chairman, I yield 15 minutes to the gentleman from Virginia [Mr. ROBERTSON].

Mr. ROBERTSON. Mr. Chairman, in my opinion this is the most important bill that has been before the House at this session and the most important bill that we will be called upon to consider during the session. The fact that there are only 50 or 60 Members of the House on the floor may not be very flattering to those who are scheduled to speak, but it is flattering to the work of the Ways and Means Committee, because evidently the House is accepting, without knowing what is in this bill, the work of that committee.

The distinguished gentleman from Tennessee [Mr. Taylor] told you in speaking on the rule that it would take a Philadelphia lawyer to understand what is in the measure. He was stating the truth, and it would take a Philadelphia lawyer who had spent a good many months studying this bill if he were expected to give any intelligent opinion about it. Never in my recollection has the Ways and Means Committee so carefully considered proposed legislation. We have devoted about 4 months of hard work and study to this bill, with the hope that we could bring out a measure that would meet with the approval of the House and the country. Evidently we have succeeded for the most part, because I am sure no Member of this House who is not a member of that committee knows what is in this bill, as many are not here to hear those who have been studying the bill explain its provisions.

I shall not take your time to try to explain the many intricate provisions of this measure.

This is the most liberal social-security program ever proposed by any nation in the world, but the phase of the program that gives me, personally, the most concern-and that is its extreme liberality—has been the subject of most of the discussion so far today from the standpoint that it is not liberal enough. Of course my distinguished colleague from Massachusetts, who preceded me, called to your attention the fact that this is a very liberal program, that we have gone far beyond the 1935 bill in bringing benefits to widows, to wives, to dependent children, and that we would also increase the Federal grants to a 50-50 basis for dependent children. increase the appropriation for rehabilitation, and have done various and sundry other things that will increase the cost of this program to the Federal Government; yet I anticipate that the only fight that will be made on this floor will be to still further liberalize the provisions of the bill, either because the Members will not know how liberal it already is or else because they have no proper concern for the ability of our Nation to finance present burdens and the additional burdens that will be added by this legislation.

I do not hesitate to say, and, as a matter of fact, it is already of public record in the press, I vigorously opposed the liberalized benefits portion of this bill, feeling it would be better and safer for the time being simply to freeze the payroll taxes, improve the administrative features of this law. clarify the situation as to agriculture, give an opportunity to the States to make a suitable reduction in the 3-percent tax for unemployment compensation insurance, exempt certain nonprofit organizations, commence benefit payments in 1940 instead of 1942, but defer the rest of the liberalized program until some of the shadows have lifted from the road ahead.

As the gentleman from Massachusetts has pointed out, our committee was flooded with requests from industry not to let the 50-percent increase for pay-roll taxes for old-age benefits go into effect in 1940. They said they could not stand that additional taxation and that it would result in unemployment.

We yielded to their importunities and froze that tax until 1943, but I have no assurance that the second session of the Seventy-seventh Congress may not be confronted with the same appeals that met the first session of the Seventysixth Congress. Neither do I have any assurance that the Members of that Congress will not then yield to such appeals.

The report states that in the next 5 years the increased benefits under this program, roughly, will amount to \$1,200,-000,000, but that is based on what is called the intermediate estimate, and the distinguished Chairman of the Social Security Board frankly told us that so many factors enter into the matter of determining what will be the cost of this program, that it would be only safe for us to allow, in computing costs for future years, a 50-percent margin of error between the possible low and the possible high. So when the committee reports the intermediate estimate of increased costs of \$1,200,000,000 for the next 5 years, you must consider in connection with appeals that will undoubtedly be made to you to increase the benefits for old age, noncontributory pensions, and to increase the contributions to the States for various and sundry things, that the cost already contemplated by this bill may far exceed our present estimates and expectations.

Mr. DOUGHTON. Mr. Chairman, will the gentleman vield?

Mr. ROBERTSON. I yield to the distinguished chairman of my committee.

Mr. DOUGHTON. Is it not a fact that if we increase the liberal provisions of the bill and have the Government assume additional obligations, we might just as well get ready now to raise additional taxes to meet those obligations, because that is something that will have to be done.

Mr. ROBERTSON. There can be no doubt about that We should face this issue in a realistic manner. There is a limit to what the Government can pay, and no one can with certainty predict when the country will lose faith in Government obligations. No Member of this House should want to push the Government to the point where confidence in the Government and in Government securities would be lost. I am sorry my distinguished colleagues of the minority have seen fit to bring in partisanship, but at this point I feel I should say that we sat around the conference table in that committee for a month after the hearings had closed as free from partisan situations as any political committee could be, considering this economic question as an economic question, working together, Democrats occasionally voting for Republican motions and Republicans occasionally voting for Democratic motions-all seriously bent on the one objective, to bring out the best possible bill. I am sorry that they have seen fit to insert in the minority report reference again to the fact that the Government bonds in which this trust money will be invested are still I O U's. I do not know exactly what an I O U is, but I have always thought it is more or less in the nature of what they call in China a chit—something scratched on a piece of paper, "I will pay you if, as, and when—but I owe you so much." The bonds into which this trust fund will be invested are the same bonds in which we have always invested all of the annuity and retirement fund for the civil-service employees, bonds of our Postal Savings and all other savings of that kind—the very same kind of bonds. Let no concern be given by anyone on that point, but I do strongly urge that when we start reading this bill under the 5-minute rule for amendments you resist the temptation to further load this bill down with amendments that would increase its cost to the Government. to the taxpayers, and maybe finally to the undoing of us all.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. ROBERTSON. Yes.

Mr. O'CONNOR. I have heard some complaint about the law as it is now from the employers. For instance, they contribute to this fund. I have heard them say, "Suppose that one of us goes broke, suppose an employer goes broke and he has contributed to this fund for years, what benefits does he get?"

Mr. ROBERTSON. This fund is not set up for the protection of the employers, but it is for the protection of the employees, and if the employer goes broke, the employee still has to his credit what he has put into this fund and it is as

safe as wheat in the mill.

Mr. O'CONNOR. Can he get anything back?

Mr. ROBERTSON. He can get it back when he reaches the retirement age.

Mr. O'CONNOR. Not until then?

Mr. ROBERTSON. He cannot get an immediate cash

payment, and nobody can under this bill.

Mr. Chairman, it is my information on the Democratic side that we have not had applications enough for time this afternoon to scarcely run us through today, and I expect the same condition applies on the Republican side. Therefore, I see no good purpose to be served by continuing this debate, which under the rule is limited to 8 hours, and unless applications are made for time before we adjourn today, I suggest the sensible thing would be to close the general debate when the Committee rises this evening and start the reading of the bill under the 5-minute rule tomorrow. I make that suggestion now so that if anyone wants to speak on the bill, he can make application for time now.

Mr. TREADWAY. Mr. Chairman, will the gentleman

yield?

Mr. ROBERTSON. Yes.

Mr. TREADWAY. I respect the gentleman's views on all matters, of course. The suggestion he now offers would be impractical and impossible. I for one on the part of the minority have made commitments for tomorrow and the

next and it would not be fair to these people to close debate tonight. Besides that, we could not do that in Committee of the Whole. I hope the gentleman will not consider bringing it up in the House.

Mr. ROBERTSON. I shall not insist upon it, but I think if those who are going to speak on this program are not sufficiently interested to be here when we have the bill under consideration, they might just as well insert their remarks in the Record.

Mr. TREADWAY. And may I further suggest that until this morning the committee report, containing both the majority and the minority views, was not available for general distribution to the House.

It has been impossible for our colleagues to secure copies of the reports until this morning. So, of course, it would not be fair to them to close debate today.

Mr. ROBERTSON. I realize there is merit in that suggestion, because I tried to get some extra copies of the report myself yesterday afternoon and was unable to do so.

I wish to conclude these brief observations on this bill with this very definite appeal that we do not attempt to load this bill down with one further cent of expense to the Federal Government. [Applause.]

The CHAIRMAN. The time of the gentleman from Virginia has expired.

Mr. TREADWAY. Mr. Chairman, I yield 20 minutes to the gentleman from New York [Mr. Reed].

Mr. REED of New York. Mr. Chairman, I am only going to discuss one phase of this bill. It is one that appeals to me very deeply. It is one in which I am sure there cannot be one iota of partisanship. It would be impossible for me, in discussing it, to inject any partisanship into it. I think it is a phase of this bill that comes very close to the heart of every American citizen.

The reason I am going to discuss it is because I think a record should be made outside of the printed reports from the various bureaus, which oftentimes do not reach the public. I refer to the subject of rehabilitation of persons crippled in industry or otherwise. This subject, I am sure, will interest the public, and I believe that in due time the program to promote it will be greatly extended.

If you are in possession of the majority report of the committee, you will find on page 3 rather a brief reference to rehabilitation. You will notice by the report that in this bill there has been authorized an appropriation of \$1,000,000 to increase the work of vocational rehabilitation. It is an increase from \$1,938,000 to \$2,938,000.

The history of rehabilitation is very interesting. I am going to trace it very briefly. I suppose the reason for my great interest in this subject is because I came in touch with it almost by accident.

In 1917 I had the privilege of being in France and while in the city of Paris a fine old French professor named Doleans was very insistent that I go out to the National Agricultural School or University located at Grignon. I hesitated about going because the war was on and there were things to be done. It occurred to me there would be no students in the university, because all the young men, especially of student age, were in the army. But as a matter of courtesy I went out to this old National University. and much to my surprise found that the domitories were all occupied by injured soldiers. It was a beautiful old educational institution located on 600 acres of land, enclosed with a stone wall. The buildings were beautiful and serviceable. There were the usual classrooms, lecture rooms. These soldiers, practically every one of them had earned a distinguished service medal for heroism on the field of battle. I saw men there with their legs off. I saw men with their arms off. I saw the blind. I saw them injured in every conceivable way by the terrible instrumentalities of modern war. With the exception of a few men, I found them very cheerful and contented, because they were taking courses in the university to prepare them, regardless of their physical handicaps, to go back to their own communities

and be self-respecting, self-sufficient, and self-supporting \

I became so interested that I made a most careful study of the whole situation and reduced it to writing. I made a list of the various activities there. There were the workshops, the laboratories, animal husbandry, dairying, fine barracks, recreation, chapel, a host of other activities; even the training of sheep dogs. Classes in all of these various activities.

I saw large classes where they were studying the tractorhow to operate it; men with perhaps one leg driving a tractor. There were lecture halls where others were studying the mechanism of tractors. I saw others learning to make cheese and butter, to go back to their own localities to earn a livelihood. There were coopers being trained to make casks and barrels for the wine sections of France. So I might go on almost indefinitely with a large list of things which they were teaching the physically handicapped men.

It was an inspirational sight, because I saw old professors there taking the blind up to the chapel. These blind boys had become a little blue and discouraged. They had blind men who had been blind all their lives leading them up to the chapel to hear fine music. They were telling the boys what a joy it was to be blind and how much they could get out of life. It was humanitarian in every respect.

I made complete notes. I came home in January 1918 and made a full report to the United States Government. Just how much influence that report might have had on subsequent legislation I do not know, and it is of little importance.

The fact is that a very fine Senator from Georgia, Senator Hoke Smith, introduced a bill embodying a rehabilitation program for the soldiers. He also had in mind including in that bill persons employed in industry, but he omitted this feature, thinking that perhaps the public mind was not quite attuned to such a program. You will all be interested to know that a companion bill was introduced in the House of Representatives by our distinguished Speaker, the gentleman from Alabama [Mr. BANKHEAD]. The civilian rehabilitation bills introduced by Senator Hoke Smith in the Senate and by Representative WILLIAM BANKHEAD, of Alabama, did not pass the Sixty-fifth Congress. These bills, however, were reintroduced in the Sixty-sixth Congress by Senator Smith and Representative Fess. These measures became law on June 2, 1920. I may say in this connection that rehabilitation of soldiers was a direct Federal responsibility, but under the civilian act the responsibility of carrying out the work was placed upon the States, although on a 50-50 contribution plan.

I had one experience which I recited to the committee the other day. It was rather interesting, but it shows just how these things sometimes appeal to the man who is discouraged and feels that there is no hope left for him in life. In the early days of the war there was an Irish boy located out at Walter Reed Hospital. He was a lad from my own district, who was injured. In those days, you know, we were very thoughtful of the soldiers in the hospitals-far more so than we are today; our sense of pity was very keen; we had not forgotten to visit them in those days. I drove out to Walter Reed Hospital to take this young man from my district for a ride and told him he could bring along a buddy. When we got out there on a bright Sunday morning the lad from my district came out, but he said, "My buddy is inside, and I guess you will have to help him." I went inside and found a smiling young man with both legs off fairly close to the hips. I tucked him under my arm, took him out, put him in the car, and we went for a drive. I asked them where they would like to go, and strange enough they wanted to go to Arlington Cemetery. We went through Arlington Cemetery and then went to a hotel and had dinner. Then I sat down and visited with this young man who had lost his legs, and I said: "What are you going to do now?"

"Oh," he said, "I am going to get along fine. I am rather a lucky fellow."

I said, "How is that?"

"Well," he said, "the Government is going to give me a

worked in the railroad yards in my home town and helped my mother, and I never could get the education I wanted, but the Government is going to give me a chance. I think I am pretty lucky."

I said, "My boy, I think the American people are lucky to

have boys like you, with your spirit."

Then he said, "You know, these girls are funny ones, aren't

I said, "How is that?"

"Well," he said, "you know I was going with a girl, but when I lost my legs I figured that she would not want me any more, so I was not going to bother her, because she liked to dance, and I would not be able to dance, but," he said, "when I got back she seemed to like me better than ever, and you know we are going to be married."

Several years later I was invited to speak in his home town. When the committee met me at the station I asked them about this boy, and they said they would take me up to see him. When I went up to see him he was occupying his own office. He was running a fine business. He was very glad to see me. He walked out on artificial limbs, happy and smiling as usual, told me he had made a success, married the girl, that he had a home, and that was paid for. Then he hauled out of his pocket and displayed a license authorizing him to drive his Cadillac car which he owned. A special license had been issued to him by Governor Pinchot, of Pennsylvania, and he was very proud of the distinction.

Thousands of soldiers were rehabilitated under that act which was later extended to cover persons injured in industry. The work proceeded rather slowly at first. Later, I was chairman of the Committee on Education and I handled a great deal of this legislation in the early days and watched with interest the results. I am going to make a long story short. I just want to remind you that since then, in extending it to persons injured in industry, 120,000 hopeless, helpless cripples have been retrained, rehabilitated, and placed in gainful occupations.

The gentleman from Virginia deplored the fact that there might be some liberalization of this bill. I do not know of anybody who will hew closer to the line when it comes to saving money than I will, but there are certain types of expenditure which are an investment. If you want to figure it in dollars and cents and leave out the human aspects, these 120,000 people who have been retrained, rehabilitated, and put back in gainful occupation, had they become objects of charity would have cost this country as a whole, at least the communities, at the very minimum \$60,000,000 every single year to maintain them. To retrain them cost about \$300 on the average. You will be interested to know that Henry Ford employs over 11,500 of these people, many of whom are blind. Industry has cooperated throughout the country; and what a challenge, gentlemen, today when you see the strikes, when you see the violence, when you see one group of labor arrayed against another, when you see 11,-000,000 men walking the street, when you realize that 120,000 hopeless, helpless cripples are earning their own way and supporting their families, what a challenge in this great land of opportunity. [Applause.]

Mr. SIROVICH. Will the gentleman yield?

Mr. REED of New York. I yield to the gentleman from New York.

Mr. SIROVICH. How many years did it take to rehabilitate these 120,000 people?

Mr. REED of New York. That has been done since 1923. Mr. ROBSION of Kentucky. Will the gentleman yield?

Mr. REED of New York. I yield to the gentleman from Kentucky.

Mr. ROBSION of Kentucky. I served side by side with the gentleman on the committee that promoted this legislation that has reclaimed crippled men in industry.

Mr. REED of New York. That is correct.

Mr. ROBSION of Kentucky. I have taken no part in any legislation that I felt better over than that particular legislation. I have always admired the gentleman's wonderful course in school. I have always wanted to go to school. I | service and leadership in helping reclaim people crippled in industry instead of throwing them on the scrap heap. I want to express again my appreciation for his long years of service along that line.

Mr. REED of New York. I thank the gentleman.

Mr. JENKINS of Ohio. Will the gentleman yield? Mr. REED of New York. I yield to the gentleman from Ohio.

Mr. JENKINS of Ohio. Along the line of what the gentleman from Kentucky has just said, may I say that when I first came to Congress some 15 years ago the first recollection I have of the gentleman who is speaking, Mr. REED of New York, was his eloquent presentation when he was a pioneer in this movement to rehabilitate disabled persons.

If he never does any more, the American people owe him a debt of gratitude that they can never pay him because he started this activity which has had such a beneficent effect on people who need help. I cannot let this opportunity go by without interpolating and stating how much good I have received out of it and how proud I have been to vote at every opportunity to increase expenditures to extend this fine work.

Mr. REED of New York. I thank the gentleman.

Mr. DONDERO. Will the gentleman yield?

Mr. REED of New York. I yield to the gentleman from

Mr. DONDERO. The gentleman mentioned the name of Henry Ford. Does the gentleman know that in Mr. Ford's factory at Dearborn, Mich., he has working for him many thousands of men between the ages of 50 and 70?

Mr. REED of New York. And 80.

Mr. DONDERO. And some 80 years old?

Mr. REED of New York. Yes.

Mr. Chairman, the Members of Congress come in many

times for a great deal of criticism.

I find that there are employed in the Ford factory a great many of these men, and I mention the Ford plant because he employs so many of these people, but there are many other industries doing likewise. You cannot realize what these men have had to overcome. Some of these men were armless, legless, some suffering from heart disease, tuberculosis, and from many other physical and organic difficulties. Here is a list of over 500 workers in one plant 30 percent of whom in this one plant fall in this class of disabled.

If you will go into that factory you will see the blind putting washers on bolts. They are perfectly happy. You will see men with crutches leading the blind to work. There was a group in the 30 percent, above referred to, who turned out 10,000 technical pieces for automobiles, 7,000 distributor assemblies, and 8,500 automobile horns and switches.

Mr. Chairman, there is a strange thing about these people. Do you know that they have less time off on sick leave than those who are physically sound? Just keep in mind every one of them is earning a full day's pay for a full day's work, supporting himself and in many instances his family. I want that to soak into this country. These physically handicapped go-getters seem to get jobs. Certainly these crippled, blind, helpless people when they are retrained and given the opportunity go out and get work and make good.

Mr. DOUGHTON. Will the gentleman yield?

Mr. REED of New York. I yield to the gentleman from North Carolina.

Mr. DOUGHTON. May I say at this point that the gentleman from New York [Mr. REED] was very insistent before the committee when this matter was under consideration to increase the amount by \$1,000,000. No doubt the information he gave to the committee, he having had some experience with the matter, was very persuasive in securing an increase in the authorization contained in the bill. [Applause.]

Mr. REED of New York. I thank the chairman of the Ways and Means Committee and may I say that all credit is due the majority side because it was by unanimous vote of the committee that this \$1,000,000 was put in here.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. REED of New York. Mr. Chairman, I intended to go through the various States and make a few remarks touching each one of them, but time will not permit. In Illinois in 1 year there were placed in gainful occupations 5,885 persons who were once hopeless, helpless cripples, subjects for charity. Those people are engaged in 500 different kinds of employment.

In 15 months in California there were placed 1,392 handicapped persons in 90 different occupations. Illinois had 329 victims of industrial accidents, and I want you to listen to this, if you please. As normal workers they average \$726 yearly. Retrained they earned on an average \$1,292.

I am going to conclude with a little story. When we approach sound legislation, legislation by which we are really making an investment, I do not care what the papers or magazines say about the Members of Congress, I want every Member of the House to receive credit for some of the hard legislative work which he performs.

I remember years ago reading a poem by Anton Chester. I am not going to recite it. He had been over in the Far East where they make these marvelous tapestries and oriental rugs. He wrote a poem entitled, "The Weavers." There out on the burning sands he found these looms set up where women and children were tying thousands of knots to the square inch, working from a blueprint, working from the under side and standing in most awkward and painful positions from sunrise to sunset.

They were working day in and day out, month in and month out, year in and year out, sometimes for 3, 4, or 5 years, to make these beautiful tapestries and rugs you see on the floors and on the walls of your museums, your art galleries, and palatial homes. The master weaver left them with a blueprint; but one great day came in the lives of those people that had suffered the tortures of the damned doing this work and not knowing what the result would be. That great day came when the master weaver came, because notice had been sent to him that the last knot had been tied and that the loom was to be lowered and the product of the work spread before them on the sand. There he described how they would leap with joy and the tears would roll down their cheeks as they saw the beauty of their product, a perfect piece of work that would bring joy through the years to others.

When we weave legislation that performs the work that has been done by this rehabilitation service, let us hope that some day when your work is spread out before the master weaver, or before posterity, your name, even although it may be maligned now, will be glorified and appreciated then.

Mr. BOEHNE. Mr. Chairman, I yield 15 minutes to the gentleman from Missouri [Mr. Duncan].

Mr. DUNCAN. Mr. Chairman, there is no use in anyone attempting to explain this legislation in 15 minutes or 30 minutes. There are so many provisions of such technical character that most of us who have worked on them for a month have to think about them ourselves before we know exactly what they are about.

During the past week in this House there has been a great deal of politics played in connection with old-age pensions. A long time ago I adopted the philosophy that "I would rather have a part of something than all of nothing." It is no use for this House to think about providing relief to the aged or relief to any other group of people in this country to an extent that is beyond the financial possibilities of the taxpayers. Whenever relief is provided and whenever pensions are provided they are upon a permanent basis, you and I know that. The taxes must be raised with which to meet the obligation. It is unlike the relief appropriations we have been making. We are at least hopeful that such appropriations are temporary and will not be continuing responsibilities on this Government, but when we provide for old-age pensions, when we provide for annuities, we

must realize as sensible men and women that they are continuing obligations and that this House is to be called upon to raise the taxes with which to meet the obligations.

We know that the problem of old-age pensions is with us. It came upon us rather suddenly. I believe in it, and I believe that most of the Members of this House believe in old-age pensions. Only a few years ago the aged population of this country was about 3 percent-that is, the population beyond 65 years of age. It is now more than 6 percent. In a comparatively few years, as time goes, it will have reached approximately 16 percent of the population of this Nation. By 1980 the population of the country over 60 years of age will have reached more than 25 percent of the total population, if I am not mistaken. This is a tremendous percentage of oldage population.

There is a reason for this. The birth rate in this Nation is practically static. Through medical science people are living longer than they used to live. A comparatively few years ago there were 1,000,000 immigrants coming into this country annually. So our population increased tremendously over a comparatively short period of time. This means that we are going to reach a maximum old-age population in a comparatively few years.

There are two titles to this bill, as you who have read it know, that deal with old-age problems. The first title, title I, deals with old-age assistance, old-age pensions. The second title deals with old-age and survivor benefits. The second title has been modified tremendously in the recommendations submitted by the committee. It has been liberalized beyond my fondest hope when these hearings were started, and we are informed that it will not cost any more than under exist-

Let me impress upon the members of the Committee that as title II is perfected and takes care of the increasing and approaching old-age load in this country, just so much will the responsibility for old-age assistance be modified or relieved, because, as these people who are now employed reach the age of retirement and can benefit from the provisions of title II, they will, of course, not be applicants for old-age assistance. Provision is also made for orphans and for widows so long as their children are below a certain age. This will materially aid and help the general social problem of the country.

I do want to say something to you about title I, old-age assistance. I believe in the State and Federal system. I do not believe in a national old-age pension law.

In the first place, I am a firm believer in States' rights. We have the most unusual problems in this Nation of any nation in all the world when it comes to dealing with social problems of this kind. There is just as much difference between the social, economic, and climatic conditions in Maine or northern New York or Wisconsin and those in New Mexico or Texas or California as if they were in different countries. In one section of this country the people have to dress differently than in others. They have to build against the cold; they have to buy every particle of food they eat, and it comes from some other section of the country. In other sections the people grow five or six garden crops a year and grow different types of crops. They do not have cold temperatures to contend

It may be that \$10 a month would go farther in one section of the country than \$50 a month would in another section of the country. It may be that an old couple living out in the country, owning a little home but having no income, could get along on \$15 a month, although if the same couple were moved into the city where a house had to be rented and money had to be paid for fuel and light and other necessities, it would take \$50 a month for them to get along as comfortable as they could on \$10 or \$15 a month, having a little property and growing a few chickens, some garden produce, and that sort of thing. So I believe the communities or the States are better qualified to determine those conditions than the Federal Government.

There has been a great deal of misunderstanding, I believe, in the States. I know there has been in my State, and applicants for old-age pensions have bitterly criticized the Social Security Board in Washington when they have been turned down because they had a little bit of property. When Dr. Altmeyer was before the committee I very definitely and specifically asked him about that question and his answer was that the States are the sole judges of the question of eligibility for old-age pensions. It is true there is written into this bill a provision that in determining the eligibility of an applicant there shall be taken into consideration the income of the applicant, but, after all, it is up to the State to determine it, and I know that it has been discussed in the Ways and Means Committee time after time. It was discussed 5 years ago and agreed by every man on the committee that it was not absolutely necessary to be in want in order to have an old-age pension.

You might have a piece of property, you might have a house and yet be eligible for an old-age pension. Some States, I admit, have attempted to say that you must be in want or in absolute need of the necessities of life before you can get a pension, but that is absolutely not required under the Federal Social Security Act.

Mr. BREWSTER. Mr. Chairman, will the gentleman yield? Mr. DUNCAN. I yield to the gentleman from Maine.

Mr. BREWSTER. Then as I understand the act, as administered, and as the gentleman understands it, there really is not a needs test necessarily required.

Mr. DUNCAN. Except insofar as the income of the applicant shall be taken into consideration in granting the pension, They do not have to be absolutely without everything.

Mr. BREWSTER. Is it possible to draw any line? You either have other income or you have not.

Mr. DUNCAN. I do not believe that is entirely a correct statement. I believe a person might have, as I said before, a house or probably an old person has a home, but no other income. Now, to make that old person give up that home and sell it and dispose of it in order to get an old-age pension, it seems to me would be the height of folly because to permit him to live there and give him enough to get along on would be far better than to require him to dispose of the property and give him twice or three times as much and leave him without a home, and that is not the intention. I believe, of this

Mr. BREWSTER. You do understand, then, that in its administration if any State chooses to allow a man to have a home and then a pension in addition the Federal administration will not object?

Mr. DUNCAN. That is my understanding of it, and I asked Dr. Altmeyer very definitely about it.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. DUNCAN. I yield to the gentleman.

Mr. McCORMACK. As a matter of fact, under the law, what constitutes need is left to the States; in other words. the Federal Government, by the Social Security Act, does not undertake to say to any State what constitutes need. For example, one State might exempt the equity in a house up to \$2,000, another one \$3,000, while another State might say, "No; we will allow no equity." The Federal Government does not concern itself with that, but leaves the matter entirely up to the States.

Mr. BREWSTER. Would there be any limits imposed? Suppose they gave one to John D. Rockefeller.

Mr. McCORMACK. Of course, there would be a limit.

Mr. BREWSTER. What is the limit? Mr. McCORMACK. This money comes out of public funds, and one of the basic requirements is need, but what is need is a question of fact for the State to determine. Of course, there are cases where it clearly goes beyond need, but so far as the Federal Government is concerned the question of need is left to the State in a very flexible manner.

Mr. BATES of Massachusetts. In the State of Massachusetts if one has an equity not in excess of \$2,500 he is entitled to an old-age pension.

Mr. McCORMACK. And another State could enact a law permitting no equity. In other words, the Government does not go into that, but leaves it to the local legislature to meet local conditions.

Mr. BOEHNE. Mr. Chairman, will the gentleman yield?
Mr. DUNCAN. I yield to the gentleman from Indiana.
Mr. BOEHNE. The bill now under consideration, may I
say to the gentleman from Maine [Mr. Brewster], clearly

specifies in lines 17 to 20-

That the State agency shall, in determining need, take into consideration any other income and resources of an individual claiming old-age assistance.

Mr. BREWSTER. That would be almost contrary to what has been said here; that would look in the other direction as a mandatory requirement that they shall take that into account.

Mr. McCORMACK. The purpose of that is this: Certainly, the gentleman from Maine would not want a State to pass a law paying an old-age pension coming out of public funds to A, for example, when that same party is receiving a contributory pension under another provision of the social-security law. The gentleman would not want that, would he? In other words, the gentleman would not want a person to draw two pensions, would he?

The CHAIRMAN. The time of the gentleman from Mis-

souri has again expired.

Mr. DOUGHTON. Mr. Chairman, I yield 5 minutes more

to the gentleman.

Mr. DUNCAN. Mr. Chairman, I might say to the gentleman from Maine [Mr. Brewster], using it as a practical example, that in my State the court of appeals held that a man who was receiving \$50 a month from his son was entitled to an old-age pension. The Federal Security Board objected to that, because it was apparent that that man was not in need of a Federal pension, when compared to others who had no such income. So that, after all, it is up to the States to determine that fact, and I make those observations so that they may be in the Record.

The testimony of Dr. Altmeyer appears in the hearings with respect to the Board's attitude on that question. I frankly feel that the pressure that has come from those seeking old-age pensions has been directed to the wrong legislative body, especially until the States match the amount of the Federal grants, and that they should go to the States where they must ultimately obtain increases in

their pensions.

Mr. BREWSTER. Did I understand the gentleman to say that the court in Missouri upheld that but that the Federal Security Board objected to it?

Mr. DUNCAN. The Federal Security Board contends that the courts have no authority to pass on this question of old-age pensions.

Mr. BREWSTER. They objected to it on that ground?

Mr. DUNCAN. Yes.

Mr. BREWSTER. And not on the other ground?

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. DUNCAN. Yes.

Mr. DONDERO. To say that in my own State of Michigan it is permitted old people to retain a modest home, and it is left entirely to the local investigators and the local boards in the counties to determine the question of need. They are not asked to move from their home or to dispose of it.

Mr. DUNCAN. I think that is a commendable law. Mr. Chairman, we are going to be called on when we come to the reading of this bill probably to pass on a number of

amendments.

I join with those who have spoken before in commending the gentlemen of the minority for the splendid cooperation they have given us, keeping politics out of the executive sessions at least. Of course we are all politicians, more or less, and in the hearings they naturally attempted to make a record. A motion was made the other day to recommit the Townsend bill back to the Ways and Means Committee, directing the committee to bring in a pension bill giving to the old folks adequate pensions. My good friend from Massachusetts [Mr. Treadway] talks here about this \$20 limit

today. I voted for it but it does not mean anything at this time and will not until the States increase their contributions beyond the present \$30 limit. Is that the type of oldage relief that our friends over here want to give, when there is only one State in the Union that is now meeting the present \$15 limit? That does not mean anything. In my own State when the old-age pensions came into existence, they said we would have to have a sales tax to provide the revenue. A 1-cent sales tax was imposed. Relief got 50 percent, schools got 33 percent, and old-age pensioners got 17 percent of that tax. Two years later they increased that 1-percent tax to a 2-percent tax and the old-age pensioners are still getting 17 percent of it. The proceeds from the 2percent sales tax amounts to millions. If one-half of the effort had been directed toward inducing the legislature to give them a just proportion of that sales tax, which has been exerted in trying to get some plan here that everybody knows will never become a reality, there would be more people on the pension rolls today, and they would be getting larger pensions.

Mr. BREWSTER. Mr. Chairman, will the gentleman

leid?

Mr. DUNCAN. Yes.

Mr. BREWSTER. Did I understand the gentleman to say that the suggestion to raise this \$20 does not mean anything? Mr. DUNCAN. It does not mean an earthly thing.

Mr. BREWSTER. Then, do I understand that the gentlemen of the majority are playing politics with this?

Mr. DUNCAN. Oh, no.

Mr. BREWSTER. I thought they were the ones who raised it to \$20.

Mr. BUCK. Mr. Chairman, will the gentleman yield?

Mr. DUNCAN. In just a moment. The minority members of the Committee on Ways and Means, I believe, boast that the minority introduced this amendment 2 years ago when this bill was under consideration. They have been urging its adoption ever since, and in their minority views contained in the present committee report they make the following statement:

When the original Social Security Act was under consideration in 1935, the Republican minority offered a motion to increase the Federal contribution to a maximum of \$20, which, with a like contribution by the State, would have provided a pension of \$40 per month. This motion was defeated due to the opposition of the Democratic majority.

And I say that the gentleman himself admitted that it is not going to result in any increased pensions, with the possible exception of the State of California and the State of Massachusetts.

The CHAIRMAN. The time of the gentleman from Missouri has again expired.

Mr. DOUGHTON. Mr. Chairman, I yield to the gentleman 2 additional minutes.

Mr. BUCK. Mr. Chairman, will the gentleman yield?

Mr. DUNCAN. Mr. Chairman, I yield to the gentleman from California.

Mr. BUCK. Apparently California is being held up as the only State that this amendment will benefit. Does not the gentleman realize that if the Congress takes this action it will be an incentive to every other State to increase the amount that they may appropriate out of their own funds to match the Federal funds? Does he not also realize that the legislators in the State legislatures hereafter will be put in a position where they must look to their own funds and not pass memorials and resolutions asking the Congress to pass fishy bills such as we voted down the other day?

Mr. DUNCAN. The gentleman is quite correct in his observation that the pressure which some of the legislatures, through the passing of resolutions and sending petitions to the Congress have been imposing will find the shoe on the other foot.

Mr. DONDERO. Mr. Chairman, will the gentleman yield at that point?

Mr. DUNCAN. I yield.

Mr. DONDERO. When the gentleman says it does not mean anything, he means that it will not mean anything unless the legislatures of the States increase their maximum?

Mr. DUNCAN. It does not mean anything in dollars and cents right now, because the States have not yet reached the maximum. I am talking about it from a very practical standpoint. [Applause.]

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield 15 minutes to the gentleman from Maine [Mr. OLIVER].

Mr. OLIVER. Mr. Chairman, I am introducing today a bill which has for its primary purpose the amendment of the so-called Johnson Act, which is now on the statute bocks and which prohibits further loans to nations which are in default of their honest debts to us. This bill amends the present law in two particulars. The first particular is to define the technical status of default in a way that will make it impossible for any nation making a token or part payment to us on that debt to borrow any further money from us until the full and complete payment of their overdue obligations is made.

The second particular in which this bill will amend the present act is to provide a penalty time period to run from the time that the nation in default to us makes full payment of its overdue debts under the provisions of this bill. This penalty time period will equal the period of time which the defaulting nation has taken to make up its mind to make

such full payment of its long overdue obligations.

With that brief explanation, may I state, Mr. Chairman, that it is with sincere pleasure that I learn of a miraculous awakening of common honesty among the nations of Europe, a bestirring of conscience so overpowering as to cause those nations not only to remember the debts that they have owed us these many, many years, but actually to start talking about paying them. Astounding though such advices be, I am informed further that this unprecedented display of honesty is not content to find expression in words alone, but has impelled our suddenly penitent debtors to send emissaries of the bluest blood to proffer the reborn affection, to vow their undying love, and to seek to cement anew the ancient friendships.

Happy, indeed, am I, Mr. Chairman, to have lived to behold so beautiful and, shall I say, so touching a proof of the love of the Old World, to have lived to know that peaceful gestures are stylish once more where naught but contempt and scorn have reared their ugly heads these many, many years. And, most of all, am I delighted to see the spirit of common honesty restored to bestir our beloved cousins across the sea into gestures toward meeting their long-ignored obligations. Let us by all means encourage such gestures. Let us cordially welcome these emissaries. And let us joyously welcome the payments, if and when these penitents permit dollars to follow words.

Sad indeed am I, Mr. Chairman, that the ever-pressing needs of my constituents, of the poor and needy, the unemployed, the ill-fed and the ill-housed and the ill-clothed—so representative of the fruits of new dealism's planned economy in every congressional district of these United States—prohibit my participation in the glamorous and glittering and outrageously costly public welcomes accorded at the expense of our suffering people to these visiting dignitaries. Yet that sadness is salved by the knowledge that I, at least, shall escape by that absence from these undemocratic demonstrations the guilt of being party to such damnable squandering of the people's money in a land where millions of desperate citizens know naught but poverty and unemployemnt and economic agony.

No, Mr. Chairman, I cannot become a party to these public manifestations. Yet I do believe we should rejoice. And upon this momentous, this unprecedented occasion, I believe it behooves each and every one of us solemnly to review the whole history of these debts, carefully to recall the bitter lessons learned during years of impotent waiting, seriously to reflect upon the marvel of this reawakened honesty, and strongly to sniff as we seek the degree of sincerity underlying this talk of settlement.

Let us remember that the ending of the World War found Uncle Sam holding the bag to the tune of many billions of dollars owed by these very European nations whom we had saved first with our wealth and then with our armies from the fruit of their own madness. Let us not forget that during all the long years since the ending of that World War these same European nations have continued to owe us and that but one among them all, little Finland, has proven itself honorable enough to meet its obligations. These others, the great and powerful and able, have preferred to offer excuses, to pay nothing, and to scoff at Uncle Sam as the prize sucker of all time. Let us not forget that these defaulters. these dishonorable debtors, during all those years had money to lend to their neighbors, money for the building of great armaments, great navies, and great empires, but no money with which to pay their just debts to us.

Let us remember, Mr. Chairman, that this dishonest evasion continued year after sadder year, that when payments came due they were ignored by these nations, safe in their knowledge that, other than through force of arms, we were powerless to compel them to be honest. Let us not forget that year after sadder year they laughed at us and let us whistle for our money; that year after year they went on lending to others, went on lavishing wealth upon armaments and upon empire; that year after sadder year we waited in vain.

But there came a time at long last when we wearied of empty promises and lies and evasions, when we grew weary of playing the sucker role, when we let our resentment manifest itself and forbade, through the passage of the Johnson Act, all further borrowing from our Government or from our private citizens by these nations so unquestionably proven to be without honor. We reared a hedge against these defaulters. We had been flimflammed once, but were determined never to be again. And so the Johnson Act was passed so these bad debtors could borrow no more until they paid up.

Did this act of ours arouse the honesty of these branded debtors? It did not, Mr. Chairman. They preferred the stigma to the paying; preferred to let Uncle Sam go on holding the bag. They managed without borrowing more from us, and they kept what of ours they had, year after year.

Why, then, do these nations now send their emissaries, in pomp and glory, to our shores? Have they new cause to love us? Have long-calloused consciences become aware of gratitude, of common honesty, of that decency which impels honest folk to pay just debts? Have the swords of Europe turned to plowshares, the plots of wily diplomats to benedictions, the greed of war mongers and munitions makers to human kindness? Or is this newly found honesty, this suddenly refired love, this touching gesture of kingly hands across the sea but a delusion and a snare, but a cleverly conceived and cleverly camouflaged attempt to lure us again into the sucker role we played so ably and so well at the behest of these same European schemers two short decades ago?

Over in Europe today every nation bristles with the implements of organized murder, and every mother prays, dreading, as dreads every true lover of peace, the possible harvest of the morrow. Over in Europe today shrewd and ungodly worshipers of gold spin their evil webs and greedy makers of munitions, of poison gas, of all the hellish devices designed for the murdering of their fellow men, rub their hands in anticipation. Over in Europe bide wily diplomats, awaiting, insanely lusting for greater power over the lives of men. They wait, Mr. Chairman, all these unholy conspirators wait for the spark to set the dawn aflame with infernal fires. They wait, as they must, for the money without which their horrible scheming can bear no fruit. The guns stand ready, mute from the lack of gold.

As once before he stood when European war mongers cried for gold, so stands Uncle Sam today, possessed of that gold, keeper of the one thing needed to launch the carnage and the profit grabbing. Then, two decades ago, he was a gullible fool, eager to be victimized. But Uncle Sam is no longer the fool, the easily plundered. For about him stands the hedge of the Johnson Act to prohibit further picking of the old gentleman's pocket until these suddenly honest ones pay what they owe him.

To the unwary this hedge may represent security, may seem to be ample to insure the continued immunity of Uncle Sam's pocket from the greedy fingers eager to pick it again. To the unwary, these long-overdue debts and their accrued interest represent staggering sums and the unwary know these improvident debtors have no such sums with which to repay if they would. To the unwary this fact would appear to prohibit further borrowing, bar funds from the war mongers, permit no gold to be sent to set the mouths of the waiting guns abelch for many years to come. But to the knowing, to the remembering, to those unable to forget the bitter lessons of the long, long years, to those awake to the true character of those with whom we deal, to such, Mr. Chairman, a just suspicion whispers at this talk of settlement of those debts. For this talk is not of paying what is owed. It is not of meeting these obligations in full. It is not of really paying the score at all. This talk is of settlement-of buying us off for a mere fraction of what rightfully should be paid. The intent is to settle cheaply, for a mere 10 percent or less. And the true intent of it all is to tear down the hedge of the Johnson Act and open the way to make suckers of the American people all over again.

What intelligent American can doubt it?

And what intelligent American, guiltless of ulterior motive, is willing to see that hedge destroyed, that safeguard removed, as may become reality should this administration or any succeeding one accept such picayune settlement and clear the way for the raiding? What intelligent American wants to send our wealth again to the war mongers of Europe, to set afiame the seething hell of hates and touch off the volcano of destruction?

Not one, Mr. Chairman, I am certain. And because I am so certain, I am proposing this amendment to the Johnson Act to provide that, in the event of any settlement, in whole or in part, of any of these previously defaulted war debts, the restrictions against further borrowing shall remain in force until such time shall elapse thereafter as did elapse between the date the debt was due and the date upon which actual settlement was made.

In other words, Mr. Chairman, if a defaulter required 10 or 15 or 20 years to become honest enough to pay and now does make settlement, let that defaulter prove good faith by remaining honest for 10 or 15 or 20 years, as the case may be, before asking for our trust again. [Applause.]

If these suddenly honest European nations intend no harm, the enactment into law of this proposed amendment will not deter them from settling. If they sincerely want to square up, even though they pay but a fraction of the true score, fine. Let us welcome them and their token of reawakened honesty. Let us forgive. But let us not forget, nor permit them to forget, that we waited many, many years for them to become honest enough to want to pay, that we taxed that money from our own suffering people; that money which, had these Europeans discovered honor sooner, we could have used most profitably in our own battles against our own enemies of destitution and unemployment and similar economic torments now assailing us. Let them remember as we so long have remembered. And then let them wait as long as waited we before they may borrow more and are tempted to abandon this miraculous new morality of theirs and scheme again to squandor first our money for their warring and then the flower of our manhood to snatch them from their selfdug pit. [Applause.]

Over there they cannot fight without money. The enactment into law of this amendment to the Johnson Act would nip in the bud any scheme of the European sly ones to inveigle the administration into destroying the protection of the Johnson Act by accepting a pittance in lieu of the rightful amounts justly due us and so opening the way for another

raid upon our wealth. Over there the guns stand waiting, mute for the lack of gold. How better to preserve the peace of the world than by keeping our gold over here?

That, Mr. Chairman, is the purpose of this proposed amendment. [Applause.]

Mr. TREADWAY. Mr. Chairman, I yield 10 minutes to the gentleman from California [Mr. HINSHAW].

Mr. HINSHAW. Mr. Chairman, I am not going to make a speech. I am going to open a few oysters and hope we may find a pearl somewhere in them.

It is very certain that the Government of the United States has gone into the insurance business in a big way. Somebody has asked for it. The people are going to get it. So I think we ought to examine the system a little and find out some of the things about it. In this little discussion that I hope to make, I invite interruption by members of the Ways and Means Committee, and I hope they will prove me wrong or right, as the case may be.

In the first place, the Government being in the insurance business, are these payments that the people make under the Social Security Act actually taxes or are they premiums on insurance? If you consider them taxes, most certainly the Federal Government has a right to do with them as it sees fit. I understand that the Federal Government is taking so-called taxes that are supposed to apply as insurance premiums, as I see them, and using them for very different purposes.

For example, I ask the gentleman from California, a member of the Ways and Means Committee [Mr. Buck] to correct me, if he will: On the subject of the taxes that are paid by people who pay social security taxes. As I understand it, those taxes, in addition to being insurance premiums for their own benefit, are for the purpose of aiding the needy aged all over the United States. Is that correct?

Mr. BUCK. The gentleman is referring to the pay-roll tax?

Mr. HINSHAW. To the social-security taxes for retirement purposes; yes.

Mr. BUCK. They have no relationship whatever to the aid of the needy in the United States. They are taxes which are general taxes and covered into the Treasury of the United States. The Congress is authorized to appropriate, or appropriates, if this bill is adopted, an amount equivalent to those taxes to a fund which will be available for the payment of contributory benefits. Those old-age insurance benefits have nothing to do with the question of need. A man who is entitled to a contributory benefit has earned it on the basis of his wage record as a matter of right.

Mr. HINSHAW. I understand that, but, on the other hand, from the contributions that are made through social-security taxes, part by the employee and part by the employer, which are paid into the Treasury of the United States, do we then appropriate from this fund to the aid of the needy aged?

Mr. BUCK. Not a penny. The appropriations are made from the general funds of the United States Treasury.

Mr. HINSHAW. You mean that the appropriations to the needy aged do not come from the social-security taxes?

Mr. BUCK. They do not; not one cent.

Mr. HINSHAW. In other words, all of the funds appropriated under the social-security pay-roll taxes are paid out directly to those who contributed?

Mr. BUCK. Let me explain this again for the benefit of the gentleman from California as well as those gentlemen listening here. Benefit payments under the contributory system—title II—are made to those who have established wage records up to the time they become 65 or who are entitled to receive benefits when they cease work after 65. Under the terms of the bill that money is paid, of course, only to those specified. That money is appropriated by the Congress annually from the general funds of the Treasury. If this bill is adopted, Congress appropriates annually an amount equal to the money received from the contributions from pay-roll taxes paid by employers and employees so

that all of the money thus received will go into this new trust fund. In other words, whatever money is appropriated for the care of the needy under title I—that is, payments to States to match aid that they themselves give to the aged needy—comes out of the general funds of the Treasury and has no relationship whatsoever to the employer and employee pay-roll taxes.

Mr. HINSHAW. The gentleman means to say, then, that the budget as set up under the Social Security Act here—that is, the entire income of the act—is used for the purposes of the act exclusive of the aid to the needy aged?

Mr. BUCK. Exactly; it will be if the pending bill is adopted.

Mr. HINSHAW. Then the aid to the needy aged comes from some other form of taxation than the social-security taxes?

Mr. BUCK. It comes from the general funds of the Treasury. I cannot tell the gentleman any more than that. I cannot tell him whether it comes from excise taxes, liquor taxes, customs receipts, or any other special tax. It comes, if I may say so, from the same funds as do the appropriations for the War Department, the Treasury Department, or any other appropriation.

Mr. HINSHAW. That is very interesting to me. I had understood that the budget of the Social Security Act applied also to the needy aged.

Mr. BUCK. I am very glad to correct the gentleman's impression because I want him and everyone else in the House to understand that the funds authorized to be appropriated under title I and subsequently appropriated by the Congress have nothing whatsoever to do with the employer and employee pay-roll taxes.

Mr. BREWSTER. Mr. Chairman, will the gentleman yield?

Mr. HINSHAW. I yield.

Mr. BREWSTER. The gentleman would do well to make clear that the funds which have been paid in for pay-roll taxes go into the general funds of the Treasury.

Mr. BUCK. I think I have made that clear.

Mr. BREWSTER. The gentleman has not made that clear to us.

Mr. BUCK. I certainly think I have made that clear to everybody.

Mr. BREWSTER. And that old-age assistance is then taken out of the general fund; in other words, there has been a great deal of more or less partisan argument about this question of what becomes of the pay-roll taxes; but it is true that 80 percent of the pay-roll taxes have not gone for the purpose for which they were paid, but have gone—

Mr. BUCK. I think the gentleman is mistaken.

Mr. BREWSTER. The gentleman from California [Mr. Hinshaw] yielded to me, I believe—but have gone into the general funds of the Treasury and those funds have then been paid out so that 40 years from now when it is necessary for our successors to pay the contributory pensions the people of this country have got to be taxed again to pay the old-age pensions. Is not that correct?

Mr. BUCK. The gentleman is in entire error and I am going to refer him—

Mr. BREWSTER. I shall be very glad to be educated.

Mr. BUCK. Just a minute—I refer the gentleman to the remarks I made on the floor on the 6th day of April which are contained in the Congressional Record. They are rather long and are exhaustive on this subject. They were referred to by the chairman of the committee during his discussion this morning. I think if the gentleman will read them he will understand just what happens to these funds and what the situation is.

Mr. BREWSTER. I think I do understand, and I think I have stated it absolutely correctly.

Mr. BUCK. Why, my dear friend, with all due respect, you have stated them absolutely incorrectly.

Mr. BREWSTER. This year you are going to collect \$750,000,000 in pay-roll taxes. Is that approximately right?
Mr. BUCK. I do not know what the exact sum will be.

Mr. BREWSTER. Let us take that as an approximate figure.

Mr. BUCK. We will say approximately that.

Mr. BREWSTER. What is is going to become of the \$750,000,000 which will be paid this year?

Mr. BUCK. That will go into the general funds of the Treasury. The Congress, if this bill is passed, appropriates by it an amount equivalent to the \$750,000,000, if that be the correct figure, to this trust fund that is set up where it will be invested for the benefit of future annuitants.

Mr. BREWSTER. That does not follow the funds to their disbursement. Who gets the \$750,000,000 that is paid in this year? Who gets the money?

Mr. BUCK. The trust fund.

Mr. BREWSTER. The gentleman does not mean to say that the \$750,000,000 in cash is going to be put in a strong-box somewhere, does he?

Mr. BUCK. The gentleman is not using his head at all on this matter.

Mr. BREWSTER. I do not wonder the gentleman wishes to extricate himself from his difficulty.

Mr. BUCK. I have no difficulty at all. The gentleman is wandering in a fog of financial mist.

Mr. HINSHAW. I think we are all rather in a fog.

Mr. BUCK. I want to read the gentleman a portion of the bill if he will yield, and if he needs more time I will yield it to him.

Mr. HINSHAW. I yield.

Mr. BUCK. I want to read a portion of section 201 (a) of the bill before us, which makes a definite appropriation to the trust fund that is created:

There is hereby appropriated to the trust fund for the fiscal year ending June 30, 1941, and for each fiscal year thereafter, out of any moneys in the Treasury not otherwise appropriated, amounts equivalent to 100 percent of the taxes, including interest, penalties, and additions to the taxes received under the Federal Insurance Contribution Act covered into the Treasury.

If the gentleman agrees with me that that is a proper policy, he ought to vote for that provision when we come to it in the bill.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. HINSHAW. Mr. Chairman, I am very much concerned over this matter, coming from the State of California, where we pay higher old-age assistance payments than any other State in the Union. We are in the position there of paying some \$32 or \$33 per month on the average to the needy aged, about half of which comes from taxation of real estate. It involves a terrific burden on our people out there trying to live up to the aspirations of the Social Security Act. We find that something like 43 percent of our county budgets, which are twice as big as they ever were before, goes for various purposes such as this, but very largely for this particular purpose. Under the circumstances, while we may be encouraged to pay higher old-age pensions, under this system it is going to be a terrific burden upon those who own their own homes and the places in which they do business.

I would like to call attention to one other thing. If a person has an average monthly wage of \$100 a month, which is in excess of the average wage of the people of the United States, after 40 years steady work at \$100 per month, he will be able to receive \$35 per month under the Social Security Act. We in California are paying something like \$33 a month already. This fellow will have to wait 40 years in order to get \$35. It seems to me he would rather go on the county- and State-aid program when it comes time for this thing to happen. That will be one of the principal difficulties of the whole scheme, as I see it. In 5 years they will be able to get only \$26.25 under the Social Security Act, while already in California they are paying something like \$33. Why should he not take this pension under the needy aged program in the State of California? It pays more.

[Here the gavel fell.]

Mr. BUCK. Mr. Chairman, I yield myself one-half minute.

Mr. Chairman, the reason is he will obtain his \$35 or whatever he may get under title II as a matter of right. He does not have to give up one cent. He may have \$10,000 worth of property or \$50,000 worth of property. paid according to his wage record. He cannot obtain oldage assistance unless he gives up everything he possesses.

Mr. HINSHAW. Exactly so, and what are our needy aged going to do in the meantime, and what is the real

property taxpayer going to do? Both are sunk.

[Here the gavel fell.]

Mr. BUCK. Mr. Chairman, I yield 10 minutes to the gen-

tleman from Alabama [Mr. Hobbs].

Mr. HOBBS. Mr. Chairman, I hope no one here will think I am speaking in anything but the best spirit. I am not seeking to fan the embers of old fires nor to open old wounds. I am not the least bit peeved. I am in perfectly good humor. But I wish to analyze this bill from the standpoint of that region which I love best of all on this earth.

Since Alexander Hamilton advocated and the Republican Party inflicted upon the farmers of the Nation the steal of the high protective tariff, we have had an average of 45 percent of the money we spend in the South taken away

from us by that iniquitous exaction.

Although cotton is responsible for every dime of the trade balance in favor of America, except \$2,000,000,000, in all the 150 years of the history of this Government—thirty-three out of the thirty-five billion dollars-yet the region which produced all of that cotton has not even one slick, thin dime of that \$35,000,000,000 of favorable trade balance to show for the sweat, blood, brains, brawn, and natural resources that went into it.

There never was one slave ship that sailed from a southern port under southern capital. Every slave that was brought to this country came in a New England bottom. My father was a Maine Yankee, so I am not in the least bit antagonistic toward that section. Thank God, my father got religion and served in the army of the Confederacy, but he still admitted being born in Maine.

New England is a great region. Its people are smart and probably no more selfish than the rest of us. I might have done exactly what they did had I been in their shoes, but the fact remains that they stole slaves in Africa, brought them here, and enslaved them. When it proved to be unprofitable for them to work those slaves, they sold them to the South. It then became a heinous crime to own slaves, although slavery was a recognized institution, guaranteed in the Constitution of the United States. Abolition became thoroughly moral. They did not wage the War Between the States to take back the slaves that New England stole and sold to us. That was not the purpose of the war. They did not want them, for they could not use them profitably. They simply did not wish us to have them. The purpose of the war was economic, because one smart Yankee came down South and multiplied the value of those slaves that New England sold us until the average value went from \$200, the price we paid, to \$2,000. When Mr. Eli Whitney did that with the cotton gin, our New England friends could not stand it.

Mr. Chairman, in that war there were only three plotted paths of destruction-to Atlanta, the railroad center, to New Orleans and Mobile. My home town, Selma, Ala., was marked for destruction because there was there located the second largest arsenal of the Confederacy. Although there were only three plotted paths of destruction, there was not left in the whole South two bricks standing on one another in an industrial institution. Of course they burned libraries and universities also, but that was a mere passing fantasy.

They not only destroyed our homes and every industrial establishment, took the economic treasure of our slaves, but, at the point of the bayonet, they held elections which sent our former slaves to our legislatures to pile up our State debts for railways which frequently were never built. Under much of such debt we still groan. Then they added to the iniquity of the protective tariff discriminatory freight rates.

I realize that the Interstate Commerce Commission can and will work out the steal from freight-rate structures, eventually. There is hope of justice to be attained gradually, in the not too distant future. But tariff levies and discriminatory freight rates are only minor calamities compared with the devastation continually wrought for the farmers by price fixing, coming and going.

The farmer is the only man in America who has not one word to say about the price of his products. The manufacturers fix the price of plow points and everything else they sell us, but they also fix the price of our cotton, our corn, our wheat, and all other agricultural commodities.

There could not be a vacuum cleaner for money, sucking it out of the pockets of the producers, any more effective than this beautiful price-fixing system that has been going merrily on all these years. But in spite of all these handicaps there has been some modicum of success. We have come back to some extent.

So then the Civil War was reopened under the guise of regulating wages and hours, but really seeking to get back the shoe business from St. Louis and the cotton mills from the South. There was no other reason for the wage-hour bill which was enacted, but to try again to destroy industry in the South and drive us further back into peonage. It is said to the South: Get back between the plow handles, produce the raw product, ship it north under a discriminatory freight rate, there, behind a high tariff wall, we will manufacture it into products to be shipped back under preferential freight rates, and sold to you feudal slaves of our economic system at whatever prices we think the traffic will bear.

Mr. MAPES. Mr. Chairman, will the gentleman yield? Mr. HOBBS. It gives me pleasure always to yield to the genial gentleman from Michigan.

Mr. MAPES. It ought not to be overlooked, ought it, that the wage and hour bill to which the gentleman is referring, was fathered by a distinguished Senator of his own State?

Mr. HOBBS. I will say in answer to that that the wage and hour bill that was fathered by the distinguished Senator from Alabama is not the one that was adopted, nor was it anything like the one that did pass.

Mr. MAPES. But it had its genesis there, did it not?

Mr. HOBBS. Possibly so, but that first bill put a ceiling to wages and a floor to hours, instead of the reverse, and my recollection is that it provided for differentials.

Then we come to the social-security bill.

Mr. SIROVICH. Mr. Chairman, will the gentleman yield? Mr. HOBBS. I gladly yield to the gentleman from New York.

Mr. SIROVICH. It has always been the tendency in science to go from diversity to unity, and every great economist has always formulated every rule on the basis of going from diversity to unity. Does the distinguished gentleman, for whom I have a wholesome respect, believe that we ought to have 48 different levels of minimum wages in the 48 States and that human beings should be exploited at wages no human being should receive, or should there be one uniform law providing for a minimum wage that would enable every small working man to have purchasing and consuming power?

Mr. HOBBS. I appreciate the question and I wish I had time to answer it.

[Here the gavel fell.]

Mr. BUCK. Mr. Chairman, I yield 5 additional minutes to the gentleman from Alabama.

Mr. HOBBS. I appreciate the question and I favor exactly what the gentleman has so eloquently described, but that is not what we have. The wage-hour law, the monstrosity on the statute books today, does nothing of the kind. It excluded from its operation 58,000,000 out of 60,000,000 workers. It did not have the nerve, because of political prostitution, to touch the two most underpaid elements of our cititzenry, to wit, domestic servants and farm labor. What I favor is not increasing the existing disparity, but leveling up the farmer and farm laborer to parity with industrial labor and then raising the pay of all, till every worker shall be receiving as high a wage as possible.

We will never have prosperity in this country as long as the average wage on the farm in Alabama is \$91 per annum. You should not continue this peonage.

I am going to offer an amendment to this bill in due season, which will tend to give some substance to the beautiful dreams born of title I of the social-security law. In Alabama and many other States the old-age assistance feature of this law is but a cruel joke. Not one in a hundred of those aged supposed-to-be beneficiaries under title I, is now eligible under the law some States have been forced by their poverty to pass. And those few get, not \$30 a month, but \$9. The total budget of our State for all purposes, excluding "earmarked" funds, is about \$6,000,000, and you say, "Appropriate \$15 a month and we will match it." That would take \$27,000,000 a year for Alabama's part, under title I alone. It is bad enough to be poor, but it is adding insult to injury when you laugh at our poverty.

But even this is not the worst. By the passage of this bill the South will be driven even deeper into peonage. We cannot participate to any appreciable extent, yet we pay our full share, in proportion to our wealth, of the taxes that foot the bill for California and New York and these other States that are able to obtain this Federal largess for their

aged citizens by matching dollar for dollar.

These gentlemen who boast of how much North Carolina pays to the Federal Government or how much New York pays, are fundamentally erroneous in this regard. Although they buy the stamps and put them on their cigarettes and their tins of tobacco, Alabama smokes the cigarettes and smokes the pipe tobacco. We smoke the Pittsburgh and the Wheeling stogies. Thus, we pay our part of that indirect tax, although North Carolina and these other places claim full credit because they actually buy the revenue stamps.

They buy the stamps, but mainly with outside money. Alabama will pay her full part of every dollar that goes out of the Federal Treasury under the Social Security Act, but will not get one mill of benefit per dollar of her contribution.

Verily, "For whosoever hath, to him shall be given, and he shall have more abundance; but whosoever hath not, from him shall be taken away even that he hath."

My amendment provides that in aid of those States who do their best, but cannot match enough of the Federal funds to give their eligible aged \$15 per month, the National Government shall contribute \$2 for every \$1 of State contribution until a monthly payment of \$15 is assured. This will give us in Alabama, on the basis of our present contribution, \$13.50 per month for each of the aged who have been certified as being eligible. This is the only way we can get even that much.

Why protest friendship for the aged and a desire to help? Why make stump speeches the preamble to such acts about what you are going to do, and then deny the real needy of this country, who are on the sunset slope, going down into oblivion, any fruition of the hope you create? The aged in the poverty-stricken States are asking for bread, will you continue to give them a stone? [Applause.]

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield 5 minutes to the gentleman from Arkansas [Mr. Norrell].

Mr. NORRELL. Mr. Chairman, but for my interest in the welfare of the aged and the other beneficiaries under this bill, I would not attempt to say anything at this time. I am fully aware of the tradition that a new Member of Congress should not be very conspicuous in the Well of the House. I have religiously lived up to the tradition, but my interest in this bill necessitates my coming before you and saying something with reference to it.

It is my hope that when we come to passing legislation dealing with human need we can forget the section of the country from which we come. It is all right when we are dealing with property matters to try to do the best we can for our respective districts, though there should be a limit to that. I feel that when we come to legislating relief to the aged and the other classes to which this bill extends, we should deal with all the people of the country alike. I am not going to appeal to you to make large appropriations for the aged of the South because of the many inequalities that exist as between different sections of the country. I am not going to try to arouse your passion, if I could, with reference to any of these inequalities as we see them, but I feel that when it comes to dealing with old-age pensions we should realize that we are dealing with citizens of the United States. Their relief ought to be upon two bases: First, citizenship; and second, need.

A needy citizen of one State is entitled under his Federal constitutional rights to the same treatment as a needy citizen of another State. It is not right for the United States Government, in the face of the preamble to the Constitution with reference to welfare, in the face of the provisions of the fourteenth amendment to the Constitution, and in the face of the other constitutional provisions, to say to a citizen of the United States in one State that he shall be treated differently from a citizen in any other State. If we pay \$20 a month to a citizen of one State, we should pay \$20 per month

I propose to offer an amendment at the proper time providing that whatever the Federal Government may give shall be given alike to all needy aged throughout this great Nation. We have gotten away from the Civil War; we are no longer fighting those battles. We in the South, the North, the East, and the West recognize today that this is one great country, not split up into 48 subdivisions in matter of human need. Let us legislate upon this basis, and on this theory I want to see this Congress, if you please, pass some legislation dealing with human need and providing allotment of the largest possible pension, payable to the needy aged alike, regardless of what the State of his or her residence may pay.

Talk about economy. Yes; I believe in economy, but when this Government is able to spend billions for national defense, when this Government is able to spend millions for the conservation of the beasts of the field, the birds of the air, and the fish of the sea, I say we should spend as much as possible for the welfare and comfort of our aged citizens, and I shall offer an amendment to page 3 of the bill to provide an outright pension of \$15 per person to each needy aged person under the provisions of the bill, regardless of place of residence and contribution of such State.

dence and contribution of such State.

[Here the gavel fell.]

to citizens in all States.

Mr. DOUGHTON. Mr. Chairman, I yield 2 additional minutes to the gentleman from Arkansas.

Mr. NORRELL. I am going to do this, Mr. Chairman, on the theory that the Federal Government can pay it. You are increasing the allocation of money to \$20. The law now provides a maximum of \$15. If we as a nation are able to increase the maximum amount for pension purposes, we ought to equalize it to some degree, anyway; so I shall offer an amendment to provide up to \$15 a month. If we are not able to pay that much, let us pay \$10 a month, or \$7.50 a month, but pay it alike to all of these grand old men and women who are going down the western slope of life. I thank you. [Applause.]

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. Warren, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H. R. 6635) to amend the Social Security Act, and for other purposes, had come to no resolution thereon.

EXTENSION OF REMARKS

Mr. BUCK. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein

an address delivered by the gentleman from Massachusetts [Mr. McCormack] over the radio last night.

The SPEAKER. Is there objection to the request of the gentleman from California [Mr. Buck]?

There was no objection.

Mr. TREADWAY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include at the point where I spoke today the minority views on the pending bill as printed.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts [Mr. TREADWAY]?

There was no objection.

Mr. SIROVICH. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD by printing in the RECORD a speech delivered on the floor of the House.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. SIROVICH]?

There was no objection.

Mr. Fulmer asked and was given permission to extend his own remarks in the RECORD.

Mr. BUCK rose.

The SPEAKER. For what purpose does the gentleman from California [Mr. Buck] rise?

Mr. BUCK. Mr. Speaker, may I ask what the request of gentleman from Massachusetts was?

The SPEAKER. Will the gentleman from Massachusetts [Mr. TREADWAY] restate his request?

Mr. TREADWAY. Mr. Speaker, my request was that I be

permitted to extend my remarks in the RECORD and to include therein the minority views on the Social Security Act.

Mr. BUCK. Mr. Speaker, reserving the right to object, I certainly want to give the minority every possible consideration in presenting their views, but if we consent to that we shall have to insist that the entire report, both majority and minority, be printed.

Mr. MARTIN of Massachusetts. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. MARTIN of Massachusetts. Has not consent already been given?

Mr. BUCK. The gentleman from California was endeavoring to learn what the request was.

Mr. MARTIN of Massachusetts. The consent was given, and another gentleman had propounded a unanimous-consent request which was granted afterward.

Mr. BUCK. The Speaker recognized the other gentleman while I was on my feet.

Mr. MARTIN of Massachusetts. The Record will speak for

Mr. TREADWAY. Mr. Speaker, I was not even in the Well when I propounded my request. I was back there.

EXTENSION OF REMARKS

Mr. BUCK. Mr. Speaker, I ask unanimous consent that the majority report be printed in the RECORD preceding the minority views.

Mr. TREADWAY. Mr. Speaker, reserving the right to object, I asked to have the minority views put in in connection with the remarks I made. If the gentleman wants the majority views put in also, he cannot include them in my remarks and insert them in the speech I made this afternoon.

The SPEAKER. The Chair did not understand the gentleman from California to ask unanimous consent that the majority views be incorporated in the remarks of the gentleman from Massachusetts, but made it as an independent request. Does the Chair correctly understand the gentleman from California [Mr. Buck]?

Mr. BUCK. The Chair is correct.

The SPEAKER. Is there objection to the request of the gentleman from California [Mr. Buck]?

Mr. TREADWAY. Mr. Speaker, reserving the right to object, may I have it restated?

Mr. BUCK. Mr. Speaker, I modify the request so that it will not include the portion of the majority views explaining the Ramseyer rule. I ask unanimous consent to include the remainder of the majority report.

The SPEAKER. Is there objection to the modified request of the gentleman from California [Mr. Buck]?

Mr. BREWSTER. Mr. Speaker, reserving the right to object, at what point is this to be inserted under the gentleman's request?

Mr. BUCK. It may be inserted at the present point as far as I am concerned.

The SPEAKER. Unless the gentleman makes the specific request to have it incorporated at this point in the RECORD, it will be inserted in the Appendix of the RECORD.

Mr. BUCK. I ask unanimous consent that it be inserted at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from California [Mr. Buck]?

There was no objection.

The report is as follows:

[House Rept. No. 728, 76th Cong., 1st sess.] SOCIAL SECURITY ACT AMENDMENTS OF 1939

Mr. Doughton, from the Committee on Ways and Means, sub-

mitted the following report (to accompany H. R. 6635):
The Committee on Ways and Means, to whom was referred the bill (H. R. 6635) to amend the Social Security Act, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

GENERAL STATEMENT

DIVISIONS OF THE BILL

This bill amends the Social Security Act and certain sections of subchapters A and B of chapter 9 of the Internal Revenue Code (formerly titles VIII and IX of the Social Security Act).

The bill is divided into nine titles:

Title I—Amendments to title I of the Social Security Act (grants to States for old-age assistance).

Title II-Amendments to title II of the Social Security Act (Fed-

eral old-age benefits).

Title III—Amendments to title III of the Social Security Act grants to States for Unemployment Compensation Administra-

tion).

Title IV—Amendments to title IV of the Social Security Act (grants to States for aid to dependent children).

Title V—Amendments to title V of the Social Security Act (grants to States for maternal and child welfare, etc.).

Title VI—Amendments to the Internal Revenue Code (provisions formerly in titles VIII and IX of the Social Security Act).

Title VII—Amendments to title X of the Social Security Act (grants to States for aid to the blind).

(grants to States for aid to the blind)

Title VIII—Amendments to title XI of the Social Security Act (general provisions).

Title IX—Miscellaneous amendments.

SUMMARY OF PRINCIPAL CONTENTS OF BILL

TAXES

1. The old-age insurance tax has been frozen at 1 percent on the worker and 1 percent on the employer for the 3 years 1940, 1941, and 1942 as against the $1\frac{1}{2}$ -percent rates on each under the present act. This will save employers and workers about \$275,000,000

change during 1940. This may save employers from \$200,000,000 to \$250,000,000 during 1940 if the States reduce their contribution rates from an average of 2.7 to 2 percent.

3. Only the first \$3,000 an employer pays an employee for a year is taxed under the unemployment-compensation provisions. This is already the case in old-age insurance. This will save employers about \$65,000,000 a year.

4. Provision is made for refunds and abatements to employers who paid their 1936, 1937, and 1938 unemployment-compensation contributions late to the States. This will save employers about \$15,000,000.

5. Thus the savings above mentioned, through 1940, may aggregate some \$530,000,000. In addition, such savings for the ensuing 2 years may amount to approximately \$1,130,000,000. This represents total savings of approximately \$1,710,000,000.

BENEFITS

The old-age insurance benefits have been liberalized, benefits provided for aged wives, and for widows, children, and aged dependent parents, and the date for beginning monthly benefit payments has been advanced to January 1, 1940. About \$1,755,000,000 in benefits is estimated to be disbursed during 1940-44, or about \$1,200,000,000 above what it is estimated would be spent under existing law during these 5 years.

The total cost of these benefits over the next 45 years will be

about the same as the cost of the present benefits would be during

that period of time. Of course, the cost in the early years will be more but the cost in the later years will be less.

COVERAGE

1. Certain services, including services for agricultural and horticultural associations, voluntary employees' beneficiary associations, local or ritualistic services for fraternal beneficiary societies, and services of employees earning nominal amounts (less than \$45 per quarter) of nonprofit institutions exempt from income tax, are exempted from old-age insurance and unemployment compensations of the product of the produc tion in order to eliminate the nuisance cases of inconsequential tax payments.

2. The term "agricultural labor" is defined so as to clarify its meaning and to extend the exemption to certain types of service which, although not at present exempt, are an integral part of

farming activities

3. About 1,100,000 additional persons (seamen, bank employees, and employed persons age 65 and over) are brought under the oldage insurance system and about 200,000 under unemployment insurance (chiefly bank employees).

VOCATIONAL REHABILITATION

Provision is made for a \$1,000,000-per-year increase in the authorization for Federal grants to the States for vocational rehabilitation This will increase the present Federal authorization from \$1,938,000 to \$2,938,000.

ADMINISTRATION

1. A Federal old-age and survivor insurance trust fund is created

1. A Federal old-age and survivor insurance trust fund is created for safeguarding the insurance benefit funds. The Secretary of the Treasury, the Secretary of Labor, and the Chairman of the Social Security Board are made trustees of this fund.

2. Provision is made to restrict the use of information concerning recipients of State old-age assistance (particularly their names and addresses) to purposes directly connected with the administration of such as a sesistance. This is designed to prevent the use of such old-age assistance. This is designed to prevent the use of such information for political and commercial purposes.

3. Other amendments are recommended to simplify and clarify

administration of the law.

HISTORY OF LEGISLATION

The Social Security Act became law on August 14, 1935, after many months of deliberation in Congress. The bill was passed by an overwhelming majority in both the House and the Senate, the votes being 372 to 33 and 77 to 6, respectively. The insurance provisions of the act (substantially as reported out by this committee) were upheld by the United States Supreme Court in the cases of Steward Machine Co. v. Davis (301 U. S. 548); Helvering v. Davis (301 U. S. 619); and Carmichael v. Southern Coal Co. (301 U. S. 495).

The enactment of the Social Security Act marked a new era, the Federal Government accepting, for the first time, responsibility for providing a systematic program of protection against economic and social hazards. Though admittedly not perfect or all inclusive, the

social hazards. Though admittedly not perfect or all inclusive, the Social Security Act did embrace the broadest program for social

social hazards. Though admittedly not perfect or all inclusive, the Social Security Act did embrace the broadest program for social security ever launched at one time by any government.

Relieving and reducing dependency: The Social Security Act aimed to attack the problem of insecurity upon two fronts: First, by providing safeguards designed to reduce future dependency, and second, by improving the methods of relieving existing needs. The first objective was promoted by providing a Federal system of old-age insurance and by granting Federal aid to State-administered programs of unemployment compensation; the second objective was promoted by providing Federal grants to State programs of aid to the needy aged, aid to dependent children, and aid to the needy blind. Funds were also provided to stimulate development and extension of various health and welfare services.

Public assistance: Under the Social Security Act great progress has already been made. As a result of the Federal aid provided in the Social Security Act, the States were enabled to extend their assistance programs to the needy aged, dependent children, and the needy blind. All the States, the District of Columbia, Alaska, and Hawaii now have approved plans for old-age assistance and receive Federal funds to supplement their contributions. Forty States, the District of Columbia, and Hawaii participate in the Federal-State program for aid to dependent children, and an equal number are receiving Federal grants for aid to the needy blind. Some 2,500,000 needy individuals are now receiving regular cash assistance under these convertive Federal State programs. receiving Federal grants for aid to the needy blind. Some 2,500,000 needy individuals are now receiving regular cash assistance under these cooperative Federal-State programs. From the beginning of the system through March 1939, over \$1,177,000,000 of Federal, State, and local funds have been spent in States with plans approved by the Social Security Board. During the calendar year 1938 the total Federal, State, and local expenditures were over \$495,000,000, of which \$391,000,000 was for old-age assistance. \$93,000,000 for aid to dependent children, and \$11,000,000 for aid to

Unemployment compensation: The incentives provided in the Social Security Act stimulated rapid passage of State unemployment compensation laws. Before the act was passed, only 1 State, Wisconsin, had a going system of unemployment insurance; now all the 48 States and Alaska, Hawaii, and the District of Columbia have approved laws. Benefits are already being paid to unemployed covered workers under all but two of these laws; the last two States (Illinois and Montana) will start benefit payments. States (Illinois and Montana) will start benefit payments on July 1 of this year. More than 27,500,000 workers are covered by these laws and about 3,800,000 temporarily unemployed workers received benefits amounting to nearly \$400,000,000 during the year 1938. In

addition, about \$145,000,000 has been paid to unemployed workers during the first 4 months of 1939.

Old-age insurance: The full effect of the Federal old-age insurance program will not be felt until monthly benefits begin to be paid. In the meantime, however, the Social Security Board has established wage-record accounts for nearly 44,000,000 persons, of whom more than 32,000,000 have already had wages reported in either 1937 or 1938, thus enabling these individuals to build up rights to protection for themselves and their dependents upon a sound basis. In addition, lump-sum benefits, amounting to 3½ percent of accumulated covered earnings, totaling about \$17,200,-000, have been paid up to April 30, 1839, to or on behalf of nearly 000, have been paid up to April 30, 1939, to or on behalf of nearly 345,000 who reached age 65 or died.

Revision of Social Security Act: Tremendous as is the scope of

this program, it was recognized from the beginning that changes would have to be made as experience and study indicated lines of revision and improvement. Congress, therefore, expressly provided in the Social Security Act that the Social Security Board should study and make recommendations as to methods of providing more

study and make recommendations as to methods of providing more effective economic security.

Further to facilitate necessary revision an Advisory Council on Social Security was created in May 1937. It was composed of outstanding citizens representing employers, employees, and the public. The Advisory Council spent more than a year in study and deliberation and transmitted its final report and recommendations on December 19, 1938.

The recommendations of the Social Security Board, based upon

The recommendations of the Social Security Board, based upon 3 years of intensive study, were submitted to the President of the United States on December 30, 1938. The President transmitted the Board's report to Congress, with a special message on January 16, 1939. The President's message and the Board's report were then

1939. The President's message and the Board's report were then referred to this committee.

The committee held extended public hearings on these recommendations and alternative proposals relating to social security, including more than 90 bills introduced in the House. These hearings lasted from February 1 to April 7, during which period the committee sat 48 days and took 2,500 pages of testimony. Among the 164 individuals who testified in person there were 3 Senators, 41 Congressmen, 14 Government officials (Federal and State), 21 labor representatives, 27 employer representatives, 16 economists, and 42 others representing themselves or various organized groups of citizens. Many of these witnesses filed supplementary statements for the record. Some 20 or 30 other statements from individuals unable to appear before the committee in person were also viduals unable to appear before the committee in person were also

placed in the record.

Since the conclusion of the public hearings these various proposals have received the constant attention of the committee. Executive sessions have been held over a period of 6 weeks. The committee has realized the importance of this subject and has taken seriously its responsibility to recommend to Congress the best possible legislation for supplementing and improving our system of social security. The committee therefore recommends immediate enact-

ment of this bill.

GENERAL PURPOSE AND SCOPE OF AMENDMENTS

The present bill aims to strengthen and extend the principles and objectives of the Social Security Act. The foundations of a permanent program have been laid, and it seems wise to build upon the

present structure.

Old-age insurance, unemployment compensation, assistance are now accepted as permanent in our fabric of social services. The present bill is designed to widen the scope and to assistance are now accepted as permanent in our fabric of social services. The present bill is designed to widen the scope and to improve the adequacy and the administration of these programs without altering their essential features. Benefits will continue to be payable as a matter of right to workers covered by the insurance programs; aid will continue to be related to need under the assistance programs.

FEDERAL OLD-AGE AND SURVIVOR INSURANCE BENEFITS

The number of aged persons in our population is steadily growing. In 1900 there were only 3,080,000 persons 65 and over, representing 4.1 percent of the population. This figure reached 6,634,000, or 5.4 percent, in 1930, and it is estimated there are about 8,200,000, or 6.3 percent, in 1930, and it is estimated there are about 8,200,000, or 6.3 percent, at the present time. Recent estimates indicate that by 1980 we may have over 22,000,000 persons aged 65 and over, representing 14 to 16 percent of the total population. Recognizing these facts, it is possible to foresee that we shall have a growing number of aged persons for whom some provision must be made. This has been the experience of all industrial countries.

In the course of its study of the problem, the committee has become increasingly impressed by the need to revise the existing old-age insurance program in the direction of fitting the structure of benefits more closely to the basic needs of our people now and

of benefits more closely to the basic needs of our people, now and in the future. With limited funds available for this type of insurance protection individual savings and other resources must insurance protection individual savings and other resources must continue to be the chief reliance for security. As a means of affording basic protection, however, the existing system can be much improved. With the advantage of more than 3 years of study and experience since the passage of the act, and with a greatly enhanced public understanding of the method of social insurance, the time seems ripe for the revision of the program to afford more adequate protection to more of our people. Under to afford more adequate protection to more of our people. the present old-age insurance system monthly benefits would not begin until 1942; for a considerable number of years thereafter benefits would remain small and would in many cases have to be

supplemented by old-age assistance. Such assistance, based on individual need, is also necessary for those already old, and will continue to be necessary for groups outside the insurance system. For insured groups, however, it is both desirable and possible to provide immediately more adequate protection within the frame-

provide immediately more adequate protection within the framework of the contributory system.

Old-age insurance is designed to prevent future old-age dependency; old-age assistance is designed to relieve existing needs. A contributory system of old-age insurance keeps the cost of old-age assistance from becoming excessive and assures support for the aged as an earned right. If the contributory system is strength-ened and liberalized, the cost of old-age assistance for uncovered groups will not increase so rapidly in future years when the proportion of aged in the population will be much higher than at present. present.

present.

It is essential then that the contributory basis of our old-age insurance system be strengthened and not weakened. Contributory insurance is the best-known method of preventing dependency in old age by enabling wage earners to provide during their working years for their support after their retirement. By relating benefits to contributions or earnings, contributory old-age insurance preserves individual thrift and incentive; by granting benefits as a matter of right it preserves individual dignity. Contributory insurance therefore strengthens democratic principles and avoids paternalistic methods of providing old-age security. Moreover, a contributory basis facilitates the financing of a social-insurance scheme and is a safeguard against excessive liberalization of benefits as well as a protection against reduction of benefits.

tion of benefits as well as a protection against reduction of benefits.

The contributory method in social insurance is no innovation.

It had its beginning several hundred years ago in several countries It had its beginning several hundred years ago in several countries when small groups of workmen banded together in mutual-benefit societies to build up group protection against unforeseen contingencies. These early friendly societies developed the insurance method of protection which, by a gradual process of evolution, led to modern social insurance with the government entering to strengthen cooperative thrift and mutual protection. The contributory method of social insurance has stood the test of time and experience. Proof of this is the fact that no country which has once adopted a system of contributory social insurance has ever once adopted a system of contributory social insurance has ever abandoned it. Many foreign countries, as does the United States, supplement their contributory scheme with a noncontributory pension scheme based on individual need, but no country has ever given up the former system in favor of the latter.

Under the present old-age insurance system only taxes have been payable since 1937, while monthly benefits are not payable until January 1, 1942. So long as only taxes are payable and monthly benefits are postponed, the general public is under a misapprehension as to the financial operations of the plan and lacks a concrete demonstration of the effectiveness of the plan in providing protection. The recommendations of this committee with respect to the plan are insurance plan it is benefit will help to improve the underold-age insurance plan, it is hoped, will help to improve the under-standing of the aims of a contributory social-insurance plan. Providing more effective benefits: The basic problem confronting

the committee was how to provide more adequate and effective benefits, particularly in the early years of operation, without in-creasing the future cost of the old-age insurance system. The committee has solved this problem in two principal ways, as follows:

follows:

1. Monthly benefits to wives, children, widows, orphans, and surviving dependent parents are substituted for the present 3½-percent lump sums payable to the estates of deceased workers.

2. The benefits of both single and married persons retiring in the early years are increased but the benefits of single persons with high earnings retiring years hence are reduced somewhat. However, the benefits proposed for single persons are higher than could be purchased with the employee's own contributions, except possibly in a very few extreme cases.

be purchased with the employee's own contributions, except possibly in a very few extreme cases.

In other words, the effect of these changes will be to provide for larger benefits in the early years than under the present law and larger than could be purchased by an insured worker from a private insurance company with the amount he has paid the Government. This is particularly true in the case of married persons. However, this does not mean that unmarried persons who will contribute for many years will receive less protection from the Government than they could purchase from a private insurance company with their own contributions. It does mean, however, that a larger proportion of the employer's contributions are used to pay benefits to those retiring in the early years, particularly married persons. persons.

persons. Thus, various changes made by the committee are designed to afford more adequate protection to the family as a unit. The present law provides for only two general types of benefits, (1) monthly old-age benefits to qualified individuals and (2) lump-sum payments to nonqualified individuals and upon death. The present law is, therefore, limited in its scope in that it does not provide current monthly benefits to the surviving wife of an aged annuitant, nor to the surviving widow with dependent children. The payment of these survivorship benefits and supplements for the wife of an annuitant are more in keeping with the principle of social insurance than the $3\frac{1}{2}$ -percent lump-sum payments now provided. Under a social-insurance plan the primary purpose is to pay benefits in accordance with the probable needs of the beneficiaries rather than to make payments to the estate of a deficiaries rather than to make payments to the estate of a de-ceased person regardless of whether or not he leaves dependents.

There is ample precedent for such provision, since 15 out of 22 old-age insurance systems of foreign countries make provision for survivor benefits.

Cost of more adequate benefits: The net effect of the changes is that the annual cost of the benefits payable in the early years will be greater, the annual cost of the benefits payable in the later years will be less, and the average annual cost over the next 40 years, as testified to by the Chairman of the Social Security Board, will be about the same as under the present system. A more detailed explanation of the cost figures will be found on pages 15-17

Table 1.—Comparison of benefit payments under present Federal old-age insurance plan and under revised plan on the basis of the intermediate retirement rate estimates

Calendar year	Present title II	Revised plan	Additional expenditure
1940	\$46,000,000	\$88,000,000	\$42,000,000
1941	42,000,000	211, 000, 000	169, 000, 000
1942	92, 000, 000	350, 000, 000	258, 000, 000
1943	150,000,000	508, 000, 000	358, 000, 000
1944	221, 000, 000	598, 000, 000	377, 000, 000
1945	290, 000, 000	713, 000, 000	423, 000, 000
1946	403, 000, 000	855, 000, 000	452, 000, 000
1947	501, 000, 000	997, 000, 000	496, 000, 000
1948	615, 000, 000	1, 134, 000, 000	519, 000, 000
1949	725, 000, 000	1, 265, 000, 000	540, 000, 000
1950	834, 000, 000	1, 389, 000, 000	555, 000, 000
1951	971, 000, 000	1, 523, 000, 000	552, 000, 000
1952	1, 078, 000, 000	1, 621, 000, 000	543, 000, 000
1953	1, 193, 000, 000	1,719,000,000	526,000 000
1954	1, 338, 000, 000	1, 843, 000, 000	505, 000, 000
Total 1940-54, inclusive	8, 499, 000, 000	14, 814, 000, 000	6, 315, 000, 000

Before beginning a more detailed explanation of the revised benefit provisions, the following summary presents a brief outline of the new benefit plan:

SUMMARY OUTLINE OF BENEFIT PROVISIONS UNDER THE REVISED FEDERAL OLD-AGE AND SURVIVOR INSURANCE PLAN

EFFECTIVE DATE-JANUARY 1, 1940

OLD-AGE RETIREMENT BENEFITS

1. Old-age benefit: Each fully insured individual who has reached the age of 65 is eligible to receive a monthly primary (old age) insurance benefit determined as follows:

(a) A basic amount computed by applying 40 percent of average monthly wages, up to the first \$50, plus 10 percent of average monthly wages in excess of \$50.

(b) Such amount to be increased 1 percent for each year of coverage (\$200 or more wages).2. Supplement for wife: In addition, the wife, age 65 and over, of

an individual entitled to primary insurance benefits, if she is living with such individual, is eligible for a supplement which, when added to her primary insurance benefit, if any, equals one-half of a pri-

mary old-age insurance benefit of her husband.

3. Supplement for children: In addition each unmarried dependent child, under age 18, of an individual entitled to primary insurance benefits, is eligible for a supplement of one-half of a primary insurance benefit of the parent.

SURVIVOR BENEFITS

Widows' old-age insurance benefits: A widow of a fully insured individual, who has attained age 65 and who was living with such individual when he died, is eligible for a monthly benefit which when added to her primary insurance benefit, if any, is equal to three-fourths of a primary insurance benefit of her husband.

2. Orphans' monthly insurance benefits: A fully or currently insurance benefits: A fully or currently insurance benefits.

2. Orphans' monthly insurance benefits: A fully or currently insured individual's unmarried dependent orphan under age 18 is eligible for an orphan's benefit equal to one-half of a primary insurance benefit of the parent.

3. Current monthly insurance benefit to widow with children: A widow, regardless of age, of a fully or currently insured individual, who was living with such individual when he died, and has in her care one or more children entitled to child's benefits receives a monthly benefit which, when added to her primary insurance benefit, if any, is equal to three-fourths of his primary insurance benefit.

4. Parents' insurance benefits: A parent of a fully insured individual who dies leaving no widow and no unmarried child under age 18, if such parent has attained age 65, has not married since the fully insured individual's death, and was wholly dependent upon such individual at the time of such death, is eligible for a monthly benefit which, when added to the parent's other monthly benefits, if any, is equal to one-half of the primary insurance benefit of such fully insured individual fully insured individual.

fully insured individual.

5. Lump-sum death payment: Upon the death of a fully or currently insured individual, leaving no one immediately entitled to a monthly benefit, a lump sum equal to six times the monthly primary insurance benefit is payable to a surviving close relative, or if no close relative, the person assuming responsibility for the funeral expenses of the deceased to the extent of his actual disbursements.

MINIMUM AND MAXIMUM BENEFITS

The minimum benefit payment shall be not less than \$10 per month. The maximum benefit or benefits payable shall be not more than double the primary insurance benefit, 80 percent of average wages, or \$85, whichever is the smallest.

EFFECTIVE DATE

The first major change proposed is to advance the date for beginning the payment of monthly old-age insurance benefits from January 1, 1942, to January 1, 1940. From an administrative standpoint such an amendment is entirely practicable since the standpoint such an amendment is entirely practicable since the maintenance of wage records is already functioning successfully. Personnel has been trained and experience has been acquired in all phases of the program. Approximately 44,000,000 account numbers have been assigned, and the individual account for each worker set up by the Social Security Board. Furthermore, a network of over 300 field offices has been set up and is functioning. These offices have already handled over 360,000 claims for lumpsum benefits. The experience obtained in adjudicating these claims indicates that the necessary groundwork has been laid to permit the payment of monthly benefits in 1940 is in keeping with the experience under the social insurance laws of Great Britain, Czechoslovakia, and Germany where old-age insurance benefits were paid within 2 years after contributions first began. years after contributions first began.

LIBERALIZED AMOUNTS

The second major change proposed is the liberalization of bene-The second major change proposed is the liberalization of benefits to insured workers retiring in the early years of the system. This liberalization is effected by two important changes. First, the benefit base is changed from total accumulated wages to average wages; second, supplementary benefits are provided in those cases where the annuitant has an aged wife (as well as in the rare cases where there are dependent children). Under the present law the average monthly old-age insurance benefit payments in 1942 were originally estimated at about \$17.50 per month. Under the revised plan the average for single individuals will be about \$25.85 and for an eligible husband and wife about \$38.78 per month. Table 2 shows illustrative monthly old-age insurance benefits under the present plan and under the revised plan.

Table 2.—Illustrative monthly old-age insurance benefits under

Lancing Control	Present	Revis	ed plan	Present	Revised plan	
w.p.	plan	Single	Married 2	plan	Single	Married ²
	Average n	nonthly w	age of \$50	A verage n	nonthly w	age of \$100
Years of coverage: 3	(3) \$15, 00 17, 50 22, 50 27, 50 32, 50	\$20, 60 21, 00 22, 00 24, 00 26, 00 28, 00	\$30.90 31.50 33.00 36.00 39.00 40.00	(3) \$17. 50 22. 50 32. 50 42. 50 51. 25	\$25.75 26,25 27,50 30,00 32,50 35,00	\$38.63 39.38 41.25 45.00 48.75 52.50
	Average n	nonthly w	age of \$150	Average n	nonthly w	age of \$250
Years of coverage: 3	(3) \$20,00 27,50 42,50 53,75 61,25	\$30. 90 31. 50 33. 00 36. 00 39. 00 42. 00	\$46. 35 47. 25 49. 50 54. 00 58. 50 63. 00	(3) \$25.00 37.50 56.25 68.75 81.25	\$41, 20 42, 00 44, 00 48, 00 52, 00 56, 00	\$61. 80 63. 00 66. 00 72. 00 78. 00 84. 00

¹ It is assumed, with respect to the revised plan, that an individual earns at least \$200 in each year of coverage in order to be eligible to receive the 1-percent increment. It this were not the case, the benefit would be somewhat lower.
² Benefits for a married couple without children where wife is eligible for a supple-

REVISED BENEFIT FORMULA

An average wage formula will relate benefits more closely to an average wage formula will relate benefits more closely to normal wages during productive years. Since the object of social insurance is to compensate for wage loss, it is imperative that bene-fits be reasonably related to the wages of the individual. This insures that the cost of the benefits will stay within reasonable limits and that the system will be flexible enough to meet the wide variations in earnings which exist.

An average wage formula will also have the effect of raising the An average wage formula will also have the effect of raising the level of benefits payable in the early years of the system, but it will reduce future costs by eliminating unwarranted bonuses payable under the present formula to workers in insured employment only a few years. These bonuses result from the greater weight now given to the first \$3,000 of accumulated wages. They are justified, if a total wage formula is used, in the case of older and low-paid workers who retire in the early years of the system and have not time in which to build up substantial benefit rights. In the long run, however such bonuses are unwise and endanger the sol-

vency of the system by permitting disproportionately large benefits to workers who migrate between uninsured and insured employments and accumulate only small earnings in insured employment.

In order to relate benefits to length of employment as well as to average wages a 1-percent increment for each year of covered earnings of \$200 or more is added to the basic benefit. Thus the longer

ings of \$200 or more is added to the basic benefit. Thus the longer a worker is in the system the larger will be his benefit. Supplementary benefits: The supplementary benefit payable an aged wife is one-half of the primary insurance benefit of the annuitant. (The same amount is payable for each dependent child.) Because most wives in the long run will build up wage credits on their own account as a result of their own employment these supplementary allowances will add but little to the ultimate cost of the system. They will on the other hand greatly increase the adequacy and equity of the system by recognizing that the probable need of a married couple is greater than that of a single individual. These changes in the benefit pattern are primarily designed to increase the adequacy of the system during the early years without altering the long-run cost proportions of the existing plan. They are not temporary improvements however but represent constructive changes which will increase the adequacy of the Federal old-

tive changes which will increase the adequacy of the Federal oldage insurance system.

SURVIVOR BENEFITS

The bill contains a third major change, designed to improve the long-run effectiveness of our insurance system. This amendment proposes to establish monthly survivor benefits. The Social Security Act now provides a certain amount of survivor protection in the form of lump-sum payments. These are small and inadequate in the early years of the system and entirely unrelated to the needs of the recipients. However, eventually they will be rather costly and may not provide protection where most needed. The new plan will eliminate most lump-sum benefits and will substitute monthly benefits for those groups of survivors whose probable need is greatest. These groups are widows over 65, widows with children, orphans, and dependent parents over 65. The monthly benefits payable to these survivors are related in size to the deceased individual's past monthly benefit or the monthly benefit he would have

received on attaining age 65.

In the case of a widow, the monthly benefit is three-fourths of the deceased's monthly benefit or prospective benefit. In the case of an orphan or dependent parent, it is one-half of the deceased's monthly benefit or prospective benefit.

A monthly benefit will be payable to a parent only if no widow or unmarried child under age 18 survived, and only if the parent was wholly dependent upon the deceased at time of death. While the processor for a parent opposite the processor for a parent opposite the processor for a parent of providence of the parent was wholly dependent upon the deceased at time of death. While was wholly dependent upon the decased at time of death. While it would thus be necessary for a parent to prove dependency at the time of death, once that fact had been established no subsequent showing of need would be required. Ample precedent for such provisions is found in the State workmen's compensation laws, which constitute the oldest form of social insurance in this country.

Illustrative benefits are shown in table 3. As has already been stated these new monthly benefits can be provided without recedent.

stated, these new monthly benefits can be provided without exceeding the eventual costs of the system as now set up, because of the reduction in lump-sum death benefits and the future benefits to single persons.

Table 3 .- Illustrative monthly survivor benefits 1

	1 child	Widow,	Widow	1 child	Widow,	Widow
	or parent	65 or	and 1	or parent	65 or	and 1
	65 or over	over	child	65 or over	over	child
		e monthly eceased, \$5		Average monthly wage of deceased, \$100		
Years of coverage: 3	\$10.30	\$15.45	\$25, 75	\$12.88	\$19. 31	\$32. 19
	10.50	15.75	26, 25	13.13	19. 69	32. 81
	11.00	16.50	27, 50	13.75	20. 63	34. 38
	12.00	18.00	30, 00	15.00	22. 50	37. 50
	13.00	19.50	32, 50	16.25	24. 38	40. 63
	14.00	21.00	35, 00	17.50	26. 25	43. 75
	Average monthly wage of deceased, \$150			Average monthly wage of deceased, \$250		
Years of coverage: 3	\$15.45	\$23. 18	\$38. 63	\$20.60	\$30, 90	\$51, 50
	15.75	23. 63	39. 38	21.00	31, 50	52, 50
	16.50	24. 75	41. 25	22.00	33, 00	55, 00
	18.00	27. 00	45. 00	24.00	36, 00	60, 00
	19.50	29. 25	48. 75	26.00	39, 00	65, 00
	21.00	31. 50	52. 50	28.00	42, 00	70, 00

¹ It is assumed that an individual earns at least \$200 in each year of coverage. If this were not the case, the benefit would be somewhat lower.

Not all lump-sum payments are eliminated under the new plan. Upon the death of an insured individual leaving no one immediately entitled to a monthly benefit, there will be paid a lump-sum benefit of six times the monthly benefit of the deceased. This lump-sim will be paid to a surviving close relative, or if no close relative exists, then to the person assuming the responsibility for

ment.
3 Benefits not paid until after 5 years of coverage.

the funeral expenses of the deceased person to the extent of his actual disbursements

Table 4 shows illustrative lump sums payable in these cases.

TABLE 4.—Illustrative lump-sum death payments payable equal to six times the primary insurance benefit

	Average monthly wages				
	\$50	\$100	\$150	\$250	
Years of coverage; 3	\$123.60	\$154, 50	\$185.40	\$247, 20	
	126.00	157, 50	189.00	252, 00	
	132.00	165, 00	198.00	264, 00	
	144.00	180, 00	216.00	288, 00	
30	156, 00	195. 00	234.00	312, 00	
40	168, 00	210. 00	252.00	336, 00	

QUALIFYING PROVISIONS

The amendments provide a revision in the requirements con-cerning the length of time covered and amount of wages that must have been earned under the system in order to establish eligibility for benefits.

The revised requirements for benefits are similar in principle to those found in the present law, but are changed in several respects, due to the following reasons:

1. Since payment of benefits would be advanced to 1940, the number of qualifying years and the amount of wages are reduced

number of qualifying years and the amount of wages are reduced in the early years.

2. Since wages after the age of 65 are not counted during 1937, 1938, and 1939, the qualification provisions are adjusted to permit such persons to qualify without undue hardship.

3. The present law permits persons who are in insured employment for only a short time to receive very large benefits in comparison to their contributions. In order to reduce the cost of paying benefits to these persons who shift between insured and uninsured employment, there have been added provisions to protect the system in future years.

the system in future years.

4. The addition of widows' and orphans' benefits necessitates a shorter qualifying period for current insurance protection in the case of persons who die without having been employed as long as is required to qualify for old-age insurance benefits.

"FULLY INSURED" AND "CURRENTLY INSURED"

Following is a synopsis of the definition of a "fully insured individual" and "currently insured individual" as contained in section 209 (g) and (h) of the bill:

A. An individual aged 65 or over on January 1, 1940, is fully insured for retirement benefits if he has 2 years of coverage and \$600 total earnings before retirement (a year of coverage is a year

in which \$200 or more was paid for covered employment).

B. An individual who attains age 65 or dies in one of the years 1940 to 1945, inclusive, is fully insured with respect to all benefits if he has had at least the applicable coverage and earnings as

Date	Years of coverage	Total earn- ings
1940	3 3 4 4 5 5	\$800 1,000 1,200 1,400 1,600 1,800

C. An individual who attains age 65 or dies in or after 1946 is fully insured with respect to all benefits if he has had not less than 1 year of coverage for each 2 years after 1936 (or the year of attaining age 21, if later), plus an additional year, and not less than \$2,000 of total earnings, subject to a minimum of 5 years of coverage, and in any case if he has 15 years of coverage.

Currently insured individual: An individual who does not meet the above requirements is, however, currently insured (i. e., "widows' and orphans' current benefits" are payable) provided that he has had earnings of \$50 or more in at least 6 of the 12 calendar cuarters immediately preceding the quarter in which he died

quarters immediately preceding the quarter in which he died.

INDIVIDUAL EQUITY PRESERVED

The proposed revision, while maintaining a reasonable relationship between past earnings and future benefits, provides proportionately greater protection for the low-wage earner and the short-time wage earner than for those more favorably situated. But practically every worker, regardless of his level of wages or of the length of time during which he has contributed, would receive more by way of protection than he could have purchased from a private insurance company at a cost equal to his own contributions. In other words, the system recognizes the principle of individual equity, as well as the principle of social adequacy. It has been possible to incorporate in the system both these aspects of security by utilizing a larger proportion of employers' contributions to pay benefits to those retiring in the early years and to

low-wage earners. This is similar to the procedure which is followed in private pension plans which recognize that the employer must contribute more liberally in behalf of older workers if they

are to have sufficient income to retire.

Table 5 shows that under the tax and benefit plan as recommended every worker will receive more in protection for at least the next 40 years than he could purchase from a private insurance company with his own contributions. Even in an extreme case of a single person earning \$250 per month for the next 45 years, the annuity purchasable elsewhere would amount to only 30 cents per month more than the \$58 per month such person would be entitled to under the revised plan.

Table 5.—Theoretical monthly annuities purchasable with only employee tax and benefits under proposed plan for single men entering the system Jan. 1, 1937 1

	Suggested plan	Purchasable annuity	Suggested plan	Purchasable annuity
111	Level month	ly wage of \$50	Level monthl	y wage of \$100
Years of coverage: 3. 5. 10. 20. 30. 40. 45.	\$20. 60 21. 00 22. 00 24. 00 26. 00 28. 00 29. 00	(2) (2) (2) \$1. 55 4. 25 8. 16 10. 68	\$25. 75 26. 25 27. 50 30. 00 32. 50 35. 00 36. 25	(2) (4) \$0. 41 3. 95 9. 51 17, 49 22, 58
	Level month	y wage of \$150	Level month	ly wage of \$250
Years of coverage: 3	\$30, 90 31, 50 33, 00 36, 00 39, 00 42, 00 43, 50	(7) (2) \$0. 94 6. 35 14. 77 26. 81 34. 49	\$41. 20 42. 00 44. 00 48. 00 52. 00 56. 00 58. 00	(1) (1) \$1.99 11.14 25,30 45,46 58,30

¹ These calculations are based upon the standard annuity table, at 3-percent interest. Taxes less 10-percent allowance for expenses are used for theoretic premiums. Part of the taxes are applied to the purchase of a death benefit which is identical with that of the suggested plan, and the remainder of the taxes are applied to the purchase of a deferred annuity with no death benefit.

The following assumptions have been made:
As regards taxes: A 1-percent tax rate on employer and also on employee through 1942; a 2-percent tax rate on each in 1943-45; a 2½-percent tax rate on each in 1946-48; and a 3-percent tax rate on each in 1949 and thereafter.

As regards benefits: Continuous years of coverage from age at entry to age 65, retirement at age 65; individual remains single for his entire lifetime and does not leave a widow, a child under 18, or a dependent parent.

¹ Taxes are used up entirely in purchasing the lump-sum death benefit so that no annuity is purchasable.

FINANCING

FINANCING

Certain amendments are proposed which affect the financial framework of the old-age insurance system. First, the old-age reserve account is changed to a Federal old-age and survivor insurance trust fund with the Secretary of the Treasury, the Secretary of Labor, and the Chairman of the Social Security Board, all ex officio, acting as a board of trustees. The board of trustees will supervise the fund and will report to Congress annually and whenever the trust fund becomes unduly small or exceeds three times the highest annual expenditure anticipated in the ensuing 5-fiscal-year period. The Secretary of the Treasury will serve as managing trustee of the fund. All assets credited to the reserve account as of January 1, 1940, are transferred to the trust fund when the reserve account is abolished on that date. It is further proposed that an amount equal to the full amount of the old-age insurance taxes collected in the future be permanently appropriated to the trust fund. Provision is made for the administrative costs of the plan to be met from the trust fund.

The method of investing that portion of the trust fund not Certain amendments are proposed which affect the financial

The method of investing that portion of the trust fund not needed for current claims or administrative purposes will be like that now provided in the case of the unemployment trust fund. Instead of a minimum 3-percent interest on the investments of the present old-age reserve account, the Federal old-age and survivor insurance trust fund, like the unemployment trust fund,

vivor insurance trust fund, like the unemployment trust fund, will earn interest at the current average rate of interest borne by all outstanding interest-bearing obligations composing the public debt. At the present time the rate of interest being paid to the unemployment trust fund is 2½ percent.

The present tax schedule is amended so that the current rate of 1 percent on employers and 1 percent on employers is continued until 1943. This postponement in the tax step-up will save employers and workers about \$275,000,000 for 1940 or a total of \$825,000,000 for the 3 years 1940, 1941, and 1942. However, no 8825,000,000 for the 3 years 1940, 1941, and 1942. However, no change is made in the tax schedule thereafter. The rates will still increase to 2 percent in 1943, 2½ percent in 1946, and 3 percent in 1949 and thereafter.

The result of the committee's recommendations with respect to taxes and benefits on the size of the reserve and the amount of the benefit payments is shown in table 6. It should be noted that the maximum reserve built up in the period shown will be between seven and eight billion dollars. It should also be noted

that the size of the reserve will conform closely to the recommendation of the Secretary of the Treasury of an "eventual reserve amounting to not more than three times the highest prospective annual benefits in the ensuing 5 years."

TABLE 6.—Progress of reserve under the intermediate retirement estimate of benefit disbursements with interest at 2½ percent—Tax rate at 2 percent until Jan. 1, 1943, and thereafter following the present schedule

TT-	 lions	-0	Acres	In-mal	

	1940	1941	1942	1943	1944	1945	1950	1955
Net tax receipts (gross receipts minus administrative expenses)	\$501	\$505	\$504	\$919	\$1,067	\$1,078	\$1,751	\$1,849
	88	211	350	508	598	713	1,389	1,930
Net cash receipts, Government Add interest at 2½ percent.	413 41	294 51	154 58	411 66	469 79	365 91	362 153	-81 190
Total addition to fund	454	345	212	477	548	456	515	109
Fund at end of year	1,884	2, 229	2, 441	2, 918	3, 466	3,922	6, 449	7,752

Note.—Fund at end of 1939 is estimated to be \$1,430,000,000. The benefit payments exceed the net tax receipts in 1954.

It should be clearly understood that the estimates presented are subject to a margin of error. Changes in average wages, death rates, birth rates, the rate of retirement, the proportion of the aged in the total population, and shifts between insured and uninsured groups may result in substantial changes in these figures in the future. It is impossible, therefore, to predict accurately the feature transport of all the features to predict accurately the future trends of all the factors influencing the long-run aspects of the old-age insurance program. The further one projects estimates of future income and benefit payments, the greater is the margin of error. Constant study and frequent revaluations are, therefore, essential for the long-run financing of our social-insur-This is one of the reasons why the committee has ance system. This is one of the reasons why the commenced that the board of trustees make an annual report to Congress on the actuarial status of the system, and report to Congress whenever the trust fund is unduly small, or exceeds three times the highest annual expenditures expected in the next 5-fiscalyear period.

According to the best expert information available to the committee, the estimates presented here are reasonable approximations of the income and outgo of the insurance plan for the next 15 years. The actual figures will no doubt vary somewhat from those shown in table 6. However, the benefit payments shown, although based upon an intermediate estimate as regards rate of retirement, probably represent maximum amounts payable under the provisions of ably represent maximum amounts payable under the provisions of the bill. A serious downswing in business conditions might increase the rate of old-age retirement and decrease the estimated amount of tax receipts, but such variations would probably not alter the fact that the contributions and interest will cover all benefit payments for the next 10 to 15 years. It is only when consideration is given to the income and outgo of the system for 40 to 45 years, or even more, that it becomes quite impossible to predict the future status of the system.

Table 6 shows that the annual contributions from workers and

Table 6 shows that the annual contributions from workers and employers will probably be sufficient until 1955 to meet all the annual benefit payments under the revised plan. If the original actuarial assumptions of 1935 prove to be correct, it is possible that benefits for all time to come can be financed from the present schedule of taxes and the interest from the fund, even with the recommended postponement of the tax step-up until 1943. However, upon the basis of additional data developed since 1935, it would appear that the actuarial calculations of 1935 represent a minimum estimate of the future costs. Therefore it is possible that the annual cost of the benefits may begin to exceed the annual tax collections about 1955 or even somewhat sooner.

Only after experience has been obtained in paying benefits for several years will we have a better picture of the probable future development of the system. Even then continual change will be necessary in the estimates due to the many variable factors which go into making such estimates.

In making the changes in the present plan the committee has kept constantly in mind the fact that, while disbursements for benefits are relatively small in the early years of the program, far larger total disbursements are inevitable in the future.

The plan recommended by this committee is designed to safe-guard workers, employers, and the general public. In fact the committee believes the revised plan is a much safer one than the committee believes the revised plan is a much safer one than the present plan. As has already been pointed out, while the annual costs under the revised plan are greater in the early years of operation, the future annual costs of the benefits when the system reaches maturity are materially lower than under the present law and the over-all average cost is kept about the same. Consequently, it is believed that there is not the same danger as exists in the present benefit schedule, the cost of which, while deceptively small in the early years, mounts very steeply as the years progress.

Unforseen contingencies may, however, change the entire opera-tion of the plan. It is important, therefore, that Congress be kept fully informed of the probable future obligations being incurred under the insurance plan as well as the public-assistance plans.

Each generation may then meet the situation before it in such manner as it deems best.

If future annual pay-roll tax collections plus available interest are insufficient to meet future annual benefits it will be necessary, in order to pay the promised benefits, to increase the pay-roll tax in order to pay the promised benefits, to increase the pay-roll tax or provide for the deficiency out of other general taxes, or do both. Broadening the coverage of the system to bring in those persons now excluded will not only make the system more effective in providing protection but also strengthen its actuarial base by still further eliminating the possibility of unearned benefits to the worker who moves from uninsured to insured employment.

COVERAGE

Four years ago, when the old-age insurance program was being planned, it was expected that the act as passed would provide old-age security for about half of the gainful workers in the country. It was realized, of course, that many workers who might not be insured under the act at any one time would later obtain protection by shifting into insured occupations. It was generally supposed, however, that the group so shifting would be small compared with the great mass of workers, who, throughout their working life, would remain continuously either in the insured category. ing life, would remain continuously either in the insured category

or in the uninsured category.

Operation of the act shows that the extent of migration, temporary or permanent, from uninsured to insured employment is far greater than was assumed by the President's Committee on Economic Security in 1935. As a consequence of the migration, a much larger proportion of the total population of the United States will qualify under the contributory system for old-age benefits then had been expected.

that had been expected.

The most important excluded groups are agricultural labor, domestic service, and certain nonprofit organizations; here the committee decided unanimously that it would be unwise to remove the exemptions from these three groups at the present time. The present bill does, however, extend old-age insurance coverage to

present bill does, however, extend old-age insurance coverage to some 1,100,000 more workers by removing the exemption of maritime employment, wages earned after 65, and certain Federal instrumentalities such as national banks and State banks which are members of the Federal Reserve System.

In order to eliminate the nuisance of inconsequential tax payments the bill excludes certain services performed for fraternal benefit societies and other nonprofit institutions exempt from income tax, and certain other groups. While the earnings of a substantial number of persons are excluded by this recommendation, the total amount of earnings involved is undoubtedly very small. No estimate is available of the number of persons or amount of earnings so excluded. The intent of the amendment is to exclude those persons and those organizations in which the employment is part time or intermittent and the total amount of earnings is only nominal, and the payment of the tax is inconsequential and a nuisance. The benefit rights built up are also inconsequential. Many of those affected, such as students and the secretaries of nuisance. The benefit rights built up are also inconsequential. Many of those affected, such as students and the secretaries of lodges, will have other employment which will enable them to develop insurance benefits. This amendment, therefore, should simplify the administration for the worker, the employer, and the Government.

Seven other coverage amendments are proposed. They are as follows:

- follows:

 1. Agricultural labor: The present act excludes "agricultural labor" from coverage. The bill continues the exemption of agricultural labor and defines the term so as to clarify its meaning and to extend the meaning to certain services which are an integral part of farming activities. These provisions are explained in detail in a subsequent part of this report, in connection with the definition of "agricultural labor" as defined in section 209 (1) of the
- 2. Exclusion of payments to employer welfare plans: The term "wages" is amended so as to exclude from tax payments made by an employer on account of a retirement, sickness, or accident-disabilplan, or for medical and hospitalization expenses in connection with sickness or accident disability. Dismissal wages which the employer is not legally required to make, and payments by an employer of the worker's Federal insurance contributions or a contribution required of the worker under a State unemployment-compensation law are also excluded from tax. This will save employers pensation haw are also excluded from tax. This will save employers time and money, but what is more important is that it will eliminate any reluctance on the part of the employer to establish such plans due to the additional tax cost.

 3. Definition of "employee": The bill includes a definition of the
- term "employee" designed to cover salesmen not already covered by the act.
- 4. State employment: The exemption relating to employment by State instrumentalities is so defined as to apply only to an instrumentality wholly owned by the State or political subdivision, or tax exempt under the Constitution.
- 5. Foreign governments: Provision is made for the exemption of foreign governments, and their instrumentalities under certain conditions, from the old-age insurance taxes.

 6. Family employment: Service performed by an individual for his son, daughter, wife, or husband, and service by a child under 21 for his parent, is excluded so as to make the old-age insurance coverage identical in this respect with unemployment compensation coverage.

 7. Included and excluded services: The law is changed with re-
- 7. Included and excluded services: The law is changed with respect to services of an employee performing both included and excluded employment for the same employer so that the services

which predominate in a pay period determine his status with that employer for that period.

ADMINISTRATIVE CHANGES

1. A provision is included requiring employers to furnish employees a statement, which they may retain, showing the amount of taxes deducted from their wages under the old-age-insurance system.

Provision is made for making more equitable the recovery by the Federal Government of incorrect payments to individuals.
 Provision is made respecting the practice of attorneys and

agents before the Board.

agents before the Board.

4. Detailed provisions have been added relating to rules and regulations, hearings, and decisions with respect to insurance benefits, procedure for judicial review of the Board's decisions, and delegation of authority by the Board.

5. Provision is made for giving an opportunity for a hearing to a wage earner or interested individual with respect to any entry, omission, or revision of the Board's wage record within 4 years after the year any wages were paid or alleged to be paid, and as to the finality of the record. the finality of the record.

6. Subchapter A, chapter 9, of the Internal Revenue Code (formerly title VIII of the Social Security Act) is given the short title "Federal Insurance Contributions Act."

UNEMPLOYMENT COMPENSATION

The unemployment compensation and public assistance provisions of the Social Security Act constitute the most comprehensive attempt yet made to utilize a system of Federal-State cooperation for the solution of national problems. To promote State operation for the solution of national problems. To promote State action in unemployment compensation, the Federal law establishes a uniform tax payable by employers regardless of whether the State in which they operate has an unemployment-compensation law; it then permits employers to offset (up to 90 percent of their Federal tax) contributions paid by them under a State unemployment-compensation law. The act also provides that the Federal Government shall make grants to the States to cover the entire necessary cost of proper administration of their unemployment-compensation laws.

The recommendations of the committee valotive to unemployment.

The recommendations of the committee relative to unemployment compensation deal with certain changes which in no way alter the fundamental Federal-State pattern now set forth in the Federal law. Under the present law the States are given very wide latitude in determining the way in which the State unemploymentcompensation laws should operate. The Federal law merely prescribes a few simple standards. The States determine all such questions as the type of fund, the coverage of the law, the eligibility provisions, the waiting period, the amount and duration of benefits, the type of administrative agency. They also select the personnel and determine the compensation and tenure of such research. personnel.

Though the adjustment of Federal-State relations is at best a difficult and delicate task, particularly in the field of social legislation, experience so far in unemployment compensation indicates a large measure of success. The present provisions of the Federal law have proved completely effective in facilitating the enactment of State unemployment compensation laws. These laws and the character of their administration have, on the whole, been reasonably satisfactory. The inevitable administrative difficulties involved in the inauguration of any large-scale undertaking were accentuated by the fact that in 22 jurisdictions unemployment compensation first became payable in January 1938, at a time of unexpectedly heavy unemployment. It is, therefore, not surprising that a considerable backlog of undisposed claims accumulated during the early months of benefit payments. In spite of these difficulties, the 31 jurisdictions that had begun paying benefits by the end of 1938 had paid out about \$400,000,000 in benefits to approximately 3,500,000 unemployed workers.

The most pressing problem in unemployment compensation dur-

The most pressing problem in unemployment compensation dur-

approximately 3,500,000 unemployed workers.

The most pressing problem in unemployment compensation during 1938 was the improvement and simplification of the State laws. Some 30 States have already passed extensive amendments at this year's legislative sessions and about 13 other States are still considering substantial changes—all designed to simplify and improve administration for the benefit of the employer, the worker, and the Government. Further encouragement is given by the fact that the latest figures for 1939 show that practically all States are now currently disposing of all claims received and have eliminated their backlog of undisposed claims accumulated during 1938.

Although all the States, the District of Columbia, Alaska, and Hawaii are receiving Federal grants for the administration of their unemployment-compensation laws, and although benefits are now being paid in 46 States (in addition to Alaska, Hawaii, and the District of Columbia), the unemployment-compensation program is still in its infancy. Only 22 States, in addition to the District of Columbia, have had benefit-paying experience for more than 1 complete year. In one State benefits have been payable since July 1936, and 21 others, in addition to the District of Columbia, began benefit payments in January 1938. Six more States and the Territories of Alaska and Hawaii came in some time during 1938, so that a total of 31 jurisdictions were paying benefits by the end of 1938; another 16 joined the benefit-paying group in January 1939. Not until July of 31 Juliantenins were paying group in January 1939. Not until July of this year, when the last two States come in, will the Federal-State unemployment-compensation program be fully functioning. It is estimated that at the end of 1938 approximately 27,600,000 workers had earned wage credits in some prior period of employ-

ment covered by State laws, and that at that time 668,000 employers were subject to State laws. More than 38,000,000 benefit checks were issued during the year 1938, the average weekly check for total unemployment being approximately \$11. Data on the operation of the States paying benefits in 1938 are shown in table 7. Up to the end of April 1939 nearly \$540,000,000 had been paid out in unemployment-compensation benefits by the 46 States, the District of Columbia, and the 2 Territories which had started to pay benefits before that date. (See table 8.) During the month of March 1939 alone almost \$49,000,000 was paid out in benefits to more than 1,000,000 workers.

Table 7.—Number of unemployment-compensation claims received and number and amount of benefit payments, 1938, by States

		Number			Average	check 5
State of init	Number of initial claims received ¹	of con- tinued claims received 2	Number of checks issued ³	Net amount of benefits paid 4	Total unem- ploy- ment	Partial unem- ploy- ment
Total for States report- ing	9, 484, 604	45, 511, 335	38, 075, 791	\$393, 785, 709	\$10.93	\$5. 39
Alabama Arizona California Connecticut District of Co-	201, 217 30, 637 693, 720 354, 735	1, 500, 425 221, 622 74, 042, 705 1, 900, 743	1, 163, 327 161, 623 2, 485, 911 1, 216, 091	8, 128, 100 1, 902, 407 23, 715, 354 12, 254, 387	7. 66 11. 79 9. 72 10. 59	4. 77 (6) 5. 24 3. 97
lumbiaIdahoIndianaIowa_Iouisiana	43, 991 18, 965 225, 806 82, 355 134, 365	395, 020 77, 710 81, 637, 291 448, 412 769, 543	196, 059 34, 148 1, 466, 610 280, 239 554, 212	1, 672, 478 366, 362 16, 308, 562 2, 585, 548 4, 007, 049	8. 81 10. 73 12. 76 9. 30 8. 41	5, 77 6, 13 5, 99 5, 69 6, 38
Maine	126, 102 288, 648 626, 965 584, 142 179, 693 67, 639	7 818, 375 1, 802, 634 92, 512, 694 3, 509, 362 1, 278, 838 394, 649	566, 558 1, 125, 215 2, 563, 871 2, 958, 093 793, 070 240, 231	4, 535, 455 10, 143, 809 27, 098, 765 39, 903, 051 8, 161, 095 1, 414, 216	8, 93 10, 29 10, 62 13, 49 10, 38 5, 89	5. 44 5. 96 (10) (11) 5. 68
New Hamp- shire New Mexico New York North Carolina Oklahoma	117, 042 4, 394 2, 589, 806 400, 445 22, 325	559, 135 1, 017 (12) 3, 445, 529 21, 953	324, 246 1, 017 7, 417, 119 1, 140, 497 6, 739	2, 731, 870 9, 210 87, 330, 641 8, 216, 040 71, 231	9. 28 9. 20 11. 97 6. 89 10. 57	4. 99 5. 77 (10) 4. 55 18 9. 00
OregonPennsylvania_ Rhode Island South Carolina Tennessee	188, 320 1, 090, 431 192, 032 34, 410 194, 246	7 761, 813 9, 229, 875 1, 681, 151 203, 546 1, 906, 484	532, 712 6, 408, 304 1, 069, 584 112, 986 867, 015	5, 916, 399 71, 545, 301 9, 293, 286 595, 147 6, 144, 192	11. 94 11. 18 9. 63 6. 71 7. 27	6. 37 (10) 5. 17 3. 93 4. 16
Texas	316, 759 58, 633 29, 870 148, 933 187, 947 250, 031	1,803,291 302,289 152,603 8835,777 72,017,094 1,279,755	1, 051, 219 219, 195 94, 775 805, 297 1, 256, 577 963, 251	9, 343, 884 2, 461, 300 821, 712 5, 635, 688 12, 065, 373 9, 407, 697	9, 22 11, 37 9, 39 8, 08 10, 83 10, 54	5. 87 7. 56 5. 07 4. 02 5. 94 4. 71

1 An initial claim is a first claim for benefits in a period of unemployment. In some States, "additional" claims, which are the claims initiating the second and subsequent spells of unemployment within a benefit year, are not included.

2 A continued claim is a claim reported weekly, following the filing of an initial claim, during a period of unemployment.

3 Not adjusted for returned benefit checks.

4 Adjusted for returned benefit checks.

5 No adjustment made for payments for less than the full benefit rate, such as those representing adjustments, supplementary, and final payment checks.

6 No benefit payments for partial unemployment.

7 January not included.

8 May and June not included.

9 January, February, and March not included.

10 No provision in State law for payments for partial unemployment.

11 Payments for partial unemployment not effective until January 1939.

12 Data not reported.

13 Only 2 payments made in December 1938, when benefits were first payable.

13 Only 2 payments made in December 1938, when benefits were first payable.

Table 8.—Unemployment compensation benefit payments, January 1938 to April 1939, by States

State	Date benefits first payable	Cumulative net benefit payments through April 1939	Net benefit payments, 1938	Net benefit payments, January to April 1939			
Total, all States		\$539, 955, 206	\$393, 785, 709	\$146, 169, 497			
Alabama	January 1938	9, 572, 935	8, 128, 100	1, 444, 835			
AlaskaArizona	January 1939 January 1938	119, 875 2, 473, 670	1, 902, 407	119, 875 571, 263			
Arkansas	January 1939	590, 752	1, 302, 107	590, 752			
California.	January 1938	36, 926, 897	23, 715, 354	13, 211, 543			
Colorado	January 1939	1, 270, 341		1, 270, 341			
Connecticut	January 1938	14, 369, 338	12, 254, 387	2, 114, 951			
Delaware District of Columbia.	January 1939 January 1938	279, 803 2, 311, 024	1, 672, 478	279, 803 638, 546			
Florida	January 1939	381, 760	1,012,410	381, 760			
Georgia	do	844, 956		844, 956			
Hawaii	do	33, 526		33, 526			
IdahoIllinois	September 1938. July 1938.	1, 843, 580	366, 362	1, 477, 218			

1 Adjusted for returned and voided benefit checks.

TABLE 8.—Unemployment compensation benefit payments, January 1938 to April 1939, by States-Continued

State	Date benefits first payable	Cumulative net benefit payments through April 1939	Net benefit payments, 1933	Net benefit payments, January to April 1939
Indiana	April 1938	\$21, 003, 675	\$16, 308, 562	\$4, 695, 113
Iowa	July 1938	5, 454, 825	2, 585, 648	2, 869, 177
Kansas	January 1939	1, 085, 589	2,000,010	1, 085, 589
Kentucky	do	1, 648, 400		1, 648, 400
Louisiana	January 1938	6, 334, 070	4,007,049	2, 327, 02
Maine	do	5, 888, 341	4, 535, 455	1, 352, 886
Maryland	do	12, 389, 629	10, 143, 809	2, 245, 820
Massachusetts	do	33, 640, 448	27, 098, 765	6, 541, 683
Michigan	July 1938	51, 015, 048	39, 903, 051	11, 111, 997
Minnesota	January 1938	12, 217, 028	8, 161, 095	4, 055, 933
Mississippi	April 1938	2, 078, 548	1, 414, 216	664, 332
Missouri	January 1939	1, 616, 578	1, 111, 210	1,616,578
Montana	July 1939	1,010,010		1,010,010
Nebraska	January 1939	659, 768		659, 768
Nevada	dodo	243, 982		243, 983
New Hampshire	January 1938	3, 251, 038	2, 731, 870	519, 168
New Jersey	January 1939	5, 900, 041	2, 101, 010	5, 900, 04
New Mexico	December 1938.	463, 290	9, 210	454, 080
New York	January 1938	114, 548, 704	87, 330, 641	27, 218, 06
North Carolina	do do	10, 056, 978	8, 216, 040	1, 840, 93
North Dakota	January 1939	251, 497	0, 210, 010	251, 49
Ohio	do do	6, 783, 475		6, 783, 478
Oklahoma	December 1938	2, 109, 334	71, 231	2, 038, 10
Oregon	January 1938	8, 026, 725	5, 916, 399	2, 110, 326
Pennsylvania	dodo	89, 759, 617	71, 545, 301	18, 214, 310
Rhode Island	do	10, 896, 637	9, 293, 286	1, 603, 35
South Carolina	July 1938	1, 388, 380	595, 147	793, 23
South Dakota	January 1939	216, 894	090, 147	216, 89
Tennessee	January 1938	7, 651, 722	6, 144, 192	1, 507, 53
Texas	dodo	13, 356, 029	9, 343, 884	4, 012, 14
Utah	do	3, 185, 815	2, 461, 300	724.51
Vermont	do	1, 086, 207	821, 712	264, 49
	do	7, 276, 865	5, 635, 688	1, 641, 17
Virginia Washington	January 1939	2, 622, 418	0,000,008	2, 622, 41
West Virginia	January 1939	13, 446, 408	12,065,373	1, 381, 03
		13, 440, 408 1 10, 868, 157		1, 381, 03
Wisconsin	July 1936		9, 407, 697	
Wyoming	January 1939	514, 589		514, 58

² Does not include \$2,146,827 paid prior to January 1938

As of April 30, 1939, a total of \$1,270,370,000 was available for benefits in all the States (see table 9). This sum represents the total of moneys deposited in the unemployment trust fund, held by the States pending deposit, and withdrawn by the States pending benefit payment. Of this amount, \$1,118,120,000 was available for benefits in those jurisdictions actually paying benefits. The reserves at this time would be about \$225,000,000 less if all States had started the payment of benefits in January 1938. Since over half the States did not begin payment until later, their reserves were built up at a faster rate than originally anticipated. This is evident from the fact that in the States which did pay benefits in 1938, about 82 cents were paid out in benefits for each dollar collected in contributions for the same year. Benefit payments would have been increased further, and the available reserves reduced to the same extent, if the system had been in operation for several years, so that workers could have built up larger wage records.

-Comparison of funds available for benefits as of Apr. 30, 1939, and as of date benefits first became payable

State	Reserve account when benefits first became payable	Funds available as of Apr. 30, 1939	Percent in- crease or de- crease in re- serve account
Total, all States	\$886, 920, 807	\$1,270,371,000	+26.1
Alabama	8, 838, 347	8, 923, 000	+1.0
Alaska	884, 607	917,000	+3.6
Arizona	2, 013, 866	2, 298, 000	+14.1
Arkansas	5, 309, 341	6, 042, 000	+13.8
California	67, 172, 761	121, 480, 000	+80.8
Colorado.	8,944,314	9,771,000	+9.2
Connecticut	15, 304, 439	20, 819, 000	+36.0
Delaware	3, 915, 184	4, 510, 000	+15. 2
District of Columbia	5, 893, 882	12, 674, 000	+115.0
Florida	9, 870, 515	12, 135, 000	+22.9
Georgia	15, 501, 562	17, 729, 000	+14.4
Hawaii	3, 249, 683	3, 917, 000	+20.5
Idaho	3, 006, 783	2, 466, 000	-18.0
Illinois	(1)	146, 112, 000	(1)
Indiana	27, 092, 627	27, 110, 000	+0.1
Iowa	9, 966, 259	11, 259, 000	+13.0
Kansas	10, 180, 746	11, 645, 000	+14.4
Kentucky	18, 936, 338	21, 297, 000	+12.5
Louisiana	7, 651, 654	13, 986, 000	+82.8
Maine	3, 758, 947	2, 884, 000	-23.3
Maryland	9, 057, 378	12, 662, 000	+39.8
Massachusetts	41, 775, 282	59, 282, 000	+41.9
Michigan	63, 293, 234	47, 509, 000	-24.9
Minnesota	11, 923, 982	16, 667, 000	+39.8
Mississippi	2, 916, 295	3, 598, 000	+23.4
Missouri	34, 035, 739	40, 390, 000	+18.7

¹ Benefits become payable July 1939.

Table 9.—Comparison of funds available for benefits as of Apr. 30, 1939, and as of date benefits first became payable—Continued

State	Reserve account when benefits first became payable	Funds available as of Apr. 30, 1939	Percent in- crease or de- crease in re- serve account
Montana. Nebraska. Nevada. New Hampshire. New Hampshire. New Mexico. New York. North Carolina. North Dakota. Ohio. Oklahoma. Oregon. Pennsylvania. Rhode Island. South Dakota. South Dakota. Tennessee. Texas. Utah. Vermont. Virginia. Washington. West Virginia. Wisconsin.	(1) \$7, 081, 592 1, 528, 287 4, 247, 390 66, 690, 639 2, 458, 817 98, 362, 706 9, 412, 835 1, 897, 256 97, 884, 134 12, 641, 820 5, 855, 276 70, 539, 642 7, 939, 285 6, 267, 250 1, 977, 056 7, 775, 39 19, 752, 701 2, 560, 109 1, 412, 106 8, 367, 459 18, 890, 971 10, 199, 770 230, 282, 699 2, 401, 292	\$6, 138, 000 8, 297, 000 1, 670, 000 4, 888, 000 77, 276, 000 2, 624, 000 134, 174, 000 120, 131, 174, 000 109, 814, 000 121, 729, 000 6, 177, 000 76, 429, 000 77, 181, 000 8, 686, 000 10, 449, 000 2, 2841, 000 2, 2841, 000 2, 2841, 000 13, 325, 000 19, 720, 600 9, 271, 000 41, 789, 000 2, 2520, 000 2, 2520, 000 2, 271, 000 41, 789, 000 2, 2520, 000 2, 2520, 000 2, 2520, 000	(1) +17. 2 +9. 3 +15. 1 +15. 9 +6. 7 +5. 6 +40. 0 +5. 5 +12. 2 +0. 7 5 5 +34. 6 +34. 4 +85. 5 +11. 0 +61. 5 +59. 3 +4. 4 +85. 5 +11. 0 +61. 5 +59. 3 +4. 4 +85. 5 +12. 2 +10. 7 +10. 8 +10. 8 +

As of end of December 1937. Benefits first payable July 1936.

However, while the reserve funds of most States are in a stronger position at the present time than when benefit payments were first begun, this is not true for all States. There were 13 States in which benefit payments during 1938 were equal to or in excess of the amounts collected in contributions from the date benefits were first payable. The one State the benefits and out the date benefits were first

amounts collected in contributions from the date benefits were first payable. In one State the benefits paid out were nearly three times the contributions collected during the period benefits were paid. The year 1938 was a year of substantial unemployment, and most States are now rebuilding their reserve funds for future benefit payments. Yet the uneven character of unemployment is shown by the fact that three States paid out benefits during the first 3 months of 1939 in excess of the contributions collected, Economic resources and unemployment are not of equal magnitude in all the States. Different problems and varying standards

Economic resources and unemployment are not of equal magnitude in all the States. Different problems and varying standards are, therefore, to be expected in the various State unemployment compensation systems. While benefit standards in all States are still not fully adequate to meet the problem of unemployment, those in some States are more inadequate than in others. At the same time, some States have accumulated considerable reserves, and there is demand from these States for a reduction in the unemployment-compensation contributions. Caution must be exercised, however, in attempting to remedy these inadequacies and inequalities before sufficient experience is acquired. The Federal-State program of unemployment compensation is the only existing permanent Federal program aimed at meeting part of the unempermanent. permanent Federal program aimed at meeting part of the unemployment problem. Consequently it must not be viewed as temporary legislation. Proposed changes in the unemployment-compensation program must be tested in terms of both present need and future justification.

In considering the provisions and the experience of the State laws, the committee's objective was to make such changes as will best help to relieve industry of any unnecessary burdens and to provide help to relieve industry of any unnecessary burdens and to provide the unemployed with more adequate benefits. Moreover, the committee earnestly sought to keep any suggested changes within the framework of the present Federal-State system. This the committee has done by developing a plan, after very careful study, whereby the present taxes for unemployment compensation may be reduced in those States which can afford to maintain a certain benefit standard. No drastic change in the basic pattern of the State laws is required, and each State may decide for itself whether it will take advantage of the plan.

STATE-WIDE REDUCTION PLAN

In accordance with this plan, the present bill proposes to amend the Federal tax provisions so that States which have built up a certain reserve and meet minimum benefit standards may reduce their present rate of contributions on a uniform basis. All States now have a basic contribution rate of 2.7 percent or higher.

A sufficient reserve, as a condition for the allowance of reductions in State contribution rates, is defined in the proposed amendment as not less than one and a half times the highest amount paid into the State unemployment-compensation fund with respect to any one of the 10 preceding years, or not less than early and

paid into the State themployment-compensation fund with respect to any one of the 10 preceding years, or not less than one and a half times the highest amount of compensation paid out of the State fund within any one of the 10 preceding years, whichever amount is the greater.

The minimum benefit standards which the State must meet if

it desires to reduce its general contribution rate below 2.7 percent are as follows:

1. At least 16 weeks of benefits within a period of 52 consecutive

weeks or one-third the individual's earnings, whichever is less.

2. A waiting period of not more than 2 weeks in any 52 consecutive weeks.

3. Weekly benefit rates averaging at least 50 percent of full-time weekly earnings with a \$5 minimum benefit and a maximum benefit of at least \$15.

4. Partial benefits for individuals whose weekly earnings fall below their benefits for total unemployment.

The amendment for the proposed horizontal reduction plan would go into effect immediately. State legislatures now in session which will adjourn before final adoption of this bill might anticipate its enactment and pass the necessary legislation to enable the Governor or the State unemployment-compensation agency to take advantage of the plan. In other States special sessions would have to be called if immediate advantage is to be taken of the reduction in the taxes. While the reduction in the sessions would have to be called it immediate advantage is to be taken of the reduction in the taxes. While the reduction in the tax rate cannot go into effect in the State until the minimum benefit standards are also provided, the State may compute the reserve necessary to meet the requirements as of any time within 27 weeks before the reduced rates and the minimum benefit standards are made effective. This gives all States a retroactive period of slightly over 6 months in which to select a date for computation of the necessary reserve. It should be noted that a State may select such a computation date prior to the effective. State may select such a computation date prior to the effective date of this bill.

It is estimated that this proposed amendment may save employers between \$200,000,000 and \$250,000,000 during the calendar year 1940. The exact amount will depend upon how many States take advantage of the plan, the dates upon which the reductions take place, and the amount of the new contribution rates.

All except about five States will probably have sufficient re-serves so as to take advantage of the horizontal reduction plan serves so as to take advantage of the horizontal reduction plan sometime during 1940. Depending upon the effective date of this bill, it may be possible that some States will wish to take advantage of the proposed plan and provide for the reduction of contributions late this year. This might result in a tax reduction of as much as an additional \$100,000,000 in 1939.

OTHER UNEMPLOYMENT COMPENSATION CHANGES

Under the proposed State-wide reduction plan, described above, employers would still be allowed to obtain their full 90-percent credit against the Federal pay-roll tax. The Federal tax would remain at 3 percent, but additional credits would be provided for all employers in States which were in a position to reduce their contribution rates below 2.7 percent.

This State-wide reduction plan would not alter present individual experience-rating provisions. The States which could make general tax reductions after building up the necessary reserve fund and raising their minimum benefit standards, might still allow further raising their minimum benefit standards, might still allow further contribution reductions to individual employers with favorable employment experience. States which did not meet the new minimum benefit standards or whose reserve fund was inadequate, could continue under their present laws, with or without individual employer experience rating systems, provided they maintained contribution rates, producing a total amount equal to 2.7 percent of the taxable pay rolls. The bill provides that the provisions with respect to maintenance of the average 2.7 percent will not go into effect until January 1, 1942, with respect to a pooled fund or to a partially pooled account or to a separate reserve account. Those States which do not wish to take advantage of the horizontal reduction plan but wish to maintain the individual employer experience-rating system would do so without having to make any legisence-rating system would do so without having to make any legislative changes at this time.

Further saving to employers would be effected by the proposed amendment granting relief to employers who paid their State unamendment granting reflet to employers who paid their state un-employment-compensation contributions for the years 1936, 1937, and 1938 too late to qualify for the Federal credit. Employers who pay their delinquent taxes for these years before the sixtieth day after the enactment of these amendments would receive full credit against their Federal taxes for 1936, 1937, and 1938. This would amount to an aggregate sum of about \$15,000,000. Further the probe relaxed by (1) increasing from 60 to 90 days the maximum period for which the Commissioner of Internal Revenue is permitted to grant an extension for the filing of Federal tax returns, and (2) by providing that employers who pay their taxes after January 31 but before July 1 next following the close of the taxable year would lose only 10 percent of their allowable credit.

Another of the amendments would result in a saving to employers as well as in considerable simplification of reporting procedures. This is the amendment to limit unemployment-compensation taxes to the first \$3,000 of annual wages. Such a limitation already exists in the case of old-age insurance and there are distinct advantages to providing a uniform tax base for both programs. It is estimated that this new limitation would result in a saving to employers of

about \$65,000,000 a year.

Again in the interests of simplification and uniform reporting, the present bill proposes to change the tax base for unemploy-ment compensation from "wages payable" to the "wages paid"

definition used in old-age insurance.

Many of the same changes in coverage are provided in this bill with respect to unemployment compensation as have already been discussed under old-age insurance. The cases involving taxes of small consequence, which would be exempt under old-age insurance, would also be exempt from the Federal Unemployment Tax Act. The agricultural labor exemption is defined and extended as in old-age insurance. The bill proposes to extend coverage to one of the groups now excluded, namely, employees

of certain Federal instrumentalities such, as national banks and State bank members of the Federal Reserve System. This amendment would bring about 200,000 additional persons under the unemployment-compensation program, provided the States amend their laws accordingly. their laws accordingly.

their laws accordingly.

Provision is made in section 902 (h) of the bill granting relief to taxpayers and States in those cases in which the highest court of a State has held contributions paid under the State unemployment-compensation law for 1936 or 1937 not to have been validly required under such law. This provision is to take care of the situation in North Carolina where the State supreme court recently held that the provisions of the State law requiring contributions for 1936 were invalid because they were retroactive. The effect of the proposed amendment is to enable North Carolina to keep about \$3,000,000 in its reserve fund for use in the payment of intemployment compensation benefits the payment of unemployment-compensation benefits

Other changes affecting unemployment compensation are:
1. Authorization is given to the States to make their unem-

ployment-compensation laws applicable to services performed on land or premises owned, held, or possessed by the United States Government, such as services performed as employees of hotels in national parks. Congress has already enacted a statute giving the States authority to apply their workmen's compensation laws

the States authority to apply their workmen's compensation laws to such employees.

2. The language excluding State instrumentalities is defined as in old-age insurance so that the exemption applies only to an instrumentality wholly owned by the State or political subdivision, as well as those exempt from tax under the Constitution.

3. As in old-age insurance, the definition of "wages" is amended so as to exclude from tax the payments made by an employer on account of a retirement, sickness, or accident-disability plan, or for medical or hospitalization expense in connection with sickness or accident disability. Dismissal wages, which the employer is not legally required to pay, and payments by an employer of the worker's Federal insurance contributions, or a contribution required of the worker under a State unemployment-compensation required of the worker under a State unemployment-compensation

law are also excluded from tax.

4. Provision is made, as in old-age insurance, for the exemption of foreign governments and their instrumentalities from the un-

of foreign governments and their instrumentatities from the unemployment-compensation tax.

5. The law is changed with respect to services of an employee performing both included and excluded employment for the same employer so that the services which predominate in a pay period determine his status with that employer for the period. The same provision is made in connection with old-age insurance.

6. The "merit rating" or "individual employer experience rating"

provisions are clarified.

7. A provision has been inserted requiring the State laws to provide for the expenditure of Federal grants for the administration of vide for the expenditure of Federal grants for the administration of their unemployment-compensation laws in accordance with the Federal act and requiring the replacement of any moneys lost or expended for other purposes.

8. Extension of time is given for the allowance of credit against the Federal tax in cases where the employer has paid his State tax on time but has paid it to the wrong State.

9. The time is also extended in those cases where taxpayer's assets are in the custody or control of a receiver, trustee, or other fiduciary under the control of a court.

under the control of a court.

10. The "tax on employers of eight or more" now contained in subchapter C of chapter 9 of the Internal Revenue Code (formerly title IX of the Social Security Act) is given the short title "Federal Unemployment Tax Act."

PUBLIC ASSISTANCE

The committee has included in the bill several amendments designed to liberalize and clarify existing Federal provisions concerning public assistance and to simplify the administration of the State plans. No fundamental change in Federal-State relations is proposed.

Increase in grants for old-age assistance: Under the present law the Federal Government reimburses the States for 50 percent of their assistance payments to the needy aged up to a maximum of \$30 a month for each person aided. This means that the Federal Government does not pay more than \$15 toward the assistance provided any ment does not pay more than \$15 toward the assistance provided any aged person in any month. The bill increases the \$30 limit to \$40 so that the maximum Federal grant per aged person is increased from \$15 to \$20 per month. This amendment will allow the States to liberalize their grants to needy aged persons if they so desire. It is estimated that the cost of this change to the Federal Government will be about \$5,000,000 to \$10,000,000 per year, depending upon the extent to which the States take advantage of the new proposal. Liberalization of aid to dependent children: At the present time the Federal Government contributes only one-third of the payments made by the States to dependent children as against one-half in the case of the aged and the blind. As a result, there are still eight

case of the aged and the blind. As a result, there are still eight States in addition to Alaska which are not participating in this program, and in many of the States that are participating the level of assistance for dependent children is lower than that for the aged and

assistance for dependent children is lower than that for the aged and the blind. The eight States are Connecticut, Illinois, Iowa, Kentucky, Mississippi, Nevada, South Dakota, and Texas. The average amount of aid per dependent child is about \$13.50 per month compared with \$19.50 for old-age assistance and \$23.25 for blind persons. The rapid expansion of the program for aid to dependent children in the country as a whole since 1935 stands in marked contrast to the relatively stable picture of mothers' aid in the preceding 4-year period from 1932 through 1935. The extension of the program during the last 3 years is due to Federal contributions which encouraged the matching of State and local funds.

Furthermore, many States have liberalized their laws by adopting a broader definition of the term "dependent child," by liberalizing the amounts that may be granted to needed cases, and by relaxing requirements relating to residence. At the close of 1935, aid was received by 117,000 families in behalf of 286,000 children. In May 1939 payment for aid to dependent children was being made to about 695,000 children in 287,000 families under plans made to about 695,000 children in 287,000 families under plans approved by the Social Security Board. During the calendar year 1938 nearly \$95,000,000 was spent by the Federal, State, and local governments for aid to dependent children under plans approved by the Board. The number of old people now being aided through Federal grants is nearly three times as large as the number of dependent children being aided. But the actual number of dependent children in need of assistance is probably fully as large as the number of needy aged now receiving assistance.

The bill makes two changes, effective January 1, 1940, designed

as large as the number of needy aged now receiving assistance.

The bill makes two changes, effective January 1, 1940, designed to expand aid to dependent children. They are as follows:

1. The Federal matching is increased from one-third to one-half. This will enable the States to give aid to many additional needy children. There are at the present time about 165,000 children in 71,000 families who have filed applications in the States for aid and many more who will be eligible for aid when these additional funds become available.

these additional funds become available.

2. The age limit for Federal grants is raised from 16 to 18 if the State agency finds that the child is regularly attending school. This will enable most children to finish high school. Six States already provide aid to children up to the age of 18, and 6 additional States have the necessary legislation to take advantage of this amendment immediately. It is estimated that about 100,000 additional children may obtain aid by virtue of this change, provided all States amend their laws accordingly.

It is estimated that the present State programs, when amended

It is estimated that the present State programs, when amended in accordance with the provisions of this bill will enable the States to provide monthly benefits for at least 1,000,000 dependent children or over 300,000 more children than are being aided at the present time.

present time.

The additional cost to the Federal Government of these two amendments is difficult to estimate due to the fact that the amendments are effective only at such time and to the extent that the States match the Federal funds. The additional costs of these amendments for assistance to children is estimated at about \$30,000,000 to \$50,000,000 per year. Some of this cost will be offset in future years because of the widows' and orphans' benefits provided under the insurance plan. In any case, our obligation to provide care for the children of today who will be the parents of the next generation is one which must be met. The amendments recommended to both the insurance and the assistance titles are part of a common program to promote the security of the are part of a common program to promote the security of the family and the home.

Administrative amendments: The bill alters the method by which

Administrative amendments: The bill alters the method by which the Federal Government shall settle with the States whose laws provide for a recovery from recipients or the estates of recipients of old-age assistance. At present these States must actually draw a check to reimburse the Federal Government for its share of any amount so recovered. The new plan provides adjustment in the amount of the Federal grant on account of the Federal pro rata share of any amount so recovered by the State. Any amount which the State spends on funeral expenses (in the case of aged or blind recipients) is considered in making the adjustment. The new plan of Federal-State settlement is applicable in all three assistance programs, whereas existing law affects only old-age assistance. The purpose of all three assistance programs is further clarified

The purpose of all three assistance programs is further clarified by inserting the word "needy" in the definitions of those who may receive old-age assistance, aid to the blind, or aid to dependent children. A closely related clarifying amendment is applied to all three assistance titles and provides that the States, in determining need, must consider any other income and resources of individuals

claiming assistance.

The only other important amendment affecting the public-assist-The only other important amendment affecting the public-assistance titles is one which requires that the States, in order to receive Federal grants, must provide safeguards to restrict the use or disclosure of information concerning applicants and recipients to purposes directly connected with the administration of the plan. All three assistance titles would be thus amended, the obvious purpose being to insure efficient administration and to protect recipients from humiliation and exploitation.

VOCATIONAL REHABILITATION

The basic act providing for the vocational rehabilitation of persons disabled in industry or otherwise was passed by the Congress in 1920. The purpose of this act is to assist physically disabled persons, through guidance, medical and surgical treatment, artificial appliances, retraining, placement, and other essential services in entering or returning to suitable employment in order that they may support themselves and their dependents.

may support themselves and their dependents.

For carrying out its purposes the basic Vocational Rehabilitation Act authorized the appropriation of \$1,000,000 annually to be allotted to the States on the basis of their population with the stipulation that, to receive its allotment, a State must accept the provisions of the Federal act and match its expenditures from Federal funds dollar for dollar with State funds.

The basic act was not a permanent and continuing one but was extended from time to time by the Congress until 1935, when the vocational-rehabilitation program was incorporated as a part of the social-security program. Under the Social Security Act the Vocational Rehabilitation Act was made permanent, and the authorization for appropriations was increased to \$1,938,000 annually,

which, when matched by State funds, makes available for rehabili-

which, when matched by State runds, makes available for rehabilitation purposes approximately \$4,000,000 annually.

Few people are aware of the size of the problem of the physically disabled and its social and economic significance. Recent surveys by the United States Public Health Service and by a number of

by the United States Public Health Service and by a number of State rehabilitation departments show that at any one time at least 30 persons in each 1,000 of the general population are physically disabled. On this basis there are in this country nearly 4,000,000 physically disabled persons.

Each year in the United States at least 800,000 persons become physically disabled through industrial, home, automobile, and other accidents, and diseases, such as arthritis, tuberculosis, and heart trouble. The experiences of the State rehabilitation departments show that not all of these persons are disabled to the extent that they are unable after convalescence to enter or return to employment. About 67 percent are able to make their own employements. ment. About 67 percent are able to make their own employent adjustment. The remaining 33 percent require rehabilitation service to aid them to engage in remunerative employment.

Disabled persons who require assistance in their employment adjustment fall into three major groups:

1. Those who through training and other rehabilitation services can be returned to regular lines of competitive employment. This group comprises 60,000 persons annually.

2. Those whose disabilities are so serious that they cannot be restored to competitive employment but can be trained in small business enterprises or in sheltered workshops. This group numbers about 150,000.

business enterprises or in sneitered worksnops. This group numbers about 150,000.

3. Those who are so disabled that, if they are to be employed at all, they must be provided with suitable work in their homes. This group includes approximately 50,000 persons annually.

The first group (60,000) described above constitute the most pressing problem. Practically all of this group could and should be rehabilitated to complete self-support.

Experience of the States shows that it costs an average of \$300 per case to rehabilitate a disabled person. On this basis the present program, with maximum efficiency in the expenditure of funds, cannot be expected to rehabilitate more than 12,500 persons per year. Thus each year 47,500 of those who could and should be made self-supporting cannot be rehabilitated because of lack of sufficient

self-supporting cannot be rehabilitated because of lack of sufficient funds.

The cost of maintaining a dependent person in idleness averages about \$500 per year. The maintenance of 47,500 disabled persons (of the 60,000 who could and should be rehabilitated to complete self-support in competitive employment) is now costing someone—relatives, communities, or the State and Federal Governments—\$23,750,000 per year. The expenditure by the Federal and State Governments of \$300 each for their rehabilitation would not only obviate the enormous annual cost of maintaining these persons in idleness, but would on the basis of 20 years' experience in rehabilitating the disabled, increase the economic income to the Nation by some \$47,500,000 per year.

bilitating the disabled, increase the economic income to the Nation by some \$47,500,000 per year.

Obviously it would not be wise to appropriate at once funds sufficient to meet the whole vocational rehabilitation problem. It would appear, however, that a substantial increase over the present amount could be efficiently absorbed and would be a wise investment of public funds. The machinery for rehabilitating the disabled is already in existence. Hence, any additional funds provided could be used entirely for services to those who at present cannot be served.

cannot be served.

The committee has recommended, therefore, an increase of itation. The \$1,000,000 in the authorization for vocational rehabilitation. The various States are now raising nearly \$600,000 per year in excess of the amount matched by the Federal Government. Consequently, the additional authorization will permit the matching of these amounts and allow for additional funds to be matched by the States so that the total amounts available for rehabilitation purposes will be about \$6,000,000 per year. Table 10 shows the allotment of Federal funds under the present act and under the committee's recommendation.

Table 10.—Allotments to the States of rehabilitation funds on the basis of the present authorization of \$1,938,000 and on the basis of an authorization of \$2,938,000

SUL, and a sulling of	State	Under au- thorization of \$1,938,000	Under au- thorization of \$2,938,000
Alabama		\$40, 913	\$63,075
Arizona		110,000	10, 382
			44, 203
California		87, 774	135, 320
			24, 689
Connecticut		24, 844	38, 30
Delaware		110,000	110,000
Florida		22,700	34, 996
Georgia		44, 967	69, 326
Idaho		1 10,000	10, 60
Illinois		117, 975	181, 880
		50,069	77, 19
			58, 89
Kansas		29, 082	44, 83
			62, 32
		32, 492	50, 093
		12, 329	19,00
		25, 224	38, 888
	rides that we State shall receive less th		

¹ Basic act provides that no State shall receive less than \$10,000. The "minimum" States would share in increased appropriation in those instances where allotment on population basis would exceed \$10,000.

Table 10.—Allotments to the States of rehabilitation funds on the basis of the present authorization of \$1,938,000 and on the basis of an authorization of \$2,938,000—Continued

State	Under au- thorization of \$1,938,000	Under au- thorization of \$2,938,000
Michigan	\$74,866	\$115, 419
Minnesota	39, 640	61, 113
Mississippi	31, 073	47, 905
Missouri	56, 112	86, 508
Montana	10,000	12, 814
Nebraska	21, 304	32, 844
Nevada	110,000	110,000
New Hampshire	110,000	11,090
New Jersey	62, 482	96, 327
New Mexico	110,000	10, 090
New York	194, 620	300, 043
North Carolina	49, 015	75, 565
North Dakota	10, 526	16, 228
Ohio	102, 762	158, 427
Oklahoma	37, 044	57, 111
Oregon	14, 746	22, 734
Pennsylvania	148, 907	229, 568
Rhode Island	10, 629	16, 387
South Carolina	26, 882	41, 444
South Dakota	10, 712	16, 514
Tennessee		62, 367
Texas	90, 054	138, 835
Utah	110,000	12, 105
Vermont	110,000	10,000
Virginia	37, 443	57, 726
Washington	24, 171	37, 264
West Virginia	26, 735	41, 216
Wisconsin	45, 439	70, 053
Wyoming	110,000	10,000
Hawaii	2 5, 000	2 5, 000
Total	1, 938, 000	2, 938, 000

² Hawaii, Puerto Rico, and the District of Columbia receive their allotments under special act, except that Hawaii received \$5,000 additional under the Social Security

AID TO PUERTO RICO

At the present time the act does not extend to Puerto Rico. The bill extends coverage to Puerto Rico for the purposes of titles V and VI of the Social Security Act (grants to States for maternal and child welfare, vocational rehabilitation, and public-health

GENERAL

Two amendments of a general character have been recommended by the committee. These are:

1. An amendment to prohibit the disclosure of information obtained by the Board or its employees except under certain restricted conditions related to proper administration.

2. Penalties are provided for certain frauds and for impersona-

tion in securing information concerning an individual's date of birth, employment, wages, or benefits of any individual.

DETAILED EXPLANATION OF THE BILL

SHORT TITLE

Section 1 of the bill provides that the act may be cited as the "Social Security Act Amendments of 1939."

TITLE I-AMENDMENTS TO TITLE I OF THE SOCIAL SECURITY ACT CHANGES IN REQUIREMENTS FOR THE STATE OLD-AGE ASSISTANCE PLANS

Section 101: This section amends section 2 (a) of the Social Section 101: This section amends section 2 (a) of the Social Security Act. Section 2 (a) sets out in clauses (1) through (7) certain basic requirements which a State old-age assistance plan must meet in order to be approved by the Social Security Board. Clauses (5) and (7) are amended and a new clause, numbered (8), is added.

The amendment to clause (5) merely makes it clear that the methods of administration of the State plan must be proper as well as efficient.

well as efficient.

The present subject matter of clause (7) is stricken from section 2 (a) by the amendment and is treated in section 102 of the bill. The amended clause (7) is effective July 1, 1941. Under this clause the State plan must provide that the State agency shall, in determining need, take into consideration any income and resources of an individual claiming old-age assistance. This will make it clear that regardless of its nature or source any income make it clear that, regardless of its nature or source, any income make it clear that, regardless of its nature of source, any income or resources will have to be considered, including ordinary income from business or private sources, Federal benefit insurance payments under title II of the Social Security Act, and any other assets or means of support. The committee recommends this change to provide greater assurance that the limited amounts available for old-age assistance in the States will be distributed only among those actually in need and on as equitable a basis as possible.

The new clause, numbered (8), also effective July 1, 1941, requires that the State plan must provide safeguards which restrict the use or disclosure of information concerning applicants and recipients to purposes directly connected with the administration of old-age assistance.

PAYMENT TO STATES FOR OLD-AGE ASSISTANCE

Section 102: This section amends section 3 of the Social Security Act.

Subsection (a) of section 3 is amended so that its provisions will conform with section 1 of the Social Security Act which authorizes appropriations to enable States to furnish financial assistance to needy aged individuals and increases the amount up to which the Federal Government will contribute one-half from \$30 to \$40.

Subsection (b) is amended so as to provide that the Board in making grants to States shall reduce the amount to be paid to any State for any quarter by a sum equivalent to the pro rata share to which the United States is equitably entitled as determined by the Board of the net amount recovered during any prior quarter by the State or any political subdivision thereof with respect to old-age assistance furnished under the State plan.

The provision will include all recoveries made with respect to old-age assistance furnished under the State plan such as for example recoveries from the estates of recipients, payments under mis-

take, etc.

A proviso eliminates for the purpose of determining the amount of the offset, any amount recovered from the estate of a deceased recipient, not in excess of the amount expended by the State for the funeral expenses of such deceased recipient in accordance with

the State public-assistance law upon which the State plan is based. Section 103: This section amends section 6 so as to conform its provisions with section 1 of the act, which authorizes appropriations to enable States to furnish financial assistance to aged needy individuals.

TITLE II-AMENDMENTS TO TITLE II OF THE SOCIAL SECURITY ACT FEDERAL OLD-AGE AND SURVIVOR INSURANCE BENEFITS

This title amends title II of the Social Security Act. It revises and extends the present provisions for old-age insurance benefits. It includes benefits for qualified wives and children of individuals entitled to old-age insurance benefits and for qualified widows, children, and parents of deceased individuals who, regardless of age at death, have fulfilled certain conditions. It also provides a lump-sum payment on death where no monthly benefits are then payable. The amendment also advances the date for initial monthly benefit payments from 1942 to 1940. A Federal old-age and survivor insurance trust fund is established under the amendment, and provision is made for a board of three trustees to manage the trust fund. A number of administrative changes are made, and there is provision for judicial review of decisions of the Social Security Board with respect to benefit rights. A detailed explanation of title II as amended follows.

FEDERAL OLD-AGE AND SURVIVOR INSURANCE TRUST FUND

Section 201: This section creates a Federal old-age and survivor Section 201: This section creates a Federal old-age and survivor insurance trust fund in place of the present old-age reserve account, which is abolished by these amendments. The trust fund is to be held by a board of trustees composed of the Secretary of the Treasury, the Secretary of Labor, and the Chairman of the Social Security Board, all ex officio. Amounts equivalent to 100 percent of the taxes received under the Federal Insurance Contributions Act (formerly title VIII of the Social Security Act) are permanently appropriated to the trust fund, and old-age and survivor insurance benefits will be paid out of the fund. These amendments will clarify the relationship between contributions under the social-security program in the form of taxes and the source of benefit payments. source of benefit payments.

Section 201 (a) creates the trust fund and provides that the fund shall consist of (1) the securities held by the Secretary of the Treasury for the present old-age reserve account, (2) the amount standing to the credit of such account on January 1, 1940, and (3) amounts equivalent to 100 percent of the taxes received under the Federal Insurance Contributions Act, which are permanently appropriated to the trust fund.

Section 201 (b) creates a board of trustees of the Federal old-age Section 201 (b) creates a board of trustees of the Federal old-age and survivor insurance trust fund to be composed of the Secretary of the Treasury, the Secretary of Labor, and the Chairman of the Social Security Board, all ex officio. The Secretary of the Treasury is designated as the managing trustee. The board of trustees created by these amendments is similar to the set-up in the Postal Savings Act. The board of trustees, in addition to reporting annually to Congress on the status and operations of the trust fund, will be required to report immediately to Congress whenever the board is of the opinion that during the ensuing 5 fiscal years the trust fund will exceed three times the highest annual expenditures anticipated during that 5-fiscal-year period and whenever it is of the opinion that the amount of the trust fund is unduly small.

Section 201 (c) directs the managing trustee of the trust fund to invest the surplus of the trust fund in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States. Special obligations bearing interest at a rate equal to the average rate of interest on the public debt, computed as of the end of the calendar month next preceding the date when the special obligations are issued, may be issued to the trust fund. However, the bill contains a provision that such special obligations shall be issued only if the managing trustee determines that the purchase of obligations in which the trust fund is permitted to invest on original issue or at the market price is not in the public interest.

Section 201 (d) authorizes the managing trustee to sell regular

obligations acquired by the trust fund at the market price and to redeem the special obligations at par plus accrued interest.

Section 201 (e) provides that the interest on and the proceeds from the sale or redemption of obligations held in the trust fund shall be credited to and form a part of the trust fund.

Section 201 (f) sets up a procedure whereby the trust fund will Section 201 (f) sets up a procedure whereby the trust fund will be required to pay the cost of administration by the Social Security Board and the Treasury of the old-age and survivor insurance system. Monthly, the managing trustee will pay from the trust fund into the general fund of the Treasury the amount which he and the Chairman of the Social Security Board estimate will be expended during the month for the administration of the system.

Section 201 (g) provides that the trust fund shall be available for making benefit payments required under title II of the Social Security Act.

Security Act.

OLD-AGE AND SURVIVOR INSURANCE BENEFIT PAYMENTS Primary insurance benefits

Section 202 (a): This subsection provides, for aged individuals, monthly "primary insurance benefits" (computed under sec. 209 (e)), which are based on an individual's "average monthly wage" (see sec. 209 (f)). These benefits are payable to an individual for each month until his death, upon condition that he (1) is at least 65 years of age, (2) is a fully insured individual (defined in sec. 209 (g)), and (3) has applied for them. Primary insurance benefits are payable beginning with the first month in which the individual becomes eligible for them, having met conditions (1), (2), and (3) above. All of such conditions may be met in a single month, or part in one month and part in another month or months.

The first month for which a primary insurance benefit or any other benefit can be paid under section 202, is January 1940. All benefits under section 202 are payable as nearly as possible in equal monthly installments, but a benefit for a particular month is not necessarily payable within that month.

Wife's insurance benefits

Section 202 (b): This subsection provides for monthly "wife's insurance benefits" for an aged wife (defined in sec. 209 (i)) whose husband is living and is entitled to "primary insurance benefits" under subsection (a). The purpose of these wife's benefits, which are based on the wages of the husband, is to assure the wife of a monthly amount equal to one-half of the amount which her husband, and the subsection of the section of the secti monthly amount equal to one-half of the amount which her hus-band receives as a monthly primary insurance benefit. A benefit is payable to the wife for each month, upon condition that she (1) is at least 65 years of age, (2) has applied for the benefits, (3) was living with her husband at the time of filing such applica-tion, and (4) is not herself entitled to a monthly primary insur-ance benefit which is equal to or greater than one-half of a monthly primary insurance benefit for a month is equal to pre-half of the monthly primary insurance benefit of the husband.

one-half of the monthly primary insurance benefit of the husband. but if the wife is or becomes entitled to a monthly primary insurance benefit under subsection (a), which is less than one-half of the monthly primary insurance benefit of her husband, then her wife's insurance benefit for the month in which she becomes entitled to such primary insurance benefit and for each month thereafter is equal to the difference between one-half of her husband's monthly primary insurance benefit and her monthly primary insurance benefit.

Benefit period: Wife's insurance benefits are payable beginning with the first month in which the wife becomes eligible for them, having met conditions (1), (2), (3), and (4) above. All of such conditions may be met in a single month, or part in one month and part in another month or months. The benefits end when the wife dies, her husband dies, they are divorced, or she becomes entitled to a monthly primary insurance benefit under subsection (a) equal to or exceeding one-half of her husband's monthly primary insurance benefit. mary insurance benefit.

Child's insurance benefits

Section 202 (c): Paragraphs (1) and (2) of this subsection provide for monthly "child's insurance benefits" for a child (defined in sec. 209 (k)) whose parent is entitled to primary insurance benefits or whose deceased parent (regardless of his age at death) was a fully or currently insured individual (as defined in sec. 209 (g) and (h)). The purpose of these child's benefits is to assure the child (h)). The purpose of these child's benefits is to assure the child of a monthly amount based on the wages of the parent or deceased parent. A benefit is payable to a child for each month, upon condition that the child (1) has filed application for the benefits (or application has been filed for him), (2) was unmarried and had not attained age 18 at the time his application was filed, and (3) was "dependent upon" the parent at the time the application was filed, or, if the parent has died, was "dependent upon" him at the time of death

Benefit rate: A child's insurance benefit for a month is equal to one-half of the monthly primary insurance benefit of the parent or deceased parent with respect to whose wages the child is entitled to receive the benefit. In the case of the deceased parent, such primary insurance benefit is the amount which such parent would have been entitled to receive if he had, before his death, met the conditions for payment of a primary insurance benefit under subsection (a). If there is more than one such parent or deceased parent, the child is entitled to one-half of the primary insurance benefit which

is largest.

Benefit period: Child's insurance benefits are payable beginning with the first month in which the child becomes eligible for them, having met conditions (1), (2), and (3) above. All of such conditions may be met in a single month, or part in one month and part in another month or months. The child's benefits end when he dies, marries, is adopted, or attains age 18.

"Dependent upon" defined: Paragraphs (3) and (4) of section 202 (c) define the term "dependent upon," as used in paragraph (1).

As a child is normally dependent upon his father or adopting father, paragraph (3) provides that he shall be deemed so dependent unless, at the time the child's application for benefits is filed, or if such father or adopting father is dead, at the time of death, such indi-

tather or adopting father is dead, at the time of death, such individual was not living with the child or contributing to his support and (A) the child is neither the legitimate nor adopted child of such individual, or (B) the child had been adopted by some other individual, or (C) the child, at the time of such individual's death, was living with and supported by the child's stepfather.

As a child is not usually financially dependent upon his mother, adopting mother, or stepparent, paragraph (4) provides that, for the purposes of paragraph (1), a child shall not be deemed dependent upon any such individual unless, at the time the child's application for benefits is filed, or, if such individual is dead, at the time of death, no parent other than such mother, adopting mother, or stepparent was contributing to the support of the child and the child was not living with his father or adopting father.

Widow's insurance benefits

Widow's insurance benefits

Section 202 (d): This subsection provides for monthly "widow's insurance benefits" for an aged widow (defined in sec. 209 (j)) whose husband died a fully insured individual (defined in sec. 209 (g)). The purpose of these widow's benefits, which are based on the wages of the deceased husband, is to assure the widow of the wages of the deceased husband, is to assure the widow of a monthly amount equal to three-fourths of the amount to which her husband was entitled, or would have been entitled if he had, before his death, met the conditions for a primary insurance benefit under subsection (a). A benefit is payable to the widow for each month, upon condition that she (1) is at least 65 years of age, (2) has not remarried, (3) has filed application for the benefits, (4) was living with her husband at the time of his death, and (5) is not herself entitled to a monthly primary insurance

benefit which is equal to or greater than three-fourths of the monthly primary insurance benefit of her husband.

Benefit rate: A widow's insurance benefit for a month is equal to three-fourths of the monthly primary insurance benefit of her husband, but, if she is or becomes entitled to a monthly primary insurance benefit under subsection (a) which is less than three-fourths of the monthly primary insurance benefit under subsection (a) which is less than three-fourths of the monthly primary insurance benefit. insurance benefit under subsection (a) which is less than three-fourths of the monthly primary insurance benefit of her husband, then her widow's insurance benefit for the month in which she becomes entitled to such primary insurance benefit, and for each month thereafter, is equal to the difference between three-fourths of her husband's monthly primary insurance benefit and her monthly primary insurance benefit.

Benefit period: Widow's insurance benefits are payable beginning with the month in which the widow becomes eligible for them.

with the month in which the widow becomes eligible for them, having met conditions (1), (2), (3), (4), and (5) above. All of such conditions may be met in a single month, or part in one month and part in another month or months. Benefits end when the widow remarries, dies, or becomes entitled to a monthly pri-mary insurance benefit equal to or exceeding three-fourths of the monthly primary insurance benefit of her husband.

Widow's current insurance benefits

Section 202 (e): This subsection provides for "widow's current insurance benefits," which are based on the wages of a husband who died a fully or currently insured individual (as defined in sec. 209 (g) and (h)). The purpose of this subsection is to extend financial protection to the widow regardless af her age, while she has in her care a child of the deceased husband entitled to child's insurance benefits. It provides assurance for such a widow, before she becomes 65 years of age, of a monthly amount equal to three-fourths of the amount to which her husband would have been entitled if, before his death, he had met the conditions for a princery insurance benefit under subsection (a). When also herefit under subsection (b) when the property insurance benefit under subsection (c). mary insurance benefit under subsection (a). When she becomes 65 such widow, if her husband was a fully insured individual, will become entitled to a widow's insurance benefit under subsection (d). If her husband was currently (but not fully) insured, she will continue to be entitled to her widow's current benefit under will continue to be entitled to her widow's current benefit under subsection (e) so long as there is a child of her husband who is entitled to receive child's insurance benefits. A benefit is payable to the widow for each month, upon condition that she (1) has not remarried, (2) is not entitled to receive a monthly widow's insurance benefit under subsection (d) or a monthly primary insurance benefit which is equal to or greater than three-fourths of a monthly primary insurance benefit of her husband, (3) was living with her husband at the time of his death, (4) has filed application for the benefits, and (5) at the time of filing such application has in her care a child of the deceased husband entitled to receive child's insurance benefits. By "in her care" is meant that she takes responsibility for the welfare and care of the child, whether or not she actually lives in the same home with the child at the time she files application. time she files application.

Benefit rate: A widow's current insurance benefit for a month is equal to three-fourths of the monthly primary insurance benefit is equal to three-fourths of the monthly primary insurance benefit of her husband, but, if she is or becomes entitled to a monthly primary insurance benefit under subsection (a) which is less than three-fourths of a monthly primary insurance benefit of her husband, then her widow's current insurance benefit for the month in which she becomes entitled to such primary insurance benefit and for each month thereafter, is equal to the difference between three-fourths of her husband's monthly primary insurance benefit

and her monthly primary insurance benefit.

Benefit period: Widow's current insurance benefits are payable beginning with the month in which the widow becomes entitled to them, having met conditions (1), (2), (3), (4), and (5) above.

All of such conditions may be met in a single month, or part in one month and part in another month or months. The benefits

end when no child of the deceased husband is further entitled to receive a child's insurance benefit, the widow becomes entitled to receive a primary insurance benefit under subsection (a) equal to or exceeding three-fourths of a primary insurance benefit of the deceased husband, she becomes entitled to receive a widow's insurance benefit. she remarries, or dies.

Parent's insurance benefits

Section 202 (f): This subsection provides for "parent's insurance benefits" for an aged parent whose son or daughter died a fully insured individual (as defined in sec. 209 (g)), leaving no widow and no unmarried surviving child under age 18. The purpose of these benefits, which are based on the wages of the son or daughter, is to extend financial protection to the aged parent where the parent was wholly dependent upon and supported by the son or daughter at the time such son or daughter died, and where no such widow or child survives. It assures the parent, in such cases of a monthly amount, equal to one-half of the amount such cases, of a monthly amount equal to one-half of the amount to which the son or daughter was or would have been entitled as a fully insured individual if such son or daughter before death, as a fully insured individual if such son or daughter before death, had met the conditions for a primary insurance benefit under subsection (a). A benefit may be payable to both a mother and a father of the same fully insured individual. A benefit is payable to the parent for each month, upon condition that such parent (1) has attained age 65, (2) was wholly dependent upon and supported by the son or daughter at the time of the son's or daughter's death and filed proof of such dependency and support within 2 years of the date of such death, (3) has not married since such death, (4) is not entitled to receive any other monthly insurance benefits of any kind or is entitled to receive one or more of such monthly benefits, the total of which is less than one-half of the monthly primary insurance benefit of the deceased son or daughter, and (5) has filed application for parent's insurance benefits.

Benefit rate: The parent's insurance benefit for a month is equal

Benefit rate: The parent's insurance benefit for a month is equal to one-half of the monthly primary insurance benefit of the son or daughter with respect to whose wages the parent is entitled or daughter with respect to whose wages the parent is entitled to a benefit. If there is more than one such son or daughter for a month in which the parent is entitled to parent's benefits, the parent is entitled to one-half the primary insurance benefits which is largest. If the parent is or becomes entitled to a monthly benefit or benefits (other than parent's insurance benefits) and such monthly benefit or the total of such monthly benefits is less than one-half of the monthly primary insurance benefit of the son or daughter, then the parent's benefit for the month in which the parent becomes entitled to such other benefit or benefits and the parent becomes entitled to such other benefit or benefits, and for each month thereafter, is equal to the difference between such other monthly benefit or the total of such other monthly benefits and one-half of the son's or daughter's monthly primary insur-

ance benefit.

Benefit period: Parent's insurance benefits are payable beginning with the month in which the parent becomes eligible for them, having met conditions (1), (2), (3), (4), and (5) above. All of such conditions may be met in a single month, or part in one month and part in another month or months. Benefits end when the parent dies, marries, or becomes entitled to receive for any month an insurance benefit or benefits (other than parent's insurance benefits) in a total amount equal to or exceeding one-half of a primary insurance benefit of the deceased son or daughter.

"Parent" defined: Paragraph (3) of section 202 (f) defines the term "parent" to mean the mother or father of an individual, the stepparent of an individual by a marriage contracted before such individual attained age 16, and the adopting parent by whom such individual was adopted before he attained age 16.

Lump-sum death payments

Section 202 (g): This section provides for the payment of a lump sum to a person hereinafter described, upon the death, after December 31, 1939, of a fully or currently insured individual (as defined in sec. 209 (g) and (h)) who left no surviving widow, child, or parent who would, on filing application in the month in which such fully or currently insured individual died, be entitled to a benefit for such month under subsection (b), (c), (d), (e), or (f) of this section.

Description of persons who may be entitled: The lump-sum payments are made to the following persons under the conditions stated: (1) To the widow or widower of the deceased; (2) if no such widow or widower is living at the time of the fully or currently insured individual's death, to any child or children of the deceased and to any other person or persons who are, under the intestacy law of the State where the deceased was domiciled, entitled to share law of the State where the deceased vas domiciled, entitled to share as distributees with such children of the deceased, in such proportions as provided by such law; (3) if no widow or widower and no such child and no such other person is living at the time of such death, to the parent or parents of the deceased, and to any other person or persons who are entitled under the law of the State where deceased was domiciled to share as distributees with the parents of the deceased, in such proportions as provided by such law. The Board is to determine the relationship under (1), (2), and (3) above, and if there is more than one person entitled hereunder, is to distribute the lump-sum payment among all who are entitled. If none of the persons described under (1), (2), and (3) is living at the time of the Board's determination, the amount due is to be paid to any person or persons equitably entitled thereto, to the extent and in the proportions that he or they shall have paid the expenses of burial of the deceased (but no such payment for burial expenses may exceed the amount actually disbursed by the person or persons who paid such expenses). Amount of payment: The lump-sum payment is an amount equal to six times a primary insurance benefit for a month (as defined in

sec. 209 (e)) of the fully or currently insured deceased individual.

Application for lump-sum payment: The lump sum is payable only if application is filed by or on behalf of the person entitled (whether or not legally competent) prior to the expiration of 2 years after the date of death of the fully or currently insured

Delayed applications

Delayed applications

Section 202 (h): This subsection provides that an individual who would have been entitled to an insurance benefit under subsection (b), (c), (d), (e), or (f) of this section for any month, if he had filed his application for such benefit during such month, shall be entitled to such benefit for such month if he files application for it before the end of the third month immediately succeeding such month. The purpose of this section is to prevent the loss of benefits to individuals who might not know of their right to benefits or who, for some other reason, have delayed filing their applications. If, for example, in March a widow has fulfilled all eligibility conditions under section 202 (d) except the filing of her application, and files application in June, she will be entitled to a benefit for March, April, May, June, and thereafter, as if she had filed her application in March. Similarly, if she files application in July, she will be entitled to a benefit for April, May, June, July, and thereafter, just as if she had filed her application in April.

REDUCTION AND INCREASE OF INSURANCE BENEFITS

REDUCTION AND INCREASE OF INSURANCE BENEFITS

Section 203: This section provides a maximum and minimum for benefits payable under section 202, and for reduction or increase to such maximum or minimum, as the case may be, of the monthly amount of the benefit which would be payable except for this section. It provides also for deductions from benefits because of gainful employment for a stated amount of wages, and under certain other enumerated circumstances, and for deductions for hymn summary payable provides to 100 times. deductions for lump-sum payments made prior to 1940 upon attainment of age 65.

Maximum benefits

Section 203 (a): This subsection provides that any benefits payable on the basis of an individual's wages shall be reduced, so that able on the basis of an individual's wages shall be reduced, so that the maximum for any benefit (if only one benefit for a month is payable with respect to the wages of an individual) or for the total of all benefits (if more than one benefit is payable for a month with respect to the wages of an individual) shall not exceed \$85, or two times the primary insurance benefit of such individual, or 80 percent of the average monthly wage of such individual, whichever is least. This takes the place of the provision now in the Social Security Act limiting the monthly rate of benefits to \$85.

Minimum benefits

Section 203 (b): This subsection provides that benefits payable on the basis of an individual's wages shall be increased so that the minimum for any benefit or for the total of benefits (where more than one benefit is payable for a month) is \$10. This provision also prevents a reduction under subsection (a) to below \$10 in the case where the average monthly wage is very low.

Proportionate reduction or increase

Section 203 (c): This subsection provides that whenever a reduction or increase is required by subsection (a) or (b) and more than one benefit is payable for the month with respect to the wages of an individual, each of the benefits shall be proportionately increased or decreased, as the case may be.

Deductions because of employment, etc.

Section 203 (d): This subsection provides that deductions shall be made from any benefits to which an individual is entitled, until such deductions total the amount of the benefit or of the benefits (where the individual is entitled to receive more than one insurance benefit) which such individual was entitled to receive for any month in which he (1) rendered services for wages of not less than \$15; or (2) if a child over 16 and under 18 years of age failed to attend school regularly and the Board finds that such attend-ance was feasible; or (3) if a widow entitled to a widow's current insurance benefit did not have in her care a child of her deceased

insurance benefit did not have in her care a child of her deceased husband entitled to receive a child's insurance benefit.

Section 203 (e): This subsection provides that deductions shall be made from any wife's or child's insurance benefit until the total equals the wife's or child's benefit or benefits for any month in which the individual, with respect to whose wages such benefit was payable, rendered services for wages of not less than \$15. For example, if a child receives a benefit of \$10 per month because of a father who is receiving a \$20 per month primary insurance benefit, \$10 is deducted from benefits payable to the child if the father works in a month for wages of \$15 or more.

Duplication of deductions prevented

Section 203 (f): This subsection prevents the duplication of deductions under subsections (d) and (e). If, for example, a deduction is imposed because of the occurrence in a month of an event enumerated in subsection (d), there is no deduction because of employment in that month as set forth in subsection (e).

Report to Board of employment

Section 203 (g): This subsection requires that the occurrence of any of the events enumerated in subsection (d) or (e) be reported to the Board by any individual whose benefits are subject to a

deduction under those subsections. If the individual had knowledge of the occurrence of the event, failure to so report is penalized by doubling the deduction.

Deductions because of lump-sum payments

Section 203 (h): An individual entitled to a benefit under these amendments may have been paid a lump sum upon attainment of age 65, under provisions of the Social Security Act in force prior to 1940. This subsection provides that deductions shall also be made from any primary insurance benefit to which an individual is entitled, or from any other insurance benefit payable with respect to the wages of such individual, until such deductions total the amount of any such lump-sum payment to such individual. Deductions under subsections (d), (e), and (h) are made after any reductions or increases which may be required under subsections (a) and (b), and such deductions may be made in such month or months, and at such rate, as the Board may determine. Section 203 (h): An individual entitled to a benefit under these

OVERPAYMENTS AND UNDERPAYMENTS Adjustment of erroneous payments

Section 204 (a): This subsection provides that errors in payments to an individual shall be adjusted by increasing or decreasments to an individual shall be adjusted by increasing or decreasing subsequent benefits to which such individual is entitled. If such individual dies before adjustment has been begun or completed, adjustment shall be made by increasing or decreasing subsequent benefits payable with respect to the wages which were the basis of benefits of such deceased individual. Thus, if error is made in the payment of a primary insurance benefit to an individual, adjustment shall be made upon his death in favor of or against his widow, children, and parents, if any, who are entitled to receive benefits. If error is made in the payment of any benefit other than a primary insurance benefit, then upon the death of the individual receiving such benefit, adjustment shall be made in favor of or against the primary beneficiary on the basis of whose wages such erroneous payments were made, and in favor of or against any other beneficiary whose benefits are payable on the basis of those wages.

on the basis of those wages.

Section 204 (b) waives any right of the United States to recover by legal action or otherwise in any case of incorrect payment to an individual who is without fault if adjustment or recovery would defeat the purpose of this title or would be against equity and

good conscience. Section 204 (c) protects from liability any certifying or disbursing officer in any case where adjustment or recovery is waived under subsection (b), or where adjustment under subsection (a) is not completed prior to the death of all persons against whose benefits deductions are authorized.

EVIDENCE, PROCEDURE, AND CERTIFICATION FOR PAYMENT

Section 205: This section of the bill provides a detailed pro-Section 205: This section of the bill provides a detailed procedure in connection with benefit determination and payment. Administrative and judicial review provisions not now provided in the Social Security Act are included, and administrative provisions are included which are similar to those under which the Veterans' Administration operates.

Section 205 (a) clarifies the Board's power to make rules and regulations to carry out the provisions of title II and directs the Board to adopt regulations concerning the nature and extent of proofs to establish rights to benefits.

proofs to establish rights to benefits.

Section 205 (b) outlines the general functions of the Board in determining rights to benefits. It requires the Board to offer opportunity for a hearing, upon request, to an individual whose rights are prejudiced by any decision of the Board. The Board is also authorized, on its own motion, to hold such hearings and to conduct such investigations and other proceedings as it may deem necessary or proper, and may administer oaths and affirma-tions and examine witnesses. Evidence may be received at any hearing before the Board even though inadmissible under rules of evidence applicable to court procedure.

evidence applicable to court procedure.

Section 205 (c) provides a procedure for the establishment, maintenance, and correction of wage records. Clause (1) directs the Board to maintain the records, and upon request to inform any wage earner, or after the wage earner's death, his wife, child, or parent, of the amount of his wages and periods of payments, shown by such records at the time of such request. The records are declared to constitute evidence of the amount of wages and the periods of payment, and the absence of an entry for any period constitutes evidence that no wages were paid in such period.

Clause (2) provides that, after the expiration of the fourth calendar year following any year in which wages were paid or alleged to have been paid, the Board's records shall be conclusive of the amount of wages and periods of payment except as provided in

to have been paid, the Board's records shall be conclusive of the amount of wages and periods of payment except as provided in clauses (3) and (4).

Clause (3) authorizes the Board to correct its records prior to the expiration of such fourth year. Written notice of any revision which is adverse to the interests of any individual shall be given to such individual in any case where he has been previously notified by the Board of the amount of wages and the periods of payment shown by the records. Upon request prior to the expiration of such fourth year or within 60 days thereafter, the Board shall afford any wage earner, or after his death, his wife, child, or parent, a hearing with respect to any alleged error in its records.

Clause (4) provides for a limited correction of the records after

Clause (4) provides for a limited correction of the records after the expiration of the fourth year. The procedure is the same as that provided in clause (3), but no change can be made under this clause except to conform the records with tax returns and other

data submitted under title VIII of the Social Security Act or sub-chapter A of chapter 9 of the Internal Revenue Code, and regula-tions thereunder.

Clause (5) provides for judicial review of decisions under this subsection in the same manner as is provided in subsection (g).

Section 205 (d) authorizes the Board to issue subpense requiring

the testimony of witnesses and the production of evidence. Section 205 (e) authorizes Federal courts to order obedience to

Section 205 (e) authorizes Federal courts to order obedience to the subpena of the Board and to punish as contempt any disobedience of the court's order.

Section 205 (f) provides that the privilege against self-incrimination shall not excuse any person from testifying, but that he shall not be prosecuted or subjected to a penalty or forfeiture on account of any matter concerning which he is compelled to testify after claiming his privilege against self-incrimination.

Section 205 (g) provides that any individual may obtain a review of any final decision of the Board made after a hearing to which be

Section 205 (g) provides that any individual may obtain a review of any final decision of the Board made after a hearing to which he was a party, by commencing a civil action in the appropriate district court of the United States within 60 days after notice of the decision is mailed to him. The present provisions of the Social Security Act do not specify what remedy, if any, is open to a claimant in the event his claim to benefits is denied by the Board. The provisions of this subsection are similar to those made for the review of decisions of many administrative bodies. The Board's decisions on questions of law will be reviewable, but its findings of fact, if supported by substantial evidence, will be conclusive. Where a decision of the Board is based on a failure to submit proof in conformity with a regulation, the court may review only the question of conformity of the proof with the regulation and the validity of the regulation. Provision is made for remanding of proceedings to the Board for further action, or for additional evidence. evidence.

evidence.

Section 205 (h) provides that the findings and decision of the Board after a hearing shall be binding upon all individuals who were parties to such hearing and that there shall be no review of the Board's decisions by any person, tribunal, or governmental agency except as provided in subsection (g). Actions may not be brought against the United States, the Board, or any of its officers or employees under section 24 of the Judicial Code to recover on any claim crising under title II. arising under title II.

Section 205 (i) incorporates substantially the provisions of the present section 207 of the act with respect to certification by the Board of the individuals entitled to payments, except that certification is made to, and payment is made by, the managing trustee. It is provided that the Board may withhold certification pending court ranger subsection (g)

court review under subsection (g).

Section 205 (j) provides that the Board may, where it appears that the interest of the applicant would be served thereby, whether

that the interest of the applicant would be served thereby, whether he is legally competent or incompetent, make certification for payments directly to him or to a relative or some other person, for the use and benefit of such applicant.

Section 205 (k) provides that any payments hereafter made under conditions set forth in subsection (j), any payments made before January 1, 1940, to, or on behalf of, legally incompetent individuals, and any payments made after December 31, 1939, to a legally incompetent individual without knowledge by the Board of such incompetency prior to certification of payment, if otherwise such incompetency prior to certification of payment, if otherwise valid under this title, shall be a complete settlement and satis-

valid under this title, shall be a complete settlement and satisfaction of any claim, right, or interest in and to such payment.

Section 205 (1) authorizes the Board to delegate the powers conferred upon it by this section. This includes the power to issue subpenas, conduct hearings, make determinations of the right to benefits, and make certification of payments. It also authorizes the Board to appear by its own attorneys in court proceedings under subsection (e) for the enforcement of Board subpenas.

Section 205 (m) provides that applications for benefits filed prior to 3 months before the applicant becomes entitled to receive benefits, shall be invalid.

Section 205 (n) authorizes the Board to certify to the managing trustee any two or more individuals in the same family for joint payment of the total benefits payable to such individuals.

REPRESENTATION OF CLAIMANTS BEFORE THE BOARD

REPRESENTATION OF CLAIMANTS BEFORE THE BOARD

Section 206: This section authorizes the Board to prescribe regulations concerning the practice of attorneys, agents, and other persons in the preparation or presentation of claims for benefits before the Board, and the Board may require of such agents or other persons (other than attorneys) as a condition to recognition that they show that they are of good character and good repute and are competent to represent claimants. An attorney in good standing who is admitted to practice before the highest court of a State, Territory, or District, or before the Supreme Court of the United States, or an inferior Federal court, is entitled to represent claimants before the Board. Under certain conditions an individual may be suspended or prohibited from further practice before the Board. While it is not contemplated that the services of an agent or attorney will be necessary in presenting the vast majority of claims, the experience of other agencies would indicate that where such services are performed the fees charged therefor should be subject to regulation by the Board, and it is so provided. The provision is similar to the statute (5 U. S. C., sec. 261), giving the Treasury Department comparable authority. For the purpose of protecting claimants and beneficiaries a penalty is provided for violation of Board regulations prescribing fees and for deceiving, misleading, or threatening claimants or beneficiaries with intent to defraud.

ASSIGNMENT

Section 207: This section is identical with section 208 of the Social Security Act which provides that a right to payment under this title shall not be transferable or assignable nor shall any moneys paid or payable be subject to execution or other legal

Section 208: This section is designed to protect the system against fraud. The present penal provisions are broadened and clarified so as to specifically apply to the making of false statements such as in tax returns, tax claims, etc., for the purpose of obtaining or increasing benefits, and to apply to the making of false statements, affidavits, or documents in connection with an application for benefits, regardless of whether made by the application of the process. plicant or some other person.

DEFINITIONS

Definition of wages

Section 209 (a): This subsection continues the present definition of wages, but excludes certain payments heretofore included. Paragraph (2) excludes all payments made by the employer to or on behalf of an employee, or former employee, under a plan or system providing for retirement benefits (including pensions), or disability benefits (including medical and hospitalization expenses), disability benefits (including medical and hospitalization expenses), but not life insurance. These payments would be excluded even though the amount or possibility of such payments is taken into consideration in fixing the amount of remuneration and even though such payments are required, either expressly or impliedly, by the contract of employment. Since it is the practice of some employers to provide for such payments through insurance or the establishment and maintenance of funds for the purpose, the premiums or insurance payments and the payments made into or out of any fund would likewise be excluded from wages. Paragraph (3) expressly excludes from wages, payment by an employer (without deduction from the remuneration of, or other reimbursement from the employee) of the employee's tax imposed by section (without deduction from the remuneration of, or other reimburses-ment from, the employee) of the employee's tax imposed by section 1400 of the Internal Revenue Code (formerly sec. 801 of the Social Security Act) and employee contributions under State unemploy-ment compensation laws. Paragraph (4) excludes dismissal pay-ments which the employer is not legally obligated to make. The exclusion of remuneration paid prior to January 1, 1937, is merely a technical change. Such remuneration has never been any basis for the benefits under this title, being excluded in the provi-sions providing the benefits. Such provisions are simplified by

sions providing the benefits. Such provisions are simplified by transferring the exclusion to the definition of wages.

Definition of employment

Section 209 (b): This term is defined to mean any service per-Section 209 (b): This term is defined to mean any service performed prior to January 1, 1940, which would be included under existing law for purposes of credit toward benefits; and to mean any service performed after December 31, 1939, by an employee for the person employing him, irrespective of the citizenship or residence of either, (A) within the United States, or (B) on or in connection with an American vessel (defined in subsec. (d)) under a contract of service entered into within the United States or during the performance of which the vessel touches a port therein, if the employee is employed on, and in connection with, the vessel when outside the United States. No substantive change in existing law employee is employed on and in connection with, the vessel when outside the United States. No substantive change in existing law is made by the introductory paragraph of this provision except the extension of the definition to include service on American vessels. This extension is designed to include, with the qualifications noted, all service which is attached to, or connected with, the noted, all service which is attached to, or connected with, the vessel (e.g., service by officers and members of the crew and other employees such as those of concessionaires). Individuals who are passengers on the vessel in the generally accepted sense, such as an employee of an American department store going abroad, would not be included, because their service has no connection with the vessel. Service performed on, or in connection with, an American vessel within the United States will be on the same basis as regards inclusion as other services performed within the United States.

States.

Under existing law service performed within the United States (which otherwise constitutes employment) is covered irrespective of the citizenship or residence of the employer or employee. The amendment makes clear that this will be true also in the case of maritime service covered by the amendment, regardless of whether performed within or without the United States. The basic reasons which caused the original coverage to be made without distinctions account of stitutes the residence are researched. tions on account of citizenship or residence apply in the case of seamen. The number of foreign seamen who may be employed on American vessels engaged in trade is limited under our shipping

The definition of the term "employment" under the amendment, as applied to service rendered prior to January 1, 1940, retains the exemptions contained in the present law. The definition applicable to service rendered on and after that date continues unchanged some of the present exemptions, revises others, and adds

certain additional ones.

Paragraph (1) continues the exception of agricultural labor, but a new subsection (1) defines the term for purposes of the

exclusion.

Paragraph (2) continues the present exception of domestic service in a private home, but adds to the exception such service in a local college club or local chapter of a college fraternity or sorority (not including alumni clubs or chapters). Thus services of cook, waiter, chambermaid, and the house mother, performed for these local clubs and chapters, are exempt.

Paragraph (3) continues the present exception of casual labor not in the course of the employer's trade or business.

A new paragraph (4) excludes service performed by an individual in the employ of his son, daughter, or spouse, and service performed by a child under the age of 21 in the employ of his parent. This exclusion is already contained in the Federal unemployment tax provisions of the existing law and is considered advisable because of the possibility offered by such employment for collusion in building up credits in certain cases which offer a high return for a small amount of contributions.

Paragraph (5), which takes the place of the existing exclusion of service on documented vessels, excludes service performed on or in connection with a vessel not an American vessel, if the employee is employed on and in connection with such vessel when cutside the United States. This provision excludes all service, although performed within the United States, which is rendered by an employee who was rendering service on and in connection with such a vessel upon its entry into the United States or who is rendering such service upon departure of the vessel from the United States. Thus, officers and members of the crew and other employees whose service is rendered both on and in connection employees whose service is rendered both on and in connection with the vessel (such as employees of concessionaires and others whose service is similarly connected with the vessel) when on its voyage are excluded even though the vessel is within the United States, if they come into or go out of the United States with

the vessel.

Paragraph (6) continues the exemption of service performed in the employ of the United States but, with respect to instrumentalities of the United States, limits the exemption to those instrumentalities which are (A) wholly owned by the United States or (B) exempt from the tax imposed by section 1410 of the Internal Revenue Code (formerly sec. 804 of the Social Security Act) by virtue of any other provision of law. The change in this provision brings within this title of the act certain Federal instrumentalities not falling within clause (A) or (B) above, such as national banks.

national banks

Paragraph (7) continues the exemption of service for State governments, their subdivisions and instrumentalities, but limits the exemption with respect to instrumentalities so that it applies only to an instrumentality which is wholly cwned by a State or political subdivision or which would be immune from the tax imposed by section 1410 of the Internal Revenue Code (formerly sec. 804 of the Social Security Act) by the Constitution. The amendment thus narrows the present exemption and in no case broadens it.

broadens it.

Paragraph (8) continues the exemption of religious, charitable, scientific, literary, or educational organizations, but brings the language of the exemption into conformity with the corresponding exemption from income tax under section 101 (6) of the Internal Revenue Code, by adding a specific disqualifying clause applicable where any substantial part of the activities of the organization is carrying on propaganda or otherwise attempting to influence legislation.

Paragraph (9) continues without change the present provisions

Paragraph (9) continues without change the present provisions of law exempting services of employees covered by the railroad-retirement system. This provision leaves unchanged the exempretirement system. This provision leaves unchanged the exemption of the service of an individual in the employ of an employer subject to the railroad retirement system even though the individual receives remuneration in a form, e. g., tips, not recognized as compensation under the Railroad Retirement Act and subchapter B of chapter 9 of the Internal Revenue Code (formerly the Carriers' Taxing Act of 1937), and leaves unchanged the inclusion of service in case it is performed by an employee in the segregable nonrailroad activities of an employer where segregation of the railroad activities from nonrailroad activities is found tion of the railroad activities from nonrailroad activities is found necessary in the interpretation and administration of the laws relating to the social-security system and the railroad-retirement

Paragraph (10) provides several new exclusions from employ-ent. Clause (A) exempts certain service in any calendar quarment. Clause (A) exempts certain service in any calendar quarter performed in the employ of an organization exempt from income tax under section 101 of the Internal Revenue Code, if (i) the remuneration for such service does not exceed \$45; or (ii) without regard to amount of remuneration, if the service is performed in connection with the collection of dues or premiums (away from the home office) for a fraternal beneficiary society, order, or association, or is ritualistic service (wherever performed) in connection with such an organization; or (iii), without regard to amount of remuneration, if the service is performed by in connection with such an organization; of (iii), without regard to amount of remuneration, if the service is performed by a student enrolled and regularly attending classes at a school, college, or university. Organizations so exempt from income tax and thus within this provision include the following: Certain labor, agricultural, and horticultural organizations, mutual savings banks, fraternal beneficiary societies, building and loan associations, cooperative banks, credit unions, cemetery companies, business leagues chambers of commercia real-extate boards boards. business leagues, chambers of commerce, real-estate boards, boards or trade, civic leagues, local associations of employees, social clubs, local benevolent life insurance associations, mutual irrigation and telephone companies, farmers' or other mutual hail, cyclone, casualty, or fire insurance companies or associations, farmers' cooperative marketing and purchasing associations, corporations organized to finance crop operations, voluntary employees' beneficiary associations, and religious or apostolic associations or corporations. of trade, civic leagues, local associations of employees, social clubs,

Paragraph (10), clause (B), excepts service in the employ of an agricultural or horticultural organization, regardless of the amount of remuneration. These organizations are identical with

agricultural and horticultural organizations exempt from income tax under section 101 (1) of the Internal Revenue Code.

Paragraph (10), clause (C), excepts service in the employ of a

voluntary employees' beneficiary association, providing for payment of life, sick, accident, or other benefits to the members of such association or their dependents, if (i) no part of its net such association or their dependents, if (1) no part of its net earnings inures (other than through such payments) to the benefit of any private shareholder or individual, and (ii) 85 percent or more of the income consists of amounts collected from members for the sole purpose of making such payments and meeting expenses. This exemption is identical with that of these organizations under section 101 (16) of the Internal Revenue Code

organizations under section 101 (16) of the Internal Revenue Code and will have the same scope.

Paragraph (10), clause (D), excepts all service performed in the employ of a voluntary employees' beneficiary association providing for the payment of life, sick, accident, or other benefits to the members of such association or their dependents or designated beneficiaries, if (i) admission to membership in such association is limited to individuals who are employees of the United States Government, and (ii) no part of the net earnings of such association inures (other than through such payments) to the benefit of any private shareholder or individual.

Paragraph (10), clause (E), excepts service performed in any

of any private shareholder or individual.

Paragraph (10), clause (E), excepts service performed in any calendar quarter in the employ of a school, college, or university, not exempt from income tax, if such service is performed by a student enrolled and regularly attending classes at such school, college, or university, and the remuneration for such service does not exceed \$45. In determining the remuneration, for purposes of the \$45 limitation, the value of room, board, and tuition, if furnished by the school, college, or university as part of the remuneration, would be excluded.

A calendar quarter is any period of 3 calendar months ending on March 31, June 30, September 30, or December 31.

Paragraph (11) excepts service performed in the employ of a

Paragraph (11) excepts service performed in the employ of a foreign government, and paragraph (12) similarly excepts, on a basis of reciprocity, service performed in the employ of an instrumentality wholly owned by a foreign government. These paragraphs are, by section 902 (f) of the bill, made retroactively effective to the date of the enactment of the Social Security Act.

Paragraph (13) excepts service performed as a student nurse in Paragraph (13) excepts service performed as a student nurse in the employ of a hospital or a nurse's training school by an individual who is enrolled and is regularly attending classes in such a school chartered or approved pursuant to State law; and service performed as an interne (as distinguished from a resident doctor) in the employ of a hospital by an individual who has completed a 4 years' course in a medical school chartered or approved pursuant to State law. suant to State law.

Section 209 (c): This section relates to an employee who has performed both included and excluded service for the same employer during a pay period. It provides that if one-half or more of the services constitutes included employment, all of such service will be included; but that if less than one-half constitutes included employment, all will be excluded. The provision does not apply to the service of an employee in a pay period if any of the service of the employee in the pay period is covered under the relirond retirement system. railroad retirement system.

Definition of American vessel

Section 209 (d): This term is defined to mean any vessel documented or numbered under the laws of the United States; and also to include any vessel neither so documented nor numbered nor documented under the laws of any foreign country while the crew is in the employ only of citizens or residents of the United States or corporations organized under the laws of the United States or of any State.

Primary insurance benefit defined

Section 209 (e) defines the term "primary insurance benefit" section 209 (e) defines the term "primary insurance benefit" and is the basis for the computation of benefits under section 202. "Primary insurance benefit" means an amount equal to the sum of the following: (1) (A) 40 percent of the amount of an individual's average monthly wage, if such average monthly wage exceeds \$50, or (B) if such average monthly wage exceeds \$50, 40 percent of \$50, plus 10 percent of the amount by which such average monthly wage exceeds \$50, and (2) an amount equal to 1 percent of the amount computed under (1) above multiplied by the number of years in which \$200 or more of wages were naid by the number of years in which \$200 or more of wages were paid to such individual. This section sets forth the method of computing the amount of a primary insurance benefit for a month. In the case of a living individual such amount is the amount payable as a benefit under section 202 (a). Such amount also serves as the basis for computing, in the case of a living or deceased individual, any other benefit (or a lump sum) which may be payable on the basis of such individual's wages.

Average monthly wage

Average monthly wage

Section 209 (f) defines the term "average monthly wage" as used in the formula set forth in subsection (e) to mean the quotient obtained by dividing the total wages paid an individual before the year in which he died or became entitled to receive primary insurance benefits, whichever first occurred, by 12 times the number of years elapsing after 1936 and before such year in which he died or became so entitled, excluding any year prior to the year in which he attained the age of 22 during which he was paid less than \$200. In no case, however, shall such total wages be divided by a number less than 36.

Fully insured individual

Section 209 (g) defines the term "fully insured individual." Since this definition will determine the earnings requirements for eligibility for all primary insurance benefits, and therefore for a number of benefits for dependents of individuals with primary insurance benefits, it will substantially affect the extent to which benefit payments will be a charge against the Federal old-age and survivor insurance trust fund. The definition is designed, therefore, adequately to protect the trust fund and at the same time (a) to afford some heaft, protection to individuals who have now at adequately to protect the trust fund and at the same time (a) to afford some benefit protection to individuals who have now attained or are approaching age 65 (and their dependents), and who since the old-age insurance provisions of the Social Security Act became effective have ordinarily had little opportunity to build up large wage credits (see par. (1) and (2) of definition); (b) to establish reasonable but somewhat stricter requirements for individuals who will have a longer time in which to accumulate qualifying who will have a longer time in which to accumulate qualifying wages (see par. (3) of definition); and (c) to take care of individuals who have been paid wages in covered employment over a long period of time (see par. (4) of definition). The following summary of the definition will indicate its general effect:

viduals who have been paid wages in covered employment over a long period of time (see par. (4) of definition). The following summary of the definition will indicate its general effect:

Paragraph (1) of the definition provides that individuals who attain age 65 prior to the year 1940, in order to become fully insured individuals, must have not less than 2 years of coverage (explained in definition) and have been paid not less than \$600 in wages. This is a flat minimum requirement which applies without regard to the particular year in which an individual attained age 65.

Paragraph (2) of the definition applies to individuals who die or attain age 65 after 1939 and before 1946. It provides a formula for determining the requirements for becoming a fully insured individual, based on the number of years elapsing after 1936 and up to and including the year of death or attainment of age 65. If an individual dies in 1940, he must have at least 3 years of coverage and \$800 in wages. Every second year after 1940 (beginning in 1942) the number of years of coverage required increases by \$200 over the amount required for the preceding year. Thus, an individual dying or attaining age 65 in 1945 must have 5 years of coverage and \$1,800 in wages to be fully insured.

Paragraph (3) provides a formula for determining the requirements for individuals who die or attain age 65 in 1946 or thereafter. The determination is based on the number of years elapsing after 1936 or after the year in which an individual attained age 21 (if he attained that age after 1936) and up to and including the year of death or attainment of age 65, subject to a minimum of 5 years of coverage and minimum wages of \$2,000. The provision continues the same rate of increase in coverage requirements from year to year, as provided under paragraph (2), but in no event are wages in excess of \$2,000 required. The minimum coverage provisions are applicable only in cases where the number of years of coverage determined in accordance with the formula is below the m

Currently insured individual

Section 209 (h) defines the term "currently insured individual" Section 209 (h) defines the term "currently insured individual" to mean any individual with respect to whom it appears to the satisfaction of the Board that he has been paid wages of not less than \$50 for each of not less than 6 of the 12 calendar quarters immediately preceding the quarter in which he died. The purpose of this provision is, while avoiding an unwarranted drain on the trust fund, to provide protection for the surviving dependents of individuals who are paid a certain minimum amount of wages in covered employment within the last 3 years before death, but who have not worked in such employment long enough and have not been paid sufficient wages to have qualified them as fully insured individuals.

Section 209 (i) defines the term "wife" to mean the wife of an individual who was married to him prior to January 1, 1939, or, if

Section 209 (1) defines the term "wife" to mean the wife of an individual who was married to him prior to January 1, 1939, or, if later, prior to the day upon which he attained the age of 60.

Section 209 (j) defines the term "widow" (except as used in sec. 202 (g)) as the surviving dependent wife of an individual who was married to him prior to the beginning of the twelfth month before the month in which he died.

Section 209 (k) defines the term "child" (except as used in sec. 202 (g)) as the child of an individual, and the stepchild of an individual by a marriage contracted prior to the date upon which he

vidual by a marriage contracted prior to the date upon which he attained the age of 60 and prior to the beginning of the twelfth month before the month in which he died, and a child legally adopted by an individual prior to the date upon which he attained the age of 60 and prior to the beginning of the twelfth month before the month in which he died.

Definition of "agricultural labor"

Section 209 (1): The present law exempts "agricultural labor" without defining the term. It has been difficult to delimit the application of the term with the certainty required for administration and for general understanding by employers and employees

Your committee believes that greater exactness should be given to the exception and that it should be broadened to include as "agricultural labor" certain services not at present exempt, as such services are an integral part of farming activities. In the case of

many of such services, it has been found that the incidence of the taxes falls exclusively upon the farmer, a factor which, in numerous instances, has resulted in the establishment of competitive advantages on the part of large farm operators to the detriment of the smaller ones

Paragraph (1) of this subsection exempts service performed on a farm, in the employ of any person, in connection with cultivating the soil, or in connection with raising or harvesting any agricultural or horticultural commodity, including the raising, feeding, and management of livestock, bees, poultry, and fur-bearing animals. Such services are exempt under existing law only if performed in the employ of the owner or tenant of the farm on which they are rendered. Services performed on a farm in connection they are rendered. Services performed on a farm in connection with the raising, feeding, and management of fur-bearing animals, such as foxes, not now exempted, will be exempt under paragraph (1). This paragraph also continues the existing exclusion of services performed on a farm in the raising or harvesting of horticultural commodities, including flowers and nursery products, such as young fruit trees, ornamental plants, and shrubs.

young fruit trees, ornamental plants, and shrubs.

Paragraph (2) of the subsection excepts services in the employ of the owner (whether or not such owner is in possession) or tenant of a farm in connection with the operation, management, or maintenance of such farm, if the major part of those services is performed on a farm. Under this language certain services are to be regarded as agricultural even though they are not performed in conducting any of the operations referred to in paragraph (1). Services performed in connection with the "operation, management, or maintenance" of a farm may include, for example, services performed by carpenters, painters, farm supervisors, irrigation engineers, bookkeepers, and other skilled or semiskilled workers whose services contribute in any way to the proper conduct of the farm or farms operated by their employer. Some of these services at present constitute covered employment under some circumfarm or farms operated by their employer. Some of these services at present constitute covered employment under some circumstances but not under other circumstances. It is stipulated that the services referred to in this paragraph must be performed in the employ of the owner or tenant of the farm so that the exemption will not extend to services performed by such persons as employees of a commercial painting concern, for example, which contracts with a farmer to renovate his farm properties. Paragraph (3) extends the exception to services performed in connection with certain specified products and operations. Ordinarily these services are performed on a farm or are of such a character as to warrant no different treatment than is accorded services performed in connection with farming activities. In order that a uniform rule may be applied in the case of these services

services performed in connection with farming activities. In order that a uniform rule may be applied in the case of these services, they will be excepted whether or not performed on a farm or in the employ of the owner or tenant of a farm. In the case of maple sap, the exemption will extend to services in connection with the processing of the sap into maple sugar or maple sirup, but not in the subsequent blending or other processing of such sugar or sirup with other products. Under the present exception services performed in connection with the production of maple sirup or maple sugar do not constitute "agricultural labor." Similarly, the existing exception does not extend to services performed in connection with the growing, harvesting, processing, packing, and transporting to market of oleoresin, gum spirits of turpentine, and gum resin. Under this paragraph, however, the exception will apply to services performed in connection with the production or harvesting of crude gum (oleoresin) from a living tree and of the following products as processed only by the original producer of the crude gum (oleoresin): Gum spirits of turpentine and gum resin, as defined in the Agricultural Marketing Act, as amended. Services performed in connection with any ing Act, as amended. Services performed in connection with any hatching of poultry and in connection with the ginning of cotton hatching of poultry and in connection with the ginning of cotton will also be excepted. Services performed in connection with the raising or harvesting of mushrooms constitute "agricultural labor" under existing law, only when performed on a farm. The fact that mushrooms are not usually grown under ordinary field conditions but are grown in cellars, caves, barns, or in sheds specially constructed for the purpose has resulted in the employees of some growers being covered while employees of others are not. Under this paragraph all such services will be excepted.

Paragraph (4) of the subsection extends the exemption to service though not performed in the employ of the owner or tenant of a

(though not performed in the employ of the owner or tenant of a farm) performed in the handling, freezing, grading, storing, or de-livering to storage or to market or to a carrier for transportation to market, any agricultural or horticultural commodity, provided such service is performed as an incident to ordinary farming oper-ations or, in the case of fruits and vegetables, as an incident to the ations or, in the case of fruits and vegetables, as an incident to the preparation of such fruits or vegetables for market. The provisions of the paragraph, however, do not extend to services performed in connection with commercial canning or commercial freezing, nor to services performed in connection with any agricultural or horticultural commodity after its delivery to a terminal market for distribution for consumption. The expression "as an incident to ordinary farming operations" is, in general, intended to cover all services of the character described in the paragraph which are ordinarily performed by the employees of a farmer or by employees of a farmers' cooperative organization or group, as a prerequisite to the marketing, in its unmanufactured state, of any agricultural or horticultural commodity produced by such farmer or by the memhorticultural commodity produced by such farmer or by the members of such organization or group. The expression also includes the delivery of such commodity to the place where, in the ordinary and natural course of the particular kind of farming operations involved, the commodity accumulates in storage for distribution into

the usual channels of commerce and consumption. To the extent the usual channels of commerce and consumption. To the extent that such farmers, organizations, or groups engage in the handling, etc., of commodities other than those of their own production or that of their members, such handling, etc., is not regarded as being carried on "as an incident to ordinary farming operations." In such a case the rules set forth in subsection (c) of this section apply. In the case of fruits and vegetables, however, whether or not of a perishable nature, services performed in the handling, drying, packing, etc., of those commodities constitute "agricultural labor" even though not performed as an incident to ordinary farming

even though not performed as an incident to ordinary farming operations, provided they are rendered as an incident to the preparation of such fruits or vegetables for market. Under this portion

ration of such fruits or vegetables for market. Under this portion of the paragraph, for example, services performed in the sorting or grading of citrus fruits or in the cleaning of beans, as an incident to their preparation for market, will be excepted irrespective of whether performed in the employ of a farmer, a farmers' cooperative, or a commercial handler of such commodities.

Since the services referred to in this paragraph must be rendered in the actual handling, drying, etc., of the commodity, the paragraph does not exempt services performed by stenographers, book-keepers, clerks, and other office employees in the employ of farmers, farmers' cooperative organizations or groups, or commercial handlers. To the extent that services of this character are performed in the employ of the owner or tenant of a farm, however, and are in the employ of the owner or tenant of a farm, however, and are rendered in major part on a farm, they may be exempt under the

provisions of paragraph (2).

The last sentence of the subsection makes it clear that the term "farm" as used in this subsection has a broad and comprehensive The term, for example, includes fur-bearing animal farms. meaning. The term, for example, includes fur-bearing animal farms. Under present law, services performed in connection with the operation of such farms constitute covered employment. The term also includes greenhouses or other similar structures used primarily for the raising of agricultural or horticultural commodities, regardless of their location. Under the existing exception, labor performed in some greenhouses is excepted while labor in others is not. The inclusion of greenhouses of the kind specified, within the meaning of the term "farm," will make for a more uniform treatment of greenhouse labor and lessen the administrative difficulties which this class of

term "farm," will make for a more uniform treatment of greenhouse labor and lessen the administrative difficulties which this class of cases presents. Greenhouses used primarily for purposes such as storage or display purposes or for the fabrication of wreaths and corsages (usually in connection with the operation of a retail establishment) do not, of course, come within the exception.

Section 209 (m) provides that determination of whether an applicant is the wife, widow, parent, or child of an individual is to be made by applying such law as the courts of the State of domicile of the individual would apply in determining the devolution of intestate personal property or if such individual was not domiciled in a State, by the courts of the District of Columbia; also that applicants who according to such law have the same status as a wife, widow. who according to such law have the same status as a wife, widow, parent, or child shall be deemed such.

Section 209 (n) provides that a wife shall be deemed to be living with her husband if they are both members of the same household, or she is receiving regular contributions from him toward her support, or he has been ordered by any court to contribute to her support; and that a widow shall be deemed to have been living with her husband at the time of his death if they were both members of the same household at the time of his death, or she was receiving regular contributions from him toward her support on such date, or he had been ordered by any court to contribute to her support.

TITLE III-AMENDMENTS TO TITLE III OF THE SOCIAL SECURITY ACT PAYMENTS TO STATES FOR UNEMPLOYMENT COMPENSATION ADMINISTRATION

Section 301: This section substitutes the word "for" for the word "in" in the phrase "during the fiscal year in which such payment is to be made" in the first sentence of section 302 (a) of the Social Security Act. This amendment is recommended in order to authorize the Board to certify unemployment compensation administration grants for proper administrative expenses, regardless of whether incurred within the fiscal year in which the grant is made. This amendment is necessary because of the practical difficulty of determining and certifying with exactness grants to finance all expenses incurred during the fiscal year before the end of that year. The substitution of the phrase "proper and efficient administration" for the phrase "proper administration" in this subsection is made to conform the language of this subsection with similar language in the amended sections 2 (a), 402 (a), 503 (a), 513 (a), and 1002 (a) of the Social Security Act. This insertion does not effect any substantive changes in this subsection. The reference in this subsection to the Internal Revenue Code recognizes the substitution of provisions of the code for the pertinent provisions of title IX of the Social Security Act (the cld reference). This amendment is recommended in order to author-

PROVISIONS OF STATE UNEMPLOYMENT COMPENSATION LAWS

Section 302: This section makes certain amendments to the requirements made by section 303 (a) of the Social Security Act which a State unemployment compensation law must meet in order to qualify for grants for administrative expenses.

The reference to the Internal Revenue Code, contained in the introductory sentence, recognizes the substitution of provisions of the code for the pertinent provisions of title IX of the Social Security Act (the old reference).

The amendments made by this section to paragraphs (2), (4), and (5) of section 303 (a) of the Social Security Act are designed to make clear that the State may refund contributions paid into the State-fund by mistake, and also that cooperative arrangements may

be made for payment of compensation (in the case of workers who have moved from the State in which their compensation rights were earned) by one State through employment offices in another State. In addition, the amendments would authorize the refund of contributions paid with respect to a taxable year by national banks and other instrumentalities of the United States under the proposed amendment to section 1606 of the Internal Revenue Code (formerly sec. 906 of the Social Security Act) if the State law under which such contributions were collected is not certified by the Board with respect to that year under section 1603.

Another change in paragraph (5) substitutes a reference to the

Another change in paragraph (5) substitutes a reference to the State unemployment fund for the (Federal) unemployment trust fund. This is done because the (Federal) unemployment trust fund is in substance merely a place of deposit for State moneys

fund is in substance merely a place of deposit for State moneys rather than a fund out of which benefit payments are to be made. The amendment makes no change in paragraphs (3) and (6). New paragraphs (3) and (9) would make it necessary for the State law to include provision for the expenditure of funds paid to the State for the administration of its unemployment-compensation law only for the purposes of and in the amounts found necessary by the Board for the proper and efficient administration of the State law; and for the replacement within a reasonable time of any such funds which by any action or contingency have been lost or have been expended for purposes other than, or in amounts in excess of, those found necessary by the Board for the proper and efficient administration of the State law. The purpose of these requirements is to minimize the possibility of the Board having to refuse to certify an amount for State administrative expenses because of misapplication or loss of previously granted funds for administrative purposes. ministrative purposes.

ministrative purposes.

In order to enable the States to make the necessary changes in their unemployment-compensation laws without incurring the expense of special legislative sessions, the effective date of these two paragraphs is postponed until July 1, 1941.

TITLE IV-AMENDMENTS TO TITLE IV OF THE SOCIAL SECURITY ACT CHANGES IN REQUIREMENTS FOR STATE PLANS FOR AID TO DEPENDENT CHILDREN

Section 401: This section amends section 402 (a) of the Social Security Act. Section 402 (a) sets out in clauses (1) through (6) certain basic requirements which a State plan for aid to dependent children must meet in order to be approved by the Social Security

Section 401 (a) amends clause (5) so as to make it clear the methods of administration of the State plan must be proper as well as efficient.

well as efficient.

Section 401 (b) adds a new clause, numbered (7), which becomes effective July 1, 1941. Under this clause the State plan must provide that the State agency shall, in determining need, take into consideration any income and resources of any child claiming aid under this title. It also adds a new clause, numbered (8) effective July 1, 1941, which requires that the State plan must provide safeguards which restrict the use or disclosure of information concerning applicants and recipients to purposes directly connected with the administration of aid to dependent children. These new provisions are similar to those added to title I of the Social Security Act by section 101 of the bill.

PAYMENT TO STATES FOR AID TO DEPENDENT CHILDREN

Section 402: Subsection (a) of this section amends section 403 of the Social Security Act and will become effective on January 1, 1940. Existing law provides for a Federal grant to States having an approved plan for aid to dependent children in an amount equal to one-third of the total of the sums expended under any such plan, not counting so much of such expenditure with respect to any dependent child for any month as exceeds \$18, or if there is more than one dependent child in the same home, as exceeds \$18 for any month with respect to one such dependent child and \$12 for such month with respect to each of the other dependent children. The committee amendment increases the Federal share to one-half and conforms subsection (b) (1) to this change.

change.

Subsection (b) of this section provides that the Board, in making grants to States, shall reduce the amount to be paid to any State for any quarter by a sum equivalent to the pro rata share to which the United States is equitably entitled, as determined by the Board, of the net amount recovered by the State or any political subdivision thereof with respect to aid to dependent children furnished under the State plan. The provision is a new one and is similar in scope and operation to the one included by section 102 of the bill in section 3 (b) (2) of title I of the Social Security Act, except that it does not include the proviso relating to funeral expenses of a deceased recipient.

DEFINITION OF DEPENDENT CHILD

Section 403: This section amends the definition of "dependent child," contained in section 406 (a) of the Social Security Act, so that its provisions will conform to section 401 of the act, which that its provisions will conform to section 401 of the act, which authorizes appropriations to enable States to furnish financial assistance to needy dependent children. Section 403 of the bill also amends section 406 (a) of the Social Security Act by including within the meaning of the term "dependent child," a child under the age of 18 if found by the State agency to be regularly attending school. The present definition includes only children under the age of 16. The change will assist the States to aid children who are over 16 and under 18 years of age but are still attending school.

TITLE V-AMENDMENTS TO TITLE V OF THE SOCIAL SECURITY ACT CHANGE IN REQUIREMENTS FOR STATE PLANS FOR MATERNAL AND CHILD-HEALTH SERVICES

Section 501: This section amends clause (3) of section 503 (a) of the Social Security Act so as to make it clear that the methods of administration of a State plan for maternal and child-health services must be proper as well as efficient. This change is similar to that made in the corresponding provisions of titles I, IV, and X.

CHANGE IN REQUIREMENTS FOR STATE PLANS FOR SERVICES FOR CRIPPLED CHILDREN

Section 502: This section amends clause (3) of section 513 (a) of the Social Security Act so as to make it clear that the methods of administration of a State plan for services for crippled children must be proper as well as efficient. This change is similar to that made in the corresponding provisions of titles I, IV, and X.

VOCATIONAL REHABILITATION

Section 503: This section increases the authorization of appropriations for grants to the States and Hawaii for vocational rehabilitation of disabled persons by increasing the amount authorized for this purpose for each fiscal year by section 531 of the Social Security Act from \$1,938,000 to \$2,938,000.

TITLE VI-AMENDMENTS TO THE INTERNAL REVENUE CODE FEDERAL INSURANCE CONTRIBUTIONS ACT

TAXES UNDER SECTIONS 1400 AND 1410 OF THE INTERNAL REVENUE CODE (FORMERLY SECTIONS 801 AND 804 OF THE SOCIAL SECURITY ACT)

Sections 601 and 604: Under the existing provisions of sections 1400 and 1410 of the Internal Revenue Code (formerly secs. 801 and 804, respectively, of the Social Security Act) the rate of tax on employees and the rate of tax on employers are each scheduled to increase on January 1, 1940, from 1 percent of the wages to 1½ percent, with a further increase of ½ percent at the expiration of succeeding 3-year periods until the maximum rate of 3 percent on employees and 3 percent on employers is reached in 1949. Under the amendment the increase scheduled for January 1, 1940, would be eliminated, and the rate of each tax would be as follows: be eliminated, and the rate of each tax would be as follows:

Percent For the calendar years 1939, 1940, 1941, and 1942______ For the calendar years 1943, 1944, and 1945______ For the calendar years 1946, 1947, and 1948_____ 1 2 For the calendar year 1949 and subsequent calendar years____

A further change is made by this amendment. Sections 1400 and 1410 of the Internal Revenue Code now provide that the rate of tax applicable to wages is the rate in effect at the time of the performance of the services for which the wages are paid. This will unnecessarily complicate the making of returns and This will unnecessarily complicate the making of returns and the collection of the taxes in later years when the rate of tax has been increased. For example, in 1943 the rate of tax increases from 1 percent to 2 percent. Thus, wages which are paid in 1943 for services performed in 1942 will be subject to the 1-percent rate, while wages paid in 1943 for services performed in that year will be subject to the 2-percent rate. Provision must therefore be made in the return for 1943 for the reporting of wages subject to the different rates, and, in auditing the returns, it will be necessary to ascertain not merely the time when the wages subject to the different rates, and, in auditing the returns, it will be necessary to ascertain not merely the time when the wages were paid and received, but also the year of the rendition of the services for which the wages are paid. If employers have falled to make the proper distinction, many refunds and additional assessments will doubtless be necessary and confusion will result. Under the amendment the rate applicable would be the rate in effect at the time that the wages are paid and received without reference to the rate which was in effect at the time the services were performed. the services were performed.

ADJUSTMENTS OF OVERPAYMENT AND UNDERPAYMENT OF EMPLOYEES' TAX

Section 602: Present section 1401 (c) of the Internal Revenue Code (formerly sec. 802 (b) of the Social Security Act) is designed to permit the employer to adjust, without interest, overpayments and underpayments of employees' tax without the necessity in the former case of requiring the filing of a claim for refund and in the latter case of the making of a demand by the collector for the additional tax. The existing provisions of the section require that the adjustment be made in connection with subsequent wage payments. The different types of situations obtaining at the time the error is discovered and should be corrected are at the time the error is discovered and should be corrected are numerous. For example, the employee may be continuously em-ployed and receiving remuneration at regular intervals, or he may be entitled to no remuneration for some time to come, or if he is entitled to remuneration, it may not be taxable because his service is rendered temporarily, or for an indefinite time, in a foreign country, or because he has already received \$3,000 from the employer for services rendered during the calendar year, the maximum taxable remuneration under section 1426 (a) of the National Personal Code (Sympoly) and 14 (b) of the Social Section 1426 (b) of the Social Section 1426 (c) of the Social S maximum taxable remuneration under section 1426 (a) of the Internal Revenue Code (formerly sec. 811 (a) of the Social Security Act), or the employee's connection with the employer who made the error may have been severed. Moreover, undercollections require a procedure different from that in the case of overcollections. The use of the term "wage payments" causes difficulty since the term "wages" has a restricted meaning for the purpose of this tax. Furthermore, it may prove desirable in certain circumstances to provide for adjustments at times other than in connection with subsequent payments of remuneration to the individual. This amendment, by use of the word "remuneration" instead of "wage" and by leaving the manner and time of the adjustment to be prescribed by regulations, will enable the administrative officers to meet the varied situations which arise.

RECEIPTS FOR EMPLOYEES

Section 603: This section amends subchapter A of chapter 9 of the Internal Revenue Code (formerly title VIII of the Social Secur-ity Act) by inserting a new section in such subchapter. Subsection (a) of the new section requires every employer to furnish each employee with a written statement or statements, in a form suitable for retention by the employee, showing the taxable wages paid able for retention by the employee, showing the taxable wages paid to the employee after December 31, 1939, for services rendered in his employ, and the amount of tax imposed by section 1400 with respect to such wages. In addition, the names of the employer and employee, and the period covered by the statement, are to be shown. Each statement, or receipt, must cover one or more, but not more than four, calendar quarters. Under existing Treasury regulations the employer is required to file a return for each calendar quarter with the collector of internal revenue, showing the amount of wages paid to each employee. By requiring the receipts to cover one or more calendar quarters, the employer is enabled, in making out such receipts, to use the amounts of wages of each employee as shown on the copies of the quarterly returns which the employer as shown on the copies of the quarterly returns which the employer retains. Returns, under existing Treasury regulations, must be filed with the collector within the calendar month following the close of the quarter. The section gives employers an additional month within which to furnish their employees with the receipts. However, when an employee leaves the employ of the employer, the final receipt, covering the period from the termination of the period covered by the last preceding receipt furnished the employee, is to be given the employee when the final payment of wages is made to him. If the employer chooses, he may under the section furnish a receipt to an employee at the time of each payment of wages during a calendar quarter, in lieu of covering in a single receipt the total wages paid to the employee during such quarter.

wages paid to the employee during such quarter.
Subsection (b) provides that any employer who willfully fails to furnish a statement to an employee in the manner, at the time, and showing the information, required under subsection (a), shall for each such failure be subject to a civil penalty of not more than \$5.

TAXES UNDER SECTION 1410 OF THE INTERNAL REVENUE CODE (FORMERLY SECTION 804 OF THE SOCIAL SECURITY ACT)

Section 604: See section 601, supra.

ADJUSTMENT OF EMPLOYERS' TAX

Section 605: The amendment made by this section to section 1411 of the Internal Revenue Code (formerly sec. 805 of the Social Security Act), relating to adjustments of employers' tax, is intended to accomplish the same purpose as the corresponding amendment to section 1401 (c) of the code, relating to adjustments of employees' tax. See section 602, supra.

DEFINITIONS

Section 606: This section, effective January 1, 1940, amends section 1426 of the Internal Revenue Code, containing definitions applicable in the case of the old-age insurance taxes.

Definition of wages

Definition of wages

Section 1426 (a): This subsection continues the present definition of wages, but excludes certain payments heretofore included. Paragraph (2) excludes all payments made by the employer to or on behalf of an employee or former employee, under a plan or system providing for retirement benefits (including pensions), or disability benefits (including medical and hospitalization expenses), but not life insurance. These payments will be excluded even though the amount or possibility of such payments is taken into consideration in fixing the amount of remuneration and even though such payments are required, either expressly or impliedly, by the contract of employment. Since it is the practice of some employers to provide for such payments through insurance or the establishment and maintenance of funds for the purpose, the premiums or insurance payments and the payments made into or out of any fund will likewise be excluded from wages. Paragraph (3) expressly excludes from wages the payment by an employer (without deduction from the remuneration of, or other reimbursement from, the employee) of the employee's tax imposed by section 1400 of the Internal Revenue Code (formerly sec. 801 of the Social Security Act) and employee contributions under State unemployment compensation laws. Paragraph (4) excludes dismissal payments which the employer is not legally obligated to make.

Definition of employment

Definition of employment

Section 1426 (b): This term is defined to mean any service performed prior to January 1, 1940, which constituted employment as defined in this section prior to such date; and to mean any service performed after December 31, 1939, by an employee for the person employing him, irrespective of the citizenship or residence of the contraction of the contracti of either, (A) within the United States or (B) on or in connection with an American vessel (defined in subsection (h)) under a contract of service entered into within the United States or during the performance of which the vessel touches a port therein, if the employee is employed on and in connection with the vessel when outside the United States. No substantive change in existing law is effected by the introductory paragraph of this provision except the extension of the definition to include service on American vessels. This extension is designed to include, with the qualifications noted, all service which is attached to or connected with the vessel (e. g., service by officers and members of the crew and other employees such as those of concessionaires). Individuals who are passengers on the vessel in the generally accepted sense, such as an employed of an American department store going abroad, will not be included because such service has no connection with the vessel. Service performed on or in connection with an American vessel within the United States will be on the same basis as regards inclusion as

other service performed within the United States.

Under existing law service performed within the United States (which otherwise constitutes employment) is covered irrespective (which otherwise constitutes employment) is covered irrespective of the citizenship or residence of the employer or employee. The amendment makes clear that this will be true also in the case of maritime service covered by the amendment, regardless of whether performed within or without the United States. The basic reasons which caused the original coverage to be made without distinctions on account of citizenship or residence apply in the case of seamen. The number of foreign seamen who may be employed on American vessels engaged in trade is limited under our shipping

The definition of the term "employment" under the amendment, as applied to service rendered prior to January 1, 1940, retains the exemptions contained in the present law. The definition applicable to service rendered on and after that date continues unchanged some of the present exemptions, revises others, and

adds certain additional ones.

Paragraph (1) continues the exception of agricultural labor, but Paragraph (1) continues the exception of agricultural labor, but a new subsection (i) defines the term for purposes of the exclusion. Paragraph (2) continues the present exception of domestic service in a local college club, or local chapter of a college fraternity or sorority (not including alumni clubs or chapters). Thus services of cook, waiter, chambermaid, and the house mother, performed for these local clubs and chapters are executed.

sorcity (not including alumni clubs or chapters). Thus services of cook, waiter, chambermaid, and the house mother, performed for these local clubs and chapters, are exempt.

Paragraph (3) continues the present exception of casual labor not in the course of the employer's trade or business.

A new paragraph (4) excludes service performed by an individual in the employ of his son, daughter, or spouse, and service performed by a child under the age of 21 in the employ of his parent. This exclusion is already contained in the Federal unemployment tax provisions of the existing law. The old paragraph (4), which excluded service performed by an individual who has attained the age of 65, is repealed.

Paragraphs (5) to (13), inclusive, are identical with the same paragraphs in section 209 (b) of the Social Security Act. For detailed analysis of such paragraphs see pp. 46-49 of this report.

Section 1426 (c): This subsection relates to an employee who has both included and excluded service for the same employer during a pay period. It provides that if one-half or more of the services constitutes included employment, all of such service will be included; but that if less than one-half constitutes included employment, all will be excluded.

The provision does not apply to the service of an employee in a pay period if any of the service of the employee in the pay period is covered under subchapter B of chapter 9 of the Internal Revenue Code (formerly the Carriers Taxing Act of 1937).

Definition of employee

Definition of employee

Section 1426 (d): This definition is identical with the definition in section 1101 (a) (6) of the Social Security Act, which is applicable to title II (see sec. 801 of the bill). The amendment to the definition relates to salesmen. In some instances where remuneration nition relates to salesmen. In some instances where remuneration is by way of commission and the services are performed away from the place of business of the person for whom they are performed, the individual performing the services is held to be an employee, while in others he is held not to be an employee. A restricted view of the employer-employee relationship should not be taken in the administration of the Federal old-age and survivors insurance system in making coverage determinations. The tests for determining the relationship laid down in cases relating to tort liability and to the common-law concept of master and servant should not be narrowly common-law concept of master and servant should not be narrowly applied. In certain cases even the most liberal view as to the existence of the employer-employee relationship will fall short of coverence of the employer-employee relationship with the short of covering individuals who should be covered, for example, certain classes of salesmen. In the case of salesmen, it is thought desirable to extend coverage even where all of the usual elements of the employer-employee relationship are wholly lacking and where accordingly even under the liberal application of the law the court would not ordinarily find the existence of the master-and-servant relationship. It is the intention of this amendment to set up specific standards so that individuals performing services as salesmen may be uniformly covered without the necessity of applying any of the usual tests as to the relationship of employer and employee.

A salesman in business as a broker or factor is excluded if the services are performed as part of such business, and, in furtherance of such business, similar services are performed for other persons and one or more employees of such salesman perform a substantial part of such services; and an individual whose services as a salesman are casual services, not in the course of such individual's principal trade, business, or occupation, is not included in the definition.

This definition is not intended to affect the employer employer.

This definition is not intended to affect the employer-employee status of a salesman and the employee of such salesman. Thus the business chauffeur who has been an employee of a salesman will remain solely the employee of such salesman.

Definition of employer

Section 1426 (e): This new definition is for the purpose of making clear that the extension of the broadened employee concept also broadens the employer concept. Thus where a salesman is held to be an employee, the person for whom the salesman performs the services is the employer. For example, an insurance solicitor who

executes a contract with an insurance company under which he performs services as a salesman would be the employee of the insurance company and not of the general agent of the company.

Section 1426 (f) and (g), defining the terms "State" and "person," respectively, makes no change in the existing definitions of these terms.

those terms.

Definitions of American vessel and agricultural labor

Subsections (h) and (i) of section 1426 are identical with subsections (d) and (l) of section 209 of the Social Security Act. For detailed analysis of such subsections see pages 49 and 51 of this

SHORT TITLE

Section 607: This section inserts a new section in subchapter A of chapter 9 of the Internal Revenue Code which provides that the subchapter may be cited as the "Federal Insurance Contributions Act.'

FEDERAL UNEMPLOYMENT TAX ACT

TAXES UNDER SECTION 1600 OF THE INTERNAL REVENUE CODE (FORMERLY SEC. 901 OF THE SOCIAL SECURITY ACT)

Section 608: This amendment changes the basis for determining tax liability under subchapter C of chapter 9 of the Internal Revetax liability under subchapter C of chapter 9 of the Internal Revenue Code (formerly title IX of the Social Security Act) from "wages payable" to "wages paid." That subchapter is thus brought into conformity with subchapter A of chapter 9 (formerly title VIII of the Social Security Act), which also imposes a tax on "wages paid." Wages, for the purpose of these taxes, are considered paid when they are actually paid, or when they are constructively paid, i. e., credited to the account of, or set apart for, the wage earner so that they may be drawn upon by him at any time although not then actually reduced to possession.

Under the existing law wages are "payable" with respect to em-

actually reduced to possession.

Under the existing law wages are "payable" with respect to employment during a calendar year, even though the amount of wages is not fixed and no right exists to enforce payment at any time during that year. Thus a bonus paid in 1939 for services performed in 1938 constitutes "wages payable" for 1938, even though the amount of the bonus may not have been known in 1938 and no obligation to pay it existed in that year.

In cases in which remuneration for services of an employee in a particular year is based on a percentage of profits, or on future

particular year is based on a percentage of profits, or on future royalties, the amount of which cannot be determined until long after the close of the year, the employer has been required to estimate unascertained amounts and pay taxes and contributions on that basis. If he has overestimated, subsequent corrections on the return must be made with consequent refunds. If the employer has underestimated, additional taxes may become due and he may also be compelled to pay additional State contributions, which are usually not allowable as credit because not timely paid. The attendant difficulties and confusion cause a burden on employers and administrative authorities alike. The placing of this tax on

the "wages paid" basis will relieve this situation.

With both the old-age-insurance tax and the unemployment-compensation tax on the "wages paid" basis, the keeping of records

by employers will be simplified.

The new basis of taxation will apply to all wages for services rendered after the beginning of 1939. Insofar as the amendment would be retroactive with respect to the year 1939, it would not increase the tax liability of any taxpayer.

CREDIT AGAINST TAX

Section 609: This section relates only to the tax with respect to services rendered in 1939 and thereafter.

Contributions to State unemployment funds

Section 1601 (a): The present section 1601 (a) of the Internal Revenue Code (formerly sec. 902 of the Social Security Act) provides that a taxpayer may credit against the Federal tax only contributions paid by him under a State law "with respect to employment," as defined in section 1607 of the Code (formerly sec. 907 of the act). Since the definition of employment in section 1607 restricts the meaning of the term to certain types of service, the taxpayer is not given credit for contributions made under a State law with respect to services not covered by the Federal law. Subdivision (1) eliminates the references in existing law to "employment," thus allowing the taxpayer to credit against the tax the contributions which he is required to pay, and which he actually pays, under a State law. The amendment also includes a requirement that credit shall be allowed only for contributions to an unemployment fund which has been maintained during the taxable year as specified in the amendment to section 1607 (f) of the Internal Revenue Code. (See sec. 614, infra.) Section 1601 (a): The present section 1601 (a) of the Internal

sec. 614, infra.)
Subdivision (2) provides that credit shall be permitted against the tax for the taxable year only for the amount of contributions paid with respect to such year. This effects no substantive change

in the present law.

Subdivision (3) liberalizes existing law by giving employers more time within which to pay their contributions to the State and secure credit therefor against the Federal tax. Under existing law credit is allowable only for contributions with respect to the taxable year paid to the State before the due date of the Federal return for such year. The amendment permits full credit for contributions paid on (as well as before) the due date. The amendment further permits a credit for contributions paid after the due date of the Federal return but on or before June 30 next following the due date, but this credit is not to exceed 90 percent of the amount which would have been allowable as credit on account of such contributions if they had been paid on or

before the due date. For example, if an employer's gross liability for Federal tax at the 3-percent rate is \$100, and his liability for the same year for State contributions is also \$100, and he paid such contributions on or before the due date of the Federal return, he would be entitled to the maximum credit (under the limitation provided in sec. 1601 (c)) of 90 percent of the Federal tax, or \$90, and his net Federal tax would be \$10. If, however, the employer paid the \$100 in contributions after the due date but not later than June 30 next following, his credit would be 90 percent of \$90, or \$81, and his net Federal tax would be \$19. No credit is allowable for contributions paid after June 30.

Thus substantial relief is given employers for 1939 and future

Thus substantial relief is given employers for 1939 and future years. Your committee is of the opinion that further liberalization of the conditions under which this credit would be allowable might endanger the orderly functioning of the system. It is desirable not to remove the aid provided in existing law to the State unemployto remove the aid provided in existing law to the State unemploy-ment-compensation systems which has been secured through the inducement to employers to pay their State contributions promptly. Furthermore, any change should be avoided which would impede the audit of the Federal returns or delay final determination of the taxpayer's liability beyond a reasonable time after the returns are filed. In proposing this amendment consideration has been given these factors as well as to the need for liberalization in favor of the

Certain exceptions to the foregoing general rule are made in the amendment, however, to meet cases of genuine hardship.

Subdivision (3) removes the time limitation for payment of State

contributions in those cases where the assets of the taxpayer are in the custody or control of a court at any time beginning with the due date and ending with the next following June 30, both dates inclusive.

Subdivision (4) grants relief in cases of payments made through mistake under the wrong unemployment-compensation law. In such a case payment under the proper State law with respect to the remuneration in question will be deemed, for the purposes of credit against the Federal tax, to have been made on the date of the erroneous payment. If the taxpayer's experience under the law of the wrong State had entitled him to cease paying any contributions for services subject to that law and by reason thereof the taxpayer had actually paid no contributions with respect to the remuneration in question, payment to the proper State will be treated, for such tax-credit purposes, as having been made on the date on which the Federal tax return was actually filed.

Subdivision (5) provides for refund of any tax (including any penalties and interest) which has been collected but with respect to which credit allowable under this section has not been taken. The law (including statutes of limitations) applicable in the case of erroneous or illegal collection of tax will apply to such refunds.

No interest will be paid on any such refund.

Additional credit

Section 1601 (b) (formerly sec. 909 (a) of the Social Security Act): This amendment changes in some particulars the existing law relating to additional credit allowance.

It expressly conditions the allowance of an additional credit upon certification of the State law under section 1603 (c) of the Internal Revenue Code (formerly sec. 903 (b) of the Social Security Act) and under the proposed amendment to section 1602 (c). (See sec. 610,

It extends the additional credit to reduced rates of contributions required under a State law with respect to employment not covered by the Federal tax, thus bringing this subsection into conformity in that regard with the proposed amendment of subsection (a) (relating to contributions to State unemployment funds).

Under the amendment, additional credit allowance will be based on the difference between the amount of contributions the tax-payer was required to pay under the State law and the amount payer was required to pay under the State law and the amount he would have paid had he been subject under such State law to a rate of 2.7 percent, rather than on the difference between the amount the taxpayer actually paid under the State law and the highest rate applicable "from time to time" throughout the taxable year. This change, in addition to measuring the credit by 2.7 percent of the pay roll with respect to which contributions are required under the State law, also eliminates the possible necessity for measuring additional credits in terms of periods of less than

Limit on total credit

Section 1601 (c) restates the existing law limiting total credits against the Federal tax to not in excess of 90 percent of such tax. Since both the provision with respect to credits for contributions actually paid and the provisions with respect to additional credits are now included in one section of the law as subsections (a) and (b), respectively, it is unnecessary to include the limitation separately in respect to each subsection.

CONDITIONS OF ADDITIONAL CREDIT ALLOWANCE

Section 610 (a): This subsection amends the provisions of existing law (sec. 1602 of the Internal Revenue Code; formerly sec. 910 of the Social Security Act) relating to the requirements with respect to additional credit allowance.

The terms "employers," "employment," and "wages," which are defined in section 1607 and have special meanings not applicable here, are replaced by terms such as "persons having individuals in their employ," "services," and "remuneration," in order to make the requirements of this subsection more easily understandable in their application to State laws whose coverage differs from that of the Federal law. The phrase "person (or group of persons)" has been used in the standards with respect to all types of State

funds, to make clear that a State law may measure, for individual experience-rating purposes, either an individual employer's record, or may permit two or more employers to combine their records and ed, for experience-rating purposes, as if they were a single

be treated, for experience-rating purposes, as if they were a single-legal entity. Several verbal changes are suggested in this subsection in the interest of clarity.

In order to facilitate the administration of provisions in State laws allowing variations in rates of contributions, the term "computation date," defined in subsection (d) (7) of the code, has been adopted, and the phrase "year preceding the computation date" substituted for terms such as "preceding year" and "year," to permit the States to compute reduced rates as of a date prior to the date on which such reduced rates will become effective.

State standards

Section 1602 (a) of the code is amended by adding a new standard with respect to the allowance of additional credit, which requires that irrespective of the type of fund maintained under the State law, the State law will contain provisions whereby variations in rates of contributions as between different employers will be so computed as to yield, with respect to each year, a total amount of contributions substantially equivalent to 2.7 percent of the total pay rolls of employers, subject to the contribution requirements of the State law. Fluctuations in pay rolls from year to year preclude the computation of rates in such a manner as to yield an exact amount. Your committee believes that this new standard with respect to individual employer-experience rating is essential to protect the fundamental purposes of the Federal new standard with respect to individual employer-experience rating is essential to protect the fundamental purposes of the Federal tax credit system for providing unemployment compensation. Because it is an additional standard, State laws under which particular types of funds are maintained will be required to comply with this over-all standard as well as the applicable standards prescribed in paragraph (2), (3), or (4) of this subsection. The effective date of this new standard is postponed, under section 610 (b) of the bill with respect to the standards prescribed in paragraphs (2) and (4), to permit States to conform therewith without incurring the expense of special legislative sessions (sec. 610 (b) infra).

Paragraph (2) incorporates the standards of existing law applicable to a pooled fund or partially pooled account, except that the phrase "years of compensation experience" in the present law has phrase "years of compensation experience" in the present law has been replaced by a broader phrase permitting the use of an employer's "experience with respect to unemployment" or an employer's experience with respect to "other factors bearing a direct relation to unemployment risk" as a basis for individual-experience rating under a pooled fund. This change is made in order to extend the possible bases by which State laws may measure eligibility for reductions in employers' rates of contributions to a pooled fund, thus adding flexibility to the present law. Because of this change, the definition of the phrase "year of compensation experience" in subsection (d) (old subsection (c)) of this section is no longer necessary. is no longer necessary.

is no longer necessary.

Paragraphs (3), (4), and (5): The reserve requirements with respect to reserve accounts (under the amended new paragraph (4) to become effective January 1, 1942) and guaranteed employment accounts have been restated in terms of 2½ percent of the pay roll for 3 years, rather than 7½ percent of the pay roll for 1 year. The term "pay roll" includes only the pay roll subject to the contribution requirements of the State law. This basis of measuring an employer's reserve or guaranteed employment account is more equitable from both the point of view of the employer and the State, since it permits the averaging of pay-roll experience over 3 years and avoids the unreasonable fluctuations in rates which may occur if pay rolls are substantially increased experience over 3 years and avoids the unreasonable fluctuations in rates which may occur if pay rolls are substantially increased or decreased for a particular year. Because the standard rate of contributions under most laws is 2.7 percent (a very few State laws require a standard rate of 3 percent), employers could not accumulate a reserve equal to $7\frac{1}{2}$ percent of their annual pay roll in less than 3 years, except in very unusual situations. Hence, it is believed that the change in the reserve requirement to $2\frac{1}{2}$ percent of pay rolls for 3 years in place of $7\frac{1}{2}$ percent of pay roll for 1 year will not, in practical effect, alter the present reserve requirements. The additional requirement with respect to 3 years of contributions is deemed necessary to clarify the provision rerequirements. The additional requirement with respect to 3 years of contributions is deemed necessary to clarify the provision relating to reserves equal to 2½ percent of the pay roll for 3 years. Unless the employer has actually been subject to the contribution requirements of the State law for 3 years, the provision measuring the reserve in terms of 2½ percent of pay rolls for the 3 preceding years would operate to reduce the reserve requirements. Under these two paragraphs, an employer may not be permitted a reduced rate of contributions to his guaranteed employment account unless he has fulfilled his guaranty with respect to the account unless he has fulfilled his guaranty with respect to the preceding year, and an employer may not be permitted a reduced rate of contributions to his reserve account unless compensation

has been payable from his account throughout the preceding year.

Paragraph (5) incorporates the new standards with respect to individual reserve accounts. In order to permit States maintaining such accounts to conform therewith without incurring the expense of special legislative sessions, these new standards will not become effective until January 1, 1942. Prior to that date, the standards in paragraph (4), which incorporate the present law, will be applicable.

Other State standards

Section 1602 (b): This is a new subsection providing greater flexibility to the States with respect to the allowance of reduced rates of contributions on the basis of which additional credits

against the Federal tax will be allowed. Without regard to this against the rederal tax will be allowed. Without regard to this subsection a State may allow reduced rates under individual employer experience rating systems in conformity with the standards in subsection (a) of this section. In addition, under the option provided by this subsection, a State may adopt either of two alternative courses of action if it meets the standards set forth in paragraphs (1) and (2) of this subsection: (1) It may reduce all employers' rates uniformly; or (2) it may vary individual employers' rates of contributions under experience-rating provisions which comply with the applicable standards in paragraph (2) or (3) or (4) of subsection (a) (par. (3) of this subsection) but without so calculating the respective rates as to secure an annual yield of an amount substantially equivalent to 2.7 percent of the State pay roll, the requirement of paragraph (1) of subsection (a)

of this section.

The two standards contained in this subsection relate to the amount in the State unemployment compensation fund as of the computation date and the compensation payable under the State law as of the date the reduced rate is effective.

law as of the date the reduced rate is effective.

Under paragraph (1) the amount in the State fund, as of the date that amount is determined, must at least equal one and one-half times the highest amount paid into such fund up to some date prior to the effective date of the new rate with respect to any one of the 10 preceding calendar years, or one and one-half times the highest amount of compensation paid out of such fund within any one of the 10 preceding calendar years, whichever amount is greater. This paragraph does not require that either contributions or compensation shall have been payable under the State law for 10 calendar years.

Under paragraph (2) the State law must provide for the payment of compensation to otherwise eligible individuals in accordance with the following general standards or in accordance with general standards which are substantially equivalent thereto:

(A) Within a compensation period of not more than 52 consecutive weeks any such individual will be entitled to receive a total amount of compensation equal to not less than (1) 16 times

total amount of compensation equal to not less than (i) 16 times his weekly rate of compensation for a week of total unemploy-ment, or (ii) one-third of the individual's total earnings for in-sured work during a base period of not less than 52 weeks, whichever is less:

(B) The waiting period with respect to each compensation period described under clause (A) may not exceed 2 calendar weeks of total unemployment or two periods of total unemployment of 7 consecutive days each. Such weekly or 7-day waiting periods need not be consecutive. This section is not applicable to periods for which an individual may be disqualified for compensation;

compensation;

(C) The weekly rates of compensation for total unemployment will be related to the individual's full-time weekly earnings for insured work during a period to be prescribed in the State law. Such a period may be a single week, representative of the individual's customary full-time weekly earnings, may be several such a company within a longer prescribed period. representative weeks occurring within a longer prescribed period, or the State law may secure such a relation to such full-time weekly earnings by formulae (such as a reasonable fraction of total wages for insured work during that calendar quarter in the individual's base period in which such wages were highest) which will produce a reasonable approximation of such full-time weekly earnings. Such weekly rates of compensation may not be less than: (i) \$5 per week if such full-time weekly earnings were \$10 or less; (ii) 50 percent of such earnings if they were more than \$10 but not more than \$30; and (iii) \$15 per week if such earnings than \$10 but not more than \$30; and (iii) \$15 per week if such earnings if they were more than \$10 but not more than \$30; and (iii) \$15 per week if such earnings in the s

ings were more than \$30; and (iii) \$15 per week it such earnings were more than \$30; and (D) Compensation will be paid to an otherwise eligible individual who, by reason of some involuntary unemployment during a week, earns less than his weekly rate of compensation. The amount of such compensation will at least equal the difference between the individual's weekly rate of compensation for total unemployment and his actual earnings for such week.

Certification by the Board with respect to additional credit allowance

Section 1602 (c): This is a new subsection, requiring the Social Security Board to certify to the Secretary of the Treasury, in the same manner as it certifies State laws under section 1603 (c), State laws which it finds comply with the requirements of subsection (a) or (b) of this section. Provision is made for partial certification where two kinds of funds are maintained under the same State law, one of which fails to comply with subsection (a) or (b) of this section, or where a contribution is divided between two kinds of funds under section (c) that the section is divided between two kinds of funds under a State law, so that additional credits

will be allowed only with respect to reduced rates allowed in compliance with the requirements of this section.

Under these provisions a State law which complies in all respects with the requirements of this section will receive an unqualified certification. In some States, provision is made for the maintenance of two parallel systems (such as a reserve account system and a guaranteed employment account system). In such States, some employers may be covered by the one system and other some employers may be covered by the one system and other employers may be covered by the other. In such States there would be no difficulty in certifying one system, even though the other failed to comply with the requirements of this section, and the Board would accordingly be directed to do so by subsection (c) (2). In other States, contributions with respect to particular wage payments are required to be divided between two kinds of funds (such as the requirement that a part of each employer's contribution be credited to his own reserve account and a part to a "partially pooled" fund which is operated as a reinsurance fund). If in this type of situation the provisions of the State law with respect to one or the other such fund do not comply with the requirements of this section, the Board is directed to make such certification as will permit the allowance of additional credits only with respect to those reduced rates which have been allowed in accordance with the requirements of this section.

In addition, this new subsection includes a paragraph requiring the Social Security Board to advise the States, in the same manner as it advises the States of its findings under section 1603, whether

as it advises the States of its findings under section 1603, whether or not their laws comply with the requirements of this section; after or not their laws comply with the requirements of this section; after finding such compliance, the Board may thereafter deny certification of a State law for additional credit purposes only after prior notice and opportunity for hearing to the State, and only if it finds the State law no longer contains the applicable provisions specified in subsection (a) or (b) or the State has failed to comply substantially with any such provision. The present subsection (b) of this section is eliminated because its purpose is achieved by the foregoing provisions. foregoing provisions.

Definitions

Section 1602 (d): Paragraphs (1) and (4) of this subsection are amended to make clear that from a particular employer's reserve account or guaranteed employment account all compensation payable on the basis of services performed for him and only compensation payable on the basis of services performed for him is to be paid. This incorporates in part the exception clause in the present definition of a pooled fund, i. e., that compensation may not be paid from a partial pool or reinsurance fund unless the reserve account or guaranteed employment account of the employer on the basis of whose services the benefit claimant had earned his benefit basis of whose services the benefit claimant had earned his benefit rights is exhausted or terminated.

rights is exhausted or terminated.

The present paragraph (2) is revised and divided into paragraphs (2) and (3) in order to distinguish more clearly between a fully pooled fund and a partially pooled (or reinsurance) fund. The new paragraph (3) permits the maintenance of a partially pooled fund in connection with a guaranteed employment account, as well as in connection with a separate reserve account. The definition of the partially pooled account also makes clear that a State may, without endangering its compliance with the definitions of the term "reserve account" and "guaranteed employment account," provide for transfers from reserve accounts or guaranteed employment accounts to a partially pooled account. Several State laws now provide for such transfers.

provide for such transfers.

Paragraph (4) (old paragraph (3)) amends the present law to permit guarantees of employment to be operative only with respect to individuals who continue to be available for suitable work in the guaranteed establishment. This provision is deemed necessary because under the present provision it is not clear whether sary because under the present provision it is not clear whether employers are relieved from their guarantees with respect to individuals who quit voluntarily, or are unable to work because of some incapacity, or are out on strike, etc. This paragraph is also amended to make clear the general understanding with respect to its requirements concerning the probationary service period, i. e., that the probationary period must be served within a continuous period immediately following the employee's first week of service and may not be claimed repeatedly with respect to intermittent periods of employment which never exceed 12 consecutive weeks. The last clause of this definition is amended to clarify the point that guaranteed remuneration and unemployment, compensation are that guaranteed remuneration and unemployment compensation are not the same, and that the guaranteed remuneration is not to be payable out of the guaranteed employment account.

Paragraph (5) (old par. (4)) deletes the definition of the term "year of compensation experience," because that term is no longer used in paragraph (2) (old par. (1)) of section 1602 (a). The definition of the term "year" in this paragraph is designed to permit States to allow reduced rates on the basis of 12 consecutive

months, as well as on the basis of a calendar year.

Paragraph (6), defining the term "balance," is a new definition added to make clear that the amount of the reserve required to be accumulated by employers with respect to whom a reserve account or a guaranteed employment account is maintained, is to be made up of payments by such employers and may not be made up of employee contributions or funds from other sources. If employee contributions are required under a State law which provides for the maintenance of reserve accounts or guaranteed employment than the recent payments and the requirements. funds, such contributions may be payable into the reinsurance fund. The exception contained in this definition, which permits the inclusion within a "balance" of payments other than payments by employers if made to a reserve account or guaranteed employ-ment account prior to January 2, 1939, is designed to relieve the States of complicated computations where payments, other than payments by employers, have been paid to such accounts during

early months of the State's experience.

Paragraph (7) defines the term "computation date" to include any date occurring within 27 weeks prior to the date that a reduced rate goes into effect. As above indicated, this provision is designed to give the States ample time within which to make their computations with respect to variations in rates of contributions. Such computations are to be made at least once in each calendar

year.

Paragraph (8), defining the term "reduced rate," is designed to make clear that the requirements of subsections (a) and (b) are not applicable to a reduction from an increased rate to a standard rate, i. e., situations in which employers with bad employment experience have been required to pay increased rates and are sub-sequently permitted to pay the standard or normal rate.

Section 610 (b): This subsection of the bill, referred to in connection with section 1602 (a) (1) of the Internal Revenue Code, is necessary in order to permit employers who are allowed reduced rates of contributions under State laws which conform with the present standards, to secure additional credits on the basis thereof and to avoid requiring States to convene special sessions of their legislatures in order to conform their laws with the new standard in section 1602 (a) (1) of the code. This section of the bill postpones the application of that new standard with respect to pooled funds, partially pooled accounts, and individual reserve accounts, until January 1, 1942, thereby allowing ample time for all States to enact necessary amendatory legislation at the next regular sessions of their respective legislatures. sessions of their respective legislatures.

PROVISIONS OF STATE UNEMPLOYMENT COMPENSATION LAWS

Section 611: The changes made in paragraphs (1), (3), and (4) of section 1603 (a) of the Internal Revenue Code (formerly sec. 903 (a) of the Social Security Act) by this section correspond to those made in paragraphs (2), (4), and (5) of section 303 (a) of the Social Security Act by section 302, supra.

EXTENSION OF TIME FOR FILING TAX RETURNS UNDER SUBCHAPTER C OF CHAPTER 9 OF THE INTERNAL REVENUE CODE

. Section 612: This section amends section 1604 (b) of the Internal Revenue Code to authorize a longer extension of time for filing the return of the Federal unemployment tax. Existing law permits an extension of as much as 60 days. The amendment would provide an additional 30 days, or 90 days in all. The extensions under section 1604 (b) are granted under rules and regulations prescribed by the Commissioner of Internal Revenue with the approval of the Secretary of the Treasury. An employer finding it impossible to make his return on January 31, the due date prescribed in section 1604 (a), or to pay his State contributions by that date, may make application in accordance with such rules and regulations for an application in accordance with such rules and regulations for an extension of time for filing his Federal return. If granted, the employer has until the extended due date, as granted, to make his return and pay his State contributions. No delinquency penalty will be incurred for late filing and no loss of credits will be suffered if the return is filed, and the contributions paid to the State, on or before such extended due date.

INTERSTATE OR FOREIGN COMMERCE AND FEDERAL INSTRUMENTALITIES Section 613: This section designates existing section 1606 of the Internal Revenue Code (formerly sec. 906 of the Social Security Act) as subsection (a). A clarifying amendment to the provision makes it clear beyond any possible doubt that an employer engaged in foreign commerce is on the same basis as respects authority of a State to require payments into an unemployment fund as employers

engaged in interstate commerce.

This section also amends section 1606 by adding subsections (b) and (c), relating to Federal instrumentalities, and (d), relating to

employment on lands held by the Government.

Subsection (b) confers on State legislatures authority to require instrumentalities of the United States (except those wholly owned by the United States or exempt from the taxes imposed by secs. 1410 and 1600 of the Internal Revenue Code (formerly secs. 804 and 901, respectively of the Social Security Act) by any other provision of law) to comply with State unemployment compensation laws. Under this amendment the States would be able to cover under their unemployment compensation systems patiently backs and certainty. Under this amendment the States would be able to cover under their unemployment compensation systems national banks and certain other Federal instrumentalities. Protection against any possible discrimination against instrumentalities of the United States is afforded by the two provisos, which make the permission to require compliance with the State law conditional upon equality of treatment and upon the approval and certification of the State law under section 1603 of the Internal Revenue Code (formerly sec. 903 of the State) Sected Secretify Action

of the Social Security Act).

Subsection (c) makes provision for examination by the Comptroller of the Currency of returns and reports made to the States by

national banks.

Subsection (d) authorizes the States to cover under their unemployment compensation laws services performed upon land held by the Federal Government, such as services for hotels located in national parks. DEFINITIONS

Section 614: This section, effective January 1, 1940, amends section 1607 of the Internal Revenue Code, containing definitions applicable in the case of the Federal unemployment tax.

Definition of employer

Section 1607 (a): No change from existing law is made in this definition.

Definition of wages

Definition of wages

Section 1607 (b): This subsection continues the present definition of wages, but excludes certain payments heretofore included. Paragraph (1) excludes that part of the remuneration which, after remuneration equal to \$3,000 has been paid to an individual by an employer with respect to employment during any calendar year, is paid to such individual by such employer with respect to employment during such calendar year. Paragraph (2) excludes all payments made by the employer to or on behalf of an employee or former employee, under a plan or system providing for retirement benefits (including pensions) or disability benefits (including medical and hospitalization expenses), but not life insurance. These payments will be excluded even though the amount or possibility of such payments is taken into consideration in fixing the amount of remuneration and even though such payments are required, either expressly or impliedly, by the contract of employment. Since

it is the practice of some employers to provide for such payments through insurance or the establishment and maintenance of funds for the purpose, the premiums or insurance payments and the payments made into or out of any fund will likewise be excluded from wages. Paragraph (3) expressly excludes from wages the payment by an employer (without deduction from the remuneration of or other reimbursement from the employee) of the employee's tax imposed by section 1400 of the Internal Revenue Code (formerly sec. 801 of Social Security Act) and employee contributions under State unemployment compensation laws. Paragraph (4) excludes dismissal payments which the employer is not legally obligated to make.

Definition of employment

Section 1607 (c): The amendments made here conform this defi-nition to the definitions contained in amended section 209 (b) of the Social Security Act and amended section 1426 (b) of the Internal Revenue Code (formerly sec. 811 (b) of the Social Security Act) with the exception of maritime service.

with the exception of maritime service.

The definition of the term "employment" under the amendment as applied to service rendered prior to January 1, 1940, retains the exemptions contained in the present law. The definition applicable to service rendered on and after that date continues unchanged some of the present exemptions, revises others, and adds certain additional ones. No substantive change in existing law is effected by the introductory paragraph of the definition.

Paragraph (1) continues the exception of agricultural labor, but a new subsection (1) defines the term for purposes of the exclusion.

Paragraph (1) continues the exception of agricultural fabor, but a new subsection (1) defines the term for purposes of the exclusion.

Paragraph (2) continues the present exception of domestic service in a private home, but adds to the exception such service in a local college club or local chapter of a college fraternity or sorority (not including alumni clubs or chapters). Thus services of cook, waiter, chambermaid, and the housemother, performed for these local clubs and chapters, are exempt.

Paragraph (2) code or extensive of course labor, not in the

Paragraph (3) adds an exception of casual labor not in the course of the employer's trade or business. This exception is already contained in amended section 209 (b) of the Social Security Act and amended section 1426 (b) of the Internal Revenue Code.

Paragraph (4) continues the existing exception of service performed as an officer or member of the crew of a vessel on the navigable waters of the United States.

Paragraph (5) continues the existing exception of service performed by an individual in the employ of his son, daughter, or spouse, and service performed by a child under the age of 21 in the employ of his father or mother.

In the employ of his father or mother.

Paragraph (6) continues the exemption of service performed in the employ of the United States, but with respect to instrumentalities of the United States, limits the exemption to those instrumentalities which are (A) wholly owned by the United States or (B) exempt from the tax imposed by section 1600 of the Internal Revenue Code (formerly sec. 901 of the Social Security Act) by virtue of any other provision of law. The change in this provision brings within the unemployment tax provisions certain Federal instrumentalities not falling within clause (A) or (B) above, such as national banks. such as national banks.

Paragraph (7) continues the exemption of service for State governments, their subdivisions and instrumentalities, but limits the exemption with respect to instrumentalities so that it applies only to an instrumentality which is wholly owned by a State or political subdivision or which would be immune from the tax imposed by section 1600 of the Internal Revenue Code (formerly sec. 901 of the Social Security Act) by the Constitution. The amendment thus narrows the present exemption and in no case broadens it.

Paragraph (8) continues the exemption of religious, charitable, scientific, literary, or educational organizations, but brings the language of the exemption into conformity with the corresponding exemption from income tax under section 101 (6) of the Internal Revenue Code, by adding a specific disqualifying clause applicable where any substantial part of the activities of the organization is carrying on propaganda or otherwise attempting to influence legislation.

legislation.

Paragraph (9) excepts services of employees covered by the railroad unemployment insurance system. This provision leaves unchanged the exemption of the service of an individual in the employ of an employer subject to such system even though the individual receives remuneration in a form (e.g., tips) not reognized as compensation under the Railroad Unemployment Insurance Act, and leaves unchanged the inclusion of service in case it is performed by an employee in the segregable nonrailroad activities of an employer where segregation of the railroad activities from nonrailroad activities is found necessary in the interpretation and administration of the laws relating to the social security system and the railroad unemployment insurance system. Paragraphs (10) to (13), inclusive, are identical with the same

Paragraphs (10) to (13), inclusive, are identical with the same paragraphs in section 209 (b) of the Social Security Act. For paragraphs in section 209 (b) of the Social Security Act. For detailed analysis of such paragraphs see pp. 47-49 of this report. Section 1607 (d): This section relates to an employee who has both included and excluded service for the same employer during a pay period. It provides that if one-half or more of the services constitutes included employment, all of such service will be included; but that if less than one-half constitutes included employment, all will be excluded. The provision does not apply to the service of an employee in a pay period if any of the service of the employee in the pay period is covered under the railroad unemployment-insurance system.

Section 1607 (e), defining "State agency," makes no change in the existing definition of that term

Definition of unemployment fund

Section 1607 (f): This definition is amended by adding two new sentences. The first of these added sentences is a clarifying amendment providing that all sums standing to the credit of the State in the (Federal) unemployment-trust fund and money withdrawn from that fund by the State but unexpended shall constitute a part of the State fund. This removes any possible doubt whether such moneys remain a part of the State fund. The second added sentence provides that an unemployment fund shall be deemed to be maintained during a tayable year only if no part be deemed to be maintained during a taxable year only if no part of the moneys of such fund was expended for purposes other than payment of unemployment compensation and refunds of sums payment to the provision and retunds of stime erroneously paid into the fund. This provision, in conjunction with an amendment to section 1601 (a) (see supra, sec. 609), makes it clear that an employer is entitled to credit against the Federal tax only so long as the State uses its fund for a proper purpose.

Definition of contributions

Section 1607 (g): This provision is changed so as to avoid use of defined terms and thus to include in the term "contributions" payments required by a State law with respect to services not covered by the Federal law.

Definition of compensation

Section 1607 (h): No change in existing law is made in this definition.

Definition of employee

Section 1607 (i): The term "employee" is defined as in existing law to include an officer of a corporation. Although the term is not broadened with respect to salesmen as was done in the definition for purposes of old-age insurance coverage, the tests for determining the employer-employee relationship laid down in cases relating to tort liability and to the common-law concept of

cases relating to tort liability and to the common-law concept of master and servant should not be narrowly applied.

By the amendment to subsection (c), contained in paragraph (10) (A) thereof, uncompensated officers of any organization exempt from income tax under section 101 of the Internal Revenue Code are excluded from the count in determining whether the organization is an employer of eight or more and liable for the tax. However, uncompensated officers of corporations not so exempt are not excluded for purposes of such determination merely because they are uncompensated.

merely because they are uncompensated.

Section 1607 (j) and (k), defining the terms "State" and "person," respectively, make no change in the existing definitions of those terms.

Definition of agricultural labor

Section 1607 (1) is identical with section 209 (1) of the Social Security Act. For detailed analysis of such section see page 51 of

Section 615: This section inserts a new section in subchapter C of chapter 9 of the Internal Revenue Code which provides that the subchapter may be cited as the "Federal Unemployment Tax Act."

TITLE VII-AMENDMENTS TO TITLE X OF THE SOCIAL SECURITY ACT CHANGE IN REQUIREMENTS FOR STATE PLANS FOR AID TO THE BLIND

Section 701: This section amends section 1002 (a) of the Social Security Act. Section 1002 (a) sets out certain basic requirements which a State plan for aid to the blind must meet in order to be approved by the Social Security Board.

Section 701 (a) amends clause (5) so as to make it clear that the methods of administration of the State plan must be proper as well as efficient.

the methods of administration of the State plan must be proper as well as efficient.

Section 701 (b) adds a new clause, numbered (8), which is effective July 1, 1941. Under this clause the State plan must provide that the State agency shall, in determining need, take into consideration any income and resources of an individual claiming aid to the blind. It also adds a new clause, numbered (9), effective July 1, 1941, which requires that the State plan must provide safeguards which restrict the use or disclosure of information concerning applicants and recipients to purposes directly connected with the administration of aid to the blind. These new provisions are similar to those added to title I of the Social Security Act by section 101 of the bill.

PAYMENT TO STATES FOR AID TO THE BLIND

Section 702: This section amends section 1003 of the Social

Security Act.
Subsection (a) of section 1003 is amended so that its provisions will conform with section 1001 of the Social Security Act, which authorizes appropriations to enable States to furnish finan-

which authorizes appropriations to enable States to furnish financial assistance to needy individuals who are blind.

Subsection (b) (2) is amended so as to provide that the Board, in making grants to States, shall reduce the amount to be paid to any State for any quarter by a sum equivalent to the pro rata share to which the United States is equitably entitled, as determined by the Board, of the net amount recovered during any prior quarter by the State or any political subdivision thereof with respect to aid to the blind furnished under the State plan.

A proviso eliminates from consideration for the purpose of de-termining the amount of the offset any amount recovered from the estate of a deceased recipient which is not in excess of the amount expended by the State for the funeral expenses of such deceased recipient, in accordance with the State public-assistance

law upon which the plan is based. The provision is a new one and is similar in scope and operation to the one included by section 102 of the bill in section 3 (b) (2) of title I of the Social Security Act.

Section 703: This section amends section 1006 so as to conform its provisions with section 1001 of the Social Security Act, which authorizes appropriations to enable States to furnish financial assistance to blind individuals who are needy.

TITLE VIII-AMENDMENTS TO TITLE XI OF THE SOCIAL SECURITY ACT DEFINITION OF EMPLOYEE AND OF EMPLOYER

Section 801: Subsection (a) amends the definition of "State" contained in section 1101 (a) of the Social Security Act so as to include Puerto Rico for the purposes of titles V and VI of such act. Subsection (b) amends paragraph (6) of such section 1101 (a) by

inserting two new definitions which are applicable to title II of

Inserting two new definitions which are applicable to title 11 of the act.

Identical definitions appear in the amendments to section 1426 of the Federal Insurance Contributions Act.

The amendments to the definition of employee relate to salesmen. In some instances where remuneration is by way of commission and the services are performed away from the place of business of the person for whom they are performed, the individual performing the services is held to be an employee, while in others he is held not to be an employee. to be an employee.

A restricted view of the employer-employee relationship should not be taken in the administration of the Federal old-age and survivors insurance system in making coverage determinations. The tests for determining the relationship laid down in cases relating to tort liability and to the common-law concept of master and servant should not be narrowly applied. In certain cases even the most liberal view as to the existence of the employer-employee relationship will fall short of covering individuals who should be covered, for example, certain classes of salesmen.

In the case of salesmen, it is thought desirable to extend coverage even where all of the usual elements of the employer-employee relationship are wholly lacking and where accordingly even under the liberal application of the law the court would not ordinarily find the existence of the master-and-servant relationship. A restricted view of the employer-employee relationship should

find the existence of the master-and-servant relationship.

It is the intention of this amendment to set up specific standards so that individuals performing services as salesmen may be uni-formly covered without the necessity of applying any of the usual tests as to the relationship of employer and employee.

A salesman in business as a broker or factor is excluded if the

services are performed as part of such business, and, in furtherance of such business, similar services are performed for other persons and one or more employees of such salesman perform a substantial part of such services; and an individual whose services as a salesman are casual services, not in the course of such individual's principal trade, business, or occupation, is not included in the definition. This definition is not intended to affect the employer-employee status of a salesman and the employee of such salesman. Thus, the

business chauffeur who has been an employee of a salesman. Thus, the business chauffeur who has been an employee of a salesman will remain solely the employee of such salesman.

The definition of employer is to follow the definition of employee. It is for the purpose of making clear that the extension of the broadened employee concept also broadens the employer concept. Thus, where a salesman is held to be an employee, the person for whom the salesman performs the services is the employer. For example, an insurance solicitor who executes a contract with an insurance company under which he performs services as a salesman would be the employee of the insurance

company and not the general agent of the company.

PENALTY SECTIONS

Section 802: This section amends title XI of the Social Security Act by adding the following two sections:

Disclosure of information in possession of Board.

Section 1106: This section prohibits the disclosure, except pursuant to Board regulations, of any returns or statements filed with the Commissioner of Internal Revenue under title VIII of the Social Security Act or the Federal Insurance Contributions Act, or regulations thereunder, which have been transmitted by the Commissioner to the Board. The prohibition against disclosure, except pursuant to Board regulations also extends to any file recent pursuant to Board regulations, also extends to any file, record, report, paper, or information obtained by the Board or any of its officers or employees in the course of official duties, and any such material obtained by any person from the Board or any of its officers or employees. Violation of the prohibition is punishable as a misdemeanor.

Penalty for fraud and misuse of Board's name

Penalty for fraud and misuse of Board's name

Section 1107 (a) provides that anyone who makes any false representation, with intent to defraud any person, knowing the representation to be false, concerning the requirements of this act, or the Federal Insurance Contributions Act, or the Federal Unemployment Tax Act, shall be guilty of a misdemeanor.

Section 1107 (b) provides that anyone who, with intent to obtain information as to the date of birth, employment, wages, or benefits of any individual, falsely represents to the Board that he is such individual or the wife, parent, or child of such individual, or such individual's agent, or the agent of such wife, parent, or child, or falsely represents to any person that he is an employee or agent of the United States, shall be guilty of a misdemeanor.

TITLE IX-MISCELLANEOUS PROVISIONS

Section 901: This section makes clear that the amendment of

Section 901: This section makes clear that the amendment of title III of the Social Security Act and section 1603 of the Internal Revenue Code shall not be construed to amend or alter those provisions of the Railroad Unemployment Insurance Act which provide limited exceptions to the provisions of section 303 (a) (4) and (5) of the Social Security Act and 1603 (a) (3) and (4) of the Internal Revenue Code.

Section 902: Subsections (a), (b), (c), and (d) substantially liberalize the conditions of allowance of credit against the Federal unemployment tax imposed by title IX of the Social Security Act for the years 1936, 1937, and 1938. Your committee recognizes that the periodical granting of relief after the close of the taxable year affected would destroy the effectiveness of the conditions of allowance of the credit provided in permanent law and would prove costly in that it would call for the reopening and reconsideration of cases previously closed, the adjustment of claims, the abatement of assessments, and the payment of refunds. However, the need should not arise in the future for granting relief of the type provided in the present section, since substantial liberalization for 1939 and subsequent years is provided in section 609 of the bill, amending section 1601 (a) of the Internal Revenue Code.

Subsection (a) provides for the allowance of credit against the tax for 1936, 1937, or 1938, for contributions paid to the State for such year before the sixtleth day after the date of enactment of this act. Under section 810 of the Revenue Act of 1938 taxpayers were allowed credit against the tax for 1936 for contributions paid before July 27, 1938. Since a few taxpayers did not take advantage of that relief provision, it is felt desirable to include credit against the tax for 1936 in the present provisions. Thus, the same final date for paying contributions to the State, in order to secure credit against the tax—namely, the fifty-ninth day after the date of enactment of this act—is provided for the fax for each o

tax for each of the 3 past years during which the tax has been

in effect.

Under clause (2) of subsection (a) credit is allowable for contributions paid on or after the sixtieth day after the date of enactment of this act with respect to wages paid after the fortieth day after such date of enactment. This is designed to permit credit in cases in which, because the "wages payable" basis of the tax for the years 1936, 1937, and 1938 is still retained, credit would otherwise be lost since some wages are still being paid with respect to those years, and it may not be possible to estimate the amount thereof or the amount thereof may have been underestimated. been underestimated.

Clause (3) of subsection (a) permits credit for contributions paid to the State, without regard to the date of payment, if the assets of the taxpayer are in the custody or control of a fiduciary appointed by, or under the control of, a court of competent jurisdiction at any time during the 59-day period following the date

Subsection (b) of this section makes the same provision with respect to the taxable years 1936, 1937, and 1938 as are made in section 1601 (a) (4) of the Internal Revenue Code, as amended, for the taxable year 1939 and thereafter for cases in which the taxpayer pays his contributions to the wrong State. (See sec. 609, supra.)
Subsection (c) preserves the definitions of section 907 of the

Subsection (c) preserves the definitions of section 907 of the Social Security Act, the 90-percent maximum credit against the Federal tax, and other provisions of title IX of the Social Security Act, essential to the operation of the relief provisions in subsections (a), (b), and (h) of this section for the taxable years 1936, 1937, and 1938.

Subsection (d) provides for refund of any tax (including penalties and interest) which has been collected but with respect to which credit is allowable under this section. The law (including statutes of limitations) applicable in the case of erroneous cr illegal collection of tax will apply to such refunds. No interest will be paid on any such refund.

will be paid on any such refund.

Subsection (e) of this section is designed to permit credit against the tax for the years 1940, 1941, and 1942 if in those years wages are paid for services rendered after December 31, 1938, but during a year prior to that in which payment occurs, and contributions with respect to such wages have not been credited against the tax for any prior taxable year. This provision relieves cases of hardship which might arise by reason of the change in the basis of the Federal tax from "wages payable" to "wages paid." (See sec. 608, supra.)

Subsection (f) is designed to make retroactive to the date of enactment of the Social Security Act the exemptions from Federal

enactment of the Social Security Act the exemptions from Federal enactment of the Social Security Act the exemptions from Federal insurance and unemployment compensation coverage contained, respectively, in amended sections 209 (b) (11) and (12) of the Social Security Act and amended sections 1426 (b) (11) and (12) and 1607 (c) (11) and (12) of the Internal Revenue Code of service in the employ of foreign governments and certain of their instrumentalities. If any tax (including interest and penalties) has been collected with respect to service thus exempt, it is to be refunded, without allowance of interest, in accordance with the provisions of law (including statutes of limitations) applicable in the case of erroneous or illegal collection of the tax.

Subsection (a) provides that no lump-sum payments shall be

Subsection (g) provides that no lump-sum payments shall be made under the provisions of section 204 of the Social Security Act after the date of the enactment of this bill, except to the estate of an individual who dies prior to January 1, 1940.

Subsection (h) grants relief to taxpayers as well as States in cases in which the highest court of a State has held contributions paid under the State law with respect to the taxable years 1936 or 1937 not to have been required payments under the State law. For example, certain States enacted their unemployment-compensation laws during the latter portion of 1936, levying contributions thereunder retroactively with respect to services performed on and after January 1 of that year. State taxpayers in good faith paid such contributions and claimed and received credit therefor against their Federal tax. If sometime later the retroactive imposition of such contributions is held by the highest court of such State to have been invalid, such taxpayers may be entitled to refunds under the State law, but by virtue of that fact such taxpayers also become liable for the full Federal tax with respect to such year.

Under this subsection so much of any such payments as are not refunded to the taxpayer may be credited against the tax imposed by section 901 of the Social Security Act for the calendar year 1936 or 1937. Moreover, if, in the example cited, the State had paid benefits with respect to unemployment occurring during 1938, this section

1937. Moreover, if, in the example cited, the State had paid benefits with respect to unemployment occurring during 1938, this section safeguards the status of the State law under section 903 of the Social Security Act by providing that so much of such payments as are not returned to the taxpayer shall be considered "contributions" for the purposes of that section. This section also postpones the periods of limitations prescribed by section 3312 (a) of the Internal Revenue Code in the case of the tax for 1936 or 1937 of any such

taxpayer to whom any such payment is returned, until the last such payment is returned to the taxpayer.

Section 903: This section amends section 1430 of the Internal Revenue Code by striking out the reference therein to section 3762 of the code and inserting in lieu thereof a reference to section 3661. The change merely corrects a typographical error made in section 1430 when the code was enacted.

EXTENSION OF REMARKS

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent to insert a couple of tables in the RECORD in connection with the speech I made today at the point indicated in my speech.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina [Mr. Doughton]?

There was no objection.

Mr. KEAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein the opinion of Mr. Justice Stone in the so-called Hague

The SPEAKER. Is there objection to the request of the gentleman from New Jersey [Mr. KEAN]?

There was no objection.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H. R. 5765. An act to authorize commissioning aviation cadets in the Naval and Marine Corps Reserves upon com-

pletion of training, and for other purposes.

The SPEAKER announced his signature to enrolled bills and a joint resolution of the Senate of the following titles: S. 50. An act to provide for recognizing the services rendered by civilian officers and employees in the construction and establishment of the Panama Canal and the Canal Zone;

S. 499. An act to amend the act entitled "An act making appropriations for the naval service for the fiscal year ending June 30, 1910, and for other purposes," approved March 3, 1909, as amended, so as to extend commissary privileges to civilian officers and employees of the United States at naval stations beyond the continental limits of the United States or in Alaska;

S. 509. An act to add certain lands of the Front Royal Quartermaster Depot Military Reservation, Va., to the Shenandoah National Park, and for other purposes;

S. 572. An act to provide for the common defense by acquiring stocks of strategic and critical materials essential to the needs of industry for the manufacture of supplies for the armed forces and the civilian population in the time of a national emergency, and to encourage, as far as possible, the further development of strategic and critical materials within the United States for common defense;

S. 588. An act to provide for an additional midshipman at the United States Naval Academy, and for other purposes;

S. 1409. An act to authorize the conveyance by the United States to the town of Bristol, Maine, of a portion of the Pemaquid Point Lighthouse Reservation, and for other purposes:

S. 1879. An act to amend the United States mining laws applicable to the area known as the watershed of the headwaters of the Bonito River in the Lincoln National Forest within the State of New Mexico;

S. 1982. An act to convey certain property to the city of El Campo, Tex.;

S. 2149. An act to add certain lands to the Papago Indian Reservation in Arizona;

S. 2404. An act to authorize the disposal of the Portland, Oreg., old courthouse building; and

S. J. Res. 138. Joint resolution providing that reorganization plans Nos. I and II shall take effect on July 1, 1939.

ADJOURNMENT

Mr. DOUGHTON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 58 minutes p. m.) the House adjourned until tomorrow, Wednesday, June 7, 1939, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON FOREIGN AFFAIRS

There will be a meeting of the Committee on Foreign Affairs (executive session) in the committee rooms, Capitol, at 10 a.m. Wednesday, June 7, 1939, for the consideration of House Joint Resolution 306, Neutrality Act of 1939.

COMMITTEE ON THE JUDICIARY

There will be a public hearing before Subcommittee No. 3 of the Committee on the Judiciary on Wednesday, June 7, 1939, at 10 a. m., on the bill (H. R. 2318) to divorce the business of production, refining, and transporting of petroleum products from that of marketing petroleum products. Room 346, House Office Building.

COMMITTEE ON THE POST OFFICE AND POST ROADS

There will be an executive session of the Committee on the Post Office and Post Roads at 10 a. m., on Wednesday, June 7. 1939, for the consideration of H. R. 3835.

COMMITTEE ON IMMIGRATION AND NATURALIZATION

There will be a meeting of the Committee on Immigration and Naturalization at 10:30 a.m. Wednesday, June 7, on H. R. 3029 (STARNES of Alabama).

COMMITTEE ON MERCHANT MARINE AND FISHERIES

The Committee on Merchant Marine and Fisheries will hold public hearings in room 219, House Office Building, at 10 a.m., on the bills and dates listed below:

On Tuesday, June 13, 1939, on H. R. 1011, drydock facilities for San Francisco (Welch); H. R. 2870, drydock facilities for Los Angeles (Thomas F. Ford); H. R. 3040, drydock facilities for Los Angeles (Geyer of California); and H. R. 5787, drydock facilities for Seattle Wash. (Magnuson).

The hearing originally scheduled by the Committee on Merchant Marine and Fisheries for Thursday, June 8, 1939, on H. R. 6042, requiring numbers on undocumented vessels (KRAMER), and H. R. 5837, alien owners and officers of vessels (Kramer), has been postponed until Tuesday, June 13, and will come up on the same list as those bills named directly above.

On Thursday, June 15, 1939, on House Joint Resolution 194, investigate conditions pertaining to lascar seamen (SIROVICH).

On Friday, June 16, 1939, on H. R. 5611, district commanders' bill (U. S. Coast Guard).

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

823. A letter from the Acting Secretary of the Interior, transmitting the draft of a proposed legislation to reimpose the trust on certain allotted lands of the Crow Indian Reservation; to the Committee on Indian Affairs.

824. A letter from the Acting Secretary of the Navy, transmitting a draft of a proposed bill to protect the United States in certain patent-infringement suits; to the Committee on Patents.

825. A letter from the Attorney General of the United States, transmitting the draft of a proposed bill to amend section 289 of the Criminal Code; to the Committee on the Judiciary.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. EBERHARTER: Committee on Claims. H. R. 5333. A bill to amend the acts granting increased compensation to civilian employees for the period July 1, 1917, to June 30, 1924; without amendment (Rept. No. 760). Referred to the Committee of the Whole House on the state of the Union.

Mr. STEAGALL: Committee on Banking and Currency. S. 1886. An act to extend to June 16, 1942, the period within which certain loans to executive officers of member banks of the Federal Reserve System may be renewed or extended; with amendment (Rept. No. 772). Referred to the Committee of the Whole House on the state of the Union.

Mr. BLAND: Committee on Merchant Marine and Fisheries. H. R. 4306. A bill to make the United States Coast Guard Academy library a public depository for Government publications; without amendment (Rept. No. 778). Referred to the Committee of the Whole House on the state of the Union

Mr. COOLEY: Committee on Agriculture. H. R. 6538. A bill to amend the Agricultural Adjustment Act of 1938; without amendment (Rept. No. 779). Referred to the Committee of the Whole House on the state of the Union.

Mr. COOLEY: Committee on Agriculture. H. R. 6539. A bill to amend the Agricultural Adjustment Act of 1938; with amendment (Rept. No. 780). Referred to the Committee of the Whole House on the state of the Union.

Mr. COOLEY: Committee on Agriculture. H. R. 6540. A bill to amend the Agricultural Adjustment Act of 1938; without amendment (Rept. No. 781). Referred to the Committee of the Whole House on the state of the Union.

Mr. COOLEY: Committee on Agriculture. H. R. 6541. A bill to amend the Agricultural Adjustment Act of 1938; without amendment (Rept. No. 782). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. WINTER: Committee on Claims. H. R. 1177. A bill for the relief of Bessie Bear Robe; with amendment (Rept. No. 750). Referred to the Committee of the Whole House.

Mr. ELLIS: Committee on Claims. H. R. 3084. A bill for the relief of Violet Dewey; with amendment (Rept. No. 751). Referred to the Committee of the Whole House.

Mr. KEEFE: Committee on Claims. H. R. 3104. A bill for the relief of Kyle Blair; with amendment (Rept. No. 752). Referred to the Committee of the Whole House.

Mr. EBERHARTER: Committee on Claims. H. R. 3683. A bill to carry out the findings of the Court of Claims in the case of Lester P. Barlow against the United States; without amendment (Rept. No. 753). Referred to the Committee of the Whole House.

Mr. ELLIS: Committee on Claims. H. R. 3730. A bill for the relief of John G. Wynn; with amendment (Rept. No. 754). Referred to the Committee of the Whole House.

Mr. EBERHARTER: Committee on Claims. H. R. 4017. A bill for the relief of John P. Shorter; with amendment (Rept. No. 755). Referred to the Committee of the Whole House.

Mr. EBERHARTER: Committee on Claims. H. R. 4155. A bill for the relief of Mary A. Brummal; with amendment (Rept. No. 756). Referred to the Committee of the Whole House.

Mr. COFFEE of Washington: Committee on Claims. H. R. 4391. A bill for the relief of H. W. Hamlin; with amendment (Rept. No. 757). Referred to the Committee of the Whole House.

Mr. COFFEE of Washington: Committee on Claims. H.R. 4440. A bill for the relief of Mr. and Mrs. John Shebestok, parents of Constance and Lois Shebestok; with amendment (Rept. No. 758). Referred to the Committee of the Whole House.

Mr. COFFEE of Washington: Committee on Claims. H.R. 4609. A bill for the relief of Charles Enslow; with amendment (Rept. No. 759). Referred to the Committee of the Whole House.

Mr. MACIEJEWSKI: Committee on Claims. H. R. 5346. A bill for the relief of Mrs. A. R. Barnard, Charles A. Stephens, Donald W. Prairie, and dependents of Vern A. Needles; without amendment (Rept. No. 761). Referred to the Committee of the Whole House.

Mr. MACIEJEWSKI: Committee on Claims. S. 289. An act for the relief of the West Virginia Co.; with amendment (Rept. No. 762). Referred to the Committee of the Whole House.

Mr. MACIEJEWSKI: Committee on Claims. S. 431. An act for the relief of Mrs. Quitman Smith; with amendment (Rept. No. 763). Referred to the Committee of the Whole House.

Mr. ELLIS: Committee on Claims. S. 661. An act for the relief of Ida A. Deaver; without amendment (Rept. No. 764). Referred to the Committee of the Whole House.

Mr. POAGE: Committee on Claims. S. 1186. An act for the relief of Herbert M. Snapp; without amendment (Rept. No. 765). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. S. 1692. An act for the relief of J. Vernon Phillips; without amendment (Rept. No. 766). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. S. 1847. An act for the relief of Naomi Straley and Bonnie Straley; without amendment (Rept. No. 767). Referred to the Committee of the Whole House.

Mr. MACIEJEWSKI: Committee on Claims. S. 1894. An act for the relief of Ivan Charles Grace; without amendment (Rept. 768). Referred to the Committee of the Whole House

Mr. McGEHEE: Committee on Claims. S. 2126. An act authorizing the Comptroller General of the United States to adjust and settle the claim of E. Devlin, Inc.; without amendment (Rept. 769). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. S. J. Res. 86. Joint resolution for the relief of International Manufacturers' Sales Co. of America., Inc., A. S. Postnikoff, trustee; without amendment (Rept. No. 770). Referred to the Committee of the Whole House.

Mr. POAGE: Committee on Claims. H. R. 4118. A bill for the relief of Superior Iron & Wire Works; with amendment (Rept. No. 771). Referred to the Committee of the Whole House.

Mr. LESINSKI: Committee on Immigration and Naturalization. H. R. 2948. A bill for the relief of Morris Hoppenheim, Lena Hoppenheim, Doris Hoppenheim, and Ruth Hoppenheim; without amendment (Rept. No. 773). Referred to the Committee of the Whole House.

Mr. LESINSKI: Committee on Immigration and Naturalization. H. R. 3729. A bill for the relief of William Carl Laude; with amendment (Rept. No. 774). Referred to the Committee of the Whole House.

Mr. LESINSKI: Committee on Immigration and Naturalization. H. R. 5056. A bill for the relief of Nicholas Contopoulos; with amendment (Rept. No. 775). Referred to the Committee of the Whole House.

Mr. JOHN L. McMILLAN: Committee on Immigration and Naturalization. H. R. 5301. A bill for the relief of Adam Emanuel Tsagournis; with amendment (Rept. No. 776). Referred to the Committee of the Whole House.

Mrs. O'DAY: Committee on Immigration and Naturalization. H. R. 4878. A bill for the relief of Annie Reiley; with amendment (Rept. No. 777). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BUCK:

H. R. 6687. A bill to authorize the levy of State, Territory, and District of Columbia taxes upon, with respect to, or measured by, sales, purchases, or use of tangible personal property or upon sellers, purchasers, or users of such property measured by sales, purchases, or use thereof occurring in United States national parks, military and other reservations, or sites over which the United States Government may have jurisdiction; to the Committee on Ways and Means.

By Mr. COFFEE of Washington:

H. R. 6688. A bill to provide a permanent force to classify patents in the Patent Office, and for other purposes; to the Committee on Patents.

By Mr. CORBETT:

H. R. 6689. A bill to create a National Neutrality Commission; to the Committee on Foreign Affairs:

By Mr. DIMOND:

H. R. 6690. A bill making further provision for the protection of the fisheries of Alaska, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. LEWIS of Ohio:

H.R. 6691. A bill to provide for assistance to the bituminous-coal industry, by providing for the establishment and operation of a research laboratory in the bituminous-coal region of Ohio for research and investigation relating to the mining, preparation, and utilization of bituminous coal, with special reference to increasing the efficiency of its use, development of new uses, purposes, and markets therefor; to the Committee on Mines and Mining.

By Mr. SCRUGHAM:

H. R. 6692. A bill authorizing the Secretary of the Interior to convey certain land to the State of Nevada to be used for the purposes of a public park and recreational site and other public purposes; to the Committee on the Public Lands.

By Mr. COCHRAN:

H. R. 6693. A bill to amend the provisions of law relating to the use of private vehicles for official travel in order to effect economy and better administration; to the Committee on Expenditures in the Executive Departments.

By Mr. KOCIALKOWSKI:

H. R. 6694. A bill to amend an act entitled "An act to provide for the complete independence of the Philippine Islands, to provide for the adoption of a constitution and a form of government for the Philippine Islands, and for other purposes"; to the Committee on Insular Affairs.

By Mr. McGRANERY:

H.R. 6695. A bill to amend the Communications Act of 1934 so as to prohibit and penalize the unauthorized mechanical reproduction of music and other wire and radio-program material; to the Committee on Interstate and Foreign Commerce.

By Mr. LEAVY:

H. R. 6696. A bill to prohibit the use of funds, granted or lent by the United States, for the purchase of materials which are not of domestic origin, and for other purposes; to the Committee on Ways and Means.

By Mr. FISH:

H.R. 6697. A bill authorizing the distribution of surplus wheat, cotton, and dairy products through the American National Red Cross and other organizations designated by it to needy and distressed people; to the Committee on Agriculture.

By Mr. OLIVER:

H. R. 6698. A bill to define the term "default" for the purposes of the act entitled "An act to prohibit financial transactions with any foreign government in default on its obliga-

tions to the United States"; to the Committee on Foreign Affairs.

By Mr. CANNON of Florida:

H.R. 6699. A bill for the relief of Special Tax School District No. 2, Broward County, Fla.; to the Committee on Claims.

H.R. 6700. A bill for the relief of Special Tax School District No. 3, Broward County, Fla.; to the Committee on

Claims.

H.R. 6701. A bill for the relief of Special Tax School District No. 4, Broward County, Fla.; to the Committee on Claims.

H. R. 6702. A bill for the relief of Special Tax School District No. 5, Broward County, Fia.; to the Committee on Claims.

By Mr. BLOOM:

H. J. Res. 314. Joint resolution to provide for the compiling and publishing of a history of the formation, the signing, the ratification, and the establishment of the Constitution, including historical facts and data relative to the commencement of the First Congress of the United States, the inauguration of George Washington as the first President of the United States, the adoption and ratification of the Bill of Rights, and the first meeting of the Supreme Court of the United States, and for other purposes; to the Committee on Printing.

By Mr. McREYNOLDS:

H. J. Res. 315. Joint resolution to provide for the adjudication by a Commissioner of claims of American nationals against the Government of the Union of Soviet Socialist Republics; to the Committee on Foreign Affairs.

By Mr. MAY:

H. J. Res. 316. Joint resolution to provide therapeutic aid for the indigent and unemployed needy, to enable the lower-income group to buy suitable health insurance, to coordinate all public-health services in one independent agency, and training of personnel; to amend section 1603 (a) of the Internal Revenue Code (relating to requirements for approval of State laws providing for unemployment compensation); and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. SIROVICH:

H. Res. 215. Resolution authorizing the House Committee on Merchant Marine and Fisheries to investigate problems of marine employment; to the Committee on Rules.

By Mr. VINSON of Georgia:

H. Res. 216. Resolution for the consideration of H. R. 5142; to the Committee on Rules.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of New York, memorializing the President and the Congress of the United States to consider their resolution with reference to hospitalization of aliens; to the Committee on Foreign Affairs.

Also, memorial of the Legislature of the State of California, memoralizing the President and the Congress of the United States to consider their assembly joint resolution No. 13, with reference to limiting the number of cars in trains; to the Committee on Interstate and Foreign Commerce.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ENGLEBRIGHT:

H. R. 6703. A bill for the relief of Clara E. Freeman; to the Committee on Claims.

H. R. 6704. A bill for the relief of Carl A. Libbey; to the Committee on Claims.

By Mr. McGEHEE:

H. R. 6705. A bill for the relief of Mrs. R. W. Noble; to the Committee on Claims.

By Mr. ROUTZOHN:

H. R. 6706. A bill for the relief of Noah M. Banks; to the Committee on Military Affairs.

H. R. 6707. A bill granting a pension to Chester Shartzer; to the Committee on Pensions.

By Mr. SECCOMBE:

H. R. 6708. A bill granting a pension to Mary J. Ferguson; to the Committee on Invalid Pensions.

By Mr. SPENCE:

H. R. 6709. A bill authorizing the President of the United States to appoint Sgt. Samuel Woodfill a captain in the United States Army and then place him on the retired list; to the Committee on Military Affairs.

By Mr. SWEENEY:

H. R. 6710. A bill for the relief of Bridget Egan; to the Committee on Immigration and Naturalization.

By Mr. WEAVER:

H. R. 6711. A bill for the relief of Mary Pruett Townsend; to the Committee on Naval Affairs.

By Mr. WILLIAMS of Missouri:

H. R. 6712. A bill granting a pension to Katherine Gurney; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3515. By Mr. ANDERSON of California: Senate Resolution No. 115, relating to the construction and maintenance of a veterans' general facility and hospital in Humboldt County, Calif., said resolution dated May 11, 1939, and signed by J. A. Beek, secretary of the Senate, State of California; to the Committee on World War Veterans' Legislation.

3516. By Mr. ASHBROOK: Petition of Viola Smith, of Newark, Ohio, and 60 others, endorsing the General Welfare Act (H. R. 5620); to the Committee on Ways and Means.

3517. Also, petition of Rosella Stasel, of Newark, Ohio, and 120 others, endorsing the General Welfare Act (H. R. 5620); to the Committee on Ways and Means.

3518. Also, petition of W. H. Smith, of Newark, Ohio, and 120 others, endorsing the General Welfare Act (H. R. 5620); to the Committee on Ways and Means.

3519. Also, petition of Mettie V. Kerr, of Newark, Ohio, and 30 others, endorsing the General Welfare Act (H. R. 5620); to the Committee on Ways and Means.

3520. By Mr. BARRY: Petition of the Senate of the State of New York, Albany, N. Y., concerning the hospitalization of certain aliens; to the Committee on Foreign Affairs.

3521. Also, petition of the New York City Federation of Women's Clubs, Inc., New York City, concerning the Martin wool-labeling bill (H. R. 944); to the Committee on Interstate and Foreign Commerce.

3522. By Mr. BOLTON: Petition of 18 citizens of Cleveland, urging the enactment of the so-called General Welfare Act (H. R. 5620); to the Committee on Ways and

3523. By Mr. CARTER: Senate Resolution No. 115, passed by the Senate of the California Legislature, urging the establishment of a veterans' hospital in Humboldt County, State of California; to the Committee on World War Veterans' Legislation.

3524. By Mr. ENGLEBRIGHT: Assembly Joint Resolution No. 46, relating to civil liberties investigation; to the Committee on Education.

3525. Also, petition of the California Grand Lodge of the Order of Sons of Italy in America, urging that the Congress be petitioned to adopt a joint resolution manifesting a spirit of friendship toward all nations; to the Committee on Foreign Affairs.

3526. By Mr. GAVAGAN: Petition of the Brotherhood of Railroad Trainmen, opposing the construction of a canal connecting the Ohio River and Lake Erie; to the Committee on Rivers and Harbors.

3527. Also, petition of the Brotherhood of Railroad Trainmen, favoring Senate Resolution 126 and Senate bill 1970; to the Committee on Education.

3528. Also, resolution adopted at the National Biennial Conference of the Methodist Federation for Social Service, held at Kansas City, Mo., May 9, 10, and 11, favoring passage of Federal antilynching legislation; to the Committee on the Judiciary.

3529. Also, petition of the Brotherhood of Railroad Trainmen, opposing railroad consolidation; to the Committee on Interstate and Foreign Commerce.

3530. By Mr. GEYER of California: Resolution of the National Organization of Masters, Mates, and Pilots of America, Capt. C. F. May, president, San Francisco, Calif., strongly protesting the age limit of 54 of an officer eligible to join the United States Naval Reserve, and suggesting that the age limit be raised to 65 or, as an alternative, that merchantmarine personnel shall upon their retirement at age of 54 receive a Federal pension equal to that received by regular naval personnel; to the Committee on Naval Affairs.

3531. Also, resolution adopted by the Senate of the State of California, petitioning the President, the Congress of the United States, and the Veterans' Administration to take the necessary steps to assure the construction and maintenance of a veterans' general facility and hospital in Humboldt County, in the State of California; to the Committee on World War Veterans' Legislation.

3532. By Mr. HANCOCK: Petition of William S. Welch, signed by 122 other residents of Syracuse, N. Y., favoring the enactment of the General Welfare Act (H. R. 5520); to the Committee on Ways and Means.

3533. Also, petitions of Charles Shepher, William Muehlinbein, and William E. Murphy, signed by 117 residents of Syracuse, N. Y., favoring the enactment of the General Welfare Act (H. R. 5620); to the Committee on Ways and Means.

3534. By Mr. JARMAN: Resolution of the Town Council of Eutaw, Ala., relating to improvements on the Warrior River below Tuscaloosa, in Alabama; to the Committee on Rivers and Harbors.

3535. By Mr. MICHAEL J. KENNEDY: Petition of Gustave Stryker and Stella Gartner and 58 others, urging that the Seventy-sixth Congress enact the improved General Welfare Act (H. R. 5620), thus relieving the suffering of needy citizens over 60 years of age; to the Committee on Ways and Means.

3536. By Mr. KEOGH: Petition of Edward M. McKee Unit, No. 131, American Legion Auxiliary, Whitestone, Long Island, N. Y., concerning the Wagner-Rogers bill; to the Committee on Labor.

3537. Also, petition of the Chamber of Commerce of the United States, concerning the Social Security Act; to the Committee on Ways and Means,

3538. Also, petition of the Cafeteria Employees Union, Local 302, New York City, concerning Works Progress Administration curtailments; to the Committee on Ways and Means.

3539. Also, petition of the Women's City Club of New York, favoring Senate bill 591 and House bill 2888, for the expansion of the present United States Housing Authority program; to the Committee on Banking and Currency.

3540. Also, petition of R. C. Utess, of Brooklyn, N. Y., opposing the passage of the Fulmer bill (H. R. 57), known as the Cotton Net Weight Act; to the Committee on Agriculture.

3541. Also, petition of the International Woodworkers of America, Seattle, Wash., concerning the passage of the Casey bill (H. R. 6470); to the Committee on Appropriations.

3542. By Mr. PFEIFER: Petition of the International Woodworkers of America, Seattle, Wash., concerning the Murray-Casey bill (H. R. 6470); to the Committee on Appropriations.

3543. Also, petition of the Women's City Club of New York, urging support of Senate bill 591 and House bill 2888; to the Committee on Banking and Currency.

3544. Also, petition of R. C. Utess, vice president, American Manufacturing Co., Brooklyn, N. Y., opposing the Fulmer bill (H. R. 57); to the Committee on Agriculture.

3545. By Mr. SHAFER of Michigan: Resolution of the executive committee of the National Association of Supervisors of State Banks, opposing Senate bill 2098 and House bill 5535; to the Committee on Banking and Currency.

3546. Resolution of the Grand Lodge, Brotherhood of Railroad Trainmen, opposing consolidation provisions of House bill 4862 and Senate bill 2009; to the Committee on Inter-

state and Foreign Commerce.

3547. By Mr. WADSWORTH: Petition of Charles W. Webster and others, of Warsaw, N. Y., in support of House bills 11 and 5620; to the Committee on Ways and Means.

3548. By Mr. WELCH: Assembly Joint Resolution No. 13, of the California State Legislature, memorializing Congress to enact legislation limiting the number of cars in trains; to the Committee on Interstate and Foreign Commerce.

3549. By Mr. VAN ZANDT: Petition of J. F. Copenhaver, A. J. Shugarts, and T. H. Smeal, members of the resolution committee of Council No. 372, Junior Order of United American Mechanics, of Altoona, Pa., opposing Senate Joint Resolution 64, permitting 20,000 refugee children entrance to the United States from Germany, setting forth that in 5 years they will be approximately 19 years of age and ready to take the jobs open to American boys and girls, thereby adding to the already acute employment problem in the United States; to the Committee on Immigration and Naturalization.

3550. By the SPEAKER: Petition of the United Federal Workers of America (Congress of Industrial Organizations), Justice Local, No. 80, Washington, D. C., urging consideration of their resolution with reference to House bill 690 and Works Progress Administration employees; to the Committee

on the Civil Service.

3551. Also, petition of the American Legion, San Juan, P. R., urging consideration of their resolution with reference to House bill 3517, furnishing Federal aid to education; to the Committee on Education.

SENATE

WEDNESDAY, JUNE 7, 1939

(Legislative day of Monday, June 5, 1939)

The Chaplain, Rev. Z@Barney T. Phillips, D. D., offered the following prayer:

Great is Thy name, O Lord, marvelous are Thy works, the whole earth is full of Thy glory.

Open our hearts, we beseech Thee, this day to the joy of life, to the exquisite loveliness that lurks in leaf and flower, to the haunting beauty framed in the faces of innocent children, and to the sacramental gifts of friendship that somehow by Thy touch of love our associations here may feel the impulse of this note of gladness to the solution of the problems which we share. Keep us ever close to Thee, and as we grow in age may we grow in grace, that the twilight of indifference may be changed into a fervent yearning for what is true, noble, and holy, and a bitter loathing for all things false, selfish, and vile. We ask these blessings not only for ourselves but for Thy children everywhere, that a regenerated people may speed the day when the kingdoms of this world shall have become the kingdom of our Lord and of His Christ and He shall reign forever and ever. Amen.

THE JOURNAL

On request of Mr. Barkley, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Tuesday, June 6, 1939, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

CALL OF THE ROLL

Mr. LEE. I suggest the absence of a quorum. The VICE PRESIDENT. The clerk will call the roll. The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Davis	Johnson, Colo.	Radcliffe
Andrews	Donahey	King	Reed
Ashurst	Downey	La Follette	Reynolds
Austin	Ellender	Lee	Russell
Bailey	Frazier	Lodge	Schwellenbach
Bankhead	George	Logan	Sheppard
Barbour	Gerry	Lucas	Slattery
Barkley	Gibson	Lundeen	Smathers
Bilbo	Gillette	McCarran	Smith
Bone	Green	McKellar	Stewart
Borah	Guffey	McNary	Taft
Brown	Gurney	Maloney	Thomas, Utah
Bulow	Hale	Mead	Tobey
Burke	Harrison	Minton	Townsend
Byrd	Hatch	Murray	Vandenberg
Byrnes	Hayden	Neely	Van Nuys
Capper	Herring	Norris	Wagner
Caraway	Hill	Nye	Walsh
Chavez	Holman	O'Mahoney	Wheeler
Clark, Idaho	Holt	Overton	White
Clark, Mo.	Hughes	Pepper	Wiley
Connally	Johnson, Calif.	Pittman	The state of the s

Mr. LEE. I announce that the Senator from Arkansas [Mr. Miller] is absent from the Senate because of illness in his family.

The Senator from Virginia [Mr. Glass], the Senator from Wyoming [Mr. Schwartz], the Senator from Oklahoma [Mr. Thomas], the Senator from Missouri [Mr. Truman], and the Senator from Maryland [Mr. Tydings] are detained on important public business.

Mr. AUSTIN. I announce that the Senator from New Hampshire [Mr. Bridges] is absent because of an operation.

The VICE PRESIDENT. Eighty-seven Senators have answered to their names. A quorum is present.

MESSAGE FROM THE HOUSE—ENROLLED BILLS AND JOINT RESOLUTION SIGNED

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the Speaker had affixed his signature to the following enrolled bills and joint resolution, and they were signed by the Vice President:

S. 50. An act to provide for recognizing the services rendered by civilian officers and employees in the construction and establishment of the Panama Canal and the Canal Zone;

S. 499. An act to amend the act entitled "An act making appropriations for the naval service for the fiscal year ending June 30, 1910, and for other purposes," approved March 3, 1909, as amended, so as to extend commissary privileges to civilian officers and employees of the United States at naval stations beyond the continental limits of the United States or in Alaska;

S. 509. An act to add certain lands of the Front Royal Quartermaster Depot Military Reservation, Va., to the Shenandoah National Park, and for other purposes:

S. 588. An act to provide for an additional midshipman atthe United States Naval Academy, and for other purposes;

S. 1409. An act to authorize the conveyance by the United States to the town of Bristol, Maine, of a portion of the Pemaquid Point Lighthouse Reservation, and for other purposes:

S.1879. An act to amend the United States mining laws applicable to the area known as the watershed of the headwaters of the Bonito River in the Lincoln National Forest within the State of New Mexico;

S. 1982. An act to convey certain property to the city of El Campo, Tex.;

S. 2149. An act to add certain lands to the Papago Indian Reservation in Arizona;

S. 2404. An act to authorize the disposal of the Portland, Oreg., old courthouse building;

H. R. 5765. An act to authorize commissioning aviation cadets in the Naval and Marine Corps Reserves upon completion of training, and for other purposes; and

S. J. Res. 138. Joint resolution providing that reorganization plans Nos. I and II shall take effect on July 1, 1939.

TRIBUTE TO THE LATE SENATOR COPELAND, OF NEW YORK

Mr. GERRY. Mr. President, recently I prepared an address which I expected to deliver when the memorial addresses were made in the Senate a few days ago on the life,

character, and public service of the late Senator from New York, Hon. Royal S. Copeland. However, I was unavoidably detained from the Senate on that occasion, and I now ask unanimous consent to have inserted in the Record the remarks prepared by me as a tribute to the late Senator.

There being no objection, the remarks were ordered to be

printed in the RECORD, as follows:

Mr. GERRY. Mr. President, I wish to say a few words in tribute to Senator Royal S. Copeland, who, in a life of public service, represented the State of New York for 15 years in the Senate.

Before being elected to that office he had gained distinction as a physician. The human sympathy and the understanding of men necessary to the physician, and the industry and determination of the legislator were so merged as to make him, with his pleasant disposition, a valued friend.

He was by nature human, friendly, and simple, admirably equipped to be a family counselor. He was well able to meet the larger responsibilities that came to him when he was made health commissioner of New York City, and later, when he represented his State in the Senate. He never ceased to be concerned for the health of those about him. Time and again he admonished individual Senators and the Senate collectively against overwork. He, in his zeal for accomplishment, did not spare himself when his own health was not robust.

In the later years of Senator Copeland's life several items of legislation in which we were both closely interested brought us together. I learned how painstaking he really was, what patience he brought to a task, and how willing he was to study details. He was a stubborn fighter and persistent in his advocacy, but he knew how and when to compromise on matters which he did not regard as vital to his main objective. The task of a Senator from New York is, by its nature, a heavy one. Senator Copeland also bore the burden of the chairmanship of one of the most important Senate committees. The weight of his own duties made him no less willing to champion the issues sponsored by his colleagues.

His knowledge of life and his wide experience gave the touch of humanity to what he said. He had, as he told the Senate, seen young men and women marry, he had watched them establish homes, make gradual improvements on the property, build extensions as children came, and plant the trees and shrubs that would help make the home place the center of a family's life. Such things as these were in the background of his thinking on legislation. He realized the importance of the primary things. Knowing and loving a way of life, he fought for what he thought sustained it.

Senator COPELAND was not a lawyer, but when grave constitutional questions confronted the Congress his knowledge of men and his understanding of American institutions gave

him what he needed to know.

Where did he learn these fundamentals? The outlines of his career suggest the answer, but they do not tell the full story. We see him as a patriotic citizen, participating in the public life of his country, serving successively as mayor, as president of the board of education and president of the park commissioners of Ann Arbor, Mich., and later in New York as a member of the city ambulance board and as health commissioner, before being elected to the Senate.

The recital of offices held and responsibilities fulfilled indicates his record as an official and as a citizen. It does not explain the man's deep-seated tolerance, nor the broadness of his vision. It does not explain why Senator COPELAND, an active and prominent adherent of one religious faith, stood fast to defend the rights of others to worship in ac-

cordance with the dictates of conscience.

He himself told us more. Addressing the Senate, he was able to review incidents of his career and to declare without fear: "Let no man say I am a convert to tolerance." As he went on there emerged the picture of him as a boy and young man, instructed by his father in respect for the beliefs of others. Then, while a young physician, he observed the attacks being made by an un-American organization on those professing a particular religious belief. It did not

matter to him that he was not the object of the attack. He denounced the organization; he sponsored public meetings in opposition to it, for, as he said:

The political activities of that organization and its acts of oppression, discrimination, and social indecency caused indignation in my soul because of the spirit of tolerance given me by my father.

The attitude of mind that he showed then entered into what he was to do later. He brought the same spirit with him to the Senate. It was apparent in his personal dealings with his fellow Senators; it was a part of his approach to public questions. Born and taught to respect the ideas and opinions of others, his life as an individual and as a public servant was free of hatred and prejudice. It was this spirit that ran throughout the performance of all his work that gave warmth to the friendship we had for him when he walked among us and gave us cause to revere his memory today and always.

TWENTY-FIFTH SESSION, INTERNATIONAL STATISTICAL INSTITUTE

The VICE PRESIDENT laid before the Senate the following message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Foreign Relations:

To the Congress of the United States of America:

I commend to the favorable consideration of the Congress the enclosed report from the Secretary of State to the end that legislation may be enacted to amend Public Resolution No. 46, approved August 9, 1935, to authorize and request the President to invite foreign governments to be represented by delegates at the twenty-fifth session of the International Statistical Institute, to be held in the United States in 1940, and to authorize an appropriation of the sum of \$5,000, or so much thereof as may be necessary, for participation by the United States in the meeting.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, June 7, 1939.

[Enclosure: Report.]

PURCHASE OF LAND, ETC., FOR RADIO MONITORING STATION

The VICE PRESIDENT laid before the Senate a letter from the Acting Chairman of the Federal Communications Commission, transmitting a draft of proposed legislation to authorize the purchase of land, buildings, antenna systems, and appurtenances for use as a radio monitoring station, and for other purposes, which, with the accompanying paper, was referred to the Committee on Interstate Commerce.

CIRCUIT COURT OF APPEALS FOR PATENTS—CHANGE OF REFERENCE OF PAPERS

On motion by Mr. ASHURST, the Committee on the Judiciary was discharged from the further consideration of a letter from the Secretary of Commerce, transmitting a draft of proposed legislation to establish a Circuit Court of Appeals for Patents, and the letter, with the accompanying paper, was referred to the Committee on Patents.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution of the San Francisco-Oakland (Calif.) Newspaper Guild, protesting against the enactment of legislation depriving noncitizens of the right to work on Works Progress Administration projects, to deport certain noncitizens to concentration camps, etc., which was referred to the Committee on Appropriations.

He also laid before the Senate a resolution of the San Francisco-Oakland (Calif.) Newspaper Guild, favoring a deficiency appropriation for the Works Progress Administration of \$50,000,000 for the balance of the fiscal year ending June 30, 1939, and a sufficient appropriation to provide an average of 3,000,000 public-works jobs for the fiscal year beginning July 1, 1939, which was referred to the Committee on Appropriations.

He also laid before the Senate resolutions of the American Legion, Department of Puerto Rico, San Juan, P. R., favoring the enactment of legislation providing Federal aid to education, which was referred to the Committee on Education and Labor.

He also laid before the Senate a resolution adopted by the Fifth Annual Commodore John Barry Pilgrimage at St. Mary's Cemetery, Philadelphia, Pa., held under the auspices of the County Wexford Association of New York, favoring the enactment of legislation to honor the memory of Commodore John Barry on the occasion of the bicentenary (1945) of his birth by presenting to the Irish Nation a memorial which will be commensurate with the services of John Barry, which was referred to the Committee on Foreign Relations.

He also laid before the Senate a letter in the nature of a petition from Edwin Ray Potter, of the Bronx, New York City, praying for an investigation of alleged subversive activities against the United States in a C. C. C. company in the vicinity of Murray, Utah, which was referred to the Committee on the Judiciary.

He also laid before the Senate a letter in the nature of a petition from the Medical and Chirurgical Faculty of Maryland, Baltimore, Md., praying for the enactment of legislation to provide for the construction of a new fireproof Army medical library in Washington, D. C., which was referred to the Committee on Military Affairs.

He also laid before the Senate a joint resolution of the Legislature of the Territory of Hawaii, favoring the enactment of legislation by the Congress to amend sections 203 (4), 204 (4), 207 (1), 208 (3), 209 (1), 215 (2), 220, and 224 of the Hawaiian Homes Commission Act of 1920, which was referred to the Committee on Territories and Insular Affairs.

Mr. LODGE presented a letter in the nature of a petition from Mrs. Charles A. Carpenter, of Seekonk, Mass., praying for the enactment of legislation to take the profits out of war, and also praying for action to keep the Nation out of foreign wars and the Army and Navy of the United States out of foreign war zones, which was referred to the Committee on Foreign Relations.

Mr. WALSH presented letters in the nature of petitions from the Chambers of Commerce of Holyoke and Springfield, Mass., praying for the enactment of legislation to provide for the deepening of the navigation channel from Hartford, Conn., to Holyoke, Mass., which were referred to the Committee on Commerce.

He also presented telegrams and letters in the nature of memorials from the West Springfield Board of Selectmen; the Holyoke Taxpayers' Association, by George B. Fowler, president; the Chamber of Commerce of West Springfield; the Eastern States Farmers' Exchange, by Quentin Reynolds, general manager; and the Springfield Taxpayers' Association, Inc., of Springfield, all in the State of Massachusetts, remonstrating against the enactment of legislation providing for the deepening of the navigation channel from Hartford, Conn., to Holyoke, Mass., which were referred to the Committee on Commerce.

RESTRICTION OF IMMIGRATION AND DEPORTATION OF CERTAIN ALIENS

Mr. REYNOLDS presented a resolution adopted by the Texas Young Democrats of the District of Columbia, which was referred to the Committee on Immigration and ordered to be printed in the RECORD, as follows:

Whereas the Honorable Robert R. REYNOLDS, a Senator in Conwhereas the Honorable Robert R. Reynolds, a Senator in Congress from the State of North Carolina, has introduced in the Senate five bills, Nos. 407, 408, 409, 410, and 411, to reduce further immigration, to authorize the exclusion of any alien whose entry into the United States is inimical to the public interest, to prohibit the separation of families through the entry of aliens leaving dependents abroad, to provide for the national defense by the registration of aliens in the United States, to protect American registration of aliens in the United States, to protect American labor and stimulate the employment of American citizens on American jobs, to provide for the deportation of aliens subsisting on relief under certain circumstances, and to provide for the deportation of aliens dangerous to the public interest; and

Whereas these subjects are of vital interest to the preservation of the welfare and happiness of the American people; and

Whereas it is believed that if such bills became the law of the land that the United States would be a better place in which to live: Therefore be it

live: Therefore be it

Resolved, That the Texas Young Democrats of the District of Columbia go on record as favoring the enactment of the abovementioned bills into laws, and that the attention of the two Senators and the 21 Representatives in Congress from the State of Texas be invited to these important measures and that they be urged to vote for and to support actively these measures, and that copies of this resolution be sent to each of them, and that a copy be sent also to the president of the Young Democratic Clubs of Texas, the chairman of the central committee of Young Democratic Clubs of the District of Columbia, and the executive secrethe Young Democratic Clubs of America, Washington, D. C.

EMBARGO ON EXPORTATION OF WAR MATERIALS TO JAPAN

Mr. REYNOLDS. Mr. President, I have before me a letter from Greensboro, N. C., my State, signed by Miss Dorothy Shaw, secretary of the Greensboro Branch, American League for Peace and Democracy. She says:

MY DEAR SENATOR REYNOLDS: At a meeting in Greensboro of approximately 150 people, the attached resolution was unanimously approved. We request that this resolution be entered in the Con-GRESSIONAL RECORD. It relates to an embargo upon the Japanese in their invasion of China.

Without expressing an opinion as to my attitude relative to that question, I ask that the resolution be embodied in the pages of the Congressional Record and appropriately referred. I am desirous of complying with the request of my constituent, Miss Shaw, regardless of whether or not our attitudes relative to the situation in the east are in accord.

The VICE PRESIDENT. Without objection, the resolution will be printed in the RECORD and referred to the Committee on Foreign Relations.

The resolution is as follows:

Whereas Japan has wantonly invaded China; and

Whereas over one-half of all foreign war materials used by Japan are being furnished by the United States: Be it therefore

Resolved, That we, a group of citizens of Greensboro, N. C., do respectfully urge the President of the United States and the Conrespectivity trige the President of the United States and the Congress to support Senator Key Pittman's Senate Resolution 123, which would embargo all materials of war to Japan; be it further Resolved, That copies of this resolution be sent to Senator Key Pittman, Senators Robert Reynolds and Josiah Bailey, and to Congressman Carl Durham.

Respectfully submitted this the 11th day of May 1939.

GREENSEORO BRANCH, AMERICAN LEAGUE FOR PEACE AND DEMOCRACY. Rev. ROBERT HARDEE, Chairman, Rev. J. A. Vache, Miss Beth Cunningham, Miss Virginia Satterfield, Mr. Ross Canada. Mr. ENOCH PRICE, Miss Dorothy Shaw, Boycott Committee.

REPORTS OF COMMITTEES

Mr. VANDENBERG, from the Committee on Commerce, to which was referred the bill (S. 2505) to amend an act to provide for the fifteenth and subsequent decennial censuses and to provide for apportionment of Representatives in Congress, approved June 18, 1929, so as to change the date of subsequent apportionments, reported it without amendment and submitted a report (No. 556) thereon.

Mr. BAILEY, from the Committee on Commerce, to which was referred the bill (S. 2503) to amend an act entitled "An act to authorize the establishment of a permanent instruction staff at the United States Coast Guard Academy," approved April 16, 1937, reported it without amendment.

Mr. LEE, from the Committee on Military Affairs, to which was referred the bill (S. 506) to provide for a more efficient and economical mileage table of distances and routes to apply for the payments of travel performed for the United States Government by the military personnel, Coast Guard, Coast and Geodetic Survey, and the Public Health Service, reported it with amendments and submitted a report (No. 557)

Mr. SCHWELLENBACH, from the Committee on Claims. to which was referred the bill (H. R. 2058) for the relief of Jessie Denning Van Eimeren, A. C. Van Eimeren, and Clara Adolph, reported it without amendment and submitted a report (No. 558) thereon.

He also, from the same committee, to which was referred the bill (H. R. 5722) for the relief of Evelyn Gurley-Kane, reported it with an amendment and submitted a report (No. 559) thereon.

He also, from the Committee on Agriculture and Forestry, to which was referred the bill (H. R. 2179) to ratify and confirm certain interest rates on loans made from the revolving fund authorized by section 6 of the Agricultural Marketing

Act, approved June 15, 1929 (46 Stat. 11), and for other purposes, reported it without amendment and submitted a report (No. 564) thereon.

He also, from the same committee, to which was referred the bill (S. 1955) to authorize the Secretary of Agriculture to delegate certain regulatory functions, and to create the position of Second Assistant Secretary of Agriculture, reported it with an amendment and submitted a report (No. 565) thereon.

Mr. SMATHERS, from the Committee on Claims, to which was referred the bill (H. R. 2251) for the relief of Russell Anderegg, a minor, and George W. Anderegg, reported it without amendment and submitted a report (No. 560) thereon.

Mr. HUGHES, from the Committee on Claims, to which was referred the bill (S. 2500) authorizing the Comptroller General of the United States to settle and adjust the claims of Mary Pierce and John K. Quackenbush, reported it without amendment and submitted a report (No. 561) thereon.

Mr. TOBEY, from the Committee on Claims, to which was referred the bill (H. R. 3077) for the relief of Adam Casper, reported it without amendment and submitted a report (No. 562) thereon.

Mr. BILBO, from the Committee on Commerce, to which was referred the bill (S. 1108) to restrict the exportation of certain Douglas fir peeler logs and Port Orford cedar logs, and for other purposes, reported it without amendment and submitted a report (No. 563) thereon.

Mr. SHEPPARD, from the Committee on Military Affairs, to which was referred the bill (H. R. 5436) to authorize the grant of a sewer right-of-way and operation of sewage-treatment plant on the Fort Niagara Military Reservation, N. Y., by the village of Youngstown, N. Y., reported it without amendment and submitted a report (No. 566) thereon.

Mr. HILL, from the Committee on Military Affairs, to which was referred the bill (S. 2327) to authorize the President to appoint Frank T. Hines a brigadier general in the Army of the United States, reported it without amendment and submitted a report (No. 567) thereon.

Mr. McKellar, from the Committee on Appropriations, to which was referred the bill (H. R. 6392) making appropriations for the Departments of State and Justice, and for the judiciary, and for the Department of Commerce, for the fiscal year ending June 30, 1940, and for other purposes, reported it with amendments and submitted a report (No. 568) thereon.

Mr. GURNEY, from the Committee on Military Affairs, to which was referred the bill (S. 650) relative to the military record of Frank I. Otis, deceased, reported it with an amendment to the title and submitted a report (No. 569) thereon.

Mr. KING, from the Committee on the District of Columbia, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 2147. A bill to amend the act of Congress entitled "An act to define, regulate, and license real-estate brokers, business-chance brokers, and real-estate salesmen; to create a Real Estate Commission in the District of Columbia; to protect the public against fraud in real-estate transactions; and for other purposes," approved August 25, 1937 (Rept. No. 570);

H. R. 4745. A bill relating to benefit assessments from condemnation proceedings for the opening, extension, widening, or straightening of alleys or minor streets (Rept. No. 571);

H.R. 4940. A bill to authorize the furnishing of steam from the central heating plant to the District of Columbia (Rept. No. 572);

H.R. 5488. A bill to provide for the widening of Wisconsin Avenue in the District of Columbia, and for other purposes (Rept. No. 573); and

H. R. 5987. A bill to amend the District of Columbia Traffic Act of 1925 (43 Stat. 1119) (Rept. No. 574).

Mr. KING also, from the Committee on the District of Columbia, to which was referred the bill (S. 2010) to authorize the board of directors of the Columbia Institution for the Deaf to dedicate a portion of Mount Olivet Road NE., and

to exchange certain lands with the Secretary of the Interior, to dispose of other lands, and for other purposes, reported it with amendments and submitted a report (No. 575) thereon.

Mr. AUSTIN, from the Committee on the District of Columbia, to which was referred the bill (S. 1805) to establish a lien for moneys due hospitals for services rendered in cases caused by negligence or fault of others and providing for the recording and enforcing of such liens, reported it without amendment and submitted a report (No. 576) thereon.

Mr. HOLMAN, from the Committee on the District of Columbia, to which was referred the bill (H. R. 5066) to amend the act entitled "An act to regulate proceedings in adoption in the District of Columbia," approved August 25, 1937, reported it without amendment and submitted a report (No. 577) thereon.

Mr. CAPPER, from the Committee on the District of Columbia, to which was referred the bill (H. R. 5680) to amend section 1 of the act entitled "An act to authorize the Philadelphia, Baltimore & Washington Railroad Co. to extend its present track connection with the United States navy yard so as to provide adequate railroad facilities in connection with the development of Buzzards Point as an industrial area in the District of Columbia, and for other purposes," approved June 18, 1932 (Public, No. 187, 72d Cong.), reported it without amendment and submitted a report (No. 578) thereon.

Mr. SLATTERY, from the Committee on the District of Columbia, to which was referred the bill (H. R. 5801) to grant permission for the construction, maintenance, and use of a certain underground conduit for electrical lines in the District of Columbia, reported it without amendment and submitted a report (No. 579) thereon.

Mr. CLARK of Missouri, from the Committee on Commerce, to which were referred the following bills, reported them each with amendments and submitted reports thereon:

S. 2119. A bill to provide for the training of civil aircraft pilots, and for other purposes (Rept. No. 580); and

H. R. 5619. A bill to provide for the training of civil aircraft pilots, and for other purposes.

Mr. PEPPER, from the Committee on Commerce, to which was referred the bill (H. R. 5966) to establish a Coast Guard Reserve to be composed of owners of motorboats and yachts, reported it without amendment and submitted a report (No. 582) thereon.

He also, from the same committee, to which was referred the bill (S. 1852) to promote the free flow of domestically produced fishery products in commerce, and for other purposes, reported it with amendments and submitted a report (No. 583) thereon.

Mr. REYNOLDS, from the Committee on the District of Columbia, to which was referred the bill (S. 1575) to provide that the annual registration of motor vehicles in the District of Columbia shall be for the period from April 1 in each year to March 31 in the succeeding year, reported it with an amendment and submitted a report (No. 584) thereon,

BLOCK BOOKING AND BLIND SELLING OF MOTION-PICTURE FILMS—MINORITY VIEWS

Mr. SMITH, as a member of the Committee on Interstate Commerce, submitted views of the minority of the committee on the bill (S. 280) to prohibit and to prevent the trade practices known as "compulsory block-booking" and "blind selling" in the leasing of motion-picture films in interstate and foreign commerce, which were ordered to be printed as part 2 of Report No. 532.

ENROLLED BILLS AND JOINT RESOLUTION PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that that committee presented to the President of the United States the following enrolled bills and joint resolution:

On June 6, 1939:

S. 572. An act to provide for the common defense by acquiring stocks of strategic and critical materials essential to the needs of industry for the manufacture of supplies for the armed forces and the civilian population in time of a national emergency, and to encourage, as far as possible, the

further development of strategic and critical materials within the United States for common defense.

On June 7, 1939:

S. 50. An act to provide for recognizing the services rendered by civilian officers and employees in the construction and establishment of the Panama Canal and the Canal Zone:

S. 499. An act to amend the act entitled "An act making appropriations for the naval service for the fiscal year ending June 30, 1910, and for other purposes," approved March 3, 1909, as amended, so as to extend commissary privileges to civilian officers and employees of the United States at naval stations beyond the continental limits of the United States or in Alaska:

S. 509. An act to add certain lands of the Front Royal Quartermaster Depot Military Reservation, Va., to the Shenandoah National Park, and for other purposes;

S. 588. An act to provide for an additional midshipman at the United States Naval Academy, and for other purposes;

S. 1409. An act to authorize the conveyance by the United States to the town of Bristol, Maine, of a portion of the Pemaquid Point Lighthouse Reservation, and for other purposes:

S. 1879. An act to amend the United States mining laws applicable to the area known as the watershed of the headwaters of the Bonito River in the Lincoln National Forest within the State of New Mexico;

S. 1982. An act to convey certain property to the city of El Campo, Tex.;

S. 2149. An act to add certain lands to the Papago Indian Reservation in Arizona;

S. 2404. An act to authorize the disposal of the Portland, Oreg., old courthouse building; and

S. J. Res. 138. Joint resolution providing that reorganization plans Nos. I and II shall take effect on July 1, 1939.

BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. LOGAN:

S. 2565. A bill to promote the efficiency of the national defense; to the Committee on Military Affairs.

By Mr. BAILEY:

S. 2566. A bill to amend the Merchant Marine Act, 1936, as amended, to provide for marine war-risk insurance and reinsurance and for marine-risk reinsurance, and for other purposes; to the Committee on Commerce.

By Mr. LUCAS:

S. 2567. A bill to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of the Velie Motors Corporation; to the Committee on Claims.

By Mr. SHEPPARD:

S. 2568. A bill to amend the Federal Credit Union Act (June 26, 1934, c. 750, par. 1, 48 Stat. 1216, sec. 1761); to the Committee on Banking and Currency.

S. 2569. A bill to amend the act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplementary thereto; to the Committee on the Judiciary.

By Mr. SCHWELLENBACH:

S. 2570. A bill for the relief of Mary Boyd; to the Committee on Claims.

By Mr. PEPPER:

S. 2571. A bill to provide for the erection of a memorial to Stephen Collins Foster on the banks of the Suwannee River, Fla.; to the Committee on the Library.

By Mr. McNARY:

S. 2572. A bill for the relief of Anna M. Shea; to the Committee on Claims.

By Mr. ELLENDER:

S. 2573. A bill to amend the Agricultural Adjustment Act of 1938, as amended, for the purpose of regulating interstate and foreign commerce in rice and providing for the

orderly marketing of rice at fair prices in interstate and foreign commerce; to the Committee on Agriculture and Forestry.

By Mr. TOWNSEND and Mr. HUGHES:

S. 2574. A bill authorizing the construction of a highway bridge across the Chesapeake and Delaware Canal at St. Georges, Del.; to the Committee on Commerce.

By Mr. HILL:

S. 2575. A bill to provide pensions, compensation, retirement pay, and hospital benefits for certain Reserve officers of the Army of the United States; to the Committee on Military Affairs.

By Mr. PITTMAN:

S. 2576. A bill to authorize the expenditure of the receipts from migratory bird and wildlife refuges or other areas or projects operated or controlled by the Bureau of Biological Survey, United States Department of the Interior, for the protection of such refuges, areas, or projects and wildlife thereon, and for other purposes; to the Special Committee on Conservation of Wildlife Resources.

(Mr. NyE introduced S. J. Res. 149, which was referred to the Committee on Appropriations, and appears under a separate heading.)

By Mr. LUNDEEN:

S. J. Res. 150. Joint resolution proposing an amendment to the Constitution of the United States relating to old-age assistance; to the Committee on the Judiciary.

ERADICATION OF GRASSHOPPERS

Mr. NYE. Mr. President, an emergency of large proportions is confronting a number of States of the Northwest. It will be recalled by every Member of the Senate that during the past 2 years there have been requests for appropriations for the eradication of grasshoppers. At the beginning of this year the Bureau of Entomology, feeling that the threat was unusually great, indicated what would be the need if the grasshopper eradication work were to be carried on to the degree they thought necessary. Their request was for something more than \$5,000,000.

In the first deficiency bill the Congress allowed a total of \$3,000,000 for this purpose. It soon developed that that was not nearly adequate, and the Senate wrote into the regular appropriation bill for the Agricultural Department an additional sum in the amount of \$2,417,000. That bill is tied up in conference at the present time, and, perhaps, will remain in conference for a matter of a week and probably 2 weeks. In any event, we are confronted now with the fact that the moneys which have been appropriated and which are so essential at this particular time will be exhausted by June 10.

The threat and danger are much greater than in any preceding year. A desperate effort is being made to cope with the situation that presents itself. The conferees of the House and of the Senate, dealing this morning with the agricultural appropriation bill, were consulted, and there was general agreement that there was no hope that the conference could be concluded and action taken on the regular appropriation bill anywhere near June 10. It is my best advice that the Senate should start a proceeding whereby this particular amount of money might be secured separately and with speed. So I am introducing a joint resolution providing for the appropriation of the \$2,417,000. The full Committee on Appropriations of the Senate is meeting this afternoon. I shall try to win consideration of that committee for this measure and expedite it so far as it is possible, if only the Senate will cooperate to the extent asked. I send the joint resolution to the desk and request that it may be referred at once to the Committee on Appropriations.

The VICE PRESIDENT. Is there objection?

There being no objection, the joint resolution (S. J. Res. 149) making an appropriation for the control of outbreaks, of insect pests was read twice by its title and referred to the Committee on Appropriations.

HOUSING ACT OF 1937-AMENDMENT

Mr. KING submitted an amendment intended to be proposed by him to the bill (S. 591) to amend the United States

Housing Act of 1937, and for other purposes, which was ordered to lie on the table and to be printed.

HOSPITALIZATION OF CERTAIN PERSONS OF THE UNITED STATES FORCES-AMENDMENTS

Mr. REYNOLDS submitted amendments intended to be proposed by him to the bill (S. 2304) to provide for hospitalization of certain persons who have served in the Regular Army, Navy, or Marine Corps, which were referred to the Committee on Military Affairs and ordered to be printed.

STABILIZATION FUND AND WEIGHT OF THE DOLLAR—REPEAL OF SILVER PURCHASE ACT OF 1934—AMENDMENT

Mr. TOWNSEND submitted an amendment intended to be proposed by him to the bill (H. R. 3325) to extend the time within which the powers relating to the stabilization fund and alteration of the weight of the dollar may be exercised, which was ordered to lie on the table and to be printed.

THE UNITED STATES ARMY

Mr. SHEPPARD. Mr. President, I desire to present for reference to the Committee on Printing, with a view to having it made a public document, a manuscript containing a general description of The Army of the United States and its components, its arms, services, and bureaus, and its military and nonmilitary activities.

For years there has been a general demand for a publication of this character, and I believe it should be printed

and distributed throughout the United States.

A similar pamphlet entitled "The United States Navy" was printed during the Seventy-fifth Congress, first session, Senate Document 35, and has been of general interest and great informative value.

The VICE PRESIDENT. Without objection, the manuscript and accompanying material will be received and re-

ferred to the Committee on Printing.

FOREIGN POLICY OF THE UNITED STATES

Mr. CAPPER. Mr. President, I believe this Congress is to face a real test in the next few weeks on what shall be the foreign policy of the United States.

We are to be called upon to determine whether the Government of the United States shall attempt to remain neutral as regards Old World conflicts, or whether the Government of the United States is to be empowered, and thereby instructed, to throw its influence and resources in favor of certain nations, and against certain other nations, in the age-old game of power politics in Europe.

The campaign to authorize the President of the United States to participate in the preliminary war moves of European powers with whom the majority of the people of the United States are in sympathy, will, in my judgment, center on repeal of the arms embargo provisions of the present

Neutrality Act.

I believe the embargo provisions should be retained by all means. Sales of arms and munitions of war are an open door to our own entry into any major European conflict.

I believe the majority of people in the Missouri-Mississippi Valley feel much the same as I do about it. I am confident that is the general sentiment in my State of Kansas, based on hundreds of petitions and many hundreds of letters I have received in the past months.

It is my opinion that Congress, instead of repealing the embargo provisions and thereby weakening the present Neutrality Act, should strengthen it by enacting something like the Nye-Bone-Clark bill. This plan will have my full

support when this matter comes before the Senate.

I also intend to support and work for submission of the proposed war referendum amendment to the Constitution. I am thoroughly convinced that this proposed amendment. safeguarded as it is to give the President and the Congress full power to take whatever measures are necessary to defend the United States and all its Territories, and also to defend the Western Hemisphere against outside aggression, would be ratified by the people if submitted to them.

I do not intend to take the time of the Senate today to enter into a prolonged discussion of the subject of foreign relations, but simply want to make my position plain.

I ask unanimous consent to have printed in the RECORD a resolution adopted by the Sunflower Club of Larned, Kans., and a few short letters received by me from citizens of Kansas who are opposed to the repeal of the embargo.

There being no objection, the resolution and letters were ordered to be printed in the RECORD, as follows:

LARNED, KANS., May 31, 1939.

Senator ARTHUR CAPPER, Washington, D. C.

DEAR SIR: We the undersigned members of the Ash Valley Sunflower Club, Pawnee County, Larned, Kans., wish to go on record as opposing any change in the present Neutrality Act.

Yours truly,

Nellie Griffith (secretary), Mrs. Al Seltman, Mrs. Robert Walker, Mrs. Elmer Seeman, Mrs. Lura M. Logan, Mrs. G. A. Yeager, Fannie Weisensec, Mildred Reed, Anna Fox, Gertrude Hermes, Mrs. Lynden Almquist, Mrs. George Seeman, Jr., Mrs. Frank Kirby, Mrs. Verne Dryden, Mrs. Dollie Yeager, Mrs. E. L. Kirkwood, Mrs. Gail Griffith, Mrs. Joe Dolezal, Thelma Fox, Clara M. Yeager, Mrs. Ray Almquist, Mrs. Lawrence Murphy, Mrs. Guy Wood, Mrs. George Griffith, Mrs. Welter For. George Griffith, Mrs. Walter Fox.

GARDEN CITY, KANS., May 19, 1939.

Senator ARTHUR CAPPER, Washington, D. C.

DEAR SIR: As one of the farmers in the western part of Kansas, I wish to remind you that we farmers out here want you to do your utmost to keep America out of war, even though a general war would mean an increase in the prices of farm products. not want war.

Sincerely yours,

LEO FRIESEN.

1201/2 EAST FOURTH STREET, Pittsburg, Kans., April 20, 1939.

Hon. ARTHUR CAPPER,

United States Senator, Washington, D. C.
DEAR SENATOR: Odd as it may seem, due to our previous experience, some of our leaders, high in governmental affairs, are actually

ence, some of our leaders, high in governmental affairs, are actually fostering and propagating our intrusion in other countries' business. By so doing they are thereby helping to create another war where we surely under those conditions would become involved. Nations of the Old World have old and new accounts to settle among themselves, and it seems to me that fact is none of our business when they settle or how they settle. Of course, should they choose war it would be of some concern to us, due to our economic dislocation and other factors involved. Those facts of themselves are so insignificant for us in comparison with the cost themselves are so insignificant for us in comparison with the cost and monstrosity of a great war that the use of such argument should make anyone blush with shame.

Those countries over there, to whom we address our insolent invectives, undoubtedly resent our interference as we would resent theirs were we in the same position. The idea that we should have special privileges due to our greater investments is very unjust. It is a well-known fact that a shabby, small home to a poor man is just as dear a possession to him as is a large and beautiful mansion to a rich one—the former more so, for the very fact that he is poor, therefore suffering a sense of lack plus injury to his pride.

No! No! It cannot be any of our business!

No! No! It cannot be any of our business!

I therefore, considering the eminence of your position in the affairs of this great Republic, pray you, dear Senator, to utilize all of your outstanding influence to keep this Nation out of European or Asiatic entanglements. I feel sure you will thereby be contributing in a large measure, if not wholly, in preventing to our problements of the incurrence of the incurrenc people the inevitable catastrophic consequences of another war.

May God inspire you to take this course. Your devoted and humble servant,

JOHN PETRUCCI United States Veteran of the World War.

Isn't it too bad that our country should be discussing whether or not we should enter the disgraceful quarrels of Europe? Every man, woman, and child before this should have risen above this state of mind. It isn't reasonable that our Congress should be wrangling over this matter. A friendly, legitimate trade with all countries alike. Why do we take sides and make enemies? Any of them are our friend only as they need us and their promise a piece of paper. After reflection, I am heartly ashamed of our part in the World War. England is at the bottom of most of it. "Propaganda" the curse of the world.

MARGARET GOSS.

DAWN, Mo.

ARTHUR CAPPER, Topeka, Kans.

DEAR SIR: I want to congratulate you on the work you are trying to do to keep us out of war.

It is heartbreaking to think of our boys giving their lives to make millionaires out of some big men. I think their money should be used as long as possible to save the lives of our young

men. It is no wonder our generation of boys today are disheart-

ened as I have heard several say.

If the boys could line the men up who are advocating war and shoot at them first, probably that would end this war.

Yours truly,

Mrs. W. T. SYKES.

SPIVEY, KANS., May 29, 1939.

Dear Mr. Capper: I, the mother of two grown sons, am yproud of our Nation for the stand for peace that is taken, but when I learn that we are furnishing Japan 54 percent of her war materials and buying 90 percent of her silk, I am heartsick and am sending my humble protest against it.

We are our brother's keeper, and, Mr. Capper, as Kansas Senator, will you please do all in your power to keep the United States from aiding any country to carry on war?

Respectfully yours,

Mrs. Harry Bertholf.

Mrs. HARRY BERTHOLF.

STUDLEY, KANS., May 23, 1939.

Senator ARTHUR CAPPER,

Dear Sir: I don't really think it's necessary for me to send these petitions as you have enough backbone to support them whether the voters support you or not. But I believe this printed form lacks one thing and that is to support a good-neighbor policy, the lack of which I believe is the most fundamental cause of war there lack of which I believe is the most fundamental cause of war there is, except, of course, the personal ambition of certain individuals. Many countries, like Germany, have a very serious need for necessary articles. If we make a real effort to supply those needs in exchange for things we need, and make especial efforts to treat them as neighbors and not enemies, I think would help more than anything else to make permanent peace.

Had the Allies treated Germany at the close of the war 20 years ago as the North treated the South at the end of the Civil War I believe there would have been no more thought of war than there now is between the North and South.

But to follow this policy would mean sacrifice sometimes. We farmers might have to take less for goods we sell. Manufacturers might have to sell lower.

T. E. McClelland.

T. E. MCCLELLAND.

OVERLAND PARK, KANS., April 29, 1939.

Hon. Senator ARTHUR CAPPER,

United States Senator from Kansas, Washington, D. C.
My Dear Senator: I heard with much interest and pride your remarks immediately after the Hitler broadcast. Practically every remarks immediately after the Hitler broadcast. Practically every President we have had in office at a time of unrest in Europe has been unable to resist the temptation of dabbling in European affairs, usually to the detriment of the United States. I think the present situation has shown that there is a real danger in entrusting the foreign policy of this country to any one individual, no matter whe he may be or how earnest his desire for the cause of peace. The responsibility is too great to be borne by one person. Would it be ne may be of now earliest his desire for the cause of peace. The responsibility is too great to be borne by one person. Would it be practical to design legislation to place the formulation of foreign policy in the hands of the President and a committee from the Senate. The suggestion may not be of value, but, anyway, it is a Senate. thought.

Very truly yours,

C. E. HAVEKOTTE.

TOPEKA, KANS., May 15, 1939.

Senator Arthur Capper,

Washington, D. C.

Dear Senator Capper: We, the undersigned, in a common feeling against the United States entering any war whatsoever, are writing to register our protest against any legislation which would allow us to become involved in war. We are relying upon you to help preserve our democracy by creating a neutrality which will keep us absolutely require.

absolutely neutral.

We realize your long-established, wide, and strong influence in Washington, Mr. Capper, and from the fine stands you have taken in other instances we feel sure you will use that influence to save American manhood for America.

We living the Capper of Capp

ican manhood for America.

Mr. J. Blood Coats, Caroline K. Walbridge, Barbara Olinger, Mrs. Otis S. Allen, Mary E. Hopkins, Mrs. Frank Nuss, Mrs. Harry Corby, Bess K. Hunter, Elizabeth LaRue, Barbara Page, Mary E. Dudley (president), Josephine Newell, Mrs. Wilson W. McCoy, Mrs. O. K. Johnson, Mrs. Howard M. Immel, Peggy Morgan, Mrs. W. Warren Rutter, Margie Spearing, Mrs. Ruth Hogue (members of Kappa Kappa Gamma present at a recent meeting).

ADDRESSES BY SENATOR JOHNSON OF COLORADO AND SENATOR NYE AT LUNCHEON OF PEOPLE'S LOBBY

[Mr. La Follette asked and obtained leave to have printed in the Record an address entitled "A War on Poverty or a Foreign War," delivered by Senator Johnson of Colorado, and an address entitled "Do British and European Imperialisms Differ?" delivered by Senator NyE, at the luncheon of the People's Lobby, Wesley Hall, Washington, D. C., June 3, 1939, which appear in the Appendix.]

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OUR COUNTRY, OUR CITIZENS FIRST-ADDRESS BY SENATOR REYNOLDS

[Mr. REYNOLDS asked and obtained leave to have printed in the Record a radio address recently delivered by himself on the subject Our Country, Our Citizens First, which appears in the Appendix.]

ADDRESS BY SENATOR SCHWELLENBACH TO CONVENTION OF YOUNG DEMOCRATS OF STATE OF WASHINGTON

[Mr. Minton asked and obtained leave to have printed in the Record an address delivered by Senator Schwellenbach to the convention of Young Democrats of the State of Washington at Walla Walla, Wash., June 2, 1939, which appears in the Appendix.]

CONFEDERATE MEMORIAL DAY ADDRESS BY SENATOR PEPPER

[Mr. Hill asked and obtained leave to have printed in the RECORD an address delivered by Senator Pepper on June 4. 1939, at Arlington National Cemetery in commemoration of Confederate Memorial Day, which appears in the Appendix.]

DRAFT OF CAPITAL IN CASE OF WAR-ADDRESS BY SENATOR LEE

[Mr. Sheppard asked and obtained leave to have printed in the RECORD a radio address on the subject of the draft of capital in case of war delivered by Senator Lee on June 3, 1939, which appears in the Appendix.]

LOANS TO SMALL ENTERPRISE-ADDRESS BY SENATOR MEAD

[Mr. Lee asked and obtained leave to have printed in the RECORD a radio address delivered by Senator MEAD in Washington, D. C., on May 31, 1939, on the subject Loans to Small Enterprise, which appears in the Appendix.]

ADDRESS BY HON. JAMES A. FARLEY BEFORE GREAT LAKES REGIONAL CONFERENCE OF DEMOCRATIC WOMEN

[Mr. Barkley asked and obtained leave to have printed in the RECORD an address delivered by Hon. James A. Farley before the Great Lakes Regional Conference of Democratic Women at Columbus, Ohio, May 11, 1939, which appears in the Appendix.]

RESOLUTION OF REPRESENTATIVE COTTON ORGANIZATIONS AND DEALERS AT MEETING IN DALLAS, TEX.

[Mr. LEE asked and obtained leave to have printed in the RECORD a resolution adopted by a meeting of representative cotton men held in Dallas, Tex., May 21, 1939, which appears in the Appendix.]

ADDRESS BY RT. REV. MGR. JOHN A. RYAN

[Mr. Guffey asked and obtained leave to have printed in the RECORD the address delivered by Rt. Rev. Mgr. John A. Ryan, D. D., of the Catholic University, on the occasion of the testimonial dinner tendered to him in Washington, D. C., on May 25, 1939, which appears in the Appendix.]

AMENDMENT OF NATIONAL HOUSING ACT OF 1937

The Senate resumed the consideration of the bill (S. 591) to amend the United States Housing Act of 1937, and for other purposes.

Mr. ELLENDER. Mr. President-

The VICE PRESIDENT. Before the Senator from Louisiana proceeds, will he permit the Chair to state that he regrets that on yesterday he did not observe in the RECORD the request of the Senator from Louisiana to be recognized. or else he would have recognized him? He apologizes to the Senator from Louisiana, as well as to the Senate, for not attending to his duty more faithfully.

Mr. ELLENDER. Mr. President, before proceeding to a discussion of the amendments to the Housing Act contained in the pending bill I shall elaborate some of the statements made by me yesterday in answer to the arguments advanced by the Senator from Maryland [Mr. TYDINGS].

The handling of all projects is divided into two distinct parts: First, the financing of the development or construction of a project; secondly, the payment of Federal and local annual subsidies to the completed project to bring down the rents. I shall now discuss the first proposition; that is, with reference to the financing of the development.

These two propositions must be held separate and apart in the minds of Members of the Senate. Two separate and distinct contracts are entered into between the United States Housing Authority and the local authority. The first contract deals exclusively with the financial end; the matter of obtaining the money with which to build the project. The second contract deals entirely with the subsidies which are to be paid by the United States Housing Authority and the local authorities. The financing of the development or construction of a project is entirely on an investment-loan basis. The local housing authority borrows not more than 90 percent of the development or construction cost from the United States Housing Authority. That is provided for in the bill. The limitation is written in the statute.

The local authority borrows not less than 10 percent of the development or construction cost of the project from local sources other than the Federal Government. Whether it be borrowed from the city, from local banks, or from other private investors, the point is that the money does not come from the Federal Government. The 90-percent Federal loan is evidenced by the obligations of the local housing authority, and is to be repaid in full, principal and interest, with an interest rate fixed by statute under a prescribed formula. Under said formula the rate of interest today is 3 percent. The 10 percent borrowed from local sources is also evidenced by the obligations of the local housing authority, and is to be repaid in full, principal and interest, with an interest rate which is generally not less than 3 percent, depending on the going Federal rate of interest.

The local loan, like the Federal loan, must be raised in cash, because cash is required to build a housing project. Under the law the 90 percent of the development cost borrowed from the U. S. H. A. cannot be advanced until the local housing authority has made arrangements to raise the 10 percent in cash from sources other than the Federal Government. The project cannot be completed and opened until the 10 percent borrowed locally is raised in cash, as well as the 90 percent borrowed from the Federal Government.

Now, let me read an excerpt from one of the contracts, which is in the usual form of contracts entered into between the U.S. H. A. and the local authority. Under section 3 of the contract it is specifically provided that—

The U. S. H. A. shall be under no obligation to the local authority to take up and pay for any bonds.

And then the contract sets out various conditions under which there shall be no such obligation. Among them is the following, under (c):

If the local authority shall not have obtained or entered into a contract to obtain in a form and upon terms satisfactory to the U.S. H. A. assistance equivalent to at least \$60,000—

In this case; that is, in the case of the particular contract from which I am now reading—

toward meeting the development cost of the project from sources other than the ${\tt U.\ S.\ H.\ A.}$

The contract from which I am reading is one that was executed between the Housing Authority and a local housing authority in Annapolis, Md. The total amount of loan that the U. S. H. A. agreed to make to the housing authority at Annapolis, Md., aggregated \$478,000, and the local authority agreed to put up \$60,000, which, as can be readily seen, is in excess of the limitation placed in the statute of not less than 10 percent.

Both the Federal 90 percent and the local 10 percent are on a strict loan basis. There is no Federal subsidy of any kind in the development or construction of a project, and no local subsidy of any kind is required by the act in the development or construction of a project. Therefore, the necessity for differentiating between the two propositions. The entire development or construction of a project is a matter of interest-bearing loans, a matter of Federal and local investment.

At the present time only 10 percent of the development loan cost of a project is being borrowed by the local housing authority from sources other than the Federal Government.

Ninety percent of the development loan cost of a project is being borrowed from the Federal Government. The United States Housing Authority is trying to encourage the local housing authorities to borrow much more than 10 percent of the cost for the development or construction of a project from sources other than the Federal Government, in order that the Federal loans for development or construction may be cut down to less than 90 percent. That is one of the purposes of an amendment to section 6 of the act, provided in the pending bill, which would make the obligations of local housing authorities available for investment by national banks. It will be readily seen that if the amendment is adopted, many of the bonds can be sold to private investors.

The time probably is near at hand when the local housing authority will borrow 20 or 30 or 50 percent of the development or construction cost of a project from sources other than the Federal Government, leaving only 80, 70, or 50 percent of the loans for the development cost of the project to be supplied by the Federal Government. This is a healthy tendency, because it will encourage the gradual investment of idle private capital in the development of housing projects.

It is an essential feature of the United States Housing Authority plan that the whole original development or construction cost of a project is kept on a strict loan or investment basis; the loan feature must not be confused with the subsidy.

Mr. VANDENBERG. Mr. President, may I ask the Senator a question?

The PRESIDING OFFICER (Mr. Herring in the chair). Does the Senator from Louisiana yield to the Senator from Michigan?

Mr. ELLENDER. I yield to the Senator.

Mr. VANDENBERG. I do not want to interrupt the continuity of the Senator's argument; but before he goes into further detail I wonder if he will permit me to ask him one or two general questions about the financial phase of the matter.

Mr. ELLENDER. Gladly.

Mr. VANDENBERG. If the pending bill is passed, how much will it add to the Federal Budget for the next fiscal year?

Mr. ELLENDER. If the bill is passed, no subsidies of any kind will be asked for until the projects are completed.

To give the Senator specific figures, the present Budget from the Interior Department asks for only \$5,000,000 for subsidizing housing projects which have been completed, or are now being built, and will be completed this year.

The Government does not contribute a nickel of subsidy toward reducing rents until the lessees occupy the projects, and if the projects authorized under this bond issue are not completed before 1942, the Federal Government will not have to advance a penny of subsidy until that time.

Mr. VANDENBERG. What will be the maximum additional budgetary burden if the bill shall be enacted?

Mr. ELLENDER. \$73,000,000 for— Mr. VANDENBERG. Additional?

Mr. ELLENDER. No; \$45,000,000 additional.

Mr. VANDENBERG. I have read the committee report, and the reference to the Bureau of the Budget seems to be rather cryptic. I am unable to make out whether or not the Bureau of the Budget is favorable or unfavorable, or just quiescent. What does the final paragraph of the report mean in its reference to the Bureau of the Budget?

Mr. ELLENDER. On page 12?

Mr. VANDENBERG. Yes.

Mr. ELLENDER. That refers to the amendment contemplated in the sixth section of the bill, proposing an amendment to the Banking Act giving these securities the same standing, as it were, with other Government securities, so that national banks may purchase them, may invest in them. The reason for the amendment is that instead of selling

these bonds to the Government itself, the idea is to get as many of them purchased by private institutions as possible.

Mr. VANDENBERG. But this paragraph seems to refer to the enactment of the bill, not to any particular section of it.

Mr. ELLENDER. To which paragraph is the Senator referring? There are three on that page.

Mr. VANDENBERG. The final paragraph. I am referring to the fact that the report suggests that the Bureau of the Budget seems to have no objection to the submission of the legislation provided "no commitment" would be involved. Does that mean that the Bureau of the Budget simply is neutral in respect to the program?

Mr. ELLENDER. No; I would not say that. It merely means, as I interpret the language referred to by the Senator, that until a project is completed, no commitment for an appropriation to provide a Federal subsidy can be made by the Housing Authority. That is all that the paragraph intends to convey.

Mr. VANDENBERG. Unfortunately there is a typographical error in the paragraph; two lines are transposed. Let me read the next to the last sentence the way, evidently, it is intended to read:

The Interior Department advised the committee that it had received a communication from the Bureau of the Budget stating that there would be no objection to the submission of the United States Housing Authority's report with the understanding that no commitment would thereby be made with respect to the relationship of the proposed legislation to the program of the

That is what I am inquiring about. What does that mean-no commitment as to whether or not this collides with the President's financial program, which is to say, with the Budget? Does it mean that it does collide, or that they are not willing to say that it collides, or that they do not know whether it collides or not? What does it mean?

Mr. ELLENDER. The Senator understands, of course, that before any project may be undertaken the President himself must O. K. it. I do not know exactly what the Budget had in mind.

Mr. VANDENBERG. This is the Senator's report.

Mr. ELLENDER. I understand; but evidently under the law no commitment for any appropriation for subsidies can be made until projects are actually completed. That is the reason for the statement quoted by the Senator. The law specifically provides that the authorized appropriation, in this bill, for instance, of \$45,000,000, cannot be made available to the local housing authorities unless and until the projects to be built are actually completed, because that sum is to be used exclusively to reduce the rents of the lessees who will occupy the buildings.

Mr. VANDENBERG. I understand what the Senator is saying.

Mr. ELLENDER. That is what the letter from the Bureau of the Budget means, if it is read as a whole.

Mr. VANDENBERG. This is what I am trying to find out: The first sentence specifically states that the United States Housing Authority is favorable to the enactment of the bill. We know where they stand. Then it undertakes to state the position of the Interior Department and the Bureau of the Budget. I am unable to find out from the language what the attitude of the Interior Department and the Bureau of the Budget is. Can the Senator tell me?

Mr. ELLENDER. I am sure that the Interior Department is for the bill, because this activity is under the Interior Department.

Mr. VANDENBERG. I am sorry, but I still seem to be in doubt as to what is meant by the reservation of a doubt regarding the President's financial program.

Mr. ELLENDER. I think the same language is used by the Bureau of the Budget in practically every recommendation it makes to Congress where an appropriation is concerned.

Mr. President, the second matter I propose to discuss is with reference to the annual Federal-loan subsidies for reducing rents. This aspect of the proposal must not be confused with the other feature I have just discussed; that is, regarding the raising of the funds to construct projects by the United States Housing Authority and by the local authority.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. TAFT. Why should it not be confused with the raising of the funds, when, as the Senator knows, the statute ties them together? In the first place, the faith of the United States is solemnly pledged to the payment of all annual contributions. In the second place, payments under annual contribution contracts shall be pledged as security for any loans obtained by public-housing agencies to assist the development of the housing projects to which the annual contributions relate. Congress has tied the two together. This is a permanent appropriation for 60 years. The faith of the United States is pledged, and then that is used to secure the bonds, and even if the contracts can be revised in 10 years, there is going to be a moral obligation on the part of the United States to see that a sinking fund is supplied to pay the interest on all loans to housing authorities. So, I think, the Senator cannot say that the contributions are one thing and the loans another. It seems to me they are one and the same thing.

Mr. ELLENDER. The Senator is quite correct that the two features of the program are interlocking, but for the purposes of this discussion and in order to avoid confusion, it is desirable to discuss them separately. I state that no subsidy is to be advanced by the United States Housing Authority, no money is to be appropriated by the Congress, until a project is actually built. Of course, as a safeguard it is provided in the law that these contributions have first to be applied toward paying the interest and the principal on the debt involved. The contract provides specifically that the holders of the bonds shall have first preference

in the contribution.

The subsidies or contributions toward all projects are paid only on an annual basis, as annual contributions, for the purpose of reducing rents after the projects are built.

There are neither Federal nor local subsidies in the form of capital grants during the construction of the project. The annual subsidies, both Federal and local, represent the amounts necessary to get the rents down to the level that slum dwellers can afford to pay.

That, Senators, is the reason in a nutshell why the Congress is asked to provide for an amount which, together with that appropriated by the municipality in the form of cash or tax remission, will be sufficient to cut the economic rent in half.

The method by which the annual contributions of subsidies are computed is as follows: After the project is built the United States Housing Authority in accord with the act itself calculates the annual charge against the project. including these items:

First. Debt service.

Second. Operation and management.

Third. Repairs, vacancies, insurance, and so forth. Fourth. Taxes (should they not be entirely remitted).

All these charges together make up the economic annual rent of the project, the amount that would be needed to be paid by the tenant if there were no annual subsidies. Then the United States Housing Authority calculates the amount of annual rent that can be paid by slum dwellers, which is generally what they are now paying in the slums. The difference between these two figures represents the annual subsidies, Federal and local, which must be paid to get the projects within the reach of slum dwellers.

This analysis makes it clear that neither the Federal annual subsidies nor the local annual subsidies are directed toward debt retirement, although it happens that the annual

Federal subsidies needed to get such rents low enough are almost equivalent to the charges for debt retirement.

Both the Federal annual contribution and the local annual contribution are directed toward reducing the whole economic rent, which includes debt retirement, management, operation, insurance, repairs, vacancies, and taxes. However, there is a provision in the statute insuring that the annual contributions shall secure the loans, as was stated a minute ago by the Senator from Ohio [Mr. Taft]. This is only logical, because the Federal subsidies should not be used for other purposes by a local authority that is defaulting on its loans, 90 percent of which are from the Federal Government.

The Federal annual contributions amount to about one-third of the economic rent, as I pointed out yesterday, and therefore constitute a 33½ percent rent subsidy. The local annual contributions represent about one-sixth of the economic rent, and therefore constitute a 16½ percent rent subsidy.

The Federal annual contribution and the local annual contribution taken together, therefore, cut the economic rent in half. The Federal and local annual contributions represent the same proportion of the economic rent as in England and in other countries having successful low-rent housing programs. All these countries finance the development or construction of their projects entirely on a loan basis, and subsidize them on an annual basis, directing their subsidies on an annual basis toward the reduction of rents and not toward capital charges alone.

The statute sets a maximum rate upon the Federal contributions which is the Federal going rate of interest, plus 1 percent, computed on the total cost of the project, and which is now equal to $3\frac{1}{2}$ percent of the development cost. The statute requires that the local annual contribution be at least 20 percent of the Federal annual contributions. But in fact the local annual contributions are averaging about 50 percent of the Federal annual contributions. This shows clearly that the local contribution in subsidies to housing projects is greater than the local contributions in practically any other social program assisted by the Federal Government.

Mr. TAFT. Mr. President, will the Senator yield? Mr. ELLENDER. I yield.

Mr. TAFT. Is it entirely through the granting of tax exemption that the localities contribute that money? How does the Senator figure the 50 percent?

Mr. ELLENDER. The 50 percent is figured this way. One-third is contributed by the Federal Government in cash, and one-sixth is contributed by the local communities by way of remitting taxes. In other words, in the example that was discussed yesterday by the Senator from Maryland [Mr. Tydings]—

Mr. TAFT. I should like to call the attention of the Senator from Louisiana to an article published in this week's Saturday Evening Post entitled "Much Ado About Nothing. A Defense of the Government Program," by Rev. Edward Robert Moore, member of the New York City Housing Authority. The writer of the article is in favor of the housing plan. In it he discusses the question of tax contributions, and says that in the first place there is not any tax to speak of on the slum buildings, and that in one city of his acquaintance where a three-quarters of a million dollar project was in prospect, the tax yield on the property to be exempted was just \$90. That would seem to contradict the theory that there is any substantial contribution by local authorities by way of exemption of taxes.

Mr. ELLENDER. Mr. President, let us suppose that a local investor wanted to put up a building on that same plot of ground to which Mr. Moore refers, would not the local authorities, that is, of the municipality in which it was built, and the State and county authorities, be entitled to impose taxes on it?

Let us take the example to which I started to refer a while ago—the million-dollar project which was under discussion here yesterday by the Senator from Maryland [Mr. Tydings].

When a project of that kind is undertaken, what really happens in most cases is that some of the dwellings which are now occupied by slum dwellers are torn away, and the land is leveled. That takes from the assessment roll of that locality an amount equal to whatever the assessment was on those buildings.

If a new building is constructed on that land, and one is erected, of course, when a contract is entered into, that adds a further investment on the property, and if it were privately owned the city government, the county government, and the State government could certainly assess taxes on that building.

If the building is valued, let us say, at \$1,000,000, the average amount of city, county, and State taxes paid by a private owner on a building of that character aggregates about 2 percent. Two percent of \$1,000,000 would be \$20,000, and that is the amount of subsidy that the local authorities would be giving toward the reduction of the rents.

Mr. WAGNER. Mr. President, will the Senator yield at that point?

Mr. ELLENDER. I yield for a question.

Mr. WAGNER. Since the law provides that there must be at least a 20-percent contribution by the municipality or the Housing Authority toward the economic rents, is it not a fact that if taxes do not represent 20 percent, then the municipality must make that up in some other way by the contribution of cash?

Mr. ELLENDER. It would have to be in cash or tax exemptions or remissions and amounting to at least 20 percent of the Federal subsidy.

Mr. WAGNER. Of course, in all the projects so far, the tax exemptions show a contribution greater than 20 percent, but I asked the question because of the suggestion made by the Senator from Ohio [Mr. Taff] that in some instances the tax exemption may not represent 20 percent. If it does not, then the municipality must make that up by the payment of cash.

Mr. ELLENDER. That is correct.

Let me read extracts from the second housing contract to which I have just referred. They have to do with the question of subsidies. This will throw light on the point raised by the Senator from Ohio. On page 1 of this contract, which, by the way, is between the same authority to which I referred a while ago, the city of Annapolis, and the United States Housing Authority, appears the following:

Whereas the local authority certifies that it has the following assurances of its meeting the conditions precedent to such U.S. H. A. annual contributions: (i) the legal and enforceable right under the public general laws of Maryland to full exemptions of the local authority and the project from all taxes and special assessments of the city, the State, or any political subdivision thereof—

That language is incorporated in each and every contract for subsidies that is made. So it can well be seen that a municipality, a county and/or a State would have the right to place a tax on the value of that improvement, and which taxes usually equal 2 percent of the cash value of the imimprovement.

Mr. NORRIS. Mr. President, will the Senator yield? Mr. ELLENDER. I yield.

Mr. NORRIS. Even though it is desirable in this kind of a law that taxes should be remitted, I doubt whether the city has the constitutional right to make such an agreement. Is there any doubt on that question?

Mr. ELLENDER. No; there is not, because the city acts under a statute passed by the State legislature.

Mr. NORRIS. Has the State legislature the right to pass such an act? Might there not be a constitutional inhibition against such action by the legislature?

Mr. ELLENDER. Of course, that may be true with reference to some State taxes; but I believe that since a municipality is a creature of the legislature, the State legislature could well pass a law providing for a tax exemption by the municipality, or even by the county.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield. Mr. BARKLEY. Aside from any housing project, it is true that in many of the States, under State laws and constitutions, the cities have the right to exempt property from taxation.

Mr. NORRIS. If the right exists under State constitu-

tions, I raise no question.

Mr. BARKLEY. It so happens that in many States cities offer exemption from taxation for 5 years as an inducement for new enterprises to come into the city. Of course, it depends on the authority conferred upon the city by the State legislature, or the constitution of the State.

Mr. ELLENDER. Mr. President, I will say further in answer to the question of the Senator from Nebraska [Mr. Norris] that in all cases the Housing Authority provides for a legal opinion on the matter; and if there is any doubt a test case is brought before the proper tribunal. From time to time circumstances have given rise to a doubt, and test cases actually have been brought before the courts of the States wherein the projects are to be built, so as to clear the legal atmosphere.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. LUCAS. I should like to ask the able Senator from Louisiana whether or not such a test case has been brought in the courts of the State of Illinois.

Mr. ELLENDER. I am informed one has been brought.

Mr. LUCAS. Has the supreme court of our State passed upon the question?

Mr. ELLENDER. It is my understanding that it has passed upon the issue.

Mr. LUCAS. The question is a very interesting one; and I should like very much to have the Senator place in the RECORD the opinion of the Supreme Court of Illinois is deciding that question. The constitution of our State was adopted many, many years ago; and one section of our revenue act provides that all property must be assessed uniformly. As I recall, it has been held time and time again that under no circumstances could an exemption of the character which the Senator is now discussing be granted. Because of the "uniformity" section and the section of the revenue act to which I have referred, we have been unable to have an income-tax law in our State. The only way we could have it would be to change the constitution. We have not been able to do that; and now before us the question vitally affects our State. I should like very much to have the Senator place in the RECORD the dicision of the Supreme Court of Illinois, because I am interested in what the court has said on that question. I have seen similar contingencies challenge the constitution of our State in various ways and if there has been a reversal upon the part of the court I am obviously very much interested.

Mr. ELLENDER. It is my information that the State of Illinois was one of the doubtful States; a test case was filed, and a decision has been rendered upholding the right of the municipality to grant tax exemptions. I shall be glad to obtain a copy of the decision, or an excerpt therefrom, and place it in the RECORD as early as possible.

Mr. LUCAS. As I understand the decision is by the Supreme Court of Illinois.

Mr. ELLENDER. That is my understanding.

Further reading from the contract, with reference to subsidies, on page 2, under (b):

That during the useful life of the project, which shall in no event be less than the number of years during which any of the obligations issued to assist in the development of the project shall remain outstanding, it will not levy, impose, or charge any taxes, assessments, fees, or charges against the project or against the local authority for or with respect to the project, and will furnish without charge municipal services and facilities for the project and the tenants thereof of the same character as those furnished without charge for other dwellings and inhabitants of the city.

That provision with reference to subsidies is likewise incorporated in contract between the local authorities and the United States Housing Authority.

Mr. McCARRAN. Mr. President, will the Senator yield? Mr. ELLENDER. I yield.

Mr. McCARRAN. Will the Senator kindly explain the last paragraph he read?

Mr. ELLENDER. To which paragraph does the Senator refer?

Mr. McCARRAN. I refer to the last excerpt which the Senator read a moment ago from the contract. Will the Senator kindly explain it?

Mr. ELLENDER. The language is:

And will furnish without charge municipal services and facilities for the project-

Mr. McCARRAN. I refer to the entire excerpt which the Senator read from the document which he holds in his hand. It was the last excerpt read to the Senate.

Mr. ELLENDER. I shall be glad to read it.

That during the useful life of the project, which shall in no event be less than the number of years during which any of the obligations issued to assist in the development of the project shall remain outstanding, it will not levy, impose, or charge any taxes, assessments, fees, or charges against the project—

That simply means tax exemption. So long as the bonds are outstanding-in this case 60 years-there is an obligation on the part of the local authority to make no assessment of any kind.

Mr. McCARRAN. Will the Senator kindly explain the latter part of the paragraph?

Mr. ELLENDER. It reads-

And will furnish without charge municipal services and facilities for the project and the tenants thereof of the same character as those furnished without charge for other dwellings and inhabitants of the city.

Mr. McCARRAN. What is meant by that language? Will the Senator kindly explain what the language means?

Mr. ELLENDER. That may mean— Mr. McCARRAN. No; what does it mean? I am not interested in what it may mean.

Mr. ELLENDER. The law provides—
Mr. McCARRAN. I beg the Senator's pardon. Will he kindly explain just what the language means, and not what the law provides? We are now making the law. We have a law in the making. Will not the Senator kindly explain the language?

Mr. ELLENDER. I cannot explain the language if I may not refer to the act. I will let the Senator explain it. I do not know. In other words, I cannot take the language just as it is without referring to the law itself. The law itself provides that instead of a tax remission the local authority may pay cash, so long as it pays not less than 20 percent of the Federal subsidy.

Mr. McCARRAN. Where is the 20 percent in the excerpt which the Senator read?

Mr. ELLENDER. This is a case in which all the taxes are not remitted. As the Senator knows, under the law the local authority must pay not less than 20 percent of the Federal subsidy in order to help subsidize the low-rent project.

Mr. McCARRAN. The payment is made by way of remission of taxes.

Mr. ELLENDER. It may be paid in cash or by remission

Mr. McCARRAN. Of course, the latter will be the way in which it will be paid.

Mr. ELLENDER. Certainly; but in the event it is not, that provision is necessarily in the contract. The act does not specifically provide that the tax exemption shall be an entire exemption, but it says that the local contribution, in cash or tax remission, or both, shall be not less than 20 percent of the amount contributed by the Federal Govern-

Mr. McCARRAN. I may be in error. I hope I am, because I am in favor of the principle behind the act. Will the Senator again read the latter part of the excerpt which he read just a moment ago?

Mr. ELLENDER. Certainly.

That during the useful life of the project, which shall in no event be less than the number of years which any of the obligations issued to assist in the development of the project shall remain outstanding, it will not levy—

Mr. McCARRAN. That means that the project must run as long as the bonds are outstanding.

Mr. ELLENDER. Yes.

Mr. McCARRAN. That is plain enough.

Mr. ELLENDER. That is plain.

It will not levy, impose, or charge any taxes, assessments, fees, or charges against the project or against the local authority for or with respect to the project—

Mr. McCARRAN. What does the language "or against the local authority for or with respect to the project" mean?
Mr. SCHWELLENBACH. Mr. President, will the Sen-

ator vield?

Mr. ELLENDER. I yield.

Mr. SCHWELLENBACH. My understanding of that provision is that it is a safeguard against the municipal government substituting some other form of taxes in place of the taxes which it has agreed to remit. A city might pass an ordinance providing that in all cases in which taxes are remitted and buildings are constructed there should be some sort of a gross income tax, or something of that sort. The purpose of this provision is to prevent a substitute for the taxes which the city agrees to remit.

Mr. McCARRAN. In other words, any tax which might be conjured up shall be remitted.

Mr. SCHWELLENBACH. Yes.

Mr. McCARRAN. It seems to me the language goes even further. As I construe the language read by the Senator, there could not even be a tax for the maintenance of the property.

Mr. ELLENDER. A tax for maintenance by whom? It

cannot be by the city.

Mr. McCarran. No; but for upkeep of the property. I know what the Senator's argument is, but somebody else is going to argue this after the Senator is all through with it. Taking the language, it seems to me the property could not even be kept going, it could not be sustained. The entire project is on the basis of the old theory of cooperative apartments.

Mr. ELLENDER. I am satisfied that if the Senator will read the first section of the contract that I have quoted, and the second section, and the section I propose to read, there will be no doubt left in his mind that, under this contract, there is a remission of all taxes on the project, and that is the contribution by the municipality to the local authority in aid of reducing rents.

Mr. McCARRAN. What I am most interested in is, does the property become not only a property against which there shall be no taxes, but does it become a burden on the municipality for upkeep?

Mr. ELLENDER. No; it could not.

Mr. McCARRAN. I do not know about that. If the Senator will read that language again, and apply his own splendid knowledge of the law, I think he might have some doubt.

Mr. ELLENDER. I do not see how it could, because all the terms of the contract are to be read together. What really happens is that the project becomes a separate entity, as it were, of itself.

Mr. McCARRAN. I am familiar with the old rule that went along with the "own your own apartment" plan. We went through that period in this country, and we are still going through it, and it has not been altogether a success. I am also familiar with the cooperative-apartment system. I think that this plan is more nearly in keeping with the cooperative-apartment system—I may be wrong, but as I understood it—always provided a residue for the upkeep of the apartment, for maintenance, heating, lighting, and so forth, and so on. In this language, however, it seems to me—I hope I may be wrong,

for we are now making history here that will be used to construe the law in the future—that we are leaving out of the law any obligation on the part of those who manage these apartments to have the upkeep of the apartments come out of the rentals from the apartments. I hope I am wrong in that respect.

Mr. WAGNER. The Senator is wrong.

Mr. ELLENDER. There is an existing contract between the local authority itself and the U. S. H. A., first, with reference to building the project, which refers to this subsequent contract, and then there is a binding agreement between the U. S. H. A. and the local authority that the rents will be kept down and will be used for certain specified purposes.

Mr. McCARRAN. Does the Senator construe that to mean that the rent will be kept down to the point where the upkeep of the apartment would fall back on the Federal Government?

Mr. ELLENDER. No; I do not see how it could be so construed.

Mr. WAGNER. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. Holman in the chair). Does the Senator from Louisiana yield to the Senator from New York?

Mr. ELLENDER. I yield for a question.

Mr. WAGNER. May I ask the Senator if it is not correct to say that each tenant is to be charged for the occupation of the particular dwelling, and there are taken into consideration all the fixed charges—

Mr. McCARRAN. Of which upkeep is one.

Mr. WAGNER. Of which upkeep is one, and debt service is the other, and whatever goes into the maintenance of the particular building. That is calculated in determining what rent would have to be charged if the occupants should be required to pay a rental which would make the enterprise profitable, but, since these are slum dwellers of the low-income group, the Federal Government and the States are going to pay the difference between the rent which would have to be charged in order to make the tenant pay all these expenses and the rent which he can afford to pay. In determining that item and in determining the subsidy all those fixed charges are taken into consideration. So they are not a burden except as the payment of a subsidy, and a rent subsidy is a burden upon the States and the Federal Government. That is the theory of the proposed legislation.

Mr. McCARRAN. I take it that the primary theory of the proposed legislation is that for the protection of the health of the people of the country the Federal Government will enter into an agreement or a condition of this kind?

Mr. WAGNER. To make a contribution; yes.

Mr. ELLENDER. Mr. President, I am going to read a further paragraph from the contract pertaining to annual contributions between the Authority of Annapolis, Md., and the United States Housing Authority. So far, I have read two excerpts from the contract to show the precautions that are taken by the United States Housing Authority in having it understood in advance what the municipality must do in order to obtain subsidies from the U. S. H. A. so that rents may be reduced.

I read from page 5:

Requisitions for annual contributions.

That is paragraph 4; and among the requirements listed in that paragraph is the following:

The local authority has received local annual contributions (as hereinafter defined in paragraph 8) in aid of the project which equal at least 20 percent of the annual contribution from the U.S. H. A.

In other words, before any contribution is made by the Federal Government toward any subsidy, it must first be shown by the municipality that it has contributed its share in accordance with the law and the contract which has been entered into between the local housing authority and the U. S. H. A.

While it happens at the present time, as indicated above, that the maximum Federal annual contributions are almost equivalent to the debt service, the two obligations are quite independent.

The Federal annual contributions may be reduced in succeeding years as the economic character of the projects changes so that smaller Federal subsidies will be needed to continue renting the units at a reasonable cost to low-income workers. Of course, the debt-service payments of the local authorities on both Federal and local loans would remain constant, so that when the annual Federal contributions are reduced they would amount to a lesser portion of the debt service as time goes on.

The experience of all housing programs abroad shows that annual contributions are gradually reduced in succeeding years as wages rise and costs of housing construction and administration decline, and for other reasons. The statute expressly requires that the annual contributions be reexamined and reduced in the light of changed economic conditions at the end of 10 years, and every 5 years thereafter.

This discussion makes it absolutely clear that the localities furnish about 50 percent as much of the annual subsidy for every project as the Federal Government furnishes. There are no subsidies but only investments in connection

with the capital development of projects.

So far as these investments are concerned, the local housing authority borrows not more than 90 percent of the funds from the Federal Government, and borrows not less than 10 percent of the funds from other sources. It is expected in the future that a larger percentage of the loans will be borrowed from sources other than the Federal Government.

On yesterday, during the discussion, the Senator from Virginia [Mr. Byrn] asked me if I could state the number of units in each project, together with the number of rooms in each unit, and the cost. I have before me a statement covering the identical projects that I mentioned on yesterday.

Mr. KING. Mr. President, will the Senator yield?

Mr. ELLENDER. Yes; I yield.

Mr. KING. Is the Senator about to give us details of the projects which were completed by the P. W. A.? My understanding is that no projects have been completed by Mr. Straus' organization.

Mr. ELLENDER. The projects included in this statement are all under contract or construction by the U. S. H. A. The Senator is correct in his statement that no projects have as yet been completed by the U. S. H. A.

Mr. KING. They have a large number of projects on paper, and have spent a great deal of money, but not a single project has been completed.

Mr. ELLENDER. No, Mr. President; as a matter of fact, not much money has been spent.

Mr. KING. Well, it is contracted to be spent.

Mr. ELLENDER. It is true that contracts have been entered into, but very little money has been spent in proportion to the amount authorized under the act. As a matter of fact, if I correctly recall the figures, the amount of bonds actually sold to this day is about \$100,000,000—that is all—although the U. S. H. A. is authorized to sell \$800,000,000 of bonds.

Mr. KING. But, coming to the question which I asked, if the Senator will pardon me, what project has been completed and rented to persons who are now occupying it?

Mr. ELLENDER. By the U.S. H. A.?

Mr. KING. Yes.

Mr. ELLENDER. None. Two will be completed within the next 2 months.

Mr. KING. So the Senator is merely speculating now as to what the costs are going to be?

Mr. ELLENDER. No, sir; it is not a matter of speculation, because contracts for these projects have already been entered into between the local housing authorities and contractors, and every contract is bonded for faithful performance.

Mr. KING. But no contracts have yet been made with individuals. They have not been placed in any of these buildings. They have not taken out any leases. They have not been housed. They have not entered into any contracts under the terms of which they are bound to occupy certain buildings or certain rooms for a given length of time.

Mr. ELLENDER. No; that has not been done. There has been no occupancy, for the obvious reason that none of the projects have yet been completed, but there will not be any difficulty in having the units occupied. That will be the next step after any particular unit is actually completed.

Mr. BYRD. Mr. President, will the Senator yield? Mr. ELLENDER. I yield to the Senator from Virginia.

Mr. BYRD. In the opinion of the Senator, what has been the cause of the delay? This act was passed 2 years ago. If not a single project is being occupied at this time, what is the cause of the delay?

Mr. ELLENDER. One of the causes of the delay, to begin with, is that the legislatures of the various States first had to pass laws authorizing the creation of local authorities; and after these laws were passed, as the Senator well knows, it required quite a good deal of time to organize the local corporations, prepare contracts and plans to meet the requirements specified in the law, and so forth. I may say that up to the present time loan contracts totaling \$409,698,000 have been approved under which the work is going on, and under some of which the projects will be completed within the next 2 months, and others within the next 3 months, and so on. In addition to the loan contracts approved, earmarkings are now outstanding aggregating \$246,941,000; or a total of earmarkings and contracts actually entered into of \$656,639,000.

Mr. BYRD. When does the Senator think the first project will be occupied?

Mr. ELLENDER. Two of the projects—I do not recall their locations at the present time—will be completed within the next 60 days.

Mr. BYRD. How many projects in all are there?

Mr. ELLENDER. One hundred and eighty-one projects have been actually contracted for.

Mr. BYRD. Will the Senator permit me to interrupt him for the purpose of making a statement in regard to the value of city dwellings?

Mr. ELLENDER. Certainly.

Mr. BYRD. There was some discussion on the floor yesterday between the Senator from Louisiana and myself on that subject. I have obtained the records from the Department of Commerce, Bureau of the Census.

The average value of all nonfarm residences—that means residences in the cities—including land and development, is \$4,100.

In addition to that, I should like to call the attention of the Senator to the fact that the average value of 44 percent of the dwellings occupied by farmers is \$1,000, and that only 4 percent are reported as being worth more than \$5,000.

I should also like to call the attention of the Senator from Louisiana to the fact that the average value of all the farm buildings—that is, the barns and other buildings—per farm unit is \$4,823, and that under this bill the cost of constructing buildings for the purposes of slum clearance is considerably in excess of the average value of the city dwellings, and very much in excess, four or five times as much as the average value of the dwellings on the farms.

Mr. ELLENDER. Does the Senator know how the Bureau of the Census obtains its information?

Mr. BYRD. I cannot give the Senator that information. Mr. ELLENDER. I myself have furnished quite a bit of information to the Bureau of the Census, and I suppose the Senator also has furnished some. When the census will be taken in 1940, let us say, the Senator from Virginia will be asked, "What is your home worth?" The home may have been built 50 years ago; the home may have been built 50 years ago; it may have been built 2 years ago. Whatever amount the Senator from Virginia writes into the report which he gives to the census taker will be used to average up the cost to which the Senator is just referring.

I, myself, distinctly recall having filled out some of those reports pertaining to my own home, and pertaining to a few farmhouses on my own farm; and so far as the answers submitted by me were concerned, they were pure guesswork. They did not represent the actual value of the house, how much it actually cost when it was built or its present value.

but the amount was put in at \$1,000, or \$1,500, or \$2,500. It is figures of that kind to which the Senator is referring.

Mr. BYRD. In addition to the figures obtained by the Census Bureau, which the Senator claims are not correct—

Mr. ELLENDER. I do not say they are not correct, but I am just outlining to the Senator the basis for them, how they are obtained. It is my opinion that the average figures cited by the able Senator are founded on pure guesses.

Mr. BYRD. If the Senator is correct, then we had better abolish the Bureau of the Census, and not have any more

censuses taken.

Mr. ELLENDER. It may be that a new method for ob-

taining such information should be employed.

Mr. BYRD. In addition to that, I call the attention of the Senator to the fact that in 1934 the Department of Commerce, through Secretary Daniel C. Roper, issued a bulletin on housing conditions in the United States, showing that in 64 cities the value of 8 percent of the dwellings, including the land and all the costs, was under \$1,000; the value of 7 percent was under \$1,500; the value of 9 percent was under \$2,000; the value of 18 percent was under \$3,000. That means that according to this statement of 1934, which was not a part of the census and evidently was prepared by the agents of the Department of Commerce, 41 percent of the dwellings in the cities cost less than \$3,000, 30 percent of them cost between \$3,000 and \$5,000, and about 30 percent cost in excess of \$5,000.

Mr. ELLENDER. Does the Senator know the source of that information? May it not have been obtained from the census reports and compiled by the Department of

Commerce?

Mr. BYRD. No census was taken in 1934.

Mr. ELLENDER. No; but the preceding census may have been taken into consideration.

Mr. BYRD. I would not condemn the Department of Commerce to the extent that the Senator does.

Mr. ELLENDER. I am not condemning the Department. It should not be blamed if the home owner makes a bad guess. In other words, as I recall the questions which are asked in connection with the various census reports, they are, "What is the building worth?" or "What did it cost?" The age of the dwelling is not usually asked. The figure does not include the land. It does not include facilities around the building. All of that is segregated.

Mr. BYRD. The figures which I have given to the Senator include not only the land but the cost of the development, the cost of the building, and I think are approxi-

mately correct.

The point I want to make clear is that under the operations of this act it is costing substantially more to provide dwellings for those who heretofore have lived in the slums than the average American has invested in his home in the city, and four or five times as much as the average farmer has invested in the home in which he lives.

Mr. ELLENDER. The testimony which was given to the committee by various witnesses shows that the cost of the United States Housing Authority dwellings is actually \$1,000 less per dwelling unit than that of privately constructed dwellings.

Mr. WAGNER. Mr. President, will the Senator yield for a question?

Mr. ELLENDER. Gladly.

Mr. WAGNER. Is it not true that the only way to make a reliable comparison between the respective costs of private construction and public construction is to take the costs in an area where a project is being constructed, and figure the difference there between the cost of private construction and the cost of public construction? That would be a comparison which would be reliable, and would disclose the real facts.

Mr. ELLENDER. It would seem so, and if the Senator has such information, I would appreciate his placing it in the Record at this time.

Mr. WAGNER. I have here the figures as to a project located in Allentown, Pa. The net construction cost per dwell-

ing unit of the United States Housing Authority project, based on approved construction contracts, was \$3,123. The average net construction cost during the 10 months of 1938 of privately constructed dwellings in the same area was \$5,737. There is an intelligent comparison, because we are taking what it costs in that area to build a dwelling privately constructed as compared with what it costs to erect a dwelling by the Government. There is a difference of over \$2,000 per dwelling unit in that area.

Mr. BYRD. Mr. President, will the Senator from Louisiana yield at that point?

Mr. ELLENDER. I yield for a question.

Mr. BYRD. I should like to call the attention of the Senator from New York to the fact that in Manhattan in 1936 the cost per family apartment house was \$4,300, in Brooklyn \$3,700, in the Bronx \$3,540, in Richmond \$3,125, and in Queens \$2,333, right in the Senator's own city.

Mr. WAGNER. Are those figures from census reports?
Mr. BYRD. These figures are gotten out by the B. T.
E. A.—the Building Trade Employers' Association.

Mr. ELLENDER. What is the source of their information? Might not they have gotten that information from the Census Bureau, the same as the other agencies did?

Mr. BYRD. They could not have gotten it from the

Mr. BYRD. They could not have gotten it from the Census Bureau, because these figures relate to 1936, and there was no census taken in that year.

Mr. ELLENDER. True there was no census taken, but the figures of the last census are always available.

Mr. PEPPER. Mr. President, will the Senator from Louisiana yield?

Mr. ELLENDER. For a question.

Mr. PEPPER. Is it not the objective of the law and the program to build houses which will afford housing opportunities, of a decent character, at the lowest possible figure, taking into consideration the minimum housing standards which should be observed, and the longevity of the structure?

Mr. ELLENDER. That is correct.

Mr. PEPPER. And has not that been the principle upon which the program has been carried on since it was started?

Mr. ELLENDER. That is my understanding.

Mr. PEPPER. Is it not a fact that it is the desire of the Senator from Louisiana and the Senator from New York, and should it not be the desire of the United States Government, to improve the standards of housing in the United States, many of the poor shanties in which entered into the calculations and the averages that were given by the eminent Senator from Virginia?

Mr. ELLENDER. That is correct.

As I was stating a few minutes ago, before I was interrupted, I have before me a statement pertaining to the same projects to which I referred yesterday, giving the number of rooms and the number of units in each project, all of which is in addition to the information I previously submitted to the Senate.

Let us take the project in Daytona Beach, Fla. This project has 659.5 rooms, and 167 units. The average cost over all, was \$2,865 per unit. The average dwelling facilities cost per room was \$620; per unit, \$2,447. The average net construction cost per unit was \$1,890.

I shall not take the time of the Senate to read all of this statement, but at the proper time I shall ask to have it inserted in the RECORD.

I desire to state further that the average per unit cost of the 48 projects which are named in this statement was \$4,731. Since the time this statement was drawn up, additional projects have been let, totaling 140, and the average per unit cost of those 140, which includes the 48 referred to in this statement, is \$4,507; in other words, there is shown a decrease of approximately \$200 in the average cost per unit. I now send the statement to which I have referred to the desk and ask that it be incorporated as part of my remarks.

The PRESIDING OFFICER (Mr. Hill in the chair). Is there objection?

There being no objection, the statement was ordered to be printed in the Record, as follows:

Number of rooms and units and estimated costs for 48 U.S. Housing Authority aided projects for which main construction awards have been approved

Location	Project No.	Number of—		Average net con- struction	Average dwelling- facilities cost		Average over-all cost of new
LOCALIOI		Rooms	Units	cost per unit	Per room	Per unit	housing per unit
Florida:							
Daytona Beach	Florida-7-1	659. 5	167	\$1,890	\$620	\$2, 447 3, 443 3, 509	\$2,80
Jacksonville	Florida-1-1	998. 0 1, 356. 5	230 345	2, 667 2, 850	793 892	3, 443	4, 2
Miami	Florida-5-1	984.0	242	2, 830	777	3, 509	4, 2; 3, 7
St. Petersburg	Florida-3-1	1, 537. 0	350	2, 490 2, 364	671	2, 948	3, 7
leorgia:	riorida o I	1, 501.0	500	2,001	011	2,010	0, 1
Augusta	Georgia-1-1	701, 5	167	2.548	774	3, 251	4, 0
Do	Georgia-1-2	737.0	168	2, 548 2, 688 2, 240	778	3, 413 2, 753	4, 10
Columbus	Georgia-4-2	1, 228.0	283	2, 240	646	2, 753	3, 2
ndiana:		1000000		1	(II II) (I) (I)		NAME OF THE OWNER, OF THE OWNER, OF THE OWNER, OF THE OWNER, OWNER, OWNER, OWNER, OWNER, OWNER, OWNER, OWNER,
Kokomo	Indiana-7-1	776.0	176	2, 745 2, 300	760	3, 353	4, 02
Vincennes	Indiana-2-1	368. 5	83	2, 300	649	2,882	3, 5
Centucky:	W	0 077 0	200	0.000	004	0.510	
Louisville	Kentucky-1-1 Kentucky-1-2	3, 377. 0 3, 276. 0	786 808	2, 920 2, 784	824	3, 540	4,8
Do	Kentucky-1-2	8, 270.0	808	2, 784	847	3, 435	4, 8
New Orleans	Louisiana-1-1	3, 794. 0	970	3, 222	1,013	3, 961	5, 16
Do	Louisiana-1-2	2, 846. 5	723	2 932	929	3, 658	4, 84
Maryland: Annapolis	Maryland-1-1	434.0	108	2, 932 2, 810	866	3, 481	4, 13
Vebraska: Omaha	Nebraska-1-1	2, 269. 0	522	3,021	849	3, 689	4, 58
New Jersey:	Spannana (2) yearstall		307	100000000000000000000000000000000000000	1000	140.000	
Elizabeth	New Jersey-3-1	1, 713. 0	423	2,897	887	3, 594	4, 78
Newark	New Jersey-2-2	991. 5	236	2, 897 2, 999 3, 129	857	3, 594 3, 600	5, 02
North Bergen	New Jersey-4-1	718. 5	172	3, 129	924	3, 859	5, 31
New York:	N W b a s	0.070.0	000	0.000		4 000	
Buffalo	New York-2-1 New York-2-2	2, 872. 0 607. 5	668 173	3, 323 3, 224	977	4, 202	5, 20
Do	New York-2-3	2, 938, 5	772	3, 332	1, 098 1, 036	2 042	4, 67 5, 12
Do New York	New York-5-1	10, 656. 5	2 583	3, 155	907	3, 874 3, 942 3, 744 3, 320	4, 69
Do	New York-5-2	12, 967. 5	2, 583 3, 161	2,766	809	3 320	4.70
Syracuse	New York-1-1	2,810.0	678	2.960	871	3, 611	5, 32
Utica	New York-6-1	925. 5	213	2,976	850	3, 692	4, 53
Yonkers	New York-3-1	2, 258. 0	552	2, 976 3, 163	941	3,850	5, 23
Ohio:	244 23	2020	220	1 - 1	11	2.00	
Cleveland	Ohio-3-1	2, 479. 5 1, 768. 0	582	3, 441	978	4, 167	5, 46
Columbus	Ohio-1-1	1, 768. 0	426	2,712	791	3, 284	4, 25
Dayton	Ohio-5-2 Ohio-6-1	842. 0 1, 602. 0	200 384	2, 917 2, 996	864 882	3, 638 3, 680 3, 529	4, 70 5, 08
ToledoYoungstown	Ohio-2-1	2, 466. 0	618	2, 926	884	3,500	4, 86
Pennsylvania:	Omo-2-1	2, 100.0	010	2, 020	001	0, 020	1,00
Allentown	Pennsylvania-4-1	1,511.0	322	3, 180	823	3, 863	4, 95
Philadelphia	Pennsylvania-2-1	2, 034, 0	535	3, 587	1, 141	4, 339	5, 92
South Carolina: Charleston	South Carolina-1-	626.0	140	2, 939	800	3, 576	4, 97
	1.	- 1000000	2020	-0.6.55550	27.77	0.35 20000	- 25000
Fennessee:	12.00 marks	4 55 6	10000	U 128	3533	7 30 3000	
Chattanooga	Tennessee-4-1	1, 999. 5	497	2,911	886	3, 564	4, 42
Knoxville	Tennessee-3-2	1, 375. 0	320	2, 844 2, 878	830	3, 564	4, 48
Memphis	Tennessee-1-1	1,987.0	478	2, 878	847	3, 520	4, 59
Pexas:	m	017.0	00	0.510	0==	0.100	9 07
Austin	Texas-1-1	315. 0 196. 0	86	2, 513 2, 087	855 803	0, 132	3, 87 3, 67
Do	Texas-1-3	142.0	40	2, 145	772	2,022	3, 59
Corpus Christi	Texas-8-1	569. 0	134	2, 140	662	2 813	3, 61
Fort Worth	Texas-4-1	1, 028. 0	252	2, 303 2, 537 2, 399	773	3, 132 2, 622 2, 702 2, 813 3, 152	4, 29
Do	Texas-4-2	1, 026. 0	250	2, 399	710	2, 913	3, 80
West Virginia:	The state of the state of		1155	5.483	200	CONTRACT.	
Charleston	West Virginia-1-2	716.0	170	3,095	896	3, 775	5, 12
Huntington	West Virginia-4-1	335 0	80	2, 967 2, 798	874	3,660	4, 76
Do	West Virginia-4-2	561.0	136	2, 798	839	3, 461	4, 51
Do	West Virginia-4-3.	1, 223. 0	284	2, 940	848	3, 650	4, 53
man to the state of the state o	Con Property	00 000 5	01 750	0.00	054	0 500	4, 73
Total rooms and dwelling units and average costs for 48 U.S. Housing Authority aided projects.		89, 602 0	21, 758	2, 944	871	3, 587	

Source: Department of the Interior, U. S. Housing Authority; Research and Statistics Division, Statistics Section.

Mr. ELLENDER. Mr. President, let me refer briefly to the changes which are proposed in the pending bill. I may say that all of the amendments except as to those which propose an additional sum of \$800,000,000, to be issued in the form of bonds, and the necessary authorization to subsidize the projects after they are built, do not change in any wise the policy of the bill. They are minor amendments, suggested by United States Housing Authority officials to make the bill more workable.

The bill provides for the authorizing of additional projects, the United States Housing Authority to loan \$800,000,000 to that end, and the issuance of additional bonds by the United States Housing Authority in that amount. The bill also provides an authorization for the appropriation of an additional \$45,000,000 annually. The \$45,000,000 is to be used by the United States Housing Authority in entering into contracts for Federal subsidies with local authorities, not only under the \$800,000,000 provided for in the pending bill, but also under the \$150,000,000, appropriated in the act of 1937, which remains unexpended. It also provides for funds to take care of subsidies, if and when a sale is completed by the authority, of those housing projects which were built

under the Public Works Administration, and which the United States Housing Authority has been authorized, under the law, to dispose of. I may say that under the present law the United States Housing Authority is authorized to sell these Public Works Authority projects to the local authorities, and the amount to be obtained for those projects is the actual amount the Government has spent for them, and aggregates \$123,000,000.

Mr. KING. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield for a question.

Mr. KING. Some figures were exhibited to me a few days ago showing that the P. W. A. and Mr. Tugwell had spent approximately \$200,000,000 for these projects, and that they had charged off 45 or 50 percent, if not the entire amount. I was wondering how much of that entire amount, whether it was the amount the Senator just stated or \$200,000,000, had been charged off as a loss to the Government.

Mr. ELLENDER. Let us not confuse the P. W. A. housing projects with the projects which were built under the old Resettlement Administration, which is now administered by the Farm Security Administration. I have no reference to that. I do not know the situation as to the Resettlement

projects. The United States Housing Authority has not been authorized to manage or have anything to do with

them. They are under a different department.

I do admit that in the case of many of those projects the money expended was far in excess of what should have been spent; in other words, I believe that it was folly for Mr. Tugwell to spend as much as six or seven thousand dollars to build a home on a 40-acre tract, when the revenues from the farm would hardly pay the upkeep of the home, much less the interest and the principal of the investment. But let us not confuse Mr. Tugwell's projects with the P. W. A. housing projects.

The P. W. A. projects were built by the Government. The entire sum was put up by the Government. When the rental rates were fixed, they were based on 55 percent of the cost of the projects, and those dwellings are now all

occupied; they are paying out.

Under the law as it now is, the U. S. H. A. has authority to sell these P. W. A. projects to local communities under virtually the same terms and conditions as would exist should new projects be built. That is the reason why in this bill we have provided authorization for the U. S. H. A. to enter into contracts, and, of course, provide the necessary money in order to subsidize those buildings to the same extent as new projects. The annual Federal contribution for these P. W. A. projects will amount to \$4,305,000, and the total amount required annually to subsidize all the projects authorized under the pending bill, should it pass, including the \$150,000,000 remaining under the 1937 act, will be \$44,975,000, or in round figures \$45,000,000.

Mr. KING. Mr. President-

The PRESIDING OFFICER (Mr. La Follette in the Chair). Does the Senator from Louisiana yield to the Senator from Utah?

Mr. ELLENDER. I yield.

Mr. KING. In the investigations which were made by the committee, of which the Senator from Louisiana is an honored member, was there any testimony before it showing the amount of money expended for building for occupation by the poor and the needy, under Mr. Tugwell's administration and under the P. W. A.?

Mr. ELLENDER. No, Mr. President; there was no such

Mr. KING. Was there any testimony showing the value of the properties which they acquired, the houses they constructed, and the losses which the Government will sustain by reason of—I was about to say their mad adventures, but I will not—their foolish adventures in many respects?

Mr. ELLENDER. There was not. There was no testimony as to cost of resettlement projects nor was there, as I recall, any testimony with reference to cost of P. W. A. housing projects but the U. S. H. A. has jurisdiction over the P. W. A. projects, and it was authorized under the act of 1937 to make sales to the local authorities, or leases when it did not have funds sufficient to enter into subsidy contracts; to perfect or transfer title from itself to the local authorities.

Mr. KING. Will the corporation represented in this bill have charged to it in its bookkeeping accounts the alleged value of the property which is turned over to them from the P. W. A.?

Mr. ELLENDER. Yes, sir. It is valued at \$123,000,000. That is the amount which the Government has spent on those projects, and the plan is, as I understand, to resell them to local authorities for the same amount or virtually the same amount as was actually paid out by the Government itself.

Mr. KING. I assume that in the P. W. A. projects, a part of the cost of the projects was paid by private capital, or was it all paid by the Government?

Mr. ELLENDER. All paid by the Government.

Mr. KING. So that if we should not salvage something from the sale of the properties, the entire amount would be a loss?

Mr. ELLENDER. Of course, if an earthquake should swallow them it would be an entire loss, but the buildings are there, they are being occupied, they are being rented, and the rents are being collected. They are paying out. I desire to say to the Senator from Utah that the projects which were built under the P. W. A. take care of a rather different class from these slum dwellers. A little higher rent is being paid. They provide for a class of citizens who receive \$2,000 per year and up.

The third amendment in the bill provides a new definition for "going Federal rate of interest." In providing for the "going Federal rate of interest," as defined in the law as presently written, Congress had in mind the rate of interest that was to be paid on any bond issue of the United States Government issued for a period of 10 or more years. This definition changes under the bill now under discussion, so that the rate of interest paid on the Housing Act bonds issued for 10 to 14 years, or on any other Government bonds issued for 10 to 14 years, shall be the yardstick used in determining the "going Federal rate of interest." In other words, the minimum interest rate on the U. S. H. A. bonds should have a direct relation to the interest rate borne by any U. S. H. A. bonds, rather than other Government bonds.

Mr. KING. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. KING. Suppose the going rate of interest upon Government bonds today is, say, 2 percent, and by reason of conditions which we may foresee, depending on whether we are pessimists or optimists, extreme new dealers, or rational common-sense legislators—

Mr. ELLENDER. Or middle-of-the-road statesmen.

Mr. KING. Or middle-of-the-way legislators. Then suppose that the condition of the country was such as to depreciate the value of bonds, and in order to borrow the money—and we have borrowed nearly \$40,000,000,000—it should cost us 5 or 6, or 4 percent, say, in 5 or 10 years from now, do I understand that we are committed now for 60 years to an interest rate which is today, say, 1% percent, or 1½ percent?

Mr. ELLENDER. No.

Mr. KING. Or may there be a change according to the sliding scale of advance or depression of interest rates?

Mr. ELLENDER. When the contract is entered into and bonds are issued by a local authority the rate of interest is then determined in accordance with the law; that is, the "going Federal rate of interest" is taken into consideration, which is at present the rate of interest paid on Government bonds with a maturity of 10 years. If that be 21/2 percent, which it has been right along, the authority enters into a contract with the local authority and bonds are issued providing for a 3-percent interest rate. That is, 21/2 percent plus 1/2 percent, as the statute now provides. When the U. S. H. A. borrows money it does so on the same basis, and at the same rate of interest that the Treasury does. which is at present 1% percent. Of course should the worst come to the worst and that rate of interest increase, as suggested by the Senator from Utah, it is possible that the rate of interest paid by the U.S. H. A. may equal that which is paid to the U.S. H. A. from the bonds of the local authority, and may exceed it, in which case, of course, there would be a loss.

But if the rates of interest are greater that will probably mean more business which will offset the loss. The people who are occupying these projects will then be better off. They will be able to pay more rents. The Authority retains the right to amend the contracts every 5 years if it so desires.

Mr. TAFT. Mr. President, will the Senator yield? Mr. ELLENDER. I yield to the Senator from Ohio.

Mr. TAFT. I do not understand, however, that bonds issued by the local housing authority to private individuals, bearing, say, 3-percent interest for 60 years, can be revised by anybody.

Mr. ELLENDER. No; they could be, Senator. The bonds that are purchased by the U. S. H. A. from the local authority in exchange for the money it lends are retained by the U. S. H. A. and the U. S. H. A. issues its own bonds, and those bonds are usually short-term bonds of 2 to 5 years,

and the rate of interest on those short maturities is really small in comparison to what it would be on long-term

Mr. TAFT. Referring to the 60-year bonds issued by the local authorities to the U.S. H. A. can the U.S. H. A. raise the rate of interest on those bonds?

Mr. ELLENDER. No.

Mr. TAFT. So if the United States Government had to pay 4 percent there would be a loss rather than a profit?

Mr. ELLENDER. That is correct. I thought I had made that plain in answer to the question asked by the Senator from Utah. The Senator is correct. But as I just explained, in order to offset that, the Authority has the right, under the act and retains that right under the subsidy contract, to subsequently revise the contracts, and the loss can be minimized by raising the rent.

Mr. KING. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. KING. Then if I understand, if the rate of interest which the Government had to pay, say, in 4 or 5 years from now, was 3 percent, then the Housing Authority on the credit which it obtains would have to pay that rate of interest?

Mr. ELLENDER. Yes.

Mr. KING. So that it may eventuate, as just indicated by the Senator from Ohio, in a loss to the Housing

Mr. ELLENDER. If the worst comes to the worst, that will happen.

Mr. KING. Which the Government of the United States would lose?

Mr. ELLENDER. If the worst comes to our country, that could happen. I think it is a general rule that when interest rates are high and money is in demand more business is carried on and the people are more prosperous. If the cycle should work that way, necessarily the slum dwellers would be better off. There would be more and better employment for them, and they would be able to pay greater

Mr. KING. In other words, the Government holds the

Mr. ELLENDER. I do not know that it holds the bag. Of course it guarantees the bonds. There is no doubt about that. However, the bonds are secured, as it were, by the projects and the revenues derived from them. The projects are really self-liquidating. Of course, if the worst is to happen, as the Senator has just indicated, I can see the possibility of a loss. We might have an earthquake in the city of New York which might swallow up Manhattan Island. In that event, of course, there would be a total loss. However, if things go on as they normally do, I do not believe we can expect any losses of any kind. The projects are self-liquidating. And as I have pointed out, as projects are being built and as new contracts are being entered into the cost per unit is decreasing.

Another clarifying amendment in the bill is with reference to the definition of the word "project." The term "project" is used throughout the act, but no definition of it appears. The definition of "project" as set forth in this bill includes any number of projects which may be undertaken by the same local authority, so that one authority can supervise several projects built in the same locality.

As I pointed out awhile ago, another amendment deals with declaring the bonds of these public-housing agencies to be of the same class as other Government bonds, so that national banks may buy them for investment purposes. The amendment is for the purpose of encouraging the flow of private capital into the low-rent housing field. In other words, it is hoped that by adopting this amendment the local housing authority, instead of raising only 10 percent of the development cost from private sources and calling upon the U. S. H. A. for the remaining 90 percent, will be able to raise, say, 20 percent or 30 percent or 50 percent from private capital, thus reducing the amount to be borrowed from the U. S. H. A. to 80 percent or 70 percent or 50 percent, as the case may be.

Another amendment proposed in the bill would permit expenses of projects owned by the U.S. H. A. to continue to be paid out of rents collected from those projects, rather than charge them against the administrative expenses of the Authority in Washington. It is desirable that this policy be incorporated into permanent legislation. This was demonstrated by the points of order recently raised in the House against these provisions in the Interior Department appropriations bill. The costs covered by this amendment are directly chargeable to the housing agencies and should be treated as nonadministrative expenses.

The other remaining amendment is to remove an ambiguity in the wording of section 9 of the act, regarding computation of the period of repayment of the loans made by the Authority. There is some question as to how this should be figured under the present wording of the act, and the amendment simply makes it plain that the period for loan repayment begins with the date of execution of the bonds, rather than with the date of the United States Housing Authority contract to make the loan.

Mr. President, that about concludes my remarks with reference to the bill. If there are any further questions I shall gladly answer them. If there are no further ques-

tions, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll. The Chief Clerk called the roll and the following Senators answered to their names:

Adams	Davis	Johnson, Colo.	Radcliffe
Andrews	Donahey	King	Reed
Ashurst	Downey	La Follette	Reynolds
Austin	Ellender	Lee	Russell
Bailey	Frazier	Lodge	Schwellenbach
Bankhead	George	Logan	Sheppard
Barbour	Gerry	Lucas	Slattery
Barkley	Gibson	Lundeen	Smathers
Bilbo	Gillette	McCarran	Smith
Bone	Green	McKellar	Stewart
Borah	Guffey	McNary	Taft
Brown	Gurney	Maloney	Thomas, Utah
Bulow	Hale	Mead	Tobey
Burke	Harrison	Minton	Townsend
Byrd	Hatch	Murray	Vandenberg
Byrnes	Hayden	Neely	Van Nuys
Capper	Herring	Norris	Wagner
Caraway	Hill	Nye	Walsh
Chavez	Holman	O'Mahoney	Wheeler
Clark, Idaho	Holt	Overton	White
Clark, Mo.	Hughes	Pepper	Wiley
Connelly	Johnson Colif	Dittman	

The PRESIDING OFFICER. Eighty-seven Senators have answered to their names. A quorum is present.

IMPORTATION OF INFESTED BULBS

Mr. SCHWELLENBACH. Mr. President, at the conclusion of my remarks, I intend to send to the desk, to lie on the table, a Senate resolution which I present on behalf of the senior Senator from Oregon [Mr. McNary] and myself. The question involved in this particular resolution is not of general importance so far as the citizens of the other sections of the country are concerned, but it is of extreme importance so far as a large number of the citizens of the States of Washington and Oregon are concerned, and involves, in addition to that, in my opinion, a question of the integrity of this body and the relationship which should be observed by governmental departments toward the Senate of the United States.

If I may go back into the history of the situation involved. which concerns the Plant and Quarantine Act which is under the administration of the Department of Agriculture, in 1923, because of the fact that it was found that bulbs shipped into this country from various foreign countries, particularly Holland, were infested to such an extent as to become a menace to the bulb industry in the United States, the Bureau of Plant Industry issued an order, which became effective in 1926, which prohibited the importation into this country of narcissus and iris bulbs, for the reason that it had been found that they had been infested with the nematode eel worm. At various times between 1926 and 1935 the representatives of the Agricultural Department, in statements made in their reports, and in statements made at various meetings throughout the country, reasserted their position, and asserted, in fact, that their investigation still showed that the bulbs which might come in from foreign countries were still so infested that the quarantine must, of necessity, be continued for the protection of our own plants.

In 1935, without any particular warning to those engaged in the business in this country and without any specific hearing upon the question, the Bureau of Plant Quarantine issued an order on January 14, 1935, in which they said-and I quote:

point of fact, the evidence at hand clearly indicates that the establishment of these pests (bulb eelworm and greater bulb fly) in this country is now so widespread and so impossible of eradication by any reasonable means that such reinfestation as may take place with unlimited importations under permit and inspection at p entry of certified bulbs will have no bearing on their control. In other words, the opportunity of eradication of these pests has passed.

The position taken by the Department at that time was that our own fields were so infested with the eelworm and with bulb flies that it was unnecessary longer to protect them; that no matter how many infested foreign bulbs might come into this country they still could have no possible effect upon our situation because our condition was as bad as it possibly could be. The second position was that the Department would be able to protect against the importation of foreign bulbs by inspection at the port of entry.

As a result of that action by the Department of Agriculture, on May 13, 1935, in the Seventy-fourth Congress I introduced a bill known as S. 2983, to amend the Plant Quarantine Act of August 20, 1912. This particular bill required the continuation of the quarantine against narcissus and iris bulbs. I now ask unanimous consent that the bill referred to may be printed in the Record at this point as a part of my remarks.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

[S. 2983, 74th Cong., 1st sess.]

IN THE SENATE OF THE UNITED STATES May 13 (calendar day, June 4), 1935.

Mr. Schwellenbach introduced the following bill; which was read twice and referred to the Committee on Agriculture and Forestry:

A bill to amend the Plant Quarantine Act of August 20, 1912

Be it enacted, etc., That the Plant Quarantine Act of August 20, 1912 (37 Stat. 317, ch. 308, sec. 7), be amended by inserting after the words "shall become and be effective on August 20, 1912," the following: "Provided further, That hereafter the importation of narcissus and iris bulbs is prohibited, except that new and rare varieties not available in the United States may be imported under special permit for propagation purposes only in quantities not exceeding 200 bulbs each of narcissus and iris by any permittee in any one year. All such imported bulbs shall be given the latest approved hot-water treatment and shall be subject to such other regulations as may be prescribed by the Secretary of Agriculture."

Mr. SCHWELLENBACH. Mr. President, that bill was reported favorably by the Committee on Agriculture and Forestry and was before the Senate on the calendar for a considerable length of time, when, feeling that the committee had not made a sufficient investigation of the subject, I asked that the bill be recommitted to the Committee on Agriculture and Forestry and a subcommittee be appointed to hold hearings opon the subject matter of the bill. The bill was recommitted, and the chairman of the Committee on Agriculture and Forestry appointed a subcommittee, consisting of the Senator from Oregon [Mr. McNary] and the late beloved Senator from Iowa, Louis Murphy, who was killed a few months after the hearing was held. That committee held a hearing on the 17th of March 1936. Remember there were two questions involved, two statements made by the Department, two contentions made, justifying their discontinuance of this quarantine so far as these bulbs were concerned: first, that our own fields were so infested that they could not be helped by protection; and, second, that it would be possible to examine these bulbs at the port of entry and prevent the importation of infested bulbs.

Notification was given to the Department of Agriculture and a number of their representatives were present at the hearing. The man who was the head and is now the head of the Bureau, Dr. Strong, was present at the hearing as the official representative of the Department of Agriculture. There was presented to that committee-and I have here a copy of the hearings-uncontroverted evidence upon each of the two points. There was presented uncontroverted evidence to the effect that the statement made by the Department of Agriculture as to the infestation of our own fields was absolutely incorrect; that it had no basis in fact; that, as a result of the efforts of our own growers in this country, the fields of American producers of bulbs had been practically cleared of all infestation. That was presented by a number of witnesses from different parts of the country, and the Department made no effort to answer the testimony of those witnesses.

On the second point as to the possibility of inspection at the port of entry, I called upon the department to send to the committee the expert upon that particular subject. As a matter of fact, as the record shows, I did not even know the name of the man whom they were going to send. They sent a Dr. Steiner, who testified that he had spent his life studying the subject of the nematode known as the eelworm. He was a pure scientist. Without talking to him, I relied upon his opinion, knowing that if he was a scientist he would present to the committee the facts in the matter and would not be biased or prejudiced. Acting even without any preliminary introduction to Dr. Steiner, I called him to the stand before the subcommittee. He testified that without question it was absolutely impossible for him or for anyone else in the world to make an examination of bulbs to determine the presence or absence of eelworms without examining every bulb which might come into the port of entry and without actually cutting it open and making an examination by microscope and destroying each bulb.

That was the testimony presented by the department's own expert. I have found out since that Dr. Steiner is recognized throughout the scientific world as being one of the three or four leading authorities upon the question of the nematode eelworm. He has spent his life in that study. Dr. Steiner was born in Switzerland; he is a typical scientist. I tried to examine him about the flies. He said, "I do not know anything about the flies; I have spent my life studying the eelworms; that has been my life work; I am qualified to discuss that question, but I am not qualified to discuss any other question."

A short time ago when the Senator from Oregon and I were at the Department of Agriculture, Mr. Strong, the head of this Bureau, stated that they recognized that Dr. Steiner was probably the leading authority in the world upon that particular question, and, without any doubt, he established that it is impossible to inspect these bulbs at the port of entry. Before we concluded the hearing that morning we called upon Lee A. Strong, the head of the Bureau, to present a defense on the part of the Department of Agriculture. He testified for a few minutes, and then asked that he might go down to the Department, saying that he did not want to enter into any agreement without discussing the question with the Secretary.

We recessed the meeting that day until 4:30 o'clock in the afternoon, at which time the committee reconvened. and Mr. Strong was there representing the Department. The net result of Mr. Strong's testimony in the afternoon was a recognition on his part that the Department could not make an inspection at the port of entry, and that in order to secure an agreement upon the part of the subcommittee that the bill continuing the quarantine would not be pushed further before the Senate they were willing to agree to install and insist upon a system whereby these bulbs might be sterilized before they were permitted to come into the country.

I ask unanimous consent to insert in the RECORD, without reading, the portion of the testimony before the subcommittee which I have marked on page 55 of the hearing.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

Mr. Strong. The question was whether I would be willing to undertake to require the sterilization of all narcissus bulbs that were offered for entry, based on the understanding that it is not possible to guarantee freedom from infestation by nematode by ordinary visual inspection, such as would be made at the port.

I find that Secretary Wallace is out of town, but I have talked

to the people in his office and also to my own people, and I am

willing to require the sterilization of these bulbs that are being offered for entry. That would have to be done at such places as sterilization facilities could be made available, and where we would sterilization facilities could be made available, and where we would have inspection available for supervision: It would have to be done also at the expense and at the risk of the person who is importing the bulbs; that is, we could not be responsible for any deterioration of the bulb during the process of sterilization or following the process of sterilization. There is certain care that has to be given to these bulbs once they are sterilized, such as drying and so on, and that would have to be at the expense and at the full risk of the person importing the bulb. It would have to be done by the latest improved methods, and it may develop that the vapor or heat treatment is even more efficient than the that the vapor or heat treatment is even more efficient than the hot-water treatment.

Senator Schwellenbach. It is your present idea that the treatment that Dr. Steiner described is the best method?

Mr. Strong. Yes; we would adopt the treatment that is recom-

mended by the Department.

Mr. ASHURST. Mr. President-

Mr. SCHWELLENBACH. I yield to the Senator from Arizona

Mr. ASHURST. I have listened to the remarks of the able Senator. It is obvious that he is not satisfied with the methods pursued in inspecting these bulbs. Am I correct?

Mr. SCHWELLENBACH. I am taking the position, as established by the hearing, that it is not possible to inspect the bulbs; that the only way in which they can be satisfactorily handled is by a process of sterilization, which was put into effect in 1936.

Mr. ASHURST. Before the bulbs are put into transit? Mr. SCHWELLENBACH. Yes.

Mr. ASHURST. For more than a century we inspected immigrants after they reached our shores. Twenty years ago we found, however, that that was not effective; and we had our various consular officers abroad begin to look into the character of prospective immigrants through the visa system before they started for this country, which seems to me to be logical.

I desire to state that the Senator is doing a good work. We have a duty in Congress which we may not remit to others. The closest scrutiny should be applied not only to bulbs entering the United States bringing harmful insects, but there should also be a close scrutiny of animals brought into the United States. For example, for more than 15 years we have engaged in a contest to keep out beef and cattle from the Argentine, because they are largely afflicted with the hoofand-mouth disease. When the hoof-and-mouth disease begins to ravage our cattle, the losses are tremendous; and, with all the high-sounding praises of Argentine canned beef, I have pretty good authority for the statement that they can beef afflicted with foot-and-mouth disease.

The most rigid inspection of all bulbs, animals, plants, and all other things entering the United States should be conducted; and to immigrants seeking entry into the United States the same rule should be applied. I can well appreciate the Senator's solicitude, because I have said here before, and I say again, that there are 4,000,000 different kinds of insects in the world. They are all contestants for mankind's food supply. Scientific men tell us that it is a 50-50 question whether mankind or the insects shall ultimately inherit the food supplies of the earth.

If we are to survive, not only should we build up our armies and our navies, but the almost invisible insects which take mankind's food supply should be kept out of our country.

I congratulate the able Senator on demanding rigid inspection not only of bulbs but of cattle and of immigrants entering the United States.

Mr. SCHWELLENBACH. Mr. President, I thank the Senator from Arizona for his remarks. I think to a slight extent he has mistaken the position which we must necessarily take upon this question. The record shows that it is impossible, even by the most rigid inspection, without destroying each one of the bulbs, to find out whether or not they are infested by this particular bug. What the Department now wants to do is to permit someone in Holland to do the inspecting, and put on the outside a certificate that the bulbs are all right, and then let them come into this country.

Mr. ASHURST. Then, that means that all of the bulbs may be sent here that anybody in Holland wishes to send.

Mr. SCHWELLENBACH. I think there is no question; past history has shown that in Holland, when they wanted to send bulbs to this country before the Quarantine Act went into effect, they just handed out to the bulb producer a sufficient number of certificates, and he himself pasted them on the boxes; and the record during the past 2 years, when iris bulbs were permitted to come in without sterilization, shows that they have come in with the largest percentage of infestation ever known in this country. The infestation cannot be discerned by even the most rigid inspection; and all the testimony submitted by the Department of Agriculture bears out that statement.

At any rate, starting in 1936, the Department required the sterilization of all the bulbs which came into this country.

Mr. ASHURST. Mr. President, will the Senator yield? Mr. SCHWELLENBACH. I yield.

Mr. ASHURST. Where was this sterilization performed? Mr. SCHWELLENBACH. It would be performed at the port of entry here.

Mr. ASHURST. Instead of at the point of origin of the

Mr. SCHWELLENBACH. Yes. We could not depend upon sterilization at the point of origin any more than we could

depend upon inspection at the point of origin.

Last spring, at the request of the representative of the Government of Holland, our Department of Agriculture sent to Holland a committee consisting, as I understand, of three men, who went there to study whether or not the fields in Holland were actually infested. They were met by the authorities in Holland and taken to certain fields which had been selected by the authorities in Holland; and the committee found, upon inspecting these particular fields, that there was no infestation of them. Before they left, however, the two remaining members of the subcommittee, the Senator from Oregon [Mr. McNary] and myself, sent to the Secretary of Agriculture a letter pointing out the fact that Congress was adjourning, that we were vitally interested in this subject as representatives of the States of Oregon and Washington, and that we had a responsibility in this connection because of the fact that we had been members of the subcommittee. On June 13, 1938, we sent to the Secretary of Agriculture a letter requesting that he take no action in reference to this subject until we returned to Washington in January of this year.

I will read the last paragraph of the letter. It says:

In view of the fact that we are leaving for our respective States within a few days and will not be in Washington, D. C., until January, we earnestly urge that if action is contemplated it be delayed until the next session of the Congress.

I ask unanimous consent to have the entire letter inserted in the RECORD at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

The letter is as follows:

JUNE 13, 1938.

HCn. HENRY A. WALLACE

Secretary of Agriculture, Washington, D. C.

DEAR MR. SECRETARY: As you may remember, in March 1936 the undersigned, with the late Senator Murphy, of Iowa, were appointed as a subcommittee of the Senate Committee on Agriculture and Forestry to consider S. 2983, entitled "A bill to amend the Piant Quarantine Act of August 20, 1912."

Quarantine Act of August 20, 1912."

On March 17, 1936, a hearing was held by our subcommittee at which testimony from a number of witnesses was received. A copy of that hearing was submitted to you on December 5, 1936. The results of that hearing were so conclusive as to the necessity of proper action to prevent the importation of infested narcissus bulbs that Dr. Lee A. Strong of your Department agreed to institute the present procedure for requiring sterilization.

We are now informed that a committee from your Department, headed by Dr. Strong, recently visited Holland for the purpose of

We are now informed that a committee from your Department, headed by Dr. Strong, recently visited Holland for the purpose of studying conditions there. We are not informed as to their findings or as to the nature of the report the committee will make. Nor do we know when such report will be made. However, in the light of the overwhelming testimony presented at the hearing in March 1936, we must respectfully insist that no action be taken which would alter the requirements agreed upon by Dr. Strong at the conclusion of that hearing without giving us and the narcissus-bulb industry in the country full opportunity to be heard.

In view of the fact that we are leaving for our respective States within a few days and will not be in Washington, D. C., until January, we earnestly urge that if action is contemplated it be delayed until the next session of the Congress.

Very truly yours,

CHARLES L. MCNARY. L. B. SCHWELLENBACH.

Mr. SCHWELLENBACH. A short time after that, each of us received from the Department of Agriculture a letter dated July 5, signed by Harry L. Brown, Acting Secretary of the Department of Agriculture, the last paragraph of which reads as follows:

In view of your interest in this matter you may be assured that steps will be taken to insure your being notified as promptly as possible if the report of the committee indicates that there should be any modification of the present status regarding the importation of narcissus bulbs.

I ask unanimous consent that the entire letter be inserted in the RECORD at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

The letter is as follows:

DEPARTMENT OF AGRICULTURE, Washington, July 5, 1938.

Hon. Lewis B. Schwellenbach,

United States Senate.

Dear Senator: Receipt is acknowledged of the letter dated June 13, jointly signed by yourself and Senator McNary, calling attention to the hearing held in 1936 by a subcommittee of which you were a member on the Senate Committee on Agriculture and Forwere a member on the Senate Committee on Agriculture and Forestry to consider a bill to amend the Plant Quarantine Act of August 20, 1912. You also indicate that a committee from this Department headed by Dr. Lee A. Strong, Chief of the Bureau of Entomology and Plant Quarantine, recently visited Holland for the purpose of studying conditions there and you request that no action be taken which would alter the requirements agreed upon by Doctor Strong at the conclusion of the hearing previously referred to without giving you and the narcissus bulb industry in this country full opportunity to be heard. It is also noted that you desire any contemplated action be delayed until the next session of Congress. session of Congress

Under the provisions of article 10 of the trade agreement with the Netherlands Government the Minister of that country requested the appointment of a committee of technical experts repquestions the two Governments to consider the restrictions now governing the entry of narcissus bulbs from that country. Following this request Doctor Strong and two other members of the Department were selected to confer with Government officials of the Netherlands. The American members of this joint committee the Netherlands. The American members of this joint committee have returned to this country but a report of their observations has not as yet been made. When it is submitted it will be carefully considered. If the report should present a situation requiring a decision and if that decision should involve questions which merit or require public consideration such as might be had at a public hearing, adequate notice would be given in order that any who cared to might attend. Until the facts which may be developed by this report are available it is believed you will realize the Department could scarcely commit itself with respect to the appropriate time for holding such a hearing if one appears to be appropriate time for holding such a hearing if one appears to be necessary.

In view of your interest in this matter you may be assured that steps will be taken to insure your being notified as promptly as possible if the report of the committee indicates that there should be any modification of the present status regarding the importa-

Sincerely,

HARRY L. BROWN. Acting Secretary.

Mr. SCHWELLENBACH. I do not believe anybody could have read those two letters and have construed them any differently than did the Senator from Oregon and I. Clearly we had requested, in view of our interest and our responsibility, that the Department give us ample opportunity to be heard before a change was made in the situation. That correspondence, taking into consideration the agreement which was made by the Department of Agriculture and the Senate on the 17th of March, 1936, in our opinion certainly placed upon the Department some responsibility for fair dealing toward the Senate and its Members in giving us an opportunity to present our side of the case before action was taken.

Having received the letter assuring us of that situation, we went home. We did nothing further about the matter. We had already given up, back in 1936, so far as that particular bill was concerned, the possibility of passing the proposed

I do not contend that the agreement of March 17, 1936, was a perpetual agreement, or that the Department of Agriculture was in perpetuity bound to keep that particular agreement in

effect: but in view of the fact that the agreement was made with the Senate, and in view of the fact that the Acting Secretary of Agriculture specifically agreed that no action would be taken until we were given an opportunity to be heard, certainly there was a responsibility upon the Department not to take action until we had a chance to present our side of the case.

A few days after November 10, 1938, I received in Spokane a letter from Mr. Strong, the Chief of the Bureau of Plant Quarantine, in which he enclosed an order. I am not going to read them. I ask unanimous consent that both of them be printed in the RECORD at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

The letter and order are as follows:

DEPARTMENT OF AGRICULTURE, Bureau of Entomology and Plant Quarantine, Washington, D. C., November 10, 1938.

Air Mail.

Hon. Lewis B. Schwellenbach,

United States Senator,

Post-Office Box 16, Spokane, Wash.

Dear Senator: Herewith is an announcement of the revocation of the treatment requirement on noninfested Holland narcissus bulbs. It will be noted that this becomes effective on and after August 15, 1939.

Very truly yours,

LEE A. STRONG, Chief of Bureau.

[Enclosure]

B. E. P. Q.-482. DEPARTMENT OF AGRICULTURE. BUREAU OF ENTOMOLOGY AND PLANT QUARANTINE, Washington, D. C., November 10, 1938.

TREATMENT REQUIREMENT OF NONINFESTED HOLLAND NARCISSUS BULBS AS A CONDITION OF ENTRY, REVOKED

On January 14, 1935, as authorized in regulation 3, as revised on said date, of the rules and regulations supplemental to notice of quarantine No. 37, the announcement was made that on and after December 15, 1936, narcissus bulbs would be authorized entry under permit in unlimited numbers for any purpose, subject to inspection and certification in the country of origin and reinspection at the part of antry in the Hulted States with the understooding that

and certification in the country of origin and reinspection at the port of entry in the United States with the understanding that any shipments found to be infested would be rejected. At the same time, revocation of the domestic narcissus bulb quarantine No. 62 was announced, effective April 1, 1935.

On August 1, 1936, in accordance with the authority contained in regulation 9 of said notice of quarantine No. 37, it was further announced that, as a condition of entry, the treatment of narcissus bulbs would be required, since external examination of these bulbs could not be relied upon to determine their freedom from infestation by the bulb nematode, Ditylenchus dipsaci. Those in interest were informed in a circular issued September 16, 1936, of the "latest approved treatment" to be employed with respect to all entries of narcissus bulbs.

Since it was a matter of record that imported and domestic bulbs

entries of narcissus bulbs.

Since it was a matter of record that imported and domestic bulbs other than narcissus were known hosts of the bulb nematode, a conference was held in Washington on December 15, 1936, to consider the desirability of treating all known hosts of the bulb nematode enterable under the nursery stock, plant, and seed quarantine No. 37. The following day, December 16, 1936, a hearing was held to consider the advisability of establishing a domestic plant quarantine for the purpose of requiring the treatment of narcissus bulbs and other known hosts of the bulb nematode as a prerequisite to interstate shipment. On February 15, 1937, it was announced that the evidence presented at the conference in question indicated that the bulb nematode risk which accompanies the importation of most ornamental bulbs which have been inspected in the country of origin, supplemented by inspection at the port of entry in the United States, does not justify the requirement that all known hosts of this nematode be treated as a condition of entry. No change in the requirements as to importation of narcissus bulbs was announced at that time. While no public announcement has been made with reference to the conclusion reached as the result of the hearing on December 16, 1936, no Federal domestic quarantine has been promulgated requiring the treatment of narcissus bulbs and other known hosts of the bulb nematode as a condition of interstate shipment.

At the requirement, of interstate shipment.

At the request of the Netherlands Government a committee of technical experts representing the Governments of the Netherlands and of this country was appointed for the purpose of considering on the ground in Holland the necessity of requiring the hot-water treatment of Holland narcissus bulbs as a condition of entry into the United States. This committee held a series of meetings in Holland during the month of April 1938, most of which took place in the narcissus-bulb fields, where every opportunity was afforded to inspect the bulbs as to foliage or by lifting them, and to observe the cultural practices and sanitary measures employed in an effort to reduce the bulb nematode infestation to the minimum. The field examinations revealed an almost complete absence of bulb nematode infestations in the narcissus plantings. In view of this condition and the sanitary measures practiced, which involve repeated field examinations during the growing season, supplemented by inspection and certification of the bulbs at the time of shipment, it is evident, so long as the above conditions exist, that the bulb nematode risk incident to the importation of Holland narcissus bulbs does not justify the continuation of the requirement that all importations of these bulbs be given the hot-water treatment as a condition of entry. This requirement therefore will not be in effect on and after August 15, 1939. On and after that date, all such importations, in accordance with the provisions of regulation 7 of the nursery stock, plant, and seed quarantine No. 37, shall be accompanied by a certificate certifying that the bulbs have been thoroughly inspected at the time of packing and found or believed to be free of injurious plant diseases and insect pests. Finally, upon arrival at the American ports of entry, all shipments will be examined by inspectors of the Bureau of Entomology and Plant Quarantine, and this examination will include the cutting of suspicious-looking bulbs when necessary to determine their freedom from infestation by the bulb nematode. Any shipments found to be infested will be given the latest approved treatment or rejected.

Lee A. Straone,

Chief, Bureau of Entomology and Plant Quarantine.

Mr. SCHWELLENBACH. The letter simply was a transmittal of the order. The order provided that the agreement made on March 17, 1936, was rescinded, and that the requirement for sterilization would not be made after the 15th of August of this year.

We came back here in January. I first had a meeting with Mr. Strong. I then had a meeting with the Secretary of Agriculture. Then the Senator from Oregon [Mr. McNary] and I had a meeting with both the Secretary of Agriculture and Mr. Strong. In all of the meetings we took the position that, so far as the record was concerned, all of the testimony showed that it was not possible to prevent the importation of infested bulbs without the use of the sterilization process.

All we asked from the Department of Agriculture was an opportunity to present our case, an opportunity to be heard, an opportunity to know directly and definitely what this committee found out, an opportunity to see the report of the committee, an opportunity to represent our constituents on the one hand, and an opportunity to represent the Senate, with which an agreement had been made, on the other hand.

We were denied that opportunity, and we were told, in place of that, that the Department had prepared a bill which would take care of everything; that we did not need to worry about it; that Mr. Strong had prepared a bill which covered the whole question of the plant quarantine. He explained to us that there was a necessity for amendment of the entire act; that it was cumbersome and difficult to administer; that he wanted the whole subject taken up at one time; and that if we would agree to let this legislation go over, all of our problems would be solved, and the Department would be in much better position.

Frankly, we were not satisfied with that. We wanted an opportunity to be heard upon the specific question involved, but not having that opportunity, we had to agree to the alternative, and sometime prior to February 16 of this year, on behalf of the Department of Agriculture, requests were made of Members of the House of Representatives and Members of the Senate that the Department's bill upon this question be introduced. The result was that Representative Boykin introduced a bill in the House and the Senator from Alabama [Mr. Bankhead] on February 16 of this year introduced Senate bill 1364.

The Senator from Oregon and I, very rightly, I think, assumed that since the Department had offered the bill, since it was their solution of this problem, we had a right to rely upon the cooperation of the Department in getting the bill through the Congress. The Members of this body know that when a Department comes and offers a bill and asks a Member of Congress to introduce it, and the bill is all prepared and handed to him, he introduces it, it goes to a committee, the committee sends the bill to the Department, and in 9 out of 10 cases it is only a matter of a few days before a favorable report on the bill is sent back to the Congress by the department.

The bill in question was introduced on February 16, and on February 22 the clerk of the Committee on Agriculture and Forestry of this body sent the Bankhead bill, Senate bill 1364, back to the Department, and asked for a report upon it. I waited a couple of weeks and did not hear anything about it, and then started calling up from my own office to find where the report was. I was not able to ascertain; so I went to the clerk of the committee, and he started a daily process of calling the Department in an attempt to discover why the Department had not made a report to the Senate upon its own bill, a bill which it had prepared, which it had had introduced, and which it asked the Senator from Oregon and me to rely upon as a solution of our particular problem, and as carrying out the agreement which was made in 1936 with the Senate subcommittee, and made with the Senator from Oregon and me in June of last year.

It was not possible to get a report upon the department's bill from the department until May 16. The time from February 22 to May 16 passed before they made a report upon this particular piece of legislation.

When the report came in, we found that the department, which had told us that they were going to keep their agreement with the Senate and with us through the medium of this piece of legislation, namely, recommended to the Senate that all parts of the proposed legislation which referred to our particular problem should be eliminated from the bill; and they just struck out those paragraphs.

Mr. President, this is the 7th of June. I do not know, and I do not think even the able leaders on both sides of the Senate have any particular knowledge, as to just when the present session of Congress will adjourn, but it is certain that it is not going to be possible to get through at this stage of the proceedings a piece of legislation protecting this particular situation when it will meet, as apparently it will, the violent opposition of the Department of Agriculture and the chief of the Bureau of Inspection and Plant Quarantine.

Mr. President, I shall not ask that all of Senate bill 1364 be printed in the Record, but I do ask unanimous consent that section 3 of the bill be printed in the Record at this point as a part of my remarks.

The PRESIDING OFFICER. Is there objection?
There being no objection, the section was ordered to be printed in the Record, as follows:

SEC. 3. That, in order to safeguard agriculture in the manner and for the purposes set forth in section 1 of this act, it shall be unlawful for any person to import, or offer for importation, from a foreign country into the United States or into any Territory or District thereof, any plants or plant products capable of propagation, as defined in section 2 of this act (1) unless a permit therefor shall have been issued by the Secretary of Agriculture; (2) unless the requirements applicable to the importation of such plants or plant products, prescribed by the Secretary of Agriculture pursuant to this act, including inspection and, when necessary, treatment to prevent the introduction of plant pests, have been complied with, including the best approved treatment for nematodes applied to all importations of narcissus and iris bulbs; and (3) unless such plants or plant products are imported for propagation for the purpose of establishing production to meet domestic requirements and after importation are utilized therefor under the surveillance of the Secretary of Agriculture for such time and under such conditions as the said Secretary may prescribe in order that he may be able to determine, by inspection or otherwise, whether such plants or plant products are apparently free from plant pests: Provided, That, when the Secretary of Agriculture finds that the importation of such plants or plant products is desired for processing in some manner not involving propagation, and is of the opinion that the proposed processing will destroy, or render innocuous, any plant pests that might be present in or on such plants or plant products, the said Secretary may issue a permit specifying the conditions for the importation of such plants or plant products and may prescribe such conditions for the proposed processing as he may deem necessary effectively to destroy or render innocuous any possible plant pests thereon or therein: Provided further, That plants or plant products may be imported for experimental or scientific or non

Mr. SCHWELLENBACH. Mr. President, I now desire to read from a portion of the report of the Secretary of Agriculture referring to that particular section:

In the same section—section 3—page 4, lines 3, 4, and 5, the phrase "including the best approved treatment for nematodes applied to all importations of narcissus and iris bulbs" should be removed from the bill. When a given lot of plants or plant products capable of propagation arrives in this country from abroad, representatives of the Department would first determine

whether a permit had been issued and what requirements applicable to that particular importation had been prescribed by the Secretary of Agriculture, including determination whether the contents of the importation were the subject of a specific quarantine. Inspection of these contents would follow in due course, and the subsequent action taken with respect to a given importation should depend on the results of the inspection. If pests or diseases were to be found which were not known to exist in this country, consideration should be given as to whether that importation should be excluded. If the nature of the infestation or infection were such that treatment and admittance were deemed safe, the treatment might be prescribed but to the the hands of the Department by requiring a treatment for a given type of plant or plant product capable of propagation regardless of the findings of the inspection is discriminatory, unwise, and might result in prescribing a treatment which would not be effective in destroying the organism in question, because this organism might whether a permit had been issued and what requirements applidestroying the organism in question, because this organism might be one new to the Department, the treatment for which is unknown.

Mr. President, in the light of the record, this statement of the Secretary of Agriculture, in the first place, the Department, going back to the old position they took in January 1933, saying that they would be able to make inspection at the port of entry, despite the fact that the entire record as presented shows that they cannot make such an inspection; then saying that, because it is provided that a particular type of sterilization shall be used, it would tie the hands of the Department, and would be unwise and unjust and would be discrimination, that there might be other nematodes about which they do not know, is just simply begging the question, and, so far as I am concerned, I believe that it is merely trifling with the Senate of the United States.

Remember, this language which the Secretary of Agriculture so drastically condemns is the language which Mr. Strong, of the Bureau of Inspection and Plant Quarantine, wrote into the bill. We did not write the bill; the Department itself wrote it. They included this provision because of the fact that we went to the Department insisting upon some sort of a hearing before the Department, insisting upon a right to be heard, insisting that they present some evidence which would controvert the evidence which we had heard in 1936. We became so insistent that they said. "All right; we will present a bill which will take care of the whole situation." Then they held up the report from the 22d of February until the 16th of May, too late in the session for us to get any possible action upon a controversial question; then they recommended that the part of the bill which was put in under their representation and which we could rely upon be removed, and they criticized that portion of their own bill as being unwise, unjust, and discriminatory.

If the Secretary of Agriculture and Mr. Strong, of the Bureau of Inspection and Plant Quarantine thought it was unwise, unjust, and discriminatory to include that provision in the bill in May 1939, why did they tell the Senator from Oregon and me in January 1939 that they would put it in, and that we could rely upon it, and that we would be protected by it?

As I stated in the beginning, this is not merely a question of a few bulb growers in the State of Washington and in the State of Oregon, though it is of supreme importance to them, and it is of supreme importance generally to know that the fields of this country will not be infested by this nematode, which is described as one which rapidly spreads, not merely to bulbs, but to all forms of plant life; this matter also involves the question as to what sort of treatment the Senate of the United States and the Members of the Senate of the United States are entitled to at the hands of the executive department of the Government.

Mr. President, I ask unanimous consent to be permitted to offer at this time, and have lie upon the table, a resolution on behalf of the Senator from Oregon and myself, and I ask that the resolution be read.

The PRESIDING OFFICER. Without objection, the resolution will be received and read.

The legislative clerk read the resolution (S. Res. 143), as follows:

Resolved, That a subcommittee of the Senate Committee on Agriculture and Forestry, to be appointed by the chairman of the committee, is authorized and directed to examine the Secretary of

Agriculture and Dr. Lee A. Strong, Chief of the Bureau of Entomology and Plant Quarantine, with respect to the following matters:

Why the Department of Agriculture failed to keep the agree-(1) Why the Department of Agriculture failed to keep the agree-ment made with the Senate Committee on Agriculture and Forestry, acting on behalf of the Senate, on March 17, 1936, providing for the necessary sterilization of the bulbs imported into the United States, which were described in Senate bill No. S. 2983, Seventy-fourth

which were described in Senate bill No. S. 2565, Seventy-Louisian Congress, first session.

(2) Why the Department of Agriculture failed to keep the agreement with individual Members of the Senate, the basis of which is correspondence dated June 13, 1938, and July 5, 1938.

(3) Why, after the Department of Agriculture presented to individual Members of the Senate and the House of Representatives and caused to be introduced the bills S. 1364 and H. R. 4036, an adverse report on such legislation was later submitted by the Department of Agriculture. partment of Agriculture.

The subcommittee shall report to the Committee on Agriculture and Forestry the results of its investigations, together with its recommendations.

The PRESIDING OFFICER. The resolution will lie on the table.

TIME LIMITATION FOR RATIFICATION OF CONSTITUTIONAL AMEND-MENTS

Mr. ASHURST. Mr. President, five different amendments proposed by the Congress may, by the effect of the decision of the Supreme Court of the United States rendered on June 5, 1939, in the case of Coleman et al. against Miller et al., be assumed to be pending before the States for their action. These amendments are as follows:

One proposed September 29, 1789, 150 years ago, relating to enumeration and representation:

ARTICLE I. After the first enumeration required by the first article of the Constitution there shall be 1 Representative for every 30,000 until the number shall amount to 100, after which the proportion shall be so regulated by Congress that there shall be not less than 100 Representatives, nor less than 1 Representative for every 40,000 persons, until the number of Representatives shall amount to 200, after which the proportion shall be so regulated by Congress that there shall not be less than 200 Representatives nor more than 1 Representative for every 50,000 persons.

Another, proposed September 29, 1789, 150 years ago, relating to compensation of Members of Congress:

ARTICLE II. No law varying the compensation for the services of the Senators and Representatives shall take effect until an election of Representatives shall have intervened.

Another, proposed January 12, 1810, 129 years ago, to prohibit citizens of the United States from accepting presents, pensions, or titles from princes or from foreign powers:

If any citizen of the United States shall accept, claim, receive, or retain any title of nobility or honor, or shall, without the consent of Congress, accept and retain any present, pension, office, or emolument of any kind whatever from any emperor, king, prince, or foreign power, such person shall cease to be a citizen of the United States and shall be incapable of holding any office of trust or profit under them, or either of them.

Another, proposed March 2, 1861, 78 years ago, known as the Corwin amendment, prohibiting Congress from interfering with slavery within the States:

No amendment shall be made to the Constitution which will authorize or give to Congress the power to abolish or interfere within any State, with the domestic institutions thereof, including that of persons held to labor or service by the laws of said State (12 Stat, 251).

And still another, proposed June 2, 1924, 15 years ago, the child-labor amendment:

SECTION 1. The Congress shall have power to limit, regulate, and

prohibit the labor of persons under 18 years of age.

SEC. 2. The power of the several States is unimpaired by this article except that the operation of State laws shall be suspended to the extent necessary to give effect to legislation enacted by the

On September 29, 1789, 12 constitutional amendments were proposed by the First Congress. The requisite number of States ratified proposed articles Nos. 3, 4, 5, 6, 7, 8, 9, 10, 11, and 12 within 2 years and 3 months, while Nos. 1 and 2, although proposed 150 years ago, have not, according to the latest available returns, received favorable action by the requisite number of States and are still before the American people, or the States, rather, and are now subject to ratification or rejection by the States. After those two proposed amendments, to wit, Nos. 1 and 2, had been in nubilous-in the clouds-for 84 years, the Ohio State Senate in 1873, in

response to a tide of indignation that swept over the land in opposition to the so-called back-salary grab, resurrected proposed amendment No. 2 and passed a resolution of ratification through the State senate. No criticism can be visited upon the Ohio Legislature that attempted to ratify the amendment proposed in 1789; and if the amendment had been freshly proposed by Congress at the time of the backsalary grab, instead of having been drawn forth from musty tomes, where it had so long lain stale and dormant, other States doubtless would have ratified it during the period from 1873 to 1881.

During the present year-indeed, within the past 90 daysthe States of Massachusetts, Georgia, and Connecticut, respectively, have ratified articles 3 to 12, both inclusive, of the 12 articles proposed 150 years ago.

We should not hand down to posterity a conglomerate mass of amendments floating around in a nebulous haze which a State here may resurrect and ratify and a State

there may galvanize and ratify.

We ought to have homogeneous, steady, united exertion, and certainly we should have contemporaneous action with reference to proposed amendments. Judgment on the case should be rendered within the lifetime of those interested in bringing about the change in our fundamental law. Final action should be had while the discussions and arguments are within the remembrance of those who are called upon to act.

The amendment proposed on January 12, 1810, was sub-

mitted to the States in peculiar auspices.

Unfortunately, the annals of Congress and contemporary newspapers do not give any of the debate upon this interesting proposition. The only light thrown upon the subject by the annals is the remarks of Mr. Macon, who said "he considered the vote on this question as deciding whether or not we were to have members of the Legion of Honor in this country."

What event connected with our diplomatic or political history suggested the need of such an amendment is not now apparent, but it is possible that the presence of Jerome Bonaparte in this country a few years previous and his marriage to a Maryland lady may have suggested this

An article in Niles' Register, volume 72, page 166, written many years after this event, refers to an amendment having been adopted to prevent any but native-born citizens from being President of the United States. This is, of course, a mistake, as the Constitution in its original form contained such a provision; but it may be possible that the circumstances referred to by the writer in Niles' relate to the passage through Congress of this amendment. The article referred to maintains that at the time Jerome Bonaparte was in this country the Federalist Party, as a political trick, affecting to apprehend that Jerome might find his way to the Presidency through "French influence," proposed the amendment. The Federalists thought the Democrats would oppose the amendment as unnecessary, which would thus appear to the public as a further proof of their subserviency to French influence. The Democrats, to avoid this imputation, concluded to carry the amendment.

"It can do no harm" was what reconciled all to the amendment.

That amendment was submitted by Congress 129 years ago, and after the space of about 2 years it was ratified by 12 States, but not a sufficient number of States at that time to make up the necessary three-fourths required for ratification. At one period of our national life the histories and the public men announced that it was a part of our organic law, and this error arose because in the early days of our Government the Secretary of State did not send messages to Congress announcing ratification and did not promulgate any notice as to when an amendment became a part of the Constitution. I have caused the journals, records, and files in the Department of State to be searched, and there may not be found any notice of any proclamation of the ratification of the first 10 amendments to the Constitution. The States assumed-it was

not an unwarranted or violent assumption—that when the requisite number of States had ratified an amendment it was then and there a part of our organic law.

Thus we perceive that a system which permits of no limitation as to the time when an amendment may be voted upon by the States is not fair to posterity or to the present generation. Lack of time limitation keeps historians, publishers, and analysts, as well as the general public, constantly in doubt.

It would seem that Congress had, within the past 20 years, become aware of the wisdom of limiting the time within which a State may ratify, inasmuch as Congress attached to the eighteenth, twentieth, and twenty-first amendments a limitation of the time within which a State might ratify.

CONFISCATION OF FIREARMS IN POSSESSION OF PERSONS CONVICTED OF FELONY

The PRESIDING OFFICER (Mr. LA FOLLETTE in the chair) laid before the Senate the amendment of the House of Representatives to the bill (S. 189), to provide for the confiscation of firearms in possession of persons convicted of felony and disposition thereof, which was, beginning with line 3, to strike out all down to and including "tried", in line 7, and

That when any person is convicted in any court of the United States of any of the crimes of murder, manslaughter, felonious assault, rape, killing, or assaulting a Federal officer, robbery, burglary, bank robbery, killing, or kidnaping in committing a bank robbery or in avoiding or attempting to avoid apprehension for the commission of bank robbery or in freeing one's self or attempting to free one's self from arrest or confinement for bank robbery, transporting or causing to be transported a kidnaped person in interporting or causing to be transported a kamapet person in inter-state or foreign commerce, transporting or causing to be trans-ported a stolen motor vehicle in interstate or foreign commerce, or any felony perpetrated in whole or in part by the use of firearms, or an attempt to commit any of the foregoing crimes, the court in its judgment of conviction may, in addition to the penalty or penalties prescribed by law for the punishment of such crime or crimes, order the confiscation and disposal of firearms and ammunition found in the possession or under the immediate control of such person at the time of his arrest.

Mr. HATCH. I move that the Senate concur in the House amendment.

The motion was agreed to.

AMENDMENT OF NATIONAL HOUSING ACT OF 1937

The Senate resumed the consideration of the bill (S. 591) to amend the United States Housing Act of 1937, and for other purposes.

Mr. TAFT obtained the floor.

Mr. REED. Mr. President, will the Senator from Ohio yield to me so I may suggest the absence of a quorum?

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Kansas for that purpose?

Mr. TAFT. Yes; I yield. Mr. REED. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll. The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Davis	Johnson, Colo.	Radcliffe
Andrews	Donahey	King	Reed
Ashurst	Downey	La Follette	Revnolds
Austin	Ellender	Lee	Russell
Bailey	Frazier	Lodge	Schwellenbach
Bankhead	George	Logan	Sheppard
Barbour	Gerry	Lucas	Slattery
Barkley	Gibson	Lundeen	Smathers
Bilbo	Gillette	McCarran	Smith
Bone	Green	McKellar	Stewart
Borah	Guffey	McNary	Taft
Brown	Gurney	Maloney	Thomas, Utah
Bulow	Hale	Mead	Tobey
Burke	Harrison	Minton	Townsend
Byrd	Hatch	Murray	Vandenberg
Byrnes	Hayden	Neely	Van Nuvs
Capper	Herring	Norris	Wagner
Caraway	Hill	Nye	Walsh
Chavez	Holman	O'Mahoney	Wheeler
Clark, Idaho	Holt	Overton	White
Clark, Mo.	Hughes	Pepper	Wiley
Connally	Johnson, Calif.	Pittman	***************************************

The PRESIDING OFFICER. Eighty-seven Senators have answered to their names. A quorum is present.

Mr. TAFT. Mr. President, I should like to return from the pleasant fields of tulips, narcissus, and constitutional amendments to discuss the bill before the Senate, relating to the extension of power of the United States Housing Authority to issue bonds. In that connection I should like to offer the amendment which lies on the desk.

The PRESIDING OFFICER. The amendment will be

stated.

The LEGISLATIVE CLERK. On page 3, line 5, in the committee amendment, after the words "more than" it is proposed to strike out "\$45,000,000" and insert in lieu thereof "\$30,000,000."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Ohio to the

committee amendment.

Mr. TAFT. Mr. President, there is another amendment on page 3 which should be considered in connection with the amendment just stated.

The PRESIDING OFFICER. The amendment to the

amendment will be stated.

The LEGISLATIVE CLERK. On page 3, line 13, in the committee amendment, it is proposed to strike out "\$800,000,000" and insert in lieu thereof "\$400,000,000."

The PRESIDING OFFICER. Does the Senator from Ohio ask unanimous consent that the two amendments which he has offered to the committee amendment be considered as one?

Mr. TAFT. I do.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TAFT. Mr. President, I do not want in any way to oppose or to be understood as opposing the general housing policy embodied in the present United States Housing Authority Act. I think the Federal Government is definitely interested in the subject of housing and should be interested. We have passed three entirely different measures intended to stimulate housing. The first is the Federal Home Loan bill, by which it is proposed that the Federal Government shall assist building and loan associations in lending money for the development of private housing. The second is the Federal Housing Authority bill, which has to do with the insuring of loans on private houses. The third is the United States Housing Authority bill which provides low-rent Government housing.

A wise housing policy is essential to recovery. I think there is more opportunity for recovery and for putting men to work in the development of the industry of housing than in probably any other single industry which could be developed. We are behind in provisions for housing. The subject of housing is one in which the Federal Government can and properly should interest itself.

While excellent work has been done in each of the three fields mentioned, there has been no coordination whatever in those three fields, and no consideration of the whole problem at one time. We have a number of independent Government agencies. We have the Federal Housing Authority, which is entirely independent; we have the United States Housing Authority, which is in the Department of the Interior; and we have the Federal home-loan bank, which is an independent agency. The problem has not been considered as a whole. The activity in each field is still in an experimental stage, and in no case in more of an experimental stage than in the business of providing low-rent Government housing. The United States Housing Authority has not yet opened a single project which has been constructed under its supervision.

This bill deals only with low-rent Government housing. There has been a great deal of discussion of what the policy is. I think the policy should be stated in order that it may be clearly understood. In the first place, we have heretofore authorized \$800,000,000 in bonds and \$28,000,000 in subsidies. The Administrator has gone ahead and allotted about \$650,-000,000 of the \$800,000,000, and he has \$150,000,000 left. Then he ran out of subsidy money, so he could not issue the remaining \$150,000,000 in bonds. What he is asking authority for is to issue eight hundred additional million dollars, so that he would have available at once \$950,000,000 in addition to what has been allotted; and he is asking for additional subsidies of \$45,000,000. Thirty-four million dollars

of that is needed to provide subsidies for the new \$800,000,000; approximately four and a half million dollars is to subsidize the P. W. A. projects which we are going to turn over to the local housing authorities; about six and a half million dollars is to finance the \$150,000,000 which he has not as yet been able to use, making a total of \$45,000,000.

The amendment which I propose cuts down the \$800,000,000 to \$400,000,000, and cuts down the \$45,000,000 to \$30,000,000, which would enable him to cover the \$150,000,000 which he has not used, plus the \$400,000,000 new amount, plus the P. W. A. projects. That is the reason why, instead of cutting the \$45,000,000 in half, I am proposing only to cut the \$45,000,000 to \$30,000,000.

He proposes to house 180,000 families with \$800,000,000. In other words, the estimate of the Administrator is that the average cost per family will be \$4,500. That is his estimate, and I think we may accept that as the present average cost of housing under this particular plan.

Under the policy the United States Housing Authority issues \$800,000,000 of bonds which are guaranteed as to principal and interest by the United States Government. Then they take that \$800,000,000 and lend it to the various local housing authorities, public bodies created by the various States. They can lend to them 90 percent of the cost of those projects. On those loans they charge 3 percent interest and one-half percent amortization, and they take 60-year bonds from the local housing authorities at 3 percent interest. The subsidy is 31/2 percent on the entire cost. 90 percent plus 10 percent; that subsidy goes to the local housing authorities, and then it is used to pay the interest and the sinking fund on their own bonds. There can be no question that that process is practically equivalent to our constructing the buildings and presenting them to the local housing authorities for nothing; practically as if we issued the bonds and then erected the buildings and turned them over without any recourse; in fact, in some ways, that might be a safer plan, because there is a possibility of loss under the other plan. If one cares to look at it from the standpoint of a subsidy, it means that the Federal Government is subsidizing every family that lives in these buildings to the extent of \$158 per family per year. The \$158 per family per year subsidy means, in effect, that no man who lives in one of these low-rent houses pays one cent of rent attributable to the cost of construction or the repayment of the loan or the interest on the cost of the construction. All that he pays in rent is the maintenance cost of the building. The remainder of it is subsidized.

There is, to some extent, an additional subsidy. I rather agree with the Senator from Louisiana that the States do put up some subsidy in the form of remitting taxes. I do not know what that amounts to; but I think to at least \$40 a family. So I should say that we are subsidizing low-income families to the extent of \$200 per family per year. That is the effect of this particular policy.

There is not any investment, because the Government could not get anything from these buildings if it got them back. The rental that comes in is going to pay only for the maintenance of the building. There is no investment, for there is no return. We pay the local housing authorities in the form of subsidies money which they turn around and pay back on the interest and sinking fund on the bonds. It is perfectly clear that that is the purpose, because the act itself provides that payments under annual contribution contracts shall be pledged as security for any loans obtained by a public housing agency to assist the development of a housing project to which the annual contributions relate.

Then it is provided that the faith of the United States is solemnly pledged to the payment of all annual contributions. So there is no question that the subsidy payments are used

to finance the projects.

The local housing authority issues 90 percent of their bonds to the Federal Government, and the Federal Government may perhaps sell those bonds. The local housing authority issues 10 percent to private bankers or other individuals, and to those the faith of the United States is

pledged. We are going to continue these subsidy payments so that they can pay interest on the bonds. So, in my opinion, there is not any doubt of the soundness of the argument of the Senator from Maryland that, in effect, we are erecting these buildings and are presenting them to the States or to the local housing authorities. The effect of that is a subsidy of possibly \$200 per family per year.

What interested me in the hearings before the subcommittee was the question whether anybody had considered how far we are going in carrying out this policy. How many families do we propose to house? Each \$800,000,000 will house from 180,000 to 200,000 families. The Administrator finally testified that he would like to provide about four and a half million families with this kind of Government housing. That would mean a total cost to the Federal Government before we got through with the program, if that is the program, of approximately \$20,000,000,000, which is half of the present national debt. The Administrator thought it might take 15 years to carry out that program. By the time we got through, we would have an annual housing subsidy of about \$600,000,000 a year, although the amount might vary.

I think that the Housing Authority has done a good job. I think it is reducing the cost of housing projects. There are various indications that as the more modern ones are built, as greater information in regard to building is obtained, the costs are brought down.

Mr. Rheinstein, head of the New York Housing Authority, has particularly made progress in reducing the cost of housing in New York State under the Housing Act, and I think there is reasonable hope that costs may be reduced and this subsidy may ultimately be not quite so large; yet I think, looking at the program, the figures I have given would seem to be approximately the program of the United States Housing Administrator.

Personally I do not agree with him. I do not think that we need to house four and a half million families in Government apartment houses. I think that a complete survey of the whole field, which I believe ought to be made, would show that we do not have to take that proportion of the low-rent families and put them into Government houses. Certainly I would be very doubtful of the advisability of that program. It seems to me that a policy of developing individual homes would be much better for a very considerable number of that large group of low-income families.

We are referred to the English policy. In England since the World War there has probably been the greatest building boom that any country has ever had in a similar time. In England about 4,000,000 homes have been built during that time: and when we consider that in this country we have nearly three times the population of England, it can be seen what it would mean if we should proceed along this line on the same scale as that adopted in England. It would mean the construction of approximately 11,000,000 homes in this country. Home construction work is one of the things that have kept England going, but of the 4,000,000, only about 1,000,000 have been provided by Government housing projects; the other 3,000,000 have been provided through building society financing entirely independent of any government policy whatsoever. The English, on the basis of a million homes, now have a subsidy, I think, of 15,000,000 pounds a year, or \$75,000,000. For that they have housed a million families. A subsidy of \$73,000,000, which is the total this bill now provides, will only house something like 500,000 families, or one-half, for approximately the same amount. So far as I can figure, our subsidy is about twice what the English subsidy is, and I do not believe the Government housing in this country is proportionately as necessary as it is in England. England is a much more urbanized and much more industrial country than is the United States today, and I believe that we do not need to follow the English proportion. I think probably, if we reach 2,000,000 families instead of four and a half million, that might be a reasonable proportion in providing for the people who need this particular kind

I say again I think the Housing Administration is doing a good job. I only feel they have not looked ahead; they have not a comprehensive plan. I do not think the Federal Government knows where it is going; I do not think they know how much private housing they hope to stimulate; and I do not think they have considered all the difficulties that may arise.

I have a good deal of criticism of the Housing Authority's propaganda, if it may be called that. It seems to me that a great many of the arguments that are presented are completely unnecessary, so far as logic is concerned. For instance, one of the arguments is that the requests are received from all sections of the country. This is Mr. Straus' testimony:

And gentlemen, from all sections of the country, requests have been received for additional earmarkings. The distribution of these requests proves both the need for low-rent housing and slum clearance and the enthusiasm of the cities and towns throughout the Nation seeking to join or continue in the U. S. H. A. program of slum clearance and rehousing. Despite the early announcement by the U. S. H. A. that all funds currently available have been exhausted, additional earmarking requests already received total in excess of \$800,000,000, and more requests are being received each day.

Of course, in a general way they are getting something for nothing, and, of course, the people who are so enthusiastic are not always mayors; they are the people who are particularly interested in housing and want to see the projects carried through; and the mere fact that they are willing to take a gift from the Federal Government is certainly no evidence that the Federal Government ought to make that gift.

As a matter of fact, there are a good many cities which are getting doubtful about participating in this program simply on account of the tax exemption. In Cincinnati we have a large project which has general approval, but it has eliminated a very substantial amount of the taxes which the city government is able to collect. It means, of course, that to a large extent the persons who own their own homes are going to have to pay the taxes of the persons who live in these apartments and do not pay any taxes; and while I think we would support one more project with interest and enthusiasm, beyond that we would soon get to a point where the burden on the other taxpayers would be so heavy that they would not be willing to assume the additional burden. I do not think the argument that some local people want the projects is necessarily a sound argument.

Mr. Straus testified that-

The \$800,000,000 increased authorization is merely an authorization to us to borrow that sum, that it is entirely and fully repayable, with interest, and does not affect the public debt, nor would it be included in the public debt.

It is, however, an unqualified obligation of the United States Government, and I do not see why it is not an addition to the public debt. As I have already explained, the only difference is that instead of having to pay interest on it, we have to pay these subsidies to the Housing Authority, and we enter into a binding contract to pay the subsidies for 60 years, whereas if we issue our own bonds we at least can call them from time to time, take advantage of lower rates of interest, and adjust the interest in such a way as to be less of a burden. So I say that not only is this obligation in substance a debt, but it is a more burdensome debt than it would be to issue our bonds in the same amount.

Another argument advanced by the Administrator is as follows:

I am convinced that the rents in the U.S. H. A. projects will be the lowest achieved in recent times for decent housing, public or private. The paramount objective of the act is to provide homes which will be rented at a figure so low that they will be available to families in the lowest income groups.

Mr. President, private individuals can build homes just as cheap as these homes. Private industry today can build homes at \$1,000 a room, and that is substantially what these homes cost. The only reason why the Administrator is able to supply low-rent housing is simply because we subsidize

the housing. If we should subsidize private individuals in their homes they could get just as low rent as the United States Housing Authority is giving. There is a constant flood of propaganda on this subject which seems to me to misrepresent the facts and prevent an intelligent consideration of what our real policy should be.

In that connection I should like to read a statement by Mr. Paul Mallon which appeared in the newspapers of June 1. He says:

A New Deal annual award of a nut-indented cooky for the outstanding propaganda of the year will undoubtedly be voted to the U.S. H. A. without a dissenting vote among the Government

Up until last Friday there might have been some doubt. Then the United States Housing Authority gave to a waiting world (one-third ill-housed) release No. 298. It is a beautifully written account of what an excellent job U. S. H. A. is doing, tersely condensed to 78 mimeographed pages. Not the least of its innovations was the omission of numbering from its pages, so that no one could tell how many pages were in it unless he sat down and counted each one.

The other prizeworthy feature of the massive handout was a larger omission. Nowhere in it can you find out how many dollars have actually been spent in clearing slums. Figures there are galore, bright big figures * * * "\$27,514,000 additional loans approved for 19 cities." * * "This makes \$434.653,000 in loan contracts." * * "Earmarkings are \$225,385,000." * * * "Grand total of \$660,038,000 in commitments." You may mark your ear or pull it off but you still will not find out how many slum dwellers now have better homes.

The unannounced truth of it is that the grand total of \$660,-000,000 of commitments includes about \$225,000,000 which has merely been set aside for use of certain cities if they want it. The remaining \$435,000,000 represents specific agreements with cities which may or may not cancel them.

Actual total of money spent up to the other day was a measly \$37,000,000.

I think Mr. Mallon understates the amount actually spent, but only \$100,000,000 of bonds has yet been issued.

Quite an argument is made in favor of the employment of men in these housing projects. I can only say that the employment of men in private housing ought to be three or four times as important as this particular employment; and, of course, this is not a relief measure. For every man on the job in these housing projects the cost to the Government is about \$6,000 a year, which, of course, is away beyond any question of relief. If we include the men who are supposed to be working in producing the materials, the cost will amount to about \$2,250 for every man who is given any kind of a job. Of course, that is about three times as expensive as relief, so it is not really relief at all but low-rent housing construction.

Mr. WAGNER. Mr. President, will the Senator yield? Mr. TAFT. Certainly.

Mr. WAGNER. Would the Senator suggest that we do not pay the prevailing rate of wage, and in that manner reduce the cost?

Mr. TAFT. Not at all. I am only suggesting that this housing policy is not a relief policy. It is not a policy which is going to stimulate employment, except as any public-works policy is desirable in hard times.

There are several other methods of providing housing. We have the F. H. A. This year we have authorized the F. H. A. to insure a billion dollars more of contracts. We have the building and loan associations, which I think under proper stimulation and assistance from the Government, and a more friendly attitude toward the Federal home-loan bank on the part of the administration might do what the building and loan associations are doing in England, where they have built 3,000,000 homes in a very short time.

I do not suggest that we should abandon the low-rent housing policy. I only say that it includes things which have not been adequately considered. Must we subsidize rents as much as \$200 per family per year? Is that amount of subsidy really necessary in order to take care of the lower-income groups? Have we considered the question of the relative position of persons who buy their own homes?

A man buys his own home, and he has to put up the money to pay the interest and sinking fund on the construction cost. He has to pay the taxes, \$40 every year. Right alongside of him a man comes and lives in one of these Government houses and does not have to put up a cent for interest, amortization, or taxes. If we are going to subsidize, why subsidize only low-rent housing projects? Why not subsidize people to build their own homes as well as people who live in apartment houses?

Mr. WAGNER. Mr. President, will the Senator yield at that point?

Mr. TAFT. I yield to the Senator.

Mr. WAGNER. Can the Senator conceive of a family having an income of only four, five, or six hundred dollars a year being able to purchase their own home and amortize the debt?

The reason why we are providing subsidies, as I know the Senator appreciates, is because the families for whom we are providing have such low incomes that they cannot live in decent homes and pay out of their incomes the rent which private industry would exact. We are either going to take them out of the slums and give them a chance in life through a subsidy or else they will have to remain in the slums.

Mr. TAFT. I want to say to the Senator that I am not questioning the fact that we are going to have to grant a subsidy of some size; but I am asking, Is this the proper way to grant the subsidy? Might we not also subsidize persons to live in their own homes, subsidize them in private housing? The point I am trying to make, as the Senator understands, is that this whole policy seems to me to be so doubtful, there are so many questions involved in it that have not been solved, that we ought to go slowly until we are able to conduct some kind of investigation to determine what should be done to coordinate these different activities of Government. Persons from one of these three activities have appeared before our committee criticizing the policy of one of the others. You may talk to the U.S. H. A. people, and while they are friendly to the F. H. A., they are inclined to poohpooh it. If you talk to representatives of the F. H. A., you find that they are pretty doubtful about the U.S. H. A.; and the Federal home-loan bank is doubtful of both. So my suggestion is that there are so many different questions which have not been solved, there is so little coordination in the policy, there has been so little thinking out of the housing policy, that we ought to go slowly until we have developed a definite program.

Mr. WAGNER. Mr. President, will the Senator yield at that point?

Mr. TAFT. Yes.

Mr. WAGNER. The policy which was originally adopted in 1937 is a policy and a pattern which has been adopted by other countries which have had years of experience in taking care of persons in the very low income group, particularly England. They have done a great deal more than we have done.

Mr. TAFT. But I have tried to point out to the Senator that for approximately the same amount of money the English are going to house a million families, whereas we are housing only 500,000.

Mr. WAGNER. Our limitation on a subsidy contribution by the Federal Government is $3\frac{1}{2}$ percent. England goes as high as 5 and 6 percent in some cases.

Mr. TAFT. And yet the total English subsidy is \$75,000,-000, which houses a million families. After this program is carried out we are going to have a subsidy of \$73,000,000 for 500,000 families; so the English subsidy is approximately one-half the American subsidy.

I want to say further to the Senator that I recognize the principle of subsidy. We have gotten into such a condition that we must recognize that there are people with incomes of less than a thousand dollars who must receive certain forms of relief. We have adopted a policy of giving them direct relief; we have adopted a policy of giving them work relief; we have adopted a policy of spending Federal money in providing old-age pensions for them. We already have done subsidizing to some extent, in providing health service, and now in this matter we are subsidizing housing service. Those policies have been adopted, and I am in favor of continuing them. No matter how prosperous we get, whether we suc-

ceed in putting back to work the 12,000,000 people who are out of work today, I think we are still going to have many people earning less than enough to live on decently, because there are so many jobs in this country the products of which, under any economic system I know of, simply are not worth the money they would have to bring to enable those who produce them to maintain the American standard of living; and a certain number of people are going to have to carry on in that kind of jobs. It is not possible to persuade the rest of the people to pay for those products more than the products are worth, and there will always be that group of low-income people.

I believe in the general policy of helping those people, of subsidizing them, if you please, so that they will to some extent receive an equivalent which will bring them up to the decent standard of living that is necessary. But in this housing authority business, the subsidy program is so extremely expensive, it is so doubtful how far we are to go, there are so many questions to be solved. Why should a few low-income people, why should 500,000 low-income families receive, under this type of legislation, governmental subsidy and housing, and 9,500,000 other families not get any such

assistance at all?

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. TAFT. In the relief field, for instance, we help everyone who is in need. Here is a policy which is taking care of but a little piece out of the entire field of need.

Mr. WAGNER. I recognize the fact, of course, and we have asserted it over and over again, that we cannot anywhere near take all of the slum dwellers out of the slums and give them decent places in which to live; but is that any reason for not doing what we can to eliminate the evil? We are told now that we could save \$10,000,000,000 a year if we would give medical care to those who need it and cannot have it now. Because we cannot take care of all of them, should we cease taking care of some? We have the same problem in connection with the pending legislation. If we cannot cover all those who need assistance, let us do the very best we can. The Senator seems to be stating in one breath that we are not doing enough because we are not taking care of all these people, and then in his very amendment he cuts the amount down so that we can do even less than is proposed under the pending legislation.

Mr. TAFT. My reason for wanting to cut it down is that I do not think the policy has been sufficiently considered; I do not think we have looked where it is we are going. The Senator is quite right, if we are to house 500,000 low-rent families we ought to be prepared to step in and house all of the low-income families who are entitled to the same relief this 500,000 will get. But before we do that, let us see how much it is going to cost, and let us decide whether \$158 per family per year is too much, whether that much

is necessary.

Mr. WAGNER. Mr. President, will the Senator yield further?

Mr. TAFT. I yield.

Mr. WAGNER. Has the Senator some other method than is provided in the legislation and in its administration for determining the amount of subsidy which ought to be paid in order to make a particular apartment available for the

persons of the low-income group?

If I may add a word, we are getting down to families with incomes as low as three and four hundred dollars a year. When Congress passed the Housing Act, our idea was to get to the very lowest income group and try to help them first. In order to get the rent down to reach that low income group, we have to provide a fairly reasonable subsidy, and as the income increases, the subsidy payment will be less. But, so far as I am concerned, I want to get down to the very lowest income, and that will require a larger contribution.

Mr. TAFT. Suppose we said to any individual who wanted to build his home, "If you will borrow \$3,000 we will give you a thousand dollars outright." Suppose we propose to subsidize the home owner instead of the renter. Expending a thousand dollars is going to be a great deal cheaper than

paying \$150 a year for 60 years to come. I am not advocating any particular method of subsidy; I say this is an extremely expensive method, and before we go ahead, before we plunge indefinitely into this field, which can lead nowhere except to something like an expenditure of \$20,000,000,000, let us go a little slowly, and let us have a survey of the whole question.

Mr. WAGNER. Mr. President, if the Senator will yield, there is no proposal to spend \$20,000,000,000. But while the Senator is talking about helping, by advancing a thousand dollars, the individual who has \$3,000 with which to build a home, I am talking about families who for the whole year have an earning capacity of four to five hundred dollars, hardly enough to enable them to buy enough to enable the family to subsist. How can the Senator talk about bringing that class under such legislation as is proposed, a family which is prepared to make a \$3,000 down payment? We are dealing with that class under F. H. A., but I am not concerned with those families at this time. A family which can put down a payment of \$3,000 is fairly well off these days. I am talking about the slum dweller.

Mr. TAFT. If we finance a slum dweller or anyone else to the extent of a thousand dollars, he can borrow \$3,000 and build himself a house. That is not the question. The trouble is, can he live in the house after he gets it? A thousand dollars today will finance any reasonable four- or five-room house. As a matter of fact, the number of people with incomes of three or four hundred dollars a year, taken care of by this department, is not great. The incomes run

on the average between \$800 and \$1,000 a year.

The point I desire to make is that this is an extremely expensive method of handling the matter. There are plenty of other ways of doing it. We can subsidize home owning. Personally, I think it is necessary to have a certain number of low-rent housing projects, but I think that, just so far as we can help people to buy their own homes instead, we ought to do it. Someone should sit down and decide how many of these families may be able to have their own homes and how many families cannot, how many families, after we get through, are going to require a definite subsidy of as much as \$150 or \$200. Are we to give the same subsidy to a man who has \$300 a year as to the man who receives a thousand dollars a year? We are, under this plan, apparently.

Mr. WAGNER. Mr. President, the income of the individual family that is to be housed by these projects is examined into. If a man earns above a certain sum, he is not eligible as an occupant at all, he has not a chance to get into one of the homes, because he is not a slum dweller.

Mr. TAFT. The Senator was talking about families with incomes of three or four hundred dollars a year. He is proposing to give them exactly the same subsidy, \$200, that is given to a man with an income of a thousand dollars a year, because that is the highest limit that is proposed for admission to these housing authorities. In other words, if we are to subsidize housing, there is the question, must we subsidize it by Government housing, or should we not subsidize each family as we go along, and should we not revise the subsidy every year in accordance with their means? I do not say that is a good policy, I say that is a question which must be considered before we plunge into a policy which is going to cost us \$20,000,000,000.

Mr. WAGNER. If the Senator will yield, that is the policy which has been adopted by the Housing Authority already. There is a provision in the contract for a reexamination of the rent charge, of the economic situation in the community, and as to whether a larger contribution can be made by the particular occupant or not. That is now provided by law.

Mr. TAFT. I do not wish to contradict the Senator, but my understanding is that the rate per room in every apartment in one of these projects is exactly the same. Whether a man gets \$300 a year or a thousand dollars a year does not make any difference.

Mr. WAGNER. In any one project?

Mr. TAFT. Yes.

Mr. WAGNER. Of course; otherwise we will begin to include in all kinds of favoritism. But the lowest-income group in a particular community has first choice, and the slum dweller who lives in a slum and is to be rehoused in a new project has first choice, so long as his income is low enough.

Mr. TAFT. Of course, that is the policy proposed, but as a matter of fact not one single project of the United States Housing Authority has been opened, and in the only projects which have been opened, the P. W. A. in Cincinnati, for instance, a man must receive at least \$1,000 a year before he can get into the project. That policy, I suppose is going, to be changed, but that is the policy up to date. In other words, the whole thing is experimental. No one knows what they are going to do when these things are finally worked out, and that is the reason why I urge that we be somewhat slow about throwing out another \$800,000,000 the first of July.

Mr. WAGNER. Now we have reached a stage where, as a result of experience, we do know something. We do not have to experiment further except in the reduction of costs, and that is being taken care of every day. The Senator himself pointed out how in the city of New York the estimates of construction costs in the case of the Queensbridge project are 10 or 12 percent below the original estimates. So that we are getting our costs down. That is a matter of experience.

Mr. TAFT. The Senator is exceedingly optimistic if he can stand here and say that the housing policy of the United States is not still in an experimental stage. It is the most experimental activity, practically, in which we are engaged, and we are conducting more experiments than any nation has attempted in the history of the world.

Mr. WAGNER. I think we have learned a great deal in the last 5 or 6 years.

Mr. TAFT. Certainly we have learned a great deal in the last 5 or 6 years, but we have a good deal more to learn.

In addition to the amendment I am now discussing, I have proposed another amendment, to create a joint committee of the House and the Senate to consider the entire housing program, United States Housing Authority, Federal Housing Authority, and the Federal home-loan bank, and report next year.

My suggestion is that we give the Authority \$400,000,000, enough to carry out the next year's program, and then next year have a report from the Authority which will say, "Here is in substance what we ought to do." Instead of spending \$400,000,000, perhaps we ought to spend a billion dollars a year. I do not know. That is quite possible, because the Administrator testified that he would like to house 300,000 families a year, which would mean spending a billion three hundred and fifty million dollars a year instead of \$800,000,000 as now suggested here.

I do not know what the result of a committee investigation might be. I should be very hopeful that such a report would show that this kind of housing is needed only in a limited quantity, and that we could get it done cheaper, and with a smaller subsidy, or financed through the U. S. H. A. or the Federal home-loan bank.

My amendment does not provide any check on the progress of the United States Housing Authority. Up to date they have allotted \$650,000,000. They have not started much construction with that money, and they have finished nothing. If we adopt my amendment the Authority will have \$150,000,000 left over, and will have \$400,000,000 more. So that during the next year they will have \$550,000,000 to allot to projects. In the period of a year and one-half, up to this date, they have allotted only \$650,000,000. So they will be able to proceed on a larger scale than they have heretofore.

The testimony with respect to construction showed that under the present program we will not reach the peak of construction until January 1940. The peak of construction, during which about 175,000 men will be employed on the job, will last from about January 1940 until May 1940. If we provide another \$550,000,000 now, it means that that rate of

construction can continue until May or June 1941, and we will have plenty of time next year to provide the money which it might be decided at that time is necessary to continue the work beyond May 1941.

I think we want steady employment. We do not want to pour in \$950,000,000, have it all allotted tomorrow, put a tremendous number of men to work, and then find that \$950,000,000 a year is more than we want to spend. We do not want to build up a tremendous employment and then throw a lot of building mechanics out of work. That is the trouble about the whole plan. Today there is no planned program as to rate of construction. I asked the Administrator on that point, and after considerable difficulty received the answer which is printed in the Record.

To go ahead and every year build a definite number of homes would be the intelligent way to approach this problem. Incidentally, the longer we wait the cheaper it is going to be. The Administrator himself testified that every day they are finding new ways to cut down the cost of this particular housing. The longer we wait the less it is going to cost us to build the same number of family apartments. So I say, Very well; put in your \$400,000,000. That continues the program for a period of 2 years. Think of it. Today not a single apartment house has been opened. We do not know what the policy is going to be. We do not know how the Authority is going to spend the money. We do not know how the people who are in the U.S. H. A. projects are going to live, or whether they are going to like them, or whether the rentals are going to be satisfactory. The thing is experimental.

I state to the Senate that the proper thing to do is to cut the amount in half, and then adopt the other amendment which provides that—

A joint committee of the Senate and House of Representatives is hereby established to consist of five Members of the House of Representatives, to be appointed by the Speaker of the House of Representatives, and five Members of the Senate, to be appointed by the President of the Senate. It shall be the duty of such committee to make a comprehensive study of the activities of the Federal Government in the field of housing, particularly as administered by the United States Housing Authority, the Federal Housing Administration, the Federal Home Loan Bank Board, and other agencies of a temporary or emergency nature.

We have an experiment in Fort Wayne, Ind., and I understand we have a successful experiment in Uvalde, Tex. All those different plans could and should be considered by this committee.

Such committee shall particularly consider—

 The formation of a long-range plan for stimulating slum clearance and the construction of new housing for the lower and middle income groups with a minimum of outright Government subsidy;

(2) The coordination of all Government housing activity under one administrative head and the consolidation or elimination of agencies where such consolidations or elimination will promote greater economy and efficiency in administration; and

greater economy and efficiency in administration; and
(3) The stimulation of private investment and private industry in the housing field.

As far as I can discover, and I went back through the books, each one of the three different policies of the Government has been adopted independently by a different committee after a separate investigation. Each one is the pet of a particular group of people which thinks it knows what ought to be done about housing. I propose here the establishment of a joint committee of the House and Senate rather than a departmental committee, because I think the committee will have to hold the scales of justice between these different departments, and listen to each of their complaints, and form a judgment which I hope ultimately will be the judgment of the Senate, as to how important each project may be, how much low-rent housing there should be, how much private industry should do, how much stimulation there would be through the insuring of loans.

I think that presents a constructive policy, and I hope very much that the Senate may see fit to adopt both amendments and put the United States in line for the adoption of a housing authority based on some intelligent consideration, on sound judgment, and on consideration for those low-income groups for whom the Senator from New York [Mr. Wagner] is so solicitous.

The PRESIDING OFFICER. The question is on agreeing to the amendments offered by the Senator from Ohio [Mr. Taft] on page 3, line 5, and page 3, line 13.

PURCHASE OF DUTCH POSSESSIONS IN THE WESTERN HEMISPHERE, DUTCH WEST INDIES ISLANDS AND DUTCH GUIANA

Mr. LUNDEEN. Mr. President, the United States is spending on its military budget, both Army and Navy, many hundreds of millions of dollars, a substantial part of which is for items which will be obsolete in the course of a few years. It is not a permanent investment on the books of the Government. Would it not be the part of wisdom to invest some of these millions in a permanent improvement of our national defense in a portion of our armor which is vulnerable? I speak of the Caribbean Sea, and more particularly in the crossroads of the Caribbean. I refer to that strategic island, Curação, which has the finest harbor in the Caribbean.

It is important today from the standpoint of sea and air power as it was in the days of wooden ships and iron men, when the Spaniards, the French, the English, the Dutch, and the Portuguese fought for its control as the point of vantage in the Caribbean. Ask our military tacticians about its importance. Ask our economic experts as to its position in the defense of our dwindling trade in South America. If we are honest in our search for a haven for refugees which we cannot absorb, let us examine those islands which for 300 years have been not only a haven but a heaven for the Jews of Portugal and Spain. In fact from these islands they have sent missionaries to the United States and have endowed synagogues in our cities. Let us look at the subject with frankness, and with a sense of realism:

Curação sits as a sentinel in the crossroads of the Caribbean, athwart the sea and air routes between South America and our eastern seaboard. It sits across the sea and air route between the Windward Islands and Panama. It is today an open approach to Central America. It could be an unlimited and endless fueling station for a hostile fleet.

We persuaded Denmark to sell us the Virgin Islands, not for their famous rum, but for their military value alone.

That was a wise military investment for the future. The purchase of Florida, the Louisiana Purchase, the purchase of Alaska, all were condemned by the unthinking at the moment.

The Dutch possessions in the Western Hemisphere consist of the group of Dutch West Indes Islands, the main one of which is Curaçao, and Dutch Guiana—Surinam—on the north coast of South America between French Guiana on the east and British Guiana on the west.

LOCATION

The islands consist of Curação, the largest and most important, and its dependencies, Aruba and Bonaire, about 50 miles off the coast of Venezuela; about 500 miles to the northeast is a less important group, namely, Saba, St. Eustatius, and part of St. Martin, all in the neighborhood of the Virgin Islands and about 100 miles to the eastward of the Virgin Islands. The two most important towns are Willemstad, the splendid port and capital of Curação, with 29,000 population, and Paramaribo, on the Surinam River in Guiana, 8 miles from the sea, with a population of 40,000.

AREA

The Dutch West Indies Islands have a total area of about 400 square miles. The main island of Curaçao is 40 miles long and contains 210 square miles. Aruba contains 49 square miles, Bonaire 95 square miles, St. Eustatius 9 square miles, Saba 5 square miles, and Dutch St. Martin 18 square miles. The area of Dutch Guiana is approximately 54,300 square miles, larger than that of the great State of Iowa, making the total area of the islands and Dutch Guiana almost 55,000 square miles. This area is equal to the size of the States of Pennsylvania and Vermont.

TOPOGRAPHY AND CLIMATE

Coral reefs surround Curação Island. The island is not mountainous but is rather flat, with some hills. The climate is warm, dry, and healthy. The average temperature from December to March is about 80°.

Dutch Guiana is divided into four regions: (1) The alluvial land along the coast about 3 miles inland; (2) the forest region, much of which is still unexplored, whose soil is rich and whose vegetation is dense; (3) the sandstone region, intersected by rivers and small forests; and (4) the savannahs, which consists of grassy regions and forest areas.

COMMERCE

The net tonnage entering the ports of the islands in 1935 was 19,070,226 tons, representing the tonnage of 11,382 vessels. The tonnage of the vessels entering Dutch Guiana in 1935 was 296,997 tons, representing 227 vessels. In 1936 the import and export trade of these islands with the United States was approximately balanced, the imports being in excess of \$14,000,000, and the exports slightly below \$15,000,000. In 1936 the total imports from all countries were valued at \$116,109,000, and the total exports at \$111,516,000. The export of mineral oils from Curação and Aruba in 1937 amounted to about 135,000,000 barrels, placing them among the world's greatest oil exporters.

However, the ratio of trade with the United States from Dutch Guiana is not balanced, inasmuch as the imports were of approximately \$300,000 value, and the value of the exports was approximately \$1,000,000. It is, therefore, apparent that while Dutch Guiana is a much larger territory and has greater natural resources yet undeveloped, its foreign trade is only a fraction of that of the Dutch West Indies Islands, principally Curação.

FINEST FUELING STATION IN CARIBBEAN

Curaçao is located strategically in the path of the Trinidad-Panama shipping and athwart the New York-Venezuela lines of communication. Willemstad in Curaçao has been described as the finest fueling station in the whole Caribbean. The harbor can accommodate the largest ocean steamers. It is one of the most thriving ports in the West Indies. A great number of vessels can dock simultaneously. The reason for the expansion of Willemstad as an outstanding Caribbean port is the oil wells of Venezuela.

ADJACENT TO RICHEST OIL LAND IN WORLD

Maracaibo, on the Maracaibo Gulf in the northwestern corner of Venezuela, is the center of the Venezuela petroleum industry. The Gulf of Maracaibo, however, is too shallow for ocean-going vessels, and consequently the petroleum is pumped through a pipe line to the Dutch island of Curaçao where it is refined and then exported through Curaçao's fine harbor.

Venezuela is one of the richest oil-producing countries in the world. Oil is found in an area of approximately 27,000 square miles, and of this area the Lake Maracaibo district is the richest. Due to the inability to transport this oil directly from the Maracaibo oil fields the Dutch island of Curaçao benefits from its capacity to refine and reexport this rich product. The British-Dutch Royal Shell group shares the field with the Standard Oil Co.

AMERICAN OIL AND ALUMINUM COMPANIES

The American Standard Oil Co. has established a very large oil refinery at St. Nicholas, on Aruba Island. American industry therefore has penetrated into two of the most lucrative industries in the Dutch West Indies, namely, the bauxite or aluminum industry in Dutch Guiana at Moéngo, which is controlled by the American Aluminum Trust, and the oil refining business in the islands of Curação and Aruba, where the Standard Oil Co. has great business interests.

ONE-FIFTH OF WORLD'S ALUMINUM

One-fifth of the world's aluminum is found in Dutch and British Guiana. The production in Dutch Guiana is about 400,000 tons per year, and in British Guiana about 300,000 tons per year. Oxide of aluminum or bauxite is the source of commercial aluminum metal, and it is found in a rather pure state, easily accessible for mining.

THE CROSSROADS OF THE CARIBBEAN-A POINT OF VANTAGE

Curação has been described as the crossroads of the Caribbean Sea. The Dutch originally captured Curação in order to secure a point of vantage in the Caribbean. The port of Willemstad on the island of Curação has the finest

harbor in this region. The Dutch used it as a base from which to harass the Spanish shipping in the sixteenth and seventeenth centuries, and its military value is increasing today. It must be acquired by the United States; and sooner or later it will be.

SOME COMPARISONS

The statistics relating to shipments from the United States to Alaska for the 12-month period for December 1938 show a total of \$42,676,441, whereas the shipments to the United States from Alaska for the same period equal \$56,044,728. These figures relative to commerce with Alaska are of great interest in comparison with the exports and reexports from the Dutch West Indies, which for the 12-month period ending December 1938 were \$42,784,879 in exports from the United States of America. The imports to the United States of America for the same period were \$20,578,511. The above figures relating to imports and exports are based upon the report of the Bureau of Foreign and Domestic Commerce, United States Department of Commerce, compiled by the Division of Foreign Trade Statistics.

To repeat, the exports from the Dutch West Indies for the year 1938 were \$42,000,000. In dollar value this is close to the total mineral production of the State of Colorado in 1935, which is reported by the United States Bureau of Mines to have been \$44,413,000.

A MARKET FOR AMERICAN AGRICULTURE

The Dutch West Indies have been, and should continue to be, a good market for important American products—more particularly flour, corn meal, lard, meats, and canned goods. Part of this market was lost to South America during the World War, and part of the market went to France and Holland.

Butter and cheese imports from the United States are a substantial factor in food imports. Some of the markets lost during the World War have not yet been recovered.

Lumber, cement, and building materials are largely imported from the United States, although English and Swedish cement are strong competitors.

POPULATION AND RACES

A study of the population from a racial standpoint is most interesting. For example, Dutch Guiana has a total population of approximately 150,000, counting the so-called bush Negroes and the aboriginal Indians. The exact number of bush Negroes and aboriginal Indians is not definitely known. It is stated in authentic reports, however, that there are approximately 40,000 British Indians; 33,000 Japanese; 65,000 natives, including 17,000 bush Negroes and 2,500 aboriginal Indians; 2,000 Chinese; and only 1,900 white Europeans.

In addition to the so-called bush Negroes there is a very large number of plantation or town Negroes of various shades. It is easy to understand why there is not any real nationalistic feeling among the non-Dutch portion of the population or any attachment to the political institutions of the country.

COMMERCE CONTROLLED BY THE JEWS

In all of the Dutch West Indian Islands there are many descendants of Portuguese and Spanish merchants of the Jewish race, and this group has largely controlled the commerce of the islands, according to the Commercial and Industrial Handbook issued by the Bureau of Foreign and Domestic Commerce (No. 212, 1922, p. 449). It is stated that they are closely connected by partnerships and form a compact commercial unit. They are sometimes referred to as the "uncrowned kings" of the Dutch West Indies. These shrewd merchants have contributed much to the prosperity of the islands. In fact, it is an interesting historical incident that this group extended its philanthropy to the United States by establishing four synagogues in the United States which were erected wholly by funds contributed by a few rich Jewish families of the island of Curação. These old patricians-Portuguese and Spanish Jewish families in the islands-have been the most influential groups from the time they settled there around 1635.

A HAVEN FOR THE JEWS

In this day when immigration to Palestine has been restricted by the British Government it would seem that the Dutch West Indies and Dutch Guiana might furnish a haven for the refugees of this race. This fact should assume a special importance, inasmuch as the existence of millions of unemployed in the United States precludes the change of immigration restrictions to refugees from any land. The fact that this race has thrived in the West Indies should be an inducement to other members of the same race to secure a haven in such favorable environment. The climate of Dutch Guiana and the islands is very favorable. It is generally warm, dry, and healthful. In fact the climatic conditions were a strong inducement to the original settlement of these islands by Europeans.

DUTCH GUIANA A VIRGIN TERRITORY

Dutch Guiana, with its more than 54,000 square miles of territory, having a population of not in excess of 150,000, almost one-third of which is in the capital of Paramaribo, is virgin territory for economic development. On a basis of a population of 150,000 and an area of more than 54,000 square miles, it will be noted that there are only three persons to the square mile of territory. From an agricultural standpoint it will be noted that the Dutch West Indies produce a variety of crops, such as cotton, sugar, rice, coffee, cacao, as well as other more profitable crops. Its mineral resources include salt, phosphate of lime, gold, and bauxite.

LANGUAGE

The language depends on the locality, but is largely English and Dutch, with a native language predominating among the native inhabitants. Spanish is the language of the educated classes.

A CHANGING SCENE

The changing of flags apparently has no great significance so far as the body of the population is concerned, and this is evidenced by the fact that these islands have been captured and recaptured, ceded and receded, traded and retraded, without inquiring of the desires of the native population, and apparently without any concern on their part. For instance, the Island of Curaçao, which is the largest of the West Indies, was settled by the Spanish in 1527; captured by the Dutch in 1634; captured by the English in 1800; shortly thereafter recaptured by the Dutch; recaptured by the English in 1807; and finally restored to the Dutch in 1816. Dutch Guiana was settled in 1630 by the English, and in 1644 was largely taken over by the Dutch, Portuguese, and Spanish Jews.

ENGLISH TRADED GUIANA FOR NEW YORK

The Dutch military occupied Guiana in 1666, and in 1667 the English gave up their claim to it in exchange for New Amsterdam, later New York. It was again taken over by the English in 1799, and was held by the English until 1816, when it was finally recovered by the Dutch.

NO STRONG NATIONALISM

In none of these transfers of territory was the native population consulted by the conquering nations, and it is likely that the transfer of sovereignty did not have any great effect on the sentiments of the body of people. It is equally obvious that in a territory with such differences of language and race and illiteracy there is an absence of any effective national spirit.

AIR BASES AND AIR LINES

In a time of rapid expansion of air power it is interesting to note that Dutch Guiana is on the main transport routes from Florida and South America via the West Indies. It is strategically situated on the Lesser Antilles and Central America and lies across the route from the Greater Antilles to South America.

PURCHASE OF GREENLAND

I have before me some maps which many Senators who are familiar with the Caribbean region have examined. The great Pan American Airways are covering this region now. These possessions—the Dutch, the British, the French, and the Danish—furnish excellent harbors and fine airports. I hope, at a later date, to have considered my resolution providing for the acquisition by purchase of Greenland—surveyed by our own great Lindbergh and found to be on the great northern circle route,

SOVIET FLYERS USE GREENLAND

Recently the Soviet flyers came across the tip of the Greenland Peninsula. I have made some research and investigation of its resources and harbor facilities and landing facilities. That land, too, must come under American dominion; it must be acquired by purchase from the Danes in the manner we acquired the Virgin Islands.

WILLEMSTAD THE BEST HARBOR IN THE GREAT CARIBBEAN SEA

It may be stated that the Dutch West Indies afford in Willemstad the best harbor in the Caribbean Sea. When one thinks of the great territory covered by the Caribbean it is saying a good deal to state that Willemstad is the finest harbor in that entire region. It is also one of the largest oil shipment centers in the world. Certainly it is as much a point of vantage today as it was in the fifteenth, sixteenth, and seventeenth centuries when the maritime nations of the world fought for its control. It lies across the air and sea lines between our eastern coast and South America, and also athwart the Windward Islands and the Panama Canal. Dutch Guiana is a vast virgin territory of immense resources. It is a vital necessity to America in her national-defense program. Its resources are tremendous and its territory as yet barely explored. It is American territory. It belongs to the Panama Canal defense zone. The day will come when the Stars and Stripes will float over its cities, fields, and forests forever.

Mr. President, I have a brief bibliography giving information along the line of my remarks, which I ask to have included in the RECORD at this point.

The PRESIDING OFFICER. Without objection, it will be printed in the RECORD.

The bibliography is as follows:

A Commercial and Industrial Handbook. Bureau of Foreign

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Mr. LUNDEEN. I also wish to refer to the speech which I had the privilege to deliver before the Senate on the 19th of April 1939, concerning the war debts and the West Indies, in which I included the two resolutions with reference to Greenland and the Danish and Dutch possessions, resolutions which propose negotiation for purchase of all Danish and Dutch possessions in America. That speech is to be found in the Congressional Record of the Seventy-sixth Congress, first session, page 4456.

I ask that Joint Resolution 120 be reincorporated at this point in the RECORD as a part of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

The joint resolution (S. J. Res. 120) is as follows:

RESOLUTION FOR PURCHASE OF DUTCH POSSESSIONS

Whereas adequate provision for the protection of the Panama Canal is an indispensable feature of our national-defense policy;

Whereas possession of the colony of Curaçao and Netherlands Guiana by the United States would enable it to provide more adequately for such protection; and Whereas the colony of Curaçao and Netherlands Guiana export

Whereas the colony of Curação and Netherlands Guiana export products in which the United States is deficient and import products of which a surplus is produced in the United States: Therefore be it

Resolved, etc., That the President is authorized and requested to enter into negotiations, in such manner as he may deem appropriate, with the Government of Her Majesty the Queen of the or Curação and Netherlands Guiana. Such negotiations shall be conducted with a view to the making of a treaty between the Government of the United States and the Government of the United States and the Government of the United States and the Government of the Majesty the Queen of the Netherlands providing for the purchase by the United States of the colony of Curação and Netherlands Guiana.

NEGOTIATION AND PURCHASE

Mr. LUNDEEN. Mr. President, in these days when we are expending huge amounts for the Army and the Navy and aircraft, I ask that the Senate do something constructive. An examination of the region between the tip of Florida and Trinidad, where one can stand on the hills and see the continent of South America, must convince the most skeptical that the great ships of the Navy of the United States cannot reach the Panama Canal without the permission of foreign powers. The string of islands, the long bow string, from South America to the tip of Florida bars the way. That string of islands, with a few submarines and a few mines, constitutes an impassable barrier. All this territory must be under the American flag. It can be acquired by negotiation and purchase.

ALASKA-THE LOUISIANA PURCHASE-ACQUIRED BY NEGOTIATION AND PURCHASE

I ask Senators, who are harassed by great domestic problems such as the housing bill, which the Senate has now under consideration, to remember that when our Government was considering the purchase of Florida, when it was considering the purchase of Louisiana in the days of Jefferson and Jackson and other great immortals of American history, when it was considering the purchase of the Oregon Territory, and the Gadsden purchase, men spoke lightly of those territories and possessions. I have had people say to me, "What do you want with those sand bars down there in the West Indies?" Men of intellect, men of intelligence, men of great education, they constitute some of our finest citizens, but I submit they are not informed about the resources of this region. They do not know that at the harbor of Willemstad, \$125,000,000 of merchandise flow in and out each year; they do not realize that at Willemstad are some of the greatest oil refineries of the world. They, perhaps, have never examined into the fact that Willemstad is the finest harbor in the entire Caribbean region, and must become an American port.

While our State Department is so busily engaged in ventures to "save the world," in setting up the pins for whatever emergencies may be advancing in the future, perhaps we might save for America some of the neighboring territory lying just off our coast.

BERMUDA AND THE WEST INDIES

At some future day I desire to discuss the island of Bermuda, lying in a most strategic position, which should be acquired. I do not wish at this moment to discuss the manner and method of acquiring Bermuda nor any of the West Indies Islands, but at a later date I hope to do so at some length.

These islands are North American islands; they are off our own coast. We already have Puerto Rico. Recently, it will be remembered, we appropriated a large sum of money for air and other defenses in Puerto Rico. Who is there today who will deny that it was an excellent thing from a military and naval point of view that we took over the Virgin Islands? Away to the north is the remaining possession of the very fine Danish people, but it is American territory. Air lines cross Greenland. Lindbergh crossed its great plateau twice and made a very careful examination of all its harbors and possibilities, and the Soviet fliers the other day flew over the same region on their Moscow-New York flight. I asked them, through an interpreter, what the plan would have been if their ship had been compelled to come down in that region. The reply was that they could have landed about 40 miles north of Cape Farewell, on Greenland. Of course, planes that are amphibian, that can be used on land or sea, can use some of the harbors which are navigable the year around. Some of the valleys appear very green from the air. Perhaps that is why the country was named Greenland. The great ice cap does not cover all land and harbors, as many suppose.

FROM POLE TO PANAMA

All that is in the Far North. Coming down through Bermuda and through the Bahama Islands, and all the rest of the West Indies, we come to the coast of South America. Here we propose that negotiations be entered into with the Dutch Government, a great people with a great and rich history—a fine nation from which we can by negotiation purchase these great possessions. They are of a right American and must remain American. Our State Department can thus accomplish something a little more useful than the world-saving business in which we are always engaging. Let us save some of these outlying possessions for our country while there is yet time to do so.

MILITARY NECESSITY

We hear a great deal said on the floor of the Senate about the possibility that some foreign power may come and take possession of some of these islands. Very well; let us acquire them now by negotiation and purchase, and then they will be ours—these Dutch and the Danish possessions. Here our fleets can come to anchor; here our merchants can trade; and here great air armadas will drop down from the tropic skies; and I cannot often enough reiterate the great resources of these islands. I myself traveled in the independent countries of Haiti and the Dominican Republic, and in our cwn Puerto Rico; and I can testify, so far as I have investigated, to the great resources and the great possibilities of these regions.

WHERE THERE IS NO VISION THE PEOPLE PERISH

I hope that in the not distant future, through negotiations with our State Department and as a result of proper legislative action, we shall take over these islands, and that they may become a part of the great American Union, to the great advantage of the American people. I hear so much internationalism; it is so often said that we must do this and we must do that for others. I want to do something for America. for the American people, for the American Navy, and our fleets of the air, and its many ports in outlying possessions. I want to raise up ramparts on our own coasts, defenses unassailable, unconquerable so far as any foreign foe is concerned should they be so mad as to assail us here on our own ground, which I very much doubt; but, if such a thing should happen, we can rest our defenses and ramparts here in these possessions through negotiation and purchase, to the great advantage of our great American people.

I thank the Senate.

AMENDMENT OF NATIONAL HOUSING ACT OF 1937

The Senate resumed the consideration of the bill (S. 591) to amend the United States Housing Act of 1937, and for other purposes.

Mr. NORRIS. Mr. President, I am very much in sympathy with the object intended to be accomplished by this bill. I am going to vote for the bill. I believe great good may come from its passage. I have listened, however, to some criticisms which I thought were offered in the best of feeling, which were constructive in their nature, and I think were enlightening to the Senate and to the country.

As I said the other day, in the busy lives that Senators have to lead they cannot always give to a great deal of pending legislation the attention they would like to give. Our civilization has become so complex, our laws have become so intricate, our influence as a Nation has extended so widely, there are so many questions of a local domestic nature which call upon us for consideration, the awful depression which has encompassed the world has taken such heavy toll here as it has elsewhere, that often, no matter how much we may desire to give attention to the details of legislation, we cannot do so.

I have listened to much of the discussion on this bill, and I think it has been very enlightening. It has occurred to me, however, that I should like to make some suggestions regarding the measure. They come from one who does not claim to be an expert on the subject, one who believes it is necessary for him in the performance of his duty as best he can to listen to and follow the views of others who have made a greater study of this, as I consider it, difficult but

interesting matter. It promises, I think, great results in the unemployment predicament in which we find ourselves. It will bring results, as I see it, to a class of persons in whom I feel particularly interested. Yet it seems to me, although it may be embarrassing to say so without knowing more than I do about the subject, that improvements along some lines might be made in the bill.

I desire to offer briefly some suggestions for the consideration of Senators and of those who will be required to carry out the provisions of any law we may enact on this subject. I do not know that they will be useful; I do not know that they will be followed; but at least it may be said in their favor that they will not cost anything.

It has always seemed to me that one of the difficulties which must be met in such a program as this bill attempts to carry out is that when we consider the vast number of persons we desire to benefit, and the requirements of modern life and modern homes, it is an impossibility to do as much as we should like to do in a way which will bring the most benefit to those who most need it.

All of us would like to see those who receive the lower wages for their labor live in their own homes. The ideal condition of the farmers and the industrial workers of the United States would be to have every farmer own the soil he tills, and to have every industrial worker own the home in which he lives. There is something about owning a home which cannot be explained, but which puts in the breast of every man and every woman who is trying to build up a home a pride, a satisfaction, a happiness in making the home more comfortable, more livable, and more enjoyable.

The trouble with the homes which have been built, or those which will be built under the present program, if I might call it such, is that they probably cost too much money. Yet I do not know how it is possible to build a completed modern home for less. The idea is to build a home for as little money as possible. It has struck me that if it is possible we ought to extend assistance to the laboring men and the poorer classes who do not now own homes but desire to own them.

I have before me an article on this subject which appeared in the Washington Post on May 12, written by Dorothy Thompson. She outlines in the article how an individual, moved by an idea to make money safely and modestly, has undertaken to build a number of homes for poorer people. It is a subject about which I have thought a great deal, and I was very much interested in this article. The theory is that, instead of erecting complete homes, we could, if we were careful as to the kind of people to whom we sold them, build more houses for less money and spread the good of public funds in building homes over a greater territory, and satisfy a much larger number of people. The theory is not to complete a house, but to build a home with ground enough adjacent to it to make possible the cultivation of a garden, the planting of trees, the raising of a few vegetables, and the planting of flowers, so as to bring comfort and beauty to the home. The idea is to erect an unfinished home, with the foundation parts of it so established and so built that the owners can continue to improve the property and eventually get a complete, modern home. The proper procedure would be to build a home completely modern in every respect; but if we did that, the cost would be prohibitive for workingmen. Miss Thompson describes in this article the building of such homes, which, of course, would not all be the same. I am merely offering these suggestions for those who have to administer the housing law. In some places the kind of home suggested would be unsuitable perhaps. The idea would be to build a home with a furnace in it, the home to be unpainted, and not decorated inside. It would be wired for electricity all through but with no electric fixtures installed. Sometimes perhaps the bathroom would be left out but there would be a place for it. Inside toilet would be omitted but a place would be provided for its installation. The various steps of modernization-electrification, for instance—could be taken from time to time by the man who bought the home, and by the wife by his side, they working together, building up what would eventually be a modern, complete home.

Such men and women get happiness out of their work when they are building a home. The workman labors 8 hours a day, we will say, and has much leisure time, and, with the assistance of his wife, and perhaps of his children, if he has any, he does a vast number of things which are necessary to make a home complete. But they probably have not the financial ability to pay for everything at the time the house is built. They may build a sidewalk; they may paint the house; they may do a thousand and one things which will beautify and make the home more comfortable. They plant flowers; they plant trees; they plant shrubbery. If possible, there is a small garden. Eventually they get a home. They would be frightened if they knew at the start what the undertaking would cost. In many cases the cost would be prohibitive.

Mr. President, I admit that at the outset care must be taken as to the man who buys the home, and who must go in debt for nearly the whole cost. It seems to me the Government could finance such undertakings better than any individual could. A private individual ordinarily charges 6percent interest, a burden that is entirely unnecessary to be imposed if the home is to be built by the Government with no idea of making a profit.

It would have to be remembered that when the home was sold it would be sold to a man who wanted a home, who was unable to pay for it in cash, who was unable to pay \$6,000, we will say, for a home. Probably sixteen hundred would be all he could pay.

Such a purchaser should have a long time within which to pay for the home, and he should have a low rate of interest to pay. Then, too, if he lost his job, the interest ought to stop. If he should lose his job through no fault of his own, and could not get another, the holder of the mortgage ought to be lenient, should not exact interest or rent if the man had no income, and it was impossible for him to pay anything unless by the labor of his hands he earned some kind of an income. There would be some risk to take, but could not a great Government afford to take it better than a private individual, for whom the private motive enters into the consideration?

Sometimes the scheme would fail, but in the vast number of cases I think it would be a success. The laboring men of the United States want homes; they want places they can call their own; they want to help make those homes; they want to build them up. The wives want to plant flowers and to make the homes beautiful and comfortable. When the children come, the parents want a proper place in which to nurse them and care for them, and eventually they get a completed home.

Mr. President, I ask that the article by Dorothy Thompson to which I have referred be printed at this point in my remarks.

The PRESIDING OFFICER. Is there objection?

There being no objection, the article was ordered to be printed in the RECORD, as follows:

ON THE RECORD (By Dorothy Thompson) A SOCIAL INVENTOR

Sometime ago Mr. Frank Hoess, who, together with three brothers, runs a machine-tool industry in Hammond, Ind., became interested in housing. Having a little money of his own, he proceeded

ested in housing. Having a little money of his own, he proceeded to do something about it.

What Mr. Hoess has done is interesting, but the process of his thought, which led him to do just what he has done, is even more interesting. For Mr. Hoess began by considering a specific problem and he started his thinking process by contemplating not the ideal house but the actual client for whom the house was to be built.

Mr. Hoese wanted to haild house for workingmen. So he first of

house but the actual client for whom the house was to be built.

Mr. Hoess wanted to build houses for workingmen. So he first of all took into account the economic, social, and psychological facts concerning workingmen. He totaled up on the ledger of his mind the assets and liabilities of workingmen as buyers of houses.

First of all, he argued, a workingman is a man with no savings and no assured income whatsoever. If he has savings, he is an exception. Workingmen do not save except to pay for something specific. The workingman is employed by the hour or the day or the week. He has no annual income. If he is employed full time—Mr. Hoess was considering workers in Gary and Hammond,

Ind.—he earns from \$25 to \$30 a week, on an average, but he may be at any moment employed on half time, or part time, or not at all.

Therefore, argued Mr. Hoess, no worker under present condi-tions—and Mr. Hoess was not arguing about the conditions, he was just thinking about housing to meet the conditions—there-fore, no worker can justly be held to any rigidly fixed charges whatsoever, since he has no guaranteed income for even a year

What assets has the worker got? Mr. Hoess argued in his mind. Let's not worry whether they are the kind of assets usually entered

on ledgers:

Well, he has time. He has more time than any worker has ever had in history. If he is fully employed he works—in that region—a 40-hour week. That means that he has leisure. Leisure-time activity, he ruminated, consists in doing something you want to do which you aren't compelled to do.

What else has the worker got? Usually, skillful hands. He is a man accustomed to using his hands, and is clever with them. What else has he? Transportation. Either he has some kind of a car, or his neighbors and friends have, or there is a bus line nearby, or other means of collective transportation. He doesn't need to live shoved up against the factory.

What does he want? Hoess asked himself.

He does not want to be in debt, burdened with a greater debt

What does he want? Hoess asked himself.

He does not want to be in debt, burdened with a greater debt than he can see the end of. He doesn't want to mortgage his life for 30 or 40 years. He does want a decent home for his children in a decent community. He wants to own property. (Mr. Hoess is convinced that the passion to own property is a basic human passion.) He wants that property to bring him in something as well as cost him something. He doesn't want to get something for nothing, and he has no respect for or trust in anybody who offers him something for nothing. He wants security.

Mr. Hoess now proceeded to meet the demands of a market of workmen inside the actual conditions of their lives. Halfway between Gary and Hammond he began putting up houses on farm land which was along a main highroad with a bus line. The property is 15 miles from either industrial center, so he didn't have to pay for existing social increment. He laid out the land in plots—and each plot is 1 acre large.

Mr. Hoess argues that if a man has an acre of land he can get

Mr. Hoess argues that if a man has an acre of land he can get something from it. He can grow vegetables, small fruits, chickens or rabbits, Mr. Hoess is of German origin, and he shares the German passion for land; he thinks that every normal human being wants to have a piece of land to call his own, and that its mere possession gives him a psychological feeling of security. Mr. Hoess did not landscape the acres. He planted one fruit tree on every one-just to grow on.

If a man is earning, in good times, \$25 to \$30 a week, all he can afford to pay for a house is from \$1,000 to \$2,500, Mr. Hoess decided. Anybody who sells him a house costing more is selling him a gold brick. Sconer or later he is going to default and lose

him a gold brick. Sconer or later he is going to default and lose his equity.

At this price you cannot afford to offer a very luxurious dwelling, but you can offer something better than the worker has ever had—and Mr. Hoess is a realist. So he built "basic houses." The \$1,600 house is firmly built of steel siding and roofing of wood—he is still experimenting to see which is better—it contains a kitchen, a living room, two bedrooms, a small room for a bath, but without the fixtures; a chemical toilet and an unfinished attic in which other rooms can be built other rooms can be built.

It is not painted nor is the interior decorated

It has a small furnace and is wired for electricity, but has no fixtures.

Mr. Hoess reckons that the owner of the house can do these Mr. Hoese fections that the owner of the house can not hiese things himself—the painting, the installation of fixtures, and that, given the place to put it and water in the house, he will even, when he wants it enough, get himself a bathroom.

And it turns out that he is right. The houses are all painted, and painted with exceptional attractiveness, each man to his taste, with some regard for the whole effect.

Papa buys some electric fixtures somewhere-maybe out of an old house or maybe from a mail-order house, and likes them that much better. He finishes up the rooms in his spare time, with the aid of his wife. Most of the houses have window boxes. He actually likes his house better because it represents some of his

When it comes to paying for the house, Mr. Hoess is highly unorthodox. He charges 6 percent interest on the investment, but a real 6 percent, not a gyp 6 percent.

It is adjusted month by month, with every payment on amortiza-

Mr. Hoess would like his customers to be able to put down a couple of hundred dollars as a first payment, but he has sold plenty of houses to men who didn't have a cent for a first payment.

He reckons that the buyer would normally spend about a quarter of his income for rent, so he figures interest, taxes, and amortiza-tion on this basis.

But Mr. Hoess doesn't believe that a man can be paying for a house if he hasn't any income or that he can pay as much if he is working half time as if he is working full.

So if the buyer's wages are reduced, Mr. Hoess automatically reduces the charges on the house in exact proportion. And if he has no income at all, Mr. Hoess suspends all payments on the

Crazy? Not at all, argues Mr. Hoess. Good business. Turnover is death in the real-estate business. People who know the house belongs to them no matter what happens take excellent care of it. "My money might as well be sitting in those houses as in a bank," says this queer capitalist. (I have known him even to suspend all payments until a man paid for his wife's confinement. "A worker capit have for a help and pay for his house at ment. "A worker can't pay for a baby and pay for his house at the same time. If he has a baby, he'll care more about the

If you want to make Mr. Hoess mad, call him a philanthropist. He insists that he built these houses to make money, that he is making a good 6 percent on his investment, and that that is his

sole interest in the whole venture.

He says he wants to keep his customers; that if men know they have a home in which is invested not only part of their income, but part of their labor, if they have gardens from which they can get part of their food, they will hold on, not become discouraged at the first lay-off, and the houses will get paid for in the end.

When the houses are paid for or the debt reduced to with the house are paid to of the debt feduced to a certain point, Mr. Hoess will enlarge and improve the house if the owner wants it. He will build him a garage, if the owner hasn't already built it himself, or add a wing, or put in a bathroom. But at no time must the debt be above the original limit.

One owner's wife had a pantry full of canned corn, string beans, and peas. She said she'd figured that they'd never paid anything of are of the house at all, because whether they'd never head how here

so far on the house at all, because whatever they'd paid had been compensated by what they'd grown.

This eccentric real-estate man says that the difficulty with a scheme like this is not with organized labor. It's with the real-estate interests. Most real-estate men, he says, don't care a hoot whether the customer can ever pay for the house he buys or not. The seller is interested only in his commission. The builder has never designed for a specific market governed by specific conditions conditions.

Most Government-built houses, he says, can never be paid for by people in the low-income brackets. Either the Government is presenting them with a gift or the Government is going to have to

evict them one of these days.

Mr. Hoess is a social inventor. This country is full of ingenious people of this type. Only it is rarely that one stumbles across them. There is nothing grandiose about this project. Mr. Hoess has only built thirty-odd houses to date. But unless there is a trick in it somewhere, he has done some very interesting, realistic and humane thinking.

Mr. NORRIS. Mr. President, I wish to quote briefly from the article. Miss Thompson, speaking of the cost, says:

At this price you cannot afford to offer a very luxurious dwelling, but you can offer something better than the worker has ever had—and Mr. Hoess—

Who is the man who is trying the experiment, if it be an experiment-

is a realist. So he built "basic houses." The \$1,600 house is firmly built. * * * It contains a kitchen a living room firmly built. * * * It contains a kitchen, a living room, a small room for a bath, but without the fixtures; a chemical toilet, and an unfinished attic in which other rooms can be built.

It is not painted, nor is the interior decorated.

She says in another place, "Is this man crazy?" He is proceeding on the theory that if the home buyers lose their jobs the interest ceases. He is going to let them stay in the houses. The Government could better afford to do that than could a private individual, who might be pushed by financial interests to crowd the buyers, or to foreclose on them. But if the purchaser was doing right, if the only difficulty was that he had temporarily lost his job, or if sickness had made it compulsory that he use all his money to take care of his wife, or his children, or himself, the Government would waive payments as his ability to pay ceased.

What kind of man would the Government get in that kind of homes? What kind of women and children would go into them? They would be men and women who wanted to own a roof over their heads, who would want to have a place which they could call their own.

Would we be afraid of that kind of a risk? Every time they painted the house, and decorated it inside, and put in an electric light fixture, and added something in the way of a bathroom, the security would be better than it previously was.

Mr. President, I think it would be a good investment if we figured it all through to the end before we started, and decided that if anything unfortunate happened to one of these buyers or his wife or children who were trying to build a home, the charges and the interest should cease. They would have a long time in which to pay for the home, with the privilege of paying off sooner, if possible. The men and

women who wanted homes would try to pay their debts just as soon as they could.

Crazy? Not at all, argues Mr. Hoess. Good business. Turn-over is death in the real-estate business. People who know the house belongs to them no matter what happens take excellent care of it. "My money might as well be sitting in those houses as in a bank," says this queer capitalist. (I have known him even to suspend all payments until a man paid for his wife's confinement. "A worker can't pay for a baby and pay for his house at the same time. If he has a baby, he'll care more about the house.")

How true, Mr. President! As that man's family ties increase, as children come to bless his very humble home, he will love his home better than he ever did before. I think with the man mentioned in the article that it is good business to save our people, make respectable citizens of them, and let them grow up with the knowledge that they own their own homes.

Mr. ELLENDER. Mr. President, I ask unanimous consent for the immediate consideration of a minor amendment to the bill. If the language of the bill remains as it is written, there would be two sections 10. Therefore I send to the desk an amendment, which I ask to have stated.

The PRESIDING OFFICER. The amendment will be

The CHIEF CLERK. On page 3, line 23, it is proposed to strike out "Sec. 10" and to insert in lieu thereof "(10)."

The PRESIDING OFFICER. Is there objection to the consideration of the amendment? The Chair hears none.

Without objection, the amendment is agreed to.

The question now recurs on the amendments offered by the Senator from Ohio [Mr. TAFT].

ORDER FOR RECESS UNTIL 1 O'CLOCK P. M. TOMORROW

Mr. BARKLEY. I ask unanimous consent that when the Senate concludes its deliberations today it stand in recess until 1 o'clock p. m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT OF NATIONAL HOUSING ACT OF 1937

The Senate resumed the consideration of the bill (S. 591) to amend the United States Housing Act of 1937, and for other

Mr. BARKLEY. I now ask unanimous consent that not later than 3 o'clock p. m. tomorrow the Senate shall proceed to vote on the pending bill and all amendments thereto, and I ask unanimous consent to waive the requirement of the rule for a roll call at this time.

The PRESIDING OFFICER. Is there objection to waiving the requirement of the rule providing for a roll call prior to entering into a unanimous-consent agreement? Chair hears none. Is there objection to the unanimousconsent agreement proposed by the Senator from Kentucky? The Chair hears none, and the agreement is entered into.

Mr. REYNOLDS. Mr. President, I have listened with unusual interest to every word about domestic matters that has just been spoken by our distinguished colleague from Nebraska [Mr. Norris], the Senate's most useful Member. As the result of having read an article from the pen of Miss Dorothy Thompson, he has indeed approached a serious problem with which we in America are confronted, a problem which is unusually interesting from many standpoints. He has approached a problem which interests itself fundamentally with Americanism, about which we hear so little during these trying times.

Mr. President, I wish to say that the senior Senator from Nebraska hit the nail squarely on the head when during the course of his argument he made mention of the fact that we should take such action and enact such laws as will cause the American public to be contented. One thing which has really made America the greatest nation upon the face of the earth is its love for security in the form of home ownership. Home ownership was the initial desire of those who first set foot upon the fertile soil of America. Our forefathers came here seeking not only freedom of thought and freedom of action, but having in mind home ownership, the development of a place which they might properly and legally declare to be their own.

I recall having read some years ago an address made by North Carolina's greatest man, the Honorable Zebulon B. Vance, who was our war governor, and who later served in this body, in which he stated that no man would shoulder a gun for the purpose of defending a boarding house. By that he meant exactly what the Senator from Nebraska stated today, when he encouraged home ownership within the confines of the United States of America. I may add that the finest security upon the face of the earth is home ownership. I believe with the Senator from Nebraska that nothing can provide more interest or more contentment or more security than ownership of a home.

Unfortunately, in a sense, a number of years ago, millions of our people who had resided in the countryside left their old homes and went to the cities, where great industrial activities were taking place. Particularly in my section of the country, the South. They left their country homes and went to the cities because there they could find opportunity for work for their children in such places as the textile plants. As a result of this great industrial development in America, as we have found in other sections of the world, the people have left contentment, and the farm, and the great open spaces to concentrate themselves in the metropolitan

centers.

I infer from what the Senator from Nebraska has said that he is encouraging a back-to-the-land and a back-tothe-home movement, a movement away from what has been going on for a number of years past. I was delighted when I learned the contents of the article from the pen of Miss Dorothy Thompson, which he read in part to the Members of this body. I think it a wonderful idea to encourage particularly the young to seek homes for themselves, because after all there is nothing which provides such comfort

and security as does the ownership of a home.

As was stated a moment ago, if one wishes to provide himself with comforts, with happiness, and with security, it is not at all necessary that he provide himself with a mansion or a palatial dwelling or a house of any considerable proportions. One does not have to have a mansion, one does not have to be possessed of a palace, one does not have to be possessed of a palatial residence to find happiness and contentment. One can find that, Mr. President, only in one's self

The trouble about the people of this country is that everyone is trying to outdo everyone else. The happiness the American people are seeking is a false, a varnished, an artificial happiness. John Jones is trying to outdo his neighbor Bill Brown, who lives across the street. In other words, we are hypocritical; we are pretentious; and we are all for show. Instead of trying to outshine our neighbors we should be concentrating ourselves upon seeking happiness and contentment within the home and not without the home.

According to the American idea of outdoing the neighbors, if John Jones has a baby grand piano, he will put his piano out in the front yard so that he can show his neighbor that he has more than his neighbor has. If John Jones has a good garage, but purchases a Cadillac, a Rolls Royce, or a master Buick when he has been accustomed to a Ford, John will leave his master Buick, his Cadillac, or his Rolls Royce standing in the street in front of the house instead of putting it in the garage, so that he can show his neighbor Bill Brown across the street that he has a better car than Bill Brown has.

Mr. President, the trouble with the people of America today-and it applies more to America than to any other country in the world-is that we are trying to show off. We want to outshine our neighbors. What we should be doing is seeking contentment, security, and happines in the proper

It does not cost much to own a house. That statement applies not only in North Carolina but in every State of the Union. It applies to the vast territory within a radius of 50 miles of the Capital of our country. One can go into the State of Maryland and purchase fairly good land for \$15 an acre. One can leave the Senate Office Building and within 30 minutes find himself at a lovely spot on land which can be bought for \$15 an acre.

Let us see how cheap and how easy it would be for some of our young married Government clerks to acquire a home if they really wanted a home with flowers, babbling brooks, musical streams, the chirping of birds, a profusion of vegetation, and the blueness of the sky. Those are the things that bring happiness. They are the things that count. Happiness is not expensive. Happiness is the cheapest thing on the face of the earth for the person who is actually seeking happiness, and who is honest with himself.

Let us see. There are thousands upon thousands of young married couples in the Government service. They are paying anywhere from \$45 to \$125 a month for a little compact apartment. It is true they are right in Washington where everything is going on. It is true that they have electric lights. They have fine thoroughfares, motion pictures, theaters, and cocktail lounges, and they can go to dances every night. They think they are having a wonderful time. However, as suggested by the Senator from Nebraska, they would be much happier if they were possessed of something real.

A home is the greatest thing upon the face of the earth. Does it cost much? Not at all. Let us see. One can go into Maryland or over yonder in Virginia, not more than 20 miles from Washington, or certainly not more than 40 miles from here, and buy all the land he wishes at anywhere from \$9 to \$20 an acre. Many portions of that land have lovely little streams and brooks flowing through them. One can go out there and commune with nature.

Mr. SCHWELLENBACH. Mr. President, will the Senator yield?

Mr. REYNOLDS. I yield.

Mr. SCHWELLENBACH. I am very appreciative of the lecture the Senator is giving-

Mr. REYNOLDS. It is not a lecture at all, if I may interrupt the Senator from Washington. I have listened to a very inspirational address by our distinguished colleague the senior Senator from Nebraska, and I was merely enlarging upon what he had to say in reference to encouraging the American people to become home owners.

Mr. SCHWELLENBACH. I was about to suggest to the Senator that if he is really anxious to provide a way to bring happiness to the people in Washington who, because of the fact that they are in this crowded city, may not have the happiness to which they think they are entitled, he should suggest that they move to the Little Gem City of the Mountains in North Carolina.

Mr. REYNOLDS. I appreciate that remark immensely, Mr. President.

Mr. SCHWELLENBACH. That would be the acme of hap-

Mr. REYNOLDS. I appreciate the suggestion of my good friend. He comes from the gateway to the Northwest and to the great Alaskan Territory. He very ably represents the city of Seattle, which unquestionably is a city of beauty and a city of flowers. I know that statement to be true, because I have visited that city a number of times. Every time I visit the city of Seattle I like it better. I have noted the improvement that my good friend has brought to his city, and I shall return again in the fall. For my friend and colleague in the Senate to recommend to all who live in Washington that they visit Asheville, N. C., the Little Gem City of the mountains. which daily kisses the blue heavens, is a compliment to North Carolina, the greatest State in the Union. I thank my friend.

Mr. President, 30 minutes' travel will carry one to Virginia or Maryland, where he can purchase 10 acres of land for \$150. He can buy a piece of ground which has a little brook flowing through it, and which is profuse with vegetation. He does not have to have half a dozen rooms to begin with. Millions of persons in this country are occupying two-room apartments. Two rooms in the country can be just as large as two rooms in the city. I might add that some of the most attractive places I have ever seen in my life are small places all on one floor.

I see my colleague from Tennessee [Mr. McKellar] in the Chamber. The eastern section of his State, which is a beautiful section, at one time was a part of North Carolina.

In that section of the country one can find some of the most attractive little places he could ever wish to feast his eyes upon.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. REYNOLDS. I yield.

Mr. McKELLAR. Let me say that that section of the State of Tennessee is even an improvement upon North Carolina

Mr. REYNOLDS. I cannot say that it is an improvement upon North Carolina; but I will say that the people of that section have made great progress, because they have had the inspiration of North Carolina as an example for their

direction and progress.

Mr. President, 10 acres of land at \$15 an acre would cost \$150. One can buy from some of the companies in the Northwest houses in the form of bungalows which are already patterned, the timbers of which are already cut, for about \$450, which includes the price of erection by carpenters at their daily wage in the respective sections of the country. Four hundred and fifty dollars added to \$150 makes \$600; and we will add \$400 for fencing, furnishings, such painting as may be desired, the purchase of a couple of little pigs-cute little things [laughter]-and the purchase of a good milk cow which will give milk and cream from which butter and buttermilk can be made. The intensive cultivation of 1 acre of land would produce enough during the spring and summer to provide the family with fresh and wholesome vegetables. If the housewife is sufficiently industrious she can can sufficient food, as Senators who have lived on farms know, to feed a family of five during the greater portion of the winter.

So I say, Mr. President, that what we need in this country is decentralization. Years ago we interested ourselves in flocking to the cities to find employment with the great industrial enterprises, as we did in North Carolina when the textile industry moved from Massachusetts to North Carolina. We can decentralize the cities, where there are millions upon millions of unfortunate people for whom we endeavor to supply comforts today by our housing program.

Mr. President, I again thank my good friend from Washington [Mr. Schwellenbach] for his contribution to my remarks. I assure him that our Department of Development and Conservation in North Carolina will be indebted to him for providing me the opportunity once again to advertise to the world that North Carolina is the greatest, most historic, and most progressive State in the Union, and that western North Carolina, where I live, is the most beautiful spot that has ever been kissed by God's warm, mellow, golden sunshine.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. La Follette in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. SHEPPARD, from the Committee on Military Affairs, reported favorably the nomination of Col. Thomas Matthews Robins, Corps of Engineers, to be Assistant to the Chief of Engineers, with the rank of brigadier general, for a period of 4 years from date of acceptance, vice Brig. Gen. Max C. Tyler, Assistant to the Chief of Engineers, to be relieved and appointed president of the Mississippi River Commission.

He also, from the same committee, reported favorably the nominations of several officers, for appointment, by

transfer, in the Regular Army.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

He also, from the Committee on Appropriations, reported favorably the nomination of Harry A. Wortham, of Kentucky, to be regional director, region 3, Federal Emergency Administration of Public Works.

The PRESIDING OFFICER. The reports will be placed

on the Executive Calendar.

If there be no further reports of committees, the clerk will state the nominations on the Executive Calendar.

DEPARTMENT OF COMMERCE

The legislative clerk read the nomination of Edward J. Noble to be Under Secretary of Commerce.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. BARKLEY. I ask unanimous consent that the President be notified of the confirmation of the nomination of Mr. Noble.

The PRESIDING OFFICER. Without objection, it is so ordered.

UNITED STATES MARITIME COMMISSION

The legislative clerk read the nomination of Max O'Rell Truitt to be a member of the United States Maritime Commission.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

COAST GUARD OF THE UNITED STATES

The LEGISLATIVE CLERK read the nomination of Leon Claude Covell to be Assistant Commandant of the Coast Guard of the United States.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

POSTMASTERS

The Legislative Clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask unanimous consent that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered

That completes the Calendar.

NOTIFICATION TO THE PRESIDENT OF CONFIRMATIONS

Mr. SHEPPARD. I ask unanimous consent that the President be notified of the confirmation of the Army nominations which were confirmed at the last executive session of the Senate, held on June 5.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS

Mr. BARKLEY. Mr. President, under the order previously entered, I move that the Senate recess.

The PRESIDING OFFICER. The question is on the motion of the Senator from Kentucky.

The motion was agreed to; and (at 5 o'clock and 3 minutes p. m.) the Senate took a recess, the recess being, under the order previously entered, until tomorrow, Thursday, June 8, 1939, at 1 o'clock p. m.

NOMINATIONS

Executive nominations received by the Senate June 7 (legislative day of June 5), 1939

LIBRARIAN OF CONGRESS

Archibald MacLeish, of Connecticut, to be Librarian of Congress.

ASSISTANT TO THE COMMISSIONER OF INTERNAL REVENUE

John L. Sullivan, of Manchester, N. H., to be Assistant to the Commissioner of Internal Revenue, in place of Milton E. Carter, resigned.

APPOINTMENT IN THE NAVY

Rear Admiral Chester W. Nimitz to be Chief of the Bureau of Navigation, in the Department of the Navy, with the rank of rear admiral, from the 15th day of June 1939, for a term of 4 years.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 7 (legislative day of June 5), 1939

UNDER SECRETARY OF COMMERCE

Edward J. Noble to be the Under Secretary of Commerce.

UNITED STATES MARITIME COMMISSIONER

Max O'Rell Truitt to be a member of the United States Maritime Commission.

COAST GUARD OF THE UNITED STATES

Leon Claude Covell to be the Assistant Commandant in the Coast Guard of the United States.

POSTMASTERS

ARIZONA

Woodie A. Gatlin, Patagonia. William D. Boardman, Payson. Sparlin B. Boner, Seligman. Joseph M. Balsz, Yuma.

GEORGIA

Leonidas F. Livingston, Atlanta. Brandon H. Rampley, Carnesville. Pierce E. Cody, Collins. Norma W. Hawes, Elberton. Jessie T. Freeman, Greenville. Lorena B. Tucker, Ocilla. Clyde S. Young, Rebecca. Gertie B. Gibbs, Ty Ty. Tilden A. Adkins, Vienna.

IOWA

Thomas B. O'Donnell, Anthon. Henry S. King, Ashton. Walter G. Lane, Baxter. Zoe P. Way, Bussey. Frank B. Baldwin, Cedar Rapids. Lester A. Falcon, Central City. Anna M. Stephenson, Deep River. Myrtle E. Smith, Edgewood. Gordon J. Mosby, Elgin. Harry L. Conway, Elma. Sadie J. Callahan, Epworth. Julius J. Chekal, Fort Atkinson. Harry R. Merchant, Garrison. Eva L. Ochs, Garwin. Harry W. Kelly, Grandmound. Howard Colon, Hamburg. John Moeller, Ireton. Thomas H. Thompson, Kanawha. George A. Norelius, Kiron. Daniel P. O'Connor, Lawler. John E. McHugh, Lisbon. James B. Gilroy, Lost Nation. Frank G. Huebsch, McGregor. Mattie M. Bridges, Moville. James B. Bellamy, Nashua. Ray O. Bass, Ogden. James G. Casey, Osage. Simon H. Wareham, Peterson. Frank M. Halbach, Primghar. Ruth M. Emmett, Reinbeck. Charles E. Horning, Richland. Andrew L. Anderson, Ringsted. Nellie F. Hyde, Rowan. Charles E. Miller, St. Ansgar. Peter C. Hollander, Schleswig. Leroy S. Gambs, Smithland. John Ray Dickinson, Soldier. Jonathan F. White, South English. Vane E. Herbert, Storm Lake. Ida E. Larson, Swea City. Glen P. Weatherhead, Tabor. Richard P. Tank, Walcott. Jack G. Chapman, Washta.

Myrtle Ruth Lash, What Cheer. William Hoker, Wheatland. Ernest Reitz, Wyoming.

KANSAS

Philip W. Heath, Abilene. Etta Le Ford, Argonia. Albert H. Gillis, Kansas City. Walter R. Dysart, Parker. Nell M. Bowles, Walnut.

MAINE

Ivy L. Babbidge, Darkharbor.
Adelard J. Dumais, Livermore Falls.
William E. Baker, Lubec.
Alfred Boivin, Mexico.
Bernard A. Davis, Norridgewock.
Carl C. Virgin, Ridlonville.
Ernest A. Atwood, Seal Harbor.
George G. Plumpton, South Eliot.
Harry S. Stone, West Paris.

MASSACHUSETTS

Mary E. Brady, Agawam.
Frederick J. Wangler, Beverly Farms.
William E. Hallahan, Charlemont.
Charles L. Jepson, Cheshire.
Charles J. Dacey, Conway.
Merritt C. Skilton, East Northfield.
Ella M. Harrington, Jefferson.
Agnes M. Butler, Millville.
Douglas H. Knowlton, South Hamilton.
Thomas J. Ashe, Springfield.

MICHIGAN

John H. Robson, Jr., Ovid.

MISSISSIPPI

Thomas A. Chapman, Friar Point. Martha B. Gray, Robinsonville. Edgar L. Dear, Sledge. James C. Lamkin, Yazoo City.

NORTH DAKOTA

Eugene H. Mattingly, Jamestown. Oral L. Noble, Jud. Nellie Dougherty, Minot.

WISCONSIN

Raymond J. Dufeck, Denmark. Anna Loftus, De Soto. Harry F. Kelley, Manitowoc. Martin J. Bachhuber, Mayville.

HOUSE OF REPRESENTATIVES

WEDNESDAY, JUNE 7, 1939

The House met at 12 o'clock noon.

Dr. J. L. Fendrich, Jr., pastor of the Metropolitan Presbyterian Church, Washington, D. C., offered the following prayer:

Father of All Mercies, God of All Wisdom, we invoke Thy divine blessing upon this assembly of men, and pray Thee this day as we come again to the tasks to which we are called that each one of us may realize that in the exercise and discharge of high duties we do that for which man is best suited. Shed abroad in our hearts Thy love. Overrule our errors by Thy wisdom. Guide the destiny of the Nation and, if it be Thy will, keep us in paths of peace. Give us hearts of gratitude that we may study to learn Thy law and Thy statecraft. Through Jesus Christ, in whose name we pray. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had passed without amendment a joint resolution of the House of the following title:

H. J. Res. 286. Joint resolution to provide for the lending to the Virginia Military Institute of the equestrian portrait of Gen. Winfield Scott now stored in the Capitol.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills and a joint resolution of the House of the following titles:

On June 5, 1939:

H.R. 913. An act to prohibit the unauthorized use of the name or insignia of the 4-H clubs, and for other purposes:

H. R. 2345. An act for the relief of R. H. Gray;

H. R. 5601. An act for the relief of John T. Clarkson; and H. J. Res. 189. Joint resolution to define the status of the Under Secretary of Agriculture, and for other purposes.

On June 6, 1939:

H.R. 2044. An act for the relief of R. Dove and Laura J. Dove:

H. R. 3074. An act for the relief of Edgar Green;

H. R. 3300. An act for the relief of Grace Rouse;

H. R. 3646. An act to authorize certain officers and employees to administer oaths to expense accounts; and

H.R. 5756. An act to amend section 509 of the Merchant Marine Act, 1936, as amended.

MARKING OF PACKAGES CONTAINING WILD ANIMALS AND BIRDS AND PARTS THEREOF

Mr. KLEBERG. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. KLEBERG. Mr. Speaker, on Monday last during my absence the House considered and passed the bill (H. R. 4637) to amend section 243 of the Penal Code of the United States, as amended by the act of June 15, 1935 (49 Stat. 378), relating to the marking of packages containing wild animals and birds and parts thereof. An identical bill (S. 1031) passed the Senate on May 29. I asked for the immediate consideration of the Senate bill by the House Committee on Agriculture, my request was granted, and the committee reported the bill favorably. I now ask unanimous consent, Mr. Speaker, to take from the Speaker's table the bill S. 1031 for immediate consideration and passage, inasmuch as the House discussed and passed an identical bill on Monday last. I take this time merely to explain the situation and expedite the procedure.

The Clerk read the title of the Senate bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That section 243 of the act of March 4, 1909, entitled "An act to codify, revise, and amend the penal laws of the United States," as amended by section 201 of the act of June

the United States, as amended by section 201 of the act of June 15, 1935 (49 Stat. 378), is hereby amended so as to read as follows: "Sec. 243. All packages or containers in which wild animals or birds, or the dead bodies or parts thereof (except furs, hides, or skins of such animals, for which provision is hereinafter made), or the eggs of such birds are shipped, transported, carried, brought, or conveyed, by any means whatever from one State, Territory, or the District of Columbia to, into, or through another State, Territory, or the District of Columbia, or to a foreign country, shall be plainly and clearly marked, labeled, or tagged on the outside thereof with the names and addresses of the shipper and consignee and with an accurate statement showing by number and kind the contents thereof: Provided, That packages or containers in which migratory birds included in any convention to which the United States is a party, or the dead bodies or parts thereof or eggs of such birds, are shipped, transported, carried, brought, or conveyed, as aforesaid, shall be marked, labeled, or tagged as prescribed in any such convention or law or regulation thereunder.

"All packages or containers in which the furs, hides, or skins of wild animals are shipped, transported, carried, brought, or con-

veyed, by any means whatever, from one State, Territory, or the District of Columbia to, into, or through another State, Territory, or the District of Columbia, or to a foreign country shall be plainly and clearly marked, labeled, or tagged on the outside thereof with the names and addresses of the shipper and consignee."

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CONFEDERATE VETERANS' 1939 REUNION, TRINIDAD, COLO.

Mr. MARTIN of Colorado. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

Mr. MARTIN of Colorado. Mr. Speaker, on Monday the House passed the bill (H. R. 3945) to authorize the use of War Department equipment for the Confederate Veterans' 1939 Reunion at Trinidad, Colo., August 22, 23, 24, and 25, 1939, which was on the Consent Calendar. I learned only this morning that the Senate, on April 20, passed an identical bill, S. 1243. I ask unanimous consent, Mr. Speaker, to take from the Speaker's table the bill S. 1243 for immediate consideration and passage.

The Clerk read the title of the Senate bill.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

The Clerk read the Senate bill, as follows:

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That the Secretary of War be, and he is hereby, authorized to lend, at his discretion, to the reunion committee of the United Confederate Veterans, for use at the National Confederate Veterans' reunion, to be held at Trinidad, Colo., August 22, 23, 24, and 25, 1939, 2 hospital ward tents, with all pegs, poles, and equipment necessary for their erection; 1 storage tent complete with all equipment; 1 large wall tent complete with all equipment; 6 small wall tents complete with all equipment; 10 pyramidal tents complete with all equipment; 10 pyramidal tents complete with all equipment; 10.00 cots, iron; 1,000 comforters; 1,000 cotton-felted pillows complete with cotton pillowcases; 2,000 cotton bedsheets; Provided, That no expense shall be caused the United States Government by the delivery and return of said property; the same to be delivered from the nearest quartermaster depot at such time prior to the holding of said reunion as may be agreed upon by the Secretary of War and the Confederate Reunion Committee: Provided further, That the Secretary of War, before delivery of such property, shall That the Secretary of War, before delivery of such property, shall take from said reunion committee of the United Confederate Veterans a good and sufficient bond for the safe return of said property in good order and condition, and the whole without expense to the United States.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CLASSIFIED EXECUTIVE CIVIL SERVICE

Mr. LEWIS of Colorado, from the Committee on Rules. submitted the following privileged resolution, which was referred to the House Calendar and ordered printed:

House Resolution 217

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 960, a bill extending the classified executive civil service of the United States. That after general debate, which shall be confined to the bill and shall continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Civil Service, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

EXTENSION OF REMARKS

Mr. Sweeney asked and was given permission to extend his own remarks in the RECORD.

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent to insert in the RECORD during the debate in Committee of the Whole on the Social Security Act certain material, including the summation of findings by the Interorganization Council of Indiana, a very brief excerpt, and a letter from William H. Book, the vice chairman of the Chamber of Commerce of the City of Indianapolis.

The SPEAKER. Is there objection to the request of the gentleman from Indiana [Mr. Luplow]?

There was no objection.

PRESENTATION OF MONUMENT TO THE PEOPLE OF GREECE

Mr. O'NEAL. Mr. Speaker, I ask unanimous consent for the immediate consideration of the House joint resolution (H. J. Res. 294) providing for the presentation by the President of the United States of a certain monument to the people of Greece.

The Clerk read the title of the joint resolution.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky [Mr. O'NEAL]?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, as I understand, this is a gift of Americans of Greek descent to the people of their native country?

Mr. O'NEAL. The Order of Sons of Pericles, which is the Junior Order of Ahepa, a very patriotic Greek society, has raised money for a memorial to be placed in Missolonghi, Greece, commemorating the participation of Americans in the war for freedom of Greece in 1821. No money is involved in this resolution whatever. I believe the State Department is very agreeable to the passage of this joint resolution.

Mr. FISH. Reserving the right to object, Mr. Speaker, is it not a fact that there has been a very close relationship between the American people and the Greek people, and that this is simply an effort to cement that friendship of long standing between two free people?

Mr. O'NEAL. That is true. Even the President of the United States went so far in 1821 as to express the great

friendship and regard America had for Greece.

Mr. FISH. I call the attention of the gentleman to the fact that the House of Representatives did a very unusual thing a few years ago in passing a simple resolution congratulating the Greek people on the one hundredth anniversary of their independence.

Mr. O'NEAL. This feeling has always existed.

Mr. Speaker, I shall be pleased to make a further explanation of this resolution if anyone so desires.

Mr. MARTIN of Massachusetts. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The Clerk read the joint resolution, as follows:

Resolved, etc., That the President is authorized and directed on behalf of the Order of the Sons of Pericles (the Junior Order of Ahepa), a national fraternity of youthful American citizens of Helenic descent, and on behalf of the people of the United States, to present to the people of Greece, or provide through the American Minister to Greece for the presentation to the people of Greece of, the monument recently erected by the said Order of the Sons of Pericles in the Garden of Heroes at Missolonghi, Greece, the shrine of Greek independence, as a tribute to and in commemoration of those patriotic Americans who, aided by the moral and material support and assistance of the entire American people, gave their services, their fortunes, and their lives to the cause of Greek independence in the Greek Revolutionary War of 1821.

With the following committee amendment:

Strike out all after the enacting clause and insert the following: "That the President is authorized and requested on behalf of the Order of the Sons of Pericles (the Junior Order of Ahepa), a national fraternity of youthful American citizens of Hellenic descent, to provide through the American Minister to Greece for the presentation to the people of Greece of the monument recently erected in the Garden of Heroes at Missolonghi, Greece, the shring of Greek independence, as a tribute to and in commemoration of those patriotic Americans who, aided by the moral and material support and assistance of the entire American people, gave their services, their fortunes, and their lives to the cause of Greek independence in the Greek Revolutionary War of 1821."

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

The title was amended so as to read: "Joint resolution providing for the presentation through the American Minister to Greece of a certain monument to the people of Greece."

Mr. O'NEAL. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks at this point in the RECORD and include therein a part of the report on House Joint Resolution 294, which has just been passed.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky [Mr. O'NEAL]?

There was no objection.

Mr. O'NEAL. Mr. Speaker, the Order of Sons of Pericles, the Junior Order of Ahepa, is a fine patriotic society, like its senior, the Ahepa. They have done a magnificent thing in providing for this memorial, and I take pleasure in including as a permanent record a part of the committee report upon this bill. I also wish to express my appreciation to Mr. ROBERT ALLEN, Congressman from Pennsylvania, for the great interest he exhibited in this bill.

The Order of Sons of Pericles, the Junior Order of Ahepa, was instituted as a fraternal organization on January 30, 1926, in Manchester, N. H. Today the fraternity has initiated into its ranks over 8,000 members and has a total of 202 chapters, 196 in the United States and 6 in the Dominion of Canada, during the short 13 years of its existence.

The membership of the Order of Sons of Pericles is composed of youths of Hellenic descent, between the ages of 14 and 23, who are today organized in an organization, Nation-wide in scope and activity, with a full program of education, sports, mutual aid and benefit, and the establishment of fraternal bonds of mutual good

will and cooperation.

Like its senior order, the Order of Ahepa, a national order of American-Hellenic citizens of the United States, the Order of Sons of Pericles yearly gives scholarship aid to its members. However, not only does the order give scholarship aid to its members but it also offers them summer camps, district and sectional meetings and conclaves; intersectional and interdistrict competitions in all sports; an annual excursion to Greece, which is offered to bring to our members a glance into the lives of the youth of other lands; an members a giance into the lives of the youth of other lands; an outlined educational program in the very chapter rooms and a healthful and broadening experience in social contacts; and the problems of cooperation and unity between and among individuals and groups, as well as aid in securing employment and a chance in their respective vocations in life.

As a part of its program of further cementing and binding the good will that exists between the two countries of America and Greece, the Order of Sons of Pericles, under the direction of Mr. John F. Davis, of Scranton, Pa., chairman of the supreme advisory board

F. Davis, of Scranton, Pa., chairman of the supreme advisory board of the Sons of Pericles, has erected a monument in the city of Missolonghi to the memory of those noble and valiant philhellenes of America who in the years of 1821–30 aided the struggling patriots in securing their independence from Turkey, after 400 years of

slavery and oppression.

in securing their independence from Turkey, after 400 years of slavery and oppression.

Almost every important nation, with the exception of America, today has erected monuments at the city of Missolonghi in memory of their nationals who fought for and aided Greece in her revolution of 1821. Knowing this fact and feeling the great need of a monument of recognition to those great Americans, the Order of Sons of Pericles has completed its memorial to the philhellenes of America of 1821, and will hold the unveiling on July 4, 1939, during the annual Sons of Pericles excursion to Greece.

Greece, the light of the world for over 2,000 years, fell beneath the armies of the Mohammedan Turks in 1456 with the fall of Constantinople. Shortly thereafter all of Greece became a subject of the Turkish pashas, and for 400 years, until her successful struggle for freedom that opened on March 25, 1821, that resulted in her final freedom as a free nation and people, Greece was but a province of Turkey, and under Mohammedan rule. Greece, the center and the first believer in and adopter of Christianity, saw her great churches turned into Mohammedan mosques, and in Greece Christianity slept quietly but with open eyes and ready mind until her day should come once again.

The fight for independence was centered in the city of Missolands.

day should come once again.

The fight for independence was centered in the city of Missolonghi, Greece, today named the Holy City because of the great siege staged there and the many sacrifices given by the Greek patriots in defending the city. The siege lasted through 4 weary years. In the city only 410 fighting men at one time defended the thousands of old men, women, and children gathered there, while 30,000 Turkish soldiers constantly hammered at the walls. They were 4 years of starvation, misery, and disease for the defenders. Time and again they were saved from complete annihilation by courageous and foolhardy attacks on the Turkish Armies by Greek patriots who came down from the mountains to worry the siegers in attempts to drive them away from the city. Defeat for those in the city meant death under the sword.

The Turkish pashas were determined that their revolting subjects should pay with their lives for their uprising. The popula-

The Turkish pashas were determined that their revolting subjects should pay with their lives for their uprising. The populations of many cities were wiped out, and the struggle could but either end in victory for the Greek patriots or in their complete massacre under the Turkish swords. Christianity was waging its bitterest struggle, determined to push the Mohammedan out of Europe or resign itself to death.

On April 10, 1826, Missolonghi fell, and the city with its inhabitants was destroyed and left a burning pyre. Only 2,000 citizens, with superhuman efforts, broke through the lines and escaped into the nearby hills.

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Slowly the world had learned of the struggle in Greece, and the response of the American people was instantaneous and

complete.

On December 4, 1822. President James Monroe expressed the hope and the earnest belief that Hellas would become a free nation and that she would attain her rightful place among the nations of the world as her due. Henry Clay, Daniel Webster, and other great legislators of the day, gave impassioned pleas in Congress in support of the cause of Greece. Several States recognized, in their legislative acts, the fact that a nation, Greece, was waging a fight for independence, and the parallel was shown and drawn, showing the comparison between the struggle waged by the Original Thirteen Colonies against England in the Revoluby the Original Thirteen Colonies against England in the Revolutionary War.

Samuel Gridley Howe, of a well-known Boston family, educator and physician, was Greece's greatest active champion in America. He served as surgeon in chief of the Green Fleet. George Jarvis, Jonathan P. Miller, Estiwick Evans, and others held active service

Jonathan P. Miller, Estiwick Evans, and others held active service in the ranks of the Greek patriots. When Howe returned to the United States he spread everywhere the call for aid for the Greeks, and the response was immediate.

In Boston, Philadelphia, New York, and other cities Greek relief funds were created and money, food, and clothing sent to Greece to aid the patriots. The cities of Wilmington, Del., Bristol, R. I., Hartford, Conn., and Springfield, Mass., raised large sums that were sent abroad to Greece. The undergraduate students at Yale University enthered \$500 and Columbia University in New York University gathered \$500, and Columbia University in New York City, the Theological School at Andover College in Massachusetts, and other educational institutions sent contributions. Students and other educational institutions sent contributions. Students and instructors could never forget the vast stores of learning that had come down to them from the days of Greece's Golden Age, and they were hopeful that their aid might, in some small measure, repay the great blessings that Greece has given the world in learning, art, and human development. Two churches in Boston each gave \$300. On January 8, 1824, a large ball was held in New York City, tickets selling for \$5 each. Over 2,000 attended the affair, and the entire proceeds was given to the Greek relief fund and sent to Greece. By the end of April 1824 New York City philhellenes, alone, had sent more than \$32,000 to Greece, a considerable amount in those early days.

Influential families in America adopted young Greek orphans, refugees, that were left homeless on the battlefields of Greece. Many of these young boys later rose to high Government and professional positions in American life.

The Sons of Pericles memorial reflects, in entirety, the beliefs and the principles of the members of the order, an organization

and the principles of the members of the order, an organization founded in America, the adopted country of their parents. It is fitting, also, that the Order of Sons of Pericles present to the people of Greece, from the citizens of the United States, this memorial in memory of American philhellenes, for it is a tribute from the citizens of one Nation, America, founded by men who from the citizens of one Nation, America, founded by men who struggled for the right of self-determination, religious freedom, and political representation; given by an organization, the Sons of Pericles, which has developed its program and growth on those principles; to a nation, Greece, whose history has been a continual struggle for those self-same principles and ideals.

The memorial has been erected as a friendly gesture of international amity and good will, in order to effect a closer understanding between the two Nations, the United States of America and Greece, and in the fervent hope of retaining and furthering those bonds of friendship now existent between the peoples of these nations.

We have endeavored to bring out, briefly, the struggle in Greece and her debt to the citizens of the United States of America. America also owes a debt of gratitude to those scores of American philhellenes who aided Greece.

The Order of Sons of Pericles the Junior Order of Ahepa com-

The Order of Sons of Pericles the Junior Order of Ahepa composed of members who are native-born citizens of the United States of America of Greek descent seeing the need of a suitable and appropriate monument to the memory of those great men, has erected the Sons of Pericles memorial to the philhellenes of America of the Greek revolutionary war of 1821. The monument is being presented to the citizens of Greece, by the Order of Sons of Pericles, on behalf of the people of the United States of

EXTENSION OF REMARKS

Mr. HENNINGS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein an editorial from the St. Louis Globe Democrat upon the subject of our foreign policy.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. MARTIN J. KENNEDY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include a brief constructive suggestion from a New York contractor regarding W. P. A.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. LEAVY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a brief article in the Portland Oregonian concerning the Grand Coulee Dam and that development.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. BLOOM. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein speeches made by Senator William H. King, Gov. Herbert H. Lehman, Mayor Fiorello H. LaGuardia, and others, including the program at the New York World Fair, 1939, at the dedication of the Palestine pavilion on Sunday, May 28, 1939.

Mr. FISH. Mr. Speaker, reserving the right to object, I could not hear a word that the gentleman said.

Mr. BLOOM. I ask unanimous consent to extend my remarks in the RECORD and to include therein speeches made by Senator King, Mayor LaGuardia, Governor Lehman, and others at the dedication of the Palestine pavilion at the New York World Fair.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. SMITH of Virginia. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an address by Postmaster General Farley, made to the Virginia Division of Postmasters, at Charlottesville, on yesterday.

Mr. RICH. Mr. Speaker, reserving the right to object, about every day we get a request to put in the RECORD a speech of Postmaster General Farley. Is he putting these speeches in the Record as Postmaster General or are they made as the Democratic national chairman in this tour he is making to try to find out who is going to be the next Democratic President?

Mr. SMITH of Virginia. If the gentleman will read the speech I am sure he will get that information and I believe it will do him some good.

Mr. RICH. I am sure he has had more speeches put in the RECORD than any other man who ever held public

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. McGRANERY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. McGRANERY. Mr. Speaker, I was much amazed, as I suppose the membership of the House was, to learn that a distinguished Irish soldier and citizen was placed under arrest by our Government and held incommunicado in Detroit. This gentleman I know. He is a distinguished soldier and citizen of Ireland and a scholar. He has no intention whatever of either endangering the life or affronting the dignity of Their Majesties while here. It seems to me to have been a very stupid blunder on the part of our Government. If, during the early days of the critical period of our history when the Colonies were not only not recognized but totally discredited in the eyes of the world when we sent Franklin to France, the same thing had happened to him, God knows what might have happened to the American cause. Franklin created a new confidence in our cause and raised money.

There will be a meeting in my office this afternoon of a very substantial number of the Members of this House in order to find out just what the reason or the attitude of the Government or the Department that placed him under arrest was in the matter, and to insist upon carrying out the law as I understand it.

Mr. FISH. Mr. Speaker, will the gentleman yield?

Mr. McGRANERY. I yield.

Mr. FISH. Under what Federal law has he been arrested? Mr. McGRANERY. I do not know; none that I know of. [Here the gavel fell.]

AMENDMENT OF PUBLIC LAW NO. 190 OF THE SIXTY-SIXTH CONGRESS

Mr. RANKIN. Mr. Speaker, I ask unanimous consent that the bill (H. R. 3386) to amend Public Law No. 190 of the Sixty-sixth Congress, which has been referred to the Committee on World War Veterans' Legislation, be rereferred to the Committee on Invalid Pensions.

The SPEAKER. Is there objection to the request of the gentleman from Mississipppi?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. SWEENEY. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. SWEENEY. Mr. Speaker, I want to join in the protest made by my distinguished friend from Pennsylvania [Mr. McGranery] in protesting against the action of the Department of Justice in jailing in Detroit, Mich., a distinguished Irish citizen who is here on a lecture tour. He is here on a lecture tour just like Dr. Benes, the former President of Czechoslovakia, is here on a lecture tour, minding his own business. He is here on a valid passport. The action in detaining Mr. Sean Russell demonstrates the influence of the British Government in the United States

when Scotland Yard can wire the Department of Justice in Washington to pick up an innocent man on the flimsy pretext that he may possibly do some harm to the distinguished guests who are coming here tomorrow. This move is designed to cast aspersions upon the Irish race in the United States. Our protest against the visit will be vocal; it will never be physical under the circumstances.

I hope there will be enough Members of this Congress to join with Mr. McGranery and some more of us in laying our protests before the State Department this afternoon. [Applause.]

EXTENSION OF REMARKS

Mr. DARROW. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record and to include therein an address by Will H. Gibson, former secretary of state of the State of Idaho, on the subject of Public Education.

The SPEAKER. Is there objection?

There was no objection.

THE INDEBTEDNESS OF FOREIGN GOVERNMENTS TO THE UNITED STATES

Mr. PLUMLEY. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record at this point and to include two or three tables prepared and furnished for me at my request by the Treasury Department.

The SPEAKER. Is there objection?

There was no objection.

Mr. PLUMLEY. Mr. Speaker, I desire to place in the RECORD at this point a statement showing the total payments received on account of indebtedness of foreign governments to the United States as of March 1, 1939, as furnished me by the United States Treasury Department yesterday.

Total payments received on account of indebtedness of foreign governments to the United States as of Mar. 1, 1939

	Total payments received Prin	On fund	On funded debts		On debts prior to funding 1	
Country		Principal	Interest	Principal	Interest	
Belgium Cuba		\$17, 100, 000. 00	\$14, 490, 000. 00	\$2, 057, 630. 37 10, 000, 000, 00	\$18, 543, 642, 87 2, 286, 751, 58	
CzechoslovakiaEstonia	20, 134, 092, 26 1, 248, 432, 07	19, 829, 914. 17	1, 246, 990, 19		304, 178. 0 1, 441. 8	
Finland France Germany (Austrian indebtedness) 2	5, 495, 905, 77	877, 913, 56 161, 550, 000, 00	4, 308, 676, 94 38, 650, 000, 00	64, 639, 588. 18	309, 315, 27 221, 386, 302, 82	
Great BritainGreece	2, 024, 848, 817. 09 4, 039, 888. 01	862, 668. 00 232, 000, 000, 00 981, 000. 00	1, 232, 770, 518. 42 1, 896, 812. 00	202, 181, 641. 56 2, 922. 67	357, 896, 657. 11 1, 159, 153. 3	
Hungary Italy Latvia	100, 829, 880, 16	73, 995. 50 37, 100, 000. 00 9, 200. 00	423, 202, 26 5, 766, 708, 26 621, 520, 12	364, 319. 28	753. 0 57, 598, 852. 6 130, 828. 9	
LiberiaLithuania	36, 471, 56 1, 237, 956, 58	234, 783. 00	1, 001, 626. 61	26, 000. 00	10, 471, 50 1, 546, 97	
Nicaragua Poland	22, 646, 297, 55	1, 237, 297. 37 2, 700, 000. 00	19, 310, 775, 90 29, 061, 46	141, 950. 36	26, 625, 48 2, 048, 224, 28 263, 313, 74	
Rumania Russia Yugoslavia	8, 750, 311. 88	1, 225, 000, 00	29, 001. 40	727, 712, 55	8, 750, 311. 8 636, 059. 1	
Total	2, 749, 492, 491, 37	475, 631, 771. 60	1, 320, 515, 892. 16	281, 990, 398, 99	671, 354, 430. 63	

¹ Includes eash received upon execution of debt-funding agreements amounting to \$4,768,606.14, of which amount \$600,639.83 was applied on principal and \$4,167,966.31 on interest.

² The German Government has been notified that the Government of the United States will look to the German Government for the discharge of the indebtedness of the Government of Austria to the Government of the United States.

I also append a statement showing the total indebtedness of foreign governments to the United States as of March 1, 1939.

Statement showing total indebtedness of foreign governments to the United States, Mar. 1, 1939

Country	Total indebtedness	Principal unpaid 1	Interest post- poned and payable under moratorium agreements	Interest accrued and unpaid under funding and moratorium agreements
Funded debts: Belgium Czechoslovakia. Estonia Finland	\$449, 080, 212, 01 165, 729, 490, 80 20, 736, 660, 17 8, 248, 799, 24	\$400, 680, 000. 00 165, 241, 108. 90 16, 466, 012. 87 8, 122, 086, 44	\$3, 750, 000. 00 492, 360. 19 126, 712, 80	\$44, 650, 212. 01 488, 381. 90 3, 778, 287. 11
France Germany (Austrian indebtedness) ¹ Great Britain Greece Hungary	4, 160, 824, 820, 69	3, 863, 650, 000. 00 25, 980, 480. 66 4, 368, 000, 000. 00 31, 516, 000. 00 1, 908, 560. 00	38, 636, 500. 00 131, 520, 000. 00 449, 080. 00 57, 072. 75	258, 538, 320, 69 31, 191, 43 919, 868, 374, 72 2, 103, 357, 00 398, 987, 95

¹ Includes principal postponed under moratorium agreements and principal amounts not paid according to contract terms.

¹ The German Government has been notified that the Government of the United States will look to the German Government for the discharge of the indebtedness of the Government of Austria to the Government of the United States.

Statement showing total indebtedness of foreign governments to the United States, Mar. 1, 1939-Continued

The design of the second of th	Total indebtedness	Principal unpaid	Interest post- poned and pay- able under mora- torium agree- ments	Interest accrued and unpaid under funding and moratorium agreements
Funded debts—Continued. Italy	7, 650, 387, 79 259, 502, 346, 55	\$2,004,900,000.00 6,879,464.20 6,197,682.00 206,057,000.00 63,860,560.43 61,625,000.00	\$2, 506, 125, 00 205, 989, 96 185, 930, 46 6, 161, 835, 00	\$15, 339, 297. 62 1, 460, 582, 83 1, 266, 775. 33 47, 283, 511. 55 130, 235. 17 115, 546, 89
Total	12, 710, 628, 623. 86	11, 231, 083, 955, 50	184, 091, 606. 16	1, 295, 453, 062. 20
Unfunded debts: Armenia Nicaragua (Russia	23, 303, 395, 87	11, 959, 917. 49 192, 601, 297, 37		11, 343, 478. 38 192, 770, 882. 28
Total Total	408, 675, 575, 52	204, 561, 214, 86		204, 114, 360, 66
Grand total	13, 119, 304, 199, 38	11, 435, 645, 170. 36	184, 091, 606. 16	1, 499, 567, 422. 86

Note.—Indebtedness of Germany to the United States on account of costs of army of occupation and awards under Settlement of War Claims Act of 1928, as amendedf not shown in above statement.

I am including a statement showing the amounts included in the total indebtedness of foreign governments to the United States as of March 1, 1939, which though previously due under the finding and moratorium agreements were not and have not been paid as of the date due according to the terms of such agreements.

AMOUNTS NOT PAID ACCORDING TO TERMS OF AGREEMENTS

The total indebtedness of foreign governments to the United States as of March 1, 1939, includes the following amounts previously due under the funding and moratorium agreements and not paid as of that date according to the terms of such agreements.

	Funding agreements		Moratorium		
	Principal	Interest	agreements annuities	Total	
Belgium	\$26,600,000.00	\$43, 356, 000. 00			
Czechoslovakia	17, 670, 085, 83		2, 010, 940. 58		
Estonia	859, 000.00		402, 438. 19	4, 941, 988. 19	
France	284, 345, 738. 11	250, 398, 622. 50	33, 515, 676. 92	568, 260, 037. 53	
Germany (Austrian indebtedness)1	1, 840, 372, 00		139, 068, 92	1, 979, 440, 92	
Great Britain	202, 000, 000, 00			1, 202, 827, 897, 13	
Greece	5, 440, 000. 00				
Hungary 2	93, 175, 00				
Italy	80, 200, 000, 00				
Latvia	346, 100.00				
Lithuania	263, 580, 00	1, 230, 220, 69	150, 515. 86	1, 644, 316, 55	
Poland	10, 350, 000.00	46, 064, 700.00	5, 018, 526. 81	61, 433, 226. 81	
Rumania	9, 000, 000, 00		536, 250. 88		
Yugoslavia	2, 275, 000. 00	115, 546. 89		2, 390, 546. 89	
Total	641, 283, 050, 94	1, 255, 426, 823, 61	164, 854, 719. 94	2, 061, 564, 594. 49	

¹ The German Government has been notified that the Government of the United States will look to the German Government for the discharge of this indebtedness of the Government of Austria to the Government of the United States.

¹ The Hungarian Government has deposited with the foreign creditors' account at the Hungarian National Bank an amount of pengo equivalent to the interest payments due from Dec. 15, 1932, to June 15, 1937. The debt funding and moratorium agreements with Hungary provide for payment in dollars in the United States.

Lastly, I offer for your examination and consideration a table showing payments due June 15 and July 1, next, on account of indebtedness of foreign governments to the United States:

PAYMENTS DUE JUNE 15, 1939, AND JULY 1, 1939, ON ACCOUNT OF IN-DEBTEDNESS OF FOREIGN GOVERNMENTS TO THE UNITED STATES

The following statement shows the amounts due under the funding and moratorium agreements on June 15, 1939, and July 1, 1939:

h en nakh - FRA	Funding agreements		Moratorium		
	Principal	Interest	agreements	Total	
Due June 15, 1939; Belgium Czechoslovakia Estonia Finland France	\$4,700,000.00 1,500,000.00	\$4, 158, 000. 00 286, 265. 00 141, 662. 50 19, 261, 432. 50	\$484, 453, 88 182, 812, 78 36, 585, 29 19, 030, 50 3, 046, 879, 72	\$9, 342, 453. 88 1, 682, 812. 78 322, 850. 29 160, 693. 00 96, 628, 904. 60	

	Funding agreements		Moratorium	
AND THE PARTY OF T	Principal	Interest	agreements	Total
Due June 15,1939—Con. Great Britain Hungary Italy Latvia Lithuania Poland Rumania Yugoslavia	\$15, 200, 000, 00 49, 245, 00 2, 200, 000, 00 450, 000, 00	\$75, 950, 000, 00 33, 185, 08 1, 245, 437, 50 107, 783, 67 3, 582, 810, 90 38, 515, 63	\$9, 720, 765. 05 4, 225. 58 896, 155. 88 15, 274. 26 13, 683. 26 456, 229. 71 48, 750. 08	\$85, 670, 765, 05 37, 410, 66 17, 341, 593, 38 134, 883, 26 170, 711, 39 4, 039, 039, 71 2, 248, 750, 08 488, 515, 63
Total June 15, 1939 Due July 1, 1939: Greece	98, 419, 837. 38 175, 000. 00	104, 924, 700. 88	14, 924, 845, 99 13, 169, 45	218, 269, 384. 25 188, 169. 43

PERMISSION OF COMMITTEE OR SUBCOMMITTEE TO SIT DURING THE SESSIONS OF THE HOUSE

Mr. MAY. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. MAY. The parliamentary inquiry is whether or not the rule of the House which requires a committee of the House to obtain the permission of the House to sit during the sessions of the House applies to subcommittees of the various committees of the House.

The SPEAKER. In reply to the gentleman from Kentucky. the Chair will read the rule:

No committee, except the Committee on Rules, shall sit during the sitting of the House, without special leave.

Mr. MAY. I do not think the Chair quite understood my inquiry.

The SPEAKER. That rule applies also to any subcommittee of a legislative committee. It cannot sit without permission of the House.

Mr. MAY. Then, Mr. Speaker, I ask unanimous consent that Subcommittee No. II of the Committee on Military Affairs, relating to the Tennessee Valley Authority, be permitted to sit during the sessions of the House today.

The SPEAKER. Is there objection?

There was no objection.

PROPOSED ANTARCTIC EXPEDITION

Mr. RICH. Mr. Speaker, I ask unanimous consent to proceed for 1 minute and to extend my remarks in the RECORD. The SPEAKER. Is there objection?

There was no objection.

Mr. RICH. Mr. Speaker, I call attention to the fact that the Director of the Bureau of the Budget, Mr. Harold D. Smith, has requested that we grant \$340,000 with which to start another Antarctic expedition, which will ultimately cost

³ This Government has not accepted the provisions of the moratorium.

⁴ The United States holds obligations in the principal amount of \$289,898.78, which, together with accrued interest thereon, are to be canceled pursuant to agree ment o, Apr. 14, 1938, between the United States and the Republic of Nicaragua, ratified by the United States Senate on June 13, 1938.

\$1,000,000, and the President of the United States concurs in that request, as per his letter of May 26, which I insert here-

> THE WHITE HOUSE Washington, May 26, 1939.

The Speaker of the House of Representatives

Sir: I have the honor to transmit herewith for the consideration of Congress a supplemental estimate of appropriation for the Department of the Interior for the fiscal year 1939 in the amount of

The details of this estimate, the necessity therefor, and the reason for its transmission at this time are set forth in the letter of the Director of the Bureau of the Budget, which is transmitted herewith, with whose comments and observations thereon I concur.

Respectfully,

FRANKLIN D. ROOSEVELT.

We are going to be called upon in the Committee on Appropriations to grant this \$1,000,000 to make another vacation trip to the South Pole. A hot thing to propose at this time. It seems to me, when we are two billion and a quarter dollars in the red for this year, and will be \$4,000,000,000 in the red for next year, that if there ever was a piece of folly, this proposition is that, and why the President and the Director of the Bureau of the Budget should ask the Members of Congress to expend \$1,000,000 to make a trip down to the South Pole I cannot understand. I hope that the Members of the House will turn down the request. I insert here the Budget Bureau's request to make the appropriation:

Bureau of the Budget, Washington, May 26, 1939.

The PRESIDENT,

The White House.

Sir: I have the honor to submit herewith for your consideration a supplemental estimate of appropriation for the Department of the Interior for the fiscal year 1939, in the amount of \$340,000, as

GOVERNMENT IN THE TERRITORIES

"Expenses, Division of Territories and Island Possessions: For an additional amount for expenses of the Division of Territories and Island Possessions in the investigation and survey of natural resources of the land and sea areas of the Antarctic regions, including personal services in the District of Columbia and elsewhere, with out regard to the civil-service laws or the Classification Act of 1923, as amended, or by contract, if deemed necessary, without regard to the provisions of section 3709 of the Revised Statutes, rent, travelthe provisions of section 3709 of the Revised Statutes, rent, traveling expenses, purchase of necessary books, documents, newspapers and periodicals, stationery, hire of automobiles, purchase of equipment, supplies and provisions, and all other necessary expenses, fiscal year 1939, to remain available until June 30, 1940, \$340,000: Provided, That fuel, repairs, and emergency supplies may be contracted for in foreign ports: Provided further, That reimbursement may be made to individuals for expenditures for services and supplies, and for other expenses incurred subsequent to May 2, 1939, when such expenditures have been approved by the Secretary of the Interior (47 Stat. 1517; 48 Stat. 16; Executive Order No. 6726; Public, No. 61, May 2, 1939), \$340,000."

This estimate of appropriation is to provide for the expenses of an expedition to the Antarctic regions for the purpose of making surveys and investigations of the natural resources of land and sea

surveys and investigations of the natural resources of land and sea areas therein. The estimate covers the amount that will be required until the end of the fiscal year 1940. An additional sum will be needed in 1941 to return the members of the expedition to the United States or, in the event the project cannot be completed within a year, to provide provisions and other supplies for a longer

period.

The foregoing estimate of appropriation is required to meet a contingency which has arisen since the transmission of the Budget for the fiscal year 1939, and approval is recommended.

Very respectfully,

HAROLD D. SMITH. Director of the Bureau of the Budget.

We have had more joy rides by this administration than any other administration. They seem to be devising means to spend, spend, spend. Is it not possible to stop Roosevelt spending? Stop him lending, stop him bending, for every New Deal device to spend, spend; or we will be wrecked, wrecked, wrecked. Will you help create jobs, not take any more joy rides?

The SPEAKER. The time of the gentleman from Pennsylvania has expired.

LIBRARIAN OF CONGRESS

Mr. THOMAS of New Jersey. Mr. Speaker, I ask unanimous consent to proceed for 1 minute and to extend my remarks in the RECORD.

The SPEAKER. Is there objection? There was no objection.

Mr. THOMAS of New Jersey. Mr. Speaker, gentlemen of the House, I wish to call your attention to the latest Presidential appointment which, according to this morning's papers, has been transmitted to the Senate for confirmation today. I refer to the appointment of one Archibald Mac-Leish as Librarian of Congress. MacLeish is one of the leading "fellow travelers" of the Communist Party today.

This appointment once more raises the vital and alarming issue of the Communist influence on appointments emanating from the White House. A few days ago the foremost "fellow traveler" of the Communist Party in the United States was appointed to a secretarial post in the Virgin Islands. That was Robert Morss Lovett who, according to the records, has been affiliated with at least 25 united fronts of the Communist Party. This newest appointee, MacLeish, ranks in importance as a "fellow traveler" not far behind Lovett.

Two years ago the Communist Party set up a united front known as the League of American Writers. This league held its annual congress only last Saturday in New York where its leading visiting speaker from abroad was one Louis Aragon, editor of the French Communist newspaper, Ce Coir, and admitted in the columns of the Daily Worker last week to be a Communist. MacLeish was one of the 23 signers of the call to the congress of 1937, which set up the League of American Writers. Out of the 23, 12 were wellknown Communists and some of the others were equally wellknown as "fellow travelers," including Robert Morss Lovett.

MacLeish has also been a member of the National Committee of the Medical Bureau to Aid Spanish Democracy, an organization shown by testimony before the Dies committee last year to be a united front of the Communist Party.

MacLeish was also a member of the National Advisory Committee of the American Youth Congress, another united front maneuver of the Communists.

MacLeish was also a member of the Motion Picture Artists Spanish Aid, along with sundry members of the Communist Party and other "fellow travelers."

Several years ago the Communist Party frequently denounced MacLeish as a Fascist. But that was before the new "line" of the present Communist Party's strategy was adopted. If his appointment as Librarian of Congress had been made back in that former period, the Communist Party's press would now be denouncing it with vehemence. However, now that the Communist Party has taken Mac-Leish to its ideological bosom, there will be nothing but prolonged applause for this appointment which sends one of its loyal friends into a most important public position.

It is high time that a final halt were called to this Communist penetration of government.

EXTENSION OF REMARKS

Mr. ENGEL. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include an invitation on the part of the Procurement Division of the Treasury Department to bid on a treadmill for dogs.

The SPEAKER. Is there objection?

There was no objection.

PICKETING IN DETROIT

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute and to revise and extend my remarks in the RECORD.

The SPEAKER. Is there objection?

Mr. HOFFMAN. Also, Mr. Speaker, to include therein two short statements by former Representative Pettengill, of Indiana, and a short editorial from the Detroit Free Press.

The SPEAKER. Is there objection?

There was no objection.

THE RIGHT TO WORK

Mr. HOFFMAN. Mr. Speaker, yesterday the attention of the House was by me called to the fact that here in Washington the Workers Alliance in convention assembled was demanding that the Congress provide the money to give every unemployed person in the United States a job. As given in the press, their slogan was "The right to work." For more than 2 years, in Congress and in many other places, I have been demanding that the right to work—a civil liberty and in the past there has been a great deal of talk by the Senate Civil Liberties Committee, and today by Attorney General Murphy, about the denial of civil liberties—be protected.

In the past, the Senate Civil Liberties Committee and, more recently, Attorney General Murphy, has been making a loud noise on the theory that employers denied to employees the right to work except under improper conditions or for a starvation wage. That committee has spent considerable money, a great deal of time, in attempting to show that employees have been persecuted, have been denied their civil liberties. So far as I have been able to learn, that committee never at any time expressed any concern over the denial to employers of the right to give work to employees.

Attorney General Murphy, while Governor of Michigan, used the National Guard of that State in a manner which resulted in the denial of the right to work. His words do not match and are not consistent with his actions.

At the present time, using the National Labor Relations Act as its authority, the National Labor Relations Board, John L. Lewis, and the organizations in which he is a power, are destroying civil liberties, are making it more and more difficult for men to work.

Many times have I called the attention of this House to the fact that John L. Lewis is seeking a monopoly over labor; that, if he continues on his course, the time will come, and that all too soon, when he will sell the worker to the industrialist as slaves were sold in the olden days; as cattle are sold in the markets of the world today.

On almost every possible occasion I have attempted to arouse this House to a realization of what is actually taking place; to point out the danger of our failure to amend the National Labor Relations Act, our failure to counteract the propaganda which has been put out by the Senate Civil Liberties Committee.

Today, shaping itself to public view, there is the coalition existing between some forces in the administration. John L. Lewis, the Communists, Earl Browder, their former candidate for President-all claiming to act under color of laws which we have enacted-which is steadily driving forward toward a united front, and which will present to the people of this country the issue, whether disguised or not, between those who believe in a constitutional form of government, such as has brought us our prosperity, which has established here for the worker living conditions better than anywhere else in this whole world of ours. These forces on the one side and on the other; those who believe either in communism or fascism; those who believe that government should control and operate all business activities; some of whom believe that what we need is a dictator and that the step toward that dictatorship is a third term for the present occupant of the White House. who has left behind him a record unparalleled for its deception, its waste, its extravagance, its corruption, its destruction of civil liberties.

We here in Congress have a responsibility which rests upon us, which we cannot, which we should not, desire to shirk or to avoid. Upon us rests the determination of whether or not our form of government shall be preserved or whether we shall aid, by now neglecting our duty, in the continuation of those forces which are none too gradually, which are most certainly, giving into the hands of Lewis and of bureaucrats the power to utterly destroy us as a nation.

Sustaining these views which I have expressed, let me quote from a former Democratic Member of this House, Hon. Samuel B. Pettengill, who so patriotically represented the Indiana district which adjoins the Fourth Michigan Congressional District. He recently wrote on this same subject, using as a title the words which I have so often called to your attention, "The Right to Work."

I read:

THE RIGHT TO WORK

A new political issue is in the making. It is the right to work. It is not in fact, new, but it is acquiring new and commanding interest. That is what makes issues.

The question is whether a labor monopoly, supported by public officials, and by violence, or the threat of violence, can compel a once free American to join a labor union and pay a fee in order to work, in order to live. A phase of that question is whether he must join a particular labor union.

John L. Lewis presents this latter question to the Nation. Can a soft-coal miner join the union of his choice? Mr. Lewis says no; he can't. He must join Mr. Lewis' union. He cannot join any other union. If he does he can't mine coal. He can't eat bread.

Bear in mind that Mr. Lewis was a sponsor of the Wagner Labor Relations Act. This act says that it is the public policy of the United States to protect "the exercise of workers of full freedom of association, self-organization, and designation of representatives of their own choosing, for the purpose of negotiating the terms and conditions of their employment or other mutual aid or protection."

or protection."

This is sound public policy. The right of collective bargaining by workers as a counterbalance to collective bargaining by capital is a weapon labor must have either in its hand or behind the door. Without it we have seen too many examples of industrial tyranny.

But Mr. Lewis now denies to workers the right so guaranteed to workers. He is making war against a bill he sponsored, which is now the law of the land. Mr. Lewis, in effect, amends this law by saying it applies to no labor union but his own.

He defies State and National authority to guarantee to workers the "full freedom" to associate in unions of their own choice, and to designate representatives "of their own choosing." If they do not choose Mr. Lewis' union they can go hungry. Their mines cannot open.

He says in effect to the coal miners, "Join my union. Pay dues to me or you can't work. You cannot choose to associate with the Progressive Miners, nor with the American Federation of Labor. You cannot choose to belong to no union. You cannot choose to form an independent union.

"If you do any of these things, you can't work. My pickets will prevent you. If a Governor stops my pickets, I will drive the Governor out of office. Governors must take orders from me. You must pay tribute to my union or go without work. The money you pay I will use in large part, not for your benefit, but to organize steel, automobile, textile, farm workers. Then I will apply the same squeeze on the men in these industries."

If what Mr. Lewis is doing were done by employers and a com-

If what Mr. Lewis is doing were done by employers and a company union, the law and the White House would be upon their heads. Mr. Lewis proposes to freeze out all other unions. He won't have "any d—d labor organizer monkeying with his men." This telegram from the president of the Progressive Mine Workers to the President of the United States tells the story:

"We represent a majority of the employees in 224 mines formerly covered by the Appalachian agreement employing upward of 80,000 miners. We have been designated by them to be their bargaining agent. Under the Wagner Act neither these employers nor their agents can bargain with United Mine Workers of America covering their employees nor can they make closed-shop agreements with the United Mine Workers.

"The decision in the case of Progressive Mine Workers of America v. Kelly's Creek Colliery Co. should be read before negotiations are undertaken, as the United Mine Workers are seeking to circumvent this decision by their present demands for a closed shop and to eliminate the strike penalty clause.

"We know that you, as President, representing all of the people and not only a portion thereof, will not take sides with any party seeking to circumvent the Wagner Act, with knowledge of all the facts as herein stated. * * *"

Mr. Lewis is fighting for a blacklist of his own. If a combination of employers agree not to employ a member of Mr. Lewis' union, they do a lawless thing. Mr. Lewis can enjoin them from doing it. The courts will protect the worker in his fundamental right to work even if he belongs to a union the employers do not like. He can neither be fired nor his family starved to give up union membership. Such was the old blacklist—a weapon of industrial tyranny now happily outlawed.

industrial tyranny now happily outlawed.

But now that employers are forbidden to blacklist his workers,
Mr. Lewis now proposes to blacklist all other workers himself.
In one case employers deny the right to work of a man who
belongs to a union. Mr. Lewis denies the right to work of a man
who does not belong to a union, and in particular to his union.
Under the old deal some employers blacklisted the worker. Under
the New Deal Mr. Lewis blacklists the worker.

Note this editorial from a recent issue of the Detroit Free Press. Detroit, as you know, had more than enough experience with the C. I. O. during the sit-down strikes of 1937. Not content with its experience over that period, not content with its repudiation in the Detroit city elections, and in the more recent State election of 1938, that organization still continues its activities. Similarly recent exploits by others were the picketing of a ball park and of the animal cages at the Detroit zoo. Note this editorial:

GETTING OUT OF HAND

Are not certain elements in the C. I. O. endangering the good will of the public, which was beginning to forget about their sitdown strikes and to regard them as a grown-up labor organization?

Certain recent events would give one the impression that individuals and groups in the C. I. O. are again acting on the principle of "the public be damned."

The recent attempt by some 2,000 sympathizers with the strikers at the Briggs Manufacturing Co. to picket Briggs Stadium and to keep the public, and even their fellow workers, from seeing a

ball game, was one such incident.

Another was the beating up of the patrons of a beer garden, allegedly by members of the striking Briggs local, when the proprietor, acting within the law, ejected a member of the local for drunkenness and insulting women patrons.

And Saturday a dozen members of the W. P. A. Unemployed Workers Department of the U. A. W.-C. I. O. started to picket the

animal cages at the Detroit Zoo.

All of these acts, and particularly the picketing of the ball park and the zoo, were attempts to keep the public, and many of their own fellow workers, from enjoying entertainment that had nothing whatever to do with the strike at the Briggs Manufacturing Co.

A whole labor organization is not to be indicted because of the acts of a few misguided members of it, but if the responsible leaders do not act to check this sort of thing, the public is likely to visit its resentment upon the U. A. W.-C. I. O. as a body.

When will Congress use its authority and its power to see to it that the civil liberties about which Attorney General Murphy so hypocritically prates are actually protected?

The SPEAKER. The time of the gentleman from Michigan has expired.

THE LIBRARIAN OF CONGRESS

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. RAYBURN. Mr. Speaker, I trust the gentleman from New Jersey [Mr. Thomas] who just spoke about the appointment of the Librarian, is present. I wanted to interrogate the gentleman and ask what he meant by "fellow traveler of the Communists"?

Mr. THOMAS of New Jersey. I will be glad to answer the

Mr. RAYBURN. And if he states upon his responsibility that this new Librarian is a Communist. I do not know him.

Mr. THOMAS of New Jersey. I may say to the majority leader that the Dies committee, which includes five members of the Democratic Party and two members of the Republican Party, has definite information to the effect that this man McLeish is a fellow traveler of the Communist Party.

Mr. RAYBURN. What does the gentleman mean by "fellow traveler"?

Mr. THOMAS of New Jersey. A man who is absolutely sympathetic with the Communist cause, but for various reasons does not care to be a party member.

The gentleman does not accuse him of Mr. RAYBURN. being a Communist?

Mr. THOMAS of New Jersey. It is exactly the same thing. Mr. RAYBURN. But the gentleman does not state that he is a Communist?

Mr. THOMAS of New Jersey. It is exactly the same thing. Mr. RAYBURN. I asked the gentleman a question which he can answer by "yes" or "no."

Mr. THOMAS of New Jersey. He is aiding and abetting the Communist Party all the time, but for some reason does not want to become a member of the Communist Party.

Mr. RAYBURN. But he is not a Communist?

Mr. THOMAS of New Jersey. Certainly the gentleman will not disagree with this point; that is, that the administration is now, and has been for some time, placing people in key positions who are either members of the Communist Party or fellow travelers of the Communist Party?

Mr. RAYBURN. I do deny it, and I think the gentleman's statement is little short of slander.

EXTENSION OF REMARKS

Mr. SCHAFER of Wisconsin. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein a somewhat lengthy list of the keymen of our New Deal administration.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

Mr. RICH. Mr. Speaker, reserving the right to object, if that list is going to take up too much of the RECORD, we cannot afford to have that expense added onto the Government.

Mr. SCHAFER of Wisconsin. It is a list of the keymen, many of whom are members of the Communist Party or who are Communist sympathizers. It will take up a considerable part of the RECORD, but I believe that the country is entitled to the information.

Mr. HOFFMAN. Mr. Speaker, reserving the right to object, will the gentleman include a definition of "fellow traveler"; one who goes along with?

Mr. SCHAFER of Wisconsin. In order to get the list of the keymen, including the Communist brethren and their sympathizers, into the RECORD I will do my best to do so, if the gentleman does not object to my request.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

Mr. SABATH. Mr. Speaker, I object. [After a pause.] Mr. Speaker, I withdraw the objection.

The SPEAKER. The Chair hears no objection to the request of the gentleman from Wisconsin.

THEIR MAJESTIES THE KING AND QUEEN OF GREAT BRITAIN

Mr. MAY. Mr. Speaker, I ask unanimous consent that I may address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. MAY. Mr. Speaker, two of our colleagues have just addressed the House, as they most assuredly had the right to do, with respect to the arrest of some person at Detroit, and their remarks indicated that the possibilities are that he was detained because of some feeling upon the part of some American authorities that there might be a chance of his doing violence to the King and Queen in this country while they are visiting us. I do not think any real American would even attempt injury to our distinguished visitors and I am sure that every Member of this House would feel that if the President of the United States were visiting in England we would be entitled to and would have every protection of his life while there. I merely want to say upon my own responsibility that it is the duty of every American citizen to see to it that Their Majesties while here are adequately and amply protected, and I hope that no violence nor attempt at violence will be resorted to toward them while they are in this country of ours, because they are the representatives of a great nation. Their visit is one of friendship and good will and I trust and feel assured that all our people without regard to party, creed, or race will so receive them. [Applause.] [Here the gavel fell.]

EXTENSION OF REMARKS

Mr. JOHNS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD by including therein a short editorial from the Green Bay Press Gazette, of Green Bay, Wis.

The SPEAKER. Is there objection?

There was no objection.

Mr. ANGELL. Mr. Speaker, I ask unanimous consent to extend my own remarks and include a statement of the count through the fishways at the Bonneville Dam.

The SPEAKER. Is there objection?

There was no objection.

Mr. ANGELL. Mr. Speaker, I also ask unanimous consent to extend my remarks and to include the Gallup poll which was released on June 6.

The SPEAKER. Is there objection?

There was no objection.

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. HINSHAW. Mr. Speaker, I ask unanimous consent to extend my own remarks and insert in the Appendix a letter to Frank R. McNinch, of the Federal Communications Commission, from Mr. Neville Miller, president of the National Association of Broadcasters.

The SPEAKER. Is there objection?

There was no objection.

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES—MEETING OF INTERNATIONAL STATISTICAL INSTITUTE IN 1940

The SPEAKER laid before the House the following message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Foreign Affairs.

To the Congress of the United States of America:

I commend to the favorable consideration of the Congress the enclosed report from the Secretary of State to the end that legislation may be enacted to amend Public Resolution No. 46, approved August 9, 1935, to authorize and request the President to invite foreign governments to be represented by delegates at the twenty-fifth session of the International Statistical Institute, to be held in the United States in 1940, and to authorize an appropriation of the sum of \$5,000, or so much thereof as may be necessary, for participation by the United States in the meeting.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, June 7, 1939.

Mr. COLMER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute to make an announcement. The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

MEETING JUNE 8 ON LIBERALIZATION OF SOCIAL SECURITY ACT

Mr. COLMER. Mr. Speaker, there will be a meeting in the House caucus room tomorrow morning at 10:30 of those Members of Congress who are interested in the liberalization of the present social-security bill with reference to pensions for the aged.

In this connection I call attention to my remarks of yesterday, which appear on pages 6683-6685 of the Record. This whole subject will be discussed at this meeting tomorrow, and we hope all who are interested in this most vital question will be present.

Mr. FISH. Mr. Speaker, will the gentleman yield?

Mr. COLMER. I yield.

Mr. FISH. Are the Republicans invited; are the minority Members invited?

Mr. COLMER. Certainly.

[Here the gavel fell.]

The SPEAKER. This is Calendar Wednesday.

CALL OF THE HOUSE

Mr. RICH. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. The Chair will count. [After counting.] One hundred and eighty-five Members are present, not a guarum.

Mr. COOPER. Mr. Speaker, I move a call of the House. A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 89]

Barton	Douglas	Jenkins, Ohio	Pierce, N. Y.
Bender	Evans	Jenks, N. H.	Rabaut
Boykin	Faddis	Kinzer	Sandager
Buckley, N. Y.	Fay	Kirwan	Satterfield
Burdick	Fitzpatrick	Knutson	Schulte*
Byrne, N. Y.	Flaherty	Lea	Seger
Byron	Gathings	Lewis, Ohio	Short
Case, S. Dak.	Gifford	McMillan, Thos. S.	Somers, N. Y.
Casey, Mass.	Green	McReynolds	Sullivan
Chapman	Gross	Maciejewski	Sumners, Tex.
Crawford	Gwynne	Magnuson	Taylor, Colo.
Curley	Harness	Marshall	White, Idaho
Dies	Harrington	Mitchell	Wood
Disney	Hartley	Nelson	Youngdahl
Ditter	Hess	Osmers	The state of the s

The SPEAKER. On this roll call 371 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

CALENDAR WEDNESDAY

The SPEAKER. The Clerk will call the roll of the committees.

USE OF NET WEIGHT IN COTTON TRANSACTIONS

Mr. FULMER (when the Committee on Agriculture was called). Mr. Speaker, by direction of the Committee on Agriculture, I call up the bill (H. R. 57) to provide for the use of net weights in interstate and foreign commerce transactions in cotton, to provide for the standardization of bale covering for cotton, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER. This bill is on the Union Calendar. The House automatically resolves itself into the Committee of the Whole House on the state of the Union.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union, with Mr. Leavy in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. The gentleman from South Carolina is recognized for 1 hour.

Mr. HOPE. Mr. Chairman, does the Chair recognize the gentleman from Kansas for part of the time on the bill? We have some demands for time on this side of the House.

The CHAIRMAN. Under the rule, 2 hours are allowed for general debate. The gentleman from Kansas will be recognized for half of the time if the gentleman is opposed to the bill.

Mr. HOPE. The gentleman from Kansas is not opposed to the bill.

The CHAIRMAN. If no other member of the committee is opposed to the bill, the Chair will recognize the gentleman from Kansas for 1 hour. The gentleman from South Carolina is recognized for 1 hour, and the gentleman from Kansas is recognized for 1 hour.

Mr. FULMER. Mr. Chairman, I yield myself 15 minutes. Mr. Chairman, if there is any subject on which I should be really qualified to speak, that subject is cotton. I make this statement for the reason that I was born and reared on a cotton farm. I have picked cotton, I have ginned cotton, and in later years as a general merchant I have bought and sold thousands of bales of cotton. Let me preface my remarks today by saying that this is not a partisan matter. It is a matter affecting every section of the country and should be considered on the facts in connection with the purposes of the bill and what it will mean to the people of this country.

The whole matter resolves itself into a question of jute versus cotton. The purpose of the bill is to have cotton sold on a net weight basis instead of a gross weight basis which is now the policy and to set up standards of tare. By tare I mean bagging and ties used in baling cotton. At this time we are selling cotton on a gross-weight basis, and that is the reason we are using this heavy, bulky, wasteful, and disgraceful type of jute bagging in covering our cotton.

I have heard a good many Members speak about voting for or against this bill. There is only one excuse for any Member voting against this bill, and I challenge any Member of Congress who has a jute-bagging mill in his district, any member of the jute interests, or any other citizen of this country, to deny this statement-just one reason, and that is that you are interested in the manufacture of jute for the sole purpose of profit. You may say you are interested in the employees of the jute factories. I am not talking about jute in any other line except jute bagging. Perhaps there are 3,000 or 4,000 employees manufacturing jute bagging, but every employee in a jute factory is one less in a cotton factory. In the meantime the jute plants can convert their machinery into the manufacture of cotton bagging and continue to use these employees. Some Members state: "I have got to vote against the bill because I have a jute mill in my district." If you feel that way about it it is clearly up to you.

I am not quarreling with any Member who wants to vote against this bill, which means a vote against cotton farmers; that is up to him. I call attention, however, to the fact that we have in the South thousands of men, women, and children toiling and laboring in the cotton fields-and they have been all these years-while we use jute that comes from India to make this heavy type of bagging that no other country in the world uses, not even India, where jute is grown. What about cotton? Today we have 11,500,000 bales of perfectly good American cotton in the hands of the Government costing the taxpayers of this country \$45,-000,000 annually for storage, interest, and other charges. In the meantime you permit to come in from India, a large cotton-growing country, a country that has taken the Japanese and other cotton markets from us, to import into this country 2,000,000,000 pounds of raw and manufactured jute.

This takes our own perfectly good American markets pounds for pound to the extent of 2,000,000 bales of American cotton. As far as I am concerned, may I say that we could get rid of the tremendous surplus we have if we could have our own markets for 5 years. However, this is a different matter we are talking about now.

I want to give some real facts and I would like to have you listen to them because I challenge any Member of Congress or any member of the jute interests to deny these facts which I am going to present to you in connection with this

Mr. Chairman, this is the only cotton country in the world that sells cotton on a gross-weight basis. This is the only cotton country in the world that uses this old, heavy, wasteful, and disgraceful jute. India is the country in which this jute is produced, but India does not use this type of jute in covering her cotton. India uses a neat burlap, made out of jute, weighing, bagging and ties, 15 pounds.

I make the further statement there is not another cotton country in the world that uses over 15 pounds of bagging and ties per bale; yet in the United States, because of the practice of gross-weight sale, the farmer puts on 21 pounds. He has to have something heavy to bring the tare allowance up to the 21 pounds. I would like to have you listen to this also: After this cotton leaves the farmer, the exporters patch an additional 9 pounds before sending it across the water to foreign countries. That means a total of 30 pounds of bagging and ties, while, as stated, in every other country it is sold on a net-weight basis, using only 15 pounds tare—bagging and ties.

I make the further charge that the American bale of cotton is the most disgracefully baled of any cotton in the world, and I would like to have somebody deny that. This chart shows a picture of a bale of American cotton that was unloaded in Liverpool. Ask the Department of Agriculture if it is not getting complaints every day or two from cotton buyers and cotton manufacturers in Europe about the wasteful and disgraceful baling of American cotton. They complain about this type bagging, and especially the waste because of the type of bale that we export, and they ask why we do not do something about the proper packing of our cotton? Call on the Department of Agriculture, and they will furnish you with these complaints, certainly many of them issued recently.

I make the further charge there is not another farm product in the United States that is sold on a gross-weight basis except cotton, and it is done for only one reason; and that is for the sole purpose of the forcing of the using of this old, heavy jute bagging.

I will make the further charge that the American bale of cotton carries the highest insurance rate of any bale of cotton in the world. Why? Because of the condition of the material used in covering the American bale. I can prove to you through the Department of Agriculture that the complaints which it receives from Europe state that when a fire starts, and they have lots of them in the warehouses, the fire always originates where the American cotton is stored rather than with cotton that is stored in these warehouses received from points in Europe. Look at this

chart. There is the foreign cotton on that side, a neat package, and here is the disgraceful American cotton.

Mr. WHITTINGTON. Will the gentleman show which is the foreign cotton and which is the American cotton?

Mr. FULMER. This is the foreign cotton on this side, covered with neat bagging, and this is the American cotton, this ragged looking stuff. That is where the fire starts. We have report after report to that effect. I can show you statements of various manufacturers in foreign countries which state that they are changing from American cotton to their own cotton on account of the disgraceful type of the American bale.

Mr. ROBSION of Kentucky. I think the gentleman's speech will be more informative if he will give us a little information before he proceeds with his main argument.

Mr. FULMER. Yes.

Mr. ROBSION of Kentucky. I do not live in a cotton country and a lot of this is Greek to me. I want to get at the fundamental cause why we use this jute to cover our cotton or to bale it and they do not use that type in other countries. What does this do?

Mr. FULMER. I will be glad to answer the gentleman. Mr. ROBSION of Kentucky. Yes, I want to find out why we have to put it up in that.

Mr. FULMER. Cotton is sold on a gross-weight basis with a 21-pound limit to the farmer and 30 pounds to the exporter. If the farmer does not put that amount on when he sells his cotton he loses whatever he fails to put on. If the exporter fails to patch on the additional 9 pounds, when they knock the 30 pounds off in foreign countries he would lose that many pounds actual cotton.

Mr. ROBSION of Kentucky. What requires the American cotton producer or seller to put it on?

Mr. FULMER. Because, as stated, cotton is sold on a gross-weight basis.

If the farmer would attempt to put on 21 pounds of ties and bagging made out of cotton, cotton bagging being higher than jute, it would cost too much, and as stated, we need only 15 pounds to properly cover a bale of cotton when sold on a net-weight basis.

This bill does not legislate against any material that can qualify under a 15-pound tare standard as proposed under this bill. In other words, it may be possible to use jute burlap, which is used in other cotton-growing countries. In that jute burlap sells for about the same price that cotton bagging would sell for, naturally, cotton farmers would use bagging made of cotton, knowing that we would consume, as stated, about 200,000 bales of our cotton.

Mr. ROBSION of Kentucky. Does the seller get paid for the jute that is put on his cotton?

Mr. FULMER. That is the point I am coming to. If the gentleman will just wait, I will explain it fully.

Mr. LUTHER A. JOHNSON. Mr. Chairman, will the gentleman yield?

Mr. FULMER. I yield to the gentleman from Texas.

Mr. LUTHER A. JOHNSON. Is it not true that the reason this legislation has not been passed several years ago is that the jute industry is so well organized that it has prevented the passage of a law by which we can sell cotton on a net-weight basis.

Mr. FULMER. That is absolutely true. We are dealing with the biggest trusts in the world.

Mr. ROBSION of Kentucky. The passage of this legislation will stop the use of this 30-pound jute?

Mr. LUTHER A. JOHNSON. Unless this bill is passed cotton will continue to be wrapped in jute. The jute industry has not let us pass a law under which we can sell cotton on a net-weight basis. That is the situation. The law has to be changed so you can sell cotton upon a net-weight basis.

Mr. ROBSION of Kentucky. Is there any act of Congress under which that is done, or is it by a trade practice?

Mr. FULMER. At this time merely a trade practice which farmers cannot overcome, and that is why we need this legislation.

In Brazil, Anderson Clayton Cotton Co., of Texas, the largest cotton concern in the world, owns, I understand, 6 oil mills, and I do not know how many gins, and in every one of these gins they have high density gin compression and use 15 pounds of neat, nice, bagging, which makes a respectable bale of cotton. No wonder we are losing our foreign

The gentleman asked about the farmer getting paid for the bagging. One Member asked me, "Do you believe that we could explain to the farmer about not getting paid for his jute bagging?"

[Here the gavel fell.]

Mr. FULMER. Mr. Chairman, I yield myself 5 additional minutes.

When this cotton is sold on a gross-weight basis, it includes the bagging, the ties, and the lint. It is just as if my friend the gentleman from Michigan [Mr. CRAWFORD] would sell a barrel of sugar in the wood weighing 318 pounds. The price is fixed on the net weight 300 pounds of sugar, and not on gross weight including the barrel. The barrel weighs 18 pounds, and there are 300 pounds of sugar. In grossweight selling of cotton, where a bale weighs 500 pounds, including bagging and ties, if the farmer receives 10 cents a pound he gets \$50. You would say that he received 10 cents a pound for 21 pounds of perfectly useless bagging and ties that cannot be spun by the mill. It is thrown on the waste pile when the mill spins the cotton. Is there a man on the floor of this House that thinks manufacturers actually pay 10 cents per pound for this waste? Oh, no; that is fixed in the price.

I have here a list of numerous cotton manufacturers in this country, in Massachusetts, Maine, Rhode Island, and in the South, in every cotton manufacturing State, and they all state that they will pay the difference in price in buying on a net-weight basis. "If you pass this net-weight bill," they say, "we will pay the farmers the actual price that the lint is worth and not discount the price as in the case of gross-weight selling to take care of the bagging and

ties, which, as stated, is waste.

Now, another thing. What about the saving under this bill? Take the statement of the gentleman from the Department of Agriculture, Mr. Kitchen, before the hearings

in the Senate committee the other day.

Mr. Kitchen stated in using 15 pounds of bagging and ties it would mean a saving of \$6,000,000 annually in the amount of freight. Insurance and waste would add an additional six to ten million. There is anywhere from \$12,000,000 to \$20,000,000 annually coming out of the price that the cotton farmer should receive in extra freight, insurance, and

Mr. WALTER. Mr. Chairman, will the gentleman yield? Mr. FULMER. I yield to the gentleman from Pennsyl-

Mr. WALTER. If I correctly understand the bill we are considering, any person who after the enactment of this bill, if it is enacted, packs cotton in anything other than a cotton bag is guilty of committing a crime.

Mr. FULMER. The gentleman is mistaken. If the gentleman will refer to the report of the Secretary he will find that it plainly states this bill does not legislate against any material on the face of the earth that comes within the 15pound tare allowance.

Mr. WALTER. The bill very specifically provides that if anyone bags or offers for sale or ships or delivers for shipment in interstate commerce cotton that is not in a cotton bag, he shall be guilty of a misdemeanor.

Mr. FULMER. Oh, no; that is not right.

Mr. WALTER. I am referring to section 8.

Mr. FULMER. Show me where that refers to cotton

Mr. WALTER. It does not state "cotton bagging" but it states "Any person who shall knowingly violate any of the provisions of this act"-

Mr. FULMER. I do not yield any further. That is the trouble with these fellows who represent the jute sections and oppose a net-weight bill. This bill does not legislate against any materials. You can manufacture burlap from jute coming from India or you can manufacture paper if you can make paper that is strong enough to hold the cotton, but you cannot use this old, rough jute bagging that weighs more than 15 pounds including the ties.

Mr. WALTER. Mr. Chairman— Mr. FULMER. I do not yield any further.

Mr. WALTER. But the gentleman said something a moment ago which I do not believe he meant. I am not opposed to his bill. I just want to know whether or not this bill contains a penal provision with respect to any one who

violates the provisions of this act.

Mr. FULMER. It would if you did not comply with the tare standard-bagging and ties-set up by the Secretary, which should not exceed 15 pounds. If you go and use the same old, heavy bagging and try to ship it in interstate commerce, you cannot do it, because you must come under the standards set up by the Secretary of Agriculture under the provision of this bill governing same. You cannot use this old raggedy, disgraceful type of jute now being shipped all over this country at the expense of the farmers and those who produce cotton.

[Here the gavel fell.]

Mr. FULMER. Mr. Chairman, I yield myself 3 more minutes.

Mr. PEARSON. Mr. Chairman, will the gentleman yield? Mr. FULMER. In just a minute. I hope I have made the matter clear about the farmer getting paid for his bagging. If there is a man here who believes that the farmer receives 10 cents a pound for this 3-cents-a-pound bagging, he is mistaken. In Europe last year they put up 700,000 bales of cotton in bagging made out of cotton.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. FULMER. I yield. Mr. COOLEY. Is it not a fact that the farmers believe that they do get paid for all bagging and for the ties now

being used in wrapping cotton?

Mr. FULMER. I will say to the gentleman that in past years a great many farmers believed that, but today you will find very few who do not know that they are being robbed, and they are wondering why they are facing eleven and a half million bales of cotton stored with the Government and another crop coming on and yet they are forced to use this heavy jute bagging.

Mr. COOLEY. The gentleman makes the statement that this a net weight bill-

Mr. FULMER. That is right.
Mr. COOLEY. Of course, it is a net-weight bill, but it is something more than a net-weight bill.

Mr. FULMER. Not a thing except to set up standards not to exceed 15 pounds bagging and ties.

Mr. COOLEY. The gentleman could accomplish what he has in mind with respect to requiring cotton to be sold on net weight in a bill much simpler than the one we are considering by simply providing that it should be sold on net weight instead of gross weight.

Mr. FULMER. Yes; I am glad the gentleman has asked that question. The jute people, every one of them, will vote for that type of bill. Why? Because when they go to the Secretary to set up standards, the paper people may come in with a paper covering, say, 12 pounds, the gentleman comes in with cotton bagging 15 pounds, and the jute people can come in with 21 pounds, and there is no way to keep them from setting up a 21-pound standard, and therefore, because of the cheapness of this disgraceful jute compared with cotton, it would still be used and all the waste, excess insurance. freight, and other waste would continue and, as usual, would come out of the cotton farmer. Any man who is against using this type of jute should not allow himself to be fooled into voting for that type of legislation.

Mr. COOLEY. If cotton is going to be sold on a net-weight basis, does it make any difference what the packing weighs; that is, if it is going to be sold on the net weight of the cotton?

Mr. FULMER. If you want to continue to sell on a 21pound basis, why sell on a net-weight basis, if you are going

Mr. COOLEY. The situation is just this: The farmers have been using this jute bagging for about 90 years or longer and they have been selling it on gross weight, and all the farmers in my territory believe that they are actually paid for the jute and the ties at the price for which they sell their cotton. Now, may I ask the gentleman another question?

Mr. FULMER. First, I want to reply to that statement. If the gentleman will get the report he will find that we have the backing on this bill of every farm organization in the country; every agricultural commissioner of the South, including the National Farm Council, created sometime ago; the ginners; and everybody else, except the jute interests, because they realize that throughout all these years we have been robbing the cotton farmer by compelling him to use that which has been forced upon him.

[Here the gavel fell.]

Mr. COOLEY. Mr. Chairman, will the gentleman yield himself some additional time to answer a few questions?

Mr. FULMER. Mr. Chairman, I yield myself 2 additional

Mr. COOLEY. I would like to ask the gentleman this question: If this bill is enacted into law and the farmer this fall attempts to sell his cotton wrapped in jute bagging, will not the cotton buyer, at the time of the sale, deduct the weight of the bagging and the ties and only pay the farmer for the net weight of the bale of cotton?

Mr. FULMER. Mr. Chairman, I am very glad the gentleman asked that question. As a matter of fact, this bill does not go into effect for 12 months after the bill has been passed. They will have opportunity to dispose of their cotton in that time, but suppose you still have cotton covered with old jute bagging. It could be sold on net weight, and the farmer would receive a net-weight price which would be higher than a gross-weight price, as stated by the cotton mills.

Mr. COOLEY. And when cotton is offered for sale, then the weight of the bagging and ties will be deducted from the weight of the bale of cotton.

Mr. FULMER. That is correct; but may I state to the gentleman, as the mills have stated here, they will pay the difference.

Mr. COLLINS. Mr. Chairman, will the gentleman yield?

Mr. FULMER. Yes.
Mr. COLLINS. Do the cotton mills want this legislation?
Mr. FULMER. I have a list here, and every cotton mill in the country is in favor of this legislation for the reason that they could manufacture more cotton, and for the further reason this bill would cut out waste brought about because of this type of bagging.

Mr. PEARSON. Mr. Chairman, will the gentleman yield? Mr. FULMER. Yes.

Mr. PEARSON. I had this morning a telegram from the Southern Cotton Ginners Association, expressing their opposition to this measure, stating in the telegram that if it is enacted into law, it would cost the cotton producers of this country \$18,000,000 a year. I ask the gentleman if he will explain to me why the ginners express such strenuous opposition to this bill and whether or not it would in effect operate to cost the cotton producers a large amount of

money rather than serve as a profit?

Mr. FULMER. During all of these years the jute people have sold through the ginners to the farmer, this jute, and they have had the ginners properly lined up against using anything except jute. The ginners recently have gone in with the National Farm Council, which is Oscar Johnson's organization; and I have a wire that for the first time out of all their meetings they have endorsed the net-weight bill. As stated to the gentleman here, and it is as plain as the nose on your face, there can be a tremendous saving because of the surplus bagging on which you pay freight all over this country and to Europe. The insurance also is the highest in the world. Let me state to the gentleman that when the mill strips that jute off they have to pick over the whole bale, because if any fibers are left in it it will be injurious, and with a cotton bagging, they can pull it off just like you peel a banana and the cotton is ready to

Mr. HOLMES. Mr. Chairman, will the gentleman yield? Mr. FULMER. Yes.

Mr. HOLMES. Do I understand that the jute bag weighs 21 pounds?

Mr. FULMER. The farmer puts on 21 pounds bagging and ties. The bagging now weighes 12 pounds on a bale.

Mr. HOLMES. And that is that deducted from the 500 pounds in the bale?

Mr. FULMER. No; not now, because it is sold gross weight, but the price is cut to make allowance for the 21 pounds of tare.

Mr. HOLMES. And this is going to be a net-weight bill?

Mr. FULMER. Yes.

Mr. HOLMES. What difference does it make if you are going to sell 500 pounds of cotton whether you bag it up in jute or in cotton, or put it in the metal boxes, as long as you are selling 500 pounds of cotton?

Mr. FULMER. Here is the difference: If you put on the 21 pounds you are just going to pay the freight on useless tare all over the country, and the 9 pounds more which you put on for export you pay freight thereon to foreign countries. No other country in the world does this. India, where jute is produced at 16 cents a day labor, does not use this stuff; and why? Because they get less insurance, less freight, less waste.

Mr. HOLMES. The farmer does not pay that freight.

Mr. FULMER. Certainly he does.

Mr. HOLMES. F. o. b.?

Mr. FULMER. My friend, the farmer pays the freight on everything, going and coming.

Mr. MASSINGALE. Will the gentleman yield?

Mr. FULMER. I yield.

Mr. MASSINGALE. I would like to ask the gentleman to inform the House if he knows—and I suspect he does about how many additional bales of cotton will be required in the United States if we supplant jute bagging with cot-

Mr. FULMER. We would consume about 200,000 bales of the lowest type of cotton we have, which would tend to make a better price for the higher-grade cotton.

In closing, Mr. Chairman, I want to show you the burlap that is used in India and Russia and all these other cotton producing countries, which does not exceed 15 pounds, including the ties.

Mr. SCHAFER of Wisconsin. Will the gentleman yield?

Mr. FULMER. I yield.

Mr. SCHAFER of Wisconsin. On page 2 you define the word "cotton," and you limit it to cotton produced in the United States. Why does not this bill apply to cotton produced outside of the United States, in view of the fact that great corporations are now getting ready to ship Brazilian cotton, which can be produced cheaper, into this country?

Mr. FULMER. There has been just a little of that cotton shipped in. We are not worried about what may come-it is the losing of our foreign market.

[Applause.]

The CHAIRMAN. The time of the gentleman from South Carolina has again expired.

Mr. HOPE. Mr. Chairman, I yield 5 minutes to the gentleman from North Dakota [Mr. LEMKE].

Mr. LEMKE. Mr. Chairman. I wish to say that as a member of the Committee on Agriculture I feel that this is the only sensible bill that that committee has so far reported out of the committee. All of the other bills and all the talk I hear in that committee is how to restrict, how to destroy American agricultural wealth, and all about benefit payments for the destruction of wealth. We will all soon be on relief if we continue that policy.

Here we have a bill which provides that we give the American market to the American people. We want to produce our own bagging for cotton. If we can produce it, why should we not produce it? This bill does not say that that bagging must be cotton. If you want to raise jute in the United States with which to pack this cotton for our friends in the South, you can do it, but we object to having that jute come in from India, where it is produced by men and women who just have a piece of cloth around the middle of their bodies, and then ask the American cotton growers to compete with that kind of labor.

Now, you tell me there is no harm done by it. I will show you some of the harm. That rubbish [indicating], amounting to 70 pounds on some bales. What does that mean? It means additional railroad transportation charges. It means shipping additional charges across the ocean. Not only that; it means additional handling charges. What else does it mean? It means additional storage charges for rubbish that is thrown into the wastebasket after we import it from a foreign country to compete with our own people.

We have 11,500,000 bales of cotton on hand that we could use for our own people, or else export it on an equally competitive basis, rather than to destroy its attractiveness by wrapping it in that kind of rubbish.

Let me explain the difference between this and putting it in a nice container. It is the same as when your wife goes into a store to buy a can of tomatoes. Will she buy a can where the juice has run out all over it, that is wrapped up in an old newspaper, or will she prefer one that is put up in a nice container, a container that tells her that there is quality on the inside of the can?

Mr. WALTER. Will the gentleman yield?

Mr. LEMKE. I yield.

Mr. WALTER. Why is it necessary to have legislation to use cotton for bagging? Why can it not be done now? There is no prohibition against it.

Mr. LEMKE. For the same reason that it was necessary years ago to get Federal inspection of our meat to encourage

foreign buyers and protect our own people.

Before the Federal inspection law, we were discriminated against by buyers of foreign nations, because other nations had inspection laws. We should not permit the southern farmer to be deceived and made to believe that he is being paid for this rubbish when in fact he is made to pay for extra transportation and handling charges as well as storage charges. This because a few do not wish to change existing conditions and wish to make a profit out of rubbish that is thrown into the wastebasket. But we must always protect and should always protect the farmer. We have not given sufficient protection to the farmer.

Do you know what we have in that committee of which I am a member? You have 14 Democrats and my friend Mr. Pierce, from Oregon. Then you have a few Republicans and the rest all belong to a past age that think you are going to continue to load the farmers' backs here at home with a lot of extra charges and rubbish that he is incapable of carrying.

Mr. WALTER. I may not have understood the gentleman, but I do not think he has yet told me why cotton is not used today.

Mr. LEMKE. Because those who are furnishing this rubbish, importing it, produced by peon labor, think they must use this class of bagging-rubbish-in order to compete with cotton bagging. They think in that way they can do it a little cheaper. As has been pointed out, they have fooled the poor cotton farmer who produces cotton, that he is being paid for that extra rubbish, when, as a matter of fact it is thrown into the wastebasket. In fact, the farmer has to pay freight and railroad charges on 70 pounds of waste where he ought to pay it on only 10 pounds. Then he has to pay extra storage charges, because it takes a lot more storage space. Again, two carloads of cotton wrapped in this jute bagging could be loaded into one car if properly compressed and wrapped in proper wrapping, as provided for in this bill. Why put all of this extra burden on the shoulders of the cotton farmer?

Mr. WALTER. Mr. Chairman, will the gentleman yield? Mr. LEMKE. I yield.

Mr. WALTER. I do not know where the cheap wages are paid, certainly not in those American factories where the jute is being processed, because I know for a fact that the men today engaged in the manufacture of jute bags are paid far in excess of any wage received by any workers anywhere in America.

Mr. LEMKE. We are not objecting to those jute factories. What we are objecting to is their shoving this kind of rubbish on the cotton producers of the South or anyone else.

Mr. ROBSION of Kentucky. Mr. Chairman, will the gentleman yield for some information?

Mr. LEMKE. I yield.

Mr. ROBSION of Kentucky. I am very much in accord with the gentleman from North Dakota that we ought to use American cotton or American production instead of Indian jute; but we have a reciprocal-trade agreement with Great Britain, including India, and we have a reciprocal-trade agreement with Brazil. Will not these reciprocal-trade agreements do cotton immeasurably more harm than this small amount of jute we are talking about?

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I yield 1 additional minute to the gentleman from North Dakota.

Mr. LEMKE. I answer the gentleman by saying that there are at the Speaker's desk two petitions. If he will sign petition No. 5 for cost of production these trade agreements will no longer exist to the disadvantage of the American farmer. Discharge petition No. 6 relates to refinancing the farmer. I hope every Member of Congress will sign petitions 5 and 6 for cost of production, and the Frazier-Lemke refinance bill. Then we shall not need the Committee on Agriculture to help the farmers. Then they will help themselves. [Applause.]

Mr. HOPE. Mr. Chairman, I yield 10 minutes to the gentleman from Massachusetts [Mr. Clason].

Mr. CLASON. Mr. Chairman, once again the specters of cotton and jute come before us at this session of Congress. We should remember in the first instance that the cotton people of the South have been satisfied to use this jute bagging for the past 90 years. Does it not seem strange that at this particular time they desire to change from jute bagging to some other type of covering? We must therefore look for a reason.

Mr. POAGE. Mr. Chairman, will the gentleman yield? Mr. CLASON. Not at the present time. I have only 10 minutes.

The reason, of course, has to do with money. This bill will help one company in New Orleans, La., the Lane Co., which at the present time is receiving a subsidy of from 26 to 28 cents each for bale covers made of cotton. In other words, they cannot compete with the jute industry, so the Department of Agriculture, out of funds appropriated for the purpose of finding new ways of using cotton, is giving this company 26 to 28 cents on the cost of each covering for cotton bales. Once you start using cotton under a law requiring that cotton be used for the purpose of covering these bales and the 26- or 28-cent subsidy is removed, the southern farmer is going to get stuck with the subsidy, and he is going to get stuck with a good deal more. I say this for the reason that I have been studying the testimony of cotton farmers given before a United States Senate committee this year.

I have before me the testimony of Damon Heddon, a small cotton farmer of Tennessee who says that he lives in the largest cotton-producing section of Tennessee. At the present time he says they pay \$1.25 for bagging and ties for a bale of cotton. That is the cost of bagging and tying a bale so far as materials are concerned. In addition to that he states that he is allowed a weight of 21 or 22 pounds. Let us assume that it is 21 pounds. He is allowed 21 pounds peale of cotton as tare. On this tare he is paid the price of the cotton. Let us assume that the price of cotton is 9 cents a pound. He is paid 9 cents for each of these 21 pounds of

jute covering, or \$1.89. What is this man's opinion? And he is a dirt farmer and knows what he is talking about. He says:

It is my opinion that under this bill before us today this farmer will not only lose the \$1.89 he has been getting for the bagging and ties, but he will also lose the \$1.25, his original investment, making a total loss of \$3.14 per bale.

This is what it would cost the cotton farmers of the South, figuring on the basis of a 10,000,000-bale crop—\$31,400,000 every year. That is what this bill will do in practice.

Mr. NICHOLS. Mr. Chairman, will the gentleman yield?

Mr. CLASON. I yield.

Mr. NICHOLS. I wonder if the gentleman would restate those figures? He surely does not mean that the farmer is going to lose \$3.14 a bale.

Mr. CLASON. Yes; \$3.14 a bale.

Mr. NICHOLS. Does the gentleman think that the bighearted spinners of this country who are purchasing this cotton are paying the farmers 9 cents a pound for this jute covering when jute does not bring anything like that on the open market? I presume the jute could be bought for 1 cent a pound on the open market.

Mr. CLASON. My figures are based on the fact that on the 21-pound tare the farmer is paid the rate of cotton. Assuming the price of cotton is 9 cents a pound, it would mean a loss to him of \$1.89 on the weight of the bagging and \$1.25, the cost of the bagging and ties, or \$3.14 for every bale.

I think the gentleman from North Carolina [Mr. Cooley] hit the nail on the head when he pointed out the reason for the provisions on page 3 of this bill requiring a particular

weight for the covering of the bales of cotton.

The reason, of course, is because this bill is written for the purpose of protecting the Lane Co. and others who are manufacturing cotton covering. It is not for the benefit of the farmers. If it were, you would strike out every sentence in this bill which has anything to do with stating how much weight there should be per yard for the covering.

Let us see what the situation is both here and abroad. For 90 years we have been shipping our cotton abroad with this jute bagging. Over in Europe the cotton is covered with another jute product. Over there they cover it with burlap, a much finer product. Very little cotton is covered with cotton cloth or anything made out of cotton. Practically the world over it is covered with some sort of product made from jute.

There have been some other arguments made here. It was stated, for instance, that every man who is thrown out of employment in the jute mills of America will be put to work in some cotton mill down South. Is that any kind of American argument to make? If that is the argument this bill is based on, it ought to be voted down unanimously, because any man who is now employed and has good gainful employment at high American wages, and has had such employment for years, is entitled to keep his job. You will have to give us some sort of reasoning that is not as specious as that one. Do we want to throw a man out of employment in New York City, Philadelphia, or Springfield, Mass., in order to put that man to work for the Lane Co. down in New Orleans, and pay a subsidy of 26 cents through the Department of Agriculture? That is what is back of this bill.

We are trying to sell our cotton in the foreign markets. The pending bill prevents cotton from any foreign country entering the United States. The bill was drawn having that purpose in view. It so happens that there is a small amount of cotton that comes from Egypt and other places into the United States. This bill would prevent any of that cotton from coming in here unless it happened to be baled in accordance with the United States standards, which would be very unlikely. This being so, the cotton farmer wants to ship his cotton abroad. He tells the cotton farmers and producers abroad: "You cannot ship into the United States. All cotton sold in the United States must be raised here. But we want to sell cotton in your market, Egypt, India, and elsewhere, and we want to sell there our cotton goods." How long do you think your reciprocal-trade agreements are going to stand up under any such doctrine?

If you will look at section 3 you will find that no cotton can be shipped in interstate or foreign commerce, and they have it so defined that it cannot be shipped intrastate, unless it comes up to these standards. If that is the basis, then we ought to tell the Japanese to keep their toothbrushes out of the United States; we should tell every other nation, "Do not think you can ship and send anything into the United States," because what is good for cotton is good for the producers of potatoes, oranges, sugar, or anything else. What works for one crowd should work for all the rest of us.

They tell us this is going into effect within 12 months to 2 years; that everything sold after that has to be sold in conformity to this particular United States regulation which, of course, means cotton. The Government owns at the present time 11,000,000 bales of cotton, and I think one would have to be a pretty big optimist to believe the Government will be able to get rid of those 11,000,000 bales during the next 2 years. Yet under this bill the United States Government itself has got to cover not only these 11,000,000 bales but every other bale it buys this year which happens to be covered with jute bagging. It so happens you have not got in your crop this year and you have not your standard set up. So every bale of cotton that is raised this year will be covered in all probability with the good old jute bagging you have lived with for 90 years and which the farmers have found very satisfactory. When these regulations go into effect somebody has got to pay to cover the 12,000,000 bales that you produce this year with your new standard cover before it can go into interstate commerce, unless you sell at a lower price than the market for standard covered cotton.

[Here the gavel fell.]

Mr. SCHAFER of Wisconsin. Mr. Chairman, I move to strike out the enacting clause.

The CHAIRMAN (Mr. O'CONNOR). That motion is not in order at this time.

Mr. HOPE. Mr. Chairman, I yield 2 minutes to the gentleman from Iowa [Mr. Gilchrist].

Mr. GILCHRIST. Mr. Chairman, I am for the pending bill, and the Committee on Agriculture is for the pending bill, because it protects American cotton against the jute which comes from Hindu India. We are for the protection of American products, and I believe this should be extended to American agricultural products as well as manufactured products. The American market belongs to the American farmer. That is the first reason I am for the bill.

I am for the bill also because it leads to honesty and fairness in commercial markets. Mr. Chairman, when you or someone else from Montana buys whisky, he knows exactly how much is in that bottle, because it must be stated on the label. When you go over and buy bread you know exactly how much bread is in the loaf. It is the net weight that counts. For us to know just how much we are getting when we buy anything can do no harm. For us to know net weight in a bale of cotton can surely do no harm. Let the package show how much it weighs.

I am for it on another ground. I like to buy things in nice packages. For example, I like to buy my neckties and suspenders wrapped very nicely and neatly. This appeals to my aesthetic sense. I like to buy candy and perfume the same way. You Democratic gentlemen on the other side of the aisle always like your wives and sweethearts wrapped in nice packages.

Mr. Chairman, joking aside, we ought to protect American industry and American products.

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I yield 10 minutes to the gentleman from North Carolina [Mr. Cooley].

Mr. COOLEY. Mr. Chairman, it is with great reluctance that I rise in opposition to this bill. The author of this measure, the distinguished gentleman from South Carolina [Mr. Fulmer], is a very dear friend of mine, and I know that he is sincerely interested in this measure. I also know that in his heart he believes that this measure will be of great benefit to the cotton farmers of the country. I have been a member of the House Committee on Agriculture during my

entire service as a Member of Congress. From time to time the measure before us has been considered by our committee. If I were convinced that this bill would materially benefit the cotton farmers of this country I would not hesitate to give it my support, but I have not been so convinced.

I feel that I am in a position to view this matter rather impartially. I have a large constituency of cotton farmers. Cotton is one of the principal cash crops of my district. I have in my district a jute factory which employs from 500 to 600 men in the manufacture of jute bagging. Not being convinced that this measure will bring substantial benefit to the cotton farmers of the Nation, I do not feel that I would be justified in casting a vote the effect of which would be to close the jute factory, throw five or six hundred of my constituents out of jobs, completely destroy the business of the employers of these men, and visit great financial loss upon the entire community in which the manufacturing plant is located. With cotton farmers and workers in a jute manufacturing plant in my district, I have given this matter careful and serious thought and at all times have tried to consider it fairly and impartially.

In discussing this measure my distinguished friend from South Carolina has emphasized the net-weight features of the bill, but he has placed more emphasis upon other provisions of the measure and other entirely extraneous matters, and has actually beclouded the real questions involved. He refers to the bill as "the net-weight bill," hoping, of course, to sell this Committee on the idea that selling by net weight is preferable to selling by gross weight. If this were, in fact, a net-weight bill and nothing more, I should be very glad to support it; but even then, coming from a cotton district, it would probably be difficult for me to explain to the cotton farmers, who have for more than a hundred years sold their cotton on a gross-weight basis, just why the change was considered desirable.

The situation is just this: All through the years cotton farmers have sold their cotton on a gross-weight basis, and when a cotton farmer carries his cotton to market, wrapped in heavy jute bagging, it is weighed, and he is paid the prevailing market price for that cotton, including the bagging and ties, and no deduction whatever is made on account of the type of bagging used. The bagging and ties are weighed just as if they were cotton. Whether or not the farmer is actually paid for the bagging and ties, he feels and believes that he is being paid for them. If this bill is enacted, the weight of the bagging and ties will be deducted from the gross weight of the bale of cotton, and the farmer will believe, whether it is true or not, that this act is depriving him of something which he has heretofore received. I am not aware of any interest in this measure on the part of farmers in my district. Although I have been a Member of Congress since 1934, I do not now recall having received a single letter from a farmer in my district asking me to vote for this bill. On the other hand, I have received numerous letters and telegrams from those engaged in the cotton trade in opposition to the measure.

The gentleman from South Carolina in discussing this measure has had a lot to say about high-density gins. There is not one word in this bill about high-density gins, and discussion of high-density gins is entirely extraneous. My friend from South Carolina has exhibited a picture of American cotton and foreign cotton. The picture evidently was taken in a foreign country. I believe he stated that the picture was taken in Liverpool. He failed to call attention to the fact that the bales of American cotton shown in the picture had reached the end of their journey and had been cut for sampling on all sides. Buyers of cotton do not rely upon samples drawn by other buyers. Each buyer rips the bale open and draws his own sample and after a bale of cotton has exchanged hands a number of times the bagging is pretty well sliced to pieces. Neither did my friend call attention to the fact that the American cotton in the picture, after having been cut many times for sampling, had been placed in a high-density compress and pressed into about one-half of its original size. Of course, the American

cotton appears to be a very ragged package under such circumstances, especially when placed by the side of foreign cotton neatly wrapped in burlap bagging which has never been cut for sampling and probably never is cut for sampling as is the case in this country. I suppose that the person who took the picture for my friend would naturally have selected the most ragged looking bale of American cotton he could possibly find as he would be anxious to accentuate the difference in appearance. The truth is that when American cotton comes from the gin wrapped in jute bagging it is not a disgraceful looking package. It is, in fact, a very neat looking package. But after the cotton buyers take their knives from their pockets and slice it from one end to the other, cutting the jute bagging all to pieces, the bale, of course, looks ragged. If American cotton were wrapped in cotton bagging and then knifed from one end to the other by cotton buyers in this country, when it reached Liverpool I doubt if the package would have a much better appearance than cotton which is wrapped in jute. The truth is, jute

bagging is much stronger than cotton bagging.

We are not just dealing with a net-weight bill, as I have heretofore pointed out. The fact is, and I am sure that the gentleman from South Carolina will have to admit, that the real purpose of this bill and the paramount purpose he has in mind is to outlaw this heavy-weight jute bagging. The bill does not in any way guarantee or give any assurance that American cotton will hereafter be wrapped in cotton bagging. Suppose we outlaw this heavy-weight jute bagging, what would be the result? Suppose we pass this bill and close the mill in my district and in Congressman Dar-DEN'S district, and other jute mills in this country, what will then be the situation? In the first place, we will add to the army of the unemployed and to the relief rolls of the Nation. We will, for all intents and purposes, actually confiscate by making useless the machinery now installed in these mills in different sections of the country. At the same time American cotton will not be wrapped in bagging made of American cotton, but will be wrapped in burlap bagging, which is made of jute which comes from the same source that this heavy-weight bagging comes from.

Mr. PACE. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield for a brief question.

Mr. PACE. Does not the gentleman know that the jute plant in his district at almost nominal cost can change its machinery to manufacture cotton bagging instead of jute bagging and that it will not throw anybody out of work?

Mr. COOLEY. I know quite to the contrary. I understand that all the machinery in the jute mill in my district is made and designed to make this heavy jute bagging and that the machinery cannot be used for any other purpose. The owners of the mill tell me that the machinery would have to be junked in the event of the passage of this measure.

If we could write a provision in this bill which would require the selling of American cotton on a net-weight basis and a provision which would require that every bale of American cotton be wrapped in bagging made of American cotton it would appear that such a measure would be beneficial to cotton farmers only to the extent that it would provide a new use for American cotton which would result in depleting the surplus now on hand. I understand that even if the entire crop of American cotton were wrapped in cotton bagging it would take only 150,000 or 200,000 bales to do the job the first year. The second year the cotton bagging would be re-processed and the amount of cotton required would be around 40,000 to 50,000 bales annually after the first year.

Mr. ROBSION of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Kentucky. Mr. ROBSION of Kentucky. How can the Government sell these 12,000,000 bales of cotton to foreign countries with jute around them if this bill is passed?

Mr. COOLEY. If the cotton is not disposed of until after the effective date of the bill I understand that it will be a violation of the law to sell it if it is wrapped in jute bagging.

Mr. FULMER. As a matter of fact, the gentleman's statement is not correct. Every bale of that cotton that is baled now or hereafter or between now and the time the bill goes into effect with that jute bagging on it would be sold either at gross or net weight.

Mr. COOLEY. What are you going to do about the provision which provides that no covering shall exceed 14

ounces per square yard?

Mr. FULMER. Hereafter every bale will have to have that.

Mr. COOLEY. But the bill does not say that.

Mr. FULMER. Yes it does.

Mr. COOLEY. If I understood the gentleman correctly, he stated that when this bill became law it would be unlawful to sell a bale of cotton wrapped in any bagging which exceeded in weight 14 ounces per square yard and this heavy jute bagging certainly exceeds 14 ounces.

Mr. FULMER. If placed in a cotton gin after this bill goes into effect but if it is now in this country-

Mr. COOLEY. But the gentleman from Kentucky [Mr. ROBSION] pointed out the situation that might exist if the Government failed to dispose of the stock on hand and failed to dispose of the current crop and asks whether or not this bill would be applicable to that cotton which might be sold after the effective date.

Mr. POAGE. Will the gentleman yield? Mr. COOLEY. I yield to the gentleman from Texas.

Mr. POAGE. If the gentleman will refer to the language of the bill at the bottom of page 3 and at the top of page 4 he will find that the measure makes it unlawful for any person to ship or deliver for shipment in interstate or foreign commerce any bale of cotton ginned after the effective date of the United States official cotton tare standards on which the bagging and ties or patches do not conform with such United States official cotton tare standards.

Mr. COOLEY. After the effective date. Mr. POAGE. The present cotton crop was not ginned before the effective date.

Mr. COOLEY. But the situation still might exist that the Government might have a loan on cotton grown in the

Mr. POAGE. But it could not have been ginned after the effective date.

Mr. SCHAFER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. SCHAFER of Wisconsin. On page 2 why should the word "cotton" apply only to cotton produced in America? You are going to permit foreign cotton to be shipped in these ragged jute bags if you pass this bill.

Mr. COOLEY. I do not know that there is anything in the bill to prohibit that.

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. PACE. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to my distinguished friend from

Mr. PACE. Does the gentleman know of a single bale of cotton on which the United States Government has a loan that has not been ginned?

Mr. COOLEY. Certainly not. The question is absurd and answers itself.

Mr. PACE. Why does the gentleman say then that we could not sell the loan cotton, when this bill does not apply to a bale of cotton that has heretofore been ginned?

Mr. COOLEY. I did not say that. I said any cotton wrapped in jute bagging which might be on hand after the effective date of this act-it would be unlawful to sell it.

Mr. PACE. The gentleman does not contend that now?

Mr. COOLEY. And then the gentleman from Texas [Mr. POAGE | called my attention to the fact that this is applicable only to cotton ginned after the effective date of the act.

Mr. PACE. But the gentleman did not retract his statement made to the gentleman from Kentucky.

Mr. COOLEY. Well, I will retract it now, if that will please the gentleman from Georgia.

Mr. MARCANTONIO. Mr. Chairman, will the gentleman vield?

Mr. COOLEY. I yield to the gentleman.

Mr. MARCANTONIO. Does the gentleman know whether or not there is any plant or any section of the country that is exclusively manufacturing these cotton bags; in other words, if this bill is passed, will it favor any particular group or any particular section of the country?

Mr. COOLEY. Some gentleman has stated there is a manufacturer of cotton bagging in this country, but I do not know where that plant is located. I think the suggestion

was made that it was in New Orleans.

Mr. MARCANTONIO. So they would practically have at the very beginning a business exclusive to themselves?

Mr. COOLEY. Not necessarily for cotton bagging, no; because, as I stated before, and I think the gentleman from South Carolina will agree, a burlap bagging of the same weight as the cotton bagging can be manufactured much cheaper than the cotton bagging can be manufactured. The point I am trying to make is that I honestly believe the bill will not do what the gentleman from South Carolina thinks it will do.

Mr. MARCANTONIO. My point is this, that the moment this bill becomes a law and goes into effect, the business of covering these bales of cotton would immediately go to this place that manufactures these cotton bags now?

Mr. COOLEY. To manufacturers of cotton bagging, and perhaps burlap bagging, which may hereafter be manufactured but in the meantime it would absolutely outlaw the heavy jute bagging.

Mr. BROOKS. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. Yes.

Mr. BROOKS. The gentleman knows that there are lots of places in this country that can manufacture cotton bagging.

Mr. COOLEY. Certainly.

Mr. BROOKS. And it would not give a monopoly to any-

Mr. COOLEY. Certainly not. I did not mean to suggest that.

Mr. CLASON. Mr. Chairman, will the gentleman yield? Mr. COOLEY. Yes.

Mr. CLASON. If we have bales of cotton, some wrapped in jute, contrary to the then existing law, and some wrapped according to the then existing law, the bales of cotton owned by the Government and wrapped contrary to law, will not bring as much in the market as the new type?

Mr. COOLEY. According to the argument of the author of this bill, that is correct.

Mr. TERRY. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. Yes.

Mr. TERRY. Does the gentleman know whether or not that cotton bagging is a patented article?

Mr. COOLEY. I do not suppose that it is.

Mr. TERRY. Is it not a fact that any factory can manufacture the cotton bagging?

Mr. COOLEY. Oh, there is no argument about 'that. Anybody that owns the machinery and can get the cotton can manufacture cotton bagging, but I say that I do not believe cotton bagging will be used. Further, the Department of Agriculture is now subsidizing the manufacture of cotton bagging and when they do that they are taking business from the manufacturers of other types of bagging.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. Yes.

Mr. RICH. Does the gentleman know what additional cost it will require for any manufacturer making jute bags to transform his factory and manufacture cotton bags? What part of his machinery would have to be exchanged for other machinery?

Mr. COOLEY. They tell me the entire machinery will have to be thrown aside, that they cannot use the machinery now used in manufacturing heavy jute bagging to manufacture either burlap or cotton bagging.

Mr. RICH. Is it possible for them to mix the cotton and the jute in their manufacture?

Mr. COOLEY. I cannot answer that.

Mr. MANSFIELD. Mr. Chairman, will the gentleman vield?

Mr. COOLEY. Yes.

Mr. MANSFIELD. How many bales of cotton would be required to furnish the necessary cotton bagging?

Mr. COOLEY. If all of the American cotton were wrapped in cotton bagging, the estimates run from 150,000 to 200,000 bales of cotton for the first year, but the fact remains that even though 150,000 to 200,000 bales are required the first year, after that that cotton would be reprocessed and remanufactured into bagging and be used again, and they tell us, that the second or the third year, only from 30,000 to 40,000 bales of cotton would be used if the entire American cotton crop were wrapped in cotton bagging; but no one denies the fact that burlap bagging can be purchased even now, with cotton selling at the present price, at a much cheaper price than can cotton bagging be purchased, and so the net result of this bill will be, as I see it, to force the use of burlap bagging, which is likewise an imported article, and it will not force the use of cotton bagging. I have several communications here in respect to this matter, which I shall include as a part of my remarks under unanimous consent to extend and include them, and they are as follows:

> TENNESSEE COTTON GINNERS ASSOCIATION Jackson, Tenn., June 7, 1939.

Hon. HAROLD D. COOLEY,

House Office Building, Washington, D. C. House Office Building, Washington, D. C.

Dear Honorable Cooley: At the annual convention of the Tennessee Cotton Ginners Association held here in Jackson, Monday, May 29, our resolution, which we are enclosing you, condemns what is known as the net weight cotton bill. This resolution was

what is known as the net weight cotton bill. This resolution was adopted without any opposition.

We urge you to use your influence in defeating this bill, as the resolution sets out the views of four-hundred-and-fifty-odd cotton ginners in the State of Tennessee.

The bill is known as the Fulmer net-weight bill, H. R. 57.

Thanking you for your attention to this matter, I am,

Yours very truly,

CARL WILLIAMS, Secretary.

Whereas we the ginners of Tennessee assembled in annual convention this 29th day of May 1939 can see no good that will come to the ginners or producers of cotton from the so-called net-weight bill; and

Whereas in the long run the added cost will fall on the back of

the ginner; and
Whereas this net-weight bill will not cause the use of any material
amount of cotton the first year and little raw material the suc-

Resolved. That the Tennessee Cotton Ginners Association condemn this bill because no good will come from it, and it will cause a loss of \$18,000,000 to the farmers per year.

JOHN E. ROBERTS, Memphis, E. H. FRANCISCO, Huntingdon, R. R. TIPTON, Tiptonville, Committee.

MURPHY, N. C., June 6, 1939.

HAROLD D. COOLEY, Member of Congress:

Am asking you to please oppose the Fulmer net-weight bill, as it would be very injurious to the southern cotton farmer, and result in the use of light-weight, foreign-made burlap, and cost of farmers the cotton price of 22 pounds of tare. Trust you vote

Dr. F. V. TAYLOR,
President, North Carolina Ginners Association.

LAURINBURG, N. C., June 6, 1939.

Congressman Harold D. Cooley,

Washington, D. C.:

Understand Fulmer net-weight bill hearing scheduled for Wednes-Feel bill detrimental to cotton farmers. Would appreciate your vigorous opposition. E. H. EVANS.

ROCKY MOUNT, N. C., June 6, 1939.

Hon. Harold D. Cooley,

United States House of Representatives:

We urgently request you oppose H. R. 57, Fulmer net weight cotton bill when it is brought up for vote probably tomorrow. We

believe it will really hurt our cotton farmers rather than help them. Letter follows.

PLANTERS COTTON OIL & FERTILIZER CO.

HENDERSON, N. C., June 6, 1939.

Hon. HAROLD D. COOLEY,

Washington, D. C.:

Fulmer bill, H. R. 57, for vote in House Wednesday: Passage this bill would destroy our business and jobs of our 500 employees. Bill intended to foster use cotton bagging by limiting weight of tare. Real result would be to cause use of light-weight foreign burlap, which is within specifications of bill and half the price cotton bagging. Would destroy established American industry in favor of foreign burlap manufacturers.

CAROLINA BAGGING CO.

SELMA, N. C., June 6, 1939.

Hon. HAROLD D. COOLEY, M. C .: May we ask you please vote against House bill 57?

PINE LEVEL OIL MILL. Pine Level, N. C.

HENDERSON, N. C., June 6, 1939.

Congressman Harold D. Cooley: Many thanks for your telegram. Am wiring all North Carolina Congressmen, urging opposition to bill. Passage would be fatal to Carolina Bagging Co. and is of utmost concern to this entire community. Hope that we have your cooperation in opposition to this measure.

BENNETT H. PERRY.

HENDERSON, N. C., June 6, 1939.

Henderson, N. C., June 6, 1939.

Hon. Harold D. Cooley,

House of Representatives, Washington, D. C.

Dear Mr. Cooley: Thank you very much for your wire, stating that Chairman Jones had advised you that the Fulmer bill,

H. R. 57, would be brought up in the House on Wednesday.

We wired you this morning, as we did all other North Carolina Representatives, pointing out that passage of this bill would destroy our business as well as the jobs of our 500 employees. Such destruction would, also, apply to many other similar businesses located in the South.

You will also note that we again called attention to the important fact that while the bill is intended to bring about the

You will also note that we again called attention to the important fact that while the bill is intended to bring about the use of cotton bagging through limiting the weight of tare, this result would not be accomplished. Light-weight burlap, which meets tare specifications of bill, made exclusively in foreign countries, would be substituted because it is far cheaper than cotton bagging. The business of covering the American crop would, therefore, be taken away from American manufacturers such as ourselves and given to foreign manufacturers and foreign labor. In view of these facts we hope you will oppose this bill. With sincere regards.

With sincere regards,

Yours very truly,

CAROLINA BAGGING CO., E. F. PARHAM, President.

PLANTERS COTTON OIL & FERTILIZER Co., Rocky Mount, N. C., June 6, 1939.

Hon. HAROLD D. COOLEY,

House Office Building, Washington, D. C.
DEAR MR. COOLEY: We wired you this afternoon as follows:

"We urgently request you oppose H. R. 57, Fulmer net-weight cotton bill, when it is brought up for vote, probably tomorrow. We believe it will really hurt our cotton farmers rather than help

them. Letter follows."

At the present time the average bale of cotton in our section has 12 pounds of jute bagging on same and is sold on a gross weight, 12 pounds of jute bagging on same and is sold on a gross weight, whereas cotton bagging only weighs 4½ pounds to a pattern, or a difference of 7½ pounds between the two weights of bagging in question. The cost to the farmer in our section for jute bagging and ties is \$1 per bale, and this difference in weight, as it now stands, at the present price of cotton, pays for all of the bagging the farmer uses. The cost of ties in either case will be the same.

After the first year this cotton bagging will be reworked and used again as covering for cotton, thereby reducing the actual number of bales each year consumed in this channel to a minimum. As we understand it, the Government will have to continue to subsidize the producer of the cotton bagging in order to make it reasonable

the producer of the cotton bagging in order to make it reasonable enough in price to be used to cover cotton. If H. R. 57 becomes a law, it is mandatory that cotton covering be used; and if the Government then discontinues the subsidy to the producers of cotton bagging, the cost of covering for our lint cotton will then double. In other words, it will act as a boomerang.

We cincerely trust that you will use every effort to oppose this bill. With all good wishes and kind personal regards from the writer, we beg to remain, Yours very truly,

R. S. OLIVER. Sales Manager.

It seems to me that it is plain, when you consider that this bill requires that bagging shall weigh a certain number of ounces per yard, an effort is being made to regulate the use of bagging, with the idea of either forcing the use of a certain type or excluding the use of a certain other type.

It is perfectly plain that the purpose is to exclude the use of any jute bagging, which the farmers have used through-

The CHAIRMAN. The time of the gentleman from North

Carolina has again expired.

Mr. FULMER. Mr. Chairman, I yield 5 minutes to the

gentleman from Oklahoma [Mr. Nichols].

Mr. NICHOLS. Mr. Chairman, I am frank to state to the committee that I do not know exactly what the result of the passage of this legislation would be, but if I understand the aim of the bill, whether or not that aim is accomplished, it is to make it desirable and make it necessary that cotton bagging be used to wrap cotton bales. In the name of common sense, what cotton farmer, what Member of Congress representing a cotton district, what American citizen, as a matter of fact, who must be interested in one of our largest export products, can say that he would not support a piece of legislation the purpose of which is to provide that cotton should be wrapped in cotton? Is there a man on this floor who can tell me in any degree of seriousness that that would hurt the American cotton farmer? Of course not. If it were possible to put up every commodity produced in the United States, and package that commodity in its own self, it would simply increase the domestic consumption as well as the foreign consumption of that commodity. What is wrong with that? I do not want to see the jute mills close, but there are only about 12,000,000 bales of cotton produced in the United States; and that is a liberal estimate. Certainly my friends from the jute manufacturing centers of the United States will not tell me that those jute mills are surviving upon the production of jute to wrap 12,000,000 bales of cotton of the character of that in which cotton bales are wrapped. I am ready to agree that it might affect it some, but I know of no jute mills which manufacture simply this material and no other jute products. I have been laboring under the impression that twine string and other strings, cords, burlap, and the like were produced in the jute mills of this country. Some of my friends would have you think that to pass this devastating law, the purpose of which is to increase the consumption of cotton in the United States, a commodity that everyone admits now is in excess production in this country, would close down the jute mills of this country. It would do no such thing.

Mr. PATRICK. Mr. Chairman, will the gentleman yield?

Mr. NICHOLS. I yield briefly.

Mr. PATRICK. I want to vote for everything that will help the cotton farmer. As I understood Mr. Cooley, he stated that if this law goes through it will not help increase

the sale of cotton.

Mr. NICHOLS. Well, I do not know. My distinguished friend [Mr. Cooley] is afraid that this will not help the cotton farmer. Is he afraid it will hurt him? No one will say that it will hurt the cotton farmer. Now, you have to vote against this bill upon some other premise than that. It would not increase the use of jute in the United States, would it? Certainly not. The worst that can happen is that it will increase the consumption of cotton if a single cotton bag is put on a bale of cotton that is now covered by [Applause.]

[Here the gavel fell.]

Mr. FULMER. Mr. Chairman, I yield 3 minutes to the

gentleman from Louisiana [Mr. Mills].

Mr. MILLS of Louisiana. Mr. Chairman, I take the floor at this time not with the intention of trying to persuade any of you to vote for this bill or against it, but I want to give you the advanage of my experience and observations as a cotton farmer.

I want to call attention to one point that you have overlooked, and that is when I haul a bale of cotton to the market, I might think I am receiving payment for 21 pounds of jute. In fact, that is not so. I will tell you why it is not so. The cotton mills know specifically when they get ready to buy cotton, that they are buying net weight. Therefore, a 500-pound bale of cotton at 8 cents a pound will bring \$40. When you subtract 21 pounds, which is allowed the cotton producer, and 9 pounds which it allowed to the man who transports it, or a total of 30 pounds, you have a net weight of 470 pounds. Divide 470 pounds into \$40 makes the cotton worth 8.3 cents a pound. In other words, the price of cotton is based upon actually what the cotton buyer is receiving in net weight.

Mr. FULMER. Will the gentleman yield?

Mr. MILLS of Louisiana. I yield.

Mr. FULMER. When the price is made by the cotton manufacturers in this country, the price is discounted to take care of the surplus that is not put on in any other country in the world. In the foreign price they apply the average price to take care of the cotton instead of paying for this bagging.

Mr. MILLS of Louisiana. I thank the gentleman for his

contribution. He is exactly correct.

I want it to be well understood that I am a cotton farmer and I am speaking for the cotton farmer, therefore I believe the American farmer is entitled to the American market.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. MILLS of Louisiana. I yield.

Mr. RICH. As I understand it the English manufacturers pay for the net weight. Does this not apply to the American manufacturers also?

Mr. MILLS. That is correct. Mr. RICH. He pays for the net weight also?

Mr. MILLS of Louisiana. Yes.

Mr. COOLEY. If the gentleman will yield, does not the gentleman understand that even though this bill becomes a law that it will be much cheaper to use jute burlap in wrapping American cotton than it would be to use cotton bagging even at the present cheap price for cotton?

Mr. MILLS of Louisiana. I am not certain on that point. I will be happy to have the gentleman from South Carolina

answer that question.

Mr. FULMER. I may state to the gentleman that if he will call up the Department of Agriculture and ask for the facts with reference to the use of jute burlap on a competitive basis with cotton, and find out the advantages to be gained from the use of the light cotton covering in place of the heavy jute, he would come to the conclusion that on a competitive basis cotton would be used instead of burlap.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. MILLS of Louisiana. I yield.

Mr. COOLEY. May I ask the gentleman from South Carolina a question?

Mr. FULMER. Yes. Mr. COOLEY. Is it not a fact that the Department of Agriculture is now spending thousands of dollars and perhaps hundreds of thousands of dollars trying to put cotton into competition with burlap bagging?

Mr. FULMER. No. It is simply because we are selling on the gross weight, and you cannot put on a light weight

covering and sell on the gross weight basis.

[Here the gavel fell.]

Mr. FULMER. Mr. Chairman, I yield 1 additional minute to the gentleman from Louisiana.

Mr. WALTER. Mr. Chairman, will the gentleman yield?

Mr. MILLS of Louisiana. I yield.

Mr. WALTER. I am in receipt of a telegram from some people who are interested in American cotton, from which I want to read this statement:

We are firmly of the opinion that if the method of selling raw cotton is changed from gross weight to net weight it will result in imposing a costly burden on American cotton growers due to very slight likelihood of the grower ever receiving a higher price for his cotton sold on net-weight basis as compared with price he would receive on gross weight basis as compared with price he would receive on gross-weight basis.

Mr. MILLS of Louisiana. That is exactly the point I am trying to bring out at this particular time, as I am afraid many Members are laboring under a misapprehension of the subject.

[Here the gavel fell.]

Mr. FULMER. Mr. Chairman, I yield 2 minutes to the gentleman from Texas [Mr. LUTHER A. JOHNSON].

Mr. LUTHER A. JOHNSON. Mr. Chairman, I believe if all the Members of the House lived in the South where cotton is grown and knew how it is handled, it would not be necessary

to speak in behalf of this bill. For many, many years—in fact, so long as I can remember—jute has been used as a wrapper of cotton bales; and the jute industry is the most highly organized of all industries. It has opposed vigorously and aggressively legislation calculated to cause cotton bales to be wrapped in cotton fabric rather than jute.

The cotton farmers for a great many years were fooled because of the fact that the farmers were led to believe that they were paid for this additional weight of jute. They were, therefore, opposed to legislation that would permit them to wrap their cotton in anything but jute, but they have now been disillusioned. In this connection I want to read a letter from the president of the largest agricultural college in the world, which is located in my district, Mr. T. O. Walton, president of the Agricultural and Mechanical College of Texas, in support of this bill:

Why the farmers of the South have not insisted long ago that the practice of charging 30 pounds tare against each bale of cotton should be discontinued has puzzled me through the years. The only explanation which I can find that is at all satisfactory is that they believe they are getting paid the full amount for the bagging and ties and, since they do not know definitely what happened in the dark, they have not made a great row about this injustice that has been imposed upon them through the years.

Any effort that you may make which will result in stopping

Any effort that you may make which will result in stopping this practice which is unfair to the cotton producer of the entire South will be an effort in the interest of a good cause and one that will make every cotton farmer your debtor. I think the bill should be pressed vigorously and hope that every southern Congressman and Senator will assist you in securing its passage.

The Federal Government is spending large sums to discover new uses for cotton and this bill will help to solve in a practical and simple way, at least in part, this problem. Surely the cotton farmers of the South should be permitted and encouraged to wrap cotton in cotton instead of jute imported from India, and thereby consume annually at least 200,000 bales of cotton.

Mr. FULMER. Mr. Chairman, I yield 5 minutes to the

gentleman from Virginia [Mr. DARDEN].

Mr. DARDEN. Mr. Chairman, there is a good deal of difference of opinion on this legislation. I was very much interested in the statement of the gentleman from North Carolina [Mr. Cooley], because I thought he made a clear and fair analysis of this bill. Since many Members are asking for time, I shall be as brief as possible.

Mr. Chairman, my own situation is rather peculiar. Within my district are located three plants engaged in the manufacture of jute bagging. Their pay rolls amount to something less than \$700,000 a year, and they employ several hundred people in this work. The net result of this legislation will be to shut down these plants.

Mr. PACE. Mr. Chairman, will the gentleman yield?

Mr. DARDEN. I yield.

Mr. PACE. Does not the gentleman know that all three of the plants in his district are not engaged solely in the manufacture of jute products but manufacture cotton products also?

Mr. DARDEN. As to that, I can only say that they advise me that such is not the case. I am not personally acquainted with their operations; consequently, I must rely on what they tell me.

Mr. PACE. Is not one of those the Ludlow Manufacturing Co.?

Mr. DARDEN. No; not to my knowledge.

Mr. RICH. Will the gentleman yield?

I yield to the gentleman from Mr. DARDEN. Pennsylvania.

Mr. RICH. Does the gentleman have any idea what it will cost the plants in his district to change over from the manufacture of jute to the manufacture of cotton?

Mr. DARDEN. No, I do not. I could not give the gentleman any accurate figures on that.

Mr. RICH. Their plants and buildings would be satisfactory, of course. It would be just a question of change in machinery, would it not?

Mr. DARDEN. Yes; just a question of the machinery.

Mr. RICH. This bill, as I understand it, will allow at least 1 year after the bill is passed so that those changes may be made?

Mr. DARDEN. Yes; I think it does so provide.

Mr. NICHOLS. Will the gentleman yield?

Mr. DARDEN. I yield to the gentleman from Oklahoma.

Mr. NICHOLS. Do the plants and factories in the gentleman's district manufacture any jute products besides jute bagging that covers cotton bales?

Mr. DARDEN. I do not think so, but I am not sure.

Mr. NICHOLS. If they manufactured anything else besides that particular jute bagging, then they would not have to close because that is the only thing affected by this bill.

Mr. DARDEN. That is true; but I do not think that is the case. I believe their total operations are confined to the manufacture of jute bagging. There used to be a good deal of compressing done down there. There used to be an export market there, but we have lost it to a very great extent.

Mr. NICHOLS. The gentleman understands there are only 12,000,000 of those bags used annually in the United

Mr. DARDEN. Yes; but there are only 12 to 14 plants engaged in that industry in this country. There is a total pay roll involved of approximately \$4,000,000 that will be lost.

Mr. RICH. How much of a pay roll is there?

Mr. DARDEN. About \$4,000,000 in the country, I understand.

Can the gentleman find out what would be the actual necessary expense of changing over this machinery?

Mr. WALTER. If the gentleman will yield, I can answer the gentleman from Pennsylvania [Mr. Rich]. I have been advised by one of the manufacturers it would not pay them to expend the amount necessary to make the change in their machinery.

Mr. RICH. Why not?

Mr. FULMER. Will the gentleman yield? Mr. DARDEN. I yield to the gentleman from South Carolina.

Mr. FULMER. May I say to the gentleman that I recently received a letter stating that the bagging mill in that particular section would be in position to almost overnight change its machinery so that it could manufacture cotton bagging, and I am also advised that it would cost very little to do this.

Mr. DARDEN. Here is the thing to which we ought to give consideration: It is true that cotton at the present very low price level might be on a competitive basis with burlap. but there is not a Member of the House who does not look forward and hope for a materially better price for cotton because the South cannot exist under the present price that we are receiving for cotton. Should that take place, there is no doubt but what burlap then would have a decided advantage over cotton as a wrapping and would replace it in operations such as this.

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I yield the gentleman 2 addi-

Mr. DARDEN. Mr. Chairman, the result would be that we have closed these plants that are now operating in certain sections of the country without having benefited the farmers engaged in the production of cotton.

Mr. SOUTH. Will the gentleman yield?

Mr. DARDEN. I yield to the gentleman from Texas.

Mr. SOUTH. It is very evident, is it not, that the price of cotton will not increase materially unless our surplus is worked down, and this is one of the means by which that surplus may be reduced? The gentleman will concede both of those points?

Mr. DARDEN. Yes. We must also give consideration to another point which has been raised this afternoon. The argument has been made in the consideration of this measure

that we should close our doors to the foreign products. Cotton depends in the end upon our sales abroad. It would seem unwise to advocate any plan which would tend to interfere with the sale of cotton to other countries.

Mr. SOUTH. That is true, but this bill does not propose

to do that.

Mr. DARDEN. No; but the argument has been advanced in defense of this bill that that is what should be done. As a matter of fact, the farmer is not going to receive an extra dollar for his cotton as a result of this legislation. That has been pointed out already by Mr. Cooley.

Mr. COOLEY. Did the gentleman mean to say to the gentleman from Texas that this bill would result in a sub-

stantial amount of cotton being used?

Mr. DARDEN. No. I say it will result probably in an additional use for cotton in the immediate future. Once cotton rises in price, I do not think it will be used because it will be supplanted by burlap.

Mr. CLASON. As a matter of fact, this bill does prevent cotton from any other country entering the United States.

Mr. DARDEN. Yes; but I do not think that is a major point, and I do not think the author of the bill would insist on that, although I do not know. As I stated, I do not think that is a major point.

Mr. CLASON. But it backs up the gentleman's statement that if you commence closing our market to the other fellow

they will close theirs to us.

Mr. DARDEN. Yes; that is unquestionably true.
Mr. NICHOLS. The gentleman points out that if cotton gets too high in price probably burlap could compete with the cotton bagging and would probably be used. Does not the gentleman agree with me that the cotton farmers and cottonproducing sections of the United States could well afford to pay more money for a cotton bagging to wrap a cotton bale in than for the burlap bagging?

Mr. DARDEN. Unquestionably that is true, but the gentleman knows as well as I do that they are not going to pay a premium if they can buy another bagging at a cheaper price. They will purchase the material which serves their

purpose at the best possible price.

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I yield 5 minutes to the gen-

tleman from Mississippi [Mr. WHITTINGTON.]

Mr. WHITTINGTON. Mr. Chairman, it is well known among cotton growers and cotton merchants that the tare evil is most expensive to the cotton growers, and results in very great disadvantage as well to the producers of cotton. It has been suggested that this evil should be remedied by the cotton trade. It might as well be argued that there was no necessity for the regulation of the wheat exchanges and the cotton exchanges as to argue that the cotton trade is going to remedy this evil. It is just as essential to pass legislation to remedy this evil as it was to pass legislation to remedy the evil resulting from the operation of the cotton, corn, and wheat exchanges.

Mr. COOLEY. Mr. Chairman, will the gentleman yield? Mr. WHITTINGTON. I prefer completing my statement first. That is not altogether my view. Probably the largest cotton merchant in the world is W. L. Clayton, and he has answered the question. He states, as shown by page 6 of the report of the committee, and I quote:

The cotton trade has been seeking for many years to bring about the necessary reform in the tare evil but has made practically no progress in doing so.

He stated that only legislation could solve the problem, and that the pending bill should accomplish the purpose. Thus says one of the largest cotton merchants of the

world.

The Department of Agriculture favors the enactment of this bill. The Cotton Growers Cooperative Association of North Carolina favors the enactment of this bill, as disclosed by the report of the committee. The American Cotton Cooperative Association favors the enactment of this bill. Suppose it does require the readjustment of a few factories and a few thousand workers. It is admitted it will provide for 150,000 to 200,000 bales of cotton. The Congress of the United States has appropriated millions of dollars in an effort to provide new uses for cotton and other agricultural products.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. WHITTINGTON. I shall be pleased to yield as soon as I have completed my statement. The gentleman had 15 minutes and I have only 5 minutes.

The pending bill is probably the best avenue immediately available to increase the new uses of cotton. The Department of Agriculture, the cotton associations, the cotton merchants, and the cotton mills say that legislation of this character is essential if this tare evil is to be remedied. I wish to say in this connection that as a cotton grower I know the influences behind the ginners. I know the influences behind the cotton merchants who have asked us to oppose this bill. But first and last, as a cotton grower and as a cotton ginner, I tell you that the jute influences that have been able for all these 90 years to prevent a tariff on jute, and the jute influences, well organized, that have been able to influence the cotton trade and the exchanges in the cotton trade, are undertaking to prevent the passage of this bill. So, in my judgment, even though it does require a readjustment in a few jute factories, we should think of the thousands and tens of thousands of families in the Southland that will be provided for if this legislation is passed.

Mr. NICHOLS. Mr. Chairman, will the gentleman yield? Mr. WHITTINGTON. I shall be pleased to yield in just a moment.

Under the system that obtains the tare means this: in the domestic market the farmer generally receives credit for 21 pounds tare, around 16 pounds for bagging and 5 pounds for ties. If that cotton is sold on the net weight, as foreign cotton is sold, you can very readily understand that it will provide additional uses of cotton. Now, jute is cheaper than cotton. There is no denying that, but I want to call your attention to the fact that when cotton is cheapest often jute is highest, because if there is one monopoly more strongly entrenched than any other in the United States, it is the jute monopoly. When cotton in 1937 and in 1925 and in 1926 went down because of excessive crops, the price of jute went up, inasmuch as growers could not change bagging during the cotton season in the ginning of the crops. If cotton is sold on a net-weight basis, I believe, Mr. Chairman, that in the long run it will provide for a better price to the grower. I respectfully submit, Mr. Chairman, that those who favor the promotion of agriculture and the promotion of cotton and increasing the use of cotton and other agricultural products should support this bill. [Applause.]

Under the leave to extend, I reply briefly to some of the arguments in opposition to the pending bill.

It is said that jute bagging has been used by cotton growers for 90 years and that it should be continued. This argument would retard progress and prevent advancement. Inventions would never be made. The status quo would always be maintained.

It is stated that jute mills provide for domestic labor. The machinery in these mills could be changed, burlap could be manufactured, or the plants might be utilized for the manufacture of cotton. But there is another side to the picture. Exports of cotton are declining. There is less domestic consumption. Workers in the cotton fields of the South are being denied the privilege of working. It would be better to provide for 10,000 workers in the cotton fields rather than 100 workers in the jute factories.

Attention is called to the fact that the Government has 11,000,000 bales of cotton and that it could not be sold in interstate commerce under the provisions of the bill. When pressed, the gentleman from North Carolina [Mr. Cooley], an opponent of the bill, admitted he had overlooked the provisions of the bill. Section 3 provides that only cotton ginned after the effective date of the act cannot be sold in commerce. This objection is captious; it is like other objections to the bill. It falls of its own weight.

It is asserted that there is nothing in the hearings to show that cotton bagging would weigh around 14 ounces per square yard. As stated by the gentleman from South Carolina [Mr. Fulmer] the hearings disclosed that cotton bagging weighing not to exceed 14 ounces per square yard is substantial. There is a reason, therefore, for limiting the maximum weight of any fabric under section 2 of the bill. At the same time there is no discrimination between cotton and other products. Burlap may be used, but jute will not be used. If the maximum-weight provision of section 2 is eliminated, it would invalidate the bill. Jute would continue to be used. It weighs more and costs less than cotton. The tenant and the grower would be inclined to buy the cheaper fabric to wrap his cotton in, but over a period of years, the use of cotton bagging would be of benefit to the cotton grower.

The method of baling and handling American cotton causes great loss to American cotton growers. The tare evil is a real one. American cotton is the poorest packed commodity in world trade, and hence is at a great disadvantage in competition with the well-packed cotton of foreign countries. The cotton trade might remedy the situation but as disclosed by the hearings, and as I have stated, the cotton trade has made practically no progress in making the necessary reforms. They have made no more progress in reforming the tare evil than they have in reforming the exchanges. It was necessary for Congress to pass legislation to regulate exchanges; it is equally necessary for Congress to

pass legislation for net weights in cotton.

The tare evil results from the fact that in domestic commerce the seller is allowed a tare of 21 pounds and in foreign commerce he is allowed a tare of 30 pounds per bale. The use of jute for 90 years is easily explained. Jute is ordinarily cheaper than cotton; at least it was formerly the case. Two-pound bagging sold during the last year at around 11 cents. Ordinary cotton sold at around 8 cents. With the decline in the price of cotton, bagging costs more than cotton. When cotton was 20 cents or 25 cents a pound there was a small profit to the grower by his being allowed a tare of 21 pounds, but when the cotton buyer, the warehouseman, and the exporter get through cutting and sampling the bale of cotton not much wrapping remains, and the cotton becomes easily damaged by dust and other foreign substances. There is an economic loss. There is damage to the grade; the temporary advantage is more than offset by the permanent disadvantage.

Congress has established an experimental ginning laboratory. The appearance of a bale of American cotton when it reaches the average American mill and when it reaches foreign warehouses is a disgrace. The staple is injured and

the loss ultimately falls upon the producer.

Not only thoughtful cotton producers, but cotton associations and cotton cooperative associations, including the Texas Cooperative Council, the American Cooperative Association, the North Carolina Cotton Growers, cotton mills, and cotton shippers favor the adoption of the legislation.

The Department of Agriculture reports favorably on the bill and recommends its passage. Net-weight selling would provide an incentive to prevent wasteful practices inherent in the present gross-weight system and would reduce mar-

keting costs.

It is unthinkable that Congress would appropriate millions of dollars to provide laboratories to promote new uses of cotton and other agricultural products and then reject the only sound provision that has been immediately suggested to promote new uses of cotton.

The Bureau of Agricultural Economics reports that approximately 200,000 bales of low-grade cotton would be placed on a competitive basis with jute, burlap, and other materials which might be developed.

The bill does not prevent the using of any bale covering that meets the requirements of the United States tare standards.

The present tare evils and the use of jute bagging increases fire hazards. Fire insurance marine rates are higher because of the disreputable jute bagging. It weighs more.

The transportation of the bale, therefore, costs more. The proposed bill will eliminate waste, reduce insurance and freight charges, and there will be an economic saving of large amounts annually to the producer, the shipper, and the manufacturer.

The Committee on Agriculture has repeatedly reported the bill favorably. It will result in simplification of trade practices; it will eliminate the costs of tares; it will eliminate unfair price competition; it will eliminate much of the controversy between buyer and seller as to weights. There will be the sales advantage of a neater package. The second-hand value of the bagging will probably be five or six times that of jute.

The passage of the bill will promote a good cause; it will ultimately make the cotton growers the debtors of all those who support it. The interests of the cotton growers of the

entire South will be promoted.

It will take time to make the necessary adjustments, and it will take time for the ginners and merchants to dispose of their stocks of jute bagging. The bill provides that it shall not become effective until a year after its passage. I will favor any reasonable amendment to postpone the time of the operation of the bill until ginners, merchants, and others dispose of their stocks of bagging. I believe that the passage of the bill will contribute to real and effective practical relief for cotton growers.

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I yield 3 minutes to the gentleman from Wisconsin [Mr. Schafer].

Mr. SCHAFER of Wisconsin. Mr. Chairman, a great many Members of this body were greatly surprised to hear the protective tariff speech delivered by our distinguished Democratic colleague who has just left the well of the House. Our colleagues from the cotton-producing States advocate the passage of this bill in order to use a few thousand bales of cotton to replace jute bagging. The benefit to cotton producers will be infinitesimal. If the Members of Congress from the cotton States are desirous of helping our American cotton producers they should join with our Republican Members and stop the Secretary of the Treasury, Mr. Morgenthau, from opening up the American taxpayers' treasury to the South American dictator countries and giving them handouts of millions of dollars through the Export-Import Bank.

The statistics show that during 6 years of our so-called New Deal our American cotton export market has decreased over 50 percent. During these 6 years the cotton exported by these South American dictatorship countries, which have received New Deal hand-outs of many million dollars from the American taxpayers' Treasury, have greatly increased.

Mr. Chairman, in view of the fact that the New Deal administration has adopted the Hull free-trade doctrine of tariff and the friendly neighbor hand-out policy of Morgenthau, I wonder what Mr. Hull will say when he finds the New Deal Members of Congress advocating the passage of the pending bill on protective tariff grounds in direct opposition to the antiprotective tariff position on which the reciprocal-trade agreements are based.

Mr. Chairman, this pending bill, and the speeches made in its behalf, are contrary to the Hull theory of free trade as embodied in the New Deal trade agreements.

I am a protective tariff advocate. I am sick and tired, however, of voting for tariff protection for products raised below the Mason and Dixon line and then listening in and out of Congress to demagogic speeches about the iniquities of protective tariff, by those who asked for high protective tariffs to protect the industries of their States.

Mr. Chairman, the gentleman from Mississippi [Mr. Whittington] and other proponents of this bill have made some fine protective-tariff speeches in its behalf. I sincerely hope that they will continue to support the principle of protective tariff and join with the minority to repeal the Hull reciprocal free-trade agreements, which are inimical to the interests of the agricultural and industrial producers of America. [Applause.]

Mr. HOPE. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. Poage].

Mr. POAGE. Mr. Chairman, I have felt we ought to give just a little more consideration to the answer to the question that somebody raised here a little while ago that if the farmer is not actually getting payment in the price of his cotton for the tare under the present system, why do we continue the policy of wrapping cotton in this sort of stuff in the South? The reason, I think, is very evident.

For many years the farmer of the South has supposed he was being paid at the same price for this jute that he was being paid for his cotton, but when one stops and analyzes that he is bound to realize that the man who buys that bale of cotton, whether he be in Liverpool or whether it be an American mill, is only buying cotton. The American miller or the English miller is only interested in buying cotton and is not going to pay 8 cents a pound for this jute stuff. So when a bale of cotton reaches the mill, if the mill pays \$40, the farmer considers that he has received \$40 for a 500-pound bale of cotton, but that bale of cotton has 30 pounds of bagging and ties on it. The mill gives \$40 for the bale and that figures 8 cents a pound for a 500-pound bale, but the mill did not give 8 cents a pound for this jute bagging you see here. It had no use for that at any price. The mill gave 8.33 1/3 cents for 470 pounds of cotton. That is what the mill paid for and that is the basis on which every manufacturer buys cotton. That is the basis on which payment is made—at 8.33 cents per pound for 470 pounds of cotton, with nothing in the world for this other stuff. The farmer thought he was getting paid for 500 pounds at 8 cents. He actually got paid 8.33 cents for 470 pounds of cotton, and that is all that he got. Now, who makes a profit, then, other than the jute interests? The original weight of the bale included only 21 pounds of tare, but when that cotton was sold on the Dallas Cotton Exchange the rules of that exchange allowed 22 pounds of tare-a profit of a few cents to a cotton buyer. When it was sold on the New York Exchange the rules of that Exchange allowed 25 pounds of tare—an additional profit to some trader—and when it was exported the export rules allowed 30 pounds of tare-and some cotton exporter made half a dollar per bale, but the farmer did not make any profit on any of that.

Mr. NICHOLS. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield.

Mr. NICHOLS. Is it not a fact that the ginner who originally purchased the cotton and paid for the first 21 pounds of tare, makes up his loss by adding it to the price that he charges the farmer for ginning the cotton?

Mr. POAGE. Absolutely; the farmer pays for the whole

thing.

Mr. SOUTH. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield.

Mr. SOUTH. Is it not absolutely ridiculous to say that the farmer gets paid for the jute? If that were the custom which it is not, it could and would readily be changed. Does the gentleman know of anyone who would have the audacity to try to make that kind of argument stand up here except this monopoly which is selling jute in this country?

Mr. POAGE. I cannot conceive of anybody who would undertake to argue it except those interested in selling this

stuff—jute.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. POAGE. Yes.

Mr. COOLEY. I suppose the gentleman heard my statement to the effect that I had no objection to a net-weight bill.

Mr. POAGE. That is correct.

Mr. COOLEY. The gentleman has spent a great deal of time talking about the net-weight features of the bill. I ask the gentleman if he is not more interested in eliminating the use of certain bags, and regulating the type generally than he is in the net-weight features of the bill?

Mr. POAGE. I say to the gentleman frankly that I am more interested in the use of cotton than I am in the netweight features of the bill, because, as I calculate it there can be a saving made to the southern cotton farmer of about

33 points on his pound of cotton by reason of the net weight. but by reason of the use of approximately 200,000 bales of cotton, and that is what the Bureau Agriculture Economics suggests would be added to our cotton consumption by using cotton bagging, we will probably increase the value of the entire cotton crop by about half a cent on each pound of cotton, so that you will have a profit by reason of increasing the value of the entire cotton crop by about \$30,000,000 per year or nearly twice as much increase as we have reason to expect as a result of the net-weight trading. Therefore while I am interested in the net weight, I am interested in it to the extent of probably \$15,000,000, but I am interested in the increase in the price of cotton by the use of 200,000 additional bales of cotton to the extent of some \$30,000,000 per year and therefore, I confess, I am more interested in the matter of that profit than in the net-weight features of the bill.

Mr. COOLEY. Mr. Chairman, will the gentleman yield? The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. FULMER. The surplus freight paid on this heavy

bagging amounts to \$6,000,000 a year.

Mr. POAGE. That is correct, but the unfortunate thing about the whole matter is that the farmer cannot see the losses that he continues to sustain for the benefit—they are so indirect and so well concealed that, like the tariff, they pass unnoticed, and by the same token it is going to be hard for the average farmer to see the tangible benefit of this bill after it is passed—especially with the propaganda of the jute people trying to mislead him.

Mr. HOPE. Mr. Chairman, I yield 3 minutes to the gentle-

man from Oregon [Mr. PIERCE].

Mr. PIERCE of Oregon. Mr. Chairman, I am a wheat farmer from the Pacific Northwest, and I am in favor of this bill because I believe it is a move in the right direction, using American cotton to replace foreign jute. If Europe insists upon committing suicide on the field of battle, it may be in the near future that more and more we will have to legislate in this hall for protection of the American farmer, by giving him exclusive right to the American markets. More thoroughly than ever am I convinced that the American market is not only for the American industrialist, but is also for the American farmer. In the Pacific Northwest we sack millions of bushels of wheat and barley in this jute. I am not interested in the raisers of jute. They buy no cotton, they buy no wheat. There is no reciprocal trade with those people who produce jute. Why should this market be given over to them when we can use home-grown cotton?

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. PIERCE of Oregon. Yes.

Mr. RICH. So far as dealing with foreign countries is concerned, does the gentleman not believe that the price has more to do with selling to foreign buyers than any particular trade agreement or matter of friendship that may exist. When people buy things today they buy quality for the least price that they have to pay for it.

Mr. PIERCE of Oregon. There is no doubt about that, but my interest in this bill arises from the fact that it creates a market for an American farm product, and everything that may be said for jute should be swept aside when we learn that here is a market for 200,000 bales of cotton.

That is the argument.

Mr. FULMER. Mr. Chairman, I yield 8 minutes to the gentleman from Georgia [Mr. Pace].

Mr. HOPE. Mr. Chairman, I yield 10 minutes to the gen-

tleman from Georgia [Mr. PACE].

Mr. PACE. Mr. Chairman, I shall be very grateful for your close attention. It may be possible for me to help you better understand the pending bill. I have planted cotton, I have plowed cotton, I have picked cotton. I have worked in the gin, I have worked in the compress, and I live among people whose hope is in cotton. I wish you knew the condition of the cotton farmer of the South. I wish you knew how earnestly we want to help him. You have missed the mark on this bill for some reason.

Mr. COOLEY. Mr. Chairman, will the gentleman yield? Mr. PACE. Not now. There are only two reasons why this bill should be enacted.

Let me say before I mention those reasons, that this bill does not prohibit the use of jute bagging.

Mr. COOLEY. Will the gentleman yield right there?

Mr. PACE. Of course.

Mr. COOLEY. Why would it not be a good idea to write a provision in here, which I will support, which will require the wrapping of every American bale of cotton in cotton wrapping? Will the gentleman support that sort of an amendment?

Mr. PACE. Of course I would, but such a provision would

in my opinion be unconstitutional.

The bill does not prohibit the use of jute bagging, and I say to you sincerely that it will not necessarily cause the loss of employment of a single employee of a jute plant. If those people wanted to do so, they could make this jute bagging of lighter weight right now. They do not do so, it appears, because they want the farmer to believe he is being

paid for this heavy bagging.

There are two reasons that justify the passage of this bill. One is to reduce the weight of a bale of cotton and thereby save freight charges. Unfortunately the cotton producer has not anything to do with the price he receives for his cotton. Cotton is a world commodity, as you know, and the man who buys cotton pays not what the producer should receive, but he pays according to what he can receive for his finished product. Therefore, if he must pay freight on an extra 5 or 10 pounds, he naturally must figure that into the cost he pays for the good lint cotton that he buys.

The other reason that justifies this bill is one that has not been mentioned at all. That is, that this jute, through the weeks and months that it is moved about, comes loose on a bale of cotton. Many, many, many times have I seen a bale of cotton covered with this jute fiber off of the bagging.

I wrote probably the biggest user of cotton in the United States. I said:

When you buy cotton now, the farmer thinks you are paying him for that jute bagging. I want you to write me and tell me whether or not you do.

I want you to listen to his reply:

We buy raw lint cotton, figuring on obtaining therefrom a certain percentage of clean cotton. In calculating this percentage of clean cotton, we treat the bagging and ties just as we treat the leaf, dirt, and short fibers that we take out in our cleaning machinery. Depending on the class of goods that we make, we figure on obtaining from 75 to 90 pounds of finished goods from every 100 pounds of raw cotton, just as it comes to us in the bale. As a consequence, to obtain the price of clean cotton in figuring on our selling price, we divide the price of raw cotton by a figure from 75 to 90. This divisor takes care of the loss in the bagging and ties. If we had a lower percentage of bagging and ties, we, of course, would get a higher percentage of clean cotton and the raw cotton would be more valuable to us, so, in the long run, the farmer pays for the heavier jute bagging.

That is from one of the biggest buyers of cotton in the entire United States. What they do when they receive a bale of cotton is this: They have combs and they go over it and strip it. Every single particle in the bale that has this little piece of jute in it has to be stripped away, and when they have finished stripping a bale of cotton there is from 25 to 100 pounds of waste on the floor. Now, you gentleman are good businessmen. You have common sense enough to know that that is all deducted from the price they pay the farmer for his cotton.

We are simply asking here that the sale of cotton be on a net-weight basis, and we are hoping—and that is all it is, a hope—that we can go to the farmer and convince him that he is not being paid anything for that heavy jute. The Jute Trust representative comes by and tells him that he is, but we can say, "You are not being paid anything for that. If you use this light cotton bagging made from your own cotton it will do two things. It will not only increase the use of your own commodity, but it will give you a price for from 25 to 50 pounds additional lint in the bale." If this cotton

bagging should ravel, in fact, it does not to any consequence but if it should ravel a little and mix with the lint cotton, no damage has been done; no combing is necessary.

I think we should be fair with all interests as we go along. There are many people in this country, ginners, warehousemen, and jute manufacturers who have a supply of jute bagging on hand. I think they should be taken care of. This bill provides now that the new standards shall not go into effect until 12 months from the time the bill is approved. I do not believe that is long enough. I propose to offer an amendment making the effective date of this act January 1, 1941. Then there will be 12 months after that before the order setting up the new standards will be enforced, or about $2\frac{1}{2}$ years before this law, if enacted, would be in operation. Within that time there is not a jute plant—the one in my district, the one in your district—that will not be able to adjust its business to the point where they can begin manufacturing cotton bagging out of an American commodity just as today they are manufacturing jute bagging out of a commodity produced yonder in far away India. If we give them this much time I believe we are treating them fairly. I believe there is not a cotton farmer in the South who does not want to be fair; but I know they are begging, I know they are appealing for the cooperation of the Congress that they may compete in the world market.

In conclusion let me read to you from a confidential report made of an investigation of the foreign mills. I cannot read it all because it is confidential, but I do read a portion of it. This is with reference to an investigation made in England.

The cheap and unkempt condition and appearance of American cotton bales is a standing indictment of the American method. Egyptian, Indian, Brazilian, Peruvian, East and West African, Belgian Congo, and most other foreign bales present a pronounced contrast in appearance when compared with American bales. These foreign bales are completely covered with a first-class quality lightweight bagging.

This, gentlemen, is the only nation that at this hour is still in the hands of one of the most powerful lobbies on earth, the Jute Trust.

Mr. COOLEY. Mr. Chairman, will the gentleman yield? Mr. PACE. I yield.

Mr. COOLEY. Is the gentleman in position to tell us whether or not foreign cotton is packed in cotton bagging or burlap bagging?

Mr. PACE. I am inclined to the belief that it is sampled at the gin—which we should do. Then it is wrapped in burlap or cotton bagging and is never touched until it is opened on the floor of the mill.

Mr. COOLEY. That is right; and the pictures exhibited to this House present the American bale of cotton after it has been cut all to pieces by the cotton buyer, whereas the foreign bale of cotton is never touched. Is not that true?

Mr. PACE. Yes; and I hope the gentleman will support a companion bill to this which would require the sampling of cotton to be done at the gin so that the bale covering need not be cut and so that we can really compete with foreign producers. Mr. Chairman, the competition from Brazil has gotten serious. American money has gone to Brazil to produce cotton. They have high-pressure gins and modern methods down there. Very soon, unless we get some help, we will be compelled to turn to raising cattle, to the dairy business, and to other crops now produced in other sections of the country. The cotton farmer cannot long continue to produce cotton and sell it for less than the cost of production.

Mr. FULMER. Mr. Chairman, will the gentleman yield further?

Mr. PACE. I yield.

Mr. FULMER. Answering the gentleman from North Carolina, I may state that is one of the reasons we have strong opposition to this bill; because when we get net weight naturally this will lead to high-density gin compression thereby sacrificing additional millions.

Mr. BATES of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. PACE. I yield.

Mr. BATES of Massachusetts. The gentleman seems to be predicating his statement on the ground of competition we are going to have from Brazil and other countries.

Mr. PACE. Not going to have, that we are already suf-

Mr. BATES of Massachusetts. Then is the gentleman's position the same on other products, especially manufactured products? In other words is he opposed to the tremendous influx of foreign manufactured goods?

Mr. PACE. I have repeatedly made the statement on this floor and in my district that I for one believe that the American farmer is entitled to the American market; and I

want him to have it. [Applause.]

Mr. BATES of Massachusetts. The gentleman is speaking of the American farmer. I am heartily in accord with the gentleman insofar as the American farmer is concerned, but what about the American manufacturer?

Mr. PACE. It is my understanding that the American manufacturer is pretty well protected at this time.

Mr. BATES of Massachusetts. Is he protected under the reciprocal-trade agreements against the competition of European manufactured goods made by cheap labor, goods which are flooding our markets? Are not the American manufacturers entitled to the American market?

Mr. PACE. I appreciate the gentleman's viewpoint.

Mr. BATES of Massachusetts. What is the gentleman's viewpoint about that?

Mr. PACE. That is a very big subject, the reciprocal-trade policy, to discuss in such a short time. Suppose we do that later. I may add that I wish to protect the American laborer as well as the American farmer.

Mr. SOUTH. Mr. Chairman, will the gentleman yield?

Mr. PACE. I yield.

Mr. SOUTH. I am in entire accord with the gentleman's argument, but I am astonished that the gentleman would stand on the floor of the House and say in effect that he is opposed to the importation into this country of anything that can be manufactured or produced here, for the gentleman must know that the minute America adopts that policy her export market will be stopped. The gentleman knows further that practically that very thing did happen a few years ago. The only way we can find a market for our surplus commodities is to buy some of the surplus commodities of other countries.

Mr. PACE. I regret that the gentleman and I are not in full accord. But as long as the manufacturer is protected, and the farmer is made to bear the burden of that protection, then I think the farmer should be given equal protection on his products. We should all be treated the same.

Mr. BRADLEY of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. PACE. I yield.

Mr. BRADLEY of Pennsylvania. I do not know whether I understood the gentleman correctly, but if I did I would like to be satisfied as to the accuracy of the statement. Did I understand the gentleman to say that, due to combing, a bale of cotton loses 100 pounds?

Mr. PACE. The total loss sometimes runs as high as 100

Mr. BRADLEY of Pennsylvania. I think that is not quite accurate, for 100 pounds is a great deal to lose out of a

Mr. PACE. What I intended to say was that the entire tare against the bale of cotton, that includes the bagging, ties, and combings-that the entire tare against the bale of cotton has frequently, and does frequently, range from 50 to

Mr. BRADLEY of Pennsylvania. The gentleman says "frequently." I am asking the gentleman what it is, on the average. I am not from the South, and am not intimately acquainted with the details of the cotton business, but I do have some knowledge of it. When the gentleman asks me to believe a bale cotton weighing 500 pounds has an average tare of 25 to 30 pounds to begin with, then loses 100 pounds in combing, I do not think that is true.

Mr. PACE. I do not want the gentleman to think so.

Mr. BRADLEY of Pennsylvania. I know differently. Mr. PACE. I should probably have been more precise and

said that frequently the entire tare on a bale of cotton will range from 50 to 100 pounds.

Mr. BRADLEY of Pennsylvania. That is different.

Mr. RICH. Will the gentleman yield?
Mr. PACE. I yield to the gentleman from Pennsylvania. Mr. RICH. I am quite surprised at the gentleman and his answer to the question asked by the gentleman from Massachusetts. The gentleman asked whether you are for the protection of the American farmer, and you admitted you

Mr. PACE. That does not require an admission.

Mr. RICH. I am for the protection of the American farmer, the American laborer, and the American manufacturer. I think every red-blooded American ought to be in favor of all the people of America regardless of what their vocation might be.

Mr. PACE. I appreciate the gentleman's enthusiasm. I do not know what the future holds in store for us. We maintain the highest standard of living in the world. We are all proud of it and want to keep it that. It has not been so difficult in the past, because we had large undeveloped areas and enormous natural resources. But now most of our territory is settled and our resources are being rapidly exhausted. It was suggested here a few moments ago that we must buy cheaply produced and cheaply made products from the rest of the world so that they will buy our expensively produced and expensively made products. How long can we do that? How long can we admit and compete with cheap foreign labor and maintain our high standard of living?

Sooner than we now think we may be faced with the issue of either closing our ports to foreign goods or substantially reducing our cost of production. Some claim we may be saved that decision because, they say, Americans are the most efficient people on earth, and through mass production, our unit cost can be kept low. But already Japan and Germany are approaching if not matching our efficiency, and at this hour there are hundreds of American experts in the employ of foreign countries, in Russia, in France, in Brazil, in Chile, in Argentina, and elsewhere, teaching their people mass production and efficiency. In addition there are millions and millions of American dollars, backed by American genius and American efficiency, being invested in those foreign countries, to manufacture goods and produce crops and develop resources for competition with American goods and crops. Millions of American money is in Brazil today producing cotton in competition with the South.

I am no isolationist, but as I look into the future I seem tc see a road that will not ride as smooth for us as we have traveled the last 150 years. With a small population, vast territory and enormous resources, we have wasted our substance and enjoyed a land of plenty with little thought of the future. But sooner or later, and soon I fear, we will come to a fork in the road and the selection of the better way is going to require all of the intelligence and patriotism of that great Nation.

This Nation was once referred to as half slave and half free, and it was claimed that a nation so divided could not stand. That situation was changed so far as personal freedom was concerned. But today the economic condition of the greater part of our farming population is as bad as slavery, or worse. They live in want and must compete with cheap, forced labor in foreign lands, while another portion of our people live in the economic security of a protective tariff wall. Can a nation prosper when so divided? Is not the southern cotton farmer entitled to the same protection against the cheap labor in the jute fields of India as is the eastern shoe manufacturer against the low wages of Europe?

For my part, I shall never ask for more than equal treatment; for my part, I shall never be satisfied with less.

Mr. FULMER. Mr. Chairman, I yield the balance of my time to the gentleman from Mississippi [Mr. Doxey].

Mr. DOXEY. Mr. Chairman, it is evident that to close this debate with only 5 minutes remaining for debate one can only touch the high spots, so to speak. May I say, Mr. Chairman, that we will never see cotton sold on a net-weight basis, nor will we ever see cotton wrapped in anything but this jute bagging unless the Congress legislates regarding it. Why? Because you know as well as I do that the trade practice and the jute interests are so strong that ever since cotton has been a commodity it has been wrapped in jute. Some of you Members of Congress do not remember possibly the old hand-power gin or the gin that was drawn with a mule, but they ginned cotton in those days and they used the same wrapping and packing that they do todaythis foreign product, jute, from India. With all the serious handicaps that cotton is laboring under today, we should be in favor of putting cotton in the best package and in the most salable manner possible in order to better sell our cotton abroad and use cotton wherever possible and reduce the great surplus we have on hand, even if it costs a little extra money or some inconvenience to the jute interests, because we have to sell this cotton at home and abroad; we have to get rid of the surplus, and that is one of the purposes of this bill. I wish I had time to discuss the bill section by section. For years the House Committee on Agriculture has given a lot of thought and time to this

Mr. Chairman, the purpose of this bill is twofold: First, it is to get the bale wrapped in a package that will sell, compete, and compare with every other bale of cotton of any foreign country. In other words, to standardize the covering for baled cotton. We have the best product in the world so far as the cotton itself is concerned, but we have the worst-looking package in the world and the most uneconomic package which enters into world commerce from any country, thereby making the domestic and marine insurance against our American cotton practically twice as high as similar rates applied to Egyptian or Indian cotton bales. The second purpose of this bill is to provide for the use of net weights in interstate and foreign commerce transactions

in cotton.

I have been a member of the Agriculture Committee of the House for 10 years, and the gentleman from South Carolina [Mr. Fulmer] has introduced this bill in every session of Congress to my own personal knowledge for the last 10 years. We would bring it out of the House Agriculture Committee, but we could not get a rule to bring it to the floor of the House for a vote. We could not get it up here on the floor of the House for consideration and if we did get it up for consideration, it was filibustered to death. That is the record of this net-weight cotton bill for the last 10 years in this House.

Mr. Chairman, from the discussion had on the floor today, there are only two classes of people who can be legitimately against this bill, and they of course have that right. One is the class of people who may be interested in the jute interests and the other is the class of people who think the farmer will not be benefited by this legislation. Some of my colleagues from the South have stated to me that they have received telegrams from cotton ginners and other people and organizations stating that the farmer will lose

through this legislation.

We all know this is a selfish world. The ginners buy their bagging and ties from the wholesaler and of course he buys them from the jute manufacturer, and of course there is a middleman who also must make his commission. The ginner places his order in the spring to sell to the farmer in the fall when he gins his cotton. That ginner naturally is going to make a profit on his bagging and ties and he includes it in the ginning of his cotton. The farmer pays anywhere from \$3 to \$5 a bale for ginning his cotton. However, the farmers are waking up to the situation now. When the farmer is given 81/4 cents for his cotton, he thinks he is also getting one-fourth cent for the bagging and ties. He has been made to think that all along. Why? Because of the activity in this regard on the part of the people who are interested in the jute industry.

I do not deny that they have their factories geared up to manufacture jute, but I say that all the jute factories, as you may think from the speeches of some of the gentlemen here today, are not in the East. There are a number of them in the South. No one wants to put people out of work, but if we can use 200,000 bales of cotton, which will be taken out of this surplus on hand, by using a cotton wrapping instead of this foreign jute, it will be a distinct advantage to American-grown cotton and therefore benefit the cotton farmer. We all know how strong the jute industry is. I was here when the Smoot-Hawley tariff bill was enacted into law and the jute people were so strong that even the Republicans who were then in power would not put a tariff on jute. It comes in here free of duty, competing with our own cotton. I wish I had time to reply to the speech made by the gentleman from Wisconsin when he talked about private interests and American-made goods for American people. You know, lip service is easy, but when you come to doing the right thing through your votes here this afternoon, you should vote for this bill regardless on what side of the aisle you are. This bill is not only constructive, it is not only in the interest of the cotton farmer, but it is in the interest of the unemployed. The cotton people of the South do not want to take unnecessarily any benefit from anyone, but if we can use 200,000 bales of cotton to wrap our own cotton with each year, that means that forty or fifty thousand people who are engaged in the production of cotton in the South will be given a livelihood. It means the first step in the right direction, inasmuch as we have been talking about finding new uses for cotton. No one on either side of the aisle will deny that we should find more uses for cotton. However, this is the first piece of legislation you have had an opportunity to vote on that specifically provides for new and additional uses for cotton. I say this bill should pass and I hope it will not be filibustered under the 5-minute rule. Watch and be on your guard, friends of the cotton South. Anything can happen. We have worked a long time to get a vote on this cotton netweight bill, and I trust we can pass it here this afternoon. It has been a long, hard fight. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. All time has expired. The Clerk will read

The Clerk read as follows:

Be it enacted, etc., That this act shall be known by the short title of "Cotton Net Weight Act."

The word "person," wherever used in this act, shall be construed to import the plural or singular, as the case demands, and shall include individuals, associations, partnerships, and corporations.

The words "in interstate or foreign commerce," wherever used

in this act, shall be construed to mean from any State, Territory, or District to or through any other State, Territory, or District or to or through any foreign country, or within any Territory. tory or District.

The words "bale covering" shall be construed to mean bagging, ties, and patches.

The word "cotton" shall be construed to mean cotton of any variety produced within the continental United States, including linters

When considering and enforcing the provisions of this act, the omission or failure of any official, agent, or other person acting for or employed by any association, partnership, or corporation within the scope of his employment or office shall in every case also be deemed the act, omission, or failure of such association, partnership, or corporation, as well as that of the person.

Mr. RICH. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I intended to offer the following amendment:

On page 3, line 5, strike out "1 year" and insert "18 months."

However, I understand the gentleman from Georgia intends to offer that amendment, so I shall not do so.

I wish to say I am a woolen manufacturer. When we buy wool we buy it net, we do not buy tare. I cannot conceive of an American cotton manufacturer buying cotton and adding the tare to it and paying full price for the tare as well as cotton. He buys the cotton net.

The question we are confronted here with today is just this: Are we Americans for America or for some foreign country? I am not in sympathy with American manufacturers or American businessmen who take their money and go to some foreign country and try to develop a business and send their products back here and then expect us to think they ought to regulate and make the laws so that they will receive the benefit and that our American people will not be taken care of but that the American people will support them and their business. I am for an American tariff from Maine to California and from Michigan to Louisiana that protects all our people. I can see no way in which we can help the American people more than by trying to take care of the cotton farmer at this time as well as all farmers-beet and cane sugar, wheat, oats, and hay. Let me say here that we have had the most cockeyed legislation in regard to the cotton farmer in the last 4 or 5 years that I have ever seen in all my life. You can thank the New Deal and the Bankhead Cotton Act for wrecking the southern cotton farmer. It is responsible for that and do not let anyone tell you different.

You have lost our cotton markets in foreign countries and you will never get them back, so there is only one thing for us to do; that is, settle down and try to use our wits and our brains and business ability in attempting to help solve the cotton problem. If we do not help the cotton farmer, he is going to wreck our northern farmers, because he will produce

the same crops our northern farmers grow.

Now, what do we have to do? I say to you that if we give 18 months to the American manufacturer to get his plants in shape so he will not lose any but the least amount of money in changing over his plant, he ought to be very thankful that he can start in then to use American cotton to put on bales of American cotton so our American cotton bale will look just as good as a foreign bale. An American bale of cotton is certainly a horrible thing to look at now, and no manufacturer wants to look at it very long. Nothing attractive or inviting about it.

Mr. FULMER. Mr. Chairman, will the gentleman yield? Mr. RICH. I yield.

Mr. FULMER. In connection with the statement the gentleman made a few moments ago with respect to American businessmen setting up plants in foreign countries. I may say that Ludlow in a city in India has a number of manufacturing plants that are flooding this country. He has prevented the Republican Party from putting a tariff on this commodity, and the Democrats could not get anywhere with it if they wanted to.

Mr. RICH. Here is a Republican that is not going to support Ludlow [applause], because I am here to help the American farmer and I want to protect by tariff all com-

modities.

I want to go further than you from the South. When you say you are willing to help the southern cotton farmer, have you enough red blood to say, "I am going to help American labor; I am going to help American manufacturers"? We have to work together, whether we live in the South or in the North. I do not want to hear any more of this bulldosing or bully ragging for something that is "good for my district" when it is not going to help somebody else. As long as I have been in Congress I have followed the principle that I want to help America. [Applause.] You will not do anything that will help the South or any other section and you will not maintain the standard of living in America and keep American wages high unless you give us a tariff that will protect us from the effect of the low wages paid in foreign countries. If we do not do that, we will have all our business done in foreign countries. The 130,000,000 people in this country create a market as good as the 500,000,000 people in Europe. I say we ought to enact this law. [Applause.]

[Here the gavel fell.]

Mr. COCHRAN. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I am in the same position as the gentleman from North Carolina [Mr. Cooley]. No cotton farmer in

my district has asked me to vote for this bill. [Laughter.] I admit the reason is I have no cotton farmer in my district; but the outstanding bagging manufacturers of the United States are located in my city, and they and hundreds of their employees have asked me to vote against this bill.

I may say to the gentleman from Mississippi [Mr. Doxev] that it is true this bill has been around here for 10 years. It is also true that I am one of those responsible for the bill

being defeated for the last 10 years.

When you find representatives of the cotton growers unable today to agree upon a piece of legislation, something is radically wrong with that legislation. That is your situation here today.

Mr. PACE. Will the gentleman yield? Mr. COCHRAN. In just a moment.

We are hearing a great deal these days about disturbing business. "Leave business alone." We are getting that phrase from our Republican brothers. They are proclaiming daily, "Leave business alone." I am asking you now to let business alone; leave a great industry alone, a great industry that was established nearly 100 years ago for the purpose of manufacturing the covering for your cotton. There are thousands and thousands of employees in this country who will be out of employment if this bill becomes a law.

Mr. SOUTH. Mr. Chairman, will the gentleman yield?

Mr. COCHRAN. In just a minute.

There are thousands who will be affected in my city. This is no time to add to the unemployment rolls or destroy an industry that has existed for nearly a hundred years.

Manufacturers have spent large sums for machines to make the covering for the cotton, and here you would make them worthless overnight and put the operators of the machines out of a job.

So I say to you, let us follow the suggestions we have heard recently and let business alone, let this great industry that has been manufacturing this covering alone, by defeating this bill. [Applause.]

Mr. SOUTH. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, I am surprised that my friend from Missouri makes the statement that this bill has been defeated for a period of some 10 or more years, and that he is responsible for it. I want to say to him that, in my judgment, he has nothing to be proud of.

The cotton farmers, Mr. Chairman, are the poorest paid and, perhaps, the poorest organized, of any group in America. They have not had their spokesmen to come before Congress and plead their cause as the jute people have had, and as they now have. This is the reason we find them in

their present plight.

The gentleman from Missouri [Mr. Cochran] states that by the enactment of this law you are going to create unemployment. Why? Because you are going to throw some of the processors of jute out of the work they are now doing, but I would remind the gentleman that if this bill is enacted, not only will a like number of men be required to process the cotton, but American labor will plant, cultivate, harvest, and process the cotton, and therefore for every man that you throw out of employment in the jute industry, you will employ 10 American men in the cotton industry. If the gentleman from Missouri does not agree to this statement, I would like for him to rise and explain his position now.

I wish to say to you again that every time an attempt has been made here to do something that will really help the cotton farmer, if it is going to harm the jute manufacturers, as you have seen time and again, there is always some man ready to defend the latter. Why? Not because he loves the cotton farmer, and not because he is interested in unemployment in this country. One does not have to be very intelligent to know that this legislation will help the farmer.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. SOUTH. Yes.

Mr. RICH. I do not believe the American manufacturer would hurt the cotton farmer near as much as the men who have legislated in the past 6 years with respect to cotton itself, because when you try to raise the price of cotton so

high that all the foreign countries cannot afford to buy, you kill it yourself.

Mr. SOUTH. I am not so sure about that. I want to repeat, the cotton farmer is not organized and is not able to present his views here, except through his representatives. The cotton farmer is not going to be fooled any longer by this kind of talk. I say to you gentlemen that it is an insult to the intelligence of this House for gentlemen to come on the floor and attempt to tell you that any intelligent, legitimate manufacturing concern would pay for this jute. What would they do with it? If that is the practice now, it would be a very simple matter to change it. Who is putting out that talk? The jute monopoly is talking through certain men who have spoken on this bill.

Now, let us get down to some common sense about this matter. What are we trying to do? We are trying to remove a part of the enormous surplus that now exists in the form of baled cotton in this country. And how do we propose to do it? We propose to do it by substituting the use of cotton for jute, a product that is grown abroad and shipped into this country. And yet the distinguished gentleman from Missouri boasts of the fact that for 10 or 15 years he has been instrumental in defeating this legislation. What has he accomplished? He has helped a few jute manufacturing concerns, he has helped to impoverish the cotton farmer of this country, and he has added several thousand to the unemployed in the cotton-growing and cotton-manufacturing sections of this Nation.

[Here the gavel fell.]

Mr. COOLEY. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. FULMER. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. COOLEY. Mr. Chairman, I want it distinctly understood that my opposition to this bill is not based upon, nor is it accelerated by any love which I may have for the manufacturers of jute. My opposition is based, as I said before, upon the fact that I am not convinced that it will help the cotton farmer. The statement has been made here that the farmer is not paid for bagging and ties. I am willing to concede that statement is correct.

Mr. FULMER. Mr. Chairman, will the gentleman yield? Mr. COOLEY. Not now. At the same time, if he is not paid for the bagging and ties, for more than 100 years he has been under that impression, however erroneous it may have been. If the farmer is not paid for the bagging and ties, everyone knows that when his cotton is ginned the farmer buys and pays for the bagging and ties. Everyone knows that cotton bagging is more expensive than jute or burlap bagging. If the cotton farmer buys and pays for the bagging he uses, regardless of its character or kind, and he sells his cotton and is not paid in return for the bagging, then we are visiting by this measure an additional burden upon the cotton farmer. I would like for someone to rise in his place and tell me just where this bill and just how this bill will increase the price of cotton.

Mr. FULMER. Will the gentleman yield? Mr. COOLEY. Yes.

Mr. FULMER. If the gentleman will write to any one of these 20 or 30 cotton mills and any one of them says that they will not pay the difference in the net weight, then I will withdraw the bill.

Mr. COOLEY. What difference?
Mr. FULMER. The difference because of the weight now deducted, because of not using cotton bagging. The cotton mills are doing it now.

Mr. COOLEY. They are doing what?

Mr. FULMER. They are paying the entire price. If cotton is 10 cents for the gross weight, they will pay 101/2 cents for the net weight.

Mr. COOLEY. But the farmer does not get the increase in the price of cotton because, upon the sale of it, you are going to deduct the weight of the bagging and ties.

Mr. FULMER. In addition, he will not have to pay the excess freight of six million because of the surplus weight. and the insurance will be higher.

Mr. SOUTH. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. Yes. Mr. SOUTH. The gentleman will concede that we have an enormous surplus of cotton in this country.

Mr. COOLEY. That is correct. Mr. SOUTH. And he will concede that by the use of cotton to wrap cotton it would tend to reduce that surplus.

Mr. COOLEY. I concede that, and if that is what we have in mind, why not write into this bill in definite and unambiguous language a provision which requires that every bale of American cotton shall be wrapped in cotton bagging. Will the gentleman support that sort of a bill?

Mr. SOUTH. So far as I know now I would.

Mr. PACE. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. On the other hand, this bill starts out to be a net-weight bill, and if you look at the title you will see just what it actually is:

To provide for the use of net weights in interstate and foreign transactions in cotton, to provide for the standardization of bales for cotton, and for other purposes.

The last portion is the part that I object to. I do not object to the net-weight proposition. I will welcome an opportunity to vote for a law requiring that cotton be wrapped in cotton, but what I do object to is putting one industry out of business which is engaged in manufacturing an imported article, to give that business to burlap manufacturers, which is likewise an imported article. I yield to the gentleman from Georgia.

Mr. PACE. The gentleman is one of the most distinguished and able men in this House, and will he stand in his place and say that a bill requiring the wrapping of cotton in cotton would be constitutional?

Mr. COOLEY. May I say to the gentleman that I would not state that in my opinion it would be constitutional. I am not giving my opinion about it, but I submit this observation. If we have a right to pass a law providing that a farmer in America shall not sell cotton in bagging that weighs more than 14 ounces, then under God's heaven we ought to be able to go all the way through and say that he would have to use a particular kind of wrapping.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

The Clerk read as follows:

SEC. 2. That in order to provide for the more adequate covering and protection of the American cotton bale and to facilitate net-weight trading in cotton, the Secretary of Agriculture is hereby authorized to investigate the handling, inspection, and transporta tion of cotton in interstate and foreign commerce; to study the materials used for bale covering; and from time to time to establish standards for materials to be used for bale covering, which such standards shall include specifications and tolerance as to sizes, weights, constructions, strength, and any other factors of quality that he may find to be necessary; said standards, when established, to be known as the "United States Official Cotton Tare Standards": Provided, That the official cotton tare standards first established hereunder shall be promulgated within 1 year from the date of the approval of this act: Provided further, That any such standards or change or replacement thereof shall become effective only on and after a date specified in the order of the Secretary of Agriculture establishing the same, which date shall be not less than 1 year from the date of such order, but pending such effective date of new or revised standards any bale covering material conforming with such new or revised standards may be used in lieu of any bale covering material embraced in the United States Official Cotton Tare Standards theretofore promulgated. The maximum weight of any fabric standardized under this section as bagging for the covering of cotton bales shall not exceed 14 ounces per square yard, and the maximum weight of any fabric standardized for patches shall not exceed 20 ounces per patch; and no such fabrics standardized for bagging or patches shall be composed of any material previously used for covering cotton belos unless the same shall be to previously used for covering cotton bales unless the same shall have been reprocessed and rewoven.

Mr. PACE. Mr. Chairman, I offer an amendment.

Mr. Chairman, I would like to make a unanimous-consent request before the amendment is read. This amendment involves the matter of time. It requires an amendment to this section and the adding of a section at the end of the bill. They are together. I ask unanimous consent they be considered in the one amendment.

The CHAIRMAN. Is there objection to the request of the

gentleman from Georgia?

There was no objection.

The CHAIRMAN. The Clerk will report the amendments. The Clerk read as follows:

Amendments offered by Mr. Pace: On page 3, in line 5, strike out the words "of the approval of this act" and insert the words "this act becomes effective"; and at the end of section 10 add a new section, as follows:

"SEC. 11. This act shall become effective January 1, 1941."

Mr. PACE. Mr. Chairman, in explanation of the amendments, the first provision of this section now under consideration, page 3, line 5-

Mr. FULMER. Mr. Chairman, the committee will accept

that amendment.

Mr. PACE. I thank the gentleman for the acceptance of the amendment.

I might explain that the bill now provides that the standards shall be effective 1 year from the date of the approval of the act. I change that to make them effective 1 year after the act becomes effective, and then provide that the act shall become effective on January 1, 1941. Then the order will go into effect 1 year from that time, putting the standards in force on January 1, 1942, by which time those who have supplies on hand will be able to dispose of them and plants will be able to adjust their machinery and their business in accordance with the new standards. I believe this will be fair to all.

The CHAIRMAN. The question is on the amendments offered by the gentleman from Georgia.

The amendments were agreed to.

Mr. CLASON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Clason: On page 3, line 15, after the period in line 15, strike out the remainder of section 2.

Mr. FULMER. Mr. Chairman, I ask unanimous consent that all time on this section and all amendments thereto close in 10 minutes.

Mr. CLASON. Well, I object to that, Mr. Chairman. I do not know how many want to speak on it. I think it is an important amendment.

The CHAIRMAN. Objection is heard. The gentleman from Massachusetts is recognized for 5 minutes.

Mr. CLASON. Mr. Chairman, my purpose in offering this amendment is because at the present time, covering for cotton weighs, as I am told, 134 pounds to 2 pounds per yard. This speaks of 14 ounces per square yard. I know of no evidence that has been introduced at any hearing or on the floor this afternoon which indicates that cotton satisfactory for the bales of cotton can be produced at 14 ounces to the square yard. In fact, the information which I have has been that it would weigh more than that.

The other proposition is this: The purpose of this bill is to allow certain Government agencies to establish fair standards and regulations. Along comes this bill and they put in a sentence which eliminates the right of these people to determine what we are to have in the way of covering for cotton. I presume they are making something down at the Lane Co.'s mill in New Orleans which comes somewhere near these figures, and therefore they hope to restrict the whole market to that one mill.

There is nothing in this bill that indicates that when the bill is passed jute products in some form will not be that which is used to cover cotton. I think what we want to have is a kind of fabric which will weigh enough to do the work and do it properly. Certainly no one believes that half the cotton is going to do the work of the jute which they have been using for the last 100 years. I feel that in fairness this part should be stricken out. If the purpose of this is to have cotton cover cotton. I would like to have you read, on page 24 of the hearings before the Senate, where the man in the Senate who is supposed to know more about cotton than any other Senator, Senator "Cotton" Ep Smith, speaks on this subject:

Dr. Murchison. What I really think about it, Senator, is that we should use cotton for the bale covering, which would use up

a tremendous amount of cotton.

Senator SMITH. I do not doubt that, but in selling cotton that Senator SMTH. I do not doubt that, but in selling cotton that has never appealed to me. Now, we want to get down to the bottom of this thing. Suppose that they were selling silk from India, and it came covered with silk. The tare would be on silk. I think that the buyers would be inclined to think that the silk business must be mighty cheap over there if they can use silk to cover it with. That is a hell of a note. Go on. You would discount your courter. count your cotton.

That comes from the outstanding authority, in the minds of the public at least, in the Congress of the United States, Senator SMITH.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. CLASON. I yield. Mr. COOLEY. The gentleman's amendment proposes to strike out the standards which have been set up in the bill? Mr. CLASON. Yes.

Mr. COOLEY. This would preclude the use of any bagging in excess of 14 ounces per yard.

Mr. CLASON. That is right.
Mr. COOLEY. Then it would leave it up to the Department to make some determination with regard to the proper weight of bagging.

Mr. CLASON. Exactly; and that is my purpose, because I feel that these people might well say that it ought to be a pound and a half, or that it might be any number of ounces; and for this Congress to vote on this bill with any weight specified for the covering seems to me to be absolutely

Mr. COOLEY. During the entire debate no one advocating the bill has given the House any information in regard to the necessary weight or the proper weight for either burlap. or cotton, or jute bagging. Is not that true?

Mr. CLASON. That is a fact; and, further, at the present time the covering weighs from 28 ounces to 32 ounces; and for them to level it down to 14 ounces with not a word in front of us to indicate why, looks as though there is something in the wood pile.

Mr. SOUTH. Mr. Chairman, will the gentleman yield?

Mr. CLASON. I yield. Mr. SOUTH. It is pretty evident from the sample coverings on the table in the Well of the House that cotton would be considerably lighter than jute, is it not?

Mr. CLASON. I think cotton would be lighter. Further than that, cotton will be much more expensive, you will have a more expensive wrapping around this cotton and will be driving another nail into the coffin of the American cotton market.

[Here the gavel fell.]

Mr. FULMER. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. FULMER. Mr. Chairman and gentlemen of the Committee, I am hoping that you will pay strict attention to the short statement I expect to make in reply to the gentleman. The jute bagging interests appeared before the Senate committee and here is what they said:

I hope that you leave the bill open, just net weight. I will just say, for example, that there might be a half dozen different standards and specifications, and in that way it will leave the door open for various types of suitable and economical coverings that are available. I have seen considerable foreign cotton, especially in South America. There is no doubt about it, they put up a far better bale than we do. They have much more modern ginpress boxes than we have.

This, as you see, would leave the door wide open. What is going to happen? Twenty-one pounds of this same jute as a legal standard sells below the price of the 15-pound cotton covering. Brother, the jute people, every one of them, will vote for it because we will continue to use 21 pounds of jute. It will displace cotton because we cannot compete with that kind of jute. Then, too, we shall lose the freight and the insurance and millions of dollars referred to by the gentlemen from the Department, who stated that by bringing the tare, bagging, and ties down to 15 pounds we would save these freights, insurance, and waste.

The jute interests endorse this amendment for the reasons stated; and, take it from me, because I have studied this question all these years, if you adopt this amendment we will continue to use this jute, and you will not have done anything in the interest of the farmer, because he pays the freight and the insurance, and we will not consume any additional cotton. I am sure that nobody interested in the farmers would offer such an amendment. It is an amendment that is perfectly satisfactory, as I stated, to the jute people.

And now about the weight of the cotton covering. The gentleman said that maybe it ought to be a pound and a half. Through all these years, Mr. Chairman, we have given millions of dollars to the Secretary of Agriculture for research. They have perfected a bagging here that does not weigh quite the 14 ounces referred to in the bill. This bagging has proven much better than any other material, having been tested in shipping to Germany and back still in perfect condition, whereas cotton wrapped in jute undergoing that journey would come back all ragged, as we usually see them.

They state that I have picked out a bad jute covering to present to you. This sample is much better than the average bagging of this type used. This was manufactured some years ago. The stuff they are putting out today is not even as good as this. So, based on tests that have been made, the weight of the cotton covering will not have to exceed the amount that has been placed in the bill.

Mr. WHITTINGTON. Mr. Chairman, will the gentleman vield?

Mr. FIII.MER. I vield.

Mr. WHITTINGTON. As I understand it, if the amendment offered by the gentleman from Massachusetts is adopted it will absolutely destroy the force and effectiveness of the bill.

Mr. FULMER. The gentleman is absolutely correct. We might just as well kick the bill out of the window as to pass it with the gentleman's amendment. The jute interests are all for this type of an amendment because its adoption would mean the continued use by the cotton industry of this old heavy jute bagging, and would mean that we would not have this additional use for some 200,000 bales of American cotton.

Let us for once, instead of talking about doing something for the farmers, do something for them. And I mean just what I say. I say to the West, and to every other section of the country, that our problem is theirs. Unless we can settle it, we can go into the dairy business, we can go into the hog business, we can go into the cattle business, we can go into the grain business. This is a national problem. I ask that you vote down this amendment. [Applause.]

The CHAIRMAN. The time of the gentleman from South

Carolina has expired; all time has expired.

The question is on the amendment offered by the gentleman from Massachusetts.

The question was taken; and on a division (demanded by Mr. Clason) there were-ayes 29, noes 73.

Mr. CLASON. Mr. Chairman, I object to the vote on the ground there is not a quorum present.

The CHAIRMAN. The division vote just taken discloses a quorum is present.

Mr. SCHAFER of Wisconsin. Mr. Chairman, I move to strike out the enacting clause.

The CHAIRMAN. Has the gentleman submitted his motion in writing?

Mr. SCHAFER of Wisconsin. No; but I will.

The CHAIRMAN. The Clerk will read until the gentleman submits his motion in writing.

The Clerk read as follows:

SEC. 3. That except as provided in section 2 of this act, it shall be unlawful for any person to ship or deliver for shipment in interstate or foreign commerce any bale of cotton ginned after the effective date of the United States Official Cotton Tare Standards on which the bagging, ties, or patches do not conform with such United States Official Cotton Tare Standards.

No person shall be prosecuted under the provisions of this section when he can establish a guaranty signed by the manufacturer, wholesaler, jobber, or other party residing within the United States by whom such bagging, ties, or patches were sold, to the effect that the same conform with said United States Official Cotton Tare Standards. Said guaranty, to afford protection, shall contain the name and address of the party or parties making the sale of such bale covering materials, and in such case such party or parties making such sale shall be amenable to the prosecutions, fines, and other penalties which would attach in due course to the

shipper under the provisions of this act.

The Secretary of Agriculture is authorized to examine and test bale covering materials and samples thereof for the purpose of determining whether such materials conform with the United States Official Cotton Tare Standards, and to promulgate regulations for submitting samples of bale covering materials for exami-

nation and testing.

SEC. 4. That from and after the effective date of the United States Official Cotton Tare Standards it shall be unlawful for any person to buy or sell or to offer to buy or sell any American cotton for shipment in interstate or foreign commerce except according to the net weight of the cotton involved, excluding in each instance the weight of bagging, ties, and patches.

SEC. 5. That the Secretary of Agriculture is authorized to cause such investigations and tests to be made as he may find to be necessary in order to determine practical means for the permanent identification of different types of bales of cotton by the use of markers, tags, and other devices which will facilitate the effective administration of this act, and by public notice to prescribe standard specifications for such markers, tags, and other devices. Such standard specifications or any change or replacement thereof shall become effective on and after a date specified in the order of the Secretary establishing the same, which shall be not 1 than 1 year after the date of such order, and thereafter it shall be unlawful for any person to ship or deliver for shipment in interstate or foreign commerce any bale of American cotton ginned after such effective date which does not bear a tag, marker, or other device conforming with such standard specifications.

SEC. 6. That for the purposes of this act the Secretary of Agriculture shall cause to be promulgated such regulations, may cause SEC. 5. That the Secretary of Agriculture is authorized to cause

ture shall cause to be promulgated such regulations, may cause such investigations, tests, demonstrations, and publications to be made as he shall find to be necessary; and he is hereby authorized made as he shall find to be necessary; and he is hereby authorized to cooperate with any department or agency of the Government, any State, Territory, District, or possession, or department, agency, or political subdivisions thereof, or any person, in carrying out the provisions of this act, and he shall have the power to appoint, remove, and fix the compensation of such officers and employees not in conflict with existing law, and to make such expenditures for printing, books of reference, technical newspapers and periodicals, furniture, stationery, office equipment, travel, and other supplies and expenses as shall be necessary to carry out the purposes of this act in the District of Columbia and elsewhere.

Mr. SCHAFER of Wisconsin. Mr. Chairman, I offer a motion to strike out the enacting clause, which I send to the Clerk's desk.

The Clerk read as follows:

Mr. Schaffer of Wisconsin moves that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken out.

The CHAIRMAN. The question is on the motion offered by the gentleman from Wisconsin [Mr. Schafer].

The motion was rejected.

The Clerk read as follows:

SEC. 7. The duties devolving upon the Secretary of Agriculture under this act may with equal force and effect be executed by such officers and agents of the Department of Agriculture as he

may designate for the purpose.

Sec. 8. Any person who shall knowingly violate any of the provisions of this act or of any regulation made in pursuance hereof; or any person who shall knowingly represent by misbranding or otherwise that any bale covering material sold or offered for sale or shipped or delivered for shipment in interstate foreign commerce conforms with the United States Official Cotton Tare Standards when in fact such bale covering material does not conform with such standards; or any person who shall forcibly assault, impede, resist, interfere with, or influence improperly, or intend to influence improperly, any person employed under this act in the pursuance of his dutles, shall be guilty of a misdemeanor and upon conviction thereof shall be fined not more than \$500.

Mr. FULMER. Mr. Chairman, I offer a committee amendment which I send to the Clerk's desk.

The Clerk read as follows:

Committee amendment offered by Mr. Fulmer: Page 7, line 1, strike out "intend" and insert the word "attempt."

The committee amendment was agreed to.

The Clerk read as follows:

Sec. 9. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary for carrying out the provisions of this act.

SEC. 10. If any provision of this act or the application thereof to any person or circumstance is held invalid, the validity of the

remainder of the act and the application of such provision to other persons and circumstances shall not be affected thereby.

Mr. FULMER. Mr. Chairman, I move that the Committee rise and report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill, as amended, do pass.

The motion was agreed to. Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. LEAVY, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H. R. 57) to provide for the use of net weights in interstate and foreign commerce transactions in cotton, to provide for the standardization of bale covering for cotton, and for other purposes, had directed him to report the same back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill, as amended, do pass.

Mr. FULMER. Mr. Speaker, I move the previous question on the bill and all amendments thereto to final passage.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendment? If not, the Chair will put them in gross.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time. Mr. SCHAFER of Wisconsin. Mr. Speaker, I demand the reading of the engrossed copy of the bill.

The SPEAKER. It is obviously impossible at this juncture of the proceedings to have the engrossed copy read. The bill will, therefore, go over until tomorrow, the previous question having been ordered.

EXTENSION OF REMARKS

Mr. FULMER. Mr. Speaker, I ask unanimous consent that all Members who spoke on the pending bill may have permission to revise and extend their remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

FEDERAL SEED ACT

Mr. COFFEE of Nebraska. Mr. Speaker, by direction of the chairman of the Committee on Agriculture, I call up the bill (H. R. 5625) to regulate interstate and foreign commerce in seeds; to require labeling and to prevent misrepresentation of seeds in interstate commerce; to require certain standards with respect to certain imported seeds; and for other purposes.

The Clerk read the title of the bill.

The SPEAKER. This bill is on the Union Calendar, and the House automatically resolves itself into the Committee of the Whole House on the state of the Union.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 5625, with Mr. Leavy in the chair.

The Clerk read the title of the bill.

The first reading of the bill was dispensed with.

Mr. COFFEE of Nebraska. Mr. Chairman, this bill is to regulate interstate and foreign commerce in seeds; to require labeling and to prevent misrepresentation of seeds in interstate commerce; to require certain standards with regard to certain imported seeds; and to curb the spread of noxious weed seeds.

This bill is very important to the farmers of this country. It has gone through a stage of evolution over a period of 2 years. The bill as presented represents the best thought of the seed trade, the farm groups, the association of official analysts, and the State departments of agriculture. This bill and its predecessors which I introduced have been before

the House for the last 2 years. No attempt has been made to bring it before the House until the provisions of the bill could be generally agreed upon by the various groups affected. All the groups are now in accord on this bill with the exception of one provision in the bill, section 203, on page 17, the amendment that was incorporated in the bill by the Committee on Agriculture. It is known as the farmer exemption. I will grant that the exemption as provided is too broad and should be restricted. I have had a number of letters, as I presume you have, asking that this exemption be further restricted. At the proper time I shall offer an amendment to this section of the bill which I believe will take care of the objections to that particular provision that have been raised.

The amendment I expect to offer is as follows:

Page 17, line 11, strike out the period and insert "And provided further. That such seeds produced or sold by him are in compliance with the seed laws of the State into which the seed is transported."

I believe this amendment will close the door to inferior seeds that might be brought over the State line and sold into a State which has strict seed laws prohibiting its own citizens from selling seeds that are not properly labeled or that contain noxious-weed seeds. This provision would make the man who sells across a State line comply with the law of the State into which he transports the seed.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the

gentleman yield?

Mr. COFFEE of Nebraska. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. At the present time, as I understand, it is impossible for State authorities to regulate shipments in interstate commerce.

Mr. COFFEE of Nebraska. The gentleman is correct.

Mr. AUGUST H. ANDRESEN. Therefore, the amendment to be proposed by the gentleman will take care of that situation, so the local State laws will govern all seeds shipped into the State.

Mr. COFFEE of Nebraska. The gentleman is correct.

Mr. COCHRAN. Mr. Chairman, will the gentleman yield? Mr. COFFEE of Nebraska. I yield to the gentleman from Missouri.

Mr. COCHRAN. Will the proviso the gentleman will offer require the farmer to label his seeds?

Mr. COFFEE of Nebraska. It will require the farmer to label his seeds in the event the State into which he ships them requires that of its own citizens.

Mr. COCHRAN. What is the situation generally in the States of the country?

Mr. COFFEE of Nebraska. I believe there are about 17 States that require labeling; there may be more. There are 47 States that have seed laws. I understand only one State, the State of Georgia, has no seed law.

Mr. HINSHAW. Mr. Chairman, will the gentleman yield? Mr. COFFEE of Nebraska. I yield to the gentleman from California.

Mr. HINSHAW. Does the gentleman see any particularly good reason why the farmers who are growing seeds definitely for sale should be exempted from the provisions of the bill as it is set up?

Mr. COFFEE of Nebraska. I may say to the gentleman that I believe the law should apply to all equally, but in the interest of getting much-needed legislation through it becomes necessary at times to make certain compromises and provide certain exemptions. I may say that a number of States are eliminating farmer exemptions in their seed laws. I believe it would be better for the States to pioneer that field rather than for the Federal Government. Under this amendment the Federal law would automatically support the State laws. As the State laws become stricter the Federal law could become stricter. Our present Federal seed law is inadequate and unenforceable.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield further?

Mr. COFFEE of Nebraska. I yield.

Mr. AUGUST H. ANDRESEN. There seems to be some misunderstanding with regard to the gentleman's amendment. I believe we should clear it up. Let me cite an illustration. I am a farmer living in the State of Minnesota. I want to ship seed down into the State of Iowa to my friend, Brother Gilchrist. Must I comply with the laws of the State of Iowa in order to get that seed over to him, or is it satisfactory that I comply with the laws of the State of Minnesota?

Mr. COFFEE of Nebraska. Under this amendment the gentleman would have to comply with the laws of the State

into which the seed is transported.

Mr. AUGUST H. ANDRESEN. Therefore, I would have to comply with the laws of the State of Iowa with regard to the shipment of seed.

Mr. GILCHRIST. The seed is transported in Minnesota, and the gentleman would have to comply with the laws of Minnesota.

Mr. COFFEE of Nebraska. If he is shipping it into the State of Iowa, he would have to comply with the laws of the State of Iowa.

Mr. AUGUST H. ANDRESEN. That is correct; otherwise, the gentleman's amendment would not take care of interstate shipments.

Mr. COFFEE of Nebraska. This bill applies only to in-

terstate shipments of seed for seed purposes.

Mr. GILCHRIST. The seed in the case spoken of is transported in the State of Minnesota. The gentleman assumes he is selling me seed. He lives in Minnesota and I live in Iowa. The amendment does not apply at all unless the seed is transported by the farmer in Minnesota. He transports it first in Minnesota, for that is where the transportation commences, and under the gentleman's amendment the farmer must comply with the laws of the State in which it is transported; that is, Minnesota.

Mr. COFFEE of Nebraska. Into which it is being trans-

ported. The word is "into."

Mr. GILCHRIST. It does not say "into"; it says "in."

Mr. COFFEE of Nebraska. "Into" is the way the amendment reads.

Mr. AUGUST H. ANDRESEN. Let me suggest to my friend from Iowa that if he comes to me at my farm in Minnesota and buys the seed from me there, then all I have to do is comply with the laws of Minnesota; but if I attempt to ship the seed from my farm in Minnesota to his farm in Iowa, I would then have to comply with the laws of the State of Iowa.

Mr. PACE. Mr. Chairman, will the gentleman yield?

Mr. COFFEE of Nebraska. I yield to the gentleman from Georgia.

Mr. PACE. What regulation would there be under the amendment and under the bill in the sale of cottonseed? Of course, they have no trash weeds or anything of that kind.

Mr. COFFEE of Nebraska. Cottonseed would have to meet the same requirements in the event it was sold for seed purposes. This bill only regulates seeds sold for seed purposes in interstate commerce.

Mr. HINSHAW. Mr. Chairman, will the gentleman yield?

Mr. COFFEE of Nebraska. Yes.

Mr. HINSHAW. The bill would require anyone who shipped seeds in several States to follow the seed laws of all those States in order to be able to ship his seeds into such States.

Mr. COFFEE of Nebraska. At the present time all the legitimate seed houses that do sell in the various States comply with the State laws.

Mr. HINSHAW. I am speaking of the individual farmer provided for under this exemption.

Mr. COFFEE of Nebraska. If the individual farmer were to sell in various States, naturally, he would have to comply with the laws of the States into which he is shipping.

Mr. STEFAN. Mr. Chairman, will the gentleman yield to me to clarify somewhat the discussion we have been having here on the gentleman's amendment? As I understand, that does not become effective and there is no regulation until it becomes a matter of interstate shipment.

Mr. COFFEE of Nebraska. That is true.

Mr. STEFAN. For instance, the farmer in Nebraska, which is your State and mine, who wishes to sell his seeds within the State, would not be regulated until the time his seeds crossed the State line into Minnesota or Iowa, and we are not dealing here with anything but interstate commerce.

Mr. COFFEE of Nebraska. The gentleman is correct. It applies only to interstate shipments, and, naturally, there are relatively few sales by farmers that cross State lines.

I would now like to read this wire which I have just received:

Members of the board of directors of the American Farm Bureau Federation in session here today adopted unanimously following resolution: On behalf of our members in 40 States, we strongly urge the enactment by Congress at this session of the Coffee seed bill in order to protect the farmers against adulteration, misbranding, and false advertising of seeds.

EDWARD O'NEAL, President, American Farm Bureau Federation.

I may say that the seed policy committee, appointed by the Secretary of Agriculture, which is composed of technically informed men who know the intricacies of the seed business, served for the last year and a half in helping to work out the provisions of this bill in various conferences with the legislative committee of the American Seed Trade and the various farm groups, seed analysts, State commissioners of agriculture, and others. It is a highly technical bill, but a general agreement has been reached among all the groups on all the provisions of the bill, I believe, with the exception of section 203. The committee amendment that I will offer will, I think, take care of the main objections that have been raised on that issue.

Mr. Chairman, I reserve the balance of my time and yield 10 minutes to the gentleman from California [Mr. Hinshaw].

Mr. HINSHAW. Mr. Chairman, I very much favor the Seed Regulation Act, but there is one part of it in particular which makes noxious-weed control very difficult to handle. The principal difficulty in the bill is the exemption of farmers from its provisions as just mentioned by the acting chairman of the committee.

May I ask the gentleman if I may have his amendment so I can read it.

Mr. COFFEE of Nebraska. Yes.

Mr. HINSHAW. The amendment reads, "Provided further, That such seeds produced or sold by him are in compliance with the seed laws of the State into which the seed is transported."

This would mean that any farmer who is raising seeds as a business must comply with the laws of the 47 States that have seed laws. It is going to be a very difficult thing, not only for him to follow out the laws, but for the enforcing officers to enforce them. If one ships seed from the State of my friend from Minnesota into the State of Iowa, I do not see how anybody is going to check up on the seed in accordance with the laws of the State of Iowa when the seed arrives there, and the package may contain all kinds of noxious-weed seeds in it.

When the bill is read for amendment I am going to propose that we strike that portion of the bill after the word "act", in line 2, and all of lines 3 to 11, inclusive, part of which is already proposed to be stricken out, as I understand it; so that the farmer who is in the seed business must comply with the act completely.

Mr. COCHRAN. Mr. Chairman, will the gentleman yield?

Mr. HINSHAW. I yield.
Mr. COCHRAN. The gentleman refers to page 17, lines 9, 10, and 11, which is an exemption insofar as the farmer is concerned, but there is a proviso starting in line 10, which reads: "Provided such farmer is not engaged in the business of selling seeds not produced by him."

Mr. HINSHAW. That is right, but on the other hand, he may be engaged in selling a half dozen or a dozen kinds of seed that are produced by him and which may carry with them noxious-weed seeds.

Mr. COCHRAN. Of course, I understand what the gentleman is getting at. He does not want some farmer to be producing seed and then be exempted so that he might, to use the term, bootleg seeds that have not been examined.

Mr. HINSHAW. That is correct.
Mr. COCHRAN. In the end the farmer who buys the seed will suffer most.

Mr. HINSHAW. It is the farmer who buys the seed and his neighbors and his neighbors' neighbors who will suffer under that part of the bill.

Mr. COCHRAN. Does the gentleman feel that the amendment suggested by the gentleman from Nebraska [Mr.

COFFEE] will meet that objection?

Mr. HINSHAW. I believe it would, if there was anybody who could check up and see that the seeds complied with the State law in respect to seeds.

Mr. COCHRAN. Does not the gentleman think that the proper authorities in every State would check up on the seeds?

Mr. HINSHAW. That is possible, but the package might be shipped by mail, direct, or by express, in which case it

would be difficult for anybody to locate.

Mr. AUGUST H. ANDRESEN. In the instance to which the gentleman has referred, where the seed is shipped by mail, it is the man who receives the seed who will make the complaint if the seeds are not up to the guaranty placed on them by the farmer who ships them.

Mr. HINSHAW. He can prove that if he holds out enough seed to be tested afterward, but after he has once planted the seed and something grows that should not be there nobody could tell, and his farm would already be infested with

Mr. AUGUST H. ANDRESEN. And at the present time the farmer who lives outside a State has no recourse because he cannot get recourse in his own State.

Mr. HINSHAW. That is true, but this act provides that there shall be inspection and grading of seeds, and I believe the act is a good one from that point of view, but I think it should apply equally to all persons who provide seed.

Mr. AUGUST H. ANDRESEN. There is no question but that the gentleman is correct there, when you come to regulate the seed dealers and farmers engaged in selling seed commercially, but there are many instances, particularly in our section of the country, where farmers will raise alfalfa. say, have a few bags of seed for sale or produce and sell seed corn, and I think they should have a right to deal with their neighbors.

Mr. HINSHAW. They have that right to deal with their neighbors in the State in accordance with the State laws. This refers to interstate shipment.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. AUGUST H. ANDRESEN. But if they comply with the State laws in which they live, they should be taken care of, and this does take care of them.

Mr. COFFEE of Nebraska. Mr. Chairman, I yield the

gentleman 3 more minutes.

Mr. HINSHAW. Mr. Chairman, I call attention to the fact that the producer or farmer has the opportunity of having his seed cleaned and tested for him by a custom cleaner or he may have his own cleaning equipment. He also has opportunity of having the seeds tested free of charge at a State or Federal seed laboratory. He can also sell to the dealer or jobber without cleaning or testing. The exemption which has been inserted in the bill is not necessary to the proper marketing of seed by the producer or farmer.

Mr. H. CARL ANDERSEN. Mr. Chairman, will the gen-

tleman yield?

Mr. HINSHAW. Yes.

Mr. H. CARL ANDERSEN. Is the gentleman in favor of seeing this bill enacted?

Mr. HINSHAW. I am.

Mr. H. CARL ANDERSEN. I say that if the gentleman is, he would not consider any move toward removing this exemption from the bill?

Mr. HINSHAW. I do not understand that.

Mr. H. CARL ANDERSEN. In other words, if there is no exemption for the farmer from the provisions of this act, I

do not see how anyone interested in the farmers of the Nation could vote for it.

Mr. HINSHAW. If the farmers are interested in themselves, they are interested in prohibiting the spread of noxious-weed seeds.

Mr. H. CARL ANDERSEN. Has the gentleman ever farmed?

Mr. HINSHAW. I have, but not extensively. I am a member of the Los Angeles County Farm Bureau.

Mr. H. CARL ANDERSEN. May I suggest that there are lots of cases where a man, needing a little seed, goes to his neighbor, who perhaps lives on the other side of a State line. For instance, I do that myself. I live on a farm about 12 miles from the Dakota line, and in many cases I have gone across the line and got a little jag of seeds.

Mr. HINSHAW. I do not think this law would seriously

prevent you from doing that.

Mr. H. CARL ANDERSEN. I think it would.

Mr. AUGUST H. ANDRESEN. Will the gentleman yield?

Mr. HINSHAW. I yield.

Mr. AUGUST H. ANDRESEN. I can see the objection that the gentleman has where a farmer in a State might be forced to comply with the regulations and laws of 47 other States, but this provision might lead to a uniformity of legislation with reference to seeds. In fact, they are working that way now.

Mr. HINSHAW. Any act regulating interstate commerce should apply equally to everyone, in my opinion.

[Here the gavel fell.]

Mr. COFFEE of Nebraska. Mr. Chairman, I yield 5 minutes to the gentleman from Massachusetts [Mr. TINKHAM].

Mr. TINKHAM. Mr. Chairman, by unanimous consent I desire to make a statement which I made to the press not long ago and which I think is appropriate at this time.

The King of Great Britain and the Emperor of the British Empire and those accompanying him, it goes without saying, should be received with respect and dignity on the occasion of their visit to this country.

It is the first time since the discovery of America by Christopher Columbus that any sovereign of this imperial government has come to this continent. Such a visit, however, might have been more fortunate at another time. It comes now at a time when heavy war clouds overhang the British Empire-when Europe is on the brink of war, and when the course which the United States shall follow in the event of European war is of uppermost concern, to us and to Europe.

In diplomacy, as well as historic perspective, such a visit of a reigning monarch to the head of another nation is not a private visit. It is an affair of state.

History reveals that the various royal visits to France almost invariably were accompanied by political commit-

ments and frequently followed by war.

In June of 1908 the King of Great Britain and the Emperor of the British Empire visited Russia for the first time. It is a fact of historic record that the political understanding or entente between the Russian and British Empires coincided with that royal visit. Six years later that understanding or entente brought Russia into the World War as the ally of Great Britain. That war cost the Czar his throne and was followed by the destruction of Russia and the political control of that pitiable country by homicidal Communists.

The question now arises whether the unprecedented visit of the British King to the United States and to the White House does in fact publicly signify and confirm an entente or military understanding between President Roosevelt and Secretary of State Hull and the British Government for the preservation of the British Empire at the expense of American blood and American treasure.

Whatever the real facts may be, there is not the least doubt that both in Europe and Asia it is commonly believed that such an understanding and alliance has been made, although Secretary Hull, with a Machiavellian touch, has described our policy as one of "parallel action." This is the very phrase used by Hitler and Mussolini with regard to their cooperation previous to their now announced military treaty.

Under these circumstances it is incumbent upon the President and the Secretary of State to make public proclamation and affirmation of the neutrality of the United States, both in Europe and Asia, and the freedom of the United States from any alliance, written or spoken; and if these executive officers of our Government fail or neglect to do so, then it is incumbent upon the Congress by appropriate resolution to give notice to the world and reassurance to the people in the United States that the United States is not the pawn and ally of the British Empire.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. TINKHAM. I yield.

Mr. AUGUST H. ANDRESEN. The gentleman is very familiar with royal etiquette. When the King and Queen of Great Britain come here to visit us, how soon thereafter must the President and his wife visit the royal couple of Great Britain?

Mr. TINKHAM. My familiarity with royal etiquette is not sufficiently adequate to answer that question. [Laughter.]

Mr. MARCANTONIO. Will the gentleman yield for a question?

Mr. TINKHAM. I yield.

Mr. MARCANTONIO. Does the gentleman know whether the King and Queen have obtained a visa and whether or not the deportation zealots on the Committee on Immigration have investigated into that question?

Mr. TINKHAM. I do not; but I assume they have not. The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. COFFEE of Nebraska. Mr. Chairman, I have no further requests for time, and I ask that the bill may be read.

The Clerk read the bill, as follows:

Be it enacted, etc., That this act may be cited as the "Federal Seed Act."

TITLE I-DEFINITIONS

Section 101. (a) When used in this act—
(1) The term "United States" means the several States, Alaska, District of Columbia, Hawaii, and Puerto Rico.
(2) The term "person" includes a partnership, corporation, company, society, or association.
(3) The term "interstate commerce" means—
(A) commerce between any State, Territory, possession, or the District of Columbia, and any other State, Territory, possession, or the District of Columbia: or

or the District of Columbia; or

(B) commerce between points within the same State, Territory, or possession, or the District of Columbia, but through any place

or possession, or the District of Columbia, but through any place outside thereof; or
(C) commerce within the District of Columbia.

(4) For the purposes of this act with respect to labeling for variety and origin (but not in anywise limiting the foregoing definition), seeds shall be considered to be in interstate commerce, or delivered for transportation in interstate commerce, if such seeds are part of, or delivered for transportation in, that current of commerce usual in the transportation and/or merchandising of seeds, whereby such seeds are sent from one State with the expectation that they will end their transit in another, including, in addition to cases within the above general description, all cases where seeds are transported or delivered for transports. tion, all cases where seeds are transported or delivered for transtion, all cases where seeds are transported or delivered for transportation to another State, or for processing or cleaning for seeding purposes within the State and shipment outside the State of the processed or cleaned seeds. Seeds normally in such current of commerce shall not be considered out of such current through resort being had to any means or device intended to remove transactions in respect thereto from the provisions of this act.

(5) The term "foreign commerce" means commerce between the United States, its possessions, or any Territory of the United States, and any foreign country.

States, and any foreign country.

(6) (a) The term "district court of the United States" means any court exercising the powers of a district court of the United States

(b) The term "circuit court of appeals," in case the principal place of business or the place of residence of a person against whom a cease and desist order is issued is in the District of Columbia, includes the Court of Appeals of the District of Columbia.

(7) The term—
(A) "Agricultural seeds" shall include grass, forage, and field (A) "Agricultural seeds" shall include grass, lorage, and nead crop seeds, as follows: Agropyron cristatum (L.) Beauv.—Crested wheatgrass. Agropyron pauciflorum (Schwein.) Hitchc.—Slender wheatgrass. Agropyron smithil Rydb.—Bluestem. Agrostis alba L.—Redtop. Agrostis canina L.—Velvet bent. Agrostis palustris Huds.—Creeping bent. Agrostis spp. tenuis Sibth.—Bentgrasses.

Avena spp.—Oat. Beta vulgaris L.—Field beet, excluding sugar beet. Brassica napus L.—Winter rape.

Bromus inermis Leyss.—Smooth brome.

Chloris gayana Kunth.—Rhodes grass.

Cynosurus cristatus L.—Crested dogtail.

Dactylis glomerata L.—Orchard grass.

Echinochloa crusgalli frumentacea (Roxb.) Wright.—Japanese

Fagopyrum vulgare Hill.—Common buckwheat. Festuca spp.—Fescue.

Gossypium spp.—Cotton. Hordeum spp.—Barley. Lespedeza sericea (Thumb.) Miq.—Chinese lespedeza.

Lespedeza stipulacea Maxim.—Korean lespedeza. Lespedeza striata (Thumb.) Hook and Arn.—Common and Kobe

spedeza.

Linum usitatissimum L.—Flax.

Lolium multiflorum Lam.—Italian ryegrass.

Lolium perenne L.—Perennial ryegrass.

Medicago arabica (L.) All.—Bur-clover.

Medicago hispida Gaertn.—Bur-clover.

Medicago hispida Gaertn.—Bur-clover.

Medicago lupulina L.—Black medick.

Medicago sativa L.—Alfaifa.

Melilotus alba Desr.—White sweetclover.

Melilotus indica (L.) All.—Sourclover.

Melilotus officinalis (L.) Lam.—Yellow sweetclover.

Mel'nis minutifiora Beauv.—Molasses grass.

Oryza sativa L.—Rice.

Panicum fasciculatum Swartz.—Browntop millet.

Panicum fascicul'atum Swartz.—Browntop millet.
Panicum miliaceum L.—Proso.
Paspalum dilatatum Poir.—Dallis grass.
Paspalum notatum Fluegge.—Bahia grass.
Pennisetum glaucum (L.) R. Br.—Pearl millet.
Pennisetum purpureum Schumach.—Napier grass.
Phleum pratense L.—Timothy.
Phalaris arundinacea L.—Reed canary grass.
Pisum sativum arvense L. (Poir.).—Field pea, Austrian winter pea.
Poa annua L.—Annual bluegrass.

Pisum sativum arvense L. (Poir.).—Field pea, Austrian winter pea.
Poa annua L.—Annual bluegrass.
Poa compressa L.—Canada bluegrass.
Poa nemoralis L.—Wood bluegrass.
Poa pratensis L.—Kentucky bluegrass.
Poa trivialis L.—Rough bluegrass.
Secale cereale L.—Rye.
Setaria italica (L.) Beauv.—Foxtail, German, Hungarian, or golden

Soja max (L.) Piper.—Soybean.
Sorghum vulgare Pers.—Sorghum.
Sorghum vulgare sudanense (Piper) Hitchc.—Sudan grass.
Stizolobium utile (Wall.) Piper and Tracy.—Velvet-bean.
Trifolium dubium S.bth.—Suckling clover.

Trifolium dubium S.bth.—Sückling clover.
Trifolium hybridum L.—Alsike clover.
Trifolium incarnatum L.—Crimson clover.
Trifolium pratense L.—Red clover.
Trifolium repens L.—White clover.
Trifolium repens L.—White clover.
Triticum spp.—Wheat; spelt; emmer.
Vicia angustifolia (L.) Reich.—Narrowleaf vetch.
Vicia atropurpurea Desf.—Purple vetch.
Vicia dasycarpa Ten.—Woollypod vetch.
Vicia dasycarpa Ten.—Woonantha vetch.
Vicia pannonica Crantz.—Hungarian vetch.
Vicia sativa L.—Common vetch
Vicia villcsa Roth.—Hairv vetch.

Vicia sativa L.—Common vetch Vicia villcsa Roth.—Hairy vetch. Vigna sinensis (Torner) Savi.—Cowpea.

Zea mays L.—Field corn:

Provided. That the Secretary of Agriculture is authorized by rules and regulations to add to or take from such list of agricultural seed when he finds that any seeds are or are not used for seeding purposes

in the United States.

(B) "Vegetable seeds" shall include the seeds of those crops that are or may be grown in gardens or on truck farms and are or may be generally known and sold under the name of vegetable

(8) (A) For the purpose of title II, the term "weed seeds" means the seeds or builblets of plants recognized as weeds either by the law or rules and regulations of, or generally in—

(1) The State into which the seed is offered for transportation,

(i) The state into which the seed is observe for transported; or cransported; or (ii) Alaska, Hawaii, Puerto Rico, or District of Columbia into which transported, or District of Columbia in which sold.

(B) For the purpose of title III, the term "weed seeds" means seeds or bulblets of plants which are found by the Secretary of Agriculture to be detrimental to the agricultural interests of the United States or any part thereof United States, or any part thereof.

(9) (A) For the purpose of title II, the term "noxious-weed seeds" means the seeds or bulblets of plants recognized as noxious-

(i) by the law or rules and regulations of the State into which the seed is offered for transportation, or transported;
(ii) by the law or rules and regulations of Alaska, Hawaii, Puerto Rico, or the District of Columbia, into which transported, or District of Columbia in which sold; or
(iii) by the rules and regulations of the Secretary of Agri-

culture under this act, when after investigation he shall determine that a weed is noxious in the United States or in any specifically designated area thereof.

(B) For the purpose of title III, the term "noxious-weed seeds" means the seeds of Lepidium draba L., Lepidium repens (Schrenk)
Boiss, Hymenophysa pubescens C. A.; Mey., white top; Cirsium
arvense (L.) Scop., Canada thistle; Cuscuta spp., dodder; Convolvulus arvensis L., bindweed; Centaurea picris Pall., Russian
knapweed; Sonchus arvensis L., perennial sowthistle; Euphorbia
csula L., leafy spurge; and seeds or bulblets of any other kinds
which after investigation the Secretary of Agriculture finds should
be included be included.

be included.

(10) The term "crigin" means the State, Alaska, District of Columbia, Hawaii, Puerto Rico, or possession of the United States, or the foreign country, or designated portion thereof, where the seed was grown.

(11) The term "kind" means one or more related species or subspecies which singly or collectively is known by one common name, for example, wheat, oat, vetch, sweetclover, cabbage, cauliflower, and so forth.

(12) The term "variety" means a subdivision of a kind which

flower, and so forth.

(12) The term "variety" means a subdivision of a kind which is characterized by growth, plant, fruit, seed, or other characters by which it can be differentiated from other sorts of the same kind, for example, Marquis wheat, Flat Dutch cabbage, Manchu soybeans, Oxheart carrot, etc.

(13) The term "type" means either (A) a group of varieties so nearly similar that the individual varieties cannot be clearly differentiated except under special conditions, or (B) when used with a variety name means seed of the variety named which

with a variety name means seed of the variety named which may be mixed with seed of other varieties of the same kind and of similar character, the manner of and the circumstances connected with the use of the designation to be governed by rules and regulations prescribed under section 402 of this act.

(14) The term "germination" means the percentage of seeds capable of producing normal seedlings under ordinarily favorable conditions (not including seeds which produce weak, malformed, problems of the product of

conditions (not including seeds which produce weak, malformed, or obviously abnormal sprouts), determined by methods prescribed under section 403 of this act.

(15) The term "hard seeds" means the percentage of seeds which because of hardness or impermeability do not absorb moisture or germinate under prescribed tests but remain hard during the period prescribed for germination of the kind of seed concerned, determined by methods prescribed under section 403 of this act. this act

(16) The term "live seed" means the percentage of germination plus the percentage of hard seed.

(17) The term "inert matter" means all matter not seeds, and includes among others broken seeds, sterile florets, chaff, fungus bodies, and stones, determined by methods prescribed under section 403 of this set. section 403 of this act.

(18) The term "pure live seed" for the purpose of title III means that portion of any lot of seed subject to this act that consists of live agricultural or vegetable seed determined by methods pre-

scribed under section 403 of this act.
(19) The term "label" means the display or displays of written, printed, or graphic matter upon or attached to the container of seed.

seed.

(20) The term "labeling" includes all labels, and other written, printed, and graphic representations, in any form whatsoever, accompanying and pertaining to any seed whether in bulk or in containers, and includes invoices.

(21) The term "advertisement" means all representations, other than those on the label, disseminated in any manner or by any means, relating to seed within the scope of this act.

(22) Subject to such tolerances as the Secretary of Agriculture is authorized to prescribe under the provisions of this act—

(A) the term "false labeling" means any labeling which is false or misleading in any particular;

(A) the term "false labeling" means any labeling which is false or misleading in any particular;
(B) the term "false advertisement" means any advertisement which is false or misleading in any particular.
(23) The term "screenings" shall include chaff, sterile florets, immature seed, weed seed, inert matter, and any other materials removed in any way from any seeds in any kind of cleaning or processing and which contain less than 25 percent of live agricultural or vegetable seeds.
(24) The term "in bulk" refers to seed when loose either in vehicles of transportation or in storage, and not to seed in bags or other containers.

or other containers.

TITLE II-INTERSTATE COMMERCE

PROHIBITIONS RELATING TO INTERSTATE COMMERCE IN CERTAIN SEEDS Section 201. It shall be unlawful for any person to transport or deliver for transportation in interstate commerce-

- deliver for transportation in interstate commerce—

 (a) Any agricultural seeds or any mixture of agricultural seeds for seeding purposes, unless each container bears a label giving the following information in accordance with rules and regulations prescribed under section 402 of this act:

 (1) The name of (A) kind, or (B) kind and variety, or (C) kind and type, for each agricultural seed component present in excess of 5 percent of the whole and the percentage by weight of each: Provided, That such components are expressed in accordance with the category designated under (A), (B), or (C);

 (2) Lot number or other identification;
- (2) Lot number or other identification;
 (3) Origin, stated in accordance with paragraph (a) (1) of this section, of each agricultural seed present which has been designated by the Secretary of Agriculture as one on which a knowledge of the origin is important from the standpoint of crop production, if the origin is known, and if each such seed is present in excess of 5 percent. If the origin of such agricultural seed or seeds is unknown, that fact shall be stated;

(4) Percentage by weight of weed seeds, including noxious-weed

seeds;
(5) Kinds of noxious-weed seeds and the rate of occurrence of each kind, which rate shall be expressed in accordance with and shall not exceed the rate allowed for shipment, movement, or sale of such noxious-weed seeds by the law and regulations of the State into which the seed is offered for transportation or transported or in accordance with the rules and regulations of the Secretary of Agriculture, when under the provisions of section 101 (a) (9) (A) (iii) he shall determine that weeds other than those designated by State requirements are noxious;
(6) Percentage by weight of agricultural seeds other than those included under paragraph (a) (1) of this section;
(7) Percentage by weight of inert matter;
(8) For each agricultural seed, in excess of 5 percent of the whole, stated in accordance with paragraph (a) (1) of this section, (A) percentage of germination, exclusive of hard seed, (B) percentage of hard seed, if present, (C) percentage of live seed, if hard seed is present, and (D) the calendar month and year the test was completed to determine such percentages;
(9) Name and address of (A) the person who transports, or delivers for transportation, said seed in interstate commerce, or (B) the person to whom the seed is sold or shipped for resale, together with a code designation approved by the Secretary of Agriculture under rules and regulations prescribed under section 402 of this act, indicating the person who transports or delivers for transportation said seed in interstate commerce;
(b) Any vegetable seeds, for seeding purposes, in containers, unless each container bears a label giving the following information in accordance with rules and regulations prescribed under section 402 of this act;
(1) Name of kind and variety of seed;
(2) For seeds which germinate less than the standard last estabseeds;
(5) Kinds of noxious-weed seeds and the rate of occurrence of

(1) Name of kind and variety of seed;
(2) For seeds which germinate less than the standard last established by the Secretary of Agriculture, as provided under section 403 (c) of this act-

(i) percentage of germination, exclusive of hard seed;
(ii) percentage of hard seed, if present;
(iii) percentage of live seed, if hard seed is present;
(iv) the calendar month and year the test was completed to de-

termine such percentages;
(v) the words "Below Standard"; and
(3) Name and address of—

(3) Name and address of—
(A) The person who transports or delivers for transportation, said seed in interstate commerce; or
(B) the person to whom the seed is sold or shipped for resale, together with a code designation approved by the Secretary of Agriculture under rules and regulations prescribed under section 402 of this act, indicating the person who transports or delivers for transportation said seed in interstate commerce.
(c) Any agricultural or vegetable seed unless the test to determine the percentage of germination required by this section shall have been completed within a 5-month period, exclusive of the calendar month in which the test was completed, immediately prior to transportation or delivery for transportation in inter-

the calendar month in which the test was completed, immediately prior to transportation or delivery for transportation in interstate commerce: Provided, however, That the Secretary of Agriculture may by rules and regulations designate: (a) a shorter period for kinds of agricultural or vegetable seed which he finds under ordinary conditions of handling will not maintain, during the aforesaid 5-month period, a germination within the established limits of tolerance; or (b) a longer period not to exceed 9 months, exclusive of the calendar month in which the test was completed, for kinds of agricultural or vegetable seed which he finds under ordinary conditions of handling will maintain during such longer period a germination within the established limits of tolerance.

(d) Any agricultural seeds or vegetable seeds, having a false

(d) Any agricultural seeds or vegetable seeds, having a false labeling, or pertaining to which there has been a false advertise-

ment, or to sell or offer for sale such seed for interstate ship-ment by himself or others.

(e) Seed which is required to be stained under the provisions of this act and the regulations made and promulgated thereunder, and is not so stained.

(f) Seed which has been stained to resemble seed stained in accordance with the provisions of this act and the regulations made and promulgated thereunder.

(g) Seed which is a mixture of seeds which are required to be stained or which are stained with different colors under the provisions of this act and of the regulations made and promulgated thereunder or which is a mixture of any seed worthed by visions of this act and of the regulations made and promulgated thereunder, or which is a mixture of any seed required to be stained under the provisions of this act and of the regulations made and promulgated thereunder, with seed of the same kind produced in the United States.

(h) Screenings of any seed subject to this act, unless they are not intended for seeding purposes; and it is stated on the label, if in containers, or on the invoice if in bulk, that they are intended for cleaning, processing, or manufacturing purposes, and not for seeding purposes.

seeding purposes.

RECORDS

Sec. 202. All persons transporting, or delivering for transportation, in interstate commerce agricultural or vegetable seeds shall keep such records as may be prescribed by rules and regulations prescribed under section 402 of this act, and the Secretary of Agriculture, or his duly authorized agents, shall have the right to inspect such records for the purpose of the effective administration of this act.

Sec. 203. (a) The provisions of sections 201 and 202 shall not apply to any carrier in respect to any seed transported or delivered

for transportation in the ordinary course of its business as a carrier: *Provided*. That such carrier is not engaged in processing or merchandising seed subject to the provisions of this act; and such provisions shall not apply to seeds incidentally sold by a farmer and delivered on his own premises directly to the consumer: *Provided*, That such farmer sells only such seeds as may have been produced by him and does not advertise such seeds for sale and does not sell any seeds not produced by him and does not deliver seeds so sold by mall or by any common carrier.

(b) The provisions of section 201 (a) or (b) shall not apply—
(1) to seed or grain not intended for seeding purposes when
transported or offered for transportation in ordinary channels of commerce usual for such seed or grain intended for manufacture

commerce usual for guen seed or grain intended for maintacture or for feeding; or

(2) to seed intended for seeding purposes when transported or offered for transportation in interstate commerce—

(A) if in bulk, in which case, however, the invoice pertaining to such seed shall bear the various statements required for the respective seeds under section 201 (a) and (b); or

(B) if consigned to a seed cleaning or processing establishment, (B) if consigned to a seed cleaning or processing establishment, to be cleaned or processed for seeding purposes: Provided, That this fact is so stated in the invoice, if in bulk, or on attached labels, if in containers: Provided further, That any such seed later to be labeled as to origin and/or variety, and for which consecutive records are necessary to establish these facts, shall be labeled as to these items in accordance with rules and regulations prescribed under section 402 of this act.

(c) When the Secretary of Agriculture finds that, because of the time interval between seed harvesting and sowing, or because of an emergency beyond human control, the information required by this act as to the germination, and hard and live seed of certain kinds act as to the germination, and hard and live seed of certain kinds of seeds, cannot be given prior to transportation or delivery for transportation in interstate commerce, he may promulgate, with or without a hearing, rules and regulations providing that the provisions of section 201 (a) and (b) as to the required labeling for germination and hard and live seed shall not apply for such period and to such kinds of seed as he may specify in his said rules and regulations.

(d) The provisions of section 201 (a) and (b) relative to the labeling of agricultural and vegetable seeds with the percentages of the kind or variety or type of seeds shall not be deemed violated if there be other seeds in the container or bulk which could not be, or were not, identified because of their indistinguishability in appearance from the seeds intended to be transported or delivered appearance from the seeds intended to be transported or delivered for transportation in interstate commerce, provided that the records of the person charged with the duty under said section of labeling or invoicing the seeds, kept in accordance with the rules and regulations of the Secretary of Agriculture, together with other pertinent facts, disclose that said person has taken all proper precautions to insure the identity to be that stated.

DISCLAIMERS AND NONWARRANTIES

SEC. 204. The use of a disclaimer or nonwarranty clause in any invoice, advertising, labeling, or written, printed, or graphic matter, pertaining to any seed shall not constitute a defense, or be used as a defense in any way, in any prosecution, or in any proceeding for confiscation of seeds, brought under the provisions of this act, or the rules and regulations made and promulgated thereunder.

FALSE ADVERTISING

SEC. 205. It shall be unlawful for any person to disseminate, or cause to be disseminated, any false advertisement concerning seed, by the United States mails, or in interstate or foreign commerce, in any manner or by any means, including radio broadcasts: Provided, however, That no person, advertising agency, or medium for the dissemination of advertising, except the person who transported, delivered for transportation, sold, or offered for sale seed to which the false advertisement relates, shall be liable under this section by reason of disseminating or causing to be disseminated any false advertisement, unless he or it has refused, on the request of the Secretary of Agriculture, to furnish the Secretary the name and post-office address of the person, or advertising agency, residing in the United States, who caused, directly or indirectly, the dissemination of such advertisement. nation of such advertisement.

TITLE III-FOREIGN COMMERCE

PROHIBITIONS AND PROCEDURES RELATING TO IMPORTATIONS

SECTION 301. (a) The importation into the United States is pro-

(1) any seed containing 10 percent or more of any agricultural or vegetable seeds if any such seed is adulterated or unfit for seeding purposes, or is required to be stained and is not so stained, under the terms of this title, or the labeling of which is false or misleading in any respect;

(2) screenings of any seeds subject to title III of this act (except

(2) screenings of any seeds subject to title III of this act (except that this shall not apply to screenings of wheat, oats, rye, barley, buckwheat, field corn, sorghum, broomcorn, flax, millet, proso, soybeans, cow peas, field peas, or field beans, which are not imported for seeding purposes and are declared for cleaning, processing, or manufacturing purposes, and not for seeding purposes);

(3) any seed containing 10 percent or more of the seeds of alfalfa or red clover, which has been stained prior to being offered for entry in a manner that does not permit compliance with the provisions of this title and the regulations made and promulgated thereunder.

SEC. 302. (a) The Secretary of the Treasury shall deliver to the Secretary of Agriculture, subject to joint rules and regulations prescribed under section 402 of this act, samples of seed and screen-

ings which are being imported into the United States, or offered for import, giving notice thereof to the consignee, and if it appears from the examination of such samples that any seed or screenings offered to be imported into the United States are subject to the offered to be imported into the United States are subject to the provisions of this title and do not comply with the provisions of this title, or if the labeling of such seed is false or misleading in any respect, such seed or screenings shall be refused admission, and the Secretary of the Treasury shall refuse delivery to the consignee, who may appear, however, before the Secretary of Agriculture and show cause why the seed or screenings should be admitted. Seed or screenings refused admission and not exported by the consignee within 12 months from the date of notice of such refusal shall be destroyed in accordance with intrules and regulations. signee within 12 months from the date of notice of such refusal shall be destroyed in accordance with joint rules and regulations prescribed under section 402 of this act: Provided, That the Secretary of the Treasury may deliver to the consignee such seed or screenings pending examination and decision in the matter or for staining, if it be seed which is required to be stained, or for cleaning, on the execution of a redelivery bond for such amount as may be necessary under joint rules and regulations prescribed under section 402 of this act, and on refusal to return such seed or screenings for any cause to the custody of the Secretary of the Treasury, when demanded, for the purpose of excluding such seed or screenings from the country, or for any other purpose, said consignee shall forfeit the full amount of the bond as liquidated damages: And provided further, That all charges for storage, cartage, and labor on the seed or screenings which are refused admission or delivery, shall be paid by the owner or consignee, and in default of such payment shall constitute a lien against future importation made by such owner or consignee.

importation made by such owner or consignee.

(b) The refuse from any seeds or screenings which are allowed to be cleaned under bond shall be destroyed in accordance with joint rules and regulations prescribed under section 402 of this act.

(c) The provisions of this title shall not apply-

(c) The provisions of this title shall not apply—

(1) when seed is shipped in bond through the United States, or

(2) when the Secretary of Agriculture finds that a substantial proportion of the importations of any kind of seed is used for other than seeding purposes, and he provides by rules and regulations that seed of such kind not imported for seeding purposes shall be exempted from the provisions of the act: Provided, That importations of such kinds of seed shall be accompanied by a declaration setting forth the use for which imported when and as required under joint rules and regulations prescribed under section 402 of this act.

ADULTERATED SEED

SEC. 303. Seed subject to the provisions of section 301 is adulterated if any kind of such seed contains more than 5 percent by weight of seed or seeds of another kind or kinds of similar appearance: *Provided*, That the mixture of the seed of white and alsike clover, or red clover and alsike clover, shall not be deemed to be adulterated, and that other seed mixtures of similar kinds of seeds of similar appearance shall not be deemed to be adulterated when the Secretary of Agriculture finds and prescribes by order that the importation of such seed mixtures for planting is not detrimental to the user of such seeds.

SEED UNFIT FOR SEEDING PURPOSES

SEC. 304. Seed subject to the provisions of section 301 is unfit for seeding purpose

(a) If any such seed contains noxious-weed seed at a rate in

excess of-

(1) one noxious-weed seed in each 10 grams of the seed of (1) one noxious-weed seed in each 10 grams of the seed of timothy, orchard grass, bromegrass, crested wheatgrass, slender wheatgrass, ryegrass, sweetclover, alfalfa, millet, rape, flax, clovers, and species of Agrostis, Festuca, or Poa, or any kind of seed of a size and weight similar to or less than those named;

(2) one noxious-weed seed in each 25 grams of the seed of sorghum, Sudan grass, and buckwheat, or any kind of seed of a size and weight greater than the seeds referred to in (a) (1), but less than seeds referred to in (a) (3) of this section;

(3) one noxious-weed seed in each 100 grams of the seed of wheat, oats, rye, barley, vetches, and corn, or any seed of a size and weight similar to or greater than such seed.

(b) If any such seed contains more than 2 percent by weight

(b) If any such seed contains more than 2 percent by weight

weed seeds; or

(c) If any such seed contains less than 75 percent of pure, live seed, or if any component of such seed present to the extent of 10 percent or more contains less than 75 percent of live seed: Provided, That when the Secretary of Agriculture shall find that any such seed or any kind of seed present to the extent of 10 percent or more cannot be produced to contain 75 percent of pure, live seed, he may set up such standard from time to time for pure, live seed as he finds can be produced.

CERTAIN SEEDS REQUIRED TO BE STAINED

SEC. 305. (a) Any seed containing 10 percent or more of the seeds of alfalfa and/or red clover, subject to the provisions of section 301, shall be stained in such manner and to such extent as the Secretary of Agriculture by regulation may prescribe and, when practicable, the color produced by such stain shall indicate the country or region of origin.

(b) Whenever the Secretary of Agriculture, after public hearing, determines that seed of alfalfa or red clover from any foreign country or region is not adapted for general agricultural use in the United States, he shall publish such determination. On and after the expiration of 90 days after the date of such publication, and until such determination is revoked, 10 percent or

more of the seeds in each container of such alfalfa or red clover seed, or any seed containing 10 percent or more of such alfalfa or red clover seed, shall be stained a red color, in accordance with such regulations as the Secretary of Agriculture may prescribe.

(c) Whenever the origin of the seed of alfalfa or of red clover

(c) Whenever the origin of the seed of alfalfa or of red clover present in excess of 10 percent in any seed subject to section 301 of this act is unestablished, 10 percent of the seed in each container shall be stained a red color.

(d) Whenever the seeds of alfalfa or of red clover of different origins are present in excess of 10 percent in any seed subject to section 301 of this act, and different colors are required by reason of such different origins, 10 percent of the seed in each container shall be stained red.

(e) Whenever any seed required to be stained under the provisions of this act is commingled with seed of the same kind grown in the United States, the seed in each container thereof shall be stained 10 percent red.

CERTAIN ACTS PROHIBITED

SEC. 306. It shall be unlawful for any person-

(a) To sell or offer for sale—
 (1) any seed for seeding purposes if imported under this title

(1) any seed for seeding purposes it imported under this title for other than seeding purposes;
(2) any screenings of any seeds for seeding purposes if imported under this title for other than seeding purposes;
(3) any seed which is prohibited entry under the provisions of

this act:

(4) any seed which has been stained to resemble seed stained in accordance with the provisions of this act and the rules and regulations made and promulgated thereunder;

(5) any seed stained under the provisions of this act and the rules and regulations made and promulgated thereunder, when mixed with seed of the same kind produced in the United States;

(6) any seed stained with different colors;
(7) any seed stained under the provisions of this act, the labeling of which states that such seed is adapted.

(b) To change the proportion of seeds stained under the provisions of this act and the rules and regulations made and promulgated thereunder, or to alter, modify, conceal, or remove in any manner or by any means the color of such stained seeds.

TITLE IV-GENERAL PROVISIONS

DELEGATION OF DUTIES

Secretary 401. Any duties devolving upon the Secretary of Agriculture by virtue of the provisions of this act may with like force and effect be executed by such officer or officers, agent or agents, of the Department of Agriculture as the Secretary may designate for the

RULES AND REGULATIONS

SEC. 402. (a) The Secretary of Agriculture shall make such rules and regulations as he may deem necessary for the effective enforcement of this act, except as otherwise provided in this section.

(b) The Secretary of the Treasury and the Secretary of Agriculture shall make, jointly or severally, such rules and regulations as they may deem necessary for the effective enforcement of title III of this act.

of this act.

(c) Prior to the promulgation of any rule or regulation under this act, due notice shall be given by publication in the Federal Register of intention to promulgate and the time and place of a public hearing to be held with reference thereto, and no rule or regulation may be promulgated until after such hearing. Any rule or regulation shall become effective on the date fixed in the promulgation, which date shall be not less than 30 days after publication in the Federal Register, and may be amended or revoked in the manner provided for its promulgation.

STANDARDS, TESTS, AND TOLERANCES

SEC. 403. (a) The samplings, analyses, tests, or examinations of seeds made in connection with the administration of this act shall be made by methods set forth by rules and regulations prescribed under section 402 of this act.

(b) The Secretary of Agriculture is authorized and directed to make and promulgate by rules and regulations, reasonable tolerances as to the percentages and rates of occurrence required to be

stated or required by this act.

(c) For the purpose of section 201 (b) of this act, the Secretary of Agriculture is authorized and directed to investigate, determine, establish, and promulgate from time to time such reasonable standards of germination for each kind of vegetable seed as will in his judgment best protect crop production.

PROHIBITION AGAINST ALTERATIONS

SEC. 404. No person shall detach, alter, deface, or destroy any label provided for in this act or the rules and regulations made and promulgated thereunder by the Secretary of Agriculture, or alter or substitute seed in a manner that may defeat the purpose of

SEIZURE

SEC. 405. (a) Any seed sold, delivered for transportation in inter-SEC. 405. (a) Any seed sold, delivered for transportation in inter-state commerce, or transported in interstate or foreign commerce in violation of any of the provisions of this act shall, at the time of such violation or at any time thereafter, be liable to be proceeded against on libel of information and condemned in any district court of the United States within the jurisdiction of which the seed is found.

(b) If seed is condemned by a decree of the court as being in violation of the provisions of this act, it may be disposed of by the court by-

(1) sale; or

(2) delivery to the owner thereof after he has appeared as claimant and paid the court costs and fees and storage and other proper expenses and executed and delivered a bond with good and sufficient sureties that such seed will not be sold or disposed of in any jurisdiction contrary to the provisions of this act and the rules and regulations made and promulgated thereunder, or

the rules and regulations made and promulgated thereunder, or the laws of such jurisdiction; or
(3) destruction.
(c) If such seed is disposed of by sale, the proceeds of the sale, less the court costs and fees and storage and other proper expenses, shall be paid into the Treasury as miscellaneous receipts, but such seed shall not be sold or disposed of in any jurisdiction contrary to the provisions of this act and the rules and regulations made and promulgated thereunder, or the laws of such jurisdic-

(d) The proceedings in such libel cases shall conform, (d) The proceedings in such liber cases shall conform, as nearly as may be, to the proceedings in admiralty, except that either party may demand trial by jury of any issue of fact joined in any such case; and such proceedings shall be at the suit of and in the name of the United States.

PENALTIES

SEC. 406, Any person who violates any provision of this act or the rules and regulations made and promulgated thereunder shall be deemed guilty of a misdemeanor and, upon conviction thereof, shall pay a fine of not more than \$1,000, for the first offense, and upon conviction for each subsequent offense not more than \$2,000.

SEC. 407. When construing and enforcing the provisions of this act, the act, omission, or failure of any officer, agent, or other person acting for or employed by any person, partnership, corporation, company, society, or association, shall in every case be also deemed to be the act, omission, or failure of such person, partnership, corporation, company, society, or association, as well as that of the person employed.

SEC. 408. Before any violation of this act is reported by the Secrotary of Agriculture to any United States attorney for institution of a criminal proceeding, the person against whom such proceeding is contemplated shall be given appropriate notice and an opportunity to present his views, either orally or in writing, with regard to such contemplated proceeding.

CEASE AND DESIST PROCEEDINGS

CEASE AND DESIST PROCEEDINGS

Sec. 409. (a) Whenever the Secretary of Agriculture has reason to believe that any person has violated or is violating any of the provisions of this act or the rules and regulations made and promulgated thereunder, he shall cause a complaint in writing to be served upon the person, stating his charges in that respect, and requiring the person to attend and testify at a hearing at a time and place designated therein, at least 30 days after the service of such complaint; and at such time and place there shall be afforded the person a reasonable opportunity to be informed as to the evidence introduced against him (including the right of cross-examination), and to be heard in person or by counsel and through witnesses, under such rules and regulations as the Secretary of Agriculture may prescribe. At any time prior to the close of the hearing the Secretary of Agriculture may amend the complaint; but in case of any amendment adding new provisions the hearing shall, on the request of the person, be adjourned for a period not exceeding 15 days.

(b) If, after such hearing, the Secretary of Agriculture finds that the person has violated or is violating any provisions of the act or rules and regulations covered by the charges, he shall make a

the person has violated or is violating any provisions of the act or rules and regulations covered by the charges, he shall make a report in writing in which he shall state his findings as to the facts, and shall issue and cause to be served on the person an order requiring such person to cease and desist from continuing such violation. The testimony taken at the hearing shall be reduced to writing and filed in the records of the Department of Agriculture.

(c) Until a transcript of the state of the provision of the person of th

(c) Until a transcript of the record in such hearing has been filed in a district court of the United States, as provided in section 410, the Secretary of Agriculture at any time, upon such notice and in such manner as he deems proper, but only after reasonable opportunity to the person to be heard, may amend or set aside the report or order, in whole or in part.

or order, in whole or in part.

(d) Complaints, orders, and other processes of the Secretary of Agriculture under this section may be served by anyone duly authorized by the Secretary of Agriculture, either (1) by delivering a copy thereof to the person to be served, or to a member of the partnership to be served, or to the president, secretary, or other executive officer, or a director of the corporation to be served; or (2) by leaving a copy thereof at the principal office or place of business of such person, partnership, or corporation: or (3) by registering and mailing a copy thereof addressed to such person, partnership, or corporation at his or its last known principal office or place of business. The verified return by the person so serving said complaint, order, or other process setting forth the manner of said order shall be proof of the same, and the return post-office receipt for said complaint, order, or other process registered and mailed as aforesaid shall be proof of the service of the same.

Sec. 410. An order made under section 409 shall be final and conclusive unless within 30 days after the service the person appeals to the circuit court of appeals for the circuit in which such

person resides or has his principal place of business by filing with the clerk of such court a written petition praying that the Secre-tary's order be set aside or modified in the manner stated in the petition, together with a bond in such sum as the court may determine, conditioned that such person will pay the costs of the proceedings if the court so directs.

proceedings if the court so directs.

The clerk of the court shall immediately cause a copy of the petition to be delivered to the Secretary, and the Secretary shall forthwith prepare, certify, and file in the court a full and accurate transcript of the record in such proceedings, including the complaint, the evidence, and the report and order. If before such transcript is filed the Secretary amends or sets aside his report or order, in whole or in part, the petitioner may amend the petition within such time as the court may determine, on notice to the Secretary.

within such time as the court may determine, on notice to the Secretary.

At any time after such transcript is filed the court, on application of the Secretary, may issue a temporary injunction restraining, to the extent it deems proper, the person and his officers, directors, agents, and employees from violating any of the provisions of the order pending the final determination of the appeal.

The evidence so taken or admitted, duly certified and filed as aforesaid as a part of the record, shall be considered by the court as the evidence in the case. The proceedings in such cases in the circuit court of appeals shall be made a preferred cause and shall be expedited in every way.

The court may affirm, modify, or set aside the order of the Secretary.

Secretary.

If the court determines that the just and proper disposition of the case requires the taking of additional evidence, the court shall order the hearing to be reopened for the taking of such evidence, in such manner and upon such terms and conditions as the court may deem proper. The Secretary may modify his findings as to the facts, or make new findings, by reason of the additional evidence so taken, and he shall file such modified or new findings and his recommendations if any for the modified or new findings and his recommendations, if any, for the modification or setting aside of his order, with the return of such additional evidence.

If the circuit court of appeals confirms or modifies the order of the Secretary, its decree shall operate as an injunction to restrain the person and his officers, directors, agents, and employees from violating the provisions of such order or such order as

modified.

SEC. 411. If any person against whom an order is issued under section 409 fails to obey the order, the Secretary of Agriculture, or the United States, by its Attorney General, may apply to the circuit court of appeals of the United States, within the circuit where the person against whom the order was issued resides or has his principal place of business, for the enforcement of the order, and shall certify and file with its application a full and accurate transcript of the record in such proceedings, including the complaint, the evidence, the report, and the order. Upon such filing of the application and transcript the court shall cause notice thereof to be served upon the person against whom the order was issued. The evidence to be considered, the procedure to be followed, and the jurisdiction of the court shall be the same as provided in section 410 for applications to set aside or modify orders. modify orders

The proceedings in such cases shall be made a preferred cause and shall be expedited in every way.

SEPARABILITY OF PROCEEDINGS

SEC. 412. The institution of any one of the proceedings provided for in sections 405, 409, 410, and 411, or criminal prosecution under section 406 shall not bar institution of any of the others.

under section 406 shall not bar institution of any of the others. However, nothing in this act shall be construed as requiring the Secretary of Agriculture to recommend prosecution or institution of libel proceedings, cease-and-desist proceedings or proceedings for the enforcement of a cease-and-desist order, for minor violations of this act whenever he believes that the public interest will be adequately served by suitable written notice or warning.

Sec. 413. (a) That in carrying on the work herein authorized, the Secretary of Agriculture, or any officer or employee designated by him for such purpose, shall have power to hold hearings, administer oaths, sign and issue subpenas, examine witnesses, take depositions, and require the production of books, records, accounts, memoranda, and papers, and have access to office and warehouse premises. Upon refusal by any person to appear, testify, or produce pertinent books, records, accounts, memoranda, and papers in response to a subpena, or to permit access to premises, the proper United States district court shall have power to compel obedience thereto. pel obedience thereto.

(b) Witnesses summoned before the Secretary or any officer or employee designated by him shall be paid the same fees and mileage that are paid witnesses in the courts of the United States, and witnesses whose depositions are taken and the persons taking the same shall severally be entitled to the same fees as are paid for like service in the courts of the United States.

PUBLICATION

SEC. 414. After judgment by the court, or the issuance of a cease-and-desist order, in any case arising under this act, notice thereof shall be given by publication in such manner as may be perscribed in the rules and regulations made and promulgated under this act.

AUTHORIZATION FOR APPROPRIATIONS

SEC. 415. (a) There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary for administering this act.

(b) Funds appropriated for carrying into effect the purpose of this act shall be available for allotment by the Secretary of Agriculture to the bureaus and offices of the Department of Agriculture and for transfer to other departments and agencies of the Government which the Secretary of Agriculture may call upon to assist or cooperate in carrying out such purposes or for services rendered or to be rendered in connection therewith.

AUTHORIZATION FOR EXPENDITURES

SEC. 416. The Secretary of Agriculture is authorized to make such expenditures for rent outside of the District of Columbia, printing, binding, telegrams, telephones, books of reference, publications, furniture, stationery, office and laboratory equipment, travel, and other supplies, including reporting services, such research necessary to develop methods of processing, bulking, blending, sampling, testing, and merchandising seeds and such other expenses necessary to the administration of this act in the District of Columbia and elsewhere, and as may be appropriated for by the Congress. by the Congress.

COOPERATION

SEC. 417. The Secretary of Agriculture is authorized to cooperate with any other department or agency of the Federal Government; or with any State, Territory, District, or possession, or department, agency, or political subdivision thereof; or with any producing, trading, or consuming organization, whether operating in one or more jurisdictions, in carrying out the provisions of this act. this act.

SEPARABILITY OF PROVISIONS

Sec. 418. If any provision of this act, or the application thereof to any person or circumstance, is held invalid, the remainder of the act, and the application of such provisions to other persons or circumstances, shall not be affected thereby.

REPEALS

SEC. 419. The Seed Importation Act, approved August 24, 1912, as amended August 11, 1916, and as amended April 26, 1926 (7 U. S. C., 111–116, inclusive), is hereby repealed on the 180th day after the passage of this act: Provided, however, That the notices with respect to imported alfalfa and red clover seed promulgated by the Secretary of Agriculture under the authority of the Seed Importation Act, approved August 24, 1912, as amended (7 U. S. C., 111–116, inclusive), and now in effect, shall remain with the same full force and effect as if promulgated under this act.

EFFECTIVE DATE

SEC. 420. This act shall take effect as follows: As to agricultural seeds, and the importation of vegetable seeds, on the 180th day after its enactment; as to vegetable seeds in interstate commerce, 1 year after its enactment; and as to sections 401, 402, and 403, on the date of its enactment.

Mr. COFFEE of Nebraska (during the reading of the bill). Mr. Chairman, I ask unanimous consent that further reading of the bill be dispensed with and that it be printed in full in the RECORD, and that amendments may be offered at any place in the bill.

The CHAIRMAN. Is there objection?

There was no objection.

The CHAIRMAN. The Clerk will report the committee amendments.

The Clerk read as follows:

Committee amendment: Page 3, line 25, strike out the abbreviation "spp." and strike out the words "tenuis Sibth."

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment: Page 4, line 2, after the word "beet" insert the word "excluding."

The committee amendment was agreed to.

The Clerk read as follows:

Page 7, lines 7 and 8, strike out the words "of, or generally in."

The amendment was agreed to.

The Clerk read as follows:

Committee amendment: Page 8, line 11, strike out the semicolon and add a comma.

The amendment was agreed to.

The Clerk read as follows:

Page 8, line 13, following the word "thistle" strike out the comma and add a semicolon.

The amendment was agreed to.

The Clerk read as follows:

Page 8, line 13, following the semicolon, after the word "dodder" add the words "Agropyron repens (L.) Beauv., quack-grass: Sorghum halepense (L.) Pers. Johnson grass."

The committee amendment was agreed to.

The Clerk read as follows:

Page 8, line 15, strike out the comma and insert a semicolon.

The committee amendment was agreed to.

The Clerk read as follows:

Page 10, strike out lines 4 and 5.

The committee amendment was agreed to.

The Clerk read as follows:

Page 10, line 6, strike out "(17)" and insert "(16)."

The amendment was agreed to.

The Clerk read as follows:

Page 10, line 10, strike out "(18)" and insert "(17)."
Page 10, line 14, strike out "(19)" and insert "(18)."
Page 10, line 17, strike out "(20)" and insert "(19)."
Page 10, line 21, strike out "(21)" and insert "(20)."
Page 11, line 1, strike out "(22)" and insert "(21)."
Page 11, line 9, strike out "(23)" and insert "(22)."
Page 11, line 14, strike out "(24)" and insert "(23)."

The committee amendments were agreed to.

The Clerk read as follows:

Page 13, line 12, after "(C)" strike out the remainder of the line and the word "and (D)" in line 13.

The committee amendment was agreed to.

The Clerk read as follows:

Page 14, line 10, strike out all of line 10,

The committee amendment was agreed to.

The Clerk read as follows:

Page 14, line 11, strike out "(iv)" and insert "(iii)."

The committee amendment was agreed to.

The Clerk read as follows:

Page 14, line 13, strike out "(v)" and insert "(iv)."

The committee amendment was agreed to.

The Clerk read as follows:

Page 15, line 15, strike out "seeds," and insert "seeds".

The committee amendment was agreed to.

The Clerk read as follows:

Page 17, line 3, after the word "seeds", strike out the remainder of line 3 and all down to and including line 8, and insert: "produced by any farmer on his own premises and sold by him directly to the consumer, provided such farmer is not engaged in the business of selling seeds not produced by him."

Mr. COFFEE of Nebraska. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. Coffee of Nebraska to the committee amendment: On page 17, line 11, after the word "him", strike out the period, insert a comma and the words "Provided further, That such seeds produced or sold by him are in compliance with the seed laws of the State into which the seed is transported."

Mr. COFFEE of Nebraska. Mr. Chairman, I feel that this amendment should be accepted. It has been discussed fully with the members of the committee, and with one exception all have agreed to the amendment.

The amendment provides that a farmer shipping seed across a State line must comply with the laws of the State into which the seed is shipped; for instance, without this amendment a farmer living outside a certain State might sell substandard seed into that particular State and thus do what the citizens of that State themselves could not do under their State law. In other words, it is going to make the man who is selling seed across a State line comply with the laws of the State into which the seed is shipped. I may say in passing that a very small percentage of the seed sold is sold by farmers across State lines.

Mr. JOHNSON of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. COFFEE of Nebraska. I yield.

Mr. JOHNSON of Oklahoma. Would this bill prohibit alfalfa growers who might happen to reside in Oklahoma where our farmers grow as fine grade alfalfa as can be found anywhere in the world, from shipping their seed across the line into Texas, Arkansas, Kansas, or any other State?

Mr. COFFEE of Nebraska. I will say to the gentleman that if your Oklahoma grower is not engaged in the business of selling seed not produced by him and sells his own seed directly to the consumer in another State, he would be required under this amendment to comply with the seed law of the State into which the seed is transported. If the seed is not being sold directly from the grower to the consumer and goes into interstate commerce, it must be labeled in accordance with the provisions of this bill showing its origin, germination, and so forth. In that connection, I want to say to my friend from Oklahoma that one of the most flagrant abuses which this measure seeks to correct is the misrepresentation of southern alfalfa seed which is not adapted to the northern climate. The same practice prevails in connection with certain northern seeds that are not adapted to the South. There are no labeling requirements under our present Federal seed law and as a consequence some itinerant truckers and some unscrupulous dealers sell vast quantities of southern unadapted alfalfa seed in Northern States which results in millions of dollars of loss to the farmers who plant this seed that winter-kills. This bill is designed to protect the seed buyer. It requires in the case of alfalfa that the place of origin be stated on the label. If the farmer knows where the seed was grown he knows whether or not it is adapted to his climatic conditions. Certainly he is entitled to this protection.

Mr. JOHNSON of Oklahoma. Mr. Chairman, will the

gentleman yield for a further question?

Mr. COFFEE of Nebraska. I yield.

Mr. JOHNSON of Oklahoma. I take it from the gentleman's remarks then that it is not the purpose of this bill to prevent the shipping of alfalfa seed from the South to the North, but only make it certain that good seeds are shipped.

Mr. COFFEE of Nebraska. This measure will curb the shipping of unadapted alfalfa seed from the South to the North. It will also curb the sales in the South of northerngrown unadapted seeds. I do not know how far north the Oklahoma alfalfa seed would be adapted. If we put the information on the label the legitimate seed dealer as well as the farmer will be protected. If the seed is adapted the farmer will buy it.

Mr. JOHNSON of Oklahoma. I may say to the gentleman from Nebraska that I have had a number of complaints from well-known alfalfa growers in Oklahoma, who specialize in growing very fine alfalfa seed, that Oklahoma seeds have been discriminated against by other sections of the country. Certainly I would not like to support a measure here to add more red tape and unreasonable restrictions, or a bill that might work a hardship on growers of good seeds in my own State of Oklahoma.

[Here the gavel fell.]

Mr. HINSHAW. Mr. Chairman, a parliamentary inquiry. The CHAIRMAN. The gentleman will state it.

Mr. HINSHAW. Mr. Chairman, I have an amendment at the desk. When will it be considered?

The CHAIRMAN. That will be taken up after the disposition of the committee amendments.

Mr. GILCHRIST. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the amendment offered by the gentleman provides that when a farmer sells direct, on his own farm, for transportation anywhere else, that farmer must comply with the law of the State into which the seed is transported.

Answering my friend here who propounded a question a while ago, if a farmer in South Dakota wished to sell seed in the State of Maine he would have to discover what the laws of the State of Maine were and comply with those laws, even though the transaction took place on his farm in South Dakota. To give the gentleman another illustration, even though a neighbor should come to this farmer to see a horse, a cow, or an ox, and during the course of the conversation they talked about seed corn, which, of course, does not contain noxious weeds, and Bill says to Jim: "Well, ship me some of that over into the State of Ohio," Bill living in Ohio and Jim in Illinois—that is an interstate transaction. It has been held over and over again by our

courts that the sale in one State of a commodity for shipment into another State is an interstate transaction.

The amendment offered by the gentleman from Nebraska differs from the amendment adopted by the committee. The amendment adopted by the committee would allow a farmer to sell on his own farm even though it went into interstate shipment. I think that is as far as we ought to go

I did not intend to object to the bill, although I am not inclined to be for it; but I think the committee amendment is much better than the pending amendment for the reason I have named. As stated by my friend from South Carolina the fact is that such a case does not happen once in 10,000 times, where a man in one State buys seed from a farmer on that other farmer's farm in another State; but when that does occur let the farmer who sells comply with the law of the State where the transaction occurs.

Mr. CARLSON. Mr. Chairman, will the gentleman yield?

Mr. GILCHRIST. I yield.

Mr. CARLSON. I thoroughly agree with the gentleman's viewpoint. There are numerous cases of farmers living along State lines. These transactions should be measured by the law of the State where the transaction occurs, and not the law of some foreign State.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the

gentleman yield?

Mr. GILCHRIST. I yield.

Mr. AUGUST H. ANDRESEN. Does not the gentleman feel that if a farmer from Minnesota goes across the line into Iowa and buys seed from a farmer in Iowa that the

transaction is completed in the State of Iowa?

Mr. GILCHRIST. We have a completed transaction in the State of Iowa, but that does not answer the question whether it is a Federal or non-Federal transaction. For instance, the gentleman from North Dakota [Mr. Lemke], can tell you about his famous North Dakota provision covering the control of wheat. That was knocked out by the Supreme Court, because just as soon as the wheat was sold in North Dakota for shipment somewhere else it became an interstate transaction. Just the other day the Supreme Court held in a certain case practically the same thing. The actual sale of a thing on my farm in Iowa for transportation into a foreign State constitutes an interstate transaction.

Mr. AUGUST H. ANDRESEN. I do not think there is any question about that. I believe the gentleman's interpretation is always good on this as well as many other subjects.

Mr. GILCHRIST. I thank the gentleman.

[Here the gavel fell.]

Mr. PIERCE of Oregon. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I am very much in favor of the pending amendment, and I can see no objection to it at all. I am also deeply interested in this bill.

During the past year I have made an intense study of the noxious-weed problem, and I was astonished, as well versed as I was in it before I made the study, at the extent of the spread of noxious weeds. They were being spread by seed companies, by experimental stations, and by farmers selling seed which contained noxious weeds. The loss every year runs into millions of dollars and has become so great that the Department of Agriculture is thoroughly aroused.

A former colleague of ours from Idaho introduced a weed-control bill in the Seventy-fourth and Seventy-fifth Congresses, but we could never get any action by the Department of Agriculture so that the bill could be brought before the Congress for consideration. Within the last 3 or 4 weeks the Department of Agriculture has admitted that these noxious weeds constitute a national problem. That Department is now cooperating with us in bringing a real noxious-weed bill into the Congress for consideration at the next session, when we shall ask for early hearings.

The pending amendment, Mr. Chairman, permits the control of seeds that farmers ship across State lines. Why should we not so provide? In Oregon we have been seeded

down with white top, a noxious weed coming out of Idaho and across the line into Oregon. If they are going to sell seed from Idaho over in Oregon let them comply with the Oregon law. Most of the Western States have pure-seed laws now. This law is needed, however, for interstate shipments. I think a farmer should have some leeway, as provided in this bill. However, the original bill was too broad, but through the amendment offered by the gentleman from Nebraska [Mr. Coffee], it is brought into proper shape, so that it is practical and useful. The bill should be passed with this amendment.

The fear of our friend and colleague, the gentleman from Iowa, is simply drawn out of the blue. As has been stated, it is one of those things that perhaps will never happen. Farmers who have seed to sell are not numerous. However, if a farmer is going to ship seed from Idaho into Oregon, or if a farmer in Oregon is going to ship seed into Washington, he ought to know and can easily find out about the seed laws of the State into which he is going to ship.

Let him comply with those laws. That is all there is to this.

I am very much in favor of the amendment.

Mr. GILCHRIST. Will the gentleman yield?

Mr. PIERCE of Oregon. I yield to the gentleman from Iowa.

Mr. GILCHRIST. We are just simply discussing a condition where one farmer sells to another on a farmer's farm.

Mr. PIERCE of Oregon. Yes. And he should comply with the law where the seed is going.

Mr. GILCHRIST. We are only dealing with one subject, where one farmer sells another on a farmer's farm, and the farmer who sells is not engaged in business. That is all we are talking about.

Mr. PIERCE of Oregon. Yes.

Mr. GILCHRIST. There can be no harm in allowing the farmer who is not engaged in the business to sell. When his cousin comes over and says, "Let me have a bushel of this," and he sells it, and if it does not comply with the State law then he goes to the penitentiary.

Mr. PIERCE of Oregon. Let him comply with the law of

the State where the seed is going.

Mr. COFFEE of Nebraska. Will the gentleman yield?

Mr. PIERCE of Oregon. I yield to the gentleman from

Mr. COFFEE of Nebraska. May I say to the gentleman from Iowa [Mr. Gilchrist] the bill as it stands provides for the farmer who sells directly to the consumer. It does not mean he must sell on the farm. He can sell directly to the consumer by going across the State line and delivering in the other State.

Mr. GILCHRIST. It is an interstate transaction if he goes into the other State.

[Here the gavel fell.]

The CHAIRMAN. The question is on the committee amendment to the committee amendment offered by the gentleman from Nebraska [Mr. Coffee].

The committee amendment to the committee amendment was agreed to.

The committee amendment, as amended, was agreed to.

Mr. HINSHAW. Mr. Chairman, I offer an amendment which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. Hinshaw: Page 17, line 2, after the word "Act" strike out the semicolon, the balance of line 2 and all of lines 3 to 11, inclusive, and insert a period.

Mr. HINSHAW. Mr. Chairman, the purpose of my amendment is to make the act applicable to all alike. If we could all realize how very important to our farmers is the control of noxious weeds, I am sure you would wish to see that all people who dispense seeds are treated equally and alike.

One can conceive of a tremendous complication to the farmer engaged commercially in the seed business, so to speak, selling some particular seed which he grows and shipping that seed into three or four different States, in trying to determine and carry out the laws of the several States

into which he would ship the seed. My amendment does not affect the farmer who sells seed to his neighbor in his own State; it simply eliminates the exemption to the farmer who is in the seed-growing and selling business, growing the seed himself and selling direct to the consumer in other States, placing him on the same responsible basis as others affected by this act.

On June 17, 1938, a conference was held called the Western Weed Control Conference, at Denver, Colo. A number of resolutions of very great importance were prepared, offered, and adopted by that conference. They brought out the fact, for example, that there was no way to control noxious weeds on the Indian reservations at the present time or in the United States forest lands and national parks, and that the situation in those places could get out of hand very easily.

I commend the committee for bringing this bill to the House. It seems to be a good one. I hope my amendment will be adopted to make the act uniform for all people who

are dispensing seeds. [Applause.] In this connection I want to present a letter from the Department of Agriculture of my State and certain of the resolutions that I have referred to, as follows:

> STATE OF CALIFORNIA. DEPARTMENT OF AGRICULTURE, Sacramento, May 19, 1939.

Hon. CARL HINSHAW.

Congressional Representative,

Eleventh California District,

House Office Building, Washington, D. C.

DEAR CONGRESSMAN HINSHAW: I know you are fully aware of the significance of sound weed control as an aid to agriculture. Last year, for the first time, the Western States got together for the purpose of discussing and correlating their weed-control problems. At that conference a number of resolutions were adopted, copies At that conference a number of resolutions were adopted, copies of which I am enclosing. The subject matter of these resolutions was significant in the discussions, and it was intended that these resolutions be forwarded to you for your consideration in connection with any legislation which might come before the Congress pertaining to weed control, seed inspection, and basic research work in the weed-control field. In the case of the latter there have been requests for a correlation of fundamental fact finding and research in weed-control practices within the United States Department of Agriculture for a good many years. We recall that the Western Plant Quarantine Board on a number of occasions brought this matter to the attention of the Federal agencies which were engaged in the different phases of weedagencies which were engaged in the different phases of control investigation, but which were not then thoroughly cor-relating them with other Federal patronage. There has been a beginning toward this correlation, but much more is necessary. We are hopeful that you will recognize that real progress is being made in weed suppression generally in the West, and that any assistance which can be given by the Congress in supporting this work will be helpful.

any assistance which can be given by the Congress in supporting this work will be helpful.

The second of the western weed-control conferences will be held in California within a few weeks, and I am sure that those in attendance will be interested in any comments that you may have relative to the present status of weed and seed legislation.

Very sincerely,

W. C. JACOBSEN, Assistant to the Director.

Resolution No. 3

NOXIOUS WEEDS ON INDIAN LANDS

(Adopted at Western Weed Control Conference, Denver, Colo., June 17, 1938)

Whereas there are several Indian reservations in the territory

served by the Western States Noxious Weed Committee; and Whereas there is no way in which State laws seeking to eradicate and control noxious weeds through taxation can affect Indian land without an act of Congress; and
Whereas noxious-weed control must, of necessity, be applied to

all lands within the weed-infested district uniformly: Therefore, be it

Resolved, That the noxious weed committee, in conference Resolved, That the noxious weed committee, in conference assembled, at Denver, Colo., June 16 and 17, 1938, recommend that eradication work be financed by the Federal Government on all Indian lands, the title to which rests in itself, to its proportionate share, either by the employment of C. C. C. labor or a direct contribution to the agencies directing the control activities in those districts in which the Indian land lies.

Resolution No. 4

FEDERAL RESERVES, NATIONAL FORESTS AND PARKS (Adopted at Western Weed Control Conference, Denver, Colo., June 17, 1938)

Whereas there are vast areas of federally owned land in the ter ritory represented by the Western Weed Control Conference; and

Whereas there is no way in which State laws seeking to eradicate and control noxious weeds through taxation can affect Federal reserves, national forests, national parks, or other Governmentowned lands without an act of Congress; and Whereas infestations of noxious weeds occur on said Federal

lands and persist as a menace to surrounding lands; and Whereas noxious-weed control must be applied to all lands within a weed-infested district uniformly: Therefore be it Resolved, That the Western Weed Control Conference, in con-

vention assembled, at Denver, Colo., June 16 and 17, 1938, recommend that eradication work be financed by the Federal Govern-ment on all Federal reserves, national forests, national parks and other Government-owned land, the title to which rests to its proportionate share, either by the employment of C. C. C. labor or a direct contribution to the agencies directing the control activities in those districts in which the Government-owned lands

Mr. HOPE. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this matter of farmer exemption was very thoroughly discussed in the committee. No part of this bill received more careful or thorough consideration than that question. The committee did not want to impose any hardship upon a farmer who might incidentally sell seed to his neighbor when the neighbor happened to live just across a State line. On the other hand, the committee felt that the bill would not be complete and effective unless there was some provision in it that would prevent commercial seed growers who might produce their own seed from selling seed in violation of the laws of the States in which the seeds were

Mr. HINSHAW. Mr. Chairman, will the gentleman yield? Mr. HOPE. I yield.

Mr. HINSHAW. Does the gentleman believe it is any more difficult for a man to carry out the laws of the State in which the seed is sold, if it is another State than his own, than it would be to comply with the provisions of the act itself?

Mr. HOPE. In one case it might be easier, and in another case it might be more difficult.

Mr. HINSHAW. I mean particularly where he has to comply with the laws of perhaps three or four States. Under my amendment he has to comply only with the Federal statute.

Mr. HOPE. I do not believe the situation the gentleman mentions would arise. The man we want to protect under this amendment is the farmer who is simply selling seeds to his neighbor. There is no reason why he should keep records as provided in this bill. There is no reason why he should label his seeds as provided in this bill, because the neighbor who buys them is perfectly aware of the kind of crops his farmer neighbor is growing and is perfectly aware of whether or not that farm is infected with noxious weeds.

Consequently, there does not exist the necessity for protection that would exist where he is buying seeds from a dealer or from someone who is hundreds of miles away. Therefore, this amendment offered by the committee seemed to be a good compromise which would at the same time protect the farmer who is selling seeds and the farmer who is buying seeds, and that is what the committee wanted to do.

If you adopt the amendment offered by the gentleman from California you will be forcing Farmer A, who lives across the State line in Oklahoma and sells a load of seed wheat to his neighbor in Kansas, not only to label that seed and go to all that expense, but to keep records and make reports regularly and comply with all the other rules and regulations the Department enforcing this law may require. There is no necessity for that. Under the committee amendment, the farmer who is making the selling of seed a business will have to comply with the laws of the States in which he is selling seeds, and that, it seems to me, offers ample protection to the farmer who is buying seeds.

Mr. COFFEE of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield to the gentleman from Nebraska.

Mr. COFFEE of Nebraska. Does the gentleman feel that the adoption of this amendment as offered by the gentleman from California would jeopardize the passage of the bill, in view of the discussion we had in our committee?

Mr. HOPE. I believe it would. As I said in the beginning, the committee discussed this matter at great length and the provisions which have been agreed upon represent a compromise among the members of the committee, among whom there were very divergent views. I believe it is the best possible compromise and solution of the matter. I feel it will not in any way weaken the law. I think it will protect the farmer who buys seeds and at the same time will protect the farmer who happens to be selling seeds incidentally on his own place from the annoyance, trouble, and the expense to which he would have to go if he had to comply literally and strictly with the law.

Mr. Chairman, I hope, the amendment will not be adopted. [Applause.]

[Here the gavel fell.]

Mr. H. CARL ANDERSEN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I will take only a minute instead of the 5 minutes. As one of the few dirt farmers in this House, I believe it would be ridiculous to put on the necks of thousands of farmers in this Nation the chance of having clamped onto them a \$2,000 penalty just because they made a mistake, perhaps, in dealing with their cousins or fathers or brothers across State lines in a small sale of seed, not knowing that they were violating thereby a Federal statute.

I hope this amendment will be defeated. I think we have gone far enough in hamstringing the farmers of the Nation today. I did not object to the amendment offered by the gentleman from Nebraska [Mr. Coffee]. I feel it was fair.

Mr. HINSHAW. Mr. Chairman, will the gentleman yield? Mr. H. CARL ANDERSEN. No; I will not yield.

I repeat, I did not object to that particular amendment. As a farmer, I am willing to go halfway; but here in this bill, if you take this exemption for the farmers out of the bill, you are simply voting to put each and every farmer living along a State line in the United States of America under the cloud of perhaps having to pay a \$2,000 fine, when very darn few of them could even raise \$500-and just because of a Federal statute they knew nothing about.

Mr. HOPE. Mr. Chairman, will the gentleman yield? Mr. H. CARL ANDERSEN. In just a minute.

At the same time I wonder why a penalty of \$2,000 should be assessed under this bill when in the bill we considered for 3 hours this afternoon in connection with cotton there is a penalty of only \$500. Should we be more lenient with the cotton speculators in the South than with the farmers of the United States of America? [Applause.]

Mr. COFFEE of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. H. CARL ANDERSEN. Certainly, I will yield. Mr. COFFEE of Nebraska. The gentleman realizes that the penalty is not to exceed \$2,000.

Mr. H. CARL ANDERSEN. The \$2,000, however, is in the bill just the same as the \$200 a month the other day was in the Townsend bill.

Mr. HOPE. Mr. Chairman, will the gentleman yield further?

Mr. H. CARL ANDERSEN. Absolutely.

Mr. HOPE. Does not the gentleman feel that if we adopt the amendment offered by the gentleman from California [Mr. HINSHAW] it will do what a great many seed dealers want to do, and that is to prevent farmers from selling any seeds on the farms.

Mr. H. CARL ANDERSEN. It will do more than that, Mr. HOPE, it will defeat this bill, if this amendment prevails.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. HINSHAW].

The amendment was rejected.

The CHAIRMAN. The Clerk will report the committee amendments.

The Clerk read as follows:

Committee amendments: On page 18, line 15, strike out "and live;" and in line 20, strike out "and live."

The committee amendment was agreed to.

The Clerk read as follows:

Page 20, line 25, strike out "cow peas" and insert "cowpeas."

The committee amendment was agreed to.

The Clerk read as follows:

Page 22, line 1, strike out "which shall not be" and insert "not."

The committee amendment was agreed to.

The Clerk read as follows:

Page 33, line 6, strike out "district court of the United States" and insert "circuit court of appeals."

The committee amendment was agreed to.

The Clerk read as follows:

Page 37, line 6, strike out "That in" and insert "In."

The committee amendment was agreed to.

The Clerk read as follows:

Page 39, line 3, strike out "and such other expenses", and in line 4, after the word "act", insert "and other necessary expenses."

The committee amendment was agreed to.

The Clerk read as follows:

Page 39, line 22, strike out the word "seed" and insert after the word "Importation", "of adulterated seeds."

The committee amendment was agreed to.

The Clerk read as follows:

Page 40, line 4, strike out the word "seed" and insert after the word "importation", "of adulterated seeds."

The committee amendment was agreed to.

Mr. COFFEE of Nebraska. Mr. Chairman, I ask unanimous consent to return to page 7, line 7, and vacate the proceedings by which a previous amendment that was offered was agreed to, and to offer one in lieu thereof.

The CHAIRMAN. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

Mr. COFFEE of Nebraska. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. Coffee of Nebraska: On page 7, line 7, after the word "regulations", strike out the words "of or generally in" and insert the word "of."

The amendment was agreed to.

Mr. COFFEE of Nebraska. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with sundry amendments, with the recommendations that the amendments be agreed to and that the bill, as amended, do pass.

The motion was agreed to.

Accordingly, the Committee rose and the Speaker having resumed the chair, Mr. LEAVY, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H. R. 5625) to regulate interstate and foreign commerce in seeds; to require labeling, and to prevent misrepresentation of seeds in interstate commerce; to require certain standards with respect to certain imported seeds; and for other purposes, had directed him to report the same back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill, as amended, do pass.

Mr. COFFEE of Nebraska. Mr. Speaker, I move the previous question on the bill and amendments to final passage.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendment? If not, the Chair will put them en grosse. The question is on agreeing to the amendments.

The amendments were agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read a third time, and passed, and a motion to reconsider laid on the table.

PACKERS AND STOCKYARDS ACT, 1921

Mr. DOXEY. Mr. Speaker, by direction of the Committee on Agriculture, I call up the bill H. R. 4998, to amend the Packers and Stockyards Act of 1921, and ask unanimous

consent that it be considered in the House as in Committee of the Whole.

The SPEAKER. The gentleman from Mississippi calls up the bill H. R. 4998, which the Clerk will report.

The Clerk read the bill as follows:

Be it enacted, etc., That subsections (a) and (b) of section 310 of the Packers and Stockyards Act, 1921, are hereby amended so as to read as follows:

"(a) May determine and prescribe what will be the just and reasonable rate or charge, or rates or charges, to be thereafter in such case observed as both the maximum and minimum to be

such case observed as both the maximum and minimum to be charged, and what regulation or practice is or will be just, reasonable, and nondiscriminatory to be thereafter followed; and "(b) May make an order that such owner or operator (1) shall cease and desist from such violation to the extent to which the Secretary finds that it does or will exist; (2) shall not thereafter publish, demand, or collect any rate or charge for the furnishing of stockyard services more or less than the rate or charge so prescribed; and (3) shall conform to and observe the regulation or practice so prescribed."

The SPEAKER. The gentleman from Mississippi asks unanimous consent that the bill be considered in the House as in Committee of the Whole. Is there objection?

There was no objection.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

Mr. DOXEY. Mr. Speaker, I ask unanimous consent to dispense with further proceedings under Calendar Wednesday.

The SPEAKER. Without objection, it is so ordered. There was no objection.

DISTRICT OF COLUMBIA APPROPRIATION BILL, 1940

Mr. COLLINS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill H. R. 5610, making appropriations for the government of the District of Columbia and other activities, chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1940, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and ask for a conference with the Senate, and that the Speaker name the conferees on the part of the House.

The SPEAKER. The gentleman from Mississippi asks unanimous consent to take from the Speaker's table the bill H. R. 5610, the District of Columbia appropriation bill, with Senate amendments thereto, disagree to the Senate amendments, and ask for a conference? Is there objection?

There was no objection.

The Chair appointed the following conferees on the part of the House: Mr. Collins. Mr. Casey of Massachusetts, Mr. Mahon, Mr. Stefan, and Mr. Case of South Dakota.

EXTENSION OF REMARKS

Mr. COLLINS. Mr. Speaker, I ask unanimous consent to extend my remarks upon one phase of the pending socialsecurity bill and to insert in the RECORD a very comprehensive letter from an insurance man from my State.

The SPEAKER. Is there objection?

There was no objection.

Mr. HARE. Mr. Speaker, I ask unanimous consent to extend my remarks on the life, character, and public record of the late Representative Allard H. Gasque.

The SPEAKER. Is there objection?

There was no objection.

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein an editorial which recently appeared in the Boston

The SPEAKER. Is there objection?

There was no objection.

Mr. COFFEE of Washington. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record and to include a brief article by one of my constituents.

The SPEAKER. Is there objection?

There was no objection.

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD at this

point and to include a brief amendment which I intend to offer to the social-security bill.

The SPEAKER. Is there objection?

There was no objection.

Mr. VOORHIS of California. Mr. Speaker, the House will have under consideration again tomorrow the Social Security Act and bill H. R. 6635, which makes amendments to that act.

I shall offer two amendments to that bill. The first of these will be offered in line 20 of page 2, after the word "assistance." At that point is found a provision regarding the method to be employed by State agencies in determining need. My amendment will add the following language:

And (the State agency shall) consider reasonable proof that the annual income of any such person (claiming old-age assistance) is less than \$360 as prima facie evidence of need.

The purpose of this amendment is obvious. It is to get away, to some degree at least, from the present system, in effect in every State so far as I know, whereby it is necessary for a person to practically prove himself a pauper in order to qualify for any assistance at all. Under this amendment, for example, a county could not require an aged person to sign away title to his little home in order to qualify for a few dollars a month assistance.

The second amendment which I shall offer will come on page 97, after line 5. This amendment will insert a new

section-section 704-in the bill to read as follows:

Title X of the Social Security Act, as amended, is amended by inserting after the word "blind", wherever it occurs in such title, the following: "or persons physically disabled to such a degree as to be unable to engage in a gainful occupation."

The principle contained in this amendment is, I think, Why should we provide social security for one type of disability only and not for others which, though perhaps less dramatic, may render an individual quite as helpless as though he were blind? This, however, is what we are doing now. My amendment seeks to correct that situation.

Mr. COOLEY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein certain letters and telegrams received by me and referred

to in my remarks today.

The SPEAKER. Is there objection?

There was no objection.

Mr. HOLMES. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the national old-age pension plan.

The SPEAKER. Is there objection?

There was no objection.

Mr. HINSHAW. Mr. Speaker, I ask unanimous consent to extend my remarks made in the House today and to include therein a letter from the Department of Agriculture of the State of California and sundry resolutions passed by the Western Wheat Control Conference at Denver, Colo.

The SPEAKER. Is there objection?

There was no objection.

LEAVE TO ADDRESS THE HOUSE

Mr. ALEXANDER. Mr. Speaker, under special order I was granted permission to address the House for 30 minutes today. Because of the lateness of the hour I ask unanimous consent that that permission be transferred to Monday, June 12, after the conclusion of the legislative business and the special orders heretofore made.

The SPEAKER. Is there objection?

There was no objection.

Mr. ANDERSON of Missouri. Mr. Speaker, after conclusion of the legislative business and any special orders heretofore made. I ask unanimous consent to address the House on Monday next for 15 minutes.

The SPEAKER. Is there objection?

There was no objection.

EXTENSION OF REMARKS

Mr. MAGNUSON. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include therein a newspaper interview with Gordon Selfridge at London, in which he makes comparison of British taxation with American taxation.

The SPEAKER. Is there objection?

There was no objection.

Mrs. NORTON. Mr. Speaker, I ask unanimous consent to extend my own remarks and include an article in today's Daily News by Raymond Clapper.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. PACE. Mr. Speaker, I ask unanimous consent to extend the remarks I made today on the bill H. R. 57.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

The SPEAKER. Under special order of the House heretofore made, the gentleman from New York [Mr. Keogh] is recognized for 30 minutes.

HOME OWNERS' LOAN CORPORATION

Mr. KEOGH. Mr. Speaker and Members of the House, I have today introduced a resolution for the creation of a select committee. Section 2 of that resolution provides as follows:

SEC. 2. It shall be the duty of the committee to make a thorough study and investigation of the Home Owners' Loan Corporation (hereinafter called the Corporation) with particular reference to (a) the status of all bonds and mortgages, real estate, and other securities, or property owned or held by or for the Corporation; (b) the existence of sources for the disposition, by sale or otherwise, of said bonds and mortgages, real estate, and other securities, or property owned or held by or for the Corporation; (c) the methods and procedure most advisable, practical, and feasible to effect a liquidation and disposition of the bonds and mortgages, real estate, and other securities or property owned or held by or for the Corporation; and (d) to make recommendations to the House of Representatives with respect to legislation upon the foregoing subjects and for the carrying out of the findings and conclusions of the committee hereby created.

The committee shall report to the House of Representatives, on or before February 1, 1940, the results of its study and investigation, together with such recommendations as it deems advisable.

I have asked for this opportunity to discuss my views with reference to the subject matter of this resolution and I appreciate being granted the privilege of addressing the House.

I trust that I need not dwell too long upon the fact that by the introduction of this resolution it was not, and is not now, my intention to attempt to discredit the H. O. L. C., its officers, or employees, nor to belittle the beneficial accomplishments of the vast program of that instrumentality of the Congress. The written record of those accomplishments would be the most effective answer to any such attempt. The strengthening of the morale of the people whose homes were thus saved cannot be measured and the benefits that flowed therefrom cannot be overstated. For anyone to attempt to criticize that act or its general administration would indeed be inappropriate, and I have no such idea.

I am motivated in submitting this proposal to the House at this time by a keen desire to bring before the House what appear to me to be facts warranting present action.

The refinancing operations of the H. O. L. C. ceased on June 12, 1936. The present principal operations of the Corporation are the collection and servicing of its outstanding loans and the management and sale of its acquired properties. In the Sixth Annual Report of the Federal Home Loan Bank Board, for the year ending June 30, 1938, the Corporation stated:

Its objective is to conclude its operations, if possible, without loss to the Federal Government and the taxpayer, and to assist as many borrowers as possible to preserve and ultimately own their homes free and clear of debt.

With that objective, I am in accord and were I to state the objectives of my proposal, I might very well adopt the foregoing, in the same words.

The ultimate responsibility for the termination of any instrumentality of Government rests with the legislative branch and, with respect to this particular instrumentality, I submit that we should now begin an inquiry into the ways and means by which that may best be accomplished. It is conceded, I think, that we shall have to do it sometime.

Appreciating the vastness of the problem, I believe such an inquiry is desirable if we are intelligently, rationally, and unemotionally to deal with this subject. Not with fanfare or ulterior or political motives but in a methodical and constructive manner should the problem be met.

It must be acknowledged that the administration of the Home Owners' Loan Corporation Act has resulted in many improvements in the methods of home financing. The Corporation's use of the "direct reduction" type of mortgage has generally resulted in wider use of these long-term amortization mortgages. This form of mortgage, obviously, saves the home owner the expense of refinancing after a short term or of paying fees or premiums for extension of the principal secured by the mortgage. The application of the appraisal practices of the Corporation has had beneficial effects on the real-estate market throughout the country. The Corporation has undoubtedly focused attention upon the primary importance of the appraisal in the field of home ownership financing.

Its Federal home-building-service plan, placed in operation by the Federal Home Loan Bank Board, has rendered fine service in coordinating the activities of home-financing agencies, architects, materials dealers, manufacturers, and

building-trades contractors.

The greatest source of criticism that may properly be leveled at the Corporation has been the suffering of tax arrears. The Corporation stated in its sixth annual report, 1938, that 40 percent of the borrowers were delinquent in taxes for one or more of the years 1933 to 1937. One of the principal criticisms against the old mortgage companies was the crediting of payments to interest, that is, "income a/c," out of which salaries, and so forth, were paid, rather than first discharging the prior liens of unpaid taxes. I am informed, however, that the Corporation has definitely and successfully turned to the solution of the tax problem.

The securities of the Corporation may be classified into, first, the mortgage loans outstanding, and, second, the property owned or in process of ownership. According to the Corporation's statement of June 30, 1938, the mortgage loans, advances, and sales instruments had a face value of \$2,265,000,000. Its property was worth approximately \$500,000,000. In addition to these assets, the Corporation owns the entire capital of the Federal Savings & Loan Insurance Corporation of \$100,000,000 and has over \$200,000,000 invested in savings and loans associations, both State and Federal.

The Corporation reports that there have been demands for far-reaching changes in its loan terms, most of which demands have led to the introduction of various resolutions and legislative proposals now pending before the House. The principal demands are: First, to lower the interest rate; second, to extend the amortization period; and, third, to introduce a moratorium on principal payments. The Corporation maintains that its terms are more liberal than generally ever before available, and, further, that it was not the intention to grant to the Corporation's borrowers outright Government subsidies. It was planned that the Corporation should be self-liquidating and that the loans were to be repaid with interest sufficient to cover the rate paid by the Corporation on its bonds. The present rate of interest on the Corporation's mortgages is 5 percent. A recent refinancing operation by the Corporation reduced the interest rate on its outstanding bonds to approximately 134 percent.

Each year from the beginning of its operations the Corporation has shown a deficit, which reached approximately \$40,000,000 at the end of the fiscal year 1938. It is indisputable that a reduction of the rate of interest would necessarily increase the deficit unless the other income of the Corporation were greatly increased. The accruing deficits are further contributions by the Government to the program of the saving of the homes refinanced.

Much has and will be said on both sides with respect to the legislation pending before the Congress for liberalization of terms and policies of the Corporation. It is not to be denied that the mortgagors and, particularly, the delinquent mortgagors of the Corporation have been the subjects of strenuous organizing efforts on the part of certain The motives of those groups are not here questioned. It is quite apparent that such mortgagors will readily and more easily be influenced by the hopes and aims of those groups. One such group, I am informed, abandoned its activities after investigation by the postal authorities. The head of another group was one of the leading figures in an attempted taxpayers' strike in New York, a few years ago. I, with a number of my colleagues, have sincerely sought a solution of the problem, have sought to procure fair and adequate relief for the mortgagors who have not necessarily suffered a permanent reduction in income or a permanent change in status. We, as the mortgagors, I am sure, have been ever mindful of the fact that a modification of the existing contracts would result in an enormous expense and a considerable amount of work and there might be some question as to an invasion of the equity due to those who have been fortunate enough to maintain their loans on a current basis. If, however, there are presently in existence, methods or means by which these ends may be accomplished, without further expense to the taxpayers of the country, as such, the mortgagors or the Corporation, the time to begin to do that is now. I am fully conscious of, and appreciate the manifold complexities of this problem and my appreciation and consciousness have led me to the course which I am suggesting we take. If the Corporation can, without greater loss or operating deficits, be liquidated, that should be done.

In my discussion of this matter or in any suggestions that I might make, I do not intend to circumvent the prerogatives of the House nor to limit the scope of the inquiry, should it be authorized. I mean merely to state briefly some of the methods which I think might be studied in an

effort to obtain our objectives.

In June 1938 the number of accounts in arrears 3 months or over amounted only to less than 10 percent of the total maturities and those 1 to 3 months less than 1 percent of the total maturities. It is stated by the Corporation, however, that nearly 50 percent of all borrowers in default are liquidating their arrearages by systematic payments, which means they are making regular payments for the liquidation of their arrears in addition to their current monthly remittances. The chairman of the board has stated that, as of December 31, 1938 (Appendix of the Record, 76th Cong., p. 2398), about 90 cents of every dollar due has been paid to date. He has been credited with saying some time ago that in about 42 States the Corporation had eliminated all the willful delinquents and those whose status had suffered permanent change. Further, he said—supra:

Only a minority of foreclosed H. O. L. C. borrowers lost out through a sheer inability to pay.

Under the provisions of the act of 1933 the Secretary of the Treasury was authorized, within certain limits, to make investments in Federal and State chartered savings and loan associations which are members of the Federal home-loan bank system. The total of those investments, at the end of the fiscal year 1938, was almost \$212,000,000.

I have always been of the opinion that the provisions for the revitalizing of these savings and loans associations were intended to provide an outlet for the liquidation of the bonds and mortgages of the Corporation. The results, however, have been that those savings and loans associations are for the most part soliciting the bonds secured by mortgages upon newly constructed dwellings, which mortgages are in turn insured by the Federal Housing Administration.

I am further informed that as a result of competition among lending institutions seeking approved Federal Housing Administration mortgage investments, that interest rates on those mortgages have been reduced in many cases to 4½ percent and in some instances 4 percent.

We have heard much of late with reference to idle capital and its inability to find profitable forms of investment. I am informed that a Newark, N. J., bank announced that it will no longer pay any interest on savings deposits. We who are imbued with an abiding faith in the future of our country know that there has been, and is now, no form of security more attractive than first mortgages on homes in America. That that is so is high tribute to the spirit and industry of the American home owner. We might well query the possibility and advisability of extending to the present mortgage loans held by the Corporation the insurance features of the Federal Housing Administration and inquire into the availability of sufficient funds among savings banks, insurance companies, and individuals to purchase those securities from the Corporation. Adequate safeguards might well be placed upon the terms of such sale, safeguards founded upon the experience of the Corporation and which would protect the borrowers as far as possible.

The constructive legislation enacted by the Congress during the past few years, including the Federal Housing Administration, the Federal Deposit Insurance Corporation, and the Federal Savings and Loan Insurance Corporation, will most certainly prevent a recurrence of the break-down of private home-financing institutions and to any former abuses in such

field.

The effects of such procedure will be (1) a reduction of the present interest rate to that of the Federal Housing Administration insured mortgages, namely, 4 to $4\frac{1}{2}$ percent; (2) a more personalized servicing of these mortgages by local institutions; (3) the further modification of the mortgages by way of extension of the amortization period; (4) the elimination of the conflicts between the amortization periods of the present mortgages of the Corporation and those now being insured by the Federal Housing Administration.

These are the aims of the pending resolutions and legislation now before the House that will be of benefit to the home owners. The transferring of these securities would relieve the Government of suffering further loss as a result of the foregoing modifications and would result in a steadying of the real-estate market and a considerable decrease in the number of foreclosures with which we are now faced.

In a like manner, we owe it to ourselves to know or begin to know how and in what manner the real estate and other properties acquired by the Corporation may most quickly and profitably be disposed of. At the rate of deficit for 1938, it would not take but 10 years that the accumulated deficit of the Corporation would exceed the present value of the properties acquired. Appreciating that it is not the policy of the Corporation to dump on the market at sacrifice prices the acquired properties, it would seem to be questionable business practice to hold those properties if they might otherwise be disposed of and any necessary loss taken now.

Of the available income-producing properties owned by the Corporation, it was reported in a national statement issued by the Corporation on December 31, 1938, that 88 percent were rented and that 98.8 percent of the tenants were either current or less than 1 month in arrears in rent.

I submit that a proper, intelligent, and efficient inquiry along the lines I have suggested will undoubtedly lead to

legislation designed to accomplish the following:

First. The immediate freeing of upwards of \$2,000,000,000 of private capital now lying idle in banks, insurance companies, and so forth.

Second. The return of home financing to its appropriate

field, to wit, private and local institutions.

Third. The termination of a purely emergency instrumentality of Government and the withdrawal of the Government from the fields of mortgage servicing and "landlord," the latter with all its unpopular connotations.

Fourth. The accruing benefits flowing to home owners and borrowers in lowered interest rates resulting from the transfer of their mortgages in a favorable "sellers" market.

Fifth. The rendering possible of more "personalized" servicing of the mortgages through local institutions which would have a more friendly attitude, with the retention of adequate safeguards for the protection of the borrowers.

Sixth. Increasing activity in the local real-estate markets resulting from the revaluation of the properties of the Corporation.

We can and should make this inquiry in order that this emergency instrumentality of the Government, having accomplished its purpose, will be terminated with the heartfelt appreciation of this body and those whose homes were saved through it. [Applause.]

Mr. MARTIN J. KENNEDY. Mr. Speaker, will the gentleman yield?

Mr. KEOGH. I yield. Mr. MARTIN J. KENNEDY. I want to congratulate my colleague for the very clear manner in which he has presented this very involved subject. I wonder if I might make this suggestion to the gentleman: After many years in the realestate business, I have some knowledge of those problems. I think if the gentleman would invite the real-estate boards of the country and the various presidents of savings banks to sit around the table, he would be doing a great deal toward solving this problem. I think there is a great deal of merit in the gentleman's proposal. I want to say now that I will be delighted to cooperate with the gentleman in this plan.

Mr. KEOGH. I appreciate the gentleman's very kind offer of cooperation and I trust I may have the same degree of it

from all Members of the House on both sides.

Mr. MARTIN J. KENNEDY. I am sure you will.

The SPEAKER pro tempore (Mr. GAVAGAN). The time of the gentleman from New York [Mr. KEOGH] has expired.

LEAVE OF ARSENCE

By unanimous consent, leave of absence was granted to Mr. BOYKIN, indefinitely, on account of death of his mother.

BILL PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, a bill of the House of the follow-

H. R. 5765. An act to authorize commissioning aviation cadets in the Naval and Marine Corps Reserves upon completion of training, and for other purposes.

ADJOURNMENT

Mr. DOXEY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 14 minutes p. m.) the House adjourned until tomorrow, Thursday, June 8, 1939, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON IMMIGRATION AND NATURALIZATION

There will be a meeting of the Committee on Immigration and Naturalization at 10:30 a.m. Thursday, June 8, on H. R. 3029 (STARNES of Alabama).

COMMITTEE ON FOREIGN AFFAIRS

There will be a meeting of the Committee on Foreign Affairs (executive session) in the committee rooms, Capitol, at 10 a. m. Monday, June 12, 1939, for the consideration of House Joint Resolution 306, Neutrality Act of 1939.

COMMITTEE ON THE JUDICIARY

On Monday, June 12, 1939, beginning at 10 a.m., there will be continued a public hearing before the Committee on the Judiciary on the bill (H. R. 6369) to amend the act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplemental thereto; to create a Railroad Reorganization Court; and for other purposes.

COMMITTEE ON MERCHANT MARINE AND FISHERIES

The Committee on Merchant Marine and Fisheries will hold public hearings in room 219, House Office Building, at 10 a.m., on the bills and dates listed below:

On Tuesday, June 13, 1939, on H. R. 1011, drydock facilities for San Francisco (Welch); H. R. 2870, drydock facilities for Los Angeles (Thomas F. Ford); H. R. 3040, drydock facilities for Los Angeles (GEYER of California); and H. R. 5787, drydock facilities for Seattle, Wash. (Magnuson).

The hearing originally scheduled by the Committee on Merchant Marine and Fisheries for Thursday, June 8, 1939,

on H. R. 6042, requiring numbers on undocumented vessels (KRAMER), and H. R. 5837, alien owners and officers of vessels (KRAMER), has been postponed until Tuesday, June 13, and will come up on the same list as those bills named directly above.

On Thursday, June 15, 1939, on House Joint Resolution 194, investigate conditions pertaining to lascar seamen (Sirovich).

On Friday, June 16, 1939, on H. R. 5611, district commanders' bill (U. S. Coast Guard).

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

826. A communication from the President of the United States, transmitting an estimate of appropriation of the General Anthony Wayne Memorial Commission amounting to \$2,500, fiscal year 1938, to remain available until June 30, 1940 (H. Doc. No. 311); to the Committee on Appropriations and ordered to be printed.

827. A communication from the President of the United States, transmitting supplemental estimates of appropriations required by the agencies concerned to carry into effect the provisions of Executive Order No. 7916, for the fiscal year 1940, amounting to \$657,366 (H. Doc. No. 310); to the Committee on Appropriations and ordered to be printed.

828. A letter from the Acting Chairman, Federal Communications Commission, transmitting the draft of a proposed bill to authorize the purchase of land, buildings, antenna systems, and appurtenances for use as a radio monitoring station; to the Committee on Interstate and Foreign Commerce.

829. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated May 25, 1939, submitting a report, together with accompanying papers and illustrations, on a preliminary examination and survey of lower Colorado River, Tex., authorized by the Flood Control Act, approved June 22, 1936, and the River and Harbor Act, approved August 26, 1937 (H. Doc. No. 312); to the Committee on Flood Control, and ordered to be printed, with three illustrations.

830. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated May 25, 1939, submitting a report, together with accompanying papers and an illustration, on a preliminary examination and survey of channel from Manteo via Broad Creek to Oregon Inlet, N. C., authorized by the River and Harbor Act approved June 20, 1938 (H. Doc. No. 313); to the Committee on Rivers and Harbors and ordered to be printed, with an illustration.

831. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated May 25, 1939, submitting a report, together with accompanying papers and illustrations, on reexamination of Lavaca and Navidad Rivers, Tex., requested by resolution of the Committee on Rivers and Harbors, House of Representatives, adopted October 27, 1938 (H. Doc. No. 314); to the Committee on Rivers and Harbors and ordered to be printed, with two illustrations.

832. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated May 25, 1939, submitting a report, together with accompanying papers and illustrations, on a preliminary examination and survey of Concho River, Tex., authorized by the River and Harbor Act approved August 26, 1937 (H. Doc. No. 315); to the Committee on Flood Control and ordered to be printed, with two illustrations.

833. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated May 25, 1939, submitting a report, together with accompanying papers and an illustration, on a preliminary examination and survey of channel from Pamlico Sound to Avon, N. C., authorized by the River and Harbor Act approved June 20, 1938 (H. Doc. No. 316); to the Committee on Rivers and Harbors and ordered to be printed, with an illustration.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. LEWIS of Colorado: Committee on Rules. House Resolution 217. Resolution providing for the consideration of H. R. 960, a bill extending the classified executive civil service of the United States; without amendment (Rept. No. 783). Referred to the House Calendar.

Mr. BOYKIN: Committee on Merchant Marine and Fisheries. H. R. 6273. A bill to amend certain sections of the Motor Boat Act of June 9, 1910, the act of Congress approved June 7, 1897, the act of Congress approved February 8, 1895, and section 4412 of the Revised Statutes, with respect to boats equipped with detachable motors and other motorboats; with amendment (Rept. No. 784). Referred to the House Calendar.

Mr. BLAND: Committee on Merchant Marine and Fisheries. H. R. 6442. A bill to amend an act entitled "An act to authorize the establishment of a permanent instruction staff at the United States Coast Guard Academy," approved April 16, 1937; without amendment (Rept. No. 785). Referred to the Committee of the Whole House on the state of the Union.

Mr. RANDOLPH: Committee on the District of Columbia. H. R. 3950. A bill to amend paragraphs (b), (c), and (d) of section 6 of the District of Columbia Traffic Act, 1925, as amended by the acts of July 3, 1926, and February 27, 1931, and for other purposes; without amendment (Rept. No. 794). Referred to the Committee of the Whole House on the state of the Union.

Mr. RANDOLPH: Committee on the District of Columbia. H. R. 5660. A bill to include Lafayette Park within the provisions of the act entitled "An act to regulate the height, exterior design, and construction of private and semipublic buildings in certain areas of the National Capital," approved May 16, 1930; without amendment (Rept. No. 795). Referred to the Committee of the Whole House on the state of the Union.

Mr. RANDOLPH: Committee on the District of Columbia. H. R. 6509. A bill to provide for insanity proceedings in the District of Columbia; without amendment (Rept. No. 796). Referred to the Committee of the Whole House on the state of the Union.

Mr. THOMASON: Committee on Military Affairs. S. 504. An act to provide a right-of-way; with amendment (Rept. No. 797). Referred to the Committee of the Whole House on the state of the Union.

Mr. MAY: Committee on Military Affairs. S. 2096. An act to amend section 4a of the act entitled "An act for making further and more effectual provision for the national defense, and for other purposes," approved June 3, 1916, as amended; with amendment (Rept. No. 798). Referred to the Committee of the Whole House on the state of the Union.

Mr. WHITTINGTON: Committee on Flood Control. H. R. 6634. A bill amending previous flood-control acts, and authorizing certain preliminary examinations and surveys for flood control, and for other purposes; with amendment (Rept. No. 799). Referred to the Committee of the Whole House on the state of the Union.

Mr. KELLER: Committee on the Library. H. R. 6528. A bill to provide for the creation of the George Rogers Clark National Memorial, in the State of Indiana, and for other purposes; without amendment (Rept. No. 800). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. KRAMER: Committee on Immigration and Naturalization. H. R. 3094. A bill for the relief of Luise Ehrenfeld; with amendment (Rept. No. 786). Referred to the Committee of the Whole House.

Mr. MASON: Committee on Immigration and Naturalization. H. R. 3277. A bill for the relief of Egon Karl Freiherr von Mauchenheim and Margarete von Mauchenheim; with amendment (Rept. No. 787). Referred to the Committee of the Whole House.

Mrs. O'DAY: Committee on Immigration and Naturalization. H. R. 3732. A bill for the relief of Rosalia Cataudella Di Rosa and son, Georgio Di Rosa; with amendment (Rept. No. 788). Referred to the Committee of the Whole House.

Mrs. O'DAY: Committee on Immigration and Naturalization. H. R. 5156. A bill for the relief of Adolph Ernest Helms; with amendment (Rept. No. 789). Referred to the Committee of the Whole House.

Mr. MASON: Committee on Immigration and Naturalization. H. R. 5827. A bill to authorize the cancelation of deportation proceedings in the case of John L. Harder and children, Paul William Harder, Irvin W. Harder, Edna Justina Harder, Elsie Anna Harder, and Elizabeth Harder; without amendment (Rept. No. 790). Referred to the Committee of the Whole House.

Mrs. O'DAY: Committee on Immigration and Naturalization. H. R. 6034. A bill for the relief of Mira Friedberg (Mira Dworecka); without amendment (Rept. No. 791). Referred to the Committee of the Whole House.

Mr. KRAMER: Committee on Immigration and Naturalization. H. R. 6435. A bill to authorize cancelation of deportation in the case of Louise Wohl; without amendment (Rept. No. 792). Referred to the Committee of the Whole House.

Mrs. O'DAY: Committee on Immigration and Naturalization. H. R. 5925. A bill for the relief of Spiridon or Spiros Noutsopulos; with amendment (Rept. No. 793). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Claims was discharged from the consideration of the bill (H. R. 6647) for the relief of Earl A. Ross, Frank P. Ross, and Lemuel T. Root, Jr., and the same was referred to the Committee on the Public Lands.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. HARNESS:

H.R. 6713. A bill to authorize a preliminary examination and survey of the Mississinewa River and its tributaries in the State of Indiana, from Matters Park to Conners Mill, in Grant County, for flood control, for run-off and waterflow retardation, and for soil-erosion prevention; to the Committee on Flood Control.

By Mr. BURDICK:

H. R. 6714. A bill providing for the final discharge of Federal supervision over certain individual Indians, providing for final settlement of Indian claims, determination of heirs, and for other purposes; to the Committee on Indian Affairs.

H. R. 6715. A bill to subject Indians of the State of North Dakota to the laws of such State; to the Committee on Indian Affairs.

By Mr. CORBETT:

H.R. 6716. A bill to recognize for the purpose of the pension laws the service in the Civil War of certain members of the Fifty-sixth Regiment Illinois Mechanic Fusileers; to the Committee on Invalid Pensions.

By Mr. MAAS:

H. R. 6717. A bill relative to the retirement of certain naval and marine aviators; to the Committee on Naval Affairs.

By Mr. SMITH of Washington:

H. R. 6718. A bill to prohibit the use of funds expended, granted, or loaned by the United States, for the purchase of materials which are not of domestic origin, and for other purposes; to the Committee on Ways and Means.

By Mr. CANNON of Florida:

H.R. 6719. A bill to authorize a preliminary examination and survey of the Kissimmee River, Fla., with view to establishment and regulation of water levels for flood control, runoff and water-flow retardation, and soil-erosion prevention; to the Committee on Flood Control.

By Mr. JEFFRIES:

H. R. 6720. A bill to amend section 13 of the Fair Labor Standards Act of 1938 so as to exempt employees of cooperative egg auction, produce auction, and poultry associations from the provisions of sections 6 and 7; to the Committee on Labor.

By Mr. COFFEE of Washington:

H. R. 6721. A bill to provide a permanent force to classify patents in the Patent Office, and for other purposes; to the Committee on Patents.

By Mr. MOTT:

H. R. 6722. A bill to provide for the examination and survey of the channel at Charleston, South Slough, Oreg.; to the Committee on Rivers and Harbors.

By Mr. MUNDT:

H. R. 6723. A bill to prevent the pollution of the navigable waters of the United States, and for other purposes; to the Committee on Rivers and Harbors.

By Mr. STARNES of Alabama:

H. R. 6724. A bill to provide for the prompt deportation of aliens engaging in espionage or sabotage, alien criminals, and other undesirable aliens; to the Committee on Immigration and Naturalization.

By Mr. FISH:

H. R. 6725. A bill to regulate the formation and activities of private military forces in the United States, and for other purposes; to the Committee on Military Affairs.

By Mr. BLAND:

H. R. 6726. A bill to amend the Merchant Marine Act, 1936, as amended, to provide compensation for disability or death resulting from injury to officers and members of the crew of vessels under the jurisdiction of the United States, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. COOLEY:

H. R. 6727. A bill relating to the reconcentration of cotton owned or held as security by the Commodity Credit Corporation or any other Government agency; to the Committee on Agriculture.

By Mr. ANGELL:

H. J. Res. 317. Joint resolution proposing an amendment to the Constitution of the United States, relating to old-age assistance; to the Committee on the Judiciary.

By Mr. WALLGREN:

H. J. Res. 318. Joint resolution to provide for retaining in the United States, and denying export therefrom, articles or materials to be used in violation of the sovereignty, independence, or territorial or administrative integrity of a nation, contrary to the treaty engagements of the United States, and for other purposes; to the Committee on Foreign Affairs.

By Mr. TABER:

H. J. Res. 319. Joint resolution making appropriations for the relief of unemployment work relief and for direct relief, and authorizing grants to States for such purpose, and for other purposes; to the Committee on Appropriations.

By Mr. KEOGH:

H. Res. 218. Resolution to create a select committee to investigate the advisability, practicability, and feasibility of terminating the activities of the Home Owners' Loan Corporation; to the Committee on Rules.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the Territory of Hawaii, memorializing the President and the Congress of the United States to consider their Joint Resolution 7, with reference to the Hawaiian Home Commission Act of 1920; to the Committee on the Territories.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CHURCH:

H. R. 6728. A bill for the relief of Stacy C. Mosser, receiver for the Great Northern Majestic Building Corporation; to the Committee on Claims.

By Mr. D'ALESANDRO:

H. R. 6729. A bill granting a pension to Emma Wagner; to the Committee on Invalid Pensions.

By Mr. EBERHARTER:

H. R. 6730. A bill for the relief of Edward P. Glenn, Jr.; to the Committee on Claims.

By Mr. GARTNER:

H.R. 6731. A bill for the relief of Bradford Bryant Blanchard; to the Committee on Naval Affairs.

By Mr. IZAC:

H. R. 6732. A bill for the relief of the Equitable Insurance Alliance, the Fidelity & Guaranty Fire Corporation, and the Hartford Fire Insurance Co.; to the Committee on Claims.

By Mr. LECOMPTE:

H.R. 6733. A bill granting a pension to Elizabeth Stiles; to the Committee on Invalid Pensions.

By Mr. MYERS:

H. R. 6734. A bill granting an increase of pension to Joseph Brown; to the Committee on Invalid Pensions.

By Mr. SECCOMBE:

H. R. 6735. A bill granting a pension to Clara Apgar; to the Committee on Pensions.

By Mr. SCHWERT:

H.R. 6736. A bill to correct the naval record of Herbert William Herring; to the Committee on Naval Affairs.

By Miss SUMNER of Illinois:

H. R. 6737. A bill for the relief of Clarence D. Green; to the Committee on Claims.

By Mr. VINCENT of Kentucky:

H.R. 6738. A bill for the relief of Gertrude Hancock, administratrix of the estate of Arch F. Hancock; to the Committee on Claims.

By Mr. WHELCHEL:

H. R. 6739. A bill conferring jurisdiction upon the United States District Court for the Northern District of Georgia to hear, determine, and render judgment upon the claim of the estate of J. L. Fretwell against the United States; to the Committee on Claims.

H.R. 6740. A bill for the relief of the estate of J. L. Fret-

well; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3552. By Mr. ANDREWS: Resolution adopted by the New York State Legislature, urging enactment of legislation authorizing deportation of certain aliens; to the Committee on Immigration and Naturalization.

3553. Also, petition signed by 60 residents of Buffalo, N. Y., favoring enactment of House bill 5620, the General Welfare

Act; to the Committee on Ways and Means.

3554. By Mr. ASHBROOK: Petition of Julia Henthorne, of Newark, Ohio, and 30 others, endorsing House bill 5620, the General Welfare Act; to the Committee on Ways and Means.

3555. Also, petition of William Hubschmidt, of Newark, Ohio, and 30 others, endorsing House bill 5620, the General Welfare Act; to the Committee on Ways and Means.

3556. By Mr. CARTER: Senate Joint Resolution No. 9, passed by the Legislature of the State of California, relating to the baneful effects of a reciprocal-trade agreement between the United States of America and Venezuela and urging legislation increasing tariff or excise tax on the importation of foreign oil and derivatives manufactured therefrom and imported into this country; to the Committee on Ways and Means.

3557. By Mr. CURLEY: Statement of the Citizens Civic Legion of New York City, supporting House bill 5147, for the extension of preferences in the civil service to veterans; to the Committee on the Civil Service.

3558. By Mr. GROSS: Resolution of York County Boroughs Association, opposing taxation on municipal indebtedness; to

the Committee on Ways and Means.

3559. By Mr. HARTER of New York: Petition of a group of citizens of the Forty-first Congressional District of New York,

favoring the General Welfare Act (H. R. 5620), the petitions being signed by the following: Mrs. George Schmitz, Herman Peters, Pauline Kohling, Bertha Fink, Mrs. William L. Heller, Elizabeth C. Hetzel, Ernie Hector, Carrie Gross, Jules Garno, Joseph Garno, Charles Anderson, Michael Blimm, Lena Bowes, Mrs. Danz, Martin F. Wheadrick, Sadie Van Horne, Herman Koehn, William F. Kirsch, Frank N. Prentice, A. J. Bletzer, Mary Bletzer, Mrs. S. Scoller, Mrs. E. Smith, Mrs. J. A. Schwartz, Marhisa H. Schwartz, Thomas Mitchell, Frances Lundergan, Hans W. Fincke, Eva Willman, and 985 other citizens; to the Committee on Ways and Means.

3560. By Mr. HINSHAW: Petition of Nona Tubbs and 270 other residents of Pasadena, Calif., urging the Seventy-sixth Congress to enact House bill 5620, the General Welfare Act; to the Committee on Ways and Means.

3561. By Mr. JARMAN: Resolution of the court of county commissioners of Greene County, Ala., relating to further improvements of navigation on Warrior River in Alabama between Demopolis and Tuscaloosa, Ala.; to the Committee on Rivers and Harbors.

3562. By Mr. KRAMER: Resolution of the Senate of the State of California, relating to the construction and maintenance of a veterans' general facility and hospital in Humboldt County; to the Committee on World War Veterans' Legislation.

3563. Also, resolution of the Brotherhood of Railroad Trainmen, relating to the appropriation of an additional \$100,000 for the La Follette committee so that it may complete its investigation in California, Oregon, and Washington; to the Committee on Appropriations.

3564. Also, resolution of the Assembly and the Senate of the State of California, relating to the civil liberties investigation; to the Committee on Appropriations.

3565. By Mr. KEOGH: Petition of the American Manufacturing Co., Brooklyn, N. Y., opposing the Fulmer bill (H. R. 57); to the Committee on Agriculture.

3566. Also, petition of the American Photo Engravers Association, New York City, concerning the Social Security Act (H. R. 6497); to the Committee on Ways and Means.

3567. Also, petition of the Emergency Conservation Committee, New York City, concerning the Gearhart bill (H. R. 3794); to the Committee on the Public Lands.

3568. Also, petition of the Transport Workers Union of Greater New York, Local 100, favoring the Casey bill (H. R. 6470); to the Committee on Appropriations.

3569. Also, petition of Daniel H. Barber, White Plains, N. Y., concerning Senate bill 2009; to the Committee on Interstate and Foreign Commerce.

3570. Also, petition of the Department of Agriculture, State of Texas, opposing the proposal to subsidize cotton exports; to the Committee on Ways and Means.

3571. Also, petition of Past Exalted Rulers Council, No. 7, Eastern District of Pennsylvania, I. B. P. O. E. of W., urging that the Negro race be fully enabled to enter into and participate in all departments of the armed service of the United States; to the Committee on the Judiciary.

3572. Also, petition of Union Barge Line Corporation, River Transportation, Pittsburgh, Pa., concerning the Wheeler bill (S. 2009); to the Committee on Interstate and Foreign Commerce.

3573. By Mr. LECOMPTE: Petition of sundry citizens of Keota, Iowa, urging an appropriation for the construction of a fishway in the Keokuk Dam at Keokuk, Iowa; to the Committee on Merchant Marine and Fisheries.

3574. By Mr. PFEIFER: Petition of the American Photo-Engravers Association, Chicago, Ill., concerning amendment to the Social Security Act (H. R. 6497); to the Committee on Ways and Means.

3575. Also, petition of the Union Barge Line Corporation, Pittsburgh, Pa., opposing the Wheeler bill (S. 2009); to the Committee on Interstate and Foreign Commerce.

3576. Also, petition of the Emergency Conservation Committee, New York City, urging the passage of the Gearhart bill (H. R. 3794), for the proposed John Muir-Kings Canyon

National Park, in the form it was originally introduced; to the Committee on the Public Lands.

3577. Also, petition of the Transport Workers Union of Greater New York, favoring continuation of the adult education program of the Works Progress Administration and the Casey bill (H. R. 6470); to the Committee on Appropriations.

3578. By Mr. SCHAEFER of Illinois: Petition of the Illinois State Federation of Labor, R. G. Soderstrom, president, urging enactment of Senate bill 2460, relating to the development of vocational education in the several States and Territories; to the Committee on Education.

3579. By the SPEAKER: Petition of the Veterans of Foreign Wars of the United States, Evansville, Ind., urging consideration of their resolution with reference to the Grover Cleveland Bergdoll case; to the Committee on World War Veterans' Legislation.

3580. Also, petition of the County Wexford Men's and Women's P. S. and B. Association, of New York, urging consideration of their resolution with reference to the fifth annual Commodore John Barry pilgrimage; to the Committee on Foreign Affairs.

3581. Also, petition of the Ohio Valley Improvement Association, Cincinnati, Ohio, urging consideration of their resolution with reference to Senate bill 2009, concerning freight rates; to the Committee on Interstate and Foreign Commerce.

SENATE

THURSDAY, JUNE 8, 1939

(Legislative day of Monday, June 5, 1939)

The Senate met at 1 o'clock p. m., on the expiration of the recess.

The Chaplain, Rev. Z@Barney T. Phillips, D. D., offered the following prayer:

Eternal God, ruler and guide of the destinies of nations, our everlasting Father in whom are found the springs of all parental tenderness and grace: We thank Thee for the manifold blessings bestowed upon us as a nation; for the ideals of government, of liberty and justice, so largely inherited from the mother country to which today America pays loving tribute as she welcomes to her heart the British sovereign and his gracious queen. Preserve them in health and strength; may Thine everlasting arms encircle them, and may their happy sojourn in our midst be to us, to them, and to their people a source of blessed understanding, as together we face the problems of tomorrow in the spirit of closer friendship and of deeper consecration to our God. We ask it in the name of Jesus Christ our Lord and Saviour. Amen.

THE JOURNAL

On request of Mr. Barkley, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Wednesday, June 7, 1939, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Latta, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had passed without amendment the following bills of the Senate:

S. 1031. An act to amend section 243 of the Penal Code of the United States, as amended by the act of June 15, 1935 (49 Stat. 378), relating to the marking of packages containing wild animals and birds and parts thereof; and

S. 1243. An act to authorize the use of War Department equipment for the Confederate Veterans' 1939 reunion at Trinidad, Colo., August 22, 23, 24, and 25, 1939.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 5610) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1940, and for other purposes, asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. Collins, Mr. Casey of Massachusetts, Mr. Mahon, Mr. Stefan, and Mr. Case of South Dakota were appointed managers on the part of the House at the conference.

The message further announced that the House had passed the following bills and joint resolution, in which it requested the concurrence of the Senate:

H. R. 57. An act to provide for the use of net weights in interstate and foreign commerce transactions in cotton, to provide for the standardization of bale covering for cotton, and for other purposes:

H.R. 4998. An act to amend the Packers and Stockyards Act, 1921;

H. R. 5625. An act to regulate interstate and foreign commerce in seeds; to require labeling and to prevent misrepresentation of seeds in interstate commerce; to require certain standards with respect to certain imported seeds; and for other purposes; and

H. J. Res. 294. Joint resolution providing for the presentation through the American Minister to Greece of a certain monument to the people of Greece.

ENROLLED BILL AND JOINT RESOLUTION SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bill and joint resolution, and they were signed by the Vice President:

S. 189. An act to provide for the confiscation of firearms in possession of persons convicted of felony and disposition thereof; and

H. J. Res. 286. Joint resolution to provide for the lending to the Virginia Military Institute of the equestrian portrait of Gen. Winfield Scott now stored in the Capitol.

DISTRICT OF COLUMBIA APPROPRIATIONS

The VICE PRESIDENT laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H. R. 5610) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1940, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. OVERTON. I move that the Senate insist upon its amendments, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. Overton, Mr. Glass, Mr. Thomas of Oklahoma, Mr. Burke, Mr. King, Mr. Nye, and Mr. Bridges conferees on the part of the Senate.

TRIBUTE TO THE LATE SENATOR LEWIS OF ILLINOIS

Mr. BILBO. Mr. President, I prepared an address which I expected to deliver when the memorial addresses were made in the Senate a few days ago on the life, character, and public service of the late Senator from Illinois, Hon. James Hamilton Lewis, but on account of lack of time on that occasion did not do so. I therefore now ask unanimous consent to have inserted in the Record the remarks prepared by me as a fitting tribute to the memory of the late Senator from Illinois.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Mr. BILBO. Mr. President, Senator James Hamilton Lewis has been for so long a time conspicuously associated with the history of the Congress and the country, and especially so very affectionately linked with our thoughts and recollections of the stirring and epochal events of the present administration that his sudden departure in the very

vigor of potential achievement has awakened the deeper depths of our emotional nature. If his exit from the arena of life had been effected similar to the manner of the going down of the slowly descending sun after passing the meridian heights, sorrowing comrades and devoted loved ones could have better sustained the shock of his passing. But when a familiar star is precipitately blotted from the firmament of the famed and illustrious, then it is that we, who have been so often led by its kindly light are left to startling darkness, the envelopment of an inconsolable sorrow; then it is that rivers of grief pour into the void of our aching hearts.

It has been said that the background of a man's life plays an important part in the formation of his character. Impossible it is to know a man without knowing something of his background. The community in which he has lived, the things and people that constitute his early environment impress and shape his personality and determine his outlook on life. These essentials supply a sort of reference map for the study of individual character.

A few of the things that go to make up the partial background of James Hamilton Lewis may be properly reviewed at this moment. He was born in Virginia, the Old Dominion, and sometimes called the Mother of Presidents. He was a student in Georgia and later attended the University of Virginia and also universities in Ohio and Texas. He received honorary degrees from institutions of learning in Europe. Impelled by the spirit of adventure and romance, he migrated to the Pacific Northwest and began the practice of law in Seattle, Wash. In that State he became a member of the legislature, and Democratic Congressman at large. He served as a soldier and officer in the Spanish-American War and at the end of this service established residence and citizenship in the city of Chicago, Ill., where, after holding many places of public trust, he was chosen United States Senator to represent the people of that great western Commonwealth.

Such, in brief, is the educational, political, and geographical background of James Hamilton Lewis. Forthrightly will it be observed that it is impossible for a man so environed to become stalemated by the drowsy atmosphere of provincialism. His was a background that extended from coast to coast, from north to south, and covered an experience in the affairs of men bounded only by the height of their joys and the depth of their sorrows; and thus it came to be that his courtly air and gentlemanly graces, his social sympathies, and love of country were not of a province but of a continent—all in all, in him was personified the ideal citizen of the United States of America—scholar, soldier, statesman, and patriot.

I recall having read many years ago an article in Collier's Weekly representing an interview of a columnist of that paper with Hon. James Hamilton Lewis. Among other things the writer asked Mr. Lewis, "Since you have run for office frequently and have never experienced defeat but once, to what secret do you attribute this remarkable success?" Mr. Lewis replied: "If there be any secret associated with, or responsible for, this success, it is in knowing when to run." Just so often as Senator Lewis has come to my desk during a heated discussion of some highly controversial subject and, bending low over my shoulder, would whisper into my ear, "Now is the time to strike," just so many times have I had occasion to recall this characteristically terse explanation of his victorious candidacies.

James Hamilton Lewis believed in the propriety of things. He believed in fitting the topic to the humor of the hour, and in suiting the action and its phrasing to the psychology of the moment. His knowledge of human nature and of the peculiar mental processes of the average individual heightened his ability in discovering the eternal fitness of things and appropriately associating place and circumstance. As an illustration of that fine penetrating appreciation of timeliness in the introduction and development of some engaging theme of universal import to a listening and distracted world, I have only to use his own words spoken in a memorial ad-

dress on the occasion of the death of Senator Joseph Taylor | Robinson:

It is agreeable to dwell for a second upon the scene presented in this body at this moment. I would invite the countries of the world, wherever their parliaments are assembled, to view at this moment the United States Senate, this great legislative body in this American Nation. Behold how those of opposite political faith and those of conflicting contention sit in the quietude of suffering, with suppressed tears in their hearts at the loss of their fellow legislator. Every difference of the past is quelled. Every mutiny is hushed. Nothing of the past that took on the form of party contest is reflected in the slightest suggestion, while everything of expression moves to that beautiful sympathy, that brotherhood which feels the depths of loss and suffering for its stricken. In this moment I rise to note what security there is in this scene in America. What a beautiful example is exhibited of the support and sustenance of all that could be called for in government. I merely invite the attention of the world to what this body now represents in its expressions as to America.

What more outstandingly engaging theme at that moment than national security; what more solemn and impressive Jesson evoked from that theme, and what more befitting time and place could have been chosen to give wings to an accurate and dependable concept of our national security that it might be wafted to a Nation mourning at the bier of a beloved son, and to the uttermost peoples of the earth.

I recall no lines in the literature of our language that more perfectly describe, or adequately portray, the colorful and eventful life of James Hamilton Lewis than those employed by John Temple Graves in his memorial address on the life and achievements of Henry Woodfry Grady, who, like Senator Lewis, died literally loving a Nation into peace and security. I refer to those finely turned phrases of matchless imagery, "inimitable by model or by pencil drawn," wherein he said:

I have seen at midnight the gleaming headlight of a giant locomotive, rushing onward through the darkness, heedless of danger and uncertainty, and I have thought the spectacle grand. I have seen the light come over the eastern hills in glory, driving the lazy darkness, like mist before a seaborn gale, till leaf and tree and blade of grass sparkled as myriad diamonds in the morning rays, and I have thought that it was grand. I have seen the lightning leap at midnight athwart the storm-swept sky, shivering over chaotic clouds, mid howling winds, till cloud and darkness and the shadow-haunted earth flashed into midday splendor, and I have known that it was grand. But the grandest thing, next to the radiance that flows from the Almighty's throne, is the light of a noble and beautiful life, shining in benediction upon the destinies of men, and finding its home in the bosom of the everlasting God.

The life of James Hamilton Lewis, who has ever been a star of the first magnitude in the political firmament of our day, represents just such a light as was apotheosized by the gifted Georgian—a light of such glowing effulgence as that it radiated an enveloping benediction around the great body of lawmakers to which he belonged, and to which he made distinguished contribution. When he spoke in the Halls of Congress, it seemed that all the rare and luminous words of poetic phrase and polished diction that had ever blossomed in the shining pathway of an inspired pen, prostrated themselves in loving obedience to their master's will. He combined the inextinguishable glow of a noble sentiment, and the magic power of a burning thought, with the resonant rhythm and deep diapason of a voice of melody.

In this age of sordid and selfish commercialism, he strove to turn its plethora of gains into paths of peace, and the outstretched palms of poverty; into the ways of righteousness and the road to recovery and relief. In these disjointed times when those who have, are arrayed against those who have not, he sought an adjustment and reconciliation through the invincible logic of liberalism. He asked no safer shield, or more redoubtable armor with which to wage successful war upon economic depression than the imperishable principles and policies of the New Deal. Under that flag—beneath that banner, he marched with stately step and chivalric pride abreast with his worthy comrades, and in it all, through storm and strife and show of terrific combat, never a shaft he shot with unerring aim—never a lance he lifted to stay the gathering onslaught—except it were "tipped with a rose."

James Hamilton Lewis was an orator in the true sense of that word. As a political speaker on the hustings; as a formidable debater in the forum; as the people's advocate in LXXXIV—431

the United States Senate; everywhere, in the free, open tilt and tournament of intellectual prowess, he displayed rare and exceptional qualities. It would be difficult indeed to enumerate all of the elements that characterized and adorned his style of expression, such as natural grace and persuasive force, polished behavior, and penetrating scholarship, impeccable politeness, and compelling logic. Cicero, after enumerating all the qualities that should be possessed by the perfect orator, concluded by saying:

To these qualities are to be blended refined beauty of language and deliberate courtesy of manner.

If the great Roman citizen had lived in this age and had spoken these words in our time, I do not doubt but that one would have thought he had none other in mind than James Hamilton Lewis, for in all my acquaintance with and knowledge of public men in contemporary life, not one possessed these blending qualities in the degree and charm they were so distinctly and impressively exemplified in the discourses and public utterances of James Hamilton Lewis.

The last illness of Senator Lewis overtook him while returning to Washington from a brief and long-coveted visit to his beloved Chicago. He had begun this returning journey filled with the buoyant hope and high expectation of reassuming his duties here in the Senate, but immediately on arriving at the Capital City, because of a serious heart attack in transit, he deemed it best that he should be taken forthwith to a hospital for treatment. Upon arriving at this institution, it is said he chanced to meet and recognize at the doorway an old friend of long acquaintance, and, although experiencing at the moment the most excruciating pain, he turned aside to address this humble citizen in his charming and customarily courteous manner. James Hamilton Lewis, who had shown us in life how a citizen should live, taught us in his last hour how a gentleman should die.

PETITION

Mr. CAPPER presented a petition signed by members of the Woman's Foreign Missionary Society, of Caldwell, Kans., praying for the enactment of legislation to prohibit the sale and shipment of munitions and war supplies to Japan for use in operations in China, which was referred to the Committee on Foreign Relations.

REPORTS OF COMMITTEES

Mr. SHEPPARD, from the Committee on Military Affairs, to which was referred the bill (H. R. 3132) to authorize the disposal of cemetery lots, reported it without amendment and submitted a report (No. 581) thereon.

Mr. SCHWARTZ, from the Committee on Military Affairs, to which was referred the bill (S. 2353) to authorize appropriation for the construction of a medical school building at Carlisle Barracks, Pa., reported it without amendment, and submitted a report (No. 585) thereon.

Mr. BANKHEAD, from the Committee on Agriculture and Forestry, to which was referred the bill (S. 1850) to aid the States and Territories in making provisions for the retirement of employees of the land-grant colleges, reported it with amendments.

ADDITIONAL COPIES OF HEARINGS BEFORE COMMITTEE ON TERRITORIES AND INSULAR AFFAIRS

Mr. HAYDEN. From the Committee on Printing, I report back favorably without amendment Senate Resolution 140, and ask unanimous consent for its immediate consideration.

The VICE PRESIDENT. Is there objection?

There being no objection, the resolution (S. Res. 140), submitted by Mr. Tydings on May 31, 1939, was considered and agreed to, as follows:

Resolved, That, in accordance with paragraph 3 of section 2 of the Printing Act, approved March 1, 1907, the Committee on Territories and Insular Affairs of the Senate, be, and is hereby, authorized and empowered to have printed for its use 1,000 additional copies of the hearings held before said committee during the current session on the bill (S. 1028) to amend an act entitled "An act to provide for the complete independence of the Philippine Islands; to provide for the adoption of a constitution and a form of government for the Philippine Islands, and for other purposes,"

ADDITIONAL COPIES OF HOUSE DOCUMENT 272—CONTINENTAL TOLL ROADS; HIGHWAY DEVELOPMENT

Mr. HAYDEN, from the Committee on Printing, reported a concurrent resolution (S. Con. Res. 19), which was considered by unanimous consent and agreed to, as follows:

Resolved by the Senate (the House of Representatives concurring), That 16,000 additional copies of House Document No. 272, entitled "Message From the President of the United States Transmitting a Report of the Bureau of Public Roads on the Feasibility of a System of Transcontinental Toll Roads and a Master Plan for Free Highway Development," be printed for the use of the Senate document room.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

Mr. O'MAHONEY, from the Committee on the Judiciary, reported favorably the nomination of Joseph Henry Goguen, of Massachusetts, to be United States marshal for the district of Massachusetts, vice John J. Murphy, resigned.

Mr. PITTMAN, from the Committee on the Judiciary, reported favorably the nomination of Francis H. Inge to be United States attorney for the southern district of Alabama.

Mr. WALSH, from the Committee on Naval Affairs, reported favorably the nomination of Rear Admiral Chester W. Nimitz to be Chief of the Bureau of Navigation in the Department of the Navy with the rank of rear admiral, from the 15th day of June 1939, for a term of 4 years.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The VICE PRESIDENT. The reports will be placed on the Executive Calendar.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BARKLEY:

S. 2577. A bill authorizing an appropriation for completing the mural decorations in the Senate reception room; to the Committee on the Library.

By Mr. LUCAS:

S. 2578. A bill to designate the lock and dam at Alton, Ill., as the Henry T. Rainey Dam; to the Committee on Commerce.

By Mr. DAVIS:

S. 2579 (by request). A bill for the relief of Rose George, Thomas George, and George George; to the Committee on Immigration.

By Mr. HILL:

S. 2580. A bill for the stabilization of small business enterprises through the extension of credit; to the Committee on Banking and Currency.

By Mr. PEPPER:

S. 2581. A bill to authorize a survey for a national parkway from the Augusta terminus of the Oglethorpe National Trail and Parkway Survey to the Blue Ridge Parkway at Tennessee Bald, N. C., and for an extension of the Blue Ridge Parkway to the vicinity of St. Augustine, Fla., by way of Stone Mountain and Atlanta, Ga.; to the Committee on Public Lands and Surveys.

(Mr. Pepper also introduced Senate bill 2582, which was referred to the Committee on the Judiciary, and appears under a separate heading.)

By Mr. BURKE:

S. 2583. A bill granting a pension to Ulysses H. Franklin; to the Committee on Pensions.

By Mr. SHEPPARD:

S. 2584. A bill to improve the general economic welfare of the country by establishing, extending, and coordinating business research; to furnish aid and assistance to business by providing facilities for research into their problems; and to provide for the designation and development of business research stations in the various States and Territories of the United States to cooperate with the Department of Commerce in research activities which will improve the general economic welfare and be of direct value to small business enterprises; to the Committee on Commerce.

By Mr. BANKHEAD:

S. 2585. A bill to reimburse the Cotton Cooperative Associations for losses occasioned by the Federal Farm Board's stabilization operations, and for other purposes; to the Committee on Agriculture and Forestry.

By Mr. SHEPPARD:

S. 2586 (by request). A bill to authorize the acquisition of additional land for military purposes; to the Committee on Military Affairs.

DESECRATION AND MUTILATION OF THE AMERICAN FLAG

Mr. PEPPER. Mr. President, this week has been designated Flag Week. Naturally, this being the case, it arouses particularly our attention to the integrity and dignity of our flag. I was astonished to see a picture appearing in a newspaper a few days ago which indicated that at a public meeting in a certain part of this country a certain organization had pictures of its heroes in a foreign country around the walls and beneath the chair of the obvious leader of this group was a crumpled American flag. Whether or not that picture is authentic, I do not know, but, in looking into the statutes to see whether or not there was provision against the desecration and mutilation of the American flag, I found no statutory provision on that subject save in the District of Columbia. I thought it appropriate, at least, that we might consider the question of the preservation of the American flag against desecration and mutilation by those who do not respect the institutions or the dignity of the American Commonwealth. I ask unanimous consent to introduce a bill on that subject which I send to the desk and ask for its appropriate reference.

The VICE PRESIDENT. Without objection, the bill of the Senator from Florida will be received and properly

referred.

The bill (S. 2582) to prevent and punish the desecration, mutilation, or improper use of the flag of the United States of America was read twice by its title and referred to the Committee on the Judiciary.

HOUSE BILLS AND JOINT RESOLUTION REFERRED

The following bills and joint resolution were severally read twice by their titles and referred as indicated below:

H.R. 57. An act to provide for the use of net weights in interstate and foreign commerce transactions in cotton, to provide for the standardization of bale covering for cotton, and for other purposes;

H. R. 4998. An act to amend the Packers and Stockyards Act, 1921; and

H. R. 5625. An act to regulate interstate and foreign commerce in seeds; to require labeling and to prevent misrepresentation of seeds in interstate commerce; to require certain standards with respect to certain imported seeds; and for other purposes; to the Committee on Agriculture and Forestry.

H. J. Res. 294. Joint resolution providing for the presentation through the American Minister to Greece of a certain monument to the people of Greece; to the Committee on Foreign Relations.

NATIONAL MEETING FOR MORAL REARMAMENT (S. DOC. NO. 82)

Mr. TRUMAN. Mr. President, on Sunday, June 4, there was held in Constitution Hall, Washington, the National Meeting for Moral Rearmament. I had the honor at that time to present the following message from the President of the United States, which opened that great assembly:

The underlying strength of the world must consist in the moral fiber of her citizens. A program of moral rearmament for the world cannot fail, therefore, to lessen the danger of armed conflict. Such moral rearmament, to be most highly effective, must receive support on a world-wide basis.

FRANKLIN D. ROOSEVELT.

That meeting was sponsored by members of the Cabinet and Members of the Senate and House of Representatives, and the invitation to the meeting contained messages from the Secretary of State, the Secretary of War, the Attorney General, the Speaker of the House, the leader of the Senate majority, former President Hoover, the Senator from Kansas

[Mr. Capper], the Senator from New York [Mr. Wagner], Hon. Joseph W. Martin, Jr., the minority leader in the House of Representatives, Dr. Alexis Carrel. There was also one from John J. Pershing, General of the Armies of the United States in the last war, which I wish to read:

This moral rearmament should enlist the support of all thinking people. There is a spiritual emotion which underlies all true patriotism, and good citizenship itself is dependent upon the high sense of moral obligation of the people. Today, confronted by conditions so threatening to world peace, we must rededicate ourselves to the faith of our forefathers if we are to be worthy of

JOHN J. PERSHING.

The principal address of the evening was delivered by Dr. Frank N. D. Buchman, founder of the Oxford Group. There were messages from the House of Lords of Great Britain signed by 25 members of that body, and a message from the House of Commons signed by 236 members of that body. Messages also came from the Netherlands, from the Union of South Africa, from British labor, and from great diplomats the world over.

I think it is particularly appropriate, Mr. President, to record these messages from Great Britain in the proceedings of the Senate today because of the presence here of the King and Queen of Great Britain, and because of the fact that included among the signatories are men who both personally and officially are associated with Their Majesties.

I ask that this document be printed in the body of the RECORD and that its printing as a Senate document be authorized (Senate Document No. 82).

The VICE PRESIDENT. Is there objection to the request of the Senator from Missouri?

There being no objection, the document was ordered to be printed as a Senate document and to be published in the RECORD, as follows:

Mr. President, on Sunday evening, June 4, there was held in Constitution Hall, Washington, a National Meeting for Moral Re-Armament. I had the honor at that time to present the following message from the President of the United States, which opened that

great assembly: "The underlying strength of the world must consist in the moral fiber of her citizens. A program of moral rearmament for the world cannot fail, therefore, to lessen the danger of armed conflict. Such moral rearmament, to be most highly effective, must receive support on a world-wide basis.

"Franklin D. Roosevelt."

From former President Herbert Hoover:

"The world has come out of confusion before because some men and women stood solid. They held safety for the world, not be-cause they knew the solutions to all these confusions, not because cause they knew the solutions to all these confusions, not because they even had the power to find solutions. They stood firm and they held the light of civilization until the furies passed because they individually held to certain principles of life, of morals, and spiritual values. These are the simple concepts of truth, justice, tolerance, mercy, and respect for the dignity of the common man. To hold and lift these banners in the world will go far to solve

its confusions.

"What the world needs today is to return to sanity and to moral and spiritual ideals. At the present time nothing so concerns the progress of mankind.

"HERBERT HOOVER."

The sponsors for the meeting included members of the Cabinet: The Honorable Harry H. Woodring, Secretary of War; the Honorable Claude A. Swanson, Secretary of the Navy; the Honorable James A. Farley, Postmaster General; the Honorable Harold L. Ickes, Secretary of the Interior; the Honorable Frances Perkins, Secretary of

Labor.

Members of the Senate: The Honorable Warren R. Austin, the Honorable Josiah W. Bailey, the Honorable W. Warren Barbour, the Honorable Alben W. Barkley, the Honorable William E. Borah, the Honorable Edward R. Burke, the Honorable William E. Borah, the Honorable Edward R. Burke, the Honorable Harry Flood Byrd, the Honorable Arthur Capper, the Honorable Bennett Champ Clark, the Honorable Carter Glass, the Honorable Theodore F. Green, the Honorable Pat Harrison, the Honorable William H. King, the Honorable M. M. Logan, the Honorable Scott W. Lucas, the Honorable Ernest Lundeen, the Honorable Scott W. Lucas, the Honorable James M. Mead, the Honorable Sherman Minton, the Honorable Glaude Pepper, the Honorable Key Pittman, the Honorable Morris Sheppard, the Honorable Elbert D. Thomas, the Honorable Harry S. Truman, the Honorable Robert F. Wagner.

Members of the House of Representatives: The Speaker of the House, the Honorable Chester C. Bolton, the Honorable Ralph O. Brewster, the Honorable Chester C. Bolton, the Honorable Ralph O. Brewster, the Honorable Colgate W. Darden, Jr., the Honorable Charles A. Eaton, the Honorable Hamilton Fish, the Honorable Carl Hinshaw, the Honorable Carl E. Mapes, the Honorable Joseph

W. Martin, Jr., the Honorable Jack Nichols, the Honorable Caroline O'Day, the Honorable James C. Oliver, the Honorable Sam Rayburn,

O'Day, the Honorable James C. Oliver, the Honorable Sam Rayburn, the Honorable Dave E. Satterfield, Jr., the Honorable Dewey Short, the Honorable Clyde H. Smith, the Honorable Martin F. Smith, the Honorable Allen T. Treadway, the Honorable James W. Wadsworth. And in addition the following: Dr. James Truslow Adams, the Honorable Harry W. Blair, the Honorable Fred A. Britten, the Honorable Dwight F. Davis, the Honorable Frederic A. Delano, Mr. Cleveland E. Dodge, Mr. Robert V. Fleming, Dr. Douglas Southall Freeman, Mr. William Green, Col. Edwin A. Halsey, the Honorable J. L. Houghteling, the Honorable J. Monroe Johnson, Mr. G. Gould Lincoln, Mr. Felix Morley, Mr. Newbold Noyes, the Honorable Robert L. Owen, Mrs. Eleanor Medill Patterson, the Honorable Hoffman Philip, Mr. William M. Ritter, Mr. Russell E. Sard, the Honorable Henry L. Stimson.

Philip, Mr. William M. Ritter, Mr. Russell E. Sard, the Honorable Henry L. Stimson.

And also the following sponsors of a citizens' meeting at Madison Square Garden, New York, on May 14: The Honorable William F. Carey, Mr. John Alden Carpenter, Mr. William M. Chadbourne, Dr. Harry Woodburn Chase, Mr. Louis Comstock, Mr. Harvey Wiley Corbett, Mr. Frederic R. Coudert, Mr. Russell A. Firestone, Mr. Henry Ford, Mr. John Henry Hammond, the Honorable Ogden H. Hammond, the Honorable Florello H. La Guardia, the Honorable Herbert H. Lehman, the Honorable A. Harry Moore, Mr. William Fellowes Morgan, Mr. Henry Morgenthau, Mr. Henry Parish, Mr. Edgar Rickard, Mrs. James Roosevelt, Col. Theodore Roosevelt, Jr., the Honorable Alfred E. Smith, Dr. James E. West.

Mr. President, I desire to call to the attention of the Senate

Mr. President, I desire to call to the attention of the Senate the various messages which have been received from all parts of the country endorsing the present campaign for moral rearmament. Among them are the following:

From the Secretary of State:

"Here in the post-war period there has been a general lowering of standards of conduct—moral, political, social, and economic. International morality has seldom been at a lower ebb. The time is ripe and the need is urgent for a renewal and restoration of the former high standard of conduct of both individuals and governments. "CORDELL HULL."

From the Secretary of War:

"The heart of national defense is a rebirth of true patriotism among our people. Moral rearmament deepens and strengthens that love of country without which no nation is secure, and it deserves the support of every loyal American.

"Happy H. Woodring." "HARRY H. WOODRING."

From the Attorney General:

"As a practical Catholic, I believe that our hope lies in a rebirth of the old integrities and a new sense of moral values. This tragic twentieth century, when faith seems in eclipse, may yet prove the most glorious in history because out of the weakness of our broken hopes is rising the strong tide of a spiritual awakening. Moral rearmament is safeguarding the great traditions of our past, and will provide the sinews of our might for the future.

From the Speaker of the House of Representatives:
"At a time when major calamity threatens the world, no greater blessing could come to our land than a reawakening to those ancient truths on which the strength of democracy is built. Therefore must be a new spirit at home, as well as abroad. We, therefore, join in welcoming the movement for moral and spiritual rearmament as a bulwark of the democratic tradition and a basis for unity throughout the Nation.

"WILLIAM B. BANKHEAD."

From the majority leader of the Senate:
"One of the chief hopes for civilization is to strengthen and unite the moral forces of mankind. Our generation must rearm morally or suffer from moral and spiritual disorganization. Common action in this high endeavor would unite the conflicting elements within our own democracy, and enable America to give a leadership which could save the world.

"ALBEN W. BARKLEY."

From John J. Pershing, General of the Armies of the United

"This moral rearmament should enlist the support of all thinking people. There is a spiritual emotion which underlies all true patriotism, and good citizenship itself is dependent upon the high sense of moral obligation of the people. Today, confronted by conditions so threatening to world peace, we must rededicate ourselves to the faith of our forefathers if we are to be worthy of our

"JOHN J. PERSHING."

From the senior Senator from Kansas: "Faith in God, love of the land, and a pioneer spirit once con-quered a continent. Sons of the West will fight for moral re-armament as the next frontier movement in American history, and make the same sacrifices to carry it from coast to coast.

"ARTHUR CAPPER."

From the senior Senator from New York:

"The great need of the hour is for a spirit of moral rearmament in every phase of national life. Inspired by such a spirit, labor and industry can take their rightful place of service in the public interest and demonstrate to the world that unity in which alone lies liberty and peace. "ROBERT F. WAGNER."

From the minority leader of the House of Representatives:
"No greater contribution to the America of tomorrow could be

rendered than the moral rearmament of the American people. would create an unselfishness which is most essential if we are to solve properly the great problems which today confront the Nation. Most of our troubles and difficulties can be traced to the selfishness of minorities. Moral rearmament is a great need of the day.
"Joseph W. Martin, Jr."

From the Governor of the State of New York:
"In these critical times our people must face the future with a patriotism above partisanship. We must develop a moral consciousness based on a faith in God which can inspire both public and private life.

"A program of this nature can bring an answer to the problems of our day and deserves the fullest cooperation of all true Americans. "HERBERT H. LEHMAN."

From the mayor of the city of New York:

"I wish you well-deserved success for Moral Rearmament Meeting. A new determination has come to the life of this city as a result of the desire for moral rearmament, for more honest and unselfish relations, a greater readiness to work together for the common good without party prejudices, and a truer faith in the God of us all.

"America has taken her rightful place in the leadership of the world. We therefore must make sure that our own house is in order first. I hope that New York may take the lead in this task and become the sounding board to the nation for moral rearmament.

"I'F H LaGUARDIA."

"F. H. LAGUARDIA."

From Dr. Alexis Carrel, of the Rockefeller Institute:

From Dr. Alexis Carrel, of the Rockefeller Institute:

"The spiritual activities of man are no less real than physical and chemical phenomena—and their importance is much greater. The emancipation from the dogma of materialism will usher in an era when human life will be broader and more complete.

"Civilization today stands at the crossroads. We speak of peace. But we must not forget that life loves the strong; that peace demands strength. The strength of nations, like that of man, is composed of spiritual as well as material elements. Therefore the call of the hour must be a call to moral and physical virility. And the spiritual rearming of men and nations must lead the way.

"ALEXIS CARREL."

Mr. President, the principal address of the evening was given by Dr. Frank N. D. Buchman, founder of the Oxford Group, and I will

Dr. Frank N. D. Buchman, founder of the Oxford Group, and I will quote from it as follows:

"MRA is the triumph of a God-given thought. It came as the answer to a crisis that threatened civilization. A reemphasis of old truths was let loose in the world—simple homespun truths that have been the backbone of the real America, the guidance of God, and a change of heart. Everyone agreed that these great truths had to be recaptured, relived, and restored to authority—truths which, were they practiced, would bring the answer. The phrase that riveted itself upon the attention of men everywhere was 'Moral and spiritual rearmament.' and spiritual rearmament.'

"Leadership of the future goes to the men of moral courage; the men who ask and give 3 feet to the yard, 16 ounces to the pound. As Americans, as patriots, we find that MRA is the common denomias americans, as patriots, we find that MRA is the common denominator on which everyone can unite. In an age of material perfection we must usher in the age of spiritual force, when spiritual power becomes the greatest power in the world. The voice of God must become the voice of the people; the will of God the will of the people. "America may not have been moving from crists to crisis, but America is not without her problems in business, the home, in industry, in civic and in Government life.

"We need a reladication of our people to the common that it is the common to the common that it is the common to the common that it is the

America is not without her problems in business, the home, in industry, in civic and in Government life.

"We need a rededication of our people to those elementary virtues of honesty, unselfishness, and love. We must have the will again to find what unites people rather than what divides them. It must become the dawn of a new era, a new age, a new civilization. "By a miracle of science men can speak by radio to millions. By a miracle of the spirit God can speak to every man. His voice can be heard in every home, every business, every government. When man listens, God speaks. When man obeys, God acts. It does not matter who you are or where you are. Accurate, adequate information can come from the mind of God to the minds of men who are willing to take their orders from Him. This is the revolution which will change human nature and remake men and nations. "People believe that their leaders should be guided by God. But the rank and file must be guided, too. A God-guided public opinion is the strength of the leaders. This is the dictatorship of the living spirit of God, which gives every man the inner discipline he needs and the inner liberty he desires. This is the true democracy. "Our security, the world's security, lies in God-control. No other social, political, or economic program goes to the root of the disease in human nature. Only God-controlled men will make God-controlled nations to make a new world. In this adventure every man can find his vocation, every nation its destiny.

"The future depends not on what a few men may decide to do in Europe, but upon what a million men decide to be in America, under the dominion of God, has the historic opportunity of leading the nations into the spacious freedom of a world at peace within itself."

of leading the nations into the spacious freedom of a world at peace within itself."

Mr. President, I respectfully request permission to insert in the RECORD at this time a few of the many striking messages received by the sponsors from all over the world endorsing this great movement.

From members of the House of Lords:
"We, being members of the House of Lords in Great Britain, wish to congratulate you at the great meeting to promote moral and spiritual rearmament, which is about to take place in Washington.

"Unity and peace, whether national or international, can grow only amongst men and nations who become spiritually equipped with faith and love. The responsibility before God rests upon every individual man and woman, with us and with you, that they answer to this call.

faith and love. The responsibility before God rests upon every idual man and woman, with us and with you, that they er to this call.

"The Lord Addington; the Right Honorable the Earl of Athlone, K. G., personal A. D. C. to the King since 1936, Governor General of the Union of South Africa, 1923-31; the Lord Bicester, Lord-Lieutenant of Oxfordshire; the Right Honorable the Earl of Clarendon, K. G., Lord Chamberlain to the King, Governor General of the Union of South Africa, 1931-37; the Right Honorable Lord Clinton, G. C. V. O., Chairman of the Forestry Commission, 1927-29; Admiral of the Fleet, the Right Honorable the Earl of Cork and Orrery, G. C. B., G. C. V. O., Commander in Chief, Portsmouth; the Right Honorable Lord Desborough, K. G., former president of the London Chamber of Commerce; the Lord Elton, fellow of the Queen's College, Oxford; the Right Honorable the Viscount Fitz-Alan of Derwent, K. G., Viceroy of Ireland, 1921-22; the Earl Grey; the Right Honorable the Viscount Hailsham, Lord Chancelor of Great Britain, 1935-38, Secretary of State for War and leader of the House of Lords, 1931-35; the Right Honorable Lord Kennet, G. B. E., Minister of Health, 1931-35; the Right Honorable the Earl of Lytton, K. G., Viceroy and Acting Governor General of India, 1925; the Right Honorable the Earl of Midleton, K. P., Secretary of State for War, 1900-1903, Secretary of State for India, 1903-05; the Right Honorable Lord Mildmay of Flete, Lord Lieutenant of Devon; the Earl of Munster, Under Secretary of State for War; the Right Honorable Lord Rankeillour, Lord of the Treasury, 1916-19; the Right Honorable Lord Rennell of Rodd, G. C. B., Ambassador at Rome, 1908-19; the Most Honorable the Marquess of Salisbury, K. G., G. C. V. O., leader of the House of Lords, 1929-31; the Right Honorable the Wiscount Sankey, G. B. E., Lord Chancelor, 1929-35; the Right Honorable the Farl of Selborne, K. G., G. C. M. G., president of the Board of Agriculture, 1915-16; the Right Honorable Lord Stamp, G. C. B., chairman of London, Mi

From members of the House of Commons:

"We, the undersigned members of the British House of Commons. Rearmament in Washington. We join you in affirming our loyalty to those moral and spiritual principles which are more fundamental than any political or economic issue and which are the common heritage of our peoples.

"There is urgent need to acknowledge the sovereign authority of God in home and nation, to establish that liberty which rests upon

the Christian responsibility to all one's fellow men, and to build a national life based on unselfishness, unity, and faith.
"Only if founded on moral and spiritual rearmament can democracy fulfill its promise to mankind and perform its part in creating a mutual understanding between nations and restoring peace to the world."

Signed by 236 members, representing both Government and opposition parties, as follows: David Adams, D. M. Adams, Mrs. J. L. Adamson, W. M. Adamson, Lt. Comdr. P. G. Agnew, R. N., Col. J. Sandeman Allen, Chas. G. Ammon, Sir Robert Aske, A. Barnes, the Reverend James Barr, Sir Charles Barrie, Vernon Bartlett, Sir Brograve Beauchamp, the Honorable Ralph Beaumont, Sir Reginald Blair, A. C. Bossom, H. L. Boyce, William Bromfield, Brig. Gen. H. C. Brown, A. C. Browne, W. A. Burke, Col. H. W. Burton, Maj. W. H. Carver, Sir Charles W. Cayzer, Miss Thelma Cazalet, Capt. Victor Cazalet, H. C. Charleton, J. A. Christie, Sir Reginald Clarry, the Marquess of Clydesdale, Maj. W. P. Colfox, Frank Collindridge, Sir T. R. M. Cook, Douglas Cooke, the Right Honorable T. M. Cooper, Col. the Right Honorable Sir George Courthope, the Viscount Cranborne, W. Craven-Eilis, A. Critchley, Brig. Gen. Sir Henry Page Croft, Sir J. S. Crooke, J. E. Crowder, Rhys Davies, R. De la Bere, A. Denville, Maj. J. A. St. G. F. Despencer-Robertson, W. Dobbie, Lt. Col. George Doland, W. R. Duckworth, J. A. L. Duncan, Edward Dunn, the Signed by 236 members, representing both Government and opposir J. S. Crooke, A. E. Crowcer, Kn. Davies, R. De la Bere, A. Denville, Maj. J. A. St. G. F. Despencer-Robertson, W. Dobbie, Lt. Col. George Doland, W. R. Duckworth, J. A. L. Duncan, Edward Dunn, the Right Honorable Anthony Eden, Sir William Edge, Alfred Edwards, Sir Geoffrey Ellis, Capt. G. S. Elliston, J. F. Emery, Sir C. F. Entwistle, Eric Errington, A. G. Erskine-Hill, Capt. A. Evans, Sir Henry Fildes, Lt. Comdr. R. Fletcher, Sir Francis Fremantle, D. P. Maxwell Fyfe, G. M. Garro-Jones, Maj. G. Lloyd George, J. Gibbins, Sir C. G. Gibson, Robert Gibson, L. H. Gluckstein, N. B. Goldie, Sir Robert Gower, Capt. Alan Graham, R. Grant-Ferris, D. R. Grenfell, Sir Arnold Gridley, James Griffiths, Sir Edward Grigg, Tom Groves, G. H. Hall, James H. Hall, S. S. Hammersley, Ian C. Hannah, Sir Patrick Hannon, Thomas E. Harvey, H. C. Haslam, Sir John Haslam, Arthur Henderson, Joseph Hepworth, Walter Higgs, A. Hills, H. Holdsworth, Miss Florence Horsbrugh, Dr. A. B. Howitt, Sir George Hume, Thomas Hunter, Geoffrey, Hutchinson, William John, Sir G. W. H. Jones, Sir H. H. Jones, J. J. Jones, Lewis Jones, E. O. Kellett, the Right Honorable Thomas Kennedy, Prof. J. Graham Kerr, Admiral of the Fleet Sir Roger Keyes, Lawrence Kimball, B. V. Kirby, Sir Joseph Q. Lamb, the Right Honorable George Lambert, the Right Honorable George Lansbury, George Lathan, Sir Alfred Law, J. J. Lawson, Frank Lee, Sir J. W. Leech, J. Lees-Jones, Maj. B. E. P. Leighton, J. R. Leslie, D. L. Lipson, James Little, O. Locker-Lampson, A. M. Lyons, Gordon MacDonald, Neil Maclean, Maj. J. R. J. Macnamara, T. Magnay, Sir Adam Maitland, S. F. Markham, Arthur Marsden, R. N., Fred Marshall, George Mathers, the Honorable S. A. Maxwell, M. S. McCorquodale, Frank Medlicott, Sir J. S. P. Mellor, F. Messer, Maj. J. D. Mills, Maj. J. Milner, Sir G. G. Mitcheson, Lt. Col. Sir Thomas Moore, Lt. Col. J. T. C. Moore-Brabazon, O. T. Morris, Sir Henry Morris-Jones, George Muff, Godfrey Nicholson, Philip Noel-Baker, Maj. G. Owen, J. Allen Parkinson, Arthur Pearson, C. U. Peat, Col. Charles Ponsonby, C. C. Poole, Lt. Col. Sir Assheton Fownall, Maj. H. A. Procter, E. A. Radford, Miss Eleanor Rathbone, Sir Cooper Rawson, Maj. R. H. Rayner, Arthur C. Reed, Sir Stanley Reed, W. A. Reid, R. Richards, G. W. Rickards, Ben Riley, J. Ritson, J. R. Robinson, Alderman W. A. Robinson, Col. Leonard Ropner, Sir S. T. Rosbotham, G. Rowlands, Admiral Sir P. M. R. Royds, Col. Sir E. A. Ruggles-Brise, R. J. Russell, Sir Isidore Salmon, E. W. Salt, Marcus Samuel, Sir F. B. Sanderson, Sir George Schuster, H. R. Selley, T. M. Sexton, Sir Ernest Shepperson, Fred B. Simpson, Alex Sloan, Lt. Col. Sir W. D. Smiles, Bracewell Smith, W. M. Snadden, A. A. Somerville, W. P. Spens, W. John Stewart, W. Joseph Stewart, R. R. Stokes, Samuel Storey, Capt. W. F. Strickland, Rear Admiral Sir Murray F. Sueter, Dr. Edith Summerskill, Sir Robert Tasker, Mrs. M. C. Tate, W. R. Taylor, J. P. L. Thomas, W. J. Thorne, Peter Thorneycroft, C. N. Thornton-Kemsley, J. J. Tinker, George Tomlinson, Sir John Train, Lt. Comdr. R. L. Tufnell, S. P. Viant, W. W. Wakefield, A. G. Walkden, Sir Jonah Walker-Smith, Sir John Wardlaw-Milne, F. C. Watkins, W. M. Watson, Lt. Col. Sir W. A. Wayland, Harold Webbe, Graham White, Maj. J. P. Whiteley, Willia

From representatives of British labor:

"Attending the Labor Party conference now being held at South-port, we rejoice to see how the ideal of moral rearmament is taking hold in the United States. To us, moral rearmament means both changed lives and a conception of society based on the prinboth changed lives and a conception of society based on the principles underlying Christian teaching. Belief is more than mere expression. Faith means action—to translate the ideal into reality and secure that world peace combined with economic security envisaged by the prophet Micah. We send across the ocean greetings to men and women who, having seen the vision, are prepared to strive for its achievement, and express the hope that there will be such a rising tide as will bring about the establishment of God's kingdom on earth, overwhelming all proposition opposition.

"Herbert H. Elvin, chairman of the Trades Union Congress, erbert H. Elvin, chairman of the Trades Union Congress, 1937–38; Allan A. H. Findlay, president of the Trades Union Congress, 1936–37; William Golightly, president of the Northumberland Miners' Association; Joseph Hallsworth, chairman of the Trades Union Congress, 1938–39; John Hill, former chairman of the Trades Union Congress; Mark Hodgson, general secretary of the Boilermakers' and Iron and Steel Shipbuilders' Union; William Hogg, treasurer of the Northumberland Miners' Association; A. B. Swales, former chairman of the Trades Union Congress; William Westwood, O. B. E., J. P., president of the Federation of Shipbuilding and Engineering Unions, 1937; John Willcocks, J. P., assistant general secretary of the Shipwrights' and Shipconstructors' Association."

From representatives of British industry and commerce:

"We British businessmen send greetings to American business-men on the occasion of the National Meeting for Moral Rearma-ment in Washington.

"Realizing that the true function of industry, commerce, and trade is to supply the material needs of mankind, we desire to cooperate with you to abolish economic warfare, to establish the standards of Moral Rearmament in commercial transactions, to restore confidence to the machinery of business and thus to build on sure foundations a saner and kindlier world.

oundations a saner and kindlier world.

H. W. Almy, president, Rotary International of the British Isles; Peter Bennett, deputy president, Federation of British Industries; Ernest Broadbent, president, National Chamber of Trade; Sir C. Granville Gibson, president, Association of British Chambers of Commerce; Sir Patrick Hannon, president of the National Union of Manufacturers; vice president of the Federation of British Industries; Sir Walter Benton Jones, chairman of the Central Council, Mining Association; Sir William Larke, K. B. E., director of the British Oil and Steel Federation; Sir Kenneth Lee, Chairman Tootal, Broadhurst, Lee, Co., Ltd.; Sir Frederick James Marquis, J. P., chairman of Lewis', Ltd.; Henry Morgan, vice president, Association of British Chambers of Commerce, acting president, London Chamber of Commerce; Arthur Rank, director of the General Film Distributors."

From the members of the Parliament of Northern Ireland:

"We Members of the Commons of Northern Ireland send greetings on the occasion of the National Meeting for Moral Rearmament. We believe with you in the fundamental moral and spiritual principles on which our fathers laid the foundations democracy.

"The urgent need is for the restoration of God's authority in the home and nation—rebuilding His standards in all relationships which would bring about a full realization of the value of human which would bring about a full realization of the value of human personality and a new sense of social justice for all. Through moral and spiritual rearmament, democracy can best find the inner dynamic and spirit of self-sacrifice which make its working truly creative and enable it to weave a new pattern of life, bringing all peoples of the world to peaceful cooperation.

"J. Andrews, Minister of Finance and Deputy Prime Minister;
J. F. Gordon, Minister of Labor; Mine Barbour, Minister of Commerce; Sir Robert Lynn, deputy speaker; and 24 members, including Edmond Warnock, parliamentary secretary to the Minister of Home Affairs; William Grant, parliamentary secretary to the Minister of Labor."

parliamentary secretary to the Minister of Labor."

From leading Scottish educationalists:

"On the first birthday of moral rearmament we gratefully acknowledge the increasing impact of MRA on Scottish youth. We are convinced that moral rearmament is Scotland's primary need in education if our schools and universities are to produce the spiritual leadership essential for world reconstruction.

al leadership essential for world reconstruction.
"W. Hamilton Fyfe, principal and vice chancelor, Aberdeen University; Alex L. Fletcher, chairman, Association of Directors of Education in Scotland; J. G. Frewin, His Majesty's chief inspector of schools; George Pratt Insh, president, Educational Institute of Scotland; E. Crampton Smith, president-elect, Educational Institute of Scotland; Agnes B. Muir, past president, Educational Institute of Scotland; Pearl Kettles, vice president, Educational Institute of Scotland; Margaret Drummond, director, Moray House Educational Clinic, Edinburgh."
n British sportsmen:

From British sportsmen:

"United with you and American Canadian sports leaders in determination to bring Moral Re-Armament to every nation."

Signed by the Duke of Beaufort and 25 leading British sportsmen.

May I say again, Mr. President, how fitting it is to record these messages from Great Britain in view of the great welcome which the Nation's Capital has just given to the King and Queen, and of the fact that moral rearmament is strengthening those spiritual quali-ties which are the common heritage of our peoples and the strongest bond between us.

From members of the Netherlands Cabinet:

"Congratulations at first moral rearmament anniversary. Moral rearmament will enable the leaders of nations to consider unitedly and serenely problems that threaten vital interests in order to remove the hindrances to world reconstruction, building bridges between man and man, faction and faction, nation and nation.

"J. A. N. PATLIN, Minister for Foreign Affairs.

"H. VAN BOEYEN, Minister for the Interior.

"Ch. J. I. M. Weller, Minister for Colonies."

A message has also been received from the wives of national leaders of the Netherlands, among them Mme. Colijn, wife of the Prime

"Moral rearmament in statesmen's homes solves personal problems, sets energies free for constructive work, makes spiritual atmosphere transparent, allows wide visions.

"Mme. Colijn, Mme. Cort van der Linden, Mme. de Graaff, Mme. van Leeuwen, Mme. van Nispen tot Sevenaer, Mme. Patijn, Mme. Pleijte, Mme. Rambonnet, Mme. Welter."

From the President and members of the Swiss Parliament:

"Heartily convinced with you that it is through the moral rearmament of each one of us that we shall find the solution to the difficulties that divide men and nations.

"HENRI VALLOTTON, President of Parliament.

"Moral rearmament, the only way to create with God's help understanding and cooperation between nations.

"(Dr.) Heinrich Walther,

"Leader of the Catholic Party in the Swiss Parliament.

"(Dr.) Auf der Mauer,

"Editor in Chief, Vaterland, Leading Catholic Newspaper.

"(Dr.) Zimmerli,

"Mayor of Lucerne.

"(Dr.) Karl Wick.

"(Dr.) KARL WICK,
"Member of Parliament."

"Best wishes for the campaign for moral rearmament in the world's biggest democracy. In Switzerland, the smallest and oldest democracy, the conviction prevails that only moral rearmament can give the discipline and dynamic which keep democracy eternally young. Democracies, morally and spiritually rearmed, can lead the world to true and lasting peace.

"FRITZ GYGAX. "Secretary of Parliament."

From members of the Danish Parliament:
"Members of Danish Parliament greet those gathered on anniversary of moral rearmament. New spiritual attitude in the spirit of the Sermon on the Mount necessary for reconstruction, confidence, and peace in the nation and between the nations."
Signed by 17 members of the Danish Parliament.

From members of the Norwegian Parliament:
"Members and former members Norwegian Parliament and Govwhich must strengthen peacemaking, constructive forces."

Signed by 11 members, including the President of Parliament, the Honorable Carl J. Hambro.

From members of the Swedish Parliament:

"As members of the Swedish Riksdag we welcome your lead for world-wide moral rearmament. In personal and public life we must develop capacity for living and working together in openness and unselfishness. This is the only way from chaos to lasting peace."

Signed by 16 members of all parties in both Houses.

From members of the Finnish Parliament:

We, members of the Finnish Parliament from five political parties, see in moral rearmament the only right way to national unity, international understanding, and a hate-free world."

Signed by representatives of the Nationalist, Labor, Swedish, Farmers, and Conservative Parties.

From Balkan leaders:

"We, the undersigned members of the Balkan countries, are convinced that through the spirit of moral rearmament barriers of selfishness, hatred, and prejudice can be removed, and bridges of understanding built between factions and nations.

"Through morally rearmed homes, schools, social and national life, a new consciousness can arise whereby a true and lasting peace will be established not only in the Balkan countries but all over Europe, for a peaceful and united Balkans, constructed on the foundations of homesty confidence, and love, will be a vital factor foundations of honesty, confidence, and love, will be a vital factor in the peace and security of the world.

"We unitedly send our greetings and best wishes that your cam-

"We unitedly send our greetings and best wishes that your campaign may create a spiritual powerhouse for world reconstruction. "Moshanoff, Fresident, Bulgarian Parliament; Omarchevsky, former Minister of Education; Nemiroff, leading Bulgarian writer; Mechkaroff, leading Bulgarian writer; Teneff, newspaper director, Sofia; Dikoff, professor of international law, Sofia; Mme. Contostavlos, Mistress of the Robes, Athens, Greece; Mme. Bimaras, president, National Council of Women; Zeferiadis, professor of international law, Athens; Louvaris, professor of theology, Athens; Plakidis, professor of astronomy, Athens; Potamianos, shipowner, Athens."

Mr. President, scores of other communications have been received by the sponsors, including messages from the Honorable B. S. B.
Stevens, Prime Minister of New South Wales; from the President of
the Esthonian National Council, M. Mihkel Pung; from the Honorable E. G. Jansen, Speaker of the South African Legislative Assembly, from the Lord Mayor of London, the Right Honorable Sir Frank
H. Bowater, and forty-five Mayors of London boroughs; the Lord H. Bowater, and forty-five Mayors of London boroughs; the Lord mayor of Dublin, the Right Honorable Alfred Byrne; the Lord Mayor of Belfast, the Right Honorable Sir Crawford McCullagh; the Lord Mayor of Cardiff, Alderman W. G. Howell; the Lord Provost of Edinburgh, the Right Honorable Henry Steele; the Lord Provost of Glasgow, the Right Honorable Patrick Dollan, and one hundred and twenty-one other provosts of Scottish towns; from Mr. Joseph Hallsworth, Chairman of the British Trades Union Congress; from Senator D. F. Malan, leader of the Huguenot Centenary Celebrations, Union of South Africa; from Senator Edgar Brookes, representing one million Zulus in the South African Parliament; from the Mayor of Cape Town, Mr. William C. Foster; from Sir Lynden Macassey, K. B. E., K. C., Parliamentary Bar, Westminster.

Also from a number of distinguished French university professors; from representative journalists in Great Britain, including the chair-

from representative journalists in Great Britain, including the chairman of the Institute of Journalists, and the president of the National Union of Journalists; also from editors and journalist France, Holland, Sweden, Norway, Finland, Denmark, and Hungary; from representative national women's organizations in Great Britfrom representative national women's organizations in Great Britain, the Scandinavian countries, and France; from Miss Daphne du Maurier; and from groups of writers, artists, engineers, and professors in Great Britain, Canada, Norway, Sweden, Denmark, and Finland; from the Duke of Beaufort and other leading British and Continental sportsmen; and from representative groups in Australia, Belgium, Bermuda, Burma, Ceylon, China, Egypt, Germany, India, Italy, Japan, Kenya, New Zealand, Palestine, Turkey, the West Indies, Yugoslavia, and all parts of the United States and Canada.

From British mothers:

"We, 3,500 mothers of the British Isles are working with you for moral rearmament, believing peace can only come through homes and families united under God's guidance to find His plan for the

world."

Among the signatories are factory workers, country women, domestic workers, Members of Parliament, women in business and public affairs, including: The Lady Elphinstone; Mrs. Asa Johnson, president, National Council of Women of Great Britain; Mrs. Theodore Woods, president, Mothers' Union; Dame Maria Ogilvie Gordon, president, National Women's Citizens Association; Mrs. James, president, Free Church Women's Council; Dame Elizabeth Cadbury, president, National Association of Women Workers; Dame Katherine Furze, director, World Bureau Girl Scouts; the Viscountess Davidson, M. P.; the Countess of Airlie; the Dowager Countess of Minto; the Dowager Countess of Antrim; the Countess Buxton; the Countess of Harrowby; the Viscountess Stonehaven; the Lady Birdwood; the Honorable Lady Hardinge; the Lady Trent; Lady Gowers; Dame Beatrix Hudson-Lyal; Dame Sybil Thorndike; Julia Neilson-Terry; Mrs. H. W. Austin, and Mrs. Frank Salisbury.

It is rare in these days, Mr. President, to find something which will unite men and nations on a plane above conflict of party, class, or political philosophy. I am sure that I voice the sentiment of all of us here today in expressing gratification at a response so remark-able to a need so urgent, and confidence that America will play her full part in this cause on whose fortunes the future of civilization must largely depend.

GERMAN REFUGEE CHILDREN-ADDRESS BY SENATOR WAGNER

[Mr. La Follette asked and obtained leave to have printed in the RECORD a radio address on the subject of German refugee children, delivered by Senator Wagner on June 7, 1939, which appears in the Appendix.]

REFUGEE CHILDREN FROM GERMANY-LETTER BY WILLIAM B. GRIFFITH

[Mr. REYNOLDS asked and obtained leave to have printed in the RECORD a letter addressed by William B. Griffith, chairman of the Immigration Restriction League of New York, to the editor of the New York Times on the subject of the admission of refugee children from Germany, which appears in the Appendix.]

AMENDMENT OF NATIONAL HOUSING ACT OF 1937

The Senate resumed the consideration of the bill (S. 591) to amend the United States Housing Act of 1937, and for other purposes.

The VICE PRESIDENT. The question is on agreeing to the amendments offered by the Senator from Ohio [Mr.

Mr. WAGNER. Mr. President, when the Senate began the consideration of the bill now pending I sent to the desk a letter from President William Green, of the American Federation of Labor, speaking for a membership of some 5.000,-000 American workmen, endorsing completely the measure.

I now send to the desk a letter which I have received from John L. Lewis, president of the Congress of Industrial Organizations. I ask that the letter from Mr. Lewis be read.

The VICE PRESIDENT. Without objection, the letter will be read, as requested.

The Chief Clerk read the letter, as follows:

CONGRESS OF INDUSTRIAL ORGANIZATIONS, Washington, D. C., June 7, 1939.

Hon. ROBERT F. WAGNER,

United States Senate, Washington, D. C.
DEAR SENATOR WAGNER: I understand that the Senate is now considering S. 591, introduced by you, which increases the authorization to borrow on the part of the United States Housing Authority an additional \$800,000,000 and appropriates \$45,000,000 for grants and subsidies.

grants and subsidies.

The Congress of Industrial Organizations is wholeheartedly in favor of such increased authorization and appropriation. The country has come to appreciate the importance of a Nation-wide public housing program. The need for adequate housing has received universal recognition. In addition to taking care of the needs of thousands of people, additional employment is provided which is of such great importance at the present time.

The Congress of Industrial Organizations has merely one complaint in regard to 8, 591 namely that the authorization for in-

plaint in regard to S. 591, namely, that the authorization for increased borrowing and appropriation falls far short of the needs

of this country. Sincerely yours,

JOHN L. LEWIS. President.

Mr. WAGNER. Mr. President, the other day, when the Senator from Maryland [Mr. Typings] was discussing this legislation he made the statement—I am sure inadvertently that the Federal Administrator was permitting localities in most cases to make up 10 percent of the construction cost of the projects under its jurisdiction, simply by the allowance of tax exemption.

I stated at the time that I was sure the Senator was incorrect and that the law did not permit any such allowances, but that the 10 percent had to be put up by the locality in cash. The Senator then stated, I think-his recollection is better than mine-that if that was so the Administrator had violated the law.

In view of the controversy, I think it is fair to the Administrator that I have read from the desk a letter which he sent to me in relation to the matter.

The VICE PRESIDENT. Is there objection to having the letter read? The Chair hears none, and the letter will be read.

The Chief Clerk read as follows:

DEPARTMENT OF THE INTERIOR, UNITED STATES HOUSING AUTHORITY, Washington.

My Dear Senator Wagner: I have received your inquiry concerning a statement made by Senator Tydings on the Senate floor on June 6 to the effect that the 10 percent of the development cost of a low-rent housing project, which is supposed to be raised locally, is covered by tax exemptions. Upon examination of the Record, page 6670, I find that Senator Tyding: said: "The 10 percent is interpreted merely as remission of taxes. * * * The municipalities * * * simply agree that they will waive certain taxes on these houses in the future, and that is a violation of the 10-percent clause. * * * Mr. Keyserling himself in my office told me that they were taking this 10 percent in the form of a waiver of taxes."

of a waiver of taxes."

This statement is entirely incorrect. The 10 percent of the development cost of a low-rent housing project that is required to be raised locally cannot be covered in any way by tax exemptions under the United States Housing Act. It therefore goes without saying that no arrangements have ever been made or contemplated to cover this 10 percent in any way by tax exemptions for any project ever assisted by the United States Housing Authority. Furthermore, it would be physically impossible to cover this 10 percent by tax exemptions. Under the act the United States Housing Authority can lend not more than 90 percent of the development cost of a project. It is obvious that the other 10 percent must come in cash from local sources before the project can be completed, and that future tax exemption cannot pay contractors to complete a project. contractors to complete a project.

contractors to complete a project.

There are no subsidies or capital grants in the development or construction costs of U. S. H. A. assisted projects. The projects are financed entirely by loans, 90 percent of the construction loans being borrowed by the local housing authority from the Federal Government and 10 percent of the construction loans being borrowed by the local housing authority from sources other than the Federal Government, whether they be public sources or private sources. The loans borrowed from the Federal Government are repaid in full, principal and interest, by the local authority; and the loans borrowed from sources other than the Federal Government are repaid in full, principal and interest, by the local housing authority housing authority

All the Federal and local subsidies or annual contributions to reduce rents are paid strictly on an annual basis after the projects have been completed. These annual subsidies are paid by the reduce rents are paid strictly on an annual basis after the projects have been completed. These annual subsidies are paid by the Federal Government in cash, and are paid by the localities in one or several of the forms permitted by the act, namely, "cash or tax remissions, general or special, or tax exemptions" (sec. 10 (a)). remissions, general or special, or tax exemptions' (sec. 10 (a)).

In practice, the localities have furnished their local annual contributions largely in the form of tax exemptions. On the average, the local annual contributions or subsidies are running about 50 percent of the Federal annual contributions or subsidies.

I would not deem it necessary to write you assuring you that we are following the letter and the spirit of the United States Housing as the results of the letter and the spirit of the United States Housing.

Act, with which you are so familiar, had you not called to my attention the statement made yesterday to the effect that we were doing something which, under the statute, we have no right to do.

Faithfully yours,

NATHAN STRAUS. Administrator.

Hon. Robert F. Wagner, United States Senate.

Mr. TYDINGS. Mr. President, the statement which I made, quoting Mr. Keyserling, the assistant to Mr. Straus, was an accurate statement. However, I believe Mr. Keyserling at the time thought I had directed my question to the rent subsidy. In quoting him, I quoted him verbatim. I believe he had in mind something foreign to the question I addressed to him, and that probably is the reason for my misunderstanding of the practice of the United States Housing Authority.

Commenting on the letter which Mr. Straus has sent, however, let me say that the letter leaves the listener under a false impression. While it is accurate, nevertheless the inference which it conveys is not accurate; for Mr. Straus says that the loans of 90 percent which the United States Housing Authority makes to the local authorities are repaid, principal and interest, by the local authorities to the national authority. That is a correct statement; but what Mr. Straus did not say is that the Federal Government gives to the local authorities each year the money with which to pay the principal and the interest of the 90-percent loans. So, in the end-and I do not think the Senator from New York will take issue with this statement—the Federal Government makes a contract to give to the local authority each year what the local authority is required to pay to the national Authority to liquidate the principal and interest on the loan originally made; not only that much, but it gives the local authority more than enough to liquidate the local authority's loan to the United States Housing Authority in Washington.

Therefore, as I stated the other day, in the end the United States Housing Authority is giving 90 percent of the cost of each and every one of these projects to the municipality or its agency, free of any cost whatever to the municipality or its agency. It is true that when the local authority comes to Washington and gets 90 percent of the development cost of a project, it agrees to pay that 90 percent back to the Federal Authority over a period of 60 years; but in the same contract the United States Housing Authority agrees to give to the local authority, each year for 60 years, a sum of money more than sufficient to pay the principal and the yearly interest on the 90-percent loan originally made; and the fact stands out in clear relief that the United States Housing Authority is giving to the cities and towns of America more than 90 percent of the entire cost of constructing every slum-project building from one end of the country to the other.

In my opinion, when the Federal Government goes into the business of providing homes for the people of America, it is going far out of its national field. It is going into the field of local responsibility, and is taking from the locality almost in its entirety supervision over the housing of the people of the Nation, a matter formerly under the supervision of the locality itself.

It is my thought that the Housing Act ought to be revised. It is my thought that the localities—the cities, the towns, and the States—ought to have a wider share in the solution of this problem. Today the Federal Government is paying more than 90 percent of the entire cost of tearing down the old buildings and putting up the new buildings; and I do not think that is a very good approach to the solution of this problem.

Mark you, Mr. President, the annual contributions which the Federal Government makes to the local authority are called subsidies, but the local authority uses the money to pay off the loan which it owes to the national authority. I cannot see any reason for sending money to Chicago or to Baltimore or to New York in one mail, having the check deposited, and then having the local authority write out a new check for the same amount and send it back to the local authority and say, "Pay this amount on our loan as this year's contribution." In other words, the local authority receives from Washington, each year, a check, and sends the amount of the check back to Washington to pay off that year's amortization and interest.

I know that what I have to say here is not going to change any votes. I do not believe many Senators are familiar with this act in its ramifications. It certainly is administered differently from what I conceived to be its general explanation at the time it was passed. In my judgment, within 3 or 4 years from now this will be another Greenbelt proposition; and then speeches will be made in this body by the very Senators who now, with a little care, could change the policy so as to prevent such a situation from arising.

I put in the RECORD the other day a chart drawn by the survey department of this agency. The chart showed that persons earning \$2,500 a year were occupying some of the projects built by the Federal Government before the United States Housing Authority was created.

I put in the RECORD charts showing that families making \$2,000 a year, \$2,200 a year, \$1,800 a year, \$2,500 a year, were living in these Government-constructed houses, when they are supposed to be built for the very poor, the lowest-income groups of the Nation.

If we take the financial break-down of these houses, in my judgment we will find it is not going to be possible for the people for whom they are built to live in them unless they get money from relief appropriations in order to pay a part of the rent. The whole scheme is so visionary, so unreal, and so detached from local responsibility, that in the end it is going to be revised. At least my remarks may have the effect of hastening the day, and may save Government some hundreds of millions, a mere drop in the bucket, to be sure,

but I shall be grateful if I can contribute a little toward saving a portion of the billion, six hundred million dollars, which is the total which will be authorized by the pending measure and the previous acts.

If we are to rehabilitate the underhoused third of this Nation, the 8,000,000 families about whom the Chief Executive and others high in authority in this administration talk, and if we are to rehabilitate them at a cost of \$5,000 a family, it will require \$40,000,000,000. It is not possible to get away from the fact that eight million times \$5,000 is \$40,000,000,000; and that is about the size of the national debt now.

Further than that, Congress will be committed each year, by contract, to appropriate for the benefit of these local housing authorities an amount sufficient to enable them to pay off the entire \$40,000,000,000, if the program goes that far.

These houses are not being built by the States or the cities or the towns of America; they are being built by the national Treasury. Let me bring up a point in connection with that. If one picks up a financial statement of the Government at no place will he find that a single dollar being spent for the United States Housing Authority is charged as a part of the national debt. This is the way they get around that. The United States Housing Authority gives its notes to the Federal Treasury, the Federal Treasury sells the notes and hands the money back to the Housing Authority, and the Housing Authority lends the money to the cities. Yet the Federal Government owes every dollar of that money, because in every one of these contracts there is a provision that the Congress shall annually appropriate for the cities an amount of money sufficient to enable them to repay the loans. Consequently, if we did not make these annual contributions the notes would be in default, and there would be a direct charge on the Federal Treasury to make them good. So, on the enactment of the pending measure, we will in effect be committed, as a matter of bookkeeping and of fact, to a national debt of a billion six hundred million dollars, in addition to all the other debts which the Federal Government owes. Yet if one picked up a financial statement of the Government he would not think the Federal Government had a cent of liability in this matter, when it is liable for every single, solitary cent of this appropriation, because, as I repeat, the loan is to be paid off by annual appropriations of so much money by the Congress of the United States.

If I recall rightly, this \$1,600,000,000 authorization will mean an annual charge on the Treasury of about \$45,000,000 a year. Every time the amount is increased, it means an added annual charge for 60 years. So that when we increase the amount of the loan, we commit the Congresses which are to come to pay each year a definite sum of money to liquidate the debt.

No one is disputing the statement that the cities of the country are putting up practically nothing toward the development costs of these buildings; no one disputes the statement that the Federal Government annually is putting up sufficient money to liquidate the entire loan; that the Congress, not the local authority, each year is paying off these loans we are authorizing to be created, because the Congress appropriates a sum of money for the local authority, which the local authority immediately sends back to the National Authority to pay off the bill. Without the annual appropriations, which are guaranteed in these contracts, there would not be any repayment of the loans at all. The Congress is committed to appropriate each year a sufficient amount to wipe out the entire \$1,600,000,000 with interest in 60 years without any contribution at all from the cities, the towns, or the States of the United States.

Mr. President, I have tried to explain the matter in my way, and I hope I have explained it accurately. I was in error in one statement yesterday—that the 10 percent was in the form of waived taxes and was not in cash. Mr. Keyserling told me that it was, and I could not see how that could be done under the law. What Mr. Keyserling meant was that

that was a subsidy given by the cities to the particular project to bring down the rents. But that has nothing to do with the repayment of the loans of the local authorities to the National Government.

Mr. TAFT. Mr. President-

The PRESIDING OFFICER (Mr. MINTON in the chair). Does the Senator from Maryland yield to the Senator from Ohio?

Mr. TYDINGS. I yield.

Mr. TAFT. The Senator understands, I assume, that these subsidy payments are not only sufficient to pay the 90 percent which is loaned by the Federal Government, but also sufficient to pay the sinking fund and the 10 percent which is borrowed locally from some other lender.

Mr. TYDINGS. That is absolutely correct. The Senator knows that in my remarks on Tuesday I took as an illustration a million-dollar project, and using the exact figures of the United States Housing Authority, showed that each year they sent a sufficient amount of money to the local housing authority not only to enable the Housing Authority to pay off the 90 percent which it had borrowed from the Federal Government, principal and interest, but, in addition a sum sufficient to amortize the 10 percent which the cities are required to put up in cash. I think that is the point to which the Senator from Ohio refers.

There is not a particle of doubt that every year we are by congressional appropriation giving to the local housing authority enough money to pay off, over a period of 60 years, the entire cost, principal and interest, of erecting

every project in this country.

Perhaps the Senate wants that done. I do not believe it is necessary to spend \$5,000 per family in order to clear up the slums of this Nation. I do not believe it is necessary in all cases to demolish the buildings which are now standing. I believe that they can be renovated; I believe they can be modernized; I believe that the facilities which might be required to raise them to what we may call a decent standard of American living can be installed in these houses. To be sure, I believe that some of them ought to come down; I believe that some of them are unfitted for renovation, but I do not believe that in every case it is necessary to tear the buildings down and erect in their places modern apartment buildings for people who are making four, five, six, seven, or eight hundred dollars a year. My common sense tells me that when they are constructed, even with the rent subsidies and the low rents, families making five, six, seven, of eight hundred dollars a year are not going to be able to pay the rent charged in such expensive buildings, and that the time will come, in the years that are ahead, when the housing authorities will be more interested in running the projects on a business basis than on a humaninterest basis. When that time comes, we will have committed the Government to these expenses of hundreds of millions of dollars without accomplishing the purpose we have in mind.

Further than that, there is no provision in the bill to take care of the poor housing conditions in the countryside. It applies only to the cities of America. I give my word that within an hour I can go from the Senate Chamber into either Virginia or Maryland, which I hope are average States, and I can show hovels in which people are living far below the standard of many of the homes which are being demolished in the cities under the Housing Act. Inasmuch as all the initial cost of this renovation is directly and indirectly being paid for by the Government of the United States, I ask why are those living in the countryside in small, insecure, and unsafe houses without modern conveniences entirely left out of the operation of the law, while all this Federal money is being poured into the larger cities of the country? Housing knows no geographic location.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. WAGNER. I have drawn an amendment, which I propose to offer, to take care of the very situation the Senator now criticizes, namely, that under the present program the

U. S. H. A. is not reaching the rural sections of the country where there are many blighted areas. The amendment is now printed. It has been discussed with the Secretary of Agriculture, as well as with the Administrator and others interested in the agricultural areas, in order that there may be developed a cooperative program between the Department of Agriculture and the Housing Administration for the purpose of dealing with rural sections somewhat differently from the way in which we are now dealing with the more congested areas of the country.

Mr. TYDINGS. I have not seen the Senator's amendment, and, of course, the whole approach to that problem will have to be entirely different, because there is not the governmental responsibility out on a farm, or out on a little patch of land alongside of the road. But I make the point that if this program is to go forward it ought not to be confined to special groups such as are found in the larger cities of the country; but if there is a standard of living erected in this country, it ought to take care of the dilapidated houses in the country districts the same as it takes care of those in the cities.

Mr. WAGNER. That is the very purpose of this particular amendment. We have to deal somewhat differently with the farm houses than with the houses built in congested areas. The amendment provides that eventually the farmer may own his home, or rent it.

Mr. TYDINGS. Mr. President, I have not seen the Senator's amendment.

Mr. WAGNER. It has been available for several days. Mr. TYDINGS. I may say that I am talking without having had a chance to read the amendment; or, what is more, to study it. Sometimes just reading these amendments, as I have discovered from reading the United States Housing Authority Act, gives one very little information. We must dig into the mechanics of a proposal and find out its ramifications.

Mr. WAGNER. It depends on how one reads it.

Mr. TYDINGS. Yes. For example, the United States Housing Authority Act in no place provides that the United States Housing Authority shall annually give to the locality a sum of money greater than the locality's need to pay off the loan to the United States Housing Authority. The power is simply a general power. There is no limitation placed on the amount. One reading the act would assume that there would be a very low annual payment; but when he digs into the figures, when he sees what has been done, he realizes that the United States Housing Authority is giving to the local authority not only sufficient money for the local authority to pay off in full the 90-percent loan which it owes the Government, but enough money to liquidate the 10 percent which the cities of America have to put up as a condition precedent to the loan.

My objection to the program is based primarily on the fact that the Federal Government, our Republic, which was constructed to deal with things with which the communities could not deal, is now reaching out into the field of community affairs, not in a spirit of general helpfulness, not in a spirit of match and match, not in a spirit of mutual cooperation, but, in effect, the Federal Government is taking over the cost, so to speak, of the construction of new apartment houses to replace the slums. That is my basic objection to the program.

I think the States and the cities ought to have some larger stake in the matter than they have. The problem in its essence, of course, is national in scope, just as every other thing that goes wrong with our country constitutes a national problem. But it is also a local problem, and it is more of a local problem than it is a national problem.

Therefore I am hopeful, first, that nothing will be done to appropriate more money to this agency until the entire law and the practices of the United States Housing Authority can be restudied, and the act refined and improved to meet the demands for which it was originally passed.

Secondly, if we cannot have that, I am at least hopeful that we can reduce the amount of the appropriation until we shall have had further time for study and examination.

Mr. President, in what I am saying I have no idea of defeating the slum-clearance movement; I have no idea of saying that the slum situation does not present a problem; I have no idea of throwing cold water on the whole discussion. I am trying to deal with facts and figures as they have been presented to me by the United States Housing Authority, and as I have learned them from a study of the law, in the hope that Congress will not commit itself to the further expenditure of hundreds of millions of dollars until it knows exactly how the money is going to be expended, whether this is the best way we can do it, and whether or not there are improvements which can be engrafted on the present system.

When the act was originally passed it received very scant attention on the floor of the Senate. Only a few Senators to my knowledge had any profound understanding of it. I do not believe that the sponsors of the act themselves had considered all its ramifications. Now that Congress has before it the experience of the last 2 or 3 years in this activity, I ask that some action be taken short of what is proposed.

In conclusion let me say that there are practically no houses now completed as a result of the first six or eight hundred million dollars which we authorized. Contracts have been made. Some houses are under construction, but a large part of that program is not even yet under way. Why put on the line \$800,000,000 more until enough of these projects are finished so we can see whether or not the program is going to be efficacious? Why go further into this program now when the original appropriations which we made have not yet been exhausted, when the work in some cases has not yet been started, when the buildings in most cases have not been completed, when today no one can tell whether or not the dreams of the authors of this act will become practical realities?

Mr. President, I say that we should move a little slowly before we commit the Treasury of the United States to another expenditure of almost \$1,000,000,000 in carrying out a plan which has not as yet been tried and tested and found to fill the need.

Mr. TAFT. Mr. President, I merely wish to add a few brief words to explain the amendments now pending before the Senate, and what it is I suggest should be done with respect to the housing policy.

The amendments now pending propose that the contribution be cut from \$45,000,000 a year to \$30,000,000 a year, and that the total amount authorized be cut from \$800,000,000 to \$400,000,000 a year. Up to date \$650,000,000 has been allotted, and that is all that can be allotted of the first \$300,000,000, so that if the amendment is adopted the Authority will be given for allotment after the 1st of July an additional \$550,000,000. The Authority has allotted only \$650,000,000 in the 18 months during which it has actually operated, and has not as yet completed a building.

The peak of construction under the former program, under the \$650,000,000 allotted, will not be reached until January 1940, and then, if we pass no additional legislation, construction will continue for about 4 months at that peak. If we give the Authority an additional \$550,000,000, we can go on at that rate of construction for a full year and more, from May 1940 to May 1941; in other words, if my amendment is adopted, there will not be the slightest interference with the work; in fact, we will give people more work.

The question of providing work in this emergency does not really arise, because it takes at least a year before any of these projects can be started. If the pending measure is passed, it will take approximately 2 years to spend the money; so if my amendment is adopted, we will not interfere with the progress of the work in any way.

The purpose of my second amendment is to create a joint committee to investigate the activities of the Federal Government in the field of housing, particularly as administered by the United States Housing Authority, the Federal Housing Administration, the Federal Home Loan Bank Board, and other agencies of a temporary or emergency character. It should have ample time in which to do its work, and time to suggest a unified policy instead of a three-pronged policy in which one division has no relation to another division, so that 1 year from now, after the committee shall have made its report, we can decide whether we want to go on with this program, whether there is some cheaper way to do it, whether we have to subsidize the construction, and whether we should extend the program to rural housing. The need for the establishment of such a committee is I think emphasized, if anything, by the amendment offered by the Senator from New York [Mr. Wagner] with respect to rural housing.

Let me read a portion of the Senator's amendment. It is an amendment with respect to rural housing, substantially affecting the whole subject of how we are to handle the question of rural housing. It was never presented to the Committee on Education and Labor. We did not hear of it until yesterday. I am, however, ready to vote for it.

The Authority is hereby authorized and directed to develop and undertake a comprehensive program to assist public housing agencies in the development and administration of projects for farm families of low income in rural areas.

Does that mean an apartment house in a rural area, or does it mean individual homes, or what does it mean? I do not have the slightest idea.

To make long-term leases or purchase agreements or otherwise to rent or sell rural housing to farmers.

Is the Government going to own farm houses all over the United States and rent individual farm houses to farmers; and if so, is it going to own the farms and rent them to farmers? I do not know.

I am willing to vote for the amendment, but it emphasizes the fact that we do not know what our farm policy is, and we should go slow on this part of it, which is by far the most expensive part of it, and we ought to create a committee to investigate the entire subject. That, Mr. President, is the purpose of the amendment.

I hope very much that the Senate may see fit to adopt the two amendments I have offered, which provide that we shall proceed at the present rate for another year, and in the meantime create a committee to investigate the whole problem of housing.

Mr. WALSH. Mr. President, as a member of the Committee on Education and Labor. I desire to speak briefly on this subject. First of all, I think we should distinguish the undertakings of the Federal Government in the housing field between what was originally undertaken by the agency located in the Department of the Interior during the early days of the emergency or depression and that which is being carried on under the housing law of the last session. I have nothing but words of condemnation and criticism of the method in which money was spent by the Department of the Interior through the then Housing Authority in building houses, not for the poor but the middle class. Even the claim that it would provide work for craftsmen who were then unemployed does not justify this. They could and should have been slum-clearance projects solely. We know the result of that experience. Such a program is nothing more nor less than State socialism. It is nothing more nor less than Government in competition with the smallhome owners of the country.

In Washington, D. C., there is such a Federal housing development on Benning Road for colored people. When the Government found it could not receive sufficient income even to pay the interest on its investment in the earlier home-project undertakings we passed a law permitting the rental to be fixed on a basis 40 percent less than the investment cost. Even with that rental fixed there is not a colored family in that housing project which does not have to show an income of at least \$100 a month. In the barber shop this morning one of the colored barbers informed me casually that a friend of his showed an income of \$17 a week, and he could not obtain a tenement in this development. The same situation prevailed in all these earlier Federal housing projects.

What does that mean? It means that those who have political favor or influence, or who can pull sufficient strings

and pay the rent, are occupying homes under a Government subsidy, to the disadvantage of every other man, woman, and child. If that be the policy of the Government, then every man, woman, and child has a right to occupy a Federal paid-for home on the same basis, which means State socialism and the ultimate destruction of private ownership of property. The head of one of the colored families in the section to which I referred is a school teacher receiving \$2,200 a year. Such people with comparatively large incomes are housed with Government subsidies in all the earlier housing projects. I have seen the same situation in other cities with beautiful, attractive, comfortable homes which have no justification unless all our citizens are given the same benefits. In my opinion such things are indefensible. I repeat it is the beginning of the end of private ownership of homes.

At the outset I took the position, and I now take the position, that slum clearance, and slum clearance alone, is a legitimate, justifiable, and humane undertaking on the part of our Government. I supported and defended the bill of the last session, with the hope and expectation that the act would be administered with the sole objective of slum clearance in view. Again and again I have combatted those who talked about homes for low-income groups. There is a slum group in contradistinction to the low-income group. If the low-income group means those with incomes of \$800 or \$1,000 a year, then every man and woman who toils in the factory town where I live and where you live is in the low-income group; and yet many of them, through thrift and industry over the years, have built homes and provided comfortable surroundings for themselves and their children.

I am opposed to going into the business of building homes for low-income groups, because such a program means homes for millions, which would swamp the Public Treasury. I am not now talking about loans at low rates of interest to the low-income group to help them build homes.

When this subject was first taken up it was estimated that an investment of \$60,000,000,000 would be required to remove the slums in this country, and \$15,000,000,000 in the city of New York alone. Think what the cost will be if we go beyond the slum-clearance idea.

I am strongly and sincerely devoted to the poor men and women who live in slums. I want to see them taken cut of the slums and given a home and a rent subsidy. I intend to vote for the bill, but I give warning that if the program which is now being carried out and is not completed—it is unfortunate because of the short time that we have not some definite results from the money already spent—the whole undertaking will be blown out of Congress in a whirlwind of opposition if the people of the country come to realize that slum clearance means homes for low-income groups of a limited number who have a sufficient pull locally to become favored tenants.

There is not a Senator who would not vote the money to provide a home to a real slum dweller or to the washerwoman with a family of young children, who goes out and toils nights in a big office building in one of our cities. There is not a Senator who would not give a home to a man who is crippled and injured from carrying the burdens of industry and who is left without an income for the support of his wife and children. That is slum clearance. Those are the people to whom I want to give this money. I am for subsidies first and foremost to the lowest-income class. I hope and pray that the present activities of the Federal Government are moving in that direction, but if they are not the consequences will fall very heavily upon those who undertake to impede a proper development of a real slum-clearance program.

Mr. KING. Mr. President, will the Senator yield? Mr. WALSH. I yield.

Mr. KING. In view of the unsatisfactory situation under the present act, in view of the fact that no houses have been completed, and in view of the fact that the evidences which have thus far been adduced indicate that the houses are not for people from the slums but for the low-income groups, does not the Senator believe we ought to postpone consideration of the bill until the next session of Congress? We have already appropriated \$800,000,000. Commitments have been made to the extent of \$650,000,000. There is still \$150,000,000 subject to commitment. In view of the fact that no houses have yet been built, why would it not be wise to pretermit any further discussion of the bill and wait until we see the

effects of the present law?

Mr. WALSH. The question which the Senator has propounded has troubled me. I should much prefer to face the issue after a demonstration of what had been done under the recent act. The Senator from Ohio [Mr. TAFT] is a member of the subcommittee. He presented his views to our committee as he expressed them on the floor. He has been devotedly interested in trying to find a safe solution of the problem. He knows how I feel. I am so keenly and sincerely and deeply interested in eliminating slums that I am willing to take another chance; but it is the last chance.

In many States there are statutes which permit a city government to designate a particular area as a slum area and tear down the buildings without paying a cent of money. A real slum is an open sore. It is a breeder of disease. It contaminates the whole public health. Slum clearance is more important than education. It is more important than any other governmental activity. The first function of government is the preservation and protection of health, maintaining physical beings who are capable of earning a livelihood and defending their country. As I view it, education is second in importance. Third in importance is providing opportunities for employment.

So we are dealing with a primary question, a very simple question, and a very human question, the question of eliminating slums in distinction from mere housing building with the taxpayer's money and giving rent subsidies in

I do not mean what I have said to be taken as criticism. I have an open mind. I do not share the view of the Senator that the undertakings to date have indicated that what I hope and expect will not be realized.

We want plain, simple homes for the people who live in slums. Have we not learned anything from Europe? They

are really clearing up their slums.

I think I am expressing the President's own view. He desires, hopes, and expects that simple, clean, plain, solid, substantial homes would be built for those people, homes that are above what they now have, and yet not beyond the home of the man or woman who toils, sacrifices, and

labors to provide a home for his family.

There is danger of actually going into competition with the poor workingmen and women who own homes or who aspire to own homes. If we are not careful, we shall destroy all initiative in our people to provide homes for themselves. However, when we come to the question of real, disease-breeding slums, we have a primary duty and obligation, because if disease comes out of the slums, slum clearance is a benefit not only to the slum dwellers themselves but to the people who live about them and to the whole community.

While I am on my feet, I wish to say a few more words of another aspect of slum clearance. We-I mean we public servants-are largely responsible for the slum conditions of the country. Slums are largely due to a lack of education. I do not mean education in schools. They are largely due to a failure to insist upon the enforcement of the sanitary laws of cities and towns. If the officials had gone into the homes that have become so dilapidated and neglected and warned their occupants that they were creating a public nuisance, and had insisted upon the proper observance of laws on sanitation during the years that have passed, a period when a large number of recent immigrants came into this country, we would not now, in my opinion, be confronted with this problem in the proportions which it has assumed today. Unless we take action now, unless we see to it particularly that sanitary arrangements are provided and insisted upon we shall be called upon to repeat from year to year large expenditures to try to solve this problem.

Mr. President, I have spoken longer than I had intended. I feel so sincerely and so deeply on the question of slum clearance that I would consider, if I had done nothing else during the years of my public service than to have had a part and a share in promoting the welfare of humanity by improving the housing conditions of the people of the Nation and wiping out the slums, I would have performed a worth-while service. On the other hand, I think I could do real injury to the people of the country if the money appropriated for slum clearance should be diverted into competition with the owners of private property and in destroying the initiative of those who own property and who desire to occupy and rent their

I am waiving all doubt; I am taking the liberty of hoping that this desirable work will go ahead; but let me say here that if a bill on this subject again comes before the Senate, if I am in this Chamber, no one will more bitterly denounce, more severely condemn it than will I, unless I find in the homes in the large cities God's poor, the suffering men and women who really need aid, the lowest class—not merely the low-income group, which means nearly everybody, but the lowest income group; and there is a great distinction.

So, Mr. President, these are my views.

Mr. LUNDEEN. Mr. President— Mr. WALSH. I yield to the Senator from Minnesota.

Mr. LUNDEEN. If my recollection serves me aright, the President of the United States, on the Capitol steps, stated that one-third of the Nation was "ill-housed, ill-clothed, and ill-fed." That is quite a large number, and I am very much interested in the statement of the able Senator from Massachusetts.

Mr. WALSH. Someone has said that every man and woman who toils ought to receive an income sufficient to give him and his family the frugal comforts of life-"frugal" is a good word-"the frugal comforts of life." I think the President in making that statement had in mind that one-third did not possess the "frugal comforts of life." I do not think he meant to say that one-third of the people of this country were poverty stricken or without clothing or without shelter.

Mr. President, I again express the hope that when we meet again, after we see the results of the expenditures that have been made and of the work that may be undertaken under the pending bill, we will be able to rejoice and be happy and hold up our heads and feel that we have done one of the greatest services to human beings in taking them out of insanitary, unhealthy, diseased, dilapidated homes and giving them a chance to breathe God's fresh air and

enjoy peace and plenty in life.

Mr. ELLENDER. Mr. President, the Senate has been considering the pending bill for 3 days, and it is not my purpose or intention to indulge in any further details with respect to the measure. I do ask, however, that the amendments submitted by the Senator from Ohio [Mr. TAFT] be rejected. The adoption of the first two amendments proposed by him would simply mean that the rate of rehousing activity contemplated under the original legislation and under the amendments of the Housing Act adopted last year and those now proposed by the bill under consideration would be cut very drastically; moreover, it would cut in half the volume of the new activity contemplated by the pending bill.

Mr. TAFT. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. MINTON in the chair). Does the Senator from Louisiana yield to the Senator from Ohio?

Mr. ELLENDER. I yield.

Mr. TAFT. How could that possibly be so under the amendment I have offered? How could the work be cut in half? Is not the money proposed to be provided sufficient to continue the work? The peak is not going to be reached until 1940 or far into 1941.

Mr. ELLENDER. The program now under way will employ about 160,000 men at its peak in early 1940. After that period, unless we enact the pending bill, there will be a sharp decline in employment. Now, the Senator from Ohio con-

Mr. TAFT. I should like to correct the Senator again. That will be in 1940. The amendment takes care of the

situation up to that time.

Mr. ELLENDER. Just a minute, Senator. It is our purpose under this bill to continue the employment of those now at work and to increase their number. If the bill as proposed is adopted, it will mean that during 1940 a peak of almost 240,000 men employed will be reached, and that more than 200,000 men will be employed at all times from the early spring of 1940 to the end of 1941. In addition to the activity made possible under the present law, the pending bill would create in all about 466,000 man-years of employment; the amendment proposed by the Senator from Ohio would reduce this by about 200,000 man-years. Certainly that is an entirely undesirable policy, particularly since the present period is so favorable for building purposes.

Mr. KING. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Utah?

Mr. ELLENDER. I yield for a question.

Mr. KING. I should like to ask the Senator if there have been made commitments in excess of the \$800,000,000; and if so, by what authority? Eight hundred million dollars have been authorized. There was no promise that \$800,000,000 more were to be appropriated.

Mr. ELLENDER. There have been no commitments made, I will say to the Senator, in excess of the present law; but many applications are now pending that will absorb, as it were, the additional \$800,000,000 which we are now proposing.

Mr. KING. The Senator knows that when the \$800,000,000 were appropriated it was not anticipated that we would be called upon to appropriate \$800,000,000 more. I am sure that many Senators who voted for the measure and many who supported it believed that it was an experiment. wanted to see the effect of the experiment before venturing further into an unknown land.

Mr. ELLENDER. Does the Senator think that is all that was contemplated? I believe the Senate appreciated full well that we were embarking on a permanent housing program to rehouse slum dwellers, to provide permanency of employment and business in the great construction industries, and thus to give greater stability to industry generally. How can the Senator say that recurring authorizations were not intended, when the whole legislation is cast in permanent terms and contemplates the gradual abolition of the slums? Certainly, the Senator never thought that the original \$500,-000,000-loan authorization in 1937 would make a serious dent on the slums of America. That was just a starter.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield. Mr. BARKLEY. In view of the impatience of Senators on account of the garden party to be held this afternoon at the British Embassy, and the desire that Senators will not leave the Chamber, I wish to say that I have communicated with the British Embassy and I find that Senators are not required to be there until 4:40 o'clock this afternoon. Under the order adopted yesterday, the Senate will vote today at 3 o'clock on the pending bill. It seems to me that that will give all Senators sufficient time to reach their homes and prepare whatever sartorial arrangements they may desire to make in order to attend the reception at the Embassy. I hope inasmuch as we are required under the rule to proceed to vote at 3 o'clock, without further debate, that Senators will not absent themselves until we have voted on this bill.

While I am on my feet, if the Senator from Louisiana will yield for that purpose, let me say that we have already entered into an arrangement by previous order to meet tomorrow at 10:30 o'clock a.m., for the purpose of assembling prior to going into the rotunda to meet the King and Queen. Assuming that this bill will be disposed of today, it will be my purpose tomorrow to ask that, at the conclusion of those ceremonies, the Senate stand adjourned until Monday next.

Mr. BORAH. Mr. President, I understand the Senator to refer to a time limit on the debate on the pending bill. Is there a limit upon individual Senators?

Mr. BARKLEY. The agreement provides that the Senate shall proceed to vote at 3 o'clock p. m. on the bill and all amendments. There is no limitation on individual Senators.

Mr. ADAMS. Mr. President-

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Colorado?

Mr. ELLENDER. I yield.

Mr. ADAMS. Mr. President, I was simply going to call the attention of the Senator from Idaho to what seems to me to be a most unusual circumstance in reference to the unanimous-consent agreement. The unanimous-consent agreement was submitted and then unanimous consent was obtained to waive the rule as to the calling of a quorum. In other words, we have a rule in the Senate which provides that before a time may be fixed for a final vote on a measure a quorum shall be called in order that Senators may be advised; but by unanimous consent, with perhaps 8 or 10 Senators present, that rule was waived and the unanimousconsent agreement entered into to fix a time for a final vote on the bill. It seems to me to be an extremely bad precedent. I was present, so I have no complaint about it.

Mr. BARKLEY. I will say to the Senator that it is not a precedent at all; the same procedure has been followed on a number of occasions. I will say also that there were more than eight Senators present at the time. I made the request after consulting Senators on both sides of the Chamber who desired to dispose of the pending bill yesterday, but, largely because of the fact that the Senator from Utah [Mr. King] desired to speak on the bill, it went over and was not voted on yesterday. The agreement was entered into by all Senators who were present and was agreeable to the Senator

from Utah.

Mr. ADAMS. My comment was simply on what I thought was at least the establishment of a bad precedent, that we were setting aside a rule which had a very definite purpose, namely, that Senators who were absent from the Chamber should not be bound by a unanimous-consent agreement when they were not even notified that the request for such an agreement was to be made.

Mr. BARKLEY. I appreciate what the Senator says, and it has not been done often, but it has been done two or three times.

Mr. ADAMS. I realize that when the King and Queen are coming the situation may be different.

Mr. BARKLEY. There are always special circumstances which justify special treatment.

Mr. BORAH. Mr. President, I was not present when the unanimous-consent agreement was made, and, therefore, I am not really in a position to raise any objection, but this is the third time to my knowledge when unanimous-consent agreements have been made without observing the rule which has been referred to. I think the rule ought to be observed. or else finally disposed of. I say that at this time, because next time I hope to be present long enough to make an objection.

Mr. ELLENDER. Mr. President, besides the fact that more labor will be employed by expanding the present program, another reason why the amendments of the Senator from Ohio should be defeated is that so far only 29 States are participating in the program. We have a total of 19 States which have not received a penny toward rehousing; and all of these States except 10 have enacted the necessary legislation in order to carry through a housing program.

I desire to insert in the RECORD at this time a statement-I am not going to take the time of the Senate to read it-showing the decrease in the amount of labor employed if the proposal of the Senator from Ohio [Mr. TAFT] is adopted in contrast with the pending bill. This statement compares the differences not only as to labor, the increased number of dwellings, and so forth, but also as to materials that will be used under the program as we are now proposing it, and

under the program as it would stand if the amendments of the Senator from Ohio should be adopted.

I ask unanimous consent to have the statement printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The statement is as follows:

VII.—Effect of Taft amendment on business, reemployment, and rehousing

Accomplishments	Under addi- tional pro- gram as con- templated by S. 591	Under Sena- tor Taft's amendment cutting pro- posed addi- tional pro- gram
Increase in authorization of U. S. Housing Authority		
bondsIncrease in authorization of annual contribution con-	\$800, 000, 000	\$400,000,000
tracts	45, 000, 000	30, 000, 000
Total number of new dwellings to be constructed Total number of dangerous and unfit dwellings to be	238, 800	138, 300
eliminated	238, 800	138, 300
(1) Directly at the site	177,000	102, 500
(2) Indirectly off the site	289,000	167, 500
Total amount to be spent for materials. Break-down of amounts to be spent for materials:	\$440,000,000	\$255, 200, 000
Brick and hollow tile	\$40, 500, 000	\$23, 500, 000
Cement	\$16,000,000	\$9, 300, 000
Steel and iron	\$44, 500, 000	\$25, 800, 000
Lumber and mill work	\$27,500,000	\$16,000,000
Roofing	\$10,000,000	\$5,800,000
Paint	\$5,000,000	\$2,900,000
Plumbing	\$55,000,000	\$31, 900, 000
Electrical wiring and fixtures	\$42, 200, 000	\$24, 500, 000
Heating Other material	\$44,000,000 \$155,000,000	\$25, 500, 000 \$90, 000, 000
Number of men to be employed during month of October 1940:	¥100, 000, 000	\$90,000,000
(1) Directly at the site	47, 500	27, 500
(2) Indirectly off the site	77, 500	45, 000
during month of October 1940	\$34,000,000	\$19, 700, 000
Potal number of families to be rehoused	238, 800	138, 300
Total number of persons to be rehoused	955, 200	553, 200
Authority	581	336

Mr. ELLENDER. Mr. President, before taking my seat let me urge that the Senate defeat the third amendment proposed by the Senator from Ohio.

It proposes a joint congressional investigation of the administration of the U.S. H. A. and other Federal housing agencies. The program of the U.S. H. A., according to the Senator from Ohio, is working smoothly. I quote from a statement by him on June 6:

I believe that the United States Housing Administration has done its work well in this field. Its projects are well built. The cost is being steadily reduced. There has not been the slightest breath of suspicion in a field where the opportunity is always present.

I submit that an investigation of administration implies widespread dissatisfaction or complaints.

It is contrary to and repudiates the President's plan for reorganization already approved by Congress and which is becoming effective in part on July 1. The amendment proposes study of the proper location and placement of all Federal housing agencies, although Congress has just approved a reorganization plan covering this question.

It proposes a special committee to study housing questions that regular committees of Congress have held hearings on for 5 years. All the information sought by the amendment is in the printed hearings and reports of these committees.

Senator Taff is on the Senate committee which has been holding hearings every year on the U.S. H. A. Why does he want to create a different committee for the same purpose?

No, Mr. President. Little would be gained by such an investigation. If one is necessary, why could it not be conducted by the standing committee of the Senate, or a subcommittee thereof, that deals with such matters?

I repeat, I earnestly request that all three amendments be rejected.

SEVERAL SENATORS. Vote! Vote!

Mr. HATCH. Mr. President, there seems to be a great desire to vote on the pending amendments and on the bili. It is a perfectly natural desire, and I shall not detain the Senate for any great length of time. In fact, I shall speak very briefly. I could not help, however, being disturbed during the course of the remarks of the Senator from Massachusetts [Mr. Walsh], especially when he said that this great humanitarian program which was inaugurated by the Congress for the purpose of actual slum clearance is being diverted from that purpose.

Mr. WAGNER. No.

Mr. HATCH. I am quoting only what the Senator from Massachusetts said.

Mr. WAGNER. I do not think the Senator from Massachusetts said that the present program of the U. S. H. A. is being diverted from the purposes of the act. I think what the Senator had in mind was the earlier construction under the P. W. A.

Mr. WALSH. Mr. President, I did not hear what the Senator from New Mexico said.

Mr. HATCH. I understood the Senator from Massachusetts to say that the program which we started as a slum-clearance program was not being used for slum-clearance purposes.

Mr. WALSH. I said there were two undertakings by the Federal Government in the way of providing houses for the people of the Nation. The first was undertaken by a housing bureau under the Department of the Interior with funds allocated by the President from the \$4,000,000,000 lump-sum appropriation of a few years ago. It was thought that that would be a slum-clearance undertaking. It was not, and is not. I denounced it then, and I denounce it now.

The second attempt was by an act of Congress. There was no act of Congress in the first attempt, and there has always been a question whether or not it was constitutional. The second undertaking was the act of the last session, which for the first time put the Congress on record as favoring a Federal housing project. No dwellings have been completed under that act up to this time. I did not intend to imply that in my opinion the intent of the Congress was not being carried out under that law, but the first I was very critical of, and I am still critical of it.

Mr. HATCH. Mr. President, I am very glad the Senator from New York made that explanation, because I received the other impression; and I rose to voice my opposition to any such procedure as would convert a humanitarian program, such as I conceive this to be, into something else.

Mr. ADAMS and Mr. WAGNER addressed the Chair.

The PRESIDING OFFICER. Does the Senator from New Mexico yield; and if so, to whom?

Mr. HATCH. I yield first to the Senator from Colorado; then I will yield to the Senator from New York.

Mr. ADAMS. Mr. President, I simply desire to call the Senator's attention to the fact, with which he is probably familiar, that the act itself has a double purpose. It provides that the projects under it may be either slum-clearance projects or low-rent housing projects. The low-rent housing projects concerning which the Senator from Massachusetts was complaining are included within the scope of the act.

Mr. HATCH. I now yield to the Senator from New York.
Mr. WAGNER. Mr. President, I should like to differ right
there with the interpretation placed upon the act by the
Senator from Colorado, because under an amendment—
which, incidentally, was offered by the Senator from Massachusetts [Mr. Walsh]—for every unit of new housing constructed under the act a unit of slums must be cleared; and
the families to be housed are those who have formerly been
slum dwellers. Therefore, under every contract which has
been let under the U. S. H. A., a showing must first be made
that slums equal to the number of units to be constructed
have been eliminated. Therefore this is bound to be a
humanitarian slum-clearance program. Let me assure the

Senator that I have kept in close touch with it, and it actually

is a slum-clearance program.

I do not want to delay a vote, and I do not want to discuss the matter at length. Of course, there will always be some persons in a municipality who will contend that the area cleared was not actually a blighted area. If that is so, that reflects on the integrity of the local housing authorities. But so far as I know—and I have investigated the subject very thoroughly—for every project that is proposed to be constructed there has been an equivalent amount of slum clearance. The purpose of the act has been definitely and clearly observed, notwithstanding some unfounded statements made by persons who have a prejudice against the whole program.

Mr. TYDINGS. Mr. President, will the Senator yield on

that point?

Mr. HATCH. I will yield, but I want to get through with the brief remarks I desire to make. I yield to the Senator,

however.

Mr. TYDINGS. I had considerable correspondence with the United States Housing Administrator on the elimination of slums when new dwelling units took their place, on the theory that one slum dwelling was to be eliminated for each new family apartment constructed; and I believe that policy is being carried out, with this exception: The act does not say "demolished." It says "eliminated"; and in some instances the Administrator in his correspondence pointed out that, due to overcrowding, the actual slum dwelling is not demolished, but is renovated; and if it is renovated, that is equivalent to its elimination.

I have not those letters here, but I had correspondence with Mr. Straus on the subject, because the Real Estate Board of Baltimore called to my attention the fact that some buildings were not being torn down, and I called Mr. Straus' attention to the fact that the law required that that be done; and he pointed out that the law does not require that the buildings be demolished. It requires that they be eliminated. Therefore, if they are reconditioned so as to take them out of the category of slum dwellings, without tearing them down, that, in Mr. Straus' judgment, is an elimination under the act.

I shall be very glad to show the Senator from New York

the correspondence if he would like to see it.

Mr. WAGNER. Mr. President-

Mr. HATCH. Mr. President, I suggest that the Senators continue their discussion between themselves.

Mr. WAGNER. Yes; I think that would be better.

Mr. HATCH. I merely want to say that this program, as well as many other humanitarian programs, cannot be laid out in detail by the Congress of the United States. The only thing we can do is to express the general will and intention of the Congress. It necessarily depends upon those who administer the law to see that the intention of Congress is carried out, and if they administer it in a way contrary to the intention and design of the Congress of the United States they offend not against us, but against the very program which they seek to serve.

In that connection, let me say that I rose mainly to quote from Edmund Burke, who many, many years ago made a statement which I should like to see pasted on the desk of every administrative officer engaged in executing any of the humanitarian programs which this administration, I believe

rightfully, has inaugurated. Mr. Burke said:

The laws reach but a very little way. Constitute government how you please; infinitely the greater part of it must depend upon the exercise of powers which are left at large to the prudence and uprightness of ministers of state.

I should like to see the Housing Authority and all other officials charged with carrying on this program read that statement, and remember that the programs must be administered with prudence and uprightness.

Mr. KING. Mr. President, just a word in regard to the matter suggested by the Senator from New Mexico [Mr.

HATCH].

I believe that it was the understanding of substantially all Senators when the original housing act was under consideration that it was for the purpose of eliminating slums, particularly in New York City, and a few of the other large municipalities in the United States. As I recall the debate, no one suggested then that we were embarking upon a general housing program. We were not intending to build homes for the people in the country or for the people in the cities; we were to get rid of slums. I know the eloquent Senator from New York repeatedly in his perorations, as well as in his exordium, referred to the fact that if we got rid of the slums we would get rid of cess pools of vice and crime; that it was essential that we get rid of slums. He emphasized that idea over and over again. I now agree with the intimation that is made, that we are distorting the act, and are converting it into a building program.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. KING. I yield.

Mr. WAGNER. I hope the Senator will not make these statements unless he is absolutely sure of the facts. There is a good deal of this sort of propaganda being spread against this program.

Mr. KING. The propaganda is all for it.

Mr. WAGNER. Let me assure the Senator that there are now 29 States in which these projects are in progress, under contract or under construction, and in every one of those cases the elimination of slums must accompany the construction of new homes for these low-income slum dwellers, who have been compelled to live in these very cess pools referred to by the Senator, which breed disease and crime. So that when the Senator says in the first place that it was only for New York and some other cities—

Mr. KING. I said the large municipalities in the United States.

Mr. WAGNER. Twenty-nine States now have actual projects under contract and 10 additional States have made application for other projects. In every one of those cases the construction of the new buildings is accompanied by the elimination of slums. I do not mind anyone being opposed if he is opposed to the philosophy of this humanitarian program. That is his business, and I never question his sincerity. But I do not think we ought to have these statements made.—

Mr. KING. If the Senator wants to make a speech—and he has spoken half a dozen times already—he can wait until I get through.

Mr. WAGNER. I am pleading with the Senator to inquire into the facts before he is led to make these statements.

Mr. KING. Mr. President, I have inquired into the facts, and while I do not know as much about this subject, of course, as does the Senator from New York, because he has devoted a good deal of time to its consideration, I do emphasize what I stated a moment ago, that the act was driven through the Senate largely because of the propaganda in favor of getting rid of the slums. I do admit that in connection with getting rid of the slums it was suggested that corresponding houses would be built which would take care of those who were driven out of the slums. But I fear that the act is being converted into a general housing proposition, and the Senator now proposes to offer an amendment to tack on to the pending bill a provision that the administration shall go into the country and build houses in various parts of the United States.

I rose for the purpose of indicating that I fear the law upon the statute books is being diverted from the purpose for which some of us at least intended that it should be used, and that the bill now before us will be regarded as an opportunity for building houses, and not for eliminating slums, and that therefore the foundation upon which the original act was passed will be abandoned entirely.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Ohio [Mr.

TAFT] to the amendment in the nature of a substitute reported by the committee.

Mr. TAFT. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll. The legislative clerk called the roll, and the following Senators answered to their names:

Gibson Schwellenbach Logan Sheppard Slattery Gillette Lucas Lundeen Barbour Green Barkley Bilbo Guffey McCarran Smathers Gurney McKellar Smith Stewart Bone Hale McNary Brown Hatch Maloney Taft Thomas, Utah Hayden Bulow Tobey Townsend Truman Herring Hill Minton Murray Byrd Capper Carawa Holman Norris Holt O'Mahoney Tydings Vandenberg Hughes Radcliffe Connally Johnson, Colo. Davis Ellender Reed Wagner Reynolds King Walsh Wiley La Follette Frazier Russell Schwartz Gerry

The PRESIDING OFFICER. Sixty-seven Senators having answered to their names, a quorum is present.

The question is on agreeing to the amendment offered by the Senator from Ohio [Mr. TAFT] to the amendment of the committee.

Mr. TAFT. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. REED. Mr. President, I ask that we may have order, and that the amendment be read. I want to know what I am

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 3, line 5, it is proposed to strike out "\$45,000,000" and to insert "\$30,0000,000"; on page 3, line 13, it is proposed to strike out "\$800,000,000" and to insert "\$400.000.000."

The PRESIDING OFFICER. The year and nays have been ordered, and the clerk will proceed to call the roll.

The Chief Clerk proceeded to call the roll.

Mr. BURKE (when his name was called). On this vote I have a pair with the senior Senator from Louisiana [Mr. OVERTON]. If the senior Senator from Louisiana were present, he would vote "nay" on this amendment. If I were at liberty to vote, I should vote "yea."

Mr. McNARY (when his name was called). On this vote I have a pair with the senior Senator from Mississippi [Mr. HARRISON]. I transfer that pair to the senior Senator from California [Mr. Johnson], and will vote. I vote "yea."

I wish to announce that if the senior Senator from California were present he also would vote "yea."

Mr. HALE (after having voted in the affirmative). I have a general pair with the senior Senator from South Carolina [Mr. Byrnes]. I transfer that pair to my colleague the junior Senator from Maine [Mr. WHITE] and allow my vote to stand.

Mr. KING (after having voted in the affirmative). I have a pair with the senior Senator from West Virginia [Mr. NEELY]. The Senator from West Virginia was compelled to leave the Chamber, and I promised to protect him. If he were present, he would vote "nay." Therefore I am reluctantly compelled to withdraw my vote.

Mr. TRUMAN. I announce that if my colleague the senior Senator from Missouri [Mr. CLARK] were present, he would vote "yea" on this amendment.

Mr. HILL. I announce that the Senator from Arkansas [Mr. MILLER] is detained from the Senate because of illness in his family.

The Senators from Florida [Mr. Andrews and Mr. Pepper], the Senator from North Carolina [Mr. Balley], the Senator from Arizona [Mr. ASHURST], the Senator from South Carolina [Mr. Byrnes], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Idaho [Mr. CLARK], the Senator from California [Mr. Downey], the Senator from Ohio [Mr. Donahey], the Senator from Georgia [Mr. George], the Senator from Virginia [Mr. Glass], the Senator from Mississippi [Mr. Harrison], the Senators from Oklahoma

[Mr. Lee and Mr. Thomas], the Senator from West Virginia [Mr. NEELY], the Senator from Louisiana [Mr. OVERTON], the Senator from Nevada [Mr. PITTMAN], the Senator from Indiana [Mr. Van Nuys], and the Senator from Montana [Mr. Wheeler] are unavoidably detained.

Mr. HATCH. My colleague [Mr. Chavez] has a pair with the Senator from New Hampshire [Mr. BRIDGES]. If present and voting, I am advised, the Senator from New Hampshire would vote "yea," and my colleague would vote "nay."

Mr. McNARY. I announce the following pairs on this question:

The Senator from New Hampshire [Mr. Bridges] with the Senator from New Mexico [Mr. Chavez]. If present, the Senator from New Hampshire would vote "yea." and the Senator from New Mexico would vote "nay."

The Senator from Connecticut [Mr. DANAHER] with the Senator from Oklahoma [Mr. Thomas]. If present, the Senator from Connecticut would vote "yea," and the Senator from Oklahoma would vote "nay."

The Senator from Vermont [Mr. Austin] with the Senator from California [Mr. Downey]. If present, the Senator from Vermont would vote "yea," and the Senator from California would vote "nay."

I announce the general pair of the Senator from Minnesota [Mr. Shipstead] with the Senator from Virginia [Mr. GLASS].

The Senator from Connecticut [Mr. DANAHER] is unavoidably compelled to be out of the city.

The result was announced—yeas 26, nays 39, as follows:

	YE	AS-26	
Adams Bulow Byrd Capper Connally Frazier Gerry	Gibson Gillette Gurney Hale Herring Holman Holt	Hughes Lodge McNary Radcliffe Reed Smith Taft	Tobey Townsend Tydings Vandenberg Wiley
	NA	YS-39	
Bankhead Barbour Barkley Bilbo Bone Brown Caraway Davis Ellender Green	Guffey Hatch Hayden Hill Johnson, Colo. La Follette Logan Lucas Lundeen McCarran	McKellar Maloney Mead Minton Murray Norris O'Mahoney Reynolds Russell Schwartz	Schwellenbach Sheppard Slattery Smathers Stewart Thomas, Utah Truman Wagner Walsh
	NOT V	OTING-31	
Andrews Ashurst Austin Bailey Borah Bridges Burke Byrnes	Chavez Clark, Idaho Clark, Mo. Danaher Donahey Downey George Glass	Harrison Johnson, Calif. King Lee Miller Neely Nye Overton	Pepper Pittman Shipstead Thomas, Okla. Van Nuys Wheeler White

So Mr. Taft's amendment was rejected.

Mr. TAFT. Mr. President, I offer another amendment, which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be

The Legislative Clerk. On page 6, between lines 3 and 4, it is proposed to insert the following:

SEC. 7. A joint committee of the Senate and House of Representatives is hereby established to consist of five Members of the House of Representatives, to be appointed by the Speaker of the House of Representatives, and five Members of the Senate, to be appointed by the President of the Senate. It shall be the duty of such committee to make a comprehensive study of the activities of the Federal Government in the field of housing, particularly as administered by the United States Housing Authority, the Federal Housing Administration, the Federal Home Loan Bank Board, and other agencies of a temporary or emergency nature. Such committee agencies of a temporary or emergency nature. Such committee

agencies of a temporary of the space of the middle-income groups with a minimum of outright Government

midde-income groups and income administrative head and the consolidation or elimination of agencies where such consolidation or elimination will promote greater economy and efficiency in administration; and

(3) The stimulation of private investment and private industry in the housing field.

in the housing field.

Such committee shall report its findings to the Congress not later than January 3, 1940, and shall recommend such legislation as it may deem necessary to carry out the objectives set forth in this section.

For the purposes of this section, such joint committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings; to sit and act at such times and places during the sessions, recesses, and adjourned periods of the Seventy-sixth Congress; to employ such clerical and other assistants; to require by subpena or otherwise the attendance of such witnesses and the production of such books, papers, and documents; to administer such oaths; to take such testimony; and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed \$25,000, shall be disbursed one-half by the Secretary of the Senate and one-half by the Clerk of the House of Representatives, upon vouchers approved by the chairman. The appropriation of such sums as may be necessary for the purposes of this section is hereby authorized.

Mr. BARKLEY. Mr. President, I wish to say just a word about the amendment. It seems to me it certainly should not be adopted. For more than a year Congress has been considering the question of reorganization of the various departments and branches of the Government. The President has issued two proclamations putting into effect two plans of reorganization. Under the last plan adopted, which will go into effect July 1, the United States Housing Authority is, of course, in the Interior Department, and the Home Owners' Loan Corporation and the Federal Housing Administration are put into a new lending agency which had been consolidated out of the R. F. C., the H. O. L. C., the F. H. A., and other lending agencies.

It seems to me that we should not now attach an amendment to the Housing Act providing that these very agencies which have been consolidated, and the consolidation of which will go into effect on July 1, shall be investigated before they have had an opportunity to demonstrate how efficiently they can perform their respective functions under the reorganization plan of the President, as approved by the Congress.

Certainly at this stage of the proceeding, both of the consideration of the bill and of the reorganization plan, it would be most unwise to provide here for an investigation in advance. Give these departments and these agencies a chance to function under the new arrangement and the new organization, and then if they do not justify the reorganization and justify their existence, Congress will have plenty of time to investigate.

It seems to me it would be unwise at this time to provide any such investigation as that provided in the amendment of the Senator from Ohio.

Mr. TAFT. Mr. President, I explained the amendment yesterday. It makes no proposal to investigate these agencies. It provides for a joint committee of Congress to develop a unified policy with respect to housing in the United States. We have no unified policy in the United States with respect to housing. We have three different policies. They have not been coordinated. We do not know what our policy ought to be.

Mr. President, we should consider Government housing and private housing at the same time, at one time. There never has been any such committee in the history of recent Congresses, as far as I know. Each policy has been developed by those interested in their own particular kind of housing.

It seems to me that the majority leader is deliberately saying "I do not want to develop a consistent housing policy in the United States"—

Mr. BARKLEY. Oh, no, Mr. President.

Mr. TAFT. But that we should have the matter of housing in three different agencies, placed in three agencies even after the reorganization is completed.

I desire to have the activities coordinated. Congress ought to know what is the correct policy for the next 20 years, how many houses ought to come under the plan for Government low-cost housing, the building of how many houses by private endeavor ought to be stimulated, or for how many houses we need to have insurance. All that ought to be done at one time, and only a committee of Congress can sit as an arbiter

between those who hold different theories with respect to housing.

Mr. BARKLEY. Mr. President, just a word.

Congress appointed a joint committee on reorganization. The joint committee held only two sessions before it became perfectly obvious that the committee would have to separate if results were to be achieved on the question of reorganization, and thereafter the Senate and House committees proceeded separately to make their investigations and bring in a bill.

In spite of the statement of the Senator from Ohio—who seems to have the last word on all subjects—that I am deliberately seeking to prevent an investigation, I am not doing anything of the sort. I am undertaking to give the reorganized agencies of the Federal Government a chance to function, and if they do not function properly, Congress through its proper committees—not necessarily through a joint committee, but through the committees which have framed this legislation and framed the reorganization bill—can make its investigations with respect to legislation as circumstances may justify in the future.

The President probably has gone as far as he felt it wise to go in consolidating the various housing agencies. The Congress put the Housing Authority in the Department of the Interior when the Authority was organized 2 or 3 years ago. Congress established the Federal Housing Authority as an independent agency. Congress established the Home Owners' Loan Corporation as a separate lending agency. Congress established the Reconstruction Finance Corporation as a separate lending agency. The President, under authority conferred upon him by Congress, has consolidated all these lending agencies except one, and that is the United States Housing Authority, whose functions we are now enlarging and extending, and which is a part of the Department of the Interior.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. TAFT. Nothing that is accomplished in the reorganization program will affect the legislative policy of Congress. Mr. BARKLEY. It may very properly affect it.

Mr. TAFT. The amendment provides for a committee to develop a legislative policy, not an administrative policy or a policy for the consolidation of agencies.

Mr. BARKLEY. The performance of the duties of these agencies after they are consolidated may have a very proper effect upon the legislative policy of Congress. I will say to the Senator that it has never been found feasible or successful to have joint committees try to frame legislation dealing with any department. They nearly always have to separate, and go their separate ways, in order to arrive at any recommendation which will be returned to Congress.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Ohio [Mr. Taft] to the amendment reported by the committee. [Putting the question.] The noes seem to have it.

Mr. TAFT. I ask for a division.

On a division, the amendment to the amendment was rejected.

Mr. WAGNER. Mr. President, earlier in the day I said that I had an amendment which I proposed to offer. We have only 10 minutes left. I have been informed by one of the Senators that he, among others, desires to discuss my amendment, which I regard as very important. It provides a program for rural housing in the blighted areas under the same conditions which must be found to exist in the case of houses in congested areas.

We are to vote on the bill at 3 o'clock. I suggested to the Senator that I would not press the amendment today but would appear before the House committee having this legislation under consideration and do my utmost to persuade the House committee to include in the present bill housing for rural areas.

There are wiser minds in the Senate than mine. I know other Senators are greatly interested in the subject. If

they have any better suggestion as to procedure, I shall be delighted to follow it. I have conferred with the Senator from North Dakota [Mr. FRAZIER].

Mr. FRAZIER. Mr. President-

Mr. WAGNER. I yield.

Mr. FRAZIER. I should like to ask the Senator from New York why we should not vote on the amendment at this

Mr. WAGNER. Very well; I am quite willing.

Mr. KING. Mr. President, will the Senator yield?

Mr. WAGNER. I yield.

Mr. KING. There has been no opportunity for discussion or consideration of the amendment. I think we ought not to take up the amendment at this time. I have an amendment to offer; and if the amendment of the Senator from New York is taken up, I shall ask for consideration of my amendment. I have assented to the view expressed by my friend from New York with the understanding that I shall ask the committee of the House to consider the amendment which I am about to offer when the bill is before it.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. WAGNER. I yield.

Mr. McKELLAR. I hope the Senator from New York will offer his amendment. I think the people residing in the country are entitled to it.

Mr. WAGNER. Very well. I offer the amendment which

I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from New York will be stated.

The LEGISLATIVE CLERK. On page 6, after line 3, it is proposed to insert a new section, as follows:

SEC. 8. The United States Housing Act of 1937, as amended, is

hereby amended—

(a) By inserting immediately following the enacting clause the words: "Title I."

(b) By adding at the end of said act a new title, as follows:

"TITLE II "RURAL HOUSING

"SEC. 201. The Authority is hereby authorized and directed to develop and undertake a comprehensive program to assist public housing agencies in the development and administration of projects for farm families of low income in rural areas. Such assistance may be extended under loan, annual contributions, and capital-grant contracts permitting (subject to such limitations and conditions as the Authority may prescribe) public housing agencies to make long-term leases or purchase agreements or otherwise to rent or sell rural housing to farmers. With respect to those States which do not now provide for public housing agencies embracing rural areas, the Authority shall give aid and information requested by such States concerning the creation of public agencies which would be eligible and would qualify for financial assistance from the Authority for the development and administration of projects for farm families of low income in rural areas.

"Sec. 202. In the development of a comprehensive program for rural housing for farm families of low income, the Authority and the Department of Agriculture are authorized to work in cooperation with each other and the Secretary of Agriculture is authorized to utilize such employees and facilities of the Department of Agriculture as may assist in the development of such a program. The Authority may reimburse the Secretary of Agriculture for the salaries and expenses of such employees and facilities as are utilized by the Secretary for any of the purposes of this title.

"Sec. 203. All of the provisions of title I of this act, insofar

of this title.
"Sec. 203. All of the provisions of title I of this act, insofar as applicable, shall apply to this title."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New York [Mr. WAGNER].

Mr. WAGNER. Mr. President, in connection with the amendment. I should like to read a communication from the Secretary of Agriculture to Mr. Straus. I think he expresses my view better than I could:

JUNE 6, 1939. My Dear Mr. Straus: I have your letter inquiring as to my views regarding the problem of providing decent housing for farm families of low income. I am fully in agreement with you regarding the seriousness of this problem and the urgent need for action to relieve the plight of the ill-housed farmer. Too often people assume that all farmers are living under conditions conducive to good health and well-being. Actually many low-income farm families are living under the most deplorable and unhealthful conditions, and no private or Government program has yet been able to reach the lowest-income farm families living under these conditions. While various agencies in the Department of Agriculture have been engaged in the program of improving housing conditions in rural areas, these agencies are not able to serve the lowest-income farm groups living under the worst housing conditions.

It is for these reasons that I would welcome the extension of the ILS HA program to the rural housing field. Lam glad that you

It is for these reasons that I would welcome the extension of the U.S. H. A. program to the rural housing field. I am glad that you appreciate the very close relationship between the entire farm economy and the problem of rehousing the low-income farmer. In my judgment, the proposed program of rural housing can only be effectively carried out through cooperation between your agency and the Department of Agriculture. The whole problem of housing in rural areas is one which requires special treatment because the sources, amounts, and stability of farm income present such different problems from those involved in an urban housing program. The congertation of the Department of Agriculture and the gram. The cooperation of the Department of Agriculture and the U.S. H. A. would make it possible to bring to this problem the housing experience of your agency and the agricultural experience

housing experience of your agency and the agricultural experience of this Department.

I have been following very closely the work of our interdepartmental committee on rural housing. In my opinion, the proposed amendment to the United States Housing Act is highly desirable. Under it a comprehensive program could be developed and undertaken to assist public housing agencies in the development of housing projects for families of low income in rural areas. I hope that this amendment is adopted so that we may commence an attack upon the much-neglected problem of the ill-housed farm family.

Very sincerely yours.

Very sincerely yours,

H. A. WALLACE, Secretary of Agriculture.

Hon. NATHAN STRAUS, Administrator, United States Housing Authority, Washington, D. C.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. WAGNER. I yield.

Mr. TYDINGS. I think the purpose of the amendment is a good one. So long as we are going to have slum clearance it ought to prevail in rural areas as well as in urban centers. However, the amendment does not provide a slumclearance program. All it says is that the United States Housing Authority is authorized to institute a program. There is no limitation on the cost of the houses. There is no limitation on the cost per room.

Mr. WAGNER. Let me say to the Senator that the limi-

tation provided in the act applies to this situation.

Mr. TYDINGS. Where is the limitation?
Mr. WAGNER. If there is any question about that, I will say to the Senator-

Mr. TYDINGS. Where is the limitation?

Mr. WAGNER. It is a part of the entire act.

Mr. TYDINGS. I do not see that at all. The amendment is subsequent to the entire act, and, in my judgment, is a new subject matter. There is no limitation of any kind in the amendment; and while I do not wish to be captious and hunt trouble to defeat the Senator's amendment, because I think it ought to be in the bill, I submit that the amendment does not provide a plan. Let me read from it:

The Authority is hereby authorized and directed to develop and undertake a comprehensive program to assist public housing agencies in the development and administration of projects for farm families of low income in rural areas.

There is absolutely no limitation. The amendment provides no plan. It is just as though we had said in the first instance, "Here is \$600,000,000. Clear up the slums of America. Formulate a comprehensive plan, and go to work."

If Congress wants to do that, all right; but I do not think Congress wants to go quite that far.

Mr. WAGNER. Mr. President, the last paragraph of the amendment reads:

Sec. 203. All of the provisions of title ${\tt I}$ of this act, insofar as applicable, shall apply to this title.

Mr. TYDINGS. Why "insofar as applicable"? Mr. WAGNER. The amendment permits long-term leases, purchase agreements, or other arrangements to rent or sell rural housing to farmers.

Mr. President, I ask for the regular order.

The PRESIDING OFFICER. The hour of 3 o'clock having arrived, under the unanimous consent agreement, the Senate is now required to proceed to vote upon the amendments and on the bill to final passage.

SEVERAL SENATORS. Question!

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New York [Mr. WAGNER]. [Putting the question.] By the sound the ayes seem to have it.

Mr. TYDINGS. I ask for a division.

On a division, the amendment was agreed to.

Mr. KING. Mr. President, I offer an amendment which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 6, between lines 3 and 4, it is proposed to insert the following new section:

SEC. 7. Section 10 of the United States Housing Act of 1937 is amended by adding at the end thereof the following new subsection:

'(f) No grants, loans, or credit assistance shall be made under

"(f) No grants, loans, or credit assistance shall be made under this act to any county, city, or public housing agency unless—
"(1) the county, city, or public housing agency shall have caused an inspection to have been made, at such time or times as the Authority may prescribe, for the purpose of ascertaining the complete facts with respect to slums, blighted areas, and unsafe or overcrowded housing in the areas under the jurisdiction of such county, city, or public housing agency, and a report thereon shall have been made to the Authority and shall be available for public inspection: inspection;

inspection;

"(2) the areas under the jurisdiction of the county, city, or public housing agency are subject to city planning and zoning laws which in the opinion of the Authority are reasonable, and there also exist with respect to such areas prohibitions against the renting of insanitary or overcrowded dwellings and provisions for the demolition of unsafe structures, and such laws, prohibitions, and provisions, in the opinion of the Authority, are adequately administered; and

"(3) there shall have been provided within the areas under the jurisdiction of the county, city, or public housing agency orderly and systematic arrangements for the future control and operation of any housing constructed within such areas, and such arrangements

of any housing constructed within such areas, and such arrangements are administered by a representative and nonpartisan body which is organized in such a manner as to accomplish the fullest measure of local public trusteeship."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Utah [Mr. KING].

The amendment was rejected.

The PRESIDING OFFICER. The question now is on the committee amendment as amended.

The amendment as amended was agreed to.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and read the third time.

The PRESIDING OFFICER. The question recurs on the passage of the bill.

Mr. BARKLEY. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. TRUMAN (when the name of Mr. Clark of Missouri was called). I am authorized to announce that if my colleague [Mr. Clark of Missouri] were present he would vote "yea."

Mr. HALE (when his name was called). While I have a general pair with the junior Senator from South Carolina [Mr. Byrnes], I understand that if present he would vote as I intend to vote. I therefore feel free to vote, and vote "nay." The Senator from South Carolina, I am advised, has a special pair on this vote.

Mr. McNARY (when his name was called). On this vote I have a pair with the senior Senator from Mississippi [Mr. HARRISON). Not knowing how he would vote, I withhold my

Mr. LEE (when the name of Mr. Thomas of Oklahoma was called). My colleague [Mr. Thomas of Oklahoma] is unavoidably absent. If he were present, I am informed he would vote "yea."

The roll call was concluded.

Mr. HAYDEN. My colleague the senior Senator from Arizona [Mr. Ashurst] is necessarily absent. I am informed that if present he would vote "yea."

Mr. KING (after having voted in the negative). I agreed to pair with the senior Senator from West Virginia [Mr. NEELY]. He is still detained from the Chamber. I am compelled, therefore, to withdraw my vote, as the Senator from

West Virginia, if present, would vote opposite to the way I voted.

Mr. HATCH. My colleague [Mr. Chavez] is unavoidably detained. I am advised that if present and voting he would vote "yea."

Mr. McNARY. I announce that the Senator from New Hampshire [Mr. BRIDGES], who has a general pair with the Senator from Georgia [Mr. George], is absent because of an operation.

I also announce the general pair of the Senator from Minnesota [Mr. Shipstead] with the Senator from Virginia [Mr. GLASSI.

The Senator from Connecticut [Mr. Danaher] is unavoidably out of the city. He has a pair on this question with the Senator from South Carolina [Mr. Smith]. The Senator from Connecticut would vote "yea," and I am advised that the Senator from South Carolina would vote "nay" if present.

The Senator from California [Mr. Johnson] has a pair with the Senator from Louisiana [Mr. Overton]. If present. the Senator from California would vote "nay," and the Senator from Louisiana would vote "yea."

The Senator from Vermont [Mr. Austin] has a pair with the Senator from California [Mr. Downey]. If present, the Senator from Vermont would vote "nay," and the Sen-

ator from California would vote "yea."

Mr. HILL. I announce that the Senator from California [Mr. Downey], the Senator from West Virginia [Mr. NEELY], the Senator from Louisiana [Mr. Overton], the Senator from Florida [Mr. PEPPER], the Senator from New Jersey [Mr. Smathers], and the Senator from Indiana [Mr. Van Nuys] are unavoidably detained from the Senate. I am advised that if present and voting those Senators would vote "yea."

The Senators from South Carolina [Mr. Byrnes and Mr. SMITH] are necessarily detained. I am advised that if pres-

ent and voting those Senators would vote "nay."

The Senator from Florida [Mr. Andrews], the Senator from North Carolina [Mr. Balley], the Senator from Idaho [Mr. Clark], the Senator from Ohio [Mr. Donahey], the Senator from Georgia [Mr. George], the Senator from Mississippi [Mr. Harrison], the Senator from Nevada [Mr. PITTMAN], and the Senator from Montana [Mr. Wheeler] are unavoidably detained.

The Senator from Indiana [Mr. Van Nuys] has a special pair with the Senator from South Carolina [Mr. Byrnes]. If present and voting, the Senator from Indiana would vote "yea," and the Senator from South Carolina would vote

The Senator from Arkansas [Mr. MILLER] is absent because of illness in his family.

Mr. BYRD. I announce that my colleague [Mr. Glass] is unavoidably detained. I am advised that if present and voting he would vote "nay."

The result was announced—yeas 48, nays 16, as follows:

2110 100410	YEA	AS-48	5 10, 65 10110115
Bankhead Barbour Barkley Bilbo Bone Borah Brown Capper Caraway Davis	Gibson Green Guffey Hatch Hayden Herring Hill Holt La Follette Lee	Lucas Lundeen McCarran McKellar Maloney Mead Minton Murray Norris O'Mahoney	Russell Schwartz Schwellenbach Sheppard Slattery Stewart Taft Thomas, Utah Truman Vandenberg
Ellender Frazier	Lodge Logan	Radcliffe Reynolds	Wagner Walsh
		YS—16	***************************************
Adams Bulow Burke Byrd	Connally Gerry Gillette Gurney NOT VO	Hale Holman Hughes Johnson, Colo.	Reed Tobey Townsend Tydings
Andrews Ashurst Austin Bailey Bridges Byrnes Chavez Clark, Idaho	Clark, Mo. Danaher Donahey Downey George Glass Harrison Johnson, Calif.	King McNary Miller Neely Nye Overton Pepper Pittman	Shipstead Smathers Smith Thomas, Okla. Van Nuys Wheeler White Wiley
So the bill	(S. 591) was pa	assed.	

ORDER FOR ADJOURNMENT FROM FRIDAY TO MONDAY

Mr. BARKLEY. Mr. President, under the previous order, the Senate will meet tomorrow at 10:30 a. m. for the purpose of assembling, and then proceeding to the rotunda of the Capitol to receive Their Majesties the King and Queen of Great Britain. There will be no other business transacted tomorrow, and I therefore ask unanimous consent that at the conclusion of the ceremonies in the rotunda the Senate stand adjourned until 12 o'clock noon on Monday next.

The PRESIDING OFFICER. Is there objection?

Mr. CONNALLY. Mr. President, reserving the right to object, does the Senator from Kentucky mean that when the Senate leaves its Chamber here it will adjourn out in the rotunda?

Mr. BARKLEY. It does not make much difference. I request that at the conclusion of the official ceremonies the Senate shall stand adjourned. Of course, if the Senator objects—

Mr. CONNALLY. I do not object, but I think it would be very bad practice for the Senate to adjourn out in the rotunda.

Mr. BARKLEY. It would not make any difference whether we adjourn in the rotunda or adjourn in the Chamber. What I am trying to bring about is an adjournment of the Senate at the conclusion of the proceedings tomorrow.

The PRESIDING OFFICER. If the Senate should adjourn before proceeding to the rotunda, it would proceed individually to the rotunda—not as a Senate.

Mr. BARKLEY. I amend my request by asking that as soon as we pass out of the door here on the way to the rotunda the Senate shall officially stand adjourned until Monday next at 12 o'clock noon.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

AUTHORIZATION TO SIGN BILLS, ETC., DURING ADJOURNMENT

Mr. BARKLEY. I ask that during the period when the Senate shall stand adjourned the Vice President be authorized to sign bills and resolutions, that the committees be authorized to report, and that the Secretary of the Senate be authorized to receive messages from the House of Representatives.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. Minton in the chair), as in executive session, laid before the Senate messages from the President of the United States submitting several nominations, which were referred to the appropriate committees.

(For nominations this day received see the end of Senate proceedings.)

ADJOURNMENT

Mr. BARKLEY. I move that the Senate adjourn.

The motion was agreed to; and (at 3 o'clock and 10 minutes p. m.) the Senate adjourned, the adjournment being, under Senate Concurrent Resolution 17, heretofore agreed to, until tomorrow, Friday, June 9, 1939, at 10:30 c'clock a. m.

NOMINATIONS

Executive nominations received by the Senate June 8 (legislative day of June 5), 1939

FEDERAL POWER COMMISSION

Leland Olds, of New York, to be a member of the Federal Power Commission for the term expiring June 22, 1944.

APPOINTMENT, BY TRANSFER, IN THE REGULAR ARMY TO QUARTERMASTER CORPS

Capt. Lewis Eugene Snell, Field Artillery, with rank from August 1, 1935.

PROMOTIONS IN THE REGULAR ARMY

Maj. Vincent Nicolas Diaz, Infantry, to be lieutenant colonel from June 5, 1939.

Capt. Joseph Henry Burgheim, Quartermaster Corps, to be major from June 5, 1939.

HOUSE OF REPRESENTATIVES

THURSDAY, JUNE 8, 1939

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Almighty God, Thou art our fathers' God. Glory, honor, dominion, and power belongeth unto Thee. We praise Thee for our glorious heritage. Be pleased, O Lord, to preserve the health and strength of the gracious sovereigns from across the sea whom we delight to welcome and honor. Do Thou bless abundantly these two great peoples that have come out of the loins of the mighty past. Bestow upon them the same wisdom, the same courage, and Christian fortitude which shall bring in their train all earthly good. Grant that these two nations may be guarded by Thy holy providence from all temptations to tyranny and all evil passion. Endue with the spirit of wisdom those whom we entrust in Thy name with the authority of governance, to the end that there be peace at home and that we keep a place among the nations of the world. Defend their liberties and preserve their unity, and let every weapon be broken that is forged in the fires of hate. O come, peace of God, and dwell again on earth, where fields of strife lie desolate and barren. Through Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate agrees to the amendment of the House to a bill of the Senate of the following title:

S.189. An act to provide for the confiscation of firearms in possession of persons convicted of felony and disposition thereof.

The message also announced that the Senate insists upon its amendments to the bill (H. R. 5610) entitled "An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1940, and for other purposes," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. Overton, Mr. Glass, Mr. Thomas of Oklahoma, Mr. Burke, Mr. King, Mr. Nye, and Mr. Bridges to be the conference on the part of the Senate.

Mr. MASSINGALE. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Without objection, it is so ordered. There was no objection.

THE LATE WILL ROGERS

Mr. MASSINGALE. Mr. Speaker, on day before yesterday in Statuary Hall there was unveiled a monument in honor of Will Rogers. I think it most appropriate now, if I can get consent to do so, to put in the Record a speech made by one of our colleagues in this Congress before he became a Member of this body on the life and character of the late Will Rogers. It is a masterpiece and ought to be inserted in the Record at this time; and, Mr. Speaker, I ask unanimous consent to insert this address at this point in my remarks.

The SPEAKER. Without objection, it is so ordered. There was no objection.

The address referred to follows:

TWO IRREPLACEABLE AMERICANS

(By T. V. SMITH, for the National Democratic Committee broadcast, October 9, 1936)

My fellow countrymen, I am only an ignorant man and a philosopher, but I think I know what it means to be human. It means to dream, to embody dreams in deeds, to love and be loved. And I think I understand what politics mean—not a game of chance but a labor of love for the sake of life, more life, better life. Now, I suppose that it befalls nobody not to be loved by somebody. But it befalls few to stir the hearts of many. Thinking of such things the other night, I decided that there are two men in public life today that are irreplaceable. I mean men irreplaceable in the sense that Jane Addams was irreplaceable. One of these men is no longer with us; death takes what life cannot replace.

WILL ROGERS, THE INIMITABLE WILL

You know, of course, whom I mean—Will Rogers. Dead, Rogers still speaks from the screen. He still smiles through his books. He still lives in our fond memories. A national shrine goes up in his honor, and every week witnesses some new symbol of his vivid immortality. Upon his death I celebrated his love of life in these lines:

Since in some midnight quietness,
Or roseate burst of dawn,
Or full-day foggy frightfulness,
His wings have haply fawned to earth,
And his friendly feverishness of life
Has surrendered its quick charms
To the final dreamlessness of death— To the final dreamlessness of death—
Enfolding, nescient arms—
Say this and only this you say
Of him on each Memorial Day:
He loved his life but recked it not
And gladly died while the blood was hot!
He loved life, loved it all,
Loved that, too, that quick last fall!

Loved that, too, that quick last fall!

That was the trait, I think, which endeared Will Rogers to us beyond other men, his fond love of life. He loved life so much that he could not hate any living thing. Back and forth across the "Smith and Wesson" line he shuttled as good-will ambassador from South to North, from North to South. In his lasso of love he brought the breezy West to the East and took the worldly-wise East back to the West. Whether wisecracking on Broadway or fraternizing in Main Street, he was the one touch of nature that made all Americans kin. Circling Will Rogers with the twirling twine, twirled as a maiden toys with her glove, he shot over and through his gobs of gum the juices of merry life this way and that. Whenever he noosed in these vital spirals of meandering monologs he tied snugly to himself with lasting cords of friend-liness.

monologs he tied snugly to himself with lasting cords of friend-liness.

Would that he were here to laugh us out of our present political hates and to kid us back once more into his roomy sanity. Faith we need his humor today, with big men being made little through envy and little men being raised to the pinnacle by loud talk. His humor would shame political meanness.

Rogers' humor has caused his name to be linked with that other great American, Mark Twain. But not justly so. Twain made the mistake, if mistake it be, of trying to make sense to himself of the things at which men laugh. That is to be a philosopher in the grand and tragic manner, bearing, like some introverted Atlas, the woe of the world's weight in the heart. Such chewing of life's dark cud often paves a path through personal anguish to final bitterness; and, alas, leaves the world much as it was before. Not thus to weary one's soul, however, with the heavy weight of the world's senselessness and of man's inhumanity to man, is to commit the mortal sin against one's own spirit, if perchance one be born to carry such woe in the heart. Mark Twain was born to carry this burden; Will Rogers was not.

But another burden Rogers carried, lightly and gaily, the burden of universal friendliness. Object of all our affection, he carried a piece of each of us to the grave. Him who had mixed naturally with the multitudes of many lands and had mingled with the mighty everywhere, him who had ridden the ranges with youthful abandon, him who had scaled with a grin of glee a thousand aerial heights unharmed—him the outer fates lured with fun to the lonely north and did his friendly soul to death with a single companion from a silly dip of 60 feet.

Frankklin Roosevelly the single part of the problem.

FRANKLIN ROOSEVELT, THE INIMITABLE LEADER

It was at the Chicago convention which nominated Franklin Roosevelt that I first met Will Rogers. I met him in the company of that other elemental American, Clarence Darrow, our modern Socrates, gadfly of this gaudy generation. It was the day before I met Roosevelt. These two men—Rogers and Roosevelt—have remained associated in my mind. Queer association, that! Will Rogers, mixed-breed Cherokee, born poor, grown rich—lusty, vulgar, lovable! Franklin Roosevelt, the blue-blood, scion of Revolutionary heritage, survivor of Harvard, squire of Hyde Park! Rogers, the low-born; Roosevelt, the high-born—queer bedfellows, those, for my memory! Still they both knew how to give it—and how to take it. And best of all, they both were Democrats who loved life wherever life is found. It was this latter trait which makes them irreplaceable. Many living men live only north-northwest; alive in body, they are fearful at heart; or powerful of mind, they have the muscles of a Micky Mouse. These two men lived life wholly and fully.

and fully.

They have both lived so fully, indeed, that they have no envy of others. Both grew great-souled—the one under the lasting lure, the other under a later lash, of life. The meeting of our common American affection in these two extreme types shows the vitality of our great democracy. We are still free enough to afford the luxury of prizing variety. The recent hate of Roosevelt is but the temporary souring of life in lesser men, not in him.

Roosevelt has set himself to do through political action what Rogers did in humor, what all of us do in aspiration—to make of all conflicting interests one welfare, one people, one nation. His acceptance speech of the first nomination was the magna carta of his whole administration because it was the testament of his whole life. In it he said that agriculture, industry, commerce are equally indispensable and must therefore be woven together into a seamless web of national life. Other nations have sought

to take this kingdom of harmony violently, resorting to blood and iron in order to surmount class animosity growing out of these conflicting interests. This arduous task Roosevelt undertook for America through the sweet reasonableness of compromise and the high calm ways of peace. But agriculture first, since it had long been made last by Republicans.

The first time I ever saw Roosevelt, then Governor of this empire called New York, was at a scientific farm gathering at that New York State center of agricultural science, Cornell University. He was conferring upon the best husbandmen of this State the title "Master Farmer."

"Master Farmer.

"Master Farmer."

The next time I saw him, and the first time I met him, was in 1932. Subject? Agriculture—the soil and the fate of Americans dependent upon the soil. I advised him—let me blush to acknowledge it—advised him to say as little as possible about agriculture in the then campaign. I thought it was a subject about which he would do least after election. So why promise? You see, I was then under the impression that each President had to be much like the mine run. It had been 12 long years since we had a President who was free enough to be different. After listening patiently to me, he made me listen to him. He told me how many Americans were dependent, directly and indirectly, upon agriculture, how unfair their standard of life, how crippling to industry and commerce their low purchasing power, how, in short, America's soul is bound up with America's soil. Then, with a gesture and a flash of the eye that I shall never forget, he said, as I recall his very words, "In such a situation it is both my temperament and my philosophy to do something, and I am going to do something for my philosophy to do something, and I am going to do something for agriculture in America."

agriculture in America."

That from a sophisticated New Yorker. As a midwesterner, I had my doubts. But not for long and never again. By giving the American farmer a policy of his own, Roosevelt deserves the degree "Master Farmer." He has literally made agriculture respectable for even Republicans to promise things for, to, or at. With agriculture restored to self-respect, with a national policy all its own, he now drives to make a high-functioning unity of his happy trinity of restored agriculture, prespective industry, even ding compared.

he now drives to make a high-functioning unity of his happy trinity of restored agriculture, prosperous industry, expanding commerce. There is no man like Roosevelt in America today. I do not say that we must continue to have him for President; no; no man is indispensible to a democracy. But I do say this quiet thing: That Roosevelt, like Will Rogers, is irreplaceable. His roomy sense is so common that he is the natural symbol of the national unity which we crave—of national unity at a level of honor. Moreover, he has done for us this one greatest thing—he has shown that democratic government does not have to be weak under stress. He has shown that it may be a government as strong in abnormal as it is easygoing in normal times. That was the reassurance humanity most needed to hurl back from the New World the steady tramp of ruthless might, in European dictatorships, red, brown, or black.

Political platforms are the parties static. Political practitioners are the parties dynamic, when they are dynamic. The Democratic Party is dynamic today, and largely because this natural aristocrat, like Jefferson at the beginning, put his steady head and his quick heart gladly to breaking the shackles that cramp the energies of common men. These two great Democrats, Rogers and Roosevelt, both lived happily and greatly, and both dedicated themselves to life, more life, better life.

"The glory that was Greece is dust, The honor that was Rome is done, For one by one our jewels rust,
And temples crumble one by one.
Yet when the towers of stone are gone,
The steady stream of life flows on.

"For wind and water, sun and air Wreak stealthy havoc everywhere, The stoutest seawall cannot hide The steady onslaughts of the tide, And beams of cedar slowly rot, And vines break through where thieves may not.

"Yet still in wandering you may meet A girl with Cleopatra's face— A figure on the crowded street
Has something still of Sappho's grace,
So life, the frailest thing of all, Outlasts the sternest castle wall!"

With thanks and apologies to Jamie Sexton Holme-Permanence, in Star Gatherer.

THE BROOKLYN SUNDAY SCHOOL UNION

Mr. KEOGH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. KEOGH. Mr. Speaker and Members of the House, this afternoon throughout Brooklyn and Queens in the city of New York, thousands and thousands of men, women, and children are participating in the annual anniversary day parade of the Brooklyn Sunday School Union.

This parade is unique and has no counterpart throughout the Nation or world. It commemorates the founding of the Sunday School Union of the Brooklyn Protestant Churches and was extended into Queens County. It is a gala occasion and we of that community can be justly proud of this public demonstration especially in these days when moral rearmament is so necessary.

If I were not compelled to remain here in Washington it

would be my happy privilege to join with them.

For over 100 years the members of the Sunday School Union have thus manifested their moral qualities, and Brooklyn, the city of churches, can proclaim to the country that its citizens continue to be law-abiding and God-fearing.

To the many churches and men, women, and children participating in today's parade, and on behalf of the Members of the entire House of Representatives may I extend our best wishes and trust that their day will be observed with increasing numbers for many more years. [Applause.]

PUBLIC WORKS FINANCE CORPORATION

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Without objection it is so ordered.

There was no objection.

Mr. VOORHIS of California. Mr. Speaker, this is a time when decent concern on the part of every Member of the House for the general welfare of our Nation is certainly called for. America has got to become the master of her own destiny, and our job is to make her so.

Our Constitution provides that Congress shall coin money and regulate its value. We have let that power slip out of the hands of Congress, out of the hands of any governmental agency, and into the hands of a private financial system. If we really want our free economic system to survive, Congress has got to take back that power and see that it is exercised in the public interest rather than a private one.

Today I shall not discuss the larger aspects of this question. I want to talk about a simple measure which could be passed by this Congress and which would do one thing only-stop the business of borrowing bank credit through the "sale" of Government bonds to obtain funds for selfliquidating Federal projects or self-liquidating loans to local governments, and substitute for that system a sound use of national credit for such secured advances without any increase whatsoever in the public debt.

On May 4, 1938, I first introduced a bill to create a Public Works Finance Corporation and to give it power under congressional direction to finance directly by means of national credit, self-liquidating public works and self-liquidating secured loans to public bodies. That same bill was reintroduced in this Congress and its number is H. R. 115. I have sent a copy to every Member of the House along with

certain explanatory material.

At present we are paying for every schoolhouse, every hospital, every dam, every such national improvement twice We pay for it once when it is first built and when wages are paid, materials bought, and so on. We pay for it again when we pay interest on an absolutely unnecessary debt contracted through the sale of bonds for privately created bank credit. The Public Works Finance Act would render such bond sales unnecessary and would permit the sovereign Government of America to create credit to finance secured advances for public works in precisely the same manner as any private bank would now finance such advances. The bank does not have to sell bonds and borrow credit when it "buys" bonds of a State, city, or the Federal Government. It creates the credit for this purpose. Why then should not the sovereign Government of America exercise that same right and power? That question evidently answers itself. [Applause.]

In his testimony before the Temporary Economic National—"Monopoly"—Committee Mr. A. A. Berle, Jr., Assistant Secretary of State, whose testimony I am asking to include in full in today's RECORD, had this to say in conclusion:

It seems to me that the T. N. E. C. can now, and should,

promptly recommend three things:

First, that there be drawn, passed, and put into operation a bill creating a Public Works Finance Corporation, with suitably

guarded rediscount privileges at the Federal Reserve bank. This would make it possible for the self-liquidating public-works agencies of the United States Government to finance directly, instead of through a Federal project. Like privileges could be extended to the municipalities and local units, so that housing, hospitals, and other necessary local improvements could be carried on, and other necessary local improvements could be carried on, without reference to the Federal project. Such institutions could quote any rate of interest which was necessary to get the business done. The rate of interest ought to be almost nil in a nonprofit enterprise like a hospital, and running up to commercial rates in a straight business proposition.

While I am of the opinion that our monetary system needs a very thorough revision, I would like to review briefly this most logical and necessary immediate step in the forward march of democracy. Our whole Nation desperately needs a renewed sense of security. It needs to provide against unemployment. It must offer constructive work opportunities to all its people either in private industry, or, if that is impossible, in such Government work as will directly attack our two great national problems of the rapid exhaustion of our natural resources and the persistence of the slum. If every American businessman could be certain that all of the American working population would be continuously employed, he would immediately see new hope for the future and be ready to expand his output. The problem which confronts us is the financing of a program of this sort without a continuous increase in the national debt. Some of the monetary reforms which I believe to be absolutely essential to continuance of our free economy may take time to accomplish. But there is one thing which we can do right now. That is to declare our Government free of the necessity of purchasing from private creators of credit the right to lend and use its own credit and to have our Government begin to lend directly upon the most substantial credit base in the world-that of the United States Government-whenever proper security is offered by a public body. For the purpose of advancing credit for public works to States and counties, and for the purpose of financing the self-liquidating portion of any Federal public works which may be undertaken, this method should be used.

Under the provisions of H. R. 115, an agency of government called the Public Works Finance Corporation would be created with power to issue up to \$5,000,000,000 of bonds bearing a rate of interest 1 percent less than the going Federal rate. These bonds would all be sold to and held until retired by the Treasury of the United States, which would thus receive as net income the interest paid by the Public Works Finance Corporation upon its bonds. The Treasury would buy these bonds with a direct extension of its own credit.

This Corporation is then empowered to buy the securities of States, counties, or local governmental subdivisionswhich are required to bear only the going Federal rate of interest-if such securities are issued for the purpose of financing puble works of a useful character. The Corporation is further empowered to make advances and loans to any public-works project, Federal, State, or local, where the revenues are to be sufficient to pay back the cost with interest at the going Federal rate. Such loans are, of course, to be secured by liens against project revenues.

This Public Works Finance Act thus places the Government of the United States in a position to finance public works without increasing the national debt or having to raise funds by taxes. How is this possible? Simply by having the Treasury of the United States employ exactly the same device of credit creation when it buys the bonds of the Public Works Finance Corporation as the banks have heretofore employed in buying Government bonds. It is just as sound, just as reasonable, just as workable as the present system. The only difference is that the people of America derive the direct benefits, and all of them, from this creation of credit, which amounts today to the creation of money.

H. R. 115 places upon the Public Works Finance Corporation responsibility for surveying the whole employment situation in the Nation and so conducting its business as to increase stability of the price level and bring about full employment. The bill further takes the first step toward providing this Nation with a sensible, businesslike Budget.

Section 12 of H. R. 115 reads as follows:

SEC. 12. The Corporation shall submit annually a report to the Congress covering the works of the Corporation for the preceding year and including such information, data, and recommendations for further appropriation or legislation in connection with the matfor further appropriation or legislation in connection with the matters covered by this act as it may find advisable, including a financial statement showing (1) the par value of the outstanding bonds of the Corporation; (2) the amount of funds made available by the Corporation to any State or any political subdivision thereof by loan, acquisition of securities, or otherwise; (3) the assets held by the Corporation as a result of such loans, acquisitions of securities, etc., and the income, if any, from such assets; (4) the amount of funds made available by the Corporation for the financing of Federal self-liquidating projects; (5) the capital value of such projects and the income derived and anticipated to be derived from them: (6) the expenditures of all Federal Government agencies for them; (6) the expenditures of all Federal Government agencies for projects which have resulted in the creation of new capital assets public in character, whether or not such projects produce revenue; and (7) the actual or estimated value of such new capital assets.

Thus we would at least have the information upon which we could set up an accounting of capital outlay and capital assets of the United States, alongside our accounting of current receipts and expenditures. We would thus get a truer picture of the financial conditions of our Government than

we can possibly have now.

Thus this bill, though admittedly offering no complete solution to our economic problem, would make it entirely possible for our Government to act quickly and positively in checking unemployment at any time, and without an increase in debt. The Public Works Finance Corporation would be informed by all governmental agencies of any facts they might possess concerning unemployment, the price level, people employed on public works, the type of projects being carried on, and the need of the Nation for various sorts of public works, and all other important facts bearing on the employment problem of the Nation. On the basis of these facts the Corporation would determine its policies and the extent to which it would at any time make funds available for housing, reclamation, power development, reforestation, or any other type of public work.

Since large amounts of excess reserves might accumulate in the banks through the use of this national credit by the Public Works Finance Corporation, the bill broadens the power of the Federal Reserve Board to control reserves by removing the present limitation placed upon that power. This provision coupled with the proposed credit activities of the Public Works Finance Corporation would make possible a ready transition to a system of 100 percent reserves behind all demand deposits. The bill empowers the Federal Reserve Board to instruct the Federal Reserve Banks to purchase assets of member banks if at any time any such bank finds itself in need of additional reserves to bring them up to the legal requirements.

No fair-minded person will, I think, suggest that the measures I have proposed do violence to a single one of the values Americans hold dear. On the contrary, the preservation of our system of free economic enterprise could, by these means, be coupled with an opportunity for constructive employment on the part of all. In place of the necessity of intricate systems of Government regulation of business by rules of law we would have in the hands of Government a constructive tool whereby it could, in the interest of all the people in America, directly and of its own volition, bring about the expansion of enterprise and the full production of wealth for which all of us have hoped so long. [Applause.]

Mr. SWEENEY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

THE BRITISH WAR DEBT

Mr. SWEENEY. Mr. Speaker, I read to the House a telegram I sent to the White House a few moments ago:

WASHINGTON, D. C., June 8, 1939.

KING GEORGE VI, White, House, Washington, D. C .:

Because London dispatches have characterized your visit to the United States as an official one I believe that I am acting within the boundaries of propriety in demanding as a representative of the

people in the Congress of the United States that you publicly state what your Government intends to do about payment of war debt due this Nation in the sum of approximately five and one-half bil-lion dollars. If your Government can continue to spend a few billion dollars each year for armaments, continue to subsidize the construction of supersteamships like the Queen Mary and the Queen Elizabeth, do you not think it is the decent thing to give some consideration to the obligation you owe the United States of America, whose assistance in the last World War made possible the continuation of your Majesty's Government as a world power? Respectfully,

MARTIN L. SWEENEY, Member of Congress.

[Applause.] [Here the gavel fell.]

THE LATE WILL ROGERS

Mr. KLEBERG. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. KLEBERG. Mr. Speaker, I was, unfortunately, unable to be present at the unveiling of the statue of my long-time friend, Will Rogers. On yesterday I had an opportunity to see the handicraft and the realistic reproduction and likeness of our loved departed friend, and I take this occasion to call attention to the true human values and the real results of living a life of service among one's friends, true to one's family and one's country, as symbolized in the case of my departed friend, Will Rogers.

I take occasion at this moment to call solemn attention to the deep conviction I feel as a student of history that no man whose name is indicated on the pages involving the chronology of human events, save our Saviour's, was as well loved, as widely loved by as many, as was the name of my departed friend, Will Rogers. [Applause.]

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. CELLER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a brief statement made by Msgr. John A. Ryan, director, social action, of the National Catholic Welfare Conference, and also to extend my own remarks on the subject of immigration.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. CELLER]?

There was no objection.

Mr. McLAUGHLIN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an address of the Honorable James A. Farley, Postmaster General of the United States, at the annual convention of the Nebraska Chapter of the National Association of Postmasters on May 24, 1939, at Omaha, Nebr.

The SPEAKER. Is there objection to the request of the

gentleman from Nebraska [Mr. McLaughlin]?

Mr. RICH. Mr. Speaker, reserving the right to object-Mr. SCHAFER of Wisconsin. Mr. Speaker, I object.

Mr. RICH. Mr. Speaker, again we have a speech of Jim Farley. It seems to me that every day and every day we are going further away and further away from good, sound, sensible government. If we are going to continue to put the speeches of Jim Farley in the RECORD while he is making a tour of the country as Postmaster General, and you are doing it under the Democratic administration, how are you going to ever pay the debt that we are creating by putting all of Jim Farley's speeches in the RECORD?

The SPEAKER. Is there objection to the request of the gentleman from Nebraska [Mr. McLaughlin]?

There was no objection.

ORDER OF BUSINESS

Mr. MARTIN of Massachusetts. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts [Mr. MARTIN]?

There was no objection.

Mr. MARTIN of Massachusetts. Mr. Speaker, may I ask the majority leader concerning the program for the week and when we will get to a vote on the social-security bill?

Mr. RAYBURN. It is the intention and the determination to complete the social-security bill this week, including a final vote, whether that be Friday or Saturday.

Mr. MARTIN of Massachusetts. That means we will be in session on Saturday, if necessary, to get to a final vote?

Mr. RAYBURN. Yes.

Mr. MARTIN of Massachusetts. How long is it intended

to run today?

Mr. RAYBURN. We hope to complete general debate. I do not think there are enough Members of the House who will be called away to affect a quorum. I believe a sufficient number of Members will be here to maintain a quorum in order to complete general debate.

Mr. MARTIN of Massachusetts. So far as the Republicans are concerned, so very few of them have been invited that we cannot keep a quorum from being present, so far as this side is concerned.

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. GUYER of Kansas. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein a letter written by the mother of one of the boys rescued from the Squalus.

The SPEAKER. Is there objection to the request of the gentleman from Kansas [Mr. GUYER]?

There was no objection.

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD on the question of national old-age pensions and to include therein two tables.

The SPEAKER. Is there objection to the request of the gentleman from Michigan [Mr. Wolcott]?

There was no objection.

THE DU PONT FAMILY

Mr. WILLIAMS of Delaware. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Delaware [Mr. WILLIAMS]?

There was no objection.

Mr. WILLIAMS of Delaware. On Tuesday of this week reference was made on the floor of the House to a letter which Mr. Lammot du Pont recently addressed to the stockholders, employees, and friends of E. I. du Pont de Nemours Co. The State of Delaware, which I represent, is pleased to claim not only Mr. Lammot du Pont but other members of the Du Pont family as its most honorable and valuable citizens. The accomplishment of this family during almost 200 years has contributed very much to the establishment and growth of our great country during that time and will continue to help keep our country such as was intended by our founding fathers. So that the advice and judgment of Mr. du Pont may be available at this time to my colleagues and the citizens of our country in these most critical times I ask unanimous consent, Mr. Speaker, that I may extend my remarks by including in the RECORD the letter referred to calling attention to the Government financial position.

The SPEAKER. Is there objection to the request of the gentleman from Delaware [Mr. WILLIAMS]?

There was no objection.

The letter referred to follows:

E. I. DU PONT DE NEMOURS & Co., INC., Wilmington, Del., May 24, 1939.

To Stockholders, Employees, and Friends of E I. du Pont de Nemours & Co.:

THE GOVERNMENT FINANCIAL POSITION

Under date of April 8, 1932, I sent you a letter calling attention to the extraordinary increase in expenditures by our National Government, between the relatively prosperous year 1927 and the year 1932, which later proved to be the bottom of the depression.

year 1932, which later proved to be the bottom of the depression. The following statements were made:

"To finance these ever-increasing disbursements, Congress is now planning huge additional taxes to be paid for out of the already shrunken income of prostrate industry and individuals.

"Taxes levied upon corporations and other producers increase the cost of their products. Higher costs lessen sales, slow down industry, increase unemployment and want; all of which drive costs still higher and further increase distress.

"Taxes upon individuals have a similar effect by curtailing their capacity to purchase the products of industry.

"It is lower costs and higher purchasing power which we need today, perhaps more than ever in our history. Why are industries and individuals, which must reduce their expenditures to meet the depressed conditions, saddled with ever-mounting taxes to cover the ever-increasing expenditures of the National Government? Why should confidence in the financial security of the Government itself be jeopardized by extravagance? Why does not Congress balance the national Budget by reduction of expenditures, through efficient operation and the curtailment of non-essential services and functions?"

What has happened since 1932 is shown by the following

What has happened since 1932 is shown by the following

figures:

	Federal Government expenditures — fiscal years ending June 30 (millions of dollars)—			Increase (percent)		
	1927	1932	1939 1	1927- 32	1932- 39	1927- 39
Total expenditures Less interest and debt retirement 2	\$3, 494 1, 121	\$4, 948 1, 012	\$9, 592 1, 076	+42	+94	+175
Balance of expenditures	2, 373	3, 936	8, 516	+66	+116	+259

President's Budget estimate of Jan. 5, 1939.
 Includes only \$100,000,000 for debt retirement in 1939 versus \$413,000,000 in 1932 and \$520,000,000 in 1937, while the 1939 direct debt will be about \$41,000,000,000 as compared with \$18,500,000,000 in 1927.

and \$520,000,000 in 1927, while the 1939 direct debt will be about \$41,000,000,000 as compared with \$18,500,000,000 in 1927.

In 1932 we were justly appalled by the tremendous increase in Government expenditures which had taken place since 1927; but now our total annual expenditures (excluding interest and debt retirement) are more than double the 1932 figures and more than three and a half times the 1927 figures!

Our total Federal expenditures, excluding Post Office expenses, for the 7 years from July 1, 1932, to June 30, 1939, will amount to more than \$53,000,000,000. This is twice as much as the National Government spent from the time of its creation in 1789 to the end of the fiscal year 1916—a period of 127 years, which included all of our wars prior to the World War.

This astounding increase in the annual rate of expenditure has taken place during a time when the average national income has been subnormal. The result has been that during the last 7 years the Federal Government has spent 13½ percent of the total national income produced, as against less than 6 percent during the preceding 10 years. All forms of government in the United States for the past 2 years have been spending around 30 percent of the national income, as compared with 14.5 percent in 1929.

These huge expenditures have been made largely in the name of emergency—to provide relief and to induce recovery. But the commonly accepted estimates show almost as many people unemployed now as in 1933. And no wonder. The very method adopted obviously defeated its own end.

The tremendous debt created and the heavy tax burden required have prevented the development of the confidence necessary to resuscitate the capital-goods industries and to induce the creation

The tremendous debt created and the heavy tax burden required have prevented the development of the confidence necessary to resuscitate the capital-goods industries and to induce the creation of new enterprises. Since the fiscal year 1932 the national debt, including "guaranteed" debt, has increased almost \$25,000,000,000. Lasting confidence, necessary to free the capital-goods industries and to reemploy millions of people, cannot develop under such conditions. New capital cannot be created. Capital which remains available for use in new enterprises is being paralyzed by fear and rapidly confiscated through the heavy burden of taxes.

available for use in new enterprises is being paralyzed by fear and rapidly confiscated through the heavy burden of taxes.

Our spending program has produced not recovery but paralysis and fear. Is it not high time that we discard this program, which bids fair to perpetuate our difficulties, and to return to the time-tested method of encouraging and fostering the free play of fundamental economic forces, of encouraging men to work and capital to produce? Is it not evident that in this way only can true recovery be brought about? be brought about?

be brought about?

It seems appropriate again to use substantially the same words of the closing paragraph of my letter to you under date of April 8, 1932, which were as follows:

"The ways and means of curtailing governmental expenditures are the responsibility of Congress. * * * The future of industry and employment will be affected by your action. If you feel as I do, why not make your feeling known immediately to your political representatives (in Congress), directly, through your friends, your newspapers, your chambers of commerce, your trade associations, or other groups or individuals in a position to impress Congress."

Personally, I feel that your Senators and Congressmen will welcome your expression of opinion on this all-important subject. They know full well the importance of prompt action on this matter. They know the dire consequences if such action is not taken.

They know the dire consequences if such action is not taken.

L. DU PONT, President.

THE GOVERNOR OF PUERTO RICO

Mr. IGLESIAS. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the Resident Commissioner of Puerto Rico [Mr. IGLESIAS]?

There was no objection.

Mr. IGLESIAS. Mr. Speaker, the President has sent to the Senate the name of Admiral William D. Leahy to become Governor of Puerto Rico, to succeed the Honorable Blanton Winship, who has resigned.

The White House has given out a release containing the letters of Governor Winship and the answer of the President. I ask unanimous consent that the same may be included as a part of my remarks at this point.

The SPEAKER. Is there objection to the request of the Resident Commissioner from Puerto Rico?

There was no objection.

The letters referred to follow:

MY DEAR MR. PRESIDENT: At the time of my last conference with you in Washington I indicated that I should like to terminate my duties as Governor of Puerto Rico at a time that would be appropriate and convenient for you. I had entertained the expectation for a year to ask for my relief, but for different reasons had postponed

Some time ago I accepted an invitation to attend the Conference of Governors at Albany, N. Y., from June 26 to 29, inclusive. After that I intend to go to New York City to inspect the Puerto Rican offices there and the Puerto Rican exhibit at the World's Fair. This will require only a few days, and I then plan to go to Washington to confer with Admiral Leahy, who has written me that he would like to discuss the affairs of Puerto Rico with me.

I think it appropriate to make my final annual report before leaving office and have asked all heads of departments to have their reports in without fail by July 15. In the meantime, I shall practically have completed my report, subject to any changes that might be suggested by the reports from the different departments. This work should be completed by the last of July. If it meets with your approval, I will then take leave, subject to call, until Admiral Leahy plans to arrive. This can be arranged at your and his convenience as far as my movements are concerned. I do not believe, however, that it will be necessary for me to return to Puerto Rico after going on leave in Washington. after going on leave in Washington.

Permit me to say that I was deeply gratified over your selection of Admiral Leahy to succeed me. He will certainly make a splendid

In leaving office I want to express to you my deep appreciation of your kindness and many courtesies and assure you of the con-tinuance of the admiration and affection that I have entertained for you throughout the years. Faithfully yours,

BLANTON WINSHIP, Governor.

MY DEAR GOVERNOR WINSHIP: I have received your resignation of June 3, 1939, which I accept, knowing of your desire to be relieved as soon as convenient. As I have already indicated to you, Admiral Leahy will be able to assume the governorship on September I of this year, subject, of course, to his confirmation by the Senate. Therefore the arrangement of your time as outlined in your letter will fit in satisfactorily.

will fit in satisfactorily.

I am sure that you already know of my high regard for you personally and officially, but I cannot refrain at this time from expressing my appreciation of your long and distinguished career in the service of your Government. This applies not only to your work in Puerto Rico but to other special and difficult assignments that you have had previously and which so remarkably equipped you for the governorship of Puerto Rico. You took office there at a most difficult moment in the history of the island; you inherited problems of unique and unprecedented gravity. I am proud of the way in which you carried through this most arduous task in the interest of the people of Puerto Rico. interest of the people of Puerto Rico.

May I thank you for your loyal support during the years we have known each other and express my best wishes for the future.

Very sincerely,

FRANKLIN D. ROOSEVELT.

EXTENSION OF REMARKS

Mr. BURDICK. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a short letter received from an Indian.

The SPEAKER. Is there objection to the request of the gentleman from North Dakota [Mr. BURDICK]?

There was no objection.

Mr. McLEOD. Mr. Speaker, I ask unanimous consent to extend my own remarks by inserting in the RECORD a statement of Senator Vandenberg, of Michigan, on his stand regarding the national home in Palestine, which appeared in the Detroit Jewish Chronicle.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

EMPLOYEES OF GOVERNMENT INSTITUTIONS

Mr. SHAFER of Michigan. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. SHAFER of Michigan. Mr. Speaker, I have just filed with the Clerk of the House a petition, No. 16, to discharge the Committee on Veterans' Legislation from further consideration of H. R. 2402, providing for the abolishment of the practice of making compulsory deductions from the pay of employees of Government institutions for quarters, subsistence, and laundry, regardless of whether employees avail themselves of these facilities.

This unfair and undemocratic practice should be abolished, Mr. Speaker, and I take this occasion to urge every Member of this Congress who sincerely desires to assist in bringing about improved living conditions for Government

employees to sign this petition.

Many thousand Federal employees are now being forced to support families on less than W. P. A. wages because of this unfair practice, which the Veterans' Bureau has refused to correct, although some exceptions have been recently made. Many of these employees are former service men.

The bill that I have offered has been before the Veterans' Committee without action since this session of Congress convened. It will abolish these compulsory pay deductions and at the same time require Government agencies to charge only cost for the facilities utilized. It is meritorious legislation and should be given the consideration of the Congress. I again urge all Members, on both sides of the House, to assist me in my efforts to obtain this consideration. [Applause.]

OLD-AGE BENEFIT PENSIONS

Mr. THILL. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. THILL. Mr. Speaker, old-age benefit pensions of \$60 a month should be paid to the needy aged of our country. The Townsend bill (H. R. 6466), according to the estimates of social-security experts, would have provided only \$31 a month for the aged. Dr. Townsend himself felt that only \$50 a month for the old people would be realized under his latest plan.

I propose that an increase in grants for old-age assistance be given by the Federal Government which will provide payments to the needy aged up to \$60 per month. The Federal Government will, in accordance with the law, reimburse the States for 50 percent of their assistance payments to the needy aged. It is estimated by the Social Security Administration that the cost of increasing old-age benefit payments from \$30 a month to \$40 a month will be about \$5,000,000 to \$10,000,000 per year, depending upon the extent to which the States take advantage of the new proposal. In proportion the cost of increasing the payments from \$30 a month to \$60 a month will be about \$15,000,000 to \$30,000,000 a year.

In my estimation something must be done at once to keep our old people in some degree of comfort with needed food, clothing, and shelter. This Congress has appropriated billions of dollars, much of it having been squandered in unnecessary projects. I would much rather urge the appropriation of \$30,000,000 to provide pensions of \$60 a month to the aged needy than spend \$100,000,000 for a battleship. [Ap-

EXTENSION OF REMARKS

Mr. RANDOLPH. Mr. Speaker, I ask unanimous consent to insert at this point in the RECORD a letter addressed by myself to a constituent in connection with the Townsend vote and my views on social-security liberalization.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

The letter is as follows:

JUNE 2. 1939.

Mr. P. V. WATSON

Townsend Club No. 1, Keyser, W. Va.

MY DEAR MR. WATSON: Replying to your day letter of May 31, let me say that the Townsend bill was defeated in the House today by a vote of 97 to 302. I am sorry to say that I could not conscientiously support this legislation.

I feel that there should be a liberalized pension with increased amounts being paid by both Federal and State Governments. I feel that the age limit should be lowered from 65 to 60. When I voted for the Social Security Act I realized that it was only a beginning in our efforts to bring about aid to the aged, assistance to the unemployed, and benefits to the crippled and blind. The Ways and Means Committee of the House has been holding extensive hearings on this subject and I understand that liberal-

ized amendments to this act will be brought before the House for

action next week.

You may be sure these amendments will receive my active cooperation and support.

Very sincerely yours,

JENNINGS RANDOLPH.

USE OF NET WEIGHT IN COTTON TRANSACTIONS

The SPEAKER. The unfinished business is the reading of the engrossed copy of the bill (H. R. 57) to provide for the use of net weights in interstate and foreign commerce transactions in cotton, to provide for the standardization of bale covering for cotton, and for other purposes. The Clerk will read the engrossed copy of the bill.

The Clerk read the engrossed copy of the bill.

Mr. RANKIN. Mr. Speaker, I make the point of order there is no quorum present.

The SPEAKER. The Chair will count. [After counting.] Two hundred and seventy-one Members are present, a quorum.

Mr. CLASON. Mr. Speaker, I offer a motion to recommit. The SPEAKER. Is the gentleman opposed to the bill?

Mr. CLASON. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit

The Clerk read as follows:

Mr. Clason moves to recommit the bill to the Committee on Agriculture with instructions to report out a bill to provide solely for the use of net weights in interstate and foreign commerce transactions in cotton.

Mr. FULMER. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion to re-

The question was taken; and on a division (demanded by Mr. Clason) there were—ayes 22 and noes 137.

Mr. CLASON. Mr. Speaker, I demand the yeas and nays. The yeas and nays were refused.

So the motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

AMENDMENT OF THE SOCIAL SECURITY ACT

Mr. DOUGHTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 6635) to amend the Social Security Act, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 6635, with Mr. WARREN in the chair.

The Clerk read the title of the bill.

Mr. TREADWAY. Mr. Chairman, I yield 10 minutes to the gentleman from North Dakota [Mr. BURDICK].

Mr. BURDICK. Mr. Chairman, this bill has a great deal of merit. If properly amended it will be the means of alleviating a good share of the distress in this country. I have always been, and still am, committed to the principles of the Townsend bill. I think I have always understood the objectives which Dr. Townsend has in mind in his efforts to enact that program into law.

The purpose of the Townsend program is so much more far-reaching than this act, that there is in fact but little similarity. The Townsend program was one of national recovery-it was not limited to aid to the old people of this country, but was designed to put enough purchasing power down at the grass roots of this Nation to revive business in every section of it, and automatically bring jobs to the millions now in idleness. A great number of Congressmen never considered the national recovery feature of the Townsend program. Without the building up of purchasing power in the hands of the millions who want and cannot satisfy those wants, I for one, fail to see where our recovery can possibly take place.

In this act we have before us a mere program of relief. Whether we amend the present law or whether we do not, the old people of this country have presented to them a mere program of relief. We can either take care of them through this so-called pension act, or we can take care of them under general relief-we must take care of them.

While this act is not a recovery act in any sense, we can at least make it a humanitarian relief measure and take it out of the class of a miserable starving dole as the law operates today.

Experience with the present social security law has established some facts which should guide us in our present

First. That the amounts paid to the aged have been so inadequate that there has, in fact, been no pension at all, but merely a dole.

Second. The law has not been operated as a decent dole, for a dole is a gift and no gifts were made to the aged under this law if they possessed any tangible piece of property. If an old couple, an old man, or an old lady possessed what they called their home-some instances the actual value was not over \$200, no benefits could be received under this law until the property was deeded over to the State administration.

Many cases have come under my personal observation where an old couple had, through the years, saved enough to possess a modest home, not exceeding in value \$2,000, but while possessing the home, they were destitute of everything else. I found that a man can starve in his own home as easily as anywhere else if he has no food. I found a man can freeze to death in his own home in North Dakota if he cannot obtain fuel to burn. A man can get as ragged in his own home as he can anywhere if he has nothing with which to make clothes.

Still this was their home-home means a lot to most people. Eugene Field says, "It takes a heap of living in a house to make it home." Why should we pass a law that will permit any State in distributing Federal funds, to exact a deed to any home of people found to be in need of help? Leave these little homes alone. Leave what little property they have alone-let us put this program on a higher plane than that of a beggar's mite.

Third. We have failed to offer any direct Government assistance to any old person. We have offered aid if and when the State is willing to match funds. Some States could not match funds to any adequate extent and for that reason the aged have been without aid. We should not put our stamp of approval on a bill to be known as a bill passed by the Congress of the United States and make it contingent on what some State is willing to do. If this is national aid it should be distributed that way. I have no objection to having a State pass upon the qualification of an applicant, but when certified by the State as a proper applicant the Federal funds should go direct to that individual regardless of what a State is willing or wants to do. In my judgment the Federal payment should be equal to all persons in the United States and Territories and should carry a minimum payment of \$20 per month.

Fourth. The States can then take up the work from that point and finish up the job. The people of North Dakota have been hard hit in the last few years-more devastating interference with normal crop production than any State in the Union, and this has been continuous for 9 years, but North Dakota can finish out the payments to the aged if we will authorize a minimum payment of \$20, and a special election is being called now in North Dakota to pass upon \$40 per month. This would mean that North Dakota, herself, will have to raise \$20 per month if we pass this minimum Federal allowance of \$20 per month.

Fifth. Geography is not material when distress is abroad. Old people have been shunted around among relatives here and there and because of that they have found that in most cases they could not receive any aid payments, because they were not domiciled when the applications were made. They would have to continuously reside in Pedunk, Posey County, Whippole Township, Ind., if they received any aid from Indiana and this Government. Federal payments, too, should be made to any citizen of the United States who is qualified to receive aid regardless of where he is domiciled. We cannot say what the States will do, because we cannot legislate for them, but we can say that it is immaterial to the Government where the citizen resides.

If any general recovery to the business of the country is to come from this act, it will come exactly in proportion to the amount of money spread out as buying power among the people who will buy. If Members feel that a minimum payment of \$20 is too much, just remember two things: A. If matched by the States, the entire amount would be \$40. and I ask you if you think there is any more in this combined allowance than to sustain life. There can be no purchases made of clothing, medical attention, proper housing, and other necessary things to sustain an American standard of living. Even if you believe there will be more than enough to sustain a slender thread of life, remember that anything spent in excess of this will go directly into the purchasing power of the Nation which now does not exist.

As I stated in the beginning, this is not a recovery program—it is a relief program and therefore let us make the provisions of it liberal enough to take care of the aged of the United States out of the category of an abject and starving dole.

I, for one, do not expect this bill to approach the benefits to all of the people, as would have been the case in the Townsend program, but we could not pass the Townsend recovery program-too many Congressmen could not see in it the recovery of the Nation-they hung onto the proposition that the aged could live on less than a maximum of \$200 per month and deliberately ignored the recovery features of the bill; too many other Congressmen betrayed the voters of their districts. When candidates have pledged themselves to support the voters in what the voters want, and having received their votes and having been elected, I say it is outright deception to come into this body and take the opposite stand. Such conduct destroys the people's confidence in representative government. I can find no objection to a Representative who opposed the Townsend bill in the open, giving the people of his district the opportunity to know what he would do if elected. When such a Representative voted "no" on the bill, he carried out honestly the philosophy he believed in, and his action did not shake public confidence in Congress. But where candidates appeared before audiences and promised faithfully to aid in this program, and then, at the crucial time, deserted that cause, I say such action is reprehensible. Where candidates wrote letters and signed them pledging their support to the Townsend recovery program, and by so doing received the Townsend support, and were accordingly elected, their duty was plain. To then desert the people upon the first roll call can have no other effect than to weaken the confidence of millions in representative government.

On this bill, cannot we all agree that we owe a duty to the aged of this country to treat them better than paupers and beggars? If reelection is what most of you want, can you be defeated on the issue of taking a determined stand to help the aged of the United States? If that is the only issue, your position will be as strong as the concrete at Gibraltareven the most conservative men who believe we should balance the Budget and let the people starve, cannot work up courage enough to attack you on that position. Let us think this bill through; forget our political affiliations and do a worthy thing to protect those who have made this Nation great and who have made it possible for us to sit here in judgment over the destinies of 130,000,000 people. Let us today restore confidence in representative government. Let us liberalize this bill and make it workable; let us say to our fathers and mothers for the short span of years they are to remain on earth, they shall not be haunted by the black vulture of want, hunger, and rags; that they shall not be driven "over the hill to the poor house," but they shall remain at home under the protecting care of the great Government which they built and which we mean to perpetuate. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield 3 minutes to the gentleman from Texas [Mr. Poage].

Mr. POAGE. Mr. Chairman, it is my desire to direct the attention of the House to the amendment of title 1 of the Social Security Act. On page 2, line 17, of the printed bill you will find a subsection (7) which reads as follows:

(7) Effective July 1, 1941, provide that the State agency shall, in determining need, take into consideration any other income and resources of an individual claiming old-age assistance, and

This language is substituted for the following, which is in the act at the present time:

And (7) provide that if the State or any of its political subdivisions collects from the estate of any recipient of old-age assistance any amount with respect to old-age assistance furnished him under the plan, one-half of the net amount so collected shall be promptly paid to the United States. Any payment so made shall be deposited in the Treasury to the credit of the appropriation for the purposes of this title.

Actually, under this provision of the present law, the Treasurer has collected only \$921,172.85 from the effective date of the bill up to April 30, 1939. It seems to me that the present law is based on the sound principle that in those rather isolated instances where the State actually collects funds as a reimbursement for expenditures made by it, no matter how small, that the Federal Government should share on in the same ratio as it shares in the disbursements. Certainly, one cannot find fault with this principle, and I can see no need for its repeal. However, as a practical matter, the collections under this provision are so small as to be almost meaningless. I therefore feel that we need not be disturbed at the removal of this section from the present law.

The implications contained in the language of the new section (7) are, however, a matter of grave concern to those of us who have heretofore witnessed the disruption of State pension plans by the administrative regulations of the Social Security Board. This section is new to the Federal act, but it involves a problem that is far from new in my home State.

Mr. COOPER. Mr. Chairman, will the gentleman yield? Mr. POAGE. Certainly.

Mr. COOPER. I think I am correct in advising the gentleman that an entirely different matter was in mind with respect to this provision. The gentleman would not take the position, I am sure, that a person should receive old-age assistance or an old-age pension if he is also eligible for and is receiving an old-age annuity under title II.

Mr. POAGE. Certainly not.

Mr. COOPER. Under the present title II old-age annuities do not go into effect until 1942, but under this bill title II benefits or old-age annuities go into effect in 1940. Therefore if a person is receiving title II benefits, or old-age annuities, that certainly should be considered by the State agency before they should be granted an old-age pension or old-age assistance under title I.

Mr. POAGE. I quite agree with the gentleman as to the desirability of that procedure, and I did not know the reason for placing it in here, and I appreciate the gentleman's explanation, because I think it is perfectly sound; but I do think that a limitation intended to meet the situation described by the gentleman should have a limitation in it to provide that the "other income" referred to should not be from a Government annuity or from any other form of public aid. In other words, I agree that we should not pay two pensions to the same individual. But, as I understand this provision as it is now written, it would open up in every State in the Union a thing that in my State has been the greatest source of trouble since we have had an old-age assistance law, and that is the matter commonly referred to in Texas as "child support."

Mr. Chairman, in 1935 I was a member of the Texas Senate. Our legislature was called into extraordinary ses-

sion for the purpose of writing a State old-age assistance law in conformity with the Federal Social Security Act. At that time the entire subject of old-age assistance was new and we were working without the benefit of much experience to The bill brought out by a committee of that body guide us. and considered by the State senate at that time contained a provision expressly authorizing the authorities in determining the need of an applicant, to take into consideration the ability and willingness of the component members of the applicant's immediate family to contribute to his support. At that time I entertained the fear that this language would be used as a basis for denying aid to our old people on the ground that-not they, but someone else, albeit a childpossessed some property or income; and at that time I offered an amendment to that State legislation to strike this provision from the bill. The law under which the Texas oldage assistance program was developed contained no reference to the ability of children to support an applicant, but this item soon became the chief object of the case workers' investigations. The only basis for or justification of this procedure has arisen from the interpretation of the requirement that the applicant be in "necessitous circumstances." We thought that under this act the State would be the judge of the need of an applicant, but we were to soon find that our own ideas of need had little to do with the actual administration of the program. Ostensibly in the hands of local people our program has been controlled by the interpretations and investigations of the "approved" social service consultants which the Social Security Board has forced upon us. And these people have in almost every case taken the unreasonable attitude that no matter how destitute an old person or an old couple might be, that their evident need was no basis of certification to the pension rolls if perchance any child made even a small contribution to their support.

The situation became so bad and the abuse so flagrant that removal of the so-called child support requirements from our law became the outstanding and overshadowing political issue in my State. I say it became a political issue. Really it became the political theme song of every campaign. No one opposed it, at least not in the openeveryone favored the change. A frenzy of righteous resentment swept the State. Of course, demagogues took advantage of the feelings of the people and promised every conceivable benefit no matter how fantastic. Agitators went up and down the State telling the needy old people that by joining certain organizations or by voting for certain candidates that everyone would be given altogether unattainable retirement pensions-and often the promise was coupled with the even more impossible promise that the payments would be made without any increase in taxes. There was some rivalry as to who would promise the most for the least, but there has been, and is no substantial disagreement in my State that the old people should be given aid, within the limits of the ability of society to pay the bill, wherever they are without means or income of their own to support themselves. Our legislature has been in session since the first of January. It has been unable to agree on many things. It has never been able to muster a majority of both its houses for a proposal to adequately tax the great natural resources of our State, but it has agreed that it should proclaim in unambiguous terms the determination of the people of Texas to grant aid to all the needy aged regardless of the status of the applicant's children. Such a bill has passed the Texas Legislature and was just last week signed by our Governor.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. COOPER. Mr. Chairman, will the gentleman yield further?

Mr. POAGE. Surely.

Mr. COOPER. After all, the gentleman will bear in mind that this is a State-administered program so far as old-age assistance is concerned and whatever the State wants to provide along that line is entirely a matter for the State. Mr. POAGE. It should be.

Mr. COOPER. The Federal Government simply says to the State, "You work out your program as you think the people of your State ought to have it and we will match dollar for dollar what you do for your people up to not exceeding

\$15 a month." That is the present law.

Mr. POAGE. And should be the law from now on out, but I do not understand that this provision leaves the law in that way, nor am I so sure that that is the practical working of this law at this time. That is the letter of the law and it should be administered in that spirit. I think the gentleman is exactly correct in saying the State should have the same power in the future that it has theoretically had in the past. and that is what I hope they will have, but as I understand this very provision it enables the Social Security Board to. and they undoubtedly would through their regulations, go into the States and compel the States to adopt their interpretation or else lose the Federal contribution, and therefore it does not leave it within the hands of the State. I am just as anxious about that as the gentleman from Tennessee, and my purpose on this floor is to see that the State has the opportunity to determine within its borders who shall be the recipients of old-age assistance, and where the State is putting up its proportion of the money, it certainly should have that right. Of course, if we were dealing with a pension paid entirely by the Federal Government there would be justification for the control of all details of the pension by the Federal Government. In fact, I have been working on a pension bill for months, and I have about come to the conclusion that we will be forced to finally abandon our present dual system and recognize that the Federal Government must assume the full burden. When this is done, control of the system should pass with its burden.

But even if we were considering a pension system fully supported by the Federal Government I should still fear this new section 7 as it is drawn. I fear that it will be used at a future date to work an injustice on the old people of the United States. Let us not repeat and multiply by 48 the mistakes of the Texas pension law. Let us rather profit by the experience of the past. Let us strike out of this bill anything that might at a later date be used as a basis of unfair

discrimination.

I have prepared an amendment to strike out the words "and resources" with the idea that unless these words are deleted they will at some future time be interpreted as including more than the personal income and property of the applicant himself and will be tortured into a warrant to deny some needy old person the aid to which he is entitled and which I want him to get. I find, however, that there are a number of other Members who have prepared similar amendments, and doubtless in view of the statement of the able gentleman from Tennessee [Mr. Cooper] as to the purpose of the committee in insisting on this subsection, it may be desirable for several of those interested in the clarification of this item to get together and support one amendment combining the ideas of several individuals. shall be glad to do just as I was glad this morning to join with the gentleman from Mississippi [Mr. Colmer] and with many other members who had amendments of their own to broaden the base of Federal participation in pension funds, and to unite our efforts behind one amendment for this purpose. I believe that the Federal Government should contribute a larger share of the money spent for old-age assistance, at least up to a reasonable figure. Probably the percentage of Federal grant or contribution should be graduated with a smaller percent granted where the payments per individual are greater. I believe that any additional aid that the Federal Government can extend to the States in this matter should come at the bottom through a grant of a larger part of the total cost so that more people might go on the rolls, and so those now on the roll but who are getting the smallest payments could have their payments raised, rather than at the top by granting a State more money so that it could increase its higher bracket of payments from \$30 to \$40 per month. Such an increase will not reach

those drawing the average or less than average payments—the very people who need help most. I had therefore prepared an amendment to give this aid to the States for use in helping those at the bottom. I find, however, that Members who have had more experience in Congress than I have already prepared similar amendments. I therefore expect to go along with them rather than to insist on my own amendment. What I want is to get results. I know that we will be more likely to get the desired results if we all work together in support of one amendment than if each of us insists on his own special amendment. I shall therefore follow this policy both as to subsection (7) and as to the percentage of Federal grant. [Applause.]

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield 3 minutes to the gentleman from Nebraska [Mr. STEFAN].

Mr. STEFAN. Mr. Chairman, I take this opportunity to propound one or two questions to the chairman of the committee. On page 17 of the report at the bottom of the page the following appears:

In order to eliminate the nuisance of inconsequential tax payments, the bill excludes certain services performed for fraternal benefit societies and other nonprofit institutions exempt from income tax.

I have received many letters from small community clubs, chambers of commerce, whose officers are not paid a salary or any kind of a stipend whatsoever, in respect to this statement. I am wondering if the chairman could tell me if this statement I have just read where it refers to the other nonprofit institutions takes care of those chambers of commerce?

Mr. COOPER. Mr. Chairman, I think I can say to the gentleman that that situation is taken care of. I do not think the gentleman or anyone else could have been any more anxious or determined to take care of that very situation than those of us on the committee. We certainly devoted as much time and attention to that as any other one thing, and it is our assurance and our understanding that that situation is taken care of.

Mr. STEFAN. I am glad the gentleman assures me of that fact, because I had intended to offer two amendments to take care of some of those nonprofit institutions.

Mr. COOPER. I think if the gentleman will carefully examine the language on page 38 of the bill he will find that that situation is taken care of.

Mr. STEFAN. One other question. I have been asked by many people in my district, old people, as to an insurance policy and owning their own homes. Are they eliminated from the benefits of the old-age pensions provided in this particular bill, or is that a question that is entirely up to the States? Do the States have the entire responsibility, and is it for the States to make the rules and regulations?

Mr. COOPER. That is a matter that is entirely up to the States.

Mr. STEFAN. I am also assured, am I not, that we have increased the child care benefits?

Mr. COOPER. In aid to dependent children under existing law the Federal Government puts up one-third.

Mr. STEFAN. And we have increased that to 50 percent? Mr. COOPER. The Federal Government, under existing law, makes a grant to the States of one-third. This bill increases that grant from one-third to one-half.

Mr. STEFAN. I am very glad to hear that. My own people in my State are very grateful that the committee has seen fit to increase that child welfare to 50 percent instead of one-third.

Mr. Chairman, I wish to thank members of the Ways and Means Committee for assuring me that these amendments take care of the matters over which so many people in my district have registered concern. The officers of the Fremont and Columbus Chambers of Commerce, who have suggested the amendments which I proposed to offer, can now be assured that these amendments are not necessary and that the officers who receive no salary in these nonprofit organizations do not come under the provisions of this act.

I am also assured here that the one-third Federal aid for child welfare has been increased to one-half. This will mean an increase of from \$21,304 to \$32,844 for my State of Nebraska, and I am sure, Mr. Chairman, that the officers of the Nebraska Legion Auxiliary groups who have written and telegraphed me will be cheered by that news. I hope that we can retain this amendment in the bill notwithstanding some of the opposition which now prevails. The child welfare work which has been done in my State is as important as the vocational rehabilitation work which I note is given an increased amount in this bill. I urge Members to retain the increases in both of these items.

Regarding the increased Federal aid for the aged I will state, Mr. Chairman, that I hope this will result in giving many of the old people in my district some increases in their pensions and also allow many others to secure some assistance. There are many old people in my district who today are not receiving old-age benefits, and I am hopeful that this increase will make it possible for those in charge of this work in my State to bring these needy old people into the old-age benefit column. I know there are States who do not match the Federal old-age funds. This bill provides that the Federal Government will match dollar for dollar up to \$20 old-age benefit payments. This would mean that if the State of Nebraska matched the \$20 offered by the Federal Government, it would be possible for our needy old people to receive at least \$40 per month. That is, of course, if all of the needy old people in my State could be taken into the program and if sufficient funds could be raised in my State. At the present time my State does not match dollar for dollar our Federal contribution with the result that our needy old people do not receive a very large monthly pension. If this bill will in any way improve the amount paid to our old people and take in others who are in immediate need, I will gladly support it. The reason I propounded several questions regarding the various rules and regulations regarding payment of old-age pensions under the provisions of this act, Mr. Chairman, is because my personal knowledge is that many people in my State cannot qualify under existing regulations. I am told that the committee is not opposed to paying old-age pensions under this act to old people who own a little home or who have some life insurance or just a little of these wordly goods. But those in charge of this bill indicate that they have no control over these State rules and regulations and that these rules and regulations must be the responsibility of the various States. In some States, we are told here, the Federal old-age funds are matched dollar for dollar and in some States the rules and regulations are not so strict as they are in my State of Nebraska. So we can do nothing here, Mr. Chairman, regarding less strict rules and regulations no matter how we personally feel about it. We can, however, indicate that Congress feels that more leniency could be carried out in the States.

The CHAIRMAN. The time of the gentleman from Nebraska has expired.

Mr. TREADWAY. Mr. Chairman, I yield 6 minutes to the gentleman from Connecticut [Mr. MILLER].

Mr. MILLER. Mr. Chairman, this session seems to be one in which we are passing what I feel are deserved bouquets to the Members of the Committee on Ways and Means. I have taken home the three volumes of the hearings held on this bill, and on the other social-security proposals, and I hope to have the opportunity between the adjournment of this session and the convening of the next to thoroughly digest those three volumes. The committee has certainly put in long hours, and they have brought out a bill which I am sure most people will agree will improve the Social Security Act. I was particularly concerned about title 4, the provision relating to dependent children, and I think the committee has inserted a wise provision that will allow dollar-for-dollar matching with the States. After all is said and done, the youngsters today who are from 10 to 15 years of age have suffered a good deal during this period of depression. Many of them have not had an opportunity to live in what we call

normal times, and many of their families have been receiving aid from cities and other agencies throughout their lifetime. It is poor economy to neglect the growing generations.

I think we are all in agreement with the change in the abolishment of the huge reserve fund, adopting a pay-asyou-go policy in connection with social security. That is not only wise, from an actuarial point of view, but it is sound. I used that in the campaign last fall, and I amused myself last evening by reading some clippings from the Connecticut newspapers at that time in which I was told that social security could not be set up on a pay-as-you-go basis. I am glad that we will have the opportunity to disprove that idea.

I have only one serious objection to the bill as reported out by the committee, and possibly the chairman can set my

mind at ease on that point.

As I read the report of the committee, the testimony before the committee, and the bill itself, as I interpret it, I fear we are changing the terms of the social-security contract as it relates to single men. These people have been paying a pay-roll tax. They have been assured that in case they die before reaching the age of 65, their beneficiaries would receive a lump-sum payment-a predetermined amount. As I read the bill and the testimony and the report, that amount is being greatly reduced, to a comparatively small sum-six times the monthly payments, as I understand it. Possibly that is absolutely necessary, but if it is not I think it is something we should give serious consideration because such things have a tendency to break down the confidence of our people not only in social-security legislation but in our Government. Are they not liable to say, "Well, why should I be enthusiastic about this? Two years from now, 6 years from now, some other Congress will change their mind, and we will not get a cent out of it." In fact, I heard that in conversation just this morning.

As I say, if it is necessary, if it is a change that must be made, I suppose we must go along, but I hope that the committee can give us some additional information other than

that in the report.

Mr. COOPER. Mr. Chairman, would the gentleman care to yield at that point?

Mr. MILLER. Certainly.

Mr. COOPER. The gentleman has raised one of the principal questions involved in the bill. Of course, as indicated by the gentleman's statement, we proceeded along this line under the present act. Now, in order to be able to provide for these additional benefits for the family group-that is, for the widows and children, those who are not provided for under existing law-it is necessary, of course, to have additional funds available for that. In the case of the single person, they still get all of their own benefits that they pay for. All that is done here is that we do appropriate a part of the employer's contribution to make it possible to provide these benefits for dependents, that is, widows and children. We should bear in mind that under the Social Security Act people are buying and paying for old-age insurance. It is not a banking arrangement, whereby they build up benefits for their present needs, but they are buying and paying for old-age insurance, benefits to which they would be entitled when they reach the age of 65, the retirement time.

Mr. MILLER. Let me ask this question right there: Suppose a single man remains single for a period of 15 years and then marries, will his old-age annuity be based on his full

period of employment?

Mr. COOPER. Oh, yes; that is true. Then there is one other point, if I may.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. COOPER. Even in this bill that we have before us now the single person still gets vastly more in the way of oldage retirement insurance benefit than he could possibly buy from any insurance company with the same amount of money.

Mr. MILLER. I certainly appreciate that answer, because I think both sides of the aisle want to see social-security

legislation perfected, but we do want to know what is in the bill and what the answer to these changes is and what information we can take back to those in our districts who are interested. [Applause.]

Mr. TREADWAY. Mr. Chairman, will the gentleman

Mr. MILLER. I yield.

Mr. TREADWAY. The last remark the gentleman has made is very illuminating. That is exactly the job, as I see it, of the members of the Ways and Means Committee at the present time, particularly in reading the bill under the 5-minute rule; that is, to endeavor to explain to Members who want to know exactly what the bill contains, although we have elaborated upon it as much as possible in both the majority and minority reports.

Mr. MILLER. I appreciate the information received.

The CHAIRMAN. The time of the gentleman from Connecticut has again expired.

Mr. TREADWAY. Mr. Chairman, I yield 10 minutes to the gentleman from California [Mr. Gearhart].

Mr. GEARHART. Mr. Chairman, I shall vote for the bill which is now before us for consideration, because I am convinced it will greatly improve the social-security system of our country.

Because there are so many here who have already spoken upon the advantages that will accrue from the adoption of this bill, I feel that I can well refrain from discussing any of the salutory phases of the measure. It is in respect to the imperfections in the bill I desire to address my remarks.

There are plenty to sing its praises.

The bill is far from perfection and it is because of those imperfections that I think there should be some plain speaking upon the floor of the Congress at this time. In my discussion I sincerely hope I do not fall into the practice of using the kind of words that were bandied about so liberally last week when another bill dealing with social security was under consideration, or using words, short and ugly ones; but, indeed, I might do that if I chose, because title II of the Social Security Act is an abomination, a monstrosity, one that should be eliminated from the whole scheme of social security.

In the first place, although it is named "insurance," it is not insurance. In the second place, it draws a line of demarcation between American people—those who shall have benefits and those who shall be denied benefits. It is therefore inequitable, unjust, unfair, and un-American. It provides that only those who are fortunate enough as to have jobs shall have security. Those who are not so fortunate as to have jobs are denied security. Now, I ask you, my colleagues, who is the more in need of security, those who go through life having jobs or those, the more unfortunate, who, though desiring work, can find nothing to do.

So I say it is fundamentally wrong when it endeavors to deal out security only to the more fortunate ones—the ones

who are able to obtain employment.

That brings me to a consideration of those that are to have security under the terms of this legislation. Only those who have jobs are to be favored, because only those that have jobs are able to pay pay-roll taxes. Mind you, this is a tax levied upon the poorest, the humblest, and the least able to pay of all of the groups that compose our social structure; and still, by compulsion of law, even though those wages may be pitifully low, the strong arm of government descends upon them, and from them is taken by force a percentage of that which they earn, taken from them by force under the pretense that this money taken from them is going to be thereafter applied as something in the nature of a premium on an insurance policy, an insurance protection they will never get.

Yes, in pious tones they tell them as they forcibly extract these so-called pay-roll taxes from their slim wage envelopes that the money thus accumulated is going to be applied as something in the nature of an insurance-policy premium and that the fund thus developed will be invested for the benefit of the working people, to the end that they in their old age will be able to draw upon the earnings of that fund for the security which they must have when the time comes when they can no longer, because of advancing age, provide for themselves. I tell you that this pretense is very little less than a fraud, a fraudulent representation made to the American people, because not a nickel of the pay-roll tax money ever goes to any fund actually; on the contrary, it goes right into the General Treasury, from which it is paid out immediately in satisfaction of the ordinary demands upon the Government, the from day-to-day running expenses of the Government.

Yes, the act talks about a security fund; yes, the act talks about investing those funds in special-issue securities of the United States carrying an interest rate that used to be 3 percent; but all that, as the gentleman from New York so aptly described it during the course of the hearings before the Ways and Means Committee, is just a little bit of slippery bookkeeping. Actually every nickel of that pay-roll tax money is taken and immediately spent, not on social security, but in meeting the general operating expenses of the Government; and they tell the workingman, who is forced by compulsion of law to yield up that money, that he is buying security in the nature of insurance. That is a fraud on him, and if it were done by the executives of a private insurance company they would be immediately arrested and charged with embezzlement. It is a misappropriation of funds, nothing less.

But I do not want to leave the impression of criminality. There is nothing criminal about it, because the Social Security Act says that they can do just that very thing. It is therefore a legalized embezzlement, a legalized misappropriation, a legalized misrepresentation of the facts to the workingmen of this country.

How about pay-roll taxes as a system of taxation? Numerous famous economists appeared before the Committee on Ways and Means and testified about pay-roll taxes per se. Dr. Albert G. Hart, of the University of Chicago, had this to say—and I quote:

I would not have any use for a pay-roll tax as a part of a general revenue system except insofar as it is hitched to social security.

Here is something else he said about pay-roll taxes:

If you have to raise the volume of your general revenues by a tax, I would say that the worst tax was the pay-roll tax.

The truthfulness of that cannot be questioned.

The pay-roll tax is positively the worst form of taxation that any legislative body has ever been able to devise. This, for the simple reason that it levies upon the poorest, the least able to pay, the humblest, a tax which they, least of all, can ill afford to pay.

Pay-roll taxes cannot be defended on the slim ground mentioned by Dr. Hart, because actually they are not "hitched" to social security at all.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. BOEHNE. Mr. Chairman, will the gentleman yield? Mr. GEARHART. I yield.

Mr. BOEHNE. The gentleman from California has been denouncing title II of the Social Security Act. I wonder if he would tell us what he would substitute in its place.

Mr. GEARHART. I would repeal title II right now and begin building up title I into a fair and just system—as generous a system as our country can afford.

Mr. Chairman, I yield back the balance of my time.

Mr. DOUGHTON. Mr. Chairman, I yield 2 minutes to the gentleman from Massachusetts [Mr. McCormack].

Mr. McCORMACK. Mr. Chairman, my purpose is to speak briefly in reply to the remarks made by the preceding gentleman, not to discuss the other features of the bill which I will probably discuss later in the debate.

The gentleman from California has made some rather extreme statements. The gentleman from California certainly leaves the impression of being one who believes in being sensational. It is remarks like that, of course, that

hit the headlines, it is the extravagant statement that hits the headlines. The good men and women who go along through life in the usual and orderly routine of life receive little attention, because that is not news. It is the criminal who is featured in the headlines, and it is the man in public life who makes wild and sensational statements not supported by the facts who hits the headlines.

The gentleman from California, of course, was paired for the Townsend plan.

Mr. GEARHART. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. GEARHART. I just wondered how I was going to make the headlines today with the King and Queen of England in the city.

Mr. McCORMACK. That is the gentleman's funeral. He certainly tried to hit the headlines. Whether he does or not makes no difference; it is the effort that counts.

The gentleman from California has only reiterated to the membership of the House some similar extreme statements he made during the committee hearings. On that occasion he said it was embezzlement, and ever since that time he has been apologizing, trying to get out from under because he said it was embezzlement. Now he says it is legalized embezzlement. The gentleman from California was paired for the Townsend plan. I assume had he been here he would have voted for it.

Of course, I can understand the gentleman's predicament. He is trying to justify that vote.

Let us analyze briefly what he wants to do. He advocates striking out title II. Well, if we strike that out we strike out all payments from 1940 to 1942. If we strike that out, it means nobody under the contributory annuity provisions will get an annuity until 1942; then the average annuity payment will be about \$17.50 per person per month throughout the country, while noncontributory pensions throughout the country are now averaging over \$19 per month.

The gentleman from California talks about distinguishing between groups of American citizens. Why, what greater distinction or what greater disparagement could he get than to put into operation a plan where men and women would pay their pay-roll taxes and when they arrived at the age when they would be entitled to annuity receive on an average only \$17.50 a month and then have persons receive out of public funds—some group of aged persons, noncontributory annuitants—over \$19 per month on an average throughout the United States?

Mr. Chairman, this bill aims to meet just that situation. The New York Times, which is a very fair newspaper, although somewhat critical of the present administration, and generally constructively so, this morning came out whole-heartedly for this particular title of the bill. The editorial of the New York Times is critical in respect to some other features of the bill but it absolutely comes out in favor of this particular provision, section, or title of the bill. I may say, incidentally, the Ways and Means Committee was practically unanimous in reporting out the title of the bill that my friend attacks.

The gentleman talks about the special fund. Of course, I can appreciate his position. It is politics. All right, but there is some limit to politics so far as some statements are concerned. What are the facts? May I state them just as simply as I can, without regard to how one might vote, but simply in an appeal to reason? Here is the situation: The pay-roll tax at the present time imposed on the contributory annuity provisions of the law is 1 percent on the employer and 1 percent on the employee. When collected, it goes into the Treasury.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. McCORMACK. Mr. Chairman, this money is put into the Treasury. It cannot be paid into a special fund directly because of a constitutional question. You all know the story about that. We had to separate the taxing provisions from the provisions relating to the payment of annuities, eligibility, and so forth. This money, as I stated, is paid into the Treasury. We appropriate that money each year into a special fund. What are you going to do—let that money lie idle? Yet, if you follow the reasoning of the gentleman from California, we would collect the pay-roll tax, bring it into the General Treasury, and the Congress would appropriate it to the Social Security Board or the trustees as set forth in the pending bill. The money would lie idle. Is that common sense?

What do we do? We want to put that money into some kind of safe investment. Certainly you and I would not want the pay-roll tax to be invested in the stocks and bonds of private companies. Therefore we say it should be invested in the securities of the Federal Government. Up to the time this bill was reported out of committee, Congress provided that such funds must earn 3-percent interest.

Of course, you cannot very well get Government bonds paying 3 percent now, particularly in large amounts. You might get a few, but not many. We therefore provided, in order to assure 3-percent interest, that if the Treasury, or, later, the trustees, if the pending bill passes, could not buy bonds on the market at 3 percent, they must issue special obligations bearing 3 percent. Congress said there had to be 3-percent interest. If we cannot get bonds, then we had to provide for the issuance of special obligations. We did the same thing in this case as was done in the case of the retirement fund for Federal employees, except in that case 4 percent was provided. That was recommended by the late Secretary of the Treasury, Andrew W. Mellon, and it was a sound recommendation.

What do we do by this bill? We say that instead of paying 3-percent interest, this special fund or those entrusted with its care shall obtain the average rate of interest, and we provide that they may buy bonds in the market if it is for the best interests of the Government.

Let us analyze that for a moment. Would any man in this House want the trustees of this fund to go out in the market and buy bonds if it would have an adverse effect on the market? Let us say the average rate of interest was 2.6 percent. That is about the average for long-term bonds today. It runs about 2.6 percent as an average. Suppose there were \$50,000,000 in this fund and the trustees went out on the market to buy bonds paying the average rate of interest, but as a result of that transaction the market would go up sharply in price. Would it be for the best interests of the Government and other persons who are bondholders to have the Government use these funds in the open market, as a result of which the price of the bonds would be sharply increased? When that is done, and when payments become due, these bonds are sold. In the same way, when money is needed, the special obligations are discharged. The Government pays these special obligations.

The special obligations occupy the same position as a bond purchased in the market. When they need the money they simply call on the Government to pay these special obligations with interest. Suppose they had \$30,000,000 worth of bonds and suppose they had to sell them to pay annuity benefits; suppose they dumped them on the market at one time and the price of the bonds would go down sharply as a result of that operation on the part of the Government? Do you think that should be done? I do not, and I do not believe the gentleman from California does either. There is the practical situation.

Mr. KEEFE. Will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Wis-

Mr. KEEFE. I would like a little information on that point. The gentleman stated that when the trustees needed money with which to meet their obligations or pay annuities, they called upon the Government to pay and the Government pays. When they make the demand on the Government to pay those obligations, I would like to know

where the Government ultimately is going to get the money to pay those obligations except by the levy of taxes? If they do have to resort to the levying of taxes, then are not these same contributors, who have contributed to the creation of this fund, going to be taxed again in order to ultimately receive their annuities? That is the question that agitates the people all over the country and I would like to have it earnestly answered.

Mr. McCORMACK. The special obligations are provided for in order to obtain the interest guaranteed, to prevent the Government bond market from fluctuating unreasonably against the interest, the Government, and the people.

When Congress provided that this fund shall earn 3-percent interest, guaranteed by the Government, and if bonds bearing that rate are not obtainable, it necessarily follows, unless the money is to be wholly idle, that some such provision had to be considered and enacted. In addition, it is a curb on governmental activities in its own bond market that would prevent Government bonds from fluctuating in the market in an adverse manner. Of course, when resorted to, indirectly, giving an answer to the gentleman of my own personal views, this constitutes an increase in the bonded indebtedness, but it is a situation provided by law, a situation that cannot be controlled if we are going to guarantee to this fund a stated rate of interest.

[Here the gavel fell.]

Mr. COOPER. Mr. Chairman, I yield 7 additional minutes to the gentleman from Massachusetts.

Mr. McCORMACK. It does constitute an increase to the extent that we resort to special obligations of the bonded indebtedness of the Government. Does that answer the gentleman's inquiry?

Mr. COOPER. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. COOPER. Just to analyze the point of view of the gentleman, which I realize is a point of view that is entertained by many, what is the practical difference between levying the taxes now to provide funds for the Government, with these people having to pay their proportional part, and later levying taxes to provide funds when these people would then just pay their proportional part? Certainly there cannot be any pactical difference.

Mr. KEEFE. If these trustees were empowered as any other similar trustees would be empowered to invest, for instance, in the obligations of the H. O. L. C., obligations which are fully guaranteed by the Government but will be paid out of funds paid to the H. O. L. C. by the citizens of America, then the taxes would not have again to be levied upon those people who contributed to create this fund. That is the point I am trying to bring out.

Mr. McCORMACK. In answer to the gentleman, I have frankly stated my opinion. Congress provides a certain rate of interest. In order to meet that rate of interest under certain circumstances special obligations would be issued. Precedent has been established for this. These obligations occupy the same status as a bond. They are in the same category as a bond.

Mr. KEEFE. I understand that.

Mr. McCORMACK. The characterization of these obligations as I O U's, of course, has no greater strength than if the same characterization were directed against a bond issued by the Government. Insofar as this committee is humanly able, we have provided in the pending bill a separate fund and provided for its administration by trustees, and insofar as we are humanly able we have directed those trustees to go into the open market when it is not inconsistent with the best interest of our Government and purchase bonds. In doing this, I submit to the gentleman from Wisconsin and my colleagues on both sides of the aisles, we are doing everything we can possibly do. My purpose in rising was to briefly answer what I believe to be the unwarranted statements, inconsistent with the facts of the gentleman from California.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield 3 minutes to the gentleman from California [Mr. GEARHART].

Mr. GEARHART. Mr. Chairman, even at the risk of being accused again of cheap politics, I rise to make a little more plain, I hope, just what a legalistic fiction all this is. The gentleman from Massachusetts has carefully explained to you the elaborate method they have of handling these so-called pay-roll taxes. They levy a pay-roll tax and they get the money, and then the slippery bookkeeping begins. They make out I O U's, they appropriate the money from one fund to another, and they say it is invested when it is gone. And where is it? As soon as the Government got this payroll tax from the poorest people in this country—those least able to pay it—they immediately spent the money building battleships, paying benefits to people, and spending it on P. W. A. and W. P. A. and upon every other routine activity of the Government. But not a bit of it on social security. When spent, the money is gone, and it is gone forever as soon as it is spent, because there is no necessity for the Government ever to pay it back for the simple reason that the interest on those I O U's furnishes the money which must be raised to care for the maturing demands against the social-security system set up in title II. Since none of the moneys collected as pay-roll taxes will be needed to pay the workers under title II, where will the Government get the money to pay the old-age pensions?

It will get it just the way it gets all the other money it must have, it will borrow it or levy an additional tax. It will levy a tax on the people, all the people, not a part of the people. It will levy a tax on all the people to get the money, the money that is needed to pay the claim against the socialsecurity fund. And when they levy that tax on all the people they catch again the man who has already paid the pay-roll tax. In other words, this ridiculous, unfair, and unjust system is a double system of taxation upon the poorest, and the humblest, the man least able to pay. They divert this money into wrong channels, they misappropriate it, they indulge in legalized embezzlements, and then after they have spent the money on something entirely disasso-ciated with social security they double back and make him pay it again.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. GEARHART. I yield to the gentleman from Michigan.

Mr. CRAWFORD. Of course, the situation would be dissimilar if the Government were running on a balanced Budget basis

Mr. GEARHART. That is correct. If we were not indulging in deficit finance, this whole system of monkey business would crash to the ground. When, oh, when, will the people but understand? [Applause.]

[Here the gavel fell.]

Mr. COOPER. Mr. Chairman, I yield 20 minutes to the gentleman from Michigan [Mr. DINGELL.]

Mr. DINGELL. Mr. Chairman, before I proceed with my own discourse I am constrained to make some sort of response to my genial friend from California who found it necessary to make the second explanation of what he intended in the first place to convey to this House. The fact of the matter is-and I hope I may have the attention of my friend from California-the arguments which he put forth on this floor have been exploded so completely and on so many occasions that no one pays any particular attention to such statements. He seems to be the only one left who still persists in baseless quotations.

Mr. GEARHART. Mr. Chairman, will the gentleman

Mr. DINGELL. In just a moment I will yield.

Mr. GEARHART. I seem to have the attention of the gentleman from Michigan and the gentleman from Massa-

Mr. DINGELL. It seems to me like a sort of reecho of what some short-eared jackass said somewhere, sometime, for political reasons, and my friend drags this back on the floor as though it were something new and important.

It has been exploded, shattered by experts, and it is as dead as the dodo. When Californians talk about battleships, and their elimination as a possible argument against the bill or any of its provisions, I do not think that is very good politics, and I dare say he will probably strike that reference out of his own remarks in the RECORD, because California is constantly shouting for battleships and more battleships, and I am wondering if the gentleman disagrees with the great bulk of his fellow Californians?

Mr. McLEAN. A point of order, Mr. Chairman.

The CHAIRMAN (Mr. Peterson of Georgia). The gentleman will state it.

Mr. McLEAN. I understand the rule requires that the gentleman shall address himself to the bill.

Mr. DINGELL. I am addressing myself to remarks made in connection with the point raised by the gentleman, and I am not taking any orders from you.

The CHAIRMAN. The gentleman from Michigan will proceed in order.

Mr. McLEAN. Mr. Chairman, I make the point of order the gentleman is out of order and I insist that the gentleman shall proceed in order.

Mr. DINGELL. Well, we will make it in order.

The CHAIRMAN. The gentleman will proceed in order.

Mr. DINGELL. Mr. Chairman, I want to make just one additional reference to the remarks of my friend and that is that all of the evidence before the committee bearing upon the subject of soundness of investing social-security funds, and particularly on that point by all the experts and by all of the witnesses representing industrialists, labor groups, bankers, and even some representatives of the Hearst papers. were all agreed that this method of financing is sound, and I do not think there can be any question at all about it.

Mr. COOPER. Mr. Chairman, will the gentleman yield at this point?

Mr. DINGELL. I shall be glad to yield. Mr. COOPER. I am sure the gentleman will recall that the Advisory Council, which embraced some of the outstanding men of the Nation-Swope, of General Electric, and men of that type, as well as outstanding representatives of the labor organizations of the country-unanimously agreed that the handling of this fund was absolutely proper, and they were a unit in their recommendation on that point.

Mr. DINGELL. I thank the gentleman for his contribution.

Mr. BUCK. Mr. Chairman, will the gentleman yield?

Mr. DINGELL. I will be glad to yield.

Mr. BUCK. The gentleman from Tennessee has just referred to a statement that Mr. Swope made. May I call the attention of the Committee to the fact that he testified before our Ways and Means Committee as follows:

Much discussion has been occasioned by the estimate of the enormous reserve which will be accumulated in 1980. I have never taken this seriously * * * *. Nor have I any fears that these funds in the hands of the Government are in any sense insecure.

Then the question was asked him:

"You do not consider that the investment of the money in special obligations is embezzlement, legalistic or otherwise?" And Mr. Swope answered, "Certainly not; it is a shame to so designate it."

Mr. DINGELL. I thank the gentleman for his contribu-

Mr. Chairman, after several months of arduous work, the Committee on Ways and Means presents to the Congress a bill containing many and important amendments to the social-security law. These changes were decided upon only after listening to suggestions made by representatives of business, labor, and farmers. In fact, all elements concerned were given an opportunity to give testimony in open hearings which continued for a period of at least 2 months. The exhaustive hearings covered every phase of existing law. Advocates of every conceivable kind of plan argued the merits of their respective proposals. Experts were presented before the committee by proponents of various plans in order to sustain their contentions of soundness and workability. When the calendar of available witnesses was exhausted the committee went into executive sessions, which terminated

with the reporting of H. R. 6635, the bill now before you. The committee labored continuously and diligently for over 4

Every paragraph, I dare say, of existing law and every suggestion made by witnesses was carefully analyzed as to

the possible maximum benefit to the people.

Workability and the costs had to be studied with utmost care. Expert advice was available and consulted at every step in the advancement toward the completed measure. This bill, Mr. Chairman, should meet every demand of the liberals and progressives in Congress. The conservatives need not fear lack of soundness or workability.

I presume there are Members here today who will not be satisfied with the extensions and generous amendments, but I do not find fault with them because I myself was obliged to compromise some of my own views in order to reach an agreement. I am satisfied, however, that the bill gives very substantial satisfaction to those who rightfully demanded broadening and liberalization. It is gratifying to note that in spite of the increased benefits it was possible to allow substantial reductions in taxes covering old-age and unemployment-compensation insurance.

It seems almost paradoxical that in spite of substantial tax cuts that the law could be extended, expanded, and liberalized, yet that is an absolute fact. The biggest problem as I view it, which confronted the committee at all times, was the problem of working out a broad general plan covering more beneficiaries in every walk of life and under varied circumstances and issuing, so to speak, only one kind of policy under one identical premium for upward of 40,-000,000 people. Imagine the elasticity necessary to apply to such a task and the cramped situation which checked the committee's progress on all sides. The one-policy, one-premium-for-all problem, was ever present. Contrast this with the latitude of an insurance company which can and does write any kind of policy to fit the purse, desire, and amount of benefit demanded by the insured.

After all, the committee membership is not composed of insurance experts or actuaries. Yet in spite of our handicaps and limitations, I am prone to believe in the fundamental soundness of our proposal. In considering the bill, keep before you at all times the fact that the benefits are intended for the living, for the insured, upon attainment of the statutory age of 65. It is not intended to create an estate. The old-age annuity provisions were not only increased for the benefit of the insured but were extended to include aged wives, widows, children, and aged dependent parents. The freezing of the employer and employee tax for the years of 1940, 1941, and 1942 at 1 percent instead of 11/2 percent as provided by present law will save the taxpayers about \$275,000,000 per annum for the 3 years, or a total of

\$825,000,000 for the 3 years.

Benefit disbursements of \$1,775,000,000 will be made during 1940-44. While under existing law the beneficiaries would receive about one-third of this amount or \$555,000,000. The benefit increment for the 5 years amounts to approximately \$1,200,000,000. Experts advised the committee that the total costs over the next 45 years will be about the same as under present law. The cost in the early years will be greater due to greater benefits being paid to annuitants not necessarily entitled to higher benefits if their proportionate premiums are calculated. This policy is quite generally in effect in all benefit plans and is firmly established as sound and fair. At all times, however, the insured receive in benefits far more than they would from an insurance company. I call to your attention and commend for your study table No. 1 on page 8 of the report giving comparisons of total benefit payments under the existing and the proposed

Bear in mind at all times that the date of benefit payments is to be advanced from 1942 to 1940. For the purpose of the record I will include the table, though I will forego reading the figures.

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Table 1.—Comparison of benefit payments under present Federal old-age insurance plan and under revised plan on the basis of the intermediate retirement rate estimates

Calendar year	Present title II	Revised plan	Additional expenditure
1940	\$46, 000, 000	\$88, 000, 000	\$42,000,000
1941	42, 000, 000	211, 000, 000	169, 000, 000
1942	92, 000, 000	350, 000, 000	258, 000, 000
1943	150, 000, 000	508, 000, 000	358, 000, 000
1944	221, 000, 000	598, 000, 000	377, 000, 000
1945	290, 000, 000	713, 000, 000	423, 000, 000
1946	403, 000, 000	855, 000, 000	452, 000, 000
1947	501, 000, 000	997, 000, 000	496, 000, 000
1948	615, 000, 000	1, 134, 000, 000	519, 000, 000
1949	725, 000, 000	1, 265, 000, 000	540, 000, 000
1950	834, 000, 000	1, 389, 000, 000	555, 000, 000
1951	971, 000, 000	1, 523, 000, 000	552, 000, 000
1952	1, 078, 000, 000	1, 621, 000, 000	543, 000, 000
1953	1, 193, 000, 000	1, 719, 000, 000	526, 000, 000
1954	1, 338, 000, 000	1, 843, 000, 000	505, 000, 000
Total, 1940 to 1954, inclusive.	8, 499, 000, 000	14, 814, 000, 000	6, 315, 000, 000

A more detailed table of increased benefits covering the individual annuitant equally graphic and forceful will be found on page 10. I will not read the figures in detail but will cite only a few.

Take an insured man earning an average monthly wage of \$100. Under existing law, which requires 5 years of premium payments, the insured would not be eligible for benefits for another 2 years. Under the revised plan he will receive, beginning with 1940, \$25.75 per month for life, if single; if married, he will receive \$38.63 per month. Follow that a step further, and you will observe in the next line that the insured at the end of 5 years under the present plan would be paid at the rate of \$17.50 per month, while under the revised plan if single he would receive \$26.25 or \$39.38 per month if married. These payments, of course, are for life.

Table 2.—Illustrative monthly old-age-insurance benefits under present plan and under revised plan 1

		Present	Rev	ised plan	Present plan	Revised plan	
		plan	Single	Married 2		Single	Married 2
		Average monthly wage of \$50		Average n	nonthly w	age of \$100	
Yes	ars of coverage: 3	(3) \$15. 00 17. 50 22. 50 27. 50 32. 50	\$20.60 21.00 22.00 24.00 26.00 28.00	\$30. 90 31. 50 33. 00 36. 00 39. 00 40. 00	(3) \$17. 50 22. 50 32. 50 42. 50 51. 25	\$25. 75 26, 25 27, 50 30, 00 32, 50 35, 00	\$38. 63 39. 38 41. 25 45. 00 48. 75 52. 50
		A verage n	monthly wage of \$150		Average n	nonthly w	age of \$250
	8	(3) \$20, 00 27, 50 42, 50 53, 75 61, 25	\$30. 90 31. 50 33. 00 36. 00 39. 00 42. 00	\$46. 35 47. 25 49. 50 54. 00 58. 50 63. 00	(5) \$25.00 37.50 56.25 68.75 81.25	\$41, 20 42, 00 44, 00 48, 00 52, 00 56, 00	\$51. 80 63. 00 66. 00 72. 00 78. 00 84. 00

¹ It is assumed, with respect to the revised plan, that an individual earns at least \$200 in each year of coverage in order to be eligible to receive the 1-percent increment. If this were not the case, the benefit would be somewhat lower.

² Benefits for a married couple without children where wife is eligible for a supple-

ment.

Benefits not paid until after 5 years of coverage.

What to me is an attractive illustration of benefits purchased under the liberalized plan will be found on page 14. This table No. 5 shows exactly what an employee could purchase for himself in the form of an annuity policy with only his own tax contribution as a premium, as compared to what he will receive under the social-security plan, as revised.

Mr. MILLER. Mr. Chairman, will the gentleman yield there?

Mr. DINGELL. Yes; I yield to the gentleman from Connecticut.

Mr. MILLER. The gentleman stated the amount that he can buy with his 3 percent or 1 percent—eventually 3 percent. Would it not be fair to also figure in the employers?

Mr. DINGELL. I am coming to that, and I want to assure my friend that I am trying to be fair to the insurance com-

panies and to the plan proposed.

Take, for your example, a level monthly wage of \$100 and an employee paying to a private insurance company the amount of his own contribution without the contribution of his employer; at the end of 3 years he would receive under the suggested plan before you \$25.75 per month for life, while under a purchasable annuity he would receive nothing; at the end of 5 years he will receive under the suggested plan \$26.25 per month for life, while under a purchasable annuity he would still receive nothing.

After paying for 10 years he would receive \$27.50 per month for life under the suggested plan, while under a purchasable annuity he would receive only 41 cents per month. In only one instance does the table show in favor of purchasable annuities, and that is on the basis of a level monthly wage of \$250, where payments have been made for 45 years, and then the advantage amounts to only 30 cents per month.

In all fairness, however, I am constrained to point out that if an annuitant purchased a policy from an insurance company with the same aid in contribution from his employer as is being paid under the social-security plan the figures paid in benefits would be greater. At all times under the new plan the annuitant receives far more in benefits than he pays for.

TABLE 5 .- Theoretical monthly annuities purchasable with only employee tax and benefits under proposed plan for single men entering the system Jan. 1, 1937 1

	Suggested plan	Purchasable annuity	Suggested plan	Purchasable annuity
	Level monthly wage of \$50		Level month	ly wage of \$100
Years of coverage: 3 5	\$20.60 21.00 22.00 24.00 26.00 28.00 29.00	(2) (2) (2) \$1. 55 4. 25 8. 16 10. 68	\$25.75 26.25 27.50 30.00 32.50 35.00 36.25	(3) (2) \$0, 41 3, 95 9, 51 17, 49 22, 58
	Level monthly wage of \$150		Level month	ly wage of \$250
3	\$30, 90 31, 50 33, 00 36, 00 39, 00 42, 00 43, 50	(2) (2) \$0. 94 6. 35 14. 77 26. 81 34. 49	\$41, 20 42, 00 44, 00 48, 00 52, 00 56, 00 58, 00	(1) (1) \$1. 99 11. 14 25. 30 45. 46 58. 30

¹ These calculations are based upon the standard annuity table, at 3 percent interest. Taxes less 10-percent allowance for expenses are used for theoretic premiums. Part of the taxes are applied to the purchase of a death benfit which is identical with that of the suggested plan, and the remainder of the taxes are applied to the purchase of a deferred annuity with no death benefit.

The following assumptions have been made:

As regards taxes: A 1-percent tax rate on employer and also on employee through 1942; a 2-percent tax rate on each in 1943-45; a 2½-percent tax rate on each in 1946-48; and a 3-percent tax rate on each in 1949 and thereafter.

As regards benefits: Continuous years of coverage from age at entry to age 65, retirement at age 65, individual remains single for his entire lifetime and does not leave a widow, a child under 18, or a dependent parent.

¹ Taxes are used up entirely in purchasing the lump-sum death benefit so that no annuity is purchasable.

As regards unemployment insurance taxes and benefits, I must of necessity be as brief as possible. I do want to say, however, that the benefits here, too, have been increased, while the tax has been very materially reduced, or, at least, made possible where the reserves meet the Federal requirements. These are to the effect that the State cash reserve must equal either the maximum total of benefit payments to the unemployed or the total taxes collectible in any one year within a specified period in 10 years, whichever is greater.

It is estimated that the savings in taxes for 1940 to employers where States avail themselves of the change in the basic law will amount to \$200,000,000 to \$250,000,000, depending, of course, on the number of States that will take advantage of the change.

I believe there are now 35 States which can take advantage of the reduction because of ample reserves on hand. Before the expiration of 1939 all but seven States will be able to take

advantage of the new law. At least, so it appears at the present time.

Should the States wherein the reserves meet the new requirements act early enough to bring relief to their employers the savings to this class of taxpayers may reach an additional figure of \$100,000,000 for 1939.

Some States and some Governors might not be very anxious to take advantage of these reductions, as is evidenced in Michigan. I have written Governor Dickinson and the Acting Lieutenant Governor, and also to the speaker of the house, urging immediate legislative action to enable my State taking advantage of the proposed prospective tax reductions. I even submitted a brief as a guide. But unfortunately the legislature could not or would not delay adjournment and the Governor did not exercise any persuasion to effect the consideration of the brief. A special session will very likely be forced by the taxpayers in order to comply with the Federal statute. I am hopeful this delay will do no harm.

Penalties imposed upon employers for delayed payments of the tax due in 1936-37 and 1938 which will be remitted amount

to \$15,000,000.

The law has been liberalized to permit the Commissioner of Internal Revenue to grant 90 days' extension of time for payment of taxes without penalty instead of 60 days, as provided under present law.

Payment for a taxable year paid after January 31 and not later than July 1 next following close of taxable year will be penalized 10 percent of the allowable credit instead of 90

percent, as at present.

Upon the passage of the bill before you an additional savings of \$65,000,000 will be made possible because taxes will be applicable to the first \$3,000 of taxable salary. This same limitation already exists in the present annuity tax. The changes in existing law as proposed by the bill are too extensive for me to even attempt to cover in detail. Therefore let me say to you that I recommend a careful study by each and every Member of the first 32 pages of the report.

This bill needs no defense at my hands and you will not find it difficult to uphold. I am proud of my contribution toward its liberalization for I was privileged to build the

structure of the draft before you.

And now as to the old-age pensions, these have always been my first and greatest concern. I have tried for ever so many years to bring about the adoption of a workable national plan of substantial pension payments to the deserving old people. I have been amply rewarded for my patience by the fact that I was privileged to help draft the law, and then later to witness the signing by President Roosevelt at the White House of this instrumentality, which established on a permanent basis the payment of old-age pensions. While I have advocated the increase of the Federal contribution as far back as 1935, and insisted upon \$20 instead of \$15, it was only a few days ago that the committee, realizing the fairness and substance of the amendment, adopted the higher rate, which when matched by the States will make possible a maximum pension of \$40 a month per eligible pensioner. I hold that a Federal-State pension system is generous and ample when it permits the payment of a maximum of \$80 per month to an aged couple. Your Uncle Samuel will pay his half if the States will do likewise.

I am confident that the people of this country will assume that such an amount in extreme cases will be sufficient to provide comfort and contentment to the old folks.

Dependent children and widows, as originally provided for in my bill, will be taken care of by the McCormack amendment, which I supported and which was forced through after three defeats. This amendment provides for Federal matching on a 50-50 basis instead of as heretofore, the one-third to two-thirds paid by the States. In various detailed ways the provisions of existing law were liberalized. The cost increase of the ratio in matching will cost the Federal Government thirty to fifty million dollars per annum. It is my hope, and of the committee, that the States will supplement this amount to reach more of the deserving dependent children. Widows and orphaned dependent children should be our first concern.

To hurry on toward the termination of my discourse, let me say that vocational rehabilitation, too, has been worked over and generous amendments added to existing law. A million dollars has been added to the authorization.

Before adopting any of the amendments contained in the bill the committee had to at all times calculate the element of costs and the ability of the taxpayer to meet them with

prompt regularity.

It is, as you know, the function and the responsibility of this committee to provide the revenues covering all authorized appropriations. Mindful of the obligations which the committee owes to the aged, the crippled, blind handicapped, and to the dependent children, we were constrained nevertheless to take into account the obligation which we owe, first, to the taxpayer. Every monthly increase in benefits, matters not how small, grows to tremendous proportions, because it must be multiplied 12 times for each year and then again hundreds of thousands, or even millions, of times, depending on the number of beneficiaries to be covered. Because of the permanency of these benefits, if the gross total cost of any proposal is desired, we must multiply the gross annual costs by the normal life expectancy or statutory eligibility of the intended recipients. Altogether these added benefits mount to staggering figures.

Mr. MARTIN of Colorado. Mr. Chairman, will the gentleman yield?

Mr. DINGELL. Yes.

Mr. MARTIN of Colorado. Mr. Chairman, knowing the gentleman's interest in old-age pensions, and understanding the part he has taken in sponsoring the increase in this bill, I ask him if he thinks the committee has gone as far as practicable in the various provisions of the pending bill, and whether the bill should be supported in the House as is?

Mr. DINGELL. I am absolutely positive on that point, that there should be no changes at the present time—that the membership should be patient in order that we may observe the workings of these new amendments and test the sincerity and willingness of the States to go along and meet the requirements and concessions thus far made in this bill.

Mr. Chairman, I shall vote for the bill as presented, or as amended if the amendments are constructive and practical, not demagogic, and I will urge you, my colleagues, to do likewise. Then as time goes on and through experience we learn that further liberalization is needed and possible, that the Treasury can stand the strain of minor additional benefits, I will be the first among you to fight to bring this about.

Mr. BATES of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. DINGELL. Yes.

Mr. BATES of Massachusetts. I made this interruption for the purpose of inquiring, because I have received so many letters in respect to it from smaller chambers of commerce, whether they are exempted under the provisions of this act.

Mr. COOPER. We have taken care of the small chambers of commerce.

Mr. DINGELL. Yes. That was very definitely analyzed and provided for.

Mr. JENKINS of Ohio. Mr. Chairman, I yield 25 minutes to the gentleman from Kansas [Mr. Carlson].

Mr. CARLSON. Mr. Chairman, before I enter into a discussion of the pending bill, I want to express my personal thanks to the chairman, the gentleman from North Carolina [Mr. Doughton] and to the other members of the Ways and Means Committee. During the several months of hearings and executive sessions on the pending legislation, the membership of the committee were very generous and kind. As a new member of that committee, it was necessary for me to ask many questions, to get information that the older members no doubt felt was a waste of time. Your understanding and kindness were appreciated.

The committee has presented for your consideration H. R. 6635. As has been previously stated, these amendments to the present social-security law are the results of months of work. There were many and varied views in regard to the amendments proposed, and to the social-security program as a whole. It is my intention to discuss frankly and hon-

estly what I believe to be some of the errors in the principles of the present act as well as its inadequacy in caring for the present and future social problems.

My remarks will be confined to those sections of the bill dealing with old-age retirement and unemployment insur-

ance.

On several occasions the statement has been made that our Nation has embarked on a more ambitious and far-reaching social-security program than any nation on the face of the earth. This ambitious program has been in existence less than 4 years and already has 42,000,000 registrants under title II or old-age insurance. Its contacts, present and future, may have a vital effect on our national economy and even go so far as to have a direct or indirect effect on government itself.

In other words, we have developed a social-security program with a mushroomlike growth, when, for permanency's sake, it might have been better to develop it as a sturdy oak. Proposed changes are already knocking at the door. This bill makes a very radical change in titles II and VIII, relating to old-age insurance. Any social-security or old-age pension plan that we may adopt is an additional tax burden and in this respect the present bill requires the collecting of new and additional taxes.

The existing law was enacted in 1935. The public paid little attention to titles II and VIII because they did not take effect for nearly 2 years, or until January 1, 1937. The act was passed by Congress with very little attention being paid to its ultimate cost, at a time when any bill sent it by the administration was considered "must" legislation. Two years of tax collections under its provisions, amounting to more than five hundred millions annually, are bringing to the attention of the country the additional burden of taxation on labor, agriculture, and industry. In my opinion, there will be an increasing general reaction to this tax burden.

There is no doubt that the act's generosity is confined largely to the older workers, with its greater tax hardships generally allocated to the younger and future registrants and their employers. There is a growing fear that the portion of the present pay-roll tax paid by the employers is and will continue to be shifted to the consuming public through higher prices. The 42,000,000 registrants make up a large part of the adult public. This point has been raised by friends of the act.

Mr. Thomas Eliot, formerly general counsel of the Social Security Board, writing in the Atlantic Monthly, August 1938, said:

Society will bear a large part of the burden on employers. The matter of whether the act will be a boon to the young workers will turn on that question and on several other similar questions which deal with the risks of the young. If we assume that the employers' half is shiftable to the public, including the registrants, then old-age provisions may become very much less of a boon to the younger workers.

We must bear in mind at all times that a pay-roll tax taxes employment. It seems doubtful to me that any tax can be persuaded to encourage the very thing it taxes. The risk of young workers is that this tax, by discouraging employment, may create more old-age dependency than the benefits can cure. The tax may be expected to bear hardest on man-power industries and to encourage mechanization.

The present combined pay-roll tax is only 2 percent. But some actuaries have estimated that in future years the program may require support equal to taxes of 10 percent to 12 percent of the pay rolls, or more. This means that the present plan involves another form of "leaning on the future" quite as we do when the Government operates on a deficit and borrows money to pay its bills. The world's history of the past 25 years contains a number of illustrations of "leaning on the future." There is among them not a single record of success.

So far, there have been no signs of serious rebellion against pay-roll taxes, but it is interesting to note that the Amercan Federation of Labor in its Denver convention, 1937, proposed assistance to the plan by Federal contributions. A 1938 bulletin from the social security committee of C. I. O. proposed that the full cost of old-age benefits be put directly on the Treasury. The Social Security Board and the Advisory Council on Social Security have both recommended that a portion of the cost of the program be taken from general taxation. The Advisory Council was very specific and stated that one-third of the cost should be borne by general

Should this be done, it destroys the principle of a selfsupporting, pay-as-you-go pension plan. It is most unfair to the citizens of our country who were too old to qualify for benefits under the plan, and to agriculture, certain professional classes, and the self-employed. They will be paying

for a pension plan without receiving benefits.

The Social Security Act was passed in the House of Representatives by a vote of 371 to 33. This indicates that the bill had the support of agriculture. But the bill was for a selfsupporting system of, by, and for the industrial workersthat agriculture was not much concerned at the moment. If, however, it is found that the act is not self-supporting because of miscalculations, or if the proposal to abandon selfsupport is pressed, it seems only reasonable to expect that agriculture will complain, in the first place, and oppose in the second.

Taxation as general taxpayers, without benefits, presumably would not appeal to the farming area. It would appear that organized labor's complaints about the pay-roll taxes and the clamor for a reduction of taxes paid by the employers may have put agriculture on notice that the system is not exclusively one of benefits, but involves paying for them also.

Some will simply state that agriculture should come under the program, and thus there could be no general complaint. It seems to me that agriculture would be very unwise to enter the plan in its present state. The fundamental principles of the plan, namely, the principle of self-support and the reserve basis, have been thrown back into the arena of debate.

Agriculture seems entitled to know exactly what it is invited to join and to have proof of the system's solvency. It seems entitled also to know exactly what its general taxpaying responsibility will become in connection with the

present plan if it should remain outside.

It is my contention that the farmers of this Nation are now paying a large part of the cost of the national social security program. This is of vital concern to approximately six and one-half million farm families representing 30,000,000 of our

On this subject I want to call your attention to the testimony of Dr. John Lee Coulter, as it appears in the hearings, beginning on page 980. Dr. Coulter has spent more than 30 years in the field of agricultural economics, and during these years has owned and managed his own farms. He stated:

Unless agriculture is able to secure for the products of the soil prices which are reasonably in harmony with other prices, farmers in turn are unable to purchase from the market and their position

is disadvantageous.

The reason for that, fundamentally, is that farmers sell their labor in the form of prices received for goods rather than in the form of wages or salaries. The great majority of other groups receive their compensation in the form of wages or salaries.

The farmers of the country produce, let us say, \$10,000,000,000 worth on the farm. These commodities, when they move to the city and through the processing establishments and when they reach the consumer, represent a so-called value of farm products that has doubled or trebled or quadrupled.

Mr. Knurson. Dr. Coulter, the arguments which you have raised against the transactions tax apply with equal force to the pay-roll

against the transactions tax apply with equal force to the pay-roll tax insofar as its effect on the farmer?

Dr. Coulter. Yes. If they become pyramided, a series of one after another added to a commodity, and if imposed suddenly, they become equally burdensome, and I think at the present time the various pay-roll taxes imposed under the social-security program, if added to the cost of products, and the final price of them, is one of the factors, maybe the largest factor in bringing about and continuing the disparity between farm prices and the prices which farmers have to pay. That disparity is present. I don't think anyone can blink at that. And no method has yet been found to bring the farm prices up. Temporarily, by loans without recourse, we bring them up, but destroy our market in so doing, destroy our foreign market, pile up surpluses, and the farmer has less to sell. Undoubtedly the new costs added to the finished products have become a big factor in putting stuff out of the reach of the farm population. population.

Mr. Carlson. I want to assure you, doctor, that I very greatly appreciate your statement, because I am personally acquainted with your familiarity with the agricultural sections of the Middle West. your familiarity with the agricultural sections of the Middle West. You have stated the effect this legislation (H. R. 2 and H. R. 11) would have on agriculture if enacted into law. You have also stated the effect the proposed amendment to the Social Security Act would have on agriculture if enacted. Now, I wonder if you can give the committee any information as to what the present social-security law is costing agriculture.

Dr. Coulter. I haven't tried to make an estimate. I haven't tried to estimate the extent of the burden. I do feel, without any doubt at all, from all of the data on hand, that it is one of the factors producing the present disparity between prices which farmers pay for what they buy and the prices which they receive. I think it is one of the larger factors. Those increased costs are bound to be reflected in the price of things they buy.

Mr. Chairman, I want to direct your attention to the statement on page 2 of the committee report concerning a saving of \$275,000,000 annually for the years 1940, 1941, and 1942 by freezing the present pay-roll taxes at 1 percent each on employer and employee. This statement says there will be a net saving of \$825,000,000 in 3 years.

On the same page we find the statement that by beginning payments next year instead of in 1942, and by liberalizing payments, we will spend \$1,200,000,000 more than was contemplated under the original act during the period of 1940 to 1944, inclusive,

In other words, in spite of reducing collections \$825,000,000 we are increasing expenditures by \$1,200,000,000. This is nothing short of magic. The present administration is determined to spend prospective revenues during the immediate future. This is not a sound business policy and will eventually destroy the protection for which these people have paid.

Let us analyze the so-called savings and increased benefits. One Government estimate indicates that by 1954 socialsecurity tax income will total \$1,800,000,000, while demands for benefits will be more than \$2,000,000,000. Thereafter demands will increase faster than revenues, unless taxes are increased. Thus, in 15 years, annual disbursements for oldage benefits will exceed annual income from pay-roll taxes. Therefore, at that time, Congress must either increase payroll levies or appropriate funds for social-security payments out of general revenue.

It is reasonable to assume that there will be great pressure against the scheduled increase of the tax to 4 percent in 1943, and to 5 percent in 1946, and there will undoubtedly be even greater resistance to the proposed increase to 6 percent in 1949 and thereafter.

It is reasonable to assume that there will be great pressure against the scheduled tax increases in 1943, and there will undoubtedly be a greater resistance to the increase of the rate to 6 percent in 1949. We cannot have tax reduction and increased benefits.

The principle of self-support in the present act means that the schedules of taxes and benefits were so established that the former are expected to support the latter. The present tax rate of 2 percent increases at 3-year intervals until it reaches 6 percent in 1949.

The Treasury has computed that a level top rate of 5.34 percent on pay rolls is the actuarial equivalent of the present 2 percent to 6 percent scale. In other words, any deferred payments at the present time means that this loss of revenue must be collected through increased taxes in the future. If the act is to be self-supporting, we must have the so-called level tax rate of 5.34 percent.

The Treasury has estimated \$867 as the average annual Assuming 42,000,000 registrants, the total pay roll is \$3,414,000,000 per annum; the accruing liability is 5.34 percent of that sum; and the present tax that is being collected is 2 percent of that sum, leaving a difference of 3.34 percent of that amount to represent the present annual amount by which the taxes are not satisfying the accruing liability.

Some contend that the actuarial cost of this program may be in excess of 12 percent. Dr. Altmeyer stated that the eventual cost when the system reached its maturity would be 9.35 percent. I do not believe that anyone can visualize the time when industry and labor will be willing to carry a tax burden of approximately 10 percent of the pay roll for social security. Dr. Altmeyer's testimony on this subject is very interesting.

Mr. ALTMEYER. If we go off the so-called Reserve method of financing, we are confronted inevitably with three alternatives in the future when the annual benefit costs will have increased steadily, as they will, of either increasing the contributions based upon pay roll above the present maximum of 3 percent, of making some contribution out of the general funds of the Treasury, or of reducing benefits. There can be no other alternatives except those three. I should like to put the position of the Board this way: We feel very strongly that Congress today ought to indicate what the general strongly that Congress today ought to indicate what the general strongly that Congress today ought to indicate what the general strongly that Congress today ought to indicate what the general strongly that Congress today ought to indicate what the general strongly that the general strongly that the general strongly that the general strongly that the strongly that t

real policy of the Government will be when that point is reached in the future. If Congress believes the contribution rate should be increased from 3 percent to 3½ percent, or 7 percent altogether, instead of the present maximum of 6 percent, then that should be indicated at this time. If, on the other hand, Congress believes that 3 percent each, or 6 percent altogether, is a reasonable maximum of forest them. mum so far as it can determine at this time, then Congress ought to indicate at this time that it favors some contributions out of general revenues. But to increase benefits at this time or to postpone the increase in the contribution rate at this time without taking into account the eventual consequences of either or both actions seems to the Board to create a situation where the future financing of the system and the future benefits provided under the system are thrown into doubt.

Mr. ALTMEYER. Specifically, the actuaries estimated that the level premium cost—the average cost over the lifetime of the system—would be a little over 5 percent, and the eventual cost when the system reached its maturity would be 9.35 percent.

Mr. DISNEY. The cost?

Mr. ALTMEYER. The cost. It was estimated that the difference between the eventual maximum contribution of 3 percent each, or 6 percent together, and the 9.35-percent eventual cost, in 1980, would be met through the interest earnings on the reserve which would have accumulated by that time.

Mr. Disney. That would be direct taxes, of course.

Mr. Altmeyer. That interest would have to be raised through direct taxes. However, I think you have to distinguish between the interest earnings of a reserve and a direct Government con-

the interest earnings of a reserve and a direct Government contribution to the system. While the interest earnings on the reserve are raised presumably through general taxation, the citizens who pay the taxes to cover the interest earnings have received a quid pro quo in the past, because they have had the use of the money that the contributors have paid into the Treasury under the old-age insurance system

Since 1935 the actuaries are rather agreed—in fact, I know of no disagreement among the actuaries as to the general proposition that the costs of the present title II have been underestimated. The range in increase in costs—and I emphasize range—is up to as much as 50 percent greater in 1980 than originally estimated.

The Advisory Council's final report makes this interesting comment:

It (the Council) is of the belief that we shall not commit future generations to a burden larger than we would want to bear ourselves.

They also said in their report:

Information now available indicated that the benefit structure under title II of the present act will involve financing from all sources of annual disbursements equivalent to 10 to 12 percent covered pay rolls by 1980, when persons now in their twenties will be at the retirement age. Certain members of the Council who are actuaries fear that the upper limit of the eventual cost of the benefits will be higher than here estimated.

Time will not permit a full discussion of the proposed changes of benefit payments due the covered workers under the old-age insurance plan or title II. But the American people should know that we are now changing rulings in the middle of the game. We are leaving the original principle of individual insurance and individual savings accounts-for a program of social insurance. The individual loses his identity and his savings becomes a part of a great national social-security pool. The individual worker becomes but a part of a great social machine. To me, it is but another step that leads to a social program similar to the type in existence in Russia and other totalitarian governments. Every wage earner who is single will be compelled to pay a tax and unless he or his dependents live until 65 years or older-his heirs or estate will receive the beneficient sum needed for burial expenses. This also carries a proviso which reads-"but no such payment for burial expenses may exceed the amount actually disbursed by the person or persons who paid such expenses." Should he, through an accident or otherwise, become totally disabled, he could not draw a dollar in insurance or benefits from the fund until he reached 65 years of age, and then his payments would be based on the wages paid during the years he was actually able to work.

This revision of schedules is in favor of the near old, at the expense of the young. Thousands of our citizens and workers who thought they were accumulating an insurance and savings account now find that these funds have been thrown together into a national pool without even consulting them.

The Ways and Means Committee has recommended a reduction in pay-roll taxes for old-age insurance. But no outright reduction is being recommended for the 3-percent unemployment-insurance tax. It is true that the section dealing with the unemployment-insurance tax is being rewritten on a merit-rating basis with new and additional State requirements. This 3-percent tax is a great burden on the employers and has a direct effect on our unemployment problem. Many of our small businesses and industries cannot afford this drain. Almost every city and good-sized town had examples of the destructive effect of this tax during the past year. Every time a small business or industry is forced to close its doors—the number of our unemployed increases. In a number of instances, the employers refuse to increase their pay rolls in excess of eight, in order to avoid the tax; and in other instances, it becomes necessary for employers to reduce their pay rolls to eight or less in order to avoid paying this tax. Therefore, this has a serious effect on the unemployed of our country. This is easy to understand, when one realizes that every time an employer puts a new worker on the pay roll at \$100 per month, he adds a tax to his business of \$48 per year. In my opinion, Congress might well reduce the pay-roll taxes from 3 percent to 2 percent instead of adopting the involved language of the provisions of this section.

The Social Security Board says that the tax rate should average 2.7 percent. Who can say at this time whether that is too much or not enough? We must have additional experience to show us what benefits for total and partial unemployment are to cost, as there is no way of predicting what the tax should be. The proposed amendment attempts to lay down standards which the States must meet; and it seems to me that it is entirely too early to try to establish these standards, as the States have not had enough experience to say what they should be. Everyone will agree that it is not logical or sensible to unduly tax the pay rolls and rob purchasing power of sorely needed funds, while building up large surpluses in unemployment compensation funds. In my opinion, the unemployment compensation tax should be lowered now, and if later experience shows that more funds are needed, the tax can be increased.

No one will deny reasonable benefits to the eligible unemployed. But, if advocates of more benefits are not careful, we will have a dole which places a premium on unemployment. Estimates of increased costs due to shortening of the waiting period and increasing duration, plus the addition of benefits for partial unemployment, vary from 20 to 50 percent. If these estimates are fair, then the formula in this section for a tax reduction is but an idle gesture, for the funds cannot raise the required one and one-half times. In good years it will be one and one-half times the increased total tax, and in bad years one and one-half times the increased total benefits-so it would catch the State coming or going.

Congress would perform a real service in the way of business appeasement and aid to employment by reducing the unemployment compensation tax from 3 to 2 percent now. With surpluses now in the State funds, no State will suffer before the time Congress again has an opportunity to study the picture. If this is not done, I sincerely believe this entire section, 1602, should be eliminated and the law rest as it is. This would give the States a chance to try out "experience rating" which is permissible, as the law now stands.

This new provision also threatens a very serious competitive problem between the various States. This section is so drawn that competing industries may pay a very high tax rate in one State and in the adjoining State would have no unemployment taxes to pay. This should cause everyone to give serious consideration to it before it is enacted into law. My personal opinion is that if this situation develops as it might—it will mean the future destruction of the act itself.

In conclusion, I wish to state that I believe we need and will have a social-security program in this country. This program must be based on a pay-as-you-go plan, be actuarily sound, and have in mind the present and future cost of the program. [Applause.]

Mr. COOPER. Mr. Chairman, I yield 20 minutes to the gentleman from California [Mr. Buck].

Mr. BUCK. Mr. Chairman, ladies and gentlemen of the Committee, it is my intention this afternoon to discuss in advance some of the amendments that Members have suggested they would offer on the floor when the reading of the bill begins.

Prior to that I do want to say a few words with reference to the discussion that arose this afternoon on the subject of the soundness of the investment of the funds which have been collected for old-age insurance payments and those which will be collected and paid into the new trust fund. These funds are required by law, and will continue to be required, to be invested in United States Government obligations. It is amusing to me that anyone who has had any grasp of the finances of the United States, of States, or of municipalities should feel any concern over the fact that funds for retirement payments or trust funds of any kind should be invested in the very best obligations that exist, those of the Nation, the State, or the municipality itself. If the credit of our Nation is not worth anything at all, then the wails and moans of those who call these investments "the purchases of I O U's" might be justified; but if the credit of our Nation is not worth anything, then the retirement fund, the annuity fund itself, and your money in your own pockets is not worth anything. I do not know of a single person with authority in finance or economics who would appear before this august body and testify otherwise than that the present system of investing these trust funds in the obligations of the United States Government is sound.

Mr. JENKINS of Ohio. Mr. Chairman, will the gentleman yield for a question?

Mr. BUCK. Not just now. I will yield in just a moment. During the course of the hearings before the Ways and Means Committee Mr. Gerard Swope, president of the General Electric Co., testified in reference to the manner in which the old-age reserve account funds were invested:

Mr. Swore. Nor have I any fears that these funds in the hands of the Government are in any sense unsecure.

Later, Mr. McCormack asked him:

You do not consider that the investment of the money in such obligations is embezzlement, legalistic or otherwise?

Mr. Swope. Certainly not. It is a shame to so designate it.

Dr. J. Douglas Brown, of Princeton University, said:

There has been a great deal of talk about the mishandling of funds, and fraud. I think that is an entire misconception. I think the Treasury is performing its functions exactly and with the greatest integrity it has followed out the law as passed by Congress.

Mr. Marion B. Folsom, treasurer, Eastman Kodak Co., said, in answer to a query by Mr. Cooper, of Tennessee, who asked the question:

I don't understand you to be offering any criticism of the methods employed up to now?

No, sir, I do not. I do think there has been an awful lot of criticism of the handling of these funds which has not been at all just fied.

Dr. Paul Studenski, professor of economics, New York University, said:

I don't conceive that the investment of these funds of the Social Security in Government bonds are merely investments in Government I O U's, or that we need to be very much worried about it. I have deep faith in the future of the credit of the Federal Government despite the extensive borrowing that the Federal Government is engaged in.

Dr. Edwin E. Witte, professor of economics, University of Wisconsin, and formerly executive director, President's Committee on Economic Security, said—and I want you to listen to this, gentlemen:

I will put it this way: That you cannot find among economists or financiers or anybody who understands the operations of finance or governmental finance a person who thinks that these funds are lost to the beneficiaries. They are, on the contrary, the most secure investment you can have.

It is remarkable that among those who are familiar with financial operations of business corporations, those who understand governmental finance and those whose opinions as economists are most valued that there should be unanimity of opinion. This unanimity ought to satisfy and silence those who are misrepresenting the past financial operations of the Government and who seek for some ulterior purpose that I do not profess to know, to discredit the value of the securities that the United States Government issues. As of December 31, 1938, Federal trust funds such as the civil service retirement and disability fund, the Federal Deposit Insurance Corporation, Indian trust funds, the Postal Savings System, Alien Property Custodian funds, and many others, held as investments, bonds of the United States Government, or bonds the payment of which was guaranteed by the United States Government, a total in face value amounting to \$5,032,381,290. All of these bonds and obligations are just as much and just as little, I O U's as those the gentleman from California [Mr. GEARHART] complained about this afternoon. These investments are absolutely safe, as the gentleman from Massachusetts [Mr. McCormack] pointed out, and are of the soundest possible character.

Mr. Chairman, I have been advised that there may be amendments offered tomorrow to delete from the bill the paragraphs which the committee has reported, defining agricultural labor, and bringing American seamen under the coverage provisions of old-age insurance. I should like to say a word first with reference to the reasons that actuated the committee in bringing those who are employed in mari-

time employment under the act.

We realize that this is still a very difficult problem so far as unemployment compensation is concerned. For example, there is the question of how long a seaman should be required to wait unemployed before he becomes entitled to unemployment compensation. Those who are familiar with the maritime industry will know what I mean when I say that when a seaman goes to a hiring hall his name appears at the bottom of the list and he has to work his way up. It is not, therefore, fair to the employer or to anyone else to say that he should have necessarily the same period of waiting that a man who is out of employment in general industry should have. We are not, however, touching that problem here. We have decided to bring seamen under the old-age provisions of the act, leave the question of unemployment compensation for future consideration. May I say that the committee is very hopeful that this latter portion of the problem may also be worked out in the near future. I understand that someone has objected to the wording in our bill because we have said that those engaged in maritime employment on American vessels shall be covered irrespective of citizenship.

Mr. Chairman, this language refers to any employee, and to any employer as well. The man who works in the Ford factory in Michigan, the man who works in the cannery in California, is building up his old-age record regardless of the fact that he is an American citizen, and regardless of whether he is employed by one. The phrase is particularly necessary as to seamen.

The inclusion of the phrase is necessary since most of the services performed on martime vessels, with respect to which the taxes will apply, will be performed outside the United States. The courts might consider the levying of such taxes to be beyond the normal and usual exercise of the taxing power, and give the statute a narrower construction unless the intent is stated expressly.

The courts examine closely the intent to tax where the tax may be applied outside the United States. In United States v. Goelet ((1914) 232 U.S. 293), regarding the tax on the use of foreign-built yachts, the court said at page 296:

Not in the slightest degree questioning that there was power to impose the excise duty on the citizen owning a foreign-built yacht wholly irrespective of the fact that he was permanently domiciled in a foreign country and putting out of view all questions concerning the nonapplication of the statute to the case in hand purely because of the situs of the yacht itself, the single matter for decision is, do the terms of the statute provide for the payment by a citizen of the United States who has a permanent residence and domicile abroad of an excise duty because of the use by him as owner or charterer under the terms of the statute of a foreign-built yacht? * * * Indeed we think it must be cona foreign-built yacht? * * * Indeed we think it must be conceded that the levy of such a tax is so beyond the normal and usual exercise of the taxing power, as to cause it to be, when exerted, of rare occurrence and in the fullest sense exceptional. This being true, we must approach the statute for the purpose of ascertaining whether its provisions sanction such rare and exceptional taxation. Considering the text [of the law], we search in vain for the express declaration of such authority. True, it is argued by the United States, that as the tax is levied on any citizen using a foreign-built yacht and as any includes all, therefore the statute expressly embraces a citizen permanently domicitizen using a foreign-built yacht and as any includes all, therefore the statute expressly embraces a citizen permanently domiciled and residing abroad. But this argument in effect begs the question for decision which is whether the use of the general words, any citizen, without more should be considered as expressing more than the general rule of taxation, or in other words can be treated without the expression of more as embracing the exceptional exertion of the power to tax one permanently residing abroad.

The court held that the tax in that case did not apply to a citizen having a permanent residence and domicile abroad. In view of the foregoing statements of the court, it seems wise to include the phrase in the definition of employment for purposes of the old-age insurance provisions of law, since it is our intent to levy the taxes on services performed outside the United States on American vessels.

The definition of "employment" for purposes of the Federal unemployment tax will still cover only services performed within the United States, and is not extended to include maritime service. It is necessary, however, to insert in that definition the phrase "irrespective of the citizenship or residence of the employer or employee" in order not to raise a doubt as to the intention with regard to service performed within the United States. If the phrase appears in the definition of employment for old-age insurance purposes, but is left out in the definition for purposes of the Federal unemployment tax, it might be contended that an alien or nonresident employer or employee is not subject to the tax, even though the services are performed within the United States.

There has been some question as to how large a percentage of our seamen are American citizens, and those who, perhaps, will move to strike out this section may dwell on this subject tomorrow. I have, therefore, for your information obtained a letter from the Department of Commerce, which I desire to read at this point:

JUNE 1, 1939.

Hon. Frank H. Buck,

Hon. Frank H. Buck,

House of Representatives, Washington, D. C.

My Dear Congressman Buck: This will acknowledge your letter
of May 30, 1939, addressed to the Secretary of Commerce, in which
you desire information as to the percentage of American citizens

you desire information as to the percentage of American citizens engaged in the maritime trade.

Statistics for the fiscal year 1938, now being prepared in the Bureau of Marine Inspection and Navigation, show that seamen, excluding licensed officers, shipped before shipping commissioners were 90.1 percent Americans. We do not have compiled a breakdown on the percentage of Americans shipped in the intercoastal, Great Lakes, and foreign trade. However, the Great Lakes trade is not included in the above percentage, inasmuch as the crews on the Great Lakes ships did not sign on before a shipping commissioner and the Bureau's figures are compiled from shipping commissioners' reports. commissioners' reports.

You might be interested in the following figures on the per-centage of Americans shipped before shipping commissioners in previous years:

Percent ___ 86.0 83.4 80.6 Fiscal year 1933_.

I shall be pleased to furnish any further information you may desire on this subject. Cordially yours,

J. M. JOHNSON, Assistant Secretary of Commerce.

It will be observed that in the foregoing letter the total is not broken down by divisions; and I may say parenthetically also that practically all Great Lakes seamen are American citizens.

Obviously the maritime industry of the United States is on the way to be a 100-percent American labor industry, and it seems to me that in view of the fact there has been no opposition on the part of employers, and that the employees in this industry have requested inclusion, that no objection should be made when less than 10 percent of those now employed are aliens. Certainly there must be more than 10 percent aliens employed in great industrial establishments, such as the Ford Motor Co.

Mr. CULKIN. Mr. Chairman, will the gentleman yield?

Mr. BUCK. I yield. Mr. CULKIN. May I say that I concur heartily in the gentleman's conclusions and statements. I know of nothing that will stabilize the offshore marine industry to a greater extent than their placement under social security. I think the gentleman's committee has done a splendid job in this particular, and I agree with the gentleman's reasoning in full.

Mr. BUCK. I thank the gentleman for his contribution. Mr. EATON of California. Mr. Chairman, will the gentleman yield?

Mr. BUCK. I yield.

cluded. Is that correct?

Mr. EATON of California. Are stevedores already included under social security?

Mr. BUCK. I understand they already are included.

Mr. CARLSON. Mr. Chairman, will the gentleman yield? Mr. BUCK. I yield.

Mr. CARLSON. The gentleman from California has referred to the fact that 10 percent aliens are included. Personally I question the inclusion of 10 percent. As I understand it, there are 200,000 seamen to be taken in under this amendment. This would mean 20,000 aliens would be in-

Mr. BUCK. The pending bill proposes to extend coverage to service performed "on or in connection with an American vessel under a contract of service which is entered into within the United States or during the performance of which the vessel touches at a port in the United States if the employee is employed on and in connection with such vessel when outside the United States." We define "American vessel" as any vessel documented or numbered under the laws of the United States and also any vessel neither documented nor numbered under the laws of the United States if its crew is employed solely by one or more citizens or residents of the United States or corporations organized under its laws.

According to the testimony given by George E. Bigge, Commissioner, Social Security Board, documented vessels cover 183,000 people; that is about 8,000 on yachts of one kind or another, 20,000 on fishing vessels, about 90,000 in deep-sea fishing, and 43,000 on rivers and local craft.

Mr. CULKIN. Mr. Chairman, will the gentleman yield further?

Mr. BUCK. I yield.

Mr. CULKIN. Might I state to the gentleman that every merchant marine in the world—the French, the German, the Italian, and the English-have had social security and oldage retirement for their offshore men for an indefinite period, and it has had a tremendously beneficial stabilizing influence upon the industry. I think we need that particularly here in the offshore industry in America.

Mr. BUCK. As a matter of fact, if we did not include both the aliens and the Americans there would be a tendency for employers to hire aliens up to the limit the law allows.

Mr. CULKIN. Yes; but the limit is extremely low. I will not attempt to say what it is, but aliens in the American offshore service are a vanishing factor and they will be practically eliminated within 2 or 3 years.

Mr. BUCK. I understand so.

Mr. CULKIN. And may I say, if the gentleman will permit, that one of the preliminaries to a man's going on an American ship is that he shall have first papers.

Mr. BUCK. I am sorry; I cannot yield further to the gentleman, but I thank him for his valuable contribution.

I want now to take up the amendment that the committee has prepared defining agricultural labor. I am advised that one Member of the House tomorrow will offer an amendment striking out the exemption for agricultural labor, for employees of religious, charitable, and other organizations, and for those engaged in domestic service. If that is not adopted, I am advised that an amendment will then be offered to reject the paragraph the committee has prepared after much thoughtful consideration defining agricultural labor. I understand this amendment comes from very reputable labor sources. I regret they have seen fit to suggest that such an amendment should be offered. I can only say that I have been very proud myself to have been of assistance, for instance, in connection with this inclusion of seamen in the act on behalf of organized labor. I have had labor support invariably in my election contests, and I look back with pride upon my association with organized labor. I think, however, when organized labor attempts to step into the agricultural field without a realization of the economic situation of the farmer, it is not taking into consideration all of those elements which we as members of the committee have had before us for a period of some months.

Mr. Chairman, agricultural labor was exempted in the original act, and it was exempted upon a sound basis. There is a reasonable basis for continuing this exemption, and the committee so found unanimously. Farmers cannot pass on their tax cost as the industrialist can on his pay roll. May I say also, speaking as a farmer, that farm life offers its own kind of social security. Its work is outdoors. It does not have the nervous strain that is bound to come as a result of association with machinery. It offers under modern rules and regulations good living conditions everywhere. The young man is employed at an early age, and I may say to those of you who come from the city that we take care of a great many of your older men who have passed out of the picture as far as industry is concerned but who can still earn an honest, respectable living on the farm. Its social security is its own. Its problems are not those of industry; the farmer cannot be judged nor can agricultural labor be judged by the same standards as industrial employer and employee.

The exemption contained in the original act is justified and should be continued. The clarifying paragraphs that the Ways and Means Committee has put into this bill are merely for the purpose of interpreting the original decision of Congress that agricultural labor should be exempt. These paragraphs are based on the theory that what is agricultural labor is determined by the nature of the work and not by whom the man is employed. Agricultural labor starts with the planting of a crop. It ends when that crop has been delivered to market or to a carrier for transportation to market, and all the intervening steps should be regarded as in the nature of agricultural labor.

Mr. WOODRUFF of Michigan. Will the gentleman yield? Mr. BUCK. I yield to the gentleman from Michigan.

Mr. WOODRUFF of Michigan. May I direct attention to the bottom of page 51?

May I offer a tribute to the work of the gentleman from California in connection with clearing up a misunderstanding that seems to have existed in the Treasury Department in its interpretation of the will of Congress as outlined in the

Social Security Act.
Mr. BUCK. I thank the gentleman.

Mr. WOODRUFF of Michigan. In that connection I will go into the matter further when the gentleman is ready to yield. Mr. BUCK. The gentleman may propound his question and perhaps I can answer it as I proceed.

Mr. WOODRUFF of Michigan. I find at the bottom of page 51 the following sentence:

Services performed on a farm in connection with the raising, feeding, and management of fur-bearing animals, such as foxes, not now exempted, will be exempt under paragraph 1.

At the bottom of page 53 I find the following:

The term, for example, includes fur-bearing animal farms. Under the present law, services performed in connection with the operation of such farms constitute covered employment.

As a matter of fact, is it not true that that is simply an interpretation of the law by the Treasury Department and is not covered in the law itself?

Mr. BUCK. I think the gentleman is correct in his conclusions. The law clearly exempts "agricultural labor." Our difficulty has been to make the Treasury understand what "agricultural labor" is. I would like to develop that in connection with two or three other rulings the Treasury Department has made, if the gentleman does not mind.

Frankly, I think the time will come when both charitable institutions, educational institutions, and agriculture will feel that their employees ought to be included under at least the old-age provisions of this act; but I think a great deal of education is necessary before these classes of employers and the employees can see the benefits of this.

Mr. WOODRUFF of Michigan. I agree with the gentleman and I am in harmony with his views on that subject.

Mr. BUCK. It will be recalled that there was only one man who appeared before our committee asking that agricultural labor be included. I say frankly he did not make a good impression on the committee. Am I correct?

Mr. WOODRUFF of Michigan. Entirely correct.

[Here the gavel fell.]

Mr. COOPER. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. BUCK. Mr. Chairman, under these circumstances I think the committee has acted wisely in presenting this amendment to you to clear up what agricultural labor means. In our opinion the Bureau of Internal Revenue, and I invite the particular attention of the gentleman from Michigan to this, in issuing its regulations for the collection of social-security taxes produced a great many conflicting and in my opinion ridiculous rules and regulations. One of them is the one to which the gentleman referred, having to do with fur-bearing animal farms. The Bureau of Biological Survey in the Department of Agriculture classifies farms of that type as agricultural. There is no question about that.

Mr. WOODRUFF of Michigan. Is it not the gentleman's opinion that the Congress never intended the operation of a fur-bearing farm to be anything other than an agricultural pursuit?

Mr. BUCK. Of course, that is exactly so.

Let me call attention to some of the other rulings. In some cases the rulings have worked to the advantage of farmers who have large acreage. I stated a few minutes ago that I am a farmer. I have a fairly large acreage, and on it I have a packing plant where I can clean, wash, and pack my own fruit.

That labor is exempt. If 10 or 20 of my neighbors do the same thing in the same way, if they get together and build a cooperative packing shed on the railroad and wash their apples or their pears, and pack their fruit and use the same type of labor under the same circumstances, they are now taxed under the rulings of the Bureau of Internal Revenue, because the work is done off of a farm. Where is the justice in that, in making the small producer suffer?

Let us consider the question of poultry. Under the ruling of the Bureau, if you raise poultry for the purpose of selling eggs or selling the fowl themselves to market and you employ labor, that is agricultural labor. On the other hand, if you employ labor to raise baby chicks, that is not agricultural labor. If you raise mushrooms out in a shed back of the house on your farm and employ labor, that is agricultural labor, but if you have a natural cave back of your house and raise them there and employ someone to harvest them, that is not agricultural labor.

Let me add that the Pure Food and Drugs Act of the United States and many State laws require rigid inspection of agricultural commodities, and in the case of apples and pears require that they be washed before they can be shipped in interstate commerce. The average farmer is in no position to handle this work by himself on his farm. He must cooperate with his neighbors in a common packing plant where his fruit can be washed, his beans graded and cleaned, and so on. All these processes are a part of the preparation of the farm crop for market, and it has been unfair and inequitable for the Bureau of Internal Revenue to make rulings which tend to restrict all of these operations to a given farm. Their rulings have worked to the advantage of those who have large acreages on which they can carry through a complete agricultural operation from producing a crop to delivering for transportation to market. It might be very fairly said the present amendment is intended not merely to state clearly what Congress considers are agricultural operations but to remove the inequities that now exist.

The changes which we present to you have been worked out with members of the Legislative Counsel, representatives of the Bureau of Internal Revenue, and with counsel for the Social Security Board. I can state to you quite truthfully that the Treasury Department has assured the Ways and Means Committee that the definition proposed is one which

they find workable.

Mr. HAWKS. Mr. Chairman, will the gentleman yield? Mr. BUCK. I yield to the gentleman from Wisconsin.

Mr. HAWKS. In connection with the sentences to which the gentleman from Michigan called attention, I wonder if the fur farmers who have been paying these taxes under the language used in the report will receive any repayment?

Mr. BUCK. I cannot tell the gentleman that. I will say this much, that in the opinion of those of us who helped to draw this amendment these various services which form an integral part of agriculture were intended to be covered by Congress in its original enactment; but, frankly, I cannot tell the gentleman what the situation would be in regard to the problem there.

Mr. HAWKS. It is not quite fair that they should have been taxed purely under a regulation issued by the Depart-

Mr. BUCK. I take it that they have their recourse to the courts under those circumstances; there is no question about that.

Mr. COOPER. Mr. Chairman, will the gentleman yield? Mr. BUCK. I yield.

Mr. COOPER. Of course, these people who have been construed to be under covered employment and whose wage record has been built up will still be there. If they go into other covered employment they get the benefit of that.

Mr. HAWKS. How about the employers' contribution,

Mr. COOPER. Of course, the employers' tax has been paid. They do not get any refund. The tax is not being paid for the benefit of the employers but for the benefit of the employees.

Mr. HAWKS. But they would have to get out of this employment.

Mr. BUCK. I am sorry. I cannot yield further on this fur-bearing proposition. I wish to call attention to one or two other matters before my time expires.

Let me call attention to another serious anomaly. If you are the owner of a farm, and you enter into a written agreement with a marketing agent to pick and pack your crop. whether it is fruit or beans or anything else, the labor employed by the marketing agent is considered to be agricultural labor at the present time; but if you sell your fruit or beans to that same marketing agent and he comes in with a crew and picks your crop, that is not agricultural labor under the rulings of the Bureau of Internal Revenue. Services performed by the employees of a company handling tobacco in warehouses off the farm but in the immediate neighborhood where the process of fermentation was carried on, however, have been held to be agricultural, so that the Treasury has applied no uniform rule in connection with its idea of limiting agricultural labor to work on the farm. In the case of cotton ginning, packing lettuce, and so forth, however, a very rigid restriction has been made limiting the exemption to work done on a farm itself.

[Here the gavel fell.]

Mr. COOPER. Mr. Chairman, I yield 5 additional minutes to the gentleman from California.

Mr. BUCK. These curious distinctions produce inequities among people operating in the same commodities in the same localities, and certainly this is an injustice. Now, assuming there is merit to what I said about the reason for the exemption of agricultural labor until such time as both employers and employees have been educated to the point where they will want to be included—and, after all, you want these people to be included just as you have wanted the seamen who have come to us asking to be included under this act—then we ought to have this clarifying amendment, this defining amendment which is based on the theory that it is not by whom a man is employed but the nature of the work he is doing that constitutes it agricultural labor.

Mr. Chairman, in conclusion I desire to discuss briefly the subject of the "liberalizing" amendments that have been suggested by some of the Representatives who come from States that are not matching the present Federal old-age assistance contribution. I have some hesitancy in going into this subject, because, as has been pointed out, the State of California is the only State that is now fully matching the contributions that the Government makes. I am satisfied, however, that whether or not ours is the only State that can do that or will do it, the equal matching principle is the sound principle on which Federal contributions should be made. Once we start paying two-thirds of the first \$15, as has been suggested, and half of the rest, or matching at the rate of 4 to 1 for the benefit of certain States, it will not be long until all the States will come to you and ask you for a flat, a uniform, and a universal pension of the kind you voted down here the other day. There are reasons, which I shall insert in the RECORD, for rejecting any such proposal of a uniform or universal basis.

Mr. TREADWAY. Mr. Chairman, will the gentleman yield?

Mr. BUCK. I yield to the gentleman from Massachusetts. Mr. TREADWAY. Is it not a fact that if a change in the ratio of 50-50 should be made it would simply add to the expense of the Government and in no way benefit the aged people we are expecting to aid?

Mr. BUCK. That is my opinion. May I say that while this does not appear in the records, in the executive sessions Dr. Altmeyer stated that if we should adopt a proposal such as having the Federal Government pay two-thirds of the first \$15 and half of the remainder it would increase the tax cost to the United States by from \$40,000,000 to \$100,000,000 a year.

This is on the basis of a \$30 top matching. If we take the \$40 top matching that the committee has recommended, the cost would be from \$45,000,000 to \$110,000,000 a year. The 4-to-1 matching proposal will cost the Federal Government an additional \$220,000,000 per year.

Mr. Chairman, our committee is a hard-working committee. We have a great many things to consider, but, fundamentally, we are charged with raising the revenue for the country through taxation. When you vote on these so-called liberalizing proposals, remember that the next week you are going to be called upon to tax your people to pay for them. There is no alternative whatsoever. We cannot go on borrowing indefinitely; we will not do so, and we are going to have to bring in a tax bill that will wring the money out of the pockets of whom? Of those who are prepared to produce in the next generation and who are engaged in active business today in order to make these unreasonable pension payments to the States whose legislators themselves refuse to provide the funds which are necessary to take care of the States' responsibilities to their own aged. I am not insensible of the difficulties that some of our States have in providing for social aid, but I have noticed that whenever it is necessary for any State to match other Federal appropriations such as those made for roads, the States have always been able to find the necessary money. I am afraid that some of those who are urging these excessive payments are forgetting that after all it is the right of the State to determine how far

it wants to go in social insurance. When the Federal Government holds up the standard, be it \$30 a month or \$40 a month, and says that it will match up to half that amount, any money that a State provides, in my opinion, the Federal Government has extended an invitation sufficiently broad and sufficiently liberal, and until the time comes when the States take advantage of that invitation the Congress should not go further by authorizing larger subsidies which must be borne by the taxpayers on top of the already tremendous load of taxes under which they are staggering.

Mr. Chairman, at this point I desire to insert a portion of the testimony of Dr. Altmeyer, to be found at page 2306 of the hearings before the Ways and Means Committee:

Dr. ALTMEYER. The approach in the Social Security Act, as you know, is twofold. Title I undertakes to set up a systematic, orderly method of helping old people who are in need. But the benefits are in proportion to their needs.

The States have very wide freedom, in fact, entire freedom, in determining what the definition of the concept of need shall be,

since that is not laid down in the Federal Social Security Act.

Therefore a State is in a position to determine, in the light of its resources, its habits, its customs, just what aid shall be granted these aged people, and under what circumstances.

That gives us a flexible system; that, in a country of this magnitude, with its varying conditions, is absolutely essential for a decent, equitable, and adequate treatment of this problem of need, which varies with the individual's circumstances.

The House very decisively defeated the Townsend proposal the other day. What the gentleman from Mississippi [Mr. COLMER] and the others who have spoken as he spoke are proposing to do is simply to open up the back door to Townsendism and to invite its proponents back to make a raid on the Capitol instead of sending them to the State legislatures, whose members they should deal with first of all.

I insert an extract from an editorial in the Washington Post of June 6, 1939, which states this quite clearly:

THROUGH THE BACK DOOR

At present the Social Security Board matches old-age allowances by the States on a 50-50 basis. Thus, the system retains a

ances by the States on a 50-50 basis. Thus, the system retains a very definite local character. States are not likely to promise extravagant benefits so long as their taxpayers are required to meet half of the bill. Senator Byrnes proposes, however, that the Federal Government increase its contribution to two-thirds of the total pension allowed in the poorer States.

Acceptance of that principle for some States would, of course, quickly lead to demands for its general application. The next step might easily be a wholly Federal system of old-age pensions, in order to equalize the differences of which Senator Byrnes complains. The Townsendites would then have only to bring about liberalization of Federal old-age benefits to arrive, by a delayed approach, at the goal they seek.

approach, at the goal they seek.

When the House begins debate on the proposed amendments to the Social Security Act today it must be alive to the very real danger of ushering in Townsendism through the back door.

I also want to call the committee's attention to an editorial which appeared in the Washington News of June 7, 1939, on the same subject. I quote the following from that editorial. While the reference made is to a plan proposed by the Senator from South Carolina [Mr. Byrnes], its application is equally pertinent to the Colmer plan and others which we have before us today.

KEEP SOCIAL SECURITY SECURE

The proposed social-security law changes now being debated in Congress are recommended by the House Ways and Means Committee which has made a long and careful study and has considered

the views of many experts.

We believe these changes are desirable and safe. Under them, payment of old-age insurance benefits would start next year, instead of in 1942; increased benefits would be extended to wives, widows, and dependents of insured persons; about 1,100,000 more people would be taken in under the law's insurance provisions; the plan to build up a \$47,000,000,000 reserve fund would be abandoned; pay-roll tax increases would be postponed, saving employers and employees about \$1,700,000,000 in the next 5 years; and the

and employees about \$1,700,000,000 in the next b years; and the system would be liberalized in other respects.

But some Congressmen want to go even further. For instance, Senator Byrnes, of South Carolina, and others think the Federal Government should be more generous in the matter of old-age pensions toward the 30 States whose people have per capita incomes lower than the average for the whole country.

At present the Federal Government contributes half the cost of such respices, up to \$20,000 month total. Most States have pensions.

such pensions, up to \$30 a month total. Most States pay pensions of much less than \$30 a month—the country-wide average is below \$20—because they can't or won't match the full \$15 which the Federal Government is willing to provide. The Ways and Means

Committee proposes to increase the maximum Federal grant to \$20, making it possible for any State which will put up an equal amount

to pay \$40 pensions.

This won't help those very poor States which now fall far short of \$15-a-month contributions. South Carolina, for example, pays an average pension of only \$7.79, and Arkansas of only \$6.05. Nine

States, all in the South, are below \$10.50.

So Senator Byrnes' plan is to have a sliding scale, with the Federal grants varying from half the total pension in "rich" States to as much as two-thirds in States whose per capita incomes are farthest below the national average, chiefly Southern States.

farthest below the national average, chiefly Scuthern States.

We appreciate the gravity of the problem Senator Byenes is trying to attack. But we also appreciate the realities of politics, one of which is that what some States get from Congress all States will demand. If the Federal Government starts paying two-thirds the cost of old-age pensions in South Carolina, Arkansas, and other "poor" States, it will soon pay two-thirds the cost in every State.

Another reality of politics is this: That the larger the proportion of Federal contribution to a system administered by the States the less interest will the States have in keeping administration wise

the less interest will the States have in keeping administration wise and economical. Local taxpayers are notoriously indifferent to waste of "money from Washington."

We think there are many States now paying low old-age pensions which could afford to pay more under the present arrangement. They should be encouraged to do that. We know there ment. They should be encouraged to do that. We know there are poverty-stricken States whose economic condition should be improved. But the Byrnes proposal, it seems to us, would actually contribute very little toward that end, while at the same time it would threaten serious damage to social security's entire old-age pension system.

Mr. Chairman, I appeal to every Member of this House, when they vote upon the Colmer amendment, to think not of their own local problem, but to think in terms of the United States and of those people at the end of the line of taxation who will be called upon to make good any increases that are voted over and above those fair and liberal ones that the Ways and Means Committee has already made. [Applause.]

[Here the gavel fell.]

Mr. COOPER. Mr. Chairman, I yield 5 minutes to the gentleman from Arkansas [Mr. TERRY].

Mr. TERRY. Mr. Chairman, I was very much interested in the closing remarks of the gentleman from California [Mr. Buck] with reference to not changing the proportions that the Government now pays in old-age assistance.

Under the present law, the Government pays half of what the States pay out, up to \$30 a month. Under the bill which is now under discussion, the Ways and Means Committee has increased the amount from a \$30 maximum to a \$40 maximum, with the State matching equally the Federal Gov-This increase to \$40 is a mere gesture. If the Congress has a sincere desire to assist the aged people of the country by making a substantial contribution, then I say that the increase from \$30 to \$40 with the present ratio does not mean anything. The important matter to consider in the contribution of the Federal Government is how much it will contribute toward the first \$30 of the total amount of the old-age assistance.

In March of this year I introduced a bill, H. R. 5038, which changes the proportion of the contribution of the Federal Government. Under the present bill now under consideration, the Federal Government reimburses the State for onehalf of the pension payments, not counting anything above \$40. Based on title I of my bill, at the proper time I shall introduce an amendment which would change this basis in the following particulars: The \$40 maximum in the bill would be increased to \$45, and this increased figure would be divided into three \$15 brackets, the first \$15 paid to any individual for any month to be on the basis of \$2 of Federal money to \$1 of State money; the second \$15 on the basis of \$1 of Federal money to \$1 of State money, or in equal proportions; and the third bracket of \$15 on the basis of \$1 contributed by the Federal Government to \$2 contributed by the State.

This change would accomplish the following desirable results: It would enable those States which are now paying very low and insufficient pensions to raise their payments to a more reasonable level. Federal funds would go into the various States on a much more uniform basis than at present, because the poorer States could be expected at least to take full advantage of the more favorable matching up to \$15. At present a disproportionate amount of Federal money is going into the richer states. The decreased matching ratio, from the standpoint of the Federal Government, recognizes that as these payments increase, the Federal payment of pensions should decrease. In this way the old citizens of all the States-the wealthier States and the poorer States-would have the same basic sum, and the States could then add to that basic sum under the second and third brackets with a diminishing responsibility on the part of the Federal Government. Under the present method, only one State, California, exceeds the \$30 maximum with \$32.46, followed by Massachusetts with \$28.57, and Colorado with \$28.12. Nine States are below \$10.50. The average pension of all the States is \$19.27, and this in spite of the willingness of the Federal Government to pay one-half of the pension up to \$30. Raising the maximum amount from \$30 to \$40 does not do the old people of the poorer States any good when these States cannot come anywhere near matching the amount the Government is now offering. To raise the amount to \$40 merely emphasizes the vast disparity between the assistance that can be afforded the citizens of the different States.

As compared with a pension of \$32.43 paid in California, my State, Arkansas, pays \$6.15 per month to its old people. This means, of course, that the Federal Government advances to Arkansas about \$3.08 for each eligible person, while it advances \$15 per month to each eligible person in California—nearly five times as much as it contributes for the

citizens of Arkansas.

This great disparity does not exist because Arkansas wants its old people to have inadequate assistance, but simply because Arkansas has not the taxable wealth on which to base a larger proportion of assistance to its citizens. It is not because Arkansas is unwilling to tax itself to provide social services for its people. Arkansas has placed upon itself about every kind of a tax that the ingenuity of man can devise-and yet we fall far short of measuring up to the average of the Nation. The wealth is not there. In addition to the Federal income tax, we pay a State income tax. We also have a sales tax and an occupation tax. Our real-estate tax rate is nearly three times that of the District of Columbia, and in order to keep our public schools going we have a voluntary 18-mill school tax which the various school districts assess upon themselves-in addition to the regular millage. We have a road tax and one of the highest gas taxes in the country.

There are many other taxes too numerous to recount in this brief time. I am mentioning these things to show that Arkansas is not trying to dodge its full responsibility in the matter of finding sources of revenue. And Arkansas is not the only State that is unable to find taxable wealth sufficient to provide a reasonable pension for its old people

without adequate Federal assistance.

It is rather revealing to see that the per capita income of the United States in 1935 was \$432, while that of Arkansas was \$182. That of Mississippi was \$170, and Alabama \$189.

Many other States in the north, east, west, and south are also laboring under the handicap of insufficient taxable wealth.

Arkansas has had fine forests which have been cut down, to the enrichment of outside ownership. We have the largest deposits of bauxite in the country, but the wealth produced from this source has swelled the coffers of another State.

I am asking the members of the committee to give the people of the poorer States the chance to have not \$200 per month, as was attempted last week by some of our friends, but merely an amount that will assure the old people of the Nation, east, west, north, and south, some reasonable modicum of comfort as they pass over the brow of the hill and face the setting sun. [Applause.]

[Here the gavel fell.]

Mr. COOPER. Mr. Chairman, I yield 15 minutes to the

gentleman from Oklahoma [Mr. DISNEY].

Mr. DISNEY. Mr. Chairman, today when I picked up a very reliable weekly newspaper published here in Washington—the United States News—I saw that the Federal tax collections in 1930 were \$3,600,000,000; that in 1938 it rose to \$6,800,000,000; and in 1939 it reached \$6,100,000,000. It

further states that the amount now needed to balance the Budget is \$9,700,000,000. Expenditures have trebled and taxes have doubled since 1929. This is not a record for any party, Republican or Democratic, to be proud of, but this spending orgy did not start with this administration, with the Coolidge administration or the Harding administration or the Hoover administration. This orgy started when the States threw away their birthright in 1913 and ratified the sixteenth amendment without a floor or a ceiling, releasing to the Federal Government the unlimited right to tax the States' citizens; that is when it started, and when the Federal Government began this orgy the States followed suit and the local governments followed the bad example of the Federal Government.

In 1937 the total governmental expenditures for State, local, and Federal Government in the United States was \$17,300,000,000, and in that year all the States west of the Mississippi had an income of only \$17,600,000,000.

The question is whether we are going to continue along this line. My remarks will be related to that question and, specifically, to the proposals made by fine gentlemen whose views I respect, who are suggesting that we violate the time-honored and, apparently, sound governmental principle of matching the States equally with respect to Federal sums.

We should keep in mind that there is not enough money in the United States, if we were to make a capital levy on every dollar's worth of property in the Nation, to satisfy the demands of all the humanitarian purposes that somebody could suggest that we carry on.

Mr. TREADWAY. Mr. Chairman, will the gentleman yield?

Mr. DISNEY. Yes.

Mr. TREADWAY. Mr. Chairman, I make the point of order that there is no quorum present.

The CHAIRMAN. The gentleman from Massachusetts makes the point of order that there is no quorum present. The Chair will count. [After counting.] Sixty-four Members present, not a quorum. The Doorkeeper will close the doors, the Sergeant at Arms will notify absentees, and the Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 90]

Allen, Ill.	Curley	Kennedy, Martin	
Andrews	DeRouen	Kennedy, Michael	
Arnold	Dickstein	Kleberg	Schulte
Barton	Dies	Knutson	Secrest
Bates, Ky.	Ditter	Lanham	Shafer, Mich.
Bell	Douglas	Larrabee	Shanley
Bender	Duncan	Lea	Smith, Wash.
Bland	Dunn	Lesinski	Smith, W. Va.
Bloom	Eaton, N. J.	McMillan, Thos. S.	Somers, N. Y.
Boland	Englebright	McReynolds	Steagall
Bolles	Evans	Maciejewski	Stearns, N. H.
Bolton	Faddis	Magnuson	Sullivan
Boren	Fay	Marshall	Sumners, Tex.
Boykin	Fish	Martin, Ill.	Sutphin
Buckley, N. Y.	Fitzpatrick	Massingale	Tarver
Bulwinkle	Flannagan	May	Taylor, Colo.
Burgin	Folger	Merritt	Thomas, N. J.
Byrne, N. Y.	Ford, Miss.	Murdock, Utah	Thomas, Tex.
Byron	Gifford	Nelson	Vorys, Ohio
Cartwright	Green	Norrell	Wadsworth
Case, S. Dak.	Griswold	O'Day	White, Idaho
Chapman	Harness	O'Leary	White, Ohio
Chiperfield	Harrington	O'Toole	Whittington
Clark	Hartley	Peterson, Fla.	Wigglesworth
Corbett	Hendricks	Pfeifer	Wood
Courtney	Hennings	Pierce, N. Y.	Woodrum, Va.
Crosser	Jarman		
	Johnson, Ind.	Pierce, Oreg.	Youngdahl
Crowther			
Culkin	Johnson, W. Va.	Rogers, Mass.	
Cummings	Kee	Romjue	

The Committee rose; and Mr. RAYBURN having assumed the chair as Speaker pro tempore, Mr. Warren, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill H. R. 6635, and finding itself without a quorum, he caused the roll to be called, when 312 Members responded to their names, a quorum, and he handed in the names of the absentees for printing in the Journal.

The Committee resumed its sitting.

The CHAIRMAN. The gentleman from Oklahoma [Mr. | DISNEY] is recognized for 12 minutes.

Mr. TREADWAY. Mr. Chairman, I yield the gentleman from Oklahoma 3 additional minutes.

Mr. DISNEY. Mr. Chairman, to discuss this whole proposition in 15 minutes is extremely difficult, but I shall do the best I can. I had made only some preliminary remarks when the point of order was made that there was no quorum present, and I think at the expense of boring those good people who were here when I started, I shall retrace my steps to some extent.

This morning I picked up the United States News, and I saw a very interesting chart in it, which I am sure is a reliable one, because this newspaper is factual in its statements. According to its chart, in 1930 we had a tax collection of \$3,600,000,000; in 1938 there was a tax collection of \$6,800,000,000, and in 1939, \$6,100,000,000; and the statement is made in that chart that in order to balance the Federal Budget it would take \$9,700,000,000. The proposal that I intend to discuss here would add, according to its own proponents, about \$220,000,000. I do not suppose their estimates are any higher than they can justify under the circumstances, but that is what is involved in money. In my opinion, as a Democrat, I express the idea that the best speech that is being made nowadays on the floor of this House is being made by a certain Republican. It consists of eight words, "Where are you going to get the money?" This spending orgy is not a partisan matter. It did not begin in this administration. It became more accentuated because our economic difficulties grew to be greater.

It did not begin in the Coolidge administration, it did not begin in the Hoover administration, but it started when your State and my State threw away their right to control the Federal Government to some extent in matters of taxation when these States ratified the sixteenth amendment without floor or ceiling. Then is when the orgy began, and how long it will continue depends, in my judgment, upon what the States will finally do to stop it, and not upon what we will do here. Congress apparently is going to continue to spend until somebody

some place, somewhere, halts us.

Mr. Chairman, I repeat, there is not enough money in these United States, if we were to make a capital levy on every dime's worth of property in the country, to meet all of the humanitarian needs that some person or group of persons or some official group of people, maybe departmental bureaucrats, might suggest. There is not enough money in America to do it. It is not a question nowadays, apparently, of what the people need in the demands that are made upon us; it is not a question of what this Nation can afford. We appear to be trying to give the people what they want and not what they necessarily need. Last week, by a decisive vote, we invited the Townsend people to go back to the States, where the responsibility primarily bolongs. At least, in my judgment, it belongs We invited them to go back to the States and, in effect, to see the legislatures. But the Terry-proposed amendment, and the Colmer-proposed amendment, and various other amendments here proposed this afternoon are simply invitations to the Townsend people to come back again and again and again, until finally the principle that we voted against the other day will be in effect here.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?
Mr. DISNEY. Not until I have concluded my statement.
I want to answer questions, but I want to conclude my statement first. The principle in the Townsend bill that was most unsound, in my judgment, was not the question of compulsory

spending.

That could be taken care of some way. It is not a question of whether or not we pay people who need or do not need pensions. To my mind the question is whether or not the Federal Government is going to engage in paying pensions to the full extent, 100 percent. That is where the thing begins and ends. The other two elements, to me, are incidental to that main question.

Now, that is a policy we must determine. Under the sixteenth amendment we can continue taxing the people to any limit we see fit, until the States see fit to change such a

system. I hope the Conferences of Governors will start something that will awaken us on that subject.

We can pension the old people to any amount and make the taxpayers pay any amount under the sixteenth amendment; we can pay them \$100 a month, \$200 a month, \$500 a month, as we please, and we can raise the money. We can make the people take it. We cannot make them like it.

I discussed this with one gentleman from the South, in whose judgment I had the greatest respect. He said, "My State cannot pay any more. My State cannot possibly pay any more." With \$45,000,000,000 piled up against the Nation, can the Nation pay any more than we are paying now? Can we possibly go any farther? Are we not in the same condition our colleague's State is in, with 10,000,000 people out of work, and while we are taxing business all the more and thereby preventing business, at least to that extent, from putting more men to work? Can we go any farther? I repeat, taxes have doubled and expenditures trebled in 10 years. Where is the saturation point? Can we make it any more emphatic about the Nation than he made it about his State? Maybe those States are not matching. Maybe they can match what we offer them. I think some of them can come more nearly matching what has been offered by the Federal Government than they are doing, but why should they do so when in Congress we propose to go to two-thirds or four-fifths? What incentive is there on the part of the States to match 50-50 when we here today are discussing matching two-thirds, four-fifths, or even seven-eighths?

Oh, gentlemen may say, "You on the Ways and Means Committee raised the matching limit to \$20, which was just a gesture. That was a hoax." What if we had left it at \$15, what becomes of your argument then? If we had left it at \$15, where is the hoax in that? When you propose to go to two-thirds or four-fifths that is not any argument. This \$9,700,000,000 deficit is what is involved. The proponents of this amendment admit that at the low figure \$220,000,000 is the cost of their plan. This committee amendment in the bill is an invitation to the people who believe in old-age pensions to go back to the States where a part of this responsibility belongs, and where the responsibility will not be accepted as long as we flirt with the idea of

matching the States more than 50-50.

All down the years of our history we have felt that when the Federal Government should go a certain length in appropriations where a local proposition was involved, the Federal Government's furnishing one-half was sufficient, and there ought to be responsibility on the part of the States to furnish the other half. Now, as I said, the other day we invited the proponents of the Townsend bill to go back to where the responsibility really lies. Today it is proposed to invite them back to continue this pressure. The man who defeats you when you are running for office again, after you have voted for two-thirds, will be the man who promises to go to four-fifths or seven-eighths, or all the way to 100 percent. Surely gentlemen do not have to have it explained to them what difficulties are involved in the Federal Government paying the whole bill. How fragile a basis we are operating on when the Government pays it all. Three hundred and two to ninety-seven the other day said that was unsound. Many things were said about the bill being a monstrosity and un-American in its nature, but basically what we were voting on was whether or not this Government should pay the whole bill for old-age pensions. Personally I think the taxpayer has some rights in this thing. I think the man who pays his taxes is entitled to know that every man who is getting money from the Government is doing his share, because he is entitled to that right. When we launch into 100-percent spending for pensions for the aged, the next step is to pay them regardless of need, and the next step is to raise the rate of monthly payment. We can do it. Whether our Government can afford it or not, we can take the money away from the taxpayers by some process.

Now I am ready to answer any questions.

Mr. PATMAN. I would like to ask the gentleman one or two questions.

Mr. DISNEY. I yield to the gentleman.

Mr. PATMAN. Under this proposed amendment to the social-security law offered by the committee, the Government will put up \$20 by matching for every person over 65 years of age who is eligible under the State law. That is right, is it not?

Mr. DISNEY. Yes.

Mr. PATMAN. Now, the Colmer amendment, which many of us are supporting, provides only that a \$20 Federal contribution will be made, but it commences at the bottom instead of at the top, and if all States take advantage of this amendment as proposed by the committee, the Federal Government will not be out one penny more if the Colmer amendment were adopted instead of the committee amendment.

Mr. DISNEY. I would be glad to have you explain that, in view of the \$9,000,000,000 deficit, but you admitted a little while ago this would cost \$220,000,000 additional annually, according to your own figures. I think it would be vastly

Mr. PATMAN. It would be exactly the same as the committee would have the Government pay, if the States take advantage of what you are offering them.

Mr. DISNEY. That may be a primary consideration, I may say to the gentleman from Texas, but to me the primary consideration is where we are headed in raising the payment.

Mr. PATMAN. I know, but the amount will not be in-

Mr. DISNEY. I do not agree with the gentleman. If the gentleman can explain that to the House, I would indeed be

glad to have him do so.

Mr. PATMAN. The explanation is simple. If all the States take advantage of what is offered them in this bill and pay their old people \$40 on a 50-50 basis, which is \$20 for each old-age pensioner, that would be exactly the same amount that the Federal Government would pay if the Colmer amendment were adopted.

Mr. DISNEY. But the States have certain rights, and this is on the basis of what the committee felt the States had a right to do, to say how much or how little they would pay their old-age pensioners. That is one of the duties of citizenship.

Mr. BUCK. Mr. Chairman, will the gentleman yield?

Mr. DISNEY. I yield.

Mr. BUCK. If we adopt the policy of the United States Government's matching 4 to 1 any pension scheme, will not the States have the same right to come back and ask us to match 4 to 1 on money for Federal-aid roads and other grants-in-aid that the Federal Government makes?

Mr. DISNEY. That follows logically.

Mr. TREADWAY. If in considering the pending bill we change the 50-50 provision as the committee recommends to a two-thirds and one-third provision, will the aged people get a cent additional money under the changed plan?

Mr. DISNEY. It does not seem to me that they would. Mr. JOHNSON of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. DISNEY. I yield.

Mr. JOHNSON of Oklahoma. I ask my colleague from Oklahoma, for whom I have great respect, whether it is not true that under the committee amendment he is actually proposing to work a hardship on the poorer States that will under no circumstances be able to match up the \$20?

Mr. DISNEY. I do not think so.

A few days ago this House took courageous action in decisively rejecting the utterly inequitable and unsound plan for wholly Federal pensions. This action conclusively demonstrated that, so far as the Members of the House of Representatives are concerned, they place the welfare of their country and its citizens above any petty political advantage which they might personally gain by condoning a raid on the Treasury and a fraud upon the deserving old people of the Nation.

I am glad that the stand which we took upon that occasion grew out of earnest conviction on our part. For the threat of unwise action, which would be equally detrimental to the interests both of our elder citizens and of all citizens, is far from past. In fact, in some ways the danger is far greater at this minute than it was when we took our vote on the Townsend plan a few days ago. Then we faced an issue of which the fallacies were readily apparent. Today we run the risk of being drawn insensibly but inevitably into the quagmire of an equally impossible and equally fallacious pension scheme.

I refer to the proposals now being advanced for amending the Social Security Act to provide a Federal matching ratio for old-age assistance in excess of the 50 percent authorized by the existing law. Because the proposed amendments do not appear at first glance to suggest any radical departure from the principles already embodied in the Social Security Act, because they do appear at first glance to help the socalled poorer States, which, it is contended, cannot pay decent pensions to their needy old people, they have a specious plausibility. But beneath this plausibility, as I think I can prove to you, they are as impractical and as dangerous as those schemes which we have already rejected.

These proposals will involve excessive cost to our already burdened Federal Treasury. They will result in gross inequity as among the States. They will lead inevitably to a tremendous Federal bureaucracy. They will result finally in a straight out-and-out national old-age pension scheme, based neither on need nor economic loss. The ultimate complexity of the proposed scheme is such that it is bound to collapse under its own weight. And, what is more, it will fail completely in its avowed purpose of providing more adequately for the old people of this country.

Even the mildest of the proposals advanced would require the Federal Government to pay two-thirds of the first \$15 to each recipient of old-age assistance plus one-half of any amount from \$15 to \$30. This would mean an increase in the Federal cost of old-age assistance ranging from forty to a hundred and ten million dollars annually, depending on the action taken by the several States. Other proposals which would necessitate still greater Federal expenditures have also been proposed. One of these would place upon the Federal Government as much as four-fifths of the entire burden of old-age assistance payments up to \$25 per month. Another point to which I would like to call your attention is the fact that this estimate of an increase ranging from forty to a hundred and ten million dollars annually would apply only to the first few years. In future years we would have to anticipate that the amount required would be far in excess even of this.

I need not emphasize to the Members of this Congress the great difficulty we are now experiencing in raising the revenues necessary to meet present obligations. For the fiscal year 1940 our deficit will be three and one-third billion dollars. The total deficit over the emergency years since 1931 will come to \$27,000,000,000. In view of the situation with which we have been confronted, these expenditures have been justified as emergency measures. As investments in the security and stability of the Nation they are sound and reasonable.

But how can we, in good conscience, now take a course of action which, I believe, will preclude any possibility of balancing our Budget within the predictable future? Yet that is precisely what the proponents of these bills are suggesting that we should do. The Ways and Means Committee is charged by this House with the responsibility for finding the money which the Federal Government needs to meet its obligations. I think it is worth noting that no one has asked this committee where the money to finance these additional Federal contributions to old-age pensions is to come from.

And, even if the Federal Government should undertake this colossal burden, it would not, in my opinion, be serving the ends toward which, it is said, these bills are directed. This action on the part of the Federal Government would not wipe out inequities in old-age assistance among the States. It would not put more money into the pockets of those needy old people who need it.

Assume for a moment that Congress was so short-sighted, so delinquent of its responsibilities as to pass such a measure. What would be the result? There are several alternatives, all equally objectionable. In the first place it should be noted that congressional action on this matter would be meaningless until the States also took action. However, there can be little doubt that they would do so. It seems more than likely that some of the States would utilize this Federal handout to effect an unjust reduction in their own proper obligations. If that is the case, the old people will not get 1 additional penny. Instead, what will probably happen is that the bulk of the increased contributions from the Federal Government will be used for the purpose of reducing State expenditures. In other words, the States may, if they so desire, take unfair advantage of this situation to balance their budgets at the expense of the Federal Government.

Some States, on the other hand, will, no doubt, go the limit in stretching payments to old people. In that case they will make demands upon the Federal Government for sums that will so far out-top present expenditures as to be well nigh incalculable.

Furthermore it is readily apparent that the rich States which can easily afford to pay as much or more than they are now providing for their old people will be the ones most likely to receive this gratuitous assistance from the Federal Treasury. The inequalities of such a scheme become more and more apparent when you consider that the taxpayers who contribute to Federal revenues are not limited to any one part of the country. We are all of us citizens of the United States, as well as of a particular State. Since far more than half of the Federal revenues are derived from taxes not levied in accordance with ability to pay, these schemes would really operate at the expense of the so-called poorer States.

I repeat, as the elected representatives of the American people, we have no right to permit the gross inequalities which any such measure would inevitably produce. Rather, we have an obligation to protect the best interests of all concerned—the Nation and its States, the old people and their fellow citizens who in the last analysis support both Federal and State activities.

There are only two ways in which any such proposal could assure that more money would actually reach the old people for whom it is intended. One way would be to freeze State expenditures at their present level, or in some States at a higher level than they are now paying. This could only result in a permanent distortion of State budgets and a permanent crippling of other equally urgent services, including schools, hospitals, and other essential protections of the general welfare. The other method would be to require a Federal contribution of a flat, minimum amount which would go to every recipient. This is impractical and inequitable. It would completely disregard the element of need and would give the same basic amount to an individual who had no income whatsoever and to one who had some resources of his own. It is as unjust to make equal provisions for unequal needs as it is to disregard wholly the requirements of those who are in want.

Another point to be considered is the vast and, I venture to say unmanageable, complexity of administration which would result from any such change. This is a matter, gentlemen, to which those who support this bill appear to have given little thought. Yet, I think I can establish all too readily the conclusion that the Federal Government would find itself involved in details of administration which would be alike objectionable from the point of view of the Government and of the people. One of the inevitable concomitants of increasing Federal contributions is increasing Federal supervision and control over disbursements. As a result we would find curselves, perhaps overnight, with an enormous Federal bureaucracy, which would be compelled to reach down into the homes of the individual recipients of assistance. Old-age insurance, which is federally operated, offers no such problem, because there payments to individuals are made on a basis of past earnings, and the Federal operations entailed are simply of a bookkeeping and accounting character. If the Federal Government extends its proportionate stake in old-age pensions, it must inevitably extend its proportionate concern in the individual needs of those receiving assistance.

One of the great safeguards of our present system of equal matching for old-age assistance is the fact that it is geared to give just consideration both to the national aspects and to the local aspects of the problem. I should be more than loath to see the Federal Government take any action which would weaken the local relationships so necessary, if an assistance program based on need is to have reality in the lives of individual men and women.

For all these reasons I believe that proposals to increase the percentage basis of Federal matching are unsound; that they would defeat the very purposes which are their avowed intention. In addition, I believe that they are wholly unnecessary. I recognize the serious financial problems with which some of our States are confronted. But I believe that the majority of the States can and will provide adequate pensions for their old people, and that they will do so vastly more effectively if they are not permitted to shift an undue share of the responsibility to the Federal Government.

I know what the situation is in my own State of Oklahoma. I am well aware of the difficulties which have been encountered there. Yet my State is paying pensions to a larger proportion of its elder citizens than any other State in the Union. So far it has been able to finance them; and it will, I believe, in the future be able to make its program still more adequate. I know that some of you may think, "Yes; but look at the amount paid in Oklahoma. Its old people don't get on the average quite \$20 a month." But, even so, our average payment is higher than the average for the entire Nation.

Of course, the level of assistance in my State, as in many others, is still quite low. But, in considering these levels of assistance, these averages, we must remember that in every State they reflect a wide difference in the payments made to individuals. Many of the old people receiving aid in Oklahoma and in other States have some income from other sources, or they own their own homes. Others live in households where there are two or more persons, each receiving oldage assistance. In general, I believe it is fair to say that in most States small payments go to people who need only supplementary aid for such cash requirements as they cannot otherwise provide. These small payments bring down the average so that it does not give a really representative picture of the level of assistance now being generally provided.

Even so, as I just said, I believe that the States can and should work toward more adequate assistance within the present framework of the Social Security Act. In my State I believe that this objective can be attained without any net increase in cost. As you are all probably recalling at this moment, Oklahoma received considerable publicity a year ago because of failures both of omission and commission on the part of its old-age assistance administration. I would be the last to deny that there was truth in some of these charges. But, as Mark Twain said when notices of his death were published, "The reports in the papers have been considerably exaggerated."

Great progress has been and will continue to be made in Oklahoma in tightening up any laxness which may have existed in the initial stages of its program. And we are well on the way toward providing more adequate protection to those of our old people who are entitled to aid under the existing provisions of Federal and State laws. Oklahoma has had its share of criticism. I believe it is now entitled to a just recognition of its genuine concern for its aged citizens and of its determination as a State to meet its fair and full share of our responsibility toward them.

If this Congress reinforces the action it took on the Townsend plan, if it withstands as firmly the present insidious pressure to adopt equally unsound policies, I am certain that the whole future course of old-age security in this country will be brighter.

When no shred of doubt is left as to the position of the Federal Government, when the desires of some States to lift the whole burden off their own shoulders have been answered effectually, we shall find, I believe, that State legislatures will stop passing memorials urging Congress to take over their own duties. Instead they will become responsive to the legitimate demands made upon them by the citizens of their own States.

I hope that my plea to you today will not be taken as opposed to the interests of the old people or opposed to Nation-wide social legislation. My record on this score speaks for itself, and I am willing to stand on the consistency of my past and present action. I voted for the Social Security Act in 1935. I voted for all the bills sponsored by the administration with the purpose of promoting greater economic and social well-being for the people of the country. And I expect to continue to support the sound social programs which I feel confident will be developed by this administration and future administrations.

But for this very reason I cannot do otherwise than call to the attention of this Congress the dangers inherent in the proposals before us. I have every confidence that we shall not unwittingly support a program which would implicate us in untold difficulties. These measures, while plausible and trimmed with vote-getting attractions, are, I am convinced, detrimental to the interests of the old people and the citizens generally. They will make our task in this Congress and in future Congresses vastly more difficult. We have no right to involve ourselves and the people whom we represent in any such ill-considered scheme.

I believe, as I think most of you do, that the interests of the old people will best be served by maintaining and strengthening our present system of genuine two-way cooperation as between the States and the Federal Government. The Federal Government has an obligation for old-age assistance, but so have the States. No plan which would permit either to slip out from under its just responsibilities can long endure. Within the week we have closed the door and, I hope, locked it forever to the threat of an unsound Federal old-age pension plan. Let us not permit this equally dangerous proposal to get by us because it makes a back-alley approach in the guise of a simple amendment to the existing program.

To forestall this inequitable, this foolhardy measure, we need no uncommon insight or courage. Plain common sense, simple arithmetic, and an ordinary feeling for human justice and human rights—that is all it takes to reveal the weaknesses and the fallacies of these proposals. By taking a little thought now we shall save the American people, including the elder citizens for whom each of us feels a deep personal concern, from bitter disappointment and incalculable costs.

The Washington Post correctly appraises the situation in the following language:

THROUGH THE BACK DOOR

Senator Byrnes has further shaken the confidence of those who hoped that the decisive House vote last week could be regarded as the end of the Townsendism. If the Senator's plan to break down the present relationship between Federal and State contributions for old-age pensions should be adopted, it would give the Townsendites precisely the sort of opening wedge they are seeking.

At present the Social Security Board matches old-age allowances by the States on a 50-50 basis. Thus the system retains a very definite local character. States are not likely to promise extravagant benefits so long as their taxpayers are required to meet half of the bill. Senator Byrnes proposes, however, that the Federal Government increase its contribution to two-thirds of the total pension allowed in the poorer States.

Accordance of that principle for some States would as

Acceptance of that principle for some States would, of course, quickly lead to demands for its general application. The next step might easily be a wholly Federal system of old-age pensions, in order to equalize the differences of which Senator Byrness complains. The Townsendites would then have only to bring about liberalization of Federal old-age benefits to arrive, by a delayed approach, at the goal they seek.

approach, at the goal they seek.

Senator Byrnes makes a good point against the Ways and Means Committee proposal to raise the maximum Federal contribution for the aged to \$20 per month. That plan, he says, will benefit only the wealthier States able to match such payments dollar for dollar. States which can afford to contribute only \$4 per capita for their indigent aged would continue paying \$8 pensions. The gap between \$8 and \$40 pensions must be avoided. But the existence of this problem does not justify breaking down the safeguards against an extravagant all-Federal pensions system.

When the House begins debate on the proposed amendments to the Social Security Act today it must be alive to the very real danger of ushering in Townsendism through the back door.

Mr. MOTT. Mr. Chairman, will the gentleman yield?

Mr. DISNEY. I yield. [Here the gavel fell.]

Mr. COOPER. Mr. Chairman, I yield 1 additional minute to the gentleman from Oklahoma.

Mr. TREADWAY. Mr. Chairman, I yield 1 additional minute to the gentleman from Oklahoma.

The CHAIRMAN. The gentleman from Oklahoma is recognized for 2 additional minutes.

Mr. MOTT. The gentleman observed, in answer to a question by the gentleman from California [Mr. Buck], that if this amendment were adopted the States would be inclined to ask for greater Federal contribution in every other activity, including road funds. Does the gentleman know of any State which has proposed that the Federal Government contribute more than 50 percent of road construction?

Mr. DISNEY. I do not; but I never heard before that they had proposed that we raise the 50-50 principle on anything

Mr. MOTT. On the other hand, the gentleman knows that the legislatures of a number of States have passed resolutions memorializing the Congress to pass legislation in line with the Townsend proposal, whereunder the Government furnishes the entire amount. The gentleman knows that.

Mr. DISNEY. If the legislatures had the responsibility of raising the money, they would not be doing such things. That is what I am contending—that they assume their responsibility.

Mr. MOTT. The gentleman knows that is true.

Mr. DISNEY. I have noticed that.

Mr. MOTT. In other words, the tendency of legislatures today is to ask the Federal Government to furnish a flat old-age pension. There is no desire for any matching.

old-age pension. There is no desire for any matching.

Mr. DISNEY. They demand what they want. In other words, we are supposed under such a doctrine to legislate not on what we can afford, but on what they demand of us.

Mr. COLE of Maryland. Mr. Chairman, will the gentleman yield?

Mr. DISNEY. I yield.

Mr. COLE of Maryland. Following the long consideration which the Ways and Means Committee gave this subject and after so many weeks of testimony I assume the committee took into consideration the ability of the States to meet this problem. Did the Ways and Means Committee take any action on the question of embracing greater burden on the Federal Government than on the States? In other words, was the amendment which is now proposed considered by the Committee on Ways and Means?

Mr. DISNEY. Oh, yes; we considered it in the Ways and Means Committee.

Mr. COLE of Maryland. With what result?

Mr. DISNEY. That the proposal to raise to two-thirds was rejected after the most thorough and serious consideration. [Applause.]

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield 10 minutes to the gentleman from New Jersey [Mr. McLean].

Mr. McLean. Mr. Chairman, we have just listened to one of the most thoughtful and one of the most statesmanlike discussions that it has ever been my privilege to hear since I have been a Member of the House of Representatives, and it would be well for all of us to give some thought as to really what this contribution from the Federal Government to the States means. My attitude on the bill today might be described as that of one who came to scoff but stayed to pray. When the Social Security Act was previously before the House I was not in favor of it. I will vote for the pending measure. On the former occasion it was my conviction that the proposed activity was one in which the Federal Government should not inject itself. My school of thought was the same school as that of the President of the United States when he was Governor of New York.

On March 2, 1930, President Roosevelt, then Governor of New York, had this to say about the intervention of the Federal Government:

As a matter of fact and law, the governing rights of the States are all of those which have not been surrendered to the National Government by the Constitution or its amendments. Wisely or unwisely, people know that under the eighteenth amendment Congress has been given the right to legislate on this particular subject, but this is not the case in the matter of a great number of other vital problems of government, such as the conduct of public utilities, of banks, of insurance, of business, or agriculture, of education, of social welfare, and of a dozen other important features. In these Washington must not be encouraged to interfere.

The preservation of this home rule by the States is not a cry of jealous Commonwealths seeking their own aggrandizement at the expense of sister States. It is a fundamental necessity if we are to remain a truly united country.

I share the same opinion today as that of President Roosevelt in 1930, but my position is altered by the fact that the social-security program is established, and my obligation is to assist in improving it. The modifications made by the pending bill are in that direction.

We are now engaged in a controversy as to the amount which shall be contributed by the Federal Government to the States to carry into effect the provisions of the bill.

This controversy illustrates the evils that are bound to grow out of the tendency of the present times to centralize all of our affairs in the Federal Government. The inadequate revenue systems of many States have made it difficult for them to finance numerous activities of present-day demands and, as the gentleman from Oklahoma [Mr. Disney] pointed out, the power of the Federal Government under the sixteenth amendment to tax without limitation or control has created a demand on the part of these less fortunate States that the Federal Government assist in various enterprises alleged to be for the benefit of the Nation as a whole and there has developed the practice of granting subsidies to the States.

These subsidies are politically and affectionately designated as "grants in aid." In the making of these grants constitutional restraints are disregarded and their purposes lost sight of, and there is deliberate resort to unique and subtle devices to circumvent them. The suggestions for Federal aid uniformly come from States less fortunate, hoping to benefit through the medium of Federal taxation out of the resources of others.

The obvious political significance of these Federal grants weakens the resistance of those in control of the pursestrings. The political mind, in its desire for perpetuation in office, is ever ready to yield to those influences which will provide for constituency benefits which otherwise might not be enjoyed by those possessing the voting power. By accepting these subsidies the States must conform to requirements laid down in the Federal statutes. By so doing they admit a degree of supervision and control which threatens State independence, which will ultimately destroy the sovereignty of the States and render them mere administrative agencies of the Federal Government.

The theory upon which these so-called grants-in-aid are made is that the Federal Government has some reservoir of money disconnected with local taxation which can be tapped for the benefit of the States and their various subdivisions without affecting the local tax burden. Some day when the people begin to realize that concentration in the Federal Government has removed their Government from their direct control, when all governmental activities are directed by one individual or group, just what is happening will be better understood. After all, every citizen of the United States makes his contribution to the revenues of the Federal Government, as well as to the State and local governments, and you do not ease the tax burden by changing the medium through which the taxes are collected and spent.

The people of my own State of New Jersey, for the fiscal year ending June 30, 1938, contributed over \$210,000,000 in taxes to the Federal Government. These taxes were paid by the same people who paid taxes for the maintenance of the State and local governments. During that same year New

Jersey received from the Federal Government for various relief purposes a little over \$73,000,000, about 33½ percent of its contribution. Therefore, if a citizen of New Jersey paid to the Federal Government an income tax of \$600, only about \$200 was returned to the State in Federal grants, the balance being spent in localities far removed from the State and for purposes about which the New Jersey taxpayer had little or nothing to say.

The machinery of the Social Security Act is only one of many unique devices which have been resorted to for the purpose of circumventing the restraints of the Constitution. These restraints were created to preserve our liberty and independence by keeping governmental activities under direct popular control. It reflects no credit on the American people or the American system to say that the States cannot or will not meet their obligations to the needy through their local governments. It has been done. I challenge any Member of this House to admit that his State has neglected its obligations to the underprivileged. New Jersey, for example, was a pioneer in social legislation. We pride ourselves on our Workmen's Compensation Act, our public education system, our care of the blind, the widows, the orphans and aged persons, and mental defectives, and our program of vocational education and rehabilitation.

I said that New Jersey's contribution to the Federal Government was two-thirds more than it received. What is true of New Jersey is true elsewhere.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. McLean. Mr. Chairman, in many States the amount of Federal money received far exceeds the amount contributed by them. How long will the States permit the use of this device of taking money from the Federal Government and using it as an agency to take money out of the pockets of the more fortunate States, "sucker States," if you please, in the parlance of the day. We are heading to a time when the States will lose their identity and become mere administrative agencies of the Federal Government. The practice does violence to the statement of President Roosevelt in 1930 that "preservation of home rule is a fundamental necessity if we are to remain a truly united country."

Mr. Chairman, my attitude toward this program, as I have stated, remains the same, but my position is altered so far as this bill is concerned. I expect to vote for the measure. While I do not believe in the principle of the Federal Government carrying on this activity, we face a condition. The Congress has determined that it is a proper governmental function for the Federal Government to stick its nose into the activities of the States; and on the theory that this is a better bill, that this bill will better protect what rights may be left to the States, I am constrained to support it. [Applause.]

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield 6 minutes to the gentleman from Michigan [Mr. Crawford].

Mr. CRAWFORD. Mr. Chairman, it is my desire to compliment the committee for the amendments here recommended, which will leave approximately \$1,575,000,000 over a period of the next 3 years in the hands of industry and the workers. This saving may be used in the purchase of consumer goods or it may be placed in the field of investment, and the savings are made to the people because the committee's recommendations do not permit the increased rates to go into effect until January 1, 1940, in connection with the changes they have made in the pay-roll and the unemployment-insurance tax.

The committee gives encouragement also because it seems to point out to us that the Congress can push a social-security program beyond the limits of the present technology to support. If we go too far in this respect, we contribute to the pulling down of the whole structure of social security and the boasted high standard of living which we enjoy today as a people.

For the committee to be able to come to us in the form of these amendments, and as they now recommend that we act. which amendments are you might say only slight changes in the original Social Security Act, and they are only temporary in that they run for a period of only 3 years, and at the same time prevent the assessment or save for our people one and a half billion dollars, should prove to us that we were exceedingly loose in the construction and approval of the original Social Security Act.

Mr. Chairman, these recommended changes not only leave the framework of the Social Security Act intact but, in my opinion, these changes now supported by the committee actually strengthen the act and make it more acceptable to all and more nearly bearable to those who have to put up the money. Accordingly, in my opinion, we move in a direction of preserving the original philosophy of the Social Security Act.

Mr. Chairman, scientific knowledge is cumulative. It moves forward by steps. We can make too many promises. We can create too many dollar obligations for our scientific machinery to meet at a given time. Moving out of the field of poetry into the realm of grim reality, we know we cannot pour out of a pint measure more than a pint.

Mr. Chairman, I believe every man or woman who toils should have in this day, in this age, in this country, a frugal living, one economic in the use or expenditure of resources, not wasteful or lavish, saving, sparing, and with it all obtained by or appropriate to economy. So in considering this social-security problem I keep in mind the man or woman who has worked, who is now working, and who must hereafter work. For each there should be a frugal living. We can apply the tax too severely. We can be too aggressive.

Dr. Berle, in dealing somewhat with this situation, made this statement just the other day before the Temporary National Economic Committee:

We have the undisputed fact in the United States—it appears partly true also in France, and to a less extent in Great Britain that the private capital markets have been in large measure closed

since the year 1931.

The flow into capital construction may be said to have found The flow into capital construction may be said to have found its norm at a level of somewhere between eight and ten billions of dollars during the decade from 1920 to 1930. Of this, at least six billions went through the public markets—that is, occurred by sale of stocks and bonds. The balance went into construction through the mortgage markets or through private placement. By 1931 the amounts going through the public markets had fallen to approximately half that amount, then withered to a mere fraction. At a maximum, since 1931, not more than two and one-half billions of true capital money has gone through the mechanism of the public markets. The average is considerably less.

The conclusion is obvious: American private markets are not

The conclusion is obvious: American private markets are not funneling capital funds into capital construction at more than—roughly—one-third to one-half the rate they were doing in the 1920-30 decade. This means that private activity in heavy industry is not being continuously generated in sufficient volume to keep those industries busy, or to keep the country continuously on

keep those industries busy, or to keep the country continuously on an even economic keel.

The slack has been taken up by Government financing.

There is, first, the fact that the wealth-creating power of the Government is relatively limited. It has under its direct control not more than, perhaps, one-tenth of the productive machinery of the country. This is largely traditional in form.

If, therefore, wealth is to be created by creation of Government debt, the scope of Government enterprise must be largely increased. Briefly, the Government will have to enter into the direct financing of activities now supposed to be private; and a continuance of that direct financing must be inevitably that the Government ultimately will control and own those activities. Put differently, if the Government undertakes to create wealth by using its own credit at the rate of four billion or so a year, and if its work is well done, the Government will be acquiring direct productive mechanisms at the rate of four billions' worth a year, or thereabouts. Over a period of years, the Government will gradually come to own most of the productive plants of the United States.

This is certainly so fundamentally a change in the course of

This is certainly so fundamentally a change in the course of American life that the decision to make it should be taken reasons other than relief of a series of temporary difficulties. the country desires to make wealth creation a function of Gov-ernment (I personally believe it must do so in larger measure than it has heretofore) the choice should be the considered choice of the country, and not the result of a policy of drift.

So, Mr. Chairman, from the statements of Dr. Berle we can gather additional evidence of what is taking place in this country, of why we have so many unemployed, of why our people are so conscious of this thing we call social security. Congress responds, more or less, to the demands of

the people. Congress is conscious of pressure groups. Congress feels perhaps more keenly the call of the pressure groups than it understands the stress it places, from time to time, on the ability of our people to contribute to the tax box whether it be in the form of social-security taxes-or savings some would prefer to call them-or for some other purpose or objective. I personally feel that we are more apt to place too great a load on the people, that we are more likely to impose a social cost that is beyond the ability of our people to bear, than we are to overlook the social needs of the people.

With the permission of the House, I wish to further explore some of these factors and elements which enter into the general picture and which contribute so greatly to the growing concern of our people. Without question, the great number of unemployed—now estimated to be around 11,000,000 workers—is directly related to the absence of capital credit to which Dr. Berle refers. Furthermore, the factor of hoarding, the practice of pump priming, and the creation of credit money by Government are elements which we should consider in dealing with the program of the Social Security Act and these amendments here under consider-

BANK HOARDING-PRICES

Mr. Chairman, an expression of appreciation is due the gentleman from California [Mr. Voorhis] for his friendly recognition on May 8 of my effort of the 4th of May to present a partial analysis of farm price relations and money supply.

HOARDING VERSUS PUMP PRIMING

I beg to protest, however, that certain inferences which he drew from my remarks do not seem to me to be warranted. For example, I hope we may not fail at this point in the discussion to recognize the clarifying contribution of the Federal Reserve Board's recent statements pointing out that a record high in money supply is today accompanied by a low in price level. While it is not true, as the Board at least implied—the inference was actually drawn by the Economists' National Committee on Monetary Policy in reprinting the March statement of the Board-that price relations to which the Board itself attributes important economic significance have not moved with money supply, it is quite obvious that factors affecting the use of the money supply have intervened under the policies which have developed since the economic collapse of 1929-30.

It is gratifying, indeed, to have the gentleman from California acknowledge that these policies, because of the way in which they have created and floated new money to offset the losses of deflation, are proving, to use his words, to be "inadequate to solve the problem." Since these policies have had the support of both parties, I am happy to join him in pointing out that as to results we did not "plan it that way." Confession is good for the soul; and we may even hope that the shouting and tumult will die and the captains and kings of politics depart, leaving us to sacrifice our partisan pride of opinion and face these unsolved problems with an humble and a contrite heart.

I do not feel that in the time available I can resolve all of what seem to me the confusions in analysis and definition of terms which the gentleman has drawn from current political and academic thought and incoroprated in his reply. But I must at least point out that these ideas introduce considerations that, in my opinion, are quite extraneous to the problem of the monetary cycle with which we are dealing.

MONOPOLY PRICES

Outstanding among these irrelevancies is the specious attempt to create an alibi for our fiscal incompetency by attributing sticky or rigid prices to what the gentleman calls the magic of monopoly. To begin with, competent students, such as Humphrey, Tucker, and quite recently Arthur, have presented ample arguments to show that there is no magic about it; for as related especially to the size of modern units of industrial production, monopoly can have no determining relation to the general rigidity of prices in durable goods. On the whole, such prices fail to rise as much as they fail to fall, and they developed this lag relative to shifts in farm prices long before the day of the supercorporation. But even if this were not true, the gentleman has eagerly admitted that we are dealing with a monetary problem in which the difficulty lies not in price rigidity but in price variability, which should not have occurred were monetary supply properly controlled.

His argument, therefore, reminds us of the good Irish biddy watching the holiday parade. As her son Pat's platoon swung around the prosperity corner she noted well the rigid and orderly array. But her maternal pride swayed her partisan viewpoint as she saw Pat striding out in front of the line. "B'gorra, 'n look, wud ye!" she cried. "They're all out o' step ixcipt Paat!"

Price rigidity—the gentleman would call it stability if he were not baiting big business—is the very thing he is seeking. Indeed, he is only too eager to suggest that it is the lack of stable prices that causes the hoarding of money such as we are now witnessing. In this contention we all readily concur. But this, as I shall undertake to show, is for the very reason that it sets up a vicious circle of cause and effect which eclipses the influence of a normal rate of interest in maintaining that circulation of money which can alone assure us that hoarding will not develop and create the very panics, followed by booms as rising prices recur, which we are seeking to cure.

BANKING, HOARDING, INVESTMENT, PRICES

Let the gentleman note well that the money changers were in the temple long before the evils of the modern clearing-house system were developed by banking with partial reserves. Let us recognize, too, that hoarding, under modern developments in the field of capital formation, that is, under mechanization, is capable of causing quite as much if not more difficulty in price cycles than is caused with the existing banking system. This system, though a very cause of instability—and Mr. Voorhis has such an eminent authority as Professor Slichter, of Harvard, to support him in this position—does at least allow for some erratic expansion, even by public as by private borrowing, as the gentleman well notes.

Hoarding, therefore, remains the ancient and fundamental evil with which we must deal; and in this connection I submit that it seems relatively immaterial whether or not we grant an unjust concession to people of means to create money in the form of bank credit. In the long run the effect of hoarding in producing the difficulty of money-price cycles must be pretty much the same as that of banking with partial reserves. The modern money problem is, indeed, more critical, but not so much because of the banking system as because of our mechanical development of capital equipment. The accompanying complex divisions in productive processes make continuity in trading through money imperative for the maintenance of economic stability and employment.

Indeed, it is at this point that I beg to take sharp issue with the bargain basement theory of pump priming by subsidizing consumers to maintain stable prices, to keep consumer purchasing power up to production, in the President's words. We are all consumers, especially of the food supplies which so sensitively record monetary conditions in their farm price level. Rich or poor, our consumption level in necessities is the same and has the same relation to the price of staples. But we are not all savers who can hoard money, and it is precisely for that reason that the method of issuing money must consider, not the spending motives of the have-nots who are without reserves which they can choose not to spend, but the spending motives of those who have earned a surplus in income which they can hoard. What will they do, and why? Should not those who earn and save our surplus control its investment? Is this not in the public interest?

How, indeed, can our eminently sincere Golden State colleague, having traced the cause of hoarding to falling prices, fail to see that he is not dealing with hoarding at all when he proposes to subsidize necessitous spending as against the investment of savings or surplus funds? Let us get hold of the fact that we cannot pin this lack of so-called velocity in money supply solely on the banks or on a few wealthy Midases, but must attribute it to everyone's cash balances insofar as such balances do not have to be spent for necessities. The failure of investment in paring knives or automobiles has the same effect, in proportion to its value volume, as the failure to invest in hotels or steel mills. As the socalled lack of confidence affects the money supply and the business cycle through the operation of bank credit, so it must also affect the sum of money in use through affecting the rate of employment of cash, just as it would do were we operating under an exclusively cash system. Failure to expand the money supply in such a way as to prevent falling farm prices must have this hoarding effect regardless of the banking system, even though it be true that our system of extending credit through the banks operates to prevent that essential monetary control.

It seems to me essential, therefore, that the monetary methods adopted shall affect not those incomes which must necessarily be spent regularly but rather those incomes or really that part of all incomes which can at will be spent irregularly and become indefinitely unspent as cash balances, thus affecting the total sum of money being used in trade. Is it not plain, both in theory and in fact, that this sum—all the money actually being spent—does not affect the price level of the classes of goods which, being durable, need not be bought as used and from which spending may therefore be withheld, but rather the prices of those goods which are used up as purchased and for which money must be spent continuously? Prices exist, and are related to the sum of money spent, in sales which are consummated, not in sales which are withheld.

As a business community the country seems not to budget its spending as an individual account might do, so as to allot a particular segment of its income to food supply. If staple farm prices are falling, income is not thereby released to other, nonnecessitous spending. On the contrary, income is, as a whole, devoted proportionately less to other thingsso much less, indeed, that in order to sustain industrial sales the decrease in so-called demand would have to be apportioned, simultaneously, amongst the complex chain of productive factors which operate in assembling the products of industry. Doing this, simultaneously, is plainly impossible. So the final process of the many steps involved in the total cost of assembling any industrial product would have to assimilate the whole of this deflationary loss if all finished, consumer goods are to decline in price as flexibly as raw materials. Plainly, this, too, cannot be done if the final processor is to remain solvent, for he has already paid for antecedent costs (raw materials and unfinished goods) at a higher level of prices.

The result of deflation is, then, that the normal margin of profit which sustains all industry and investment, and which is the normal rate of interest, is destroyed and durable goods tend to be sold, to sustain their market position, at a price level representing money costs which must be restored by reflation to make the system work at all. Imagine, if you can, the chaos of a market for durable goods which operated flexibly to meet the monetary instability of farm prices! What would happen to the used-car market, for example, if new automobiles came onto the market at prices which varied with crop prices? Indeed, in such a market, the housewife would find herself renting washing machines and, mayhap, even paring knives, from a holding company operated to speculate or hedge against these allegedly competitive flexibilities in price.

It is obviously, then, impossible to keep the price of capital equipment, accumulated at costs incurred over a period of changing prices, in line with variable farm prices. If the normal rate of interest—the normal, marginal rate of return on investment—is affected by mere changes in the price of inventories (of all kinds of property), money incomes rise and fall accordingly and the whole capital structure is progressively affected in its price at a multiple rate

based upon calculations from the normal rate of discount or interest, if that rate is allowed to operate without interference. For this reason, money, despite attempts to neutralize the difficulty by changes in bank rates, is sooner or later sucked into speculative operations in capital values, largely through speculation in real estate and mechanics of the stock market. This affects normal business much as does hoarding, so that the money supply is never adequate and cannot be made adequate in the face of a rising level of basic commodity prices.

NEW CREDIT SCHEMES SUBVERSIVE

Despite this inherent monetary impasse involved in rising prices. Marxian fallacies as to the nature of capital and interest and their relation to monetary saving and investment have so permeated the whole of our body politic including, it would seem, even the Golden State, as to lead to the gentleman's naive proposal for a rising price level as a remedy for our troubles with debt! Our minds have become so chronically confused by inurement to the existing money muddle that we find it very difficult to think at all, it seems, in terms of a rational system. Indeed, though the gentleman has agreed with Dr. Currie that our money supply must come into existence free from debt, does he not now propose a system of public meddling with what must and should remain the properly private function of loaning money, by opening a ledger of national credit which so far has never been opened? How, pray, can public credit be loaned into a free system of competitive private enterprise? Is not the proposal for a system of industrial finance banks under Government auspices, selling consolidated debentures and stock to the public, but making credit and even equity capital available to producers, just another name for the very same kind of a financial Tower of Babel which we have been trying to build in the Federal Reserve System? Is it not, in reality, just such a system of concessions in credit money that we are now struggling to force into operation and which is proving not to be the answer even though autocracy be invoked, as in Germany, in the vain attempt to make it work?

In the words of the venerable president of the University of Minnesota, Dr. Guy Stanton Ford, prefacing the most notable volume of essays on dictatorships yet to appear in print.

The unconscious fascism of many of the prescriptions to preserve democracy should give the thoughtful citizen more anxiety than the vague danger of a handful of radicals.

If my efforts to be thoughtful about the pickle being prepared for democracy in this Congress have told me anything. it is that those experts who are ideologizing for our milliondollar tem-permanent econostrums committee are preparing statistical opiates to assure public unconsciousness while democracy is being preserved in the saltpeter of bureaucracy and the vinegar of autocracy. Even Dr. Currie has, by request-I wonder who requested it-presented the committee with an array of dope sheets which should, let me say, raise the ghost of Disraeli in his trenchant retort: "There are three kinds of lies: White lies, damned lies, and statistics." Dr. Simon Kuznets, of the National Bureau of Economic Research, upon whose work I observe the Currie showing on offsets for saving is largely based, has himself indicated that these statistics of national income and capital formation are at best not precise guides in business-cycle studies. Yet it is assuredly the business cycle with which this committee should be especially concerned.

While it seems to be an accepted precept of statistical methods that figures prove nothing as to economic causation, their soporific influence has apparently beclouded even such an outstanding intellect as that which told this very economic committee only last summer:

Regulation is always dangerous. Finally there is always the certainty that * * * the regulations will be used for purposes which are either corrupt, political, or doctrinaire. Any of these three may produce violent and extremely unhealthy results.

I wish someone would explain the system of capital credit which the author of this sage advice, Dr. Adolf Berle, Jr.,

now proposes in conjunction with the gentleman from California, so as to make me understand how it can be operated without regulations. An allegedly new banking system carried on not for profit but as a public service charged with the responsibility of making capital-credit loans to business and to government is projected—without regulation?

Let us beware, Mr. Chairman. Beware the Greeks when

Let us beware, Mr. Chairman. Beware the Greeks when bearings gifts. Beware the starry-eyed liberal when devising new deals to operate on altruism. Give me liberty to profit or lose competitively in investment if you want me to feel safe from exploitation.

Whether or not so-called interest charges be attached to such a credit system as now exists or as these gentlemen of the New Deal are adumbrating for us is wholly immaterial to its feasibility. The flaw in the system lies in the attempt to float new money by lending it, so that the money exists in the debt structure only and can no longer exist for use if and when the debt is paid. Putting politics into such a scheme of parasitic, forced saving through Government auspices cannot sanctify it. On the contrary, that is precisely what has put the Federal Reserve Board on the spot today. Political pressure will continue to make a racket out of the very best intentions in the management of money by any board empowered to use its discretion in any way whatsoever. This will be true even in that fool's paradise where, according to Dr. Berle, new centers of finance are to be more responsible to the public by being wholly under nonpolitical, public control. But regulations, mind you, the doctor's own words, "regulations are to free them"-not the people but these new, new deals in finance-from the rigidities which now obstruct the flow of capital. No one suggests change in the objectives of the New Deal's struggles. But Heaven protect us from these unscrupulous money changers who, faced by the failure of credit, have proposed only the lending of more money, for though condemned in these very words in President's Roosevelt's first inaugural address, money lending and more money lending is still the fiscal principle under which those objectives are being sought after 6 long years of lip service to monetary liberalism. Liberalism; yes—with other peoples' money.

BUSINESS CYCLES ARE MONETARY

Bad as its sponsorship of spending has been, however, the present Reserve Board has at least been superwise in its suggestion that it be not given any added illusory powers. No matter what the auspices, the attempt to spend, privately or publicly, through an uncontrollable lending system, cannot operate otherwise than in business cycles of inflation and deflation. Failing to mend the roof in fair weather under the illusion that it is unnecessary, we are deluged with money leaks when the rainy day recurs. Quoting the words of Dr. F. H. Knight, of Chicago University, in closing a caustic criticism of the latest treatise on money and interest by John Maynard Keynes, our British bellwether in lending and spending, let me suggest that since speculative psychology tends to give rise to a kind of momentum or cumulative tendency in price changes, and since this tendency should be especially strong in the case of money, the essential function of which is to be held speculatively, therefore this-monetary speculation-is the most important factor in the general tendency to oscillate in an economic system—in contrast with speculative cycles affecting particular commodities.

Professor Marshall, of England, fully recognized—page 594 of his Principles—this monetary character of the business cycle and pointed out, in the precepts of his preface, that those effects of an economic cause which are not easily traced, are frequently more important than, and in the opposite direction to, those which lie on the surface and attract the eye of the casual observer. As recently pointed out by Dr. Timoshenko in a paper from Leland Stanford University dealing with the post-war price of wheat, monetary influences are a powerful price factor which nevertheless do not lie on the surface where they can be isolated and studied statistically.

We have then to deal with a factor the influence of which cannot be presented statistically in the investigations conducted by a congressional committee, however highly financed. What is needed, it seems to me, is not an addendum to the plethora of so-called facts already accumulated, but a correct interpretation of facts well known to everyone. It is not things as they are or have been, statistically, but things as they ought to be, that need a thorough reconsideration.

Does anyone deny that an outright policy of inflation would produce forthwith what is commonly called recovery? Hardly. We know very well that we cannot attain recovery and reemployment without an accompaniment of monetary inflation. What is not yet solved is the problem of making it permanent—of controlling, without restricting freedom of enterprise, the advance of prices to prevent the disparities of inflation, while maintaining an adequate supply of money in use to prevent the disparities of deflation. Nor can we meet this problem of prices and monetary inflation by playing ostrich with it—by sticking our heads in the sands of a Kentucky hillside where all that gold no longer glitters!

The eminent gentleman from New York [Mr. Barton] has recently suggested the one sure way to stage a prompt recovery while calling a halt on public spending, to wit:

Cut taxes immediately. Instead of decreasing the deficit the first year, this might for the moment increase it.

But the gentleman from New York [Mr. Barton] has failed, it seems to me, to consider sufficiently the dangerous situation which deficit pump-priming has already produced under deficits borrowed from the banking system. Smothering taxation, accompanied by extravagant subsidies of all kinds, has produced the condition fostered by subsidized interest rates that has been disclosed by the chart of farm prices, money supply, and income, which I presented before this House on May 4. Unless we systematize Mr. Barton's procedure for tax relief to make it check, as well as cause, inflation, changing also to a system of demand deposits covered by full reserves to prevent credit inflation, we can have only a gambler's recovery of runaway prices—and such a recovery, it would seem, probably cannot be stalled off much longer. Without this divorce between money supply and bank loans, as proposed by Dr. Currie, we face assured instability from the perverse elasticity of the system. This was pointed out also by Professor Slichter, of the Harvard School of Business, in his book Toward Stability. That instability, that uncontrolled inflation, may bring recovery, but with it will surely come the attempt to dictate prices and control investment that spells fascism. Thus arises the subtle subversion of democracy and free enterprise foreseen by Dr. Goldenweiser, of the Federal Reserve Board's staff, early in the New Deal, when he thus expressed himself:

I am firmly convinced that monetary control does not exist and that within the framework of our economic and political organization monetary control can never exist. It will not exist until such time * * * when the Government will control substantially all economic activity.

This, then, is the defeatist view which the economic committee of this Congress and the administration is obviously taking for granted. Almost every presentation which official witnesses have put before this temporary (?) committee has been a promotion, not of a broad, open-minded investigation, but of a gilded goose-step into un-American activities.

CAPITAL IS NOT MONEY

Fundamentally, may I insist, the mistaken idea that interest is actually a charge for the use of money is at the bottom of the confusion of thought in which we have become enmeshed. In this confusion experts and laymen alike are failing to distinguish between money and wealth. Let us try to get this clear. Except, perhaps, in the form of public debt which, as Thomas Jefferson insisted, should be constitutionally prohibited, it is obvious that money itself cannot be invested.

It can only be kept in circulation by being spent for that which is actually invested—that is, for the productive factors such as reachines, which are properly called capital. Whatever may be the practice in accounting—and my own business

experience has been largely centered in accountancy—neither money nor instruments of indebtedness can be called economic capital. They may, of course, be properly listed in the balance sheet as individual or corporate business assets, but they are not themselves productive of any real wealth or income and therefore cannot be listed as capital in the sense of wealth—that is, as economic assets.

If we are to erase the confusion between money and wealth, between price and value, from our discussions, we must stop using the word "capital" to mean both or either—money and/or wealth. Capital is not money except to the individual who is counting his assets in toto as his capital, in which case he sums up everything in terms of money even though he be not actually possessed of a single cent of money. Capital in this sense of real wealth is not purchasing power as is money, and therefore is no proper, direct concern of Government, certainly not in its responsibility for dealing with our boom-bust monetary cycles.

Because money is not wealth, it may well be defined as that, the ownership of which excludes the ownership of wealth and prevents the holder from participating in the benefits of income. Normally, and properly, the holder of money cannot love money. Rather must he have to get rid of it—spend it for something which he can invest, that is, something which he can put to productive use, before he can enjoy any income. If properly used, money thus serves to socialize wealth in the sense of assuring that all wealth shall be produced for continual use.

Trading, indeed, is for mutual profit; it would not otherwise continue. It is, in other words, the procedure which creates the values in the products of division of labor which would otherwise be valueless to their producers. In brief, a normal money system must operate so that saving and investment may and normally do proceed coincidentally. This is accomplished because the production of surplus value by anyone can function at once through the medium of exchange to reward him with so-called unearned income. Through liquidating his surplus production-by conversion into money-and placing the money at interest at the disposal of society, the producer of wealth acquires income in liquid form without having wastefully to hold or invest his surplus goods himself. Indeed, if he neither spends nor lends his money, society proceeds to use the real wealth he previously produced without rewarding him at all. This, truly, is production for use in the socialistic ideal. use-no profit.

In the light of this distinction between money and wealth we can readily see that it is simply not true, as the gentleman from California [Mr. Voorhis] alleges, that the supply of money must be increased because, forsooth,

Investment means a storing up * * of a portion of current income.

Investment spending, even for Government bonds, does not store or hide any money and therefore create a need for a replacement fund. Normally, though not always under our existing credit system, investment circulates money just like any other spending. Indeed, all spending is investment, if not in the capitalistic accessories to labor which function in production, then in man himself as a productive factor; for as the philosopher Kant observed, man is both cause and effect. In all investment, human beings are both the means to the objective and the objective itself.

TAX RELIEF AGAINST PUBLIC SPENDING

To summarize, the new money must be issued, not by doles at the bottom of the system, but by tax relief into the hands of those whose incomes are in part available as taxes to support unproductive public spending and therefore can and will be used in private, productive investment and employment when released by remission of taxes. As long as public policy is based on the theory that public spending instead of tax relief for private spending is the only available expedient, it is assuredly inevitable that the Nation will be progressively engaged either in a fatal drift to communistic futilities or in boondoggling instead of in profitable production and trade. Since neither of these is feasible, Gov-

ernment squandering to "prime the pump" is a policy which finds itself in a dilemma, caught between the devil of depression and the deep blue sea of autocracy and bureaucracy.

WHAT IS CAPITALISM?

Let me close by asking consideration for what seem to me underlying principles in the normal operation today, as always throughout human history, of the competitive, capitalistic system. Let me say that while I hold no brief from Dr. Knight, of Chicago, and do not wish to involve him in the shortcomings of this presentation, I take my cue from my own business experience as illuminated by ideas which he has offered, particularly in criticism of Irving Fisher's presentation of the orthodox theory of interest and value.

A human economy can only operate capitalistically. Human economic values always represent estimates of future annual income accruing from the productivity of the asset being appraised, which is then capitalized at a fixed, natural rate of interest to set the valuation. Capital, in other words-real wealth, not money-must maintain a net reproductive rate in excess of all amortization charges-including insurance against risk-of approximately 5 percent annually in order to be worth what it cost. Investments, which in a money system should correspond with prices, are always appraised for pricing, not by whether or not the accumulation of costs which they normally represent proves capable of reproduction at a net rate to cover all expenses but by whether or not that net rate annually equals about 5 percent of those antecedent costs which have built up a given investment.

This dynamic process of maximizing productivity, income, estimating it numerically, capitalizing the resulting values at a multiple of 20 times the annual income, and adjusting antecedent costs to this appraisal, is obviously one which is so complex that it can be validated only by the personal responsibility of ownership for the solvency of the results attained. A free market choice should exist, free from price fixing by government; but it cannot be free from the stern realities of our existence and our environment as they fix the consequences of behavior. The profit and loss in property values resulting from reduction or elevation of expenses or productivity is a fixed multiple of resulting annual income. That is to say, any property is ultimately altered in value about 20 times as much as its annual net income is altered. This is true whether trading occurs or not.

It is thus obvious that errors in estimating incomes and resulting values may develop not only from individual lack of technical skill or knowledge but also from a social failure to use either a constant rate of interest or a common denominator of constant economic value in recording items of expense and production. Such a denominator and rate of interest cannot be selected arbitrarily for use but must be real, economic constants actually involved in the cumulative cost of all production as it is molded into property which can be owned and appraised. Obviously, a change in the numerical-monetary-expression of this real unit of cost or economic value, or a change in the interest ratio at which capital values are computed, will theoretically create a change in numerical-monetary-inventory that is proportionate to the investment already attained in processing at the time of change in the monetary denominator or in the rate of interest. Highly processed, durable commodities, which do not have to be used up as fast as purchased, will, therefore, become involved in capitalistic, speculative trading, resulting from interest-rate and monetary changes, at prices which vary intricately in proportion to their durability and length of processing.

Thus the fixed, natural rate of interest is the fulcrum upon which all trading values including natural resources are balanced against their productive capacity per annum. The process of appraisal on this basis is and always has been continuous and dynamic, for we are always debiting the investment with the rate of interest and crediting it with the value of services obtained during the intervals of use. If this account fails to balance, the investment is recapitalized accordingly by all those who trade for pricing on the market.

Investment thus never yields any continuous profit or loss above or below the rate of interest. It is always reappraised, not on the basis of whether or not it produces a net income—above or below zero—but on the basis of the net income as related to the rate of interest—above or below about 5 percent per annum.

When the Greeks used a word meaning "offspring" for what the Romans came to call "inter-est," they had not fallen so completely under the spell of the money illusion but that they recognized that trading invariably proceeds on this fundamental, reproductive precept in capitalization. Every attempt in history to alter it by lending of new money at depressed rates or at no interest, has resulted in more or less disastrous hoarding and subsequent uncontrollable inflation. It has resulted, in other words, in a "business cycle." In my opinion, that is the way all this Government meddling with the lending of money will work out this time; and it is against this very contingency that the Federal Reserve Board has now warned the Congress that it does not have and cannot be given, effective powers of control.

EXTENSION OF REMARKS

I fear I would accuse the gentleman from California of a deliberate partisan attempt to obscure or camouflage the issues by sophistries did I not know, not only of his personal sincerity and integrity, but also how serious the confusion of thought, and of language, has become in the field of cycle and monetary theory as related to prices. As evidence of the nature of this confusion, Mr. Chairman, I shall very shortly beg leave to extend my remarks to include in the Record a series of letters which passed between myself and the Bureau of Agricultural Economics during the past year, leading up to the development of the chart of grain prices which I exhibited to this House on May 4. I asked the gentleman from California to join me at that time in requesting an excess of space, if found necessary, in which this correspondence may be printed.

Mr. Chairman, I ask unanimous consent to extend my own remarks in the RECORD on this subject and include some additional comments I wish to make that have to do with this problem.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. COOPER. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. PATMAN].

OLD-AGE PENSIONS

Mr. PATMAN. Mr. Chairman, I congratulate the Committee on Ways and Means for the fine work it has done on social-security legislation since the beginning of 1935. This bill proposes a substantial amendment to the old-age assistance part of that law. It proposes that the Federal Government match up to \$40, 50-50, the amount paid by the States; in other words, the Federal Government promises to pay as a direct Federal contribution \$20 to each eligible person on the pension roll over 65 years of age. A \$20 contribution; let us keep that in mind.

UNOFFICIAL STEERING COMMITTEE

This morning there was held a meeting in the caucus room, attended by Members of the House who are interested in liberalizing the old-age assistance part of this law. It was called by the gentleman from Mississippi, Congressman Colmer, who was elected chairman of the group. Many of us would like to see the Federal Government make a direct contribution of \$30. Many would like to have different plans and proposals adopted. So we have agreed to pool all our different proposals before this unofficial steering committee and endeavor to get one major liberalizing amendment adopted to this part of the law. The amendment that was agreed upon is an amendment by the gentleman from Mississippi [Mr. Colmer], and it will be offered by him when this bill is read for amendment under the 5-minute rule.

FEDERAL GOVERNMENT TO CONTRIBUTE 4 TO 1 UP TO LIMIT OF \$20 CONTRIBUTION BY FEDERAL GOVERNMENT

This amendment provides, briefly, that the Federal Government will contribute \$4 for every \$1 that is put up by a State

up to \$20, the maximum amount that the Federal Government will be out. Remember, the committee offers a \$20 maximum now in this bill, so this Colmer amendment will not increase that. Take a State that is putting up \$10 now, under existing law the old-age pension recipients are receiving \$20, half from the State and half from the Federal Government.

Under the Colmer amendment \$5 of that amount will be sufficient to obtain \$20 from the Government. That will make \$25. Then the \$5 extra which the State is paying will make \$30. In other words, for every \$10 that is put up by the State, up to \$20, the Federal contribution limit, the State recipients will obtain \$30—\$10 put up by the State and \$20 put up by the Federal Government. If all the States take advantage of the provision offered them in this committee bill, which is to match 50-50 up to \$40 per month, the Federal Government will be out just as much as it would be out under the Colmer amendment.

Mr. BUCK. Mr. Chairman, will the gentleman yield? Mr. PATMAN. In just a moment I will yield.

I know the contention will be made that all the States cannot take advantage of this committee proposal. Shall we place ourselves in the position where we are collecting money from people all over the Nation by a 1-cent Federal tax on each gallon of gasoline, almost a 100-percent sales tax on cigarettes, an excise tax, and a normal-income tax, all these taxes being paid by people all over the Nation, but when we commence to distribute the money out for old-age assistance. when we commence paying it out, we commence at the top and help only the wealthy States? Shall we go back and tell our old people, "We voted for a law which would give you \$40 a month, with \$20 Federal contribution, if you live in California or in New York, but if you live in Texas or Mississippi or Oklahoma or in some of these other States, some of the States in New England as well, we cannot give you that amount. We are giving it only to the people who live in the wealthy States."

Mr. BATES of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I am sorry I cannot yield. I do not have

I do not believe that is fair to the people who live in the poorer States and who pay exactly the same in proportion to what the people in all the States pay. It is certainly unfair to collect the money as we do and pay it out in that way.

Mr. BUCK. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from California.
Mr. BUCK. The States to which the gentleman refers
match Federal funds for road improvement on a 50-50 basis,
do they not?

Mr. PATMAN. Yes.

Mr. BUCK. In 1937, according to the information I have, some of those States spent millions of dollars to match the Federal contribution.

Mr. PATMAN. That is right.

Mr. BUCK. While they spent only a few paltry thousands of dollars to take care of their aged.

Mr. PATMAN. That is not a comparable situation at all. Mr. Chairman, I hope the Colmer amendment is adopted when it is presented. [Applause.]

[Here the gavel fell.]

Mr. COOPER. Mr. Chairman, I yield 2 minutes to the gentleman from Montana [Mr. O'CONNOR].

Mr. O'CONNOR. Mr. Chairman, the primary purpose I have in asking for this time is to ask a question of one of the members of the Ways and Means Committee, but first I want to say a word for a class of people that do not seem to come within the philosophy or the scope of this act, and they are the employers. Take, for instance, the small stores in small country towns where we find storekeepers and little places of business such as laundries and so forth that may go on for years and employ quite a few people. We find in many instances that after their rent is paid and their lights and heat are paid for and after the janitor is paid and after their other help is paid, they have little left for themselves.

They have been contributing to this fund from the beginning and yet, under the philosophy or scope of this bill, if they go broke, and the records show that from 75 to 90 percent of employers engaged in such small business today do go broke, we find them without the scope of this measure and without being able to receive any benefits from this social-security set-up and, personally, I would like to know from some member of the Ways and Means Committee, and particularly my good friend, the distinguished gentleman from Tennessee [Mr. Cooper], if there is any way by which we can amend this bill to include such an employer, for instance, who goes broke.

[Here the gavel fell.]

Mr. COOPER. Mr. Chairman, I yield the gentleman 1 additional minute and will be glad to endeavor to give him the best information I can in that brief time.

Of course, this program is to provide benefits for employees and not employers. Under the original report of the President's Committee on Economic Security, a provision was included and recommended to provide for voluntary annuities, which would have taken care of the type of person to which the gentleman refers. We encountered considerable opposition from insurance companies to that provision of the recommendation. Therefore in the original social-security bill that part was not included and it is still not included in the pending measure.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield 15 minutes to the gentleman from Ohio [Mr. Jenkins].

Mr. JENKINS of Ohio. Mr. Chairman, it would seem from the discussions we have had that by far the majority of the House has already made up its mind what it is going to do, and it would seem that this bill will pass overwhelmingly. It is almost useless for us to indulge in any further debate. Really, we have had no real debate for there are not many items in controversy. We have had rather a symposium of explanations, and I do not know that we will have much further debate when we get into the consideration of the bill under the 5-minute rule. Some of you who were here 5 years ago, when we passed the social security bill, know that it was generally considered that that was the most comprehensive bill that had ever been passed since the foundation of the Republic. When I say comprehensive I mean the most all inclusive. Of course, a war measure or other measures of that kind constitute a different proposition, but it was generally considered then, and is considered now, that the social security bill is the most comprehensive, all-inclusive bill that Congress has ever passed from the days of George Washington down to 1935.

When we passed that bill it divided itself naturally into two categories, and that same situation obtains with reference to the bill we are considering today. Any arguments that we may have with reference to this bill will all divide on these two points.

What are the two divisions to which I refer? One is the division that has its source in the wellspring of public charity or from a public sense of duty to those of our people who, through no fault of their own, are unable to properly care for themselves.

The second division is title II and title III, which readily classify themselves into the classification that I shall call insurance.

In this first grant is old-age pensions. There is no special tax laid for this class. Do not get it confused with the oldage benefits. The old-age pension section in title I is a charitable proposition, where the United States Government comes forward and seeks to do something for the aged people of the country. Tomorrow, when someone rises and offers an amendment to change the program of 50-50 contributions, you must remember that the old-age pension plan that we passed 5 years ago did not originate with the Federal Government. The Federal Government is not the originator. Congress cannot claim patent rights on old-age pensions, because many of the States had old-age pension laws long before the Federal Government took it; but you can put your finger on this, that the Federal Government did not take it up until it found out how popular it was with the States, and

it then took it up with the idea in mind that it should always be a national policy, and that the Government and the States should divide the responsibility. We laid the proposition down that the States should participate equally with the Federal Government. The Federal Government did not put up any machinery for distribution. It did not provide for that; it simply laid down the proposition that we would give an equal amount with any State up to \$15. But the States must come forward and superintend the distribution of the pensions. The States must administer it. If we had not provided in that bill that the States would administer the act. it never would have been passed; and why? Because we argued that we wanted the administration of the law close to the people so that the people could tell who were the chiselers and who were the people that should not have the pension and who were the ones who should have it. And so when we considered that proposition 4 or 5 years ago, do you know what we Republicans did?

I am not trying to inject politics into this but just a statement of facts. We Republicans tried to fix the figure for the Federal Government's contribution at \$20 to be matched by the States. We waged a battle for \$20 but it was not accepted. Do not you think we should feel proud that the Democrats have seen the light? [Laughter.] They have seen the error of their ways. They have seen the equity of it, and they now come with us for a \$20 a month proposition

which I am sure we Republicans will support.

Let me tell you another thing about the bill we passed in 1935. The Democrats cannot claim credit for this whole Social Security Act, comprehensive as it was. Certainly not. It has 10 titles in it. One of the titles simply gives the name to the bill, so it has nine effective titles in it. One of those titles provides aid to the blind. When the original socialsecurity bill came from the White House it said nothing about the blind. We fought it out in the Ways and Means Committee, and the Democratic Party would not accept that provision for the blind, so that that party now has no right to claim that it is responsible for the pension the blind get in this country. We Republicans made the fight on the floor of the House and tried to get the Democrats to include the blind, but they declined to do it. The proposition received much support but not enough to carry it. The bill went to the Senate, and the Senate amended the bill with language almost identical with the amendment which we offered. So, Mr. Chairman, this bill is not a political bill, either Republican or Democratic. It is a bill that has in it many good features which have come from both parties and some which are not so good.

Mr. TREADWAY. Mr. Chairman, will the gentleman

yield?

Mr. JENKINS of Ohio. Yes; I am always glad to yield to my leader on our committee.

Mr. TREADWAY. The gentleman is too modest about the matter of the aid for the blind. He was the man who pro-

posed it. [Applause.]

Mr. JENKINS of Ohio. I thank the gentleman, and I am proud of any small part I may have had in it. It is not necessary to mention that here. Let us go a little further. We had in this original bill a proposition that provided for aid for children. That was not initiated by the New Deal. We had that in the Federal law. We had in the Federal law rehabilitation features. The biggest part of this important bill was already the law in some form or other. When we approach a discussion of this bill, let us consider these assistance features as being for the best interests of the country. We are all for these features in spirit; we may differ in method.

The other division into which this law will classify itself naturally is, as I have heretofore stated, the provision of insurance. I opposed title II 5 years ago. I oppose it now in my heart. Then I said it was unconstitutional, and I was opposed to it on the further ground that I felt it was not a wise program for the Government to assume. I shall not discuss what we did at that time, but I still insist that these insurance features have not put themselves by a 5-year trial on as firm a footing with the people as these other features

have. I would be in favor of title II with all my heart if I felt it would benefit the workingman. The workingman needs immediate help when he needs it—not a rainbow 45 years away.

Mr. PATMAN. Mr. Chairman, will the gentleman yield? Mr. JENKINS of Ohio. In a minute. I want to drive this home. Observe this prophecy. We made it 4 years ago. We said this insurance proposition would not live because it is not built on proper insurance foundations, and it would not endure; it could not endure. They said that they would fortify it with this vast \$47,000,000,000 reserve.

We opposed the big reserve then. We Republicans opposed it 2 years ago. The gentleman from New York [Mr. REED], one of our distinguished Members, and myself collaborating with other members of our party on the Ways and Means Committee, advanced our position and our reasons for it. Today we see what has happened and we can say, "I told you so." Now, what has happened? This bill provides for a change in the pay-roll tax rate which will do away with the \$47,000,000,000 reserve. That was a 10-to-1 reserve. Now the bill provides a 3-to-1 reserve. Why do I mention this? I mention it because they have seen the light of day. They have come to our view by the irresistible force of facts. They see another thing. They see that these two insurance provisions will not stand on their feet from an insurance standpoint. They will not do it. Why do I say this? Let me take you to the majority report and show you what the majority report says. I want to compliment those who got it up. It is a splendid report. Particularly you younger Members who want to make speeches this summer on this proposition of the social security, may do well to take that report and also the minority report, which is equally and even more eloquent in its correctness than the majority report and it is even more responsible and illuminating, but it is not quite so voluminous. I want you to look in that report and see what has happened. Let us see what has happened. On page 15 they have a table that is really astounding. It scares me because it proves that the time is coming when these two insurance features are going to be nothing more nor less than social-benefit institutions. The Federal Government will have to maintain them.

Talk about taxes! This bill will reduce the tax two hundred and seventy-five million, on title II by reason of our freezing the pay-roll tax at 1 percent for 3 years instead of raising it to 11/2 percent on the employer and employee as the present law provides. But the tax will go up to 2 percent on each of these parties in 3 years from now. In 5 years it will go up again to 6 percent-3 percent on each. When it is up to its highest limit, 6 percent, we will run behind \$81,000,000. Let me show you the figures. In 1940 we take in \$501,000,000, and only spend eighty-eight million. In 1941 we take in five hundred and five million, and we only spend two hundred and eleven million. In 1942 we take in five hundred and four million, and we spend three hundred and fifty million. We are still ahead of the game. But in 1944, when we raise the tax, we take in \$1,067,000,000 and we spend five hundred and ninety-eight million. In 1950 we take in \$1,751,000,000, and we spend \$1,389,000,000. When our employers will be paying 3 percent and the workingmen will be paying 3 percent, you can say whatever you please, you can laugh if you want, but when it reaches its limit of tax production, it will reach in 1955, \$1,849,000,000, and we will spend \$1,930,000,000. That is what we will spend. That will be a deficit of eighty-one million in that one year. What are we going to do then? You cannot raise the tax-you have told the people that this will carry it through, and this is not true. You cannot raise the tax, consequently you are going to dig down into your pockets to keep the gigantic institution going. Why? Because you will have a lot of people who paid for it, and you will say, "We cannot throw those fellows down now. We will have to do something about it." My friends, we are proceeding blindly, and the only result will be to deceive the people.

I tell you, just as sure as you live, that the United States Government has no business in the insurance business unless it runs it along the lines of insurance, unless it expects to come forward and make up the great deficits as it will have to do. Then, if it is not an insurance program, why not give it a descriptive name? Why deceive the millions of workers who are now under the Social Security? They are not voluntarily under it. It is compulsory. My friends, if it were optional, that would be entirely different, but when the Government compels many millions of its people to pay their money on an insurance plan that they have a right to believe will benefit them, only to find it to be a delusion, somebody will have committed a terrible legislative crime.

Who will answer me as to what we will do in 1956? As I have already shown, we are going to be compelled to dig into our reserve to the tune of probably four hundred million. In 1957 we will have to dig in a lot more. The next thing we will have our reserve all used up, regardless of whether it is I O U's or good regular United States bonds. We will be in the red so far that I do not know what we will do about it. It will be terrible to contemplate. If we could quit in 1956 without any evil consequences, that would be one thing, but you just simply cannot quit when you get that far along. Then you know what will be the result—appropriation upon appropriation, world without end.

Mr. CARLSON. Mr. Chairman, will the gentleman yield? Mr. JENKINS of Ohio. Yes; I gladly yield to my able

friend from Kansas.

Mr. CARLSON. Will the gentleman just stress the fact that that is only 15 years away—a very, very short period in the time of a nation.

Mr. JENKINS of Ohio. Yes. That is what astounded me when I heard those men coming from the fiscal department of the Government say with such nonchalance, "Yes; in 15 years we will be out on a limb." They do not care. They know that the New Deal will be an old broken-down "old deal" by that time. They have never been compelled to meet a pay roll and they have never carried a dinner bucket,

else they would be more interested.

What are we going to do about it? What is our obligation to posterity? We must be interested about this. It is a tremendous question. I do not know what is the best thing to do about it, but it seems that the best thing we can do is to separate these provisions of the social-security bill, so that we can administer what admits of administration. Let us Congressmen, representing the Federal Government, give these aged deserving people five or ten dollars a month more; let us encourage the States to do likewise; let us take care of these unfortunate widows with dependent children; let us take care of these rehabilitated people; let us take care of the public-health provision. I have not mentioned that yet, but that is an eminently proper governmental activity. The Government should take an interest in the control of epidemics and in health measures that are general in their scope. It ought to be ready to meet them financially. But when the Government gets into the insurance business or anything of that sort, they should know their business. When you tell a man 20 years of age, "Now, we are going to compel you to come under the social-security law, and if you will pay a certain percentage of your wages until you are 65, you will draw a pension. You are putting on him a tremendous task. You were never put under such a yoke. I dare say that if you had your choice you would not assume the load. I am not opposed to it if the people want it. But it is a tremendous thing to have about 45,000,000 people paying on a plan that will not carry through as they are now led to believe it will do. If you have made \$18 or \$20 or \$25 a week for about 45 years, you will get about \$40 a month when you get to be 65 years of age. The employer will have paid as much as you paid, yet you will have not as much as old-age pensioners should have now who have paid nothing in. If you die before you are 65, without a family, you will get nothing." And your widow will only get 6 months' benefits at the time of your death, and no more until she is 65. I am sorry my time is running short. I should like to discuss many other provisions of the bill. [Applause.]

The CHAIRMAN. The time of the gentleman from Ohio

has expired.

Mr. TREADWAY. Mr. Chairman, I yield 3 minutes to the gentleman from Pennsylvania [Mr. Van Zandt].

Mr. VAN ZANDT. Mr. Chairman, only a few days ago, some of us stood on the floor of this House pleading for the enactment of legislation which bid fair not only to provide immediate and adequate social security for the senior citizens of the country, but to contribute to the general welfare of all the people of the Nation.

During the debate on that measure some of us were somewhat critical of the present Social Security Act and the amendments now proposed to it. That criticism, however, was not directed at the broad principles of the law. No one ever has questioned the high purpose or the fundamental soundness of the social-security program. Our complaint was against the amount of protection provided in the present law and the proposed amendments for the elder citizens

who are most in need of protection right now.

Our sole purpose was to supplement the law so as to give immediate and adequate social security to the needy elders, who are too advanced in years to enjoy the full benefit of the revised act, or any more liberal provisions which may be adopted in the future. It seems a pity that the publicspirited citizens, who have done so much to advance this program of protection against economic and social hazards, will not share as they should in the fruits of their labors. But that is the portion which frequently falls to the pioneers along the path of progress. They sow the seeds and future generations reap the harvest. They may solace themselves with the knowledge their efforts were not in vain.

But no matter how far short of meeting the present and pressing needs of those most deserving of adequate protection these amendments may fall, I shall support this measure on the theory that "half a loaf is better than none." There can be no question about the desirability of the amendments and the vast improvement they will make in

the social-security program.

Among the many features of this measure, which are designed to improve and strengthen the present act, I am impressed particularly with the merit of two amendments. The first is the provision to keep social security secure. I refer, of course, to the provision creating a Federal old-age and survivor insurance trust fund to safeguard the insurance benefit funds. The second is the provision freezing the pay-roll tax. Those two amendments are calculated to contribute to public confidence in the Social Security Act.

Under the present administration we have witnessed some frenzied deficit financing. Public confidence in the entire social-security set-up was shaken when it was revealed that taxes paid into the social-security fund were being dumped into the general fund in the Treasury and were being used to finance the current expenses of the Government.

No trust imposed upon the Government is higher than the fiduciary capacity it serves with respect to the social security funds. Nothing could be more cruel to those who place a blind faith in the integrity of the Government than the misapplication of such funds. It is unpleasant to even contemplate the calamity that would befall this country if social security funds were squandered recklessly on all sorts of pump-priming projects. All danger of any such calamity, however, has been eliminated by the creation of a trust fund, ear-marked for social security purposes.

The freezing of the old-age insurance tax will have a far more wholesome effect than appears on the surface. Business men and especially small-business men in my district looked askance upon the automatic 50-percent increase in the old-age annuity tax, which was scheduled to begin in 1940. Businessmen, already heavily laden with taxes, were fearful lest the sharp increase in that levy would greatly disturb business and might result in further unemployment. An increase of about 15 percent in the Federal tax burden upon corporate employers, as it is estimated the higher rate would have imposed, is no small item to a businessman with a business budget. Such an increase in Federal taxes certainly would be a serious factor in preventing or at least delaying recovery.

Fortunately, the committee listened to the sound arguments presented by businessmen and allayed their fears by freezing the tax. The amendment would freeze at 1 percent the tax on the worker and 1 percent on the employer for the 3 years 1940, 1941, and 1942, as against the 1½-percent rates on each under the present act. That provision alone will save employers and workers about \$275,000,000 in 1940, or a total of \$825,000,000 in the 3 years.

Another provision which is designed to lessen the load on employers without lessening the benefits to the workers is worthy of mention. States may reduce their unemployment insurance contributions if a certain reserve fund has been attained and minimum benefit standards have been provided. It is estimated this provision may save employers from \$200,000,000 to \$250,000,000 during 1940, if the States cut their contribution rates from 2.7 to 2 percent.

Employers stand to save another \$65,000,000 a year under the unemployment-compensation provisions. This would be done by limiting the application of the tax to only the first \$3,000 an employer pays to an employee for a year. Still another saving to employers of about \$15,000,000 will be made under the provisions for refunds and abatements to employers who paid their 1936, 1937, and 1938 unemployment-compensation contributions late to the States.

In all, it is estimated that savings, chiefly to employers, aggregating about \$1,700,000,000 may be effected in 3 years.

One of the chief virtues of the amendments is the provision under which payment of old-age insurance benefits will start next year, instead of in 1942. Other commendable amendments include the increased benefits to wives, widows, and dependents of insured persons and the inclusion of about 1,100,000 more persons under the law's old-age insurance provisions. And about 200,000 persons, chiefly bank clerks, are brought under unemployment insurance.

One of the vital clarifying amendments has to do with agricultural labor. The term "agricultural labor" is defined so as to exempt certain types of service and thus meet sound

objections made by the farmers.

Another sound change is the abandonment of the plan to build up a \$47,000,000,000 reserve fund for old-age insurance, and the adoption of a pay-as-you-go policy, with a moderate contingent reserve.

No one, not excepting the Democratic members of the House Ways and Means Committee, claims that even with the proposed amendments the Social Security Act is perfect or all inclusive. On the other hand, the Republican minority of the committee concedes the measure at least makes certain improvements in the present law—some of which we have ourselves heretofore suggested—which we believe justify us in supporting it despite its defects.

Because of the tendency on the part of some Democrats to claim all the credit for the Social Security Act, I wish to read one paragraph from the views of the minority, included

in the official report on this bill. It states:

Republicans in both branches may deservedly be proud of the part they have played in calling to the attention of the country the dangers and burdens inherent in the present reserve structure, and in bringing about the changes proposed. The action taken by the committee is an acknowledgment of the soundness of the major Republican criticism of the existing law.

Let us hope the day is not far distant when we all can join in nonpartisan praise of a perfect Social Security Act, under which the holy trinity of democracy—the worker, the employer, and the Government—are linked in the fulfillment of America's destiny—adequate social security for all of our citizens. [Applause.]

Mr. TREADWAY. Mr. Chairman, I yield 3 minutes to the gentleman from New Jersey [Mr. Kean].

Mr. KEAN. Mr. Chairman, the fact that the criticism of the use by the Government of old-age trust funds for current expenses is amply justified seems to have been recognized by the authors of this bill, for a half-hearted attempt has been made to sugar-coat the present method; but the basic principle and basic wrong has not been corrected.

The bill now changes the name of the "old-age reserve account" to the "old-age trust fund," and instead of pur-

chases being entirely under the control of the Secretary of the Treasury, it is placed under the control of three trustees, namely, the Secretary of the Treasury, the Secretary of Labor, and the Chairman of the Social Security Board; and it is provided that the money is to be used to purchase either original issues at par or outstanding obligations at the market price, and I O U's—special Treasury obligations—only if the trustees do not consider that to purchase either of the above two classes "is not in the public interest."

But this plan in no way goes to the root of the fallacy in the present system. The only way that a true trust fund can be provided is by limiting the purchases to bonds which are already outstanding. In this way only can you prevent

these taxes from being used for current expenses.

The case is no different from that of a shopkeeper who has a pension to pay to an employee at some future date, and receives the money for this purpose. If he should take this money and use it for current expenses for his store and give himself an I O U, then when the time comes to pay the pension he will have to look somewhere else for the money. The same would result if he used the money to invest in part of a note or bond issue which he was selling to others.

The safe way in which he could assure himself of having the money when needed would be for him to take up from the bank one of his notes which is already outstanding. Thus when the pension comes due he can use the money which he has been putting aside to pay off the note.

There are only three ways in which these trust funds can be invested in Government securities. The fairest way, as I have mentioned, is the purchase of already outstanding securities.

The second is by the purchase of a portion of an original issue which is being offered to the public. This method the authors of the new bill seem to think is entirely justifiable; but, in my opinion, this would not make for an honest fund, for the Government only issues bonds when it needs the money for current expenses, and the money would, of course, be used for this purpose. The Treasury would in all probability increase the authorized amount of the loan by the amount of money which they knew the so-called trust fund would be purchasing.

I cannot see that this makes any more of a real trust fund than the present or third method, which is to sell to the fund Treasury I O U's at a specified rate of interest, as in both cases the money is used for current expenses.

The result of either of the last two plans is that the workingman is taxed and the money goes into the trust fund. The trustees then take the money which they have received and give it to the Treasury, which in turn issues to the trust fund either its I O U or a new bond "part of an original issue." Thus the Treasury has the money to spend for current expenses and the fund has the new bonds for the I O U's, but when the time comes that the fund must be used for the benefits provided for in the act the Treasury has spent the money years before; the money is gone, and in order to get the necessary funds to pay pensions due they must tax the people all over again.

As I said before, the only way that a real trust fund can be provided is by buying United States bonds which are already outstanding. As the money provided by the taxpayer and used by the trustees for purchase of these bonds goes to the owners of these bonds who have already paid the Government for them no new money will go to the Treasury for it to spend, and the money provided from the old-age taxes cannot be used for current expenses.

It has been said that we should not criticize this method as the same thing has been done in other cases by Republican Secretaries of the Treasury. It must be remembered, however, that in past times the money involved was a comparatively small amount; and whether it is done by Republicans or Democrats, it is wrong. I am perfectly willing to acknowledge that everything done by past Republican administrations was not perfect; and when we find a thing that is wrong, let us correct it.

It is easy to criticize, but those who criticize should propose a constructive solution; and, if no one else does, I propose to introduce an amendment tomorrow along the lines of H. R. 6156, which I introduced on May 4, 1939, which would accomplish the purpose of preventing the use of this trust fund for current expenses. [Applause.]

Mr. MARCANTONIO. Mr. Chairman, I make the point

of order that a quorum is not present.

The CHAIRMAN. The Chair will count.

Mr. MARCANTONIO. Mr. Chairman, I withdraw the point of order.

Mr. TREADWAY. Mr. Chairman, I yield 3 minutes to the gentleman from Michigan [Mr. Dondero].

Mr. DONDERO. Mr. Chairman, I rise at this time to ask a question and to set forth a situation which I believe obtains in the district of every Member of this House.

In nearly every community in the country there are small corporations that employ a few men and women. Some of them may only give employment to 4 or 5 people, others 8, 9, 10, or more. These little industries are the backbone of many little towns and cities and in their aggregate provide the pay roll, the employment, and the purchasing power of the people. Many of these concerns operate on a very small margin of profit while others are barely able to continue in business. In many instances they mean the very life of a community. If one of these small corporations employs 8 or more people, it comes under the payroll tax of the Social Security Act, amendments to such act now being before us as provided in the bill H. R. 6635. This provision of the law has deterred many small concerns employing less than 8 people from expanding or offering employment to others in order to avoid the penalty of the pay-roll tax. Such is the case in my congressional district. Undoubtedly such little industries felt they could not continue in business if they had to meet the added burden of such taxes. At least in this respect and in such instances the Social Security Act has retarded progress and recovery and added to the list of the unemployed.

As the law stands now an officer of such a corporation, a little corporation, who receives no salary whatever but who simply gives his name to the company, is included as one of the employees and figured in the basis for computing pay roll taxes. For example, if you had a company in your district that had seven employees drawing salary and two who were officers but who received nothing whatever from the company, who simply gave their names to the company because of family prestige and influence or community pride, nevertheless those two officers are considered as employees, the company would be charged with nine employees and compelled to pay a pay-roll tax based on nine employees even though two of them receive nothing from the company.

I particularly call the attention of the committee to page 63 of the bill, subsection (d) Where the term "employee" is defined to include an officer of a corporation. I wonder if the committee would not accept an amendment in substance as follows: "But exempting such officers and employees of a corporation who receive no compensation or salary whatever from such corporation"? The reason for this amendment is to keep alive and going in the little communities of the Nation small companies and corporations that are the backbone of the country, without subjecting them to the pay-roll tax on employees and officers who draw no salary. Perhaps the able distinguished gentleman from Tennessee [Mr. Cooper] wants to answer that question?

Mr. COOPER. I did not quite catch the full import of the gentleman's question.

Mr. DONDERO. The question is, Whether or not the committee has taken into consideration the effect of including in the number of employees in small companies those employees and officers of corporations who merely lend their names to the company but receive no compensation or salary whatever, thereby subjecting such small concerns to the payroll tax, whether or not the committee has considered the question of excluding them from the pay-roll tax imposed by this bill.

Mr. COOPER. The gentleman will recall, of course, that the pending bill exempts all who are exempted under section 101 of the internal-revenue law. This takes care of chambers of commerce and a long list of institutions.

Mr. DONDERO. I understand that, but I have received correspondence from little corporations wherein they state they may have nine people employed but only seven receive any compensation whatever. Because of the fact that two are officers, although they receive nothing, the company is subjected to a pay-roll tax. That company is not a chamber of commerce; it is a little corporation that is trying hard to get along. What has the committee done to take care of a situation of that kind? Can the gentleman from California, a member of the committee, answer that?

Mr. BUCK. Are these corporations of which the gentleman speaks corporations operated for profit?

Mr. DONDERO. They are.

Mr. BUCK. I am afraid we have not done anything about

Mr. DONDERO. These two officers receive no compensation whatever; they simply give their names to the company.

Mr. BUCK. We have not covered such people. We have covered the situation in the cases of corporations exempt from taxation under section 101 of the revenue law.

Mr. DONDERO. It seems to me that an amendment covering such cases as I have mentioned might be advisable.

[Here the gavel fell.]

Mr. LUDLOW. Mr. Chairman, with the main objectives of the pending social-security legislation, namely, the liberalization of benefits, I most heartily agree. No person with a heart and an understanding would be content with the pitifully inadequate benefits now paid to our worthy aged. It is our duty to do something more than has yet been done, or even attempted, to make the evening of their lives peaceful and secure.

Nevertheless, there are provisions of the pending bill to which we in Indiana must vigorously dissent because of their relation to the Indiana unemployment compensation program, and we will be hoping that somewhere in its progress through the legislative mill the bill will be amended so as to iron out these objectionable provisions.

In order that the House may understand the legitimate criticisms of those who speak for our Indiana business interests, I submit the following four objections to the bill presented by William H. Book, vice president of the Indianapolis Chamber of Commerce.

The chamber of commerce of our city is one of the best organizations of its kind in the country, and Mr. Book is an outstanding business executive who has had much experience in matters relating to public affairs. His four points of criticism are as follows:

1. Although the bill technically preserves the rights of States to operate under merit rating programs, the other provisions so increase the costs of the program as to substantially restrict the operation of merit rating. It may, in the practical operation, actually become increasing. become inoperative.

2. The prospect of tax reduction is minimized, if not entirely offset, by the increased benefit requirements, so that what is projected as a substantial saving in pay-roll taxes for unemployment compensation will in the long run prove to be an actual increase.

3. More difficult and expensive administrative requirements are

set up in the full-time weekly wage basis of computing benefits required in the bill.

4. The bill is a long step toward federalization of unemployment compensation.

I also present a copy of a letter written by Mr. Book to Hon. John W. McCormack, the able member of the Ways and Means Committee in charge of this legislation. This letter follows:

Indianapolis, Ind., June 5, 1939.

Hon. John W. McCormack,

House Office Building, Washington, D. C.

DEAR MR. McCormack: I shall attempt in this letter to outline the views of employers of Indiana, as I can interpret them from the conclusions of employers' committees and individual employers, regarding unemployment compensation program amendments contained in H. R. 6635.

It should be said at the outset that employers generally appreciate the effort that has been expended by yourself and other members of the Ways and Means Committee in placing in the bill

you have drafted features which are calculated to give immediate relief from the growing tax burden on business. I refer particularly to the tax exemption on portions of annual salaries in excess of \$3,000, to the permissive features allowing States to reduce of \$3,000, to the permissive features allowing States to reduce unemployment compensation taxes on a uniform, State-wide basis, and to the Federal old-age benefit program amendment "freezing" the tax for another 3 years at 1 percent. I believe it is recognized by this time that employers are not entirely selfish in their efforts to obtain relief from growing tax burdens, but instead have sound basis for their contention that everyone will profit through the softening of tax deterrents to industrial expansion and growth.

There are several specific features of H. R. 6635 with which business groups of Indiana do not agree, for, they feel, sound reasons. These I pass on to you entirely in a constructive spirit.

Probably the major point of disagreement with the bill lies in the minimum benefit standards which are established, particularly in the duration requirement of 16 times the weekly benefit amount. Careful analysis has shown that this requirement would increase total benefit payments in Indiana—and hence the total cost borne

total benefit payments in Indiana—and hence the total cost borne eventually by employers—approximately 20 percent. The establishment of flat duration standards also is felt to be an abandonment of insurance principles and a step in the direction of the relief concept of unemployment compensation.

relief concept of unemployment compensation.

It is realized that an objection to the minimum-benefit standards immediately raises the controversial question of just what the level benefits should be. However, we feel that should be a matter largely of State determination, in accordance with conditions of each State. It must be recognized that if the unemployment-compensation program is to be successful, the economic benefits derived from it must outweigh its costs. There obviously is a point to which benefit costs of the program might go which would defeat the program. There is not sufficient experience yet to know what that point is, and employers of Indiana feel that the Federal Government would be establishing a dangerous precedent in fixing as minimum-benefit standards a level which would result in increasing materially the benefit-payment costs of nearly all State proing materially the benefit-payment costs of nearly all State pro-

grams.

Specifically, employers are not convinced that the Federal law should prescribe any minimum-benefit standards. However, if it is to be conceded that Federal minimum standards are necessary in the case of States wishing to apply uniform, State-wide tax reduction, the standards set up in the Ways and Means Committee bill should be modified to the point where they will serve exclusively as protection against possible State action reducing benefits to an unreasonably low level—rather than standards compelling States to raise their present benefit levels.

States to raise their present benefit levels.

Employers also feel it would be a mistake to include in the benefit-standard requirements language which may later be interpreted by the Social Security Board as requiring strict adherence by States to the full-time weekly wage base in the determination of weekly benefit amounts. If States should be required to base or weekly benefit amounts. It States should be required to base weekly benefit computations on what, in effect, is the wage an individual would have earned had he been employed full time at his regular rate of pay, almost insurmountable administrative and employer-reporting difficulties will be created, as States which have tried the full-time weekly wage base have learned. The highest quarterly wage base, such as is used in Indiana, approximates the full-time weekly wage base insofar as the henefit applicant is full-time weekly wage base insofar as the benefit applicant is concerned, but is much simpler of administration. Indiana employers feel that there should be some such change in H. R. 6635, as the elimination of the terms "full time" where they appear on page 73 of the bill, and the insertion, after the word "earnings" in line 12, page 73, of the words "as defined in State law." This would leave the definition of weekly earnings to State legislative

The effect of the bill on State merit-rating programs is of primary concern to Indiana employers. I realize that the bill permits a State, if it has the prescribed balance in its fund and if it meets the prescribed minimum-benefit standards, to have State-wide tax reduction, individual merit rating, or a combination of both. However, the estimated 20-percent increase in benefit costs which would be involved in Indiana's compliance with the benefit standards would result in a substantially more narrow margin within which merit rating might operate, defeating it completely for some employers. Unless employment conditions improve materially, the margin would be so narrow as to render merit rating almost wholly ineffective for all employers.

If a State did not have the prescribed balance in its fund or

If a State did not have the prescribed balance in its fund or did not choose to meet the minimum benefit standards, under subsection (a) of section 1602, as amended, it would be required to levy taxes that would produce the equivalent of a 2.7-percent rate on total pay rolls of the State subject to the unemployment compensation program. It is obvious that under such circumstances merit-rating programs, for practical purposes, would be nullified. It is the consensus, specifically, that States which prefer to remain exclusively on the individual merit-rating basis—in preference to State-wide reduction or a combination of the two—should not be compelled to meet the one and one-half times reserve renot be compelled to meet the one and one-half times reserve requirement or gear their rates to a 2.7-percent average as long as they have a set-up definitely guaranteeing payment of all benefits to which unemployed workers are entitled. We are quite certain that Indiana has such a guaranty in its adequately protected partial pool set-up.

I should state that at a recent conference of representatives of business groups from Indiana, Illinois, Wisconsin, and Missouri,

views expressed by the representatives from the other States were substantially the same as those which I have outlined in this letter.

Generally speaking, the belief of Indiana employers is that there should be no more than the necessary minimum of Federal regulation of State programs, and under no circumstances should there be interference with the freedom of States to encourage stabilization of employment by means of merit-rating programs. In the long run, this will accomplish far more for the good of employees and employers alike than the boosting of the amount of cash benefits—a procedure which, when carried to the extreme, cculd result only in the collapse of the unemployment compensa-

tion program.

As explained to you by Mr. Howard Friend, I was ill the latter part of last week and am sorry that I was not able to get to Washington to talk with you. It appears now that the Indiana group probably will not be in Washington until such time, following your suggestion in your letter of June 3 to Mr. Friend, as the bill is under consideration by a Senate committee. We shall hope to have the opportunity to talk to you at that time.

Sincerely yours,

WILLIAM H. BOOK.

In conclusion, I present the summation of a special report of the governmental research division of the Interorganization Council of Indiana, which outlines the views of Statewide business employers' organizations of Indiana which have given this matter the most serious study and consideration. The summation referred to follows:

SUMMARY

In this, an analytical treatment of major amendments to the Federal social-security law affecting unemployment compensation, as proposed by the Ways and Means Committee of the National House of Representatives in the pending bill, H. R. 6635, the following conclusions are reached in respect to their application to the Indiana program:

1. Tax exemption on portions of annual salaries in excess of \$3,000 is a wholly justified correction of an existing inequity.

2. Permission to States to reduce contribution rates on State-wide basis is an immediate tax relief step but it is modified by specified conditions which would increase the program's ultimate cost

to industry.

3. The 16-week minimum benefit duration requirement would increase total benefit payments in Indiana approximately 21 per-

4. Merit rating consideration: (a) Unless the State complied with minimum benefit requirements and established the specified minimum reserve, individual merit rating would be inoperative except to the extent that limited rate variations would assure aggregate collections equivalent to collections from a State-wide rate of 2.7 percent. (b) If the State qualified for a reduced State-wide rate and individual merit rating, the 21-percent increase in benefit payments materially would narrow the margin in which the individual merit-rating program and its incentive to the stabilization of employment might operate.

5. At existing or improved employment levels, minimum benefit standards of the bill could be met and the State-wide contribution rate reduced to 1.7 percent without "bankrupting" the Indiana fund, but operation of individual merit rating would be narrowly At lower employment levels, the ability of the Indiana

program to meet benefit standards and maintain an adequate reserve qualifying the State for a reduced rate is very doubtful and indi-vidual merit rating would be completely nullified. 6. The full-time weekly wage base for the determination of weekly benefit amounts would create very serious administrative

difficulties and would increase State administrative costs and costs of reporting by employers. It probably would increase total benefit payments, depending on how literally it might be administered.

7. Establishment of a flat duration of benefits would represent abandonment of insurance principles under which total benefits payable to an individual are related to his previous earnings and would be in violation of the concept of unemployment compensa-tion as an insurance—and not a relief—program.

Mr. COOPER. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore having resumed the chair, Mr. WARREN, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H. R. 6635) to amend the Social Security Act, and for other purposes, had come to no resolution thereon.

EXTENSION OF REMARKS

Mr. CASEY of Massachusetts. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a speech made on the radio by Mr. Howard Hunter, Assistant W. P. A. Administrator, the subject being The W. P. A. Workers Refuse Private Jobs.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

Mr. SOUTH. Mr. Speaker, I ask unanimous consent that the Committee on Interstate and Foreign Commerce may have until midnight tonight to file a report on the bill S. 1302, known as the Connally hot-oil bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas [Mr. South]?

There was no objection.

EXTENSION OF REMARKS

Mr. BUCK. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein excerpts from hearings before the Ways and Means Committee and excerpts from two editorials.

The SPEAKER pro tempore. Is there objection to the

request of the gentleman from California?

There was no objection.

Mr. Dempsey asked and was given permission to extend his

own remarks in the RECORD.

Mr. DINGELL. Mr. Speaker, I ask unanimous consent that I may be privileged to include in the remarks I made this afternoon three short tables which are necessary to properly round out my speech.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan [Mr. DINGELL]?

There was no objection.

Mr. COLMER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD with reference to the liberalizing amendment which I have given notice I will offer, and a chart and statement showing what this amendment

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi [Mr. Colmer]?

There was no objection.

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I made today and to insert in connection therewith certain excerpts.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas [Mr. PATMAN]?

There was no objection.

APPROPRIATION FOR THE NATIONAL YOUTH ADMINISTRATION

Mr. JOHNSON of Oklahoma. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oklahoma [Mr. Johnson]?

There was no objection. Mr. JOHNSON of Oklahoma. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include therein a letter addressed to me by the Superintendent of Public Instruction of the State of Oklahoma with reference to the N. Y. A.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oklahoma [Mr. Johnson]?

There was no objection.

Mr. JOHNSON of Oklahoma. Mr. Speaker, I have asked for this brief time to say that I am advised of the fact that there is a very definite disposition in some quarters to reduce the appropriation for the National Youth Administration next year below the President's budget as submitted to the committee from \$123,000,000 to about \$81,000,000. If such an unreasonable cut is actually submitted and permitted to be made, it is needless for me to say that it will seriously cripple the program of the National Youth Administration as now proposed for the coming year. I think Members on both sides of the aisle will agree with me that the work of the National Youth Administration is one of the outstanding accomplishments of this or any other administration. There is a serious need for the extension of this great work throughout the Nation.

Mr. MURDOCK of Arizona. Will the gentleman yield? Mr. JOHNSON of Oklahoma. I yield to the gentleman from Arizona.

Mr. MURDOCK of Arizona. I wish to back up fully the statement of the gentleman from Oklahoma. It has been equally helpful in Arizona. No other expenditure has yielded a greater return than that made for the N. Y. A. School men in my State heartily approve of it. Let us put first things first. Let us think of the future and let us really think of posterity in taking proper care of our young people. If an attempt is made to cut off \$40,000,000 from the N. Y. A. and give it to some other project, I want to stand by the gentleman in his opposition.

Mr. JOHNSON of Oklahoma. I appreciate the gentleman's statement, coming as it does from one of our leading educators who knows and appreciates the many perplexing problems of youth. I may say that many other outstanding school men of the country have taken the same position. In my own State of Oklahoma many high-school superintendents and college presidents have wired and written me commending very highly the N. Y. A. program and urging

its extension.

Under permission just granted me I am placing in the RECORD at this point a very informative letter I have received from Hon. A. L. Crable, superintendent of public instruction for the State of Oklahoma, in which he gives some facts and figures relative to the program being carried on by the N. Y. A. in the State of Oklahoma. It is well worth reading. The letter is as follows:

> STATE OF OKLAHOMA, DEPARTMENT OF PUBLIC INSTRUCTION, Oklahoma City, June 2, 1939.

Hon. JED JOHNSON,

United States Congressman, House of Representatives

Washington, D. C.
DEAR CONGRESSMAN JOHNSON: The State department of education wishes to go on record with the high school and college officials of the State of Oklahoma in expressing appreciation for the N. Y. A. student aid furnished our youth. Without this aid, the majority of these young people would have been deprived of the opportunity to take advantage of the privileges offered by the school system of the State.

I am informed by the State officials of N. Y. A. that during the fiscal year approximately 12,000 high-school students and 2,500 college students were assisted each month, at an annual expenditure for high school students of \$309,547 and \$265,680 for

college students.

The distribution of N. Y. A. school aid in this State was based on the relief load and school populations of each county. This method of distribution seems to be one that is highly satisfac-

method of distribution seems to be one that is highly satisfactory. The N. Y. A. college-aid allocation was authorized by the National Youth Administration office at Washington, D. C., and was based on a percentage of the enrollment in each college. This method of distribution also seems to be highly satisfactory. Reports from the college officials reveal that the enrollment in the colleges has increased greatly by virtue of this N. Y. A. college aid. It is likely that hundreds of these students could not, under any circumstances, have been able to attend college without assistance from the National Youth Administration. I am informed that in a survey made January 12, 1939, the total

without assistance from the National Youth Administration.

I am informed that in a survey made January 12, 1939, the total number of students applying for N. Y. A. college-aid assistance was 13,935, and the total enrollment in the colleges in November 1938 was 28,909. Since the applications for college aid far exceeded the number of students who could possibly have been employed by the appropriation allotted to Oklahoma, it is evident that thousands of these applicants are still not in college.

The total number of approved applications for school aid on January 12, 1939, was 13,825. Since that report was made several hundred additional applications have been received in the National Youth Administration office. The number of student allocations to Oklahoma was 5,732. The average payment for highschool students was approximately \$3 per month, which indicates that the State has a need for additional allocation if the number of needy students are to be adequately served.

The average payment to college students was approximately \$11 per month. This meager monthly payment indicates that the

per month. This meager monthly payment indicates that the college officials are attempting to serve a larger number of students than the allocation to the State was intended. It will be noted from the above data that the amount of money allocated to the State of Oklahoma is being used to serve as many needy students

as possible.

The work program to which these students are assigned within the work program to which these students are assigned within the schools seems to be generally well planned and well supervised by the school officials. The work in itself has given many students a much-needed training that they could not otherwise have had. In a recent survey of School Aid I find that reports were received from 668 high-school officials, which revealed the following information:

mation:

There was 4.5 percent of the enrollment of 197,069 employed on N. Y. A. school aid; 13.8 percent of the students on the State honor roll were employed on N. Y. A.; 32 percent of the valedictorians and 31.4 percent of the salutatorians were N. Y. A. students; the average grade for all students was 83.6 percent; and the average grade for N. Y. A. students was 84.5 percent. These figures indicate that the students employed on N. Y. A. are

scholastically worthy students.

The high school and college officials seem to be universally well The high school and college officials seem to be universally well pleased with the student-aid program. In the report mentioned above, 61.7 percent of the high school officials asked that the allocation be increased and 35.2 percent asked that the amount of allocation remain the same. A great number of unsolicited letters have been written to N. Y. A. officials by high school superintendents and principals, expressing appreciation for such a program as this and have indicated that it is serving a worthy purpose and that they are anxious that the program be made a permanent one. permanent one.

Recent reports from college officials have shown that many students employed on N. Y. A. college aid have graduated with high honors and have brought honors to themselves and to the

schools in many activities.

The work program in the colleges has lent itself to the further development of the students in the work in which they expect to be employed after leaving school. The program has operated smoothly throughout the State and the school officials have not smoothly throughout the State and the school officials have not been dictated to in any way concerning the employment of the students or the operation of the program, except for the general regulations as outlined by the National N. Y. A. office at Washington, which regulations seem fair and reasonable.

It is the desire of the school men of the State of Oklahoma that Student Aid be continued and, if at all possible, be established as a permanent department of the Federal Government, in order to continue, in this way, the granting of an opportunity to youth whose services and lives might otherwise be lost to our scciety.

Very truly yours,

A. L. Crable.

State Superintendent of Public Instruction.

ASSEMBLY OF THE CONGRESS TO WELCOME THEIR MAJESTIES THE KING AND QUEEN OF GREAT BRITAIN

The SPEAKER pro tempore. Without objection and for the information of the House, the Clerk will read the first paragraph of Senate Concurrent Resolution 17.

There was no objection.

The Clerk read as follows:

Resolved by the Senate (the House of Representatives concurring), That the two Houses of Congress shall assemble in their respective Houses on Friday, June 9, 1939, at 10:30 o'clock antemeridian, and thereafter, in recess, the Members of each House shall proceed informally to the rotunda of the Capitol at 11 o'clock antemeridian, for the purpose of welcoming Their Majesties the King and Queen of Great Britain, and the members of their party, on the occasion of their visit to the Capitol, and at the conclusion of such ceremonies the two Houses shall reassemble in their respective Chambers.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. August H. Andresen, for 1 week, on account of serious illness in family.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a joint resolution of the House of the following title, which was thereupon signed by the Speaker:

H. J. Res. 286. Joint resolution to provide for the lending to the Virginia Military Institute of the equestrian portrait

of Gen. Winfield Scott now stored in the Capitol.

The SPEAKER announced his signature to an enrolled bill

of the Senate of the following title:

S. 189. An act to provide for the confiscation of firearms in possession of persons convicted of felony and disposition thereof.

ADJOURNMENT

Mr. COOPER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to.

Accordingly (at 4 o'clock and 30 minutes p. m.), under its previous order, the House adjourned until 10:30 o'clock a. m. tomorrow, Friday, June 9, 1939.

COMMITTEE HEARINGS

COMMITTEE ON FOREIGN AFFAIRS

There will be a meeting of the Committee on Foreign Affairs (executive session) in the committee rooms, Capitol, at 10 a. m. Monday, June 12, 1939, for the consideration of House Joint Resolution 306, Neutrality Act of 1939.

COMMITTEE ON THE JUDICIARY

On Monday, June 12, 1939, beginning at 10 a.m., there will be continued a public hearing before the Committee on the Judiciary on the bill (H. R. 6369) to amend the act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplemental thereto; to create a Railroad Reorganization Court; and for other purposes.

There will be continued a public hearing before subcommittee No. 3 of the Committee on the Judiciary on Wednesday, June 21, 1939, at 10 a. m., on the bill (H. R. 2318) to divorce the business of production, refining, and transporting of petroleum products from that of marketing petroleum products. Room 346, House Office Building.

COMMITTEE ON MERCHANT MARINE AND FISHERIES

The Committee on Merchant Marine and Fisheries will hold public hearings in room 219, House Office Building, at 10 a. m., on the bills and dates listed below:

On Tuesday, June 13, 1939, on H. R. 1011, drydock facilities for San Francisco (Welch); H. R. 2870, drydock facilities for Los Angeles (Thomas F. Ford); H. R. 3040, drydock facilities for Los Angeles (GEYER of California); and H. R. 5787, drydock facilities for Seattle, Wash. (Magnuson).

The hearing originally scheduled by the Committee on Merchant Marine and Fisheries for Thursday, June 8, 1939, on H. R. 6042, requiring numbers on undocumented vessels (KRAMER), and H. R. 5837, alien owners and officers of vessels (KRAMER), has been postponed until Tuesday, June 13, and will come up on the same list as those bills named directly above.

On Thursday, June 15, 1939, on House Joint Resolution 194, investigate conditions pertaining to lascar seamen (Sirovich).

On Friday, June 16, 1939, on H. R. 5611, district commanders' bill (U. S. Coast Guard).

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

834. A communication from the President of the United States, transmitting supplemental estimates of appropriations for the legislative establishment, House of Representatives, for the fiscal year 1939, in the sum of \$31,500 and for the fiscal year 1940 in the sum of \$4,140, amounting in all to \$35,640 (H. Doc. No. 318); to the Committee on Appropriations and ordered to be printed.

835. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the Treasury Department for the fiscal year 1939 in the amount of \$119,599,918.05, to provide for the restoration of the capital impairment of the Commodity Credit Corporation, as authorized by the act of March 8, 1938 (H. Doc. No. 317); to the Committee on Appropriations and ordered to be printed.

836. A letter from the Acting Secretary of the Interior, transmitting the draft of a proposed bill to authorize the purchase of certain lands for the San Carlos Apache Tribe; to the Committee on Indian Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. RANDOLPH: Committee on the District of Columbia. H. R. 4533. A bill to amend the District of Columbia Unemployment Compensation Act to provide for unemployment compensation, and to amend the Social Security Act providing for the complete separation of the District Unemployment Compensation Board from the Social Security Board, and for other purposes; with amendment (Rept. No. 801). Referred to the Committee of the Whole House on the state of the Union.

Mr. MAY: Committee on Military Affairs. H. R. 6632. A bill to promote the efficiency of the national defense; without amendment (Rept. No. 802). Referred to the Committee of the Whole House on the state of the Union.

Mr. BURCH: Committee on the Post Office and Post Roads. H. R. 2001. A bill for the equalization of letter carriers; with amendment (Rept. No. 803). Referred to the Committee of the Whole House on the state of the Union.

Mr. COSTELLO: Committee on Military Affairs. H. R. 2168. A bill to authorize the Secretary of War to make contracts for the supplying of water to the Golden Gate Bridge and Highway District; with amendment (Rept. No. 804). Referred to the Committee of the Whole House on the state of the Union.

Mr. COSTELLO: Committee on Military Affairs. H. R. 2967. A bill to grant to the State of California a retrocession of jurisdiction over certain rights-of-way granted to the State of California over a certain road about to be constructed in the Presidio of San Francisco Military Reservation; with amendment (Rept. No. 805). Referred to the Committee of the Whole House on the state of the Union.

Mr. COCHRAN: Committee on Expenditures in the Executive Departments. H. R. 6614. A bill to amend the Government Losses in Shipment Act; with amendment (Rept. No. 806). Referred to the Committee of the Whole House on the state of the Union.

Mr. COLE of Maryland: Committee on Interstate and Foreign Commerce. S. 1302. An act to make permanently effective the act entitled "An act to regulate interstate and foreign commerce in petroleum and its products by prohibiting the shipment in such commerce of petroleum and its products produced in violation of State law, and for other purposes," approved February 22, 1935, as amended, and for other purposes; with amendment (Rept. No. 807). Referred to the Committee of the Whole House on the state of the Union.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Pensions was discharged from the consideration of the bill (H. R. 6707) granting a pension to Chester Shartzer, and the same was referred to the Committee on Invalid Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. LUDLOW:

H. R. 6741. A bill conferring jurisdiction upon the Court of Claims with right of appeal to the Supreme Court of the United States to hear, examine, adjudicate, and enter judgment in all claims which the Miami Indians of Indiana had and have against the United States under treaty of June 5, 1854, ratified August 4, 1854 (10 Stat. L. 1093), and as to the lineal descendants or issues of said Miami Indians, pursuant to said treaty of June 5, 1854, etc., ratified and promulgated August 4, 1854; to the Committee on Indian Affairs.

By Mr. BURDICK:

H.R. 6742. A bill to promote the general welfare of the Indians of the United States of America, and for other purposes; to the Committee on Indian Affairs.

H. R. 6743. A bill to promote the general welfare of the Indians of the United States of America, and for other purposes; to the Committee on Indian Affairs.

By Mr. COFFEE of Washington:

H. R. 6744. A bill to amend section 19 of the Federal Reserve Act, as amended, with respect to the payment of interest on demand deposits of certain public funds, and for other purposes; to the Committee on Banking and Currency.

By Mr. GWYNNE:

H.R. 6745. A bill to amend section 13 (a) of the act approved June 25, 1938 (52 Stat. 1069), entitled "Fair Labor Standards Act of 1938"; to the Committee on Labor.

By Mr. BLAND:

H. R. 6746. A bill to amend certain provisions of the Merchant Marine and Shipping Acts, to further the development of the American merchant marine, and for other purposes; to the Committee on Merchant Marine and Fisheries.

H. R. 6747. A bill relating to the retirement of employees to whom the provisions of section 6 of the act approved June

20, 1918 (40 Stat. 608; U. S. C., 1934 ed., title 33, sec. 763), as amended, apply; to the Committee on Merchant Marine and Fisheries.

By Mr. AUGUST H. ANDRESEN:

H. R. 6748. A bill to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near Winona, Minn.; to the Committee on Interstate and Foreign Commerce.

By Mr. JONES of Texas:

H. R. 6749. A bill to reimburse the Cotton Cooperative Associations for losses occasioned by the Federal Farm Board's stabilization operations, and for other purposes; to the Committee on Agriculture.

By Mr. SEGER:

H.R. 6750. A bill to extend to Spanish-American naval veterans the same privileges as apply to Spanish-American Army veterans; to the Committee on Immigration and Naturalization.

By Mr. KENNEDY of Maryland:

H.R. 6751 (by request). A bill to repeal certain laws with respect to manifests and vessel permits; to the Committee on Merchant Marine and Fisheries.

By Mr. ENGLEBRIGHT:

H.R. 6752. A bill to release all the interest of the United States in certain land constituting a portion of the right-of-way granted to the Central Pacific Railway Co. under the act of July 1, 1862, as amended and supplemented; to the Committee on the Public Lands.

By Mr. BLAND:

H.R.6753. A bill for the relief of George H. Wilson; to the Committee on Claims.

By Mr. McREYNOLDS:

H. J. Res. 320. Joint resolution to amend Public Resolution No. 46, approved August 9, 1935, entitled "Joint resolution requesting the President to extend to the International Statistical Institute an invitation to hold its twenty-fourth session in the United States in 1939"; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CANNON of Florida:

H. R. 6754. A bill authorizing the President of the United States to present, in the name of Congress, a medal of honor to William Badders and to John Mihalowski, each respectively; to the Committee on Naval Affairs.

By Mr. CURTIS:

H.R. 6755. A bill authorizing the Railroad Retirement Board to pay an annuity to Ollie N. Bagley; to the Committee on Claims.

By Mr. FENTON:

H.R. 6756. A bill for the relief of Donato Forlin and Analia Gisella Forlin; to the Committee on Immigration and Naturalization.

By Mr. HENNINGS:

H.R. 6757. A bill for the relief of Balka Coffman; to the Committee on Claims.

By Mr. HULL:

H. R. 6758. A bill for the relief of Edna Pilarski; to the Committee on Claims.

By Mr. JENSEN:

H. R. 6759. A bill granting a pension to John Henry Epperson; to the Committee on Invalid Pensions.

By Mr. MAAS:

H. R. 6760. A bill to confer jurisdiction on the Court of Claims to hear, determine, and enter judgment upon the claim of Siems-Helmers, Inc., for excess costs incurred while constructing under Government contract dam No. 8 on the Mississippi River at Genoa, Wis.; to the Committee on Claims.

By Mr. NORRELL:

H. R. 6761. A bill for the relief of Charles J. Davis; to the Committee on Naval Affairs.

H.R. 6762. A bill for the relief of Claude Blackmon and Lillian Blackmon; to the Committee on Claims.

By Mr. SMITH of Maine:

H.R. 6763. A bill granting a pension to Ada J. Wardwell; to the Committee on Invalid Pensions.

By Mr. SNYDER:

H. R. 6764. A bill granting an increase of pension to Elizabeth Stoughton Getchell; to the Committee on Invalid Pensions.

By Mr. VOORHIS of California:

H. R. 6765. A bill to authorize cancelation of deportation in the case of Ramon Zapien; to the Committee on Immigration and Naturalization.

By Mr. WHITE of Ohio:

H. R. 6766. A bill granting a pension to Bessie Viola Collier: to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3582. By Mr. ASHBROOK: Petition of W. C. Freese and 60 others, of Newark, Ohio, endorsing House bill 5620, the General Welfare Act; to the Committee on Ways and Means. 3583. Also, petition of Jennie Huggins and 30 others, of Newark, Ohio, endorsing House bill 5620, the General Welfare Act; to the Committee on Ways and Means.

3584. Also, petition of Laura Cooper and 60 others, of Newark, Ohio, endorsing House bill 5620, the General Welfare

Act; to the Committee on Ways and Means.

3585. Also, petition of Albert Kimath and 90 others, of Newark, Ohio, endorsing House bill 5620, the General Welford Acts to the Committee on Ways and Means

fare Act; to the Committee on Ways and Means. 3586. By Mr. BROWN of Ohio: Petition of George F. Harnman and 59 others, of Springfield, Ohio, favoring House bill 5620, known as the General Welfare Act; to the Committee

on Ways and Means. 3587. Also, petition of F. E. Griffith and 29 others, of Springfield, Ohio, favoring House bill 5620, known as the

General Welfare Act; to the Committee on Ways and Means. 3588. Also, petition of G. M. Baker and 144 others, of Springfield, Ohio, favoring House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

3589. Also, petition of Mr. and Mrs. Frank Mohr and 29 others, of Springfield, Ohio, favoring House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

3590. Also, petition of Melda McNeice and 29 others, of Springfield, Ohio, favoring House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means. 3591. Also, petition of William Smith and 18 others, of Springfield, Ohio, favoring House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

3592. Also, petition of James R. Remy and 38 others, of Springfield, Ohio, favoring House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means. 3593. Also, petition of Oscar Myers and 59 others, of

Springfield, Ohio, favoring House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means. 3594. Also, petition of Belle Taylor and 29 others, of Springfield, Ohio, favoring House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

General Welfare Act; to the Committee on Ways and Means. 3595. Also, petition of Alaric H. Wren and 29 others, of Springfield, Ohio, favoring House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means. 3596. Also, petition of Mary L. Berry and 42 others, of

Cable, Ohio, favoring House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

3597. Also, petition of Harry Wren and 29 others, of Springfield, Ohio, favoring House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means. 3598. Also, petition of John Stone and 119 others, of Springfield, Ohio, favoring House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means. 3599. Also, petition of John F. Bird and 119 others, of Springfield, Ohio, favoring House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

3600. By Mr. HARTER of New York: Petition of the Labor's Joint Legislative Committee, of Buffalo, N. Y., composed of the American Federation of Labor and the Congress of Industrial Organizations, opposing any amendment to the Wagner Labor Relations Act; to the Committee on Labor.

3601. By Mr. KEOGH: Petition of United Neighborhood of New York, Inc., New York City, concerning curtailment of the National Youth Administration; to the Committee on Appropriations.

3602. Also, petition of Parfumerie Bourjois, New York City, concerning House bill 6577, business privilege tax within the District of Columbia; to the Committee on the District of Columbia.

3603. By Mr. BUCKLEY of New York: Petition of the General Welfare Federation of America, favoring enactment of House bill 5620, the General Welfare Act; to the Committee on Ways and Means.

3604. By Mr. McKEOUGH: Petitions of Caroline C. Small and 29 others, and Priscilla C. Sayre and 59 others, of Chicago, Ill., urging enactment of the General Welfare Act (H. R. 5620, amended H. R. 11); to the Committee on Ways and Means.

3605. By Mr. MICHAEL J. KENNEDY: Memorial of the Brotherhood of Railroad Trainmen, endorsing the stand taken by President Whitney in opposition to all official reports which temporize with the real problems of the railroad industry, and opposing all legislation designed to facilitate railroad consolidation and mergers; to the Committee on Interstate and Foreign Commerce.

3606. Also, memorial of the New York Typographical Union, No. 6, endorsing Senate bill 591 to empower the United States Housing Authority to authorize the issuance and sale of its obligations not to exceed \$800,000,000 for the purpose of providing decent housing facilities; to the Committee on Banking and Currency.

3607. By Mr. SMITH of West Virginia: Resolution of Local 448, Workers Alliance, Charleston, W. Va., in support of the Casey bill (H. R. 8470); to the Committee on Appropriations.

3608. Also, resolution adopted by Local 79, United Federal Workers of America, Charleston, W. Va.; to the Committee on the Civil Service.

3609. By the SPEAKER: Petition of the San Francisco-Oakland Newspaper Guild, San Francisco, Calif., petitioning consideration of their resolution with reference to Works Progress Administration employment; to the Committee on Ways and Means,

SENATE

FRIDAY, JUNE 9, 1939

The Senate, under the terms of Senate Concurrent Resolution 17, met at 10:30 o'clock a.m.

The Chaplain, Rev. Z@Barney T. Phillips, D. D., offered the following prayer:

God of all wisdom and might, breathe upon this assembled company, the Members of the Senate, the spirit of Thy gracious power as they wait here in Thy presence. May this be a memorable day in the history of our two nations, as human hearts beat in harmony and human hands are clasped in international friendship, pledging fealty and devotion to those high ideals to which our great democracies are dedicated. Make each one of us to feel as never before that in our Nation's Capitol we stand on holy ground; that a holy God inspires us and will through us bestow the beneficent gifts of hospitality upon our royal guests, so radiant in their youthful spirits, as they reveal in two united hearts the sovereign majesty of love; and let the benediction of Thy peace be upon us all, now and forevermore. Through Jesus Christ our Lord. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar

day Thursday, June 8, 1939, was dispensed with, and the Journal was approved.

CONGRESSIONAL WELCOME TO KING GEORGE VI AND QUEEN ELIZABETH OF GREAT BRITAIN

Mr. BARKLEY. Mr. President, the senior Senator from Nevada [Mr. Pittman], chairman of the Joint Committee on Arrangements and Reception, has a statement to make.

Mr. PITTMAN. Mr. President, Their Majesties the King and Queen of Great Britain will be met at the foot of the central steps in front of the Capitol at 11 o'clock a. m. by the Joint Committee on Arrangements and Reception, and will be escorted into the rotunda, where they will be received by the Vice President of the United States and the Speaker of the House of Representatives. The Vice President and the Speaker of the House will then escort them to the positions which they will occupy during the reception. The Members of the Senate will be presented to Their Majesties by the chairman of the joint committee.

When the Senate leaves its Chamber, the Members of the Senate will proceed through the rotunda to a section which is roped off on the southwest side of the rotunda, the portion nearest to the House. That is for the reason that the Members of the Senate and the House will move to the left after they greet Their Majesties. The Members of the Senate, being first to be presented, will be in the section nearest to the House, and the House Members will be in the section nearest to the Senate side of the rotunda. After the Members of the Senate are presented, they will proceed to the north side of the rotunda; that is, the side nearest the Senate. The House Members will then proceed to the section the Senate had originally occupied, and there the Members of the House will stand until they are presented.

Mr. President, I think that gives a clear idea of the program. Of course there will be no address, except on the part of Their Majesties. There will be six in the receiving line. The committee of the Senate will stand in the front line during the presentation of the Members of the Senate. After the Members of the Senate have been presented, the Senate committee will drop back and the House committee will take their place, and the ceremony will proceed.

There will be no individual introductions whatever, because time will not permit, as only 45 minutes are available for the ceremony. As Senators approach Their Majesties their names will be announced; they will shake hands with the King and Queen without any comment. The formal address is "Your Majesty."

It is planned that the Members of the Senate and of the House of Representatives shall be in their positions at the time when Their Majesties are escorted into the rotunda.

After the Vice President and the Speaker have taken their positions near the door they will receive Their Majesties in the rotunda. The senior Senator from Idaho [Mr. Borahl], being the senior Member of the Senate, will lead the Senate in the presentation of the Members to Their Majesties.

At 10 o'clock and 40 minutes a. m., the Committee on Arrangements and Reception on the part of the Senate, consisting of Hon. Key Pittman, of Nevada, chairman of the joint committee; Hon. Alben W. Barkley, of Kentucky; and Hon. Charles L. McNary, of Oregon, withdrew from the Chamber and proceeded to the steps leading to the main entrance on the east front of the Capitol, where they joined the committee on the part of the House of Representatives, consisting of Hon. Sol. Bloom, of New York; Hon. Sam Rayburn, of Texas; and Hon. Joseph W. Martin, Jr., of Massachusetts, and received Their Majesties, who were escorted into the rotunda in the following order:

On the left of the King, Senator PITTMAN;

On the right of the King, the Queen;

On the right of the Queen, Representative Bloom.

Immediately following Their Majesties were Senators Barkley and McNary and Representatives Rayburn and Martin.

The Right Honorable William Lyon Mackenzie King, Prime Minister of Canada, Minister in Attendance, was next in

line, followed by the British Ambassador, Sir Ronald Lindsay, and Lady Lindsay, and Their Majesties' entourage.

In the rotunda the reception lines for the Senate and House of Representatives, respectively, were as follows:

SENATE RECEPTION LINE

Senator Pittman.

The King.

The Queen.

The Vice President.

Senator Barkley.

Senator McNary.

Col. Edwin A. Halsey, Secretary of the Senate.

Representative Bloom.

The Right Honorable William Lyon Mackenzie King, Prime Minister of Canada, Minister in Attendance.

Sir Ronald Lindsay.

Lady Lindsay.

Representative Rayburn.

Representative Martin.

Col. Chesley W. Jurney, Sergeant at Arms of the Senate. Col. Kenneth Romney, Sergeant at Arms of the House of Representatives.

Mr. George T. Summerlin.

Lady Nunburnholme.

Mr. Mallet.

Mrs. Mallet.

Col. Piers W. Legh.

Mr. Alan Lascelles.

HOUSE RECEPTION LINE

Representative Bloom.

The King.

The Queen.

The Speaker.

Representative Rayburn.

Representative Martin.

Mr. Lewis Deschler.

Senator Pittman.

The Right Honorable William Lyon Mackenzie King, Prime Minister of Canada, Minister in Attendance.

Sir Ronald Lindsay.

Lady Lindsay.

Senator Barkley.

Senator McNary.

Col. Chesley W. Jurney.

Col. Kenneth Romney.

Mr. George T. Summerlin. Lady Nunburnholme.

Mr. Mallet.

Mrs. Mallet.

Col. Piers W. Legh.

Mr. Alan Lascelles.

The VICE PRESIDENT (at 10 o'clock and 45 minutes, a. m.) Under the terms of the order entered yesterday the Senate stands adjourned until Monday, June 12, 1939, at 12 o'clock meridian.

Thereupon the Members of the Senate, preceded by the Vice President, the Secretary, and the Chaplain proceeded to the rotunda of the Capitol, where, in accordance with the terms of the concurrent resolution (S. Con. Res. 17), in conjunction with the Speaker and Members of the House of Representatives, they welcomed Their Majesties the King and Queen of Great Britain.

HOUSE OF REPRESENTATIVES

FRIDAY, JUNE 9, 1939

The House met at 10:30 o'clock a. m.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our Father, who art in heaven; hallowed be Thy name. Thy kingdom come. Thy will be done in earth as it is in heaven. Give us this day our daily bread. And forgive us our trespasses as we forgive those who trespass against us;

and lead us not into temptation but deliver us from evil, for Thine is the kingdom and the power and the glory forever and ever. Amen.

The Journal of the proceedings of yesterday was read and approved.

ANNOUNCEMENT

The SPEAKER. The Chair will ask the Clerk to read the following announcement on the part of the Chair.

The Clerk read as follows:

The Chair desires to announce, at the suggestion and request of the Joint Committee on Arrangements, that only Members of the House will be permitted to enter the rotunda.

House will be permitted to enter the rotunda.

Under the order adopted by the joint committee, ex-Members of the House and children will not be permitted in the rotunda.

the House and children will not be permitted in the rotunda.

The Chair further desires to suggest that Members refrain from smoking and after their presentation to Their Majesties they take the place provided for them in the rotunda and remain there until Their Majesties leave.

The SPEAKER. The Chair takes the liberty of suggesting that in forming the procession to proceed to the rotunda that, as far as it may be feasible, the older Members of the House—that is, those ranking in seniority of service—form at the head of the line. Of course, it will be very difficult to carry that out, but the older Members will recognize their terms of service. There is no restriction or regulation about that, but that has been suggested on the part of the Committee on Arrangements.

RECESS

The SPEAKER. The House will now stand in recess.

Accordingly (at 10 o'clock and 37 minutes a. m), pursuant to Senate Concurrent Resolution 17, the House stood in recess subject to the call of the Chair.

AFTER RECESS

The recess having expired, the House was called to order by the Speaker at 12 o'clock noon.

EXTENSION OF TIME FOR FILING MEMORIAL ADDRESSES

Mr. BULWINKLE. Mr. Speaker, I ask unanimous consent that the time for filing memorial addresses be extended 15 days after the expiration of the time provided by House Resolution 160. I believe this time expires today.

The SPEAKER. Legislative or calendar days?

Mr. BULWINKLE. Legislative days.

The SPEAKER. The gentleman from North Carolina asks unanimous consent that the consent heretofore granted for filing memorial addresses be extended for 15 legislative days. Is there objection?

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. St. Claire, one of its clerks, announced that the Senate had passed a bill and concurrent resolution of the following titles, in which the concurrence of the House is requested:

S. 591. An act to amend the United States Housing Act of

1937, and for other purposes; and

S. Con. Res. 19. Concurrent resolution authorizing the printing of additional copies of House Document No. 272, current session, entitled "Message From the President of the United States Transmitting a Report of the Bureau of Public Roads on the Feasibility of a System of Transcontinental Toll Roads and a Master Plan for Free Highway Development."

EXTENSION OF REMARKS

Mr. RANKIN. Mr. Speaker, the other day I asked unanimous consent to extend my own remarks in the Record and include therein a speech of Bishop Galloway. I found on receiving the proof that this speech exceeds the limit, so I sent for and got an estimate, as required. I ask unanimous consent that I may insert this entire speech in the Record as a part of my remarks made on June 5.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. THORKELSON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and include

therein information from the Commonwealth Federation of New York to substantiate my own remarks.

Mr. SABATH. Reserving the right to object, Mr. Speaker, on what subject does the gentleman expect to extend his remarks?

Mr. THORKELSON. The remarks are with respect to subversive activities.

Mr. SABATH. Mr. Speaker, the gentleman has already inserted so much material in the Congressional Record, most of which, as I have observed, being unjustifiable and without truth, that I am obliged to object until I have an opportunity to read the article or check the information.

Mr. THORKELSON. Mr. Speaker, in this extension I

prove my remarks from their own publication.

The SPEAKER. The gentleman from Illinois objects to the request.

COMMANDER JAMES T. BRADY

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi [Mr. RANKIN]?

There was no objection.

Mr. RANKIN. Mr. Speaker, it becomes my sad duty to announce the death of Hon. James T. Brady, the department commander of the American Legion for the District of Columbia and the General Solicitor for the Veterans' Administration, one of the ablest and most efficient public servants I have ever known.

Jim Brady literally worked himself to death. He passed away suddenly at 2 o'clock this morning.

As chairman of the Veterans' Committee, having to deal with the Veterans' Administration, I can say advisedly that I have never come in contact with anyone connected with this Government who worked harder or more conscientiously than did Mr. Brady.

One of my friends in the Press Gallery once wrote:

Or what we do or what we hope to do Is like infinitesimal drops from out the blue; Specks of dust from far-off flying stars Lost in the wake of Venus and of Mars, Swept to oblivion out of view.

He never lived to realize the good he had done, but the example set by Jim Brady as a conscientious, devoted, and industrious public servant might well be followed by everyone connected with the Government.

[Here the gavel fell.]

AMENDMENT OF THE SOCIAL SECURITY ACT

Mr. DOUGHTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 6635) to amend the Social Security Act, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 6635, with Mr. WARREN in the Chair.

The Clerk read the title of the bill.

Mr. TREADWAY. Mr. Chairman, I yield the remainder of my time to the gentleman from New York [Mr. Reed.]

Mr. REED of New York. Mr. Chairman, I do not know whether the membership of the House fully realizes or appreciates the amount of time that has been spent by the Ways and Means Committee on this important legislation. I think it has been one of the most arduous and one of the most trying experiences I have had in some 20 years of legislation. The hearings have continued for more than 3 months. We have had hearings morning and afternoon on this bill, and I want it distinctly understood at the outset that there has been no political opposition to this bill, and there was not when it was before the House originally. It was a bill that was approved in the Senate by a vote of 76 to 7; it was approved by the President on August 14, 1935.

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I want to be perfectly frank with the Members of the House and state that I was one of the 33 who opposed the bill in its original form. I was in absolute sympathy with the objectives sought to be attained, but there were certain provisions in the bill of which I did not approve and which I felt would come back to plague the Congress and the country.

It is inconceivable that anyone would be opposed to the objectives of a bill of this kind; that is, a system of protection against unemployment, a scheme of annuities for industrial and white-collar employees, a plan for noncontributory oldage pensions for the needy, noncontributory pensions for the blind and for relatives caring for orphans and other destitute children, and an appropriation for the Public Health Service.

These are all very worthy objects, and you would find few men who would be opposed to them; but I want to call the attention of the House to the fact that when the bill was first before the Congress it was my honest and firm conviction that the bill was unconstitutional, but evidently the Supreme Court thought otherwise, and it is now the law of the land. Outside of that objection which I had to the bill, I am as heartily for the objectives now as I was in the beginning, and I think a great improvement has been made in this bill, and I doubt if there will be very much opposition to it.

This is not a perfect bill, far from it; in fact, there are very few pieces of perfect legislation that come out of a large legislative body. Most bills are a matter of compromise. There is bound to be great diversity of opinion as to just how certain objectives should be obtained. The New Deal Members seem to feel we are guilty of lese majeste if we offer any constructive suggestions to important legislation once it has been written at the other end of the Avenue.

Mr. Chairman, the New Deal Members of the majority have been very sensitive to any criticism of legislation emanating from the inner circle at the other end of Pennsylvania Avenue. The Social Security Act, as first presented to Congress, was so filled with glaring defects that it was inevitable that its provisions would have to be overhauled to avoid its utter ruin at the hands of an indignant public. The majority would not listen to the constructive criticisms of the Republican minority, nor would the New Deal Members of the majority consider proposals offered to improve the act.

Even now New Deal Members rush to the defense of the policy of spending the pay-roll taxes as they flow into the general revenues of the Treasury. The mere mention of I O U's is like a red flag to infuriated bulls. The fact that an income tax imposed upon the low-income groups and then used for the New Deal spending program does not impress the spenders as anything irregular or a proper subject for

I realize that not a thing I can say will quicken the conscience or bring home to those who act in the capacity of legislative guardians of a fund intended by the Congress to pay old-age benefits, a realization that the money should not be diverted to other purposes. The fact that far in excess of a billion dollars has been collected in pay-roll taxes for the specific purpose of paying old-age benefits, and that all of this except a comparatively small amount has been used for other purposes seems to be of no consequence to those who are doing the spending. It is evident that the taxpayers now realize that as a result of this diversion of the funds so collected and spent by the New Deal, the money will have to be raised over again by taxation.

The Republican minority from the first has sought to direct attention to the injustice of taxing the working men and women of this Nation to furnish funds to be spent, wasted, and frittered away by a reckless spending administration. I know full well how futile it is to argue the injustice of such a program with those whose only interest seems to be to continue to obtain money to spend, regardless from what source derived or to what end the funds collected will be applied.

It is important, however, that the record should be kept straight for the benefit of the public. When the public is once in possession of the truth, the constructive suggestions

of the Republican minority will receive more and more support, and the consequence will be a more just and workable law.

I want to quote what the Brookings Institution of Washington, D. C., has to say on this subject, social-security taxes and their use, for paying the current expenses of the New Deal spending program. I quote:

The primary criticism of the old-age annuity scheme relates to the accumulation of a huge reserve. The plan involves the accumulation by the yearly payments and the interest thereon, of a sum which will pay the annuity when the beneficiary reaches the

required age.

The accumulations are invested in Federal Government obligations The accumulations are invested in Federal Government obligations yielding at least 3 percent return. If outstanding Government bond issues do not yield such a rate, special obligations yielding 3 percent are issued for the purpose. By the end of December 1933 the Government had issued two billions of such obligations, and these were turned over to the Social Security Board in lieu of cash collected from the social-security taxes. The Government is, of course, obligated to pay interest on these bonds to the Social Security Board. These bond accumulations are called reserves, and it is estimated. gated to pay interest on these bonds to the Social Security Board. These bond accumulations are called reserves, and it is estimated that by 1930 the accumulation would reach nearly \$50,000,000,000. Under existing procedures the pay-roll taxes are used for operating expenses of the Government. Neither cash nor revenue-producing assets is being provided by the taxes. Thus the accumulating obligations under the social-security plan will have to be met by further taxation in the future. Such a development was not contemplated originally. It was assumed that the Budget would be balanced and that the social-security taxes could be used to reduce the existing Government debt, thereby lessening the Government's obligations.

that the social-security taxes could be used to reduce the existing Government debt, thereby lessening the Government's obligations, if not accumulating cash or other assets. The persistence of the deficit has meant that such a program could not be carried out.

The net effect of the pay-roll taxes to date has thus been to provide the Government with some revenue and to keep the Federal deficit a little lower than it would otherwise have been. As a method of raising money for the general expenses of the Government it is highly inequitable in its operation. A part of it falls on the low-income classes, and that which is collected from corporations is not levied with reference to their ability to pay. As we have seen, it bears heavily on small corporations. it bears heavily on small corporations.

If there were a balanced Budget and the social-security taxes were being invested in outstanding Government bonds, the reserve, so to speak, would be in the form of decreased Government liabilities rather than in the form of increased assets. It is apparent in any case that the so-called reserve is not analogous to that maintained by ordinary insurance companies which do not invest in their own obligations or create new I O U's, the payment of which would involve increased collections in the future from those insured.

The alternative to the accumulation of a huge reserve is a pay-as-you-go plan. Since under the present operation of the system the benefits will have to be paid out of general taxation in the future, we should cease beguiling ourselves into the belief that the building up of a reserve has any economic significance. We should raise such amounts of social-security taxes as are necessary to take care of current payments and to provide the modest reserves necessary to possible emergencies. This means a few billion dollars the most

The inauguration of this plan should be accompanied by the adoption of the principle of investing the modest contingent reserves that would be accumulating in outstanding Government obligations. This implies an abolition of the present system of guaranteeing a 3-percent return on the reserve in the form of Government obliga-tions delivered to the Social Security Board; the earnings on the investments should be determined by money-market conditions at the time of purchase rather than be arbitrarily set at a fixed mini-mum rate which may come to be out of line with market yields. This plan of actually investing the tax accumulations in outstanding bonds necessarily means that the social-security taxes cannot be

used to meet Treasury deficits.

In short, this analysis implies a segregation of the administration of the social-security program from the ordinary financial operations of the Government

Under the pay-as-you-go plan we would not need to have nearly as high rates in the early years as under the present plan. The rates would start at a low amount and would increase in proportion to the increased age of the groups affected.

I call attention to the fact that the Brookings Institution after a most thorough and exhaustive study of the Social Security Act made the following recommendations:

1. The old-age annuities should be financed on a pay-as-you-go basis rather than by the accumulation of a huge reserve.

2. The rates for the old-age annuities should be temporarily reduced from 1 to one-half of 1 percent, and be subsequently increased only as benefit payments necessitate.

3. The modest continuent reserves should be invested in out-

3. The modest contingent reserves should be invested in out-standing Government bonds at current rates, and the financial administration of the system should be segregated from the fiscal operations of the Treasury.

Mr. Chairman, it must be apparent to all, except to the New Deal spenders, that the pay-roll taxes continue to flow in full volume from the pockets of the working men and women into the Treasury to be squandered for anything, and everything that can be devised by a group of happy-go-lucky spendthrifts. It is only natural to expect criticism from the New Deal spending, debt-creating advocates, but the Republican minority has come in for no more abuse from the New Deal devotees than has that wing of constructive critics, known as Jeffersonian Democrats who have resisted the unsound fiscal and financial policies of the present administration.

Mr. Chairman, Republican modesty might have prevented the minority from claiming credit for such improvements as appear in the bill now under consideration, but courtesy requires that we acknowledge with profound appreciation what the New York Times has had to say with reference to the contribution which the Republican minority has made to the measure under consideration. I quote, first, from an article by Mr. Arthur Krock under date of February 3, 1937, in this leading and outstanding Democratic newspaper:

Behind the concurrent resolution looking to improvements of the Social Security Act, jointly sponsored in Congress by a Republican group, is the story of an interesting experiment. The resolution represents a serious effort, after long study, to organize and publicly demonstrate an effective opposition technique in this heavily administration Congress. It turns on the contribution of ideas advantageous to legislation passed by the party in power instead of attempts to hamstring breass and embarrace attempts to hamstring, harass, and embarrass

The authors of the proposal and devisers of the technique which it is hoped the suggestion will illustrate and popularize are Senators Vandenberg and Townsend and Representatives Reed and JENKINS—all Republicans. They conferred long, earnestly, and often before they made their move. They do not doubt their resolution will be pigeonholed by the majority. But they believe the changes they propose in the fundamental mechanics of the Social Security Act, being fundamentally sound, will eventually be adopted under the auspices of the administration.

The article goes on to say:

The four Republicans who composed the resolution did not rely on their own resources or information. They approached the best experts they could find, nonpartisan and in favor of social security. They accepted numerous suggestions * * *. What the Republican conferees sought to evolve was a sustained piece of constructive critical work, and they believe they succeeded. They approached the problem as national, nonpartisan, and economic, too worthy to be the object of a political gesture and realizing also that worthy to be the object of a political gesture, and realizing also that especially in such a matter, the least politics is the best.

The basis of the constructive criticism of the resolution's au-

thors can be summarized as follows: It is most important to put the contributory old-age pension system on a firm and practical footing. It is not so grounded at present. The full reserve set-up is the flaw, with its eventual accumulation of forty-seven billions to be invested in Government 3 percents.

Any such fund, in the opinion of the Vandenberg group, is sure to be politically used in a democracy, and meanwhile the accumu-lation reduces the available revenues for current old-age pensions. They believe the arrangement doubly penalizes the worker because, while exacting a high tax, it deprives him of the present fruits of his investment.

The sponsors would eliminate the full reserve requirement of the existing law, substituting a modest contingent reserve, and thus release a large share of the pay-roll tax revenue, using the saving for one of two purposes. First, to hasten or increase the payment of old-age pensions. Second, to reduce the pay-roll tax to 2 percent for an indefinite period and avoid the graduated increase for a long

After pointing out the Republican opposition to the huge reserve, the article concludes as follows:

It can readily be seen that this is neither sniping nor the old political device of trying to dig a hole for the enemy, regardless of whether, when he falls in, his good public works, as well as his bad,

Now, let us see what Mr. Krock had to say in the Democratic New York Times on March 28, 1939, with reference to the effect of the minority's efforts to amend the Social Security Act:

CONSTRUCTIVE VERSUS PARTISAN CRITICISM OF NEW DEAL LAWS

In February 1937 four Republican Members of Congress intro-In February 1937 four Republican Members of Congress introduced a concurrent resolution looking to improvements in the Social Security Act * * *. The four Republicans were Senators VANDENBERG and TOWNSEND and Representatives Reed and Jenkins.

* * * As was remarked in this space at that time, these Republicans "approached the problem as national, nonpartisan, and economic, too worthy to be the object of a political gesture, realizing that in such a matter the least politics is the best."

NATURE OF RESOLUTION

Their concurrent resolution was based as follows:

"It is more important to put the contributory old-age pension system on a firm and practical footing. It is not so grounded at present. The full reserve set-up is the flaw, with its eventual accumulation of \$47,000,000,000 to be invested in governments, at 3 percent. Any such fund in a democracy is sure to be politically used, and meanwhile the accumulation reduces the available

revenues for current old-age pensions. The present arrangement doubly penalizes the worker because, while exacting a high tax, it deprives him of the present fruits of his investment. These it deprives him of the present fruits of his investment. These Republicans proposed elimination of the full reserve requirement, substituting a modest contingent reserve and thus releasing a large share of the pay-roll tax revenue. They sought to use the saving to hasten or increase the payment of old-age pensions, or to reduce the pay-roll tax to 2 percent for an indefinite period and avoid the graduated increase for a long time. * * * "Only a part of the suggestions of 1937 have been met by the administration, and all the faults of the Social Security Act have by no means been marked for remedy. But a large step toward

no means been marked for remedy. But a large step toward improvement has been paced by Mr. Morgenthau and for the first time the President has completely assented to a major New Deal law revision which is simultaneously a candid admission of error and a cooperative move for business recovery.'

[Applause]

The trouble with that is that when the law was written it was speedily passed for political purposes. Even the slogan "Social Security," the title of the act, was a catch phrase, and led every person in distress to believe that at last here was legislation that was going to build the Eutopia of which he had so long dreamed, but today we are confronted with a practical situation, with a situation of doing what the country can afford to do in its present economic condition. We sought by months of hard labor, in a nonpartisan way, cooperating in every way possible with the majority to perfect this bill. I say to the membership of the House that while there are many shortcomings in the bill, yet it is so superior to the original bill, and as it has now been pronounced by the Supreme Court the law of the land, that I shall vote to pass this measure. I hope also that it will not be so far amended by overenthusiastic people as to emasculate the provisions intended for the benefit of those for whom the law was enacted to help.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield? Mr. REED of New York. Yes.

Mr. CRAWFORD. If we have a moment, I think we might develop this thought a little bit. At the present time, as these tax remittances are made to the Treasury by industry, collected from the employee and from industry, they go to the general fund of the Treasury?

Mr. REED of New York. That is right.

Mr. CRAWFORD. And they are appropriated out by acts of Congress, to be used for the general purposes of the country, instead of being appropriated out for the purchasing of debt obligations previously issued by the Government. Therefore the present act calls for the issuance of special obligations to which the gentleman has referred. Later on, when the recipients of the benefits desire to collect something the Government must go out and tax the people to get the money in order to pay the recipients of the benefits, and while that is going on the special obligations are reflected in the debt of the Government.

Mr. REED of New York. That is correct.

Mr. CRAWFORD. The special debt obligations do not show up in the deficit, figured as such, but they do show up in the increased debt of the Government. If, instead of following that procedure, we purchased Federal debt obligations previously issued, the deficit figure would show up in a greater sum, and might be embarrassing politically, but at the same time we would be accumulating as a reserve fund previously issued debt obligations incurred in running the Government. and those debt obligations then would be thrown into the fund and the interest which they would accumulate would help pay the benefits to the beneficiaries in the subsequent years. As I understand the gentleman's quotations from the Brookings Institute, that is what they recommend, and that is in line with the original philosophy of the minority group of the Ways and Means Committee.

Mr. REED of New York. That is right.

Mr. CRAWFORD. I wanted to get that point cleared up.

Mr. REED of New York. We pointed that out from the very start. Of course, I do not need to say to this House that it is human nature, whenever a legislative body sees a vast accumulation of funds in the Treasury, to appropriate those funds for other purposes. It is a dangerous procedure. As I say, this does not correct the situation entirely, but it goes a long way in cutting down the large reserve, and cutting it down to a reasonable basis of about 3 to 1, or something like that.

Mr. SIROVICH. Mr. Chairman, will the gentleman yield?

Mr. REED of New York. Yes.

Mr. SIROVICH. I have been very much impressed with the statement the gentleman has made, but the thought which has come to my mind, and which I would like the gentleman to consider is this: In the year 1970 he states that we would have accumulated about \$47,000,000,000.

Mr. REED of New York. That is right.

Mr. SIROVICH. We will suppose \$40,000,000,000 had been accumulated. That money could wipe out the complete tax-exempt securities in which the wealthiest people of the country have invested. As I say, the securities are tax exempt, and the money has not gone into business and industry, and if an amendment could be offered to the social-security bill that the \$1,800,000,000 that we have now received thus far, and every year, should be utilized for the retirement of tax-exempt securities, then the Government would retain the interest, and this money would be forced into private industry and would tend to employ the army of unemployed. What about that?

Mr. REED of New York. Let me tell the gentleman what would happen in that event. All you would have accumulated are just these 3 percent I O U's, and the money in the meantime collected would have been spent. Let me ask the gentleman a question: Did the gentleman vote the other day for the bill to remove the partition and permit the Government to issue \$15.000.000.000 or more of long-term

bonds in lieu of short-term notes?

Mr. SIROVICH. I do not think I was here at the time.

Mr. REED of New York. The gentleman's side passed that bill and there is nothing now to prevent the Treasury from issuing \$15,000,000,000 more of tax-exempt securities, which the majority has been condemning so much.

Mr. SIROVICH. Could we today offer an amendment at the proper place that all of this money that is obtained for old-age security and old-age assistance should be utilized only for one thing now and that the retirement of tax-

exempt securities?

Mr. REED of New York. I am not so sure whether you can do that or not. I do not mean to be short with the gentleman from New York, but of course there is a constitutional question involved. It is very serious.

Mr. HINSHAW. Mr. Chairman, will the gentleman yield?

Mr. REED of New York. I yield.

Mr. HINSHAW. In questioning another member of your committee the other day I learned that the funds to be raised by this taxation of the employer and employee are used exclusively for the purpose of paying benefits to the contributing employees when they reach retirement age. Is that correct?

Mr. REED of New York. Will the gentleman state that

question once more, please?

Mr. HINSHAW. That the funds raised through the 1-percent tax on employer and employee are to be paid through the trust fund exclusively for the benefit of those who have contributed to the fund—that is, the employees who have contributed to the fund, and for no other purpose. Is that correct?

Mr. REED of New York. That is what we plan.

Mr. HINSHAW. Is there any tax plan set forth in the bill that would provide for the other payments that are authorized by the bill, such as old-age assistance and aid to the blind, and so forth?

Mr. REED of New York. No.

Mr. HINSHAW. Then payments for these purposes come out of the Federal Treasury?

Mr. REED of New York. They come out of the Federal Treasury.

Mr. HINSHAW. Or Federal deficit, shall we call it?

Mr. REED of New York. General taxes.

Mr. HOLMES. Mr. Chairman, will the gentleman yield?

Mr. REED of New York. I yield.

Mr. HOLMES. I want to make an observation along the line of that made by our colleague, Dr. Sirovich. Why should the suggestion be made that this small group of about one-quarter or one-third of our population who contribute to this pension fund—I mean employers and employees—should alone be the ones who should assume the burden of this whole tax when there are millions of professional men—doctors, lawyers, and men of wealth—who do not contribute in any shape or manner to this fund? If we are going to retire this huge sum of billions of dollars it should be by all the people, because it is their obligation and not this particular group of manufacturers and employees who should be called upon to assume all the burdens of wiping out this tremendous bonded indebtedness.

Mr. REED of New York. I thank the gentleman for his observation.

Mr. BROWN of Ohio. Mr. Chairman, will the gentleman yield?

Mr. REED of New York. I yield.

Mr. BROWN of Ohio. As an employer I would like to ask the gentleman this question: When this law became operative originally a contract was made between the Government and some of my employees stating that those employees would be paid a certain amount upon retirement, or in case of their death their estates would receive a certain amount. This bill, I notice, changes those payments entirely. Is that true?

Mr. REED of New York. It does. It changes the contract

that was entered into. It modifies it considerably.

Mr. BROWN of Ohio. It changes the contract which was made, under which these men have paid in their money as employees and under which contract I have paid in as employer?

Mr. REED of New York. The original conception and philosophy of this bill was this, and it so went out to the country, and workingmen and employers believed it: That every person who paid a pay-roll tax looking forward to oldage benefits would be assured of one thing—that he would get all the money back that he paid in, plus interest.

Mr. BROWN of Ohio. And under this law he will not, if he dies before he reaches 65?

Mr. REED of New York. That is true. It has been modified.

Mr. BROWN of Ohio. And there is a direct damage and injury to a number of men in the higher brackets; is that not true?

Mr. REED of New York. Yes; that is true.

Mr. BROWN of Ohio. Let me ask the gentleman one other question. What is there to prevent this Congress or a Congress 10 or 20 years from now from changing this law entirely and taking away further benefits that the men are supposed to receive from the money they have paid in?

Mr. REED of New York. Not one thing, because one Congress cannot bind another. It is simply the conscience of the

sovereign

Mr. BROWN of Ohio. And, of course, governmental contracts no longer hold in the United States under our present Court?

Mr. REED of New York. That is correct.

Mr. MILLER. Mr. Chairman, will the gentleman yield?

Mr. REED of New York. I yield.

Mr. MILLER. I would like to call the gentleman's attention to page 95. I notice the bill carries this provision: That the Federal Government will pay an amount, which shall be used exclusively as aid to the blind, equal to one-half of the total of the sums expended during such quarter as aid to the blind under the State plan, and so forth, not counting so

much of such expenditure with respect to any individual for any month as exceeds \$30. In other words, it leaves the blind with a \$30 limitation, while we are giving the old-age pensioners \$40 at 65 years.

Mr. REED of New York. Yes.

Mr. MILLER. Does it not seem that a blind person should be entitled to the same amount as the aged receive?

Mr. REED of New York. Of course; that is the danger of late amendments to a bill—not going through and correcting all discrepancies. I assume there will be some effort made on the floor to equalize some of the inequalities. [Applause.] Mr. Chairman, I yield back the balance of my time.

Mr. DOUGHTON. Mr. Chairman, I yield the remainder of my time to the gentleman from Tennessee [Mr. Cooper].

The CHAIRMAN. The gentleman from Tennessee is recognized for 37 minutes.

Mr. COOPER. Mr. Chairman, the Social Security Act, approved on August 14, 1935, is the greatest piece of social legislation ever enacted at any one time in the history of this or any other country in all the world. Many of the leading countries of the world have programs for social security. Most of those programs have been built up over a period of years, in some instances as many as 20 years being necessary to build up the program. They would provide for one phase of it, perhaps old-age pensions, and later they would provide for unemployment compensation, and so on; but this is the first country in the history of the world that ever adopted a rounded-out program for social security at one time.

It was my privilege to be a member of the subcommittee in 1934 that gave considerable time and attention to a part of the program embraced in the present act. It was also my privilege to be a member of the subcommittee which did most of the work in the drafting of the present Social Security Act. It is a little difficult for us sometimes to fully understand statements and charges made here on the floor, especially by some of our friends who cannot resist the temptation to be just a little partisan now and then, and to hear the statements made that this bill was sent up from the other end of the Avenue, and that it was hastily enacted by Congress. Now, as one who is in a position to know something about the real facts, I want to say to you that I have never known any measure that received more careful, thorough, and painstaking consideration by a standing committee of the Congress, or a bill more of which was actually written by the committee than the present Social Security Act. [Applause.] To those of us who labored so long and so hard in the drafting and the enactment of this legislation, the surprising thing has been that the program has succeeded to the remarkable extent that it has and that it has worked so successfully.

Let us bear in mind that we were plowing new ground. There were no precedents in this country to guide us and few precedents in other countries of the world, because, after all, we have a decidedly different situation in this country to what they have in most of the other countries of the world. We realized at the time that, although we were doing the best job we could, further amendments would be necessary and changes in the light of experience would be found to be expedient and advisable. This legislation has been considered all the way through, in 1934, in 1935, and the pending bill, on a nonpartisan basis. There has been no partisanship manifested by members of the committee during the consideration of this measure; and as one of the majority members of the Ways and Means Committee, I am glad to acknowledge our debt of gratitude to the minority members of the committee who have cooperated with us and assisted so much in the consideration of this important legislation. [Applause.] We are also indebted to Mr. Rice, of the drafting service, and the members of the staff, and the Chairman of the Social Security Board and his very efficient corps of workers who have worked with us and assisted us all the way through in the consideration of this legislation.

This legislation stands today as a great tribute to the foresight and the wisdom of that great humanitarian, that man whose heart beats in tune with the interests and the welfare of the masses of our people, our great President of

the United States, Franklin D. Roosevelt. [Applause.] This program was the outstanding objective of Mr. Roosevelt during the second 2 years of his first administration. The present Social Security Act passed the House by a vote of 372 to 33 and passed the Senate by a vote of 77 to 6.

The Social Security Act, which contains substantially the provisions for insurance as was reported by the Ways and Means Committee, has been sustained by the Supreme Court

of the United States in three different cases.

The enactment of the Social Security Act marked a new era in this country. For the first time the Federal Government accepted the responsibility of providing a systematic program of protection against economic and social hazards. The first part of the program is designed to reduce future dependency. The second part of the program is designed and intended to relieve existing needs. The first part of the program provides for a Federal system of old-age insurance and for a Federal-State program for unemployment compensation. The second part of the program provides for grants to States for a program of aid to the needy aged, for dependent children, for needy blind, as well as providing for assistance to public health, maternal and child welfare, and other similar types of assistance.

Mr. SHORT. Mr. Chairman, will the gentleman yield at

that particular point?

Mr. COOPER. I yield.
Mr. SHORT. I just wondered, the gentleman from Tennessee, who has studied this matter so thoroughly, if he can tell the Committee why no assistance is included for helpless

Mr. COOPER. I am glad the gentleman asked that question because he and the membership of the House are entitled to an explanation on that point. The Social Security Board recommended the inclusion of a provision for total permanent disability cases at some time in the future. It pointed out, however, that not only would a large additional amount of expense be involved, but they stated that, in their opinion, it would probably require a year or 2 years to be able to work out a proper program for its administration. Your committee, therefore, in view of that information from the Social Security Board, decided not to include a provision in this bill for total and permanent disability cases.

Mr. SHORT. But I am sure that the gentleman from Tennessee will agree with all of us that a person with two legs off, or two arms off, is just as helpless, and as much in need, and as deserving of assistance as a person 60 or 70 years of age.

Mr. COOPER. There is no question about the desirability of trying to take care of cases of that kind. There is no doubt about all of us being interested and anxious to do all we can along that line.

Mr. SHORT. Is the Social Security Board at this time making a study of this program and when will they report to the Congress?

Mr. COOPER. The Social Security Board is continuing its study, and, of course, under the Social Security Act as drafted and passed, the Social Security Board is required to continue its study on all phases of social security and make reports to the Congress.

Mr. SHORT. I hope they will soon report favorably in the matter of assistance to these helpless cripples.

Mr. DUNCAN. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield.

Mr. DUNCAN. Along the line of the inquiry by the gentleman from Missouri I will ask the gentleman from Tennessee if there is not included in the bill a provision for vocational rehabilitation to take care of the type of people referred to by the gentleman from Missouri?

Mr. COOPER. That is true. Of course, under the present Social Security Act there is provision made for the Federal Government to make grants-in-aid to the States to care for people injured in industry and otherwise and to provide rehabilitation for them. In this bill we increased the amount of the Federal grant by \$1,000,000.

Mr. SHORT. But that is confined to those injured in industry?

Mr. COOPER. That is a program that has been going on for years. That particular appropriation has been increased by a million dollars.

Mr. DUNCAN. This applies not only to those injured in industry but to those injured otherwise?

Mr. COOPER. That is true.

Mr. GWYNNE. Will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Iowa.

Mr. GWYNNE. There seems to be some question about the employees of corporations under section 101. Is it the gentleman's understanding that an employee or an officer of a corporation under section 101 who receives no payment is not included?

Mr. COOPER. That is true.

Mr. GWYNNE. That is the proper construction?

Mr. COOPER. As I endeavored to reply to the gentleman from Nebraska [Mr. Stefan] when he asked a similar question yesterday, I will say to the gentleman from Iowa that he nor any other Member of the House is more interested and more anxious about that being taken care of than those of us on the committee. We certainly did everything we could and we received the assurance that the provisions of this bill takes care of that situation.

Mr. MILLER. Will the gentleman yield?
Mr. COOPER. I yield to the gentleman from Connecticut.

Mr. MILLER. Referring back to the question asked by the gentleman from Missouri, if the administration would take the broadest possible interpretation of the act, can it not do a great deal under the vocational rehabilitation, by constructive work, for the so-called crippled and disabled?

Mr. COOPER. That is true.
Mr. MILLER. May I add a further thought. The worst thing that could happen is to tell a person who is crippled that he is on the shelf for life. I would rather spend \$10 to rehabilitate that man than to pay him a pension of \$10 and retire him.

Mr. COOPER. That is true. The gentleman will remember that this is a State program. It is a State-administered program. The Federal Government makes grants-in-aid to the States to carry forward the rehabilitation program. We are increasing the amount of money or the authorization by the Federal Government to the extent of a million dollars in the pending bill.

Mr. MILLER. In some States there seems to be a misunderstanding as to what rehabilitation of the disabled means, and some of the money expended in the States, it has been ruled by the Board, is not rehabilitation. I realize it cannot be included in the act.

Mr. COOPER. The gentleman knows that Congress cannot enact a law and administer it too, but we are including a provision to enable the States to give greater assistance along that line.

Mr. CRAWFORD. Will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Michigan.

Mr. CRAWFORD. If the States fully comply to the limit and go along with the million dollars to which the gentleman has referred, what will the total sum amount to? Can the gentleman give us that figure? Suppose the States fully comply.

Mr. COOPER. I cannot give the gentleman the amount to the penny.

Mr. CRAWFORD. Roughly.

Mr. COOPER. We are appropriating \$1,900,000, approximately, at the present time. This bill increases it by a million dollars, which will make very close to \$3,000,000.

Mr. CRAWFORD. Does the gentleman know what the

States are contributing with reference to the \$1,900,000?

Mr. COOPER. I do not have those figures before me. The gentleman from New York [Mr. REED], who has been vitally interested in this matter for many years, made a very able speech day before yesterday on that particular subject.

Mr. CRAWFORD. I thank the gentleman.

Mr. DINGELL. Will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Michigan.

Mr. DINGELL. I think if the gentleman from Michigan [Mr. Crawford] will refer to page 31 of the report, he will get the entire answer to his question.

Mr. COOPER. In this connection permit me to say I really believe the report presented by this committee on the pending bill is one of the best I have ever seen since it has been my privilege to serve here. I think it would be to the interest of every Member to study and preserve the report. We have labored for a long time to try to make it as complete as possible, and I think we have made considerable contribution along that line. [Applause.]

Mr. TREADWAY. Will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Massachu-

Mr. TREADWAY. I assume that the gentleman is speaking of both parts of the report, including the minority views?

Mr. COOPER. I am glad to include the entire report, both the report accompanying the bill and the minority views filed with it.

Mr. TREADWAY. I thank the gentleman.

Mr. COOPER. Mr. Chairman, as I was trying to point out a few moments ago, it was realized at the time the Social Security Act was passed that changes and amendments would have to be made in the future. When you are dealing with a program as far-reaching and as important as this, it is humanly impossible to bring about that degree of perfection in the drafting of legislation of this type that we may be encouraged to believe will withstand all possible future tests. So it was recognized at the time the Social Security Act was passed that changes would be found necessary, and the provision is included in the present act providing that the Social Security Board shall continue to study, make investigations, and report to Congress its recommendations for changes and improvements in the act in the light of its experience.

Last year an advisory council was appointed, composed of many of the outstanding men of this Nation, men like Mr. Swope, of General Electric; the head of United States Steel; Mr. Fuller, of the Curtis Publishing Co.; and many other outstanding industrialists of the Nation; also outstanding labor leaders of the country, including Mr. Matthew Woll, vice president of the American Federation of Labor; a representative of the C. I. O.; and other outstanding representatives of the workers of the country; and a very distinguished group of outstanding men who represented the general public, including Dr. Brown, of Princeton University, who served as chairman of the group.

Then the Social Security Board made its report and the President of the United States transmitted this report to the Congress. The report of the Advisory Council and the Social Security Board was the basis upon which your committee worked out the amendments which are presented to you in this pending bill.

Full and complete hearings were held on this subject. Forty-eight days of time was devoted to those public hearings. They began on February 1 and closed on April 7. Twentyfive hundred pages of testimony are included in the printed hearings. One hundred and sixty-four witnesses appeared during that time. The committee devoted 6 weeks of almost solid time in executive session to preparing the pending bill after the public hearings were closed. This bill embraces the amendments to the present Social Security Act.

If I may have your indulgence for a few moments longer, I would like to take up and endeavor to discuss a little more in detail some of the outstanding amendments included in this bill and changes made in the present Social Security Act. First, I should like to invite your attention to the matter of taxes. This bill affords more tax relief to the people of this country than we can hope to give them in any other measure that can be enacted by this session of the Congress. [Applause.]

Mr. McCORMACK. Mr. Chairman, will the gentleman vield?

Mr. COOPER. I yield to the gentleman from Massachu-

Mr. McCORMACK. In connection with the recommendations of the Advisory Council, William Randolph Hearst appointed a committee to make an investigation, called the Nonpartisan Social Security Commission, consisting of Senator James J. Davis, Henry I. Harriman, Samuel W. Reyburn, William J. Graham, Dr. Herman Feldman, Dr. Richard A. Lester, and Merryle Stanley Rukeyser. Their recommendations, as far as contributory annuities are concerned, are substantially along the lines of the recommendations of the Advisory Council and along the lines of the present bill as this committee has reported it.

Mr. COOPER. The gentleman is correct.

If I may refer at this time to an additional item, we have heard considerable discussion about the old-age insurance reserve fund. We have heard some words used that I regret to hear used in connection with it, with respect to its being a system involving the use of I O U's, and so on like that. The Social Security Act, the law passed by Congress, requires that these special obligations shall yield 3 percent interest for this fund. Of course, the money coming in from the payroll taxes is to be invested in these special obligations. The Treasury Department has followed the word and the letter of the law in that respect. This Advisory Council, composed of some of the outstanding men in the Nation, included as a part of their report a description of the use of this fund, and I wish to read two short sentences from the report:

The United States Treasury uses the moneys realized from the issuance of these special securities by the old-age reserve account in the same manner as it does moneys realized from the sale of other Government securities.

This matter has been handled the same as all other funds of a similar type and character. The retirement fund for civil-service employees and the fund for the soldiers' insurance, as well as various other funds, have been handled in exactly the same way, under administrations of both political parties, as has this fund for old-age insurance.

I invite your attention to the closing sentence of this report:

The members of the council-

This is the Advisory Council-

regardless of differing views on other aspects of the financing of old-age insurance, are of the opinion that the present provisions regarding the investment of the moneys in the old-age reserve account do not involve any misuse of these moneys or endanger the safety of these funds.

As I indicated a moment ago, I should like to invite your attention briefly to the provisions of this bill with respect to taxes. During the year 1940 the people of this country will pay about \$580,000,000 less in taxes than they would have to pay under the present act.

For the ensuing 2 years they will pay about \$1,130,000,000 less in taxes than they would have to pay under the present act. The total savings will amount to approximately \$1,710,000,000.

The old-age insurance tax has been frozen at 1 percent on the worker and 1 percent on the employer for the 3 years 1940, 1941, and 1942, as against the 11/2-percent rate on each employer and employee under the present act. This will save employers and workers about \$275,000,000 in 1940, or a total of about \$825,000,000 in the 3 years.

Provision is made so the States may reduce their unemployment insurance contributions, if a certain reserve fund has been attained and minimum benefit standards have been provided. All except about five States of the Union will be able to take advantage of this change during 1940. This may save employers from \$200,000,000 to \$250,000,000 during 1940 if the States reduce their contribution rates from an average of 2.7 percent to an average of 2 percent.

Only the first \$3,000 an employer pays an employee per year is taxed under the unemployment compensation provision. This is already true in the case of old-age insurance. This will save employers about \$65,000,000 a year.

Provision is also made for refunds and abatements to employers who paid their 1936 and 1937 and 1938 unemployment compensation contributions late to the States. This will save employers about \$15,000,000.

Therefore, the aggregate of these items, as I indicated a moment ago, will amount to a saving to the taxpayers of the country of about \$580,000,000 during the year 1940, and for the next 3 years a total saving of about \$1,710,000,000. This is much more substantial tax relief than we can possibly hope to give to the people of this country under any other legislation that we can pass at this session of the Congress.

Mr. JENKINS of Ohio. Mr. Chairman, will the gentleman

Mr. COOPER. I yield.

Mr. JENKINS of Ohio. I appreciate what the gentleman says, and I think it is a very fine showing. I wonder if the gentleman is going to show in his speech how much wider we have made the distribution. If the gentleman does not have the time or is not going to do so, I may say that I have not been able to find that set out by itself in the report, and I believe it would be a very fine thing if it were stated, if the gentleman has such information. It would not, of course, be fair to tell this House you are going to save that much money, because we are going to spread it out over a wider base and spend a great deal more than we are going to spend.

Mr. COOPER. Of course, you have to spend more money, especially for old-age insurance during the earlier years of the program, but we will save money in the later years, so that over a period of 40 or 45 years it is estimated it will come out about the same as the present program would cost us.

Mr. HOLMES. Mr. Chairman, will the gentleman yield? Mr. COOPER. I yield to the gentleman from Massachu-

Mr. HOLMES. I understand the gentleman to say that the annual contribution on the part of the employee and employer has been fixed at 1 percent.

Mr. COOPER. Yes; that is true.
Mr. HOLMES. Has the gentleman any estimate of how much revenue that tax will bring into the Treasury?

Mr. COOPER. I do not have the figures immediately before me as to the yield of the present 1 percent, but by freezing at the present 1 percent and not allowing it to increase next year to 11/2 percent on employers and employees, the saving I have indicated of about \$275,000,000 will be made by reason of not allowing the increase to go into effect.

Mr. HOLMES. I appreciate that and I am just wondering if the Treasury did not file with the committee the total amount of the yield during 1938 on that 1 percent basis.

Mr. COOPER. Oh, yes; those figures appear in the hearings. I just do not happen to have them immediately before me at the moment.

Mr. HOLMES. Are they in the report? Mr. COOPER. Yes; they are in the report, too.

Mr. MOTT. Mr. Chairman, will the gentleman yield? Mr. COOPER. I yield to the gentleman from Oregon.

Mr. MOTT. Will the gentleman clear up the matter regarding the use of this pay-roll tax by the Government? The gentleman heard the gentleman from New York state that under the present system the Government is giving the Security Board its I O U's, and that when the time comes to pay these pensions it will mean that a tax will have to be levied again. Will the gentleman point out, if he can, wherein the statement of the gentleman from New York in that respect is incorrect?

Mr. COOPER. I endeavored to point out a few moments ago by quoting from the Advisory Council that this fund has been used just the same as all other similar funds handled by the Government, and that is true.

Now, let me further state to the gentleman, what practical difference does it make? These taxes are paid in by the employers and employees. The Government receives that money in the Treasury. The Government has certain expenditures to make and certain obligations to meet. What is the practical difference between levying a tax upon the people now to raise all the money that the Federal Government has to have or in using this money and paying interest on it; and if need be, levying taxes later to replace that money?

From a practical business standpoint I am unable to see how there is any ground for any great alarm or disturbance on that point.

Mr. MOTT. If the gentleman is asking me, I see a great deal of difference, but that was not my question.

Mr. COOPER. And this is not the proper time for us to get into a prolonged argument about that.

Mr. MOTT. The question I am asking the gentleman is whether or not the statement of the gentleman from New York is correct that we levy this money twice in order to pay these old-age pensions? We levy it once through the payroll tax, we spend that for general governmental purposes, and then we levy it again by general taxation. Is that correct or not?

Mr. COOPER. No; I do not think so. We levy this tax and we provide this fund and it is held by the Government.

Mr. MOTT. No; it is spent by the Government.

Mr. COOPER. Just a minute, if I may continue. We levy this tax, we collect this money, and it is held by the United States. Now, the United States Government uses that money just like it uses any other money, and issues its special obligations to this particular fund, and they are held in this fund. The fund is just as solvent; it is just as sound as the Government itself. Now, what is the difference between raising taxes or providing revenue in the future to take care of these special obligations than it would be for any other bond or obligation issued by the Government?

Mr. MURDOCK of Arizona. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Arizona.

Mr. MURDOCK of Arizona. I am very much interested in the gentleman's comment that the tax for 1936, 1937, and 1938 had been taken care of from some of those who paid their taxes to the State too late. It has come to my attention that this rather complicated legislation carried such heavy penalties as to work an injustice on certain taxpayers in its beginning years of operation. Some taxpayers at first paid, or offered to pay, too late and were themselves not to blame.

Mr. COOPER. Too late to get credit.

Mr. MURDOCK of Arizona. The gentleman found, did he not, that there were a great many that were in that predicament—men who were not at fault, but who had failed to synchronize these two laws, one law on the part of the Federal Government, and one on the part of the State, so that such taxpayers found themselves delinquent, so to speak, and under heavy penalty? I think the gentleman's committee has done wisely and acted justly in showing this proper attitude toward struggling businessmen. They want to do the right thing in paying these taxes and I congratulate the committee upon this fair provision.

Mr. COOPER. I appreciate the gentleman's statement. Of course it was shown to us that a considerable number of people had been caught in this kind of a situation. I have no doubt that many of them were worthy and deserving and there may have been some who were not quite so worthy and deserving, but we have given the relief, we have at least given them a fresh start, an opportunity to move along from this point.

Mr. BROOKS. Mr. Chairman, will the gentleman yield? Mr. COOPER. Yes.

Mr. BROOKS. I think the gentleman is making a very learned discussion of this bill. There is one phase of it, however, that perhaps the gentleman has touched upon to some extent, but it is something I believe that all of us are much interested in, and that is the question of the wider distribution of old-age pensions. Will the gentleman explain to the House whether or not the new set-up is going to give a wider distribution of the funds either to cover families or old people in this country not covered at the present time?

Mr. COOPER. Does the gentleman have reference to oldage assistance in title I, commonly called old-age pensions, or does he refer to old-age benefits under title II, commonly referred to as old-age annuities?

Mr. BROOKS. Old-age pensions. That question has arisen and it has been discussed on the floor, but I have not heard a satisfactory answer up to the present time.

Mr. COOPER. Of course my time is almost exhausted and I cannot enter into a lengthy discussion of that at this time except to say that the pending bill continues the present arrangement whereby the Federal Government will match dollar for dollar what the State puts up for old-age pensions, except this does increase the limit from \$15 to \$20, or a total of from \$30 to \$40.

Mr. WHITE of Ohio rose.

Mr. COOPER. I am sorry, but I have only a little more time remaining and I was hoping to cover some other phases of the bill. We have liberalized considerably the provisions of the Social Security Act, especially with reference to oldage insurance, and we now include in this bill provisions for the wives of these annuitants, and we also make provision for children, also for widows and orphans. It has been considerably extended so as to take in this adidtional group of people so that we may in effect say that we now have under the provisions of this bill a program on a family basis, and we will take care of these people who will need this assistance because of the loss of the father or the husband and the loss of the pay and wages that he has been bringing into the family.

I would like to here show more in detail some of the additional benefits provided.

SUMMARY OUTLINE OF BENEFIT PROVISIONS UNDER THE REVISED FED-ERAL OLD-AGE AND SURVIVORS' INSURANCE PLAN

A. EFFECTIVE DATE, JANUARY 1, 1940
B. OLD-AGE RETIREMENT BENEFITS

1. Old-age benefit: Each insured individual who has reached the age of 65 is eligible to receive a monthly primary (old-age) insurance benefit determined as follows:

(a) A basic amount computed by applying 40 percent of average monthly wages up to the first \$50, plus 10 percent of average monthly wages in excess of \$50.

(b) Such amount to be increased 1 percent for each year of coverage (\$200 or more wages).

2. Supplement for wife: In addition, the wife, aged 65 and over, of an individual entitled to primary insurance benefits is eligible for a supplement of one-half of the primary oldage insurance benefit, or her own benefit, whichever is larger.

3. Supplement for children: In addition, each individual entitled to primary insurance benefits is eligible for a supplement of one-half of the primary insurance benefit for each child under the age of 16, or 18 if regularly attending school.

C. SURVIVORS' BENEFITS

1. Widows' old-age insurance benefits:

(a) Lump-sum payment: A lump-sum benefit equal to six times the monthly primary insurance benefit is payable to the widow, irrespective of age, upon the death of her fully insured husband.

(b) Monthly benefits: Each widow of a fully insured individual is also eligible when she attains age 65 (i) for a monthly benefit equal to three-fourths the primary insurance benefit (beginning at age 65, or 6 months after her husband died, whichever is later) or (ii) her own primary old-age insurance benefit, if larger.

2. Orphans' monthly insurance benefits: Each insured individual's dependent orphan (up to 16 or 18 if regularly attending school) is eligible for an orphan's benefit equal to one-half of the primary insurance benefit of the deceased parent.

3. Benefits to widows with children:

(a) Lump-sum payment: A lump-sum benefit equal to six times the monthly primary insurance benefit is payable to the widow upon the death of her insured husband.

(b) Current monthly insurance benefit: A widow of an insured individual who has in her care one or more children also is eligible for a monthly benefit—beginning with the sixth month after the death of her husband—of three-fourths the primary insurance benefit until she dies, remar-

ries, or the children reach 16-or 18 if they are attending

school regularly.

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4. Parents' insurance benefits: Upon the death of a fully insured individual who leaves no widow or child under 18 (a) a lump-sum benefit equal to six times the primary insurance benefit is payable to a surviving parent who was wholly dependent upon the deceased and (b) upon reaching age 65-or 6 months after the month in which such individual died, whichever is later-a monthly benefit equal to one-half of the primary old-age insurance benefit is payable to each such parent.

5. Lump-sum funeral benefit: Upon the death of an insured individual who leaves no widow, no child under 18, and no wholly dependent parent, a lump sum of six times the monthly primary insurance benefit is payable for the

funeral expenses of the deceased.

D. MINIMUM AND MAXIMUM BENEFITS

The minimum benefit payable shall be not less than \$10 per month. The maximum benefit payable shall be not more than double the primary insurance benefit, 80 percent of average wages or \$85, whichever is the smallest.

Your committee, after 4 months of hard work, has brought you a bill that we sincerely believe is in the interest of the people of this country and one that we feel is worthy of your support. [Applause.]

The CHAIRMAN. The time of the gentleman from Ten-

nessee has expired. All time has expired.
Mr. DOUGHTON. Mr. Chairman, I ask unanimous consent that the bill may be read by title rather than by sections.

The CHAIRMAN. The gentleman from North Carolina asks unanimous consent that the bill be read by title rather than by sections. Is there objection?

Mr. TREADWAY. Mr. Chairman, as far as the minority is concerned, we are agreeable to reading the bill by title.

The CHAIRMAN. Is there objection?

There was no objection.

The CHAIRMAN. The Clerk will read.

Mr. TERRY. Mr. Chairman, I make the point of order that

there is no quorum present.

The CHAIRMAN. The gentleman from Arkansas makes the point of order that there is no quorum present. The Chair will count. [After counting.] One hundred and twenty-one Members present, a quorum.

Mr. JENKINS of Ohio. Mr. Chairman, I rise to a parlia-

mentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. JENKINS of Ohio. I make the inquiry just as a matter of information, because several people have come to the desk inquiring as to where they may offer their amendments. This is true, is it not, that the bill will be read from the first page over to title II, at the end of page 5, and anyone wishing to offer an amendment that is germane to any portion of the bill up to that place will be permitted to offer it at the conclusion of the reading of that portion of the bill, if he can get recognition from the Chair.

The CHAIRMAN. The gentleman from Ohio is entirely correct. The Clerk will read title I.

The Clerk read as follows:

Be it enacted, etc., That this act may be cited as the "Social Security Act Amendments of 1939."

TITLE I-AMENDMENTS TO TITLE I OF THE SOCIAL SECURITY ACT SEC. 101. Section 2 (a) of the Social Security Act is amended to

read as follows:

read as follows:

"(a) A State plan for old-age assistance must (1) provide that it shall be in effect in all political subdivisions of the State, and, if administered by them, be mandatory upon them; (2) provide for financial participation by the State; (3) either provide for the establishment or designation of a single State agency to administer the plan, or provide for the establishment or designation of a single State agency to supervise the administration of the plan; (4) provide for granting to any individual, whose claim for old-age assistance is denied, an opportunity for a fair hearing before such State agency; (5) provide such methods of administration (other than those relating to selection, tenure of office, and compensation of personnel) as are found by the Board to be necessary for the proper and efficient operation of the plan; (6) provide that the State agency will make such reports, in such form and containing such information, as the Board may from time to time

require, and comply with such provisions as the Board may from require, and comply with such provisions as the Board may from time to time find necessary to assure the correctness and verification of such reports; (7) effective July 1, 1941, provide that the State agency shall, in determining need, take into consideration any other income and resources of an individual claiming old-age assistance; and (8) effective July 1, 1941, provide safeguards which restrict the use or disclosure of information concerning applicants and recipients to purposes directly connected with the administration of old-age assistance."

SEC. 102. Effective January 1, 1940, section 3 of such act is amended to read as follows:

"PAYMENT TO STATES

"Sec. 3. (a) From the sums appropriated therefor, the Secretary "Sec. 3. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for old-age assistance, for each quarter, beginning with the quarter commencing January 1, 1940, (1) an amount, which shall be used exclusively as old-age assistance, equal to one-half of the total of the sums expended during such quarter as old-age assistance under the State plan with respect to each needy individual who at the time of such expenditure is 65 years of age or older and is not an immate of a public institution, not counting so much of such expenditure with respect to any individual for any month as exceeds \$40, and (2) 5 percent of such amount, which shall be used for paying the costs of administering the State plan or for old-age assistance, or both, and for no other purpose.

"(b) The method of computing and paying such amounts shall be as follows:

be as follows:
"(1) The E The Board shall, prior to the beginning of each quarter, "(1) The Board shall, prior to the beginning of each quarter, estimate the amount to be paid to the State for such quarter under the provisions of clause (1) of subsection (a), such estimate to be based on (A) a report filed by the State containing its estimate of the total sum to be expended in such quarter in accordance with the provisions of such clause, and stating the amount appropriated or made available by the State and its political subdivisions for such expenditures in such quarter, and if such amount is less than one-half of the total sum of such estimated expenditures, the source or sources from which the difference is expected to be derived, (B) records showing the number of aged individuals in the State, and (C) such other investigation as the Board may find necessary.

"(2) The Board shall then certify to the Secretary of the Treasury "(2) The Board shall then certify to the Secretary of the Treasury the amount so estimated by the Board, (A) reduced or increased, as the case may be, by any sum by which it finds that its estimate for any prior quarter was greater or less than the amount which should have been paid to the State under clause (1) of subsection (a) for such quarter, and (B) reduced by a sum equivalent to the pro rata share to which the United States is equitably entitled, as determined by the Board, of the net amount recovered during any prior quarter by the State or any political subdivision thereof with respect to old-age assistance furnished under the State plan, except that such increases or reductions shall not be made to the extent that such sums have been applied to make the amount certified that such increases or reductions shall not be made to the extent that such sums have been applied to make the amount certified for any prior quarter greater or less than the amount estimated by the Board for such prior quarter: *Provided*, That any part of the amount recovered from the estate of a deceased recipient which is not in excess of the amount expended by the State or any political subdivision thereof for the funeral expenses of the deceased shall not be considered as a basis for reduction under clause (B) of this pergraph.

"(3) The Secretary of the Treasury shall thereupon, through the Division of Disbursement of the Treasury Department and prior to audit or settlement by the General Accounting Office, pay to the State, at the time or times fixed by the Board, the amount so certified the forcest."

fied, increased by 5 percent."

SEC. 103. Section 6 of such act is amended to read as follows:

"SEC. 6. When used in this title, the term 'old-age assistance' means money payments to needy aged individuals."

Mr. COLMER. Mr. Chairman, I offer an amendment. The Clerk read as follows:

Amendment offered by Mr. Colmer: On page 3, line 9, strike out "one-half" and insert "four-fifths"; in line 15, strike out "40" and insert "25"; page 4, line 6, strike out "one-half" and insert "one-fifth."

Mr. COLMER. Mr. Chairman, this is the amendment that we gave notice several days ago we were going to offer on this occasion. This is the amendment that has the backing of approximately 100 Members of this House who are sponsoring it. This is the amendment by which we hope to equalize the distribution of the proceeds to the aged needy of this country.

I placed in the Appendix of the RECORD, appearing at page 2490, under an extension of remarks, a chart which would show just what this amendment would mean in the average receipts by those qualified as recipients in each State. In other words, this amendment seeks to have the Federal Government pay four-fifths for every dollar that the State puts up to the Federal Government's limitation of \$20. This would tend to equalize the distribution of these funds. It would tend to bring some of the poorer States up, but it

would help every State in the Union, as this chart will disclose.

I know a lot has been said about helping the aged needy. I know there is a lot of lip service that is rendered to this class of people. I do not belong to any organization other than the organization that was formed here yesterday. I do not subscribe to any organization that goes cut and seeks money from the aged and needy-money which they needto try to put across this kind of legislation. I do not have any sympathy with a lot of that stuff that is done.

By this amendment you have an opportunity to render some real service rather than lip service to your constituents who are in need of these funds.

We are going to have a lot of debate about this, I assume. These gentlemen on the powerful Ways and Means Committee, for whom I have very profound respect and a high regard, are going to say that we are trying to wreck their bill, and so on. But this matter has been called to their attention before. I realize they have worked hard on this proposition, but I am not going to take all my time in paying tribute to the Ways and Means Committee, more than to say that I have a very high respect and regard for them.

But I do say to you, when they tell you this will wreck the Government and it is going to cost a whole lot of money, just remember this: As the able gentleman from Georgia [Mr. RAMSPECK] has pointed out, if this amendment is adopted it will not cost the Federal Government one cent more than it would cost the Federal Government if the States match the \$20 that the Ways and Means Committee has authorized them to pay in this bill. It is not going to wreck the Government. I voted against a proposition that was submitted recently, as a matter of discretion, because I thought it was going too far; but we have got something here that is tangible; something that is reasonable; something that can be attained. Those of you who are in favor of this amendment and who want to help these aged people, I hope, will say so by your vote on this amendment.

Mr. Chairman, the distinguished chairman of the Ways and Means Committee contends that this amendment, if enacted, would cost the Federal Government more than fourhundred-odd-million dollars, and gives his authority therefor. We deny that it would cost anything like that amount, and we aver that the figures that we obtained from the same source are to the effect that it would cost only \$114,000,000 upon the present basis of those who are qualified and are obtaining the pension. But, of course, we know that figures do not mean anything. The question is, Are we willing to adopt this amendment and let it go to the other end of the Capitol, where it would be amended, anyway; and as a result, have some tangible increase worked out in conference? Let me say to you that while we are primarily interested in the States in the lower brackets, this amendment would help aged recipients in every State of the Union, including the State of the distinguished chairman of the Ways and Means Committee. It would mean, as we pointed out the other day, that the aged needy who qualify in the State of Mississippi would receive a pension of \$18.05. We appeal to your sense of fairness and justice and urge you to support this amendment. [Here the gavel fell.]

Mr. RAMSPECK. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I rise in support of the amendment offered by the gentleman from Mississippi [Mr. Colmer], and I appear here as one of the group that is sponsoring this amendment.

My State today is paying between \$8 and \$9 to its oldage pensioners. Offering the additional amount from the Federal Government, under the plan sponsored by the Ways and Means Committee, will not help their situation. They are not now able to match the \$15 on a dollar-for-dollar basis. Therefore the plan of the committee does not offer any assistance to the State of Georgia.

According to the information I have, the situation we find ourselves in in Georgia is a situation similar to that of most of the States, in that they are not now matching the \$15 which the present law provides. If the Ways and Means Committee is in good faith in offering this \$20, and I think they are, then the plan we are proposing here today will not cost the Government any more money, simply because we are not increasing the amount that the Government offers to pay beyong the \$20 stipulated in the pending bill. We simply change the ratio or proportion from dollar for dollar to 4 to 1. That will help all of the States. Every one of the 48 States of the Union will be able to pay more money to the old-age pensioners in their States, without increasing the cost to the States.

Mr. BOEHNE. Mr. Chairman, will the gentleman yield?

Mr. RAMSPECK. I yield.

Mr. BOEHNE. What assurance does this amendment give the aged needy that they will actually receive more in the State of Georgia or the State of Mississippi or in any other State in the Union than they are now receiving?

Mr. RAMSPECK. It gives them this assurance, that with the present appropriations, instead of getting between \$8 and

\$9 they will get over \$20.

Mr. COOPER. Mr. Chairman, will the gentleman yield further?

Mr. RAMSPECK. I yield.

Mr. COOPER. What is there in this amendment, though, to force this money to go to the old people instead of the State just taking this money and continuing to pay the old people what they are getting now?

Mr. RAMSPECK. Of course, any State can refuse to appropriate any money for old-age pensions. They can do it under the committee's plan just as well as they can do it under this, but public sentiment will demand that they continue the present appropriations and take the benefit of additional money coming from the Federal Government, and that is the only way we are going to do anything under this type of legislation for the old people in our States.

I hope the committee will adopt this amendment. think it is a reasonable proposal, and I think it will benefit all of the States and enable us to enact a sound, sensible program, one that can be complied with and one that will

be of real benefit to the people.

Mr. DWORSHAK. Mr. Chairman, will the gentleman yield?

Mr. RAMSPECK. I yield.

Mr. DWORSHAK. The gentleman states that some States are not able to match 50-50

Mr. RAMSPECK. Yes.

Mr. DWORSHAK. Why are they not able to do that? Mr. RAMSPECK. Because they have not enough money. Mr. DWORSHAK. Where is the Federal Government going to get the money to pay the four-fifths instead of the half when it is now operating at an annual deficit of three or four billions of dollars?

Mr. RAMSPECK. The same place it gets it now.

Mr. DWORSHAK. Where is that?

Mr. RAMSPECK. By borrowing it and from taxes, that is where we get it now.

The point I am making is that even though the committee proposal says that the Federal contribution will be raised to \$20, the old people will not get any more than they are getting now for it will be impossible for the States to match it.

Mr. BUCK. Mr. Chairman, will the gentleman yield? Mr. RAMSPECK. I yield.

Mr. BUCK. I think the gentleman has not thought this through. It will, of course, cost the Government more money. Under the Colmer amendment the Government would be called upon to pay a \$20 pension to every qualified aged needy person in the country, but under the committee plan it will not cost the Government more, because the States must match.

Mr. RAMSPECK. Then the gentleman admits that his committee put that in the bill not in good faith.

Mr. BUCK. Not at all. The committee put it in the bill in the utmost good faith, liberalizing the present law, but following out the principle of the present law.

Mr. RAMSPECK. It was put in the bill with the expectation that the States could not take advantage of it?

Mr. BUCK. It was not.

Mr. RAMSPECK. Then the Colmer proposal will not cost any more than the committee proposal will. [Applause.] [Here the gavel fell.]

Mr. COLLINS. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, several bills in line with the Colmer amendment have been introduced in this House. I happen to be the author of one similar to it which had the approval of the great organization of which Abe Epstein is director and which has the approval of that organization and, as I understand, was endorsed by Mr. Epstein when he testified before the Committee on Ways and Means. In view of the fact that the bill that I have proposed is in line with the Colmer amendment, I wish to address my remarks to that amendment trather than to the legislation which I proposed.

In the first place, the proposal of the Ways and Means Committee on old-age help is unfair to the poorer States of the country. That is apparent. There is a disparity in the amounts that old people in the various States will receive. In addition to that particular disparity there is another one. Because of the difference in amounts, it forces the poorer States to pay from their meager funds a part of the cost of furnishing larger pensions to the richer States. These two disparities are so unfair that I believe they will be remedied by this House. It was suggested a few days ago by someone on this floor that there ought to be a disparity in old-age payments in the States because of differences in the cost of living in different sections of the country. The Wage and Hour Division of the Labor Department recently found as a fact that in certain cities or towns of around 5,000 or 10,000 population in the South and elsewhere over the country there was only a 2-percent differential. So much as to the unfairness of the bill as it now stands as to the poorer States.

I also maintain that the committee's proposal is unfair to the richer States, and for this reason: The poorer people, and especially the aged people, where low old-age payments are made will and do frequently gravitate to the richer States where larger amounts are paid. I know this is the fact.

Mr. HINSHAW. Mr. Chairman, will the gentleman yield? Mr. COLLINS. I have only a minute or two, I cannot yield. I know this is a fact, because in the last 5 or 6 years, according to a study made about a year ago by a certain group studying sociology at George Washington University in the District of Columbia, it was found that about 87,000 colored people had come to the District of Columbia and that this influx along with the other colored residents constitute 47.3 percent of the total votes of the District of Columbia if there were suffrage here. This shows that people in the small or no income brackets are moving to centers like Washington, Cincinnati, St. Louis, Chicago, Philadelphia, Detroit, and other cities of the United States to get relief or larger oldage assistance benefits. And these cities will necessarily have to further increase their budgets in order to care for these unfortunate people seeking a better existence.

[Here the gavel fell.]

Mr. KEEFE. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I am one of those benighted individuals who had the audacity to vote for the Townsend plan and I am perfectly willing to assume that responsibility. The same reasons that impelled me to vote for the Townsend plan compels me to vote against this amendment. In the discussions upon that bill, the gentleman from California [Mr. Buck], who is now smiling so vigorously, in opposing the same, stated to this House in substance, like the advance man who used to run ahead of Ringling Bros. circus, "Wait until our circus comes to town." He stated in his remarks to the House in opposition to that bill, "Wait until the social-security bill comes before the House. We are going to do something for the aged people of this country in that bill."

As a result of those discussions, propaganda was disseminated throughout the Nation having for its purpose the creation of an impression in the minds of the aged people that they might expect some additional benefits by way of increased old-age pensions as a result of proposed amendments to the Social Security Act and the aged people of this country have been led to believe that after voting down the Townsend plan the Ways and Means Committee is going to take care of the aged by increasing the Federal contribution to the States who pay old-age pensions.

While I intend to vote for the present bill, I do not do so under any misapprehension that the proposed increase of Federal contribution from \$15 to \$20 is going to have the effect of materially increasing the pensions received by the aged throughout the country, and any propaganda that has been issued which tends to create this impression, in my judgment, is exceedingly vicious. The simple facts are that under the present law the Federal Government undertakes to match State money up to \$15 per month for the payment of old-age pensions, so that if the various States were able to pay \$15 per month to needy aged people, \$30 per month pensions could thus be received.

The present bill proposes to increase the Federal Government's contribution from \$15 per month to \$20 per month, thus giving the impression that \$40 per month pensions are to be made available to the aged. No such cruel hope should be aroused in the minds of the aged people of this country, for while it is possible for \$40 pensions to be paid under the

for while it is possible for \$40 pensions to be paid under the present bill, the States, in order to pay \$40 per month pensions, must pay one-half thereof, or \$20, themselves.

I ask, therefore, in view of the facts that the records disclose that practically no State has availed itself up to date of the opportunity to receive even \$15 per month, as provided in the present law, by matching that amount through the medium of a State contribution, how can it be expected that the States will be able to raise any more money to meet their share of the pension by raising the offer of the Federal Government from \$15 to \$20 per month? If the States are unable to match \$15 per month, under the present law, and pay \$30 per month pensions, certainly they will not be able to match \$20 per month, so as to be able to pay \$40 per month pensions. It is true that the opportunity is provided in the present bill, but aged people of this country should know and understand that the Federal Government under this proposed bill will not pay out a single dollar that is not matched by a similar dollar to be paid by the respective States, and I can see no hope or expectation of any increase in pensions if dependence is to be had upon the various States to provide the matching funds in order to make increased pensions available.

I have always contended, and still contend, that the whole subject of old-age pensions is Federal in character and scope, and that whatever pensions are paid should be paid directly out of the Federal Treasury, and the amount necessary to make such payments be provided for by suitable tax legislation on a pay-as-you-go basis. Any other program will have no other result than to see 48 different State pension schemes and plans buffeted about as political footballs while the aged people must stand on the side lines and continue to suffer because of improper and inadequate care.

It seems to me that any pension plan that is proposed should be sound enough and appealing enough to the public of America to permit the imposition of sufficient taxes to pay the cost. And any other program which relies upon a continuation of borrowed money is, in my judgment, indeed a hoax upon all of the people of this country. The aged people of this country, therefore, should not be encouraged in the thought that so-called liberalization of the old-age benefit provisions of the Social Security Act are going to result in any increased pension for them. [Applause.]

[Here the gavel fell.]

Mr. HOBBS. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I yield to no man in my respect for the Ways and Means Committee of this House and for the distinguished and able gentlemen who compose it. My respect

is unbounded also for the experts that great committee has associated with it in its labors. But I am convinced that in writing the old-age pension provisions of the original act, as well as of this bill. Jupiter has nodded.

In the bitter winter of 1788 Queen Marie Antoinette of France was told by one of her courtiers in reply to her question, "Why do the people cry?" "They cry for bread." Her classic response was, "Then let them eat cake."

History tells us that that witticism was one of the causes of the French Revolution and her start on the path to the

guillotine.

The parallel may not be perfect, but it is sufficiently so, I think, to warrant its use as an argument for supporting the pending meritorious amendment. The needy aged of America who live in those States which are too bitterly poor to match Federal funds to any appreciable extent, are almost literally crying for bread. The answer of the Ways and Means Committee is, "Then let them eat cake."

Why increase this limit of Federal contribution to \$20 when only one State has matched \$15? If that cruel, false hope that you engendered by the original act and the State plans presented under it has failed of fruition in 47 States in the Union, and so miserably in 8 States that not one of them has been able to provide their half of even a \$10 monthly pension, why do you call this an improvement when you merely raise the outside limit to which their false hope might point?

Mr. Chairman, we are not here arraying class against class, nor State against State. We are simply trying to face facts and those facts are that it is just as impossible for Alabama, for instance, to raise the \$27,000,000 which would be required to match the Federal contribution up to \$15 for every old person in our State as it is for an ordinary cow to jump

over the moon.

The distinguished Secretary of Commerce, then W. P. A. Administrator, when he made his speech at Memphis about what he was going to do for the farmers of the Nation in their off season, after the crops were laid by, through W. P. A. work relief, was suffering from the same illusion that has actuated the Ways and Means Committee in the presentation of this bill. Neither he nor they can believe how poor many States and citizens are. The honorable Administrator thought there could not be more than 100,000 farmers in the Nation whose annual incomes were less than \$312. That was his first total allotment—100,000. In spite of all the restrictions that could be devised, 100,000 was not sufficient for one State. In my home county I think more than 5,000 farmers qualified, but only 300 jobs were provided for them.

As it was in that promised farm relief, so is it with old-age pensions. The promise was not opulence, but the actuality

is pathetic.

Whether we should ever have created this hope is debatable. But, having done so, the Nation's duty is clear. We must keep faith with those needy aged whom we taught to hope. They cannot eat hope. [Applause.]

[Here the gavel fell.]

Mr. NICHOLS. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, I shall support this amendment. I have never been able to understand why the domicile or the residence of an old man or woman should be a test as to how much money he or she should receive from the Federal Government in payment of an old-age pension. I have always been impressed with the thought that when the Federal Government admitted that it owed an obligation to the old men and women of the United States, in fairness the Federal Government owed exactly the same amount of money to every old man and woman regardless of their geographic location within the United States.

Now, has the Federal Government recognized and admitted the fact that they owe an old-age pension to the old men and women of this country? The answer must inevitably be "yes." My distinguished, able, and respected colleague from Oklahoma made a very enlightening speech yesterday in which he pointed out that the thing we voted

on when we voted several days ago on the Townsend plan was a test of whether or not the Federal Government should bear the entire burden of paying an old-age pension. I differ with my friend because that was not the test at all. If the State of Oklahoma can pay her old men and women a pension of any amount of money that is a State obligation.

If any State in the Union wants to pay its aged any sum of money, that is the privilege of the State and it is a State obligation. As I see it, this is a Federal matter. If the Federal Government is going to put it upon the basis that an old man or woman must live in a rich State before he or she can receive as much money as another old man or woman in exactly the same circumstances, then, insofar as the Federal Government is concerned, it is discriminating between the old man or the old woman who lives in Mississippi, for example, and the old man or the old woman in exactly the same situation who lives in the State of New York.

This is the closest approach I have seen to the Federal Government paying an equal amount of money to old men and women who fall into a certain class no matter what State they live in. The only reason it is a close approach is that if this amendment is adopted then any State which can raise \$5 for the old men and women entitled to a pension would receive \$20 from the Federal Government. When the Committee on Ways and Means says, "We will match up to \$20 the money appropriated by the States," it is saying, "We assume that the Federal Government has a responsibility of \$20 per month to every old man and woman in the United States."

I am tired of hearing candidates for office prate about the great things that will be done for the aged of this country.

I am tired of seeing this body year after year hold out hope to the aged of this country that some day the Federal Government will adequately take care of them.

I could not support the Townsend plan because it held out a promise to the old people of this country which I knew could never be fulfilled, to wit, the payment of \$200 per month to every old man and woman in the United States over 65 years of age; and the Ways and Means Committee said they were bringing out a bill which would liberalize old-age pensions and adequately fulfill the Federal obligation. They have broken faith with us.

The plan offered here today by the great Ways and Means Committee of this House is but little better than the Townsend plan, because it holds out to the old people of this Nation the hope that under the provisions of this bill they will receive \$40 a month. The real truth of the matter is that they can only receive this sum if and when the State wherein they live appropriates enough money to pay them \$20 a month from the State, in which event the Federal Government will match it with \$20.

Let us look at the record. Ten dollars a month is the average paid in old-age pensions all over the United States, being represented by \$5 from the State and \$5 from the Federal Government. Only one State in the United States is paying \$15 a month, and by so doing availing themselves of the \$15 contribution of the Federal Government. That State is California.

Why, then, should we believe that the States of the Union will now supply \$20 when under the old law they could not even supply \$15?

No; this bill is but an idle gesture, and unless this Colmer amendment, or some amendment like it, is adopted, we will simply fix it so that the rich States of the Union, such as New York, California, and other States of their kind, will benefit because their resources will permit the appropriation of sufficient sums to avail themselves of the \$20 Federal contribution while the old people in States, such as Oklahoma, Alabama, Mississippi, and nearly every State in the South and Southwest, will continue to suffer because the resources of those States are not such that the legislature can appropriate a sufficient amount of money to match 50-50 the maximum amount provided in this bill.

Why do not we be honest and fair with the old pioneers who gave us civilization, culture, and the good things of life which we enjoy today, and say to them the Federal Government will pay you X amount of dollars as its contribution to your support in your declining years, through appreciation for services rendered, and they pay that amount to every old man and woman who falls within the classification, regardless of where he or she may live, and then if the State in which they live deems that that State owes them an additional sum, then let the State legislature appropriate that sum and pay it to them direct and independent of the sum paid by the Federal Government.

When I voted for the Social Security bill when it was first offered for consideration, I said that I was doing so not because I thought it was ample or sufficient, but because I found myself in the position of a man who found himself caught naked in a blizzard and someone handed him a suit of B. V. D.'s and he put them on, not because he thought they would keep him from freezing to death, but because he

thought it was the best that was offered.

If this amendment is defeated and there is not one similar to it adopted, my conscience dictates to me that I should vote against this bill and that I would do were it not for the fact that I am afraid that the old people of my congressional district would misinterpret the vote and think that I was voting against the principle of the payment of an old-age pension, so I presume that in the end I shall have to vote for the passage of whatever bill is finally agreed to by the House, finding myself again in the position of a man in a blizzard.

This is the first real opportunity that the Members of the House of Representatives have had to closely approach discharging the Nation's obligation to our aged. Support this amendment. Let us incorporate it in this bill. Then we can all go home tonight, sleep well, secure in the belief that we have taken a long step forward toward discharging this obligation, and we can surely rest assured that we are no longer kidding the old people of the country, but at last have decided to play fair. [Applause.]

[Here the gavel fell.]

Mr. DISNEY. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, in my opinion, this amendment is madness, sheer madness, when we begin to reason it out. The Social Security Board estimates that this will cost \$417,000,000 annually, this statement being made by the Chairman of the Board to me here this morning.

Mr. COLMER. Mr. Chairman, will the gentleman yield?

Mr. DISNEY. I yield for a question.

Mr. COLMER. What is the name of the gentleman who made that statement?

Mr. DISNEY. Mr. Altmeyer, the Chairman of the Social Security Board.

This amendment will cost \$417,000,000 annually; and you will know it yourselves when you reason it out, and so will the author of the amendment.

Mr. COLMER. Mr. Chairman, will the gentleman yield further?

Mr. DISNEY. No; I have only 5 minutes.

Mr. DEMPSEY. Mr. Chairman, will the gentleman yield for just one brief question?

Mr. DISNEY. I yield.

Mr. DEMPSEY. What did the Social Security Board estimate would be the cost of providing \$20 a month under this bill if all the States matched that contribution?

Mr. DISNEY. I did not inquire about that. That is not

involved.

Mr. Chairman, let us be practical for a moment. Suppose we were members of the Mississippi Legislature and this amendment should pass here today. We would promptly go into session and raise the State contribution to \$5 from whatever it is now-I believe it is something over \$4. You say now you cannot afford to raise the State contribution, yet if this amendment were agreed to you could afford to go to \$5, because for every \$5 you contributed you would bring \$20 of Federal money into the State. You would figure the additional expenditure under the same theories advanced here; would justify your raising the contribution to what you say now you cannot afford. You would have put up \$5 to get \$20 into the State. What else would you do? You would liberalize the needs test until you would get more twenties and more and more until you would gut the Federal Treasury. That is what would happen.

Mr. ZIMMERMAN. Mr. Chairman, will the gentleman

yield?

Mr. DISNEY. I cannot yield.

Then let us go to the State of Oklahoma and imagine you are a legislator in that State, which now contributes about \$9. A legislator with enough sense to come in out of the rain would vote to cut the contribution to \$5, because now the oldage pensioners in the State get only about \$18 when we put up \$9 and by contributing \$5 you would get a total of \$25 a month for the old-age pensioners in the State. Then you in Oklahoma would liberalize the needs test to get more and more twenties from the Federal Government. Why would it not cost \$417,000,000? The gentleman from Oklahoma [Mr. FERGUSON] and I discussed it last night, and reasoning that the probability would be that because of the liberalizing of the needs test, which would naturally follow if this amendment is adopted, the number of pensioners would go up and up, if State legislators would act as we would appear to be acting if we passed such an amendment, it would come more nearly approaching a billion dollars than \$417,000,000.

Gentlemen, let me plead with you. In 1916 the Federal Government in this United States cost \$1,034,000,000, and in 1939, without any comparable increase in population, we are going to spend ten billion. How long can it last? How long are we going to continue at this rate? We cannot afford it.

Mr. GORE. Mr. Chairman, will the gentleman yield?

Mr. DISNEY. Not now.

It is said that the State of Alabama just cannot raise the money. How long are we going to continue? Why, the psychology in the Hoover administration got so low that Government obligations were selling in the 80's, and now Governments are oversubscribed 10 or 15 times. What a turn of the hand it would take to change that intangible thing, that psychology, into the psychology of those other terrible times. If we try to keep this up, we just cannot afford to do it. [Applause]

[Here the gavel fell.]

Mr. FORD of Mississippi. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I rise in support of the amendment offered by my colleague the gentleman from Mississippi [Mr. COLMER].

The gentleman who just preceded me said that the amendment is sheer madness. I think there are very few people in this House this afternoon who will not take issue with that statement. I may call attention to the fact that the people in my State today are only receiving around \$8 per month at the age of 65 years and above, and they are limited to cases of absolute necessity. It is not a wide-open proposition where people generally who have reached that age and have a very meager income can even get any assistance. They have to submit proof that they are on starvation and have no relatives that can assist them before they are even recognized for any assistance, and even then there are a great many persons on the waiting list who are unable to get their \$8 a month now.

Mr. DISNEY. Mr. Chairman, will the gentleman yield? Mr. FORD of Mississippi. Yes.

Mr. DISNEY. The gentleman would not abolish the needs

Mr. FORD of Mississippi. I would make it more liberal and would certainly eliminate the pauper's oath.

Mr. DISNEY. That is exactly what your legislature would do if you ever passed this amendment.

Mr. FORD of Mississippi. I think they should do it. I think it is only fair to the people of this country that we should increase and liberalize this pension. [Applause.]

Mr. DOUGHTON. If they should do that, why do they not do it now?

Mr. FORD of Mississippi. The trouble is a great many States, including my own, are financially unable to put up the \$4 for the ones who are on the rolls today.

Mr. DOUGHTON. If they cannot put up \$4, how can they

put up \$5, as proposed in this amendment?

Mr. FORD of Mississippi. Of course, if this amendment is adopted and they only put up the \$4 which they are doing at the present time, then the Government, under this amendment, would put up \$16, and that would enable them to receive a total of \$20 a month. A great many of the aged people in my State would be most happy to receive that amount a month instead of the meager sum of \$8 which they now receive under the present Federal and State laws.

Mr. COLMER. Mr. Chairman, will the gentleman yield?

Mr. FORD of Mississippi. I yield.

Mr. COLMER. Of course, my colleague does not understand-and I am sure the gentlemen who have questioned him do not understand-that it would be necessary to put up any fixed amount for them to receive an increase under this amendment. If they put up \$2, under this amendment they would be entitled to \$10.

Mr. FORD of Mississippi. That is right.

Mr. COLMER. And the amount goes up on a graduated scale to where the aged needy in the gentleman's State of Oklahoma would receive an increase of approximately \$10.

Mr. FORD of Mississippi. That is right, and I call my colleague's attention to page 2490 of the Appendix to the Con-GRESSIONAL RECORD. At that page of the RECORD you will find a table inserted by my colleague the gentleman from Mississippi [Mr. Colmer]. The information contained therein was furnished by the Social Security Board, and, speaking for the State of Oklahoma, we find that the aged in that State received an average pension for the month of April of \$19.79, and if this amendment should be adopted they would receive an increase up to \$29.90. Take the State of Connecticut. The aged there received for April \$25.88, whereas if this amendment should be adopted they would receive \$32.94 without any further action on the part of the State legislatures of those respective States. Then take California, the only State of the Union that is matching the \$15 under the present law, there they would receive about \$37 if this amendment should be adopted.

The law we have today requiring the State to match dollar for dollar is nothing in the world but a farce, because the agricultural States and the poorer States of this Union are unable financially to put up on a dollar-for-dollar basis.

We have in my State every kind of tax imaginable, and those taxes do not yield enough to match the Federal funds under the present law. The Federal Government is committed to this proposition and this Congress should liberalize this bill whereby the aged living in the poor States will be put on an equal basis with the ones living in the rich States. I hope the proposed amendment will be adopted. [Applause.]

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 25 minutes.

Mr. PATMAN. Mr. Chairman, reserving the right to object-

Mr. O'CONNOR. I object, Mr. Chairman.

Mr. HINSHAW. Mr. Chairman, I move to strike out the last four words.

Mr. DOUGHTON. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 1 hour.

Mr. O'CONNOR. I object, Mr. Chairman.

Mr. DOUGHTON. Mr. Chairman, I move that all debate on this amendment close in 1 hour.

Mr. RANKIN. Mr. Chairman, I offer an amendment to the motion of the gentleman from North Carolina to make it one hour and a half.

The CHAIRMAN. The question is on the amendment of the gentleman from Mississippi to the motion of the gentleman from North Carolina that debate close in one hour and

The amendment to the motion was rejected.

The CHAIRMAN. The question now recurs on the motion of the gentleman from North Carolina that all debate on this amendment close in 1 hour.

The question was taken; and on a division (demanded by Mr. O'Connor) there were—ayes 147, noes 44.

So the motion was agreed to.

Mr. HINSHAW. Mr. Chairman, I think we find ourselves in a rather anomalous position at the present time, and one which cannot be sustained. In the first place, under the present act, as I understand it, something like one-third of the people of the United States engaged in remunerative employment are covered for old-age benefits. In order to support those payments, there is a 1-percent tax paid upon their wages by themselves, and 1-percent tax paid by the employer. The people who drafted the bill choose to call it an excise tax, or something of that sort, to get away from the expression, a gross-income tax. However, it is, nevertheless, a tax on the gross income of those who earn the wages. It is said that the first 1 percent only can be so considered. but I call attention to the fact that in all probability the additional 1 percent paid by the employer can be considered as a 1-percent increase in salary, and then deducted from their total wages. The other day some of us stood some rather vituperative talk on the part of the members of the committee and others because we voted for the Townsend bill. I am not an adherent of the Townsend plan-in fact, the Townsend people not only did not endorse me, they put a candidate in the field against me; but I voted for that bill partly because of the following particular reason: It supplies a tax to support the payment of benefits. I have gone into this bill before us, and I find that the old-age assistance program under the Social Security Act has no basis of tax to support it whatever, and I believe that the committee missed a big bet, a splendid opportunity, to go into that other bill, and place a tax on the books, not only by consent of, but by the strong urging of these groups, in order to support the old-age assistance program. I think they missed a big opportunity, and I said at the time that if the committee had exercised its collective genius and considered that measure in committee and perfected it, they could have had a tax to support that old-age assistance program. At the present time there is talk also in this House about increasing the benefits to certain aged people, and some Members are hollering because there is no tax to support it. I think the committee made a big mistake in not taking on that proposed tax, or something

The gentleman from Mississippi [Mr. Colmer] talks about the wealthier States. The State of California is not any wealthier than any other State, and if you will increase the payments to the people in your own States and keep them out of our State, then the people paying the \$20 tax in California will be so much better off and better able to support the aged people we have now.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. HINSHAW. Yes; I yield. Mr. RANKIN. This amendment would be a relief to the State of California?

Mr. HINSHAW. It would in a way, but some such plan as the one brought up the other day would be a much greater

Mr. RANKIN. I am not criticizing the gentleman's attitude the other day, but his attitude today would load this burden onto the people of California and not tend to relieve them.

Mr. HINSHAW. Of the \$20 contributed by the people of California, \$10 is paid by the real-estate taxpayers, largely home owners and farmers, and \$10 comes out of the State general taxation. It is a burden greater than our people can afford, and the Social Security Act to that extent is ruining our State.

Mr. RANKIN. The present act?

Mr. HINSHAW. The old-age assistance program and some other features.

Mr. RANKIN. And the present bill without this amendment is not helping the State of California.

Mr. HINSHAW. Not at all, insofar as old-age assistance is concerned.

Mr. RANKIN. This amendment would help the State of California?

Mr. HINSHAW. Yes; by encouraging the aged in other States to stay home.

Mr. RANKIN. Then the gentleman is for the amend-

Mr. HINSHAW. I am.

The CHAIRMAN. The Chair recognizes the gentleman from Oklahoma [Mr. Johnson] for 2 minutes.

Mr. JOHNSON of Oklahoma. Mr. Chairman, I rise in support of the pending Colmer amendment. Let me say in the outset that I regret to find myself in disagreement at this time with my able and distinguished colleague from Oklahoma [Mr. DISNEY], for whom I have much respect. The fact is that I was rather surprised and somewhat disappointed that he should refer to this amendment as sheer madness. I do not believe that my colleague really intended to use such strong language. When the vote is taken it is my guess that at least seven, or possibly eight of the nine Members of Congress from Oklahoma will support the Colmer amendment as the most practical and humane proposal yet presented. Oh, no, this is not sheer madness, but it proposes a long-delayed justice to our deserving and impoverished old people. [Applause.]

The pending amendment not only would liberalize the Federal Government's contribution but it proposes also to more nearly equalize the benefits to our old people, irrespective of where they may happen to reside. When the Social Security Act was first considered and debated in this body I took the position that a uniform Federal pension should be paid all old people who could qualify under the act, regardless of whether they resided in a wealthy State or a

poor one. I have not changed my position.

Mention has been made several times today of the overwhelming defeat in this House recently of the so-called Townsend bill. Many of us recall the speech of the able chairman of the committee when the late Townsend bill was under consideration. I was much impressed with the statement of the chairman that it was the rankest kind of hypocrisy for anyone to lead our old people to believe that there was the remotest possibility of them receiving a Federal pension of \$200 a month. To that statement I fully agreed.

Yet it is significant that the Ways and Means Committee has brought in a bill here proposing to raise the Federal contribution to \$20 a month, when every Member knows full well that it will be impossible for a vast majority of the States to match such a proposal on a 50-50 basis. It is conceded that as the bill stands now, it is a gesture. shall not call that provision "sheer madness." Nor will I refer to such action on the part of this great committee as rank hypocrisy. But certainly I am not unduly critical when I say that such action by the committee is, at best, but an empty gesture. This amendment offered by the gentleman from Mississippi [Mr. Colmer], as has heretofore been pointed out, simply proposes to assist the so-called poorer States which are absolutely unable to match the Federal Government even under the present law. This will do more to help the aged and take care of the old people now in dire distress than any other proposal yet made. [Applause.]

Mr. Chairman, I am supporting the so-called Colmer amendment, believing it to be a just and forward step in solving the perplexing problem of assistance to our deserving and needy old people. The announcement of the committee that it has raised Federal participation from \$15 to \$20 per month would seem at first blush to be important liberalization of the present law, but it is conceded that not more than six States in the Union would find it possible to pay a \$40 pension on a 50-50 basis at this time. This act on the part of the Ways and Means Committee, instead of helping our aged people generally, would have the effect of working a hardship on them. Especially is this true in States like Oklahoma and 46 or 47 others that to date have not been able to match the Federal Government's participation of \$15. It is doubtful if this gesture on the part of the Ways and Means Committee would add one dollar of Federal participation.

Under the Colmer amendment it is proposed that the Federal Government pay four-fifths of pensions to all people qualifying who have reached the age of 65 years, up to \$20, which is the maximum amount of Federal participation recommended by the Ways and Means Committee. The wealthier States that desire and are able to pay more could, of course, do so. In fact, there is no limit to the amount that the State might pay. The State of Oklahoma, so I am advised, is at this time paying an average of about \$9 per month. That would mean, if the Colmer amendment were adopted, that the average old-age pension would be \$29 per month. Surely no one will rise in his seat and say any old person can live decently on less. This amendment should be adopted. If agreed to, it would not only make the lives of our deserving old people much easier but it would have the effect of eliminating some pension rackets of those who are chasing rainbows with impossible and fantastic dreams. It would ring down the curtain on those who are playing on the heartstrings of our old people and robbing them of nickels, dimes, and quarters that are needed for food.

Mr. Chairman, there is another amendment that I am vitally interested in. That is one that will be offered by the gentleman from California [Mr. Voornis] to specify with a yardstick the "needs clause" for old-age pensions. One of the most unsatisfactory things connected with the administering of the Social Security Act has been the different yardsticks used in different localities.

An old person who works and makes an effort to earn a few dollars is penalized under the present system. The present set-up is not encouraging industry and thrift, but on the other hand it is very definitely encouraging idleness. I do not profess to know what the yardstick should be. The amendment of the gentleman from California simply proposes that those having an income of \$360 or less will be able to participate in old-age pensions. I do not know whether that is the correct figure or not but certainly it is the duty of the Federal Government to place a limit somewhere. Of course it is nonsense and absurd to say that a person with a ten thousand or a hundred thousand dollar income should receive old-age benefits from the Government. But on the other hand, it is just as absurd to deprive a needy old person of a pension to which he is justly entitled because he makes a few dollars a week or month in an effort to help himself and his aged and perhaps helpless spouse. Certainly it should not be the policy of this Government to make anyone sign a pauper's oath in order to become a beneficiary of oldage assistance.

Again I say that this or a similar amendment ought, by all means, be adopted. But it seems that the die is cast, and that word has gone down the line to defeat any and all amendments. If such a program is carried out and this Congress adjourns without liberalizing and more evenly equalizing old-age pensions, I do not hesitate to predict that the people will elect a Congress that will enact just, reasonable, and humane legislation for the needy and deserving old people of the Nation. [Applause.]
The CHAIRMAN. The Chair recognizes the gentleman

from Washington [Mr. LEAVY] for 2 minutes.

Mr. LEAVY. Mr. Chairman, there are two approaches to the subject of old-age pensions. It appears the Ways and Means Committee has approached it with the viewpoint of the monetary cost. There is the other approach, and that is as to what poverty is doing to American citizens. That is the primary approach. I am frank to say to you that the nearer we come in this Congress to making the pension program, whatever the amount may be, a strictly Federal program, the nearer we will come to ultimate justice toward the senior people of this country. [Applause.]

Of course, if the States of the Union all met this matching, under the present amendment it would cost more money than it is costing now, but I am satisfied, and the members of the Ways and Means Committee would have to grant that they knew when they offered this bill that no possibility existed for the various States to match to \$20 per person.

I secured figures yesterday from the Social Security Board—there are 1,836,636 persons now on old-age assistance, and the cost to the Federal Government to pay each one \$20 from Federal funds would cost \$440,793,000, or just a little more than double what it is now. But that would be offset by probably an equal amount on W. P. A. appropriations or appropriations of that type. What is more, it would go just a little further along the line of doing justice to people who have been shamefully treated by this Congress ever since the depression began in 1929. I am heartsick when I note what needs to be done in fairness to our senior citizens, and when I see how ungrateful we are as a nation. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Mississippi [Mr. Rankin] for 2 minutes.

Mr. RANKIN. Mr. Chairman, the amendment to have the Federal Government pay a larger portion of the old-age pension should be adopted by all means. Personally, I should like to see the Federal Government pay it all, for I realize that the poorer States are unable to meet their part of the responsibility.

If the Congress is unwilling to have the Federal Government pay the entire amount of \$30 per month, then by all means we should support the amendment to have the Federal Government pay two-thirds, or three-fourths of the amount while the State pays the balance—or let the Federal Government pay its part, \$15 a month, regardless of State contribution.

The provisions of the present bill, without such an amendment, is worse than useless, so far as the vast majority of the old people of this country are concerned. To raise the amount from \$30 per month to \$40 per month and still require the States to pay 50 percent of it will be worth absolutely nothing to the old people in a majority of the agricultural States. The only thing they will get out of it will be the privilege of helping to pay their pro rata of that part of this pension contributed by the Federal Government to old people in the wealthier States.

There is only one State in the Union now that pays the full amount of \$30 per month, and that is California. For the information of the House and others who read the Record I insert at this point a table showing the amount of old-age pension received by the old people of the various States under the present law.

The table is as follows:

Average old-age assistance payment per recipient (title I), December 1938

United States	*19.55
California	32.43
Colorado	29.99
Massachusetts	
Connecticut	26.66
Nevada	26.46
Arizona	26.10
New York	24.18
New Hampshire	23.08
Ohio	23.01
Washington	22, 10
Wyoming	
Idaho	
Oregon	21.30
Pennsylvania	21.19
Wisconsin	20. 78
Maine	20.71
Montana	
Utah	
Minnesota	
South Dakota	
Oklahoma	19.94
Iowa	
Kansas	
New Jersey	
Rhode Island	
Illinois	
Missouri	18.48

Average old-age assistance payment per recipient (title I), December 1938—Continued

Maryland	
North Dakota	
Nebraska	
Michigan	
Indiana	
Vermont	
Texas	
Florida	
West Virginia	
Tennessee	
New Mexico	
Delaware	
Louisiana	
Virginia	
Alabama	
North Carolina	
Georgia	
Kentucky	
South Carolina	
Mississippi	
Arkansas	

You will note that the agricultural States that have been burdened for 75 years with a high protective tariff that levies a tax upon everything the people buy are unable to meet even the present limit of \$15 a month. It is simply an outrage to pay the old people of some States \$15 out of the Federal Treasury and at the same time pay the old people of Mississippi only \$3.46, merely because the people of that State cannot match a higher figure.

These States that pay exorbitant freight rates now imposed for the benefit of the richer States, into whose coffers the wealth of the Nation has been poured by high tariffs, discriminatory freight rates, and utility rates, exorbitant interest rates and insurance charges—these poorer States supported usually by the toiling farmers of the Nation, are unable to meet their half of this \$30 per month.

Therefore their old people, who toil in the fields and in the factories, and who struggle along in small business establishments, are shunted off with small amounts ranging as low as \$6.92 a month in the State of Mississippi, or \$6.15 a month in the State of Arkansas.

Yet that part of the Federal Government's contribution to the richer States is taken from the people of the poorer States through these indirect and hidden taxes.

I have always favored an old-age pension, but I believe it should be paid by the Federal Government, so that the people in every State would be treated alike.

Let me call attention to the fact that the social-security law as it now stands is of no benefit to the farmers of this country—the agricultural people who make the living for the rest of us, as a rule, get nothing out of it. This bill not only does not take care of them but it further penalizes the people in the agricultural States. If this amendment is adopted to raise the Federal Government's contribution to two-thirds or three-fourths, it will give them some relief and will not hurt the rest of you. I cannot understand why you men object to relieving a burden on the people of your States for fear we will do at least partial, if belated, justice to the people in the agricultural States.

This bill in its present form will not pass the Senate. The Senators from the agricultural States are not going to let it pass. If this is merely a gesture to kill off help for the old people throughout the agricultural belt, get up here and say so and let us fight it out on that ground. But if it is done by subterfuge, then the old people may say, in the words of Shakespeare:

And be these juggling "men" no more believed That palter with us in a double sense; That keep the word of promise to our ear, And break it to our hope.

They promised us just the other day that they would bring in a bill to correct the injustices in the old-age pension law. Now what have they brought in? A measure that at very best will only increase the old-age pensions in those States where they do not need it, keeping the word of promise to the ear and breaking it to the hope. Our old people asked for a fish and you offered them a serpent; they asked for bread and you offered them a stone. They asked for a

change that will help to keep the wolf from the door and you bring them one that will further penalize the old people in a majority of the States and only benefit a few in those States that are already well cared for.

The present social-security law, as I pointed out, leaves out the farmer entirely except as he may be permitted to participate in these old-age pension provisions which so violently discriminate against the agricultural States.

Mr. BUCK. Mr. Chairman, will the gentleman yield?
Mr. RANKIN. Yes

Mr. BUCK. Did you or anybody else appear before the Ways and Means Committee and ask that agricultural labor be included in this provision?

Mr. RANKIN. Oh, the gentleman from California [Mr. Buck] is now referring to day laborers, or hired help on the farm. Of course, the farmers do not ask, nor do their friends ask, to have them included and forced to pay a tax to guarantee a pension to others that is denied to them. He barely makes enough to pay the wages of his hired help, much less an extra tax to take care of his hired man after he leaves him or becomes too old to work.

Every intelligent man knows that the farmer who cultivates his own land does not participate, and cannot participate, in the provisions of the Social Security Act except insofar as he is compelled to pay indirect taxes to meet the burden. His only chance for any compensation at all is through the old-age pension, that would keep the wolf away from his door when he passes the age of his earning power. And yet, while you wring indirect taxes from him to take care of other people, in the richer States, you leave him to the mercy of fate with only such meager assistance as his State is able to match, which the above table shows, runs as low as \$6.15 per month. Then you wonder why the old people of this Nation are grasping at every straw in their struggle to secure some measure of economic justice.

Let me warn you now, that you are going to wipe out these inequalities, and do justice to the old people of the agricultural States or you are going to have some such measure as the Townsend bill before you from now on. It would at least treat all old people alike.

This measure, as it now stands, is not only a flagrant injustice but it will be a terrible disappointment to the old people in a majority of the States of this Union. These inequalities must be corrected, and the sooner that is done the better it will be for all concerned. [Applause.]

The CHAIRMAN. The Chair recognizes the gentleman from Georgia [Mr. Pace].

Mr. PACE. Mr. Chairman, the gentleman from Oklahoma has referred to this amendment as "madness." I am wondering if there is not a greater tempest behind the amendment. If you check the roll call on the vote on the Townsend plan, you will find there were only nine votes out of the entire agricultural South for the Townsend plan. Our people are usually reasonable; they are patient and long-suffering, but I do not believe our people, who try to be good Americans, are always going to endure such discriminations as now exist. If those 9 Representatives should suddenly become 90 Representatives, I am wondering if the Ways and Means Committee would have proved itself of real service to this Nation in opposing amendments of this kind. I do not say that the present membership from those States would vote for the Townsend plan, but if such inequalities as now exist are continued the people may send Representatives here who will vote for it.

Personally I am fundamentally opposed to matching. I think it brings about a system of Federal control over the States that is endangering our form of government. If the Federal Government is going to contribute to the support of the aged and needy, it should do so in a direct manner, without conditions or reservations. If the committee believes that \$20 per month is the proper amount which the Federal Government should pay, then that amount should be paid direct to the beneficiary, and let it be left up to the States to handle their own affairs, without force from the Federal

Government, and increase or supplement that amount in such manner and to such an extent as it desires and as its condition permits.

The present matching system is unfair; it results in oldage assistance grants to States, particularly the rich and prosperous States, rather than to the aged and needy. An aged and needy person in Georgia is entitled to the same assistance from his or her Government as an aged and needy person living in any other State of the Union. How unfair the present system is, and the changes sought to be made by this amendment are shown by the following table:

Average amount of old-age assistance per aged needy individual for April 1939, by States, compared with maximum possible average amount under a revised plan of four-fifths Federal matching on \$25 per month per aged individual

[Based upon assumption that States continue to expend as much as they now expend and use all the additional Federal funds for increased grants to the aged]

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Note.—The average payments shown for the revised plan are made on the assumption that each State maintains the number of recipients as at present and uses all the additional Federal funds for increased grants to the aged. Those States which wish to put additional individuals on the rolls and also raise the payment somewhat would have different averages than shown above.

The CHAIRMAN. The gentleman from Oregon [Mr. Mott] is recognized for 2 minutes.

Mr. MOTT. Mr. Chairman, most of the argument in favor of this amendment so far has come from the Members of what has been referred to as the poorer States. So far as providing for old-age pensions under the present law is concerned, the State of Oregon, which I represent, cannot be classed as one of the poorer States, because we pay one of the highest average old-age pensions of any State in the Union; the average is something more than \$21 per month. But as one who believes in substantial old-age pensions and as one who is thoroughly convinced that old-age security is a Federal rather than a State responsibility, I intend to support this amendment.

The people of this country have been led by the present administration to expect, and they do expect, from the bill now before us some real liberalization in the amount of oldage pensions. But as the bill stands now there is no liberalization whatever in it. The alleged liberalization is nothing but an empty gesture. In fact, in my opinion, it is a joker. Those who opposed the Townsend legislation in the House a few days ago criticized the sponsors of that proposal because it mentioned a maximum amount of \$200 beyond which a pension could not be paid in any event. It was contended that the sponsors were hypocritical because they knew the bill would not furnish that amount and that the advocates of the bill therefore were trying to fool the old people. The Ways and Means Committee, in reporting this bill, can with much greater accuracy be accused of being hypocritical, because they know that the States which are not able now to furnish even \$15 and to match the Federal Government's contribution of \$15 will certainly not be able to match a contribution by the Federal Government of \$20 on a 50-50 basis. The people of those States, therefore, will get no larger pension under the proposed bill than they have been receiving under existing law. The Colmer amendment requires only a 25-percent contribution by the State, and it will therefore enable every State which wishes to do so to receive the full benefit of the Government's contribution of \$20 per month. I propose, therefore, to support the Colmer amendment as a step in the right direction. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. PATMAN] for 2 minutes.

COLMER AMENDMENT

Mr. PATMAN. Mr. Chairman, if 2,000,000 people received old-age pensions under the committee's proposal, the amount will be \$480,000,000-\$480,000,000 by the Federal Government and \$480,000,000 by the States. Under the Colmer amendment the cost will be exactly the same to the Federal Government—not be a penny's difference. It would cost just as much under the committee's proposal, if all States take advantage of the opportunity given by the committee, as under the Colmer amendment. The only answer that can be offered to that is that we know when we offer it to them that they cannot get it. We are offering something in the committee amendment that we know they cannot get. Only two or three States can take advantage of that opportunity. We will penalize the other people because they live in the other 45 States of the Union.

Is this the way to legislate? Do you not think, since taxes are collected from all the people alike according to income, according to the number of gallons of gasoline they use, according to the different articles they use on which the Federal Government levies a tax, that we should distribute it on a fair and equal basis for old-age security purposes? You know and I know that this bill is not going to become a law as the House passes it. We know that the bill must go to another body and that amendments will be offered and

Mr. BUCK. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I cannot yield; I have only 2 minutes. The gentleman and his committee had 8 hours.

Then this bill will be written in the conference committee. So let us adopt the Colmer amendment. [Applause.] [Here the gavel fell.]

The CHAIRMAN. The gentleman from New York [Mr. REED] is recognized for 3 minutes.

Mr. REED of New York. Mr. Chairman, in the State of New York, considered one of the wealthy States of the

Union, we have very gradually been raising the pension for the aged. I think we have raised it too slowly in view of the capacity of the State to pay. I have felt that the legislature in my State could have exercised a little more vision when it came to the question of pensions, because it is perfectly apparent they are not matching the amount the Federal Government is prepared to pay.

If you want to destroy the impulses such as they are in our State and other States, to take care of the old people, then all you have to do is to pass this amendment. Our State was left with a terrific debt some years ago. The people are struggling, even though the State may be rich in resources, struggling to pay off that debt, to balance its budget, trying to pare down the expenses of the State. At the present time the average pension paid in New York State is \$24.27, of which the State contributes \$12.131/2 and the Federal Government a like amount. Under the provisions of this amendment what would happen? The New York State Legislature could reduce expenses simply by reducing the amount it is now paying the aged and still pay a pension larger than it is paying today; that is, it can save by reducing its contribution to the average old-age pension by putting up only \$5, and thus make a saving of \$7.131/2 on every pension paid. You will find, if you pass this amendment, that every one of those States instead of raising the pension to the aged is going to reduce its share and still pay a pension as large or a little bit larger than they are paying now. So if you adopt this amendment, you are going to destroy the gradually growing feeling that something more should be done for the old people in these States; and I say to you that it would be an absolute calamity for Pennsylvania, Illinois, New York, and many of these States that are gradually edging up their pensions to have such a bill as this passed, for they will reduce the amount they now contribute while the result will be that the old people will receive no greater and possibly a smaller pension than they are receiving today.

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Florida [Mr. GREEN] for 2 minutes.

Mr. GREEN. Mr. Chairman and my colleagues, I voted for the Townsend plan bill and I am supporting the Colmer amendment. The care and assistance to the aged is a Federal responsibility. Such amount as is paid to the aged as pensions should be paid by the Government directly to the aged and without the requirement of any local or State matching or contribution. Under the present set-up, the aged of our country are receiving different amounts in the different States of the Nation. The old-age assistance benefits range from \$6.05 per person in Arkansas to \$32.46 in California. These figures are the average amounts of old-age pension or assistance now being received in these States by the needy aged.

In the State of Florida, I believe, the average there received per person is \$13.83, and this, of course, is about the average amount received throughout the United States. Of course, it is obvious that any such system as this is wrong. A person in Florida, Mississippi, California, Arkansas, and New York should have exactly the same amount of old-age assistance. It should be equal and the Federal responsibility is equal and should be equally met by Federal appropriation and Federal administration.

I would prefer to see the Government pay even a small amount and let it be paid directly by the Government to the individual without State contribution. Even the Federal amounts which are now paid should be blanketed throughout the country equally in this manner. An aged person can be in hunger and want to the same degree in one State as in another. Dependency, hunger, need, and responsibility know no State lines. Under the present plan, the people in Arkansas, where a low pension is paid, are helping to pay the pensions in California, where a high pension is paid. Direct and indirect Federal taxes collected throughout the United States make up the funds to pay Federal benefits to the aged; therefore similar tax contributions are made from all parts of the country to make up the old-age pension Federal fund. It should undoubtedly be disbursed to the individual in like amount, regardless of where he resides within the United States, of course assuming he is a citizen of the United States for the required statutory period.

The Colmer amendment would direct the Federal Government to pay 80 percent and the State government to pay 20 percent. This, of course, will go a long way toward equalizing the amount received by the aged in the various States. I strongly favor payment of Federal pensions to all of the aged of our country. If some of my colleagues differ with me concerning the word "all," then I am willing to meet them halfway and vote for a bill to pay pensions to all aged persons in the country who do not pay a Federal income tax. If an aged person who has a reasonable amount of property draws the pension and does not particularly need it, he can and will use it to pay his taxes.

If legislation is finally passed at this session compelling State contributions to match Federal old-age pension funds, then the administration of the fund should be authorized and directed to be carried on by local State agencies. In the State of Florida we have in each county five county district officers known as county commissioners. They levy the tax in the various counties and are, in fact, the county financiers. They are the ones in Florida to administer benefits to the aged. They know personally, in almost every case, each aged person in their respective districts and know the needs of each aged individual. Under the bill now before us a provision should be written-and I hope it will beenabling and directing this local control and administration. It will save millions of dollars in administration expense annually and will supply pensions to additional thousands of aged. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from North Carolina [Mr. Cooley] for 2 minutes.

Mr. COOLEY. Mr. Chairman, I think that the \$20 provision in this bill is nothing but a grand gesture and a false hope. Something has been said about holding out false hopes to the aged people of this Nation. The fact is this committee is dangling before the eyes of the aged people of this Nation the hope of receiving \$20 Federal contribution which they know in their hearts the aged people will never receive.

I believe not only in liberalizing pensions but in equalizing the pensions to the aged people of the Nation and I believe the Colmer amendment will place emphasis upon the equalization idea which I have in mind.

I want to call attention to the fact that the Eskimos in Alaska receive now three times the amount in pensions per person than do the people of my State of North Carolina, from which the distinguished chairman of the Ways and Means Committee comes. If there is any reason why this committee should be willing to increase the Federal contribution to \$20 a month and at the same time oppose the Colmer amendment I would like to know that reason, and I would like to have somebody on the Ways and Means Committee tell me just how the present provision in the bill will help the people of North Carolina when they must know that we are not now taking advantage of the \$15 Federal contribution which has been made available.

In North Carolina we realized long ago the necessity of the strong aiding the weak and we provided an equalization fund in connection with our educational system by which the strong counties help the weak counties of the State. The Colmer amendment will put that sort of principle into the social-security bill.

May I call attention to the fact that according to information I have received from the Social Security Board, 31,193 recipients in North Carolina receive an average pension of \$9.26 per month, and I am advised that more than 8,000 applications are now pending. No doubt practically all of the 8,000 applicants who have not yet received any pension whatever are just as worthy, just as dependent, and just as much entitled to the relief provded by the socal-securty law as those now drawing pensions. I understand that in my

own county the State made its calculations upon a basis of 400 eligibles. I am advised by the welfare officer of Nash County that there are more than 1,500 eligibles in the county. Funds were provided on a basis of 400 eligibles, and the funds provided have been actually divided between 600 aged persons, which means that the 600 now receiving a pension on an average of approximately \$8 per month are receiving only about two-thirds of the amount which the State intended for the 400 considered in its original calculations to have. Even though 600 citizens of the county are now receiving a meager pension, the fact remains that according to the record approximately 900 aged and qualified citizens are not receiving any pension whatever.

In the State of South Carolina the average pension is \$7.19 per month, in Mississippi \$6.47 per month, in the State of Arkansas only \$4.22 per month, and I would have you also remember that the Eskimos in Alaska are receiving an average pension of \$27.32 per month. In California the average pension is \$32.39 per month. If the present system continues, it is perfectly plain to see that the old people of North Carolina, South Carolina, Mississippi, Arkansas, and other Southern States will be much better off if they give up the State of their nativity and thumb rides to California or even to far-away Alaska.

When it comes to paying money into the Federal Treasury, North Carolina ranks at or near the top in the list of States. When it comes to receiving assistance from the Federal Government, our State ranks at or near the bottom of the list of States. The Federal Government, if it owes any duty at all to the aged people of the Nation, owes exactly the same duty to the aged people living in the poor States that it does to those who live in States where wealth abounds. The \$20 provision in the present bill will only make possible higher and better pensions in wealthy States. The fact that North Carolina and many other States in the Union have not taken advantage of the full \$15, which has been available since the enactment of the original Social Security Act, certainly indicates that they will not take advantage of the increase provided in the bill under consideration. If any member of the committee can do so, I would appreciate it very much if he will point out to me just how this \$20 provision will help the old people of my State.

I believe that the Colmer amendment will mean much to the old people of North Carolina, and I certainly hope that it may be adopted. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. Buck] for 3 minutes.

Mr. BUCK. Mr. Chairman, the trouble with the Colmer amendment is that it abandons the principle of equal matching of Federal grants-in-aid for old-age assistance at tremendous cost to the Federal Government. Last year the Ways and Means Committee brought in and the Congress enacted a bill that repealed \$30,000,000 of excise taxes such as those on furs, phonographic records, sporting goods, camera lenses, chewing gum, matches, hot oil, mouth washes, and various other things. If the Colmer amendment is agreed to, the Ways and Means Committee will be under the painful necessity of putting back into the tax laws not only this \$30,000,000 but over 10 times as much in order to pay the \$407,000,000 that the Colmer amendment will cost. I think that is a sufficient reason why we should think twice before adopting the amendment. Moreover, may I say that the reason for equal matching is based upon the principle that a State is in a position to determine by the light of its own resources, its habits, and its customs what should be granted to these aged people and under what circumstances. So we continue as we have now, a flexible system, for in a country of our size with its various conditions it is essential that any equitable and adequate treatment of the problem of need, which is the basis for relief under title II of the Social Security Act, should be granted in accordance with the variation of the individual's circumstances. These circumstances certainly vary with the geographical location—that is, the State location in which the pensioner finds himself. That is a sound principle. A Federal pension based upon a uniform amendment and applied universally is not sound, as I believe we have demonstrated to you in the general debate.

I am in deep sympathy with some of the States that complain that they have not the funds to match the Government fully to the \$15 granted heretofore by the Federal Government; \$20 hereafter. Perhaps they do not want to.

Let me call attention to the State of Mississippi in connection with its road projects. From 1935, according to the Bureau of Roads, to the present time, road projects amounting to \$41,617,000 have been put into effect in Mississippi, of which sum Mississippi received over \$18,000,000 from Federal grants, leaving \$23,000,000 that was borne by the State. Mississippi sold bonds, put on a sales tax, and otherwise raised the money for this when it wanted to. But in 1938 Mississippi spent for old-age pensions only one-half million dollars.

It seems to me when those are the actual figures—and there are other similar cases—that we might well consider whether these States actually want to take care of their aged with their own resources or whether they are merely looking to the Federal Treasury—in other words, Uncle Sam—to pay vastly more than he has been doing, so the home folks shall not be burdened by the cost of caring for their own.

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Montana [Mr. O'CONNOR].

Mr. O'CONNOR. Mr. Chairman, in my State the people have been able to advance \$10 and the Federal Government aid is the same amount. The needy people of our State are now being paid a pension of \$20.56. If the Colmer amendment is adopted, for which I am going to vote, and assuming that my State continues to pay \$10 as it has in the past, the aged people of my State will receive a pension of \$30. Under the bill as written Montana would not be benefited, as we are unable to match the \$15 provided for under the present law.

I want to ask the membership of this House how in the name of God we can expect people in the high altitudes, where an enormous amount of fuel is required, to pay their coal bill, pay their rent, pay for their clothing, and pay for their food out of the sum of \$20.56 a month? Each of us is drawing a salary of \$10,000 a year. I ask, how are we going to look in the faces of the needy old people of this country and keep that money and deny them enough, if you please, to get even some of the common necessaries of life?

It seems to me to be no less than outrageous for us to stand here this afternoon quibbling over a few dollars; a few dollars for whom? For the aged people of this country, who, in my section of the country, built our schoolhouses, our churches, our courthouses, and other public improvements, and improved our farms and irrigated our lands, many of whom are today in their declining years and in want. These are the people we are trying to legislate for here today. The Colmer amendment is not a long step forward, but is some improvement over the present situation. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from New Mexico [Mr. Dempsey] for 2 minutes.

Mr. DEMPSEY. Mr. Chairman, I propose to support the Colmer amendment because I believe it is a disgraceful thing for this great, wealthy Nation to see aged people with but a few more years to live lacking the bare necessities of life. I further regret that frequent promises have been made to the people of this Nation, largely by persons of my political faith, telling them that no man or woman will want for food, and that we now say to the people of the States, "If your State cannot contribute anything to the pension fund, the Federal Government has no interest whatever in whether you live or die."

Much has been said here today about taxes. What do you think of a State such as New Mexico, where the Federal Government owns 55 percent of the total lands of the State and pays not a dime of tax to the people of our State? The 45 percent remaining provides the money for old-age assistance and the various activities we have to carry on. I believe

that coming here with a bill and saying: "We are going to liberalize the assistance to the aged," and then saying, "We will give you \$20 a month if your State will do the same thing," is not a joke, because it is a very serious matter. It is fooling the old people of this country who should expect more from the Congress of the United States than that. For one I do not propose to do it. I believe if a person in one State is entitled to a certain amount from the Federal Government a person in another State is entitled to the same amount. Most certainly the obligation of the Federal Government to all needy aged persons is the same, whether they reside in New Mexico or New York, yet the opponents of this amendment would force the Congress to practice discrimination in violation of the very fundamental principle of our American Government.

To my mind it is deceit of a vicious form to seek to lead the aged citizens of this country, who are in dire want, to believe that we are liberalizing our old-age assistance policy, when in reality we are doing nothing of the kind. I do not want to be, nor will I wittingly be, a party to that sort of subterfuge.

To refuse to adopt this amendment is not economy; it is parsimony of the type that justifies embittered criticism of this Congress by those whom we have led to believe we would help. When we appropriate lavishly for those who are ablebodied and able to withstand life's vicissitudes, how can we justify our failure to do likewise for those who become enfeebled and dependent through declining years? Are we to revert to the cruel practices of paganism and savagery and destroy those now aged whose fortitude and courage once provided the bulwark upon which our Nation has grown and prospered?

The merit and the justice of this amendment is beyond question; it should be adopted. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The gentleman from Michigan [Mr. DINGELL] is recognized for 3 minutes.

Mr. DINGELL. Mr. Chairman, I for one would hate to come before you hat in hand and constantly plead poverty on behalf of my State. I do not think there is a material distinction between the State of Mississippi and the State of Michigan. It is just a question of whether the State of Michigan will pay a pension and whether the State of Mississippi declines to pay one. I believe the reflection is upon the State which refuses to take care of its own problems. My State levies taxes upon the property and wealth of the State and Mississippi will not tap its tax reservoirs and for that reason appropriates about one-half million dollars for pensions.

They would be pleased to come in here and get four-fifths of, say, three or four or five million dollars of Federal money, and they would pay this out in a pension to their needy citizens. It has even been admitted on this floor that if the Federal grant is increased they would even reduce the stringency of the needs test in the poor States in order to spread these pensions wider and thicker. But they will not do it of themselves. Why not? Do not try to tell me that the State of Mississippi is so poverty stricken that it cannot pay a decent and reasonable pension. This reflection upon the \$40 gross payment which is provided in the present bill, that it is a hoax or a false gesture, is entirely wrong. I resent such demagoguery and such inferences.

Mr. COLMER. Mr. Chairman, will the gentleman yield? Mr. DINGELL. I am sorry.

That \$40 amendment was offered in good faith. It will produce the desired effect if the States will show their sincerity, their honesty, and their willingness to meet the Federal Government on a dollar-for-dollar basis. It will do just exactly what it was intended to do, that is, it will pay up to \$40 a month to every eligible pensioner in your State, or pay an aged couple as high as \$80 a month. That is \$960 per year in cold rolled American money, and you cannot discount or laugh that off.

Mr. GEYER of California. Mr. Chairman, will the gentleman yield?

Mr. DINGELL. I am sorry; I have only 3 minutes.

I have heard a gentleman trying to tell this House—and I do not know his method of calculation or what kind of arithmetic he learned during his early years—that this amendment will not cost the Government any more than the Federal Government is paying now. It is sheer bunk and nonsense and an insult to a man's intelligence to try to get away with a statement of that kind. If the total amount involved is half a billion dollars, on a 50-50 basis the Federal Government is called upon to pay \$250,000,000, and on a four-fifths maximum basis the Federal Government would pay \$400,000,000 out of \$500,000,000. Is there a difference? I will say there is a difference! One hundred and fifty million dollars, or 60 percent.

This proposal would shift the burden from the derelict States and place it upon the Federal Government without increasing pensions, certainly not in my State. Moreover, it would freeze the pension base at the lowest level paid by the so-called poor States. Remember, the Federal Government must match payments, not in one State or in the poor States

but in all States. [Applause]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. CRAWFORD] for 2 minutes.

Mr. CRAWFORD. Mr. Chairman, this proposed amendment strikes me from four different angles. First, we confuse dollars with what you might call frugal living. Anyone who has lived in the North as well as in the South knows that you can enjoy a frugal living in the South with fewer dollars than you can in the North. The dollar cost of living is not so great in a mild climate as in a cold climate.

Second, the adoption of the amendment would further dislocate and destroy industry as it is now operating and that would in turn add to the insecurity of the present structure.

Third, as the committee recommends, the people can now act on old-age assistance and pensions by increasing the amount of the State appropriation in accordance with the needs, as pointed out by the distinguished gentleman from California, who is a member of the committee.

Fourth, if you adopt an amendment which moves in the direction of destroying friendliness toward the social-security program by imposing on the so-called northern industrial States a greater burden than they can possibly carry, in order to give financial relief, we will say, to the States that are not so blessed with industry, that in turn would undermine the entire social-security structure and eventually lead to a break-down of the program and destroy the Social Security Act through a demand for its repeal.

For these reasons, as well as others that could be enumerated, I shall vote against the amendment, and, of course, I hope it will be defeated. [Applause.]

[Here the gavel fell.]

The CHAIRMAN (Mr. THOMASON). The Chair recognizes the gentleman from California [Mr. Leland M. Ford] for 2 minutes.

Mr. LELAND M. FORD. Mr. Chairman, I have heard many remarks made here today about some poor States. I have heard the remark made that California is the only State that is paying the \$15. I have heard something about the matter of gestures, but let me tell you men that, as far as California is concerned, it is no gesture on the part of California, because California will be benefited by this amendment.

You people may or may not know, but you ought to know, that California is carrying the load, or at least part of the load, of some 47 other States that either cannot or will not raise the money to take care of their needy aged. Therefore I think it is proper that this load should be equalized and the Federal responsibility recognized. I do not think there is any question but what there should be a uniform amount that the Federal Government should contribute, and regardless of what my colleague who preceded me a few moments ago said, that all States are equal in purchasing power, any man who has helped to make up a tax roll knows that States have different amounts of taxable wealth.

Mr. BUCK. Mr. Chairman, will the gentleman yield?

Mr. LELAND M. FORD. I cannot yield.

With reference to my friend the gentleman from California [Mr. Buck], he comes from a part of California somewhat removed, some 400 or 500 miles away from this load in southern California. We have 111,000 indigents in Los Angeles County. We have 132,000 on aged aid in the State, of which half are in Los Angeles County. My colleague the gentleman from California [Mr. Buck] may not know what the pressure of this means, but in Los Angeles County alone \$8,000,000 goes on the taxes of the homes of all the people to pay this money. This means about 40 cents in the tax rate.

If this amount is made uniform and the Federal Government will assume its proper and honorable responsibility by assisting the respective States to take care of their just proportion of this load, this action will keep these aged people from going to California and placing on that State a disproportionate and unjust burden. It will also permit these aged people to remain in their respective States, which are actually their real homes, and retain these ties of kinship and friendship that may be dear to them.

These elderly people must be taken care of. If they actually are in need, they will either be taken care of here or on the indigent rolls. I appeal to each Representative of each one of the States to do his duty by these old people, to his own State, and to the other States, who are doing their duty, particularly California, to vote for this amendment on the further ground of common justice.

California is paying relief and aged aid benefits for many of the 47 States. It cannot much longer continue to do this, and I therefore appeal to you for this support to which we are eminently entitled.

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. Mitchell] for 2 minutes.

Mr. MITCHELL. Mr. Chairman, 4 years ago I stood on the floor of this House when we were considering this legislation and I said then that if it is the duty of the Congress of the United States to provide a pension for old people, it is not providing that pension when we base it upon the wealth of any particular State, and I stand here to ask you this question: Are we pensioning the wealthy States of our great Government or are we pensioning the poor people, the aged people of this Government that we say we are pensioning? I think it is well for us to stop and think of this.

I am in favor of this amendment because it comes closer to the remarks I made 4 years ago than anything I have heard offered on this floor for the relief of the aged of this Nation.

I take no stock in the statement that we have no poor States and no rich States. I heard a member of the Committee say a moment ago that Mississippi is as wealthy as the State of Michigan. I am wondering if he has any poor counties in the State of Michigan that are not quite as wealthy as the county in which Detroit is situated. We do have poor counties and poor States, we do have rich people and poor people, and if this Congress owes the old people of this Nation a duty to pension them, we ought to do it without regard to State lines.

I am going to vote for the amendment. [Applause.]
The CHAIRMAN. The Chair recognizes the gentleman from Louisiana [Mr. Allen] for 2 minutes.

Mr. ALLEN of Louisiana. Mr. Chairman, by the great committee of this House, the Ways and Means Committee, we have been led upon the mountain top, we have been shown the promised land, and now, by their mandate of 50-50, we must return to wander in the wilderness. [Laughter.]

I want to present these facts to you gentlemen who come from the great industrial sections. The gentleman from Michigan a moment ago made a comparison between the Southern States and the great State of Michigan. Did it ever occur to you gentlemen from the industrial sections that every dime we get gravitates right back to you? Do you know that every tool that we use in every walk of life comes from you people? It is made by your workmen. Do you not know that you will be the recipients indirectly of every dime that is paid to the southern agricultural sections?

Mr. DINGELL. Mr. Chairman, will the gentleman yield? Mr. ALLEN of Louisiana. I am sorry, but I do not have

Mr. Chairman, I present this to you as an industrial problem. What this country is suffering with is a lack of distribution of money, a lack of buying power in the hands of the great poorer sections of the country. If you want to rehabilitate this country, then make it possible for the poor people in the farming sections, the farming South and the farming West, to buy your industrial goods, and this country will be better off.

Your greatest market is not abroad, but at home. Countless millions do not have the purchasing power to secure the things they need. The wealth has been accumulating in our large centers in the North and East so that now the great mass of humanity in the less-favored sections are without purchasing power. I say to you who represent the financial centers that, in my opinion, you are pursuing a short-sighted course. You have the factories and you have the funds with which to operate them. Many of your people need the work. Our people, an agricultural people, need to buy your goods. We have agricultural products that you need. You have it within your power to bring about a redistribution of these elements. I say to you who represent industrial sections that your welfare and the welfare of your constituents, in my humble opinion, will be best served by recognizing the need of the whole Nation and that the Nation cannot be healthy as long as we have submerged millions in our land.

Now, the amendment proposed by the gentleman from Mississippi [Mr. Colmer] will go a long way to bring about this redistribution of the goods of the land. Under this amendment every old person who qualifies for this assistance would receive a minimum of \$25 per month, \$20 of which would be paid by the Federal Government and \$5 by the State. If a State puts up more than \$5, of course, the amount

would be more than \$25.

Frankly, Mr. Chairman, I would like to see our aged get more than this minimum of \$25, but this would be such an improvement over what we have now that it would be a Godsend. Personally I would like to see the Federal Government pay not less than \$30 monthly direct to our aged. This was the proposal of my great and lamented friend, Senator Huey P. Long. He introduced a bill to do that and I have a bill pending which embodies his principles. I do want to see the principle of greater Federal contributions established. preferably a direct Federal pension, because this is one of the best ways I can think of to bring about a more just equalization of the goods of the land and the opportunities for making a living. I am wholeheartedly supporting this amendment, and I sincerely hope that it will pass. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Oklahoma [Mr. Massingale] for 2 minutes.

Mr. MASSINGALE. Mr. Chairman, I call attention to one matter that appears to me to be somewhat unfair, and that is this: When some gentleman was speaking in behalf of this amendment two or three of the members of the committee having charge of the bill asked in unison how he had any assurance that the States were going to participate. I will tell you how you get it. You get it from the language of your own bill, from your own words. There is no change in anything in the wording of this bill except in the percentage quota. It is simply changed from one-half to 80 percent in one place, and that is the only change there is in it, so that if you have the authority now, or have any assurance now, you will have it when the Colmer amendment is put into the bill.

My distinguished colleague from Oklahoma [Mr. DISNEY]and he is a dear friend of mine—is uneasy about the \$417,-000,000 that he says this bill will cost more than the committee bill will cost. The gentleman got his information from Mr. Altmeyer. Mr. Altmeyer is the Chairman of the Security Board, and he consulted the index of the dead Indians on the rolls in Oklahoma. That is the way he got it. [Applause.] Mr. Altmeyer is an excellent administrator, but I fear his experience with social security in Oklahoma gave him an

enlarged photograph of the activities of those Indians. This committee bill without such amendment as the Colmer amendment means nothing to the aged poor of Oklahoma or any other State unable to match with further or additional State contributions the mentioned increase. It is deceptive to pass this bill and it cannot possibly do any good for the poor of the States that have been unable to match the Federal Government up to \$15. I support the Colmer amendment. The CHAIRMAN. The Chair recognizes the gentleman

from Massachusetts [Mr. TREADWAY].

Mr. TREADWAY. Mr. Chairman, I am opposed to the Colmer amendment. I think the amendment brought in by the Ways and Means Committee, matching 50-50 up to \$40, is the proper manner to handle this subject. This is no idle gesture, as many Members have stated. What we want to accomplish is to bring home to the Representatives of the various States their duty to their own people. That is the real object. There is too much effort to put the whole burden of old-age pensions on the Federal Government. When one speaks of increasing the cost, which is about \$175,000,000 at the present time, by \$407,000,000 additional, you simply are burdening the Federal Government with a tax that the people cannot stand. There is no reason in the world why States should not come forward and do their share toward aiding the old people. The State legislatures should meet the Congress halfway in providing decent old-age pensions. They must be made pension-conscious. That is the problem that now faces us. The Federal Government initiated to a large extent this aid to the aged, and the State legislatures should realize their duty toward the people.

The Federal Government cannot afford this additional burden anywhere near as well as the States can afford to bring up their contributions to match the Federal Government's allotment, so that the aged people will be getting the \$40 that they are entitled to. That is the question the Members of this House have to settle here in a few minutes. It is as to whether we want to aid the aged people or remove from certain States the burden and put it onto other States. I repeat, the Federal Government is in no position to add \$407,000,000 to its expenditures without finding a way in which to raise that sum from the taxable incomes of the people of the country. If you are going to spend more money, you ought to show where we can secure the money. The people will object to raising their taxes; and where is the money to come from other than through taxation or through adding to the public debt, neither of which we are in any condition to do?

Any increase in the contribution above 50 percent is a step in the direction of an eventual 100-percent Federal contri-

The gentleman from Oklahoma [Mr. Disney] made a powerful speech in this House yesterday, in which he opposed any Federal contribution in excess of 50 percent. I refer Members to that speech for the reasons why the proposals for increasing the Federal share of old-age pension payments should be defeated. The reasons he advanced are unanswerable, and I agree with them.

The outstanding argument which is made in favor of increasing the Federal share is that many of the States cannot afford to match the full \$15 payment which the Federal Government stands willing to make.

But let me ask this question: Is the Federal Government in any better shape than the States to assume an increased expense for old-age pensions?

Does any State have a bonded indebtedness equal in proportion to the Federal debt which now approaches forty-five billions?

Have the States pushed their taxing powers to the limit as has the Federal Government?

We must not forget that every cent we appropriate here must come from the people in taxes of one form or another, imposed at one time or another. These taxes must come from the people, whether they are imposed by the Federal Government or by the States, and what the States individually cannot afford the Federal Government cannot afford.

The amendment to the present act which is proposed by the committee is sound and reasonable. The amendments which are proposed here by individual Members are unsound and unreasonable. In many instances they would not increase the amount of pension which the individual receives, but would simply shift a part of the cost of old-age pensions from the States to the Federal Government.

Under the bill as recommended to the House by the committee, a pension of \$40 can be provided if the States meet the Federal Government half way in the amount to be contributed. If the States are relieved of their responsibility in the matter, the tendency will be to put anyone and everyone on the rolls and the cost of old-age pensions will mount skyward.

I hope and trust that the House will uphold the committee in its recommendation and vote down the various amendments proposed by individual Members.

This amendment should be defeated for the best interests

of the aged people of the country.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired. The Chair recognizes the gentleman

from Ohio [Mr. BENDER] for 1 minute.

Mr. BENDER. Mr. Chairman, anyone who examines the amendments proposed to the Social Security Act must be aware of the many grave difficulties implicit in these proposals. We are confronted with the knowledge that under present economic circumstances, only two or three States at most will find it possible to match a Federal appropriation amounting to \$20 per month for each pensioner. We are certainly conscious of the increased burden which the passage of this measure will impose upon the Federal Government itself.

Nevertheless, despite the imperfections which are always inherent in the work of human beings, I am convinced that this bill merits the support of the Nation.

Its undeniable improvements over the existing law, in my opinion, outweigh the arguments of those who oppose its passage.

First, and foremost, this legislation makes it evident that our Nation is vitally concerned with the welfare of its aged citizens; that we recognize the hopeless inadequacy of the pension system now in operation in most of our States; that we are determined to correct this situation if it is possible.

I am confident that the coming of 1940 and a change in the political leadership of our Nation will bring about such economic improvement throughout the country that those States which now find it impossible to match a \$20 pension contribution will become increasingly able to bear their share of the responsibility.

This legislation will bring new hope to the men and women who have been treated so heartlessly by our Nation. I feel that the rebirth of that hope is important to the morale of

our people.

But this series of amendments acts as more than a mere moral stimulant. By advancing the date when old-age insurance payments will become payable from 1942 to 1940, we are performing a service recognized as necessary by most of our economists.

The inclusion of maritime workers within the terms of the Act makes the law more effective in meeting the needs of our people, and I look forward to the day provision may be made to care for all our needy citizens, whatever may be

their occupation.

Each of these changes in the law is desirable, but I am particularly proud of the part played by the Republican Party in correcting the most unfortunate provision of the existing law, the indefensible gigantic "reserve fund," which would have opened the path to a spending policy of even more incredible proportions than the one in which we are now floundering. The elimination of this reserve and the placing of our funds in a true trust fund on a pay-as-you-go basis are among the outstanding legislative achievements of this session of Congress. The Republican members of the Ways and Means Committee deserve the thanks of the Nation for their part in establishing this change.

Every Congressman who votes for this measure does so with a complete awareness of its many shortcomings. Despite these failings, I favor its passage in the interests of our deserving needy and the fulfillment of our obligations to them.

You gentlemen from Georgia, Alabama, and Mississippi whine that your States cannot pay their just share of old-age pensions. If your people would start voting the Republican ticket they perhaps would not be in such dire need and your States would be able to pay the taxes of some northern Republican States.

The CHAIRMAN. The Chair recognizes the gentleman from South Dakota [Mr. MUNDT] for 1 minute.

Mr. MUNDT. Mr. Chairman, it seems to me that the proposal of the Ways and Means Committee to increase the benefits to \$40 per month for those States which can afford to match dollar for dollar the Federal contribution of \$20 puts us in a rather unique position. We must decide in short order whether or not we will vote for a measure which will enable the poor States to help the rich States meet their benefit payments or whether the rich States will help the poor meet theirs. Rather than to have the rich get richer and the poor get poorer, it seems to me that, inasmuch as we cannot have complete equity, we should adopt the proposed amendment and have the rich States help the poor States meet their old-age problems.

And my friends there is more of genuine equity in such a policy than might appear at first thought, and the proposed amendment does not penalize the richer States unfairly. Let us keep in mind a fact which is frequently overlooked by those listing the taxes paid the Federal Government by the various States. Let us realize clearly here and now that the taxes paid to the Federal Government by industrial States are paid from profits earned from sales made throughout America; therefore, the taxes which corporations forward to the Federal Government are actually paid by the citizens of all the States in which these corporations do businessthey are simply reported from the States which happen to grant the charters to these corporations. Consequently, it is no more than right and fair that this fact be kept in mind whenever the hoary old delusion is aired, as it has been today by certain speakers, to the effect that the rural States pay little Federal tax and are therefore in poor position to ask for increased consideration from Government funds.

DIFFERENCE BETWEEN REPORTING AND PAYING TAXES

If I do nothing else in this talk, I want to make it crystal clear that the States reporting large Federal taxes paid by corporations engaged in Nation-wide business are not, in fact, paying this tax; they collect it from the profitable operations undertaken in 47 other States and simply report to Washington the tax from the home address of the corporation. The fact that the envelope carrying the tax check to Washington is postmarked New Jersey or New York or Rhode Island does not mean that these States have made a disproportionately big contribution to the Federal tax collector and are therefore in position to resent equitable treatment on a per capita basis of the people of the rural and nonindustrialized States.

While we are on this subject let us not overlook one further fact, since it has an important bearing on this amendment, which, after all, is simply a proposal to permit all States to share equally on a per capita basis in whatever old-age assistance the Federal Government provides, whether it be fifteen, twenty, or twenty-five dollars per month as the share of the Federal Government. That fact is that these rich, industrialized, corporation-housing States also find money raising by taxation easier by virtue of the fact that these corporations "bring home to Rome" the profits garnered in the 47 other States and use these profits to expand plant equipment, build new buildings, increase capital holdings, and expand income statements, all of which are in turn taxable by the States themselves. Thus, from the profits earned by operations in the rural States, these industrial States reap rich State tax receipts and are in a correspondingly better position to pay taxes for old-age assistance, for poor relief, and for other social legislation. Consequently it is not blue-sky economy or prejudicial legislation which comes before us, as the Colmer amendment does, asking that at least insofar as the Federal contribution to old-age benefits is concerned all States should share and share alike regardless of their ability to match these payments on a dollar-for-dollar basis.

Unless some such amendment as that now before us is adopted the myth of \$40-a-month pensions, made possible by the States' matching dollar for dollar the Federal Government's \$20 contribution, will be exactly that and nothing more for about 40 States of the Union, and New York and a few more States will be the only ones benefited by the proposals of liberalization by the Ways and Means Committee. Worse than that, the poorer States in rural areas will actually be taxed to help bring greater benefits to the richer States, because we all recognize, I am sure, that the increased cost of old-are assistance is shared by all States.

Thus we find coming into being the matter I spoke about on May 31 in discussing H. R. 6466, and the discriminations which the present Social Security Act make against the rural areas are either deliberately or unwittingly aggravated. As this act now operates, we find rural States discriminated against by virtue of the fact that many of its unemployment and old-age benefits are barred to it by occupational exemptions which exclude farmers and small-business men from its provisions and awards and we find that rural States are not now able in many cases to match on a dollar-for-dollar basis the Federal contributions to old-age benefits which are now available. To expand these Federal contributions to \$20 per month without repealing or modifying the dollar-for-dollar matching requirements is simply to increase the discrimination against the "have not" States in favor of the "took it from us" States and does not correct the present inequalities.

BENEFITS FOR SOME—COSTS FOR OTHERS

My colleagues, it was to protest against these inequalities and to correct the accident of geography which now plays such an important part in our security program that many of us from rural districts voted for H. R. 6466 on June 1. An important principle is at stake in all these deliberations about old-age pensions and social security—that principle is the question of whether this country is to continue a program of sectional security with benefits for some and just the costs thereof for others, or whether we are to work out a program of uniform benefits for citizens of a certain age and condition throughout the country. Thus far, social security as presently practiced is not conforming with this second principle. Most of us voting for H. R. 6466 did so with the realization that the Senate would have to eliminate certain undesirable provisions before putting it into practice but also with the realization that if we permit the present program to become too well set in its policies before eliminating its discriminatory features we shall then be unable to adopt a proper pension and social-security program for

The influence of the 97 Members voting for H. R. 6466 is already making itself felt in this House by the amendments and changes proposed in the Social Security Act which would reduce the hazard of the present contemplated \$47,000,000,000 trust fund and which would reduce the discrimination against certain sections and groups. I urge those 97 Members and all others believing in fairness and justice to the aged of this country regardless of place of residence or pursuit of occupation to join in voting for the Colmer amendment to permit all States to share equally on a per capita basis in the Federal old-age benefits contributed by your Government and mine.

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. Voorhis] for 1 minute.

Mr. VOORHIS of California. Mr. Chairman, I am for this amendment because I believe it is a truly national amendment; because the interests of my section of the country are best served by giving a better chance, a better degree of purchasing power to those sections of the country that have the lowest purchasing power. I believe that for the same reason that I believe our main concern should be the

groups of people who have the lowest purchasing power. It has been well said by the gentleman from Louisiana [Mr. Allen] that every dollar of purchasing power that goes into the poorer States that will benefit from this amendment returns again to those great financial centers, when the people of those poorer States make purchases of goods which they have to buy from those centers or pay interest on the debts.

So I believe that in the interest of general justice and fairness, to make more of a national program out of this, this amendment should be adopted. The nearer we get to a national program in this matter the better off we are going to be. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. Hook] for 1 minute.

Mr. HOOK. Mr. Chairman, I believe that old-age pensions and assistance for the aged is a Federal program. There have been some remarks made here about the State of Michigan today. Let me say to you that the State of Michigan has not matched the \$15 that has been offered to them by the Federal Government. This Congress made an offer that, if accepted by the States, would give the old people \$30 apiece. The State legislatures have avoided their share of the duty to old people up to this time. The only thing the Legislature of the State of Michigan did was to fail to match the \$15, and then send a memorial to Congress to pass the Townsend bill. In other words, they just passed the buck. It is about time that we did make this a Federal old-age pension and see that the old people are paid a fair amount, and forget about asking some of the State legislatures to handle this problem. We furnish most of the money; why not furnish all the money and make it a direct Federal aid.

I am for this amendment because I think it comes the closer to a Federal old-age pension, which will avoid any passing the buck by the State legislatures. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from North Carolina [Mr. Doughton] for 5 minutes. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I rise in opposition to the Colmer amendment.

In the brief time allotted to me, of course, I cannot state the many objections which to my mind are valid against this amendment. In my judgment, its adoption would be a serious, regrettable, and major blunder.

A few days ago this House reflected great credit upon itself, and, in my judgment, rendered outstanding service to the country by defeating an unreasonable, impractical oldage pension plan. The Colmer amendment is a long step in the direction that is proposed to be traveled by the Townsend bill. You will find that practically every Townsendite in this House will be for this amendment, because he believes ultimately that that will be the destination at which we will arrive.

There has been a great deal said about the poorer States. If there is any one desire in my heart above another it is to see justice done to dependent aged, needy, and destitute people. Mr. Chairman, I vigorously oppose, in carrying out this worthy purpose, that the States shall unload upon the Federal Government their own duty and their own responsibility. Prior to the adoption of the present social-security law the States had this entire burden to carry. This was their recognized and realized responsibility, and as far as I know, no one in the so-called poorer States was starving and destitute of clothing. The Federal Government, believing that what was being done for the old people was not adequate, genererously came in and said, "We will carry half the load." If Mississippi or any other State cannot give three or four or five dollars to help its needy, destitute old people, how can it educate its people? How can it spend millions and millions in building roads? According to my good friend Mr. Collins the load will soon be lightened. Mississippi's load will be very much lightened if so many migrate to New York and Washington and other places.

Mr. BATES of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. BATES of Massachusetts. Does it not appear to the Committee that this is an attempt on the part of many States of the Union to get away from the proper taxing of their own people and drive that burden on the other States of the Union? Is it not a fact that in the case of Louisiana, about which the gentleman spoke here today, not because I say it, but because the Governor says it, it is the most prosperous State in the Union? Let me quote:

If you come to Louisiana as a home seeker, Louisiana today is the most prosperous State in the Union. There is a thousand dollars exemption on homesteads. There is a livestock exemption. New homes are tax exempt for 3 years and new industries for 10 years.

[Laughter.]

Then let me read again what they say about tax exemption or tax-free homes in Mississippi:

If Mississippi continues on, they have gone a long way toward providing tax-free homes.

Mr. DOUGHTON. Well, my good friend from North Carolina challenged me to know what this would do for North Carolina. I speak for the Federal-tax payers of North Carolina the same as I do for the State-tax payers. I will say to my friend that North Carolina is balancing her budget and able to meet her obligations, while the Federal Government is short of this desired goal. The gentleman would not dare stand up here and say to this House that North Carolina could not match the Federal contribution.

Mr. COOLEY. Will the gentleman yield?

Mr. DOUGHTON. If you want to say that North Carolina is not able to match 50-50 the Federal contribution to take care of her dependent old people, I will yield.

Mr. COOLEY. I want to say to the gentleman that he knows that North Carolina has not yet met the Federal contribution of \$15 and will never meet the \$20 contribution.

Mr. DOUGHTON. Yes; and that is a tribute in one sense, and in another it might be a criticism; but I do assert that our State is able to match on a 50-50 basis any contribution made by the Federal Government that is necessary for our aged needy people, and I challenge my good friend from North Carolina [Mr. COOLEY] to deny that statement.

Mr. COOLEY. My question was one asking the gentleman to explain to the House how this bill would help North Carolina.

Mr. DOUGHTON. I cannot answer the gentleman's question in the brief time at my disposal.

[Here the gavel fell.]

The CHAIRMAN (Mr. WARREN). The time of the gentleman from North Carolina has expired. All time on this amendment has expired.

The question is on the amendment offered by the gentleman from Mississippi.

The question was taken; and on a division (demanded by Mr. COLMER) there were—ayes 88, noes 162.

Mr. COLMER. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. Colmer and Mr. Doughton.

The Committee again divided; and the tellers reported that there were—ayes 97, noes 174.

So the amendment was rejected.

The CHAIRMAN. The Chair recognizes the gentleman from Arkansas [Mr. Terry].

Mr. TERRY. Mr. Chairman, I have an amendment similar to that offered by the gentleman from Oklahoma [Mr. FERGUSON]

Mr. WOODRUFF of Michigan. Mr. Chairman-

The CHAIRMAN. For what purpose does the gentleman from Michigan, a member of the committee, rise?

Mr. WOODRUFF of Michigan. To offer an amendment. The CHAIRMAN. The Chair recognizes the gentleman from Michigan, a member of the committee, to offer an amendment. The Clerk read as follows:

Amendment offered by Mr. Woodruff of Michigan: Page 3, line 4, amend section 3 (a) of title I of the Social Security Act to read as follows:

"PAYMENTS TO STATES

"Sec. 3. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for old-age assistance, for each quarter, beginning with the quarter commencing October 1, 1939, (1) an amount, which shall be used exclusively as old-age assistance, equal to two-thirds of the total of the sums expended during such quarter as old-age assistance under the State plan with respect to each needy individual who at the time of such expenditure is 65 years of age or older and is not an inmate of a public institution, not counting so much of such expenditure with respect to any individual for any month as exceeds \$45, and (2) 4 percent of such amount, which shall be used for paying the costs of administering the State plan or for old-age assistance, or both, and for no other purpose: Provided, That the Federal contribution shall not exceed 50 percent in those States which reduce expenditures for old-age assistance under the provisions of this section."

Mr. WOODRUFF of Michigan. Mr. Chairman, I think there is no Member of this House who for more years has been interested in giving to our old people a pension, or an annuity or whatever you care to call it, that will keep the needy aged in at least some degree of comfort.

An inspection of the records of the Social Security Board discloses the fact that there is but one State in the Union which today pays the maximum, or has averaged the maximum amount that can be paid under the provisions of section 1, paragraph 3, of the Social Security Act. It is perfectly apparent to me that the 280,000 old people in this country who many months ago qualified for an old-age pension, but who today have never received a penny, can never know the security to which they are entitled until something more is done to enable the States to meet their obligations, which in my opinion are primarily State obligations.

It occurs to me that if by an increase in the proportion of the money expended for old-age pensions we could step up the amount the Federal Government contributes we could in this way bring relief to those who have not up to this time been able to secure a pension. We could also bring additional relief to those who are already on the pension rolls.

I think there is not a man in this House who will rise in his place and say that a pension of \$5 a month is an adequate pension to pay an old person.

Mr. LEAVY. Mr. Chairman, will the gentleman yield?

Mr. WOODRUFF of Michigan. I yield.

Mr. LEAVY. The gentleman referred to the fact that there were a substantial number of persons not on the rolls. I have those figures. For the purpose of making it clear let me give them to the gentleman. There are now 280,873 persons who are qualified to receive pensions in States which are unable to pay them.

One other question, if the gentleman will permit, does the gentleman's amendment mean that it will be a 2 to 1 matching, that the Federal Government will give \$2 each time the State raises \$1?

Mr. WOODRUFF of Michigan. That is correct up to a maximum of \$45 per month. I say further, and I want to make it perfectly clear, that under my amendment it will be possible for an old person providing his necessities demand such an amount to draw as much as \$45 per month. Let me call attention also to the fact that the maximum provided will enable an old person to be hospitalized if necessary.

Mr. MARTIN of Colorado. Mr. Chairman, will the gentleman yield?

Mr. WOODRUFF of Michigan. Gladly.

Mr. MARTIN of Colorado. Is there anything in the gentleman's amendment to assure these 280,000 persons getting some pension? They still might not get any pension, any more than they do now.

Mr. WOODRUFF of Michigan. It has been stated by those in opposition to the Colmer amendment that we have no assurance that the increased amount paid by the Federal Government would go into the pockets of the old people.

I call the attention of the committee to the proviso I attached to my original amendment. I will read it. The proviso reads:

Provided, That the Federal Government's contribution shall not exceed 50 percent in those States which reduce expenditures for old-age assistance under the provisions of this section.

Mr. BUCK. Will the gentleman yield?

Mr. WOODRUFF of Michigan. I yield to the gentleman from California.

Mr. BUCK. I am anxious to know what that proviso means. Does it mean if the States reduce their total expenditures to the individuals or the total amount of the expenditures those States will not participate in the benefits of the gentleman's amendment?

Mr. WOODRUFF of Michigan. Exactly.

[Here the gavel fell.]

Mr. McCORMACK. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Michigan

[Mr. WOODRUFF].

Mr. Chairman, before voting on this amendment each Member should realize just what it does. The amendment increases the Federal contribution a straight two-thirds. The Colmer amendment was a mild one in comparison with this one. Any one who voted against the Colmer amendment should certainly vote against this one, and most of those who supported the Colmer amendment should also vote against this amendment.

Mr. WOODRUFF of Michigan. Will the gentleman yield? Mr. McCORMACK. I yield to the gentleman from Mich-

Mr. WOODRUFF of Michigan. Did the gentleman say my amendment would cost more than the Colmer amendment? Mr. McCORMACK. Wait until I get through. I may not

satisfy my friend from Michigan.

Mr. WOODRUFF of Michigan. I ask the gentleman, do I understand him correctly?

Mr. McCORMACK. Yes.

Mr. WOODRUFF of Michigan. Then he is as mistaken as he can possibly be.

Mr. McCORMACK. The gentleman from Massachusetts has been mistaken many times, but whether the gentleman from Massachusetts or the gentleman from Michigan is mistaken is for each individual Member of the House to de-

Mr. WOODRUFF of Michigan. My authority is the Chairman of the Social Security Board and it is to the effect those figures the gentleman has in mind are not correct.

Mr. McCORMACK. Was the gentleman's information from the Chairman of the Social Security Board based upon two-thirds being paid on need or is it based on the gentleman's amendment where need is eliminated and where anybody 65 years of age or over can get it?

Mr. WOODRUFF of Michigan. If my amendment is adopted, the section under which these allotments are paid would be administered exactly as it is today. Every penny

would be based on need and nothing else.

Mr. McCORMACK. The gentleman's amendment certainly does not carry out that thought.

Mr. WOODRUFF of Michigan. Oh, it does. It carries the phraseology of the act itself.

Mr. McCORMACK. The present bill contains the following language:

From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for old-age assistance, for each quarter—

And so forth-

with respect to each needy individual.

The gentleman's amendment eliminates "need." Why did he leave the word "need" out? What is the significance of the word "need" in this present bill and why did the gentleman leave that out?

Mr. KLEBERG. Will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Texas. Mr. KLEBERG. I did not get the gentleman's first statement clearly, but I got enough of it to arrive at the impression that what the gentleman is trying to tell the House is that the amendment we now have before us is just as much of a racket as the amendment we just voted down. Is that correct?

Mr. McCORMACK. The characterization of the amendment I will leave to the gentleman from Texas. I probably would characterize it a little more mildly.

Mr. RANKIN. Will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Mississippi.

Mr. RANKIN. I just want to ask the gentleman from Texas [Mr. Kleberg] if he would apply that same epithet to the bill as a whole.

Mr. McCORMACK. I think we can take that remark as impersonal. None of us need get excited in debate. Of course, we say things extemporaneously in debate that we do not always mean.

Mr. McKEOUGH. Will the gentleman yield? Mr. McCORMACK. I yield to the gentleman from Illinois. Mr. McKEOUGH. May I call the gentleman's attention to line 6 of the amendment offered by the gentleman from Michigan? He still leaves it in the language that calls for an approved plan, which absolutely nullifies the whole busi-

Mr. WOODRUFF of Michigan. Will the gentleman yield? I wish to apologize to the gentleman if he will permit me.

Mr. McCORMACK. I yield to the gentleman from Michigan.

Mr. WOODRUFF of Michigan. May I say to the gentleman and to the Committee that the word "needy" was left out of the amendment inadvertently.

Mr. McCORMACK. Does the gentleman want to put the word "needy" back?

Mr. WOODRUFF of Michigan. I certainly do. Mr. McCORMACK. All right. I am glad any misunderstanding between my friend and myself is cleared up. I yield to the gentleman to submit a unanimous-consent request.

Mr. WOODRUFF of Michigan. Mr. Chairman, I ask unanimous consent that my amendment may be amended by including the word "needy."

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan [Mr. Woodruff]?

There was no objection.

Mr. WOODRUFF of Michigan. I thank my friend from Massachusetts. May I say one more word? May I say to the gentleman and to the Committee that so long as I am a Member of this House I will vote for no pension that is not based upon the "need" of the individual? I will not vote to tax the poor people of this country to pay a pension to those who have more of the world's goods than those taxed.

Mr. McCORMACK. Mr. Chairman, the gentleman having amended his amendment, he thereby admits, at least by implication, that my criticism, so far as the elimination of the word "needy," was correct. I will proceed to present my views upon his amended amendment. As between this and the Colmer amendment, the Colmer amendment is still far more preferable. The Colmer amendment undertook to take care of the weaker States. It went too far. Something along the line of the Colmer amendment I believe in, but this amendment is just as objectionable and more so in its present form. It should be rejected.

[Here the gavel fell.]

Mr. TERRY. Mr. Chairman, I have an amendment on the desk that I offer as a substitute for the amendment offered by the gentleman from Michigan [Mr. WOODRUFF].

The Clerk read as follows:

Amendment offered by Mr. Terry as a substitute for the amendment offered by Mr. Woodruff of Michigan: On page 3, strike out lines 3 to 18 and insert in lieu thereof the following:

"PAYMENT TO STATES

"Sec. 3. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for old-age assistance, for each quarter, beginning with the quarter commencing January 1, 1940, (1) an amount, which shall be used exclusively as old-age assistance, equal to the sum of the following proportions of the amounts expended during such quarter as old-age assistance under the State plan with respect to

each needy individual who at the time of such expenditure is 65 years of age or older and is not an inmate of a public institution:

"(A) Two-thirds of such expenditures, not counting so much
thereof with respect to any individual for any month as exceeds

**15. plus

"(B) One-half of the amount by which such expenditures exceed the amount which may be counted under paragraph (A), not counting so much thereof with respect to any individual for any month as exceeds \$40, plus.

"(2) 5 percent of the amount of the payment under clause (1) of this subsection, which shall be used for paying the costs of administering the State plan or for old-age assistance, or both, and for no other purpose."

On page 4, line 6, strike out "one-half" and insert in lieu

thereof "the State's proportionate share."

Mr. TERRY. Mr. Chairman, the amendment I propose to substitute for that of the gentleman from Michigan is very simple. It merely divides payments for old-age assistance into two brackets. In the first bracket the Federal Government provides two-thirds of the first \$15. In the second bracket the State and the Federal Government match equally up to the maximum amount of \$40, which is permitted in the bill under consideration.

Mr. COLMER. Mr. Chairman, will the gentleman yield? Mr. TERRY. I yield to the gentleman from Mississippi.

Mr. COLMER. If I understand the gentleman's amendment correctly, it would do the same thing as the amendment which was defeated except upon a smaller scale; in other words, the ratio would be two for one rather than four for one, as in the amendment we proposed.

Mr. TERRY. Yes; that is correct. The Federal Government would match in the first bracket two for one, and after that equally with the States, up to the \$40 maximum.

Mr. COLMER. I just wanted to say to the gentleman I am going to support his amendment.

Mr. BUCK. Mr. Chairman, will the gentleman yield?

Mr. TERRY. I yield to the gentleman from California.

Mr. BUCK. Has the gentleman any estimate of the cost?

Mr. TERRY. I understand the cost would be somewhere between \$45,000,000 and \$110,000,000.

Mr. BUCK. Per year.

Mr. TERRY. That is the information that has been given me.

Mr. BUCK. I just wanted to determine the cost so the members of the Committee could understand what the cost

Mr. FERGUSON. Mr. Chairman, will the gentleman vield?

Mr. TERRY. I yield to the gentleman from Oklahoma.

Mr. FERGUSON. In answer to the question of the gentleman from California, may I say that an exactly similar amendment was referred to the Social Security Board, which has given us the following information:

The probable additional cost of this change is \$45,000,000 to \$110,000,000 per year.

I have here the original letter from Mr. Altmeyer, Chairman of the Social Security Board.

Mr. WHITTINGTON. Mr. Chairman, will the gentleman yield?

Mr. TERRY. I yield to the gentleman from Mississippi. Mr. WHITTINGTON. The purpose of the gentleman's amendment is to increase the Federal contribution to the ratio of 2 to 1 up to \$15, and after that carry out the provision of the existing bill which calls for a 50-percent contribution?

Mr. TERRY. The gentleman is correct.

Mr. MASSINGALE. Mr. Chairman, will the gentleman yield?

Mr. TERRY. I yield.

Mr. MASSINGALE. I am not clear on just what this amendment will cost, according to Mr. Altmeyer.

Mr. TERRY. According to Mr. Altmeyer, as has been stated, the cost will be from \$45,000,000 to \$110,000,000.

Mr. MASSINGALE. Above what the present bill will cost?

Mr. TERRY. No; above what the present law now in effect

Mr. DOUGHTON. Mr. Chairman, will the gentleman yield?

Mr. TERRY. I yield to the gentleman from North Carolina.

Mr. DOUGHTON. The gentleman's substitute amendment proposes to increase the Federal contribution to two-thirds, up to \$15. Would the gentleman then favor the law's being administered by the Federal Government, rather than by the State, since the Federal Government would be putting up the money?

Mr. TERRY. I believe the Federal Government can very well afford to pay two for one in the first \$15 bracket, and it would not be putting up all of the money in any event.

Mr. MURDOCK of Arizona. Mr. Chairman, will the gentleman yield?

Mr. TERRY. I vield.

Mr. MURDOCK of Arizona. Does the gentleman not believe that what I will call the machinery of this law and the operation of it ought to be in the hands of the States, the expense of it ought to be largely on the Federal Government; in other words, Federal contribution without Federal control? In schooling work I favor Federal contribution to equalize educational opportunity, and in this matter I want to equalize social security.

Mr. TERRY. I believe we should have a basic minimum amount that is equal all over the United States and then let the individual States add to that such further amounts as they feel they can afford. It does not seem fair to me that the people in the poorer States should get only \$4 or \$5 a month while those in the richer States get from \$20 to \$32, as in California.

Mr. DINGELL. Mr. Chairman, will the gentleman yield?

Mr. TERRY. I yield.

Mr. DINGELL. May I ask the gentleman whether he can assure me that the State of Arkansas will pay a little above that first \$15 bracket, because if it will not, then I am absolutely opposed to any such amendment at this time.

Mr. TERRY. At the present time Arkansas is paying \$6.15 per month to the old people. California, which pays the largest pension, is paying \$32.46. Of this amount, of course, the Federal Government pays \$15. In other words. the United States is paying California five times as much as it is paying Arkansas.

As stated in the remarks I made on this subject yesterday in the general debate, the great disparity that exists between the amounts paid for old-age assistance by the poorer States and their more fortunate sister States is not because the poorer States desire to give their old people inadequate assistance, it is because the poorer States have not the taxable wealth on which to base a larger proportion of contribution. In my State we have tapped all sources of revenue and still we compare unfavorably with the national average. We have a State income tax, a privilege tax, a sales tax, a personal-property tax-tangible and intangible-and many others. Our real-estate tax rate is nearly three times that of the District of Columbia. Our cigarette and gas taxes are among the highest in the country.

No; it is not because we are unwilling to tax ourselves to provide social services for our people. The wealth is not there. The per capita income of the United States is \$432. That of the District of Columbia is \$962—the highest in the country. That of New York, I am informed, is over \$700. The per capita of Arkansas is \$182. That tells the story.

Arkansas is not the only State that cannot compare with the national average in the amount it provides for old-age assistance. There are nine States that provide below \$10.50. The national average of all the States is \$19.27. Of what avail does it do the old people of the country for the Ways and Means Committee to raise the old-age assistance from \$30 to \$40, when the States, with all the pressure that is on them, cannot come within \$10 of averaging up to the \$30 now set by the social-security law? It is truly an empty gesture.

The adoption of my amendment only means that of the first \$15 the Government will pay \$2 for \$1 put up by the State. It is a very small increase, but it will be a godsend to those old people who are receiving a miserable pittance of \$4 or \$5 or \$6 a month.

It has been suggested by those opposed to this amendment that its adoption will cause the Townsend plan advocates to redouble their efforts. I say to you that unless you do liberalize the present assistance to some degree, at least, you are giving aid and encouragement to those persons whave made a very lucrative living by dangling before the eyes of the old people of our country the will-o'-the-wisp of the \$200 per month plan.

I urge the adoption of my amendment. [Applause.]

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I ask unanimous consent to revise and extend the remarks I am about to make and the other statement I made.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. DOUGHTON. Mr. Chairman, this amendment is equally as objectionable in its major point as the Colmer amendment, because it abandons the 50-50 ratio of contribution for old-age pensions. If you can go from 50-50 to two-thirds, by the Federal Government paying two-thirds of the pension, then why will they not come back and say, "Take over three-fourths of the load"? And you can take it as a fact that if you assume three-fourths of the burden you will have the same argument to take over the entire burden, and that is exactly where we would be heading. It is admitted that this amendment will place an additional burden on the Treasury of somewhere between \$45,000,000 and \$100,000,000 a year.

Mr. ELLIS. Mr. Chairman, will the gentleman yield? Mr. DOUGHTON. No; I regret I do not have the time.

If you keep piling up authorizations, while I have no threat from the President of the United States, I know exactly how he feels about this. He believes, first, that it should not be made, but if it is made, it is incumbent on the Congress to provide the increased revenue that will be necessary to defray the expense. We go on here day after day and month after month creating authorizations and providing no tax whereby we can take care of these authorizations. Then we criticize the administration for throwing the Budget out of balance when we are responsible ourselves for its being out of balance.

Mr. Chairman, if we vote for this amendment, there is one thing it is our duty to do and that is to remain here and write a tax bill, or increase the tax bill we will soon bring out, sufficient to raise the amount of money that this will authorize, and where would the gentleman from Mississippi or the gentleman from Arkansas propose we get this money? Would

you favor a sales tax?

Mr. TERRY. If the gentleman will yield to me, I will tell him. I would just cut off about one-half of one of these \$100,000,000 battleships, and then you would have the money.

Mr. DOUGHTON. The gentleman well knows that the Congress would not do that, and therefore the gentleman is suggesting an impossible remedy. The gentleman knows the House would not do it; the Congress would not do it, and the President would not stand for it.

Mr. MASSINGALE. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. I am sorry I have not the time to yield.

Mr. Chairman, somebody should speak for the Federal taxpayers. We are now called upon to write a revenue bill whereby we will lighten taxes on business in order that employment may be increased and the unemployment burden lightened, and yet we come in here and propose amendments that would increase the burden of taxation.

Another thing is that when we freeze the pay-roll taxes at 1 percent for 3 years and try to save the business tax-payers of the country money in order to promote business, then it is proposed to add to the burdens of the Treasury a large additional amount without making any provision whatever to take care of it.

There is one of two things you may expect, if we add to this bill enormously, as this proposed amendment would do; that is to raise additional revenue and increase our taxes or you may expect to see the bill vetoed. I do not speak for the President, but knowing his feelings as I do, I have no doubt but what that would happen, and there is also no doubt that if we increase the tax burden we have got to do something to take care of that burden, because it is our duty and our responsibility. Under the present bill the Federal Government has gone a long way, considering its fiscal condition, in assisting States in providing for aged needy people, and if this is not reasonably done, it will be the fault of the States and not the Federal Government. Also please remember the liberal aid given by the Federal Government to needy crippled children, the blind, and other generous and liberal provisions of the bill which I do not now have time to mention.

Mr. Chairman, I move that all debate on the pending amendment and the substitute therefor close in 20 minutes.

The motion was agreed to.

The CHAIRMAN. The Chair recognizes the gentleman from Kentucky [Mr. Robsion] for 4 minutes.

Mr. ROBSION of Kentucky. Mr. Chairman, we have before us H. R. 6635, which proposes to amend in a number of respects the Social Security Act of 1935. Under the present Social Security Act the Federal Government matches dollar for dollar the amount put up by the States to pay needy persons 65 years of age and over up to a maximum of \$15 paid by the Federal Government; that is to say, if any State puts up as much as \$15 the Federal Government will match the State's money with \$15 and enable any needy person 65 years of age or over to receive \$30 per month, but if a State puts up only \$4 the Federal Government will put up only \$4, making a total of \$8 per month.

Section 3 of title I of the bill before us provides that the Federal Government will increase its maximum from \$15 to \$20 per month, providing, of course, the State will put up as much as \$20 per month. The State of California up until this time is the only State of the 48 States that has matched the Federal Government's maximum of \$15 and paid \$30 a month pensions to needy people 65 years of age or over. All the other States have failed to match the full amount of \$15, the maximum contribution by the Federal Government. According to the records of the Social Security Board, Kentucky has paid an average of \$8.69; one-half of this was paid by the Federal Government. Georgia has paid \$8.62, Mississippi \$7.02, South Carolina \$7.61, and Arkansas \$6.11.

Under the social-security law it is up to the legislature of each State to fix the terms and conditions, the maximum age, and the maximum amount that the State will match of Federal funds. The Kentucky Legislature fixed the maximum that Kentucky would put up for any needy old person 65 years of age and over at the sum of \$7.50 a month. If Kentucky should pay the maximum amount of \$7.50 a month, the Federal Government would then pay only \$7.50 a month, making a total of \$15 per month in all, but as we have pointed out on an average the needy old people of Kentucky have been receiving and are receiving only \$8.69 a month.

This is not all of the sad story of the needy old people of Kentucky. Nearly 90,000 of needy old people have made application for pensions, but only about 45,000 have been granted pensions, and these have received on an average only \$8.69 a month. Those in charge of the old-age pensions in Kentucky have advised me, as well as others, that they are unable to pay many needy old persons any pension because sufficient funds have not been provided by the State of Kentucky for that purpose. We have had and still have a Democratic administration in Kentucky with a large majority of the State legislature made up of Democrats ever since the Federal Social Security Act was passed in 1935. It was the Democratic legislature and Democratic administration in Kentucky that fixed the maximum Kentucky contribution at not more than \$7.50 per month and made it impossible for any needy old person in Kentucky to receive in all from the State and Federal Government more than \$15 per month. The Republicans in the House and Senate of the Kentucky Legislature offered amendments fixing the maximum to be put up

by the State of Kentucky at \$15 instead of \$7.50 per month, and if this amendment had been adopted, it then would have been possible for the needy old people of Kentucky 65 years of age or over to receive a pension of \$30 a month. Each and every Republican in the House and Senate voted for this amendment, but the Democrats with their big majority defeated this salutary amendment. With the Kentucky law as it is, the amendment in the bill before us increasing the Federal contribution from \$15 to \$20 a month will mean absolutely nothing except a snare and illusion to needy old people of Kentucky and practically every State in the Union except California. Kentucky is in the small group of States paying the smallest amount of old-age pensions.

The President and his administration have stated time and again during the last year or so that old-age pensions throughout the Nation should be and would be liberalized at this session of Congress. The President and his administration were opposed to the Townsend plan. They insisted an adequate old-age pension would be met by liberalization of the Social Security Act that would come up in a few days and which is now before us, and they insisted that this act would be amended so that the needy old people of the country would receive pensions more in keeping with their needs.

The needy old people of America will find that this amendment will not add one dime to their old-age pensions unless it is in a State like California that has already matched the maximum amount of \$15 now being put up by the Federal Government.

I FAVOR THE WOODRUFF AMENDMENT

We now have before us for our immediate consideration the amendment offered to this bill by our colleague, Mr. WOODRUFF of Michigan. He is one of the ablest men on the Ways and Means Committee and is chairman of the Republican caucus of the House. He comes from one of the so-called rich States of the Union. I am very much in favor of his amendment, because it provides—

First. That the Federal Government will match two for one to provide assistance and pensions for needy old people 60 years of age or over. The Government now puts up dollar for dollar. Under the Woodruff amendment the Federal Government is authorized to put up as much as \$30 if the States put up as much as \$15, making \$45 in all.

This amendment would benefit the needy old people in each and all of the States of the Union. Under the Woodruff amendment, if Kentucky did not change its maximum of \$7.50 a month and would put up \$7.50 the Federal Government would meet the \$7.50 with \$15, making \$22.50 in all, and if the State of Kentucky would put up \$10 it would be necessary for the Federal Government to put up \$20, making \$30 in all for each needy person 60 years of age or over. In other words, the Federal Government would match two for 1 instead of 1 for 1 for old-age pensions in each and all of the 48 States. I do not believe that we can claim we are making adequate provisions for the needy old people unless they are allowed at least \$30 per month.

When the President's social-security bill was up for consideration in the House in 1935, I offered an amendment that provided that the Federal Government would pay an adequate old-age pension to each and every person 60 years of age or over, to each and every needy person and to each and every permanently and totally disabled person.

I am very happy to have an opportunity to speak and vote for the Woodruff amendment. The administration and its leaders, as well as some of the Members from the so-called rich States of the Union, are opposed to the Woodruff amendment, and, because of the big majority that the administration has in the House, they may be able to defeat it. It is claimed by them that the Woodruff amendment would impose hardships on the rich States to aid the poor States. We must bear in mind that the so-called poor States produce the raw materials in the way of timber, coal, farm products, and so forth. These go to the so-called rich States for processing and distribution. The producers of raw materials as a rule have far less income than those who process

and distribute the finished product and sell them to the so-called poor States at a great profit.

I introduced and had charge of the Federal Aid Road Act of November 9, 1921. The so-called rich States opposed the Federal aid road bill. They claimed it would impose a burden on the rich States in favor of the so-called poor States. The Federal aid road bill provided for the distribution of money to the States on a basis to area, population, and road mileage. The Members of the House from the rich States insisted that another element should be considered-wealth-and that the road money should be distributed on the basis of wealth, population, area, and mileage. Congress refused to accept wealth in the distribution of the road money. The trouble then with the country was that roads were being built in the rich States and in the rich communities of the poor States while the road building lagged in the poor States and in less-favored communities. Under the Federal aid road law roads were built through the poor States and through the poor communities of the poor States, and all of this proved to be a great blessing to the Nation as a whole. In a few years the Members of the House and Senate from the rich States ceased their opposition to the road-bill program and now no one insists that wealth should be one of the elements in the distribution of the Federal aid road money.

Whatever money is spent for old-age pensions in the poor States will increase the purchasing power of the people in those States and it will return to the rich States in increased business. The rich States absorb most of the money and income of the poor States. In the end it will prove to be a blessing as did the Federal aid road law. The old-age pension matter will never be settled until it is settled right, and in my opinion, some day if not now the principle embodied in the Woodruff amendment will be adopted. The failure to meet this problem and the failure to provide adequate pensions for needy old people of the Nation will increase the chances for such proposals such as the Townsend plan and other plans. If we are going to have old-age pensions let them be adequate, fair, just, and reasonable.

RURAL SECTIONS DISCRIMINATED AGAINST

Under the Social Security Act providing for an old-age insurance annuity we will begin in 1940 to pay old-age annuities to persons 65 years of age or over. I refer to persons who have been employed and whose wages as well as the employers have been taxed to provide a fund for this old-age: insurance. These people will not receive old-age pensions. They will receive old-age annuities. About 45,000,000 workers in the United States had issued to them Social Security cards and they pay a tax out of their wages and their employers pay a like tax to provide a fund out of which to pay these annuities after the person has reached 65 years of age and over. These persons are largely employed in the so-called rich States in the various branches of industry, commerce, processing agricultural products and other raw These taxes paid by the workers and their emmaterials. ployers are added to the cost of the products and all of us must pay these taxes to a large extent. The people in the rural sections, the farm workers, domestic workers, and so forth, living in the rural sections, do not come under this oldage insurance provision of the Social Security Act. Their only hope of relief is under the so-called old-age pension.

The wife as well as the widow and children in case of the death of the husband will secure a pension under these oldage annuities, and they will receive a much larger pension and up to \$85 per month under these old-age annuities. And Congress must provide a reasonable, fair, and adequate pension for the needy old people who do not and cannot come under the old-age insurance. Old-age insurance would not begin until 1942, but this bill amends the act of 1935 and authorized these payments to begin 2 years earlier, January 1, 1940, and it greatly increases the annuities that will be received by those workers who have reached the age of 65 and provides annuities for the wife after she reaches 65 and provides annuities for the children on the death of the parent, but in my opinion this bill will not benefit the needy old people who do not come under the old-age

insurance plan. If they are to receive more liberal pensions, we must adopt something like the Woodruff amendment and let the Government put up two for one as provided in the Woodruff amendment.

I am sure if the Woodruff amendment was adopted a great majority of the States would soon put up at least \$10 a month and enable each needy old person to receive at least \$30 per month and, of course, some States would put up \$15 and this would give the needy old people of such States \$45

DESIRABLE PROVISIONS

I shall vote for the bill as a whole. It has a number of very desirable features. The tax on the employee and employer would remain at 1 percent under this bill. That will mean a great saving to the workers and their employers. There have been collected by the Government from these pay-roll taxes from the workers and employers many more times in dollars than have been paid out in benefits. These pay-roll taxes should be used for the purposes for which they were intended and that is to provide annuities or pensions for workers who retire after they are 65 years of age and for their wives, widows, and children.

This bill also provides that the payment of old-age annuities begin on January 1, 1940, instead of 1942, as provided in the act of 1935. This bill also provides for an increase of the Federal contribution to aid the States in taking care of their needy blind, but, of course, the States would have to match this money. Kentucky has not yet matched the amount set up for needy widows and their children and needy blind people provided in the act of 1935, and I am afraid the increase in this measure will not help the needy

widows and the needy blind in Kentucky.

The needy crippled people of the Nation must not be overlooked by the Federal Government or by the States. The Federal Government and the States should see to it that the needy old people, the needy blind, the needy disabled, and needy widows and their orphan children are given just, adequate, and fair consideration; and then the Federal Government and the States should encourage those who are younger and able to work to start things moving in this country in agriculture, industry, and commerce so that we may have pay rolls to take the place of relief rolls.

THE TOWNSEND PLAN

A few days ago the Townsend plan was before us for consideration. I did not feel that the Townsend plan was feasible. Dr. Townsend in his own testimony before the committee recently stated that need or necessity should not be considered. In other words, every person 60 years of age or over, rich or poor, in need or in plenty, should receive the pension, and under his plan 12,000,000 people in the United States would be eligible for the pension. His idea was that we should start with \$200 a month for each person 60 years of age and over and this sum would likely go to \$300 a month within 5 years. His plan would mean that a husband and wife over 60 years of age, whether poor or rich, could and would receive \$400 to \$600 a month if they applied for same. If 12,000,000 who would be eligible applied for this pension it would cost the Government each year over \$28,000,000,000, and if it were increased to \$300 a month, as Dr. Townsend planned, it would cost the Federal Government over \$43,000,-000,000 annually, and at \$200 a month there would have to be raised annually in the State of Kentucky \$532,000,000.

Last year the Federal Government collected in all in the ways of revenues and taxes from the American people about \$6,000,000,000, and we collected in taxes for all purposes to operate the State government of Kentucky-salaries, schools, roads, and for every other purpose-about \$25,000,000. Under the Townsend plan we would have increased the taxes for old-age pensions alone by the Federal Government nearly five times, and the taxes paid by the people of Kentucky

more than 20 times.

Dr. Townsend's plan to raise these enormous sums in taxes was to levy income, consumers', and sales taxes. I should like to see the old people of this Nation receive that sum of money. It would soon enable me to retire and quit work.

But it seems to me to be impracticable and unworkable. I then favored, and still favor a pension that is fair, just, and reasonable, and one that the taxpayers are able to meet. The American Federation of Labor, the railroad brotherhoods and other labor organizations, and the farm organizations of the country strongly opposed the Townsend plan because the big part of these consumers' taxes and sales taxes would be paid by the working people and the common people. I think it would take at least 20 percent of their income and wages to meet these taxes. I believe, however, that the Woodruff amendment is feasible and workable and will insure a fair, adequate, and reasonable old-age pension.

The CHAIRMAN. The Chair recognizes the gentleman

from Oklahoma [Mr. FERGUSON].

Mr. FERGUSON. Mr. Chairman, during the debate under the 5-minute rule we often vote on amendments that we do not understand. So I am taking the liberty of suggesting to the membership of the House that they turn to page 2419 of the Appendix of the RECORD of June 6, if they are interested in knowing the exact wording of the Terry amendment, which is now up for a vote. It is printed there in the Appendix of the RECORD at page 2419. The amendment, in simple language, does this: The Federal Government contributes \$2 to the State's \$1 for the first \$15. After that the matching is on a 50-50 basis. If the State puts up \$5, the Federal Government would put up \$10, making the total pension \$15. If the State puts up \$10, the Federal Government would put up \$15, making the total \$25 up to \$40, the maximum pension provided under the bill as favored by the committee. If \$40 were paid, the State would pay \$17.50 and the Federal Government \$22.50. This would change the contribution on the maximum pension only 10 percent and reduce it from a 50-50 matching proposition to a 60-40 on the maximum, and here is what it would accomplish. We have 12 States now paying a pension of \$10 or less. That is the combined pension. These States say that they cannot raise more money. At the same time they are Southern States, where the standard of living and the cost of living may not be so high. So the adoption of this two-for-one proposition up to \$15 would mean that these States that are now suffering from these wholly inadequate pensions would be able to make a payment of \$15 to their pensioners. As I read to the House during the remarks of the gentleman from Arkansas [Mr. TERRY], the cost of this amendment would be between \$45,000,000 and \$110,000,000. This is the opinion of the Social Security Board in writing to me on this certain amendment. Forty-five million dollars would be the cost if the present rules were not increased. That is not a tremendous burden on the Budget of the United States. The present Budget for old-age pensions is \$225,000,000. This amendment when put into effect would raise the Federal Budget on old-age pensions to \$275,000,000.

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

Mr. DISNEY. The gentleman means that the immediate rise in the cost would be from \$45,000,000 to \$110,000.000, does he not? He does not mean to tell the House that would be the final cost of this amendment?

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

The Chair recognizes the gentleman from Massachusetts [Mr. Barrs] for 4 minutes.

Mr. BATES of Massachusetts. Mr. Chairman, those of us who have for some years given thought and study to questions of taxation, particularly in our own States, are somewhat surprised at the effort being made this afternoon to attempt to load unto other States of the Union already suffering from tremendous tax burdens, a responsibility that is entirely their own.

A short time ago the chairman of the Ways and Means Committee yielded to me for a few moments so I could give information to its members relative to the devious ways that some of our States of the Union are tax-exempting their own residents, their industrial establishments, and other kinds of property. It is particularly of interest to know that only a few days ago I cut this article from a magazine advertising the State of Louisiana, that very State some of whose Members were today advocating a larger percentage of national contribution in order, evidently, to evade their just share of the cost of this burden.

Among other things, the Governor says in this article:

Louisiana today is the most prosperous State of the Union. If you come as a home seeker you know already that our lands are fertile, that there is a \$1,000 exemption on homesteads from all property taxes; that all livestock in the State is tax free; that new homes are tax exempt for 3 years, and new industries for 10 years.

So much for the State of Louisiana. Let us go to Arkansas, the State from which come some of the Members advocating higher Federal contributions. We find in the report that I have here, entitled "Homestead Valuation Survey," by the commissioner of education in the State of Arkansas, pertinent comments about the exemption of homesteads from local taxation. Among other things, he said in this report that:

The exemption of homesteads up to \$1,000 will mean a loss in revenue to the State of Arkansas of \$598,000.

May I quote again from the National Municipal Review, in the case of Mississippi, whose Representatives also advocate this legislation, and where it went on to say:

MISSISSIPPI PROVIDES TAX-FREE HOMES—150,000 HOME OWNERS CLAIM EXEMPTION UNDER NEW HOMESTEAD LAWS; PROGRAM TO COST STATE OVER THREE AND A HALF MILLION DOLLARS ANNUALLY

Although the legislature did not adopt the entire program of the Governor, it passed 10 bills relating to homestead exemptions, and as a result of this legislation Mississippi has gone a long way toward providing tax-free homes.

It is very obvious that these States are attempting by such exemptions on homesteads and manufacturing plants as well to shift their own burden to other States of the Union. Not only have many industries left parts of the country to go into tax-exempt areas, but many of the wealthiest taxpayers have taken up domicile in States where there are no income-tax laws. This is purely for the purpose of evading their just share of the cost of government.

Representatives of these States are today pleading for the adoption of this amendment seeking a larger Federal contribution toward the cost of their old-age assistance, and it is of special interest to note that in these very States the legislatures have refused to enact sufficient tax laws that would raise needed revenue sufficient to pay higher old-age pensions. Only 13 States now have no income-tax laws.

There is rapidly growing up in this country a group of taxdodging States, States that are trying to shift the burden which is rightfully theirs onto other States.

The argument made for this proposal is that there are certain States which are unable to make old-age assistance payments. I enclose two tables showing the old-age assistance payments in the States as compared with the per capita income by States. This indicates that it is not so much a question of inability to pay as it is unwillingness to pay.

(All figures from Social Security Board)

Average old-age assistance payment per recipient (title I) December 1938

United States Nevada____ Arizona. New Hampshire_____ Ohio_____ 22.10 Wyoming
Idaho
Oregon
Pennsylvania 21.62 20.78 20.71 Wisconsin_____ Maine_____ Montana_____ 20.48 Utah____ Minnesota_ South Dakota_____ 20.04

1	Average	old-age	assistance	payment	per	recipient	(title	I)	De-
ı			cember	1938—Continued			-		

Oklahoma	\$19.94
Iowa	
Kansas	
New Jersey	19.32
Rhode Island	18.78
Illinois	18. 52
Missouri	18, 48
Maryland	17.51
North Dakota	17.38
Nebraska	17.12
Michigan	17.11
Indiana	16.53
Vermont	14.47
Texas	13.84
Florida	13.84
West Virginia	13.79
Tennessee	13. 23
New Mexico	11.15
Delaware	10.84
Louisiana	10.26
Virginia	9.54
Alabama	9.51
North Carolina	9.36
Georgia	8.76
Kentucky	8. 73
South Carolina	7.40
Mississippi	6.92
Arkansas	6. 15
Per canita income by States 1925	0.10

Per capita income by States, 1935 United States______

	-
New York	
Connecticut	_ 6
California	- 6
Delaware	_ 5
Rhode Island	_ 5
Vevada	_ 5
Massachusetts	
Vyoming	
lew Jersey	
llinois	
fontana	
ennsylvania	
fichigan	
faryland	
Visconsin	_ 4
hio	
ew Hampshire	
ashington	
innesota	
aine	
olorado	_ 4
ndiana	
rizona	_ 4
regon	_ 3
owa	
issouri	
ermont	
ansas	
ebraska	
lorida	
tah	5.00
laho	- N. T.
ew Mexico	
est Virginia	
exas	_ 3
irginia	
ouisiana	
outh Dakota	
orth Dakota	
klahoma	
orth Carolina	_ 2
eorgiaeorgia	_ 2
entucky	_ 2
ennessee	
outh Carolina	
labama	
rkansas	
Iississippi	
District of Columbia	77 N

In the interest of those States from which have migrated a large number of industries to these tax-exempt areas, and who are finding the tax burden and unemployment problem so pronounced, I feel in the interest of justice and equity that the amendment should be defeated. Surely these States that have tax-exempt provisions can well afford to shoulder their just share of the cost of old-age assistance. [Applause.]

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. MARCANTONIO] for 3 minutes.

Mr. MARCANTONIO. Mr. Chairman, I do not believe any Member of this House can accuse me of being illiberal. However, I do not propose to vote for any reactionary measure simply because its proponents, who have never been on the liberal side of any fence, call it liberal. I do think the time has come when we must pause and recognize that this type of an amendment places on the more humanitarian and progressive States a greater burden and permits the landed aristocracy and the new industrialism of other States to dodge their responsibility toward the aged of those States.

A great deal has been said here about New York by the gentleman from Kentucky [Mr. Robsion]. Does the gentleman realize that in New York we are almost taxed to death? Aside from a real-estate tax and a Federal and State income tax, in various cities we have personal-property taxes, sales taxes of every kind; taxes on every single article. New York cares not only for the unemployables but for many unemployed employables because of Congressmen who voted to cut appropriations for W. P. A. New York is engaged in many aspects of welfare legislation. Pass amendments of this type and you add an additional burden on New York and other States like it. I say that in this matter of pensions, the States must assume their responsibility. I say it is grossly unfair and unjust to load on us an extra load so that various States can get out from under. The several States can put up their required share. They do not tax in order to bring down to their States industries which seek cheap labor and seek to dodge the taxes necessary to carry the benefits of social welfare legislation to the people of our States. Let the legislatures of those States whose Representatives here are sponsoring these 4-to-1 and 2-to-1 amendments assume their just responsibilities toward the people of their States; let them levy the necessary taxes and let them cease making their States havens for tax dodgers and industrialists who seek to escape their social obligations.

Mr. ROBSION of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. MARCANTONIO. Excuse me; not just now.

When it is said that this bill is a snare and a delusion, that the old people are not going to get an additional penny, I say that the responsibility for the old people not getting an additional penny rests entirely on the States in which they reside. Let those States be fair with the United States Government, let them raise their required share, and their old people will get additional pensions. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. Hinshaw] for 2 minutes.

Mr. HINSHAW. Mr. Chairman, I have made bold to criticize this act. I have done so partly because it does not provide taxes to support the aged assistance program that is authorized in the act. I am amazed that of all committees, the Ways and Means Committee should bring out a bill that is not self-supporting.

The able chairman of the committee has even asked someone to suggest a tax to support this portion of the bill. I humbly offer to him and to the members of the committee that if they will put much the same kind of tax that is here levied against the one-third of the people covered by title II on the balance of the people, they will more than adequately support the old-age assistance program contained in this bill. They had an opportunity to work out such a bill when they failed to perfect H. R. 6466, and the Rules Committee chose to send us that bill under a gag rule so that it could not be amended. I claim that some such tax program as that offered in H. R. 6466, with suitable amendments, or even the tax program that is offered in this bill for a certain one-third of the people, if applied to everyone equitably, would adequately support the old-age assistance section and permit of liberalization to boot.

Mr. Chairman, we are in a great confusion here. We talk about social-security taxes when we mean compulsory old-age insurance premiums. I see no essential difference between these payments and those payments many of us made for war-risk insurance. If the majority of our people believe

that all of the people should be compelled to take out old-age risk insurance so that they will not become public charges if and when they reach old age, then the people have a right to so order in a democracy. We have already done so, but for one-third of our people only.

Furthermore, Mr. Chairman, this program of old-age risk insurance should be self-supporting and should not be considered as a part of the Federal Budget. Here we call it a tax for social security, but it is no more a tax than are the millions of insurance premiums that are regularly paid on the millions of ordinary life-insurance policies in force in this country. We fight against paying taxes, but we work to pay insurance premiums. This pending act would make princes of one-third of our people and paupers of all but a fortunate small percent of the other two-thirds. It contains some gross inequities and is ponderous and cumbersome in its administration. [Applause.]

The CHAIRMAN. The Chair recognizes the gentleman from Mississippi [Mr. Colmer] for 3 minutes.

Mr. COLMER. Mr. Chairman, I am just as much interested in this amendment as I was in the amendment that I sponsored a moment ago. In fact, I consider it my amendment and the amendment of those of us who are interested in liberalizing this pension.

Now, it has been pointed out repeatedly today that this bill that is brought here does not liberalize the pensions of these aged people, because there is only one State in the Union that is now matching the \$15 that the Government offers. I just want to say in these 3 minutes you are either going to pass this liberalizing amendment or you are not going to pass anything. If you are not going to pass anything. If you are not going to pass anything to the aged needy people and the country at large, and say that this Congress is not in favor of increasing the pensions to the aged needy.

I was amazed that the gentleman from New York [Mr. Marcantonio], a man who would probably vote one hundred billions for the Workers Alliance, for the W. P. A., should get up here and oppose this proposition of 2 to 1 for these aged people.

Mr. MARCANTONIO. Mr. Chairman, will the gentleman yield?

Mr. COLMER. I am sorry, I have only a few minutes.

Mr. MARCANTONIO. The gentleman mentioned my name.

Mr. COLMER. Mr. Chairman, I decline to yield.

Mr. Chairman, either we are going to liberalize this bill with this amendment and give these people something, or we leave the question entirely unsettled and just put off the issue to a later time. I was not astonished at the action of the gentleman on the other side, he was running true to form; nor was I astonished when the minority defeated the amendment on the 4-to-1 proposal, but let me say to Republicans and Democrats alike that if you do not want to vote for this amendment, then you are in effect saying to the aged people that you are not going to give them anything. Oh, yes; there is another course, there is another body at the other end of the Capitol. When the bill gets over there it will be liberalized, but this is your test vote. We ask you to vote for it.

Mr. Chairman, we have made the best fight that we knew how to make in an effort to get a more liberal pension for the aged needy. I regret that many who had signified their desire to support this amendment are not here. I regret that under the rules of the House we are unable to get a record vote on this amendment and on the amendment which I offered and which was defeated on a teller vote. I was particularly disappointed in our colleagues on the Republican side of the aisle. There is no question but that, with few exceptions, they voted against the liberalizing amendment which we offered a few minutes ago. There is also no question but that the majority of the Democrats voted for it. Had our Republican friends come through as we expected them to do, this amendment would have been adopted. I hope that those who oppose these efforts which we are making to liberalize these pensions will not go before the country

next year and tell the people that they favor an adequate old-age pension.

Let me say in conclusion to my colleagues that this is the last stand. If you really favor a liberalization of the bill which the committee has reported, and which we have pointed out repeatedly means nothing because only one State is now matching the \$15 provision, then this is your opportunity to liberalize it. We have reason to believe that the Senate will liberalize the bill if we do not. Why should we not do so in the first instance? I appeal to you in the name of the thousands of the aged needy throughout the country, and particularly in our section, to support this amendment and no longer turn a deaf ear to the pleas of these aged needy people.

[Here the gavel fell.]

The CHAIRMAN. The time of the gentleman from Mississippi has expired, all time on this amendment has expired.

Mr. TERRY. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. TERRY. As I understand it the first vote will be on my amendment as a substitute for the amendment offered by the gentleman from Michigan, will it not?

The CHAIRMAN. The gentleman is correct. The Chair

was about to put the question.

The question is on the substitute amendment offered by the gentleman from Arkansas to the amendment offered by the gentleman from Michigan.

The question was taken; and on a division (demanded by Mr. TERRY) there were-ayes 65, noes 131.

So the substitute amendment was rejected.

The CHAIRMAN. The question recurs on the amendment offered by the gentleman from Michigan [Mr. Woodruff].

The question was taken; and on a division (demanded by Mr. Woodruff) there were—ayes 79, noes 142.

So the amendment was rejected.

Mr. KELLER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Keller: On page 3, in line 9, strike out "one-half" and insert "two-thirds"; in line 15, strike out "5 percent" and insert "4 percent."

Mr. BUCK. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. BUCK. Mr. Chairman, I make the point of order that this is practically the same amendment we just voted on.

The CHAIRMAN. In order for the point of order to be sustained the amendment would have to be identical to one which has already been voted on. This amendment is not

The point of order is overruled.

The gentleman from Illinois is recognized for 5 minutes.

Mr. KELLER. Mr. Chairman, I call the attention of the Committee to the fact that we are going from one extreme to another. At the present time we ought to make progress slowly but surely. There is a great deal of merit in the 4-to-1 proposed which was rejected. The idea behind it was not wrong, but the extent of the proportion was wrong.

When the proposal of Federal old-age pensions first came up it was my great pleasure and honor to have introduced the original bill, which was the basis of the old-age assistance features of our social-security law. The present oldage assistance feature was put into the social-security law at that time. First I proposed a national old-age pension. On rewriting the bill I proposed that the contribution as between the Federal Government and the State governments should be 3 to 1, 3 parts being contributed by the Federal Government and 1 part by the States. That is exactly the proportion in Canada between the contribution of the Dominion Government and the provinces. After arguing the question with the President he finally insisted that we ought to start out on an even basis. I was, of course, compelled to give in to that, although I still held to my own opinion that there ought to be a difference.

We have tried out the 50-50 plan and we have found that the 50-50 plan does not give the relief we had a right to expect and which we hoped it would give when we wrote it into the law. Our own experience should teach us that there is a way of doing this. In foreign countries what happened was that they started at a certain rate of pension and a certain age, almost invariably 65, the same as we did. Little by little the pension was increased to what each country considered a normal amount. As time ran along they began to reduce the age limit from 65 to 62, and 60, and finally to 58 years. That is exactly the process that we probably will go through in this country.

That is the rational process, but we ought not to overlook the fact that we ought to be ready at the present time for the Federal Government to assume a larger proportion than one-half, for the simple reason that when this Government was first instituted the amount of money raised through real-estate taxes amounted to about 90 percent of the entire revenues of Government. At the present time it amounts to less than 15 percent; in other words, it has become a matter of taxing income. In Illinois as well as in other States the people are suffering from this mistake. For the purpose of providing our half of the old-age assistance we are taxing our property, the homes of people who are not able to pay these taxes. When you do that you are not going to get the right kind and the right distribution on the old-age pension. It is for this reason, in my judgment, that we ought to pass a 2-to-1 provision at the present time: then profit by that experience and see where we can go. Because the figures presently indicate that we should ultimately arrive at \$50 a month instead of \$40; but the \$40 is a step forward. We ought to make it 2 to 1 instead of 1 to 1, as at present.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Illinois [Mr.

This amendment is substantially the same as the one just voted down.

Mr. Chairman, I move that all debate on this amendment do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. KELLER].

The amendment was rejected.

Mr. DIRKSEN. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. Dirksen: Page 2, line 20, after the word "assistance", strike out the semicolon, insert a colon and the following: "Provided, That the term 'resources' shall not be deemed to include any sum or amount which, in the opinion of the State or any instrumentality thereof, might be obtained from children or relatives."

Mr. BUCK. Will the gentleman yield before he starts?

Mr. DIRKSEN. I yield to the gentleman from California. Mr. BUCK. Does the gentleman's amendment read "shall

not be deemed to include any sum or amounts received from

Mr. DIRKSEN. It reads "That the term 'resources' shall not be deemed to include any sum or amount which in the opinion of the State or any instrumentality thereof might be obtained from children or relatives."

Mr. BUCK. Suppose allowances were made under other titles of this act?

Mr. DIRKSEN. They would have to be amended if this is adopted, in accordance with the substance of my amendment. Let me explain it first before my time is exhausted.

Mr. BUCK. I am trying to really understand what the gentleman has in mind.

Mr. DIRKSEN. If the gentleman will permit, I will explain it.

Mr. Chairman, let me take a hypothetical case. Let us assume that under the old-age assistance act of the State of Illinois one makes written application for old-age assistance. Normally he might be entitled to \$30 a month. That application goes to an investigator or to a social worker. social worker calls on the applicant and after going into the matter of income and resources will say: "Have you any

children?" "Yes, two." "Sons or daughters?" "Two sons." "Who are they and where do they work? Are they married or are they single?" "Both of them are married. Both have families. Both have children." "Where do they work?" "One works in a canning factory, the other works in a shoe factory." "How much money do they earn in a week?" "Each one of them receives approximately \$25 per week." Now, then, if in the judgment of that investigator, which is affirmed by the old-age assistance division, the State decides that each one of these married sons should or could contribute \$2, \$3, or \$5 per month out of the pay check, that amount of money is going to be taken from the potential old-age assistance which will be given to the aged person. It is what is known in the State of Illinois as the relative clause. They have it also in New York and other States.

Mr. Chairman, it is one of those griping and distasteful things to the aged people of the country that sometimes makes this seem like bitter charity. There are many aged fathers and mothers who do not want to depend upon their sons and daughters, who have their own families and who have gone through lean years since 1929; yet, if in the opinion of the States and if in the opinion of the Attorney General, or if the old-age assistance division said that such son or daughter could contribute, then the amount of pension is going to be diminished by the sum total of that contribution

The eligibility provision in our law in Illinois has a qualification for old-age assistance:

Has no children who in the opinion of the State department or the attorney general are legally responsible for the applicant's support.

Are we asking families to take care of the old-age assistance, or are we making this a matter for the States and for the Federal Government? I say it is a very unhappy provision that has crept into many State laws, and it has caused distaste everywhere among the aged. It seems to me one of the things we can do is to make certain that the word "resource" is qualified so that no case worker, no investigator, no attorney general, will be able to say that this son or daughter, whether they can afford it or not, could contribute \$2 or \$3 or \$5 toward the assistance of an aged person and then reduce the proposed amount by that much.

Mr. COOPER. Will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Tennessee.

Mr. COOPER. Does not the gentleman think that his own State, if it wants to have a provision of that kind in its law with respect to money that that State pays out, ought to have a right to have it?

Mr. DIRKSEN. I may say to the gentleman from Tenpessee that it is stated in the act:

Effective July 1, 1941, the State act must provide * * * that the State agency in determining need shall take into consideration income and resources.

What is a resource? Is it something that a son or daughter can contribute? Are you going to leave it as vague as that? We ought to have it stated definitely. It ought to be clarified. The amendment I have offered should be adopted.

[Here the gavel fell.]

Mr. BUCK. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Illinois.

May I call to the attention of the Committee that the other income and resources that are to be taken into consideration are specifically stated to be those of the individual claiming old-age assistance, and that does not include. in my opinion, any resources that his son or daughter or anyone else might have. If this statement will clarify the record for the benefit of the Illinois officials who administer their old-age law, I am very happy to make it.

Mr. DIRKSEN. Mr. Chairman, will the gentleman yield? Mr. BUCK. I yield to the gentleman from Illinois.

Mr. DIRKSEN. I may say to the gentleman it is going to be a matter of administrative interpretation, and how

does the gentleman know or how do I know what they will say down in Springfield, Ill., or what they will say down in the Social Security Board as to what constitutes a resource?

Mr. BUCK. How can they go back of the language in this bill, if it becomes law, which states that the State agency shall take into consideration-I quote:

Any other income and resources of an individual claiming old-

His children are certainly not claiming old-age assistance. Mr. DIRKSEN. The fact is that this was not in the original law. Why should it be put in now?

Mr. COOPER. Mr. Chairman, will the gentleman yield? Mr. BUCK. I yield to the gentleman from Tennessee.

Mr. COOPER. The gentleman from Illinois entirely misses the point involved in this provision in the bill. Under the present law old-age benefits under title II do not come into effect until 1942. Under these amendments those benefits are moved up and come into effect in 1940. Could the gentleman from Illinois or anybody else take the position that a person receiving an old-age benefit or annuity should also be entitled to an old-age pension or old-age assistance? The gentleman entirely misses the point with respect to the provision of the bill about which he is speaking.

Mr. DIRKSEN. If the gentleman will yield, the gentleman from Illinois has not missed the point. Do not be misled on

that.

Mr. POAGE. Mr. Chairman, will the gentleman yield?

Mr. BUCK. I yield. Mr. POAGE. May I say to the gentleman that this is the point I was raising yesterday, and that while clearly the point stated by the gentleman from Tennessee is well taken, the experience of my State, which had in its statute almost exactly word for word the provision this bill has in it, was that the investigators and supervisors from the Social Security Board at Washington enforced on our State the interpretation of a statute almost word for word like this that kept every person off the roll who had a child who had any means of self-support whatever.

Mr. BUCK. Yes; but I may say to the gentleman from Texas that here we are laying down a standard for the State to live up to, and in very definite words. The Social Security Board is not going to be involved in a question of interpretation of a State law. The "resources" are those of the old-age individual claiming assistance. If he can draw a benefit under title II, we propose it be taken into consideration.

Mr. POAGE. The State statute was almost exactly word for word what you are attempting to lay down here, and the Social Security Board has already interpreted that provision; it has done it already in the State of Texas, and I am sure it has in other States.

Mr. MAGNUSON. Mr. Chairman, will the gentleman yield?

Mr. BUCK. I yield.

Mr. MAGNUSON. May I say to the gentleman and the Committee that this exact question arose in the State of Washington last January.

Mr. BUCK. Yes; but it arose not under a Federal statute. Mr. MAGNUSON. I was going to sustain the gentleman's point. The Supreme Court knocked out all our old-age pension laws. The Social Security Board ruled that the question of what resources should be taken into consideration was entirely a matter for the State and that it was not mandatory to receive the Federal grant that children support the aged people.

Mr. BUCK. I thank the gentleman for the contribution. It was very valuable.

Mr. Chairman, I yield back the balance of my time.

Mr. DOUGHTON. Mr. Chairman, I move that all debate on the pending amendment do now close.

The motion was agreed to.

Mr. DIRKSEN. Mr. Chairman, a parliamentary inquiry. The CHAIRMAN (Mr. PATMAN). The gentleman will state it.

Mr. DIRKSEN. Are we voting on the amendment or the motion to close debate?

Mr. HOOK. Mr. Chairman, are we voting on the motion to close debate?

The CHAIRMAN. The question was on the motion of the gentleman from North Carolina to close debate on the pending amendment. The Chair put the question, and the motion was agreed to.

The question is on the amendment offered by the gentleman from Illinois [Mr. Dirksen].

The amendment was rejected.

Mr. BRADLEY of Pennsylvania, Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Bradley of Pennsylvania: On page 2, line 9, after the word "administration", strike out "other than those relating to selections, tenure of office, and compensation of personnel" and insert "including a civil-service merit system for employees, who shall be dismissed for cause only, and who shall have the right of appeal to the court or courts having jurisdiction in their respective States: Provided also, That in the event of a necessary curtailment of personnel no new employees shall be engaged in a similar classification until after those dismissed under such curtailment order shall be restored to duty, or shall have, in writing, declined such reinstatement."

Mr. BRADLEY of Pennsylvania. Mr. Chairman, when this Congress enacted the social-security law it inaugurated a great humanitarian experiment. I think everyone concedes that that legislation and this new legislation are desirable, but I feel that every man in this House should wish to place safeguards around the administration of such legislation, not only by the Federal Government but by the States, to the end that we will have an efficient and a just administration of the law.

We have heard on the floor of the House many statements regarding the introduction of politics into the administration of the W. P. A. We know that throughout the country in the local administrative forces there has been politics with regard to relief. I think these men and women who receive oldage pensions should be absolutely safeguarded so that they may not be submitted to exploitation on the part of any political machine, no matter of what party.

The Federal Government has established civil service for the employees engaged under the Federal Government. There may be those who say we have no right to interfere with the machinery of the States, but, after all, the Federal Government is contributing up to \$20 for every grant that is made by every State and if we do not establish the most rigid safeguards, sooner or later, regardless of what the political aspect may be in any State, we are going to see investigators and supervisors actively engaged in politics, and the social security legislation is going to be brought into discredit.

I hope that everyone who is sincerely interested in the matter of old-age pensions and social security will support this amendment so that we can be sure that the Congress of the United States has provided safeguards, not only in Federal administration, but in the States, because that is where you probably will need it more than you do here in Washington, and I hope the committee will support this amendment to insure an efficient civil service administration that will be free of politics no matter who might wish to bring pressure.

Mr. RAMSPECK. Mr. Chairman, will the gentleman yield?

Mr. BRADLEY of Pennsylvania. I shall be pleased to yield to the gentleman.

Mr. RAMSPECK. I may say to the gentleman that I think his amendment is very fine. We know that in the State of Kentucky last year and in the gentleman's own State and in the State of Ohio, as well as in many other States, these employees were used by State political machines, and we ought to prohibit that, because we are paying part of the cost and we ought to make the States put them under a merit system.

Mr. BRADLEY of Pennsylvania. I thank the gentleman from Georgia and I am very glad he has made that statement, because I know that everyone in this House knows that, above all others, he is sincerely interested in the civil-service system, and when he feels that this is a desirable

amendment I think that should create a good impression upon the other members of the committee. [Applause.]

Mr. COOPER. Mr. Chairman, I am going to take just a moment or two to speak in opposition to the pending amendment.

This matter was thoroughly considered by your committee, not only during the consideration of the pending bill but in 1935, during the consideration of the present act. All in the world this means is that the Federal Government will say to the sovereign States of this Union whom they have to employ under their State program. As long as the States put up half of the money to provide these benefits and this assistance, they certainly should have a right to select the personnel and to handle the program in those States.

Mr. RAMSPECK. Mr. Chairman, will the gentleman

Mr. COOPER. I yield to the gentleman.

Mr. RAMSPECK. I know the gentleman does not want to wrongly state the amendment. It does not interfere with the right of the State to select the persons, but simply provides that they must be selected under a system of merit rather than political patronage.

Mr. COOPER. Certainly, the Federal Government says the State may select its personnel, but the State has to select it under a system prescribed or approved by the Federal Government. So what difference or distinction is there in the matter?

This amendment was voted down unanimously by the committee by members on both sides of the committee.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. Bradley]. The amendment was rejected.

Mr. VOORHIS of California. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Voorhis of California: On page 2, line 20, after the word "assistance", insert "Provided, That whenever such other cash income is less than \$360 per year, such fact shall be prima facie proof of need."

Mr. VOORHIS of California. Mr. Chairman, the purpose of this amendment is to take a step in the direction of making it possible for such pensions as are paid under this act to be paid to people without compelling those people to go through a virtual pauperism test in order to qualify. In effect the amendment says that if an individual's cash income is less than \$360 a year, which certainly is little enough, then that person shall be deemed by the State agency to be eligible.

Mr. BUCK. Mr. Chairman, will the gentleman yield?

Mr. VOORHIS of California. Yes.

Mr. BUCK. This provides that if an individual has less than \$360 a year income he shall be eligible?

Mr. VOORHIS of California. Yes.

Mr. BUCK. Suppose he owns \$100,000 worth of land from which he does not get any income at all.

Mr. VOORHIS of California. If he has no income, he would not be in very good shape would he? This amendment does not say that the State must under all circumstances make payment to an individual under those circumstances, but it does say that if that person is in receipt of less than \$360 income in a year that shall be regarded as prima facie evidence of eligibility on the part of that person. That means really and practically, without quibbling, that a person is not going to be compelled to give a lien on a little home to the county before he can qualify. It means that his sons and daughters, as pointed out previously by the gentleman from Illinois, are not going to be compelled to make a contribution, when they themselves are hard pressed, to the support of this particular individual. It means, in other words, that we are taking a step in the direction of making this what we claim it to be, namely, a payment made because it ought to be made and without the humiliating experience through which people now in many cases are compelled to go.

I feel very strongly on this point because of the experiences that we have had in our own State and in my own congressional district. I feel strongly on it because of what I know

has happened in so many cases. For example, I could point to cases where a man and wife, both together, each of whom draws a full pension, are living next door to a person who is holding onto a little home, but who has to give a lien against that home before he can qualify. My State tried to correct that particular situation and now permits real property up to \$3,000, I believe, to be owned by an individual without his being made ineligible; but it left a loophole, and that loophole was that it was provided that anybody who was a relative of an individual past 65 might be held responsible for their support, and through that method it has been possible for the same injustice to take place as between two individuals, one of whom receives the pension, while the other is denied on the ground that he has, for illustration, a son in Montana, with four or five children, making a very meager income, who can be asked to contribute-

Mr. POAGE. Mr. Chairman, will the gentleman yield?

Mr. VOORHIS of California. Yes.

Mr. POAGE. My State has corrected that, but if this bill goes through without the gentleman's amendment I am sure all the efforts of our legislatures will go for nothing.

Mr. VOORHIS of California. I think it will. In regard to people in receipt of payments under title II, it seems to me that if those same people will become eligible to payments under title II in 1940 it is all the more necessary for an amendment of this kind to be adopted. I do not believe that the members of the Ways and Means Committee themselves would want to see a person who had contributed under title II and was getting payment as a result of those contributions receive less than a person who had not contributed and who was receiving old-age assistance. Under this amendment that would be corrected, at least to a certain extent; and if the person received, say, \$10 under title II, he would not thereby be disbarred, as they might well be now under certain State laws, from the receipt of any other further consideration under title I.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. BUCK. Mr. Chairman, I move that all debate upon the pending amendment be now closed.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California.

The question was taken; and on a division (demanded by Mr. Voorhis of California) there were—ayes 58, noes 109.

So the amendment was rejected.

Mr. TAYLOR of Tennessee. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Taylor of Tennessee: On page 3, line 18, after the word "purpose", strike out the period, insert a colon and the following: "Provided, That no State will require any beneficiary under this section as a condition precedent, to convey by deed or otherwise, any property said recipient may possess."

Mr. TAYLOR of Tennessee. Mr. Chairman, I recognize that up until now this afternoon this Committee has had open season on amendments, but I believe this amendment possesses such outstanding merit that the majority of this body will support it.

In a number of the States, not in all of them by any means, before an old person is granted old-age assistance he is required to convey to the State whatever property he may possess, regardless of the insignificance of the value of such property. That proved to be a very serious deterrent to the old people. I know in my State it has been a deterrent to applicants for old-age assistance. When they come before the welfare board and find that before they can be considered for old-age assistance they must give a lien on the property or convey by deed their little home, in many instances a little hovel with an acre of garden, they simply walk away.

Mr. Chairman, I think it is beneath the dignity of a sovereign State to require, as a condition precedent, that those little homes, those little tracts of land that are worth from \$100 to \$200, should be conveyed to the State before application for old-age assistance will be granted.

Mr. LEAVY. Mr. Chairman, will the gentleman yield?

Mr. TAYLOR of Tennessee, I yield.

Mr. LEAVY. I am in full accord with what the gentleman has said. To show you how varying the States are now, and how unfair it is, I have the figures for the various States. Twenty-seven States have no provision for recovery; 9 States have permissible recovery; and 15 States absolutely require a recovery.

Mr. TAYLOR of Tennessee. That is merely an argument in support of the amendment which I have offered.

Mr. LEAVY. Your amendment would put an end to this sort of thing?

Mr. TAYLOR of Tennessee. It would put an end to that sort of racket.

Mr. PITTENGER. Mr. Chairman, will the gentleman yield? Mr. TAYLOR of Tennessee. I yield.

Mr. PITTENGER. Is your amendment retroactive? In Minnesota they have a law that puts a lien on the homestead now.

Mr. TAYLOR of Tennessee. I think, if my amendment is adopted, it would cancel all of the liens that have been given as a condition for the granting of old-age assistance.

Mr. STEFAN. Mr. Chairman, will the gentleman yield?

Mr. TAYLOR of Tennessee. I yield.

Mr. STEFAN. I am in full accord with your amendment. You will recall that yesterday I asked the chairman of the committee the question whether or not we could do anything to eliminate that terrible situation where an old man or an old lady had a little home and they could not get a pension unless they gave a lien on that little home to the State, but our chairman of our committee tells us we cannot do anything about it; that that is a matter for the States to determine.

Mr. TAYLOR of Tennessee. We certainly can legislate.
Mr. STEFAN. I am going to vote for your amendment.
Mr. TAYLOR of Tennessee. I appreciate the support of the gentleman.

I want to conclude, Mr. Chairman, by saying that I think it is a melancholy commentary that a sovereign State, before it will grant this old-age aid to indigent persons, must require the conveyance of a little home, in many instances perhaps not worth more than \$50 or \$75. But those old people have a sentimental attachment to their homes, and before they will comply with any such requirement they will walk away and refuse to pursue their application.

Mr. COOPER. Will the gentleman yield?

Mr. TAYLOR of Tennessee. I yield.

Mr. COOPER. Is that not a much more pertinent question to ask in the State legislature than it is here?

Mr. TAYLOR of Tennessee. Well, I think we ought to do it here. We have an opportunity to do it now. It is a matter that ought not be referred to the States.

Mr. BUCK. Mr. Chairman, will the gentleman yield?

Mr. TAYLOR of Tennessee. I yield.

Mr. BUCK. Suppose we adopt your amendment and the State could not obtain a lien on the property, then would not the State pass a law saying that those people are not needy, and they never would get any relief?

Mr. TAYLOR of Tennessee. But they get no income whatever from these little homes.

Mr. BUCK. But you would not accomplish the purpose you are aiming at, in my opinion.

Mr. TAYLOR of Tennessee. If you will adopt my amendment, I will take the consequences.

Mr. MILLS of Louisiana. Mr. Chairman, will the gentleman yield?

Mr. TAYLOR of Tennessee. I yield.

Mr. MILLS of Louisiana. Will it not make the old people more content if your amendment is adopted?

Mr. TAYLOR of Tennessee. Of course. Naturally, the States would not grant pensions to people who have homes in the nature of mansions. It is only the small homes of practically no value that such an amendment as mine would cover. [Applause.]

[Here the gavel fell.]

Mr. McCORMACK. Mr. Chairman, I rise in opposition to the amendment.

The amendment of the gentleman from Tennessee has a very sentimental appeal. The gentleman says it is a "melancholy commentary" upon a State that would do that. Well, I do not want to characterize the great sovereign State of Tennessee as doing something on this occasion which constitutes "a melancholy commentary," but I will agree with the gentleman that I would dislike very much to see such a condition existing in Massachusetts. But we are sitting here as Members of the Congress of the United States. My friend from Tennessee is in effect asking us as Members of Congress to compel his State to do something that his State legislature will not do. His job rests with Tennessee, as I see it, and not with the Congress of the United States.

Mr. TAYLOR of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield gladly.

Mr. TAYLOR of Tennessee. I have repeatedly appealed to the Legislature of Tennessee to repeal this requirement. I will say to the gentleman that as a Tennessean I am sorry that my State has written into its laws, in pursuance of this act of Congress, any such unfortunate provision as that.

Mr. McCORMACK. Will not my friend admit that it is a Tennessee problem?

Mr. TAYLOR of Tennessee. No; I think it is not.

Mr. McCORMACK. Let us keep in mind the fact, Mr. Chairman, that we have tried to make this law as broad as possible, giving to the States as broad jurisdiction as it is possible to give them to meet the old-age problem payable out of public funds in accordance with their own State conditions. If we start putting this condition in and that condition in, there is no reason in the world why we should not put in every condition that is not attractive or agreeable to every Member of Congress from every one of the 48 States of the Union. I join with my friend in his opinion that the Tennessee law should be changed, but I submit in all reason that we should not change the Tennessee law, or the Massachusetts law, or the New York law, or the Alabama law in Congress; this should be done by the legislatures of the respective States; it is a matter for the several States. My friend should go into Tennessee and mold public opinion, because public opinion is the controlling factor in a democracy.

Mr. TAYLOR of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield. I would not oppose the gentleman's amendment if I were a member of the Tennessee Legislature, and if a bill along the lines he desired was pending before that body.

Mr. TAYLOR of Tennessee. I do not see how the gentleman can vote against my amendment after the eloquent appeal he has made in behalf of States' rights.

Mr. McCORMACK. As a Member of Congress, I say it is wrong for Congress to put into this law a basic requirement simply to meet a situation which exists in Tennessee. That is a question for the State of Tennessee to solve through its legislature. The Legislature of Tennessee should meet the problem instead of passing the buck to the Congress of the United States. [Applause.]

[Here the gavel fell.]

Mr. JONES of Ohio. Mr. Chairman, I had prepared an amendment similar to the one offered by the gentleman from Tennessee now under consideration. I rise in support of the amendment of the gentleman from Tennessee because I know that the time is about to be limited for further amendments to title I of the bill. My amendment addresses itself to the same evil that the amendment under consideration attempts to meet.

The amendment I have prepared is as follows:

Page 2, line 20, after semicolon, strike out the word "and", and on line 24, after the word "assistance", strike out the period and quotation marks and insert a semicolon and the following:

and (9) provide that the State, after January 1, 1940, for assistance furnished him under the plan, shall not require security, pledge, or encumbrance by mortgage, trust deed, or deposit of recipient's personal or real property for the repayment of any amounts for old-age assistance.

Briefly, the effect of my amendment would change the claim of the State and the Federal Government from a secured lien mortgage, or pledge upon the property of the old-age pensioner to a general claim against his estate.

The gentleman from Massachusetts has just said that the amendment attempts to direct the way the State shall legislate. In answer to his argument I believe the Federal Government owes a definite responsibility to all of the States because the Federal Government gave birth to this legislation, and in paragraph 7 of the original act I quote:

That if the State or any of its political subdivisions collects from the estate of a recipient of old-age assistance any amount with respect to the old-age assistance furnished him under the plan, one-half of the net amount so collected shall be promptly paid to the United States."

We have given birth to the thought, and we have accepted from the respective States one-half of the moneys collected from the estates of old-age recipients.

Let us examine the figures for the State of Ohio. Since February 11, 1936, \$36,648,000 has been paid by the Federal Government to the State of Ohio. During the same term the State of Ohio has paid to the Federal Government the sum of \$135,629 as the Federal Government's share of moneys realized from the estates of old-age recipients. One hundred thirty-five thousand six hundred and twenty-nine dollars is one-half of the net amount collected from the estates of old-age pensioners out of the proceeds of their life-insurance policies, bank deposits, and homesteads. The State has realized a net of an equal \$135,629. The Federal \$135,629 and the State \$135,629 gives us a total net sum of \$271,258. This is the net amount after court costs, receivers' fees, trustees' fees, and attorneys' fees have been deducted from the gross proceeds of the sale price of oldage pensioners' estates.

I am sure if we knew the total gross sale price of the properties of the old-age pensioners, there would not be one vote cast against this amendment. I am sure if we knew the total gross proceeds of old-age pensioners' estates before attorneys' fees, court costs, receivers' fees, and trustees' fees are deducted to give us the net amount collected, we would never let another day pass until we had enacted this amendment.

One hundred and thirty-five thousand six hundred and twenty-nine dollars recovered in comparison to \$36,648,000 paid to my State in old-age pensions in itself shows that the law is of no real benefit to the Government.

The States and the Federal Government can save these attorneys' fees, court costs, receivers' fees, and trustees' fees by passing this amendment and leaving the matter up to the States to legislate on the subject whether they will make the claim for old-age assistance a general claim against the estates of old-age recipients, or completely forbear any recovery for amounts advanced.

So long as the Federal Government encourages the States to put a lien upon the property of old-age recipients by accepting one-half of the net collected from their estates, just that long will old-age pensioners be compelled to give a blanket mortgage, a trust deed, or pledge of every bit of property that they own before they can get their pension. Many of these people have worked all of their lives to complete a contract of purchase of a homestead, or to pay out a small life-insurance policy, only to find when they reach the age of 65 without funds through no fault of their own perhaps, that the arm of their State says, "Before we will give you a pension you must give a mortgage on your property, deliver your insurance policy to secure the State and the Federal Government." Were the mortgage only for \$30 or \$20 or \$10, whatever the pension is for 1 month, and the average in my State is \$22 a month, giving a mortgage or delivering an insurance policy would not be so serious, but when an old-age pensioner gives a trust deed or delivers an insurance policy, he parts with a possession for future installments so long as he lives.

You can say to me that the State does not touch the old-age pensioner's property until he is dead, but the effect is just the same as if it were sold at the moment the mortgage was given, or the possession of the policy was parted with. From a practical standpoint a cloud is on the title to the homestead, indefinite in amount because the grocer,

the doctor, the hospital, the druggist does not know any more than you and I how long the old-age pensioner will live, and from the moment that the trust deed is delivered and the policy surrendered the old-age pensioner's credit is

seriously harmed or completely gone.

No wonder there is dissatisfaction among the old people when they are compelled to part with their dearest possessions in order to receive a sum of money each month that will not keep and maintain them. When sickness strikes, when ill-health raps at the door, when a severe winter comes, when the roof leaks overhead, when clothing and shoes wear out, when teeth need fixing, and eyes fail, it is then that a clear title to a little home, possession of a small insurance policy would give more mental health to our dear friends on the pension rolls, who deserve your consideration and mine, than any empty promises in the future.

Do you want to enact a law that will make it possible for old-age pensioners to maintain their self-respect and selfreliance by handling their own property in their last days? They deserve a better answer from this Government who fathered this alleged humanitarian legislation, than the

direction to go to the county pension director.

Somebody has suggested that this would give children an opportunity to avoid their obligation to the parents and later reap the benefit. That observation is made without consideration to this amendment, or the amendment that I have drafted, because the general creditor of an estate stands between the unfaithful son and daughter and his or her inheritance.

I urge that all of you support the amendment of the gentleman from Tennessee to give mental hope and a small portion of the more abundant life which this humanitarian law was recommended to be when passed. Remove the cloud on the title of the pensioners' properties, turn from the doors of these old-age pensioners those who would collect trustees' fees, attorneys' fees, court costs, and receivers' fees, because this group of people are the least able to pay them. Let the States collect, if they will, as general creditors for amounts advanced under this law.

Let us put the defenseless widow and her claim for widow's allowance and year's support and other exemptions ahead of

the trustee, the receiver, and the foreclosure suit.

Mr. DOUGHTON. Mr. Chairman, I move that all debate on the pending amendment and all amendments to this title do now close.

The question was taken; and on a division (demanded by Mr. Schafer of Wisconsin) there were—ayes 102, noes 35.

So the motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Tennessee.

The question was taken; and on a division (demanded by Mr. Taylor of Tennessee) there were—ayes 42, noes 91.

So the amendment was rejected.

Mr. MAAS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Maas: On page 3, line 9, after the word "to", strike out "one-half" and insert "two-thirds for each one-third paid by any State, not to exceed \$30, to be paid by the Federal Government"; line 13, after the word "institution", insert a period and strike out the comma and the words "not count-"; on line 14, strike out all the words; on line 15, strike out the words "individual for any month as exceeds \$40, and" and add "Provided, however, That the total payment to any couple shall not exceed \$75 in any one month."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota.

The amendment was rejected.

Mr. MAAS. Mr. Chairman, I ask unanimous consent to extend my own remarks at this point in the RECORD and to include a table of payments in the various States.

The CHAIRMAN. The gentleman's request for inclusion of the table referred to will have to be secured in the House. Without objection, the gentleman's request to extend his own remarks in the Record at this point will be granted.

There was no objection.

Mr. MAAS. Mr. Chairman, this amendment provides that the Federal Government shall match State funds for oldage assistance on the basis of two dollars for one, up to a total of \$30 for the Federal Government contribution. This would make possible a payment of \$45 a month as the maximum, as against the present \$30 or the \$40 proposed in the committee bill. The committee proposal is really useless, because \$15 is the practical limit that States can afford to contribute. Only about seven or eight States are now paying even the full \$15. The average for both State and Federal contributions is about \$19. In Minnesota, where \$15 can be paid, very few get the full amount. The average total there is about \$20 per month.

This is not security for old age, nor will it induce the older employed people to retire and make way for younger people to get their jobs.

Yet only seven States and Alaska could take advantage of the \$20 proposal, because the rest of the States cannot contribute over \$15, and therefore the increase could not be matched. In reality the committee bill's so-called increase is no increase at all, since practically no States can obtain it; certainly not until their legislatures meet again and increase the various States' limits.

My amendment will make it possible to increase the old-age assistance in every State without any change in State laws anywhere.

The 2-for-1 proposal will make possible a practical and reasonable old-age payment which would provide security and would permit older employed people to give up their jobs. This would create a considerable relief in the unemployment situation for younger workers.

Incomes are on a national basis today. They are no longer local. The local communities are drained financially into a few large centers. Therefore the Federal Government should and must contribute on the basis of 2 to 1.

It is possible to live upon \$45 per month, where it is not upon \$30. A couple could draw up to \$90, where the State took full advantage of the maximum.

We must either have a reasonable old-age assistance system or none.

We have voted large increases for the Army and Navy. They are essential for national defense. Congress voted hundreds of millions for farm parity. We must also vote adequate pensions to the older people.

This does not mean fantastic schemes, but my proposal is a sound, liberal, workable plan.

I am attaching hereto a list showing payments made in each State under the present social-security system and payments which automatically would be made under my plan:

Maximum amount authorized	Average amount being paid at present	Average amount under my amend- ment	States affected by \$5 increase committee bil
Alabama, \$30	\$9. 51	\$14. 26	
Arizona, \$30	26, 10	39. 15	
Arkansas, no limit	6.15	9. 23	102N 3 15 1
California, \$35		47, 53	California.
Colorado, \$45		44.99	Colorado.
Connecticut, \$7 per week	26, 66	39, 99	
Delaware, \$25		16. 26	Maria and the same of the same
Florida, \$30		20.76	DED STATE OF THE S
Jeorgia, \$30	8, 76	13, 24	100000000000000000000000000000000000000
daho, \$30		32.63	
Ilinois, \$30		27, 78	of the same of the same of
ndiana, \$30		24. 80	
owa, \$25		29. 73	
Kansas, no limit		29, 43	Kansas.
Kentucky, \$15.		13, 10	
Louisiana, no limit	10. 26	15, 39	Louisiana.
Maine, \$30		31.09	Value of the second
Maryland, \$30		26, 27	
Massachusetts, \$30		42.84	The state of the s
Michigan, \$30		25, 67	2 2 2
Minnesota, \$30		30, 48	
Mississippi, \$15		10, 88	
Missouri, \$30		27, 72	The Di
Montana, no limit	20, 58	30.87	Montana.
Nebraska, \$30		25. 68	
Nevada, \$30		39.69	The state of the s
New Hampshire, \$30			

Maximum amount authorized	Average amount being paid at present	Average amount under my amend- ment	States affected by \$5 increase, committee bill
New Jersey, \$30 New Mexico, no limit New York, no limit North Carolina, \$30 North Dakota, \$30 Ohio, \$30 Okiahoma, \$30 Oregon, \$30 Pennsylvania, \$30 Rhode Island, \$30 South Dakota, \$30 Tennessee, \$25 Tennessee, \$25 Texas, \$30 Utah, \$30 Vermont, \$30 Vermont, \$30 West Virginia, \$20 Washington, \$30 West Virginia, \$30 West Virginia, \$30 West Virginia, \$30 Wisconsin, \$1 per day Wyomine, \$30 Wyomine, \$30 Wyomine, \$30	24. 18. 9. 36 17. 38. 23. 01. 19. 94 21. 30 21. 19. 94 20. 04 13. 23 13. 84 20. 45 14. 47 9. 54 22. 10 13. 79 20. 78 21. 62	\$28. 98 16. 73 36. 29 14. 04 28. 09 34. 52 29. 91 32. 95 31. 78 28. 17 11. 10 30. 06 19. 85 20. 76 30. 68 21. 71 14. 31 13. 15 20. 68 31. 17	New Mexico, New York.

8 States less than \$10 per month, 8 States pay between \$10 and \$15, 12 States pay between \$15 and \$20, 14 States pay between \$20 and \$25, 6 States pay between \$25 and \$30, 1 State pays over \$30, which is California. Largest average amount of \$32.53.

Mr. HOOK. Mr. Chairman, I offer an amendment which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. Hook: On page 3, in line 9, after the comma, insert "equal to \$15 per month to each individual who at the time of such expenditure is 65 years of age or older and is not inmate of a public institution, and in addition thereto an amount.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. Hook].

The amendment was rejected.

Mr. PITTENGER. Mr. Chairman, I offer an amendment which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. PITTENGER: On page 3, line 12, strike out the word "sixty-five" and insert in lieu thereof "sixty."
On line 13, after the word "institution", strike out the comma and the words "not counting" and insert in lieu thereof a period and the words "Any married person having title under this section and the wife not having title the rate shall be increased 50 percent more than that of a virgle person, with an additional 10 percent of the than that of a single person, with an additional 10 percent of the base pension for each minor child not self-supporting."

On line 14, strike out all the language, and on line 15 strike out the following language: "individual for any amount as exceeds

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota [Mr. PITTENGER]. The amendment was rejected.

Mr. PITTENGER. Mr. Chairman, I ask unanimous consent to extend my own remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota [Mr. PITTENGER]?

There was no objection.

Mr. PITTENGER. Mr. Chairman, the amendment that I have offered in connection with the pending bill, H. R. 6635, ought to be adopted because the amendment will strengthen the bill and make it more fair to people entitled to old-age assistance. The amendment makes people at the age of 60 years entitled to the benefits of the act. The present law requires a person to attain the age of 65 before becoming eligible for old-age assistance. I think the age limit should be lowered.

Then the amendment further provides that a married man, whose wife is not entitled to the benefits of the act, shall receive 50 percent more than a single person, and in addition 10 percent of his base pension for every minor child not selfsupporting. It ought to require no argument to convince you that a married man should receive more than a single person. and this amendment would provide for that result.

Several other worth-while amendments have been offered today. I refer, for example, to the amendment by the gentleman from Tennessee [Mr. Taylor], which would forbid the States from putting liens upon the homesteads of aged persons who apply for assistance. That amendment should have been adopted. Likewise, other amendments should have had favorable consideration. Evidently those in control of this pending legislation do not want any amendments. I think that is a mistaken viewpoint.

I want to say to the Members of the House that the present social-security law is wholly inadequate, and in my opinion it is not working out satisfactorily. I believe that old-age assistance should be national and uniform in its scope. The present act is neither. The debate on the floor of the House today indicates clearly that in some States proper legislation is enacted so that the State set-up makes certain grants and these, of course, are matched by Federal contributions. On the other hand, some States fail to set up the necessary machinery or to make proper appropriations of money so as to get Federal aid.

I want to be fair, and I will admit that the present bill does liberalize the existing law. But it does not go far enough. It leaves too much discretion to the various States. If the States do not take advantage of the Federal law. then the aged people who need assistance will have to suffer

The people who framed the original social-security law were well intentioned, but I do not believe that they realized that this was a national problem, and not one for solution by the States. I do not think old-age pensions should be based on State lines. Neither do I think that the States should be made the basis for determining the revenue or the disbursements to be made to those entitled to a pension.

I speak from observation when I say that in my district the payments are inadequate, and that there is real distress in spite of the small help that comes from the revenue

provided by the present law.

I hope that the Ways and Means Committee will look with favor upon the amendment that I have proposed, as well as upon other worth-while amendments that have for their purpose the liberalization of the present bill to the end that the aged people of the United States may be given adequate assistance.

Mr. THILL. Mr. Chairman, I offer an amendment which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. THIL: Page 3, line 15, after "exceeds", strike out "\$40" and insert "\$60."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. THILL].

The question was taken; and on a division (demanded by Mr. Schafer of Wisconsin) there were-ayes 13, noes 81.

So the amendment was rejected.

Mr. THILL. Mr. Chairman, I ask unanimous consent to extend my own remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin [Mr. THILL]?

There was no objection.

Mr. THILL. Mr. Chairman, debates and arguments have continued for some time on this section of the bill. My amendment simply provides for increasing the total amount of old-age assistance benefits from \$30 to \$60 per month. Some say that this amendment is innocuous; others contend that the adoption of my amendment will be an inducement to the States to take advantage of the greater financial aid to be provided by the Federal Government.

Many needy aged cannot possibly live decently on \$30 a month. It is altogether proper and fitting that we take care of our old people and keep them in some semblance of comfort, providing them with needed food, clothing, and shelter.

It has been estimated that an increase in old-age assistance grants from \$30 to \$40 per month will cost between \$5,000,000 and \$10,000,000. Increasing the grants from \$30 to \$60 per month will, according to the estimates, cost less than \$30,000,000. How can anyone interested in the plight of our old people have any objection to this amendment?

Mr. HOOK. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. Hook: On page 2, in line 8, after the semicolon, strike out all down to and including the semicolon in line 12 and insert "(5) Provide such methods of administra-tion as are found by the Board to be necessary for the efficient

operation of the plan: Provided, however, That the selection, tenure of office, and compensation of personnel shall be approved

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. Hook].

The amendment was rejected.

Mr. GEYER of California. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. Geyer of California: On page 3, line 12, strike out the words "sixty-five" and all the remainder of the paragraph, down to and including line 18 on the same page, and in lieu thereof insert the following: "60 years of age or older and is not an inmate of a public institution, not counting so much of such expenditure with respect to any individual for any month as exceeds \$60, except that such amount shall equal at least \$15 for each month during such quarter with respect to each such indi-vidual receiving not less than \$22.50 during such month, and (2) 5 percent of such amount, which shall be used for paying the costs of administering the State plan or for old-age assistance, or both, and for no other purpose."

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. GEYER].

The amendment was rejected.

Mr. GEYER of California. Mr. Chairman, I have but 5 minutes. These amendments would lower the age of the recipient from 65 to 60. Surely those of 60 who have been thrown on the scrap heap are entitled to care as a matter of right. I wish I had time to develop this point.

The plan I propose also allows the Federal Government to match the State below \$7.50, but, above that, up to \$15 contribution by the State, the Federal Government will contribute \$15. This would allow the poor State, on paying \$7.50, to get

a pension of \$22.50. Surely this is not too much.

This amendment also allows the State to contribute, if it cares to, \$30, which the Federal Government will match, allowing the recipient to receive "60 at 60." Above that amount of \$60 per month the State alone must pay the excess.

I am proud to offer this amendment. I am anxious to care

for our senior citizens.

Some will say, "Where are we going to get the money?" To this I answer: The same place we get the money for battleships with which to destroy lives we will get the money to save precious lives. It will cost about the same amount as one of these giant instruments of death. This bill that we are considering allows my State but \$5 more per month and keeps the age at 65 without my amendment. Of course, I will vote for this pittance, but I hope my amendment will pass, making our old-age feature of the Social Security Act really much better rather than a mockery.

Mr. HOBBS. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. Hobbs: Page 3, line 15, after "(2)", Amendment offered by Mr. Hobbs: Page 3, line 15, after "(2)", insert "to each such State in which the total old-age assistance paid each recipient for any quarter heretofore did not exceed \$30, a second or additional amount, which shall be used exclusively as old-age assistance, equal to one-half of such total of the sums expended during such quarter as old-age assistance under the State plan with respect to each needy individual who at the time of such expenditure is 65 years of age or older and is not an inmate of a public institution; and (3)."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Alabama [Mr. Hobbs].

The amendment was rejected.

Mr. HOBBS. Mr. Chairman, I ask unanimous consent to extend my own remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama [Mr. Hobbs]?

There was no objection.

Mr. HOBBS. Mr. Chairman, this amendment will, if adopted, be of benefit to eight States only. Those prospective beneficiaries are North Carolina, Virginia, Kentucky, Alabama, Georgia, Mississippi, South Carolina, and Arkansas.

The reason upon which this proposal is based was set forth as best I could in the limited time allowed me in the general debate last Tuesday. It is, simply, the story of the widow's mite. They have each done their best, and, out of their meager revenues, have appropriated every cent they could,

but still their needy aged eligibles have received as a monthly pension less than \$10.

The President, the Social Security Board, and the Ways and Means Committee have repeatedly said that the minimum pension should be \$15 a month.

Try to live on \$15 a month and see if you think that too

Yet not one of these States has been able to reach even \$10. These States have strained themselves and exhausted every means at their command. The Social Security Board knows that this is true. Is it too much to ask of Uncle Sam, who created the hope and urged its reasonableness, that he help to satisfy that hope? His nieces and nephews live in these eight States as well as in the richer Commonwealths.

Two dollars of Federal money for every one of the first \$5 paid by any one of these eight States will assure a pension

of \$15 a month, approximately.

This House has said by its vote on other amendments today that we should not do much more. Should we do nothing?

May I not plead with you to rise at least to this level of unselfishness and give the aged poor in these eight States these crumbs which should be allowed to fall from the Nation's table?

[Here the gavel fell.]

Mr. FISH. Mr. Chairman, I offer an amendment which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. Fish: On page 3, strike out lines 3 to 18 and insert in lieu thereof the following:

"PAYMENT TO STATES

"SEC. 3. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for old-age assistance, for each quarter, beginning with the quarter commencing January 1, 1940, (1) an amount, which shall be used exclusively as old-age assistance, equal to the sum of the following proportions of the amounts expended during such quarter assistance under the State Plan with present taken as old-age assistance under the State plan with respect to each needy individual who at the time of such expenditure is 65 years of age or older and is not an inmate of a public institution:

"(A) Five-eights of such expenditures, not counting so much thereof with respect to any individual for any month as exceeds

#15, plus

"(B) One-half of the amount by which such expenditures exceed
the amount which may be counted under paragraph (A), not counting so much thereof with respect to any individual for any

month as exceeds \$40, plus

"(2) Five percent of the amount of the payment under clause (1) of this subsection, which shall be used for paying the costs of administering the State plan or for old-age assistance, or both, and

for no other purpose."
On page 4, line 6, strike out "one-half" and insert in lieu thereof "the State's proportionate share." The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. FISH].

The question was taken; and on a division (demanded by Mr. Fish) there were-ayes 21, noes 87.

So the amendment was rejected.

Mr. SCHAFER of Wisconsin. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Schafer of Wisconsin: Page 3, line 15, strike out "\$40" and insert "\$75."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin.

The question was taken; and on a division (demanded by Mr. THILL) there were—ayes 10, noes 117.

So the amendment was rejected.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

TITLE II-AMENDMENT TO TITLE II OF THE SOCIAL SECURITY ACT SEC. 201. Effective January 1, 1940, title II of such act is amended to read as follows:

"TITLE II-FEDERAL OLD-AGE AND SURVIVOR INSURANCE BENEFITS "FEDERAL OLD-AGE AND SURVIVOR INSURANCE TRUST FUND

"Sec. 201. (a) There is hereby created on the books of the Treasury of the United States a trust fund to be known as the 'Federal Old-Age and Survivor Insurance Trust Fund' (hereinafter in this title called the 'trust fund'). The trust fund shall consist of the securities held by the Secretary of the Treasury for the Old-Age Reserve Account and the amount standing to the credit of the Old-Age Reserve Account on the books of the Treasury on January 1, 1940, which securities and amount the Secretary of the Treasury is authorized and directed to transfer to the trust fund, and, in addition, such amounts as may be appropriated to the trust fund as hereinafter provided. There is hereby appro-priated to the trust fund for the fiscal year ending June 30, 1941,

priated to the trust fund for the fiscal year ending June 30, 1941, and for each fiscal year thereafter, out of any moneys in the Treasury not otherwise appropriated, amounts equivalent to 100 percent of the taxes (including interest, penalties, and additions to the taxes) received under the Federal Insurance Contributions Act and covered into the Treasury.

"(b) There is hereby created a body to be known as the Board of Trustees of the Federal Old-Age and Survivor Insurance Trust Fund (hereinafter in this title called the 'Board of Trustees') which Board of Trustees shall be composed of the Secretary of the Treasury, the Secretary of Labor, and the Chairman of the Social Security Board, all ex officio. The Secretary of the Treasury shall be the Managing Trustee of the Board of Trustees (hereinafter in this title called the 'Managing Trustee'). It shall be the duty of the Board of Trustees to—

"(1) Hold the trust fund;

"(1) Hold the trust fund;
"(2) Report to the Congress on the first day of each regular session of the Congress on the operation and status of the trust fund during the preceding fiscal year and on its expected operation and status during the next ensuing 5 fiscal years;

"(3) Report immediately to the Congress whenever the Board of Trustees is of the opinion that during the ensuing 5 fiscal years the trust fund will exceed three times the highest annual expenditures anticipated during that 5-fiscal-year period, and whenever the Board of Trustees is of the opinion that the amount of the trust fund is unduly small."

The report provided for in paragraph (2) shows shall include a

The report provided for in paragraph (2) above shall include a statement of the assets of, and the disbursements made from, the

The report provided for in paragraph (2) above shall include a statement of the assets of, and the disbursements made from, the trust fund during the preceding fiscal year, an estimate of the expected future income to, and disbursements to be made from, the trust fund during each of the next ensuing 5 fiscal years, and a statement of the actuarial status of the trust fund.

"(c) It shall be the duty of the Managing Trustee to invest such portion of the trust fund as is not, in his judgment, required to meet current withdrawals. Such investments may be made only in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States. For such purpose such obligations may be acquired (1) on original issue at par, or (2) by purchase of outstanding obligations at the market price. The purposes for which obligations of the United States may be issued under the Second Liberty Bond Act, as amended, are hereby extended to authorize the issuance at par of special obligations exclusively to the trust fund. Such special obligations shall bear interest at a rate equal to the average rate of interest, computed as to the end of the calendar month next preceding the date of such issue, borne by all interest-bearing obligations of the United States then forming a part of the public debt; except that where such average rate is not a multiple of one-eighth of 1 percent, the rate of interest of such special obligations shall be the multiple of one-eighth of 1 percent next lower than such average rate. Such special obligations shall be issued only if the Managing Trustee determines that the purchase of other interest-bearing obligations of the United States on original ing Trustee determines that the purchase of other interest-bearing obligations of the United States, or of obligations guaranteed as to both principal and interest by the United States on original issue or at the market price, is not in the public interest.

"(d) Any obligations acquired by the trust fund (except special obligations issued exclusively to the trust fund) may be sold by the Managing Trustee at the market price, and such special obligations may be redeemed at par plus accrued interest.

"(e) The interest on, and the proceeds from the sale or redemption of, any obligations held in the trust fund shall be credited to and form a part of the trust fund.

"(f) The Managing Trustee is directed to pay each month from the trust fund into the Treasury the amount estimated by him and the Chairman of the Social Security Board which will be expended during the month by the Social Security Board and

and the Chairman of the Social Security Board which will be expended during the month by the Social Security Board and the Treasury Department for the administration of title II and title VIII of this act, and the Federal Insurance Contributions Act. Such payments shall be covered into the Treasury as missiellaneous receipts. If it subsequently appears that the estimates in any particular month were too high or too low, appropriate adjustments shall be made by the Managing Trustee in future monthly nayments. monthly payments.

"(g) All amounts credited to the trust fund shall be available for making payments required under this title.

"OLD-AGE AND SURVIVOR INSURANCE BENEFIT PAYMENTS

"Primary insurance benefits

"SEC. 202. (a) Every individual, who (1) is a fully insured individual (as defined in section 209 (g)) after December 31, 1939, (2) has attained the age of 65, and (3) has filed application for primary insurance benefits, shall be entitled to receive a primary insurance benefit (as defined in section 209 (e)) for each month, beginning with the month in which such individual becomes so entitled to such insurance benefits and ending with the month preceding the month in which he dies.

"Wife's insurance benefits

"(b) (1) Every wife (as defined in section 209 (i)) of an individual entitled to primary insurance benefits, if such wife (A) has attained the age of 65, (B) has filed application for wife's insurance benefits, (C) was living with such individual at the time such application was filed, and (D) is not entitled to receive primary

insurance benefits, or is entitled to receive primary insurance benefits each of which is less than one-half of a primary insurance benefit of her husband, shall be entitled to receive a wife's insurance benefit for each month, beginning with the month in which she becomes so entitled to such insurance benefits, and ending with the month immediately preceding the first month in which any of the following occurs: she dies, her husband dies, they are divorced a vinculo matrimonii, or she becomes entitled to receive a primary insurance benefit equal to or exceeding one-half of a primary insurance benefit of her husband.

"(2) Such wife's insurance benefit for each month shall be equal

to one-half of a primary insurance benefit of her husband, except that, if she is entitled to receive a primary insurance benefit for any month, such wife's insurance benefit for such month shall be reduced by an amount equal to a primary insurance benefit of such wife.

"Child's insurance benefits

"(c) (1) Every child (as defined in section 209 (k)) of an individual entitled to primary insurance benefits, or of an individual who died a fully or currently insured individual (as defined in section 209 (g) and (h)) after December 31, 1939, if such child (A) has filed application for child's insurance benefits, (B) at the time such application was filed was unmarried and had not attime such application was filed was unmarried and had not attained the age of 18, and (C) was dependent upon such individual at the time such application was filed, or, if such individual has died, was dependent upon such individual at the time of such individual's death, shall be entitled to receive a child's insurance benefit for each month, beginning with the month in which such child becomes so entitled to such insurance benefits, and ending with the month immediately preceding the first month in which any of the following occurs: such child dies, marries, is adopted, or attains the age of 18.

"(2) Such child's insurance benefit for each month shall be equal to one-half of a primary insurance benefit of the individual with respect to whose wages the child is entitled to receive such benefit, except that, when there is more than one such individual such benefit shall be equal to one-half of whichever primary insurance benefit is greatest.

benefit is greatest.

"(3) A child shall be deemed dependent upon a father or adopting father, or to have been dependent upon such individual at the time of the death of such individual, unless, at the time of such death, or, if such individual was living, at the time such child's application for child's insurance benefits was filed, such individual was not living with or contributing to the support of such child and-

"(A) such child is neither the legitimate nor adopted child of such individual, or

such individual, or

"(B) such child had been adopted by some other individual, or

"(C) such child, at the time of such individual's death, was
living with and supported by such child's stepfather.

"(4) A child shall be deemed dependent upon a mother, adopting mother, or stepparent, or to have been dependent upon such individual at the time of the death of such individual, only if, at the time of such death, or, if such individual was living, at the time such child's application for child's insurance benefits was filed, no parent other than such individual was contributing to the support of such child and such child was not living with its father or adouting father. father or adopting father.

"Widow's insurance benefits

"Widow's insurance benefits

"(d) (1) Every widow (as defined in section 209 (j)) of an individual who died a fully insured individual after December 31, 1939, if such widow (A) has not remarried, (B) has attained the age of 65, (C) has filed application for widow's insurance benefits, (D) was living with such individual at the time of his death, and (E) is not entitled to receive primary insurance benefits, or is entitled to receive primary insurance benefit of her husband, shall be entitled to receive a widow's insurance benefit for each month, beginning with the month in which she becomes so entitled to such insurance benefits and ending with the month. for each month, beginning with the month in which she becomes so entitled to such insurance benefits and ending with the month immediately preceding the first month in which any of the following occurs: she remarries, dies, or becomes entitled to receive a primary insurance benefit equal to or exceeding three-fourths of a primary insurance benefit of her husband.

"(2) Such widow's insurance benefit for each month shall be equal to three-fourths of a primary insurance benefit of her deceased husband, except that, if she is entitled to receive a primary insurance benefit for any month, such widow's insurance benefit for such month shall be reduced by an amount equal to a primary insurance benefit of such widow.

primary insurance benefit of such widow.

"Widow's current insurance benefits

"(e) (1) Every widow (as defined in section 209 (j)) of an individual who died a fully or currently insured individual after December 31, 1939, if such widow (A) has not remarried, (B) is not entitled to receive a widow's insurance benefit, and is not entitled to receive primary insurance benefits, or is entitled to receive primary insurance benefits each of which is less than three-fourths of a primary insurance benefit of her husband, (C) was living with such individual at the time of his death. (D) has filed application for widow's current insurance benefits, and (E) at the time of filing such application has in her care a child of such deceased individual entitled to receive a child's insurance benefit, shall be entitled to receive a widow's current insurance benefits and ending with the month in mediately preceding the first month and ending with the month immediately preceding the first month

in which any of the following occurs: no child of such deceased individual is entitled to receive a child's insurance benefit, she becomes entitled to receive a primary insurance benefit equal to or exceeding three-fourths of a primary insurance benefit of her deceased husband, she becomes entitled to receive a widow's insurance benefit, she remarries, she dies.

"(2) Such widow's current insurance benefit for each month shall be equal to three-fourths of a primary insurance benefit of her deceased husband, except that, if she is entitled to receive a primary insurance benefit for any month, such widow's current insurance benefit for such month shall be reduced by an amount equal to a primary insurance benefit of such widow.

"Parent's insurance benefit

"(f) (1) Every parent (as defined in this subsection) of an individual who died a fully insured individual after December 31, 1939, vidual who died a fully insured individual after December 31, 1939, leaving no widow and no unmarried surviving child under the age of 18, if such parent (A) has attained the age of 65, (B) was wholly dependent upon and supported by such individual at the time of such individual's death and filed proof of such dependency and support within 2 years of such date of death, (C) has not married since such individual's death, (D) is not entitled to receive any other insurance benefits under this section, or is entitled to receive one or more of such benefits for a month, but the total for such month is less than one-half of a primary insurance benefit of such deceased individual, and (E) has filed application for parent's insurance benefits, shall be entitled to receive a parent's insurance benefit for each month, beginning with the month in which such benefit for each month, beginning with the month in which such parent becomes so entitled to such parent's insurance benefits and ending with the month immediately preceding the first month in which any of the following occurs: Such parent dies, marries, or becomes entitled to receive for any month an insurance benefit

becomes entitled to receive for any month an insurance benefit or benefits (other than a benefit under this subsection) in a total amount equal to or exceeding one-half of a primary insurance benefit of such deceased individual.

"(2) Such parent's insurance benefit for each month shall be equal to one-half of a primary insurance benefit of such deceased individual, except that, if such parent is entitled to receive an insurance benefit or benefits for any month (other than a benefit under this subsection), such parent's insurance benefit for such month shall be reduced by an amount equal to the total of such other benefit or benefits for such month. When there is more than one such individual with respect to whose wages the parent is entitled to receive a parent's insurance benefit for a month, such benefit shall be equal to one-half of whichever primary insurance benefit is greatest.

benefit is greatest.

"(3) As used in this subsection, the term 'parent' means the mother or father of an individual, a stepparent of an individual by a marriage contracted before such individual attained the age of 16, or an adopting parent by whom an individual was adopted before he attained the age of 16.

"Lump-sum death payments

"Lump-sum death payments

"(g) Upon the death, after December 31, 1939, of an individual who died a fully or currently insured individual leaving no surviving widow, child, or parent who would, on filing application in the month in which such individual died, be entitled to a benefit for such month under subsection (b), (c), (d), (e), or (f) of this section, an amount equal to six times a primary insurance benefit of such individual shall be paid in a lump-sum to the following person (or if more than one, shall be distributed among them) whose relationship to the deceased is determined by the Board, and who is living on the date of such determination: To the widow or widower of the deceased; or, if no such widow or widower be then living, to any child or children of the deceased and to any other person or persons who are, under the intestacy law of the State where the deceased was domiciled, entitled to share as distributees with such children of the deceased, in such proportions as is provided by such law; or if no widow or widower and no such child and no such other person be then living, to the parent or parents of the deceased and to any other person or persons who are entitled under such law to share as distributees with the parents of the deceased, in such proportions as is provided by such law. A person who is entitled to share as distributee with an above-named relative of the deceased shall not be precluded from receiving a payment under this subsection by reason of the fact that no such named relative survived the deceased or of the fact that no such named relative of the deceased was living on the date of such determination. If none of the persons described in this subsection be living on the date of such determination, such amount shall be paid to any person or persons, equitably entitled thereto, to the extent and in the proportions that he or they shall have paid the extent and in the proportions that he or they shall have paid the extent and in the proportions that he or they shall have pend the

"APPLICATION

"(h) An individual who would have been entitled to a benefit under subsections (b), (c), (d), (e), or (f) for any month had he filed application therefor prior to the end of such month, shall be entitled to such benefit for such month if he files application therefor prior to the end of the third month immediately succeeding such month.

"REDUCTION AND INCREASE OF INSURANCE BENEFITS

"SEC. 203. (a) Whenever the benefit or total of benefits under section 202, payable for a month with respect to an individual's

wages, exceeds (1) \$85, or (2) an amount equal to twice a primary insurance benefit of such individual, or (3) an amount equal to 80 percent of his average monthly wage (as defined in section 209 (f)), wh'chever of such three amounts is least, such benefit or total of benefits shall, prior to any deductions under subsections (d), (e), or (h), be reduced to such least amount.

"(b) Whenever the benefit or total of benefits under section 202 (or as reduced under subsection (a)), payable for a month with respect to an individual's wages, is less than \$10, such benefit or total of benefits shall, prior to any deductions under subsections (d), (e), or (h), be increased to \$10.

"(c) Whenever a decrease or increase of the total of benefits for a month is made under subsection (a) or (b) of this section, each benefit shall be proportionately decreased or increased, as the case may be.

may be.

"(d) Deductions shall be made from any payment under this title to which an individual is entitled, until the total of such deductions equals such individual's benefit or benefits for any month in which such individual:

"(1) rendered services for wages of not less than \$15; or
"(2) if a child under 18 and over 16 years of age, failed to attend
school regularly and the Board finds that attendance was feasible;

or
"(3) if a widow entitled to a widow's current insurance benefit,
did not have in her care a child of her deceased husband entitled

"(3) If a widow entitled to a widows current insurance benefit, did not have in her care a child of her deceased husband entitled to receive a child's insurance benefit.

"(e) Deductions shall be made from any wife's or child's insurance benefit to which a wife or child is entitled, until the total of such deductions equals such wife's or child's insurance benefit or benefits for any month in which the individual, with respect to whose wages such benefit was payable, rendered services for wages of not less than \$15.

"(f) If more than one event occurs in any 1 month which would occasion deductions equal to a benefit for such month, only an amount equal to such benefit shall be deducted.

"(g) Any individual whose benefits are subject to deduction under subsection (d) or (e), because of the occurrence of an event enumerated therein, shall report such occurrence to the Board prior to the receipt and acceptance of an insurance benefit for the second month following the month in which such event occurred. Any such individual having knowledge thereof, who fails to report any such occurrence, shall suffer an additional deduction equal to that imposed under subsection (d) or (e).

"(h) Deductions shall also be made from any primary insurance benefit to which an individual is entitled, or from any other insur-

benefit to which an individual is entitled, or from any other insurance benefit to which an individual is entitled, or from any other insurance benefit payable with respect to such individual's wages, until such deductions total the amount of any lump sum paid to such individual under section 204 of the Social Security Act in force prior to the date of enactment of the Social Security Act amend-

ments of 1939.

"OVERPAYMENTS AND UNDERPAYMENTS

"Overpayments and underpayments"

"Sec. 204. (a) Whenever an error has been made with respect to payments to an individual under this title (including payments made prior to January 1, 1940), proper adjustment shall be made, under regulations prescribed by the Board, by increasing or decreasing subsequent payments to which such individual is entitled. If such individual dies before such adjustment has been completed, adjustment shall be made by increasing or decreasing subsequent benefits payable with respect to the wages which were the basis of benefits of such deceased individual.

"(b) There shall be no adjustment or recovery by the United States in any case where incorrect payment has been made to an individual who is without fault (including payments made prior to January 1, 1940), and where adjustment or recovery would defeat the purpose of this title or would be against equity and good conscience.

conscience.

"(c) No certifying or disbursing officer shall be held liable for any amount certified or paid by him to any person where the adjustment or recovery of such amount is waived under subsection (b), or where adjustment under subsection (a) is not completed prior to the death of all persons against whose benefits deductions are authorized.

"EVIDENCE, PROCEDURE, AND CERTIFICATION FOR PAYMENT

"Sec. 205. (a) The Board shall have full power and authority to make rules and regulations and to establish procedures, not inconsistent with the provisions of this title, which are necessary or appropriate to carry out such provisions, and shall adopt reasonable and proper rules and regulations to regulate and provide for the nature and extent of the proofs and evidence and the method of taking and furnishing the same in order to establish the right to beneatisk becaused.

taking and furnishing the same in order to establish the right to benefits hereunder.

"(b) The Board is directed to make findings of fact, and decisions as to the rights of any individual applying for a payment under this title. Whenever requested by any such individual or whenever requested by a wife, widow, child, or parent who makes a showing in writing that his or her rights may be prejudiced by any decision the Board has rendered, it shall give such applicant and such other individual reasonable notice and opportunity for a hearing with respect to such decision, and, if a hearing is held, shall, on the basis of evidence adduced at the hearing, affirm, modify, or reverse its findings of fact and such decision. The Board is further authorized, on its own motion, to hold such hearings and to conduct such investigations and other proceedings as it. ings and to conduct such investigations and other proceedings as it may deem necessary or proper for the administration of this title. In the course of any hearing, investigation, or other proceeding, it may administer oaths and affirmations, examine witnesses, and receive evidence. Evidence may be received at any hearing before the Board even though inadmissible under rules of evidence ap-

plicable to court procedure

"(c) (1) On the basis of information obtained by or submitted to the Board, and after such verification thereof as it deems necessary, the Board shall establish and maintain records of the amounts of wages paid to each individual and of the periods in which such of wages paid to each individual and of the periods in which such wages were paid and, upon request, shall inform any individual, or after his death shall inform the wife, child, or parent of such individual, of the amounts of wages of such individual and the periods of payments shown by such records at the time of such request. Such records shall be evidence, for the purpose of proceedings before the Board or any court, of the amounts of such wages and the periods in which they were paid, and the absence of an entry as to an individual's wages in such records for any period shall be evidence that no wages were paid such individual in such shall be evidence that no wages were paid such individual in such

shall be evidence that no wages were paid such individual in such period.

"(2) After the expiration of the fourth calendar year following any year in which wages were paid or are alleged to have been paid an individual, the records of the Board as to the wages of such individual for such year and the periods of payment shall be conclusive for the purposes of this title, except as hereafter provided.

"(3) If, prior to the expiration of such fourth year, it is brought to the attention of the Board that any entry of such wages in such records is erroneous, or that any item of such wages has been omitted from the records, the Board may correct such entry or include such omitted item in its records, as the case may be. Written notice of any revision of any such entry, which is adverse to the interests of any individual, shall be given to such individual, in any case where such individual has previously been notified by the Board of the amount of wages and of the period of payments shown by such entry. Upon request in writing made prior to the expiration of such fourth year, or within 60 days thereafter, the Board shall afford any individual, or after his death shall afford the wife, child, or parent of such individual, reasonable shall afford the wife, child, or parent of such individual, reasonable notice and opportunity for hearing with respect to any entry or alleged omission of wages of such individual in such records, or any revision of any such entry. If a hearing is held, the Board shall make findings of fact and a decision based upon the evidence adduced at such hearing and shall revise its records as may be required by such findings and decision.

"(4) After the expiration of such fourth year the Board may

(4) After the expiration of such fourth year, the Board may revise any entry or include in its records any omitted item of wages to conform its records with tax returns or portions of tax returns (including information returns and other written statements) filed with the Commissioner of Internal Revenue under title VIII of the Social Security Act or the Federal Insurance Contributions Act or under regulations made under authority thereof. Notice shall be given of such revision under such conditions and to such individuals as is provided for revisions under paragraph (3) of this subsection. Upon request, notice and opportunity for hearing with respect to any such entry, omission, or revision, shall be afforded under such conditions and to such individuals as is provided in paragraph (3) hereof, but no evidence shall be introduced at any such hearing except with respect to conformity of such records with such tax returns and such other data submitted under such title VIII or the Federal Insurance Contributions Act or under such regulations.

"(5) Decisions of the Board under this subsection shall be reviewable by commencing a civil action in the district court of the United States as provided in subsection (g) hereof.

"(d) For the purpose of any hearing, investigation, or other proceeding authorized or directed under this title, or relative to any other matter within its jurisdiction hereunder, the Board shall have power to issue subpense requiring the attendance and testimony of witnesses and the production of any evidence that testimony of witnesses and the production of any evidence that relates to any matter under investigation or in question before the Board. Such attendance of witnesses and production of evidence at the designated place of such hearing, investigation, or other proceeding may be required from any place in the United States or in any Territory or possession thereof. Subpenas of the Board shall be served by anyone authorized by it (1) by delivering a copy thereof to the individual named therein, or (2) by registered mail addressed to such individual at his last dwelling place or principal place of business. A verified return by the individual so serving the subpena setting forth the manner of service, or, in the case of service by registered mail, the return post-office receipt therefor signed by the individual so served, shall be proof of service. Witnesses so subpenaed shall be paid the same fees and mileage as are paid witnesses in the district courts of the United States.

"(e) In the case of contumacy by, or refusal to obey a subpena duly served upon, any person, any district court of the United States for the judicial district in which said person charged with contumacy or refusal to obey is found or resides or transacts business. ness, upon application by the Board, shall have jurisdiction to issue an order requiring such person to appear and give testimony, or to appear and produce evidence, or both; any failure to obey such order of the court may be punished by said court as contempt

thereof.

"(f) No person so subpensed or ordered shall be excused from attending and testifying or from producing books, records, correspondence, documents, or other evidence on the ground that the testimony or evidence required of him may tend to incriminate him or subject him to a penalty or forfeiture; but no person shall be prosecuted or subjected to any penalty or forfeiture for, or on account of, any transaction, matter, or thing concerning which he is compelled, after having claimed his privilege against self-incrimination, to testify or produce evidence, except that such person so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying.

(g) Any individual, after any final decision of the Board made "(g) Any individual, after any final decision of the Board made after a hearing to which he was a party, irrespective of the amount in controversy, may obtain a review of such decision by a civil action commenced within 60 days after the mailing to him of notice of such decision or within such further time as the Board may allow. Such action shall be brought in the district court of the United States for the judicial district in which the plaintiff resides, or has his principal place of business, or, if he does not reside or have his principal place of business within any such judicial district, in the District Court of the United States for the District of Columbia. As part of its answer the Board shall file a certified copy of the transcript of the record including the evidence upon Columbia. As part of its answer the Board shall file a certified copy of the transcript of the record including the evidence upon which the findings and decision complained of are based. The court shall have power to enter, upon the pleadings and transcript of the record, a judgment affirming, modifying, or reversing the decision of the Board, with or without remanding the cause for a rehearing. The findings of the Board as to any fact, if supported by substantial evidence, shall be conclusive, and where a claim has been denied by the Board or a decision is rendered under subsection (b) hereof which is adverse to an individual who was a party to the hearing before the Board, because of failure of the claimant or such individual to submit proof in conformity with any regulation prescribed under subsection (a) hereof, the court shall review only the question of conformity with such regulations and the validity of such regulations. The court shall, on motion of the Board made before it files its answer, remand the case to the Board for further action by the Board, and may, at any time, on good cause shown, order additional evidence to be taken before the Board, and the Board shall, after the case is remanded, and after good cause shown, order additional evidence to be taken before the Board, and the Board shall, after the case is remanded, and after hearing such additional evidence, if so ordered, modify or affirm its findings of fact or its decision, or both, and shall file with the court any such additional and modified findings of fact and decision, and a transcript of the additional record and testimony upon which its action in modifying or affirming was based. Such additional or modified findings of fact and decision shall be reviewable only to the extent provided for review of the original findings of fact and decision. The judgment of the court shall be final except that it shall be subject to review in the same manner as a judgment in other civil actions. judgment in other civil actions.

"(h) The findings and decision of the Board after a hearing shall

(h) The indings and decision of the Board after a hearing shall be binding upon all individuals who were parties to such hearing. No findings of fact or decision of the Board shall be reviewed by any person, tribunal, or governmental agency except as herein provided. No action against the United States, the Board, or any officer or employee thereof shall be brought under section 24 of the Judicial Code of the United States to recover on any claim arising

officer or employee thereof shall be brought under section 24 of the Judicial Code of the United States to recover on any claim arising under this title.

"(1) Upon final decision of the Board, or upon final judgment of any court of competent jurisdiction, that any person is entitled to any payment or payments under this title, the Board shall certify to the Managing Trustee the name and address of the person so entitled to receive such payment or payments, the amount of such payment or payments, and the time at which such payment or payments should be made, and the Managing Trustee, through the Division of Disbursement of the Treasury Department, and prior to any action thereon by the General Accounting Office, shall make payment in accordance with the certification of the Board: Provided, That where a review of the Board's decision is or may be sought under subsection (g) the Board may withhold certification of payment pending such review. The Managing Trustee shall not be held personally liable for any payment or payments made in accordance with a certification by the Board.

"(j) When it appears to the Board that the interest of an applicant entitled to a payment would be served thereby, certification of payment may be made, regardless of the legal competency or incompetency of the individual entitled thereto, either for direct payment to such applicant, or for his use and benefit to a relative or some other person.

"(h) Any payment made after December 21 1920 under condi-

payment to such applicant, or for his use and benefit to a relative or some other person.

"(k) Any payment made after December 31, 1939, under conditions set forth in subsection (j), any payment made before January 1, 1940, to, or on behalf of, a legally incompetent individual, and any payment made after December 31, 1939, to a legally incompetent individual without knowledge by the Board of incompetency prior to certification of payment, if otherwise valid under this title, shall be a complete settlement and satisfaction of any claim, right, or interest in and to such asymptotic payment.

shall be a complete settlement and satisfaction of any claim, right, or interest in and to such payment.

"(1) The Board is authorized to delegate to any member, officer, or employee of the Board designated by it any of the powers conferred upon it by this section, and is authorized to be represented by its own attorneys in any court in any case or proceeding arising under the provisions of subsection (e).

"(m) No application for any benefit under this title filed prior to 3 months before the first month for which the applicant becomes entitled to receive such benefit shall be accepted as an application for the purposes of this title.

"(n) The Board may, in its discretion, certify to the Managing Trustee any two or more individuals of the same family for joint payment of the total benefits payable to such individuals.

"REPRESENTATION OF CLAIMANTS BEFORE THE BOARD

"REPRESENTATION OF CLAIMANTS BEFORE THE BOARD

"Sec. 206. The Board may prescribe rules and regulations governing the recognition of agents or other persons, other than attorneys as hereinafter provided, representing claimants before the Board, and may require of such agents or other persons, before

being recognized as representatives of claimants that they shall show that they are of good character and in good repute, possessed of the necessary qualifications to enable them to render such claimants valuable service, and otherwise competent to advise and assist such claimants in the presentation of their cases. An attorney in good standing who is admitted to practice before the highest court of the State, Territory, District, or insular possession of his resi-dence or before the Supreme Court of the United States or the dence or before the Supreme Court of the United States or the inferior Federal courts, shall be entitled to represent claimants before the Board upon filing with the Board a certificate of his right to so practice from the presiding judge or clerk of any such court. The Board may, after due notice and opportunity for hearing, suspend or prohibit from further practice before it any such person, agent, or attorney who refuses to comply with the Board's rules and regulations or who violates any provision of this section for which a penalty is prescribed. The Board may, by rule and regulation, prescribe the maximum fees which may be charged for services performed in connection with any claim before the Board under this title, and any agreement in violation of such rules and regulations shall be void. Any person who shall, with intent to delations shall be void. Any person who shall, with intent to de-fraud, in any manner willfully and knowingly deceive, mislead, or threaten any claimant or prospective claimant or beneficiary under this title by word, circular, letter, or advertisement, or who shall knowingly charge or collect directly or indirectly any fee in excess of the maximum fee, or make any agreement directly or indirectly to charge or collect any fee in excess of the maximum fee pre-scribed by the Board, shall be deemed guilty of a misdemeanor and, upon conviction thereof, shall for each offense be punished by a fine not exceeding \$500 or by imprisonment not exceeding 1 year, or

"ASSIGNMENT

"Sec. 207. The right of any person to any future payment under this title shall not be transferable or assignable, at law or in equity, and none of the moneys paid or payable or rights existing under this title shall be subject to execution, levy, attachment, garnishment, or other legal process, or to the operation of any bankruptcy or insolvency levy. or insolvency law.

"PENALTIES

"Sec. 208. Whoever, for the purpose of causing an increase in any payment authorized to be made under this title, or for the purpose of causing any payment to be made where no payment is authorized under this title, shall make or cause to be made any false statement or representation (including any false statement or representation in connection with any matter arising under the Federal Insurance Contributions Act) as to the amount of any wages paid or received or the period during which earned or paid, or whoever makes or causes to be made any false statement of a material fact in any application for any payment under this title, or whoever makes or causes to be made any false statement, representation, affidavit, or document in connection with such an application, shall be guilty of a misdemeanor and upon conviction thereof shall be fined not more than \$1,000 or imprisoned for not more than 1 year, or both.

"SEC. 209. When used in this title—
"(a) The term 'wages' means all remuneration for employment,

"(a) The term 'wages' means all remuneration for employment, including the cash value of all remuneration paid in any medium other than cash; except that such term shall not include—
"(1) That part of the remuneration which, after remuneration equal to \$3,000 has been paid to an individual by an employer with respect to employment during any calendar year, is paid to such individual by such employer with respect to employment during such calendar year;

"(2) The amount of any payment made to, or on behalf of, an employee under a plan or system established by an employer which makes provision for his employees generally or for a class or classes makes provision for his employees generally or for a class or classes of his employees (including any amount paid by an employeer for insurance, or into a fund, to provide for any such payment), on account of (A) retirement, or (B) sickness or accident disability, or (C) medical and hospitalization expenses in connection with sickness or accident disability;

"(3) The payment by an employer (without deduction from the remuneration of the employee) (A) of the tax imposed upon an employee under section 1400 of the Internal Revenue Code or (B) of any payment required from an employee under a State unemploy ment compensation law:

"(4) Dismissal payments which the employer is not legally required to make; or

(5) Any remuneration paid to an individual prior to January

"(5) Any remuneration paid to an individual prior to January 1, 1937.
"(b) The term 'employment' means any service performed after December 31, 1936, and prior to January 1, 1940, which was employment as defined in section 210 (b) of the Social Security Act prior to such date (except service performed by an individual after he attained the age of 65), and any service, of whatever nature, performed after December 31, 1939, by an employee for the person employing him, irrespective of the citizenship or residence of either, (A) within the United States, or (B) on or in connection with an American vessel under a contract of service which is entered into within the United States or during the performance of which the vessel touches at a port in the United States, if the employee is employed on and in connection with such vessel when outside the United States, except—

United States, except—

"(1) Agricultural labor (as defined in subsection (1) of this section);

"(2) Domestic service in a private home, local college club, or local chapter of a college fraternity or sorority;

"(3) Casual labor not in the course of the employer's trade or business

"(3) Casual labor not in the course of the employer's trade or business;

"(4) Service performed by an individual in the employ of his son, daughter, or spouse, and service performed by a child under the age of 21 in the employ of his father or mother;

"(5) Service performed on or in connection with a vessel not an American vessel by an employee, if the employee is employed on and in connection with such vessel when outside the United States;

"(6) Service performed in the employ of the United States Government, or of an instrumentality of the United States which is (A) wholly owned by the United States, or (B) exempt from the tax imposed by section 1410 of the Internal Revenue Code by virtue of any other provision of law;

"(7) Service performed in the employ of a State, or any political subdivision thereof, or any instrumentality of any one or more of the foregoing which is wholly owned by one or more States or political subdivisions; and any service performed in the employ of any instrumentality of one or more States or political subdivisions to the extent that the instrumentality is, with respect to such service, immune under the Constitution of the United States from the tax imposed by section 1410 of the Internal Revenue Code;

"(8) Service performed in the employ of a corporation, community chest fund or foundation convented evaluations of the constitution of the United States from the tax imposed by section 1410 of the Internal Revenue Code;

"(8) Service performed in the employ of a corporation, community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, and no substantial part of the activities of which is carrying on propaganda, or otherwise attempting to influence legislation;

"(9) Service performed by an individual as an employee or em-ployee representative as defined in section 1532 of the Internal

Revenue Code:

"(10) (A) Service performed in any calendar quarter in the employ of any organization exempt from income tax under section 101 of the Internal Revenue Code, if—

(i) the remuneration for such service does not exceed \$45, or "(1) the remuneration for such service does not exceed \$45, or "(ii) such service is in connection with the collection of dues or premiums for a fraternal beneficiary society, order, or association, and is performed away from the home office, or is ritualistic service in connection with any such society, order, or association, or "(iii) such service is performed by a student who is enrolled and is regularly attending classes at a school, college, or university; "(B) Service performed in the convention of the content of the co

"(B) Service performed in the employ of an agricultural or horticultural organization;

(C) Service performed in the employ of a voluntary employees beneficiary association providing for the payment of life, sick, accident, or other benefits to the members of such association or their dependents, if (i) no part of its net earnings inures (other than through such payments) to the benefit of any private shareholder or individual, and (ii) 85 percent or more of the income consists of amounts collected from members for the sole purpose of making

of amounts collected from members for the sole purpose of making such payments and meeting expenses;

"(D) Service performed in the employ of a voluntary employees' beneficiary association providing for the payment of life, sick, accident, or other benefits to the members of such association or their dependents or designated beneficiaries, if (i) admission to membership in such association is limited to individuals who are employees of the United States Government, and (ii) no part of the net earnings of such association inures (other than through such payments) to the benefit of any private shareholder or individual;

"(E) Service performed in any calendar quarter in the employ of a school, college, or university, not exempt from income tax under section 101 of the Internal Revenue Code, if such service is performed by a student who is enrolled and is regularly attending classes at such school, college, or university, and the remuneration for such service does not exceed \$45 (exclusive of room, board, and tuition);

tuition);

"(11) Service performed in the employ of a foreign government (including service as a consular or other officer or employee or a nondiplomatic representative);
"(12) Service performed in the employ of an instrumentality

wholly owned by a foreign government—

"(A) If the service is of a character similar to that performed

"(A) If the service is of a character similar to that performed in foreign countries by employees of the United States Government or of an instrumentality thereof; and "(B) If the Secretary of State shall certify to the Secretary of the Treasury that the foreign government, with respect to whose instrumentality and employees thereof exemption is claimed, grants an equivalent exemption with respect to similar service performed in the foreign country by employees of the United States Government.

in the foreign country by employees of the United States Government and of instrumentalities thereof;

ment and of instrumentalities thereof;

"(13) Service performed as a student nurse in the employ of a hospital or a nurses' training school by an individual who is enrolled and is regularly attending classes in a nurses' training school chartered or approved pursuant to State law; and service performed as an interne in the employ of a hospital by an individual who has completed a 4-years' course in a medical school chartered or approved pursuant to State law.

"(c) If the services performed during one-half or more of any pay period by an employee for the person employing him constitute employment, all the services of such employee for such period shall be deemed to be employment; but if the services performed during more than one-half of any such pay period by an employee for the person employing him do not constitute employment, then none of the services of such employee for such period shall be deemed to be employment. As used in this subsection the term 'pay period' means a period (of not more than 31 consecutive

days) for which a payment of remuneration is ordinarily made to the employee by the person employing him. This subsection shall not be applicable with respect to services performed for an employer in a pay period, where any of such service is excepted by paragraph (9) of subsection (b).

"(d) The term 'American vessel' means any vessel documented or numbered under the laws of the United States; and includes any vessel which is neither documented or numbered under the laws of the United States or of any foreign country, if its crew is employed solely by one or more citizens or residents of the United States or corporations organized under the laws of the United States or corporations organized under the laws of the United States or of any State.

"(e) The term 'primary insurance benefit' means an amount equal to the sum of the following—

"(1) (A) 40 percent of the amount of an individual's average

"(1) (A) 40 percent of the amount of an individual's average monthly wage if such average monthly wage does not exceed \$50, or (B) if such average monthly wage exceeds \$50, 40 percent of

or (B) if such average monthly wage exceeds \$50, 40 percent of \$50, plus 10 percent of the amount by which such average monthly wage exceeds \$50, and

"(2) an amount equal to 1 percent of the amount computed under paragraph (1) multiplied by the number of years in which \$200 or more of wages were paid to such individual.

"(f) The term 'average monthly wage' means the quotient obtained by dividing the total wages paid an individual before the year in which he died or became entitled to receive primary insurance benefits, whichever first occurred, by 12 times the number of years elapsing after 1936 and before such year in which he died or became so entitled, excluding any year prior to the year in which he attained the age of 22 during which he was paid less than \$200 of wages; but in no case shall such total wages be divided by a number less than 36.

"(g) The term 'fully insured individual' means any individual with respect to whom it appears to the satisfaction of the Board that—

that—
"(1) (A) he attained age 65 prior to 1940, and
"(B) he has not less than 2 years of coverage, and
"(C) the total amount of wages paid to him was not less than

"(2) (A) within the period of 1940-45, inclusive, he attained the age of 65 or died before attaining such age, and
"(B) he had not less than 1 year of coverage for each two of the years specified in clause (C), plus an additional year of coverage, and

"(C) the total amount of wages paid to him was not less than an amount equal to \$200 multiplied by the number of years elapsing after 1936 and up to and including the year in which he attained the age of 65 or died, whichever first occurred; or "(3) (A) the total amount of wages paid to him was not less than \$2,000, and "(R) he had not less than 1 year of coverage for each two of

"(3) (A) the total amount of wages paid to him was not less than \$2,000, and

"(B) he had not less than 1 year of coverage for each two of the years elapsing after 1936, or after the year in which he attained the age of 21, whichever year is later, and up to and including the year in which he attained the age of 65 or died, whichever first occurred, plus an additional year of coverage, and in no case had less than 5 years of coverage; or

"(4) he had at least 15 years of coverage; was used in this subsection, the term 'year' means calendar year, and the term 'year of coverage' means a calendar year in which the individual has been paid not less than \$200 in wages. When the number of years specified in clause (2) (C) or clause (3) (B) is an odd number, for purposes of clause (2) (B) or (3) (B), respectively, such number shall be reduced by one.

"(h) The term 'currently insured individual' means any individual with respect to whom it appears to the satisfaction of the Board that he has been paid wages of not less than \$50 for each of not less than 6 of the 12 calendar quarters, immediately preceding the quarter in which he died.

"(i) The term 'wife' means the wife of an individual who was married to him prior to January 1, 1939, or if later, prior to the date upon which he attained the age of 60.

"(j) The term 'widow' (except when used in section 202 (g)) means the surviving wife of an individual who was married to him prior to the beginning of the twelfth month before the month in which he died.

"(k) The term 'child' (except when used in section 202 (g))

prior to the beginning of the twelfth month before the month in which he died.

"(k) The term 'child' (except when used in section 202 (g)) means the child of an individual, and the stepchild of an individual by a marriage contracted prior to the date upon which he attained the age of 60 and prior to the beginning of the twelfth month before the month in which he died, and a child legally adopted by an individual prior to the date upon which he attained the age of 60 and prior to the beginning of the twelfth month before the month in which he died.

"(1) The term 'agricultural labor' includes all service performed—

"(1) On a farm, in the employ of any person, in connection with cultivating the soil, or in connection with raising or harvesting any agricultural or horticultural commodity, including the raising, feeding, and management of livestock, bees, poultry, and fur-

feeding, and management of livestock, nees, pountry, and rurbearing animals.

"(2) In the employ of the owner or tenant of a farm, in connection with the operation, management, or maintenance of such farm, if the major part of such service is performed on a farm.

"(3) In connection with the production or harvesting of maple sirup or maple sugar or any commodity defined as an agricultural commodity in section 15 (g) of the Agricultural Marketing Act, as amended, or in connection with the raising or harvesting of mushrooms, or in connection with the hatching of poultry, or in connection with the ginning of cotton.

"(4) In handling, drying, packing, packaging, processing, freezing, grading, storing, or delivering to storage or to market or to a carrier

"(4) In handling, drying, packing, packaging, processing, freezing, grading, storing, or delivering to storage or to market or to a carrier for transportation to market, any agricultural or horticultural commodity; but only if such service is performed as an incident to ordinary farming operations or, in the case of fruits and vegetables, as an incident to the preparation of such fruits or vegetables for market. The provisions of this paragraph shall not be deemed to be applicable with respect to service performed in connection with commercial canning or commercial freezing or in connection with any agricultural or horticultural commodity after its delivery to a terminal market for distribution for consumption.

"As used in this subsection, the term 'farm' includes stock, dairy, poultry, fruit, fur-bearing animal, and truck farms, plantations, ranches, nurseries, ranges, greenhouses, or other similar structures used primarily for the raising of agicultural or horticultural commodities, and orchards.

"(m) In determining whether an applicant is the wife, widow, child, or parent of a fully insured or currently insured individual for purposes of this title, the Board shall apply such law as would be applied in determining the devolution of intestate personal property by the courts of the State in which such insured individual is domiciled at the time such applicant files application, or, if such insured individual is dead, by the courts of the State in which he was domiciled at the time of his death, or if such insured individual is or was not so domiciled in any State, by the courts of the District of Columbia. Applicants who according to such law would have the same status relative to taking intestate personal property as a wife, widow, child, or parent shall be deemed such. "(n) A wife shall be deemed to be living with her husband if

property as a wife, widow, child, or parent shall be deemed such.

"(n) A wife shall be deemed to be living with her husband if they are both members of the same household, or she is receiving regular contributions from him toward her support, or he has been ordered by any court to contribute to her support; and a widow shall be deemed to have been living with her husband at the time of his death if they were both members of the same household on the date of his death, or she was receiving regular contributions from him toward her support on such date, or he had been ordered by any court to contribute to her support."

Mr. DOUGHTON (interrupting the reading of title II). Mr. Chairman, I ask unanimous consent that the further reading of this title be dispensed with.

Mr. TREADWAY. Reserving the right to object, Mr. Chairman, this will not preclude anyone from offering an amendment to this title?

Mr. DOUGHTON. No; not at all.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. HAVENNER. Mr. Chairman, I offer an amendment. The Clerk read as follows:

Amendment offered by Mr. HAVENNER: Page 36, line 13, strike out beginning with the comma after the word "home" down through the word "sorority" in line 15.

Mr. HAVENNER. Mr. Chairman, this is one of a series of amendments to the pending bill which have been proposed by the American Federation of Labor in the belief that the coverage of old-age benefits and unemployment compensation should be extended rather than limited, as is the case in certain sections of the bill now before us.

The American Federation of Labor, in common with all other advocates of adequate social security in America, is convinced that certain provisions of this bill, which at first glance might appear relatively unimportant, as a matter of fact constitute a grave threat to the preservation of our newly established American system of social security.

We are apprehensive, in other words, that the exclusion of certain workers provided for by this bill is the first thrust of the camel's nose under the tent of social-security coverage which may eventually topple over that vitally important social structure.

In this belief we have the unqualified support of the Advisory Council on Social Security, a body of experts representing labor, employers, and the public, appointed by the United States Senate to study the advisability of amending the Social Security Act. In its report to the Senate, of December last, the Advisory Council urged in the strongest terms that the coverage of social-security benefits be extended and not diminished, and emphasized the fact that the Social Security Act was written primarily for the protection of the workers of America.

One of the effects of the definitions in sections 209, 1426, and 1607 is to exclude from coverage domestic workers employed in a local college club, or a local chapter of a fraternity or sorority. The amendment which I have submitted strikes

out these exemptions, but leaves domestic service in a private home still exempt.

Mr. BUCK. Mr. Chairman, will the gentleman yield?

Mr. HAVENNER. I would prefer to complete my statement before yielding.

Mr. BUCK. I would like to know just how far the gentleman's amendment goes. I did not hear it read; I am very sorry.

Mr. HAVENNER. It merely strikes out everything in that exemption following the word "home."

Mr. BUCK. Is that subdivision (2)?

Mr. HAVENNER. It is on page 36, line 13. I am not sure about the number of the subdivision.

Mr. BUCK. I thank the gentleman. I wanted to find out what the gentleman is offering.

Mr. HAVENNER. I have been a member of a college fraternity for 35 years and am very much devoted to its ideals and associations, but I can think of no good reason why a domestic worker who earns his living as a cook, waiter, or house boy in a fraternity house should be deprived of the social-security credits to which he would be entitled if he were employed in a similar capacity in a hotel or public boarding house.

The persons who work for college clubs, fraternal and benefit associations, and students who work for schools or colleges while they are in attendance at such institutions should, even though their earnings are small and the employing unit not a profit-making organization, be entitled to the security of old age and unemployment insurance provided they meet the general eligibility tests established in respect to their total earnings or period of work and length of time employed. Each year of a person's working life should help contribute to the security of his old age. Coverage of the act when changed should be toward a larger inclusion. No backward steps should be taken which reduce the number of persons entitled to security.

The purpose of this amendment is to keep under the provisions of the Social Security Act workers who are now covered and who would be excluded under the provisions of this bill. Workers who have already contributed from their salaries for old-age insurance would hereafter be excluded under those provisions and would lose the security they had begun to build up.

If this amendment is adopted, as in justice to a large number of employees throughout the country I believe it should be, I shall offer a similar amendment to section 1426 and section 1607 so that the same exemptions may be stricken out of those sections.

I urge all those who are interested in preserving the integrity of our new social-security program for the benefit of our American workers to support this amendment. Its defeat would mean an initial encroachment upon the scope of social-security coverage in America, which we have fought so hard to establish. [Applause.]

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I rise in opposition to the amendment.

If I understand the amendment offered by the gentleman from California, on page 36, he is referring to employment in a local college club or a local chapter of a college fraternity or sorority. He wants that item stricken out of the bill.

We had extensive hearings, Mr. Chairman, on the subject of employment of college students. It was the unanimous view at the hearings before the Committee on Ways and Means and of the committee itself that fraternity employment should be excluded from coverage under the Social Security Act. Under existing law there is a distinction between the employment of college students by the college, which was exempt, and employment by a fraternity, which was included. The idea of the committee was simply to put them on an equal basis. I believe it would be very detrimental to the well-being of college students and college fraternities if this subdivision were stricken out.

Mr. McCORMACK. Mr. Chairman, will the gentleman

Mr. TREADWAY. I yield.

Mr. McCORMACK. One of the main and compelling reasons was that most of these boys are working to get an education. If they cannot get work in these fraternity houses they will be unable to get an education. The work is purely incidental to the primary purpose of obtaining an education.

Mr. TREADWAY. The gentleman is absolutely correct. This is simply another method of support. The boys work not for the actual dollars and cents payment in cash but for their board or room.

Mr. COOPER. Mr. Chairman, will the gentleman yield? Mr. TREADWAY. I yield.

Mr. COOPER. I am sure the gentleman will also recall that the boys who are working their way through school by working for a dormitory operated by the school are exempt, but if they work for a fraternity they are not exempt. The purpose of this provision is to try to equalize the situation and make it fair to all the boys attending school.

Mr. TREADWAY. The purpose of the committee is to show no discrimination between students, whether they are working for the college or for a fraternity. The exemption of educational institutions takes care of the boys if they are working for the college, but not if they are working for a club or fraternity.

Mr. Chairman, I trust the amendment offered by the gentleman from California will be voted down. [Applause.]

[Here the gavel fell.]

Mr. SMITH of Ohio. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, here is a piece of legislation with good in it and bad in it.

The relief which it gives to employees and employers in reducing their pay-roll taxes for the years 1940, 1941, and 1942 is most commendable. Likewise, the repeal of the provision for a large reserve fund, with the savings it makes and the additional benefits it permits, together with the limitation of pay-roll taxes on incomes not exceeding \$3,000.

Nor shall I quarrel with the objectives sought in this bill under titles I and V. I do contend, however, that this is bad legislation, because there is no provision for raising the money to pay for these extra costs. No one in this House can honestly take exception to this view. I am certain the folks back home feel the same way about it.

Even the beneficiaries of this legislation would not expect us to provide an increase in their pension allowances without providing the taxes to pay for them.

This legislation is bad in other respects. No one in this House knows, or has any way of knowing, what the additional costs are going to be under title I, whether they will be \$5,000,000, \$100,000,000, or several hundred million. If no changes in State laws are made, we are told the extra cost will be only \$5,000,000. The principal argument for the amendment to this title is that it increases the amount by that sum only.

Now, if no change is made in the Ohio law, our aged will receive no benefits from this legislation, while at the same time our State will be taxed to pay pension benefits to States that can take advantage of it. That obviously would be an injustice.

It is to be expected, of course, that some States will change their laws. This is, in my opinion, shortsighted and slipshod legislation, in that it does not contemplate this contingency.

Even if the additional cost were to be only \$5,000,000, this legislation is defective in not providing taxes to meet this sum. But when the cost may conceivably run up to \$100,000,000 or more, then its defectiveness becomes so clear that it should not be overlooked.

I cannot see any enduring social security in legislation of this sort. I can see in it only social insecurity if not economic chaos. It is one thing to provide public pensions for the aged on a pay-as-you-go basis but it is quite another to borrow money and add to an already dangerously excessive national debt to pay for them. In the end all social security must depend upon the economic health of our Nation, for which a highly solvent Government is one of the first essentials. [Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. HAVENNER].

The amendment was rejected.

Mr. HAVENNER. Mr. Chairman, I offer a further amendment.

The Clerk read as follows:

Amendment offered by Mr. HAVENNER: On page 38, strike out lines 4 to 26, inclusive, and on page 39, strike out lines 1 to 22, inclusive

Mr. HAVENNER. Mr. Chairman, increasing the number of exclusions from the provisions of the Social Security Act is directly contrary to the recommendations of the Advisory Council on Social Security, the committee of experts appointed by the United States Senate to which I referred in my previous remarks. This committee, incidentally, included as far as labor is concerned representatives of both the American Federation of Labor and the C. I. O.

Mr. BUCK. Mr. Chairman, I ask unanimous consent that the amendment may be again reported without taking it out of the gentleman's time.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

The Clerk again reported the Havenner amendment.

Mr. HAVENNER. The Advisory Council specifically recommended that employees of private nonprofit religious, charitable, and educational institutions should be brought under coverage immediately. The report of the Advisory Council contained an emphatic declaration that all changes in coverage should be in the direction of including more workers and that effort should be made toward that goal in the near future. I am authorized to say that the American Federation of Labor concurs in that recommendation.

In the amendment now before you, which has been prepared by the American Federation of Labor, the exemptions in section 209, subsection 10, would be stricken out. These include the following classes of service performed in the employ of any organization exempt from income tax under section 101 of the Internal Revenue Code:

Cases where the remuneration for service does not exceed \$45 in any calendar quarter.

When the service is in connection with the collection of dues or premiums for a fraternal beneficiary society and is performed away from the home office, or is ritualistic service in connection with any such society.

When the service is performed by a student enrolled and regularly attending classes at a school, college, or university.

When the service is performed in the employ of an agricultural or horticultural organization.

When the service is performed in the employ of a voluntary employees beneficiary association.

When the service is performed in the employ of a school, college, or university not exempt from income tax when the student is enrolled and regularly attending classes and the remuneration does not exceed \$45.

I quote to you now the recommendation of the Advisory Council on Social Security with respect to the exemptions which would be stricken out with this amendment:

The employees of private nonprofit religious, charitable, educational institutions now excluded from coverage under titles II and VIII should immediately be brought into coverage under the same provisions of these titles as affect other covered groups.

The council believes that there is no justification in social policy for the exclusion of the employees of such organizations from the protection afforded by the insurance program here recommended. Further, no special administrative difficulties exist in the coverage of the employees of such organizations under the

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. HAVENNER].

The amendment was rejected.

Mr. HAVENNER. Mr. Chairman, I offer a further amendment.

The Clerk read as follows:

Amendment offered by Mr. Havenner: On page 40, line 15, strike out lines 15 to 22, inclusive.

Mr. HAVENNER. Mr. Chairman, one of the principal arguments against retaining student nurses within the coverage of this bill is that their earnings are so small that it is a nuisance to collect the tax and imposes an unjustifiable amount of work in compiling the records upon the Federal and State agencies and the employers. This argument entirely overlooks the fact that the law was written for the benefit of the workers and not primarily for the convenience of their employers. These young girls who work as student nurses are fully entitled to some credit in their youth for the long and arduous labor which they perform. and to deny them the right to build up a wage record during their service as students is an absolute injustice.

In my State of California this same argument was advanced and became the motif of a long, bitter fight in the State legislature years ago when the 8-hour law for women was under consideration. There humane considerations prevailed, and when the law was finally passed student nurses were given the protection of the 8-hour law limitation. The American Federation of Labor stands squarely behind this amendment, and I earnestly hope that Congress will give to these girl workers the recognition which they deserve.

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from California.

The amendment was rejected.

Mr. HAVENNER. Mr. Chairman, I offer a further amendment.

The Clerk read as follows:

Amendment offered by Mr. HAVENNER: On page 45, strike out

lines 3 to 25, inclusive, and on page 46, strike out lines 1 to 6, inclusive, and insert in lieu thereof the following:

"(L) The term 'agricultural labor' means only the services of a farmhand employed by a farmer to do the ordinary work connected with a bona fide farm. It does not include services proceed on farmer whose scale or nature of operations makes them. formed on farms whose scale or nature of operations makes them industrial in character. In no case does it include more than the first processing of products which is incidental to the farming operations.

Mr. HAVENNER. Mr. Chairman, the definition of the term "agricultural labor" proposed by H. R. 6635, is broader than that which has been used by the Bureau of Internal Revenue in determining coverage. Therefore workers who have already contributed to the old-age pension fund would not be protected in the future and many would be barred. The purpose of the exclusion of agricultural labor when the Social Security Act was passed was to avoid a difficult administrative problem of including hired hands on many small and separated farms. The difficulty was believed to be similar to that of covering domestic workers in private homes. However, the Advisory Council on Social Security and the Social Security Board have urged that coverage be extended to farm laborers as soon as administratively feasible. The whole purpose of social-security laws is to increase the security of workers of our Nation. Coverage should be made broader as administrative techniques function more smoothly. At no time should coverage be narrowed with the result that classes of people once included are later excluded.

Both the Advisory Council on Social Security and the American Federation of Labor believe that reduction in coverage is contrary to the public interest and that agricultural labor should continue to be defined narrowly until such date as all agricultural laborers are covered. To include as agricultural labor persons engaged in handling, drying, packing, packaging, processing, freezing, grading, storing, or delivering to storage or market any agricultural and horticultural commodities, not even confining such operations to the first processing will remove security from many workers now covered. Large farms which carry on many such processes are really industrial in character and their employees should not suffer this discrimination.

I appreciate the efforts of the representatives of the agricultural districts to protect the small farmer from undue taxation, and in common with many other representatives of the urban population I have repeatedly voted to extend Federal aid to the farming communities. However, we who live in the cities cannot find any social or economic justification for exempting the farmer from taxation for skilled industrial work performed on his farm by carpenters, painters,

and so forth, when we city dwellers would be liable for taxation of work of an identical character if it were performed in our own home.

Mr. BUCK. Mr. Chairman, I rise in opposition to the amendment. I would not do so, and I do not desire to take up the time of the Committee unduly, but I feel it necessary to call the attention of the Committee to the fact that yesterday, in the remarks to be found on page 6864 of the RECORD, I discussed this proposed amendment somewhat extensively and showed why the committee unanimously had agreed upon the language submitted in the bill which the gentleman from California [Mr. HAVENNER] would strike out. All I desire to do is to add this statement. After the question came before the committee and when the committee had unanimously decided to continue the exclusion of agricultural labor, employees of religious and charitable institutions, and so forth, and the question was directly put to Dr. Altmeyer, he said, at page 2329 of the hearings:

I want to make it clear that the Board does not take issue with this committee on its decision on a matter of policy * * *. As a matter of public policy we agree with the committee it is unwise to legislate in advance of further study of the situation.

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from California.

The amendment was rejected.

Mr. KEAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Kean: Page 8, line 10, after the word "acquired", strike out all following down through line 4, page 9, and substitute the following: "Only by purchase of outstanding obligations at the market price and may be acquired only on such terms as to provide an investment yield of not less than the average rate of interest, computed as of the end of the calendar month next preceding the acquisition, borne by all interest-bearing obligations of the United States then forming a part of the public debt, except that where such average rate is not a multiple of one-eighth of 1 percent, the rate of obligations purchased may be a multiple of one-eighth of 1 percent next lower than such average rate. If no such obligations can be purchased at such an investment yield, obligations of a less yield which have been outstanding for at least 1 year may be purchased and thereupon shall be exchanged for 1 year may be purchased and thereupon shall be exchanged for original issues at par of special obligations having an investment yield not less than the yield which would be required if obligations of the required yield were purchased in the open market. The purpose for which obligations of the United States may be issued under the Second Liberty Bond Act, as amended, are hereby extended to authorize the issuance at par of special obligations

Mr. KEAN. Mr. Chairman, this amendment would compel the board of trustees created by this act to set up a real trust fund. There is no need of discussing the merits of the question now, as it has been fully discussed not only in the debates on the floor on the bill but also before the country during the last election campaign.

The amendment provides that investments can be made only in United States Government bonds which have been outstanding for at least 1 year, and that if the return on these bonds is too low, for the purposes of the fund, they may be exchanged at the Treasury for securities with a yield of not less than the average rate of interest borne by all interest-bearing obligations of the United States.

In my opinion only by the adoption of such an amendment can we prevent the present practice of using old-age taxes for current expenses.

The fact that such an amendment is needed seems to have been recognized by the committee in the proposed changes to this section; but to my mind these changes do not sufficiently restrict the authority of the trustees—as they allow the purchase of either original issues at par or special Treasury obligations, the purchase of either of which would result in the use of the funds for current expenses.

The amendment offered, permitting only the purchase of securities already outstanding, would make this impossible and provide a real trust fund.

Let us keep faith with the contributors to this fund.

Mr. BUCK. Mr. Chairman, I rise in opposition to the amendment. The provisions by which the investment of the money under the old-age reserve account at the present time held by the trustees and the future investment of funds to

be of the proposed trust fund are quite similar. The procedure is standard and has been used for many years. It was adopted originally by Secretary Mellon in connection with the civil-service retirement fund and the adjustedservice certificate fund. I call attention to what Secretary Mellon said would follow the adoption of the policy suggested by the gentleman who last spoke. I quote from what Secretary Mellon said (annual report to Congress, 1926):

If the Treasury were in the Government bond market on the 1st of January in each year to buy \$100,000,000 of its securities, the purchases could not be made in 1 day, nor could such a large order be filled without unduly increasing the market price which the fund would have to pay. If, also, the Treasury in the course of the year was required to sell securities to provide the fund with cash, the tendency would then be to depress Government securities on the market. So if the practice of buying and selling on the open market were used, the Treasury would be continually purchasing on a high market.

Mr. Chairman, the adoption of this amendment would entirely defeat the purpose of conserving and preserving the assets of the trust fund for its future beneficiaries. I ask

that the amendment be defeated.

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from New Jersey.

The amendment was rejected.

Mr. ALEXANDER. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. CREAL. Mr. Chairman, I move to strike out the last two words. As gentlemen are well aware, this is the first time that I have addressed the House this year. It is to be presumed that the king is always right; when in a courthouse it is to be presumed that the court is always right. Likewise when the committee has a bill, and when the committee opposes amendments to that bill, it is the usual custom to presume that the committee is always right. But not always. One amendment here this afternoon was defeated that ought to have been adopted, and somewhere in this bill before we finish, at some proper place and time, it will come up again in a different form though practically it will be the same thing. I have reference to the amendment offered by the gentleman from Tennessee [Mr. Taylor]. A number of States which at first thought that old-age pensions were a bonanza and everybody was going to live forever and did not need any property, and those States passed laws immediately compeling the conveyance of homesteads to the State. We have such a law in Kentucky. The amendment that was defeated undertook to take care of that situation. The amendment will be offered somewhere, somehow, and will provide that the property shall be used and occupied as a homestead only.

Let me illustrate. Here is a man who is 65 years of age, who is drawing an old-age pension. He leaves a widow who is 49 years old. He deeds the property to the State, and after he is dead, and has been hauled away, where is the widow going to stay and what is she going to do? She is the widow of a pauper. What is she going to do? That home may have been worth \$2,500 or \$75, it may be just a half acre place, a place to raise chickens, a place to sleep in, a place in which to keep warm. What is that property worth to the State, where the party is going to be highly eligible for an old-age pension. What is it worth? Then again, that party needs something to bury him, and burial expenses in most States come in as preferred claims to the property before it can be passed out to the heirs.

My good friend the gentleman from Massachusetts [Mr. McCormack) talked loud and long, and vociferously about the Federal Government legislating and telling the States what they could do and what they could not do. We have many laws, hundreds of them, where we have appropriated money, where we have attached conditions down to a gnat's capacity, of what to do and how to do it.

They will make you tear up a Federal road for a mile because it has something in it that does not belong to it, and do it all over again. On your educational grants the Smith-Hughes Act and others, all of your New Deal acts, where the town has to furnish the house, or a certain part of the machinery—what is it that we have done, I ask you? It will reach 95 percent of all the money the Federal Government appropriates where you tell the States you have to do it this way in order to get the money. By telling the States, "In order to administer this old-age pension matter you cannot do it this way or that way," is perfectly fair. It is an oversight in taking over the homestead and it ought to be restored. [Applause.]

[Here the gavel fell.]

Mr. BATES of Massachusetts. Mr. Chairman, I ask unanimous consent to extend my own remarks and include some figures on social security.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. CARLSON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Carlson: On page 36, line 4, strike out the words "irrespective of the citizenship."

Mr. CARLSON. Mr. Chairman, I want to call attention to some new language that is going into the Social Security Act; that is, if this amendment is adopted. The committee wrote into this bill that this act shall apply irrespective of the citizenship. That is not in the original act. Someone will ask why is it placed in this bill at the time when we are considering largely our American citizens? In other words, this bill is now open to aliens. Now, that is true of the present act, but this particular amendment is put in here for a specific reason, and that is to care for a new group.

I want to call your attention to page 41. We are going to analyze this and see what this amendment does. I do not believe the committee wants to do it after we get into it, and

I do not believe the Congress should do this.

On page 41, line 13—I wish you would follow me, because when this is done you will hear some criticism. It deals with the inclusion of seamen, but it does not say "American seamen." It says "the term American vessel may mean any vessel documented or numbered under the laws of the United States"—

Mr. BUCK. Mr. Chairman, will the gentleman yield?

Mr. CARLSON. Yes; I yield.

Mr. BUCK. Will the gentleman go back, if he does not mind, and read, on page 36, the covering service on or in connection with an American vessel?

Mr. CARLSON. I will be glad to leave that to the gentleman from California. I would like to discuss the effect of this amendment to this section. I intend to discuss the other one later, because I intend to offer an amendment to strike it also.

A vessel does not need to be documented under the flag of the United States or any country. It can belong to a group of foreign citizens. It can be manned by a foreign crew, not an American sailor on it; and if we leave these words in that bill, we put them under this act, under the old-age insurance. I do not believe this House wants to do that.

Here is a concrete case of why this was written in:

We hire Greek ships, owned and manner by Greek citizens, for sponge fisheries off the coast of Florida.

I do not believe it is the intention of this Congress to cover Greek sailors who man that boat.

Now, we have heard a lot about the Japanese vessels fishing for salmon in the Northwest. Notice what this particular section says:

If its crew is employed solely by one or more citizens or residents of the United States or corporations.

Now, the crew on this boat need not be Americans. The boat need not be documented under any flag. The crew can be absolutely foreign. These Japanese fishing boats that fish for salmon can be hired by a corporation or an individual citizen of the United States, and we American citizens are going to put them under this act and give them old-age insurance.

Mr. JENKINS of Ohio. Will the gentleman yield?

Mr. CARLSON. I yield.

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Mr. JENKINS of Ohio. It would be entirely possible, would it not, for a Japanese boat, complemented with Japanese people, from the captain on down—

Mr. CARLSON. There need not be an American seaman on any of these boats. I, for one, am not going to let this amendment go through this House without giving you an opportunity to vote on removing it from this bill. The only reason these particular words were put in this bill was to care for this section and another section, and those words "irrespective of the citizenship" are not in this act.

I hope you will vote to take them out.

The CHAIRMAN. The time of the gentleman from Kansas has expired.

Mr. BUCK. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, at the present time seamen are not covered under the Social Security Act. It is proposed to put them under coverage as far as old-age insurance is concerned. Every employee in covered employment in the United States, whether he is a citizen or an alien, working, let us say for the Ford Motor Co. or any other manufacturing industry, is covered. He is also covered even though his employer be an alien.

What we want to do is to have the seamen covered on the same basis. On yesterday I put into the Record the actual figures which show that American maritime employment is 90.1 percent performed by American citizens at the present time. Most of the remainder of those employed on American vessels have already taken out their first papers, and it seems to me it is begging the question to say that a man working on land for the Ford Motor Co., for instance, may be an alien and receive all the protection of the Social Security Act but a similar man working in maritime employment may not.

There is no opposition from either employers or employees to the inclusion of seamen under this act.

The inclusion of the phrase "irrespective of citizenship" to which the gentleman from Kansas has objected is necessary in the case of seamen, for the reason that most of the services performed on maritime vessels with respect to which the social-security taxes will apply will be performed outside of the United States. The courts might consider the levying of such taxes to be beyond the normal, usual exercise of the taxing power and give the statute otherwise a narrower construction unless we express the intent specifically. In this connection I call attention to a quotation I put in the RECORD yesterday from the case of the United States v. Goelet (232 U. S. 293). In that case the Court held that the tax levied by the Federal Government did not apply to a citizen having a permanent residence and domicile abroad. The tax was an excise tax on yachts; the yacht was a foreign-built yacht.

In view of the statements that were contained in that decision of the Supreme Court, it seemed wise to us to include the phrase that we put in here in the definition of employment for purposes of old-age insurance provisions of the law since it is our intent to levy the taxes on services performed outside the United States on American vessels.

Mr. JOHNSON of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. BUCK. I yield.

Mr. JOHNSON of Oklahoma. I assume that the gentleman from California heard the statement of the gentleman from Kansas with reference to a Greek vessel or a Jap vessel that might be fishing off or near our American coasts, but actually operated by foreigners. Some of us have been waiting for the gentleman, who is a distinguished member of the committee, to answer that particular argument raised by the gentleman from Kansas. I am certain none of us wish to vote for anything that will permit such a condition. Will the gentleman elaborate on that at this time?

Mr. BUCK. The coverage, of course, as the gentleman from Oklahoma knows, provides only that the crew is covered if it is employed solely by one or more citizens of the United States or residents of the United States, or corporations organized under the laws of the United States or of any State. As far as that is concerned, I think the laws of every State require that at least a majority of the stock of a corporation must be held by citizens of the United

Mr. JENKINS of Ohio. Mr. Chairman, will the gentleman

Mr. BUCK. I yield.

Mr. JENKINS of Ohio. I want to ask the gentleman a question. If I understood the gentleman's argument correctly, it was that in the case of an alien working for Henry Ford the alien was entitled to the benefit of our socialsecurity laws—and he ought to be.

Mr. BUCK. The gentleman does not deny that, does he?

Mr. JENKINS of Ohio. No; for I have always maintained that when an alien is working right alongside of others on the same machine or similar machines, on similar lathes, and he ought not to have the same privileges as his fellow workers: but in that case the owner of the property, or the corporation owner, the factory owner is an American.

Mr. BUCK. Will the gentleman let me reply to his statement? If the employer were an alien, the employee would

still be protected.

Mr. JENKINS of Ohio. Let us see if he would.

Mr. BUCK. That is apparent.

Mr. JENKINS of Ohio. Even if he were an alien operating in our country, he would be under the supervision of the local police forces, and all that, and he would be in a different category from some of those to which this language under discussion applies. Why would not the gentleman agree to this sort of amendment: Change the language on page 36 where it says "by an employer for the person employing him irrespective of citizenship of either," if we are going to let these sailors, these Japanese, and so on, come under the provisions of our law; why not take out the word "either"?

Mr. BUCK. Just a minute. I cannot yield all my time to the gentleman.

[Here the gavel fell.]

Mr. BUCK. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection. Mr. BUCK. Mr. Chairman, I yield to the gentleman from Ohio to complete his statement.

Mr. JENKINS of Ohio. Instead of leaving the language on page 36, line 4, as it is, "by an employee for the person employing him, irrespective of the citizenship or residence of either," why does not the gentleman make some provision so that these Japanese sailors, Greek sailors, Chinese sailors, or whatever they may be, shall be employed by an American or an American company? Will not the gentleman go that far?

Mr. BUCK. Now, will the gentleman let me explain? If the gentleman will turn to page 41 he will find definitions. In the first place, let me say that the covered employment of a seaman must be in connection with an American vessel.

Then we define an American vessel, on page 41, to mean any vessel, documented or numbered under the laws of the United States, or not documented elsewhere, if its crew is employed solely by one or more citizens or residents of the United States. I think that answers the gentleman's objec-

Mr. JENKINS of Ohio. That does not cover the provision on page 36 and that is what I want to do. If you can make page 36 cover that then you have a good basis for your

Mr. BUCK. If the gentleman does not want to take as sound the case of United States against Goelet, which I cited as the law, that might be all right, but we are up against a practical proposition. These services are performed outside the United States. The gentleman knows that has all been threshed out in the committee. The gentleman knows very

well we had this up and discussed it thoroughly. This is the opinion of the majority, if not the unanimous opinion of the

Mr. McCORMACK. Will the gentleman yield?

Mr. BUCK. I yield to the gentleman from Massachu-

Mr. McCORMACK. And the services performed outside the United States are not for persons living in foreign countries. It is men employed by either American citizens or persons who are subject to the laws of the United States, who are within the United States. So that the situation of a Japanese vessel, which, of course, alarms some people, does not apply. It has no application to a vessel coming from Japan and going into the fishing trade. An inference is left with reference to some Greek vessel coming from Greece, but there is no justification for that. One has to be a citizen of the United States, employing others, or one who is a resident of the United States, just the same as any other business activity.

Mr. DINGELL. Will the gentleman yield?

Mr. BUCK. I yield to the gentleman from Michigan.

Mr. DINGELL. Is it not true that if we tamper with this we are going to put the American seamen at a disadvantage? The Great Lakes are interested in this. I remember this matter coming up in committee. May I ask the gentleman from Kansas how many sailors and seamen he has in Kansas? I may also say to the gentleman from Oklahoma that he has not any out there either. We are interested in this and we are protecting the American seamen.

Mr. BUCK. I thank the gentleman from Massachusetts and the gentleman from Michigan for their contributions.

Mr. Chairman, I feel the objections that have been raised by the gentleman from Ohio and the gentleman from Kansas, and I know they are both sincere, go to matters that are not fundamental. There is no danger to American labor or capital. If there was anything to worry about so far as Japanese seamen are concerned, I think the gentleman from California who is speaking would be concerned about it.

Mr. SIROVICH. Will the gentleman yield?

Mr. BUCK. I yield to the gentleman from New York.

Mr. SIROVICH. For the benefit of the Members of Congress, I just called the gentleman from Virginia [Mr. BLAND], chairman of the Committee on Merchant Marine and Fisheries. Due to the late hour, for it is now approximately 6 o'clock, unfortunately his office is closed and he is not in. As the next ranking member of that committee may I call the attention of my colleague to the fact that we protected through the medium of the ship subsidy bill recently enacted every man and woman who works upon an American ship and provided that every man and woman who works upon an American ship operating in foreign countries must be a 100 percent American citizen.

[Here the gavel fell.]

Mr. JENKINS of Ohio. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, as I said awhile ago, I do not want to emasculate this bill. I think this is an oversight and ought to be corrected. On page 41 is where we treat the problem of the seamen. I am not disclosing any secret when I say we had a battle over this. We agreed on the proposition largely upon the argument made by the gentleman, to which I subscribed. I say that when an alien is working across a lathe from an American citizen in an American factory he ought to have exactly the same rights and the same protection as his fellow workers; but when you get into an industry like that employing seamen, the situation is different. The situs of the employment in one case is fixed while in the other it is shifting, taking the employee often into foreign lands and over the Seven Seas. That is the occupation that gives us the most trouble from an immigration and labor standpoint. They go from place to place and have no home. The question of the administration of this law to take care of them will be tremendously different from the administration of a law that takes care of the man who works in Detroit for Mr. Ford or somebody else.

Let us look at page 36. You cannot lose anything if a few words are inserted in there. Let me read the amendment that I think will solve this problem and see if the gentleman will not agree with me. If he does not agree with me, of course, I realize that we might not be able to win our contention, because the policy is to not emasculate this bill and I shall adhere to that. Still it is unwise to be so prideful as not to yield to an amendment that will manifestly improve the bill.

What would the gentleman say if we struck out the words in the third line on page 36, "for the person", and inserted the following: "of an American citizen"? And in line 4, struck out the words "irrespective of citizenship or residence of either", so that the language would be in lines 3 and 4, on page 36?-

December 31, 1939, by an employee of an American citizen or corporation or partnership employing him (A).

I would be perfectly willing to recede from my objection if the gentleman would accept an amendment like that. Let him be an American employer, so we will have a truthful and proper report made to our Social Security Board in Washington, and so that we may have somebody that we can hold responsible. Then let the crew be whatever it may be. Why not put that in?

Mr. BUCK. Will the gentleman yield?

Mr. JENKINS of Ohio. I yield to the gentleman from

Mr. BUCK. The effect of the amendment which the gentleman suggests would be to prohibit any employee now in covered employment, who is working for an alien inside the United States as well as on a ship from receiving any benefits under this act.

Mr. JENKINS of Ohio. I do not agree with the gentleman. Mr. BUCK. It would. That covers both provisions.

Mr. McCORMACK. I know the sincerity of my friend on the committee. I am fearful, however, if an amendment like that is adopted you are going to give the alien in the United States operating ships an advantage over an American operating ship because the American operator will have to pay

the pay-roll tax and the other fellow will not.

Mr. JENKINS of Ohio. This is the point I am trying to cover, and I will leave it with you again. Here is a man in New York who is an importer. He is an importer of fish or something that comes from the waters of Australia or way cut in midocean in the Pacific. He can employ a Japanese or a Portuguese or anybody else in the world to operate a ship out there, who will have an exclusive Japanese crew, and he can employ them for years and years and maybe never see them or know anything about them except that they are catching fish for his boats which come along periodically and accept their catch, or he may employ nobody but Japs.

Mr. BUCK. Now, wait a minute.

Mr. JENKINS of Ohio. He might involve us by his farflung activities in all kinds of trouble, war troubles maybe, and fishing boundary troubles, and many other controversies.

Mr. BUCK. He cannot. The gentleman knows very well that under the maritime acts that is impossible. The number of aliens that can be employed is strictly limited, and the number is decreasing all the time; there is no question about

Mr. CARLSON. Mr. Chairman, will the gentleman yield? Mr. JENKINS of Ohio. I yield to the gentleman from

Mr. CARLSON. That is the point I am trying to make, and this section does not cover that. An American citizen can hire a crew that is 100 percent foreign, I do not care what nationality it may be.

Mr. SIROVICH. He cannot do that according to the law.

Mr. CARLSON. Read the bill.

Mr. SIROVICH. Let me tell the gentleman something. I know a lot more about the law than the gentleman does.

Mr. JENKINS of Ohio. The gentleman cannot be right.

Mr. SIROVICH. Let me explain. Mr. JENKINS of Ohio. I know what the gentleman has in mind, but the gentleman cannot be right when he says that every man that works on a registered boat is an American citizen, because that is not right.

Mr. BUCK. Is the gentleman referring to me?

Mr. JENKINS of Ohio. No; I meant the gentleman from New York.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kansas [Mr. Carlson].

The question was taken; and on a division (demanded by Mr. Carlson) there were-ayes 24, noes 59.

So the amendment was rejected.

Mr. ALEXANDER. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and four Members are present, a quorum.

Mr. CARLSON. Mr. Chairman, I offer an amendment. The Clerk read as follows:

Amendment offered by Mr. Carlson: On page 41, beginning in line 13, strike out lines 13 to 20, inclusive.

Mr. CARLSON. Mr. Chairman, I hesitate to take the time of the Committee so late in the afternoon, but I ask anyone-I ask the gentleman from California or anyone else—to deny the fact that American citizens, individually, collectively, or as a corporation, can hire a foreign-owned ship with a 100 percent foreign crew, with not an American sailor on it, and that these men will come under the old-age insurance provisions of this act?

Mr. DINGELL. Mr. Chairman, will the gentleman yield? Mr. CARLSON. I yield.

Mr. DINGELL. I would like to ask the gentleman whether he would want an American citizen-

Mr. CARLSON. Wait a minute.

Mr. DINGELL. Just let me answer the gentleman's question.

Mr. CARLSON. Then answer it.

Mr. DINGELL. An American citizen has the privilege of hiring a foreign vessel now.

Mr. CARLSON. Surely. I am for it. Let him hire all he

Mr. DINGELL. The gentleman wants to bring them into competition with American vessels whose seamen come under the act. If he does that, he will be helping to destroy our merchant marine.

Mr. CARLSON. I am opposed to the United States putting these foreigners under the old-age insurance provisions, and these foreigners are being hired now.

Mr. DINGELL. You cannot stop them from hiring foreign vessels.

Mr. JENKINS of Ohio. If the gentleman's amendment is adopted, you will stop it.

Mr. CARLSON. If you adopt this amendment, you will take this section out, and it will be all right. That is what the Congress ought to do.

Mr. DINGELL. You will destroy the American merchant marine if you do that.

Mr. CARLSON. The section in which the gentleman is interested is on page 36. If you will strike this out, I will not move to strike that out. This section ought to come out, and I say that in all seriousness.

I ask the gentleman from California [Mr. Buck] if he will not tell the House if I have not stated the facts on this amendment?

Mr. BUCK. Of course, the gentleman realizes the fact that vessels that are documented or numbered under the laws of any foreign country-

Mr. CARLSON. Or without any country.

Mr. BUCK. Without any country? The number of those is so negligible that it does not amount to anything, in the first place. Second, you have the competitive situation to consider in there. The people who are brought under this act, if they are brought under it, will be paying the payroll tax.

Mr. CARLSON. I just want to say that no one has yet taken the floor and said that I have not stated the facts. As long as we have millions of American citizens who are not under this old-age insurance provision and receiving the protection of this Government, I for one will absolutely not stand on this floor and permit this bill to go through without my vote being cast against it. If this Congress does what I believe it ought to do, it will strike this section out.

Mr. JENKINS of Ohio. Mr. Chairman, will the gentleman

Mr. CARLSON. I yield to the gentleman from Ohio.

Mr. JENKINS of Ohio. I think the gentleman will agree with me on this proposition, that neither of us who have been taking the burden of this responsibility here is opposed to any of these programs.

Mr. CARLSON. No.

Mr. JENKINS of Ohio. Why cannot these astute gentlemen on the majority side come in tomorrow with an amendment that will clarify this situation? Let us take care of it and see to it that nobody in this country can employ an entirely foreign outfit. That is liable to involve us in any-

You cannot tell what they will do. What is the use of putting our liberties and lives and the safety of our Republic in the hands of somebody we do not know a thing about and somebody that does not owe us any allegiance whatever.

[Here the gavel fell.]

Mr. DINGELL. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this proposal was thoroughly and completely threshed out in committee. This is a rather poor time to be again dragging this matter out when in the maze of all the discussions of the past many of the members of the committee are somewhat handicapped to give the proper kind of reply to statements made at this time, but I will say to the gentleman that insofar as this provision is concerned, the committee has considered the matter very thoroughly, and it was decided that the American merchant marine and the American worker and the American businessman in the merchant marine business would suffer a handicap if this provision were

Now, I think some of us along the Great Lakes and along the seacoast are interested in the seamen and we are interested in shipowners, and I do not believe we are trying to sell these people "down the river."

It is not necessary that someone from Kansas or Oklahoma

protect the maritime interests of this country.

This matter has been thoroughly and completely threshed out, and so far as I am concerned it is a closed matter. I am ready to vote on it right now without taking any chances with my people back home.

Mr. BUCK. Mr. Chairman, will the gentleman yield? Mr. DINGELL. Yes; I yield.

Mr. BUCK. I may say that the ranking majority member of the Merchant Marine Committee, the gentleman from New York [Mr. Sirovich], has just endorsed the bill as the committee reported it, and I want to call the attention of my Republican friends to the fact that yesterday one of the ranking minority members, Mr. Culkin, in interrogating me said:

May I say that I concur heartily in the gentleman's conclusions and statements? I know of nothing that will stabilize the offshore marine industry to a greater extent than their placement under social security. I think the gentleman's committee has done a splendid job in this particular and I agree with the gentleman's reasoning in full.

The gentleman from New York [Mr. CULKIN] is the ranking Republican member on the Merchant Marine Committee next to the gentleman from California [Mr. Welch], and I may say that this is not a partisan proposition. It is a question of trying to build up and make secure our workmen who are in the maritime industry.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. DINGELL. I yield.

Mr. McCORMACK. The gentleman from Kansas [Mr. CARLSON | places himself in a rather embarrassing position. If his amendment is agreed to and this paragraph is stricken out, it means that an American or a resident of the United

States can obtain, through negotiations or otherwise, a foreign vessel and not pay the pay-roll tax. That foreign vessel is under his control and that is permissible by maritime law.

This is a condition we have to meet with ways and means. because that vessel is competing with American vessels, vessels owned by Americans and manned by Americans, and competing for the transportation of goods, and yet we are giving that man, a resident of the United States, a competitive advantage over other Americans, and this provision, of necessity, is aimed at meeting that situation.

I have no controversy with my friend about what he has in mind, but that condition must be met by other legislation. We are confronted with a condition and in order to meet that condition so that one will not be given an advantage over another, we have to draft this particular paragraph, and the elimination of the paragraph would work to the disadvantage of the Americans who are subject to the law.

[Here the gavel fell.]

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from Kansas [Mr. CARLSON].

The question was taken; and on a division (demanded by Mr. Carlson) there were—ayes 39, noes 50.

So the amendment was rejected.

Mr. ALEXANDER. Mr. Chairman, I suggest the absence of a quorum in view of the fact we have only 89 Members voting, and I make the point of order there is not a quorum

The CHAIRMAN. The gentleman from Minnesota makes the point of order there is not a quorum present. The Chair will count. [After counting.] One hundred and ten Members are present, a quorum.

Mr. HALL. Mr. Chairman, I ask unanimous consent to extend my own remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. HALL. Mr. Chairman, many proposals have been put forward here today to increase Federal contributions on considerations and arguments that appeal strongly to the heartthe more rapid amelioration of the condition of the aged by making it possible for them to receive more in the way of old-age assistance under State plans than they are now getting.

But the philosophy of such proposals goes beyond its bare objective. While the direct and immediate effect would only be to force a greater contribution by the Federal Government for every dollar paid out by the States for the assistance of the aged, we would be inaugurating a marked departure in the policy we have been following in grants-in-aid to the States, covering not only social-security items but a vast number of other subjects.

The field of Federal subsidies to the States is ever enlarging. The 50-50 matching principle, while admittedly without any scientific basis, nevertheless operates on those things which at least up to the present time are conceded to be responsibilities and duties and subjects of State government. It has been applied generally to those adventures in Federal aid to the States which seem to be persuaded as worth while and wholesome cooperative steps. That in the main is the theory although in its application there are great shortcomings and evils which I hope some day will be corrected as part of a study that will be given to the whole policy of the Federal grant-in-aid system and its results.

These aids to the States, until the advent of the Social Security Act, have generally not covered social objectives with the exception of such items as maternity and infancy care, and social-hygiene extension. Their cost, with the exception of the highway construction program, has not been great in comparison with the sort of appropriation figures to which we have now become accustomed. In the main, these grants-in-aid items have been limited to such things as building forest trails, highway construction, vocational and rehabilitation work, employment services, agricultural-extension work, and so forth. In general they have not been directed to the redressing of social conditions.

But with the advent of the Social Security Act the field of Federal grants-in-aid has become greatly broadened, and these programs now run into the hundreds of millions of

In enlarging the Federal-aid field, however, we have straight along insisted that the States match furrow with furrow; that for every dollar contributed by the Federal Treasury a dollar be contributed by the treasury of the State.

The proposals to increase the Federal contribution would scuttle that principle. It would force farther open the door of Federal participation until we reach the day when the Federal Treasury would be assuming the entire expense for assistance to the aged and where the States would not be paying a dime for the care and support of the aged in their own borders.

This amendment is urged on the plea of poverty of the States. We are told that they are unable to give the aged peoples within their borders more than they are now giving and that therefore the Federal Government must come to their rescue. They are holding out the tin cup.

But it is not alone the destruction of the 50-50 matching principle in the case of old-age assistance that is involved. If we adopt the principle in this instance, it will not be long before we shall be asked, also in the name of poverty of the States, to apply it to every other instance of existing and future grant-in-aid policy. Establish a precedent, give it some age, and you establish wisdom!

If we adopt any matching principle other than the present 50-50 plan, where will we finally land? Surely we can confidently expect that it will be applied to vocational and rehabilitation grants-in-aid; that it will be applied to highway construction, that the greater Federal contribution will be given to our cooperative programs touching all of the subjects now on the 50-50 matching basis.

I admit that the States alone are not to blame for the rapid extension of the grants-in-aid policy.

Much of the stimulus for it has been supplied by the National Government, particularly in the last 7 years. Whether done under the guise of national emergency or whether we like to admit or not, the process has been one of steady nationalization of local governmental functions, of control by Washington. Wherever the Federal dollar has gone there has been attached to it a promissory note for the States to sign, that in consideration of that dollar they will do as they are told

In those cases of national stimulus of the policy, in the extension of the bribe dollar to the States, the latter have shown little reluctance in resisting the imposition of the Federal controls that accompanied it. They have eagerly reached out for more and more and discounted the evils that would

We are pauperizing the States, pauperizing their sovereignties, through the bribe of the Federal matching dollar. For the gold they can get seemingly many are willing to barter their rights and to submit meekly to the dictation of an evergrowing bureaucracy in Washington. The Federal matching dollar has tickled their palates and they are coming back for more and more.

With respect to the general subject before us, of assistance to the aged, I am in favor of a \$20 contribution by the Federal Government but only on the condition that the States match dollar for dollar. If we are to get in time a maximum of \$40 monthly for old-age assistance we will only get it by the insistence that the States match the Federal contribution dollar for dollar.

As I view this proposition, the adoption of any other matching principle would mark the beginning of a break-down all along the line of the present 50-50 principle. It is vital that this tendency be resisted, in view not only of the cooperative arrangements now on the statute books but of the costly schemes that have been presented to the Congress touching the public education and national public health programs, which would commit the Federal Government, on a cooperative basis, to the expenditure of hundreds and hundreds of millions of dollars.

If we do not resist further encroachments on the Treasury under the matching provisions, the bureaucracy of Washington will absorb not only State duties and responsibilities but the sovereignty of the States will be ravished and we shall be contributing to the complete break-down of our present Federal system.

The Clerk read as follows:

TITLE III—AMENDMENTS TO TITLE III OF THE SOCIAL SECURITY ACT SEC. 301. Section 302 (a) of such act is amended to read as follows:

"(a) The Board shall from time to time certify to the Secretary of the Treasury for payment to each State which has an unemployment compensation law approved by the Board under the Federal Unemployment Tax Act, such amounts as the Board determines to be necessary for the proposed of t Unemployment Tax Act, such amounts as the Board determines to be necessary for the proper and efficient administration of such law during the fiscal year for which such payment is to be made. The Board's determination shall be based on (1) the population of the State; (2) an estimate of the number of persons covered by the State law and of the cost of proper and efficient administration of such law; and (3) such other factors as the Board finds relevant. The Board shall not certify for payment under this section in any fiscal year a total amount in excess of the amount appropriated therefor for such fiscal year."

SEC. 302. Section 303 (a) of such act is amended to read as follows:

follows:

"(a) The Board shall make no certification for payment to any State unless it finds that the law of such State, approved by the Board under the Federal Unemployment Tax Act, includes provision

for—
"(1) Such methods of administration (other than those relating
"(1) such methods of administration (other than those relating to selection, tenure of office, and compensation of personnel) as are found by the Board to be reasonably calculated to insure full pay-

ment of unemployment compensation when due; and

"(2) Payment of unemployment compensation solely through
public employment offices or such other agencies as the Board may

approve; and

"(3) Opportunity for a fair hearing, before an impartial tribunal,
for all individuals whose claims for unemployment compensation

are denied; and

"(4) The payment of all money received in the unemployment fund of such State (except for refunds of sums erroneously paid into such fund and except for refunds paid in accordance with the provisions of section 1606 (b) of the Federal Unemployment Tax Act), immediately upon such receipt, to the Secretary of the Treasury to the credit of the unemployment trust fund established by

"(5) Expenditure of all money withdrawn from an unemployment fund of such State, in the payment of unemployment compensation, exclusive of expenses of administration, and for refunds of sums erroneously paid into such fund and refunds paid in accordance with the provisions of section 1606 (b) of the Federal Unemployment Tax Act; and

"(6) The making of such reports, in such form and containing such information, as the Board may from time to time require.

such information, as the Board may from time to time require, and compliance with such provisions as the Board may from time to time find necessary to assure the correctness and verification of such reports; and

"(7) Making available upon request to any agency of the United States charged with the administration of public works or assist-

States charged with the administration of public works or assistance through public employment, the name, address, ordinary occupation, and employment status of each recipient of unemployment compensation, and a statement of such recipient's rights to further compensation under such law; and "(8) Effective July 1, 1941, the expenditure of all moneys received pursuant to section 302 of this title solely for the purposes and in the amounts found necessary by the Board for the proper and efficient administration of such State law; and "(9) Effective July 1, 1941, the replacement, within a reasonable time, of any moneys received pursuant to section 302 of this title, which, because of any action or contingency, have been lost or have been expended for purposes other than, or in amounts in excess of, those found necessary by the Board for the proper administration of such State law."

TITLE IV-AMENDMENTS TO TITLE IV OF THE SOCIAL SECURITY ACT

TITLE IV—AMENDMENTS TO TITLE IV OF THE SOCIAL SECURITY ACT SEC. 401. (a) Clause (5) of section 402 (a) of such act is amended to read as follows: "(5) provide such methods of administration (other than those relating to selection, tenure of office, and compensation of personnel) as are found by the Board to be necessary for the proper and efficient operation of the plan." (b) Effective July 1, 1941, section 402 (a) of such act is further amended by inserting before the period at the end thereof a semicolon and the following new clauses: "(7) provide that the State agency shall, in determining need, take into consideration any other income and resources of any child claiming aid to dependent children; and (8) provide safeguards which restrict the use or disclosure of information concerning applicants and recipients to purposes directly connected with the administration of aid to dependent children."

Sec. 402. (a) Effective January 1, 1940, subsection (a) of section 403 of such act is amended by striking out "one-third" and inserting in lieu thereof "one-half", and paragraph (1) of subsection (b) of such section is amended by striking out "two-thirds" and inserting in lieu thereof "one-half,"

(b) Effective January 1, 1940, paragraph (2) of section 403 (b) of such act is amended to read as follows:

"(2) The Board shall then certify to the Secretary of the Treasury the amount so estimated by the Board, (A) reduced or increased, as the case may be, by any sum by which it finds that its estimate for any prior quarter was greater or less than the amount which should have been paid to the State for such quarter, amount which should have been paid to the State for such quarter, and (B) reduced by a sum equivalent to the pro rata share to which the United States is equitably entitled, as determined by the Board, of the net amount recovered during any prior quarter by the State or any political subdivision thereof with respect to aid to dependent children furnished under the State plan; except that such increases or reductions shall not be made to the extent that such sums have been applied to make the amount certified for any prior quarter greater or less than the amount estimated. for any prior quarter greater or less than the amount estimated by the Board for such prior quarter."

SEC. 403. Section 406 (a) of such act is amended to read as

follows:

"(a) The term 'dependent child' means a needy child under the age of 16, or under the age of 18 if found by the State agency to be regularly attending school, who has been deprived of parental support or care by reason of the death, continued absence from the home, or physical or mental incapacity of a parent, and who is living with his father, mother, grandfather, grand-mother, brother, sister, stepfather, stepmother, stepbrother, step-sister, uncle, or aunt, in a place of residence maintained by one or more of such relatives as his or their own home;".

Mr. DOUGHTON. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and Mr. RAYBURN having assumed the chair as Speaker pro tempore, Mr. WARREN, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill H. R. 6635, and had directed him to report that it had come to no resolution thereon.

NATIONAL YOUTH ADMINISTRATION

Mr. COLLINS. Mr. Speaker, I ask unanimous consent to address the House for half a minute and to extend my remarks in the RECORD.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. COLLINS. Mr. Speaker, the National Youth Administration is giving part-time work to over 600,000 young people at a yearly cost per young person helped of \$125. This is one of the finest things that the Government is doing. Everybody knows that there are young people in every community who are living day after day in idleness because they cannot find work. This is neither good for these young people nor for the Nation.

When the National Government established the National Youth Administration it took one of the wisest steps it has taken in this whole depression period, and the work which this agency has been able to perform has more than proved

the wisdom of Congress in establishing it.

This year the President has asked for \$125,000,000 for the National Youth Administration and the Budget Bureau has sent that amount to the Congress as the Budget estimate. Rumor has it that there is a disposition in certain circles to reduce this amount to \$81,000,000. If this is true, it is one of the most unfortunate things that has happened this year, for with this relatively small sum of money-\$125,000,000-I am informed that they will be able to give work to over a million young people. I think Congress should take into consideration the very great amount of good which this comparatively small sum of money will be able to accomplish. Under this arrangement it is possible for \$125 to take a youth off of the streets and place him in profitable employment, where he is given experience and training which will later make it possible for him to enter private industry. I should like to call to the attention of the Members of Congress the fact that the National Youth Administration, through its programs, has placed well over a quarter of a million young people in private employment.

Not only is this work good, and efficiently and economically run but it is extremely popular in every section of the country. I do not know of anything that the Federal Government is doing that is more popular than the work of the National Youth Administration, and it is unthinkable that Congress would cut the Budget estimate which has been submitted to it. Before the Members of Congress vote to do this, I think it would be well for them to read carefully the following record of employment of young people in their respective States, which I am attaching to this statement. I have also asked for a record of the school and project employment of the National Youth Administration by counties, which it is my intention to place in the RECORD prior to the vote upon this

The following is a break-down of the N. Y. A. operations for the student-aid program and the works program in each State, the District of Columbia, and New York City, and gives the total fund allotment for the present fiscal year, the employment on the works program and the student-aid program for March 1939, and the number of participating institutions in the student-aid program:

Alabama:	
Fund allotments, fiscal year 1939	\$1 600 440
Total employment	13, 929
Works program	6,842
All student-aid program	7,087
Total employment Works program All student-aid program School aid	5, 276
College and graduate aid	1,811
Total number of participating institutions	999
Schools	972
Colleges	27
Arizona:	
Fund allotments, fiscal year 1939	\$340,085
Total employment Works program All student-ald program	2, 438
Works program	898
School aid	1,540
School aid	1,037
College and graduate aid Total number of participating institutions	503 81
Schools	76
SchoolsColleges	5
Arkansas:	,
Fund allotments, fiscal year 1939	81 694 709
Total employment	9, 959
Total employment	4, 549
All student-aid program	5, 410
School aid	4, 338
College and graduate aid	1,072
Total number of participating institutions	606
Schools	582
Colleges	24
California:	
Fund allotments, fiscal year 1939	\$2,893,007
Total employment Works program All student-aid program	24,076
Works program	7, 458 16, 618
All student-aid program	16, 618
School aid	8, 438
School aid College and graduate aid Total number of participating institutions	8, 180
Total number of participating institutions.	548
Schools	466
Colorado:	82
Colorado:	4055 004
rund anotments, fiscal year 1939	\$857, 284 7, 846
Fund allotments, fiscal year 1939 Total employment Works program All student-aid program	7,846
All student-old program	3,066 4,780
School eid	3, 564
School aid	1,216
Total number of participating institutions	382
Schools	365
Colleges	17
Connecticut:	
Fund allotments, fiscal year 1939	\$856, 469
Total employment Works program All student-aid program	4,910
Works program	2,357
All student-aid program	2,553
School aid	1,775
College and graduate aid	778
Total number of participating institutions	154
Schools	135
Colleges	19
Delaware:	
Fund allotments, fiscal year 1939	\$85, 745
Total employment	679
Works program	305
All student-aid program	374
School aid	256
School aid College and graduate aid Total number of participating institutions	118
Total number of participating institutions	46
Schools	44
Colleges	2

CONGRESSIONAL RECORD—HOUSE

District of Columbia:	4000 455	Louisiana:	** 505 05
Fund allotments, fiscal year 1939	\$386, 157	Fund allotments, fiscal year 1939	
Total employment	2, 296 768	Total employment	11, 20 5, 71
All student-aid program	1, 528	Works programAll student-aid program	5, 49
School aid	506	School aid	3, 17
College and graduate aid		College and graduate aid	2, 31
Total number of participating institutions	38	Total number of participating institutions	70
Schools	27	Schools	68
Colleges	11	Colleges	2
Florida:		Maine:	
Fund allotments, fiscal year 1939	\$1,086,849	Fund allotments, fiscal year 1939	\$684,60
Total employment	9, 177	Total employment	3, 10
Works program	4, 667	Works program	1, 25
All student-aid program	4,510	All student-aid program	1,85
School aid	3,384	School aid	1, 29
College and graduate aid	1, 126	College and graduate aid	56
Total number of participating institutions	576	Total number of participating institutions	20 19
Schools	561	Schools	77.7
Colleges	15	Colleges	1
Georgia:	61 711 977	Maryland:	6477 00
Fund allotments, fiscal year 1939		Fund allotments, fiscal year 1939	\$477, 80
Total employment	16, 590 5, 994	Total employment	1, 33
Works programAll student-aid program	10, 596	Works programAll student-aid program	3, 11
School aid	7, 969	School aid	1, 85
College and graduate aid	2,627	College and graduate aid	1, 25
Total number of participating institutions	813	Total number of participating institutions	19
Schools	761	Schools	16
Colleges	52	Colleges	2
Idaho:		Massachusetts:	
Fund allotments, fiscal year 1939	\$516,997	Fund allotments, fiscal year 1939	\$2,309,94
Total employment	3, 489	Total employment	16, 35
Works program	1, 269	Works program	5, 79
All student-aid program	2,220	All student-aid program	10, 55
School aid	1,520	School aid	7,40
College and graduate aid	700	College and graduate aid	3, 14
Total number of participating institutions	194	Total number of participating institutions	39
Schools	185	Schools	34
Colleges	9	Colleges	5
Illinois:	44 001 000	Michigan:	40 000 45
Fund allotments, fiscal year 1939		Fund allotments, fiscal year 1939	\$2,833,45
Total employment	34, 211 12, 735	Total employment	20, 45 6, 89
Works program	21, 476	Works programAll student-aid program	13, 55
All student-aid programSchool aid	15, 258	School aid	9, 35
College and graduate aid	6, 218	College and graduate aid	4, 19
Total number of participating institutions	1, 104	Total number of participating institutions	82
Schools	1,030	Schools	78
Colleges	74	Colleges	4
Indiana:		Minnesota:	
Fund allotments, fiscal year 1939	\$1, 704, 951	Fund allotments, fiscal year 1939	\$1,780,62
Total employment	15, 126	Total employment	15, 13
Works program	4,991	Works program	6, 18
All student-aid program	10, 135	All student-aid program	8,94
School aid	6, 984	School aid	5, 92
College and graduate aid	3, 151	College and graduate aid	3, 02
Total number of participating institutions	753	Total number of participating institutions	58'
Schools	715	Schools	55
Colleges	38	Colleges	3
Iowa:		Mississippi:	S. S. S.
Fund allotments, fiscal year 1939	\$940,041	Fund allotments, fiscal year 1939	\$1,326,53
Total employment	9, 287	Total employment	11, 22
Works program	2, 639	Works program	5, 38 5, 83
All student-aid program	6, 648 3, 805	All student-aid programSchool aid	3, 89
School aid College and graduate aid	2, 843	College and graduate aid	1,94
Total number of participating institutions	920	Total number of participating institutions	75
Schools	855	Schools	71
Colleges	65	Colleges	3
Kansas:		Missouri:	
Fund allotments, fiscal year 1939	\$1, 438, 486	Fund allotments, fiscal year 1939	\$1, 940, 71
Total employment	15, 346	Total employment	18, 519
Works program	5, 780	Works program	6, 86
All student-aid program	9, 566	All student-aid program	11,65
School aid	6, 886	School aid	8, 67
College and graduate aid	2, 680	College and graduate aid	2, 98
Total number of participating institutions	753	Total number of participating institutions	94
Schools	708	Schools	88
Colleges	45	Colleges	5
Kentucky:	as was now	Montana:	1200 central
Fund allotments, fiscal year 1939		Fund allotments, fiscal year 1939	\$545, 31
Total employment	15, 156	Total employment	4, 34
Works program	6,376	Works program	1, 43 2, 91
All student-aid program	8, 780	All student-aid program	
School aid	6, 945	School aidCollege and graduate aid	679
College and graduate aid Total number of participating institutions	1,835 785	Total number of participating institutions	20
Schools	753	Schools	19
Colleges	32	Colleges	10
	35		

Nebraska:	- C. U. CEU.
Fund allotments, fiscal year 1939	\$847, 752
Total employment Works program	8, 460 3, 753 4, 707
All student aid program	4 707
All student-aid program	3, 153
School aid College and graduate aid Total number of participating institutions	1, 554
Total number of participating institutions	594
Schools	571
Colleges	23
Nevada:	
Fund allotments, fiscal year 1939	\$64,929
Total employment	390
Works program	162
All student-aid program School aid College and graduate aid	228
School aid	137
College and graduate aid	91
Total number of participating institutions	35
Schools	34
Colleges New Hampshire:	
Fund allotments, fiscal year 1939	\$355, 777
Total employment	1,920
Works program	786
All student-aid program	1, 134
School aid	618
College and graduate aid	516
Total number of participating institutions	104
Schools	96
Colleges	8
New Jersey:	
Fund allotments, fiscal year 1939	\$2, 385, 610
Total employment Works program All student-aid program	14, 460
Works program	6, 365
All student-aid program	8,095
School aid	6, 410
College and graduate aid	1,685
Total number of participating institutions	294
Schools	264
Colleges New Mexico:	30
Fund allotments, fiscal year 1939	\$580, 188
Total employment	3, 271
Total employment Works program	2,067
All student-aid program	1, 204
School aid	862
College and graduate aid	342
Total number of participating institutions	148
Schools	141
Colleges	7
New York City:	
Fund allotments, fiscal year 1939	\$4,063,287
Total employment Works program	29, 164
Works program	10,007
All student-aid program	19, 157
School aid	12, 790
College and graduate aid Total number of participating institutions	6, 367 244
Schools	194
Colleges	50
New York State:	00
Fund allotments, fiscal year 1939	83 730 847
Total employment	25, 489
Works program	11,366
All student-aid program	14, 123
School aid	10, 884
College and graduate aid	3, 239
Total number of participating institutions	859
Schools	804
Colleges	55
North Carolina:	
Fund allotments, fiscal year 1939	
Total employment	16, 035
Works programAll student-aid program	7, 579 8, 456
School aid	5, 232
School aid College and graduate aid	3, 224
Total number of participating institutions	856
Schools	802
Colleges	54
North Dakota:	54
North Dakota: Fund allotments, fiscal year 1939	8793, 949
North Dakota: Fund allotments, fiscal year 1939	\$793, 949 7, 250
North Dakota: Fund allotments, fiscal year 1939 Total employment Works program	\$793, 949 7, 250
North Dakota: Fund allotments, fiscal year 1939 Total employment Works program All student-aid program	\$793, 949 7, 250 3, 108 4, 142
North Dakota: Fund allotments, fiscal year 1939 Total employment Works program All student-aid program	\$793, 949 7, 250 3, 108 4, 142
North Dakota: Fund allotments, fiscal year 1939 Total employment Works program All student-aid program School aid College and graduate aid	\$793, 949 7, 250 3, 108 4, 142 3, 119 1, 023
North Dakota: Fund allotments, fiscal year 1939 Total employment Works program All student-aid program School aid College and graduate aid Total number of participating institutions	\$793, 949 7, 250 3, 108 4, 142 3, 119 1, 023 457
North Dakota: Fund allotments, fiscal year 1939 Total employment Works program All student-aid program School aid College and graduate aid	\$793, 949 7, 250 3, 108 4, 142 3, 119 1, 023 457 445

Ohio:	
Fund allotments, fiscal year 1939	\$3, 458, 430
Total employment	26, 963
Total employment Works program All student-aid program	8, 216
All student-aid program	18, 747
School aid College and graduate aid	13, 160
Total number of participating institutions	5, 587 1, 203
Schools	1, 137
Colleges	
Oklahoma:	00
Fund allotments, fiscal year 1939	\$2,057,328
Total employment	22, 013
Works program	7, 875
All student-aid program	14, 138
School aidCollege and graduate aid	11, 509
College and graduate aid	2, 629
Total number of participating institutions	991
Schools	948
Colleges	43
Oregon:	6402 100
Fund allotments, fiscal year 1939	4, 564
Total employment Works program All student-aid program	1, 263
All student-aid program	3, 301
School aid	1,916
School aid	1,385
Total number of participating institutions	251
Schools	228
SchoolsColleges	23
Pennsylvania:	
Fund allotments, fiscal year 1939	\$5, 314, 730
Total employment	41,932
Total employment Works program All student-aid program	12, 437
All student-aid program	29, 495
School aid College and graduate aid	22, 583
College and graduate aid	6, 912
Total number of participating institutions	1,316
Schools	1, 230 86
Rhode Island:	00
Fund allotments, fiscal year 1939	\$471,421
Total employment	3,074
Total employment Works program	1,521
All student-aid program	1,553
School aid	970
College and graduate aid	583
Total number of participating institutions	
Schools	
Colleges	6
South Carolina:	
Fund allotments, fiscal year 1939	\$1, 205, 518
Total employmentWorks program	10, 297
All student-aid program	4, 390 5, 907
School aid	4, 401
School aidCollege and graduate aid	1,506
Total number of participating institutions	785
Schools	
Colleges	35
South Dakota:	
Fund allotments, fiscal year 1939	\$826, 934
Total employment	9, 579
Works program	3.708
All student-aid program	5, 871
School aidCollege and graduate aid	5,159
College and graduate aid	712
Total number of participating institutions	
Schools	
	10
Tennessee: Fund allotments, fiscal year 1939	e1 572 046
Total employment	14, 652
Total employment Works program	6,037
All student-aid program	8, 615
School aid	6, 431
College and graduate aid	2. 184
Total number of participating institutions	637
Schools	593
Colleges	44
Texas:	
Fund allotments, fiscal year 1939	\$3, 368, 853
Total employment	27, 757 11, 870
Works program	
	11,870
All student-aid program	15, 887
School aid	15, 887
School aidCollege and graduate aid	15, 887 10, 427 5, 460
School aid. College and graduate aid. Total number of participating institutions. Schools.	15, 887 10, 427 5, 460 2, 247

Utah:	
Fund allotments, fiscal year 1939	\$547, 237
Total employment	5, 391
Works program	1,831
All student-aid program	3,560
School aidCollege and graduate aid	2, 132
College and graduate aid	1,428
Total number of participating institutions	114 104
Schools	104
Colleges	10
Vermont: Fund allotments, fiscal year 1939	\$156, 322
Total amployment	1,417
Works program	388
Total employment	1,029
School aid	552
College and graduate aid	477
Total number of participating institutions	95
Schools	83
Colleges	12
**/	
Fund allotments, fiscal year 1939 Total employment Works program	\$1,318,178
Total employment	10,910
Works program	4, 813
All student-aid program	6, 097
School aid College and graduate aid	4,007
College and graduate aid	2,090
Total number of participating institutions	809
SchoolsColleges	767
	42
Washington:	****
Fund allotments, fiscal year 1939	\$960, 802
Total employment	8,070
Total employment Works program All student-aid program	8, 070 2, 409 5, 661 3, 775 1, 886
All student-aid program	9 775
School aidCollege and graduate aid	1 996
College and graduate aid	331
Total number of participating institutions	308
SchoolsColleges	23
West Virginia:	
Fund allotments fiscal year 1939	\$1,491,490
Total employment	12, 253
Total employment	5, 410 6, 843
All student-aid program	6, 843
School aid College and graduate aid	5, 526
College and graduate aid	1,317
Total number of participating institutions	370
Schools	349
Colleges	21
Wisconsin:	
Fund allotments, fiscal year 1939	\$2,022,458
Fund allotments, fiscal year 1939	16, 694
Fund allotments, fiscal year 1939	16, 694 5, 807
Fund allotments, fiscal year 1939 Total employment. Works program All student-aid program	16, 694 5, 807 10, 887
Fund allotments, fiscal year 1939 Total employment. Works program All student-aid program	16, 694 5, 807 10, 887 7, 540
Fund allotments, fiscal year 1939 Total employment Works program All student-aid program School aid College and graduate aid	16, 694 5, 807 10, 887 7, 540 3, 347
Fund allotments, fiscal year 1939 Total employment Works program All student-aid program School aid. College and graduate aid Total number of participating institutions.	16, 694 5, 807 10, 887 7, 540 3, 347 629
Fund allotments, fiscal year 1939 Total employment Works program All student-aid program School aid. College and graduate aid Total number of participating institutions.	16, 694 5, 807 10, 887 7, 540 3, 347 629 551
Fund allotments, fiscal year 1939 Total employment. Works program All student-aid program School aid College and graduate aid Total number of participating institutions Schools Colleges	16, 694 5, 807 10, 887 7, 540 3, 347 629
Fund allotments, fiscal year 1939 Total employment Works program All student-aid program School aid College and graduate aid Total number of participating institutions Schools Colleges Wyoming:	16, 694 5, 807 10, 887 7, 540 3, 347 629 551 78
Fund allotments, fiscal year 1939 Total employment Works program All student-aid program School aid College and graduate aid Total number of participating institutions Schools Colleges Wyoming: Fund allotments, fiscal year 1939	16, 694 5, 807 10, 887 7, 540 3, 347 629 551 78 \$154, 667
Fund allotments, fiscal year 1939 Total employment Works program All student-aid program School aid College and graduate aid Total number of participating institutions Schools Colleges Wyoming: Fund allotments, fiscal year 1939	16, 694 5, 807 10, 887 7, 540 3, 347 629 551 78 \$154, 667 1, 401
Fund allotments, fiscal year 1939 Total employment Works program All student-aid program School aid College and graduate aid Total number of participating institutions Schools Colleges Wyoming: Fund allotments, fiscal year 1939 Total employment Works program	16, 694 5, 807 10, 887 7, 540 3, 347 629 551 78 \$154, 667 1, 401
Fund allotments, fiscal year 1939 Total employment Works program All student-aid program School aid. College and graduate aid. Total number of participating institutions Schools Colleges. Wyoming: Fund allotments, fiscal year 1939 Total employment Works program All student-aid program	16, 694 5, 807 10, 887 7, 540 3, 347 629 551 78 \$154, 667 1, 401 773 628
Fund allotments, fiscal year 1939 Total employment Works program All student-aid program School aid. College and graduate aid. Total number of participating institutions Schools Colleges. Wyoming: Fund allotments, fiscal year 1939 Total employment Works program All student-aid program	16, 694 5, 807 10, 887 7, 540 3, 347 629 551 78 \$154, 667 1, 401 773 628 451
Fund allotments, fiscal year 1939 Total employment Works program All student-aid program School aid. College and graduate aid. Total number of participating institutions Schools Colleges. Wyoming: Fund allotments, fiscal year 1939 Total employment Works program All student-aid program	16, 694 5, 807 10, 887 7, 540 3, 347 629 551 78 \$154, 667 1, 401 773 628 451 ,177
Fund allotments, fiscal year 1939 Total employment Works program All student-aid program School aid. College and graduate aid. Total number of participating institutions. Schools Colleges Wyoming: Fund allotments, fiscal year 1939 Total employment. Works program All student-aid program School aid. College and graduate aid. Total number of participating institutions.	16, 694 5, 807 10, 887 7, 540 3, 347 629 551 78 \$154, 667 1, 401 773 628 451 177 87
Fund allotments, fiscal year 1939 Total employment Works program All student-aid program School aid. College and graduate aid. Total number of participating institutions Schools Colleges. Wyoming: Fund allotments, fiscal year 1939 Total employment Works program All student-aid program	16, 694 5, 807 10, 887 7, 540 3, 347 629 551 78 \$154, 667 1, 401 773 628 451 ,177

Mr. JOHNSON of Oklahoma. Mr. Speaker, will the gentleman yield?

Mr. COLLINS. I yield.

Mr. JOHNSON of Oklahoma. Is it not now proposed to cut the N. Y. A. appropriation by about \$42,000,000 and thereby cripple it?

Mr. COLLINS. That is the current rumor.

EXTENSION OF REMARKS

Mr. JOHNSON of Oklahoma. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. MAAS. Mr. Speaker, I ask unanimous consent to extend my remarks and to include therein a table of payments to various States?

The SPEAKER pro tempore. Is there objection? There was no objection.

LEGISLATIVE APPROPRIATION BILL—CONFERENCE REPORT

Mr. RABAUT. Mr. Speaker, I present a conference report and statement upon the bill (H. R. 4218) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1940, and for other purposes, for printing under the rule.

CIVIL FUNCTIONS OF WAR DEPARTMENT

Mr. SNYDER. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 6260) making appropriations for the fiscal year ending June 30, 1940, for civil functions administered by the War Department, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and ask for a conference.

The SPEAKER pro tempore. The gentleman from Pennsylvania asks unanimous consent to take from the Speaker's table the bill H. R. 6260, with Senate amendments thereto, disagree to the Senate amendments, and ask for a conference. Is there objection?

There was no objection.

The Chair appointed the following conferees: Mr. SNYDER, Mr. Terry, Mr. Starnes of Alabama, Mr. Collins, Mr. Kerr, Mr. Powers, Mr. Engel, and Mr. Bolton.

EXTENSION OF REMARKS

Mr. MALONEY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to insert therein a letter from Mr. Powell, of New Orleans, on the sugar ques-

The SPEAKER pro tempore. Is there objection? There was no objection.

Mr. SIROVICH. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing a speech I delivered on the floor of the House.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. MURDOCK of Arizona. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record on this

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. GEYER of California. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record at the point where I offered my amendment.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. MARCANTONIO. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD made this after-

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD, and to include a statement of Mr. A. A. Berle, Assistant Secretary of State, before the Temporary National Economic Committee.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. PATRICK. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks.

The SPEAKER pro tempore. Without objection, it is so

There was no objection.

Mr. ALEXANDER. Mr. Speaker, I ask unanimous consent to extend my own remarks and include a letter from the Pako Corporation of Minneapolis.

The SPEAKER pro tempore. Without objection, it is so

ordered.

There was no objection.

Mr. JENKINS of Ohio. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. BATES of Massachusetts. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks and to insert figures relating to social-security payments and income.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

GRASSHOPPER CONTROL

Mr. MUNDT. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. MUNDT. Mr. Speaker, the Northwest is facing a crisis today. I have received a number of letters that the grasshopper control station in Minneapolis is forced to close tomorrow for lack of funds. For that reason I have introduced an emergency appropriation for \$2,500,000. I ask you to join with me in urging the Committee on Appropriations to take immediate action to meet that desperate emergency caused by the grasshopper invasion of the Northwest. [Applause.]

[Here the gavel fell.]

Mr. H. CARL ANDERSEN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER pro tempore. Without objection it is so ordered.

There was no objection.

Mr. H. CARL ANDERSEN. Mr. Speaker, I want to join with the gentleman from South Dakota [Mr. Mundt] in asking the Members of this House to do what they can toward hastening this emergency appropriation for \$2,500,000 to continue in office the Minneapolis bureau which has for its purpose the care of the entire Northwest so far as grasshopper control is concerned.

If any of you know anything about farming, you know this is the time when grasshoppers are beginning to hatch. I have information that today or tomorrow that office must close unless it is provided with funds. I take this occasion again to urge upon you to urge the Appropriations Committee to approve this appropriation. [Applause.]

[Here the gavel fell.]

SENATE CONCURRENT RESOLUTION AND BILL REFERRED

A concurrent resolution and bill of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. Con. Res. 19. Concurrent resolution authorizing the printing of additional copies of House Document No. 272, current session, entitled "Message From the President of the United States Transmitting a Report of the Bureau of Public Roads on the Feasibility of a System of Transcontinental Toll Roads and a Master Plan for Free Highway Development"; to the Committee on Printing.

S. 591. An act to amend the United States Housing Act of 1937, and for other purposes; to the Committee on Banking and Currency.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 1031. An act to amend section 243 of the Penal Code of the United States, as amended by the act of June 15, 1935 (49 Stat. 378), relating to the marking of packages containing wild animals and birds and parts thereof; and

S. 1243. An act to authorize the use of War Department equipment for the Confederate Veterans' 1939 Reunion at Trinidad, Colo., August 22, 23, 24, and 25, 1939.

JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, a joint resolution of the House of the following title:

H. J. Res. 286. Joint resolution to provide for the lending to the Virginia Military Institute of the equestrian portrait of Gen. Winfield Scott now stored in the Capitol.

ADJOURNMENT

Mr. DOUGHTON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 12 minutes p. m.) the House adjourned until tomorrow, Saturday, June 10, 1939, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON FOREIGN AFFAIRS

There will be a meeting of the Committee on Foreign Affairs (executive session) in the committee rooms, Capitol, at 10 a.m. Monday, June 12, 1939, for the consideration of House Joint Resolution 306, Neutrality Act of 1939.

COMMITTEE ON THE JUDICIARY

On Monday, June 12, 1939, beginning at 10 a.m., there will be continued a public hearing before the Committee on the Judiciary on the bill (H. R. 6369) to amend the act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplemental thereto; to create a Railroad Reorganization Court; and for other purposes,

There will be continued a public hearing before subcommittee No. 3 of the Committee on the Judiciary on Wednesday, June 21, 1939, at 10 a.m., on the bill (H. R. 2318) to divorce the business of production, refining, and transporting of petroleum products from that of marketing petroleum products. Room 346, House Office Building.

COMMITTEE ON MERCHANT MARINE AND FISHERIES

The Committee on Merchant Marine and Fisheries will hold public hearings in room 219, House Office Building, at 10 a.m., on the bills and dates listed below:

On Tuesday, June 13, 1939, on H. R. 1011, drydock facilities for San Francisco (Welch); H. R. 2870, drydock facilities for Los Angeles (Thomas F. Ford); H. R. 3040, drydock facilities for Los Angeles (Geyer of California); and H. R. 5787, drydock facilities for Seattle, Wash. (Magnuson).

The hearing originally scheduled by the Committee on Merchant Marine and Fisheries for Thursday, June 8, 1939, on H. R. 6042, requiring numbers on undocumented vessels (Kramer), and H. R. 5837, alien owners and officers of vessels (Kramer), has been postponed until Tuesday, June 13, and will come up on the same list as those bills named directly above.

On Thursday, June 15, 1939, on House Joint Resolution 194, investigate conditions pertaining to lascar seamen (Sirovich). On Friday, June 16, 1939, on H. R. 5611, district commanders' bill (U. S. Coast Guard).

COMMITTEE ON IMMIGRATION AND NATURALIZATION

There will be a meeting of the Committee on Immigration and Naturalization in room 445, House Office Building, at 10:30 a.m. Tuesday, June 13, 1939, for the continuation of hearings on House Joint Resolution 165 and House Joint Resolution 168.

There will be a meeting of the Committee on Immigration and Naturalization in room 445, House Office Building, at 10:30 a. m. Wednesday, June 14, 1939, for the consideration of H. R. 5838 (KRAMER) and unfinished business.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows: 837. A letter from the Chairman, United States Memorial Commission to Thomas Jefferson, transmitting a report of

progress of the memorial to Thomas Jefferson in the city of Washington, D. C.; to the Committee on the Library.

838. A letter from the Acting Secretary of the Interior, transmitting the draft of proposed legislation to provide a feasible and comprehensive plan for the variable payment of construction charges on United States reclamation projects, to protect the investment of the United States in such projects; to the Committee on Irrigation and Reclamation.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. NICHOLS: Committee on the District of Columbia. H. R. 6577. A bill to provide revenue for the District of Columbia, and for other purposes; with amendment (Rept. No. 808). Referred to the Committee of the Whole House on the state of the Union.

Mr. MAY: Committee on Military Affairs. H. R. 3654. A bill to provide for probationary appointments of officers in the Regular Army; with amendment (Rept. No. 809). Referred to the Committee of the Whole House on the state of the Union

Mr. KELLER: Committee on the Library. House Joint Resolution 272. Joint resolution to provide for the observance and celebration of the one hundred and fiftieth anniversary of the settlement of the city of Gallipolis, Ohio; without amendment (Rept. No. 810). Referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CELLER:

H.R. 6767. A bill to provide additional compensation for employees killed or injured while performing work of a hazardous nature incident to law-enforcement activity, and for other purposes; to the Committee on the Judiciary.

By Mr. JONES of Texas:

H. R. 6768. A bill to promote farm ownership by amending the Bankhead-Jones Farm Tenant Act to provide for Government-insured loans to farmers; to encourage sale of farms held by absentee owners to farm tenants; and to enable tenant farmers to become owners of farm homes through long-term, low-interest-rate loans on farms; and for other purposes; to the Committee on Agriculture.

By Mr. DIMOND:

H. R. 6769. A bill to provide for the establishment of a fishery products laboratory in the Territory of Alaska in cooperation with the government of the Territory of Alaska; to the Committee on Merchant Marine and Fisheries.

By Mr. KRAMER:

H. R. 6770. A bill to amend Revised Statutes 4311 (U. S. C. 251); to the Committee on Merchant Marine and Fisheries. By Mr. MUNDT:

H. R. 6771. A bill making an appropriation for control of incipient and emergency outbreaks of insect pests; to the Committee on Appropriation.

By Mr. HENDRICKS:

H. R. 6772. A bill to authorize a survey for a national parkway from the Augusta terminus of the Oglethorpe National Trail and Parkway Survey to the Blue Ridge Parkway at Tennessee Bald, N. C., and for an extension of the Blue Ridge Parkway to the vicinity of St. Augustine, Fla., by way of Stone Mountain and Atlanta, Ga.; to the Committee on the Public Lands.

By Mr. WHITE of Idaho:

H. R. 6773. A bill to provide a feasible and comprehensive plan for the variable payment of construction charges on United States reclamation projects, to protect the investment of the United States in such projects, and for other purposes; to the Committee on Irrigation and Reclamation. By Mr. JOHNSON of Oklahoma:

H.R. 6774. A bill to promote farm ownership by amending the Bankhead-Jones Farm Tenant Act to provide for Government-insured loans to farmers; to encourage sale of farms held by absentee owners to farm tenants; and to enable tenant farmers to become owners of farm homes through long-term, low-interest-rate loans on farms; and for other purposes; to the Committee on Agriculture.

By Mr. PIERCE of Oregon:

H.R. 6775. A bill authorizing the Secretary of War to convey to the Port of Cascade Locks, Oreg., certain lands for municipal purposes; to the Committee on Military Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. EDMISTON:

H.R. 6776. A bill granting a pension to Emma Stewart; to the Committee on Invalid Pensions.

H. R. 6777. A bill for the relief of the National Guard of West Virginia; to the Committee on Claims.

By Mr. KENNEDY of Maryland:

H.R. 6778. A bill granting an increase of pension to Charles L. Cook; to the Committee on Pensions.

By Mr. KING:

H.R. 6779. A bill for the relief of Olaf Oswald; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3610. By Mr. ENGLEBRIGHT: Assembly Joint Resolution No. 13, relative to memorializing Congress to enact legislation limiting the number of cars in trains; to the Committee on Interstate and Foreign Commerce.

3611. Also, Senate Resolution No. 115, relative to the construction and maintenance of a veterans' general facility and hospital in Humboldt County, Calif.; to the Committee on World War Veterans' Legislation.

3612. Also, resolution of the Grand Parlor of the Native Sons of the Golden West, declaring that they are banded together, among other things, for patriotic purposes, and owe their undivided allegiance to the flag of the United States of America and to the Republic for which it stands; to the Committee on the Judiciary.

3613. By Mr. GROSS: Resolution of the Pennsylvania Bankers' Association, opposing House bill 5535, to broaden the field of operation of Federal savings and loan associations; to the Committee on Banking and Currency.

3614. By Mr. MICHAEL J. KENNEDY: Memorial of the United Federal Workers of America, Local No. 52, urging that the chairman of the Civil Service Committee place House bill 960 on the House Calendar as early as possible; to the Committee on the Civil Service.

3615. Also, memorial of the Brotherhood of Railroad Trainmen, approving Senate resolution 126, appropriating an additional \$100,000 for the La Follette committee and Senate bill 1970, outlawing strikebreakers and labor spies; to the Committee on Appropriations.

3616. By Mr. LUDLOW: Petition of sundry citizens of El-wood, Ind., requesting the enactment of House Joint Resolution 4, prohibiting the manufacture and sale of rum by the Virgin Islands Co. or by any other activity that is financed in whole or in part by funds from the United States; to the Committee on Ways and Means.

3617. By Mr. MARTIN of Massachusetts: Memorial of the General Court of Massachusetts, favoring full United States citizenship to aliens who served in the military or naval forces of the United States during the World War and who were honorably discharged from such services; to the Committee on Immigration and Naturalization.

3618. By Mr. McCORMACK: Memorial of the General Court of Massachusetts, memorializing the Congress in favor of the granting of full United States citizenship to aliens who served in the Military or Naval Establishments of the United States during the World War and were honorably discharged from such service; to the Committee on Immigration and Naturalization.

3619. By Mr. MERRITT: Petition of the General Welfare Federation of America, petitioning the Seventy-sixth Con-

gress to enact House bill 5620, the improved General Welfare Act; to the Committee on Ways and Means.

3620. By Mrs. ROGERS of Massachusetts: Petition of the General Court of the Commonwealth of Massachusetts, memorializing Congress in favor of the granting of full United States citizenship to aliens who served in the Military or Naval Establishments of the United States during the World War and were honorably discharged from such service; to the Committee on Immigration and Naturalization.

3621. By Mr. SHAFER of Michigan: Resolution of the Michigan Retail Grocers and Meat Dealers Association, endorsing House bill 1; to the Committee on Ways and Means.